



**STATE OF ARIZONA**

**Appropriations  
Report**

**Fiscal Year Ending  
June 30, 1997**

**JOINT LEGISLATIVE BUDGET COMMITTEE**

**RECYCLED PAPER**

All white pages of this report are printed on 100% recycled paper.



STATE OF ARIZONA

## Joint Legislative Budget Committee

STATE  
SENATE

CAROL SPRINGER  
CHAIRMAN 1996  
GUS ARZBERGER  
A. V. "BILL" HARDT  
JAMES HENDERSON, JR.  
THOMAS C. PATTERSON  
GARY RICHARDSON  
MARC SPITZER  
JOHN WETTAW

1716 WEST ADAMS  
PHOENIX, ARIZONA 85007

PHONE (602) 542-5491

FAX (602) 542-1616

TED A. FERRIS  
DIRECTOR

RICHARD STAVNEAK  
DEPUTY DIRECTOR

HOUSE OF  
REPRESENTATIVES

ROBERT "BOB" BURNS  
CHAIRMAN 1995  
J. ERNEST BAIRD  
CARMEN CAJERO  
LORI S. DANIELS  
JEFF GROSCOST  
HERSCHELLA HORTON  
LAURA KNAPERK  
BOB MCLENDON

### INTRODUCTION

This annual Appropriations Report provides a single source document for obtaining summary and detailed information on appropriations for Fiscal Year 1997, as provided in the General Appropriation Act, Laws 1996, Chapter 1 (H.B. 2001), 5th Special Session, and other legislative acts. Also included is the economic and state revenue forecast upon which the budget was based.

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

The many state agencies are encouraged to review the contents of this Appropriations Report, and to contact the Joint Legislative Budget Committee Staff with any concerns regarding "legislative intent." Agencies may want to pay particular attention to the General Provisions section, which includes important technical information.

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

Ted A. Ferris,  
Director and  
Legislative Budget Analyst

## JOINT LEGISLATIVE BUDGET COMMITTEE

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

Senator Carol Springer  
Chairman 1996

Senator Gus Arzberger  
Senator A. V. "Bill" Hardt  
Senator James Henderson, Jr.  
Senator Thomas C. Patterson  
Senator Gary Richardson  
Senator Marc Spitzer  
Senator John Wettaw

Representative Robert "Bob" Burns  
Chairman 1995

Representative J. Ernest Baird  
Representative Carmen Cajero  
Representative Lori S. Daniels  
Representative Jeff Grosco  
Representative Herschella Horton  
Representative Laura Knaperek  
Representative Bob McLendon

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

JLBC appoints a Director who is responsible for providing staff support and sound technical analysis to the Committee. The objectives and major products of the staff of the JLBC are:

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

Joint Legislative Budget Committee  
1716 West Adams  
Phoenix, Arizona 85007  
Phone: (602) 542-5491

Ted A. Ferris  
Director

Richard Stavneak  
Deputy Director

**STAFF OF THE**  
**JOINT LEGISLATIVE BUDGET COMMITTEE**

- Director ..... Ted Ferris
- Deputy Director ..... Richard Stavneak
- Assistant Director ..... John Lee
- Associate Director ..... Marge Cawley
- Controller ..... Cy Blanton
- Executive Assistant/JLBC Clerk ..... Linda Monsanto
- Chief Economist ..... Hank Reardon
- Senior Fiscal Analysts ..... Karen Bock  
..... Michael Bradley  
..... Lynne Smith
- Principal Research/Fiscal Analyst ..... Bob Hull
- Senior Economists ..... Frank Chow  
..... Kent Ennis
- Fiscal Analysts ..... Reneé Bahl  
..... Brad Beranek  
..... Phil Case  
..... Rachelle Child  
..... Jason Hall  
..... Lorenzo Martinez  
..... Steve Schimpp  
..... Jeffrey Schmied  
..... Stefan Shepherd  
..... Jennifer Vermeer
- Research/Fiscal Analyst ..... Bruce Groll
- Economists ..... Dennis Doby  
..... Justin Garosi
- Assistant Analyst ..... Jim Hillyard
- Receptionist/Secretary/JCCR Clerk ..... Jan Belisle
- Secretary ..... Cheryl Blunden
- Secretary ..... Adele Garcia
- Administrative Assistant ..... Lettie Phillips
- Secretary ..... Sharon Savage

**APPROPRIATIONS COMMITTEE MEMBERS**

**Forty-second Legislature  
Second Regular Session  
1996**

**SENATE**

Carol Springer, Chairman  
Ann Day, Vice Chairman  
Gus Arzberger  
Stan Barnes  
Larry Chesley  
A. V. "Bill" Hardt  
James Henderson, Jr.  
John Huppenthal  
John Kaites  
David Petersen  
Gary Richardson  
Ruth Solomon  
Victor Soltero  
Austin Turner  
John Wettaw

**HOUSE**

Robert "Bob" Burns, Chairman  
Jim Weiers, Vice Chairman  
Dave Armstead  
Carmen Cajero  
George Cunningham  
Lori S. Daniels  
Jeff Groscost  
Joe Hart  
Winifred "Freddy" Hershberger  
Herschella Horton  
Laura Knaperek  
Joe Eddie Lopez  
Bob McLendon  
Dan Schottel  
Tom Smith  
John Verkamp  
Barry Wong

ALPHABETICAL INDEX OF STATE AGENCIES \*

	<u>Page No.</u>		<u>Page No.</u>
Accountancy, State Board of .....	183	Land Department, State .....	239
Administration, Arizona Department of .....	1	Law Enforcement Merit Syst. Council .....	241
Administrative Hearings, Office of .....	184	Legislative Council .....	245
Agricultural Employment Relations Bd. ....	186	Library, Arch. & Pub. Records, Dept of .....	246
Agriculture, Arizona Department of .....	187	Liquor Licenses & Control, Dept. of .....	247
AHCCCS .....	18	Lottery Commission, Arizona State .....	149
Appellate & Trial Court Appts, Comm. on. ....	130	Medical Examiners, Board of .....	248
Appraisal, State Board of .....	190	Medical Student Loans, Board of .....	249
Arizona State University - East Campus .....	173	Military Airport Preservation Cmte., Arizona .....	250
Arizona State University - Main Campus .....	171	Mine Inspector, State .....	251
Arizona State University - West Campus .....	174	Mines & Mineral Resources, Dept. of .....	252
Arts, Arizona Commission on the .....	191	Naturopathic Phys. Bd. of Medical Exam. ....	253
Attorney General - Dept. of Law .....	192	Navigable Stream Adjudication Comm, AZ .....	254
Auditor General .....	243	Northern Arizona University .....	175
Auto Theft Authority .....	197	Nursing, State Board of .....	255
Banking Department, State .....	198	Nursing Care Inst. Admin., Bd. of Exam .....	256
Barbers, Board of .....	199	Occup. Safety. & Health. Review Bd .....	257
Behavioral Health Examiners, Board of. ....	200	Occup. Therapy Exam., Board of .....	258
Boxing Commission, Arizona State .....	201	Opticians, State Board of Dispensing .....	259
Building & Fire Safety, Dept. of .....	202	Optometry, State Board of .....	260
Chiropractic Examiners, State Board of .....	203	Osteopathic Examiners, AZ Board of .....	261
Coliseum & Exposition Center Bd., AZ .....	204	Parks Board, Arizona State .....	262
Commerce, Department of .....	205	Personnel Board .....	264
Community Colleges, St. Bd. of Dir. for .....	38	Pharmacy, AZ State Board of .....	265
Constitutional Defense Council .....	208	Physical Therapy Examiners, Board of .....	266
Contractors, Registrar of .....	209	Pioneers' Home, Arizona .....	267
Corporation Commission .....	210	Podiatry Examiners, State Board of .....	268
Corrections, State Department of .....	42	Postsecondary Education, Commission for .....	269
Cosmetology, Board of .....	211	Priv. Postsecondary Educ., State Bd. for .....	271
Court of Appeals - Division I .....	131	Psychologist Examiners, State Board of .....	272
Court of Appeals - Division II .....	132	Public Safety, Department of .....	151
Criminal Justice Commission, AZ .....	212	Racing, Arizona Department of .....	273
Deaf & the Blind, AZ St. Schools for the .....	53	Radiation Regulatory Agency .....	276
Dental Examiners, State Board of .....	213	Rangers' Pensions, Arizona .....	279
Economic Security, Department of .....	60	Real Estate Department, State .....	280
Education, Department of .....	91	Regents, Arizona Board of .....	168
Emergency and Military Affairs, Dept. of .....	214	Residential Utility Consumer Office .....	281
Environment, Commission on the Arizona .....	219	Respiratory Care Examiners, Bd. of .....	282
Environmental Quality, Dept. of .....	105	Retirement System, Arizona State .....	283
Equal Opportunity, Governor's Ofc of .....	220	Revenue, Department of .....	284
Equalization, State Board of .....	221	School Capital Facilities, State Board for .....	285
Executive Clemency, Board of .....	222	Secretary of State - Dept. of State .....	286
Funeral Dir. & Embalmers, State Board of .....	223	Senate .....	242
Game and Fish Department, Arizona .....	224	State Boards Office .....	287
Gaming, Department of .....	228	Structural Pest Control Commission. ....	288
Geological Survey, Arizona .....	229	Superior Court .....	134
Governor - Office of the .....	230	Supreme Court .....	138
Governor's Ofc. of Strat. Plng & Budtg .....	231	Tax Appeals, State Board of .....	289
Health Services, Department of .....	110	Technical Registration, State Board of .....	290
Hearing Impaired, AZ Council for the .....	232	Tourism, Office of .....	291
Historical Society, Arizona .....	233	Transportation, Department of .....	159
Historical Society of AZ, Prescott .....	234	Treasurer, State .....	292
Homeopathic Medical Examiners, Bd. of .....	235	Uniform State Laws, Commission on .....	293
House of Representatives .....	242	University of Arizona - Main Campus .....	177
Indian Affairs, AZ Commission of .....	236	University of Arizona - Health Sciences Ctr. ....	180
Industrial Commission of Arizona .....	237	Veterans' Service Commission, Arizona .....	294
Insurance, Department of .....	238	Veterinary Med. Examining Board, AZ. St .....	298
Joint Legislative Budget Committee .....	244	Water Resources, Department of .....	299
Judicial Conduct, Commission on .....	133	Weights and Measures, Dept. of .....	301
Juvenile Corrections, Dept. of .....	141		

\* Most technical adjustments are not delineated in the individual agency description. Please see General Provisions section for these adjustments.

## - TABLE OF CONTENTS -

	<u>Page</u>
<b>SUMMARY OF TABLES AND GRAPHS</b>	
• State of Arizona - General Fund - Statement of Projected Revenues and Expenditures - Update of Enacted Budget as of Sine Die .....	TG-2
• Where It Comes From/Where It Goes .....	TG-3
• Summary of Appropriations by Individual Chapter - Fiscal Years 1996 and 1997 .....	TG-4
• Summary of Appropriated Operating Funds by Agency for Fiscal Years 1996 and 1997 .....	TG-6
• Nine Largest Agencies - General Fund Percent Change FY 1996 - FY 1997 .....	TG-8
• Nine Largest Agencies - General Fund Dollar Change FY 1996 - FY 1997 .....	TG-8
• Summary of the Capital Outlay Bill (Chapter 2, 5th Special Session) and Other Bills with Capital Outlay Appropriations .....	TG-9
• Lease-Purchase Summary .....	TG-10
• Bonding Summary .....	TG-11
• Summary of Additional Appropriations (Other than the General Appropriation Act and All Capital Outlay Appropriations) .....	TG-12
• Summary of Total Spending Authority (Appropriated and Non-Appropriated Funds) for Fiscal Years 1996 and 1997 .....	TG-14
• Distribution of Total State Spending Authority - Appropriated and Non-Appropriated Funds .....	TG-16
• Distribution of Total State Spending Authority by Agency .....	TG-16
• State Personnel Summary by Full-Time Equivalent Positions for Fiscal Years 1996 and 1997 .....	TG-17
 <b>GENERAL PROVISIONS OF THE GENERAL APPROPRIATION ACT, OTHER OVERALL ISSUES, AND GENERAL LEGISLATION</b>	
• General Provisions of the General Appropriation Act .....	GP-2
• Other Overall Issues in the FY 1997 Budget .....	GP-3
• Salary Adjustment in Section 27 of the FY 1997 General Appropriation Act and Health Insurance Allocations	
• General Fund .....	GP-5
• Other Funds .....	GP-9
• Salary Adjustment For State Employees Since FY 1987 .....	GP-8
• Elected Official Salaries .....	GP-11
• Lease-Purchase and Operations and Maintenance Payments - Department of Administration Building System .....	GP-12
• Summary of Rent Charges .....	GP-14



**- TABLE OF CONTENTS -**  
**(Continued)**

	<u>Page</u>
• Summary of Risk Management Charges .....	GP-16
• FY 1997 Technical Adjustments Detail	
• General Fund .....	GP-18
• Other Funds .....	GP-19
• General Legislation	
• Omnibus Reconciliation Bills .....	GP-20
• Elimination of Funds, Chapter 220 .....	GP-22
• Appropriation of Funds, Chapter 335 .....	GP-25
• Information Technology Review .....	GP-27
• Performance Incentives .....	GP-27
• Program Authorization Reviews .....	GP-28

**DETAILED APPROPRIATIONS BY AGENCY**

*(See Index at Front of Report for Specific Agency Page Numbers)*

ANNUAL BUDGET UNITS .....	1
BIENNIAL BUDGET UNITS .....	183
 <b>ECONOMIC AND REVENUE FORECAST</b>	
• The Economy .....	304
• General Fund Revenue .....	314
• Arizona Budget Stabilization Fund .....	322
 <b>FY 1996 GENERAL FUND ADJUSTMENTS</b>	
• FY 1996 General Fund Adjustments .....	326
• FY 1996 Supplementals, Laws 1996, Chapter 7, 5th Special Session .....	327
• FY 1996 Operating Budget - Revisions to Agency Spending Authority .....	329

1994

1994

1994

**SUMMARY OF TABLES AND GRAPHS**

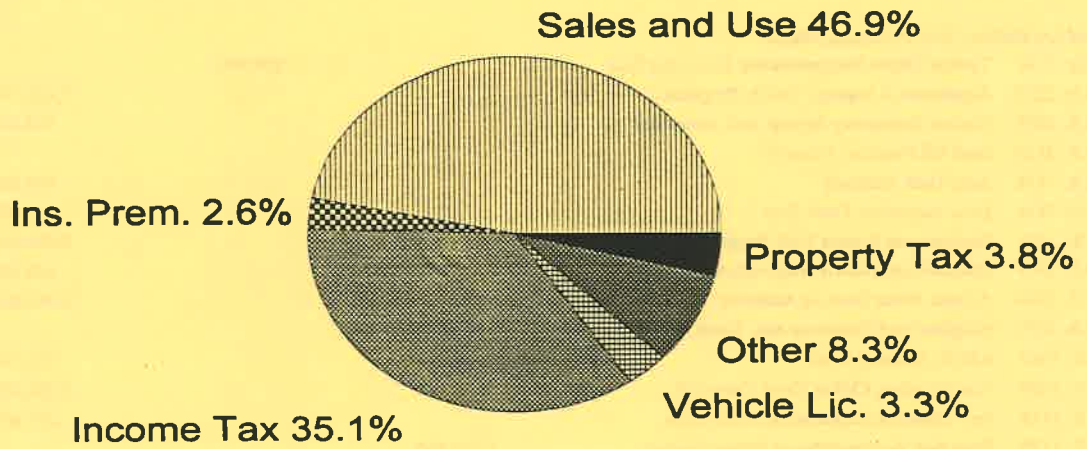
Table 1	Table 2	Table 3	Table 4
Table 5	Table 6	Table 7	Table 8
Table 9	Table 10	Table 11	Table 12
Table 13	Table 14	Table 15	Table 16
Table 17	Table 18	Table 19	Table 20
Table 21	Table 22	Table 23	Table 24
Table 25	Table 26	Table 27	Table 28
Table 29	Table 30	Table 31	Table 32
Table 33	Table 34	Table 35	Table 36
Table 37	Table 38	Table 39	Table 40
Table 41	Table 42	Table 43	Table 44
Table 45	Table 46	Table 47	Table 48
Table 49	Table 50	Table 51	Table 52
Table 53	Table 54	Table 55	Table 56
Table 57	Table 58	Table 59	Table 60
Table 61	Table 62	Table 63	Table 64
Table 65	Table 66	Table 67	Table 68
Table 69	Table 70	Table 71	Table 72
Table 73	Table 74	Table 75	Table 76
Table 77	Table 78	Table 79	Table 80
Table 81	Table 82	Table 83	Table 84
Table 85	Table 86	Table 87	Table 88
Table 89	Table 90	Table 91	Table 92
Table 93	Table 94	Table 95	Table 96
Table 97	Table 98	Table 99	Table 100

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

	<u>Preliminary FY 1996</u>	<u>Forecast FY 1997</u>
<b>REVENUES</b>		
-Balance Forward	\$ 269,526,000	\$ 265,734,400
-Base Revenues	4,568,187,200	4,716,480,000
-Other Legislation and Adjustments	<u>0</u>	<u>(5,444,400)</u>
<b>TOTAL REVENUES</b>	<b>\$ 4,837,713,200</b>	<b>\$ 4,976,770,000</b>
<b>EXPENDITURES</b>		
-Operating Appropriations	\$ 4,490,076,500	\$ 4,717,176,400 <sup>2/</sup>
-Capital Outlay Appropriations	103,287,200	94,081,900 <sup>3/</sup>
-Administrative Adjustments and Emergencies	45,522,500	25,500,000
-Revertments	<u>(66,907,400)</u>	<u>(60,742,100)</u>
<b>TOTAL EXPENDITURES</b>	<b>\$ 4,571,978,800</b>	<b>\$ 4,776,016,200</b>
Property Tax Relief	<u>0</u>	<u>(200,000,000) <sup>4/</sup></u>
<b>ENDING BALANCE</b>	<b><u>\$ 265,734,400</u></b>	<b><u>\$ 753,800</u></b>

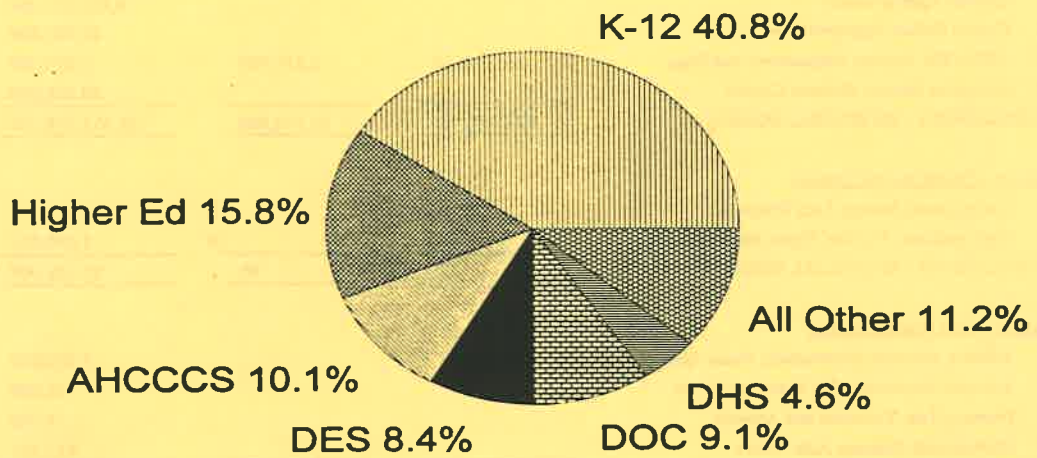
- 1/ This General Fund "balance sheet" reflects the status of the enacted budget as of the adjournment of the 1996 Regular Session on April 20, 1996. The key assumptions include: a) a consensus Executive-Legislative Base Revenue forecast, which was utilized when the budget was enacted in March; and b) the JLBC Staff's estimate of all other enacted revenue and expenditure bills.
- 2/ Includes \$64.8 million of appropriations in bills other than the General Appropriation Act.
- 3/ Includes \$1.0 million of appropriations in bills other than the Capital Outlay Act.
- 4/ As of this writing, a new method for distributing the property tax relief, as authorized by Laws 1995, Chapter 9, 1st Special Session, had not been determined. The Governor vetoed H.B. 2087 which would have determined the distribution.

**WHERE IT COMES FROM  
FY 1997**



**TOTAL GENERAL FUND REVENUES: \$4,711,035,600\***  
\* Does not include Balance Forward

**WHERE IT GOES  
FY 1997**



**TOTAL GENERAL FUND OPERATING APPROPRIATIONS: \$4,717,176,400**

**SUMMARY OF APPROPRIATIONS**  
**By Individual Chapter**  
**For Fiscal Years 1996 and 1997 1/**

Chap. No.	Bill Number	Reference Title	Fiscal Year 1996		Fiscal Year 1997	
			General Fund	Other Funds	General Fund	Other Funds
<u>Forty-Second Legislature - Second Regular Session</u>						
172	S.B. 1164	Victims' Rights Implementation Revolving Fund		\$60,000		\$150,000
247	H.B. 2277	Supplemental Approp.; Family Programs 2/			5,400,000	
255	H.B. 2078	Nuclear Emergency Approp. and Assessment			850,100	
258	H.B. 2113	Used Oil Program; Transfer				(194,500)
263	H.B. 2178	Auto Theft Authority			450,000	
273	H.B. 2416	Data Acquisition Fund; Fees			(150,000)	
292	S.B. 1403	Underground Storage Tank Program			3,000,000	
296	H.B. 2077	Respite Care; Elderly; Appropriation			185,000	
308	H.B. 2494	Arizona Water Banking Authority			2,000,000	
309	H.B. 2559	Neighborhood Protection Act; Youth Employ.	3,000,000			
310	S.B. 1047	ASDB; School Budgets			209,200	534,100
312	S.B. 1060	Appropriation; Clifton Flood Control 3/			2,000,000	5,543,000
315	S.B. 1118	Sex Offenders; Registration; Notification			457,000	
316	S.B. 1179	State Aid; Accommodation School Funding	1,361,800			
320	S.B. 1281	Appropriation; Military Women Memorial			26,500	
321	S.B. 1334	Competitive Government Program			55,000	
323	S.B. 1380	Mined Land Reclamation; Administration			100,000	
324	H.B. 2032	Child Welfare and Placement; Reports			60,000	
325	H.B. 2052	Day Care Centers or Homes; Sale			205,100	
328	H.B. 2119	Relief of Named Claimants; Appropriations	548,900			
341	H.B. 2439	Postsecondary Education Voucher Program			100,000	
342	H.B. 2440	Gov. Information Tech. Agency; Approp.				575,000
345	H.B. 2498	Highways; Safety Enforce.; Trans. Infrastruct.				2,500,000
347	H.B. 2555	Arizona State Land Preserve Initiative			84,000	
352	H.B. 2140	Food Banks; Governmental Incentives			700,000	
358	S.B. 1068	Schools; Certificates of Ed. Convenience			23,000	
365	S.B. 1071	Highway Fund; Distribution 4/				850,000
SUBTOTAL APPROPRIATIONS - 2nd REGULAR SESSION 5/			<u>\$4,910,700</u>	<u>\$60,000</u>	<u>\$15,754,900</u>	<u>\$9,957,600</u>
<u>Forty-Second Legislature - Fifth Special Session</u>						
1	H.B. 2001	General Appropriations			4,429,001,200	650,396,600
2	H.B. 2002	Capital Outlay Appropriations 6/			65,781,900	272,694,100
7	H.B. 2007	1995-1996 Approp; Adjustments and Supp.	23,350,100	2,371,900	6,875,400	2,176,400
8	H.B. 2009	Education Finance Reform; Capital			50,000,000	30,000,000 7/
SUBTOTAL APPROPRIATIONS - 5th SPECIAL SESSION			<u>\$23,350,100</u>	<u>\$2,371,900</u>	<u>\$4,551,658,500</u>	<u>\$955,267,100</u>
<u>Forty-Second Legislature - Fourth Special Session</u>						
1	H.B. 2001	Underground Storage Tank Program				8/
4	H.B. 2004	Appropriation; Victims' Rights Implementation			1,000,000	9/
SUBTOTAL APPROPRIATIONS - 4th SPECIAL SESSION			<u>\$0</u>	<u>\$0</u>	<u>\$1,000,000</u>	<u>\$0</u>
<u>Forty-Second Legislature - First Regular Session</u>						
62	S.B. 1062	Military Airports; Preservation; Noise Atten.			4,300,000 10/	
145	S.B. 1033	Scotopic Sensitivity Irlen Syndrome; Pilot			90,000	
249	S.B. 1271	Property Tax; Valuation and Appeals			8,700	
281	H.B. 2414	Ombudsman; Citizens Aide Office			215,300	
SUBTOTAL APPROPRIATIONS - 1st REGULAR SESSION			<u>\$0</u>	<u>\$0</u>	<u>\$4,614,000</u>	<u>\$0</u>

Chap. No.	Bill Number	Reference Title	Fiscal Year 1996		Fiscal Year 1997	
			General Fund	Other Funds	General Fund	Other Funds
<b>Forty-Second Legislature - First Special Session</b>						
1	H.B. 2001	General Appropriations	32,400	11/ 13,329,500	12/ 215,230,900	89,570,600
2	H.B. 2002	Capital Outlay Appropriations			23,000,000	28,200,000
9	S.B. 1009	Property and Income Tax Reduction				13/
SUB-TOTAL APPROPRIATIONS - 1st SPECIAL SESSION			<u>\$32,400</u>	<u>\$13,329,500</u>	<u>\$238,230,900</u>	<u>\$117,770,600</u>
TOTAL APPROPRIATIONS			<u>\$28,293,200</u>	<u>\$15,761,400</u>	<u>\$4,811,258,300</u>	<u>\$1,082,995,300</u>

- 1/ For FY 1996, this table summarizes all appropriations enacted since the conclusion of the 1st Regular Session of the 42nd Legislature. For FY 1997, this table summarizes appropriations from the 2nd Regular Session of the 42nd Legislature, and all previous sessions. All appropriations have been rounded to the nearest \$100.
- 2/ Also appropriates \$3,000,000 to the Department of Economic Security, \$1,000,000 to the Department of Education, and \$1,400,000 to the Department of Health Services in FY 1998.
- 3/ Also appropriates \$1,000,000 from the General Fund in FY 1998.
- 4/ Also appropriates \$850,000 in FY 1998 and FY 1999.
- 5/ In addition to the above appropriations, Chapter 346 (H.B. 2516) - Assistance Programs; Finger Imaging; Appropriation - contained a FY 1998 appropriation of \$1,400,000.
- 6/ Also appropriates an estimated \$520,000 from the Legislative, Executive and Judicial Land Fund in FY 1998, FY 1999 and FY 2000. Also appropriates \$24,600,000 from the General Fund to the Corrections Fund in FY 1998, which is further appropriated from the Corrections Fund. Chapter 337 appropriates an additional \$31,500,000 from the General Fund to the Corrections Fund in FY 1998. Chapter 337 also adjusts the \$24,600,000 appropriation from the Corrections Fund to \$51,100,000 in FY 1998. Finally, Chapter 337 also appropriates \$41,100,000 from the General Fund to the Corrections Fund in FY 1999, which is further appropriated from the Corrections Fund.
- 7/ Of this amount, \$29,700,000 is continually appropriated.
- 8/ Repealed the provisions of Laws 1995, Chapter 1 regarding the transfer of \$8,000,000 in FY 1996 from the Underground Storage Tank (UST) Fund to the Emissions Inspection Fund, and further appropriates the \$8,000,000 for use in the UST Program.
- 9/ See the Attorney General section for a discussion of the Other Fund appropriation.
- 10/ Also appropriates \$3,200,000 from the General Fund in FY 1998 to the Department of Transportation for the extension of the Davis Monthan Air Force Base runway.
- 11/ Includes \$32,400 for the non-lapsing Respite Care Pilot from Laws 1995, Chapter 105.
- 12/ Reflects adjustments to appropriations to those agencies appropriated 100% of receipts for certain funds, and certain carry-forward balances.
- 13/ Set aside \$200,000,000 in the Property Tax Relief Fund. See "Statement of Projected Revenue and Expenditures" for display of these monies.

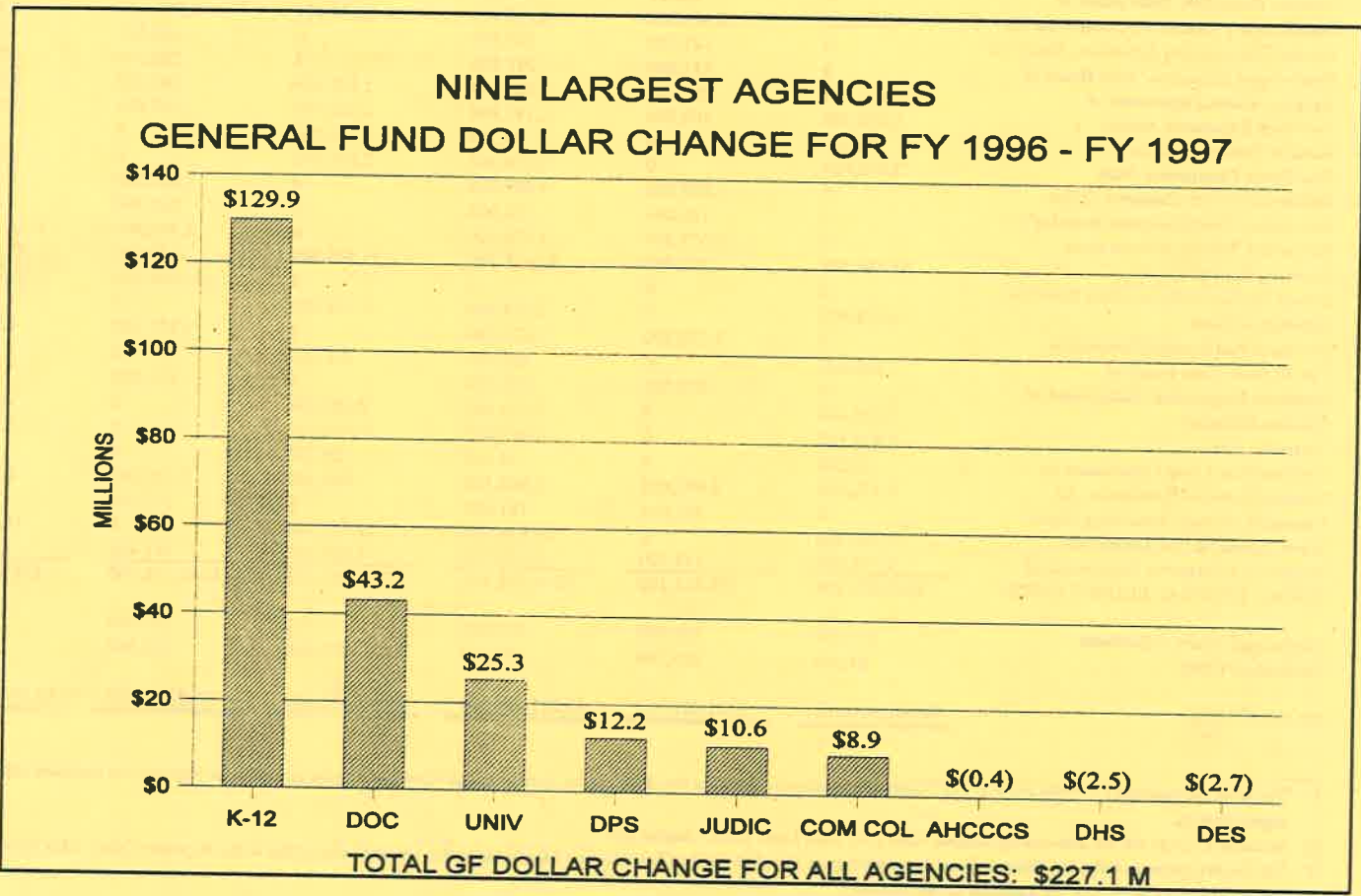
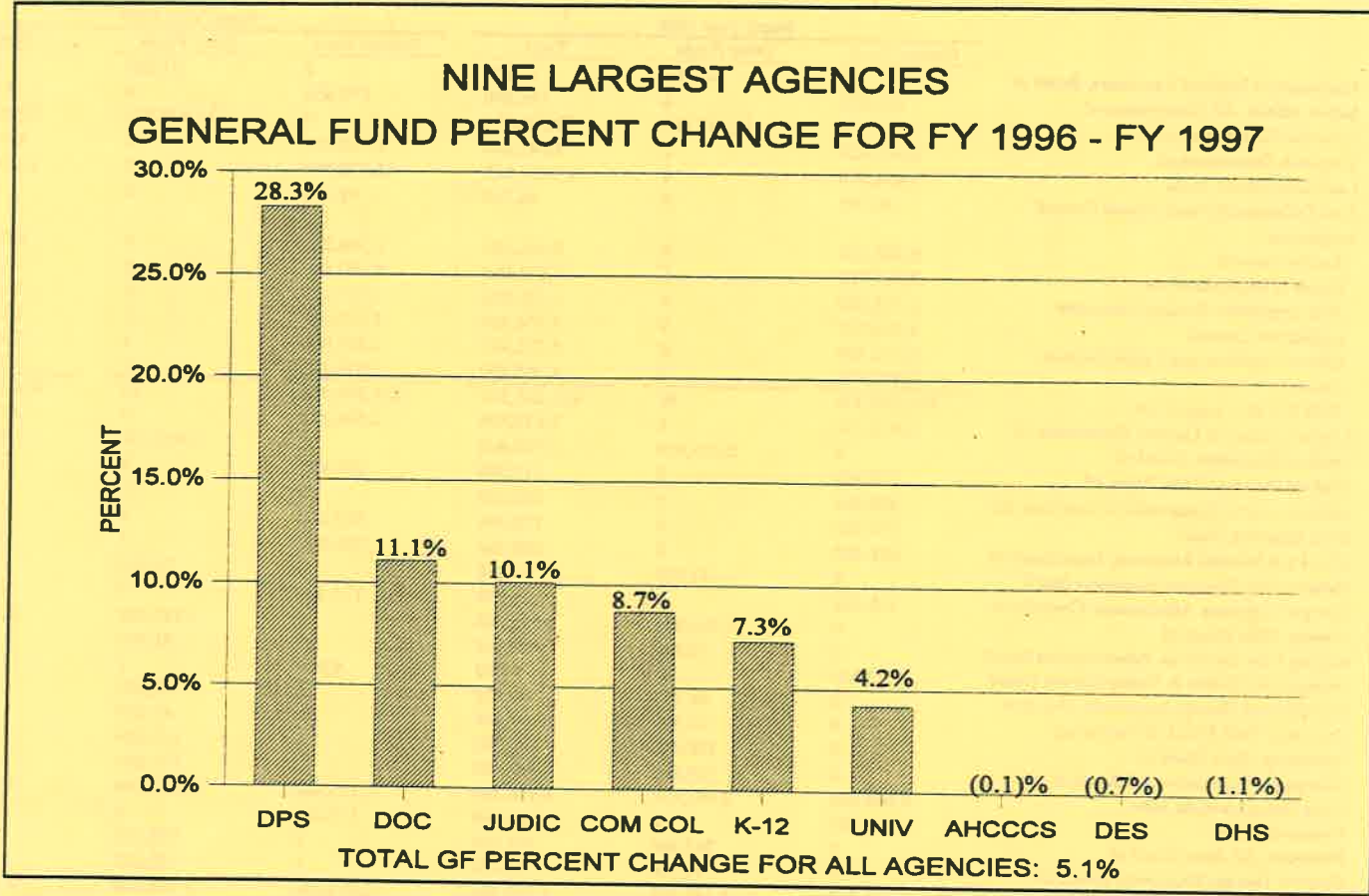
**SUMMARY OF APPROPRIATED OPERATING FUNDS 1/  
By Agency For Fiscal Years 1996 and 1997**

	Fiscal Year 1996			Fiscal Year 1997		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
<b>ANNUAL BUDGET UNITS</b>						
Administration, AZ Department of	\$27,066,800	\$102,904,300	\$129,971,100	\$25,646,500	\$125,786,700	\$151,433,200
AHCCCS	479,355,000	0	479,355,000	478,997,100	0	478,997,100
Community Colleges, St Board of Directors for	102,189,600	140,200	102,329,800	111,080,000	145,300	111,225,300
Corrections, State Department of	387,926,500	26,399,800	414,326,300	431,114,600	18,541,100	449,655,700
Deaf and Blind, AZ State Schools for the	16,798,000	5,411,200	22,209,200	16,827,100	5,864,600	22,691,700
Economic Security, Department of	397,249,600	2/ 416,400	397,666,000	394,579,900	5,522,700	400,102,600
Education, Department of	1,794,490,500	0	1,794,490,500	1,924,371,800	0	1,924,371,800
Environmental Quality, Department of	13,984,000	14,944,700	28,928,700	17,091,400	18,146,400	35,237,800
Health Services, Department of	218,713,200	17,165,000	235,878,200	216,200,100	17,419,900	233,620,000
Judiciary						
Court of Appeals	8,956,000	0	8,956,000	9,005,200	0	9,005,200
Comm on Appellate and Trial Court Appts	10,000	0	10,000	0	0	0
Commission on Judicial Conduct	263,700	0	263,700	261,500	0	261,500
Superior Court	83,934,000	0	83,934,000	94,433,400	0	94,433,400
Supreme Court	12,349,900	1,632,100	13,982,000	12,444,700	3/ 1,468,900	13,913,600
SUBTOTAL - Judiciary	\$105,513,600	\$1,632,100	\$107,145,700	\$116,144,800	\$1,468,900	\$117,613,700
Juvenile Corrections, Department of	43,825,000	1,978,300	45,803,300	46,918,000	2,038,600	48,956,600
Lottery Commission, AZ State	0	49,188,500	49,188,500	0	42,800,400	42,800,400
Public Safety, Department of	43,272,700	53,162,000	96,434,700	55,521,400	44,072,700	99,594,100
Transportation, Department of	74,800	187,594,400	187,669,200	300,000	188,547,600	188,847,600
Universities						
Board of Regents	5,979,200	0	5,979,200	6,207,300	0	6,207,300
ASU - Main Campus	209,999,300	73,206,900	283,206,200	216,693,100	71,170,400	287,863,500
ASU - East Campus	1,842,700	204,000	2,046,700	5,023,600	2,697,900	7,721,500
ASU - West Campus	33,438,800	5,540,500	38,979,300	34,354,000	5,584,700	39,938,700
Northern Arizona University	86,473,300	24,462,200	110,935,500	90,922,200	26,750,100	117,672,300
University of Arizona - Main Campus	225,182,800	63,171,300	288,354,100	232,910,100	63,821,000	296,731,100
U of A - Health Sciences Center	46,407,700	5,025,200	51,432,900	48,543,100	5,025,200	53,568,300
SUBTOTAL - Universities	\$609,323,800	\$171,610,100	\$780,933,900	\$634,653,400	\$175,049,300	\$809,702,700
TOTAL - ANNUAL BUDGET UNITS	\$4,239,783,100	\$632,547,000	\$4,872,330,100	\$4,469,446,100	\$645,404,200	\$5,114,850,300
<b>BIENNIAL BUDGET UNITS</b>						
Accountancy, State Board of	0	1,040,000	1,040,000	0	1,053,600	1,053,600
Administrative Hearings, Office of	475,000	186,800	661,800	926,700	419,200	1,345,900
Agricultural Employment Relations Board	61,300	0	61,300	0	0	0
Agriculture, AZ Department of	10,128,000	1,749,800	11,877,800	10,510,900	2,172,000	12,682,900
Appraisal, State Board of	0	258,900	258,900	0	251,400	251,400
Arts, Arizona Commission on the	1,511,300	0	1,511,300	1,526,100	0	1,526,100
Attorney General - Department of Law	23,129,000	2,449,400	25,578,400	23,319,100	2,743,300	26,062,400
Automobile Theft Authority	0	0	0	225,000	0	225,000
Banking Department, State	2,838,600	0	2,838,600	2,458,100	0	2,458,100
Barbers, Board of	0	150,700	150,700	0	156,200	156,200
Behavioral Health Examiners, Board of	0	342,900	342,900	0	357,700	357,700
Boxing Commission, AZ State	67,500	0	67,500	68,300	0	68,300
Building & Fire Safety, Department of	3,125,800	0	3,125,800	2,873,000	0	2,873,000
Chiropractic Examiners, State Board of	0	261,400	261,400	0	245,700	245,700
Coliseum and Exposition Center Board	0	14,510,200	14,510,200	0	15,340,700	15,340,700
Commerce, Department of	11,210,700	5,209,500	16,420,200	9,665,900	3,471,900	13,137,800
Constitutional Defense Council	0	0	0	0	0	0
Contractors, Registrar of	0	5,240,900	5,240,900	0	4,786,000	4,786,000
Corporation Commission	5,243,500	6,125,500	11,369,000	5,208,000	6,619,600	11,827,600
Cosmetology, Board of	0	810,500	810,500	0	691,400	691,400
Criminal Justice Commission, Arizona	1,102,500	577,900	1,680,400	500,000	577,000	1,077,000
Dental Examiners, State Board of	0	600,300	600,300	0	596,100	596,100
Emergency & Military Affairs, Department of	7,581,700	52,600	7,634,300	9,368,300	621,700	9,990,000
Environment, Commission on the Arizona	105,900	0	105,900	0	0	0
Equal Opportunity, Governor's Office of	159,000	0	159,000	237,900	0	237,900
Equalization, State Board of	593,400	0	593,400	803,900	0	803,900
Executive Clemency, Board of	1,731,500	0	1,731,500	1,691,200	0	1,691,200
Funeral Directors and Embalmers, Board of	0	172,400	172,400	0	180,300	180,300
Game and Fish Department, AZ	0	17,953,100	17,953,100	0	17,904,600	17,904,600
Gaming, Department of	0	3,198,800	3,198,800	0	3,901,200	3,901,200
Geological Survey, AZ	\$754,900	\$0	\$754,900	\$743,300	\$0	\$743,300
Governor, Office of the	6,484,300	500,000	6,984,300	6,565,200	500,000	7,065,200
Gov's Ofc of Strategic Planning & Budgeting	1,711,000	0	1,711,000	1,732,800	0	1,732,800
Hearing Impaired, AZ Council for the	224,600	0	224,600	253,000	0	253,000
Historical Society, Arizona	4,023,600	0	4,023,600	4,154,300	0	4,154,300
Historical Society, Prescott	609,400	0	609,400	616,300	0	616,300

	Fiscal Year 1996			Fiscal Year 1997		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Homeopathic Medical Examiners, Board of	0	30,900	30,900	0	33,200	33,200
Indian Affairs, AZ Commission of	189,800	0	189,800	175,400	0	175,400
Industrial Commission of AZ	0	12,949,800	12,949,800	0	12,827,700	12,827,700
Insurance, Department of	4,641,400	0	4,641,400	4,388,500	0	4,388,500
Land Department, State	11,455,600	0	11,455,600	13,093,900	0	13,093,900
Law Enforcement Merit System Council	46,700	0	46,700	48,100	0	48,100
Legislature						
Auditor General	9,504,100	0	9,504,100	9,540,500	0	9,540,500
House of Representatives	7,811,000	0	7,811,000	8,152,400	0	8,152,400
Joint Legislative Budget Committee	2,125,000	0	2,125,000	2,137,200	0	2,137,200
Legislative Council	4,544,800	0	4,544,800	3,517,500	0	3,517,500
Library, Archives and Public Records	5,275,400	0	5,275,400	5,387,000	0	5,387,000
Senate	6,005,000	0	6,005,000	6,070,300	0	6,070,300
SUBTOTAL - Legislature	\$35,265,300	\$0	\$35,265,300	\$34,804,900	\$0	\$34,804,900
Liquor Licenses & Control, Department of	2,653,300	0	2,653,300	2,530,000	0	2,530,000
Medical Examiners, Board of	0	2,916,400	2,916,400	0	2,906,100	2,906,100
Medical Student Loans, Board of	113,900	0	113,900	236,600	0	236,600
Military Airport Preservation Committee, AZ	200,000	0	200,000	0	0	0
Mine Inspector, State	770,900	0	770,900	917,200	0	917,200
Mines and Mineral Resources, Department of	688,400	0	688,400	706,500	0	706,500
Naturopathic Physician Examiners Board	0	71,300	71,300	0	72,000	72,000
Navigable Streams Adjudication Commission	116,100	0	116,100	117,400	0	117,400
Nursing, State Board of	0	1,564,000	1,564,000	0	1,547,000	1,547,000
Nursing Care Institution Administrators Board	0	78,000	78,000	0	91,900	91,900
Occupational Safety & Health Review Board	9,000	0	9,000	9,000	0	9,000
Occupational Therapy Examiners, Board of	0	96,100	96,100	0	92,300	92,300
Opticians, State Board of Dispensing	0	67,500	67,500	0	67,200	67,200
Optometry, State Board of	0	108,600	108,600	0	109,900	109,900
Osteopathic Examiners, AZ Board of	0	349,900	349,900	0	340,600	340,600
Parks Board, Arizona State	6,468,600	2,465,600	8,934,200	6,103,400	3,621,500	9,724,900
Personnel Board	306,700	0	306,700	310,600	0	310,600
Pharmacy, AZ State Board of	0	762,200	762,200	0	729,300	729,300
Physical Therapy Examiners, Board of	0	91,400	91,400	0	93,000	93,000
Pioneers' Home, AZ	2,030,700	1,189,400	3,220,100	1,973,000	1,155,600	3,128,600
Podiatry Examiners, State Board of	0	58,100	58,100	0	58,200	58,200
Postsecondary Education, Commission for	1,234,000	2,984,500	4,218,500	1,334,000	2,929,100	4,263,100
Private Postsecondary Education, Board for	0	147,700	147,700	0	160,300	160,300
Psychologist Examiners, State Board of	0	241,800	241,800	0	255,300	255,300
Racing, Arizona Department of	2,632,300	289,000	2,921,300	2,578,400	293,400	2,871,800
Radiation Regulatory Agency	1,082,100	105,800	1,187,900	1,526,700	107,600	1,634,300
Rangers' Pension, Arizona	10,300	0	10,300	10,500	0	10,500
Real Estate Department, State	2,870,000	0	2,870,000	2,846,000	0	2,846,000
Residential Utility Consumer Office	0	1,009,000	1,009,000	0	1,021,500	1,021,500
Respiratory Care Examiners, Board of	0	166,000	166,000	0	165,700	165,700
Retirement System, Arizona State	0	3,673,300	3,673,300	0	3,795,400	3,795,400
Revenue, Department of	51,191,500	426,800	51,618,300	51,545,900	332,500	51,878,400
School Capital Facilities, State Board for	0	0	0	0	30,000,000	30,000,000
Secretary of State	5,518,400	0	5,518,400	4,138,900	0	4,138,900
Structural Pest Control Commission	0	1,279,200	1,279,200	0	1,377,100	1,377,100
Tax Appeals, State Board of	269,000	0	269,000	269,700	0	269,700
Technical Registration, State Board of	0	878,500	878,500	0	874,900	874,900
Tourism, Office of	7,419,400	0	7,419,400	7,687,200	0	7,687,200
Treasurer, State	4,819,100	0	4,819,100	3,910,100	0	3,910,100
Uniform State Laws, Commission on	28,200	0	28,200	29,200	0	29,200
Veterans' Service Commission, AZ	3,372,500	2,471,600	5,844,100	960,100	7,920,100	8,880,200
Veterinary Medical Examining Board	0	191,600	191,600	0	217,100	217,100
Water Resources, Department of	19,926,500	0	19,926,500	19,752,000	0	19,752,000
Weights and Measures, Department of	1,771,000	549,500	2,320,500	1,604,800	331,400	1,936,200
TOTAL - BIENNIAL BUDGET UNITS	\$249,973,200	\$98,605,100	\$348,578,300	\$247,055,300	\$136,116,500	\$383,171,800
Unallocated Salary Adjustment	232,000	200,600	432,600	0	281,000	281,000
Unallocated CMR	88,200	269,100	357,300	675,000	299,500	974,500
GRAND TOTAL	\$4,490,076,500	\$731,621,800	\$5,221,698,300	\$4,717,176,400	\$782,101,200	\$5,499,277,600

- 1/ This table summarizes FY 1996 and FY 1997 operating appropriations from the 2nd Regular Session of the 42nd Legislature and all prior sessions and excludes capital outlay appropriations.
- 2/ Includes \$32,400 for the non-lapsing Respite Care Pilot from Laws 1995, Chapter 105.
- 3/ For display purposes only, the General Fund appropriation of \$61,500 for the Classification Maintenance Review has been added to the Supreme Court. This dollar amount will be allocated to each of the agencies in the Judiciary.





**SUMMARY OF THE CAPITAL OUTLAY BILL (CHAPTER 2, 5th Special Session)  
AND OTHER BILLS WITH CAPITAL OUTLAY APPROPRIATIONS 1/**

	FY 1996	FY 1997		FY 1998	
	General Fund	General Fund	Other Funds	General Fund	Other Funds
<b>ARIZONA DEPARTMENT OF ADMINISTRATION BUILDING SYSTEM</b>					
Arizona Department of Administration					
Building Renewal 2/		\$3,411,300	\$1,500,000		
High-Security Juvenile Facility 3/		8,600,000		\$4,600,000	
400 Level 2 Security Modular and Tent Beds at Florence 3/			2,500,000		
Southwest Regional Prison Complex (as modified by Chapter 337) 3/		38,400,000	5,500,000 4/	56,100,000	
Capital Center Relocation 5/			30,900		
Design High-Security Facility for Juveniles (Chapter 7, 5th S.S.) 6/	800,000				
Subtotal - Arizona Department of Administration	\$800,000	\$50,411,300	\$9,530,900	\$60,700,000	\$0
Attorney General - Department of Law					
Capital Center Expansion		73,800			
Coliseum and Exposition Center Board					
Building Renewal 2/			721,500		
State Board of Directors for Community Colleges					
Navajo Community College District - Show Low Campus		200,000			
Arizona State Schools for the Deaf and the Blind					
Design Athletic Facilities Improvements		95,000			
PDS Phone System			345,000		
Subtotal - Arizona State Schools for the Deaf and the Blind	\$0	\$95,000	\$345,000	\$0	\$0
Department of Economic Security					
Coolidge Environmental Impact Study		75,000			
Department of Emergency and Military Affairs					
Clifton Flood Control (Chapter 312)		1,000,000		1,000,000	
AZ Game and Fish Department					
Building Renewal 2/			178,100		
Shooting Range Development			15,000		
Migratory Waterfowl Habitat			100,000		
Statewide Facilities Maintenance			100,000		
Mesa Office Expansion			400,000		
Lease-Purchase Payoff			1,100,000		
Subtotal - AZ Game and Fish Department	\$0	\$0	\$1,893,100	\$0	\$0
Legislative Council					
Computer Services Move		284,800			
Old Capitol Repairs 7/			1,400,000		520,000
Subtotal - Legislative Council	\$0	\$284,800	\$1,400,000	\$0	\$520,000
Arizona State Lottery Commission					
Building Renewal 2/			15,800		
ADA Building Modifications			27,000		
Subtotal - Arizona State Lottery Commission	\$0	\$0	\$42,800	\$0	\$0
Prescott Historical Society					
Sharlott Hall Museum Land Acquisition		260,000			
AZ State Parks Board					
Kartchner Caverns State Park Construction (Chapter 7, 5th S.S.) 8/	3,500,000				
Department of Public Safety					
Crime Lab Furniture/Fixtures/Equipment		600,000			
Statewide Officer Housing		200,000			
Subtotal - Department of Public Safety	\$0	\$800,000	\$0	\$0	\$0
SUBTOTAL - ADOA BUILDING SYSTEM	\$4,300,000	\$53,199,900	\$13,933,300	\$61,700,000	\$520,000
<b>ARIZONA BOARD OF REGENTS BUILDING SYSTEM</b>					
Building Renewal 2/		11,482,000			
<b>ARIZONA DEPARTMENT OF TRANSPORTATION BUILDING SYSTEM</b>					
Building Renewal 2/			1,460,100		
Maricopa County Title and Registration Facilities 9/		2,100,000			
Petroleum Storage Tank Upgrades			800,000		
Statewide Spreader Racks			250,000		
Highway Planning and Construction 3/			235,625,000		
Airport Planning and Development			20,625,700		
SUBTOTAL - ADOT BUILDING SYSTEM	\$0	\$2,100,000	\$258,760,800	\$0	\$0
TOTAL - ALL BUILDING SYSTEMS	\$4,300,000	\$66,781,900	\$272,694,100	\$61,700,000	\$520,000

- 1/ Reflects all Capital Appropriations from the 2nd Regular Session and 5th Special Session of the 42nd Legislature.
- 2/ For major maintenance and repair of state buildings pursuant to A.R.S. 41-790 and 41-793.01. The General Fund/Capital Outlay Stabilization Fund portion of the ADOA formula was funded at approximately 50% of full funding. The Regents' formula was funded at approximately 50% of full funding. All other agencies with Other Appropriated Funds, including ADOT, were funded at 100% of their formula amounts.
- 3/ Includes appropriations for project-specific FTE Positions, Personal Services, and Employee Related Expenditures for project oversight.
- 4/ Chapter 337, in combination with Chapter 2, 5th Special Session, also appropriates the following amounts from the Corrections Fund: \$46,400,000 in FY 1997, \$56,100,000 in FY 1998, and \$41,100,000 in FY 1999. These amounts are not displayed in order to avoid "double-counting" with the General Fund.
- 5/ Before the release of monies, the department shall present a comprehensive relocation plan to the Joint Committee on Capital Review for review.
- 6/ Before the release of monies, the department shall present its plan for the designs to the Joint Committee on Capital Review for review.
- 7/ The annual revenues of the Legislative, Executive, and Judicial Public Buildings Land Fund are appropriated for FY 1999 and FY 2000. Before the release of monies, the Legislative Council shall present its plans to the Joint Committee on Capital Review for review.
- 8/ It is the intent of the Legislature to commit no more than \$3,500,000 from the General Fund for the construction development of Kartchner Caverns State Park.
- 9/ Before the expenditure of any monies, the department shall present its plans to the Joint Committee on Capital Review for its review.

## LEASE-PURCHASE SUMMARY

The Arizona Department of Administration, the Arizona Industrial Commission, Arizona State University, Northern Arizona 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, 1995: 1) the facility constructed or acquired; 2) the amount of the original issue, including pro rata costs associated with the issuance; 3) the required FY 1997 lease-purchase payment, which is included in the operating budgets for the various tenants <sup>1/</sup>; and 4) the General Fund, Other Appropriated Fund, and Non-Appropriated amounts for the FY 1997 payment.

<u>AZ Dept. of Administration</u>	<u>Original Issue</u>	<u>FY 1997 Payment</u>	<u>General Fund</u>	<u>Other Appropriated</u>	<u>Non- Appropriated <sup>1/</sup></u>
ENSCO	\$ 55,080,000	\$ 4,585,000	\$4,585,000	\$ 0	\$ 0
Revenue Building	26,919,000	2,110,700	2,110,700	0	0
DES Group Homes	3,420,500	269,700	128,500	0	141,200
16th Ave. Parking Garage	5,390,000	367,200	367,200	0	0
Courts Building	40,440,000	3,279,400	3,083,300	33,200	162,900
Historical Society Museum	13,665,000	1,202,800	1,202,800	0	0
ASDB Food Service	3,765,000	364,300	364,300	0	0
DES West	36,205,000	2,883,000	1,860,200	0	1,022,800
Tucson Office Building	22,365,000	2,079,800	1,617,000	223,800	239,000
Capital Center	20,845,000	1,709,000	1,433,700	231,600	43,700
Welcome Center	490,000	67,400	67,400	0	0
Distressed Properties	15,625,000	2,213,100	1,457,200	308,900	447,000
DOC 1,450 Beds	44,770,000	12,037,800	0	9,037,800	3,000,000
Game and Fish Offices	2,927,300	178,500	0	178,500	0
Records Management Addition	2,441,900	143,800	143,800	0	0
Library for the Blind	1,405,100	79,800	79,800	0	0
ASDB H.S. and Auditorium	15,811,200	945,200	945,200	0	0
1616 West Adams	8,020,900	476,700	297,300	177,700	1,700
Tonto Natural Bridge	4,721,900	279,100	0	0	279,100
DOC 768 Beds	44,370,000	12,422,200	0	7,422,200	5,000,000
AHCCCS Buildings	<u>12,000,000</u>	<u>2,887,000</u>	<u>2,320,800</u>	<u>0</u>	<u>566,200</u>
SUBTOTAL - ADOA	<u>\$380,677,800</u>	<u>50,581,500</u>	<u>22,064,200</u>	<u>17,613,700</u>	<u>10,903,600</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>
Universities					
Arizona State University	67,120,000	5,888,000	5,447,000	0	441,000
Northern Arizona University	1,774,000	145,600	0	0	145,600
University of Arizona	<u>74,898,900</u>	<u>7,064,700</u>	<u>0</u>	<u>0</u>	<u>7,064,700</u>
SUBTOTAL - UNIVERSITIES	<u>\$143,792,900</u>	<u>\$13,098,300</u>	<u>\$ 5,447,000</u>	<u>\$ 0</u>	<u>\$7,651,300</u>
<b>TOTAL</b>	<u><b>\$541,470,700</b></u>	<u><b>\$64,929,800</b></u>	<u><b>\$27,511,200</b></u>	<u><b>\$17,613,700</b></u>	<u><b>\$19,804,900</b></u>

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

## BONDING SUMMARY

The Arizona Board of Regents, on behalf of the universities; the Arizona Department of Transportation; 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, 1995, the required debt service payments for FY 1997 and the sources of the payments are shown in the table below.

<u>Institution</u>	<u>Bonds Outstanding</u>	<u>FY 1997 Payment</u>	<u>Funding Source</u>
<b>Arizona Board of Regents (ABOR)</b>			
Arizona State University	\$ 377,770,000	\$ 24,453,000	Academic and Auxiliary Revenues
Northern Arizona University	126,630,000	10,212,100	Academic and Auxiliary Revenues
University of Arizona	<u>296,241,000</u>	<u>22,584,000</u>	Academic and Auxiliary Revenues
 SUBTOTAL - ABOR <sup>1/</sup>	 <u>\$ 800,641,000</u>	 <u>\$ 57,249,100</u>	
 Department of Transportation <sup>2/</sup>	 <u>\$ 691,000,000</u>	 <u>\$ 77,300,000</u>	State Highway Fund and Non-Appropriated Funds
Arizona Power Authority	<u>79,105,000</u>	<u>5,416,300</u>	Non-Appropriated Funds
 <b>TOTAL</b>	 <b><u>\$1,570,746,000</u></b>	 <b><u>\$139,965,400</u></b>	

- <sup>1/</sup> Chapter 334 authorizes the Board of Regents to issue up to \$245,400,000 of new revenue bonds on behalf of the universities. Prior to issuing bonds, the board shall submit a comprehensive, multi-year bonding plan to the Joint Committee on Capital Review for its review. No bonds shall be issued for a project unless it appears on the plan and receives prior approval from the Committee.
- <sup>2/</sup> Does not include issuances backed by the Regional Area Road Fund (RARF), with an outstanding amount of \$1,020,800,000.

**SUMMARY OF ADDITIONAL APPROPRIATIONS**  
**(Other Than The General Appropriation Act and All Capital Outlay Appropriations)**  
**Enacted by the 42nd Legislature - 2nd Regular Session 1/**

	Fiscal Year 1996		Fiscal Year 1997		Fiscal Year 1998	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>ANNUAL BUDGET UNITS</b>						
<b>Administration, AZ Department of</b>						
Ch. 328 (H.B. 2119) - Relief of Named Claimants; Appropriations	\$548,900					
Ch. 342 (H.B. 2440) - Gov. Information Tech. Agency; Approp.				575,000		
Subtotal - AZ Department of Administration	\$548,900	\$0	\$0	\$575,000	\$0	\$0
<b>AHCCCS</b>						
Ch. 312 (S.B. 1060) - Appropriation; Clifton Flood Control			1,000,000			
<b>Deaf and the Blind, AZ State Schools for the</b>						
Ch. 310 (S.B. 1047) - ASDB; School Budgets			(534,100)	534,100		
<b>Economic Security, Department of</b>						
Ch. 247 (H.B. 2277) - Supplemental Approp.; Family Programs			3,000,000		3,000,000	
Ch. 296 (H.B. 2077) - Respite Care; Elderly; Appropriation			185,000			
Ch. 309 (H.B. 2559) - Neighborhood Protection Act; Youth Employ.	2,000,000					
Ch. 312 (S.B. 1060) - Appropriation; Clifton Flood Control				4,904,300		
Ch. 346 (H.B. 2516) - Assistance Programs; Finger Imaging; Approp.					1,400,000	
Ch. 352 (H.B. 2140) - Food Banks; Governmental Incentives			700,000			
Subtotal - Department of Economic Security	\$2,000,000	\$0	\$3,885,000	\$4,904,300	\$4,400,000	\$0
<b>Education, Department of</b>						
Ch. 247 (H.B. 2277) - Supplemental Appropriations; Family Programs			1,000,000		1,000,000	
Ch. 310 (S.B. 1047) - ASDB; School Budgets			743,300			
Ch. 316 (S.B. 1179) - State Aid; Accommodation School Funding	1,361,800					
Ch. 358 (S.B. 1068) - Schools; Certificates of Ed. Convenience			23,000			
5th Special Session, Ch. 8 (H.B. 2009) - Ed. Finance Reform; Capital			50,000,000			
Subtotal - Department of Education	\$1,361,800	\$0	\$51,766,300	\$0	\$1,000,000	\$0
<b>Environmental Quality, Department of</b>						
Ch. 292 (S.B. 1403) - Underground Storage Tank Program			3,000,000			
<b>Health Services, Department of</b>						
Ch. 247 (H.B. 2277) - Supplemental Approp.; Family Programs			1,400,000		1,400,000	
Ch. 312 (S.B. 1060) - Appropriation; Clifton Flood Control				250,000		
Ch. 325 (H.B. 2052) - Day Care Centers or Homes; Sale			205,100			
Subtotal - Department of Health Services	\$0	\$0	\$1,605,100	\$250,000	\$1,400,000	\$0
<b>Public Safety, Department of</b>						
Ch. 315 (S.B. 1118) - Sex Offenders; Registration; Notification			457,000			
<b>Transportation, Department of</b>						
Ch. 263 (H.B. 2178) - Auto Theft Authority			225,000			
Ch. 345 (H.B. 2498) - Highways; Safety Enforce.; Trans. Infrastruct.				2,500,000		
Ch. 365 (S.B. 1071) - Highway Fund; Distribution				850,000		850,000
Subtotal - Department of Transportation	\$0	\$0	\$225,000	\$3,350,000	\$0	\$850,000
<b>TOTAL - ANNUAL BUDGET UNITS</b>	<b>\$3,910,700</b>	<b>\$0</b>	<b>\$61,404,300</b>	<b>\$9,613,400</b>	<b>\$6,800,000</b>	<b>\$850,000</b>

	Fiscal Year 1996		Fiscal Year 1997		Fiscal Year 1998	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>BIENNIAL BUDGET UNITS</b>						
Administrative Hearings, Office of Ch. 324 (H.B. 2032) - Child Welfare and Placement; Reports			\$60,000			
Agriculture, AZ Department of Ch. 312 (S.B. 1060) - Appropriation; Clifton Flood Control					388,700	
Attorney General - Department of Law Ch. 172 (S.B. 1164) - Victims' Rights Implementation Revolving Fund		60,000		150,000		
Automobile Theft Authority Ch. 263 (H.B. 2178) - Auto Theft Authority			225,000			
Emergency and Military Affairs, Department of Ch. 255 (H.B. 2078) - Nuclear Emergency Approp. and Assessment			451,100			
Governor, Office of the Ch. 321 (S.B. 1334) - Competitive Government Program			55,000			
Land Department, State Ch. 347 (H.B. 2555) - Arizona State Land Preserve Initiative			84,000			
Mine Inspector, State Ch. 323 (S.B. 1380) - Mined Land Reclamation; Administration			100,000			
Postsecondary Education, Commission for Ch. 341 (H.B. 2439) - Postsecondary Education Voucher Program			100,000			
Radiation Regulatory Agency Ch. 255 (H.B. 2078) - Nuclear Emergency Approp. and Assessment			399,000			
School Capital Facilities, State Board for 5th Special Session, Ch. 8 (H.B. 2009) - Ed. Finance Reform; Capital					30,000,000	2/
Secretary of State - Department of State Ch. 273 (H.B. 2416) - Data Acquisition Fund; Fees			(150,000)			
Treasurer, State Ch. 309 (H.B. 2559) - Neighborhood Protection Act; Youth Employ.	1,000,000					
Veterans' Service Commission, Arizona Ch. 320 (S.B. 1281) - Appropriation; Military Women Memorial			26,500			
Water Resources, Department of Ch. 308 (H.B. 2494) - Arizona Water Banking Authority			2,000,000			
Weights and Measures, Department of Ch. 258 (H.B. 2113) - Used Oil Program; Transfer				(194,500)		
TOTAL - BIENNIAL BUDGET UNITS	\$1,000,000	\$60,000	\$3,350,600	\$30,344,200	\$0	\$0
GRAND TOTAL	\$4,910,700	\$60,000	\$64,754,900	\$39,957,600	\$6,800,000	\$850,000

1/ All appropriations have been rounded to the nearest \$100.  
2/ Of this amount, \$29,700,000 is continuously appropriated.

**SUMMARY OF TOTAL SPENDING AUTHORITY 1/  
(APPROPRIATED AND NON-APPROPRIATED FUNDS)  
For Fiscal Years 1996 and 1997**

	Fiscal Year 1996			Fiscal Year 1997		
	Appropriated	Non-	Total	Appropriated	Non-	Total
	General and Other Funds	Appropriated Federal and Other Funds 2/		General and Other Funds	Appropriated Federal and Other Funds 2/	
<b>ANNUAL BUDGET UNITS</b>						
Administration, AZ Department of AHCCCS	\$169,764,000	\$246,399,700	\$416,163,700	\$239,575,400	\$230,823,900	\$470,399,300
Community Colleges, St Bd of Directors for	479,355,000	1,295,225,800	1,774,580,800	478,997,100	1,376,332,200	1,855,329,300
Corrections, State Department of	103,529,800	3,230,000	106,759,800	111,425,300	2,946,300	114,371,600
Deaf and the Blind, AZ State Schools for the	414,366,300	26,383,900	440,750,200	449,655,700	28,208,700	477,864,400
Economic Security, Department of	22,809,200	3,038,700	25,847,900	23,131,700	3,079,500	26,211,200
Education, Department of	397,681,000	1,383,763,300	1,781,444,300	400,177,600	1,370,549,400	1,770,727,000
Environmental Quality, Department of	1,794,490,500	514,624,500	2,309,115,000	1,924,371,800	445,030,100	2,369,401,900
Health Services, Department of	28,928,700	82,701,000	111,629,700	35,237,800	46,750,900	81,988,700
Judiciary	236,053,200	165,324,800	401,378,000	233,620,000	164,806,800	398,426,800
Court of Appeals	8,956,000	0	8,956,000	9,005,200	0	9,005,200
Comm on Appellate and Trial Court Appts	10,000	0	10,000	0	0	0
Commission on Judicial Conduct	263,700	0	263,700	261,500	0	261,500
Superior Court	83,934,000	0	83,934,000	94,433,400	0	94,433,400
Supreme Court	13,982,000	20,278,300	34,260,300	13,913,600	11,269,800	25,183,400
SUBTOTAL - Judiciary	\$107,145,700	\$20,278,300	\$127,424,000	\$117,613,700	\$11,269,800	\$128,883,500
Juvenile Corrections, Department of	45,803,300	2,048,100	47,851,400	48,956,600	1,357,400	50,314,000
Lottery Commission, AZ State	49,212,000	161,550,000	210,762,000	42,843,200	145,305,600	188,148,800
Public Safety, Department of	104,634,700	26,855,000	131,489,700	103,394,100	24,985,200	128,379,300
Transportation, Department of	415,360,500	447,565,000	862,925,500	454,008,400	465,532,100	919,540,500
Universities						
Board of Regents	30,726,500	1,420,000	32,146,500	19,689,300	1,366,100	21,055,400
ASU - Main Campus	283,206,200	169,730,700	452,936,900	287,863,500	175,557,800	463,421,300
ASU - East Campus	2,046,700	9,000	2,055,700	7,721,500	111,500	7,833,000
ASU - West Campus	38,979,300	2,408,800	41,388,100	39,938,700	2,488,700	42,427,400
Northern Arizona University	110,935,500	85,294,700	196,230,200	117,672,300	87,853,800	205,526,100
University of Arizona - Main Campus	288,354,100	388,950,800	677,304,900	296,731,100	410,297,700	707,028,800
U of A - Health Sciences Center	51,432,900	86,162,400	137,595,300	53,568,300	87,193,300	140,761,600
SUBTOTAL - Universities	\$805,681,200	\$733,976,400	\$1,539,657,600	\$823,184,700	\$764,868,900	\$1,588,053,600
TOTAL - ANNUAL BUDGET UNITS	\$5,174,815,100	\$5,112,964,500	\$10,287,779,600	\$5,486,193,100	\$5,081,846,800	\$10,568,039,900
<b>BIENNIAL BUDGET UNITS</b>						
Accountancy, State Board of	1,040,000	0	1,040,000	1,053,600	0	1,053,600
Administrative Hearings, Office of	661,800	0	661,800	1,345,900	0	1,345,900
Agricultural Employment Relations Board	61,300	0	61,300	0	0	0
Agriculture, AZ Department of	11,877,800	3,467,000	15,344,800	12,682,900	3,168,300	15,851,200
Appraisal, State Board of	258,900	0	258,900	251,400	0	251,400
Arts, Arizona Commission on the	1,511,300	1,841,200	3,352,500	1,526,100	1,817,000	3,343,100
Attorney General - Department of Law	25,578,400	35,590,300	61,168,700	26,136,200	31,890,300	58,026,500
Automobile Theft Authority	0	0	0	225,000	0	225,000
Banking Department, State	2,838,600	399,800	3,238,400	2,458,100	432,800	2,890,900
Barbers, Board of	150,700	0	150,700	156,200	0	156,200
Behavioral Health Examiners, Board of	342,900	0	342,900	357,700	0	357,700
Boxing Commission, AZ State	67,500	0	67,500	68,300	0	68,300
Building & Fire Safety, Department of	3,125,800	529,900	3,655,700	2,873,000	529,900	3,402,900
Chiropractic Examiners, State Board of	261,400	0	261,400	245,700	0	245,700
Coliseum and Exposition Center Board	15,183,400	400,000	15,583,400	16,062,200	400,000	16,462,200
Commerce, Department of	16,420,200	31,734,800	48,155,000	13,137,800	27,358,900	40,496,700
Compensation Fund, State	0	449,000,000	449,000,000	0	478,000,900	478,000,900
Constitutional Defense Council	0	0	0	0	0	0
Contractors, Registrar of	5,240,900	2,380,300	7,621,200	4,786,000	2,380,300	7,166,300
Corporation Commission	11,369,000	2,714,300	14,083,300	11,827,600	2,256,900	14,084,500
Cosmetology, Board of	810,500	0	810,500	691,400	0	691,400
Criminal Justice Commission, Arizona	1,680,400	12,968,900	14,649,300	1,077,000	12,828,000	13,905,000
Dental Examiners, State Board of	600,300	0	600,300	596,100	0	596,100
Emergency and Military Affairs, Department of	7,687,300	26,798,200	34,485,500	10,990,000	26,798,200	37,788,200
Environment, Commission on the Arizona	105,900	0	105,900	0	0	0
Equal Opportunity, Governor's Office of	159,000	35,000	194,000	237,900	35,000	272,900
Equalization, State Board of	593,400	0	593,400	803,900	0	803,900
Executive Clemency, Board of	1,731,500	0	1,731,500	1,691,200	0	1,691,200
Funeral Directors and Embalmers, Board of	172,400	0	172,400	180,300	0	180,300
Game and Fish Department, AZ	18,600,500	21,312,800	39,913,300	19,797,700	20,637,400	40,435,100
Gaming, Department of	3,198,800	0	3,198,800	3,901,200	0	3,901,200
Geological Survey, AZ	754,900	168,000	922,900	743,300	162,200	905,500
Governor, Office of the	6,984,300	5,205,800	12,190,100	7,065,200	5,205,800	12,271,000
Gov's Ofc of Strategic Plng & Budgeting	1,711,000	0	1,711,000	1,732,800	0	1,732,800
Hearing Impaired, AZ Council for the	224,600	4,242,500	4,467,100	253,000	4,242,500	4,495,500
Historical Society, Arizona	4,023,600	620,200	4,643,800	4,154,300	620,200	4,774,500
Historical Society, Prescott	609,400	241,900	851,300	876,300	244,300	1,120,600
Homeopathic Medical Examiners, Board of	30,900	0	30,900	33,200	0	33,200

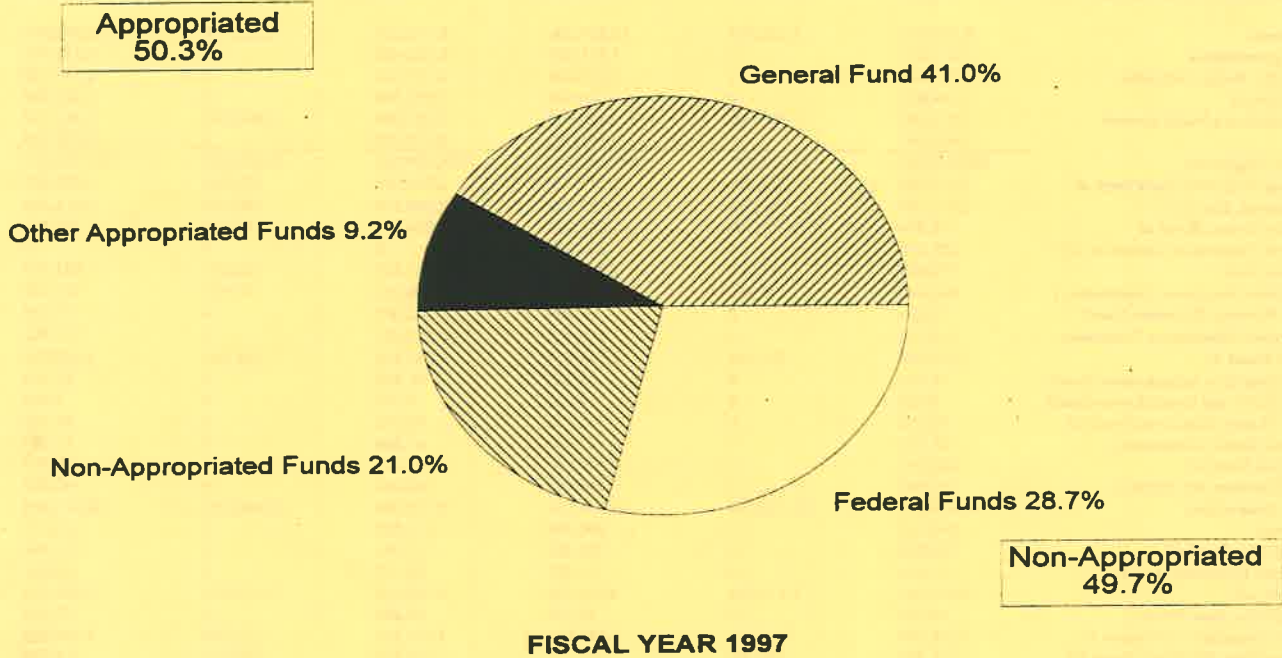
	Fiscal Year 1996			Fiscal Year 1997		
	Non-		Total	Non-		Total
	Appropriated General and Other Funds	Appropriated Federal and Other Funds 2/		Appropriated General and Other Funds	Appropriated Federal and Other Funds 2/	
Indian Affairs, AZ Commission of	\$189,800	\$3,000	\$192,800	\$175,400	\$3,000	\$178,400
Industrial Commission of AZ	12,949,800	17,836,100	30,785,900	12,827,700	18,149,100	30,976,800
Insurance, Department of	4,641,400	31,002,700	35,644,100	4,388,500	46,643,500	51,032,000
Land Department, State	11,455,600	2,381,700	13,837,300	13,093,900	2,193,100	15,287,000
Law Enforcement Merit System Council	46,700	0	46,700	48,100	0	48,100
Legislature						
Auditor General	9,504,100	1,053,100	10,557,200	9,540,500	1,053,400	10,593,900
House of Representatives	7,811,000	0	7,811,000	8,152,400	0	8,152,400
Joint Legislative Budget Committee	2,125,000	0	2,125,000	2,137,200	0	2,137,200
Legislative Council	4,544,800	0	4,544,800	5,202,300	0	5,202,300
Library, Archives and Public Records	5,275,400	2,080,700	7,356,100	5,387,000	2,016,700	7,403,700
Senate	6,005,000	0	6,005,000	6,070,300	0	6,070,300
SUBTOTAL - Legislature	\$35,265,300	\$3,133,800	\$38,399,100	\$36,489,700	\$3,070,100	\$39,559,800
Liquor Licenses & Control, Department of	2,653,300	318,400	2,971,700	2,530,000	329,500	2,859,500
Medical Examiners, Board of	2,916,400	101,300	3,017,700	2,906,100	105,400	3,011,500
Medical Student Loans, Board of	113,900	167,100	281,000	236,600	49,800	286,400
Military Airport Preservation Committee, AZ	200,000	0	200,000	0	0	0
Mine Inspector, State	770,900	246,200	1,017,100	917,200	166,200	1,083,400
Mines and Mineral Resources, Department of	688,400	75,900	764,300	706,500	75,900	782,400
Naturopathic Physician Examiners Board	71,300	0	71,300	72,000	0	72,000
Navigable Streams Adjudication Commission	116,100	0	116,100	117,400	0	117,400
Nursing, State Board of	1,564,000	593,500	2,157,500	1,547,000	589,000	2,136,000
Nursing Care Institution Administrators Board	78,000	0	78,000	91,900	0	91,900
Occupational Safety and Health Review Board	9,000	0	9,000	9,000	0	9,000
Occupational Therapy Examiners, Board of	96,100	0	96,100	92,300	0	92,300
Opticians, State Board of Dispensing	67,500	0	67,500	67,200	0	67,200
Optometry, State Board of	108,600	0	108,600	109,900	0	109,900
Osteopathic Examiners, AZ Board of	349,900	0	349,900	340,600	0	340,600
Parks Board, Arizona State	12,434,200	28,720,900	41,155,100	9,724,900	29,088,300	38,813,200
Personnel Board	306,700	0	306,700	310,600	0	310,600
Pharmacy, AZ State Board of	762,200	0	762,200	729,300	0	729,300
Physical Therapy Examiners, Board of	91,400	0	91,400	93,000	0	93,000
Pioneers' Home, AZ	3,220,100	1,110,000	4,330,100	3,128,600	1,110,000	4,238,600
Podiatry Examiners, State Board of	58,100	0	58,100	58,200	0	58,200
Postsecondary Education, Commission for	4,218,500	22,400	4,240,900	4,263,100	23,700	4,286,800
Private Postsecondary Education, Board for	147,700	168,000	315,700	160,300	168,000	328,300
Psychologist Examiners, State Board of	241,800	0	241,800	255,300	0	255,300
Public Safety Personnel Retirement System	0	1,283,600	1,283,600	0	1,309,300	1,309,300
Racing, Arizona Department of	2,921,300	1,702,800	4,624,100	2,871,800	1,702,800	4,574,600
Radiation Regulatory Agency	1,187,900	271,700	1,459,600	1,634,300	271,700	1,906,000
Rangers' Pension, Arizona	10,300	0	10,300	10,500	0	10,500
Real Estate Department, State	2,870,000	456,500	3,326,500	2,846,000	560,500	3,406,500
Residential Utility Consumer Office	1,009,000	0	1,009,000	1,021,500	0	1,021,500
Respiratory Care Examiners, Board of	166,000	0	166,000	165,700	0	165,700
Retirement System, Arizona State	3,673,300	13,672,100	17,345,400	3,795,400	13,505,300	17,300,700
Revenue, Department of	51,618,300	5,029,300	56,647,600	51,878,400	5,009,300	56,887,700
School Capital Facilities, State Board for	0	0	0	30,000,000	0	30,000,000
Secretary of State	5,718,400	5,000	5,723,400	4,138,900	5,000	4,143,900
Structural Pest Control Commission	1,279,200	98,100	1,377,300	1,377,100	98,100	1,475,200
Tax Appeals, State Board of	269,000	0	269,000	269,700	0	269,700
Technical Registration, State Board of	878,500	0	878,500	874,900	0	874,900
Tourism, Office of	7,419,400	140,000	7,559,400	7,687,200	140,000	7,827,200
Treasurer, State	4,819,100	0	4,819,100	3,910,100	0	3,910,100
Uniform State Laws, Commission on	28,200	0	28,200	29,200	0	29,200
Veterans' Service Commission, AZ	5,844,100	182,100	6,026,200	8,880,200	189,600	9,069,800
Veterinary Medical Examining Board	191,600	0	191,600	217,100	0	217,100
Water Resources, Department of	19,926,500	4,179,700	24,106,200	19,752,000	3,339,700	23,091,700
Weights and Measures, Department of	2,320,500	0	2,320,500	1,936,200	0	1,936,200
<b>TOTAL - BIENNIAL BUDGET UNITS</b>	<b>\$353,651,900</b>	<b>\$712,552,800</b>	<b>\$1,066,204,700</b>	<b>\$388,805,000</b>	<b>\$746,904,800</b>	<b>\$1,135,709,800</b>
Unallocated Salary Adjustment	432,600	0	432,600	281,000	0	281,000
Unallocated CMR	357,300	0	357,300	974,500	0	974,500
<b>SUBTOTAL - OPERATING BUDGETS</b>	<b>\$5,529,256,900</b>	<b>\$5,825,517,300</b>	<b>\$11,354,774,200</b>	<b>\$5,876,253,600</b>	<b>\$5,828,751,600</b>	<b>\$11,705,005,200</b>
Corrections Fund Deposit	41,284,000	0	41,284,000	18,000,000	0	18,000,000
Joint Williams Gateway Airport Authority	1,880,000	0	1,880,000	0	0	0
<b>GRAND TOTAL</b>	<b>\$5,572,420,900</b>	<b>\$5,825,517,300</b>	<b>\$11,397,938,200</b>	<b>\$5,894,253,600</b>	<b>\$5,828,751,600</b>	<b>\$11,723,005,200</b>

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

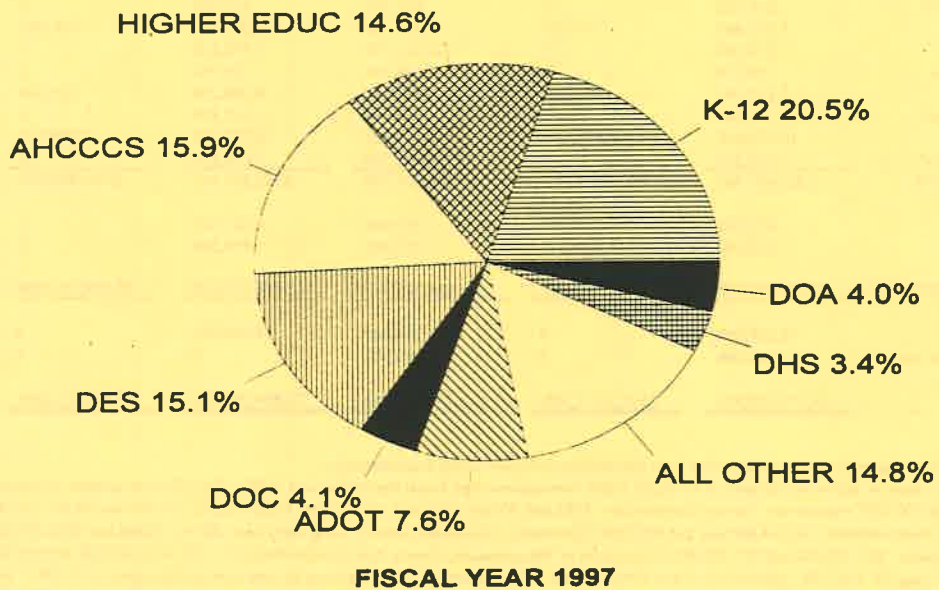
2/ The amounts shown are generally based on estimates published in the JLBC Staff's Non-Appropriated Funds Report (January 1996). The following updated information has been included: AHCCCS, FY 1996 and FY 1997 respectively: County Contributions - \$192,868,500 and \$207,606,200; Federal Funds- \$1,063,280,600 and \$1,091,505,600; Tobacco Tax & Health Care Fund - Medically Needy Account - \$3,354,000 and \$24,909,900; Department of Economic Security, Long Term Care - \$134,842,900 and \$133,022,000; Department of Education, Permanent State School - \$63,450,000 and \$37,425,000; Department of Transportation, County Auto License Fund, FY 1997, \$25,683,300; Arizona Commission on the Environment, Special Revolving Fund, FY 1997, \$0. Additionally, Laws 1996, Chapter 102 subjected the following funds to legislative appropriation in FY 1997: Economic Security Special Administration, Department of Agriculture - Seed Law, Seizure, and Stray. Laws 1996, Chapter 258 moved the Used Oil Fund from the Department of Weights and Measures to the Department of Environmental Quality and changed the status of the fund from appropriated to non-appropriated. Laws 1996, Chapter 8, 5th Special Session also required that the first \$30,000,000 of monies which were previously deposited into the Permanent State School Fund be appropriated to the State Board for School Capital Facilities. Of this amount, \$29,700,000 is continually appropriated.



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



## DISTRIBUTION OF TOTAL STATE SPENDING AUTHORITY BY AGENCY



**STATE PERSONNEL SUMMARY**  
**By Full-Time Equivalent Positions for Fiscal Years 1996 and 1997 /**

	Fiscal Year 1996			Fiscal Year 1997		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
<b>ANNUAL BUDGET UNITS</b>						
Administration, AZ Department of	435.7	481.3	917.0	420.7	593.3	1,014.0
Capital Outlay	16.5	6.5	23.0	32.5	3.5	36.0
AHCCCS	1,070.2	0.0	1,070.2	1,074.8	0.0	1,074.8
Community Colleges, State Board of Directors for	10.0	3.0	13.0	10.0	3.0	13.0
Corrections, State Department of	7,944.4	0.0	7,944.4	8,624.4	0.0	8,624.4
Deaf and the Blind, AZ State Schools for the	366.7	153.2	519.9	382.0	142.4	524.4
Economic Security, Department of	2,683.2	6.4	2,689.6	2,637.2	6.4	2,643.6
Education, Department of	226.4	0.0	226.4	200.2	0.0	200.2
Environmental Quality, Department of	244.4	135.5	379.9	249.4	164.0	413.4
Health Services, Department of	1,578.2	36.0	1,614.2	1,117.1	36.0	1,153.1
Judiciary						
Court of Appeals	136.0	0.0	136.0	137.0	0.0	137.0
Comm on Appellate and Trial Court Appts	0.0	0.0	0.0	0.0	0.0	0.0
Commission on Judicial Conduct	4.0	0.0	4.0	4.0	0.0	4.0
Superior Court	173.0	0.0	173.0	178.0	0.0	178.0
Supreme Court	157.3	13.5	170.8	158.8	13.5	172.3
SUBTOTAL - Judiciary	470.3	13.5	483.8	477.8	13.5	491.3
Juvenile Corrections, Department of	772.0	26.0	798.0	816.5	31.0	847.5
Lottery Commission, AZ State	0.0	122.0	122.0	0.0	121.0	121.0
Public Safety, Department of	744.0	848.0	1,592.0	880.4	711.6	1,592.0
Transportation, Department of	2.0	3,020.0	3,022.0	2.0	3,019.0	3,021.0
Capital Outlay	0.0	556.0	556.0	0.0	665.0	665.0
Universities						
Board of Regents	28.1	0.0	28.1	28.1	0.0	28.1
ASU - Main Campus	5,203.6	0.0	5,203.6	5,231.6	0.0	5,231.6
ASU - East Campus	20.0	0.0	20.0	112.0	0.0	112.0
ASU - West Campus	627.4	0.0	627.4	634.4	0.0	634.4
Northern Arizona University	2,132.7	0.0	2,132.7	2,194.3	0.0	2,194.3
University of Arizona - Main Campus	5,354.2	0.0	5,354.2	5,374.3	0.0	5,374.3
U of A - Health Sciences Center	694.6	0.0	694.6	709.5	0.0	709.5
SUBTOTAL - Universities	14,060.6	0.0	14,060.6	14,284.2	0.0	14,284.2
TOTAL - ANNUAL BUDGET UNITS	30,624.6	5,407.4	36,032.0	31,209.2	5,509.7	36,718.9
<b>BIENNIAL BUDGET UNITS</b>						
Accountancy, State Board of	0.0	10.0	10.0	0.0	10.0	10.0
Administrative Hearings, Office of	5.7	4.3	10.0	13.5	8.5	22.0
Agricultural Employment Relations Board	1.0	0.0	1.0	0.0	0.0	0.0
Agriculture, AZ Department of	238.8	38.5	277.3	238.8	39.0	277.8
Appraisal, State Board of	0.0	4.0	4.0	0.0	4.0	4.0
Arts, Arizona Commission on the	12.5	0.0	12.5	12.5	0.0	12.5
Attorney General - Department of Law	366.0	11.0	377.0	366.0	17.0	383.0
Banking Department, State	52.0	0.0	52.0	52.0	0.0	52.0
Barbers, Board of	0.0	3.0	3.0	0.0	3.0	3.0
Behavioral Health Examiners, Board of	0.0	7.0	7.0	0.0	7.0	7.0
Boxing Commission, AZ State	1.5	0.0	1.5	1.5	0.0	1.5
Building & Fire Safety, Department of	68.3	0.0	68.3	67.5	0.0	67.5
Chiropractic Examiners, State Board of	0.0	4.0	4.0	0.0	4.0	4.0
Coliseum and Exposition Center Board	0.0	278.0	278.0	0.0	278.0	278.0
Commerce, Department of	62.5	19.0	81.5	64.5	21.0	85.5
Constitutional Defense Council	0.0	0.0	0.0	0.0	0.0	0.0
Contractors, Registrar of	0.0	111.0	111.0	0.0	111.8	111.8
Corporation Commission 5/	113.0	109.0	222.0	113.0	123.0	236.0
Cosmetology, Board of	0.0	15.5	15.5	0.0	15.5	15.5
Criminal Justice Commission, Arizona	0.0	6.0	6.0	0.0	6.0	6.0
Dental Examiners, State Board of	0.0	9.0	9.0	0.0	9.0	9.0
Emergency and Military Affairs, Department of	62.5	0.0	62.5	62.5	0.0	62.5
Environment, Commission on the Arizona	3.0	0.0	3.0	0.0	0.0	0.0
Equal Opportunity, Governor's Office of	3.0	0.0	3.0	5.0	0.0	5.0
Equalization, State Board of	7.5	0.0	7.5	10.0	0.0	10.0
Executive Clemency, Board of	39.0	0.0	39.0	37.0	0.0	37.0
Funeral Directors and Embalmers, Board of	0.0	3.0	3.0	0.0	3.0	3.0
Game and Fish Department, AZ	0.0	271.5	271.5	0.0	271.5	271.5
Gaming, Department of	0.0	50.0	50.0	0.0	68.0	68.0
Geological Survey, AZ	13.3	0.0	13.3	13.3	0.0	13.3
Gov.'s Office of Strategic Planning & Budgeting	24.0	0.0	24.0	24.0	0.0	24.0
Hearing Impaired, AZ Council for the	5.0	0.0	5.0	5.0	0.0	5.0
Historical Society, Arizona	62.0	0.0	62.0	64.5	0.0	64.5
Historical Society, Prescott	16.0	0.0	16.0	16.0	0.0	16.0

	Fiscal Year 1996			Fiscal Year 1997		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Homeopathic Medical Examiners, Board of	0.0	0.5	0.5	0.0	0.5	0.5
Indian Affairs, AZ Commission of	4.0	0.0	4.0	4.0	0.0	4.0
Industrial Commission of AZ	0.0	271.0	271.0	0.0	272.0	272.0
Insurance, Department of	104.4	0.0	104.4	102.9	0.0	102.9
Land Department, State	160.0	0.0	160.0	172.0	0.0	172.0
Law Enforcement Merit System Council	1.0	0.0	1.0	1.0	0.0	1.0
Legislature						
Auditor General	170.0	0.0	170.0	170.0	0.0	170.0
Joint Legislative Budget Committee	34.0	0.0	34.0	34.0	0.0	34.0
Legislative Council	47.0	0.0	47.0	48.0	0.0	48.0
Library, Archives and Public Records	119.1	0.0	119.1	119.1	0.0	119.1
SUBTOTAL - Legislature	370.1	0.0	370.1	371.1	0.0	371.1
Liquor Licenses & Control, Department of	49.0	0.0	49.0	48.0	0.0	48.0
Medical Examiners, Board of	0.0	43.5	43.5	0.0	43.5	43.5
Medical Student Loans, Board of	0.0	0.0	0.0	0.0	0.0	0.0
Military Airport Preservation Committee, AZ	0.0	0.0	0.0	0.0	0.0	0.0
Mine Inspector, State	15.5	0.0	15.5	17.0	0.0	17.0
Mines and Mineral Resources, Department of	8.0	0.0	8.0	8.0	0.0	8.0
Naturopathic Physician Examiners Board	0.0	1.0	1.0	0.0	1.0	1.0
Navigable Streams Adjudication Commission, AZ	2.0	0.0	2.0	2.0	0.0	2.0
Nursing, State Board of	0.0	26.7	26.7	0.0	26.7	26.7
Nursing Care Institution Administrators Board	0.0	0.7	0.7	0.0	1.2	1.2
Occupational Safety & Health Review Board	0.0	0.0	0.0	0.0	0.0	0.0
Occupational Therapy Examiners, Board of	0.0	2.0	2.0	0.0	2.0	2.0
Opticians, State Board of Dispensing	0.0	0.8	0.8	0.0	0.8	0.8
Optometry, State Board of	0.0	1.8	1.8	0.0	1.8	1.8
Osteopathic Examiners, AZ Board of	0.0	5.5	5.5	0.0	5.5	5.5
Parks Board, Arizona State	146.0	36.5	182.5	144.0	36.5	180.5
Personnel Board	3.0	0.0	3.0	3.0	0.0	3.0
Pharmacy, AZ State Board of	0.0	12.0	12.0	0.0	12.0	12.0
Physical Therapy Examiners, Board of	0.0	1.0	1.0	0.0	1.0	1.0
Pioneers' Home, AZ	68.4	39.0	107.4	68.4	39.0	107.4
Podiatry Examiners, State Board of	0.0	1.0	1.0	0.0	1.0	1.0
Postsecondary Education, Commission for	0.0	7.8	7.8	0.0	7.8	7.8
Private Postsecondary Education, Board for	0.0	3.0	3.0	0.0	3.0	3.0
Psychologist Examiners, State Board of	0.0	4.0	4.0	0.0	4.0	4.0
Racing, Arizona Department of	50.4	6.0	56.4	49.4	6.0	55.4
Radiation Regulatory Agency	21.0	2.0	23.0	22.0	2.0	24.0
Rangers' Pension, Arizona	0.0	0.0	0.0	0.0	0.0	0.0
Real Estate Department, State	67.8	0.0	67.8	67.0	0.0	67.0
Residential Utility Consumer Office	0.0	11.0	11.0	0.0	11.0	11.0
Respiratory Care Examiners, Board of	0.0	3.0	3.0	0.0	4.0	4.0
Retirement System, Arizona State	0.0	89.0	89.0	0.0	90.0	90.0
Revenue, Department of	1,238.0	7.0	1,245.0	1,237.0	7.0	1,244.0
Secretary of State	36.0	0.0	36.0	36.0	0.0	36.0
Structural Pest Control Commission	0.0	30.0	30.0	0.0	30.0	30.0
Tax Appeals, State Board of	4.5	0.0	4.5	4.5	0.0	4.5
Technical Registration, State Board of	0.0	15.0	15.0	0.0	15.0	15.0
Tourism, Office of	21.0	0.0	21.0	21.0	0.0	21.0
Treasurer, State	34.0	0.0	34.0	34.0	0.0	34.0
Uniform State Laws, Commission on	0.0	0.0	0.0	0.0	0.0	0.0
Veterans' Service Commission, AZ	102.5	76.9	179.4	25.0	218.5	243.5
Veterinary Medical Examining Board	0.0	3.0	3.0	0.0	3.5	3.5
Water Resources, Department of	217.7	0.0	217.7	217.2	0.0	217.2
Weights and Measures, Department of	34.0	8.0	42.0	34.0	6.0	40.0
TOTAL - BIENNIAL BUDGET UNITS	3,914.9	1,662.5	5,577.4	3,855.1	1,851.6	5,706.7
TOTAL APPROPRIATED FUNDS	34,539.5	7,069.9	41,609.4	35,064.3	7,361.3	42,425.6
TOTAL NON-APPROPRIATED FUNDS	0.0	18,982.5	18,982.5	0.0	17,292.9	17,292.9
GRAND TOTAL	34,539.5	26,052.4	60,591.9	35,064.3	24,654.2	59,718.5

1/ Positions shown for individual agencies include only those positions supported by appropriated funds. Positions supported by non-appropriated funds are shown in total on a separate line. The FY 1996 non-appropriated estimates are from the individual agency pages of the FY 1996 Non-Appropriated Funds Report.

2/ Includes the transfer of 88 General Fund FTE Positions into the Child Support Enforcement Administration Fund, which is non-appropriated for FY 1997.

3/ Does not include 1,353 FTE Probation Officer and Related Staff Positions whose salaries are 100% state-funded.

4/ Per Laws 1996, 5th Special Session, Chapter 7.

5/ Pursuant to A.R.S 44-3925( D), 14.0 FTE Positions that were non-appropriated in FY 1996 were appropriated in FY 1997.

6/ One FTE Position was transferred and 1 FTE Position eliminated by Laws 1996, Chapter 258.

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

## GENERAL PROVISIONS OF THE GENERAL APPROPRIATION ACT

In addition to the specific appropriations to agencies, departments and institutions, the General Appropriation Act (Laws 1996, Chapter 1, 5th Special Session) provides direction with regard to several general provisions.

### *Adjustments to Agency Budgets*

**Salary Adjustments** — Section 27 appropriates \$9,930,000, of which no more than \$8,430,000 shall be from the General Fund, for a salary adjustment for state employees. The Joint Legislative Budget Committee (JLBC) Staff will determine and the Arizona Department of Administration (ADOA) will allocate, to each agency or department, an amount sufficient to increase the annual salary level of each employee 1% and \$500 effective April 1, 1997. (See page GP-5.)

Section 27 also appropriates \$1,800,000, of which no more than \$1,500,000 shall be from the General Fund, for classification maintenance review (CMR) adjustments for certain state employees effective January 1, 1997. (CMRs are a review of the competitiveness and "fairness" of state employee pay for similar classes of employees. The monies fund the first 6 months of CMR adjustments to the annual salary level of selected job classifications.) The JLBC Staff shall determine and the ADOA shall allocate, to each agency or department, the appropriate amounts. The allocation by personnel system is as follows:

	<u>GENERAL FUND</u>	<u>OTHER FUND</u>
ADOA	\$675,000	\$299,500
Judiciary	61,500	500
Department of Public Safety	75,000	-0-
Universities/Board of Regents	<u>688,500</u>	<u>-0-</u>
TOTAL	\$1,500,000	\$300,000

On or before August 1, 1996, these 4 personnel systems shall each report to the JLBC its recommendations for the job classifications to receive adjustments, along with the rationale for these selections and the estimated dollar amount associated with each CMR adjustment. It is the intent of the Legislature that an adjustment be applied to all positions within a single job classification. If the recommendation includes an adjustment that will not be applied to all positions within a single job classification, these agencies shall separately list all of the positions within the job classification, by agency or department, and the rationale for excluding some positions from the adjustment. On or before November 1, 1996, these agencies shall also report to the Director of the JLBC the suballocation of the adjustment amounts, by program and/or cost center, line item and fund name.

Section 27 also transferred \$8,000,000 from the Special Employee Health Insurance Trust Fund to the General Fund to assist in funding the employee pay adjustment. The \$8,000,000 is comprised of previous overpayments from the General Fund for health insurance premiums, which cost less than originally estimated.

### *Other General Provisions*

**Expenditure Reporting** — Section 29 states that it is the intent of the Legislature that all budget units receiving Lump Sum appropriations continue to report actual, estimated and requested expenditures by budget programs and classes in a format similar to the one used for budgetary purposes in prior years. The purpose of this section is to ensure stability and consistency in expenditure reporting regardless of yearly changes in appropriation formats. A different format may be utilized to implement budget reform legislation (Laws 1993, Chapter 252, as amended by Laws 1995, Chapter 283) if agreed to by the Director of the JLBC and incorporated into the budget instructions issued by the Governor's Office of Strategic Planning and Budgeting.

**FTE Position Reporting** — Section 30 states that the Full-Time Equivalent (FTE) Positions contained in the General Appropriation Act are subject to appropriation. The section directs the Director of the ADOA to account for the utilization of all appropriated FTE Positions excluding FTE Positions in the Department of Economic Security, the Universities, and the Department of Environmental Quality. The Director shall submit reports by February 1, 1997 for the first half of the fiscal year and by August 1, 1997 for the entire fiscal year to the Director of the JLBC, comparing the level of FTE Position usage in FY 1997 to the appropriated level. The Director of the ADOA shall notify the director of each budget unit if the budget unit has exceeded its number of appropriated FTE Positions. The Department of Economic Security, the Universities, and the Department of Environmental Quality shall report to the Director of the JLBC in a manner comparable to the ADOA's report.

## OTHER OVERALL ISSUES IN THE FY 1997 BUDGET

In addition to the adjustments to agency budgets and general provisions outlined previously, the FY 1997 budget also reflects the adoption of other technical assumptions. In most circumstances, the individual agency descriptions do not include a discussion of these technical issues. Any dollar adjustments to agency budgets are delineated in the tables following this section.

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

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

**Modified Lump Sum** — The appropriation consists of at least 3 lines, Personal Services, Employee Related Expenditures (ERE), and All Other Operating Expenditures. Any Special Line Items would be listed separately. Under this format, pursuant to A.R.S. § 35-173, an agency must seek approval of the Joint Legislative Budget Committee before moving any funds into or out of the Personal Services and ERE line items.

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

**Employer Contribution Rates** — The FY 1997 appropriations include the following employer contribution rates. All are expressed as a percent of Personal Services funding except for the life insurance employer contribution:

	<u>Rate</u>	<u>State Retirement Systems</u>	<u>Rate</u>
Life Insurance (per FTE)	\$11.00	State Retirement (Includes Long Term Disability)	3.69%
Unemployment Insurance	0.30%	Department of Corrections	6.82%
Personnel Division Services	0.95%	Department of Juvenile Corrections	7.77%
Disability (Non-State Retirement)	0.40%	Elected Officials	3.07%
		Department of Public Safety	4.80%*
		Northern Arizona University Police	2.35%
<u>Federal Insurance Contributions Act (FICA)</u>		University of Arizona Police	3.03%
Social Security (salary ≤ \$62,100)	6.20%	Arizona State University Police	7.68%
Medicare (no salary cap)	1.45%	University Optional	7.00%
		Game and Fish Department	18.26%
		Attorney General Investigators	10.54%
		ADOA Capitol Police	7.80%
		*Plus 5% member contributions paid by employer	

**Health Insurance Adjustments** — Health insurance monies are incorporated into individual agency appropriations. These appropriations represent the average medical and dental insurance cost for each particular agency, based on actual FY 1996 participation. Health insurance amounts shall be transferred to the Special Employee Health Insurance Trust Fund. The appropriated medical and dental insurance amounts are as follows: General Fund \$92,392,300; Other Funds \$19,407,000; Total \$111,799,300. (The agency detail of the General Fund amounts can be found starting on page GP-5, and Other Fund amounts starting on page GP-9.)

**Inflation** — In general, no inflation increases were added to the amounts originally appropriated for each expenditure category in FY 1997.

**Lease-Purchase** — The FY 1997 appropriations include lease-purchase payments for certain buildings. In addition, agencies occupying space in the Sun State Building, Doubletree Building, Agriculture Lab, Department of Public Safety District 19 Office Building, Corpstein Building, Centre Pointe Building, Kingman State Office Building, and Black Canyon Building will be charged \$4.75 per gross square foot for Operations and Maintenance (O&M) expenses. These amounts are included in agency appropriations and will be transferred to the ADOA, which will be responsible for providing the service, either directly or under contract. (Please refer to page GP-12).

**Rent** — The FY 1997 appropriations include rent for agencies and divisions housed in state-owned buildings. All appropriations to agencies for rent in state-owned space are to be paid into the Capital Outlay Stabilization Fund (COSF). For a listing of individual agency charges, see page GP-14. For a discussion of COSF balances, see page 9 in the Department of Administration. The following rates per foot were applied for state-owned space: Office, \$12.00; Storage, \$4.50.

These rates are expected to generate the deposit of \$9,897,600 from appropriated funds into COSF, which is used to fund building renewal, utility charges in the Capitol Mall and Tucson Mall, staff in ADOA, and specific building projects. The rental rate is determined by the Joint Committee on Capital Review.

**Risk Management** — The Other Operating Expenditures line of individual agency budgets includes the FY 1997 Risk Management rates billed by the ADOA Risk Management section. For a listing of individual agency billings, see page GP-16. For a discussion of Risk Management fund balances, see page 14 in the Department of Administration.

**Salary Adjustment** — Individual agency budgets have been adjusted for a 1% salary adjustment plus \$500 per FTE Position. For further background, see page GP-2. For a listing of individual agency adjustments, see page GP-5.

**Vacancy Savings** — Vacancy savings represent an agency's unexpended Personal Services and associated ERE resulting from employee turnover. In the past, vacancy savings amounts have been recalculated annually. For FY 1997, the vacancy savings adjustment was not made. With the exception of small budgets which do not include vacancy savings, the appropriation for each agency includes the already-reduced FY 1996 Personal Services base. For FY 1997, the appropriated amount for each agency's health insurance and pay adjustment was adjusted by the vacancy factor, which can be found in the FY 1996 Appropriations Report on pages GP-19 through GP-21.

**Biennial Appropriations** — Laws 1995, Chapter 1, 1st Special Session appropriated both a FY 1996 and FY 1997 amount to all agencies, except those defined by A.R.S. § 35-101 as "Major Budget Units" and 6 other agencies which, for various reasons, did not receive a FY 1997 appropriation. Laws 1996, Chapter 7, 5th Special Session made technical adjustments to the biennial agency appropriations. For a listing of individual agency technical adjustments, see page GP-18.

Laws 1996, Chapter 339 removed the Arizona State Schools for the Deaf and the Blind, the Department of Environmental Quality, the Department of Public Safety, and the Lottery Commission from the list of "Major Budget Units." The remaining "Major Budget Units" for FY 1998 will be: the Department of Administration, AHCCCS, the State Board of Directors for Community Colleges, the Department of Corrections, the Department of Economic Security, the Department of Education, the Department of Health Services, the Judiciary, the Department of Juvenile Corrections, the Department of Transportation, and the Universities.

**SALARY ADJUSTMENT IN SECTION 27 OF THE  
FY 1997 GENERAL APPROPRIATION ACT AND HEALTH INSURANCE ALLOCATIONS  
GENERAL FUND**

	Salary Adjustments 1/			Health Insurance	
	Personal Services	Employee Rel Expenditures	Total Salary Adjustment	Medical Insurance 2/	Dental Insurance 2/
<b>ANNUAL BUDGET UNITS</b>					
<b>Administration, Arizona Department of</b>					
Administration	\$7,500	\$900	\$8,400	\$91,800	\$4,800
Governor's Regulatory Review Committee*	1,500	200	1,700	18,500	1,000
Finance	21,800	2,700	24,500	284,300	14,800
General Services	33,900	4,400	38,300	510,300	26,600
Information Services	4,500	600	5,100	52,300	2,700
Capitol Police	8,800	1,300	10,100	128,500	6,700
Total - AZ Dept of Administration	\$78,000	\$10,100	\$88,100	\$1,085,700	\$56,600
<b>AHCCCS</b>					
Administration	97,100	11,500	108,600	1,409,100	70,300
Indian Advisory Council*	400	100	500	5,400	300
DES-AHCCCS	94,900	11,200	106,100	1,436,500	71,600
DES DDSA*	300	0	300	3,200	200
DES PASARR*	100	0	100	1,900	100
DHS-AHCCCS	2,200	300	2,500	32,300	1,600
DHS PASARR*	100	0	100	800	0
Total - AHCCCS	\$195,100	\$23,100	\$218,200	\$2,889,200	\$144,100
Community Colleges, State Board of Directors for	2,400	300	2,700	22,600	2,200
<b>Corrections, State Department of</b>					
Adult Institutions	1,331,400	226,200	1,557,600	20,139,300	900,800
Administration	43,500	6,100	49,600	610,500	27,400
Human Resources/Development	19,100	2,800	21,900	262,600	11,700
Health Services	147,300	22,500	169,800	1,838,100	82,200
Community Corrections	41,500	6,900	48,400	598,200	26,800
Total - Dept of Corrections	\$1,582,800	\$264,500	\$1,847,300	\$23,448,700	\$1,048,900
<b>Deaf and the Blind, AZ State Schools for the</b>					
Phoenix Day School	0	0	0	166,500	8,800
Tucson Campus	0	0	0	495,500	26,200
Administration/Statewide Programs	0	0	0	158,900	8,400
Total - Schools for the Deaf and the Blind	\$0	\$0	\$0	\$820,900	\$43,400
<b>Economic Security, Department of</b>					
Administration	55,100	6,700	61,800	664,800	35,100
Child Welfare Information System*	4,300	600	4,900	56,900	3,000
Developmental Disabilities	48,500	6,000	54,500	665,300	35,100
AZ Training Program at Coolidge*	30,500	3,800	34,300	433,800	22,900
Long Term Care	30,900	3,800	34,700	390,900	20,600
AZ Training Program at Coolidge*	15,900	2,000	17,900	243,200	12,800
AZ Training Program at Tucson*	1,500	200	1,700	20,900	1,100
Benefits and Medical Eligibility	149,700	19,500	169,200	2,053,100	108,300
Full Employment Project*	800	100	900	10,300	500
Aging and Community Services	17,200	2,100	19,300	217,200	11,500
Long Term Care Ombudsman*	100	0	100	1,300	100
Children and Family Services	126,100	15,500	141,600	1,607,500	84,800
Videotaping*	600	100	700	7,800	400
Child Protective Services Training	1,300	200	1,500	18,100	1,000
Employment and Rehabilitative Services	20,100	2,500	22,600	275,400	14,500
Total - Dept of Economic Security	\$502,600	\$63,100	\$565,700	\$6,666,500	\$351,700
<b>Education, Department of</b>					
State Board	400	100	500	5,200	300
General Services Administration	28,200	3,700	31,900	336,900	21,800
Charter Schools*	1,500	200	1,700	18,200	1,200
Special Education Audit*	500	100	600	6,500	400
<b>Assistance to Schools</b>					
Academic Decathlon*	200	0	200	2,600	200
Adult Education Assistance*	1,200	200	1,400	15,100	1,000
Arizona Teacher Evaluation*	400	100	500	5,200	300
Chemical Abuse*	600	100	700	7,800	500
Family Literacy*	0	0	0	1,300	100
State Block Grant--Vocational Education*	6,700	900	7,600	88,400	5,700
State Block Grant--Early Childhood*	1,200	200	1,400	14,800	1,000
Career Ladder Administration*	200	0	200	2,600	200
Special Education & Residential Voucher Fund*	200	0	200	2,600	200
Gifted Support*	400	100	500	5,200	300
Total - Department of Education	\$41,700	\$5,700	\$47,400	\$512,400	\$33,200



	Salary Adjustments 1/			Health Insurance	
	Personal Services	Employee Rel Expenditures	Total Salary Adjustment	Medical Insurance 2/	Dental Insurance 2/
Environmental Quality, Department of					
Aquifer Protection Permit Program*	\$47,500	\$6,300	\$53,800	\$590,100	\$30,800
Total - Dept of Environmental Quality	3,300	400	3,700	43,900	2,300
	\$50,800	\$6,700	\$57,500	\$634,000	\$33,100
Health Services, Department of					
Administration	43,500	5,500	49,000	535,600	28,600
Assurance & Licensure	20,900	2,700	23,600	293,600	15,700
Behavioral Health Services	12,800	1,600	14,400	159,400	8,500
Psychiatric Review Board*	400	100	500	4,900	300
Arizona State Hospital	86,200	10,900	97,100	535,500	28,500
Public Health	23,200	2,900	26,100	295,800	15,800
Border Health Office*	0	0	0	2,400	100
Family Health	13,000	1,600	14,600	159,800	8,500
Laboratory Services	10,700	1,300	12,000	135,500	7,200
Total - Dept of Health Services	\$210,700	\$26,600	\$237,300	\$2,122,500	\$113,200
Judiciary					
Court of Appeals					
Division I	19,000	1,600	20,600	270,300	18,700
Division II	7,000	700	7,700	88,700	6,700
Subtotal - Court of Appeals	\$26,000	\$2,300	\$28,300	\$359,000	\$25,400
Superior Court	0	0	0	295,500	22,400
Juvenile Probation Services*	22,900	2,600	25,500	26,700	2,000
Intensive Probation - Juvenile*	35,000	4,100	39,100	15,600	1,200
Intensive Probation - Adult*	78,600	9,200	87,800	17,800	1,300
Juvenile Probation State Aid*	22,700	2,600	25,300	2,200	200
Adult Probation Enhancement*	91,400	10,700	102,100	13,300	1,000
Community Punishment*	11,100	1,300	12,400	6,700	500
Child Support Enforcement*	1,800	200	2,000	17,800	1,300
Interstate Compact - Adult Probation*	5,200	600	5,800	6,700	500
Subtotal - Superior Court	\$268,700	\$31,300	\$300,000	\$395,600	\$29,900
Supreme Court - Judicial and Administrative	25,000	2,500	27,500	268,400	20,300
Judicial Performance Review*	700	100	800	6,700	500
Supreme Court - Foster Care Review Board	7,000	800	7,800	77,800	5,900
Subtotal - Supreme Court	\$32,700	\$3,400	\$36,100	\$352,900	\$26,700
Commission on Judicial Conduct	900	100	1,000	8,900	700
Total - Judiciary	\$328,300	\$37,100	\$365,400	\$1,116,400	\$82,700
Juvenile Corrections, Department of					
Administration	14,000	2,000	16,000	173,900	7,600
Due Process*	1,300	200	1,500	15,700	700
Youth Rights*	1,100	200	1,300	13,100	600
Secure Care	111,500	20,900	132,400	1,550,200	67,800
Community Care	13,900	2,400	16,300	180,700	7,900
Family Transition*	700	100	800	10,500	500
Community Work *	900	200	1,100	13,100	600
Education	17,400	2,600	20,000	137,000	6,000
Total - Dept of Juvenile Corrections	\$160,800	\$28,600	\$189,400	\$2,094,200	\$91,700
Public Safety, Department of					
Service Bureau	127,300	16,100	143,400	1,180,700	70,400
Criminal Investigation Bureau	52,800	5,900	58,700	657,900	39,200
Gang Enforcement*	14,000	1,600	15,600	187,300	11,200
Highway Patrol Bureau	152,100	16,100	168,200	620,900	37,000
Total - Dept of Public Safety	\$346,200	\$39,700	\$385,900	\$2,646,800	\$157,800
Transportation, Department of					
Highways	400	100	500	5,800	300
Universities					
Board of Regents	6,700	900	7,600	77,000	4,200
ASU - Main Campus	1,122,100	141,800	1,263,900	12,253,600	758,200
ASU - East Campus	25,800	3,400	29,200	308,100	19,100
ASU - West Campus	132,900	18,100	151,000	1,565,900	96,900
Northern Arizona University	445,300	57,900	503,200	5,704,500	433,000
NAU - Yuma *	7,500	900	8,400	111,100	8,400
University of Arizona - Main Campus	972,000	119,300	1,091,300	9,009,500	542,700
Agriculture*	172,500	21,200	193,700	1,871,100	112,700
Sierra Vista Campus*	5,900	800	6,700	69,300	4,200
Pima County Campus*	5,400	700	6,100	56,600	3,400
U of A Health Sciences Center	170,000	21,000	191,000	1,506,900	90,800
AHSC Telemedicine Network *	1,100	100	1,200	10,400	600
Clinical Teaching Support *	33,300	2,600	35,900	507,400	27,300
Total - Universities	\$3,100,500	\$388,700	\$3,489,200	\$33,051,400	\$2,101,500
TOTAL - ANNUAL BUDGET UNITS	\$6,600,300	\$894,300	\$7,494,600	\$77,117,100	\$4,260,400
<u>BIENNIAL BUDGET UNITS</u>					
Office of Administrative Hearings	3,000	400	3,400	36,700	2,000
Agriculture, AZ Department of					

	Salary Adjustments 1/			Health Insurance	
	Personal Services	Employee Rel Expenditures	Total Salary Adjustment	Medical Insurance 2/	Dental Insurance 2/
Administration	\$5,500	\$800	\$6,300	\$77,300	\$4,100
Consultation & Training*	200	0	200	2,200	100
Animal Services	16,900	2,600	19,500	254,500	13,600
Plant Industries	17,000	2,600	19,600	244,000	13,000
Chemical/Environmental	2,100	300	2,400	33,100	1,800
Agricultural Lab	3,800	600	4,400	58,600	3,100
Total - AZ Dept of Agriculture	\$48,500	\$7,300	\$52,400	\$706,400	\$37,700
Arts, Arizona Commission on the	2,400	300	2,700	34,300	2,100
Attorney General - Dept of Law					
Administration	12,100	1,500	13,600	134,100	8,300
Civil	28,700	3,700	32,400	289,300	17,900
Human Services	8,500	1,100	9,600	98,100	6,100
Criminal	33,000	4,500	37,500	324,900	20,100
Total - Attorney General - Dept of Law	\$82,300	\$10,800	\$93,100	\$846,400	\$52,400
Banking Department, State	10,500	1,300	11,800	125,800	7,600
Boxing Commission, AZ State	300	0	300	4,500	300
Building & Fire Safety, Department of	12,900	1,900	14,800	178,200	9,300
Commerce, Department of	12,500	1,600	14,100	133,400	8,200
Motion Picture Development*	1,500	200	1,700	13,900	900
Total - Dept of Commerce	\$14,000	\$1,800	\$15,800	\$147,300	\$9,100
Corporation Commission					
Administration	6,300	800	7,100	74,100	4,400
Corporations	7,600	1,000	8,600	112,500	6,700
Securities	7,800	1,000	8,800	92,000	5,500
Railroad Safety	1,700	200	1,900	20,500	1,200
Total - Corporation Commission	\$23,400	\$3,000	\$26,400	\$299,100	\$17,800
Emergency and Military Affairs, Department of					
Emergency Management	2,900	400	3,300	32,200	1,700
Military Affairs	8,900	1,300	10,200	100,900	5,400
Total - Dept of Emergency & Military Affairs	\$11,800	\$1,700	\$13,500	\$133,100	\$7,100
Equal Opportunity, Governor's Office of	1,000	100	1,100	7,200	800
Equalization, State Board of	2,100	200	2,300	20,100	1,000
Executive Clemency, Board of	5,700	700	6,400	89,900	5,400
Geological Survey, AZ	2,700	400	3,100	23,900	1,800
Governor, Office of the					
Office of the Governor	15,800	1,700	17,500	157,800	9,800
Office for Excellence in Government*	4,400	500	4,900	44,300	2,800
Total - Office of the Governor	\$20,200	\$2,200	\$22,400	\$202,100	\$12,600
Governor's Office of Strategic Planning and Budgeting	5,800	700	6,500	59,100	3,800
Hearing Impaired, AZ Council for the	1,000	100	1,100	13,300	800
Historical Society, Arizona	8,000	1,000	9,000	85,700	5,000
Papago Park Museum *	4,400	600	5,000	50,600	3,000
Total - Arizona Historical Society	\$12,400	\$1,600	\$14,000	\$136,300	\$8,000
Historical Society, Prescott	3,000	400	3,400	59,200	3,500
Indian Affairs, AZ Commission of	800	100	900	3,900	200
Insurance, Department of	16,300	2,100	18,400	200,400	11,200
Fraud Unit*	3,100	400	3,500	37,500	2,100
Total - Department of Insurance	\$19,400	\$2,500	\$21,900	\$237,900	\$13,300
Land Department, State	33,700	4,400	38,100	445,500	28,300
Land 2000*	300	0	300	2,700	200
Streambed Ownership*	200	0	200	2,700	200
Water Litigation*	200	0	200	2,700	200
Total - State Land Department	\$34,400	\$4,400	\$38,800	\$453,600	\$28,900
Law Enforcement Ment System Council	200	0	200	1,900	100
Legislature					
Auditor General	37,700	4,200	41,900	398,000	30,400
House of Representatives	36,700	4,000	40,700	489,700	37,400
Joint Legislative Budget Committee	8,100	800	8,900	80,400	6,100
Legislative Council	11,100	1,200	12,300	113,500	8,700
Library, Archives and Public Records	21,800	2,600	24,400	278,800	21,300
Senate	22,300	2,400	24,700	318,700	24,300
Total - Legislature	\$137,700	\$15,200	\$152,900	\$1,679,100	\$128,200
Liquor Licenses & Control, Department of	8,900	1,200	10,100	122,400	6,500
Mine Inspector, State	3,200	400	3,600	36,900	2,000
Mines and Mineral Resources, Department of	1,700	200	1,900	19,900	2,000
Navigable Streams Adjudication Commission, Arizona	500	100	600	6,000	500
Parks Board, Arizona State	26,500	3,800	30,300	258,700	11,800
Arizona Conservation Corps*	200	0	200	2,100	100
Total - Arizona State Parks Board	\$26,700	\$3,800	\$30,500	\$260,800	\$11,900
Personnel Board	600	100	700	6,000	1,000
Pioneers' Home, AZ	12,000	1,800	13,800	172,900	12,000
Racing, Arizona Department of					
Commercial Racing	\$9,600	\$1,300	\$10,900	\$135,700	\$7,500

	Salary Adjustments 1/			Health Insurance	
	Personal Services	Employee Rel Expenditures	Total Salary Adjustment	Medical Insurance 2/	Dental Insurance 2/
Yuma/Holbrook Commercial Racing*	0	0	0		
Total - AZ Department of Racing	\$9,600	\$1,300	\$10,900	\$137,400	\$7,600
Radiation Regulatory Agency					
Radiation Evaluation and Compliance	4,600	600	5,200	63,000	3,700
Real Estate Department, State	12,700	1,700	14,400	156,900	8,000
Revenue, Department of					
Director's Office	2,900	400	3,300	34,800	1,800
Administrative Services	17,900	2,200	20,100	236,600	12,300
Property Valuation & Equalization	14,000	1,700	15,700	184,300	9,600
Building Permits Database*	1,200	200	1,400	17,400	900
Special Support	8,300	1,000	9,300	109,600	5,700
Compliance	106,400	12,900	119,300	1,402,000	72,700
Taxpayer Support	26,800	3,200	30,000	353,600	18,300
Data Management	45,900	5,500	51,400	605,100	31,400
Total - Dept of Revenue	\$223,400	\$27,100	\$250,500	\$2,943,400	\$152,700
Secretary of State	6,800	900	7,700	82,200	2,300
Tax Appeals, State Board of	1,000	100	1,100	10,100	600
Tourism, Office of	3,600	500	4,100	39,300	1,700
Welcome Center Operations *	700	100	800	9,300	400
Total - Office of Tourism	\$4,300	\$600	\$4,900	\$48,600	\$2,100
Treasurer, State	7,000	900	7,900	114,000	6,700
Veterans' Service Commission, AZ					
Veterans' Affairs	4,500	700	5,200	62,400	3,600
Water Resources, Department of					
Administrative Support	11,900	1,500	13,400	149,000	8,700
Indian Water Rights*	200	0	200	2,700	200
Hydrology	7,900	1,000	8,900	102,200	6,000
Groundwater Management	12,500	1,600	14,100	164,500	9,600
Surface Water Management	11,600	1,500	13,100	144,100	8,400
Flood Warning System*	100	0	100	0	0
Total - Dept of Water Resources	\$44,200	\$5,600	\$49,800	\$562,500	\$32,900
Weights and Measures, Department of					
General Services	5,500	700	6,200	79,600	2,800
Vapor Recovery	1,100	100	1,200	17,200	600
Total - Department of Weights and Measures	\$6,600	\$800	\$7,400	\$96,800	\$3,400
TOTAL - BIENNIAL BUDGET UNITS	\$833,800	\$105,000	\$938,800	\$10,401,500	\$613,300
ADJUSTMENTS-TOTAL	\$7,434,100	\$999,300	\$8,433,400	\$87,518,600	\$4,873,700

\* Denotes Special Line Item.

- Section 27 of the General Appropriation Act provides up to \$8,430,000 from the General Fund for pay adjustments, effective April 1, 1997. In accordance with Section 27, the Joint Legislative Budget Committee has determined an amount projected to equal 1% of total eligible Personal Services and \$500 per employee. Individual agency amounts thus determined will be allocated by the Arizona Department of Administration.
- Pursuant to A.R.S. 38-654, the Joint Legislative Budget Committee Staff annually identify amounts in state agency appropriations for the payment of employee health and dental insurance. These amounts are transferred from agency appropriations to the Special Employee Health Insurance Trust Fund.
- Monies will be swept only if FTE Positions are filled.

**SALARY ADJUSTMENTS FOR STATE EMPLOYEES SINCE FY 1987 1/**  
(Shown in Nominal Dollars)

Fiscal Year	Dollars Appropriated	Effective Date	Annual Cost	% Salary Adjustment	% Performance Adjustment
FY 1987	\$27,000,000	Jan. 1	\$54,000,000	3.00%	3.00%
FY 1988	\$15,200,000	July 1	\$15,200,000	1.50%	0.00%
FY 1989	\$30,556,600	July 1	\$30,556,600	3.50%	0.00%
FY 1990	\$12,600,000	July 1	\$12,600,000	0.00%	1.25%
FY 1991	\$45,550,000	July 1	\$45,550,000	4.50%	0.00%
FY 1992	\$0	NA	\$0	0.00%	0.00%
FY 1993	\$9,100,000	April 1	\$36,400,000	\$1,000/FTE 2/	0.00%
FY 1994	\$0	NA	\$0	0.00%	0.00%
FY 1995	\$40,700,000	July 1	\$57,900,000	3.00%	0.00%
		April 1		2.00%	0.00%
FY 1996	\$12,700,000	Jan. 1	\$25,400,000	0.00%	2.00%
FY 1997	\$8,430,000	April 1	\$33,720,000	1% and \$500/FTE 3/	0.00%

1/ Represents original General Fund appropriations.

2/ Equates to approximately 4.2%.

3/ Equates to approximately 2.9%.

**SALARY ADJUSTMENT IN SECTION 27 OF THE  
FY 1997 GENERAL APPROPRIATIONS ACT AND HEALTH INSURANCE ALLOCATIONS**

**OTHER FUNDS**

	Salary Adjustments 1/			Health Insurance	
	Personal Services	Employee Rel Expenditures	Total Salary Adjustment	Medical Insurance 2/	Dental Insurance 2/
<b>ANNUAL BUDGET UNITS</b>					
<b>Administration, Arizona Department of</b>					
Administration	\$800	\$100	\$900	\$10,600	\$600
General Services	6,400	900	7,300	79,500	4,100
Motor Pool*	3,900	500	4,400	56,900	3,000
Information Services	36,200	4,900	41,100	455,400	23,700
Telecommunications*	13,800	1,900	15,700	185,000	9,600
Risk Management	12,400	1,700	14,100	163,900	8,500
Attorney General Defense-Risk Management*	20,600	2,800	23,400	230,100	14,200
Workers' Compensation	2,900	400	3,300	39,700	2,100
Attorney General Defense-Workers' Comp*	500	100	600	4,900	300
Human Resources	23,700	3,200	26,900	310,200	16,100
Total - AZ Department of Administration	\$121,200	\$16,500	\$137,700	\$1,536,200	\$82,200
<b>Community Colleges, State Board of Directors for</b>					
Deaf and the Blind, AZ State Schools for the	400	100	500	6,800	700
Phoenix Day School	0	0	0	143,000	7,600
Tucson Campus	0	0	0	219,300	11,600
Total - Schools for the Deaf and the Blind	\$0	\$0	\$0	\$362,300	\$19,200
<b>Economic Security, Department of</b>					
Public Assistance Collection*	1,200	200	1,400	16,500	900
<b>Environmental Quality, Department of</b>					
Hazardous Waste Program*	1,200	200	1,400	15,900	800
Air Permit Administration Program*	12,300	1,600	13,900	157,100	8,200
Solid Waste Program*	2,300	300	2,600	32,000	1,700
Water Quality Program*	6,000	800	6,800	77,300	4,000
Emissions Control Program*	10,300	1,400	11,700	146,400	7,600
Total - Dept of Environmental Quality	\$32,100	\$4,300	\$36,400	\$428,700	\$22,300
<b>Health Services, Department of</b>					
Family Health					
Child Fatality Review Team*	400	100	500	4,900	300
Public Health					
Emergency Medical Services Operations*	6,500	900	7,400	83,100	4,400
Arizona State Hospital	0	0	0	535,500	28,600
Total - Department of Health Services	\$6,900	\$1,000	\$7,900	\$623,500	\$33,300
<b>Judiciary - Supreme Court</b>					
Court Appointed Special Advocate*	6,500	800	7,300	15,600	1,200
<b>Juvenile Corrections, Department of</b>					
Education	0	0	0	80,500	3,500
Lottery Commission, AZ State	23,600	3,100	26,700	274,900	16,000
<b>Public Safety, Department of</b>					
Service Bureau	0	0	0	693,500	41,300
Criminal Investigation Bureau	0	0	0	65,100	3,900
Gang Enforcement*	0	0	0	18,500	1,100
Highway Patrol Bureau	0	0	0	1,520,100	90,600
Total - Dept of Public Safety	\$0	\$0	\$0	\$2,297,200	\$136,900
<b>Transportation, Department of</b>					
Administration	95,500	13,500	109,000	1,348,800	70,700
Highways	170,900	24,200	195,100	2,369,900	124,200
Highway Maintenance	172,500	24,500	197,000	2,774,900	145,400
Aeronautics Division	6,200	900	7,100	95,300	5,000
Motor Vehicle Division	127,000	18,000	145,000	1,983,500	103,900
Abandoned Vehicle*	2,500	400	2,900	43,800	2,300
Medical Advisory Board*	400	100	500	5,800	300
Mobile Home Administration*	800	100	900	14,600	800
Total - Department of Transportation	\$575,800	\$81,700	\$657,500	\$8,636,600	\$452,600
<b>TOTAL - ANNUAL BUDGET UNITS</b>	<b>\$767,700</b>	<b>\$107,700</b>	<b>\$875,400</b>	<b>\$14,278,800</b>	<b>\$768,800</b>
<b>BIENNIAL BUDGET UNITS</b>					
Accountancy, State Board of	\$1,900	\$200	\$2,100	\$21,600	\$1,600
Administrative Hearings, Office of	1,800	200	2,000	20,700	1,200
Agriculture, AZ Department of					
Administration					

	Salary Adjustments 1/			Health Insurance	
	Personal Services	Employee Rel Expenditures	Total Salary Adjustment	Medical Insurance 2/	Dental Insurance 2/
Consulting & Training*	200	0	200	3,200	200
Aquaculture*	100	0	100	1,100	100
Egg Inspection*	\$1,200	\$200	\$1,400	\$17,800	\$900
Plant Industries					
Fruit and Vegetable Standardization*	3,900	600	4,500	43,100	2,200
Chemicals/Environmental					
Pesticide Program*	800	100	900	10,800	600
Fertilizer Materials Program*	600	100	700	8,100	400
Commercial Feed Program*	600	100	700	8,100	400
Total - AZ Dept of Agriculture	\$7,400	\$1,100	\$8,500	\$92,200	\$4,800
Appraisal, State Board of	800	100	900	7,700	200
Attorney General - Dept. of Law					
Civil					
Collection Enforcement*	3,000	400	3,400	39,200	2,400
Criminal					
Victims' Rights Implementation*	300	0	300	2,400	200
Total - Attorney General	\$3,300	\$400	\$3,700	\$41,600	\$2,600
Barbers, Board of	600	100	700	6,000	500
Behavioral Health Examiners, Board of	1,300	100	1,400	15,700	800
Chiropractic Examiners, State Board of	800	100	900	13,400	400
Coliseum and Exposition Center Board	0	0	0	146,500	9,100
Commerce, Department of	2,000	200	2,200	19,700	1,200
Indian Economic Development*	200	0	200	2,300	100
Oil Overcharge Administration*	500	100	600	4,600	300
Small Business Advocate*	400	100	500	4,600	300
Minority/Women-owned Business*	400	100	500	4,600	300
Senior Living*	300	0	300	2,300	100
Border Infrastructure*	200	0	200	2,300	100
CEDC Commission*	700	100	800	8,100	500
Total - Dept of Commerce	\$4,700	\$600	\$5,300	\$48,500	\$2,900
Contractors, Registrar of	20,600	3,000	23,600	317,300	20,500
Corporation Commission					
Corporations					
Arts Trust Fund Administration*	100	0	100	2,600	200
Securities					
Investment Management Account*	2,700	300	3,000	35,800	2,100
Utilities	18,100	2,300	20,400	223,700	13,400
Legal	3,900	500	4,400	42,200	2,500
Total - Corporation Commission	\$24,800	\$3,100	\$27,900	\$304,300	\$18,200
Cosmetology, Board of	2,800	400	3,200	48,100	2,100
Criminal Justice Commission, Arizona	1,300	200	1,500	16,400	900
Dental Examiners, State Board of	1,800	200	2,000	20,600	1,300
Funeral Directors and Embalmers, Board of 3/	700	100	800	7,900	800
Game and Fish Department, AZ					
Administrative and Field Services	47,000	10,000	57,000	630,400	36,200
Watercraft	4,500	800	5,300	68,600	3,900
Nongame Wildlife	800	100	900	10,700	600
Total - AZ Game and Fish Department	\$52,300	\$10,900	\$63,200	\$709,700	\$40,700
Gaming, Department of	13,000	1,800	14,800	188,000	11,200
Homeopathic Medical Examiners, Board of	100	0	100	2,000	200
Industrial Commission of AZ					
Administration	8,000	1,000	9,000	105,800	5,700
Claims	13,900	1,800	15,700	204,300	11,000
Administrative Law Judge	11,500	1,500	13,000	132,900	7,100
Labor	2,600	300	2,900	36,900	2,000
Special Fund	3,500	500	4,000	46,800	2,500
Occupational Safety/Health	7,500	1,000	8,500	96,000	5,100
Legal Counsel	3,800	500	4,300	46,800	2,500
Total - Industrial Commission of AZ	\$50,800	\$6,600	\$57,400	\$669,500	\$35,900
Medical Examiners, Board of	8,600	1,100	9,700	113,000	7,800
Attorney General - Legal Fees*	200	0	200	2,700	200
Total - Board of Medical Examiners	\$8,800	\$1,100	\$9,900	\$115,700	\$8,000
Naturopathic Physician Examiners Board	200	0	200	1,900	100
Nursing, State Board of	5,500	700	6,200	62,400	3,300
Nursing Care Institution Administrators Board	200	0	200	4,900	500
Occupational Therapy Examiners, Board of	400	100	500	3,800	200
Opticians, State Board of Dispensing	200	0	200	1,500	100
Optometry, State Board of 3/	600	100	700	1,700	300
Osteopathic Examiners, AZ Board of	1,100	100	1,200	16,800	1,300

	Salary Adjustments 1/			Health Insurance	
	Personal Services	Employee Rel Expenditures	Total Salary Adjustment	Medical Insurance 2/	Dental Insurance 2/
Parks Board, Arizona State	6,900	1,000	7,900	59,500	2,700
Pharmacy, AZ State Board of	2,600	300	2,900	36,000	3,300
Physical Therapy Examiners, Board of	\$200	\$0	\$200	\$1,900	\$100
Pioneers' Home, Arizona	6,800	1,000	7,800	98,600	6,800
Podiatry Examiners, State Board of	200	0	200	1,900	100
Postsecondary Education, Commission for	1,600	200	1,800	21,000	1,600
Private Postsecondary Education, Board for	600	100	700	10,100	900
Psychologist Examiners, State Board of 3/	1,000	100	1,100	5,100	400
Racing, Arizona Department of					
County Fair Racing	1,100	100	1,200	16,900	900
Radiation Regulatory Agency					
Medical Radiologic Technology Board of Examiners	400	100	500	5,700	300
Residential Utility Consumer Office	2,600	300	2,900	26,600	1,500
Respiratory Care Examiners, Board of	700	100	800	5,500	300
Retirement System, Arizona State	17,400	2,200	19,600	235,700	13,500
Revenue, Department of					
Administrative Services	200	0	200	2,500	100
Compliance	200	0	200	2,500	100
Special Support	900	200	1,100	12,400	700
Total - Dept of Revenue	\$1,300	\$200	\$1,500	\$17,400	\$900
Structural Pest Control Commission	5,500	700	6,200	87,100	4,100
Technical Registration, State Board of	2,700	400	3,100	32,100	800
Veterans' Service Commission, AZ					
Veterans' Conservatorship	2,800	400	3,200	39,900	2,300
Veterans' Home	35,600	5,200	40,800	501,200	28,600
Total - AZ Veterans' Service Commission	\$38,400	\$5,600	\$44,000	\$541,100	\$30,900
Veterinary Medical Examining Board 3/	800	100	900	11,700	300
Weights and Measures, Department of					
Oxygenated Fuel	1,100	100	1,200	17,200	600
TOTAL - BIENNIAL BUDGET UNITS	\$299,700	\$43,900	\$343,600	\$4,120,300	\$239,100
ADJUSTMENTS-SUBTOTAL	\$1,067,400	\$151,600	\$1,219,000	\$18,399,100	\$1,007,900
Unallocated Amounts	\$241,400	\$39,600	\$281,000	na	na
TOTAL ADJUSTMENTS	\$1,308,800	\$191,200	\$0	\$18,399,100	\$1,007,900

\* Denotes Special Line Item.

- 1/ Section 27 of the General Appropriation Act provides up to \$1,500,000 from Other Funds for salary adjustments, effective April 1, 1997. In accordance with Section 27, the Joint Legislative Budget Committee Staff has determined an amount projected to equal 1% of total eligible Personal Services and \$500 per employee. Individual agency amounts thus determined will be allocated by the Arizona Department of Administration.
- 2/ Pursuant to A.R.S. 38-654, the Joint Legislative Budget Committee Staff annually identify amounts in state agency appropriations for the payment of employee health and dental insurance. These amounts are transferred from agency appropriations to the Special Employee Health Insurance Trust Fund.
- 3/ For each board, \$100 of the salary adjustment is for the State Boards' Office. For more details see the State Boards' Office narrative.

	State of Arizona Elected Officials' Salaries				
	Jan. 1, 1995	Jan. 1, 1996	Jan. 1, 1997	Jan. 1 1998	Jan. 1 1999
Governor	\$75,000	\$75,000	\$75,000	\$75,000	\$95,000
Secretary of State	\$54,600	\$54,600	\$54,600	\$54,600	\$65,000
Treasurer	\$54,600	\$54,600	\$54,600	\$54,600	\$65,000
Attorney General	\$76,400	\$76,400	\$76,400	\$76,400	\$90,000
Superintendent of Public Instruction	\$54,600	\$54,600	\$54,600	\$54,600	\$75,000
Corporation Commissioners	\$54,600	\$54,600	\$65,000	\$65,000	\$65,000
Mine Inspector	\$38,200	\$38,200	\$38,200	\$38,200	\$50,000
Supreme Court Chief Justice 1/	\$98,600	\$103,500	\$111,400	\$117,000	\$117,000
Other Supreme Court Justices 1/	\$96,300	\$101,100	\$108,800	\$114,300	\$114,300
Appellate Judges 1/	\$94,000	\$98,700	\$106,200	\$111,500	\$111,500
Superior Court Judges 1/	\$91,700	\$96,300	\$103,600	\$108,800	\$108,800
Legislators	\$15,000	\$15,000	\$15,000 2/	\$15,000 2/	\$15,000 2/

1/ It is currently in dispute whether the January 1, 1997 and 1998 adjustments will take place, given Senate passage of SB1084.

2/ The Commission on Salaries for State Elective Officers recommended a salary of \$24,000 for Legislators effective January 1, 1997. This change will require a vote of the people submitted by the Secretary of State.

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

ANNUAL BUDGET UNITS	FY 1997 LEASE-PURCHASE PAYMENTS				FY 1997 OPERATIONS & MAINTENANCE			
	GF	OF	Non-Approp	Total	GF	OF	Non-Approp	Total
<b>Administration, AZ Department of</b>								
16th Ave Parking Garage	\$367,200	\$0	\$0	\$367,200				
Capital Center	240,100	231,600 1/	0	471,700				
ENSCO	4,585,000	0	0	4,585,000				
1616 West Adams	18,800	177,700	1,700	198,200				
Tucson Office	92,700	44,200	0	136,900				
Tucson Office - Vacant Space	0	57,100 2/	0	57,100				
Sun States Building	2,400	0	0	2,400	1,500	0	0	1,500
DES-West	25,900	0	0	25,900				
Distressed Properties	0	0	65,600 3/	65,600				
Subtotal - AZ Dept of Administration	\$5,332,100	\$510,600	\$67,300	\$5,910,000	\$1,500	\$0	\$0	\$1,500
<b>AHCCCS</b>								
Kingman State Office	13,100	0	13,100	26,200	8,400	0	8,500	16,900
East Jefferson Buildings	2,320,800	0	566,200	2,887,000				
Subtotal - AHCCCS	\$2,333,900	\$0	\$579,300	\$2,913,200	8,400	0	8,500	16,900
<b>Corrections, Department of</b>								
DOC Series 1993A	0	9,037,800	3,000,000	12,037,800				
DOC Series 1994	0	7,422,200	5,000,000	12,422,200				
Kingman State Office	3,700	0	0	3,700	2,400	0	0	2,400
Subtotal - Department of Corrections	\$3,700	\$16,460,000	\$8,000,000	\$24,463,700	\$2,400	\$0	\$0	\$2,400
<b>Deaf and the Blind, AZ State Schools for the</b>								
Food Service Building	364,300	0	0	364,300				
High School and Auditorium	945,200	0	0	945,200				
Subtotal - Deaf & the Blind Schools	\$1,309,500	\$0	\$0	\$1,309,500	\$0	\$0	\$0	\$0
<b>Economic Security, Department of</b>								
DES Group Homes	128,500	0	141,200	269,700				
DES-West	1,834,300	0	1,022,800	2,857,100				
Kingman State Office	108,700	0	10,800	119,500	43,400	0	34,000	77,400
Tucson Office	476,800	0	112,200	589,000				
Capital Center	357,000 4/	0	0	357,000				
Subtotal - Dept of Economic Security	\$2,905,300	\$0	\$1,287,000	\$4,192,300	\$43,400	\$0	\$34,000	\$77,400
<b>Education, Department of</b>								
Courts Building	67,900	0	113,200	181,100				
Tucson Office	31,800	0	11,300	43,100				
Subtotal - Department of Education	\$99,700	\$0	\$124,500	\$224,200	\$0	\$0	\$0	\$0
<b>Environmental Quality, Department of</b>								
Tucson Office	35,800	0	73,200	109,000				
Doubletree Building	0	5,700 5/	0	5,700	0	3,600 5/	0	3,600
Subtotal - Environmental Quality	\$35,800	\$5,700	\$73,200	\$114,700	\$0	\$3,600	\$0	\$3,600
<b>Health Services, Department of</b>								
Black Canyon Building	70,700	0	111,600	182,300	65,400	0	67,700	133,100
Centre Pointe/Morton Building	153,900	77,100	119,400	350,400	115,200	45,600	85,500	246,300
Tucson Office	55,700	29,000	42,300	127,000				
Subtotal - Dept of Health Services	\$280,300	\$106,100	\$273,300	\$659,700	\$180,600	\$45,600	\$153,200	\$379,400
<b>Judiciary - Court of Appeals</b>								
Tucson Office	461,100	0	0	461,100				
Supreme Court								
Courts Building	2,945,900	0	0	2,945,900				
Tucson Office	102,500	0	0	102,500				
Subtotal - Judiciary	\$3,509,500	\$0	\$0	\$3,509,500	\$0	\$0	\$0	\$0
<b>Public Safety, Department of</b>								
DPS District 19 Building	40,700	0	0	40,700	20,000	0	0	20,000
ALEOAC Building	0	0	114,100	114,100				
Subtotal - Department of Public Safety	\$40,700	\$0	\$114,100	\$154,800	\$20,000	\$0	\$0	\$20,000
<b>TOTAL - ANNUAL BUDGET UNITS</b>	<b>\$15,850,500</b>	<b>\$17,082,400</b>	<b>\$10,518,700</b>	<b>\$43,451,600</b>	<b>\$256,300</b>	<b>\$49,200</b>	<b>\$195,700</b>	<b>\$501,200</b>
<b>BIENNIAL BUDGET UNITS</b>								
<b>Agriculture, Department of</b>								
Laboratory	176,500	0	0	176,500	106,400	0	0	106,400
Tucson Office	33,100	5,600	0	38,700				
Subtotal - Department of Agriculture	\$209,600	\$5,600	\$0	\$215,200	\$106,400	\$0	\$0	\$106,400
<b>Arts, Arizona Commission on the</b>								
Corpstein Building	53,500	0	0	53,500	20,000	0	0	20,000
<b>Attorney General - Department of Law</b>								
Capital Center	836,600	0	43,700	880,300				
<b>Banking Department, State</b>								
Sun States Building	111,600	0	12,400	124,000	71,200	0	7,800	79,000
<b>Building and Fire Safety, Department of</b>								
Tucson Office	38,700	0	0	38,700				
<b>Corporation Commission</b>								
Tucson Office	36,500	28,600	0	65,100				

	FY 1997 LEASE-PURCHASE PAYMENTS				FY 1997 OPERATIONS & MAINTENANCE			
	GF	OF	Non-Approp	Total	GF	OF	Non-Approp	Total
Criminal Justice Commission, AZ Courts Building	0	33,200	49,700	82,900				
Equalization, State Board of Courts Building	43,600	0	0	43,600				
Game and Fish Department, AZ Game and Fish Offices	0	178,500	0	178,500				
Gaming, Department of Tucson Office	0	5,400	0	5,400				
Governor, Office of the Tucson Office	35,600	0	0	35,600				
Historical Society, Arizona Papago Museum	1,202,800	0	0	1,202,800				
Insurance, Department of Sun States Building	273,600	0	0	273,600	174,500	0	0	174,500
Tucson Office	22,900	0	0	22,900				
Subtotal - Department of Insurance	\$296,500	\$0	\$0	\$296,500	\$174,500	\$0	\$0	\$174,500
Land Department, State Old Compensation Fund Building	276,900	0	0	276,900				
Legislature - Auditor General Sun States Building	204,800	0	0	204,800	130,600	0	0	130,600
Tucson Office	30,600	0	0	30,600				
Library and Archives, Department of Library for the Blind	79,800	0	0	79,800				
Records Management Addition	143,800	0	0	143,800				
Subtotal - Legislature	\$459,000	\$0	\$0	\$459,000	\$130,600	\$0	\$0	\$130,600
Liquor Licenses and Control, Department of Tucson Office	26,600	0	0	26,600				
Medical Examiners, Board of Centre Pointe Building	0	87,100	0	87,100	0	61,200	0	61,200
Tucson Office	0	7,300	0	7,300				
Subtotal - Board of Medical Examiners	\$0	\$94,400	\$0	\$94,400	\$0	\$61,200	\$0	\$61,200
Mine Inspector, State 1616 West Adams	1,600	0	0	1,600				
Nursing, State Board of Centre Pointe Building	0	49,400	0	49,400	0	34,700	0	34,700
Parks Board, Arizona State Tonto Natural Bridge	0	0	279,100	279,100				
Pharmacy, AZ State Board of Tucson Office	0	4,400	0	4,400				
Real Estate Department, State Sun States Building	147,200	0	0	147,200	95,800	0	0	95,800
Tucson Office	37,900	0	0	37,900				
Subtotal - Real Estate Department	\$185,100	\$0	\$0	\$185,100	\$95,800	\$0	\$0	\$95,800
Registrar of Contractors Tucson Office	0	42,200	0	42,200				
Kingman State Office	0	5,900	0	5,900	0	4,000	0	4,000
Subtotal - Registrar of Contractors	\$0	\$48,100	\$0	\$48,100	\$0	\$4,000	\$0	\$4,000
Revenue, Department of Revenue Building	2,110,700	0	0	2,110,700				
Structural Pest Control Commission Doubletree Building	0	66,500	0	66,500	0	41,200	0	41,200
Tax Appeals, State Board of Courts Building	25,900	0	0	25,900				
Tourism, Office of Welcome Center	67,400	0	0	67,400				
Veterans' Service Commission, AZ Tucson Office	11,800	0	0	11,800				
Water Resources, Department of Tucson Office	86,900	0	0	86,900				
Weights and Measures, Department of Doubletree Building	96,800	17,200	6/ 0	114,000	60,000	10,600	6/ 0	70,600
TOTAL - BIENNIAL BUDGET UNITS	\$6,213,700	\$531,300	\$384,900	\$7,129,900	\$658,500	\$151,700	\$7,800	\$818,000
GRAND TOTAL	\$22,064,200	\$17,613,700	\$10,903,600	\$50,581,500	\$914,800	\$200,900	\$203,500	\$1,319,200

- 1/ Of this amount, \$131,200 represents payment for space occupied by the Attorney General which provides legal services to the Risk Management Division.
- 2/ For unoccupied space in the building. If an occupant is found, the occupant shall pay the pro rata share of the lease-purchase.
- 3/ Of the amount, \$21,800 shall be generated from the un-used portion of the lease-purchase issuance. The remaining \$43,800 shall come from a third party leasee at the Doubletree
- 4/ This amount represents payment for space occupied by the Attorney General which provides legal services to the department.
- 5/ For FY 1997, the department will make payments from the Used Oil Fund for space occupied by the Department of Weights and Measures.
- 6/ See Department of Environmental Quality.



## SUMMARY OF RENT CHARGES

		Fiscal Year 1997			
		General Fund	Other Appropriated Funds	Non-Appropriated Funds	Total
<b>ANNUAL BUDGET UNITS</b>					
Administration, AZ Department of	1300 W Washington	\$4,500			\$4,500
	1400 W Washington	42,200			42,200
	1510 W Adams		244,500		244,500
	1624 W Adams			87,600	87,600
	1522 W Jackson		9,600		9,600
	1537 W Jackson			57,800	57,800
	1700 W Washington	619,500	46,900	32,100	698,500
	1801 W Madison	27,700			27,700
	1802 W Jackson			57,000	57,000
	1805 W Madison		10,900	11,000	21,900
	1818 W Adams		176,100		176,100
	1831 W Jefferson		239,500		239,500
	1840 W Madison	22,500			22,500
	1937 W Jefferson/CDC		90,500		90,500
	1937 W Jefferson/Wayland	36,600		11,500	48,100
	402 W Congress, Tucson	18,900	3,600		22,500
Total - AZ Dept of Administration 1/		\$771,900	\$821,600	\$257,000	\$1,850,500
Corrections, State Department of	1601 W Jefferson	601,200			601,200
	1645 W Jefferson	389,400			389,400
Total - State Dept of Corrections		\$990,600	\$0	\$0	\$990,600
Disease Control Research Commission	1624 W Adams	15,900			15,900
Economic Security, Department of 2/	1400 W Washington	49,600		11,900	61,500
Education, Department of 3/	1535 W Jefferson	479,900		251,800	731,700
Health Services, Department of	1400 W Washington	84,900		85,000	169,900
	1520 W Adams	164,300		114,100	278,400
	1740 W Adams	570,900		307,500	878,400
	416 W Congress, Tucson	14,100		4,700	18,800
Total - Dept of Health Services		\$834,200	\$0	\$511,300	\$1,345,500
Juvenile Corrections, Department of	1624 W Adams	287,300			287,300
Transportation, Department of 4/	1275 W Washington		80,900		80,900
SUB-TOTAL ANNUAL BUDGET UNITS		\$3,429,400	\$902,500	\$1,032,000	\$5,363,900
<b>BIENNIAL BUDGET UNITS</b>					
Administrative Hearings, Office of	1700 W Washington	54,000			54,000
Agriculture, Arizona Department of	1624 W Adams	6,300			6,300
	1688 W Adams	312,300	53,600		365,900
Total - AZ Dept of Agriculture		\$318,600	\$53,600	\$0	\$372,200
Appraisal, State Board of	1400 W Washington		16,100		16,100
Attorney General - Department of Law	1275 W Washington	959,400			959,400
	402 W Congress, Tucson	201,600			201,600
Total - Atty General - Dept of Law		\$1,161,000	\$0	\$0	\$1,161,000
Barbers, Board of	1700 W Washington		9,800		9,800
Behavioral Health Examiners, Board of	1400 W Washington		11,900		11,900
Boxing Commission, Arizona State	1400 W Washington	4,800			4,800
Corporation Commission	1200 W Washington	104,900	292,300	16,600	413,800
	1300 W Washington	81,600	2,300	178,600	262,500
	1400 W Washington	0	24,500	36,400	60,900
Total - Corporation Commission		\$186,500	\$319,100	\$231,600	\$737,200
Equal Opportunity, Gov's Office of	1700 W Washington	18,000			18,000
Equalization, Board of	1645 W Jefferson	500			500
Executive Clemency, Board of	1645 W Jefferson		116,800		116,800
Geological Survey, Arizona	402 W Congress, Tucson	2,100			2,100
	416 W Congress, Tucson	129,400			129,400
Total - AZ Geological Survey		\$131,500	\$0	\$0	\$131,500

Fiscal Year 1997

		General Fund	Other Appropriated Funds	Non-Appropriated Funds	Total
Governor - Office for Excellence	1700 W Washington	65,100			65,100
Governor - Office of the 5/	1700 W Washington	355,500		14,000	369,500
Gov's Office of Strategic Planning & Budgeting	1700 W Washington	81,700			81,700
Hearing Impaired, Council for	1400 W Washington	28,500			28,500
Indian Affairs, Arizona Commission of	1400 W Washington	18,200			18,200
Library, Archives, & Public Records, Dept of	1108 W Washington	48,600			48,600
Mine Inspector, State	1700 W Washington	47,400			47,400
	416 W Congress, Tucson	6,500			6,500
<b>Total - State Mine Inspector</b>		<b>\$53,900</b>	<b>\$0</b>	<b>\$0</b>	<b>\$53,900</b>
Mines & Mineral Resources, Department of	1502 W Washington	346,900			346,900
Navigable Streams Adjudication Comm, AZ	1700 W Washington	6,700			6,700
Occupational Therapy Examiners, Board of	1400 W Washington		3,300		3,300
Parks Board, Arizona State	1300 W Washington	73,400	17,600	142,500	233,500
	1645 W Jefferson	200		300	500
<b>Total - AZ State Parks Board</b>		<b>\$73,600</b>	<b>\$17,600</b>	<b>\$142,800</b>	<b>\$234,000</b>
Personnel Board	1400 W Washington	17,400			17,400
Private Postsecondary Education, State Bd for	1400 W Washington		11,700		11,700
Respiratory Care Examiners, Board of	1400 W Washington		9,100		9,100
Revenue, Department of	1700 W Washington	1,100			1,100
	402 W Congress, Tucson	119,000			119,000
	416 W Congress, Tucson	81,600			81,600
<b>Total - Dept of Revenue</b>		<b>\$201,700</b>	<b>\$0</b>	<b>\$0</b>	<b>\$201,700</b>
Secretary of State - Department of State	1645 W Jefferson	400			400
	1700 W Washington	176,300			176,300
<b>Total - Secretary of State - Dept of State</b>		<b>\$176,700</b>	<b>\$0</b>	<b>\$0</b>	<b>\$176,700</b>
State Boards' Office	1400 W Washington		68,100		68,100
Tax Appeals, State Board of	1645 W Jefferson	500			500
Treasurer, State	1700 W Washington	96,500			96,500
<b>SUB-TOTAL BIENNIAL BUDGET UNITS</b>		<b>\$3,446,400</b>	<b>\$637,100</b>	<b>\$388,400</b>	<b>\$4,471,900</b>
<b>Total</b>		<b>\$6,875,800</b>	<b>\$1,539,600</b>	<b>\$1,420,400</b>	<b>\$9,835,800</b>

- 1/ Actual occupancy and the associated charge may vary by address within the total ADOA rent and lease-purchase appropriations due to planned FY 1997 relocations.
- 2/ Federal share calculated at State-Wide Cost Allocation Plan rent amount of \$9.62 per square foot of office space.
- 3/ Federal share calculated at State-Wide Cost Allocation Plan rent amounts of \$7.61 per square foot of office space and \$1.23 per square foot of storage space.
- 4/ Represents funding for space occupied by the Attorney General - Department of Law for provision of legal services to the Department of Transportation.
- 5/ Federal share calculated at State-Wide Cost Allocation Plan rent amount of \$8.69 per square foot of office space, with remaining cost allocated to the General Fund.

**SUMMARY OF RISK MANAGEMENT CHARGES**

	Fiscal Year 1997			Total
	General Fund	Other Appropriated Funds	Non-Appropriated Funds	
<b>ANNUAL BUDGET UNITS</b>				
Administration, AZ Department of	\$375,400	\$1,054,100	\$58,100	\$1,487,600
AHCCCS	206,200	0	284,900	491,100
Community Colleges, State Bd of Directors for	1,800	1,100	1,200	4,100
Corrections, State Department of	8,737,300	0	0	8,737,300
Deaf and the Blind, AZ State Schools for the	237,800	0	29,700	267,500
Economic Security, Department of	2,269,600	0	1,996,300	4,265,900
Education, Department of	75,300	0	64,100	139,400
Environmental Quality, Department of	157,500	0	321,300	478,800
Health Services, Department of	1,702,900	27,000	351,400	2,081,300
Health Services, Dept of - Disease Control	0	0	1,000	1,000
Judiciary				
Court of Appeals, Division I	30,000	0	0	30,000
Court of Appeals, Division II	10,300	0	0	10,300
Judicial Conduct, Commission on	1,000	0	0	1,000
Superior Court	2,021,800	0	0	2,021,800
Supreme Court	86,300	0	0	86,300
SUBTOTAL - Judiciary	\$2,149,400	\$0	\$0	\$2,149,400
Juvenile Corrections, Department of	506,800	0	0	506,800
Lottery Commission, AZ State	0	42,400	0	42,400
Public Safety, Department of	2,382,700	940,600	0	3,323,300
Transportation, Department of	400	9,299,200	1,039,100	10,338,700
Universities				
Regents, Arizona Board of	10,900	0	0	10,900
Arizona State University	2,863,000	0	1,000,800	3,863,800
Northern Arizona University	1,178,200	0	370,100	1,548,300
University of Arizona	5,791,600	0	2,571,700	8,363,300
SUBTOTAL - Universities	\$9,843,700	\$0	\$3,942,600	\$13,786,300
<b>TOTAL - ANNUAL BUDGET UNITS</b>	<b>\$28,646,800</b>	<b>\$11,364,400</b>	<b>\$8,089,700</b>	<b>\$48,100,900</b>
<b>BIENNIAL BUDGET UNITS</b>				
Accountancy, State Board of	\$0	\$2,600	\$0	\$2,600
Administrative Hearings, Office of	1,000	0	0	1,000
Agriculture, Arizona Department of	159,000	32,100	36,500	227,600
Appraisal, State Board of	0	1,000	0	1,000
Arts, Arizona Commission on the	4,800	0	0	4,800
Attorney General - Department of Law	287,500	0	0	287,500
Auto Theft Authority	0	0	1,000	1,000
Banking Department, State	45,000	0	5,000	50,000
Barbers, Board of	0	1,000	0	1,000
Behavioral Health Examiners, Board of	0	1,000	0	1,000
Boxing Commission, AZ State	1,000	0	0	1,000
Boyce-Thompson Arboretum	0	0	12,600	12,600
Building & Fire Safety, Department of	24,800	0	0	24,800
Central Arizona Water	0	0	1,000	1,000
Chiropractic Examiners, State Board of	0	2,900	0	2,900
Coliseum & Exposition Center Board	0	147,600	0	147,600
Commerce, Department of	32,400	8,100	33,300	73,800
Contractors, Registrar of	0	29,100	0	29,100
Corporation Commission	55,100	115,700	7,100	177,900
Cosmetology, Board of	0	4,600	0	4,600
Criminal Justice Commission, Arizona	0	1,900	2,000	3,900
Dental Examiners, State Board of	0	2,500	0	2,500
Emergency and Military Affairs, Dept of	205,100	0	90,500	295,600
Equal Opportunity, Governor's Office of	2,000	0	0	2,000
Equalization, State Board of	1,000	0	0	1,000
Executive Clemency, Board of	12,000	0	0	12,000
Funeral Directors & Embalmers, Board of	0	1,000	0	1,000
Game and Fish Department, AZ	0	346,700	109,600	456,300
Gaming, Department of	0	1,000	0	1,000
Geological Survey, AZ	9,100	0	0	9,100
Governor, Office of the	22,000	0	0	22,000

## Fiscal Year 1997

	General Fund	Other Appropriated Funds	Non-Appropriated Funds	Total
Gov's Office of Strategic Planning & Budgeting	\$4,300	\$0	\$0	\$4,300
Hearing Impaired, AZ Council for the	2,000	0	0	2,000
Historical Society, Arizona	92,300	0	0	92,300
Historical Society of Arizona, Prescott	11,100	0	0	11,100
Homeopathic Medical Examiners, Board of	0	1,000	0	1,000
Indian Affairs, AZ Commission of	1,200	0	0	1,200
Industrial Commission of AZ	0	11,600	90,500	102,100
Insurance, Department of	75,200	0	1,700	76,900
Land Department, State	1,990,600	0	0	1,990,600
Law Enforcement Merit System Council	1,000	0	0	1,000
Legislature				
Auditor General	48,400	0	0	48,400
House of Representatives	57,800	0	0	57,800
Joint Legislative Budget Committee	8,700	0	0	8,700
Legislative Council	11,800	0	0	11,800
Library, Archives and Public Records	49,200	0	0	49,200
Senate	48,900	0	0	48,900
SUBTOTAL - LEGISLATURE	\$224,800	\$0	\$0	\$224,800
Liquor Licenses & Control, Department of	20,100	0	2,300	22,400
Medical Examiners, Board of	0	11,900	0	11,900
Mine Inspector, State	11,500	0	0	11,500
Mines & Mineral Resources, Department of	5,800	0	0	5,800
Naturopathic Physicians Examiners Board	0	1,000	0	1,000
Navigable Stream Adjudication Comm, AZ	1,000	0	0	1,000
Nursing, State Board of	0	8,400	0	8,400
Nursing Care Institution Administrators Bd	0	1,000	0	1,000
Occupational Therapy Examiners, Board of	0	1,000	0	1,000
Opticians, State Board of Dispensing	0	1,000	0	1,000
Optometry, State Board of	0	1,000	0	1,000
Osteopathic Examiners, AZ Board of	0	3,600	0	3,600
Parks Board, Arizona State	148,100	37,800	61,200	247,100
Personnel Board	1,000	0	0	1,000
Pharmacy, AZ State Board of	0	3,300	0	3,300
Physical Therapy Examiners, Board of	0	1,000	0	1,000
Pioneers' Home, AZ	0	0	209,700	209,700
Podiatry Examiners, State Board of	0	1,000	0	1,000
Postsecondary Education, Commission for	0	1,000	0	1,000
Power Authority	0	0	8,900	8,900
Private Postsecondary Education, Board for	0	1,000	0	1,000
Prosecuting Attorney Advisory Council	0	0	9,000	9,000
Psychologist Examiners, State Board of	0	1,000	0	1,000
Public Safety Retirement	0	0	4,100	4,100
Racing, Arizona Department of	20,100	2,400	800	23,300
Radiation Regulatory Agency	9,900	1,000	0	10,900
Real Estate Department, State	19,000	0	2,300	21,300
Residential Utility Consumer Office	0	3,600	0	3,600
Respiratory Care Examiners, Board of	0	1,000	0	1,000
Retirement System, Arizona State	0	62,000	0	62,000
Revenue, Department of	312,300	0	0	312,300
Secretary of State	11,300	0	0	11,300
Structural Pest Control Commission	0	7,800	0	7,800
Tax Appeals, State Board of	2,900	0	0	2,900
Technical Registration, State Board of	0	4,400	0	4,400
Tourism, Office of	6,100	0	0	6,100
Treasurer, State	9,300	0	0	9,300
Uniform State Laws, Commission on	1,000	0	0	1,000
Veterans' Service Commission, AZ	3,700	128,800	0	132,500
Veterinary Medical Examining Bd, AZ State	0	1,000	0	1,000
Vocational Education, State Council on	0	0	1,000	1,000
Water Resources, Department of	143,300	0	0	143,300
Weights and Measures, Department of	22,400	5,600	0	28,000
TOTAL - BIENNIAL BUDGET UNITS	\$4,013,100	\$1,004,000	\$690,100	\$5,707,200
GRAND TOTAL	\$32,659,900	\$12,368,400	\$8,779,800	\$53,808,100

## FY 1997 TECHNICAL ADJUSTMENTS DETAIL

### General Fund

BIENNIAL BUDGET UNITS	Salary Annualization	CMR Annualization	Public Rent/ Lease-Purchase Adjustment	Employee Rel Expenditures Adjustment	Risk Management Adjustment	Office of Administrative Hearings Adjustment	Total Technical Adjustments
Arts, Arizona Commission on the	7,900	700	3,500	2,400	1,600	-0-	16,100
Attorney General - Department of Law	324,600	11,200	40,900	(176,200)	51,800	-0-	252,300
Banking Department, State	36,500	-0-	(2,000)	(3,500)	(243,600)	(5,000)	(217,600)
Boating Commission, AZ State	900	-0-	200	(100)	-0-	-0-	1,000
Building & Fire Safety, Department of	41,300	-0-	-0-	(34,400)	(209,200)	(66,900)	(269,200)
Commerce, Department of	48,900	7,000	-0-	12,000	11,700	-0-	79,600
Constitutional Defense Council	-0-	-0-	-0-	-0-	-0-	-0-	0
Corporation Commission	70,400	600	-0-	(23,600)	(49,800)	-0-	(2,400)
Emergency and Military Affairs, Department of	36,100	14,000	-0-	(45,700)	69,000	-0-	73,400
Environment, Commission on the Arizona	-0-	-0-	-0-	-0-	-0-	-0-	0
Equalization, State Board of	3,700	-0-	7,000	(6,900)	(200)	-0-	3,600
Executive Clemency, Board of	16,900	-0-	4,800	(15,900)	2,600	-0-	8,400
Geological Survey, AZ	9,300	-0-	5,300	(3,300)	2,600	-0-	13,900
Governor, Office of the /	18,800	-0-	2,700	1,300	-0-	-0-	22,800
Gov's Ofc of Strategic Planning & Budgeting	24,900	-0-	-0- 2/	(2,200)	4,100	-0-	26,800
Hearing Impaired, AZ Council for the	3,200	-0-	28,500	(3,600)	700	-0-	28,800
Historical Society, Arizona	33,200	34,400	-0-	(27,000)	(11,400)	-0-	29,200
Historical Society, Prescott	8,900	900	-0-	(5,100)	3,700	-0-	8,400
Insurance, Department of	57,300	2,300	1,300	(47,900)	(227,500)	(154,600)	(369,100)
Land Department, State	108,100	8,800	2,100	(50,600)	519,500	-0-	587,900
Law Enforcement Merit System Council	700	-0-	-0-	(200)	-0-	-0-	500
Legislature							
Auditor General	138,600	-0-	400	2,600	28,100	-0-	169,700
House of Representatives	105,200	-0-	-0-	-0-	31,400	-0-	136,600
Joint Legislative Budget Committee	33,200	-0-	-0-	(10,100)	5,200	-0-	28,300
Legislative Council	39,200	-0-	-0-	(13,300)	6,100	-0-	32,000
Library, Archives & Public Records, Dept of	61,600	107,000	51,100 3/	11,300	(1,600)	-0-	229,400
Senate	77,800	-0-	-0-	-0-	(1,800)	-0-	76,000
SUBTOTAL - Legislature	\$455,600	\$107,000	\$51,500	(\$9,500)	\$67,400	\$0	672,000
Liquor Licenses & Control, Department of	26,700	-0-	-0-	(34,300)	(90,800)	(89,600)	(188,000)
Medical Student Loans, Board of	-0-	-0-	-0-	-0-	-0-	-0-	0
Military Airport Preservation Committee, AZ	-0-	-0-	-0-	-0-	-0-	-0-	0
Mine Inspector, State	8,800	-0-	4,600	(2,800)	(4,700)	-0-	5,900
Navigable Stream Adjudication Commission	1,800	-0-	300	(600)	-0-	-0-	1,500
Occupational Safety & Health Review Board	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Personnel Board	1,600	-0-	700	(800)	-0-	-0-	1,500
Pioneers' Home, AZ	32,200	2,800	-0-	(90,100)	-0-	-0-	(55,100)
Racing, Arizona Department of	31,000	-0-	(4,100)	(400)	500	(8,600)	18,400
Radiation Regulatory Agency	14,700	7,500	-0-	(2,100)	5,700	-0-	25,800
Rangers' Pension, Arizona	-0-	-0-	-0-	-0-	-0-	-0-	0
Real Estate Department, State	39,000	-0-	(1,600)	(18,800)	2,200	(89,100)	(68,300)
Revenue, Department of	654,400	591,700	40,800	(146,000)	(332,600)	(94,500)	713,800
Secretary of State	18,500	5,600	51,300 4/	(18,200)	6,700	-0-	63,900
Tax Appeals, State Board of	3,300	-0-	5,800	(2,300)	2,400	-0-	9,200
Tourism, Office of	14,200	-0-	1,500	5,000	1,100	-0-	21,800
Treasurer, State	25,000	-0-	9,000 4/	9,200	5,200	-0-	48,400
Uniform State Laws, Commission on	-0-	-0-	-0-	-0-	-0-	-0-	0
Water Resources, Department of	157,700	8,800	23,300 5/	(55,500)	(1,122,700)	(75,800)	(1,064,200)
Weights and Measures, Department of	20,800	-0-	(96,600) 6/	(4,300)	5,500	-0-	(74,600)
<b>TOTAL - GENERAL FUND</b>	<b>\$2,356,900</b>	<b>\$803,300</b>	<b>\$180,800</b>	<b>(\$802,000)</b>	<b>(\$1,528,500)</b>	<b>(\$584,100)</b>	<b>\$426,400</b>

1/ Represents Office of Excellence in Government costs. The Governor's direct office is absorbing their share of the costs.

2/ OSPB will absorb these costs.

3/ Includes \$48,600 for Evans House Relocation.

4/ Includes \$22,900 for the Secretary of State and \$2,600 for the Treasurer for Executive Tower expansions.

5/ Private Lease Adjustment.

6/ Includes \$(94,200) for reallocation of space in the Doubletree Building.

## FY 1997 TECHNICAL ADJUSTMENTS DETAIL

### Other Funds

	Salary Annualization	CMR Annualization	Public Rent/ Lease-Purchase Adjustment	Employee Rel Expenditures Adjustment	Risk Management Adjustment	Office of Administrative Hearings Adjustment	Total Technical Adjustments
<b>BIENNIAL BUDGET UNITS</b>							
Accountancy, State Board of	5,200	-0-	-0-	3,400	1,000	-0-	9,600
Appraisal, State Board of	2,700	-0-	700	(2,500)	-0-	-0-	900
Attorney General - Department of Law	10,900	-0-	-0-	(5,800)	-0-	-0-	5,100
Barbers, Board of	2,000	-0-	4,600 1/	(900)	-0-	-0-	5,700
Behavioral Health Examiners, Board of	3,300	-0-	500	(2,200)	-0-	-0-	1,600
Chiropractic Examiners, State Board of	2,400	-0-	300	2,400	(18,600)	-0-	(13,500)
Coliseum and Exposition Center Board	-0-	-0-	(105,600) 2/	36,000	69,600	-0-	0
Commerce, Department of	15,700	900	-0-	(11,000)	2,900	-0-	8,500
Contractors, Registrar of	56,600	-0-	-0-	(33,500)	16,800	(413,600)	(373,700)
Corporation Commission	87,200	33,300	24,500	(22,800)	(104,400)	-0-	17,800
Cosmetology, Board of	7,500	-0-	38,800	3,100	2,300	-0-	51,700
Criminal Justice Commission, Arizona	5,000	-0-	6,400	300	700	-0-	12,400
Dental Examiners, State Board of	6,100	-0-	(400)	(1,200)	800	-0-	5,300
Funeral Directors and Embalmers, Board of 4/	2,000	-0-	2,100 3/	4,000	-0-	-0-	8,100
Game and Fish Department, AZ	179,500	7,800	0	(152,000)	65,100	-0-	100,400
Gaming, Department of	16,700	-0-	76,600 5/	16,800	(7,000)	-0-	103,100
Homeopathic Medical Examiners, Board of 4/	100	-0-	100 3/	2,200	-0-	-0-	2,400
Industrial Commission of AZ	156,100	3,400	-0-	(7,100)	(3,100)	-0-	149,300
Medical Examiners, Board of	27,900	-0-	(100)	(12,500)	(17,300)	-0-	(2,000)
Naturopathic Physician Examiners Board 4/	800	-0-	1,500 3/	(200)	(1,300)	-0-	800
Nursing, State Board of	14,900	-0-	-0-	(12,900)	1,800	-0-	3,800
Nursing Care Institution Administrators Board 4/	600	-0-	900 3/	-0-	-0-	-0-	1,500
Occupational Therapy Examiners, Board of	1,100	-0-	100	(4,700)	-0-	-0-	(3,500)
Opticians, State Board of Dispensing 4/	800	-0-	400 3/	(1,200)	-0-	-0-	0
Optometry, State Board of 4/	1,500	-0-	500 3/	(700)	-0-	-0-	1,300
Osteopathic Examiners, AZ Board of	4,000	-0-	-0-	-0-	600	-0-	4,600
Pharmacy, AZ State Board of	9,500	5,400	(1,400)	(100)	1,100	-0-	14,500
Physical Therapy Examiners, Board of 4/	900	-0-	1,000 3/	(100)	-0-	-0-	1,800
Pioneers' Home, AZ	18,400	-0-	-0-	(51,400)	-0-	-0-	(33,000)
Podiatry Examiners, State Board of 4/	800	-0-	600 3/	(100)	-0-	-0-	1,300
Postsecondary Education, Commission for	5,900	-0-	(2,100)	2,600	-0-	-0-	6,400
Private Postsecondary Education, Board for	2,000	-0-	(300)	(900)	-0-	-0-	800
Psychologist Examiners, State Board of 4/	2,000	-0-	1,900 3/	(6,000)	-0-	-0-	(2,100)
Racing, Arizona Department of	2,900	-0-	(1,100)	100	2,200	-0-	4,100
Radiation Regulatory Agency	1,400	-0-	-0-	(100)	600	-0-	1,900
Residential Utility Consumer Office	9,900	-0-	(3,200) 6/	(11,300)	800	-0-	(3,800)
Respiratory Care Examiners, Board of	1,400	-0-	(100)	(1,400)	-0-	-0-	(100)
Retirement System, Arizona State	52,300	3,200	-0-	(5,000)	(700)	-0-	49,800
Revenue, Department of	4,100	-0-	-0-	2,000	-0-	-0-	6,100
Structural Pest Control Commission 7/	13,600	9,900	108,500 7/	4,500	(17,100)	-0-	119,400
Technical Registration, State Board of	7,500	-0-	-0-	(14,300)	2,300	-0-	(4,500)
Veterinary Medical Examining Board 4/	2,000	-0-	2,300 3/	(1,300)	-0-	-0-	3,000
Weights and Measures, Department of 7/	3,800	2,000	(26,900) 7/	(700)	-0-	-0-	(21,800)
<b>TOTAL - OTHER FUNDS</b>	<b>\$749,000</b>	<b>\$65,900</b>	<b>\$131,100</b>	<b>(\$286,500)</b>	<b>(\$900)</b>	<b>(\$413,600)</b>	<b>\$245,000</b>

1/ Includes \$4,200 related to office move (\$2,200 for moving, \$600 for higher rent and \$1,400 for printing).

2/ Includes \$(105,600) base adjustment for Coliseum in general Other Operating Expenditures.

3/ Includes \$11,600 for Central Boards space expansion and Board of Barbers relocation expense.

4/ Includes the salary adjustment for the State Boards' Office.

5/ Includes \$74,300 adjustment for private lease space.

6/ Includes \$(2,400) adjustment for private lease space.

7/ Includes \$75,800 for Structural Pest Control Commission and \$(26,900) for Weights and Measures for space reallocation in the Doubletree Building.

**GENERAL LEGISLATION  
OMNIBUS RECONCILIATION BILLS 1/**

**FY 1997  
General Fund  
Savings/(Cost)      Section**

**PUBLIC FINANCE - CHAPTER 3 (HB 2003)**

**Department of Corrections**

- As session law, suspend the requirement that Department of Corrections maintain "shock" beds after offenders sentenced before May 1996 have completed the program. Savings are expended on general population beds. Note: Laws 1996, Chapter 257 subsequently enacted a similar change into permanent law. --      4

**Department of Public Safety**

- As session law, increase the Department of Public Safety's share of the Highway Fund by \$2.1 million above the FY 1997 cap of \$17.5 million. This provision frees up \$2.1 million in General Fund to make the second and final payment for the Maricopa County Auto License offices. The same financing mechanism was used for the first \$5 million payment. \$ 2,100,000      1

**Other Provisions**

- As session law, suspend for a second year the requirement that 40% of the non-Maricopa fleet be alternatively fueled by December 31, 1995. 4,692,500      2
- As session law, extend for an additional year the use of Building Renewal monies for building modifications to comply with the Americans with Disabilities Act. --      3

**HEALTH - CHAPTER 5 (HB 2005)**

**AHCCCS**

- Set the FY 1997 county acute care contribution at \$66,689,500, the same level as FY 1996. --      1
- Continue the annual ORB provision of requiring AHCCCS to compute disproportionate share payments based on information received by the beginning of the fiscal year. Note: Laws 1996, Chapter 288 subsequently modified this provision to require AHCCCS to compute disproportionate share payments based on information received by December 31 of the fiscal year. --      2
- Continue the annual ORB provision of adjusting the upcoming fiscal year's county repayment requirements under the disproportionate share hospital program in line with projected federal funding. --      3
- Continue the annual ORB provision of extending county expenditure limit adjustments associated with disproportionate share payments an additional year. --      4,5
- As session law, require qualified MN/MI eligibles to transfer to Medicare HMO coverage. AHCCCS may purchase Part B coverage. Note: Chapter 288 subsequently enacted this same change into permanent law. 1,571,300      6
- As session law, authorize AHCCCS in FY 1997 to use the Medically Needy account of the Tobacco Tax Fund to discontinue the \$10 million discount on private hospital reimbursement, to continue the quick pay discount phase-out and to replace reduced federal funds. Note: Laws 1996, Chapter 288 subsequently modified this provision to add specific statutory citations. 16,544,000      7

	FY 1997 General Fund Savings/(Cost)	<u>Section</u>
<b>Department of Health Services</b>		
• As session law, revise Telecommunications Services Excise Tax to levy 0.3% for the Poison Control centers and 0.8% for Telecommunication Fund for Deaf. Overall levy would remain at 1.1%. In FY 1998, Joint Legislative Tax Committee would set rate as in the past.	1,250,000	8
• As session law, suspend the requirement for a medical malpractice premium program for FY 1997.	255,000	9
• As session law, eliminate mandatory day care center inspection and replace with randomly selected inspections in FY 1997. Note: Laws 1996, Chapter 325 subsequently repealed this provision.	592,200	10
<b>EDUCATION - CHAPTER 4 (HB 2004)</b>		
<b>Community Colleges</b>		
• As session law, revise Community College hold-harmless formula in FY 1998 so that both operating and capital aid begins to decline after two continuous years of enrollment declines.	--	1
<b>Department of Education</b>		
• As session law, set FY 1997 Charter School transportation formula funding at \$174 per student, which is approximately the statewide average of non-charter schools in FY 1996.	5,661,700	2
• As session law, require norm-referenced achievement testing in grades 3-12.	(506,800)	3
<b>WELFARE - CHAPTER 6 (HB 2006)</b>		
<b>Department of Economic Security</b>		
• With the exception of caretakers, permanently limit General Assistance to those individuals with 12 month disabilities who have applied for federal disability benefits.	<u>7,456,000</u>	1
<b>TOTAL</b>	<b><u>\$39,615,900</u></b>	

<sup>1/</sup> Chapter/Bill references for the Omnibus Reconciliation Bill are to the 5th Special Session.



**ELIMINATION OF FUNDS  
CHAPTER 220**

Laws 1994, Chapter 366 requires that the JLBC Staff annually recommend to the Joint Legislative Budget Committee by November 1 the elimination or consolidation of a minimum of 10% of the total number of funds in existence in that fiscal year. These recommendations were the starting point for Laws 1996, Chapter 220 which eliminates or consolidates the 85 following funds. There were approximately 625 different funds at the beginning of FY 1996. The 85 funds represent 14% of the total number of funds.

In addition, Chapter 102 eliminated 3 funds, 2 of which were also contained in Chapter 220. The one additional eliminated fund was the Groundwater Enforcement fund in the Department of Water Resources. Chapter 176 also eliminated the Solar Qualification Fund, which Chapter 182 had transferred from the Department of Commerce to the Registrar of Contractors.

The following list reflects the changes made by Chapter 220.

**ANNUAL BUDGET UNITS** <sup>1/</sup>

	<u>Reason</u>	<u>Section</u>
<u>Administration, Arizona Department of</u>		
• Loss Control (ADA 2243)	Duplicates another fund: Inactive.	73
• Warrant Conversion (AAA 3300)	Inactive	73
<u>Corrections, Department of (DCA)</u>		
• Permanent Training (2215)	Inactive	65
• Research and Evaluation Program Revolving (NA)	Inactive	42
<u>Economic Security, Department of (DEA)</u>		
• Lease Purchases (2197)	Inactive	66
<u>Education, Department of (EDA)</u>		
• Comprehensive School Health (2345 )	Inactive	73
• Donation Trust (3205)	Inactive	73
• Vocational and Technological Education Restructuring (2352)	Inactive	73
<u>Health Services, Department of (HSA)</u>		
• Alcohol Facilities (3194)	Inactive	58
• Child Day Care Training (2165)	Deposit fees into the General Fund.	54-57
• Child Vaccination Revolving (2146)	Inactive	73
• Clinical Lab Licensing Revolving (2268)	Deposit fees into the General Fund.	50-51
• Nursing Care Institution Protection (2329)	Deposit fees into the General Fund.	48-49
• Prenatal Care Education (3009)	Inactive	47
• Sanitarian's (2063)	Deposit fees into the General Fund.	45-46
• Tuberculosis Care (NA)	Inactive	52-53
<u>Juvenile Corrections, Department of (DJA)</u>		
• Parental Assessment and Restitution (2185)	No current statutory authority for fund. Deposit fees into General Fund.	73
• Special Services (3735)	Consolidate with Department of Juvenile Corrections Fund.	67-69
<u>Public Safety, Department of (PSA)</u>		
• Anti-Driving Under the Influence (2353)	Deposit fees into the General Fund.	8, 32, 33
• Luxury Tax Controlled Substances (2187)	Agency already deposits fees into General Fund.	73
<u>Transportation, Department of (DTA)</u>		
• Air Service Development Revolving (NA)	Inactive	39
• 8 Bond Proceeds Funds (3800-05, 3915, 3916)	Inactive	73
• Cargo Tank Administration (2284)	Inactive. Already statutorily repealed.	73

**ANNUAL BUDGET UNITS** <sup>1/</sup>

	<u>Reason</u>	<u>Section</u>
• Commercial Drivers License (2251) <sup>2/</sup>	Consolidate with State Highway Fund.	31
• Concentrated Bank System (3093)	Inactive	73
• County Auto License Fund (2137) <sup>2/</sup>	Consolidate with State Highway Fund.	16-20, 22-30, 34, 37, 40, 41, 71
• Criminal Background Investigation (2291) <sup>2/</sup>	Consolidate with State Highway Fund.	14, 35, 36, 38
• Fiber Optics Cable Repair Escrow (5007)	Inactive	73
• Mobile Home Administration (2040)	Inactive. Already statutorily repealed.	73
• Motorcycle Education (2094) <sup>2/</sup>	Consolidate with State Highway Fund.	15
• Number Plate Replacement (2250) <sup>2/</sup>	Consolidate with State Highway Fund.	21
• Pima Regional Area Road Fund (2293)	Inactive. Already statutorily repealed.	73

**Universities (BRA)**

• Board of Regents -- Telecommunication Study (2252)	Inactive	72, 73
--	----------	--------

**BIENNIAL BUDGET UNITS** <sup>1/</sup>**Agriculture, Arizona Department of (AHA)**

• Agriculture and Horticulture (2003)	Inactive. Already statutorily repealed.	73
• Agriculture Fruit and Vegetable Revolving (2025)	Duplicates another fund; Inactive.	73
• Arizona Iceberg Lettuce Promotion (2258)	Inactive. Already statutorily repealed.	73
• Beef Council of Arizona (2008)	Duplicates another fund; Inactive.	73
• Equine Maintenance (2344)	Duplicates another fund; Inactive.	73
• Equine Maintenance (3114), Seizure Fund (2065) and Stray Fund (2067)	Consolidate into a new Livestock Custody Fund.	1-7

**Arts, Arizona Commission on the (HUA)**

• Donations Fund (NA)	Duplicates another existing fund.	63
-----------------------	-----------------------------------	----

**Attorney General - Department of Law (AGA)**

• Special Fund (2118)	Deposit fees into General Fund.	60
-----------------------	---------------------------------	----

**Boxing Commission, Arizona State (ACA)**

• Boxing Fund (2004)	Inactive. Already statutorily repealed.	73
----------------------	---	----

**Building and Fire Safety, Department of (MMA)**

• Manufactured Housing Application Suspense (3724)	Inactive	73
--	----------	----

**Coliseum and Exposition Center Board, Arizona (CLA)**

• Coliseum Improvement Revenue Bond Reserve (5002)	Inactive	73
• Coliseum Improvement Special Sinking (5003)	Inactive	73
• Construction Bond Interest (5001)	Inactive	73

**Commerce, Department of (EPA)**

• Solar Energy Project (2325)	Inactive	64
• State Employee Rideshare (2214)	Inactive	73
• Word Processing (4217)	Inactive	73

**Corporation Commission (CCA)**

• Limited Liability Company (2332)	Inactive. Already statutorily repealed.	73
------------------------------------	---	----

**Geological Survey, Arizona (GSA)**

• Oil and Gas Conservation Fund (2045)	Deposit fees into the General Fund.	9-13
• Publications Revolving Fund (2130)	Inactive	73

**BIENNIAL BUDGET UNITS**<sup>1/</sup>

**Historical Society, Arizona (HIA)**

- Historical Society--Education Materials (2153)

Duplicates another fund; Inactive. 73  
Inactive 73  
Inactive 73

**Industrial Commission of Arizona (ICA)**

- Donation (3144)

Inactive 73

**Insurance, Department of (IDA)**

- Insurance Computer System (2216, 2320)
- Joint Insurance Guaranty (2121)

Inactive. Already statutorily repealed. 73  
Inactive. Replaced by 2 funds outside state accounting system. 73

**Land Department, State (LDA)**

- Cooperative Fire Control Program (2195), Fire Suppression (2189), Fire Suspense (3019) and State Grants Funds (2011)
- Development Planning and Permit Application (2231)

Duplicated by a new Fire Suppression Fund. 73  
Inactive 59

**Medical Examiners, Board of (MEA)**

- Physician Monitoring (2150)<sup>2/</sup>

Consolidate with BOMEX Fund 43

**Parks, State Board of (PRA)**

- Tonto Natural Bridge Revolving Fund (4012)

Consolidate with Publications & Souvenir Revolving Fund. 61-62

**Revenue, Department of (RVA)**

- Bingo Administration (2194)

Inactive. Already statutorily repealed. 73

**Secretary of State - Department of State (STA)**

- Uniform Commercial Code Data Processing Upgrade (2255)

Inactive. Already statutorily repealed. 73

**Treasurer, State (TRA)**

- County Long-Term Care Fund (3749)
- County Reimbursement Control (3752)
- SRPMIC City Exchange Trust Fund (3797)

Inactive. Already statutorily repealed. 73  
Inactive. Already statutorily repealed. 73  
Inactive 73

**Veterans' Service Commission, Arizona (VSA)**

- Veterans' Cemetery (2167)
- Veterans' Native Outreach Project (3001)

Inactive. Already statutorily repealed. 73  
Inactive 73

**Water Resources, Department of (WCA)**

- Alternate Flood Control Assistance (3320)
- Black Mesa Monitoring (3706)
- Grandfathered Water Rights (2109)

Inactive 70  
Inactive 73  
Inactive 73

<sup>1/</sup> Each agency's 3-letter agency identification code and each fund's 4-digit fund number are shown in parentheses. These identification codes correspond with those in the statewide accounting system.

<sup>2/</sup> Effective July 1, 1997.

**APPROPRIATION OF FUNDS  
CHAPTER 335**

Laws 1994, Chapter 366 requires that the JLBC Staff annually recommend to the Joint Legislative Budget Committee by November 1 *the conversion of at least 5% of the dollar value of all state non-appropriated funds to appropriated status* and the elimination or consolidation of a minimum of 10% of the total number of funds in existence in that fiscal year. These recommendations were the starting point for Laws 1996, Chapter 335 which converted \$194,479,700 (in conjunction with Chapter 220) from non-appropriated status to appropriated status. Unless otherwise noted, these funds will be appropriated beginning in FY 1998. Although not related to the Chapter 366 requirements, Laws 1996, Chapter 102 also subjected some additional funds to appropriation (some of which were covered in Chapter 335). Chapter 102 will be effective as of July 1996 and converts \$19,700 from non-appropriated to appropriated status (after adjusting for duplication with Chapter 335). The following list summarizes the funds and dollar amounts that were converted. (See Chapter 220 section for eliminated or consolidated funds).

<u>ANNUAL BUDGET UNITS</u> <sup>1/</sup>		<u>Section in Chapter 335</u> *
<u>Administration, Arizona Department of (ADA)</u>		
• Motor Vehicle Pool Revolving (4204) <sup>2/</sup>	\$ 8,262,900	25
• Telecommunications (4206) <sup>2/</sup>	13,617,200	24
<u>Corrections, Department of (DCA)</u>		
• State Charitable, Penal & Reformatories Land Earnings (3141)	200,000	19
<u>Economic Security, Department of (DEA)</u>		
• Child Abuse Prevention (2162)	796,400	8
• Child Support Enforcement Administration Fund (2091, 2000)	47,038,200	34
• Special Administration (2066) <sup>2/</sup>	4,904,300	12, 18 *
<u>Education, Department of (EDA)</u>		
• Permanent State School (3138)	57,200,000	18
<u>Health Services, Department of (HSA)</u>		
• Alcohol and Other Drug Screening, Education or Treatment (2227)	650,000	16-17
• Substance Abuse Services (2144)	400,000	17
<u>Judiciary (SPA)</u>		
• Case Processing Assistance (2075)	1,758,400	26
• Confidential Intermediary (2276)	147,500	7
• Judicial Collection Enhancement (2246)	5,915,700	10
• Juvenile Crime Reduction (2139)	2,386,000	26
<u>Juvenile Corrections, Department of (DJA)</u>		
• State Charitable, Penal & Reformatories Land Earnings (3029)	--	19
<u>Lottery Commission, Arizona State (LOA)</u>		
• Economic Development Games (2122)	634,800	4-6
<u>Public Safety, Department of (PSA)</u>		
• Arizona DNA Identification System (NA)	322,200	31
• Crime Lab Assessment (2282)	267,300	29
• Direct CJEF Distribution for Operating Expenses (3702)	70,400	26
• Highway Patrol (2030)	4,389,500	14
<u>Transportation, Department of (DTA)</u>		
• State Highway Fund (2030) - Consolidate 5 non-appropriated funds into the existing appropriated State Highway Fund (Commercial Drivers License (2251), County Auto License (2137), Criminal Background Investigation (2291), Motorcycle Education (2094), and the Number Plate Replacement Funds (2250))	25,762,700	in Chapter 220

**Section in  
Chapter 335 \***

**BIENNIAL BUDGET UNITS**<sup>1/</sup>

<b><u>Agriculture, Department of (AHA)</u></b>		
• Dangerous Plants, Pests, Diseases (2054) <sup>2/</sup>	39,800	1, 3 *
• Arizona Protected Native Plant Law (2298) <sup>2/</sup>	306,100	3, 9 *
• Seed Law (2064) <sup>2/</sup>	23,100	2, 6 *
• Organic Food Certification <sup>2/</sup>	12,200	8 *
• Seizure <sup>2/</sup>	7,400	12 *
• Equine Maintenance <sup>2/</sup>	100	13 *
<b><u>Attorney General (AGA)</u></b>		
• Antitrust Enforcement Revolving (2016)	500,000	22
• Intergovernmental Agreements (2157)	4,205,000	23
<b><u>Automobile Theft (ATA)</u></b>		
• Automobile Theft Authority (2060)	1,375,000	30
<b><u>Corporation Commission (CCA)</u></b>		
• Public Access (2333)	1,176,700	9
• Securities Regulatory and Enforcement (2264)	1,262,300	33
<b><u>Criminal Justice Commission, Arizona (JCA)</u></b>		
• Victims Assistance (2199)	450,000	28
• Victims Compensation (2198)	1,305,000	27
<b><u>Hearing Impaired, Arizona Council for the (DFA)</u></b>		
• Text Telephone Relay System and Distribution (2047)	4,615,900	15
<b><u>Land Department, State (LDA)</u></b>		
• Environmental Special Plate (EDA 2354)	350,000	13, 20
<b><u>Medical Examiners, Board of (MEA)</u></b>		
• Physician Monitoring (2150)	105,000	in Chapter 220
<b><u>Medical Student Loans, Board of (MSA)</u></b>		
• Medical Student Loans (3306)	205,800	11
<b><u>Pioneers' Home, Arizona (PIA)</u></b>		
• State Charitable, Penal & Reformatories Land Earnings (3129)	955,000	19
<b><u>Retirement System, Arizona State (RTA)</u></b>		
• Administration Account excluding investment-related expenditures (1405)	2,229,800	21
<b><u>Revenue, Department of (RVA)</u></b>		
• Estate and Unclaimed Property (1520)	651,700	32
<b>TOTAL</b>	<b>\$194,499,400</b>	

\* Section numbers with an asterisk refer to Chapter 102.

<sup>1/</sup> Each agency's 3-letter agency identification code and each fund's 4-digit fund number are shown in parentheses. These identification codes correspond with those in the statewide accounting system.

<sup>2/</sup> Appropriated beginning in FY 1997.

## INFORMATION TECHNOLOGY REVIEW

Effective July 1, 1997, Laws 1996, Chapter 342 creates 1) a separate executive agency, the **Government Information Technology Agency (GITA)**, responsible for statewide information technology planning, coordinating, and consulting and 2) a legislative, executive, judicial, and private sector committee, the **Information Technology Authorization Committee (ITAC)**, responsible for oversight of executive, legislative, and judicial information technology (IT). The bill transfers the Executive Branch IT planning, coordinating, and consulting functions from the Arizona Department of Administration (ADOA) to GITA, leaving ADOA with responsibility for a centralized Data Center and telephone services to state agencies. Appropriate portions of ADOA are transferred to GITA. The universities and community colleges shall establish their own centralized IT review processes and report on them to the Governor and Legislature. The bill also combines the ADOA Automation Fund and Telecommunications Revolving Fund into a new ADOA Technology and Telecommunications Fund, effective FY 1997.

The GITA Director shall serve as the Chief Information Officer for state government. GITA has responsibility to administer the state's Executive Branch IT resources, including the following: establish statewide standards; serve as statewide coordinator; critically evaluate and approve/disapprove agency IT plans; mandate necessary revisions to maintain the statewide standards and coordination; temporarily suspend the expenditure of monies if an IT project is at risk of failing to achieve its intended results or does not comply with state requirements; provide IT consulting services; and provide staff support for ITAC. GITA will approve projects with a total acquisition cost of \$25,000 to \$1,000,000 and make recommendations to ITAC for projects with a total cost of over \$1,000,000. An agency's IT plan must be approved before purchases are approved. Status of the approval process must be noted in an agency's budget request. The JLBC Staff will not consider an agency's request unless it has been reviewed by GITA or ITAC.

This bill repeals the Governor's Automation Oversight Committee and creates ITAC to consist of 14 members: 4 persons from private industry with IT expertise, 2 legislators (ex officio), 2 directors of state agencies, 1 federal government representative (ex officio), 1 local government representative (ex officio), 1 member from either private industry or state government, the Director of the Governor's Office of Telecommunications Policy, the Administrative Director of the Courts, and the GITA Director, who shall serve as the ex-officio chairman of the committee. The committee has oversight responsibilities for executive, legislative, and judicial agency IT, including the following: approve centralized IT policy, standards and the statewide plan; approve purchases with a total cost over \$1,000,000; monitor major or critical projects; temporarily freeze approved funds if a project is at risk of failing to achieve its intended results or does not comply with state requirements; decide appeals from agencies on GITA's decisions.

The bill also establishes an Information Technology Fund. From January 1, 1997 through June 30, 1997, the pro rata charge on Personal Services deposited to the ADOA Personnel Fund shall be reduced by 0.15%, and agencies currently paying that charge will instead pay a 0.15% pro rata charge to the IT Fund. Beginning July 1, 1997, the ADOA Personnel Fund pro rata share shall be 0.90% and all agencies shall pay the 0.15% pro rata charge to the IT Fund. These amounts will be budgeted through Employee Related Expenditures.

## PERFORMANCE INCENTIVES

Laws 1996, Chapter 363 provides that each state agency is eligible to retain up to 50% of an unspent appropriation that would otherwise revert pursuant to A.R.S. § 35-190 if the following conditions are met: the monies are the result of efficiencies which are developed according to a plan submitted to the Governor's Office on Strategic Planning and Budgeting (OSPB), implemented by agency personnel, and not due to unforeseen budgetary factors, economic conditions, a diminution of service levels, or the deferral of legitimate expenditure obligations. The unspent monies must be in the agency's operating budget subtotal, not derived from programmatic monies. The agency plan must provide for expenditures totaling not less than 70% of the retained monies for one-time salary incentives that do not increase the base pay of employees, and for expenditures totaling no more than 30% of the retained monies for capital equipment. The expenditure plan must equally benefit all employees that have satisfactorily contributed to the success of the agency's programs or projects from which the savings were derived.

Agencies that have implemented a plan for the expenditure of the retained share of unspent FY 1996 monies may submit it to the OSPB by June 1, 1996 and to the Performance Based Incentives Pilot Program Oversight Committee by August 1, 1996. After FY 1996, agency plans shall be submitted to the OSPB by January 1 and to the Performance Based Incentives Pilot Program Oversight Committee by April 1. By July 31, the Arizona Department of Administration (ADOA) shall reserve 50% of the unspent monies that would otherwise revert and place the monies in a carryforward appropriations account. By August 15, each agency plan shall be submitted to the Joint Legislative Budget Committee (JLBC) for review. Before September 30 following the end of the fiscal year, the JLBC will review the agency's plan. By October 1, after considering suggestions from the Pilot Program Oversight Committee, the JLBC Director shall inform ADOA of all agency plans that have been reviewed by the JLBC. The ADOA Director shall release monies from the carryforward appropriations, to be available for expenditure until the end of the fiscal year.

This act is enacted with an emergency clause and repealed from and after June 30, 1999.

## PROGRAM AUTHORIZATION REVIEWS

Laws 1993, Chapter 252 established the Program Authorization Review (PAR) process. The legislation outlines the following procedures for the PAR process:

- The budget unit responsible for the relevant PAR program shall submit a self-assessment of the program to the Directors of the Joint Legislative Budget Committee (JLBC) and Office of Strategic Planning and Budgeting (OSPB). For FY 1997 through FY 1999, the self-assessments are due by April 1 of the prior year.
- The Directors of JLBC and OSPB shall jointly evaluate the agency self-assessment and jointly produce a report of their findings. This report is due by October 1 of each succeeding year.
- As part of their ensuing respective budget recommendations, JLBC and OSPB may independently recommend to retain, eliminate or modify funding and related statutory references for the PAR programs.

Laws 1996, Chapter 339 modified the previous legislation on budget reform activities. Chapter 339 amended Laws 1995, Chapter 283's listing of the 75 programs undergoing the PAR process which are reviewed by the appropriate legislative committees over a 4-year period from FY 1996 through FY 1999. Chapter 339 amended the FY 1997 PAR list and specified the FY 1998 programs as follows:

### 1997 Legislative Session - 14 programs

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

### 1998 Legislative Session - 32 programs

- Arizona Department of Administration - Fleet Management
- Arizona Department of Administration - Surplus Property Management
- Arizona Department of Agriculture - 2 subprograms within the department administration program
- Arizona Criminal Justice Commission - 2 subprograms within the crimes victims programs
- Attorney General - Victim Rights and Witness Assistance
- Department of Commerce - Financial Services
- Department of Commerce - Arizona Business Assistance Center
- Department of Commerce - Sports Development
- State Department of Corrections - Medical Services
- State Department of Corrections - Dental Services
- Department of Economic Security - Adoption Services
- Department of Economic Security - Vocational Rehabilitation Services
- Department of Economic Security - Domestic Violence
- Department of Education - 4 subprograms within the school to work program
- Department of Education - Chemical Abuse Prevention
- Department of Health Services - Oral Health
- Department of Health Services - Substance Abuse Services
- Judicial System - Domestic Violence
- Judicial System - Adult Intensive Probation Services

- Department of Juvenile Corrections - Health Services
- Department of Public Safety - Special Services
- State Treasurer - Justice of the Peace Salaries
- Office of Tourism - Business Administration and Welcome Center Operations
- Arizona State University - College of Extended Education
- University of Arizona - Extended University
- Northern Arizona University - Statewide Academic Programs
- Department of Water Resources - Statewide Planning

**1999 Legislative Session - 20 unspecified programs**

**1996 Legislative Session Action - 10 programs**

The following table summarizes the final action on the FY 1996 PARs.

<u>Outcomes of 1996 Program Authorization Reviews</u>	
<u>Agency/Program</u>	<u>Outcomes</u>
Administration/Enterprise Network Services	Modified by appropriating the Telecommunications Revolving Fund (Chapter 335), realigning local area network (LAN) charges in the FY 1997 budget, and establishing the Government Information Technology Agency (Chapter 342).
Agriculture/State Agriculture Laboratory	Modified through the FY 1997 budget by assuming the privatization of the analysis of feed and fertilizer formulations.
Corrections/Complex Administration	Recommended modifying program structure, which the department is undertaking as it re-assesses its strategic plan.
Education/Drop-Out Prevention	Eliminated funding and related FTE Positions in the FY 1997 budget.
Environmental Quality/Underground Storage Tank	Recommended modification to the program to ensure fund solvency. No direct changes were made through the FY 1997 budget. However, various steps were taken by the Legislature through Laws 1995, Chapter 1, 4th Special Session and Laws 1996, Chapter 292.
Juvenile Corrections/Diagnostic Services	Retained under a new program name - Reception/Classification
Judiciary/Judicial Collection Enhancement	Modified by appropriating the Judicial Collection Enhancement Fund (Chapter 335)
Board of Regents/AZ Health Education Centers	Continued to eliminate funding in the FY 1997 budget.
Health Services/Medical Malpractice	Eliminated funding in the FY 1997 budget.
Health Services/Primary Care	Retained.
Health Services/Loan Repayment Program	Recommended that DHS allow psychiatrists and for-profit clinics to qualify for the income subsidy.
Medical Student Loan Program/Medical Student Loan	Retained.



**ANNUAL BUDGET UNITS**

**DEPARTMENT OF ADMINISTRATION - SUMMARY**

A.R.S. § 41-701

Rudy Serino, Director

JLBC Analyst: Lynne Smith/Phil Case

General Fund and Other Appropriated Funds	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
<b>Program Summary</b>			
Administration	1,954,700	2,616,700	3,300,300
Finance	13,294,600	18,288,400	13,490,200
General Services	13,294,500	14,554,100	22,321,800
Information Services	14,970,300	15,482,900	30,040,700
Capitol Police	1,390,200	1,674,200	1,764,500
Risk Management	40,659,000	51,363,100	53,576,500
Workers' Compensation	15,793,200	19,886,000	20,063,200
Human Resources	5,534,600	6,105,700	6,876,000
<b>Total Appropriations</b>	<b>106,891,100</b>	<b>129,971,100</b>	<b>151,433,200</b>
<b>Expenditure Detail</b>			
FTE Positions	916.0	917.0	1,014.0 <sup>1/</sup>
Personal Services	19,477,300	22,709,200	25,659,600
Employee Related Expenditures	4,778,700	5,524,200	5,931,700
Professional and Outside Services	1,819,300	1,990,200	1,854,900
Travel - In State	156,100	176,500	196,700
Travel - Out of State	50,500	45,000	54,200
Other Operating Expenditures	8,997,500	5,314,800	15,361,200
Equipment	1,499,000	394,000	1,294,100
<b>Operating Subtotal</b>	<b>36,778,400</b>	<b>36,153,900</b>	<b>50,352,400</b>
Special Line Items	69,415,500	89,325,300	100,505,800
Additional Appropriations	697,200	4,491,900	575,000
<b>Total Appropriations</b>	<b>106,891,100</b>	<b>129,971,100</b>	<b>151,433,200</b> <sup>2/</sup>
<b>Fund Summary</b>			
General Fund	24,529,200	27,066,800	25,646,500
Personnel Fund	5,534,600	6,105,700	6,876,000
Corrections Fund	304,000	433,400	468,800
Capital Outlay Stabilization Fund	6,930,800	7,388,800	7,641,400
Risk Management Fund	40,659,000	51,363,100	53,576,500
Workers' Compensation Fund	15,793,200	19,886,000	20,063,200
Automation Fund	13,140,300	14,084,300 <sup>3/</sup>	14,705,700
Oil Overcharge Fund	-0-	3,643,000	-0-
Motor Pool Fund	-0-	-0-	8,262,900
Telecommunications Revolving Fund	-0-	-0-	13,617,200
Information Technology Fund	-0-	-0-	575,000
<b>Total Appropriations</b>	<b>106,891,100</b>	<b>129,971,100</b>	<b>151,433,200</b>

*Agency Description — The department provides certain centralized general support services to state agencies, including accounting, financial, personnel, building and grounds maintenance, purchasing, risk management, information technology, and Capitol Police services.*

- <sup>1/</sup> Includes 123.5 FTE Positions funded from Special Line Items in FY 1997.
- <sup>2/</sup> Appropriated as a Lump Sum by Fund with Special Line Items.
- <sup>3/</sup> Represents the expenditure of a prior year appropriation.

(Continued)

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

**Capital Center Relocations** — The Attorney General's Office will expand to occupy the 2nd floor of the Capital Center Building. In order to accommodate this expansion, the Arizona Department of Administration (ADOA) will coordinate the relocation of several agencies. ADOA offices will be moved from the 2nd floor to the 1st floor, and the Department of Gaming, the Arizona Department of Racing, and Residential Utility Consumers Office will be moved from the 1st floor to privately-owned space. The Personnel Benefits section of ADOA's Human Resources Division will also be moved from the 1st floor to the state-owned building at 1624 West Adams. ADOA has been funded a total of \$201,300 for the moves of all of the affected agencies, except the Attorney General, which received a separate appropriation of \$73,800 in the Capital Outlay Bill. Of the \$201,300 appropriated to ADOA, \$30,900 is from the Capital Outlay Bill for ADOA's relocation costs and \$75,000 is in the Relocation Special Line Item within the General Services Division for tenant improvements on the 1st floor of the Capital Center. The remaining \$95,400 is in the Relocation Special Line Item and is intended for the relocation costs of all affected agencies, except the Attorney General. When the relocations have been completed, ADOA will occupy the 1st floor of the Capital Center and the Attorney General will occupy the top 3 floors.

**LAN Charges** — In accordance with the standard funding approach for ADOA services to agencies, the appropriation realigns funding of the positions which provide Local Area Network (LAN) services to the department as follows: transfers to the Automation Fund 6 FTE Positions and associated funding from the General Fund and 3 FTE Positions and associated funding from the Telecommunication Revolving Fund. The Automation Fund expenditures will be reimbursed through charges to the divisions within ADOA which use the LAN. The General Fund portion of ADOA's charge has been added to the Administration cost center. The Other Fund portion has been added to the General Services cost center and absorbed within the existing budgets of other cost centers.

**Capital Outlay** — Chapter 2, 5th Special Session as amended by Chapter 337 — Appropriates a total of \$59,942,200 in FY 1997 (\$50,411,300 from the General Fund and \$9,530,900 from Other Funds) to the department for capital projects. The bill also appropriates \$60,700,000 from the General Fund in FY 1998 and \$41,100,000 from the General Fund in FY 1999 for the continuation of projects initially funded in FY 1997. Of the FY 1997 General Fund amount, \$38,400,000 is transferred to the Corrections Fund and appropriated for prison construction projects. Of the FY 1998 and FY 1999 amounts, \$56,100,000 in FY 1998 and \$41,100,000 in FY 1999 are transferred to the Corrections Fund and appropriated for prison construction projects. The following list details the appropriations by fund source and project.

**FY 1997 General Fund**

• Building Renewal	\$ 3,411,300
• Southwest Regional Prison Complex (See Department of Corrections for more detail.) Of the total amount appropriated for this project, the bill specifies that up to \$748,800 and 16 FTE Positions may be allocated for project oversight in each fiscal year until the project is completed.	38,400,000
• High-Security Department of Juvenile Corrections Facility (See Department of Juvenile Corrections for more detail.)	8,600,000
• Of the amount appropriated for this project, the bill specifies that up to \$93,600 and 2 FTE Positions may be allocated for project oversight in each fiscal year until the project is completed.	
<b>Total - FY 1997 General Fund</b>	<b>\$50,411,300</b>

**FY 1997 Other Funds**

• Building Renewal (Capital Outlay Stabilization Fund)	\$ 1,500,000
• Southwest Regional Prison Complex (Corrections Fund) (See Department of Corrections for more detail.)	5,500,000
• Modular and Tent Beds at Florence (Corrections Fund) (See Department of Corrections for more detail.) Of the amount appropriated for this project, the bill specifies that up to \$187,200 and 4 FTE Positions may be allocated for project oversight in each fiscal year until the project is completed.	2,500,000
• Capital Center Relocation (Capital Outlay Stabilization Fund)	<u>30,900</u>
<b>Total - FY 1997 Other Funds</b>	<b>\$ 9,530,900</b>

**FY 1998 General Fund**

• Southwest Regional Prison Complex (See Department of Corrections for more detail.)	\$56,100,000
• High-Security Department of Juvenile Corrections Facility (See Department of Juvenile Corrections for more detail.)	<u>4,600,000</u>
<b>Total - FY 1998 General Fund</b>	<b>\$60,700,000</b>

(Continued)

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

---

**FY 1999 General Fund**

• Southwest Regional Prison Complex (See Department of Corrections for more detail.)	<u>\$41,100,000</u>
<b>Total - FY 1999 General Fund</b>	<b>\$41,100,000</b>

Supplemental Appropriations Bill (Chapter 7, 5th Special Session) — Appropriates \$800,000 from the General Fund in FY 1996 to the department for the design of a 400-bed high-security facility for the Department of Juvenile Corrections. Before the expenditure of any monies, the bill specifies that the department shall submit its plans for the design of the facility to the Joint Committee on Capital Review for review. (See Department of Juvenile Corrections for more detail.)

Additional Legislation — Department of Administration (Chapter 256) — This bill makes numerous changes affecting the department, including the following: 1) increases the deductible for Risk Management and Workers' Compensation losses to a maximum of \$10,000 per occurrence, with the deductible amount set by the department and subject to annual review by the Joint Legislative Budget Committee; 2) increases the maximum year-end balance in the department's non-appropriated Special Services Revolving Fund from \$25,000 to \$250,000; 3) revises the requirements for rent and lease-purchase payments collected by the department from state agencies; 4) updates the statutory language for encumbrances and agency spending authority; 5) changes the state employee insurance coverage amount, which the department may purchase for group life insurance and accidental death and dismemberment insurance, from a *maximum* of \$5,000 per FTE position to a *minimum* of \$5,000 per FTE position; 6) changes the name of the department's non-appropriated State Employee Ride Share Fund to the State Employee Travel Reduction Fund; and 7) changes the requirements for the state Capital Improvement Plan which the department annually submits to the Governor.

ARIZONA DEPARTMENT OF ADMINISTRATION - ADMINISTRATION			A.R.S. § 41-712
General Fund and Other Appropriated Funds	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	43.0	44.0	46.0 <sup>1/</sup>
Personal Services	1,031,100	1,316,200	1,383,200
Employee Related Expenditures	239,600	295,000	289,200
Professional and Outside Services	81,200	-0-	314,200
Travel - In State	700	2,500	2,600
Travel - Out of State	2,700	1,700	1,700
Other Operating Expenditures	342,100	597,400	568,700
Equipment	37,900	38,200	13,000
<b>Operating Subtotal</b>	<b>1,735,300</b>	<b>2,251,000</b>	<b>2,572,600</b>
Governor's Regulatory Review Council	214,100	338,700	367,700
Hearing Office	5,300	27,000	-0-
Employee Bus Subsidy	-0-	-0-	360,000 <sup>2/</sup>
<b>Total Appropriations</b>	<b>1,954,700</b>	<b>2,616,700</b>	<b>3,300,300</b> <sup>3/</sup>
<b>Fund Summary</b>			
General Fund	1,954,700	2,462,100	3,146,900
Capital Outlay Stabilization Fund	-0-	83,200	82,500
Corrections Fund	-0-	71,400	70,900
<b>Total Appropriations</b>	<b>1,954,700</b>	<b>2,616,700</b>	<b>3,300,300</b>

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

**Technical Issues** — The approved amount includes a total of \$13,000 for replacement of 3 personal computers, 1 fax machine, and 1 printer. The appropriation also includes a decrease of \$18,500 for overtime the department plans to eliminate.

**LAN Charges** — The approved amount includes an increase of \$314,200 to fund the General Fund portion of the department's Local Area Network (LAN). This increase is offset by a \$313,200 General Fund reduction in the Information Services Division. See the LAN Charges discussion in the Arizona Department of Administration Summary for more information.

**Special Events Coordinator** — The approved amount includes an additional 2 FTE Positions and \$80,200 to transfer the special events coordinator function to the Administration cost center from the General Services cost center, with no net change to the department's General Fund appropriation.

**Construction Contract Specialists** — The approved amount includes a total of 2.25 FTE Positions funded from the Capital Outlay Stabilization Fund and 1.75 FTE Positions funded from the Corrections Fund.

**Governor's Regulatory Review Council** — This council is responsible for reviewing and updating state agency rules and regulations. The approved amount includes 7 FTE Positions for this Special Line Item. The approved amount reflects an increase of \$22,500 for maintenance contracts, phone lines, and operating supplies.

<sup>1/</sup> Includes 7 FTE Positions funded from a Special Line Item in FY 1997.

<sup>2/</sup> The \$360,000 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 nonuniversity 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 United States decennial census. (General Appropriation Act footnote.)

<sup>3/</sup> Appropriated as a Lump Sum by Fund with a Special Line Item for Employee Bus Subsidy.

(Continued)

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

---

**Hearing Office** — This Special Line Item funded hearing officer and court reporting costs associated with appeals of decisions made by the Department of Environmental Quality and with protests of bids awarded by the Arizona Department of Administration State Procurement Office. These functions and \$8,700 were transferred to the newly created Office of Administrative Hearings (OAH) on January 1, 1996. For FY 1997, an additional \$8,700 was transferred to the OAH and this Special Line Item was eliminated.

**Employee Bus Subsidy** — The approved amount includes a total of \$360,000 to continue a bus fare subsidy for non-university state employees in Maricopa County. This program is intended to reduce pollution in Maricopa County, in compliance with federal Environmental Protection Agency air quality standards. The bus subsidy works in conjunction with the Bus Card program enacted in the 1993 Special Session on air quality. Employees using a state-issued Bus Card pay 50% of each fare through a pay check deduction. The state pays the remaining 50%. Reimbursement of public transportation costs for state employees was authorized by the 1987 Omnibus Air Quality Act (A.R.S. § 41-786) but was not funded prior to FY 1995. The approved amount transfers this Special Line Item to the Administration cost center from the Finance cost center, with a net reduction of \$179,000 to reflect actual bus usage.

**ARIZONA DEPARTMENT OF ADMINISTRATION - FINANCE**

**A.R.S. § 41-722**

<b>General Fund and Other Appropriated Funds</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>110.2</u>	<u>109.2</u>	<u>109.2</u>
Personal Services	2,048,700	3,168,600	3,368,200
Employee Related Expenditures	513,100	746,600	751,600
Professional and Outside Services	36,400	841,100	96,100
Travel - In State	1,400	5,800	5,800
Travel - Out of State	3,200	10,900	10,900
Other Operating Expenditures	440,500	490,300	490,500
Equipment	<u>136,500</u>	<u>52,500</u>	<u>52,500</u>
<b>Operating Subtotal</b>	<b>3,179,800</b>	<b>5,315,800</b>	<b>4,775,600</b>
ENSCO COP	4,582,900	4,586,900	4,585,000
COSF Rent	903,100	946,400	900,800
GAAP	609,900	-0-	-0-
Lease-Purchase Rent	429,100	525,500	619,700
Tucson State Office Building	131,800	-0-	-0-
Capital Center Lease-Purchase	352,800	-0-	-0-
SLIAG	39,800	-0-	-0-
Cost Recovery/Cash Management	111,500	-0-	-0-
AFIS II	2,102,400	2,575,700	2,552,000 <sup>1/</sup>
Employee Bus Subsidy	154,300	539,000	-0-
Unoccupied Lease-Purchase	-0-	57,200	57,100
Alternative Fuels	-0-	2,893,000	-0-
Relief of Named Claimants	199,200	-0-	-0-
Impeachment and Recall Expenses	423,000	-0-	-0-
RICO Forfeiture	75,000	-0-	-0-
Water Rights Settlement	-0-	200,000	-0-
Military Institute Planning Committee	<u>-0-</u>	<u>100,000</u>	<u>-0-</u>
<b>Total</b>	<b>13,294,600</b>	<b>17,739,500</b>	<b>13,490,200</b> <sup>2/3/4/</sup>
<b>Additional Appropriations -</b>			
Relief of Named Claimants, Ch. 328	<u>-0-</u>	<u>548,900</u>	<u>-0-</u>
<b>Total Appropriations</b>	<b>13,294,600</b>	<b>18,288,400</b>	<b>13,490,200</b>
<b>Fund Summary</b>			
General Fund	12,944,600	14,988,200	13,433,100
Automation Fund	350,000	350,000	-0-
Capital Outlay Stabilization Fund	-0-	57,200	57,100
Oil Overcharge Fund	<u>-0-</u>	<u>2,893,000</u>	<u>-0-</u>
<b>Total Appropriations</b>	<b>13,294,600</b>	<b>18,288,400</b>	<b>13,490,200</b>

- 1/ The department may collect an amount not to exceed \$762,600 from other funding sources, excluding federal funds, to recover pro rata costs of operating AFIS II. All AFIS II operating costs below \$3,314,600 shall be proportionately distributed among all contributing funding sources, including the state General Fund. (General Appropriation Act footnote.)
- 2/ In accordance with A.R.S. § 35-142.01, the Department of Economic Security shall remit to the Department of Administration any monies received as reimbursement from the federal government or any other source for the operation of the Department of Economic Security West Building and any other building lease-purchased by the State of Arizona in which the Department of Economic Security occupies space. The Department of Administration shall deposit the monies in the state General Fund and, in cooperation with the Department of Economic Security, shall submit an annual report to the Director of the Joint Legislative Budget Committee specifying these dollar amounts. (General Appropriation Act footnote.)
- 3/ It is the intent of the Legislature that the Department of Administration shall cooperate with the Department of Commerce to determine whether state agencies are complying with state law that requires that procurement of goods and services be reserved for small businesses of this state. (General Appropriation Act footnote.)
- 4/ Appropriated as a Lump Sum by Fund with Special Line Items for AFIS II and ENSCO COP.

(Continued)

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

---

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

**Technical Issues** — The approved amount includes a reduction of \$58,100 for data processing and reflects full funding of the department's data processing charges.

**HRMS** — The approved amount reflects a reduction of \$672,600 to transfer the Data Center charge for Human Resource Management System (HRMS) and Benefit Information Tracking System (BITS) computer run time to the Personnel Fund in the Human Resources cost center.

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

**COSF Rent** — The approved amount includes funding for the department's General Fund share of rent for state-owned space, which will be paid into the Capital Outlay Stabilization Fund. The appropriation includes a decrease of \$86,700 from the General Fund to transfer rent for the Child Development Center to the Personnel Fund in the Human Resources cost center.

**Lease-Purchase Rent** — The approved amount includes funding for the department's General Fund share of the lease-purchase payments on the Sun State Building, 16th Avenue Parking Garage, Capital Center, DES West Building, Tucson State Office Building, and 1616 West Adams. The appropriation includes an increase of \$94,400 for either rent or lease-purchase payments required after the department's relocation from its temporary housing in the Capital Center during asbestos abatement and other improvements to the Executive Tower.

**AFIS II** — This Special Line Item reflects the cost of operating the statewide accounting system and includes \$2,552,000 from the General Fund. The department also will collect up to \$762,600 from other funding sources, excluding the General Fund and federal funds, to supplement the cost of operating AFIS II. The approved amount reflects replacement of the \$350,000 Automation Fund subsidy with General Fund monies, as the General Fund is a more appropriate funding source. Elimination of the Automation Fund subsidy will result in lower Data Center rates.

**Employee Bus Subsidy** — This Special Line Item was transferred to the Administration cost center starting in FY 1997.

**Unoccupied Lease-Purchase** — This Special Line Item includes funding from the Capital Outlay Stabilization Fund for the lease-purchase payment on vacant space in the Tucson State Office Building, where the FY 1997 tenants have not yet been identified.

**Alternative Fuels** — Laws 1993, Chapter 1, 6th Special Session, as amended by Laws 1994, Chapter 353, appropriated \$2,900,000 from the Oil Overcharge Fund for the purpose of converting school vehicles to alternative fuels, as prioritized by the Department of Commerce Energy Office. This appropriation was not subject to lapsing until December 31, 1995, when uncommitted monies reverted to the Oil Overcharge Fund.

**Water Rights Settlement** — This Special Line Item includes \$200,000 in FY 1996 for a one-time payment of the State of Arizona's contribution to the Verde River Basin Water Fund, in accordance with the Indian Tribe Water Rights Settlement Act of 1994, P.L. 103-434.

**Military Institute Planning Committee** — Laws 1994, Chapter 201 made a one-time appropriation of \$100,000 from the General Fund to the Arizona Department of Administration for FY 1996 expenditures related to the planning and development process for an Arizona Military Institute.

**Additional Appropriations** — Relief of Named Claimants (Chapter 328) — Makes appropriations totaling \$548,900 to various individuals and groups to settle claims against the state.



**ARIZONA DEPARTMENT OF ADMINISTRATION - GENERAL SERVICES**

**A.R.S. § 41-701**

<b>General Fund and Other Appropriated Funds</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	226.5	231.5	251.0 <sup>1/</sup>
Personal Services	4,613,800	4,991,800	5,035,700
Employee Related Expenditures	1,251,500	1,347,600	1,302,000
Professional and Outside Services	164,500	18,100	82,900
Travel - In State	92,400	89,900	89,800
Travel - Out of State	700	1,000	1,000
Other Operating Expenditures	1,208,500	1,286,200	1,292,900
Equipment	45,300	54,500	79,200
<b>Operating Subtotal</b>	<b>7,376,700</b>	<b>7,789,100</b>	<b>7,883,500</b>
Relocation	84,500	30,000	190,400
Utilities	5,833,300	5,985,000	5,985,000
Alternative Fuels	-0-	750,000	-0-
Motor Pool	-0-	-0-	8,262,900
<b>Total Appropriations</b>	<b>13,294,500</b>	<b>14,554,100</b>	<b>22,321,800</b> <sup>2/</sup>
<b>Fund Summary</b>			
General Fund	6,059,700	6,193,700	6,159,200
Capital Outlay Stabilization Fund	6,930,800	7,248,400	7,501,800
Corrections Fund	304,000	362,000	397,900 <sup>3/</sup>
Motor Pool Fund	-0-	-0-	8,262,900
Oil Overcharge Fund	-0-	750,000	-0-
<b>Total Appropriations</b>	<b>13,294,500</b>	<b>14,554,100</b>	<b>22,321,800</b>

**Program Description** — General Services is comprised of Tenant Services, Building and Planning Services, and Construction Services. Tenant Services manages Arizona Department of Administration (ADOA) owned buildings in the Capitol Mall, provides maintenance and janitorial services, and operates the state Motor Pool, surplus property yard, print shop, and interagency mail service. Building and Planning Services and Construction Services plan and manage the design and construction of state prisons and office buildings, review all state construction projects, inspect the condition of non-university buildings at least once every 3 years, and develop an annual Capital Improvement Plan.

**Technical Issues** — The approved amount includes a decrease of 2 FTE Positions and \$80,500 General Funds (GF) to transfer the special events coordination function from General Services to the department's Administration cost center. There is no net change to the department's funding or number of FTE Positions.

The appropriation also includes an increase of \$64,800 in Professional and Outside Services to reflect the actual cost of computer services provided by ADOA's Enterprise Network Services program, a total of \$39,300 Other Funds for the replacement of computer equipment and an electrical power analyzer, and a total of \$39,900 GF for replacement of vacuum cleaners, a trenching machine, and 2 gasoline-powered carts.

**Building and Planning Services/Construction Services Staff** — The "Core Staff" is intended to serve as the base construction management staff for ADOA building projects. The "Limited Staff" is a work-driven addition to the Core Staff, which is closely examined each year to determine the requirements for the coming year. The approved number of FTE Positions for the Core Staff and Limited Staff did not change from FY 1996.

<sup>1/</sup> Includes 21.5 FTE Positions funded from a Special Line Item in FY 1997.

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

<sup>3/</sup> It is the intent of the Legislature that the amount appropriated from the Corrections Fund be expended solely for the oversight of construction projects benefiting the Department of Corrections or the Department of Juvenile Corrections. (General Appropriation Act footnote.)

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

The positions listed below are intended to include all Building and Planning Services and Construction Services FTE Positions with the exception of positions to oversee inmate labor conducted through the inmate construction program. The "Project-Specific" positions listed below are authorized in other legislation, such as the Capital Outlay Bill, for the duration of a construction project and are not included in the 251 appropriated FTE Positions for the General Services Division. Refer to the Capital Outlay section in the ADOA Summary for a description of the Project-Specific positions.

<b>Building and Planning Services and Construction Services FTE Positions</b>				
<u>FY 1997 FTE Positions</u>	<u>Core Staff</u>	<u>Limited Staff</u>	<u>Project-Specific</u>	<u>Total</u>
General Fund	0.00	0.00	32.50	32.50
Capital Outlay Stabilization Fund (COSF)	16.25	6.50	0.00	22.75
Corrections Fund	<u>5.75</u>	<u>1.50</u>	<u>3.50</u>	<u>10.75</u>
Total	22.00	8.00	36.00 <sup>1/</sup>	66.00

<sup>1/</sup> Includes an estimated 14 FTE Positions previously authorized by Laws 1995, Chapter 2, 1st Special Session.

**Tenant Services Staff** — The approved amount includes a total of 199.5 FTE Positions to operate the Tenant Services section of the General Services Division. These positions are funded from the General Fund.

**Relocation** — The approved amount, when combined with amounts for relocation in other agency budgets, funds the moving expenses of various state agencies. Of this amount, \$95,400 is intended for the relocation of state agencies from the first floor of the Capital Center Building and \$75,000 is intended for tenant improvements to the first floor for use by elements of ADOA.

**Utilities** — This Special Line Item funds utility charges, including electric, water, gas, and garbage disposal, in buildings located on the Capitol Mall and in the Tucson Office Complex. An energy improvements program funded by \$4,500,000 from the Oil Overcharge Fund has helped stabilize the required funding. The line item is entirely funded through the Capital Outlay Stabilization Fund.

**Alternative Fuels** — Laws 1993, Chapter 1, 6th Special Session, as amended by Laws 1994, Chapter 353, appropriated \$2,000,000 from the Oil Overcharge Fund for the partial conversion of ADOA vehicles to use of alternative fuels. This appropriation was not subject to lapsing except that any monies unencumbered on December 31, 1995 reverted to the Oil Overcharge Fund. The department spent or encumbered \$750,000, leaving \$1,250,000 to revert.

**Motor Pool** — This Special Line Item funds the operation of the state Motor Pool, which provides vehicle services to state agencies not operating their own motor pools. Laws 1996, Chapter 335 subjects the Motor Pool Fund to legislative appropriation for the first time. The line item includes 21.5 FTE Positions.

**Other Issues** — Capital Outlay Stabilization Fund — COSF consists of monies collected by ADOA from state agencies for payment of rent of state-owned space on the Capitol Mall and Tucson Office Complex. The Capital Outlay Bill appropriates all collections for rent of state-owned buildings, in excess of the amounts appropriated in the General Appropriation Act and Capital Outlay Bill, to ADOA for Building Renewal.

	<u>FY 1996</u>	<u>FY 1997</u>
Cash Balance Beginning of Fiscal Year	\$ 2,649,700	\$ 2,814,100
Revenue:		
Rent Collections	<u>9,450,000</u>	<u>9,897,600</u>
Total Funds Available	\$ 12,099,700	\$12,711,700
Expenditures:		
Utilities	\$ 5,985,000	\$ 5,985,000
Building Renewal/Capital	1,000,000	1,530,900
ADOA Operating Budget	1,263,400	1,656,400
Non-Lapsing Prior Year Appropriations	<u>1,032,900</u>	<u>-0-</u>
Total Expenditures	\$ 9,281,300	\$9,172,300
Administrative Adjustments	<u>4,300</u>	<u>-0-</u>
Cash Balance End of Fiscal Year	\$2,814,100	\$3,539,400

**ARIZONA DEPARTMENT OF ADMINISTRATION -  
INFORMATION SERVICES**

**A.R.S. § 41-701**

<b>General Fund and Other Appropriated Funds</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>194.3</u>	<u>192.3</u>	<u>266.3</u>
Personal Services	5,872,800	6,479,400	8,808,700
Employee Related Expenditures	1,313,200	1,452,700	1,917,000
Professional and Outside Services	972,000	315,000	625,900
Travel - In State	10,500	11,400	21,800
Travel - Out of State	28,100	13,500	25,700
Other Operating Expenditures	5,665,000	1,502,000	11,512,800
Equipment	<u>1,108,700</u>	<u>-0-</u>	<u>844,900</u>
<b>Operating Subtotal</b>	<b>14,970,300</b>	<b>9,774,000</b>	<b>23,756,800</b>
Automation Equipment	-0-	2,335,500	2,335,500
Software and Licenses	-0-	2,226,300	2,226,300
Maintenance and Repair	<u>-0-</u>	<u>1,147,100</u>	<u>1,147,100</u>
<b>Total</b>	<b>14,970,300</b>	<b>15,482,900</b>	<b>29,465,700</b>
<b>Additional Appropriations - Govt. Information Technology Agency, Ch. 342</b>	<u>-0-</u>	<u>-0-</u>	<u>575,000</u>
<b>Total Appropriations</b>	<b>14,970,300</b>	<b>15,482,900</b>	<b>30,040,700</b> <sup>1/</sup>
<b>Fund Summary</b>			
General Fund	2,180,000	1,748,600	1,142,800
Automation Fund	12,790,300	13,734,300	14,705,700
Telecommunications Revolving Fund	-0-	-0-	13,617,200
Information Technology Fund	<u>-0-</u>	<u>-0-</u>	<u>575,000</u>
<b>Total Appropriations</b>	<b>14,970,300</b>	<b>15,482,900</b>	<b>30,040,700</b>

***Program Description** — The Information Services Division operates the Data Center, which provides centralized computer services for approximately 70 state agencies and automation planning for most state agencies. The division also provides statewide emergency telecommunications services and state agency telecommunications services.*

**Telecommunications Revolving Fund** — The JLBC and OSPB Staffs conducted a Program Authorization Review (PAR) of the Enterprise Network Services program during the last year. As a result of that review, the Legislature modified the program to make the non-appropriated Telecommunications Revolving Fund subject to appropriation. The PAR demonstrated a need for legislative review of the telecommunications system. The lack of strategic planning by the department led to both a proliferation of non-compatible Local Area Networks (LAN) and Wide Area Networks (WAN) throughout state government and the initial financial failure of the Arizona Department of Administration (ADOA) WAN. In addition, the department inappropriately relied upon the successful Voice Communications subprogram to subsidize the Data Communications subprogram.

**LAN Charges** — In accordance with the standard funding approach for ADOA services to agencies, the approved amount realigns funding of the positions which provide LAN services to the department. Please refer to the ADOA Summary for more information.

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

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

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

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

---

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

**HRMS** — The appropriation reflects the transfer of \$386,500 for the computer staffing costs associated with the Human Resource Management System (HRMS) and Benefit Information Tracking System (BITS) from the General Fund to the Automation Fund. The Automation Fund expenditures will be reimbursed through a Data Center services charge to the Human Resources division.

**Additional Appropriation** — Government Information Technology Agency (Chapter 342) — Appropriates \$575,000 from the Information Technology Fund to the department for statewide information technology planning, as an interim step toward transfer of this function to the newly created Government Information Technology Agency in FY 1998. Please see the General Legislation section at the front of the Appropriations Report for a complete description of this legislation.

ARIZONA DEPARTMENT OF ADMINISTRATION - CAPITOL POLICE			A.R.S. § 41-701
General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	50.0	49.0	49.0
Personal Services	925,500	1,028,700	1,110,700
Employee Related Expenditures	299,700	320,900	329,200
Professional and Outside Services	13,900	9,900	9,900
Travel - In State	35,100	30,000	30,000
Travel - Out of State	2,100	-0-	-0-
Other Operating Expenditures	96,800	65,100	65,100
Equipment	17,100	219,600	219,600
<b>Total Appropriations</b>	<b>1,390,200</b>	<b>1,674,200</b>	<b>1,764,500</b> <sup>1/</sup>

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

*Technical Issues* — The approved amount includes a total of \$9,600 for capital equipment to phase-in the replacement of office equipment in the Tucson and Phoenix Capitol Police offices for the second year of a 3-year period.

*Capitol Mall Security System* — Both the FY 1996 and FY 1997 approved amounts include \$210,000 in equipment to fund improvements to the automated security systems in the Capitol Mall and Tucson Office Complex areas. Both systems will be upgraded and expanded to include more buildings. The funding represents the second year of the department's 8-year plan to bring all buildings onto the systems and to improve the systems' reliability.

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

**ARIZONA DEPARTMENT OF ADMINISTRATION - RISK MANAGEMENT**

A.R.S. §41-622

Risk Management Revolving Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	152.0	152.0	156.0 <sup>1/</sup>
Personal Services	1,412,500	1,726,200	1,888,100
Employee Related Expenditures	323,400	407,900	426,700
Professional and Outside Services	240,200	264,500	263,900
Travel - In State	6,600	21,600	31,400
Travel - Out of State	3,000	12,400	9,400
Other Operating Expenditures	360,400	513,700	475,900
Equipment	57,600	19,800	70,000
<b>Operating Subtotal</b>	<b>2,403,700</b>	<b>2,966,100</b>	<b>3,165,400</b>
Losses and Related Expenditures-Risk Mgt.	31,609,900	37,666,700	40,326,000
Attorney General Defense-Risk Management	4,707,000	4,981,800	5,017,100
Insurance Premiums	1,550,400	5,498,500	4,818,000
Loss Control Grants	388,000	250,000	250,000
<b>Total Appropriations</b>	<b>40,659,000</b>	<b>51,363,100</b>	<b>53,576,500</b> <sup>2/</sup>

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

**Technical Issues** — The approved amount includes a total of \$24,600 for replacement of computer equipment and a decrease of \$37,700 to adjust operating expenditures to reflect the actual expenditures of the department.

**Environmental Cleanup** — The approved amount includes an increase of 4 FTE Positions and \$218,700 to hire project managers to oversee the clean up of contaminated state-owned land, where mandated by law. The number of Risk Management claims for asbestos, hazardous waste, and underground storage tank remediation has increased from 44 claims in FY 1991 to 91 claims (totaling \$10,200,000) at the beginning of FY 1996.

**Losses and Related Expenditures-Risk Management** — The approved amount represents funding for estimated liability and property claims, settlements, and other losses at a 50% confidence level, as well as related legal and loss adjustment expenditures for aspects of the claims handled by the private sector rather than in-house. The projected loss amount is updated annually to reflect current loss exposures and is based on an annual actuarial estimate conducted for the Risk Management section. The FY 1997 approved amount includes an increase of \$2,659,300.

**Attorney General Defense-Risk Management** — The approved amount represents funding for the Risk Management section's contract with the Attorney General's Insurance Defense section for legal representation in Risk Management-related lawsuits against the state. This special line appropriation includes 93 FTE Positions.

**Insurance Premiums** — The approved amount includes a decrease of \$680,500 for private insurance policies purchased for specific property and liability expenses where the department deems it more cost effective to cede risk to an outside insurer. The reduced amount reflects the department's projection of lower private insurance costs and constitutes full funding of the FY 1997 requirement.

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

<sup>1/</sup> Includes 93 FTE Positions funded from a Special Line Item in FY 1997.

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

(Continued)

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

**Additional Legislation — Contract Indemnity Agreements (Chapter 195)** — This bill provides that, effective June 30, 1998, contracts shall not hold harmless a government contracting for construction and architect-engineer professional services. Under the current system, this would result in increased FY 1999 Risk Management costs of approximately \$9,500,000. The bill also establishes, from the effective date of the act until January 1, 1997, a Joint Legislative Study Committee on Liability in Public Works Design and Construction Contracts. The committee shall evaluate and make recommendations on methods of providing liability coverage for the state, its political subdivisions, and architects, engineers, contractors and subcontractors engaged in the design and construction of government construction projects. The Arizona Department of Administration (ADOA) and legislative staff shall provide technical assistance and staff support to the committee. The committee shall submit a final report containing its findings and recommendations, including proposed legislation, to the President of the Senate, the Speaker of the House of Representatives, and the Governor on or before December 1, 1996.

**Other Issues — Risk Management Revolving Fund** — The fund consists of monies collected by ADOA from state agencies for payment of Risk Management charges, as authorized by A.R.S. § 41-622. For a list of these charges, refer to the General Provisions section at the front of the Appropriations Report. ADOA recommends to the Legislature the dollar amount to be appropriated for each agency's Risk Management charge based on factors including prior losses, current exposures, an outside actuarial study conducted for the department, and the statewide funding level estimated to be required for the fiscal year. Monies in the fund are appropriated by the Legislature for costs of the ADOA Risk Management section, including payment of certain state losses and related expenditures.

	FY 1996	FY 1997
Cash Balance Beginning of Fiscal Year	\$ 9,085,300	\$ 7,423,000
Revenue:		
General Fund	30,317,600	32,660,900
Other Appropriated Funds	10,653,200	12,368,400
Non-Appropriated Funds	8,642,200	8,779,800
Insurance Losses Recovered	1,212,800	330,000
Loss Control Refunds	25,000	10,000
Total Funds Available	\$59,936,100	\$61,572,100
Expenditures:		
ADOA Risk Management	51,363,100	53,576,500
Total Expenditures	\$51,363,100	\$53,576,500
Administrative Adjustments	1,150,000	-0-
Cash Balance End of Fiscal Year	\$ 7,423,000 <sup>1/</sup>	\$ 7,995,600

<sup>1/</sup> Up to \$6,500,000 of the amount shown may be required for Risk Management losses. This leaves an unreserved cash balance of \$923,000 at the end of FY 1996.

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

A.R.S. § 41-622

Workers' Compensation Liability Loss Revolving Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	18.0	17.0	17.0 <sup>1/</sup>
Personal Services	373,700	406,800	414,200
Employee Related Expenditures	93,400	106,100	97,600
Professional and Outside Services	203,200	274,600	195,000
Travel - In State	100	3,900	3,900
Travel - Out of State	700	1,000	1,000
Other Operating Expenditures	93,900	128,600	122,600
Equipment	4,800	2,400	4,900
<b>Operating Subtotal</b>	<b>769,800</b>	<b>923,400</b>	<b>839,200</b>
Losses and Related Expenditures-Workers' Comp.	14,057,700	17,652,000	18,208,000
Premium Tax	287,700	381,000	292,800
Insurance Premiums	294,100	500,000	293,000
University Student Health Work Program	116,400	159,500	159,500
Transfers Out: Loss Control Grants	150,000	150,000	150,000
Attorney General Defense-Workers' Comp.	117,500	120,100	120,700
<b>Total Appropriations</b>	<b>15,793,200</b>	<b>19,886,000</b>	<b>20,063,200</b> <sup>2/</sup>

*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 for its own Workers' Compensation liabilities.

**Technical Issues** — The appropriation includes a total of \$4,900 for replacement of 2 computers and a decrease of \$6,700 for maintenance contracts and supplies no longer needed by the department. The approved amount also includes a reduction of \$79,600 to eliminate funding for one-time consultant costs.

**Losses and Related Expenditures-Workers' Compensation** — The approved amount represents estimated FY 1997 payments to Workers' Compensation beneficiaries for the state's liability resulting from workplace injuries, as well as related legal and loss adjustment expenditures for aspects of claims handled by the private sector rather than in-house. The approved amount includes an increase of \$556,000 based on an annual actuarial study conducted for the state, at a 70% confidence level.

**Premium Tax** — The approved amount represents the estimated tax payable by the state as a self-insured employer, as authorized by A.R.S. § 23-961. Monies collected are used by the Industrial Commission of Arizona to fund the regulation of Workers' Compensation insurance. The appropriation includes a reduction of \$88,200 due to lower tax rates for FY 1997.

**Insurance Premiums** — The approved amount includes a reduction of \$207,000 for estimated FY 1997 private insurance premiums for specific Workers' Compensation liabilities where the department deems it more cost effective to cede risk to an outside insurer. The reduced amount reflects the department's projection of lower private insurance costs and constitutes full funding of the FY 1997 requirement.

**University Student Health Work Program** — This program uses student nurses from the 3 state universities to perform health services for minor work-related injuries or illnesses in lieu of treatment by private physicians.

<sup>1/</sup> Includes 2 FTE Positions funded from a Special Line Item in FY 1997.

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

(Continued)



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

---

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

**Attorney General Defense-Workers' Compensation** — The approved amount represents funding for the Workers' Compensation section's contract with the Attorney General's Insurance Defense section for legal representation in Workers' Compensation-related lawsuits against the state. This Special Line Item includes 2 FTE Positions.

**ARIZONA DEPARTMENT OF ADMINISTRATION - HUMAN RESOURCES**
**A.R.S. § 41-761**

Personnel Division Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	122.0	122.0	119.5
Personal Services	3,199,200	3,591,500	3,650,800
Employee Related Expenditures	744,800	847,400	818,400
Professional and Outside Services	107,900	267,000	267,000
Travel - In State	9,300	11,400	11,400
Travel - Out of State	10,000	4,500	4,500
Other Operating Expenditures	790,300	731,500	832,700
Equipment	91,100	7,000	10,000
<b>Operating Subtotal</b>	<b>4,952,600</b>	<b>5,460,300</b>	<b>5,594,800</b>
Special Recruitment	23,700	43,500	43,500
Personnel Automation Project	175,000	175,000	175,000
Classification Project	383,300	426,900	-0-
Data Center Services	-0-	-0-	1,062,700
<b>Total Appropriations</b>	<b>5,534,600</b>	<b>6,105,700</b>	<b>6,876,000</b> <sup>1/</sup>

**Program Description** — *The Human Resources 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 on state agency payrolls.*

**Special Recruitment** — Monies in this Special Line Item are used to fund advertising and related costs of hiring specialized or upper management positions.

**Personnel Automation Project** — This Special Line Item funds the ongoing development of automated systems for job applications and other functions.

**Classification Project** — This Special Line Item funded 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. The approved amount eliminates funding and 2.5 FTE Positions, as the project will be completed in FY 1996. In FY 1994, \$300,000 was appropriated for this Special Line Item as a non-lapsing appropriation. In FY 1995, \$702,000 and 2.5 FTE Positions were appropriated. The appropriation of \$426,900 and 2.5 FTE Positions for FY 1996 reflects funding for the final year of the project. The department expects all but approximately \$100,000 of the FY 1994 nonlapsing appropriation to be spent by the end of FY 1996. The FY 1995 and FY 1996 appropriations lapsed at the end of FY 1995 and FY 1996, respectively.

**Data Center Services** — The approved amount reflects an increase of \$676,200 to transfer the Data Center charge for Human Resource Management System and Benefit Information Tracking System computer run time from the Finance Division's General Fund budget and \$386,500 to transfer the associated Data Center staff charges from the Information Services Division's General Fund budget.

**Child Development Center** — The approved amount includes an increase of \$90,500 to replace General Fund rent for the Child Development Center with Personnel Fund monies. The Human Resources Division has responsibility for the center, which is run by a private contractor. Program costs are funded through charges to parents. A comparable General Fund reduction is made in the Finance cost center, which previously provided rent funding. The appropriation also includes an increase of \$18,000 for repair and replacement of equipment for the center.

**Additional Legislation** — Government Information Technology Agency (Chapter 342) — This bill changed the amount of the pro rata charge on state agency payrolls. Previously, the charge was to increase by 0.05% annually until reaching a maximum of 1% in FY 1998. This would have resulted in a 0.95% charge during FY 1997. Instead, the charge will be 0.95% for the first half of FY 1997, 0.80% for the second half of the fiscal year, and 0.90% for FY 1998 and thereafter. Please see the General Legislation section at the front of the Appropriations Report for a complete description of this legislation.

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

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

**A.R.S. § 36-2901**

Jack Kelly, Acting Director

JLBC Analyst: Michael Bradley/Jeffrey Schmied

General Fund and Other Appropriated Funds		FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
<b>Program Summary</b>				
Administration	(SM) <sup>1/</sup>	26,426,200	28,501,300	28,800,100
	(TF)	55,778,200	63,707,200	64,203,600
DES-AHCCCS	(SM)	18,801,100	19,464,300	18,849,700
	(TF)	35,579,100	38,708,400	37,600,200
DHS-AHCCCS	(SM)	425,700	688,700	649,900
	(TF)	15,605,300	16,618,900	16,451,900
Long-Term Care	(SM)	112,173,500	126,179,000	141,916,700
	(TF)	334,021,900	372,482,400	412,757,300
Acute Care	(SM)	481,828,600	502,390,200	517,930,900
	(TF)	<u>1,175,354,600</u>	<u>1,248,987,200</u>	<u>1,268,610,100</u>
<b>Total Appropriations</b>	(SM)	<b>639,655,100</b>	<b>677,223,500</b>	<b>708,147,300</b>
	(TF)	<b>1,616,339,100</b>	<b>1,740,504,100</b>	<b>1,799,623,100</b>
<b>Expenditure Detail</b>				
FTE Positions	(SM)	<u>1,059.6</u>	<u>1,070.2</u>	<u>1,074.8</u>
	(TF)	<u>2,181.2</u>	<u>2,197.4</u>	<u>2,209.7</u>
Personal Services	(SM)	22,959,700	23,741,700	24,355,900
	(TF)	46,498,500	49,880,400	51,294,900
Employee Related Expenditures	(SM)	5,613,600	6,267,800	6,301,900
	(TF)	11,233,700	12,498,400	12,544,700
Professional and Outside Services	(SM)	2,674,200	3,883,100	3,883,100
	(TF)	6,472,300	9,508,500	9,508,500
Travel - In State	(SM)	381,900	377,800	379,900
	(TF)	686,300	731,800	737,000
Travel - Out of State	(SM)	25,700	34,400	35,300
	(TF)	48,400	77,600	79,400
Other Operating Expenditures	(SM)	9,293,700	8,834,200	8,979,200
	(TF)	16,603,900	18,217,000	18,533,900
Equipment	(SM)	1,356,500	530,200	609,700
	(TF)	<u>2,752,200</u>	<u>1,671,500</u>	<u>1,755,500</u>
<b>Operating Subtotal</b>	(SM)	<b>42,305,300</b>	<b>43,669,200</b>	<b>44,545,000</b>
	(TF)	<b>84,295,300</b>	<b>92,585,200</b>	<b>94,453,900</b>
Special Line Items	(TF)	1,532,043,800	1,647,918,900	1,704,169,200
Additional Appropriations	(TF)	<u>-0-</u>	<u>-0-</u>	<u>1,000,000</u>
<b>Total Appropriations</b>	(TF)	<b>1,616,339,100</b>	<b>1,740,504,100</b>	<b>1,799,623,100</b>
<b>Fund Summary</b>				
General Fund		451,182,200	479,355,000	478,997,100
Federal Funds		976,684,000	1,063,280,600	1,091,475,800
County Funds		186,272,900	192,868,500	207,606,200
Third Party Collections		2,200,000	5,000,000	5,000,000
Tobacco Tax Funds		<u>-0-</u>	<u>-0-</u>	<u>16,544,000</u>
<b>Total Appropriations</b>		<b>1,616,339,100</b>	<b>1,740,504,100</b>	<b>1,799,623,100</b> <sup>2/</sup>

(Continued)

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

**Agency Description** — The Arizona Health Care Cost Containment System, or AHCCCS, is Arizona's alternative to a traditional fee for service Medicaid system. Started in 1982, AHCCCS operates on a health maintenance organization model in which contracted providers receive a predetermined monthly capitation payment for the medical services cost of enrolled members. AHCCCS members gain eligibility through a variety of federal and state programs. Eligibility based on federal programs is often tied to the applicant also being eligible for a cash assistance program, such as Aid to Families with Dependent Children. Low-income pregnant women and children can qualify under a federal "medical assistance only" category. Other individuals not meeting federal eligibility requirements but either indigent or having catastrophic medical expenses may qualify for state-supported assistance in the Medically Needy/Medically Indigent (MN/MI) program or other state-only eligibility programs. 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.

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

**Tobacco Tax Distribution** — Although tobacco tax revenues derived from the voter-approved 40¢ per pack cigarette/tobacco tax increase are spent by several agencies, a consolidated statement is presented below:

Tobacco Tax and Health Care Fund	FY 1995	FY 1996	FY 1997
<u>Funds Available</u>			
Revenue	\$ 55,517,900	\$120,500,000	\$115,400,000
<u>Allocation <sup>1/</sup></u>			
DOR Administration	\$ 158,700	\$ 426,800	\$ 332,500
Transfer to AHCCCS-Medically Needy (70%)	39,174,100	84,795,200	81,358,300
Transfer to DHS-Health Education (23%)	12,872,700	27,861,600	26,732,400
Transfer to DHS-Health Research (5%)	2,798,300	6,056,800	5,811,300
Transfer to DOC Corrections Fund (2%)	514,100	1,286,400	1,098,000
<b>Total Allocation</b>	<b>\$ 55,517,900</b>	<b>\$ 120,426,800</b>	<b>\$ 115,332,500</b>
<b>AHCCCS Medically Needy Account</b>			
<u>Funds Available</u>			
Balance Forward	\$ -0-	\$ 38,171,100	\$ 89,907,300
Transfer In - Tobacco Tax and Health Care Fund	39,174,100	84,795,200	81,358,300
<b>Total Funds Available</b>	<b>\$ 39,174,100</b>	<b>\$ 122,966,300</b>	<b>\$ 171,265,600</b>
<u>Allocation</u>			
Offset Loss in Federal Funding	\$ -0-	\$ -0-	\$ 2,021,200
Phase-Down of Quick Pay Discount	-0-	-0-	4,522,800
\$10M Hospital Reimbursement	-0-	-0-	10,000,000
Transplants	1,003,000	3,354,000	8,365,900
Transfer to AHCCCS-Medical Services Stabilization Fund	-0-	13,750,000	45,000,000
Transfer to AHCCCS-Premium Sharing Demo Project Fund	-0-	-0-	20,000,000
Transfer to DHS-Medically Needy	-0-	15,955,000	21,422,700
<b>Total Allocation</b>	<b>\$ 1,003,000</b>	<b>\$ 33,059,000</b>	<b>\$ 111,332,600</b>
<b>Balance Forward</b>	<b>\$ 38,171,100</b>	<b>\$ 89,907,300</b>	<b>\$ 59,933,000</b>
<b>AHCCCS Medical Services Stabilization Fund</b>			
<u>Funds Available</u>			
Balance Forward	\$ -0-	\$ -0-	\$ 13,750,000
Transfer In - AHCCCS-Medically Needy	-0-	13,750,000	45,000,000
<b>Total Funds Available</b>	<b>\$ -0-</b>	<b>\$ 13,750,000</b>	<b>\$ 58,750,000</b>

<sup>1/</sup> SM = State Match, and consists of the State General Fund and County Funds, Tobacco Tax and Third Party Collections.

TF = Total Funds, and represents the sum of Federal Funds, County Funds, Tobacco Tax and Third Party Collections, and the State General Fund.

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

(Continued)

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

	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
<b>DHS Health Education Account</b>			
<u>Funds Available</u>			
Balance Forward	\$ -0-	\$ 12,872,700	\$ 30,734,300
Transfer In - Tobacco Tax and Health Care Fund	12,872,700	27,861,600	26,732,400
<b>Total Funds Available</b>	<b>12,872,700</b>	<b>40,734,300</b>	<b>\$57,466,700</b>
<u>Allocation</u>			
Operating Subtotal	\$ -0-	\$10,000,000	\$15,000,000
<b>Balance Forward</b>	<b>\$12,872,700</b>	<b>\$30,734,300</b>	<b>\$42,466,700</b>
<b>DHS Health Research Account</b>			
<u>Funds Available</u>			
Balance Forward	\$ -0-	\$ -0-	\$1,207,900
Transfer In - Tobacco Tax and Health Care Fund	2,798,300	6,056,800	5,811,300
<b>Total Funds Available</b>	<b>\$2,798,300</b>	<b>\$ 6,056,800</b>	<b>\$7,019,200</b>
<u>Allocation</u>			
Disease Control Research Commission	\$2,798,300	\$4,848,900	\$4,535,800
<b>Balance Forward</b>	<b>\$ -0-</b>	<b>\$1,207,900</b>	<b>\$2,483,400</b>
<b>DHS Medically Needy Allocations</b>			
<u>Funds Available</u>			
Balance Forward	\$ -0-	\$ -0-	\$ -0-
Transfer In - AHCCCS-Medically Needy	-0-	15,955,000	21,422,700
<b>Total Funds Available</b>	<b>\$ -0-</b>	<b>\$15,955,000</b>	<b>\$21,422,700</b>
<u>Allocation</u>			
Primary Care Programs	\$ -0-	\$ 5,100,000 <sup>2/</sup>	\$5,100,000 <sup>2/</sup>
Qualifying Community Health Centers	-0-	5,100,000 <sup>2/</sup>	5,100,000 <sup>2/</sup>
Telemedicine	-0-	255,000 <sup>2/</sup>	255,000 <sup>2/</sup>
Mental Health Programs for Non-Title XIX	-0-	5,000,000	5,000,000
Detoxification Services	-0-	500,000	500,000
Renal Disease Management	-0-	-0-	150,000
Basic Children's Medical Services Program	-0-	-0-	5,000,000
Evaluations	-0-	-0-	317,700
<b>Total Funds Allocation</b>	<b>\$ -0-</b>	<b>\$15,955,000</b>	<b>\$21,422,700</b>
<b>Balance Forward</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>
<b>DOC Corrections Fund</b>			
<u>Funds Available</u>			
Transfer In - Tobacco Tax and Health Care Fund	\$ 514,100	\$ 1,286,400	\$ 1,098,000
<u>Allocation</u>			
Comingled with Other Revenue Sources for Capital Exp.	\$ 514,100	\$ 1,286,400	\$ 1,098,000

1/ Under A.R.S. § 41-1241C, the amount transferred to the Corrections Fund Adjustment Account is to reflect only the actual amount needed to offset decreases in the Corrections Fund resulting from lower tax revenues. Any unexpended Corrections Fund Adjustment Account amounts are transferred out proportionally to the other 3 accounts.  
 2/ Pursuant to A.R.S. § 36-2921C, these amounts include an additional 2% for administrative costs associated with each program.

**Additional Legislation — Tobacco Tax Allocation: Renal Disease (Chapter 245)** — Allows the Department of Health Services to contract with nonprofit organizations that primarily assist in the management of end stage renal disease and related problems. Allocates \$150,000 annually from the Medically Needy Account of the Tobacco Tax and Health Care Fund for renal disease

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

contracts. The transfer is subject to the availability of funds in the account and the renal disease contract program is listed as sixth in the order of priorities for monies in the account.

AHCCCS: Premium Sharing Demonstration Program (Chapter 367) — Establishes the Premium Sharing Demonstration Project Fund and allows the AHCCCS Administration to withdraw \$20,000,000 from the Medically Needy Account of the Tobacco Tax and Health Care Fund in FY 1997, FY 1998 and FY 1999 to be deposited in the Premium Sharing Fund to provide health care services to persons eligible for an AHCCCS premium sharing demonstration project. Establishes the AHCCCS Premium Sharing Demonstration Project Implementation Committee to make recommendations to the Governor and Legislature regarding the implementation of the project. Beginning October 1, 1997, if a premium sharing demonstration project is established, allows the AHCCCS Administration to expend monies in the Premium Sharing Fund to cover project expenditures. Beginning July 1, 1996 and ending September 30, 1997, allows not more than \$75,000 from the Premium Sharing Fund to be used for administration or analysis related to the development or implementation of the project. The monies in the Premium Sharing Fund are exempt from lapsing and all monies unexpended or unencumbered on October 1, 2001 will revert to the Medically Needy Account.

Allocates \$5,000,000 to the Department of Health Services to provide non-entitlement grant funding for a basic children's medical services (BCMS) program to provide health care services to indigent, uninsured or underinsured children who are not eligible for AHCCCS services.

The transfers are subject to the availability of funds in the account; the Premium Sharing Demonstration Project and BCMS program are listed as seventh and eighth respectively, in the order of priorities for monies in the account.

Changes the name of the Medically Needy and Medically Indigent Stabilization Fund to the Medical Services Stabilization Fund and removes the requirement that monies may only be used to offset unanticipated increases in providing levels of service. If an appropriation for a fiscal year is deemed to be inefficient by the AHCCCS Administration, specifies that the Administration may request additional funds to offset increases in the cost of providing levels of service to persons eligible for AHCCCS services through state-only and federal categories. Transfers \$30,000,000 from the AHCCCS Medically Needy Account to the Medical Services Stabilization Fund.

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

**A.R.S. § 36-2901**

<b>General Fund and Federal Funds</b>		<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	(GF)	499.4	518.2	526.2 <sup>1/</sup>
	(TF)	<u>1,061.7</u>	<u>1,091.2</u>	<u>1,111.2</u> <sup>1/</sup>
Personal Services	(GF)	12,021,600	12,328,500	12,729,500
	(TF)	25,558,600	27,027,700	27,947,800
Employee Related Expenditures	(GF)	2,821,500	3,147,200	3,220,500
	(TF)	5,913,200	6,250,400	6,424,900
Professional and Outside Services	(GF)	2,521,600	3,837,800	3,837,800
	(TF)	6,174,400	9,416,300	9,416,300
Travel - In State	(GF)	86,200	109,900	111,700
	(TF)	180,800	195,200	199,800
Travel - Out of State	(GF)	21,900	33,300	33,300
	(TF)	41,000	75,400	75,400
Other Operating Expenditures	(GF)	5,856,300	4,954,900	5,096,900
	(TF)	10,241,800	10,632,200	10,943,100
Equipment	(GF)	1,099,900	530,200	609,700
	(TF)	<u>2,244,300</u>	<u>1,671,500</u>	<u>1,755,500</u>
<b>Operating Subtotal</b>	(GF)	<b>24,429,000</b>	<b>24,941,800</b>	<b>25,639,400</b>
	(TF)	<b>50,354,100</b>	<b>55,268,700</b>	<b>56,762,800</b>
DOA Data Center	(GF)	1,919,800	3,463,800	3,063,800 <sup>2/</sup>
	(TF)	5,273,200	8,247,100	7,247,100 <sup>2/</sup>
Indian Advisory Council	(GF)	77,400	95,700	96,900
	(TF)	<u>150,900</u>	<u>191,400</u>	<u>193,700</u>
<b>Total Appropriations</b>	(GF)	<b>26,426,200</b>	<b>28,501,300</b>	<b>28,800,100</b>
	(TF)	<b>55,778,200</b>	<b>63,707,200</b>	<b>64,203,600</b>
<b>Fund Summary</b>				
General Fund		26,426,200	28,501,300	28,800,100
Federal Funds		<u>29,352,000</u>	<u>35,205,900</u>	<u>35,403,500</u>
<b>Total Appropriations</b>		<b>55,778,200</b>	<b>63,707,200</b>	<b>64,203,600</b> <sup>3/4/</sup>
GF = State General Fund				
TF = Total Funds, and represents the sum of the State General Fund and Federal Funds.				

<sup>1/</sup> Includes 2 (GF) and 4 (TF) FTE Positions funded from Special Line Items in FY 1997.

<sup>2/</sup> It is the intent of the Legislature that the appropriation for the Department of Administration Data Center charges be used only for the payment of charges incurred by the Administration for the usage of computing services provided by the Department of Administration Data Center. (General Appropriation Act footnote.)

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

<sup>4/</sup> Of the \$64,203,600 expenditure authority for Administration, \$28,800,100 is appropriated from the State General Fund. (General Appropriation Act footnote.)

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

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

**Additional ALTCS Eligibility Staff** — The approved amounts include an increase of 20 FTE Positions and \$879,600 for medical and financial eligibility workers for admission and screening of clients for the Arizona Long-Term Care System (ALTCS). These positions were added due to an expected ALTCS growth rate of 9% in FY 1997.

**DOA Data Center** — This Special Line Item was created in FY 1995 to isolate costs associated with the agency's usage of mainframe computing services provided by the Department of Administration Data Center. The reduction in the funding for this Special Line Item is based on a lower estimate of AHCCCS utilization for FY 1997.

**Indian Advisory Council** — The Advisory Council on Indian Health Care was established in Laws 1989, Chapter 293 to assist in developing a comprehensive health care delivery system for Arizona's Native American population.



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

**A.R.S. § 36-2901**

General Fund and Federal Funds		FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	(GF)	546.8	539.3	536.3 <sup>1/</sup>
	(TF)	<u>1,094.5</u>	<u>1,079.5</u>	<u>1,073.5</u> <sup>1/</sup>
Personal Services	(GF)	10,816,300	11,127,900	11,336,900
	(TF)	20,712,600	22,252,200	22,736,400
Employee Related Expenditures	(GF)	2,763,300	3,048,500	3,008,100
	(TF)	5,266,700	6,096,600	5,965,200
Professional and Outside Services	(GF)	149,800	31,600	31,600
	(TF)	292,600	63,300	63,300
Travel - In State	(GF)	288,600	257,300	257,600
	(TF)	492,200	514,300	514,900
Travel - Out of State	(GF)	2,500	1,100	2,000
	(TF)	4,900	2,200	4,000
Other Operating Expenditures	(GF)	3,334,800	3,855,400	3,858,400
	(TF)	6,044,600	7,534,400	7,540,400
Equipment	(GF)	254,700	-0-	-0-
	(TF)	<u>504,400</u>	<u>-0-</u>	<u>-0-</u>
Operating Subtotal	(GF)	<b>17,610,000</b>	<b>18,321,800</b>	<b>18,494,600</b>
	(TF)	<b>33,318,000</b>	<b>36,463,000</b>	<b>36,824,200</b>
DES DDSA	(GF)	65,200	100,600	101,100
	(TF)	130,400	201,000	202,400
DES PASARR	(GF)	7,800	51,600	51,500
	(TF)	31,300	205,400	204,200
MEDICS	(GF)	1,118,100	990,300	202,500
	(TF)	<u>2,099,400</u>	<u>1,839,000</u>	<u>369,400</u>
Total Appropriations	(GF)	<b>18,801,100</b>	<b>19,464,300</b>	<b>18,849,700</b>
	(TF)	<b>35,579,100</b>	<b>38,708,400</b>	<b>37,600,200</b>
<b>Fund Summary</b>				
General Fund		18,801,100	19,464,300	18,849,700
Federal Funds		<u>16,778,000</u>	<u>19,244,100</u>	<u>18,750,500</u>
Total Appropriations		<b>35,579,100</b>	<b>38,708,400</b>	<b>37,600,200</b> <sup>2/3/4/</sup>
GF = State General Fund				
TF = Total Funds, and represents the sum of the State General Fund and Federal Funds.				

<sup>1/</sup> Includes 1.4 (GF) and 4.7 (TF) FTE Positions funded from Special Line Items in FY 1997.

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

<sup>3/</sup> Of the \$37,600,200 expenditure authority for DES-AHCCCS, \$18,849,700 is appropriated from the State General Fund. (General Appropriation Act footnote.)

<sup>4/</sup> The amounts appropriated shall be used for intergovernmental agreements with the Department of 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 of other programs administered by the Division of Benefits and Medical Eligibility based upon the results of the Arizona random moment sampling survey. (General Appropriation Act footnote.)

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

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

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

**DES - PASARR** — DES Preadmission Screening and Annual Resident Review, through an intergovernmental agreement with AHCCCS, screens all individuals with developmental disabilities before they enter the Long-Term Care program to determine the appropriate level and types of specialized services needed. While DES-DDSA determines eligibility, the DES-PASARR Program determines the level of care required once a person is eligible.

**MEDICS** — The Medical Eligibility Determinations and Information Control System (MEDICS) is an automated system for determining AHCCCS eligibility in the federal SOBRA program for pregnant women and children and other "medical assistance only" programs. For FY 1997, the approved amount for the MEDICS Special Line Item reflects a reduction of 9 FTE Positions and \$1,469,600. The reduction is due to the completion of the development phase on September 30, 1995 and the related removal of these one-time costs. The remaining \$369,400 will phase-out as the lease-purchase cost of the associated computer hardware is paid off.

The approved amount also includes an additional 3 FTE Positions and \$100,400 for on-going support of the MEDICS system. The positions include a Management Analyst I for user support and help desk activities, a Management Analyst II for program analysis, and a Program and Projects Specialist to prepare user documentation and act as a liaison to AHCCCS. These additional positions are included in the Operating Subtotal, not the MEDICS Special Line Item.

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

A.R.S. § 36-2901

General Fund and Federal Funds		FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	(GF)	13.4	12.7	12.3 <sup>1/</sup>
	(TF)	<u>25.0</u>	<u>26.7</u>	<u>25.0</u> <sup>1/</sup>
Personal Services	(GF)	121,800	285,300	289,500
	(TF)	227,300	600,500	610,700
Employee Related Expenditures	(GF)	28,800	72,100	73,300
	(TF)	53,800	151,400	154,600
Professional and Outside Services	(GF)	2,800	13,700	13,700
	(TF)	5,300	28,900	28,900
Travel - In State	(GF)	7,100	10,600	10,600
	(TF)	13,300	22,300	22,300
Travel - Out of State	(GF)	1,300	-0-	-0-
	(TF)	2,500	-0-	-0-
Other Operating Expenditures	(GF)	102,600	23,900	23,900
	(TF)	317,500	50,400	50,400
Equipment	(GF)	1,900	-0-	-0-
	(TF)	<u>3,500</u>	<u>-0-</u>	<u>-0-</u>
<b>Operating Subtotal</b>	(GF)	<b>266,300</b>	<b>405,600</b>	<b>411,000</b>
	(TF)	<b>623,200</b>	<b>853,500</b>	<b>866,900</b>
Children's Rehabilitative Services	(GF)	-0-	-0-	-0-
	(TF)	14,750,800	15,000,000	15,000,000
DHS PASARR	(GF)	69,800	96,000	51,800
	(TF)	115,100	391,200	210,800
Indirect Cost-Licensure	(GF)	89,600	187,100	187,100
	(TF)	<u>116,200</u>	<u>374,200</u>	<u>374,200</u>
<b>Total Appropriations</b>	(GF)	<b>425,700</b>	<b>688,700</b>	<b>649,900</b>
	(TF)	<b>15,605,300</b>	<b>16,618,900</b>	<b>16,451,900</b>
<b>Fund Summary</b>				
General Fund		425,700	688,700	649,900
Federal Funds		<u>15,179,600</u>	<u>15,930,200</u>	<u>15,802,000</u>
<b>Total Appropriations</b>		<b>15,605,300</b>	<b>16,618,900</b>	<b>16,451,900</b> <sup>2/3/4/</sup>
GF = State General Fund				
TF = Total Funds, and represents the sum of the State General Fund and Federal Funds.				

*Program Description — The appropriation for DHS - AHCCCS represents an allocation of costs incurred by the Department of Health Services in its role of performing licensing and inspections of Title XIX-certified nursing care facilities. This function is a federal Medicaid requirement and is conducted in accordance with an intergovernmental agreement between AHCCCS and DHS.*

1/ Includes 0.3 (GF) and 1 (TF) FTE Positions funded from Special Line Items in FY 1997.

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

3/ Of the \$16,451,900 expenditure authority for DHS-AHCCCS, \$649,900 is appropriated from the State General Fund. (General Appropriation Act footnote)

4/ The amounts appropriated shall be used for intergovernmental agreements with the Department of Health Services for the purpose of Medicaid-related licensure, certification and registration, and other functions as set forth above. (General Appropriation Act footnote.)

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

---

**Children's Rehabilitative Services** — The approved amount reflects an estimate of Title XIX funds to be passed through to the Department of Health Services. The state matching funds for these federal dollars are reflected in the DHS Family Health appropriation.

**DHS - PASARR** — The Department of Health Services, through an intergovernmental agreement with AHCCCS, conducts Level II psychiatric evaluations of Title XIX-certified nursing facility patients who have been identified through a Level I screening as potentially having a mental illness.

The approved amount reflects a reduction of 1.7 FTE Positions and \$180,600. The reduction was adopted based on the level of actual expenditures from this Special Line Item in recent years being much lower than the appropriated amounts.

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

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

A.R.S. § 36-2901

General, County and Federal Funds		FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
ALTCS Lump Sum Appropriation	(SM)	112,105,200	126,110,700	140,848,400
	(TF)	333,812,200	372,272,700	411,547,600
Board of Nursing	(SM)	68,300	68,300	68,300
	(TF)	209,700	209,700	209,700
<b>Total</b>	(SM)	<b>112,173,500</b>	<b>126,179,000</b>	<b>140,916,700</b>
	(TF)	<b>334,021,900</b>	<b>372,482,400</b>	<b>411,757,300</b>
<b>Additional Appropriations -</b> Appropriation; Clifton Flood Control, Ch. 312		-0-	-0-	1,000,000
<b>Total Appropriations</b>	(SM)	<b>112,173,500</b>	<b>126,179,000</b>	<b>141,916,700</b>
	(TF)	<b>334,021,900</b>	<b>372,482,400</b>	<b>412,757,300</b>
<u>Fund Summary</u>				
General Fund		-0-	-0-	1,000,000
County Funds		112,173,500	126,179,000	140,916,700 <sup>1/</sup>
Federal Funds		221,848,400	246,303,400	270,840,600
<b>Total Appropriations</b>		<b>334,021,900</b>	<b>372,482,400</b>	<b>412,757,300</b> <sup>2/</sup>

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

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

**Lump Sum Appropriation** — The approved amount is based on a total of 14,672 member years and an FY 1997 average cost of \$2,317.40 per member per month. The approved amount reflects amounts for Capitation, Fee for Service payments, Medicare Premium payments, and nurse aid training costs. The estimates reflect a projected increase in population of 9% coupled with a 4% per member per month cost increase for FY 1997 compared to FY 1996.

**Board of Nursing** — Reflects amounts to be passed through to the Board of Nursing for the board's cost of administering the Nurse Aid Training program.

**Enforceable Copayments Waiver** — See Description under AHCCCS-Acute Care Program.

**Additional Appropriations** — Appropriation: Clifton Flood Control (Chapter 312) — Provides a one-time General Fund appropriation of \$1,000,000 to assist certain counties with long-term care contributions. Under the legislation, Pinal County receives \$481,722, Gila County \$434,002, Santa Cruz County \$45,737, and Cochise County \$38,539.

**Demographic and Funding Information** — The tables on the following page show the population growth of the AHCCCS ALTCS program and the relative funding contributed by counties for both ALTCS and Acute Care growth.

<sup>1/</sup> Pursuant to A.R.S. § 11-292B, the FY 1997 non-federal portion of the costs of providing Long-Term Care System services is \$140,916,700. (General Appropriation Act footnote.)

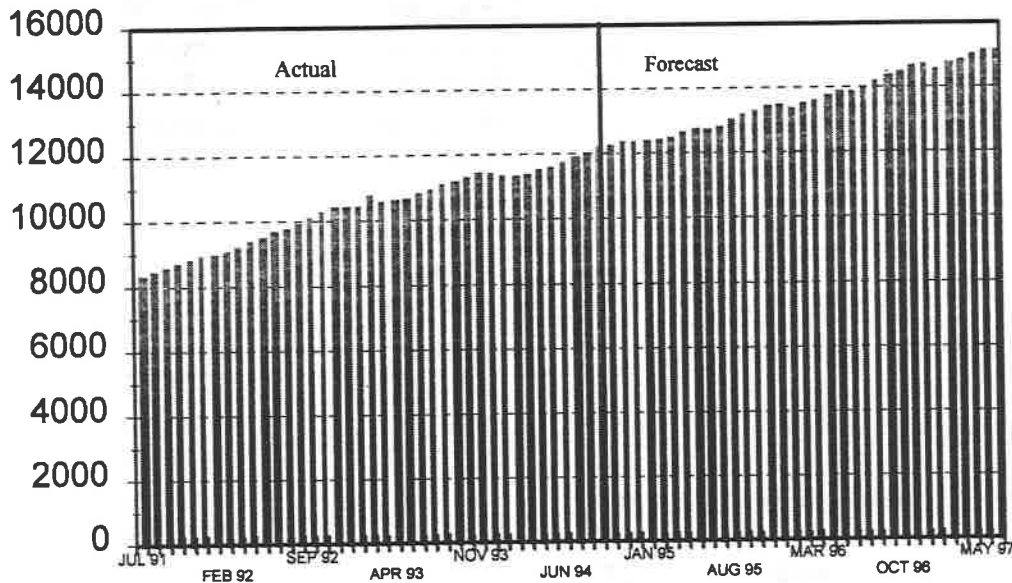
<sup>2/</sup> Any Federal Funds that AHCCCS passes through to the Department of Economic Security for use in long-term care for the developmentally disabled shall not count against the Long-Term Care expenditure authority above. (General Appropriation Act footnote.)

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

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

The following table illustrates the actual and forecasted population growth for the ALTCS Program. As the chart shows, population has been growing at a predictable linear rate of 9% to 10% per year.

**ALTCS Member Months**



The following table shows the relative level of contributions for the counties and the state for the Acute Care Program and the ALTCS Program over time:

<u>County Share of the AHCCCS Acute Care and Long Term Care Budgets</u>						
<u>Fiscal Years</u>	<u>State Acute Care</u>	<u>County Acute Care</u>	<u>County ALTCS</u>	<u>Subtotal County Acute and LTC</u>	<u>State and County Total</u>	<u>County Share</u>
1984	76,169,200	63,073,500	-0-	63,073,500	139,242,700	45.3%
1985	117,110,700	63,073,500	-0-	63,073,500	180,184,200	35.0%
1986	132,373,700	61,835,700	-0-	61,835,700	194,209,400	31.8%
1987	117,481,600	58,392,400	-0-	58,392,400	175,874,000	33.2%
1988	170,307,600	57,448,900	-0-	57,448,900	227,756,500	25.2%
1989	216,310,700	58,432,600	34,285,500	92,718,100	309,028,800	30.0%
1990	228,655,200	58,432,600	59,791,900	118,224,500	346,879,700	34.1%
1991	292,455,100	58,432,600	88,347,100	146,779,700	439,234,800	33.4%
1992	379,995,400	62,394,300	83,049,300	145,443,600	525,439,000	27.7%
1993	435,050,900	65,076,100	92,297,600	157,373,700	592,424,600	26.6%
1994	417,828,400	79,729,400	94,504,000	174,233,400	592,061,800	29.4%
1995	405,529,200	74,099,400	112,173,500	186,272,900	591,802,100	31.5%
1996	430,700,700	66,689,500	126,179,000	192,868,500	623,569,200	30.9%
1997	446,241,400 1/	66,689,500	140,916,700	207,606,200	653,847,600	31.8%

1/ Includes \$16,544,000 of Tobacco Tax Funds in FY 1997 for comparability.

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

**A.R.S. § 36-2901**

<b>General Fund, Federal Funds, and Other Appropriated Funds</b>		<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
Capitation	(SM)	305,919,300	342,603,400	336,599,300
	(TF)	718,462,400	777,021,700	769,668,300
Fee For Service	(SM)	85,570,700	78,659,900	111,698,500
	(TF)	197,668,600	188,285,200	250,588,400
Reinsurance	(SM)	29,465,400	32,780,800	21,915,100
	(TF)	47,524,800	49,850,000	34,839,200
Deferred Liability	(SM)	11,011,000	-0-	-0-
	(TF)	16,449,000	-0-	-0-
Medicare Premiums	(SM)	5,558,600	4,196,200	4,928,700
	(TF)	16,486,800	12,332,200	14,224,000
Qualified Medicare Beneficiaries	(SM)	1,037,600	2,510,200	2,608,800
	(TF)	3,078,900	7,380,300	7,603,300
Disproportionate Share Payments	(SM)	43,266,000	38,708,800	40,180,500
	(TF)	124,512,300	114,186,900	114,186,900 <sup>1/</sup>
Children's Title XIX Behavioral Health	(SM)	-0-	-0-	-0-
	(TF)	32,376,400	45,000,000	38,500,000
Adult Title XIX Behavioral Health	(SM)	-0-	-0-	-0-
	(TF)	18,795,400	45,000,000	32,000,000
General Mental Health Substance Abuse	(SM)	-0-	-0-	-0-
	(TF)	-0-	7,000,000	7,000,000
Temporary Assistance to Counties	(SM)	-0-	2,500,000	-0-
	(TF)	-0-	2,500,000	-0-
Child Care Demonstration Program	(SM)	-0-	430,900	-0-
	(TF)	-0-	430,900	-0-
<b>Total Appropriations</b>	(SM)	<b>481,828,600</b>	<b>502,390,200</b>	<b>517,930,900</b>
	(TF)	<b>1,175,354,600</b>	<b>1,248,987,200</b>	<b>1,268,610,100</b>
<b>Fund Summary</b>				
General Fund		405,529,200	430,700,700	429,697,400
Federal Funds		693,526,000	746,597,000	750,679,200
County Funds		74,099,400	66,689,500	66,689,500
Third Party Collections		2,200,000	5,000,000	5,000,000
Tobacco Tax Funds		-0-	-0-	16,544,000
<b>Total Appropriations</b>		<b>1,175,354,600</b>	<b>1,248,987,200</b>	<b>1,268,610,100</b> <sup>2/</sup>

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

1/ Of the appropriation for Disproportionate Share Payments made pursuant to A.R.S. § 36-2903.01R, the sum of \$86,857,300 is for qualifying county operated hospitals, \$11,993,900 is for deposit in the Arizona State Hospital Disproportionate Share Payment Fund and \$13,535,200 is for other qualifying disproportionate share hospitals.

The remaining \$1,800,500 is for in-lieu payments to counties having a population of 500,000 persons or less according to the most recent United States decennial census, in an amount which is the difference between the disproportionate share payments made pursuant to A.R.S. § 36-2903.01R, and \$201,700, if the disproportionate share payments are less than \$201,700. For each county that would receive less than \$100,900 from these in-lieu payments, the system administration shall make an additional in-lieu payment that will provide the county with a total payment of \$100,900. (General Appropriation Act footnote.)

2/ Of the \$1,268,610,100 expenditure authority for Acute Care, \$429,697,400 is appropriated from the State General Fund. (General Appropriation Act footnote.)

3/ Appropriated by Special Line Items for the Program.

(Continued)

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

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

### **FY 1997 Acute Care Overview**

The remaining sections provide explanations of the various line items in the Acute Care budget, as well as descriptions of AHCCCS eligibility categories.

**Enforceable Copayments Waiver** — The Legislature considered the imposition of enforceable copayments on health care services provided to both state-only and federal categorical enrollees. While the Legislature ultimately chose to remove the savings that would have resulted from implementing the copayment, AHCCCS assured that they would seek permission from the Health Care Financing Administration (HCFA) for a waiver which would allow the imposition of a copayment system without actually implementing the policy during FY 1997.

**Inclusion of Gaming Revenues in Eligibility Determination** — The approved amounts included savings of \$200,000 based on enforcing current laws and rules which count gaming revenues as income or assets as appropriate when determining eligibility for AHCCCS services.

**Elimination of AHCCCS Coverage for Applicants Eligible for Comparable Medicare HMO Coverage** — The approved amount includes savings of \$1,571,300 from eliminating dual eligibility for applicants also eligible for HMO coverage. Eligibility is maintained for applicants with Medicare HMO uncovered conditions such as end-stage renal disease and for applicants in counties where only standard Medicare coverage is available. The Health ORB, Laws 1996, Chapter 5, 5th Special Session, contains language which statutorily implements this policy. While this reduces this segment of the AHCCCS population by 80%, or about 524 people, these individuals will be able to continue similar Medicare coverage. While AHCCCS coverage was 100% state-funded, Medicare is 100% federally funded with the exception of the ability for AHCCCS to pay Part B Medicare premiums to encourage Medicare enrollment in lieu of AHCCCS enrollment.

**Capitation** — Represents payments made to health plans under contract with AHCCCS for the cost of care provided to enrolled members. These payments are made on a monthly basis and cover the full range of services required in statute. Contracts are awarded for a multi-year period upon the completion of a competitive bidding process in which health plans respond to a Request for Proposals from AHCCCS. Health plans bid by AHCCCS eligibility group, or rate code, meaning that different rates are paid for different groups. Varying capitation rates are due to the nature of federal Medicaid and state-funded eligibility categories, which are comprised of markedly different demographic groups. In general, capitation rates are based on an actuarial assessment of the medical services utilization and costs incurred by each of the AHCCCS eligibility groups. Additionally, capitation rates may reflect program changes, such as a required expansion of available services, or changes in eligibility requirements. Rates also vary by health plan and geographical area, but remain within the parameters set by actuarial study and contract negotiation. Therefore, capitation rates shown below are estimated averages of capitation rates.

Since the starting point for new or renewed health plan contracts coincides with the new federal fiscal year, the state fiscal year appropriation reflects 3 months of capitation rates paid at a level negotiated for the period of October 1995 through September 1996, and 9 months at new rates negotiated for the contract year beginning in October 1996. The FY 1997 appropriation provides for a capitation inflation increase of 4% for the contract year starting October 1, 1996. The FY 1997 amount for capitation is based on the following statewide average rates:

(Continued)



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

<u>Federal Eligibility Groups</u>	<u>Total Monthly Capitation Rate</u>	<u>Federal Share <sup>1/</sup></u>	<u>State Share</u>
Aid to Families with Dependent Children	\$ 115.05	\$ 75.48	\$ 39.57
Supplemental Security Income, with Medicare	123.95	81.32	42.63
Supplemental Security Income, without Medicare	321.46	210.91	110.55
SOBRA Women	115.16	75.56	39.60
SOBRA Children	96.83	63.53	33.30
SOBRA Deliveries (one-time payment)	4,584.61	3,007.96	1,576.65
<u>State Eligibility Groups</u>			
Medically Needy/Medically Indigent, with Medicare	235.05	-0-	235.05
Medically Needy/Medically Indigent, without Medicare	315.03	-0-	315.03
Eligible Assistance Children	96.64	-0-	96.64
Eligible Low Income Children	96.93	-0-	96.93

<sup>1/</sup> Federal share reflects a blended FMAP of 3 months at 65.85% and 9 months at 65.53%.

For federally-qualified members also eligible for Medicare, AHCCCS pays the member's Medicare Part B premiums, thereby allowing AHCCCS to bill the federal Medicare program for a portion of the member's medical expenses. As the capitation rates indicate, this Medicare "buy-in" substantially reduces total capitation costs and state share costs for Medicare-eligible members.

The federal share of capitation and other costs incurred by federally-eligible members is based on a predetermined federal matching rate known as the Federal Medical Assistance Percentage, or FMAP. This federal matching rate varies from state to state and is based on an inverse mathematical relationship between state per capita income and the national average. The lower a state's personal income, as compared to the U.S., the higher the percentage, and vice-versa. States are currently guaranteed a "floor" of 50% federal participation. Arizona's FMAP for the federal fiscal year ending September 30, 1996 is 65.85%. For the federal fiscal year beginning October 1, 1996, Arizona's FMAP will decrease to 65.53%. State eligibility groups are funded entirely with state dollars.

Estimated FY 1997 member years paid are shown below.

<u>Federal Eligibility Groups</u>	<u>Average Annual Member Years Paid <sup>1/</sup></u>
Aid to Families with Dependent Children	186,033
Supplemental Security Income, with Medicare	21,628
Supplemental Security Income, without Medicare	39,630
SOBRA Women	11,888
SOBRA Children	100,537
<u>State Eligibility Groups</u>	
Medically Needy/Medically Indigent, with Medicare <sup>2/</sup>	131 <sup>2/</sup>
Medically Needy/Medically Indigent, without Medicare	28,095
Eligible Assistance Children	1,561
Eligible Low Income Children	529
Total Member Years <sup>1/</sup>	<u>390,032</u>
SOBRA Deliveries <sup>3/</sup>	<u>16,653 <sup>3/</sup></u>

<sup>1/</sup> Member years are calculated as projected member months divided by 12 and do not necessarily indicate actual number of clients enrolled.  
<sup>2/</sup> Reflects the reduction of population due to the policy of eliminating AHCCCS eligibility for applicants that are eligible for HMO Medicare coverage. Without this policy the population was estimated at 655 member years.  
<sup>3/</sup> This is the projection of actual birth deliveries to be made by enrollees in AHCCCS health plans.

(Continued)

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

**Fee for Service** — This expenditure line item is for payments made by AHCCCS directly to health care providers on behalf of members not yet enrolled in a health plan or else not eligible for health plan enrollment. For in-patient hospital bills, the level of reimbursement is based on the tiered per diem hospital reimbursement methodology authorized in Laws 1992, Chapter 302. This methodology classifies services into 1 of 7 per diem rates, such as surgery, intensive care, and routine care. Pursuant to Chapter 302, the per diem rates shall be adjusted annually (on October 1) by the Data Resources Incorporated Market Basket Index for Prospective Payment System Hospitals.

The budget for FY 1997 reflects a continuation of the phase-out of "quick pay" discounts for both state-only and categorical payments to hospitals. The state-only discount will decrease from 10% to 9% effective March 1, 1997 while the categorical discount will decrease from 6% to 3% effective October 1, 1996. The increased state match of \$4,522,000 required for this phase-down is paid for from the Medically Needy Account of the Tobacco Tax Fund pursuant to Laws 1996, Chapter 5, 5th Special Session as amended by Laws 1996, Chapter 288. This phase-out was frozen for 1 year by Laws 1995, Chapter 5, 1st Special Session, the Health Omnibus Reconciliation Bill (ORB).

The "quick pay" discount is a reduction AHCCCS applies to bills it pays within 30 days of receipt. When first authorized in 1992, the per diem system contained a provision to gradually phase down the 10% discount starting March 1, 1996, by 1% per year, until reaching 1% March 1, 2004. This provision was amended, however, by Laws 1993, Chapter 6, 2nd Special Session (Health Omnibus Reconciliation Bill) to accelerate this phase down schedule, but only for bills incurred by federally-eligible members. Under Chapter 6, the discount would have been lowered to 6% on October 1, 1994, 3% on October 1, 1995, and finally to 1% on October 1, 1996. This phase down was delayed by 1 year by the Health ORB mentioned above, but will resume during FY 1997.

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

Also, last year's Health ORB amended Laws 1993, Chapter 6, 2nd Special Session, to continue a \$10,000,000 reduction of payments to hospitals for fee for service claims related to state eligibility groups. This discount would have been reduced to zero without the amending language passed by the Legislature. The discount is discontinued in FY 1997, and the \$10,000,000 increase is funded by the Medically Needy Account of the Tobacco Tax Fund pursuant to Laws 1996, Chapter 5, 5th Special Session as amended by Laws 1996, Chapter 288.

As indicated above, one area of fee for service coverage is for AHCCCS members not yet enrolled in a health plan. This fee for service "window" varies based on the category of eligibility. Federally-eligible persons have a 16-day period in which to choose a health plan. During this period and any additional time between eligibility and the effective date of health plan enrollment, these individuals are eligible to have medically necessary services paid on their behalf. Additionally, if these persons have unpaid bills for services received in the 90-day period prior to their application for eligibility and would have been eligible for some period of time in that 90-day period, AHCCCS pays these bills on a fee for service basis. This retroactive coverage is referred to as "prior quarter coverage."

State-only recipients who are eligible for the MN/MI program are enrolled with a prepaid health plan within 3 days of the determination of eligibility through an automatic assignment process. Under current law, AHCCCS covers emergency services received up to 48 hours prior to the date of notification of eligibility by a county office. This period of state liability is known as "48 hour retro." Participants enrolled in the state-only ELIC and EAC programs have the same choice period as federal categorically eligible members.

In addition to temporary fee for service coverage for the pre-enrollment period, AHCCCS also covers certain groups not eligible for health plan enrollment or those that choose Indian Health Services as their health plan. These groups include Native Americans living on reservations and those eligible for only emergency services coverage, due to a lack of legal U.S. residency but otherwise AHCCCS-eligible.

Pursuant to an agreement between the State of Arizona and the federal government, Medicaid-eligible Native Americans living on reservations may be referred off-reservation by the Indian Health Service (IHS) for services if the IHS is unable to provide the necessary services. The state's cost for these referrals corresponds to the established state matching rate for other federally-eligible members. Native Americans eligible for an AHCCCS state eligibility group (MN/MI) may also be referred off reservation for services, with AHCCCS paying 100% of the cost from state dollars, as with other state-eligible members. For Medicaid-eligible

(Continued)

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

Native Americans treated on reservation in an IHS facility, the federal government pays all costs, with AHCCCS passing through these federal funds to the IHS facility.

With the passage of Laws 1993, Chapter 6, 2nd Special Session, eligibility in state groups such as MN/MI was limited to applicants having proof of legal U.S. residency. Those unable to provide such proof but still fulfilling all other eligibility requirements can still find coverage for emergency medical care through either federal or state emergency services eligibility. AHCCCS will reimburse providers for services if the service was in fact for an emergency medical condition. AHCCCS coverage continues until such time as an emergency condition no longer exists.

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

Payments from this line item are intended to supplement capitation in catastrophic cases. Such payments are made to AHCCCS health plans and have the effect of reimbursing health plans for extraordinary costs not reflected in the capitation rate. Reinsurance deductibles are dependent upon plan enrollment by county as of October of each year and vary as follows:

<u>Enrollment</u>	<u>FY 1997 Reinsurance Deductible</u>	<u>FY 1997 State Co-insurance %</u>
1 - 9,999 members	\$20,000	75%
10,000 - 49,999 members	\$35,000	75%
50,000 + members	\$50,000	75%

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

**Medicare Premiums** — This line item represents the purchase of Medicare Part B (supplemental medical insurance) on behalf of those eligible for Medicaid and Part A (hospital insurance) coverage. This "buy-in" reduces state costs since the federal government, through Medicare, absorbs some costs that otherwise would have been paid by AHCCCS. In addition, the line also includes the costs of payment of Part A premium costs for certain disabled workers.

**Qualified Medicare Beneficiaries** — Federal law requires the state to pay Medicare Part A and Part B premiums, deductibles, and co-payments on behalf of certain low-income Medicare beneficiaries. An individual is eligible if:

- They are entitled to Part A Medicare benefits;
- Their resources do not exceed twice the SSI resource limit, or \$4,000; and
- Their income does not exceed 100% of the FPL (\$7,740 for 1 person, \$10,368 for a couple).

**Disproportionate Share Payments** — This line item represents supplementary payments to hospitals that serve a large, or disproportionate, number of low income patients. The federal basis for payments is either a reflection of a hospital's number of Title XIX inpatient days, or a "low income" utilization rate. States may also establish optional payment categories. Arizona has established optional groups that include county, state and private hospitals. Payments to county hospitals have been based on a "pool" of expenses consisting of charity care, uncollectible or bad debt, county General Fund subsidies, and state payments to county hospitals for AHCCCS recipients.

Additionally, this line item provides for "in-lieu" payments to counties not having county-operated hospitals. The allocation of the FY 1997 disproportionate share appropriation is as follows:

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

	FY 1996	FY 1997
County-Operated Hospitals	\$ 86,857,300 (TF)	\$ 86,857,300 (TF)
Arizona State Hospital	11,993,900 (TF)	11,993,900 (TF)
Private Hospitals	13,535,200 (TF)	13,535,200 (TF)
County In-Lieu Payments	<u>1,800,500 (TF)</u>	<u>1,800,500 (TF)</u>
<b>Total Appropriation</b>	<b>\$114,186,900 (TF) <sup>1/</sup></b>	<b>\$114,186,900 (TF) <sup>2/</sup></b>

<sup>1/</sup> The total award for FY 1996 is likely to be over \$120,000,000. This is due to the actual approved award being revised upward from the original estimate upon which the budget was based. Therefore, the amounts shown will be amended.

<sup>2/</sup> For FY 1997, the adopted amount is the same as FY 1996 due to an overall leveling off of expenditures and a conservative forecast of Disproportionate Share Revenue due to the uncertainty and frequent fluctuations of this revenue source. However, given the expected increase in FY 1996 revenues, it is likely that FY 1997 amounts will be subsequently adjusted upward as well.

**Children's Title XIX Behavioral Health** — The total expenditure authority amount reflects an estimate of Federal Funds to be passed through to the Department of Health Services (DHS) for mental health services rendered to Title XIX-eligible children. The state match for these pass-through federal dollars is reflected in the DHS Behavioral Health appropriation.

**Adult Title XIX Behavioral Health** — The total expenditure authority amount reflects an estimate of Title XIX funding to be passed through to DHS for the provision of mental health services to Title XIX-eligible clients 18 years of age and older diagnosed as being seriously mentally ill. The state match for these Federal Funds is reflected in the DHS Behavioral Health appropriation.

**Title XIX General Mental Health/Substance Abuse** — As of October 1, 1995 the State of Arizona began to provide Title XIX general mental health and substance abuse services to Title XIX-eligible clients 21 years of age and older diagnosed as non-seriously mentally ill. Within the AHCCCS budget for FY 1997 is expenditure authority for \$7,000,000 of Federal Funds. The state match is located in DHS which will monitor the program.

**Temporary Assistance to Counties** — Laws 1995, Chapter 300 provided a one-time General Fund appropriation of \$2,500,000 for FY 1996 to assist Cochise, Gila and Santa Cruz Counties with health care costs. For FY 1997, additional legislation was passed to aid certain counties with long-term care contributions. (See description under Additional Appropriations, AHCCCS - Long Term Care.)

**Child Care Demonstration Program** — Laws 1995, Chapter 175 established a 3-year joint pilot demonstration program that extends child care and AHCCCS benefits from 12 months to 24 months for current and former recipients of Aid to Families with Dependent Children who are enrolled in an accredited school, equivalency certificate, job skills program or who are employed or enrolled in the JOBS Program and meet federal requirements for qualifying for transitional benefits. Of the \$495,700 appropriated in the legislation, \$430,900 was appropriated to AHCCCS and the remaining \$64,800 was appropriated to the Department of Economic Security's Children and Family Services Division. Funding for this program for FY 1997 is included in the appropriate Special Line Items.

**AHCCCS Eligibility Categories** — The following is a description of federal and state eligibility groups as defined in state law:

**Federal Eligibility Groups**

**AFDC** — Individuals receiving cash assistance from the Aid to Families with Dependent Children (AFDC) program in the Department of Economic Security are automatically eligible for AHCCCS benefits. This is often referred to as categorical eligibility. Federal law also allows for some individuals not eligible for cash assistance but still meeting certain AFDC standards (e.g., Ribicoff Children), or those no longer eligible for cash payments (transitional medical assistance), to still be eligible for Medicaid. These are known as Medical Assistance Only (MAO) cases. Also, individuals in the AFDC-Unemployed Parent program are entitled to AHCCCS benefits.

While not a separate federal eligibility group, the Comprehensive Medical and Dental Program (CMDP) in the Department of Economic Security has AHCCCS-eligible children among its total population. AHCCCS passes through funds to CMDP on behalf of these eligible children.

**SSI** — Individuals receiving Supplemental Security Income (SSI) monthly cash payments are automatically eligible for AHCCCS benefits. These individuals are eligible in one of following three SSI categories: those age 65 or older (aged), the blind, and the

(Continued)

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

disabled. Eligibility for the SSI program is based on uniform nationwide requirements. Like AFDC, SSI also has related MAO groups. Additionally, AHCCCS passes through funds to CMDP, as a healthplan, on behalf of SSI-eligible children enrolled in that program.

**SOBRA Women and Infants** — States are required to provide care to pregnant women and infants (under 1 year old) whose family incomes do not exceed 133% of the Federal Poverty Level (FPL) (\$16,745 for a family of 3). A resource standard may be established, but AHCCCS has chosen to waive this requirement. SOBRA refers to the federal Sixth Omnibus Budget Reconciliation Act.

The federal government allows states the option of increasing the income limit to 185% of the FPL. Arizona acted upon this option and moved the state's income standard to 140% of the FPL (\$17,626 for a family of 3) in 1990. Coverage for women is limited to the term of pregnancy and 60 days of postpartum care.

**SOBRA Children** — The federal government requires states to provide medical assistance to children under age 6 whose family incomes do not exceed 133% of the FPL. Additionally, states are required to cover children born on or after October 1, 1983, with family incomes up to 100% of the FPL.

**1902 (r)(2) Children** — This eligibility group name refers to the relevant section of the federal Social Security Act that allows states discretion in establishing higher income eligibility standards than exist in other federal categories, such as SOBRA. Eligibility for this group requires an income below 100% of the FPL for children under the age of 14. Like SOBRA, this category has no resource limit. Most children in the 100% state funded Eligible Assistance Children (EAC) category were transferred to this federally-funded group.

**Federal Emergency Services** — All federal eligibility categories (AFDC, SSI, SOBRA, and any federal Medical Assistance Only group) have an emergency service component. Applicants for these federal programs who would be eligible except for a lack of legal U.S. residency are eligible for coverage of emergency medical services, but not full Medicaid benefits. Eligibility lasts as long as an emergency medical condition exists.

**State-Only Groups**

**Medically Needy/Medically Indigent (MN/MI)** — State law provides for eligibility for individuals meeting specified resource limits and the following income criteria:

<u>Family Size</u>	<u>Maximum Net Income</u>
1	\$3,200
4	\$5,354
8	\$7,530

MN/MI statutes allow medical expenses to be used to reduce the applicant's total annual income, thus allowing an applicant to "spend-down" into eligibility. Spend-down provisions do not apply to the calculation of the applicant's liquid and non-liquid resources. Unlike most federal Medicaid categories, MN/MI eligibility standards contain no restrictions relating to age, gender, or the presence of dependent children in the household. As of July 1, 1993, MN/MI applicants have to be legal U.S. residents to be eligible for full AHCCCS services. Non-residents may qualify for emergency services coverage.

**Eligible Assistance Children (EAC)** — Children, ages 0-13 years, in families certified by the Department of Economic Security to be eligible for the federal Food Stamp Program qualify automatically for AHCCCS benefits. Because of the expansion of the federal SOBRA program and the creation of 1902(r)(2) group, the state has been able to transfer a large number of these children into federally-matched categories.

**Eligible Low-Income Children (ELIC)** — These are children, ages 0-13 years, in families whose annual income falls between the following guidelines, which represents the gap between the upper limit of the MN/MI income standard and the Federal Poverty Level:

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

<u>Family Size</u>	<u>Minimum Income</u>	<u>Maximum Income</u>
1	\$3,200.01	\$ 7,740
4	\$5,354.01	\$15,600
8	\$7,530.01	\$26,080

Except for the age restriction and the difference in income limits, applicants for ELIC must meet the same requirements as applicants for the state-only MN/MI program.

**State Emergency Services** — Established in Laws 1993, Chapter 6, 2nd Special Session, this eligibility category provides coverage of emergency medical services to those otherwise eligible for a state group, such as MN/MI, except for the lack of legal U.S. residency. Services covered are the same as those in the Federal Emergency Services program, except the cost is 100% state-funded.

**STATE BOARD OF DIRECTORS FOR COMMUNITY COLLEGES**

**A.R.S. § 15-1424**

Don Puyear, Ph.D., Executive Director

JLBC Analyst: Bruce Groll/Lynne Smith

<b>General Fund and Certification Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	14.0	13.0	13.0
Personal Services	582,300	543,800	544,500
Employee Related Expenditures	107,100	98,100	98,500
Professional and Outside Services	14,000	9,600	9,600
Travel - In State	34,300	37,400	38,000
Travel - Out of State	3,400	-0-	-0-
Other Operating Expenditures	108,500	105,700	106,700
Equipment	6,500	4,300	21,100
<b>Operating Subtotal</b>	<b>856,100</b>	<b>798,900</b>	<b>818,400</b> <sup>1/</sup>
Indirect Costs	10,000	10,000	10,000
Operating State Aid			
Cochise	4,573,100	4,778,400	5,028,400
Coconino	1,584,600	1,955,500	2,411,500
Graham	4,144,400	4,318,100	4,583,500
Maricopa	33,068,400	33,818,400	37,523,200
Mohave	2,784,200	3,008,700	3,258,700
Navajo	3,262,400	3,639,300	3,889,300
Pima	14,609,800	15,359,800	16,359,800
Pinal	4,875,800	5,073,200	5,323,200
Yavapai	3,553,500	3,863,700	4,113,700
Yuma/La Paz	3,969,600	4,234,200	4,571,300
<b>Total - Operating State Aid</b>	<b>76,425,800</b>	<b>80,049,300</b>	<b>87,062,600</b>
Capital Outlay State Aid			
Cochise	698,300	698,300	698,300
Coconino	216,000	249,200	291,300
Graham	571,800	571,800	571,800
Maricopa	7,163,900	7,163,900	7,163,900
Mohave	428,600	431,600	431,600
Navajo	422,700	466,400	466,400
Pima	2,511,700	2,511,700	2,511,700
Pinal	685,000	685,000	685,000
Yavapai	499,100	525,500	525,500
Yuma/La Paz	589,700	608,300	625,800
<b>Total - Capital Outlay State Aid</b>	<b>13,786,800</b>	<b>13,911,700</b>	<b>13,971,300</b> <sup>2/</sup>
Equalization Aid			
Cochise	1,292,300	1,400,300	1,565,900
Graham	5,811,400	6,081,800	6,274,000
Navajo	-0-	25,700	411,500
Yuma/La Paz	-0-	52,100	11,600
<b>Total - Equalization Aid</b>	<b>7,103,700</b>	<b>7,559,900</b>	<b>8,263,000</b> <sup>2/</sup>
Technology Assisted Learning	-0-	-0-	1,100,000 <sup>4/5/</sup>
<b>Total Appropriations</b>	<b>98,182,400</b>	<b>102,329,800</b>	<b>111,225,300</b> <sup>4/5/</sup>

(Continued)

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

<b>Fund Summary</b>			
General Fund	98,045,600	102,189,600	111,080,000
Certification Fund	136,800	140,200	145,300
<b>Total Appropriations</b>	<b>98,182,400</b>	<b>102,329,800</b>	<b>111,225,300</b>

**Agency Description** — The Arizona community college system is comprised of a state board of directors and 10 college districts. The board consists of 15 members—one from each county, appointed by the Governor; a representative of the Arizona Board of Regents (ABOR); and the Superintendent of Public Instruction or the Superintendent's designee. The State Board of Directors for Community Colleges (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.

**Technical Issues** — The approved amount includes a reduction of \$8,600 from the Certification Fund (\$7,600 for Personal Services and \$1,000 for Employee Related Expenditures), as requested to reconcile base salary adjustments for refilled positions.

**Equipment** — The approved amount includes a one-time increase of \$10,000 General Fund (GF) and \$6,000 Other Funds (OF) for a new digital telephone system to replace their technologically obsolete phone system; a one-time increase of \$1,000 GF and \$600 OF for a computer modem for the file server, enabling electronic interface with the community college districts and universities; and a one-time increase of \$2,500 OF for document scanner software to facilitate Teacher Certification records management and retention.

**Indirect Costs** — The approved amount includes \$10,000 from the Certification Fund to defray reasonable expenses incurred by the State Board for administration of the fund. These costs include a share of the Executive Director's salary, financial services, and other State Board staff whose efforts indirectly support the certification process.

**Operating State Aid** — The approved amount for Operating State Aid includes a net increase of \$7,013,300:

- \$463,300 to fund the enrollment growth formula for each district and "holds harmless" districts with declining full-time student equivalent (FTSE) enrollment per statute;
- an additional \$3,550,000 to Maricopa for enrollment and operations issues, including distance learning, business partnership training and skills development, and Small Business Development Centers;
- an additional \$1,000,000 to Pima for teaching and training program initiatives in support of economic growth and development; and

1/ The \$145,300 appropriated from the Teacher Certification Fund is intended for the specific purpose of defraying teacher certification costs and includes \$135,300 for total direct certification costs of staff salaries, Employee Related Expenditures and all other direct operating expenses, and \$10,000 for related Indirect Costs for administrative expenses incurred by the board. (General Appropriation Act footnote.)

2/ Each district has the option of using up to 20% of its total Capital Outlay Aid appropriation for Operating Aid purposes, or this same amount may be taken out of its total Operating State Aid appropriation and used for Capital Outlay purposes (A.R.S. § 15-1464F).

3/ The \$1,100,000 appropriated for Technology Assisted Learning is appropriated to the State Board of Directors for Community Colleges as a Special Line Item. Of this sum, \$100,000 is appropriated to the State Board as a one-time grant to design a statewide plan for interconnecting and consolidating community college, university and K-12 telecommunication video systems, voice and data and to tie individual community college districts' electronic delivery systems together. The statewide network plan and resource allocation recommendation must be presented to the Joint Legislative Budget Committee for review. Subsequent to this review, the remaining \$1,000,000 shall be allocated by the State Board to community college districts with priority to service in rural areas. (General Appropriations Act footnote.)

4/ Represents General Appropriation Act funds. Appropriated as an Operating Lump Sum with District-by-District Special Line Items and Technology Assisted Learning Special Line Item. The line items within the "Operating Subtotal" are shown for information only.

5/ The Arizona Board of Regents (ABOR) and the State Board of Directors for Community Colleges (State Board) shall jointly establish a study committee comprised of university and community college members who are representatives of faculty, academic administration, student services and the chief executive offices. It is the intent of the Legislature that the study committee establish a seamless statewide articulation and transfer system, including the process for transfer of lower division general education credits and curriculum requirements for majors, with the objective of reaching consensus on an agreement that assures that community college students may transfer to Arizona public universities without loss of credit towards a baccalaureate degree. The ABOR and the State Board shall present the agreement for review by the Joint Legislative Budget Committee by December 15, 1996. (General Appropriation Act footnote.)

(Continued)



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

- an additional \$2,000,000 to rural districts distributed equally to each district in an amount of \$250,000 for strategic initiatives including new training and skills development, technology assisted learning, classroom currency, and renewal and preparation of staff.

Laws 1995, Chapter 196 modified the formula for calculating and allocating Operating State Aid to community college districts. The law now "holds harmless" districts with declining FTSE by adjusting state aid in an amount that reflects only growth in the FTSE enrollment count. This enrollment adjustment is calculated by multiplying the increase in the most recent year's actual FTSE for each district by the average state aid per FTSE appropriated in the current fiscal year. Therefore, Operating State Aid equals the sum of the current year base plus the FTSE enrollment growth adjustment, and also becomes the base amount to be adjusted in the next fiscal year.

Although "hold harmless" funding was appropriated in FY 1997 for both Operating State Aid and Capital Outlay State Aid, the Legislature adopted in Laws 1996, Chapter 4, 5th Special Session a funding formula model that adjusts operating and capital aid budgets to more equitably account for continuous, longer-term reductions in full-time student equivalent enrollment for FY 1998. The "2-Year Stepped Decline" model reduces Operating and Capital Outlay Aid after 2 consecutive years of decreases in FTSE. Thus, for FY 1998, Operating State Aid funding for a district with 2 consecutive years declining FTSE will be calculated as follows: 1) take the difference of the FY 1994 and FY 1995 audited FTSE counts; 2) multiply this difference by the average dollar amount per FTSE of Operating Aid appropriated for FY 1997 for all districts; and 3) subtract this dollar amount from the district's FY 1997 Operating State Aid appropriation. For a district experiencing only a single year FTSE decline, legislative intent is to provide "hold harmless" funding at the district's FY 1997 state aid amounts. As the relevant section of Chapter 4 is a session law effecting FY 1998 only, the Legislature will need to address a long-term solution to this issue.

In this case, with \$6,550,000 of additional operating aid not funding the formula led to a substantially greater appropriation than called for by the formula. Instead of a \$463,300, or 0.6%, increase required by the formula, the Legislature provided a \$7,013,300, or 8.8%, increase.

**Capital Outlay State Aid** — The approved amount for Capital Outlay State Aid includes a net increase of \$59,600 to fund the enrollment growth formula for each district and to "hold harmless" or restore funding to the FY 1996 level for any district that received reduced funding as a result of enrollment decline.

The current statutory Capital Outlay State Aid formula, as modified by Laws 1995, Chapter 196 provides per capita funding to districts based on the district's size and the most recent year's actual audited FTSE. Districts with 5,000 or less FTSE would receive \$210/FTSE, while districts with greater than 5,000 FTSE would receive \$160/FTSE for FY 1997.

Strictly applying the statutory formula would generate a systemwide Capital Outlay State Aid net decrease of \$439,700, or 3.2%, from the FY 1996 appropriation. However, with the additional "hold harmless" funding of \$499,300, instead of the reduction required by the formula, the Legislature provided a \$59,600, or 0.4%, increase in Capital Outlay State Aid. Unlike Operating State Aid, current law does not require the hold harmless provision. However, the Education ORB provisions described above also apply to Capital Outlay State Aid as well. Again, using the "2-Year Stepped Decline" model, the amount of Capital Outlay Aid for FY 1998 for a district with 2 consecutive years declining FTSE will be the result of multiplying the district's FY 1995 audited FTSE count by \$210 for a district with less than 5,000 FTSE and by \$160 for a district with 5,000 FTSE or more.

**Equalization Aid** — The approved amount adds \$703,100, or 9.3%, and fully funds the increase in the formula requirement for the 4 qualifying districts: Cochise, Graham, Navajo and Yuma/La Paz. Equalization Aid is paid to a community college district which has a property tax base that is less than the minimum assessed value specified in A.R.S. § 15-1402. Under the Equalization Aid formula, the minimum assessed valuation is increased by the average growth in actual assessed valuation for all rural districts with populations less than 500,000 persons for the 2 most recent years. Equalization Aid is paid out on the basis of the difference between minimum assessed valuation and the most recent year's actual assessed valuation for the district. Equalization Aid is calculated at the lesser of \$1.37 per \$100 of the district's assessed valuation or the district's levy rate.

**Technology Assisted Learning** — The approved amount adds \$1,100,000 for planning and developing a coordinated statewide technology assisted learning network as stipulated in footnote 3 above. Information technology is being used to create new educational access in remote communities and interconnect college and university campuses throughout Arizona and beyond its

(Continued)

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

borders. Technology assisted learning includes classroom computers, interactive television and distance education networks and may also be a cost-effective means for accommodating some of Arizona's anticipated postsecondary enrollment growth. Of the \$1,100,000 recommended, \$100,000 is allocated to the State Board as a one-time grant to design a statewide plan for interconnecting and consolidating community college, university and K-12 telecommunication systems (video, voice and data), and to tie individual community college districts' electronic delivery systems together and allow increased multi-district shared delivery of instruction. Planning design and development of the system should be coordinated and integrated with the university and K-12 educational systems to maximize state resources and facilities. The remaining \$1,000,000 will be allocated by the State Board to community college districts with priority to service in rural areas, subject to review by the Joint Legislative Budget Committee. Additionally, Laws 1996, Chapter 342, Section 16 requires establishment of a centralized information technology review process. (See the General Legislation section of the FY 1997 Appropriations Report for a comprehensive description of the State Board's and community colleges' responsibilities.)

**Capital Outlay** — Chapter 2, 5th Special Session — Section 2I of this act appropriates \$200,000 from the General Fund to the State Board of Directors for Community Colleges for the Navajo Community College District Show Low campus. This amount represents the fourth one-fifth contribution by the state for Capital Outlay pursuant to A.R.S. § 15-1463B. A total of \$800,000 has been paid to the Navajo Community College District for the Show Low Campus.

**Other Issues** — University/Community College Articulation refers to the transferability of for-credit courses taken at Arizona's community colleges to Arizona's public universities. Prior efforts by the ABOR and the State Board to reach consensus on articulation criteria and design a process have achieved only limited success. Articulation has a direct fiscal impact to the state concerning lost transfer credits and repeated courses, increased time to graduation, and loss of student time and income. It is the intent of the Legislature that ABOR and the State Board form a study committee to establish a seamless statewide articulation and transfer system, including the process for transfer of lower division general education credits and curriculum requirements for majors, with the objective of reaching consensus on an agreement that assures that community college students may transfer to Arizona public universities without loss of credit towards a baccalaureate degree (see footnote 5). Each university has different undergraduate criteria, often for the "same" degree program. While the Legislature recognizes each university's independence to establish differentiated program curricula and degree requirements at the upper division level, the Legislature also believes that "same" degree programs should have the same freshman and sophomore curriculum requirements at any of Arizona's public universities.

**STATE DEPARTMENT OF CORRECTIONS - SUMMARY**

A.R.S. § 41-1602

Terry L. Stewart, Director

JLBC Analyst: Lorenzo Martinez/Karen Bock

General Fund and Other Appropriated Funds	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
<u>Program Summary</u>			
Adult Institutions	264,799,800	307,937,000	333,437,100
Health Services	45,325,900	50,186,400	56,649,600
Human Resources and Development	5,272,700	5,996,700	6,367,700
Administration	20,472,600	23,332,800	23,186,100
Community Corrections	12,018,400	26,873,400	30,015,200
<b>Total Appropriations</b>	<b>347,889,400</b>	<b>414,326,300</b>	<b>449,655,700</b>
<u>Expenditure Detail</u>			
FTE Positions	7,313.4	7,944.4	8,624.4
Personal Services	172,770,200	193,026,400	217,214,000
Employee Related Expenditures	52,275,200	59,835,700	65,443,900
Professional and Outside Services	26,267,000	27,840,300	31,148,300
Travel - In State	498,000	671,300	725,800
Travel - Out of State	49,800	93,600	97,000
Other Operating Expenditures	47,225,300	53,664,500	58,526,900
Equipment	4,736,800	10,394,900	5,072,500
<b>Operating Subtotal</b>	<b>303,822,300</b>	<b>345,526,700</b>	<b>378,228,400</b>
Special Line Items	44,067,100	68,799,600	71,427,300
<b>Total Appropriations</b>	<b>347,889,400</b>	<b>414,326,300</b>	<b>449,655,700</b> <sup>1/2/3/</sup>
<u>Fund Summary</u>			
General Fund	333,127,700	387,926,500	431,114,600
Corrections Fund	13,761,700	25,399,800	17,541,100
Penitentiary Land Earnings Fund	1,000,000	1,000,000	1,000,000
<b>Total Appropriations</b>	<b>347,889,400</b>	<b>414,326,300</b>	<b>449,655,700</b>

*Agency Description — The Department of Corrections maintains and administers a statewide system of prisons for the effective custody, control, correction, treatment and rehabilitation of all adult offenders legally committed to the department. Educational and treatment programs are provided for offenders so they will have opportunities to learn more responsible behaviors and increase their chance of returning to society as law abiding citizens. The department is also responsible for the supervision of offenders on parole or other prison release mechanisms, as specified by law.*

**Prior Year Prison Openings —** The approved amount includes a net reduction of \$2,608,800 from one-time costs and annualized operating costs for the Globe and Apache expansions, and the Eyman-SMU II and Yuma-Cheyenne prison units.

**New Prisons —** The approved amount includes a total of 673 FTE Positions and \$24,686,200 to support the operation of 4 new prison projects. The opening of these prisons will increase the state prison capacity by 1,400 beds.

- **Yuma Cheyenne** — The approved amount includes 252 FTE Positions and \$7,498,500 for the first 400 beds to open in July 1996, and 123.5 FTE Positions and \$5,593,000 for the second 400 beds to open in September 1996. The Cheyenne Unit is an 800-bed Level 3 (medium security) prison located at the Yuma complex.
- **Florence Tents** — The approved amount includes 155.5 FTE Positions and \$6,831,500 for 400 Level 2 (minimum security) tent beds to be opened in July 1996 at 1 of the 2 complexes in Florence.

<sup>1/</sup> Twenty-five percent of land earnings and interest from the State Charitable, Penal and Reformatories Land Fund shall be distributed to the Department of Corrections in compliance with Section 25 of the Enabling Act and the Constitution to be used for the support of state penal institutions. (General Appropriation Act footnote.)

<sup>2/</sup> One hundred percent of land earnings and interest from the Penitentiary Land Fund shall be distributed to the Department of Corrections in compliance with Section 25 of the Enabling Act and the Constitution to be used for the support of state penal institutions. (General Appropriation Act footnote.)

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

(Continued)

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

- **Tucson Minors Beds** — The approved amount includes 142 FTE Positions and \$4,763,200 for 200 minors beds to be opened in December 1996 at the Tucson complex.

**Population Growth** — The approved amount includes \$9,294,900 to fund the marginal costs the department will incur for each additional inmate that enters the prison system (\$3,300 per prisoner). The funding reflects an increase in the average daily population (ADP) of 3,084 (of which 1,284 represents unanticipated FY 1996 growth).

**Land Endowment Earnings Fund** — The approved amount includes \$1,000,000 appropriated from the Penitentiary Land Earnings Fund. Revenues for this fund are from use fees on lands granted to the State of Arizona pursuant to Section 25 of the Enabling Act and interest earned on the investment of the permanent Penitentiary Land Fund. Penitentiary land earnings include payments by the Department of Juvenile Corrections for the lease of land where the Adobe Mountain and Black Canyon Juvenile Institutions are located.

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

Table 1 shows revenues and expenditures for the Corrections Fund. See the Capital Outlay section for more information on FY 1997 Corrections Fund appropriations.

Table 1				
State of Arizona Corrections Fund Estimated Revenue and Expenditure Projections (\$ Thousands)				
	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
<b>Beginning Balance</b>	\$19,407.3	\$18,115.5	\$ 4,159.7	\$ 503.9
Revenues <sup>1/</sup>	21,993.1	22,181.5	22,242.3	22,139.0
General Fund Appropriations & Other Deposits	22,850.0	38,400.0	56,100.0	41,100.0
General Fund Repayment Transfer	21,434.0	18,000.0	--	--
<b>Total Revenues</b>	<u>\$66,277.1</u>	<u>\$78,581.5</u>	<u>\$78,342.3</u>	<u>\$63,239.0</u>
<b>Total Funds Available</b>	<b>\$85,684.4</b>	<b>\$96,697.0</b>	<b>\$82,502.0</b>	<b>\$63,742.9</b>
Expenditures:				
Prior Construction & Other Obligations	\$ 4,983.6	\$ 396.2	\$ 396.2	\$ 396.2
FY 1993 Lease-Purchase Payments	12,064.1	9,037.8	12,012.5	--
FY 1994 Lease-Purchase Payments	12,245.5	7,422.2	12,418.3	12,415.1
Apache County Prison Lease	1,090.2	1,081.1	1,071.1	1,083.5
FY 1995 Approved Projects	17,335.5	--	--	--
FY 1996 Approved Projects	19,850.0	28,200.0	--	--
<b>Total Expenditures</b>	<u>\$67,568.9</u>	<u>\$46,137.3</u>	<u>\$25,898.1</u>	<u>\$13,894.8</u>
<b>Fund Balance</b>	<b>\$18,115.5</b>	<b>\$50,559.7</b>	<b>\$56,603.9</b>	<b>\$49,848.1</b>
<b>FY 1997 Approved Projects</b>				
Florence 400 Level 2 Tent Beds	--	2,500.0	--	--
Southwest Regional Prison Complex (4,150 beds)	--	43,900.0	56,100.0	41,100.0
Includes: Infrastructure				
Complex Buildings				
1,600 Level 4 Beds				
1,600 Level 3 Beds				
600 Level 3 Female Beds				
350 Level 5 Minors Beds				
<b>Projected Fund Balance - End of Period</b>	<u><u>\$18,115.5</u></u>	<u><u>\$4,159.7</u></u>	<u><u>\$503.9</u></u>	<u><u>\$8,748.1</u></u>

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

(Continued)

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

**Additional Prison Capacity** — The approved amount in the operating budget provides funding for 4 new prison projects. The opening of these prisons will add 1,600 new DOC beds in FY 1997. The elimination of the shock incarceration program will reduce the number of available beds by 70. Additionally, the Capital budget (as amended by Chapter 337) authorizes construction of a new prison complex, which will add 4,150 new beds by the end of FY 1999. Table 2 presents a comparison of the month end prison population, the number of beds (expressed as the Operational Capacity), and the Projected Bed Shortage during FY 1997, FY 1998, and FY 1999.

<b>Table 2</b> <span style="float: right;"><b>State of Arizona</b></span> <b>Projected Prison Population</b> <b>July 1996 to June 1999</b>					
Month	Year	Population Projection <sup>1/</sup>	Additional Prison Beds	Operational Capacity	Bed Shortage
July	1996	23,006	+400 Level 3 Beds Yuma <sup>2/</sup> - 70 Beds eliminate shock incarceration <sup>3/</sup> +400 Tent Beds Florence <sup>4/</sup>		
August	1996	23,156		21,034	(1,972)
September	1996	23,306	+400 Level 3 Beds Yuma <sup>2/</sup>	21,034	(2,122)
October	1996	23,456		21,434	(1,872)
November	1996	23,606		21,434	(2,022)
December	1996	23,756	+200 Minors Beds Tucson <sup>2/</sup>	21,434	(2,172)
January	1997	23,906		21,634	(2,122)
February	1997	24,056		21,634	(2,272)
March	1997	24,206		21,634	(2,422)
April	1997	24,356		21,634	(2,572)
May	1997	24,506		21,634	(2,722)
June	1997	24,656		21,634	(2,872)
July	1997	24,806		21,634	(3,022)
August	1997	24,956		21,634	(3,172)
September	1997	25,106	+600 Female Beds New Complex <sup>4/</sup>	21,634	(3,322)
October	1997	25,256	+800 Level 4 Beds Yuma <sup>2/</sup>	22,234	(2,872)
November	1997	25,406		23,034	(2,222)
December	1997	25,556		23,034	(2,372)
January	1998	25,706	+800 Level 4 Beds New Complex <sup>4/</sup>	23,034	(2,522)
February	1998	25,856		23,834	(1,872)
March	1998	26,006		23,834	(2,022)
April	1998	26,156		23,834	(2,172)
May	1998	26,306	+800 Level 3 Beds New Complex <sup>4/</sup>	23,834	(2,322)
June	1998	26,456		24,634	(1,672)
July	1998	26,606		24,634	(1,822)
August	1998	26,756		24,634	(1,972)
September	1998	26,906	+350 Minors Beds New Complex <sup>4/</sup>	24,634	(2,122)
October	1998	27,056		24,984	(1,922)
November	1998	27,206		24,984	(2,072)
December	1998	27,356		24,984	(2,222)
January	1999	27,506	+800 Level 4 Beds New Complex <sup>4/</sup>	24,984	(2,372)
February	1999	27,656		25,784	(1,722)
March	1999	27,806		25,784	(1,872)
April	1999	27,956		25,784	(2,022)
May	1999	28,106	+800 Level 3 Beds New Complex <sup>4/</sup>	25,784	(2,172)
June	1999	28,256		26,584	(1,522)
				26,584	(1,672)

<sup>1/</sup> Based on 150 additional inmates per month.  
<sup>2/</sup> Authorized by Laws 1995, Chapter 2, 1st Special Session.  
<sup>3/</sup> Authorized by Laws 1996, Chapter 3, 5th Special Session.  
<sup>4/</sup> Authorized by Laws 1996, Chapter 337.

(Continued)

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

**Average Daily Prison Population** — The actual growth of the average daily prison population from FY 1985 to FY 1995, including estimates for FY 1996 and FY 1997 is shown below. The "Average Daily Population" represents the average number of inmates managed by the Department of Corrections on a daily basis during the year.

<b>Fiscal Year</b>	<b>Average Daily Population</b>				
	<b>Prisons</b>	<b>CRC <sup>1/</sup></b>	<b>Private</b>	<b>Jails</b>	<b>Total</b>
1985	7,583	201	-0-	NA	7,784
1986	8,270	205	-0-	NA	8,475
1987	9,508	209	-0-	NA	9,717
1988	10,705	222	-0-	NA	10,927
1989	11,935	240	-0-	NA	12,175
1990	12,987	253	-0-	NA	13,240
1991	13,911	258	-0-	76	14,245
1992	15,041	282	-0-	84	15,407
1993	16,293	130	-0-	125	16,548
1994	17,737	137	-0-	158	18,482
1995	19,542	136	273	126	20,077
1996 est. <sup>2/</sup>	20,634	144	1,117	100	21,995
1997 est. <sup>2/</sup>	22,101	144	1,450	100	23,795

<sup>1/</sup> Correctional Release Centers.  
<sup>2/</sup> Funded Estimates.

**Capital Outlay** — Chapter 2, 5th Special Session (as amended by Chapter 337) — Appropriates \$38,400,000 in FY 1997, \$56,100,000 in FY 1998, and \$41,100,000 in FY 1999 from the General Fund to the Corrections Fund. The bill also appropriates \$46,400,000 in FY 1997, \$56,100,000 in FY 1998, and \$41,100,000 in FY 1999 from the Corrections Fund to the Arizona Department of Administration (ADOA) for prison construction. The Corrections Fund will have a balance sufficient to cover the \$8,000,000 difference between the \$38,400,000 General Fund appropriation and the \$46,400,000 appropriation to ADOA in FY 1997. The appropriations are for the following purposes and in the following amounts.

**FY 1997**

- Construct 400 Level 2 Security Modular and Tent Beds at an Existing Florence Prison Complex \$ 2,500,000  
Of the appropriated amount, up to \$187,200 and 4 FTE Positions may be allocated each fiscal year to oversee and manage the project until its completion.
- Design and Construct Southwest Regional Prison Complex 43,900,000  
Chapter 337 sites the new prison complex on State Route 85, 10 miles south of the I-10 interchange. The appropriations for the facility will fund the design and construction of the following: a) infrastructure, b) complex buildings, c) two 800-Bed Adult Male Level 4 Security Units, d) two 800-Bed Adult Male Level 3 Security Units, e) one 600-Bed Adult Female Level 3 Security Unit, and f) one 350-Bed Minors Level 5 Security Unit.

Table 2 shows the impact that these new beds will have on the bed deficit as they come on line.

Of the appropriated amount, up to \$748,800 and 16 FTE Positions may be allocated each fiscal year to oversee and manage the project until its completion.

**Total - FY 1997**

**\$46,400,000**

**FY 1998**

- Design and Construct Southwest Regional Prison Complex (See FY 1997 for details)

**\$56,100,000**

**Total - FY 1998**

**\$56,100,000**

**FY 1999**

- Design and Construct Southwest Regional Prison Complex (See FY 1997 for details)

**\$41,100,000**

**Total - FY 1999**

**\$41,100,000**

**STATE DEPARTMENT OF CORRECTIONS - ADULT INSTITUTIONS**

A.R.S. § 41-1602

General Fund and Other Appropriated Funds	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>6,298.9</u>	<u>6,769.4</u>	<u>7,388.4</u>
Personal Services	140,182,100	154,887,200	175,578,300
Employee Related Expenditures	44,229,600	50,292,400	55,374,700
Professional and Outside Services	4,388,200	6,523,000	6,941,300
Travel - In State	325,000	396,100	451,700
Travel - Out of State	36,400	62,000	69,100
Other Operating Expenditures	32,547,300	36,206,700	39,583,600
Equipment	<u>3,230,000</u>	<u>6,456,400</u>	<u>4,645,900</u>
<b>Operating Subtotal</b>	<b>224,938,600</b>	<b>254,823,800</b>	<b>282,644,600</b>
Food	21,238,700	22,107,300	27,170,700
Work Incentive Pay Plan	4,679,000	5,059,400	5,757,900
Discharge Expense	187,600	283,600	322,800
1993 Lease-Purchase Payments	12,084,300	12,064,100	9,037,800
1994 Lease-Purchase Payments	1,009,100	12,245,500	7,422,200
Apache County Prison Lease	662,500	1,090,200	1,081,100
Education Programs	<u>-0-</u>	<u>263,100</u>	<u>-0-</u>
<b>Total Appropriations</b>	<b>264,799,800</b>	<b>307,937,000</b>	<b>333,437,100</b> <sup>1/</sup>
<b>Fund Summary</b>			
General Fund	250,043,900	281,537,200	314,896,000
Corrections Fund	13,755,900	25,399,800	17,541,100
Penitentiary Land Earnings Fund	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
<b>Total Appropriations</b>	<b>264,799,800</b>	<b>307,937,000</b>	<b>333,437,100</b>

*Program Description — The Adult Institutions Division provides care and custody for all adult offenders committed to the Department of Corrections by the courts of Arizona. Within the division, offenders are classified relative to their risk to the institution and public safety. The division offers inmate educational and vocational classes, library services, work opportunities, treatment programs, and family assistance services. The division is responsible for the operation of 9 prison complexes located in Phoenix, Perryville, Yuma, Douglas, Tucson, Winslow, Safford, and Florence which has 2 complexes (Florence and Eyma); as well as 3 stand alone prisons located in Globe, Fort Grant, and the Apache unit 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.*

**New Prisons** — The approved amount provides funding to support the operation of 4 new prison projects.

	<u>FTE Positions</u>	<u>Funding</u>
Yuma 1st 400 Beds	228.0	\$6,643,400
Yuma 2nd 400 Beds	104.0	4,593,600
Florence 400 Tent Beds	133.0	5,668,200
Tucson 200 Minors Beds	127.0	4,137,900

**Population Growth** — The approved amount includes an increase of \$5,793,600 for costs associated with the anticipated growth in the inmate population. Of this amount, \$3,264,900 is for food costs.

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

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

**Continuation of CSO Pay Plan** — The approved amount includes a total of \$3,365,000 for the continuation of the Correctional Service Officer (CSO) Pay Plan approved in FY 1996. Of this amount \$1,221,500 is for 33 additional Correctional Sergeant positions and \$2,143,500 is for the first year implementation of the CSO II salary step system.

**Inmate Education** — The approved amount includes a reduction of 6 FTE Positions and \$438,600 resulting from A.R.S. § 15-1372. Pursuant to the statute, the department will begin receiving state aid from the Department of Education in FY 1997. These monies will supplant current operating expenditures and will be deposited in the non-appropriated State Education Fund for Correctional Education.

**Food** — The approved amount is for food to be served to inmates housed in prison facilities. In addition to the increase for population growth, an additional \$1,709,800 is included for anticipated increases in the number of meals served and inflationary increases (5%) in contract costs.

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

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

**FY 1993 Lease-Purchase Payments** — The approved amount is for the FY 1996 COP payment for the FY 1993 prison construction project of 1,450 beds. An additional \$3,000,000 from construction savings will be used for the FY 1997 payment, which totals \$12,037,800.

**FY 1994 Lease-Purchase Payments** — The approved amount is for the FY 1996 COP payment for the FY 1994 prison construction project of 768 maximum security beds. An additional \$5,000,000 from construction savings will be used for the FY 1997 payment, which totals \$12,422,200.

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

**Education Programs** — Laws 1995, Chapter 158 provided one-time funding for the department to establish identification, evaluation, and placement procedures for pupils with disabilities.



STATE DEPARTMENT OF CORRECTIONS - HEALTH SERVICES			A.R.S. § 41-1602
General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>587.5</u>	<u>627.0</u>	<u>702.0</u>
Personal Services	19,006,100	22,677,200	25,902,000
Employee Related Expenditures	4,628,900	5,488,200	6,027,100
Professional and Outside Services	18,855,600	17,545,800	20,140,800
Travel - In State	42,600	49,400	55,500
Travel - Out of State	1,400	2,000	2,000
Other Operating Expenditures	2,704,600	3,988,600	4,354,700
Equipment	<u>86,700</u>	<u>435,200</u>	<u>167,500</u>
<b>Total Appropriations</b>	<b>45,325,900</b>	<b>50,186,400</b>	<b>56,649,600</b> <sup>1/</sup>

**Program Description** — The division provides inmate health services, which include routine and emergency medical care, nursing care, routine and essential dental care, mental health services, pharmacy services, and medical records maintenance.

**New Prisons** — The approved amount includes funding for Health Services costs associated with opening of 4 new prison projects.

	<u>FTE Positions</u>	<u>Funding</u>
Yuma 1st 400 Beds	19.0	\$656,100
Yuma 2nd 400 Beds	16.5	762,400
Florence 400 Tent Beds	19.5	883,400
Tucson 200 Minors Beds	14.0	455,900

**Population Growth** — The approved amount includes an increase of \$3,149,400 for costs associated with the anticipated growth in the inmate population.

**Mental Health Services** — The approved amount includes 6 FTE Positions and \$366,900 for the department to ensure that mental health programming and facilities for female inmates are in parity with those provided to male inmates.

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

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

A.R.S. § 41-1602

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>73.0</u>	<u>92.0</u>	<u>95.0</u>
Personal Services	2,496,500	2,639,700	3,011,600
Employee Related Expenditures	603,000	687,500	734,000
Professional and Outside Services	880,700	966,800	915,100
Travel - In State	58,600	86,000	84,800
Travel - Out of State	4,700	5,700	3,000
Other Operating Expenditures	1,112,000	1,600,900	1,588,500
Equipment	<u>117,200</u>	<u>10,100</u>	<u>30,700</u>
<b>Total Appropriations</b>	<b>5,272,700</b>	<b>5,996,700</b>	<b>6,367,700</b> <sup>1/</sup>

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

**Prior Year Prison Openings** — The approved amount includes a net reduction of \$462,900 from one-time costs and annualized operating costs for the Globe expansion and the Eyman-SMU II and Yuma-Cheyenne prison units.

**New Prisons** — The approved amount includes funding for training and recruitment costs associated with the opening of 4 new prison projects.

	<u>FTE Positions</u>	<u>Funding</u>
Yuma 1st 400 Beds	1.0	\$ 49,200
Yuma 2nd 400 Beds	1.0	170,000
Florence 400 Tent Beds	1.0	190,100
Tucson 200 Minors Beds	0.0	120,700

**Correctional Program Officer (CPO) Pay** — The approved amount includes \$271,800 to increase entry-level salaries for CPOs. CPO I's and CPO II's will be reclassified as CSO III's with an entry-level salary of \$25,000. CPO III's and CPO Supervisors will be reclassified as CSO IV's with an entry-level salary of \$28,000.

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

STATE DEPARTMENT OF CORRECTIONS - ADMINISTRATION			A.R.S. § 41-1602
General Fund and Corrections Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	197.0	212.0	221.0
Personal Services	6,309,700	6,290,000	6,631,100
Employee Related Expenditures	1,555,700	1,657,400	1,617,400
Professional and Outside Services	1,937,500	2,293,200	2,641,000
Travel - In State	42,600	89,900	90,800
Travel - Out of State	6,700	17,900	17,900
Other Operating Expenditures	9,614,700	10,173,900	11,581,300
Equipment	1,005,700	2,321,500	117,600
<b>Operating Subtotal</b>	<b>20,472,600</b>	<b>22,843,800</b>	<b>22,697,100</b>
Alternative Fuels	-0-	489,000	489,000
<b>Total Appropriations</b>	<b>20,472,600</b>	<b>23,332,800</b>	<b>23,186,100</b> <sup>1/</sup>
<u>Fund Summary</u>			
General Fund	20,466,800	23,332,800	23,186,100
Corrections Fund	5,800	-0-	-0-
<b>Total Appropriations</b>	<b>20,472,600</b>	<b>23,332,800</b>	<b>23,186,100</b>

**Program Description** — The Administration Division consists of the Director, his personal staff, the Inspections and Investigations Division, the Bureau of Management and Budget, the Business and Finance Bureau, Facility Management, Information Services, and the Office of Communications Administration. The Administration Division is responsible for the overall operation and management of the department through the Office of the Director and provides direct financial and logistical support to all operating elements. The Inspections and Investigations Division conducts criminal investigations, investigates employee misconduct, gathers criminal intelligence, and is responsible for the inspection of facilities and performs internal audits. There is an Intergovernmental Liaison Officer to coordinate with county attorneys and sheriffs. This position supervises the distribution of the Criminal Justice Enhancement Fund for county jail operations.

**Prior Year Prison Openings** — The approved amount includes a net reduction of \$1,852,000 from one-time costs and annualized operating costs for the Eyman-SMU II and Yuma-Cheyenne prison units.

**New Prisons** — The approved amount includes funding for administrative and investigative costs associated with the opening of 4 new prison projects.

	FTE Positions	Funding
Yuma 1st 400 Beds	4.0	\$149,800
Yuma 2nd 400 Beds	2.0	67,000
Florence 400 Tent Beds	2.0	89,800
Tucson 200 Minors Beds	1.0	48,700

**Population Growth** — The approved amount includes an increase of \$351,900 for data processing and legal costs associated with the anticipated growth in the inmate population.

**Alternative Fuels** — The approved amount continues funding to convert 80% of the department's Maricopa County fleet to an alternative fuel source. Funding is also included for the purchase and conversion of 21 replacement vehicles.

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

**STATE DEPARTMENT OF CORRECTIONS -  
COMMUNITY CORRECTIONS**

A.R.S. § 41-1602

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	157.0	244.0	218.0
Personal Services	4,775,800	6,532,300	6,091,000
Employee Related Expenditures	1,258,000	1,710,200	1,690,700
Professional and Outside Services	205,000	511,500	510,100
Travel - In State	29,200	49,900	43,000
Travel - Out of State	600	6,000	5,000
Other Operating Expenditures	1,246,700	1,694,400	1,418,800
Equipment	297,200	1,171,700	110,800
<b>Operating Subtotal</b>	<b>7,812,500</b>	<b>11,676,000</b>	<b>9,869,400</b>
Food	167,300	172,300	171,900
Work Incentive Pay Plan	37,300	38,000	37,700
Discharge Expense	6,400	7,200	7,200
Community Provider Beds	3,994,900	6,588,000	6,570,000
Return to Custody Beds	-0-	2,196,000	2,555,000
DWI Beds	-0-	6,195,900	10,804,000
<b>Total Appropriations</b>	<b>12,018,400</b>	<b>26,873,400</b>	<b>30,015,200</b> <sup>1/</sup>

*Program Description — The Community Corrections Division provides supervision of all adult offenders on parole or other statutory prison release programs. This includes Home Arrest that uses electronic surveillance and intensive case management to confine offenders to their residences, except for approved activities such as employment and treatment. The division is responsible for the operation of the Correctional Release Centers and supervises the residential community treatment facilities and private prisons. 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.*

**Parole Supervision Caseloads** — The approved amount includes \$241,800 and 4 parole officer positions to maintain a 50:1 parolee-to-officer ratio.

**Interstate Compact Probation** — The approved amount eliminates \$1,490,300 and 30 FTE Positions associated with supervision responsibilities of interstate compact probationers. This responsibility and associated funding and positions was transferred to the Courts.

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

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

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

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

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

(Continued)

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

---

**Return to Custody Beds** — The approved amount includes an additional \$365,000 to increase the per diem rate for the 200 privately-operated Return to Custody (RTC) beds. The minimum security facility is to be used to house released offenders who are returned to prison under an allegation of violating the terms of their releases and are awaiting due process hearings.

**DWI Beds** — The approved amount includes an additional \$4,623,300 to annualize the cost of 400 privately-operated DWI beds authorized in FY 1996. This line item provides funding for a total of 800 privately-operated minimum security DWI beds.

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

A.R.S. § 15-1301

Wilbur Lewi, Ph.D., Acting Superintendent

JLBC Analyst: Rachele Child/Stefan Shepherd

General Fund and Other Appropriated Funds	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
<b>Program Summary</b>			
Phoenix Day School	5,217,500	5,491,800	5,575,900
Arizona Diagnostic Testing and Education Center	1,876,300	1,983,800	-0-
Tucson Campus	14,158,500	14,733,600	13,340,700
Administration/Statewide Programs	-0-	-0-	3,775,100
<b>Total Appropriations</b>	<b>21,252,300</b>	<b>22,209,200</b>	<b>22,691,700</b>
<b>Expenditure Detail</b>			
FTE Positions	515.4	519.9	524.4
Personal Services	13,590,000	14,514,300	14,888,800
Employee Related Expenditures	2,976,100	3,140,900	3,053,100
Professional and Outside Services	423,500	383,200	485,500
Travel - In State	59,800	62,400	62,400
Travel - Out of State	0	0	7,000
Food	125,800	115,100	115,100
Other Operating Expenditures	3,459,000	3,364,100	3,282,700
Equipment	618,100	629,200	797,100
<b>Operating Subtotal</b>	<b>21,252,300</b>	<b>22,209,200</b>	<b>22,691,700</b> <sup>1/</sup>
Additional Appropriations	-0-	-0-	-0-
<b>Total Appropriations</b>	<b>21,252,300</b>	<b>22,209,200</b>	<b>22,691,700</b> <sup>2/</sup>
<b>Fund Summary</b>			
General Fund	16,169,000	16,798,000	16,827,100 <sup>2/</sup>
Permanent Special Education			
Institutional Voucher Fund	4,927,500	5,014,600	5,485,700 <sup>2/</sup>
Endowment Earnings and Out-of-State Tuition	155,800	396,600	371,600
Enterprise Fund	-0-	-0-	7,300
<b>Total Appropriations</b>	<b>21,252,300</b>	<b>22,209,200</b>	<b>22,691,700</b>

*Agency Description — The Arizona State Schools for the Deaf and the Blind (ASDB) provides comprehensive educational programs for visually and hearing impaired students. ASDB has 2 main campuses, a day school in Phoenix and a residential campus in Tucson, as well as a diagnostic center in Tucson, satellite preschools in the Tucson and Phoenix metropolitan areas, and regional offices in Tucson, Yuma and Flagstaff from which school district cooperatives are operated. ASDB also serves children 0-2 throughout the state. Systemwide, ASDB serves approximately 536 students in the K-12 programs, 125 children in preschools, 357 infant/toddlers in regional areas, and 291 children through the 3 regional cooperatives.*

**Fund Sources** — ASDB receives appropriated funding from the following 5 sources: General Fund, Voucher Fund, Endowment Earnings, Out-of-State Tuition, and for FY 1997 only, Enterprise Fund monies. The voucher monies are received from the Arizona Department of Education (ADE). ADE is appropriated funding through a Special Line Item called Permanent Special Education Institutional Vouchers for the special education costs of students attending ASDB and Regional Cooperatives, in accordance with A.R.S. § 15-1202. ASDB must submit an application to be approved by the Division of Special Education at ADE to receive voucher funding based on amounts set in statute, by disability category. ASDB will receive voucher funding for FY 1997 based on actual enrollment in that year. If its student count increases or decreases from the FY 1997 enrollment estimate, its voucher funding will change accordingly.

<sup>1/</sup> Appropriated as a Lump Sum for the Program.

<sup>2/</sup> Includes a General Fund reduction of \$534,100 and a corresponding increase in voucher monies per Laws 1996, Chapter 8, 5th Special Session, as amended by Laws 1996, Chapter 310. See the Additional Appropriations paragraph for more information.

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

The following represents the FY 1997 rates for each disability category:

	<u>Rate</u>
Visual Impairments	\$9,979.46
Hearing Impairments	9,374.76
Multiple Disabilities	11,425.26
Multiple Disabilities with Severe Sensory Impairments	13,776.86

These rates reflect an increase over the FY 1996 disability category rates due to an increase in the "Group B" special education weights for FY 1997 as approved in Laws 1996, Chapter 8, 5th Special Session, as amended by Laws 1996, Chapter 310. When appropriately weighted, this rate increase will result in an overall increase in Voucher Funds for ASDB of \$534,100. This increase is matched, however, by an equal decrease in ASDB's General Fund appropriation of \$534,100. (See Additional Appropriations below.)

**Agency Reorganization** — ASDB has reorganized its cost centers. This restructuring has created a new cost center called Administration/Statewide Programs, eliminated the Arizona Diagnostic Testing and Education Center cost center, and modified the other cost centers. No addition or reduction of FTE Positions or monies was involved in the reorganization.

**Equity Salary Adjustment** — The approved amount includes an increase of \$211,700 in Personal Services and \$25,600 in Employee Related Expenditures in General Fund and Voucher Funds for a salary equity adjustment for all positions at ASDB. The adjustment provides a full step adjustment for all ASDB employees, effective January 1, 1997. The full step adjustment dollar amount varies by employee, but may be approximated as follows: between \$347 and \$1,534 for classified, between \$825 and \$2,107 for administrative, and \$1,393 for certified positions. This step increase represents a 2.75% increase for classified positions, 2.5% for administrative positions, and varies between 2.9% and 6.3% for certified positions. This adjustment will need to be annualized in FY 1998. The step adjustment is in lieu of the 1% + \$500 salary adjustment approved for other state employees effective April 1, 1997.

The Legislature also approved additional General Fund monies to help restructure ASDB's salary schedule. The additional \$49,500 in Personal Services and \$6,000 in Employee Related Expenditures is to be used in conjunction with the monies provided for a full step adjustment effective January 1, 1997. As with the step increase, the restructuring adjustment will also need to be annualized in FY 1998.

The Department of Administration (DOA) annually surveys similar personnel by education level in 5 school districts providing significant programs for sensory impaired children (currently Tucson Unified, Mesa Unified, Washington Elementary, Paradise Valley Union, and Scottsdale Union) to compare the salaries offered by ASDB. The results of the equity survey is reported for consideration to the JLBC, per A.R.S. § 15-1331. The 1995 salary equity study called for an inflationary adjustment and a partial step adjustment.

**Travel - Out of State** — For FY 1997, the Legislature resumed appropriating funds to ASDB for out-of-state travel. The approved amount includes a total General Fund appropriation of \$7,000 for Travel - Out of State; this total is distributed among the 3 cost centers.

**Additional Appropriations** — ASDB: School Budgets (Chapter 310) — Laws 1996, 5th Special Session, Chapter 8, as amended by Laws 1996, 2nd Regular Session, Chapter 310, appropriated \$743,300 to the Permanent Special Education Institutional Voucher Fund from which ASDB receives its voucher monies to increase the "Group B" weights. This fund is administered by ADE. This legislation also reduced ASDB's General Fund appropriation by \$534,100 due to the corresponding increase in voucher monies. The difference between the appropriation to the fund and the decrease to ASDB's General Fund appropriation, or \$209,200, will be allocated by ADE to ASDB's non-appropriated Regional Cooperative Program and the Department of Health Services, as appropriate.

**Capital Outlay** — Chapter 2, 5th Special Session — Appropriates \$95,000 from the General Fund for architectural and planning expenses relating to remodeling the gymnasium on the Tucson Campus. Also appropriates \$345,000 from the Telecommunications Fund for the Deaf for a new telephone system for the Phoenix Day School for the Deaf.

**Additional Legislation** — Technical Corrections: State Program Review (Chapter 339) — Removes ASDB from the list of agencies receiving an annual appropriation ("Major Budget Units") rather than a biennial appropriation.

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

A.R.S. § 15-1301

General Fund and Permanent Special Education Institutional Voucher Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	137.4	138.4	137.4
Personal Services	3,556,000	3,830,900	3,891,000
Employee Related Expenditures	783,200	834,100	798,600
Professional and Outside Services	114,100	62,600	59,300
Travel - In State	14,400	8,100	1,100
Travel - Out of State	-0-	-0-	1,500
Food	29,200	30,900	30,900
Other Operating Expenditures	446,200	410,900	396,700
Equipment	274,400	314,300	396,800
<b>Operating Subtotal</b>	<b>5,217,500</b>	<b>5,491,800</b>	<b>5,575,900</b> <sup>1/</sup>
Additional Appropriations - ASDB; School Budgets, Ch. 310	-0-	-0-	-0- <sup>2/</sup>
<b>Total Appropriations</b>	<b>5,217,500</b>	<b>5,491,800</b>	<b>5,575,900</b>
<b>Fund Summary</b>			
General Fund	3,301,400	3,529,100	3,356,500 <sup>2/</sup>
Permanent Special Education Institutional Voucher Fund	1,916,100	1,962,700	2,219,400 <sup>22/</sup>
<b>Total Appropriations</b>	<b>5,217,500</b>	<b>5,491,800</b>	<b>5,575,900</b>

*Program Description* — The Phoenix Day School for the Deaf (PDS) provides a comprehensive educational program for hearing impaired students. PDS is projected to serve 227 students in the K-12 programs in the following categories: 181 hearing impaired, 20 multiply disabled and 26 multiple disabilities with severe sensory impairments (MDSSI).

*Agency Reorganization* — ASDB has reorganized its cost centers. This restructuring has created a new cost center called Administration/Statewide Programs, eliminated the Arizona Diagnostic Testing and Education Center cost center, and modified the other cost centers. The approved amount includes a transfer from PDS of 2 FTE Positions and \$48,200 to the Tucson Campus cost center and a transfer of \$15,800 to the Administration/Statewide Programs cost center.

*Counselor* — The approved amount includes 1 FTE Position and a total of \$36,900 in Personal Services and Employee Related Expenditures in voucher funding for the hiring of an additional counselor at the PDS campus. The counselor will assist students in addressing their mental health, educational, and vocational problems, which have increased as a result of the increasingly bilingual and low income composition of the PDS student population.

*Above-ground Diesel Tank* — The approved amount includes \$75,000 in General Fund monies for the one-time purchase of an above-ground diesel tank. The tank will allow PDS to move toward a more diesel-based fleet.

*Equipment* — The approved amount includes a total General Fund appropriation of \$31,000 for non-capitalized equipment and a total of \$38,500 for replacement capitalized equipment. This amount is expected to replace the following types of items: amplifiers, typewriters, computers, tables, projectors, televisions, video recorders, a copy machine, audio equipment, and a photo composer. The capitalized equipment approved amount also includes a total of \$283,300 for 2 replacement buses with lifts, 3 replacement mini-buses with lifts, and 1 replacement car.

<sup>1/</sup> Appropriated as a Lump Sum for the Program.

<sup>2/</sup> Includes a General Fund reduction of \$208,100 and a corresponding increase in voucher monies per Laws 1996, Chapter 8, 5th Special Session, as amended by Laws 1996, Chapter 310. See ASDB's Summary for more information.

<sup>3/</sup> Prior to the expenditure of any voucher funds in excess of the \$2,219,400 shown above, the Schools for the Deaf and the Blind shall report the intended use of the funds to the Speaker of the House of Representatives, the President of the Senate, the Chairmen of the Appropriations Committees and the Directors of the Joint Legislative Budget Committee and the Governor's Office of Strategic Planning and Budgeting. (General Appropriation Act footnote.)



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

**A.R.S. § 15-1301**

<b>General Fund and Permanent Special Education Institutional Voucher Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>65.9</u>	<u>65.9</u>	<u>0.0</u>
Personal Services	1,415,700	1,512,200	-0-
Employee Related Expenditures	345,900	358,900	-0-
Professional and Outside Services	47,700	82,800	-0-
Travel - In State	2,900	800	-0-
Food	-0-	4,200	-0-
Other Operating Expenditures	62,100	24,900	-0-
Equipment	<u>2,000</u>	<u>-0-</u>	<u>-0-</u>
<b>Total Appropriations</b>	<b>1,876,300</b>	<b>1,983,800</b>	<b>-0-</b>
<b><u>Fund Summary</u></b>			
General Fund	1,236,800	1,315,400	-0-
Permanent Special Education Institutional Voucher Fund	<u>639,500</u>	<u>668,400</u>	<u>-0-</u>
<b>Total Appropriations</b>	<b>1,876,300</b>	<b>1,983,800</b>	<b>-0-</b>

**Agency Reorganization** — ASDB has reorganized its cost centers. This restructuring has created a new cost center called Administration/Statewide Programs, eliminated this cost center, and modified the other cost centers. The approved amount includes a transfer of the 65.9 FTE positions and \$1,983,800 in the Arizona Diagnostic Testing and Education Center cost center to the Tucson Campus cost center.

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

**A.R.S. § 15-1301**

<b>General Fund and Other Appropriated Funds</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>312.1</u>	<u>315.6</u>	<u>317.2</u>
Personal Services	8,618,300	9,171,200	8,603,200
Employee Related Expenditures	1,847,000	1,947,900	1,744,100
Professional and Outside Services	261,700	237,800	192,900
Travel - In State	42,500	53,500	5,800
Travel - Out of State	-0-	-0-	3,400
Food	96,600	80,000	84,200
Other Operating Expenditures	2,950,700	2,928,300	2,325,200
Equipment	<u>341,700</u>	<u>314,900</u>	<u>381,900</u>
<b>Operating Subtotal</b>	<b>14,158,500</b>	<b>14,733,600</b>	<b>13,340,700</b> <sup>1/</sup>
<b>Additional Appropriations - ASDB; School Budgets, Ch. 310</b>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u> <sup>2/</sup>
<b>Total Appropriations</b>	<b>14,158,500</b>	<b>14,733,600</b>	<b>13,340,700</b>
<b>Fund Summary</b>			
General Fund	11,630,800	11,953,500	9,695,500 <sup>2/</sup>
Permanent Special Education Institutional Voucher Fund	2,371,900	2,383,500	3,266,300 <sup>2/3/</sup>
Endowment Earnings and Out-of-State Tuition	155,800	396,600	371,600 <sup>4/5/</sup>
Enterprise Fund	<u>-0-</u>	<u>-0-</u>	<u>7,300</u>
<b>Total Appropriations</b>	<b>14,158,500</b>	<b>14,733,600</b>	<b>13,340,700</b>

**Program Description** — The Tucson Campus provides a comprehensive residential educational program for visually and hearing impaired students. The Tucson Campus currently serves 309 students in the K-12 grade programs in the following categories: 155 hearing impaired, 65 visually impaired, 64 multiple disabilities with severe sensory impairments (MDSSI) and 25 multiply disabled students.

**Agency Reorganization** — ASDB has reorganized its cost centers. This restructuring has created a new cost center called Administration/Statewide Programs, eliminated the Arizona Diagnostic Testing and Education Center (ADTEC) cost center, and modified the other cost centers. The approved amount includes a transfer to the Tucson Campus cost center of 65.9 FTE Positions and \$1,983,800 from the ADTEC cost center and 2 FTE Positions and \$48,200 from Phoenix Day School for the Deaf. The approved amount also includes a transfer of 69.8 FTE Positions and \$3,666,500 from the Tucson Campus cost center to the Administration/Statewide Programs cost center.

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

- 1 FTE Position, \$37,400 in Personal Services and Employee Related Expenditures and \$1,000 in Other Operating Expenditures for the hiring of an Occupational/Physical Therapist to assist with the increase in the number of multiply disabled students as well as students with motor difficulties.

<sup>1/</sup> Appropriated as a Lump Sum for the Program.

<sup>2/</sup> Includes a General Fund reduction of \$326,000 and a corresponding increase in voucher monies per Laws 1996, Chapter 8, 5th Special Session, as amended by Laws 1996, Chapter 310. See ASDB's Summary for more information.

<sup>3/</sup> Prior to the expenditure of any voucher funds in excess of the \$3,266,300 shown above, the Schools for the Deaf and the Blind shall report the intended use of the funds to the Speaker of the House of Representatives, the President of the Senate, the Chairmen of the Appropriations Committees, and the Directors of the Joint Legislative Budget Committee and the Governor's Office of Strategic Planning and Budgeting. (General Appropriation Act footnote.)

<sup>4/</sup> All out-of-state tuition collections above \$91,000 received by the Arizona Schools for the Deaf and the Blind are appropriated for operating expenditures and authorized capital outlay projects. (General Appropriation Act footnote.)

<sup>5/</sup> All endowment earnings above \$280,600 received by the Arizona Schools for the Deaf and the Blind are appropriated for operating expenditures. (General Appropriation Act footnote.)

(Continued)

**ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND - TUCSON CAMPUS (Cont'd)**

- 1.5 FTE Positions and \$24,500 in Personal Services and Employee Related Expenditures for the hiring of a Night Supervisor to work 8-hour shifts 7 nights a week to provide more intense supervision of severely disabled students in the dormitories.
- 1 FTE Position, \$30,400 in Personal Services and Employee Related Expenditures and \$1,000 in Other Operating Expenditures for a Personnel Analyst I to assist with the increase in workload associated with an increase in the number of employees receiving personnel services statewide.

**Evaporative Cooling Ducts** — The approved amount includes a total appropriation of \$7,300 from the otherwise non-appropriated Enterprise Fund. This one-time appropriation is to be used to clean evaporative cooling ducts on the Tucson Campus.

**Replacement Equipment** — The approved amount includes a General Fund total of \$179,500 for replacement non-capitalized equipment and a General Fund total of \$124,500 for replacement capitalized equipment. This amount is expected to replace the following types of items: file chests, chairs, braillewriters, desks, tables, paper cutters, a mobile laboratory, refrigerators, microwaves, sofas, vacuum cleaners, calculators, lights, projectors, speakers, ingredient bins, microphones, video cameras, typewriters, lamps, computers, TDDs, televisions, chargers, language masters, receivers, transmitters, printers, and audio recorders. The approved amount also includes a General Fund total of \$275,800 for 2 replacement buses, 1 replacement bus with a lift, 2 replacement utility vehicles, 1 replacement station wagon, and 1 replacement van with a lift.

**Base Adjustment** — The approved amount includes a decrease of \$25,000 OF due to an expected reduction in land endowment revenue, and the transfer of funding for 3 FTE Positions, constituting \$54,700 in Personal Services and \$13,800 in Employee Related Expenditures, from Voucher Funds to the General Fund.

**ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND -  
ADMINISTRATION/STATEWIDE PROGRAMS**

**A.R.S. § 15-1301**

<b>General Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	0.0	0.0	69.8
Personal Services	-0-	-0-	2,394,600
Employee Related Expenditures	-0-	-0-	510,400
Professional and Outside Services	-0-	-0-	233,300
Travel - In State	-0-	-0-	55,500
Travel - Out of State	-0-	-0-	2,100
Other Operating Expenditures	-0-	-0-	560,800
Equipment	-0-	-0-	18,400
<b>Total Appropriations</b>	<b>-0-</b>	<b>-0-</b>	<b>3,775,100</b> <sup>1/</sup>

*Program Description — The Administration/Statewide Programs cost center coordinates programs that serve the entire state apart from the Tucson and Phoenix campuses. It includes 291 students in the 3 regional cooperatives and 125 students in 6 preschool programs. It also provides statewide resources to school districts. In addition, the cost center has responsibility for ASDB Administration.*

**Agency Reorganization** — ASDB has reorganized its cost centers. This restructuring has created this new cost center, eliminated the Arizona Diagnostic Testing and Education Center cost center, and modified the other cost centers. The approved amount includes a transfer of 69.8 FTE Positions and \$3,666,500 from the Tucson Campus cost center and a transfer of \$15,800 from Phoenix Day School for the Deaf.

**Transfer of Sensory Impairment Tuition Fund Monies** — Laws 1990, Chapter 348, Section 31 created the Sensory Impairment Tuition Fund to “facilitate the most appropriate placement of sensory impaired pupils.” The Arizona Department of Education administered the fund, but passed through the entire amount to ASDB each year. The approved amount includes the transfer directly to ASDB of the \$100,000 in Professional and Outside Services formerly appropriated to the fund.

<sup>1/</sup> Appropriated as a Lump Sum for the Program

**DEPARTMENT OF ECONOMIC SECURITY - SUMMARY**

A.R.S. § 41-1951

Linda Blessing, DPA, Director

JLBC Analyst: Marge Cawley/Rachelle Child

**Summary of General Fund and Other Appropriated Funds**

**FY 1995 Actual**

**FY 1996 Estimate**

**FY 1997 Approved**

Program Summary

Administration	28,221,200	31,793,500	33,239,100
Developmental Disabilities	33,113,800	39,474,400	37,896,300
Long Term Care	41,508,500	45,751,300	55,803,500
Benefits and Medical Eligibility	125,998,600	129,434,600	111,716,100
Child Support Enforcement	3,737,400	3,083,400	3,238,600
Aging and Community Services	14,493,100	16,433,000	17,620,700
Children and Family Services	98,235,400	109,978,500	117,816,400
Child Protective Services Training Program	468,400	514,900	516,900
Employment and Rehabilitation Services	16,131,200	21,202,400	23,359,900
General Fund Lump Sum Reduction	-0-	-0-	(1,104,900)
<b>Total Appropriations</b>	<b>361,907,600</b>	<b>397,666,000</b>	<b>400,102,600</b>

Expenditure Detail

FTE Positions	2,682.6	2,689.6	2,643.6 <sup>1/</sup>
Personal Services	67,887,600	63,752,500	64,209,200
Employee Related Expenditures	16,279,600	15,160,600	14,573,100
Professional and Outside Services	2,349,700	2,588,600	3,632,000
Travel - In State	2,054,200	2,045,100	2,177,100
Travel - Out of State	61,600	70,200	71,200
Food	537,500	158,600	139,700
Other Operating Expenditures	18,456,000	21,588,900	21,321,600
Equipment	1,497,700	1,301,300	1,440,900
<b>Operating Subtotal</b>	<b>109,123,900</b>	<b>106,665,800</b>	<b>107,564,800</b>
Special Line Items	252,783,700	289,000,200	284,853,400
Additional Appropriations	-0-	2,000,000	8,789,300
General Fund Lump Sum Reduction	-0-	-0-	(1,104,900)
<b>Total Appropriations</b>	<b>361,907,600</b>	<b>397,666,000</b>	<b>400,102,600</b> <sup>2/3/4/5/</sup>

Fund Summary

General Fund	361,571,500	397,249,600	394,579,900
Other Appropriated Funds	336,100	416,400	5,522,700
<b>Total Appropriations</b>	<b>361,907,600</b>	<b>397,666,000</b>	<b>400,102,600</b>

*Agency Description — The department provides an array of services for low income households and others in need. These services are provided through the following divisions: Developmental Disabilities, Benefits and Medical Eligibility, Aging and Community Services, Children and Family Services, Child Support Enforcement, and Employment and Rehabilitative Services.*

- 1/ Includes 314 FTE Positions funded from Special Line Items in FY 1997.
- 2/ Appropriated as an Operating Lump Sum for the Program with Special Line Items.
- 3/ The above appropriation is in addition to funds granted to the state by the federal government for the same purposes, but shall be deemed to include the sums deposited in the state treasury to the credit of the Department of Economic Security, pursuant to the provisions of A.R.S. § 42-1341. (General Appropriation Act footnote.)
- 4/ 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, 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 (1) potential shortfalls in entitlement programs, (2) 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, (3) shortfalls resulting from new leases or renegotiation of current leases and associated costs, and (4) total expenditure authority of the Child Support Enforcement program for the month and year-to-date as compared to prior year totals. (General Appropriation Act footnote.)
- 5/ It is the intent of the Legislature that the provider increase be targeted, as appropriate, toward providers who employ direct care staff. The agency shall require a supplemental schedule to provider audited financial statements that provides information regarding salaries for direct care staff. The provider increase may also be used for providers whose rates are being substantially lowered if a published rate is introduced, especially providers employing direct care staff who are paid above the average prevailing wage for their position. (General Appropriation Act footnote.)

<b>DEPARTMENT OF ECONOMIC SECURITY - ADMINISTRATION</b>			<b>A.R.S. § 41-1951</b>
<b>General Fund and Public Assistance Collections Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>273.3</u>	<u>277.5</u>	<u>293.5</u> <sup>1/</sup>
Personal Services	10,209,400	9,051,000	9,223,200
Employee Related Expenditures	2,214,700	1,945,000	1,887,900
Professional and Outside Services	507,800	690,300	570,300
Travel - In State	205,100	198,500	200,700
Travel - Out of State	60,700	63,100	65,000
Other Operating Expenditures	11,669,300	15,286,200	14,066,900
Equipment	<u>882,100</u>	<u>1,275,300</u>	<u>843,500</u>
<b>Operating Subtotal</b>	<b>25,749,100</b>	<b>28,509,400</b>	<b>26,857,500</b>
Public Assistance Collections Fund	215,000	260,400	262,400
AZTECS Modification	338,800	7,900	-0-
FMCS Modification	132,300	132,300	132,300
Lease-Purchase Equipment	1,381,700	1,348,300	2,320,400
Child Welfare Information System	200,000	1,349,000	3,666,500
Expert System	<u>204,300</u>	<u>186,200</u>	<u>-0-</u>
<b>Total Appropriations</b>	<b>28,221,200</b>	<b>31,793,500</b>	<b>33,239,100</b> <sup>2/3</sup>
<b>Fund Summary</b>			
General Fund	28,006,200	31,533,100	32,976,700
Public Assistance Collections Fund	<u>215,000</u>	<u>260,400</u>	<u>262,400</u>
<b>Total Appropriations</b>	<b>28,221,200</b>	<b>31,793,500</b>	<b>33,239,100</b>

**Program Description** — The program consists of the Office of the Director, the Divisions of Administrative Services, Business and Finance, and Data Administration. This program provides departmentwide administrative, research and evaluation, financial and computer automation support.

**Technical Issues** — The approved amount includes a decrease of \$433,700 for Risk Management, an increase of \$652,800 for lease-purchase and operating and maintenance increases, one-time equipment and other reductions of \$574,300, transfers in from other divisions of \$25,100, and a \$4,100 increase for higher travel costs. The appropriation also reflects a transfer out from the operating budget of \$1,311,000 into the Lease-Purchase Special Line Item.

**Developmental Disabilities Automation Upgrade** — The approved amount includes a decrease of \$50,000, which eliminates money for the one-time cost for consulting dollars for obtaining a new automation system for the Developmental Disabilities program. By the end of FY 1996, the department's consulting contract will be completed.

**Fingerprinting Automation** — The approved amount includes a decrease of \$70,000, which eliminates the one-time funding for the required cost-benefit analysis for a fingerprinting system for General Assistance and Aid to Families with Dependent Children (AFDC) applicants. The analysis was completed in January of 1996. Laws 1996, Chapter 346 appropriates \$1,400,000 for FY 1998 to the Department of Economic Security (DES) for the creation of a finger imaging program to be used as a condition for eligibility for General Assistance, AFDC, and Food Stamps. (See Additional Legislation.)

<sup>1/</sup> Includes 28.4 FTE Positions funded from Special Line Items in FY 1997.

<sup>2/</sup> In accordance with A.R.S. § 35-142.01, the Department of Economic Security shall remit to the Department of Administration any monies received as reimbursement from the federal government or any other source for the operation of the Department of Economic Security West Building and any other building lease-purchased by the State of Arizona in which the Department of Economic Security occupies space. The Department of Administration shall deposit such monies to the state General Fund and in cooperation with the Department of Economic Security shall submit an annual report to the Director of the Joint Legislative Budget Committee specifying these dollar amounts. (General Appropriation Act footnote.)

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

(Continued)

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

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

**AZTECS Modification** — The approved amount reflects a decrease of \$7,900 in the lease-purchase payment. The FY 1996 payment was the final one of this lease-purchase. The lease-purchase schedule appears on page 106 of the FY 1993 Appropriations Report. Modifications to the Arizona Technical Eligibility Computer System (AZTECS) reduced on-line processing time and provided increased capacity for caseload expansion. AZTECS is the automated eligibility determination system for AFDC and Food Stamps.

**FMCS Modification** — The approved amount includes \$132,300 for Professional and Outside Services for continual modifications and enhancement to the department's Financial Management Control System (FMCS). In addition, another \$31,700 is funded in the Professional and Outside Services line item for FMCS. The approved amount funds consulting assistance in the installation of additional subsystems, in developing policies and procedures, and in meeting FMCS system needs that are outside the scope and expertise of department staff.

**Lease-Purchase Equipment** — The approved amount includes the annual lease-purchase payments for computer equipment of 4 automation projects. The 4 projects consist of the acquisition of a second mainframe, \$63,600; the FY 1993 central processing unit expansion, \$733,500; the AFDC Time Limits project, \$212,300; and the FY 1996 legislatively approved CPU upgrade, \$1,311,000.

**Child Welfare Information System** — This automation project will be a comprehensive and integrated system to support the agency's child welfare programs. The system is planned to meet the automation needs of Child Protective Services, Foster Care, Adoption Services, and the Comprehensive Medical and Dental Program which provides for the health needs of foster care children. CHILDS is planned to interface with other related child welfare programs such as the Foster Care Review Board, which is housed in the Supreme Court, and the Attorney General's Staff, which is responsible for dependency and children issues. State funds will be matched by federal funds at a 75% match rate through September 30, 1996, and at a 50% match rate, thereafter.

The approved amount includes a total increase of \$2,312,600. Due to the state's increased match share after October 11, 1996, 7 FTE Positions and \$857,200 were added from the General Fund. Another \$1,462,300 and 11.5 FTE Positions were added for the development project team, which is the next step in this 4-year project. The approved amount also reflects an Employee Related Expenditures decrease of \$6,900.

The estimate for the entire 4-year project is \$28,468,400 in Total Funds (TF). The agency estimated cost distribution over the 4 years is as follows:

<u>Fiscal Year</u>		<u>State Funds</u>	<u>Total Funds</u>
FY 1995	Planning	\$ 200,000	\$ 1,412,400
	Equipment	2,126,700	7,893,900
FY 1996	Development Planning	1,370,500	6,327,600
	Equipment	97,400	449,800
FY 1997	Programming & Implementation	3,871,600	8,346,900
FY 1998	Programming & Implementation	<u>2,038,400</u>	<u>4,037,800</u>
	4-Year Totals	<u>\$9,704,600</u>	<u>\$28,468,400</u>

Starting in FY 1997, in addition to the planning, programming and implementation expenses, operational and maintenance costs will be included at an approximate cost of \$1,200,000 (TF) and a state share of \$600,000. Of the \$3,871,600, the sum of \$3,666,500 is directly appropriated the in Child Welfare Automation System Special Line Item. The remaining estimated cost will be covered in this division's operating budget.

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

---

**Expert System** — The approved amount reflects elimination of funding and 2.5 FTE Positions. The FY 1996 appropriation provided for the development of an automated Expert System pilot plan for AFDC, Food Stamp and Medical Assistance Only eligibility determination in 2 urban offices.

**Additional Legislation** — Assistance Programs: Finger Imaging: Appropriation (Chapter 346) — Appropriates \$1,400,000 to DES for FY 1998 to implement a finger imaging program that will require every adult applicant, adult recipient or eligible minor parent of General Assistance, AFDC, or Food Stamps to provide a finger image. If these individuals refuse to comply with the finger imaging requirements, DES shall deny benefits. If a finger image of an applicant matches another on file, a fraud investigator will be notified as will the applicant or recipient. If fraud is verified, DES shall terminate benefits. The applicant or recipient may appeal the termination of benefits. The state General Fund appropriation is contingent upon the state receiving federal matching funds for this project and is exempt from A.R.S. 35-190, relating to the lapsing of appropriations. This legislation specifically requires DES to submit complete waiver proposals to the appropriate federal government departments by August 1, 1996, and requires that the federal government waiver approvals be completed by January 1, 1998 in order for the Food Stamps portion to be implemented. In addition, the director of DES shall report to the Speaker of the House of Representatives and the President of the Senate on the waiver applications and the federal government's response. However, due to a recent change in federal policy, DES will not need to apply for or receive a waiver in order to implement the fingerprinting program, even for Food Stamps.



**DEPARTMENT OF ECONOMIC SECURITY -  
DEVELOPMENTAL DISABILITIES**

A.R.S. § 41-1951

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	446.3	447.3	438.3 <sup>1/</sup>
Personal Services	8,864,100	6,429,100	6,595,200
Employee Related Expenditures	2,236,900	1,516,300	1,557,300
Professional and Outside Services	540,200	664,900	664,900
Travel - In State	191,000	193,500	196,600
Food	253,300	20,000	20,000
Other Operating Expenditures	868,800	436,800	428,000
Equipment	49,500	-0-	-0-
<b>Operating Subtotal</b>	<b>13,003,800</b>	<b>9,260,600</b>	<b>9,462,000</b>
ASH Community Placement	14,000	34,300	16,100
Assistance to Families	436,100	648,800	648,800
DD Foster Care	2,031,000	2,031,000	2,091,900
Housekeeping Payments	123,300	142,600	125,000
Out-of-District Placement	26,500	64,900	30,300
DD Purchase of Care	17,470,000	21,547,100	20,073,300 <sup>2/</sup>
Stipends and Allowances	9,100	10,400	10,400
Arizona Training Program at Coolidge	-0-	5,734,700	5,438,500
<b>Total Appropriations</b>	<b>33,113,800</b>	<b>39,474,400</b>	<b>37,896,300</b> <sup>3/4/5/6/</sup>

*Program Description — The Developmental Disabilities (DD) program provides 100% state funded services to individuals with mental retardation, cerebral palsy, autism or 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 Program at Coolidge and smaller state-operated group homes, and b) provides case management services to eligible recipients.*

**Caseload Projections** — In addition to the caseload projections below, the division is estimated to serve 10 clients in state-operated group homes in FY 1997 in addition to the clients residing at the Arizona Training Program at Coolidge. These clients are in addition to clients who are eligible for the federal Title XIX program. Costs associated with the state-operated group homes are included in the division's operating budget.

**Sliding Fee Schedule Implementation** — The approved amount includes an increase of 1 FTE Position and \$47,200 in Personal Services and Employee Related Expenditures to implement a new sliding fee schedule, which is being expanded beyond the room and board charges currently collected.

- 1/ Includes 173 FTE Positions funded from Special Line Items in FY 1997.
- 2/ It is the intent of the Legislature that monies appropriated for services relating to adult day services in the Division of Developmental Disabilities budget be transferred to the Division of Employment and Rehabilitation Services, Rehabilitation Services Administration to accommodate individuals who are determined by the Division of Developmental Disabilities to need vocational independence in a supported work environment. These monies may be transferred back to the Division of Developmental Disabilities if a supported work environment is no longer the most appropriate day placement for a client. (General Appropriation Act footnote.)
- 3/ The department shall report to the Speaker of the House of Representatives, the President of the Senate, the Chairmen of the Appropriations Committees, and the Director of the Joint Legislative Budget Committee, a list of providers who received service rate adjustments, and the corresponding percentage increase or decrease, by a unidentifiable provider number. This report shall be issued by December 12, 1996, based upon all information available at that time. (General Appropriation Act footnote.)
- 4/ It is the intent of the Legislature that any available surplus monies for developmental disability programs be applied toward the waiting list, unless there are insufficient funds to annualize these costs in the subsequent year. The children's waiting list shall receive first priority. The amount appropriated for Developmental Disabilities shall be used to provide for services for non-Title XIX eligible clients. The amount shall not be used to pay for other purposes, unless a transfer of monies is reviewed by the Joint Legislative Budget Committee. (General Appropriation Act footnote.)
- 5/ The Department of Economic Security shall report all new placements into a state-owned ICF-MR in FY 1997 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, and the reason why this placement, rather than a placement into a privately-run facility for the developmentally disabled, was deemed as the most appropriate placement. This report shall be made available by July 15, 1997. (General Appropriation Act footnote.)
- 6/ Appropriated as an Operating Lump Sum for the Program with Special Line Items.

(Continued)

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

**July 1, 1996 Provider Rate Increase** — The approved amount for the Foster Care and Purchase of Care Special Line Items incorporates a July 1, 1996 Provider Rate Increase estimated to equal 3%, or \$0.25 per hour, per direct care staff FTE Position. The provider increase is to be used by the providers to increase direct care staff salaries. (See footnote # 5 on the DES Summary page.)

**ASH Community Placement** — The approved amount, a decrease of \$18,200, includes a decrease of \$18,800 for the estimated FY 1996 surplus and an increase of \$600 to annualize the Provider Rate Increase effective January 1, 1996. The total funding of \$16,100 will provide additional adult day and support services to non-Title XIX "dually-diagnosed" clients from the Arizona State Hospital in order that they may be placed in community settings. These clients need a joint service plan to address both their mental health needs and their developmental disabilities. The additional support services include psychiatric care, adult day program activities and short-term hospitalization, if necessary. Although the number of clients who may qualify for these services is not known at this time, the approved amount will provide approximately 12 member months of service. This Special Line Item is currently used only as "supplemental" funding for these generally high-cost clients.

**Assistance to Families** — The approved amount, \$648,800, the same as FY 1996, is expected to fund a monthly average caseload of 276 clients at an average payment of \$196.13. The average payment and caseload estimates can vary widely. A maximum of \$400 per month is available for any individual. Assistance to Families provides payments to families or guardians to purchase services needed to keep developmentally disabled persons in their own homes or in semi-independent environments.

**Foster Care** — The approved amount, an increase of \$60,900, provides monies for the July 1, 1996 Provider Rate Increase. The approved amount provides habilitation services for developmentally disabled children adjudicated dependent by the courts in family, group home, or Intermediate Care Facilities for the Mentally Retarded (ICF-MR) settings. The appropriation also includes funding for support services. Clients may receive more than 1 support service.

**Housekeeping Payments** — The approved amount, a decrease of \$17,600, provides an average subsidy of \$70 a month to assist clients in retaining help to assist them with housecleaning, laundry and shopping. The approved amount will fund an estimated yearly average of 149 clients.

**Out-of-District Placement** — The approved amount, a decrease of \$34,600, includes a decrease of \$35,800 for the estimated FY 1995 surplus and an increase of \$1,200 to annualize the January 1, 1996 Provider Rate Increase. The approved amount provides for approximately 12 member months of non-educational and non-medical costs incurred by the placement of clients in residential settings out of home public school districts. Funding for Title XIX eligible clients is reflected in the Purchase of Care Special Line Item within the Long Term Care program.

**Purchase of Care** — The approved amount, a decrease of \$1,473,800, funds contracted providers for the following services:

Residential Services	\$11,281,400
Adult Day Services	1,460,300
Children Services	2,842,600
Support Services	<u>4,489,000</u>
<b>Total</b>	<b><u>\$20,073,300</u></b>

- Residential Services — The \$11,281,400 funds habilitation and room and board placements in a variety of settings, including Privately Licensed Group Homes, Nursing Facilities, Adult Developmental Homes, Privately-Operated Intermediate Care Facilities for the Mentally Retarded (ICF-MRs) and clients living independently.
- Adult Day Services — The \$1,460,300 funds rehabilitation instruction services and basic education services.
- Children Services — The \$2,842,600 funds day treatment and training and educational day treatment.
- Support Services — The \$4,489,000 is expected to fund the following types of services: speech therapy, occupational therapy, physical therapy, transportation, personal care, medical support services, home nursing service, respite, and other support services.

(Continued)

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

The approved amount includes the following changes from FY 1996:

- An increase of \$90,400 to annualize residential and support services for 5 clients who turned 18 years of age in FY 1996 and are no longer eligible for Foster Care.
- An increase of \$5,900 to annualize support services for 5 clients who turned 22 years of age in FY 1996 and are no longer receiving a public education.
- An increase of \$158,000 to fund part-year residential services for 9 new clients and support services for 10 new clients who will turn 18 years of age in FY 1997 and will no longer qualify for Foster Care.
- An increase of \$146,600 to fund part-year adult day programs for 44 new clients and support services for 25 new clients who will turn 22 years of age in FY 1997 and will no longer receive a public education.
- An increase of \$422,400 to annualize the Provider Rate Increase effective January 1, 1996.
- A decrease of \$1,629,800 associated with the FY 1996 surplus.
- A decrease of \$1,547,100 associated with the implementation of a co-pay or sliding fee scale.
- An increase of \$575,800 to fund a 3%, or \$0.25, per hour per direct care staff FTE Position Provider Rate Increase effective July 1, 1996. The Provider Rate Increase is to be used by providers to increase direct care staff salaries.
- An increase of \$304,000 to assist with the establishment of a published rate for providers. (Please see footnote #5 on the DES Summary.)

**Budget Conversion** — The division is in the process of “converting” its budget structure to allow its appropriation to more closely mirror its revenue structure. In order to facilitate this change, which is expected to take place in FY 1998, the following information is being provided in order to “crosswalk” from current appropriation format to the proposed format.

- At Home With Family — This placement is expected to fund a total of 15,208 member months (a yearly average of 1,267 member years) for clients currently receiving services from the Foster Care and Purchase of Care Special Line Items.
- Foster Care Home — This placement is expected to fund a total of 1,125 member months (a yearly average of 94 member years) for clients currently receiving services from the Foster Care and Purchase of Care Special Line Items.
- Independent Living — This placement is expected to fund a total of 580 member months (a yearly average of 48 member years) for clients currently receiving services from the Purchase of Care Special Line Item.
- Adult Development Home — This placement is expected to fund a total of 1,233 member months (a yearly average of 103 member years) for clients currently receiving services from the Foster Care and Purchase of Care Special Line Items.
- Privately Licensed Group Home — This placement is expected to fund a total of 5,888 member months (a yearly average of 491 member years) for clients currently receiving services from the Foster Care and Purchase of Care Special Line Items.
- Privately Operated Intermediate Care Facilities for the Mentally Retarded (ICF-MRs) — This placement is expected to fund a total of 130 member months (a yearly average of 11 member years) for clients currently receiving services from the Foster Care and Purchase of Care Special Line Items.

**Stipends and Allowances** — The approved amount, \$10,400, the same as FY 1996, provides weekly allowances to residents of the Arizona Training Program at Coolidge.

**Arizona Training Program at Coolidge** — The approved amount, a decrease of \$296,200 and 10 FTE Positions from FY 1996, funds an entire range of services for the estimated 57 clients who reside in ICF-MRs on the Coolidge campus and an additional 15 clients who reside in State Operated Group Homes (SOGHs) on the Coolidge campus in FY 1997 for whom services are provided through the 100% state Developmental Disabilities program. The approved amount does not include costs associated with case management and certain occupancy related costs. The approximate blended cost per client for FY 1997 will be \$75,500. The total population, including Title XIX eligible clients, is estimated to be 186.

**Capital Outlay** — Chapter 2, 5th Special Session — Appropriates \$75,000 from the General Fund to the department for an environmental impact study of the “Coolidge Ranch.” The ranch represents 230 acres of the 280 total acres at the Arizona Training Program at Coolidge. The ranch land was once used as a farming area, but is currently abandoned. It contains potential environmental hazards such as asbestos contaminated buildings, underground storage tanks, a waste water treatment system, and a landfill. The study will identify the necessary steps to allow the department to relinquish the land to the State Land Department. Further funding may be required to address any problems uncovered by the study.

**DEPARTMENT OF ECONOMIC SECURITY - LONG TERM CARE**

A.R.S. § 41-1951

General Fund and Long Term Care System Fund <sup>1/</sup>		FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	(GF)	<u>259.8</u>	<u>263.2</u>	<u>261.2</u> <sup>2/</sup>
	(TF)	<u>1,050.4</u>	<u>1,060.4</u>	<u>1,053.4</u> <sup>2/</sup>
Personal Services	(GF)	5,951,000	4,661,400	4,770,400
	(TF)	23,493,500	18,030,300	18,143,600
Employee Related Expenditures	(GF)	1,478,100	1,124,500	1,042,500
	(TF)	5,833,600	4,363,800	4,360,300
Professional and Outside Services	(GF)	568,700	447,100	447,100
	(TF)	2,243,200	1,927,200	1,977,200
Travel - In State	(GF)	132,500	145,700	152,200
	(TF)	522,700	577,500	584,000
Travel - Out of State	(GF)	-0-	-0-	-0-
	(TF)	-0-	400	400
Food	(GF)	284,200	138,600	119,700
	(TF)	592,700	271,800	216,700
Other Operating Expenditures	(GF)	556,300	455,400	423,800
	(TF)	2,190,200	1,694,300	1,651,900
Equipment	(GF)	30,500	23,300	-0-
	(TF)	<u>119,900</u>	<u>68,400</u>	<u>-0-</u>
<b>Operating Subtotal</b>	(GF)	<b>9,001,300</b>	<b>6,996,000</b>	<b>6,955,700</b>
	(TF)	<b>34,995,800</b>	<b>26,933,700</b>	<b>26,934,100</b>
Acute Care	(GF)	5,330,100	7,900,800	7,162,600
	(TF)	20,862,700	24,856,600	25,850,900
Fee for Service	(GF)	1,945,000	2,184,300	3,290,300
	(TF)	8,074,600	10,247,900	11,147,600
LTC Foster Care	(GF)	1,925,600	2,818,500	2,322,100
	(TF)	6,808,600	7,546,600	7,643,500
LTC Purchase of Care	(GF)	23,109,800	23,300,600	33,254,200
	(TF)	91,617,400	110,989,600	116,830,100
Stipends and Allowances	(GF)	196,700	205,400	205,400
	(TF)	196,700	205,400	205,400
Arizona Training Program at Coolidge	(GF)	-0-	2,345,700	2,397,500
	(TF)	-0-	9,134,800	8,907,400
Arizona Training Program at Tucson	(GF)	-0-	-0-	215,700
	(TF)	-0-	-0-	<u>626,900</u>
<b>Total Appropriations</b>	(GF)	<b>41,508,500</b>	<b>45,751,300</b> <sup>2/</sup>	<b>55,803,500</b> <sup>4/5/</sup>
	(TF)	<b>162,555,800</b>	<b>189,914,600</b>	<b>198,145,900</b>
<b>Fund Summary</b>				
General Fund		41,508,500	45,751,300	55,803,500
Other Funds		<u>121,047,300</u>	<u>144,163,300</u>	<u>142,342,400</u>
<b>Total Appropriations</b>		<b>162,555,800</b>	<b>189,914,600</b>	<b>198,145,900</b>

(Continued)

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

*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.*

**AHCCCS Liaison** — The approved amount includes an increase of 1 FTE Position and \$70,600 General Fund (GF) and \$70,600 Total Funds (TF) in Personal Services and Employee Related Expenditures for the hiring of a position to assist the division with its capitation rate negotiations with the Arizona Health Care Cost Containment System (AHCCCS) and to answer AHCCCS requests for information.

**April 1, 1997 Pay Adjustment** — The approved amount includes an increase of \$34,700 GF and \$156,100 TF for the April 1, 1997 pay adjustment to the division's operating budget.

**Client Counts** — In addition to the client count information provided below, the division expects to serve 104 clients (1,248 member months) in state-operated group homes (both large and small) in FY 1997. Funds for these services are included in the division's operating budget.

**Funding Sources** — The Long Term Care Program receives funding from numerous sources, which together constitute the "Total Funds" on which the program's appropriation is based. The FY 1997 appropriation is based upon total Title XIX revenues received, which in theory should match the program's expenditures. However, since the program receives revenues on a "capitated" basis and generally pays the private provider community on a "fee for service" basis, it has historically been difficult for the program to exactly match revenues to expenditures. If the caseload estimates upon which the revenue estimates are based are too low or too high, the appropriation may need to be adjusted accordingly.

The General Fund appropriation, when coupled with Other Fund revenue, should constitute for FY 1997 34.39% of the program's costs, plus all "100% state" costs, including room and board. The Title XIX revenue generated should equal the remaining 65.61% of the program, less the "100% state" costs. The chart below summarizes the expected revenue from these funding sources for FY 1997.

	FY 1997 Revenue Estimates
Title XIX Revenue	\$131,322,000
General Fund Appropriations	55,803,500
Client Billing Revenue	6,976,000
Reinsurance	1,400,000
Client Trust Funds	1,140,900
Third Party Liability	750,000
Interest from the Mesa Land Fund (Laws 1976, Ch. 140)	300,000
LTC System Fund Interest	250,000
PASARR (Total Funds)	<u>203,500</u>
<b>Total - Long Term Care System Fund</b>	<b>\$198,145,900</b>

- 1/ A.R.S. § 36-2953 establishes a Long Term Care System Fund. Subject to legislative appropriation, this fund consists of all AHCCCS monies, state appropriations and other grants used to finance developmentally disabled long term care. The above chart displays the Total Expenditure Authority (TF) of the Long Term Care System Fund, but does not include costs expended in the Administration cost center from this Fund.
- 2/ Includes 105.1 GF and 308.5 TF FTE Positions funded from Special Line Items in FY 1997.
- 3/ Laws 1996, Chapter 7, 5th Special Session appropriated \$19,564,500 in Total Funds for caseload growth.
- 4/ The department shall report to the Speaker of the House of Representatives, the President of the Senate, the Chairmen of the Appropriations Committees, and the Director of the Joint Legislative Budget Committee a list of providers who received service rate adjustments, and the corresponding percentage increase or decrease by an unidentifiable provider number. This report shall be issued by December 12, 1996, based upon all information available at that time. (General Appropriation Act footnote.)
- 5/ Appropriated as an Operating Lump Sum for the Program with Special Line Items.

(Continued)

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

**Provider Rate Increase** — The approved amount includes the following increases for the Provider Rate Increase effective July 1, 1996: Fee for Service - \$95,800 GF and \$324,700 TF; Foster Care - \$67,300 GF and \$222,600 TF; Purchase of Care - \$955,500 GF and \$3,360,800 TF. The Provider Rate Increase, 3% or a \$.25 per hour per direct care staff FTE Position increase, is to be used to increase salaries for direct care staff. The approved amount for Purchase of Care also incorporates a \$496,000 GF and \$1,442,300 TF increase to assist the division in establishing a published rate structure. The distribution of the entire Other Funds amount is contingent upon the availability of revenues, specifically an increase in the Title XIX capitated rate. As this is not expected to be available July 1, 1996, the TF distribution may be delayed to October 1, 1996. Please see footnote #5 displayed on the Department of Economic Security's (DES) Summary for more information regarding the provider increase.

**Acute Care** — The approved amount is a decrease of \$738,200 GF and \$2,146,400 TF from the original FY 1996 appropriation. The approved amount, \$7,162,600 GF and \$25,850,900 TF, includes an increase of \$341,900 GF and \$994,300 TF for 4% caseload growth, and a decrease of \$1,080,100 GF and \$3,140,700 TF to adjust for the FY 1996 surplus. This is expected to fund a total of 94,337 member months (a yearly average of 7,861 member years) in FY 1997 at an average cost of \$274.03 per member month.

**Fee for Service** — The approved amount, \$3,290,300 GF and \$11,147,600 TF, includes an increase of \$42,800 GF and \$125,800 TF for annualization of the January 1, 1996 Provider Rate Increase, an increase of \$141,500 GF and \$411,400 TF for 4% caseload growth, an increase of \$825,900 GF and \$2,401,500 TF to adjust for the FY 1996 shortfall, and an increase of \$95,800 GF and \$324,700 TF for the July 1, 1996 Provider Rate Increase.

**Foster Care** — The approved amount, \$2,322,100 GF and \$7,643,500 TF, includes a decrease of \$147,100 GF and \$427,600 TF for "aging out" issues, an increase of \$103,800 GF and \$301,900 TF for 4% caseload growth, a decrease of \$520,400 GF and \$1,513,200 TF to adjust for the FY 1996 surplus, and an increase of \$67,300 GF and \$222,600 TF for the July 1, 1997 Provider Rate Increase.

**Purchase of Care** — The approved amount, \$33,254,200 GF and \$116,830,100 TF, includes an increase of \$456,800 GF and \$1,343,200 TF for annualization of the January 1, 1996 direct care staff salary provider increase, \$424,200 GF and \$1,170,400 TF for "aging out" increases, an increase of \$1,456,200 GF and \$4,160,500 TF for full-year 4% caseload growth, and an increase of \$6,164,900 GF and \$16,618,000 TF to compensate for the FY 1996 shortfall. The approved amount also includes an increase of \$955,500 GF and \$3,360,800 TF for the July 1, 1996 Provider Rate Increase and \$496,000 GF and \$1,442,300 TF increase to assist the division in establishing a published rate structure.

**Budget Conversion** — The division is in the process of "converting" its budget structure to allow its appropriation to more closely mirror its revenue structure. In order to facilitate this change, which is expected to take place in FY 1998, the following "Total Funds" information is being provided in order to "crosswalk" from the current appropriation format to the proposed format.

- **At Home with Family** — This placement is expected to receive revenue from the following Special Line Items under the current appropriations structure: Fee for Service - \$3,708,400; Foster Care - \$364,200; and Purchase of Care - \$35,641,500. This appropriation is expected to fund a total of 45,826 member months (a yearly average of 3,819 member years) at an average cost of \$866.63 per member month.
- **Independent Living** — This placement is expected to receive revenue from the following Special Line Item under the current appropriations structure: Purchase of Care - \$910,600. This appropriation is expected to fund a total of 431 member months (a yearly average of 36 member years) at an average cost of \$2,112.76 per member month.
- **Foster Care Home** — This placement is expected to receive revenue from the following Special Line Items under the current appropriations structure: Fee for Service - \$73,000; Foster Care - \$3,738,800; and Purchase of Care - \$312,000. This appropriation is expected to fund a total of 2,592 member months (a yearly average of 216 member years) at an average cost of \$1,590.97 per member month.
- **Adult Development Home** — This placement is expected to receive revenue from the following Special Line Items under the current appropriations structure: Fee for Service - \$363,900; Foster Care - \$14,300; and Purchase of Care - \$4,580,200. This appropriation is expected to fund a total of 3,049 member months (a yearly average of 254 member years) at an average cost of \$1,626.24 per member month.

(Continued)

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

- **Privately Licensed Group Home** — This placement is expected to receive revenue from the following Special Line Items under the current appropriations structure: Fee for Service - \$6,479,400; Foster Care - \$3,020,700; and Purchase of Care - \$70,996,000. This appropriation is expected to fund a total of 22,829 member months (a yearly average of 1,902 member years) at an average cost of \$3,526.05 per member month.
- **Nursing Facility** — This placement is expected to receive revenue from the following Special Line Items under the current appropriations structure: Fee for Service - \$78,600; Foster Care - \$1,100; and Purchase of Care - \$1,795,700. This appropriation is expected to fund a total of 614 member months (a yearly average of 51 member years) at an average cost of \$3,054.40 per member month.
- **Privately Operated Intermediate Care Facilities for the Mentally Retarded (ICF-MR)** — This placement is expected to receive revenue from the following Special Line Items under the current appropriations structure: Fee for Service - \$444,000; Foster Care - \$504,300; and Purchase of Care - \$2,594,500. This appropriation is expected to fund a total of 1,061 member months (a yearly average of 88 member years) at an average cost of \$3,339.11 per member month.

**Stipends and Allowances** — The approved amount, \$205,400, which is not Title XIX reimbursable, provides weekly allowances to Title XIX-eligible residents still residing in the Arizona Training Programs at Coolidge and Tucson (estimated at 124 in FY 1997).

**Arizona Training Program at Coolidge (ATP-C)** — The approved amount is an increase from FY 1996 of \$51,800 GF and a decrease of \$227,400 TF and 3 GF and 8 TF FTE Positions. The approved amount, a total of \$2,397,500 GF and \$8,907,400 TF, funds an entire range of services for the estimated 96 clients who will reside in ICF-MRs on the Coolidge Campus, and an additional 18 clients will reside in State Operated Group Homes (SOGH) on the Coolidge Campus in FY 1997 who are eligible for the Long Term Care Program, for a total of 1,368 member months. The approved amount also includes \$17,500 GF and \$58,000 TF for the April 1, 1997 pay adjustment. The approved amount does not include costs associated with case management and certain occupancy-related costs. The approximate blended cost per client for FY 1997 will be \$78,100. The total population, including non-Title XIX eligible clients, is estimated to be 186.

**Arizona Training Program at Tucson (ATP-T)** — This Special Line Item was created for FY 1997 through the transfer of \$214,000 GF and \$622,300 TF and 8.1 GF and 23.5 TF FTE Positions from the division's operating budget. The approved amount, \$215,700 GF and \$626,900 TF, includes \$1,700 GF and \$4,600 TF for the April 1, 1997 pay adjustment. It is estimated that 10 clients will reside in ICF-MRs on the Tucson campus, for a total of 120 member months. As this is the first year this Special Line Item will fund the facility's expenses, transfers to or from this Special Line Item may be necessary to reconcile actual expenditures to estimated expenditures. The approved amount does not include costs associated with case management and certain occupancy-related costs. ATP-T also provides day program services to clients who reside in the community. The facility is also used for evaluation, training classes, and district offices. The ATP-T is located on 30 acres of land which will be deeded to the state by the federal government on July 14, 1997. The approximate blended cost per client for FY 1997 will be \$62,700.

**Additional Legislation** — **Developmental Disabilities: DHS: Transfer (Chapter 191)** — Beginning July 1, 1997, directs the Department of Health Services (DHS) to succeed to the powers and duties of the division relating to the health and safety licensing and regulation of group homes for the developmentally disabled. Establishes a transition committee to oversee the succession. This committee shall formulate a plan and a schedule for the implementation of the transfer and determine the number of FTE Positions to be transferred to DHS. The final report on its recommendations for statutory and administrative changes is due November 15, 1996.

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

Other Issues — DES, as the AHCCCS authorized provider of DD services, receives federal monies through prepaid monthly capitation payments. For federal fiscal year (FFY) 1996, the capitated rates were as follows: Ventilator Dependent, \$11,558.50; Enrolled Rate, \$395.34; and Placed Rate, \$1,974.73. The chart below details the capitation rates upon which the FY 1997 budget is based:

	Blended SFY 1997 <u>Estimated Rate</u>	FMAP Blended Rate SFY 1997	
		<u>State Share</u>	<u>Federal Share</u>
Ventilator Dependent Rate	\$11,596.60	\$3,988.07	\$7,608.53
Enrolled Rate	433.44	149.06	284.38
Placed Rate	2,012.83	692.21	1,320.62

The FY 1997 budget is based on the following estimates:

	<u>Member Months</u>	<u>Title XIX Revenue Generated</u>
Total Ventilator Dependent Member Months	420	\$ 3,195,600
Total Enrolled Member Months <sup>1/</sup>	94,337	26,827,600
Total Placed Member Months	78,817	<u>104,087,300</u>
<b>Total</b>	<b>-</b>	<b><u>\$134,110,500</u></b> <sup>2/</sup>

<sup>1/</sup> For each month a client is enrolled, s/he receives a member month of Acute Care Services.  
<sup>2/</sup> Includes \$2,778,500 for Central Administration Expenditures, which is only an estimate. If more revenue is available than the \$134,110,500 shown here, this may be revised by the division.

<u>Member Month Estimates - FY 1997</u>	
State-Owned Group Homes (excluding Coolidge)	1,248
At Home with Family	45,826
Independent Living	431
Foster Care Home	2,592
Adult Development Home	3,049
Privately Licensed Group Home	22,928
Nursing Facility	614
Privately Operated ICF-MRs	1,061
ATP-C	1,368
ATP-T	<u>120</u>
<b>Total Member Months</b>	<b>79,237</b> <sup>1/</sup>

<sup>1/</sup> Sum of all Placed and Ventilator Dependent Member Months



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

A.R.S. § 41-1951

General Fund and Full Employment Demonstration Project Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>806.2</u>	<u>806.2</u>	<u>806.2</u> <sup>1/</sup>
Personal Services	17,765,800	18,046,000	18,571,000
Employee Related Expenditures	4,575,700	4,667,300	4,586,000
Professional and Outside Services	246,800	300,100	300,100
Travel - In State	392,600	458,300	463,400
Other Operating Expenditures	3,296,300	3,511,800	3,511,800
Equipment	<u>267,200</u>	<u>-0-</u>	<u>-0-</u>
<b>Operating Subtotal</b>	<b>26,544,400</b>	<b>26,983,500</b>	<b>27,432,300</b> <sup>2/</sup>
Aid to Families with Dependent Children	86,342,600	87,642,400	79,952,500 <sup>3/</sup>
General Assistance	12,668,300	13,852,000	3,513,600
Tuberculosis Control	13,700	19,400	19,400
Institutional Support Payments	419,600	478,400	478,400
Full Employment Project	-0-	444,900	305,900 <sup>4/</sup>
Youth Support Research	<u>10,000</u>	<u>14,000</u>	<u>14,000</u> <sup>5/</sup>
<b>Total Appropriations</b>	<b>125,998,600</b>	<b>129,434,600</b>	<b>111,716,100</b> <sup>6/</sup>
<b>Fund Summary</b>			
General Fund	125,998,600	129,434,600	111,516,100
Full Employment Demonstration Project Fund	<u>-0-</u>	<u>-0-</u>	<u>200,000</u>
<b>Total Appropriations</b>	<b>125,998,600</b>	<b>129,434,600</b>	<b>111,716,100</b>

*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, Tuberculosis Control, Institutional Support Payments, and the Full Employment Demonstration Project.

**Incentive Program for Error Rate Reduction** — The approved amount includes \$218,800 in Personal Services and Employee Related Expenditures for the department to implement an error rate reduction incentive program with eligibility interviewers to reduce the agency's error rate for the AFDC and Food Stamp programs.

**Aid to Families with Dependent Children (AFDC)** — The approved amount, a decrease of \$7,689,900 from FY 1996, includes an estimated surplus of \$9,733,600 due to lower than anticipated caseload growth in FY 1996. For FY 1997, the appropriation will provide for an average duplicated population of 177,700 recipients in the single-parent program, at a monthly cost of \$110.25 per recipient, and 6,190 recipients in the 2-parent program, at a monthly cost of \$81.15 per recipient.

1/ Includes 4 FTE Positions funded from Special Line Items in FY 1997.

2/ The operating lump sum appropriation may be expended on AHCCCS eligibility determinations, based upon the results of the Arizona random moment sampling survey. (General Appropriation Act footnote.)

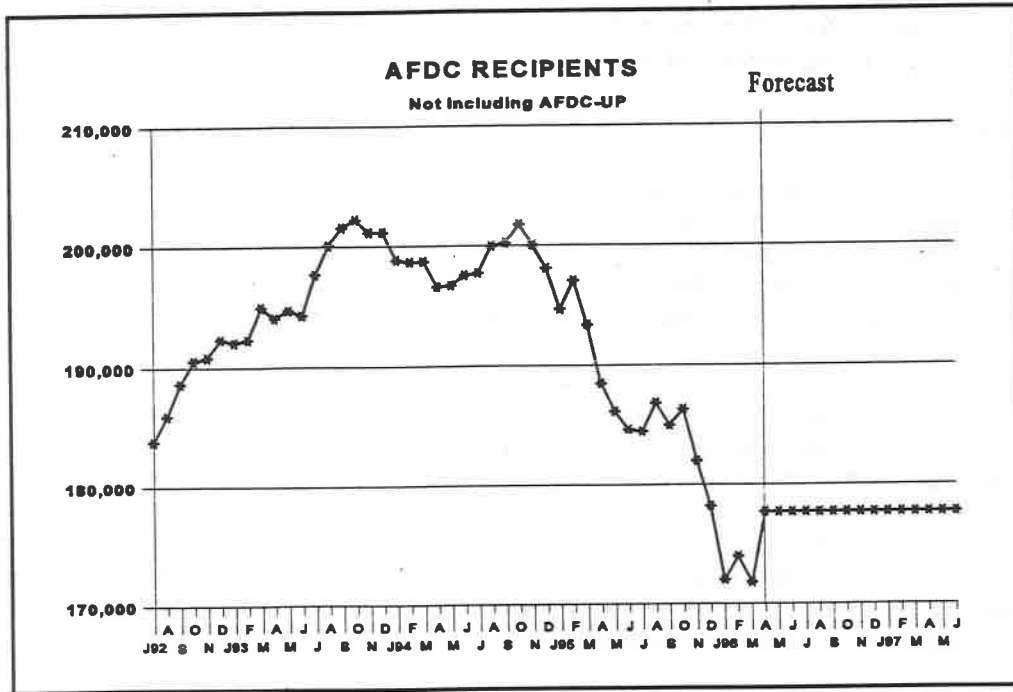
3/ Notwithstanding A.R.S. § 35-173C, any transfer to or from the \$79,952,500 appropriated for Aid to Families with Dependent Children shall require approval of the Joint Legislative Budget Committee. (General Appropriation Act footnote.)

4/ The appropriated amount for the Full Employment Project shall be deposited into the Full Employment Demonstration Project Fund. (General Appropriation Act footnote.)

5/ The \$14,000 appropriated for Youth Support Research is to be used for a K-12 pilot program to increase school performance and reduce gang activity. The Legislative Oversight Committee of Performance-Based Employee Incentive Pilot Projects will oversee the design and implementation of this research program and will report to the Speaker of the House of Representatives, the President of the Senate, the Chairmen of the Appropriations Committees and the Director of the Joint Legislative Budget Committee by June 30, 1997, regarding the design and results of the research program. (General Appropriation Act footnote.)

6/ Appropriated as an Operating Lump Sum for the Program with Special Line Items.

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



The approved amount also incorporates an increase of \$588,000 due to a decrease in federal participation and an increase of \$1,700,000 to end the use of State's Share of Retained Earnings (SSRE) to offset AFDC expenditures. The approved amount also assumes a savings of \$732,800 Total Funds (TF) and \$244,300 General Fund (GF) from the "kid cap" provisions of Laws 1994, Chapter 319, which eliminated AFDC benefits increases for families which result from the birth of an additional child, with certain conditions and exceptions. The first month in which the provisions of this bill will impact the AFDC appropriation is September 1996. This savings estimate will require annualization in FY 1998.

The General Fund appropriation will be matched with federal monies to allow for a Total Fund AFDC budget of \$241,124,900 in FY 1997.

The approved amount does not provide for a benefit increase. The maximum benefit for a family of 3 will remain \$347 and will remain tied to 36% of the 1992 federal poverty level (FPL).

The approved amount also does not provide funding or new FTE Positions for additional caseworkers. The FY 1996 appropriation for this division was based on an average population of 200,500 recipients in the single-parent AFDC program, 6,269 recipients in the 2-parent AFDC program, and 508,030 recipients in the Food Stamp program. The actual year-to-date average duplicated number of recipients in these programs has been approximately 181,099, 6,173, and 437,809, respectively. Given that caseloads are running under projections, existing staff should be sufficient to cover the workload through the end of FY 1997.

Laws 1996, Chapter 193 directs the department to implement an "AFDC Self-Sufficiency Diversion" option. This option provides an initial grant of up to 3 times the monthly amount of assistance for which the applicant qualifies in lieu of a monthly grant and makes the applicant categorically eligible for all other AFDC-related services, including complete pass-through of all child support. If, subsequently, the applicant decides to reapply to long-term cash assistance, the up-front assistance is deducted from later AFDC payments. A waiver is required for implementation. The department is required to submit an evaluation of this program to the JLBC 5 years after the implementation date of the diversion program, after which the JLBC shall review the report and make a recommendation to the Legislature to continue or discontinue the program. The option is to be phased-in and offered at a minimum of 4 eligibility offices in major metropolitan areas the first year, one-half of all eligibility offices the second year, and all eligibility offices statewide thereafter.

**General Assistance** — This state-funded program provides financial aid to persons who are unemployable because of a physical or mental disability. Beginning in FY 1994, eligibility was limited to 12 months out of every 36-month period. This was modified

(Continued)

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

in FY 1995 to allow up to a 6-month extension if a recipient is currently appealing an adverse decision by the Social Security Administration (SSA) regarding federal benefits.

The approved amount of \$3,513,600, a reduction of \$10,338,400, is based upon the following:

- Caseload — The approved amount will provide for an average duplicated caseload of 2,422 clients, receiving an average benefit payment of \$142.50. The payment of \$142.50 reflects a weighted average of a full-month payment of \$152.25 and an average partial month payment of \$54.51. Caseload costs for FY 1997 are expected to equal \$4,141,700, of which \$367,000 is expected to cover caretaker benefits. This caseload estimates incorporates a decrease of \$2,667,300 from FY 1996. This amount is attributable to caseload decline, before any policy changes.
- Social Security Income "Bridge-Only" Provision — Laws 1996, Chapter 6, 5th Special Session, added the requirement that all General Assistance recipients have a disability that is certified to last 12 months or longer and apply for federal disability benefits. The only exception to this requirement are adult caretakers of disabled dependent persons. The approved amount includes a decrease of \$7,456,000 associated with this provision. This legislation will become effective June 24, 1996.

The approved amount includes \$243,000 for an average of 250 recipients per month who will receive a 6-month extension of benefits, as they are currently appealing an adverse decision by the SSA to an administrative law judge regarding the denial of SSA benefits. The savings associated with retroactive recovery of Supplemental Security Income (SSI) payments for these recipients is included in the total savings estimate below.

In FY 1997, the 12-month time limit will generally only effect those General Assistance recipients who are denied SSA benefits and who either do not appeal or who are denied on reconsideration and do not appeal further, as well as adult caretakers of disabled dependent persons.

- Retroactive Recovery of SSI Payments — Through an agreement with the SSA, the state may be reimbursed for its General Assistance payments to recipients who are found to be eligible for the federal SSI Program under Title XVI of the Social Security Act. The approved amount includes total savings of \$1,449,600, which is the same as FY 1996. In FY 1997, assuming each recipient received 12 months of General Assistance, 975 recipients are projected to be accepted into the SSI program. Since SSI is paid retroactively to the date of application, 11,692 member months are estimated to be reimbursed by the SSA. The department is investigating a data link with SSA to determine the actual number of General Assistance recipients approved for SSI and/or Social Security Disability (SSD) benefits.

The savings estimate is net of monies paid to attorneys for assisting General Assistance recipients to become eligible for SSI. Laws 1996, Chapter 139 limits the payment to the attorney or advocate from the department and any other sources, if any, to 25% of the back award for Title XVI or combined Title XVI and Title II benefits. If the payment from the department, when combined with other sources, exceeds this amount, the payment from the department shall be reduced accordingly. Other payment sources may include the SSI recipient or SSA. The FY 1997 appropriation assumes that \$327,600 will be paid to attorneys or advocates from back awards.

- Representative Payee Contracts — Representative Payees aid recipients with their finances to allow certain SSI applicants to qualify, who may be eligible for the program but are not enrolled because they are deemed incapable of handling their own finances. As of December 1994, representative payees may now collect a fee directly from the client's benefit payment to offset the cost of their services. The approved amount includes a decrease of \$215,100, which eliminates the public subsidy for representative payee contracts.
- Application Assistance — The approved amount is based upon a projection that 291 recipients will be converted in FY 1997 to the SSI program through the Application Assistance program. Application Assistance should increase the likelihood that the recipients served by the program will be accepted into the SSI program. Payments for Application Assistance are estimated to cost \$277,900, the same as FY 1996.

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

- **Contracted Medical Examinations** — The approved amount of \$300,600, the same as FY 1996, provides for 7,165 medical examinations at an average cost of \$40.80 per exam and 178 medical consultation hours, at a cost of \$46.32 per hour. Due to the changes made by Laws 1996, Chapter 6, 5th Special Session, the number of medical examinations and medical consultations hours is probably overestimated for FY 1997.

**Tuberculosis Control** — The appropriation provides assistance to persons certified unemployable by the State Tuberculosis Control Office because of communicable tuberculosis. The approved amount, \$19,400, the same as FY 1996, will fund monthly payments to 12 recipients at an average monthly cost of \$134.72.

**Institutional Support Payments** — Subject to legislative appropriation, A.R.S. § 46-252 directs the department to administer an optional state supplemental payments program. The program provides \$80 payments to eligible recipients at least 65 years of age receiving care in a licensed private nursing home, \$175 to persons residing in a licensed county-operated nursing home, and \$50 to persons residing in a licensed supervisory care home, an adult foster care home, or a person who is seriously mentally ill and residing in a 24-hour residential treatment facility licensed by the Department of Health Services. The approved amount, the same as FY 1996, provides funding for an average of 797 supervisory care clients. No clients in private nursing homes are currently receiving this payment, and no county-operated nursing homes are currently operated in Arizona.

**Full Employment Project** — Laws 1994, Chapter 301 established a pilot Full Employment Demonstration Project. This program involves the converting of Food Stamp and AFDC benefits to cash, which is used to subsidize recipient's wages paid by a public or private sector employer.

The approved amount for FY 1997 is \$305,900, of which \$200,000 shall be paid from the Full Employment Demonstration Project Fund and \$105,900 from the General Fund. The entire appropriation is to be deposited into the Full Employment Demonstration Project Fund. The \$200,000 OF monies is available one-time only. For FY 1997, the department hopes to enroll 180 participants, in addition to the 120 estimated to be enrolled in FY 1996. The approved amount includes \$106,200 for start-up payments for 180 participants in FY 1997. The department is currently pursuing federal participation in these payments; if permission is granted, the approved amount can be revisited. The approved amount also includes \$199,700 for costs associated with 4 FTE Positions to administer the program. Laws 1996, Chapter 7, 5th Special Session, also deposited some of the FY 1996 General Fund appropriation into the Full Employment Demonstration Project Fund and made this appropriation available for use and exempt from lapsing until June 30, 1997. The JLBC Staff expects \$146,300 of this amount to be available in FY 1997 to reimburse participating employers for the employer share of Social Security, unemployment insurance, and worker's compensation for the estimated 180 participants in FY 1997. With this additional funding and monies from the April 1, 1997 pay package, this program will have \$452,200 in available funding for FY 1997, plus federal monies.

Laws 1994, Chapter 301 requires the department to present to the Governor, the President of the Senate, and the Speaker of the House a report on the project's impacts on expenditures, caseload and individual duration of eligibility 24 months after implementation of the project, which will be in November 1997. If it appears that the project is not likely, at least, to be cost neutral over the course of 3 years, the department shall also present a plan for early project termination. If the project continues, the department shall submit to the Governor, the President of the Senate, and the Speaker of the House, 6 months before the project completion date, a full and complete project analysis. Laws 1994, Chapter 301 is repealed after July 17, 1998. Therefore, the full and complete project analysis shall be presented by January 17, 1998.

**Youth Support Research** — The approved amount, the same as FY 1996, provides funding for a K-12 pilot program to increase school performance and reduce gang activity. The Legislative Oversight Committee of Performance-Based Employee Incentive Pilot Projects will oversee the design and implementation of this research program and will issue a second report by June 30, 1997 regarding the design and results of the research program.

**Additional Appropriations** — Assistance Programs: Finger Imaging (Chapter 346) — See DES's Administration cost center for details.

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

A.R.S. § 41-1951

General Fund and Child Support Enforcement Administration Fund <sup>1/</sup>		FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	(GF)	<u>88.0</u>	<u>88.0</u>	<u>0.0</u> <sup>2/</sup>
	(TF)	<u>755.7</u>	<u>724.0</u>	<u>717.2</u> <sup>2/</sup>
Personal Services	(GF)	1,734,700	1,789,600	-0-
	(TF)	15,769,200	16,775,200	17,185,900
Employee Related Expenditures	(GF)	486,600	483,500	-0-
	(TF)	3,947,200	4,534,600	4,200,600
Professional and Outside Services	(GF)	77,800	121,200	1,284,600
	(TF)	4,392,500	4,615,000	3,778,200
Travel - In State	(GF)	16,300	11,100	48,200
	(TF)	128,200	159,700	141,800
Other Operating Expenditures	(GF)	80,000	115,200	924,100
	(TF)	3,051,900	2,822,200	2,717,900
Equipment	(GF)	-0-	-0-	-0-
	(TF)	<u>880,400</u>	<u>24,200</u>	<u>-0-</u>
<b>Operating Subtotal</b>	(GF)	<b>2,395,400</b>	<b>2,520,600</b>	<b>2,256,900</b>
	(TF)	<b>28,169,400</b>	<b>28,930,900</b>	<b>28,024,400</b> <sup>3/</sup>
Laws 1994, Ch. 374 Pilot Programs	(GF)	1,018,800	145,400	67,200
	(TF)	1,940,900	427,600	232,300
Automation Lease-Purchase	(GF)	12,200	-0-	88,500
	(TF)	50,400	-0-	88,500
Phase II Conversion	(GF)	311,000	311,000	753,600
	(TF)	8,828,800	7,083,100	2,216,500 <sup>3/</sup>
Assignment of Rights	(GF)	-0-	106,400	-0-
	(TF)	-0-	171,000	-0-
Paternity Establishment	(GF)	-0-	-0-	72,400
	(TF)	<u>-0-</u>	<u>-0-</u>	<u>723,600</u>
<b>Total Appropriations</b>	(GF)	<b>3,737,400</b>	<b>3,083,400</b>	<b>3,238,600</b>
	(TF)	<b>38,989,500</b>	<b>36,612,600</b>	<b>31,285,300</b> <sup>4/</sup>
<b>Fund Summary</b>				
Federal Funds		27,794,200	25,979,800	20,592,500
SSRE and Incentives		7,457,900	7,549,400	7,195,800
General Fund		3,737,400	3,083,400	3,238,600
Application Fees		<u>-0-</u>	<u>-0-</u>	<u>258,400</u>
<b>Total Appropriations</b>		<b>38,989,500</b>	<b>36,612,600</b>	<b>31,285,300</b>

<sup>1/</sup> The Child Support Enforcement Administration Fund contains State Share of Retained Earnings (SSRE) from child support collections and federal incentives, as outlined in A.R.S. § 46-406. This fund will become subject to legislative appropriation in FY 1998 per Laws 1996, Chapter 335. The following chart displays the Total Expenditures Authority (TF) of this division, not including monies passed through to participating counties and expended in the Administration cost center.

<sup>2/</sup> Includes 1 TF FTE Position funded from Special Line Items in FY 1997.

<sup>3/</sup> All State Share of Retained Earnings and federal incentives above \$7,195,800 and federal enhanced 90/10 computer monies above \$1,462,900 received by the Division of Child Support Enforcement are appropriated for operating expenditures and to the Phase II Conversion Special Line Item, respectively. New full time equivalent positions may be authorized with the increased funding. The Division of Child Support Enforcement shall report the intended use of the funds to the Speaker of the House of Representatives, the President of the Senate, the Chairmen of the Appropriations Committees, and the Directors of the Joint Legislative Budget Committee and the Governor's Office of Strategic Planning and Budgeting. (General Appropriation Act Footnote.)

<sup>4/</sup> Appropriated as an Operating Lump Sum for the Program with Special Line Items.

(Continued)

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

**Program Description** — *The Division of Child Support Enforcement (DCSE) program provides intake services; locates absent parents; assists in establishing paternity; 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.*

**Total Funds Expenditure Authority** — For the first time, the division's budget is being appropriated on a Total Funds (TF) Expenditure Authority basis. The division receives funds from several sources. These sources and FY 1997 revenue projections are as follows: 1) General Fund (GF) appropriations - \$3,238,600; 2) State Share of Retained Earnings (SSRE) and federal incentive payments - \$7,195,800; 3) application fees - \$258,400; and 4) federal matching dollars - \$20,592,500. The GF appropriation, SSRE, federal incentive payments, and application fees together constitute 34% of the program's funds. These funds are then matched by federal dollars equaling 66% of the program's funds (except for paternity establishment, which has a different match rate. Please see below). The Total Expenditure Authority does not include funds passed through to participating counties or expended in the Administration Division. SSRE to be expended in the Administration Division for overhead and pooled costs in FY 1997 is estimated at \$1,900,000. If the division is able to collect more SSRE and earn more federal incentives than the above estimates, all amounts over these estimates are appropriated to the operating budget (see footnote 3 above). In addition to the above, the division expects to earn approximately \$60,000 in revenue from paternity and tax intercept fees. The \$258,400 estimate associated with a \$25 application fee for all applicants not receiving Aid to Families with Dependent Children (AFDC) is to be used by the division for reclassifications, training, or incentive programs. For FY 1997, all Personal Services and Employee Related Expenditures associated with FTE Positions are funded from Other Funds. The approved amount includes \$0 GF and \$149,500 TF for the April 1, 1997 pay adjustment.

**Laws 1994, Chapter 374 Pilot Programs** — This legislation implemented the recommendations of the Joint Select Committee on Child Support Enforcement concerning paternity establishment, employer reporting, enforcement, and collections. The approved amount for FY 1997 includes \$8,300 GF and \$59,100 TF and 1 TF FTE Position for a one-stop pilot program to test the effectiveness of co-locating Title IV-D and court services. This pilot is being conducted in Maricopa County. The approved amount also includes \$58,900 GF and \$173,200 TF for education services to one-stop shop parents, educational programming for parents regarding domestic relations and child support, and workshops for parents without legal counsel regarding domestic relations and the child support process.

**Automation Lease-Purchase** — The approved amount, \$88,500 GF and \$88,500 TF, represents the division's lease-purchase interest payment for previously purchased automation equipment which is not eligible for federal matching.

**Phase II Conversion** — The approved amount previously provided funding for Phase II of the Arizona Tracking and Locate Automated System (ATLAS). The enhanced 90/10 automation federal matching rate, unless reauthorized by Congress, will not be available in FY 1997. This will result in a loss of federal funds of \$5,296,200 and 6.8 FTE Positions, which affects both the Phase II Conversion Special Line Item and the division's operating budget. Level I federal certification of the system was granted March 7, 1996. Level II certification is being sought by the end of the 1996 federal fiscal year. The approved amount, \$753,600 GF and \$2,216,500 TF, is appropriated for ongoing system maintenance. Once the true costs of ongoing system maintenance is established, these monies may be recommended by the JLBC Staff to be transferred to the division's operating budget.

**Assignment of Rights** — Laws 1995, Chapter 206 allowed for a proportionate distribution for any arrearages owed by non-custodial parents to the state and custodial parents effective June 1, 1996. These custodial parents must have previously received AFDC benefits, but subsequently have left the program. Under prior law, AFDC arrearages were paid first before arrearages owed to custodial parents were addressed. As this was anticipated to lower revenues received by the division in the form of SSRE and federal incentive payments, Chapter 206 appropriated \$73,100 GF in FY 1996 to compensate for 1 month of lost revenue and an additional \$33,300 GF to reprogram the agency's computer system to incorporate the change. For FY 1997, the \$312,900 GF and \$44,000 TF net increase related to the annualization of this program was incorporated into the agency's operating budget. The division has agreed to reconcile the actual amount of lost revenue associated with this change in statute with original estimates in FY 1998.

(Continued)

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

**Paternity Establishment** — The approved amount, \$72,400 GF and \$723,600 TF, provides funding for DNA testing and blood testing for the estimated 50% of child support cases which are subject to the establishment of paternity through testing. The division attempts to collect testing costs from legally determined fathers. Paternity establishment receives enhanced 90% funding from the federal government. Therefore, testing debts which are recovered are reimbursed 90% to the federal government and 10% between the division and the contracting counties. In FY 1995, the division recovered a total of \$55,200 of the genetic testing debts. No information is currently available from the division on the average cost of a DNA or blood test.

**Contracting Counties** — The division contracts with several Arizona counties to run the Title IV-D program. Consequently, SSRE and federal incentives are passed through to these counties, as well as the 66% federal match, which matches SSRE and incentive pass-through monies as well as county appropriations. The following chart outlines the status of who enforces Title IV-D activities:

COUNTY	IV-D ENFORCEMENT
Apache	- DCSE
Cochise	- County Attorney/Clerk of the Court
Coconino	- DCSE
Gila	- County Attorney/Clerk of the Court/Family Law Commissioner
Graham	- DCSE
Greenlee	- DCSE
La Paz	- County Attorney
Maricopa	- DCSE
Mohave	- DCSE
Navajo	- County Attorney/Clerk of the Court/Family Law Commissioner/Sheriff
Pima	- County Attorney/Clerk of the Court/Family Law Commissioner
Pinal	- County Attorney/Clerk of the Court/Family Law Commissioner
Santa Cruz	- DCSE - privatized
Yavapai	- DCSE - privatized
Yuma	- DCSE

The division is required by federal regulation to pass federal incentives earned on to contracting counties. By agreement, since 1992, the division also passes 50% of all SSRE earned over the 1990 base amount to contracting counties. The division expects to pass \$1,527,900 in SSRE and federal incentives on to contracting counties in FY 1997. In addition, the division expects to pass \$11,583,100 in federal matching dollars on to contracting counties in FY 1997. County appropriations for IV-D services for FY 1997 are estimated at \$1,500,000. Finally, the division expects to expend \$193,200 in SSRE and \$375,000 in federal dollars on clearinghouse functions in FY 1997.

**Additional Legislation** — Child Support: Payments (Chapter 188) — Among other provisions, directs the division to contract with a private vendor or governmental entity to provide receipting and posting services to the support payment central clearinghouse. Beginning January 1, 1998, the division shall report annually to the Legislature on the economic impact of the contract.

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

A.R.S. § 41-1951

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	85.8	85.8	85.8 <sup>1/</sup>
Personal Services	2,573,900	2,637,700	2,682,600
Employee Related Expenditures	579,500	594,300	577,900
Professional and Outside Services	20,100	16,000	16,000
Travel - In State	147,900	150,900	154,400
Other Operating Expenditures	248,300	221,900	221,900
Equipment	16,100	-0-	-0-
<b>Operating Subtotal</b>	<b>3,585,800</b>	<b>3,620,800</b>	<b>3,652,800</b>
Emergency Assistance	825,600	857,700	983,500
Food Distribution Information	24,200	24,200	24,800
Homeless Shelter	1,234,900	1,236,100	1,313,300 <sup>2/</sup>
Information and Referral	112,100	112,100	115,400
Rural Food Bank Project	253,400	351,300	361,800 <sup>3/</sup>
Adult Services	8,293,700	9,080,500	9,165,900
LTC Ombudsman	116,700	117,900	118,200
Respite Care Pilot Program	42,500	32,400	-0-
Domestic Violence Prevention	-0-	1,000,000	1,000,000
Navajo Senior Centers	4,200	-0-	-0-
<b>Total</b>	<b>14,493,100</b>	<b>16,433,000</b>	<b>16,735,700</b>
<b>Additional Appropriations -</b>			
Food Banks; Governmental Incentives, Ch. 352	-0-	-0-	700,000
Respite Care; Elderly; Appropriation, Ch. 296	-0-	-0-	185,000
<b>Total Appropriations</b>	<b>14,493,100</b>	<b>16,433,000</b>	<b>17,620,700 <sup>4/</sup></b>

*Program Description — The program provides alternatives to institutional care for the elderly and physically disabled through a range of non-medical home and community-based services. The program manages statewide programs of advocacy, social services, nutrition services, program development services, adult protective services, nursing home ombudsman services, volunteer services and employment opportunities.*

*The program also provides for an array of services primarily through contracts with community-based organizations, in the following programmatic areas: social services community action; food and nutritional assistance to persons and families in hunger-related crises; a variety of services for homeless persons and families; emergency services networks; refugee resettlement, including medical assistance; domestic violence victim assistance; and utility assistance.*

**Technical Issues —** The approved amount includes an increase of \$3,500 for higher in-state travel costs.

**Emergency Assistance —** The approved amount reflects an increase of \$125,800, of which \$25,800 is for a provider increase. This program provides temporary financial aid in emergency situations without reference to certain eligibility factors required for other welfare programs. Of the \$983,500 General Fund dollars, \$492,600 will be used to match federal Emergency Assistance to Needy Families with Children dollars. The approved amount will fund approximately 3,783 households annually, at an average annual cost of \$260.

<sup>1/</sup> Includes 0.5 FTE Positions funded from Special Line Items in FY 1997.

<sup>2/</sup> It is the intent of the Legislature that the \$115,400 appropriated for Information and Referral Services shall be used to fund services in each city of this state with a population of more than 250,000 persons according to the most recent United States decennial or special census. (General Appropriation Act footnote.)

<sup>3/</sup> It is the intent of the Legislature that a state General Fund amount of \$250,000 in Adult Services be matched with \$250,000 from the federal Social Services Block Grant for non-medical home and community based services. (General Appropriation Act footnote.)

<sup>4/</sup> Appropriated as an Operating Lump Sum for the Program with Special Line Items.



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

**Food Distribution Information** — The approved amount is used to a) inform the hungry about potential sources of food, and b) operate a toll-free telephone line for donors to notify food banks of the availability of food. A.R.S. § 41-1954 requires the department to coordinate and assist public and private nonprofit organizations that aid the hungry throughout the state. The appropriation reflects a \$600 provider increase.

**Homeless Shelter** — This program, along with private sector, city, county and federal funds, addresses the emergency and transitional shelter needs of the homeless. The agency has divided the program into:

- **Emergency Assistance to Needy Families With Children** - This federal program provides emergency shelter and services to eligible families for a period of up to 30 days from the date of application. Estimates for FY 1997 are that 51.1% or \$670,600 of the approved amount will be used for this program. As state funds are matched at a 50/50% rate by the federal government, \$1,341,200 in total funds will be available.
- **Homeless Shelter** - This program previously served both homeless families and individuals. With the federal program for families, this program now serves homeless individuals or families that are not eligible for the federal program. Estimates for FY 1997 are that 48.9% or \$642,700 of the approved amount will be used for this program.

The approved amount reflects a total increase of \$77,200 of which \$37,200 is for a provider increase.

**Information and Referral** — The approved amount provides information and referral services on a 24-hour toll-free, statewide telephone system. This system serves all individuals requesting specific information regarding available resources. The appropriation reflects a \$3,300 provider increase.

**Rural Food Bank Project** — The approved amount reflects an increase of \$10,500. Monies in this line fund the Arizona Gleaning Project, which is a coordinated program with the Arizona Department of Agriculture, the State Department of Corrections, and state food banks to deliver surplus farm produce to those in need. In addition, monies provide rural food banks in Willcox and Yuma, the operating costs of a food network truck, and outreach to high need populations or geographic areas. The increase in dollars should provide for the expansion to southeastern Arizona and the Nogales area. The department will continue to utilize \$45,000 of the federal Social Services Block Grant (SSBG) toward the Statewide Gleaning Project. (However, the recent federal budget agreement cut the Title XX, SSBG, funds by 15%. The department anticipates to address this reduction during FY 1997.) An additional \$700,000 is added for the Rural Food Bank Project through Laws 1996, Chapter 352. (See Additional Appropriations.)

**Adult Services** — The approved amount, which reflects an increase of \$85,400, provides for a community-based continuum of care and services for abused, neglected, and exploited adults. In addition to the state General Fund dollars, DES receives federal dollars from Title III and Title XX, SSBG. As noted above, the recent federal budget agreement cut the Title XX, SSBG, funds by 15%. The department anticipates to address this reduction during FY 1997. Although the specific impact of the SSBG reduction is not known, it is anticipated that the reduction may lower the number of clients served in Home Care, the Older Americans Act, and Assessments and Case Management. The approved amount is distributed as follows:

- **Adult Protective Contracted Services** - Provides \$176,100 for services to elderly who are abused or neglected.
- **Supplemental Payments** - Provides \$2,156,300 for a continuation of care and services, such as housekeeper, home health aide, and visiting nurse services for Supplemental Security Income (SSI)-eligible households. The Department of Economic Security (DES) provides services to their clientele based upon severity of need. Program costs are borne fully by the state. Any funds not expended on SSI recipients may be reallocated to pay for housekeeper, home health aide, and visiting nurse services provided to non-SSI recipients who are eligible for the Home Care services component of the Adult Services Special Line Item. The SSI-eligible population receiving Supplemental Payment services will continue to be the priority target group.

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

The following reflects FY 1997 caseload estimates.

	Average # of Monthly Clients	Average Monthly Cost
Home Health Aide	366	\$96.34
Housekeeping Payments	2,039	\$65.04
Visiting Nurse	165	\$71.62

- **Home Care** - Provides \$4,868,200 for supplemental payment services plus personal care to non-SSI recipients. The approved amount reflects an increase of \$540,000 for reducing the waiting list of disabled and elderly who do not qualify for the federal Medicaid Arizona Long Term Care System (ALTCS) and who are non-Supplemental Security Income (SSI) eligible. The additional dollars should reduce the waiting list by 480 individuals. Another \$2,987,300 will be provided by federal and local contributions, including \$250,000 from federal Social Services Block Grant dollars, as required by a General Appropriation Act footnote. (As noted earlier, the recent federal budget agreement cut the Title XX, SSBG, funds by 15%. The department anticipates to address this reduction during FY 1997.) The appropriation will fund an average of 60 hours of services for 6,983 individuals at an average cost of \$18.75 per hour.
- **Older Americans Act** - Provides \$963,600 as match for federal funds for congregate and home-delivered meals, as well as other social services. The appropriation will provide home-delivered meals to 14,370 individuals and congregate meals to 48,049 individuals. The approved amount includes the total state match of \$863,600 for the federal cost sharing requirements of Title III and \$100,000 of 100% state funds for the 8 Area Agencies on Aging to provide support services, senior centers, and nutrition services. Other funding sources include \$9,696,300 in federal funds and \$21,472,700 in local contributions.
- **Assessments and Case Management** - Provides \$1,001,700 through contracted agencies to assess the service needs of the person by measuring ability to perform activities of daily living, family support, and financial status. A contracted case manager assists the client in matching needs to available resources. The approved amount will provide case management services to 16,830 persons. Each person averages 6.4 hours of service at an estimated cost of \$36.35 per hour. In addition to the state share, an additional \$2,935,900 is provided through federal and local contributions.
- **Geriatric Nurse** - Funding has been eliminated.

**Long-Term Care (LTC) Ombudsman** — The approved amount funds the administrative costs and a 0.5 FTE Position of the Office of State Long-Term Care Ombudsman (Laws 1989, Chapter 215). The office was established during FY 1990 in accordance with the requirements of the federal Older Americans Act. The 0.5 FTE Position is for legal services provided by the Attorney General.

**Respite Care Pilot Program** — The General Appropriation Act did not include funding to extend this pilot program. However, Laws 1996, Chapter 296 makes this program statewide and adds \$185,000. The program provided funds for unpaid care givers to receive short-term relief and support to run errands, keep medical appointments, go shopping, or for time alone. The FY 1995 appropriation was exempt from A.R.S. § 35-190, relating to the lapsing of appropriations, pursuant to Laws 1995, Chapter 105.

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

**Additional Appropriations — Food Banks: Governmental Incentives (Chapter 352)** — Adds \$700,000 for the expansion of the Rural Food Bank Project. DES shall submit its expenditure plan to the Joint Legislative Budget Committee for review. This plan will be based upon input from the various food banks within the state. In addition, the bill created a Joint Legislative Committee on Hunger. This committee will be comprised of 8 legislators, 7 public members (5 of which shall be involved in providing food assistance programs), and 5 advisory members from state agencies (1 each from DES, the Department of Education, the Arizona Department of Agriculture, the State Department of Corrections, and the Department of Health Services). The Joint Committee on Hunger shall serve as a public forum for discussion, advisory, and review of food security programs and services issues. The committee is required to submit periodic reports, including an annual report, on food security issues to the Governor, the President of the Senate, and the Speaker of the House of Representatives. This legislation repeals the Joint Committee after December 31, 1998.

(Continued)

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

---

**Respite Care: Elderly: Appropriation (Chapter 296)** — Adds \$185,000 and establishes a statewide program similar to the pilot. DES shall establish guidelines for the distribution of these monies and the short-term care and supervision services provided to an individual to relieve the care giver. DES is also required to submit an efficacy report on the program to the Governor, the President of the Senate, and the Speaker of the House of Representatives. The appropriation is exempt from A.R.S. § 35-190, relating to the lapsing of appropriations. This legislation repeals the program after June 30, 1998.

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

A.R.S. § 41-1951

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	605.9	605.9	642.9 <sup>1/</sup>
Personal Services	18,077,300	18,290,700	19,468,900
Employee Related Expenditures	4,068,100	4,125,500	4,235,000
Professional and Outside Services	224,300	26,300	26,300
Travel - In State	891,700	792,800	864,900
Travel - Out of State	-0-	-0-	1,000
Other Operating Expenditures	1,321,600	1,202,800	1,402,400
Equipment	228,300	-0-	597,400
<b>Operating Subtotal</b>	<b>24,811,300</b>	<b>24,438,100</b>	<b>26,595,900</b>
Adoption Services	12,610,200	16,135,800	15,145,600
Children Services	35,971,400	41,105,400	45,967,000
High Risk Infant Services	535,100	666,200	686,300
Intensive Family Services	2,182,200	2,364,800	2,435,600
Child Severance Project	191,100	463,200	649,900
Comprehensive Medical and Dental	2,794,900	2,794,900	2,794,900
Day Care Subsidy	12,635,100	13,692,300	19,915,700 <sup>2/</sup>
JOBS Child Care	2,235,100	2,268,700	-0-
Transitional Child Care	2,364,000	2,776,300	-0-
Transitional Extension Pilot	-0-	64,800	416,800
Videotaping	205,000	208,000	208,700
Healthy Families Pilot	1,700,000	3,000,000	-0-
<b>Total</b>	<b>98,235,400</b>	<b>109,978,500</b>	<b>114,816,400</b>
<b>Additional Appropriations - Supplemental Appropriations; Family Programs, Ch. 247</b>	<b>-0-</b>	<b>-0-</b>	<b>3,000,000</b>
<b>Total Appropriations</b>	<b>98,235,400</b>	<b>109,978,500</b>	<b>117,816,400</b> <sup>3/</sup>

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

*Technical Issues* — The approved amount reflects a \$13,200 increase for higher in-state travel expenses.

*CPS Staff Increase* — The approved amount adds \$1,937,500 and 37 FTE Positions to this division's operating budget for increasing Child Protective Services staff. This increase will aid the department in establishing equitable staffing standards based on a department developed case weighting methodology, which is anticipated to improve CPS staff productivity, quality, and retention. Based on the data identifying trends associated with different types of cases (intake, investigation, in-home, foster care, group care, adoption services, family resource development, and information and referral) and related resource needs, the department estimates that similar increases in staff will be needed over the next 4 years to reach its case weighting standard.

<sup>1/</sup> Includes 3 FTE Positions funded from Special Line Items in FY 1997.

<sup>2/</sup> Of the \$19,915,700 appropriated for Day Care, \$8,249,000 is for a program in which the upper income limit is at least 65% of the state median income as determined by the Department of Economic Security. This provision may not be construed to impose a duty of an officer, agent or employee of the state to discharge a responsibility or to create any right in a person or group if the discharge or right would require an expenditure of state monies in excess of the \$8,249,000 appropriation. (General Appropriation Act footnote.)

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

(Continued)

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

---

**Adoption Services** — The approved amount reflects a \$990,200 decrease. The approved amount subsidizes the adoption of children who otherwise would entail high financial risks to prospective parents because of physical, mental or emotional disorders or who, because of age, sibling relationship or racial or ethnic background, would be otherwise difficult to place in adoption. The appropriation includes a transfer in of \$623,600 from Foster Care in the Children Services Special Line Item to follow those children moving from foster care to adoption status, and a \$1,613,800 reduction to reflect a decrease in the average annual cost per child. The approved amount will fund services for an average of 2,707 children per year. The approved amount is also based upon an average annual cost per child of \$7,171.44 and Title IV-E federal funds of \$4,366,100. The amount includes another \$98,600 for non-recurring adoption expenses.

**Children Services** — The approved amount reflects a total increase of \$4,861,600. Included in this increase is \$1,272,300 for a provider increase, \$4,212,900 to cover increasing costs and caseload growth for out-of-home services, and a transfer out of \$623,600 to follow the foster children moving into adoption status and who qualify for the adoption subsidy. The program is projected to receive \$21,698,300 from federal funds and \$890,000 from other non-appropriated funds, for an estimated FY 1997 total expenditure of \$68,555,300. (Part of the federal funds includes money from the Title XX, Social Services Block Grant (SSBG). The recent federal budget agreement cut the SSBG by 15%. The Department of Economic Security (DES) anticipates to address this reduction during FY 1997.)

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

**High Risk Infant Services** — The approved amount reflects a \$20,100 provider increase. The program will serve a total of 411 families whose children are exposed to substance abuse. Contracted counselors/parent aides provide in-home services including parent education. Services per family will be limited to 6 months, with the contracted counselor aiding 23 families a year. The contracted counselors/parent aides will also work closely with the Department of Health Services and county public health nurses, who will provide medical services for the infant and behavioral services and substance abuse treatment for the parent. An underlying assumption of this program is that these children are being kept out of the more costly out-of-home (foster care) program, thereby, lowering the demand for additional out-of-home services funding. The cost per family is estimated to be \$1,670.

**Intensive Family Services** — The approved amount reflects a \$70,800 provider increase. The program provides services to 515 families whose children are at imminent risk of out-of-home placement due to abuse, neglect, or dependency. Cost per family is projected to be \$4,729. A team consists of 1 Parent Aide, 1 Counselor, and 1 Coordinator. A team will respond within 24 hours to the child abuse report and to family emergencies, as well as provide services to the family within its home. The services are to be intensive, time-limited (6 to 8 weeks), and geared toward keeping the child in the home. The program will emphasize in-home crisis intervention and parent education. An underlying assumption of this program is that these children are being kept out of the more costly out-of-home (foster care) program, thereby lowering the demand for additional out-of-home services funding.

**Child Severance Project** — The approved amount reflects an increase of \$186,700. Based upon Laws 1986, Chapter 205 this project is designed to expedite the procedures for making a child eligible for adoption after the original parent-child relationship has been severed. DES may use the funds to: (a) enter into an intergovernmental agreement with the Attorney General for legal and paralegal services, or (b) contract for social services incurred in expediting severance and adoption. The program will receive another \$664,500 in federal funds. The approved amount will provide for the completion of 570 severance cases filed at a cost per case of approximately \$1,711 and the completion of 570 social studies at an approximate \$595 cost per study.

**Comprehensive Medical and Dental** — The appropriation provides full coverage of the medical and dental expenses of foster children under the jurisdiction of the DES, Juvenile Probation Offices, and the State Department of Corrections. The approved amount will fund medical and dental services annually for 8,112 children at an average annual cost of \$962.48 per child. The total estimated program is expected to cost \$7,807,600, which includes \$137,100 in Independent Profession Review Team fees. In addition to the dollars from the state General Fund, the program will receive \$4,255,300 for reimbursement from the Arizona Health Care Cost Containment System (AHCCCS) for those children eligible for federal assistance; \$717,500 for reimbursement

(Continued)

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

of children eligible for disabled long-term care through the Arizona Long Term Care System; and \$39,900 in third party liability payments, which is the private insurance share of a child's medical costs.

**Child Care Programs** — The approved amount reflects the consolidation of all permanent child care programs into this one Special Line Item. The appropriation reflects an overall increase of \$1,178,400. The distribution among the various child care programs is described below. DES provides services for a total of 6 child care programs providing day care subsidies for eligible families: State Day Care subsidy, Aid for Dependent Children-Employed, AFDC At Risk, the Child Care Development Block Grant (CCDBG), Transitional Child Care, and JOBS Child Care. Of these 6 programs, all but the CCDBG receive state funding. State Day Care is not a statutory entitlement and gets its legislative authority from the annual General Appropriation Act. Under the federal CCDBG, states are required to maintain a certain funding level and are not allowed to supplant state funds with federal CCDBG dollars. The following table provides the estimated number of children served, average monthly subsidy, and estimated funding for each of the 6 programs.

Program	Average Number of Children Served	Average Monthly Subsidy	Funding Source		
			Federal	State	Total
State Day Care Subsidy	12,328	\$ 99.63	\$ 6,489,800	\$ 8,249,000	\$14,738,800
AFDC-Employed	3,376	193.15	5,134,500	2,691,300	7,825,800
AFDC-At Risk	2,646	192.00	4,000,000	2,096,600	6,096,600
CCDBG	5,317	188.07	12,000,000	-0-	12,000,000
JOBS Child Care	5,443	168.30	7,212,300	3,780,400	10,992,700
Transitional Child	<u>3,865</u>	<u>194.25</u>	<u>5,911,200</u>	<u>3,098,400</u>	<u>9,009,600</u>
Total	32,975	\$153.31	\$40,747,800	\$19,915,700	\$60,663,500

The State Day Care Subsidy program provides a subsidy for eligible families based on family income, family size, and the number of hours of child care per child. A General Appropriation Act footnote limits services to the funds that are available. This program is funded through 2 sources: a state appropriation and SSBG. For FY 1997, no new money is added. (In the recent federal budget agreement, SSBG was cut 15%. DES anticipates to address this reduction during FY 1997.)

The AFDC-Employed program provides a subsidy for families receiving Aid to Families with Dependent Children (AFDC) and needing 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 65.61% federal/34.39% state match. For FY 1997, the approved amount reflects a \$690,500 reduction for a 21.3% projected lower caseload growth, or 914 fewer children in this program.

The AFDC At Risk program provides a subsidy for families with a gross monthly income level below 33.5% of the October 1991 state median income, which is a level set by DES, and would be at risk of qualifying for AFDC unless they receive child care so they can accept or maintain employment. The subsidy is a market based rate minus a family co-payment, which is determined by using a sliding fee schedule. The average monthly co-payment is projected to be \$11.22, which is the same as the FY 1996 budgeted amount. Federal funding is capped and is estimated to be \$4,000,000 for FY 1997. 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, \$35,100 is added to meet the higher state match in FY 1997, which will add 16 more children, or a 0.6% increase to the caseload over the FY 1996 budgeted amount.

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.

The JOBS Child Care program funds child care assistance to AFDC recipients in the Jobs Opportunities and Basic Skills program. The appropriation provides child care funds for single-parent AFDC households, consisting of single-parents attending job training, job search applicants, and tribal participants. Funds are also included for AFDC-UP households, assuming the parents attend job training 3 days per week. The increase is based on a 34.39/65.61% state/federal match rate. The \$1,511,700 represents a projected

(Continued)

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

64.8% increase, or 2,140 more children than budgeted for in FY 1996. Of the \$1,511,700, the sum of \$1,166,400 is for a FY 1996 shortfall and \$345,300 is for the growth during FY 1997. The growth in this program reflects an Executive initiative to move 100% state-funded day care subsidy clients who self-initiated employment into this program to take advantage of the federally matched dollars.

The Transitional Child Care program 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 34.39/65.61% state/federal match rate. All families are required to make co-payments based upon a sliding fee schedule. The average monthly co-payment is projected to be \$18.58, which is the same as the FY 1996 budgeted amount. The increase of \$322,100 provides for a 10.4% caseload increase, or 363 more children than the FY 1996 budgeted amount.

**Transitional Extension Pilot** — The approved amount includes a \$352,000 increase. The 3-year pilot is a joint demonstration program, which extends Transitional Child Care and AHCCCS benefits from 12 to 24 months for eligible families who leave the AFDC program. The approved amount assumes a 34.39%/65.61% state/federal match rate for all except the funding to evaluate the program. A state amount of \$12,500 is matched by a like federal amount to fund the program evaluation. The increase reflects full-year funding of this program which started November 1, 1995 and anticipates 28.5% caseload growth, or 113 more children. The appropriation assumes a FY 1997 average monthly caseload of 510 children at a monthly subsidy of \$194.25. This pilot is repealed after March 31, 1999. DES and AHCCCS are required to jointly evaluate this pilot. An interim joint report is due within 18 months after the start of the program. A final report is due 9 months after the end of the program. Both reports are to be delivered to the Governor, the President of the Senate, and the Speaker of the House of Representatives.

**Videotaping** — The approved amount provides funds for DES to videotape investigative interviews of child sex abuse victims. To lessen the number of such interviews, the department is to coordinate all such interviews with law enforcement officials and the county attorneys' office.

**Healthy Families Pilot** — Funding for this program was not provided in the General Appropriation Act. Laws 1996, Chapter 247 appropriated \$3,000,000 in FY 1997 and \$3,000,000 in FY 1998 for this pilot. (See Additional Appropriations.) The pilot program provides services to children under 5 years of age and members of their families and is designed to prevent child abuse or neglect and to promote child development and wellness. Services include parenting skills training, counseling, nutrition and preventative health care education, developmental and health assessments, and community resources information for such items as immunization, school readiness programs, social, employment and other assistance programs. Laws 1994, Chapter 1, 9th Special Session required the Auditor General to conduct an annual programmatic evaluation of this program.

**Additional Appropriations** — Supplemental Appropriations: Family Programs (Chapter 247) — Adds \$3,000,000 in FY 1997 and \$3,000,000 in FY 1998 for continuation of the Healthy Families pilot as described above.

**DEPARTMENT OF ECONOMIC SECURITY -  
CHILD PROTECTIVE SERVICES TRAINING PROGRAM**

A.R.S. § 8-503.01

General Fund and Children and Family Services Training Program Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	7.0	7.0	7.0
Personal Services	178,000	157,000	159,900
Employee Related Expenditures	38,900	40,900	40,000
Professional and Outside Services	108,300	231,700	231,700
Travel - In State	6,000	9,300	9,300
Travel - Out of State	900	5,200	5,200
Other Operating Expenditures	136,300	70,800	70,800
<b>Total Appropriations</b>	<b>468,400</b> <sup>1/</sup>	<b>514,900</b> <sup>1/</sup>	<b>516,900</b> <sup>2/3/</sup>
<b>Fund Summary</b>			
General Fund	347,300	358,900	360,900
Children and Family Services Training Program Fund	121,100	156,000	156,000
<b>Total Appropriations</b>	<b>468,400</b>	<b>514,900</b>	<b>516,900</b>

*Program Description — This program funds training for Child Protective Services (CPS) investigators, CPS case managers and employees of child welfare agencies and community treatment programs. The program is funded through the General Fund and the Children and Family Services Training Program (CFST) Fund. A.R.S. § 8-503.01 established a CFST Fund whose revenues are generated through the collection of support fees assessed on the parents or guardian of a child in the custody of the department or a county juvenile probation office. The department may also expend up to 10% of the fund on collecting these fees. The CFST Fund dollars fund the development and procurement of training consultants and materials. Laws 1994, Chapter 325 mandated that General Fund dollars will cover all expenses associated with the FTE Positions who provide the training. The department also utilizes federal Title IV-E monies that are available for training activities.*

<sup>1/</sup> The original FY 1995 appropriation was \$790,600. The total FY 1995 actual expenditures, including federal Title IV-E monies, was \$495,700. The original FY 1996 appropriation was \$514,900. The total FY 1996 estimated expenditures, including federal Title IV-E monies, is \$732,500.  
<sup>2/</sup> The department anticipates an additional \$217,600 from Federal Funds.  
<sup>3/</sup> Appropriated as a Lump Sum for the Program.



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

A.R.S. § 41-1951

General Fund and Special Administration Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	110.3	108.7	108.7
Personal Services	2,533,400	2,690,000	2,738,000
Employee Related Expenditures	601,100	663,300	646,500
Professional and Outside Services	55,700	91,000	91,000
Travel - In State	71,100	85,000	87,400
Travel - Out of State	-0-	1,900	-0-
Other Operating Expenditures	279,100	288,000	271,900
Equipment	24,000	2,700	-0-
<b>Operating Subtotal</b>	<b>3,564,400</b>	<b>3,821,900</b>	<b>3,834,800</b>
Vocation Rehabilitation Services	3,167,100	3,189,400	3,285,100
Independent Living Rehabilitation Services	529,000	558,200	575,000
Job Search Stipends	173,900	173,900	173,900
JOBS	4,318,700	4,257,300	4,385,100 <sup>1/</sup>
Employment Support Services	4,878,100	6,701,700	6,701,700 <sup>2/</sup>
Other Receipts	(500,000)	(500,000)	(500,000)
Summer School and Jobs, Ch. 236	-0-	1,000,000	-0-
<b>Total</b>	<b>16,131,200</b>	<b>19,202,400</b>	<b>18,455,600</b>
<b>Additional Appropriations -</b>			
Neighborhood Protection Act;			
Youth Employment, Ch. 309	-0-	2,000,000	-0-
Appropriation; Clifton Flood Control, Ch. 312	-0-	-0-	4,904,300
<b>Total Appropriations</b>	<b>16,131,200</b>	<b>21,202,400</b>	<b>23,359,900 <sup>3/</sup></b>
<b>Fund Summary</b>			
General Fund	16,131,200	21,202,400	18,455,600
Special Administration Fund	-0-	-0-	4,904,300
<b>Total Appropriations</b>	<b>16,131,200</b>	<b>21,202,400</b>	<b>23,359,900</b>

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

*Technical Issues* — The approved amount reflects a reduction of \$2,700 for one-time equipment costs, a \$16,300 transfer out to the Division of Administration for occupancy related expense and out-of-state travel, and an increase of \$2,400 for higher in-state travel expenses.

<sup>1/</sup> It is the intent of the Legislature that the \$4,385,100 appropriated for JOBS may be used to support nonpermanent 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 Director of the Joint Legislative Budget Committee. (General Appropriation Act footnote.)

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

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

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

**Vocational Rehabilitation Services** — The appropriation reflects a \$95,700 provider increase. The approved amount provides for individually planned services for the disabled. Services include case management, counseling, prostheses, and remedial education. The federal government matches the state funds at a 78.7/21.3% rate. To ensure the drawdown of all available federal dollars, the Department of Economic Security (DES) has identified other sources of state match—either existing appropriated or non-appropriated funds. Other sources include the Arizona Industrial Commission for individuals with disabilities received in work-related accidents, various school districts, the Department of Health Services which provides services for the seriously mentally ill, the City of Phoenix, the Arizona School for the Deaf and Blind, and through establishment grants. (Local non-profit organizations are usually the source of the establishment grant contributions.) Establishment grant funds can be used to establish new facilities, but cannot finance a client's actual rehabilitation. The other sources amount is estimated to be \$2,264,500. The federal share is estimated to be \$19,813,400. The approved amount will permit the department to serve 26,000 individuals at an average cost of \$975.47.

**Independent Living Rehabilitation Services** — The appropriation reflects a \$16,800 provider increase. The approved amount will allow severely disabled individuals to live more independently. Federal and other non-appropriated funds, such as the Spinal and Head Injuries Trust, provides another \$1,585,000. Some of the federal dollars are from the Social Services Block Grant (SSBG), which has been cut 15% by the recent federal budget agreement. (DES anticipates to address this reduction during FY 1997.) DES assists the disabled to overcome or circumvent their handicaps through training, counseling, and adaptive aids. The program consists of:

- Services to Individuals - Provides \$355,500 GF (\$1,940,500 Total Funds (TF)) for an estimated 1,529 persons GF (6,406 TF clients) who will receive independent living services during the year, including case management, counseling or contracted services.
- Medical Services for Clients - Provides \$219,500 for 8,976 eye examinations and 6,518 pairs of eye glasses and other eye appliances for eligible low-income individuals at an average cost of \$24.45 per person.

**Job Search Stipends** — The approved amount provides for the state's share of the federal food stamp statute requirement for states to pay allowances to recipients searching for a job. The state amount is estimated to be matched by \$173,900 in federal funds. The program provides \$25 per participant for up to 2 months. The approved amount will fund 4,730 participants for 1 month and 4,591 for 2 months.

**JOBS** — The appropriation reflects a \$127,800 provider increase. The approved amount funds services under the Job Opportunities and Basic Skills program. The state amount will be matched by federal funds of \$7,927,400, which is a 64.3% match. This match reflects the department's receipt of federal funds at various match rates. Some funds are received at a 90/10% match and some at 50/50%. Most of the federal funding is a 65.6/34.4% match.

- JOBS - Basic — The approved amount includes a total of \$2,997,400 for AFDC single-parent households. DES Staff provide case management and initial appraisal and assessment services to active participants. The approved amount funds development of employment plans, literacy tests, employment search and training, and a work experience (workfare) program. Training includes English as a second language, remedial training, and general equivalency degree (G.E.D.) preparation. Funds are also provided for vocational training and Teen Parent Services.
- JOBS - 2-Parent Employed Program (TPEP) — The approved amount includes a total of \$1,387,700 for 2-parent households in the AFDC-UP program. DES either contracts out its case management function or hires non-permanent and seasonal positions to provide case management if outside contracts cannot be established. Besides case management, the approved amount funds employment plan development, skills training, basic education and employment services.

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

(Continued)

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

It is estimated that 21,836 AFDC recipients out of approximately 72,272 adult AFDC recipients will be served. Of these 21,836, the sum of 18,960 are in single-parent families and 2,876 are in 2-parent families.

**Employment Support Services** — The approved amount provides long term services to ensure the stability of employment for individuals with disabilities. In addition to the General Fund dollars, the federal SSBG provides \$468,900. (As noted earlier, the SSBG funds have been cut by 15% through the recent federal budget agreement. DES anticipates to address this reduction during FY 1997.) The program will serve 1,386 developmentally disabled clients at an annual average cost per client of \$5,416.

Another 210 blind or visually impaired individuals receive employment support services through the Arizona Industries for the Blind (AIB). AIB, a state operated rehabilitation facility, provides employment and rehabilitation services to blind and visually impaired clients. AIB revenues from its production activities fund services these clients receive.

**Other Receipts** — It is the intent of the Legislature that the cost of the Employment and Rehabilitative Services program be offset by \$500,000 from the Special Administration Fund, which consists of penalties collected for late payment of unemployment compensation charges. The federal government permits states flexibility in their use of these funds. In FY 1997, these "Other Receipts" will be used to fund the JOBS Special Line Item.

**Additional Appropriations — Neighborhood Protection Act: Youth Employment (Chapter 309)** — Adds a total of \$2,000,000 to FY 1996 to DES for 2 newly created funds: the Summer Youth Program Fund and the Project Intervention Fund. The sum of \$1,000,000 is appropriated to the Summer Youth Program Fund for the establishment of a FY 1996 summer school youth employment, education and gang prevention program for economically disadvantaged youth. DES is to distribute the \$1,000,000 to counties, based on population specified in the bill. By January 1 of each year, DES is also required to submit a report to the Governor and the Legislature detailing the expenditure or planned expenditure of the \$1,000,000 for the Summer Youth Program and the results or anticipated results of this program. In addition to the \$1,000,000 distribution, DES is required to establish a summer school and jobs program for youth to participate, where the student goes to summer school for one-half day and works the other half of the day. DES will also be responsible for certifying the employers who will qualify for a tax credit equal to half of the wage paid to the student, not exceeding \$3 per hour, for a maximum of 20 hours per week. The Joint Legislative Budget Committee shall review the effectiveness of this program and report by November 1, 1996 to the Speaker of the House of Representatives and the President of the Senate. The summer school and jobs program is repealed after November 30, 1996.

This legislation also appropriates \$1,000,000 to DES for the Project Intervention Fund. Monies in this fund are to be distributed to private, nonprofit locally initiated community based organizations representing the following categories: community residents, business and civic leaders, educators, religious organizations, other public agencies, and youth serving organizations or agencies. Grants from this fund shall be used for neighborhood rehabilitation projects, such as housing rehabilitation, community cleanup efforts, graffiti abatement, drug and gang prevention, after school programs, and job creation programs.

Both of these funds' appropriations are exempt from A.R.S. § 35-190, relating to the lapsing of appropriations. An emergency clause is included in this bill.

**Appropriation: Clifton Flood Control (Chapter 312)** — Laws 1996, Chapter 102 subjects the Special Administration Fund to legislative appropriation. However, Chapter 102 did not authorize the expenditure of the appropriation by a fiscal year. Chapter 312 appropriates all monies in this fund for FY 1997.

# DEPARTMENT OF EDUCATION - SUMMARY

A.R.S. § 15-201

The Honorable Lisa Graham Keegan, Superintendent

JLBC Analyst: Steve Schimpp/Justin Garosi

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
<b>Program Summary</b>			
State Board of Education and State Board for Vocational and Technological Education	139,800	160,700	144,300
General Services Administration	8,096,500	9,224,800	10,562,700
Assistance to Schools	1,665,967,000	1,783,779,200	1,913,664,800
Vocational Education	1,312,800	1,325,800	-0-
<b>Total Appropriations</b>	<b>1,675,516,100</b>	<b>1,794,490,500</b>	<b>1,924,371,800</b>
<b>Expenditure Detail</b>			
FTE Positions	222.1	226.4	200.2 <sup>1/</sup>
Personal Services	5,171,600	5,530,900	4,463,900
Employee Related Expenditures	1,181,100	1,230,900	947,100
Professional and Outside Services	173,200	39,500	57,400
Travel - In State	103,700	115,600	93,400
Travel - Out of State	37,500	29,500	36,800
Other Operating Expenditures	1,578,500	1,783,100	1,583,900
Equipment	240,100	-0-	-0-
<b>Operating Subtotal</b>	<b>8,485,700</b>	<b>8,729,500</b>	<b>7,182,500</b>
Special Line Items	1,667,030,400	1,784,399,200	1,865,423,000
Additional Appropriations	-0-	1,361,800	51,766,300
<b>Total Appropriations</b>	<b>1,675,516,100</b>	<b>1,794,490,500</b>	<b>1,924,371,800</b> <sup>2/</sup>

*Agency Description — The Department of Education is headed by the Superintendent of Public Instruction, an elected constitutional officer. For FY 1997 it is anticipated that the department will oversee 227 school districts and approximately 90 State Board-sponsored charter schools in their provision of public education from preschool through 12th grade.*

<sup>1/</sup> Includes 65.3 FTE Positions funded from Special Line Items in FY 1997.

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

**DEPARTMENT OF EDUCATION - STATE BOARD OF EDUCATION  
AND STATE BOARD FOR VOCATIONAL AND TECHNOLOGICAL  
EDUCATION**

**A.R.S. § 15-201  
A.R.S. § 15-781.01**

<b>General Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>2.5</u>	<u>2.5</u>	<u>2.0</u> <sup>1/</sup>
Personal Services	50,000	65,600	57,800
Employee Related Expenditures	12,200	15,900	13,100
Professional and Outside Services	28,600	19,500	16,100
Travel - In State	2,400	5,000	4,900
Travel - Out of State	11,600	2,000	9,300
Other Operating Expenditures	<u>35,000</u>	<u>52,700</u>	<u>43,100</u>
<b>Total Appropriations</b>	<b>139,800</b>	<b>160,700</b>	<b>144,300</b> <sup>2/</sup>

*Program Description — The 9-member State Board of Education establishes programs, initiates policies and enforces laws and regulations relating to schools and the educational development of the individual child, as provided in A.R.S. § 15-201. The 9-member State Board for Vocational and Technological Education (established by A.R.S. § 15-781.01) exercises general supervision over the conduct of vocational and technological education in public schools. Board members (other than the Superintendent of Public Instruction) are appointed by the Governor for 4-year terms.*

**State Board for Charter Schools FTE Transfer** — The approved amount reflects the transfer of the 0.5 FTE Position and \$17,300 devoted to the State Board for Charter Schools to the Charter Schools Administration Special Line Item in the General Services Administration cost center. The purpose of this transfer is to consolidate personnel and funding related to state-level administration of the charter schools program. The 0.5 FTE Position and \$17,300 transferred to the General Services Administration cost center still will be available to support the activities of the State Board for Charter Schools, which exercises general supervision over charter schools sponsored by the board, and recommends legislation pertaining to charter schools to the Legislature (per A.R.S. § 15-182). (Funding for charter schools operation is included as a part of the Basic State Aid Special Line Item in the Assistance to Schools cost center.)

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

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

**DEPARTMENT OF EDUCATION - GENERAL SERVICES  
ADMINISTRATION**

**A.R.S. § 15-201**

<b>General Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>155.3</u>	<u>157.8</u>	<u>141.9</u> <sup>1/</sup>
Personal Services	4,349,900	4,570,600	4,406,100
Employee Related Expenditures	994,600	1,010,800	934,000
Professional and Outside Services	75,900	20,000	41,300
Travel - In State	61,900	89,600	88,500
Travel - Out of State	22,100	27,500	27,500
Other Operating Expenditures	1,414,100	1,524,500	1,540,800
Equipment	<u>114,600</u>	<u>-0-</u>	<u>-0-</u>
<b>Operating Subtotal</b>	<b>7,033,100</b>	<b>7,243,000</b>	<b>7,038,200</b>
Achievement Testing	798,700	1,549,200	2,640,600
Education Commission of the States	49,300	54,400	57,200
Special Education Audit	215,400	230,600	230,100
Charter Schools Administration	-0-	147,600	346,600
Student Accountability Info. System	<u>-0-</u>	<u>-0-</u>	<u>250,000</u>
<b>Total Appropriations</b>	<b>8,096,500</b>	<b>9,224,800</b>	<b>10,562,700</b> <sup>3/</sup>

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

**Technical Issues** — The approved amount includes the voluntary reduction of 13.4 FTE Positions and \$120,900 from the GSA operating budget. It also reflects the transfer of a 0.5 FTE Position [Program Specialist] and \$30,300 from the GSA to the restored Gifted Support Special Line Item in the Assistance to Schools program.

**Achievement Testing** — The approved amount funds Norm Referenced Testing (which compares achievement of Arizona students to that of students nationwide), and Arizona Student Assessment Program (ASAP) testing (which assesses student mastery of Arizona-established "essential skills"). For FY 1997, the Education Omnibus Reconciliation Bill (Chapter 4, 5th Special Session) requires that Norm Referenced Testing be expanded to cover grades 3-12, rather than just grades 4, 7 and 10 (the grades required to be tested for FY 1996). In addition, Laws 1996, Chapter 284 requires that ASAP testing be expanded to cover 4 grade levels (to be determined), rather than to just the 3 grade levels (3, 8 and 10) required to be tested for FY 1996. The approved amount includes \$506,800 for expanded Norm Referenced Testing. Laws 1996, Chapter 284, which requires the expansion of ASAP testing, does not include an appropriation to fund the additional grade level to be tested.

**Education Commission of the States (ECS)** — The \$57,200 appropriation (an increase of \$2,800) represents dues for Arizona's membership in the ECS. The State Commission consists of 7 members, with 2 being appointed by the President of the Senate, 2 by the Speaker of the House of Representatives, and 3 by the Governor.

- <sup>1/</sup> Includes 9.5 FTE Positions funded from Special Line Items in FY 1997.
- <sup>2/</sup> The \$250,000 Student Accountability Information System (SAIS) appropriation may be expended only if the SAIS project complies with all of the following requirements: (1) any project funding from sources other than the \$250,000 SAIS appropriation is expended primarily on the development of a more timely and accurate student count data collection system; (2) the SAIS appropriation is to be used only to implement a pilot program of electronic submission of student count information, to include student membership and absence reporting and the special education census; (3) during the pilot program, the development of new computer network connections shall be limited to the minimum number required for the on-line transfer of student count data from schools to their respective school districts, and from school districts (or charter schools or consortia of school districts) to the Department of Education; (4) student count data shall be reported on an individual student basis through the use of each student's social security number, or, if such a number is not available, through the use of an anonymous number assigned by the department, so as to better allow K-12 education funding to follow individual students; (5) the program shall be implemented in phases, so that by the end of the pilot program as many school districts and charter schools as possible have been connected voluntarily; (6) a detailed plan for the expenditure of the appropriation to meet the goals of this pilot program must be submitted to the Joint Legislative Budget Committee (JLBC) and the Department of Administration (DOA); and (7) both the JLBC and the DOA must review the detailed expenditure plan before SAIS funding may be expended. (General Appropriation Act footnote.)
- <sup>3/</sup> Appropriated as an Operating Lump Sum for the Program with Special Line Items.

(Continued)

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

---

**Special Education Audit** — The approved amount includes 2.5 FTE Positions in order to conduct program and fiscal audits of special education programs. The audits are designed to determine the degree of school district compliance with existing statutes and regulations pertaining to special education, and to ensure the appropriate placement of students in special education programs [A.R.S. § 15-236].

**Charter Schools Administration** — The approved amount reflects the transfer of a 0.5 FTE Position and \$17,300 from the State Board of Education cost center and 4 FTE Positions and \$179,500 from the General Services Administration operating budget, in order to consolidate personnel and resources devoted to state-level administration of the charter schools program. A total of 7 FTE Positions are authorized for this Special Line Item for FY 1997.

**Student Accountability Information System** — The approved amount includes \$250,000 for the development and implementation of an on-line data reporting system that will enable the department to provide more timely and accurate student count data (see footnote 2 above).

**DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS**

**A.R.S. § 15-231**

<b>General Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>39.1</u>	<u>38.8</u>	<u>56.3</u> <sup>1/</sup>
<b>Statutory Formula Programs</b>			
Basic State Aid	1,446,902,500	1,575,511,200 <sup>2/</sup>	1,656,350,200 <sup>3/4/5/</sup>
Prior Year State Aid	53,500,000	-0-	-0-
Additional State Aid to Schools	120,494,500	148,250,300	157,200,700
Assistance to School Districts for Children of State Employees	516,500	487,800	-0-
Certificates of Educational Convenience	8,171,700	7,012,500	4,142,400
Permanent Special Education Institutional Voucher Fund	5,942,700	6,727,100	6,595,800
Special Education Placement and Residential Education Voucher Fund	<u>2,072,200</u>	<u>2,103,800</u>	<u>2,245,400</u>
Subtotal	1,637,600,100	1,740,092,700	1,826,534,500
<b>Non-Formula Programs</b>			
Academic Contest Fund	50,000	50,000	50,000
Academic Decathlon	81,400	84,300	85,200
Adult Education Assistance	3,543,400	3,556,600	3,558,500 <sup>6/</sup>
Arizona Geographic Alliance	50,000	50,000	50,000
Arizona Humanities Council	40,000	40,000	40,000
Arizona Principals' Academy	25,200	25,200	25,200
AZ School Service through Educational Technology	234,000	234,000	234,000
Arizona Teacher Evaluation	292,900	305,100	191,200
Career Ladder Administration	-0-	-0-	131,000
Charter Schools Stimulus Fund	940,000	1,000,000	1,000,000
Chemical Abuse	760,400	849,200	849,900
County Jail Education Start-up	-0-	250,000	-0-
Dropout Prevention	2,153,900	-0-	-0-
Extended School Year	482,000	500,000	500,000
Family Literacy Pilot	962,300	1,000,600	-0- <sup>7/</sup>
Full-Day Kindergarten	1,356,500	-0-	-0- <sup>8/</sup>
Gifted Support	953,200	-0-	1,290,600 <sup>9/</sup>
Juvenile Crime Omnibus	2,355,400	5,000,000	5,000,000 <sup>10/</sup>
K-3 Support	5,363,500	-0-	-0- <sup>11/</sup>
Optional Performance Incentive Programs	-0-	100,000	200,000 <sup>12/</sup>
Preschool At-Risk	2,592,600	-0-	-0-
Residential Placement	7,400	100,000	100,000
School Report Cards	190,700	300,000	300,000
Scotopic Sensitivity Irlen Syndrome	-0-	-0-	90,000 <sup>10/</sup>
State Block Grant - Early Childhood Education	-0-	22,911,400	14,466,000 <sup>11/ 12/</sup>
State Block Grant - Vocational Education	-0-	-0-	7,202,400 <sup>12/ 14/</sup>
Tuition Fund	100,000	100,000	-0-
Vocational Education Assistance	2,822,900	2,835,000	-0- <sup>13/</sup>
Vocational Education Program Support	1,009,300	1,033,300	-0- <sup>13/</sup>
Vocational - Technological Education	<u>1,999,900</u>	<u>2,000,000</u>	<u>-0-</u> <sup>13/</sup>
Subtotal	28,366,900	42,324,700	35,364,000
<b>Total</b>	<b>1,655,967,000</b>	<b>1,782,417,400</b>	<b>1,861,898,500</b>

(Continued)



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

<b>Additional Appropriations -</b>			
Supplemental Appropriations; Family Programs, Ch. 247	-0-	-0-	1,000,000
ASDB; School Budgets, Ch. 310	-0-	-0-	743,300
State Aid; Accommodation School Funding, Ch. 316	-0-	1,361,800	-0-
Schools; Certificates of Educational Convenience, Ch. 358	-0-	-0-	23,000
Education Finance Reform; Ch. 8, 5th Special Session	-0-	-0-	50,000,000
<b>Total Appropriations</b>	<b>1,665,967,000</b>	<b>1,783,779,200</b>	<b>1,913,664,800</b> <sup>16/</sup>

*Program Description* — Assistance to Schools includes the 6 formula programs and 20 non-formula programs listed above. The largest line item is Basic State Aid, which provides the state's share of equalization assistance to school districts based on a funding formula set in statute.

**STATUTORY FORMULA PROGRAMS**

**Basic State Aid (BSA)** — K-12 Education funding in Arizona is based on a statutory formula enacted in 1980 and modified in 1985. The Basic State Aid formula "equalizes" funding among school districts, taking into account each district's student count and property wealth. Districts of similar characteristics have similar budget limits. The formula allows districts latitude with respect to how much they spend on various programs.

- 1/ All FTE Positions relate to Special Line Items.
- 2/ Laws 1996, Chapter 7, 5th Special Session appropriated \$17,382,500 as a supplemental for FY 1996 Basic State Aid.
- 3/ The above state General Fund appropriation, when combined with all other monies in the state school fund, and the appropriations contained in H.B. 2009, 42nd Legislature, 5th Special Session or similar legislation regarding education finance reform, provides basic state support to school districts for maintenance and operations funding as provided by A.R.S. § 15-973. (General Appropriation Act footnote.)
- 4/ The state General Fund appropriation, when combined with other appropriations, reflects the major portion of the estimated \$1,723,775,200 total requirement for Basic State Aid support. The total estimated requirement will increase to \$1,743,775,200 if H.B. 2009, 42nd Legislature, 5th Special Session or similar legislation regarding education finance reform is enacted. The difference between the estimated total amount required and the state General Fund amount appropriated will be funded by expendable income derived from the Permanent State Common School Fund together with receipts derived from any source and will be expended, whenever possible, prior to expenditure of state General Fund monies. (General Appropriation Act footnote.)
- 5/ 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. (General Appropriation Act footnote.)
- 6/ It is the intent of the Legislature that no more than 10% of the \$3,558,500 appropriation for Adult Education Assistance be used by the Department of Education for operating the Division of Adult Education. It is also the intent of the Legislature that the greatest possible proportion of monies appropriated for adult education programs be devoted to instructional, rather than administrative, aspects of the programs. (General Appropriation Act footnote.)
- 7/ Appropriated by Laws 1996, Chapter 247. See Additional Appropriations below.
- 8/ Funding for programs pertaining to early childhood education are funded in FY 1997 through the State Block Grant for Early Childhood Education Special Line Item.
- 9/ Restored as a separate Special Line Item for FY 1997. Was included in the State Block Grant Special Line Item for FY 1996.
- 10/ Appropriated by Laws 1995, Chapter 145.
- 11/ The Department of Education shall devise a plan for allocating and distributing funds for the state block grant for early childhood education, and shall present this plan to the Joint Legislative Budget Committee for review prior to fund distribution. This plan shall target 50% of grant funds toward school districts with high percentages of students from low income families, and 50% across all school districts. (General Appropriation Act footnote.)
- 12/ A maximum of 2% of the appropriation for the State Block Grant for Early Childhood Education Special Line Item may be used by the Department of Education for administration of the Block Grant Program. (General Appropriation Act footnote.)
- 13/ The Department of Education shall devise a plan for allocating and distributing funds for the State Block Grant for Vocational Education, and shall present the plan to the Joint Legislative Budget Committee for review prior to fund distribution. (General Appropriation Act footnote.)
- 14/ It is the intent of the Legislature that the greatest possible proportion of monies appropriated for the State Block Grant for Vocational Education be passed on to schools to support their vocational education programs, rather than being used for state-level administration of vocational education programs. (General Appropriation Act footnote.)
- 15/ Funding for programs pertaining to vocational education are funded in FY 1997 through the State Block Grant for Vocational Education Special Line Item.
- 16/ Appropriated by Special Line Items for the program.

(Continued)

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

The Basic State Aid formula limit for a school district is based upon a weighted student count multiplied by a specific dollar amount called the Base Level, to determine the Base Support Level (BSL). The BSL, plus transportation, equals a district's Maintenance and Operation (M&O) funding. In addition to M&O funding, funding is also provided for capital outlay. These items collectively comprise a district's equalization base. After the equalization base is determined, a statutory tax rate called the Qualifying Tax Rate (QTR) is used for computational purposes in determining State Aid. The QTR for unified districts and elementary districts not located in high school districts is \$4.72 per \$100 primary net assessed property value. The QTR for elementary districts and high school districts is \$2.36 per \$100 primary net assessed value. The actual tax rate may be lower than the computational QTR, or higher if the district has items outside the Revenue Control Limit (RCL) or participates in the Career Ladder Program. The QTR is applied to a district's assessed value and the result, which is called the qualifying levy, is subtracted from the equalization base. If the result is positive, the district is entitled to that amount in equalization assistance. If the result is negative (hypothetical QTR collections exceed the equalization base), the district is not entitled to receive equalization assistance. Of the 227 school districts in Arizona, 19 receive no equalization assistance due to their high relative property wealth.

Arizona school districts are projected to receive approximately \$4.2 billion in combined state, federal and local funding in FY 1997, including Basic State Aid funding. Total state funding (\$1,991,796,800 = \$1,924,371,800 projected grand total ADE appropriation + \$37,425,000 projected "endowment earnings" from the Permanent State School Fund + \$30,000,000 from the School Capital Equity Fund) is expected to account for approximately 47% of this total.

	FY 1997 <u>Estimated \$</u>	FY 1997 <u>Estimated %</u>
State	\$1,991,796,800	47%
Local	1,819,600,000	43%
Federal	<u>405,146,000</u>	<u>10%</u>
<b>TOTAL</b>	<b>\$4,216,542,800</b>	<b>100%</b>

The approved amount is based on the following computation:

Total Equalization Base	\$2,718,542,100
Subtract: Qualifying Levy	<u>(963,336,200)</u>
FY 1997 Base Equalization Requirement	\$1,755,205,900
Add:	
Charter School Operation	66,394,000
Career Ladder Step Increases (A.R.S. § 15-918.04)	1,030,300
Student Loss (A.R.S. § 15-902)	100,000
Tuition Loss (A.R.S. § 15-954)	451,200
Financial/Compliance Audits (A.R.S. § 15-914)	1,490,600
Small School Transportation	232,400
Rapid Decline (A.R.S. § 15-942)	455,400
Education System for Committed Youth (A.R.S. § 15-1371)	1,860,200
Sudden Growth (A.R.S. § 15-948)	20,856,100
Open Enrollment—Special Education	587,500
Certificates of Educational Convenience and Transportation - Unorganized Districts (A.R.S. § 15-825)	1,227,200
Miscellaneous Adjustments	(1,915,900)
Change in Retirement Contribution Rate	(2,939,300)
Current Year Funding/Group B Increases (Ch.8, 5th SS)	20,000,000
Total Equalization Requirement	<u>1,865,035,600</u>
Subtract:	
County Equalization	(121,260,400)
Endowment Earnings (reflects \$30M transfer to School Capital Equity Fund per Ch.8, 5th SS)	<u>(37,425,000)</u>
FY 1997 General Fund Appropriation	<u>\$1,706,350,200</u>

(Continued)

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

**Major Changes to Basic State Aid**

- **Student Growth** — The approved amount includes an increase of \$77,780,400 for student growth. The Basic State Aid formula limit for a school district is based on a district's prior year Average Daily Membership (ADM), referred to as its student count. The FY 1997 estimated student count is based on FY 1996 enrollment. Similarly, the FY 1996 actual count is based on FY 1995 enrollment. The table below summarizes student count data for FY 1996 and FY 1997 (excluding charter schools).

	FY 1996 <u>Actual ADM</u>	FY 1997 <u>Estimated ADM</u>	<u>% Change from FY 1996</u>
PSD	2,045	2,053	0.4%
K-8	508,856	523,612	2.9
9-12	184,192	191,191	3.8
<b>TOTAL</b>	<b>695,093</b>	<b>716,856</b>	<b>3.1%</b>

- **Charter Schools Operation** — The projected formula cost of BSA in FY 1997 includes a projected funding requirement of \$66,394,000 for State board-approved charter schools operation. The projected appropriation is based upon an estimated headcount enrollment of approximately 15,000 students in charter schools in FY 1997, which would yield an average cost per charter school pupil of approximately \$4,426. This amount is approximately \$462 less than the FY 1996 projected per pupil formula funding requirement of \$4,888, largely due to reductions in transportation funding allowances for FY 1997. The Education Omnibus Reconciliation Bill (ORB) (Chapter 4, 5th Special Session) limits FY 1997 charter school transportation funding to \$174 (the statewide per pupil transportation funding average) multiplied by the statewide charter school student count, for a total projected cost of \$2,610,000. FY 1996 transportation funding is projected to cost approximately \$5,216,700 (approximately \$784 per pupil), based on "full formula" payment prior to December 22, 1995, and a "reduced formula" payment after that date. (The "reduced formula" approach divides third party passenger vehicle miles by 7, rather than taking them at face value, for formula funding purposes.) The statewide average per pupil total formula funding requirement for charter schools is higher than for non-charter schools (projected at approximately \$3,800 for FY 1996) primarily because most charter schools qualify for the "small school weight" allowed in A.R.S. § 15-943.
- **Sudden Growth** — The approved amount includes a decrease of \$5,086,100 to fund the full Sudden Growth requirement that existed pursuant to A.R.S. § 15-948, prior to this law being amended by Chapter 8, 5th Special Session. It also includes approximately \$13,500,000 to fund the additional sudden growth requirement resulting from enactment of Chapter 8, 5th Special Session. Chapter 8, 5th Special Session phases in current year funding over a 2-year period by allowing partial current year funding in FY 1997 and full current year funding starting in FY 1998. (Declining districts, however, still will continue to be funded based on their prior year student counts.) For FY 1997, Chapter 8, 5th Special Session allows school districts to receive Sudden Growth funding for all student growth above 2%, based on their 100th day ADM counts. Prior to the enactment of this law, school districts were eligible for partial Sudden Growth funding for student growth between 3% and 5%, and full Sudden Growth funding for student growth above 5%, based on either their 40th or 100th day ADM counts.
- **Career Ladders** — The approved amount includes an additional \$1,030,300 for Career Ladder programs. This additional funding will be used to cover step increases as districts move to higher phases of the program. A.R.S. § 15-918 allows Career Ladder districts to increase their Base Level by percentages stated in statute, depending on the implementation phase the district is in: Development Phase—0.5% increase; Evaluation Phase—1% increase; Placement Phase I—2.5% increase; Placement Phase II—4% increase; Effective Career Ladder Phase—5.5% increase. Total Career Ladder spending is estimated to be \$38,522,400, with \$26,760,500 funded from State Aid and \$11,761,900 from the local Qualifying Tax Rate levy. The Career Ladder Program is an optional program, with 29 districts currently participating. The approved amount includes no funding for additional districts to participate in the program.

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

- **Retirement Recapture** — Laws 1995, Chapter 191, provides that if the employer contribution rate to the State Retirement Plan is less than 5.09% for the budget year, the Basic State Aid "base level amount" for that year is reduced to reflect the savings. This reduction is referred to as "retirement recapture." The FY 1997 Basic State Aid appropriation assumes a retirement recapture amount of \$(2,939,300) for FY 1997, due to a lowering of the retirement contribution rate from 3.85% in FY 1996 to 3.69% in

FY 1997. In addition, a \$(500,000) retirement recapture base adjustment from FY 1996 is added to this estimate in order to reflect a higher than projected retirement recapture offset for FY 1996. This results in a projected total FY 1997 retirement recapture increase of \$(3,439,300). For FY 1998 and beyond, annual adjustment of the retirement capture amount will be discontinued, since Laws 1996, Chapter 284 deletes the statute (A.R.S. § 15-941.01) that requires annual recomputation of the recapture amount.

- **1.8% Growth in School District Assessed Valuation** — Growth in school district net assessed valuation (NAV) increases the amount of formula funding that is generated locally, thereby reducing the need for Basic State Aid. The approved amount includes a reduction of \$19,648,100 (including county equalization) based upon a projected 1.8% increase in school district valuation for FY 1997. This 1.8% NAV growth compares to a projected 3.1% growth in student count for FY 1997.

**Additional State Aid to Schools** — Funds the "homeowner's rebate" program, whereby the state pays 1) 35% [up to \$500] of every homeowner's primary property tax levy for school districts [A.R.S. § 15-972], and 2) that portion of any homeowner's overall primary property tax levy that exceeds 1% of the property's full cash value [Arizona Constitution, Article IX, § 18]. Projected costs of the 35% rebate account for \$153,639,400 of the total appropriation (an increase of \$8,571,300), while projected costs of the 1% constitutional cap account for \$3,561,300 of the total (a decrease of \$140,200).

**Assistance to School Districts for Children of State Employees** — Prior to FY 1996, school districts that educated pupils whose parents were employed and domiciled at certain state institutions located within their boundaries received funding for such students through certificates of educational convenience (CEC's), pursuant to A.R.S. § 15-976. Laws 1994, Chapter 2, 9th Special Session, by instituting "open enrollment" policies statewide, had the effect of providing these districts with Basic State Aid funding for such students, starting in FY 1996, rather than funding them indirectly through CEC's. Two districts, however, receive less funding under this arrangement. Laws 1996, Chapter 358 provides these districts with additional funding, estimated at \$23,000 per year for FY 1996 and FY 1997. The projected \$23,000 requirement for FY 1996 will be paid out of the \$487,800 FY 1996 General Appropriation Act funding for the program (which inadvertently overfunded the program for FY 1996 because the budgetary effects of the "open enrollment" provision of Laws 1994, Chapter 2, 9th Special Session upon the program were not anticipated). The \$23,000 FY 1997 requirement for the program is funded through an appropriation in Laws 1996, Chapter 358.

**Certificates of Educational Convenience (CEC's)** — Decreases by \$2,870,100 the amount appropriated for projected cost of CEC's. (Due to "open enrollment" laws [A.R.S. § 15-816.01], many students who formerly were funded through CEC's now are funded directly through Basic State Aid.) CEC's allow students to attend school in a district other than the one they live in if they are placed by an authorized state or federal agency into 1) a rehabilitative or corrective institution, 2) a foster home or child care agency or institution which is licensed and supervised by the Arizona Department of Economic Security (DES) or the Arizona Department of Health Services (DHS), or 3) a residential facility operated or supported by DES or DHS [A.R.S. § 15-825].

**Permanent Special Education Institutional Voucher Fund** — The appropriated amount includes a decrease of \$131,300 based on agency estimates of FY 1997 voucher requirements for projected special education costs of students from 1) ASDB, 2) ASH, or 3) developmentally disabled programs operated by DES [A.R.S. § 15-1202]. See Additional Appropriations below for discussion of \$743,300 appropriated by Laws 1996, Chapter 310 in order to reflect increases in Group B weights authorized by Laws 1996, Chapter 8, 5th Special Session.

**Special Education Placement and Residential Education Voucher Fund** — The appropriated amount includes 1 FTE Position and an increase of \$141,600, to a total of \$2,245,400 (\$58,800—operating; \$2,186,600—pass through funding to schools), for projected costs of residential education for students who require a residential special education placement, or who are placed in a residential education facility by a state placing agency (Department of Juvenile Corrections [DJC], DES, DHS, or the administrative offices of the court) [A.R.S. § 15-1182].

(Continued)

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

### NON-FORMULA PROGRAMS

**Academic Contest Fund** — Maintains funding at the FY 1996 level for sending state level winners of academic contests, and their chaperons, to the national levels of these contests.

**Academic Decathlon** — The approved amount includes 1 FTE Position and \$85,200 (\$38,200—operating; \$47,000—Assistance to Schools), an increase of \$900, for administrative and material costs incurred in support of the Academic Decathlon and other such academic events.

**Adult Education Assistance** — The approved amount includes 5.8 FTE Positions and \$3,558,500 (\$316,500—operating; \$3,242,100—Assistance to Schools), an increase of \$1,900, for immigrant education and adult basic education programs offered by school districts.

**Arizona Geographic Alliance** — Maintains funding at the FY 1996 level for the Geographic Alliance program of the National Geographic Society (which provides \$50,000 in matching funds). The goal of this program is to increase the geographic and social studies literacy of students in grades K-12.

**Arizona Humanities Council** — Maintains funding at the FY 1996 level for assisting the Arizona Humanities Council in providing educational outreach services to Arizona school districts. (The National Endowment for the Humanities provides \$40,000 in matching funds.)

**Arizona Principals' Academy** — Maintains funding at the FY 1996 level for administrative and instructional costs of the annual Principals' Institute (a summer workshop for school administrators). A.R.S. § 15-561 establishes a principals' institute advisory committee and authorizes this committee to plan and monitor the annual institute.

**Arizona School Services Through Educational Technology (ASSET)** — Maintains funding at the FY 1996 level for this program, which assists school districts in enhancing educational instruction through television course work. Approximately \$160,000 of the approved amount is for transmission costs and \$74,000 is for shipping printed materials.

**Arizona Teacher Evaluation** — The approved amount includes 2 FTE Positions (a reduction of 3 FTE positions based on agency request) and a total of \$191,200 (all for operating expenditures), a decrease of \$113,900 (based on agency request) for administration of the following programs: 1) the Arizona Teacher Proficiency Examination (ATPE) [A.R.S. § 15-533], 2) the State of Arizona and United States Constitutions examination [A.R.S. § 15-532], and 3) the Alternative Secondary Certification Program [Arizona Administrative Code R7-2-602].

**Career Ladder Administration** — The approved amount includes 1 FTE Position and \$131,000 for state-level administration of the Career Ladder program, pursuant to Laws 1990, Chapter 319.

**Charter Schools Stimulus Fund** — Maintains funding at the FY 1996 level for charter school start-up costs, including costs associated with renovating or remodeling existing buildings and structures (A.R.S. § 15-188).

**Chemical Abuse** — The approved amount includes 3 FTE Positions (a reduction of 3.3 FTE Positions based on agency request) and \$849,900 (\$181,900—operating; \$668,000—Assistance to Schools), an increase of \$700, to fund chemical abuse prevention programs for students in grades K-12 [A.R.S. § 15-712].

**County Jail Education Start-up** — Laws 1995, Chapter 158 provided a one-time appropriation of \$250,000 to this Special Line Item for start-up costs associated with establishing education programs for eligible pupils incarcerated in county jails.

**Extended School Year** — Maintains funding at the FY 1996 level to pay for extended school year programs for handicapped students, as required by A.R.S. § 15-881.

**Family Literacy Pilot** — Laws 1994, Chapter 1, 9th Special Session appropriated \$975,000 in FY 1995 and \$1,000,000 in FY 1996 for projects aimed at increasing the basic academic and literacy skills of eligible parents and their preschool children [A.R.S.

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

§ 15-191.01]. The General Appropriation Act did not include funding for this program; however, Laws 1996, Chapter 247 appropriated \$1,000,000 per year in FY 1997 and FY 1998 (\$50,300—operating, including 0.5 FTE Positions; \$949,700—pass through funding to schools) in order to extend funding for the program through the remainder of its authorized pilot phase.

**Gifted Support** — This program was funded through the State Block Grant Special Line Item for FY 1996, but is restored as a separate Special Line Item for FY 1997 because it differs from the early childhood focus of other programs represented in the block grant, and because its funding levels are linked to student counts that are not available until after the start of a school year. A.R.S. § 15-772 allows school districts to apply for additional funding for gifted programs equal to \$55 per pupil for 3% of the district's student count, or \$1,000, whichever is more. For FY 1997, 2 FTE Positions and a total of \$1,290,600 (\$98,200—operating; \$1,192,400—pass through funding to schools) are appropriated for this program.

**Juvenile Crime Omnibus** — Maintains funding at the FY 1996 level for placing peace officers and juvenile probation officers in schools (as authorized by Laws 1994, Chapter 201).

**Optional Performance Incentive Programs** — Increases funding by \$100,000 for this program, which serves as an alternative to the Career Ladder program [A.R.S. § 15-919.02]. Optional Performance Incentive Programs utilize measures of quality including parental satisfaction or rating of educational quality, teacher job satisfaction or rating of support, and pupil satisfaction with the quality of education being received.

**Residential Placement** — Maintains funding at the FY 1996 level for providing training to school districts in identifying students requiring residential placement and to establish a "Residential Emergency Fund" for use when DES or DHS lacks funds to place students (Laws 1991, Chapter 173).

**School Report Cards** — Maintains funding at the FY 1996 level for costs associated with the School Report Card program [A.R.S. § 15-746], whereby each school supplies annual information to parents and the Arizona Department of Education (ADE) regarding school goals and student achievement.

**Scotopic Sensitivity Irlen Syndrome** — Laws 1995, Chapter 145 appropriated \$90,000 for FY 1997 to fund a 2-year pilot program related to Scotopic Sensitivity Irlen Syndrome—a perceptual processing disorder that can be compensated for through the use of colored overlays and specialized lenses.

**State Block Grant for Early Childhood Education** — The approved amount includes 5.7 FTE Positions and \$14,466,000 for programs related to early childhood education. Prior to FY 1996, funding was appropriated to separate Full Day Kindergarten, K-3 Support, and Preschool At-Risk programs. For FY 1996, funding for early childhood programs was consolidated into a State Block Grant Special Line Item, along with funding for formerly-separate Dropout Prevention and Gifted Support programs, in order to streamline administrative requirements, increase the proportion of funding passed on to schools, and increase program flexibility at the local level. For FY 1997, Dropout Prevention funding is eliminated, Gifted Support is restored as a separate program and a new State Block Grant for Early Childhood education is established, in order to provide block grant funding in support of early childhood education programs.

Funding for Dropout Prevention is eliminated for FY 1997, based on the recommendation of a Program Authorization Review (PAR). This review noted that the lack of reliable data on dropout rates made it difficult to measure the effectiveness of the program, that the 6-year program's impact on dropout rates was unclear, and that only a few districts received Dropout Prevention funding, which was inequitable to other districts that had dropout prevention needs.

In addition to the \$14,466,000 appropriation for this program, \$5,000,000 in FY 1996 carry-forward funding is available in FY 1997 for At-Risk Preschool programs. This funding has not been consolidated into the FY 1997 State Block Grant for Early Childhood Education program because it was specifically appropriated to the At-Risk Preschool Program by Laws 1994, Chapter 2, 9th Special Session.

**State Block Grant for Vocational Education** — The approved amount includes 34.3 FTE Positions and \$7,202,400 for programs related to vocational education. This new Special Line Item consolidates personnel and funding from the formerly-separate Vocational Education cost center and from the 3 formerly-separate vocational education-related Special Line Items in this cost

(Continued)

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

center (i.e., "Vocational Education Assistance," "Vocational Education Program Support" and "Vocational-Technological Education"). The goals of the block grant approach are to streamline administrative requirements, increase the proportion of funding passed on to schools, and increase program flexibility at the local level.

**Tuition Fund** — Laws 1990, Chapter 348 established this fund in order to facilitate the most appropriate placement of sensory impaired pupils. For FY 1997, the funding level for this program is maintained at \$100,000, but is appropriated directly to the Arizona Schools for the Deaf and the Blind (ASDB), rather than having it pass first through the accounting system at ADE. ASDB is the sole user of Tuition fund monies.

**Additional Appropriations — Supplemental Appropriations: Family Programs (Chapter 247)** — Appropriates \$1,000,000 for FY 1997 and \$1,000,000 for FY 1998 in order to fund the Family Literacy pilot program for the remainder of its authorized pilot phase.

**ASDB: School Budgets (Chapter 310)** — Appropriates \$743,300 in addition to the approximately \$7,500,000 provided by Laws 1996, Chapter 8, 5th Special Session (discussed below) for additional costs of Permanent Special Education Institutional Vouchers associated with increases in Group B weights authorized by Laws 1996, Chapter 8, 5th Special Session. The \$743,300 appropriation reflects a \$534,100 "transfer" from the operating budget for the Arizona Schools for the Deaf and the Blind (which will be made up by increased voucher funding to ASDB as a result of increases in Group B weights), plus a projected \$209,200 increase in the cost of voucher funding to regional cooperatives that provide educational services to sensory impaired pupils, pursuant to Laws 1987, Chapter 363.

**State Aid: Accommodation School Funding (Chapter 316)** — This bill modifies A.R.S. §15-974 so that accommodation schools can receive Basic State Aid based on current year (rather than prior year) federal impact aid, starting in FY 1996. This guarantees that their equalization base requirements will be covered by the state, even during fiscal years when federal impact aid decreases. Formerly, Basic State Aid payments to accommodation schools were not adjusted for decreases in federal impact aid until the subsequent fiscal year. The bill appropriates \$800,000 to Fort Huachuca Accommodation Schools and \$50,000 the Maricopa County Accommodation School in order to meet the FY 1996 funding requirements of this statutory change.

Chapter 316 also modifies A.R.S. § 15-915 so that state aid for a school district in the current year shall be adjusted (subject to JLBC review) if a school district requests the recalculation of state aid for a prior year due to a change in assessed valuation that occurred as the result of a state tax court judgment (per A.R.S. § 42-178). The bill appropriates \$494,100 to Bagdad Unified School District #20 and \$17,700 to Seligman Unified School District #40 in FY 1996, pursuant to this statutory change.

**Schools: Certificates of Educational Convenience (Chapter 358)** — Appropriates \$23,000 in order to supplement formula funding provided for students whose parents are employed by and domiciled at the Arizona State Hospital (ASH), the Arizona State Schools for the Deaf and the Blind (ASDB), and institutions and facilities maintained by the Arizona Department of Corrections, in accordance with A.R.S. § 15-976 (see narrative for the "Assistance to School Districts for Children of State Employees" Special Line Item).

**Education Finance Reform: Capital (Chapter 8, 5th Special Session)** — Appropriates \$20,000,000 in FY 1997 in order to begin phasing in current year funding (see description under "Sudden Growth" above) and to increase Group B special education weights (see description below), plus \$30,000,000 in order to replace previous funding from earnings on the permanent fund that was redirected in FY 1997 for the new School Capital Equity Fund (see the Appropriations Report page for the "State Board for School Capital Facilities" for further explanation).

The increases in Group B weights (per A.R.S. § 15-943) authorized by Laws 1996, Chapter 8, 5th Special Session are intended to narrow the differences that exist between current weights and the weights recommended by the ADE Special Education Cost Study released in December of 1995, pursuant to A.R.S. § 15-235.A.. The table below displays current statutory weights, revised statutory weights and weights recommended by the cost study.

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

<b>Funding Category</b>	<b>Current Weight</b>	<b>Revised Weight</b>	<b>Cost Study Recommendation</b>
Hearing Impairment	2.353	2.707	4.385
Severe Mental Retardation-Resource	0.762	1.297	(schools audited did not have any SMR-R pupils)
Severe Mental Retardation-Self Contained	2.489	2.950	7.005
Multiple Disabilities-Severe Sensory Impairment	4.079	4.476	7.165
Orthopedic Impairment-Resource	0.603	1.099	3.529
Orthopedic Impairment-Self Contained	2.678	3.231	6.941
Preschool severe delay	2.500	2.890	6.253
Emotional Disabilities-Separate Facility, Private School	1.539	2.014	5.344
Moderate Mental Retardation	2.084	2.398	4.896
Visual Impairment	2.928	3.531	5.992



**DEPARTMENT OF EDUCATION - VOCATIONAL EDUCATION**

**A.R.S. § 15-231**

<b>General Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>26.3</u>	<u>26.3</u>	<u>0.0</u>
Personal Services	771,700	894,700	-0-
Employee Related Expenditures	174,300	204,200	-0-
Professional and Outside Services	68,700	-0-	-0-
Travel - In State	39,400	21,000	-0-
Travel - Out of State	3,800	-0-	-0-
Other Operating Expenditures	129,400	205,900	-0-
Equipment	<u>125,500</u>	<u>-0-</u>	<u>-0-</u>
<b>Total Appropriations</b>	<b>1,312,800</b>	<b>1,325,800</b>	<b>-0-</b>

*Program Description — The Vocational Education Program (funded through the State Block Grant for Vocational Education in the Assistance to Schools cost center starting in FY 1997) provides schools with technical assistance and resources in support of their vocational education programs. This program is subject to federal maintenance-of-effort and "hold harmless" match provisions, which require that the department spend at least as much on vocational education each year as was spent in the prior year, in order to maintain levels of federal vocational education funding.*

**Transfer to New State Block Grant for Vocational Education —** The appropriated amount reflects the transfer of 26.3 FTE Positions and \$1,325,800 to the new State Block Grant for Vocational Education Special Line Item in the Assistance to Schools cost center. The purpose of this transfer is to consolidate state-level funding for vocational education, and to encourage the establishment of a block grant approach to the distribution of vocational education funding to school districts.

**DEPARTMENT OF ENVIRONMENTAL QUALITY**

A.R.S. § 49-101

Russell F. Rhoades, Director

JLBC Analyst: Renée Bahl/Karen Bock

General Fund and Other Appropriated Funds	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	373.6	379.9	413.4 <sup>1/</sup>
Personal Services	6,395,000	7,089,800	7,405,600
Employee Related Expenditures	1,388,900	1,603,600	1,597,800
Professional and Outside Services	92,900	166,900	159,900
Travel - In State	159,800	167,400	167,400
Travel - Out of State	14,200	35,100	35,100
Other Operating Expenditures	1,334,800	1,597,800	1,679,900
Equipment	228,600	315,400	452,600
<b>Operating Subtotal</b>	<b>9,614,200</b>	<b>10,976,000</b>	<b>11,498,300</b>
WQARF Priority Site Remediation	892,000	1,550,000	1,705,000 <sup>2/</sup>
WQARF Federal Match	-0-	-0-	118,300
Lake Havasu City Dredging	-0-	500,000	-0-
Uniform Cleanup Standards	-0-	50,000	-0-
Regulatory Reform	-0-	(6,000)	-0-
Environmental Health Reserve	105,800	250,000	100,000
Air Quality Program	122,300	125,300	-0-
Air Permit Administration Program	2,650,000	4,670,900	4,998,700
Emissions Control Program	3,527,100	8,978,100	8,376,200
Hazardous Waste Program	665,100	248,000	303,900 <sup>3/</sup>
Hazardous Waste Site Remediation Program	-0-	34,600	34,600
Solid Waste Program	-0-	-0-	882,900
Special Waste Program	58,200	90,500	-0-
Used Oil Program	89,800	152,600	-0-
Aquifer Protection Permit Program	1,107,000	1,308,700	669,800
Water Quality Program	-0-	-0-	3,550,100
<b>Total</b>	<b>18,831,500</b>	<b>28,928,700</b>	<b>32,237,800</b>
<b>Additional Appropriations -</b>			
Underground Storage Tank Program, Ch. 292	-0-	-0-	3,000,000
<b>Total Appropriations</b>	<b>18,831,500</b>	<b>28,928,700</b>	<b>35,237,800 <sup>4/5/</sup></b>
<b>Fund Summary</b>			
General Fund	11,252,100	13,984,000	17,091,400
Air Quality Fund	122,300	125,300	-0-
Air Permits Administration Fund	2,650,000	4,670,900	4,998,700
Emissions Inspection Fund	3,527,100	8,978,100	8,376,200
Hazardous Waste Fund Program	665,100	282,600	338,500
Solid Waste Fee Fund	-0-	-0-	882,900
Special Waste Fund	58,200	90,500	-0-
Used Oil Fund	89,800	152,600	-0-
Water Quality Assurance Revolving Fund	466,900	644,700	-0-
Water Quality Fee Fund	-0-	-0-	3,550,100
<b>Total Appropriations</b>	<b>18,831,500</b>	<b>28,928,700</b>	<b>35,237,800</b>

(Continued)

## DEPARTMENT OF ENVIRONMENTAL QUALITY (Cont'd)

**Agency Description** — *The Department of Environmental Quality's (ADEQ) 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.*

**Technical Issues** — The approved amount includes one-time appropriations of \$127,100 from Other Funds and \$265,100 from the General Fund for replacement equipment.

**Indirect Costs** — The department charges each other appropriated and non-appropriated fund a federally authorized percentage of Personal Services and Employee Related Expenditures to pay for certain departmentwide overhead expenses. These indirect costs include rent, general accounting, telecommunication systems, and Risk Management, as well as a share of other overhead personnel and functions. For FY 1997, the federal indirect rate is 44.06%, a decrease of 1.39% from the FY 1996 approved rate. These monies are transferred from each fund, excluding the General Fund, to the department's non-appropriated Indirect Cost Fund. The total indirect cost amounts transferred from all other appropriated funds is \$2,361,000 for FY 1997.

**Information Technology** — The approved amount includes an additional 5 FTE Positions and an additional \$350,000 from the General Fund to finalize the development of ADEQ's Office of Information Technology. The expansion will be completed by the end of FY 1997. This increase is for designing and developing a permit tracking system, maintaining and enhancing the management and reporting system, coordinating and orchestrating the geographical information systems, and supporting the data administration function. Of the increase, \$200,000 is for one-time equipment and operating costs.

**WQARF Priority Site Remediation** — A.R.S. § 42-1341 directs the distribution of transaction privilege taxes. According to this statute as amended in 1992, \$2,900,000 is to be appropriated annually from the General Fund to the Water Quality Assurance Revolving Fund (WQARF) for priority hazardous waste site remediation. However, this amount has never been appropriated. The approved FY 1997 amount appropriates a total of \$1,705,000 from the General Fund, a 10% increase over the FY 1996 WQARF General Fund appropriation. The agency currently has 23 listed priority sites, but only has partial remediation funding for 16 of the sites.

**WQARF Federal Match** — The approved amount includes a total of \$118,300 from the General Fund to meet a 10% state match for federal Superfund sites in Arizona. No monies were appropriated specifically for this match in prior fiscal years. The FY 1997 match is for the Indian Bend Wash site. Currently, there are 12 federal Superfund sites in Arizona. However, only the Indian Bend Wash site meets the federal match criteria of (a) there is no responsible party to clean up the site and (b) the site poses a significant environmental threat.

**Lake Havasu City Dredging** — This was a one-time appropriation to remediate contamination in Lake Havasu and its adjoining waterways.

**Uniform Cleanup Standards** — This was a one-year project to establish a repository of information on sites remediated by ADEQ programs.

- 1/ Includes 180.8 FTE Positions funded from Special Line Items in FY 1997.
- 2/ Monies appropriated for Water Quality Assurance Revolving Fund Priority Site Remediation and WQARF Federal Match shall be placed in the Water Quality Assurance Revolving Fund as authorized by A.R. S. § 49-282A1. (General Appropriation Act footnote.)
- 3/ When expenditures from the hazardous waste or environmental health reserves are authorized, the director shall report the nature of the emergency and the authorized expenditure amount to the 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 appropriation for the environmental health reserve shall only be used for unforeseen emergency situations, and not for on-going projects. (General Appropriation Act footnote.)
- 4/ Appropriated as a Modified Lump Sum by Agency.
- 5/ Up to \$1,250,000 of the state General Fund appropriation may be utilized temporarily to maintain existing environmental programs for which application for federal funds has been submitted. (General Appropriation Act footnote.)

**DEPARTMENT OF ENVIRONMENTAL QUALITY (Cont'd)**

**Regulatory Reform** — The FY 1996 adjustment was a one-time change. Not funding or changes were needed for FY 1997.

**Environmental Health Reserve** — The approved amount includes a total of \$100,000 from the General Fund for ADEQ to address unbudgeted emergencies such as illness clusters, tire fires, trans-jurisdictional pollution problems, or other environmental health emergencies which have no other dedicated funding source. This amount is a decrease of \$150,000 from the FY 1996 appropriation. A General Appropriation Act footnote requires ADEQ to notify the Legislature of any expenditures from the reserve and clarifies that monies shall only be used for unforeseen emergency situations. In FY 1995, the department expended these monies for the Arizona Comparative Environmental Risk Project (ACERP), the Lake Havasu water contamination cleanup, and border issues. As of December 1995, approximately \$50,000 had been expended on emergencies and \$95,000 had been expended on ACERP. This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations.

**Air Quality Program** — This program is used for air quality research to bring non-attainment areas into attainment and to improve air quality. Revenues are derived from the \$1.50 annual vehicle registration fee. Since FY 1992, the Air Quality Fund has been partially appropriated. For FY 1997, however, no monies or staff are appropriated from it. This change makes the entire fund continuously appropriated.

**Air Permit Administration Program** — In order to meet the requirements of the Federal Clean Air Act of 1991, ADEQ regulates and inspects stationary air pollution sources through this program, and may take enforcement action. Air Permit Administration Fund revenues are derived from emissions and permit fees. The approved amount includes an additional 4 FTE Positions and \$332,900 from the Air Permit Administration Fund to maintain current levels of enforcement and customer service. The additional FTE Positions include 2 Environmental Engineer Specialists and 2 clerical positions. Also included is a one-time increase of \$107,000 for specialized research equipment and a one-time increase of \$35,700 for equipment and operating monies associated with the new positions. For FY 1997, a total of 60.1 FTE Positions and \$4,998,700 are appropriated from the Air Permit Administration Fund.

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

The Emissions Inspection Fund's main revenue source has been transfers from the Area A (Maricopa County) account of the Underground Storage Tank (UST) Fund. Pursuant to Laws 1993, Chapter 1, 6th Special Session, in FY 1996 the UST Fund was to transfer \$8,000,000 to the VEI Fund, and in FY 1997 and beyond the UST Fund was to transfer 50% of Area A monies to the VEI Fund. However, Laws 1995, Chapter 1, 4th Special Session eliminated the \$8,000,000 transfer, and Laws 1996, Chapter 292 (S.B. 1403) eliminated the 50% transfer. No other primary revenue source was designated during the regular session, and the Emissions Control Program fees do not support all the program's costs. Without statutory changes, we estimate expenditures will exceed available revenues in November 1997. Below we list the appropriation authority provided for program components, recognizing that the program currently lacks sufficient revenue to fully fund all items.

For FY 1997, a total of 56 FTE Positions and \$8,376,200 are appropriated from the Emissions Inspection Fund, based on funding changes related to specific subprograms as shown in the table and described below.

<b>Emissions Inspection Fund Appropriation</b>	
Other Operating Expenditures	\$2,703,700
IM 240 Buydown	4,001,100
Repair Grant	100,000
Remote Sensing Contract	914,700
Remote Sensing Tests	<u>656,700</u>
Total Appropriation	\$8,376,200

"I/M 240" refers to the Inspection and Maintenance Program that has a 240-second emissions test. Although vehicle owners are charged for the biennial emissions inspection, the fee is less than the actual cost of the test. Pursuant to A.R.S. § 49-543, the biennial fee is capped at \$20 per vehicle; however the contractor charges approximately \$25 per vehicle. The I/M 240 Buydown

## DEPARTMENT OF ENVIRONMENTAL QUALITY (Cont'd)

Program subsidizes this difference. The total approved amount includes \$4,001,100 for I/M 240 Buydown, or an increase of \$1,442,500 from the FY 1996 allocation. The buydown amount is based on 817,700 vehicles going through the I/M 240 inspection in FY 1997 and the buydown cost being \$4.50 per vehicle for the first half of FY 1997 and \$5.25 for the second half of FY 1997.

The Repair Grant Program gives vouchers to low income families for car repairs to comply with U.S. Environmental Protection Agency (EPA) emissions standards. The total approved amount includes \$100,000 for grants, a decrease of \$1,254,000 from the FY 1996 allocation. As of February 23, 1996, only \$1,335 had been expended on repair grants for FY 1996. The approved amount also includes a decrease of 1 FTE position and \$30,500 for an accountant position which was designated to help administer the grant program.

The Remote Sensing Program uses roadway devices which measure the emissions of passing vehicles and read the vehicle's license plates. This program is estimated to identify 32,000 vehicles annually that exceed emissions standards. Owners of vehicles with excessive emissions are notified by mail and must get an emissions test. Because by statute citizens cannot be charged the inspection fee for such out-of-cycle tests, the state must pay the contractor directly. A total of \$656,700 is allocated for Remote Sensing Buydown, and a total of \$914,700 is allocated for the remote sensing contract in FY 1997. These amounts have not changed from the original FY 1996 allocation. The approved amount also includes a decrease of \$716,400 for a contract with the Arizona Department of Transportation (ADOT) Project Enterprise. The contract has not commenced as Project Enterprise is not completed. Once the ADOT project is completed, the JLBC Staff will revisit the proposed contract which will allow the Remote Sensing Program to access the violating vehicle's make, model, and year, as well as the owner's name and address.

**Hazardous Waste Reserve** — This Special Line Item within the Hazardous Waste Management Fund is for hazardous waste contingencies. ADEQ must report any emergency expenditure to the Legislature. This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations. The total approved amount for FY 1997 is \$34,600.

**Hazardous Waste Site Remediation Program** — The approved amount includes an additional 1 FTE Position and \$54,300 from the Hazardous Waste Fund to expand the program's compliance section and to decrease the complaint backlog. The result of these added resources should be an increase in the number of compliance cases processed. Of this amount, \$2,600 is a one-time increase for 1 computer. For FY 1997, a total of 6.1 FTE Positions and \$303,900 are appropriated from the Hazardous Waste Fund.

**Solid Waste Program** — Laws 1995, Chapter 202 established the appropriated Solid Waste Fee Fund. This new program is the consolidation of existing programs that were administered with separate funds in the past: the appropriated Used Oil Fund, the appropriated Special Waste Fund, and the non-appropriated Waste Tire Fund. The revenue sources that have been deposited into these 3 funds (used oil specification fees, special waste management fees, and waste tire fees) will be deposited into the Solid Waste Fee Fund beginning in FY 1997, and the 3 old funds will be abolished from ADEQ. The Solid Waste Fee Fund will also collect 3 new revenue sources: solid waste landfill registration fees, plan review fees, and expedited permit fees.

The approved amount includes a total of 12.3 FTE Positions and \$882,900 from the Solid Waste Fee Fund. The new positions will need to be annualized for FY 1998. Of this amount, \$17,700 is one-time to purchase computers for new employees.

**Special Waste Program** — Laws 1995, Chapter 202 consolidates this fund into the New Solid Waste Fee Fund beginning in FY 1997.

**Used Oil Program** — Laws 1995, Chapter 202 consolidates this fund into the New Solid Waste Fee Fund beginning in FY 1997.

**Aquifer Protection Permit Program** — ADEQ issues aquifer protection permits (APP) to facilities whose activities or waste discharges could pose a threat to groundwater. Beginning in FY 1997, the direct costs of the APP Program will be supported by the newly created Water Quality Fee Fund and no longer by WQARF. The APP revenue stream will be deposited into the Water Quality Fee Fund beginning in FY 1997. (See Water Quality Program for more details.) The approved amount includes a reduction of \$644,700 from the WQARF and a reduction of \$3,600 from the General Fund. For FY 1997, a total of 16.8 FTE Positions and \$669,800 are appropriated from the General Fund.

**Water Quality Program** — Laws 1995, Chapter 202 established the appropriated Water Quality Fee Fund. This new program is the consolidation of the existing Aquifer Protection Permit (APP), Surface Water, and Drinking Water Programs. The APP

(Continued)

## DEPARTMENT OF ENVIRONMENTAL QUALITY (Cont'd)

Program and revenue streams have been transferred to this new fund from WQARF. Along with this existing revenue source, the Water Quality Fee Fund will collect new fees, including: drinking water technical fees, wastewater facility plan fees, water quality certification fees, facility construction compliance and inspection fees, APP plan review fees, and expedited permit review fees. These will support direct, billable program costs. The General Fund APP Special Line Item will support the indirect, or non-billable, costs of the program.

The total approved amount includes 29.6 FTE Positions and \$3,550,100 from the Water Quality Fee Fund. Some annualization may be needed for FY 1998. ADEQ had requested 40 new FTE Positions, but 20 FTE Positions were approved because ADEQ would not be able to hire 40 individuals all at the beginning of the year. Of the total approved amount, one-time increases include \$135,300 for cubicles and \$65,600 for computers for the new positions.

**Additional Appropriations — Underground Storage Tank Program (Chapter 292)** — This act appropriated \$3,000,000 from the General Fund to the Underground Storage Tank Fund. The monies will be used for an existing program, to partly reimburse storage tank owners for the costs of cleaning up leaking underground tanks. The act also eliminates the transfer of 50% of the Area A UST Fund revenues to the Emissions Inspection Fund. Finally, it makes a number of changes that should lower the costs borne by the state. For example, tank owners will have to get ADEQ's prior approval of clean-up plans and costs in order to qualify for reimbursement. Also, those performing tank remediation will have to be certified by ADEQ. The JLBC Staff discussed some of the changes in its 1995 Program Authorization Review of the UST program.

**Additional Legislation — Used Oil Program: Transfer (Chapter 258)** — Formerly, the Used Oil Program was administered partly by ADEQ and partly by the Department of Weights and Measures. This act transfers the Department of Weights and Measures' portion of the program to ADEQ along with staff, and creates a new non-appropriated Used Oil Fund to be administered by the ADEQ director.

**DEPARTMENT OF HEALTH SERVICES - SUMMARY**

A.R.S. § 36-103

Dr. Jack Dillenberg, D.D.S., M.P.H., Director

JLBC Analyst: Jason Hall/Jennifer Vermeer

General Fund and Other Appropriated Funds	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
<u>Program Summary</u>			
Administration	11,830,200	13,576,400	13,787,800
Assurance and Licensure	5,150,600	5,691,800	4,646,800
Public Health	10,983,800	12,079,300	13,437,500
Disease Control Research Commission	1,772,700	1,572,400	1,423,300
Family Health	23,677,600	26,373,700	25,456,600
Behavioral Health	132,679,800	142,731,400	141,731,100
Arizona State Hospital	29,460,600	31,147,000	30,559,000
Laboratory Services	2,545,100	2,706,200	2,577,900
<b>Total Appropriations</b>	<b>218,100,400</b>	<b>235,878,200</b>	<b>233,620,000</b>
<u>Expenditure Detail</u>			
FTE Positions	1,708.2	1,614.2	1,153.1 <sup>1/</sup>
Personal Services	34,623,100	37,035,900	30,739,500
Employee Related Expenditures	8,440,800	9,173,800	6,861,500
Professional and Outside Services	5,855,200	5,311,800	8,061,000
Travel - In State	373,900	530,100	511,000
Travel - Out of State	62,000	68,500	68,500
Food	654,400	702,200	-0-
Other Operating Expenditures	8,624,000	8,054,500	7,956,200
Equipment	1,031,800	1,011,300	454,800
<b>Operating Subtotal</b>	<b>59,665,200</b>	<b>61,888,100</b>	<b>54,652,500</b>
Special Line Items	158,435,200	173,990,100	177,112,400
Additional Appropriations	-0-	-0-	1,855,100
<b>Total Appropriations</b>	<b>218,100,400</b>	<b>235,878,200</b>	<b>233,620,000</b> <sup>2/3/4/5/</sup>
<u>Fund Summary</u>			
General Fund	202,621,100	218,713,200	216,200,100
EMS Operating Fund	2,268,000	3,571,100	2,581,300
Poison Control Fund	-0-	-0-	1,250,000
ASH Disproportionate Share Fund	11,991,400	11,993,900	11,993,900
Special Revenue Fund	1,120,500	1,500,000	1,500,000
Child Fatality Review Fund	99,400	100,000	94,700
<b>Total Appropriations</b>	<b>218,100,400</b>	<b>235,878,200</b>	<b>233,620,000</b>

*Agency Description — The Department of Health Services is responsible for the provision of most public health programs not administered by AHCCCS, most behavioral health programs, emergency medical services, state laboratory support, vital records maintenance, disease control, and epidemiological monitoring.*

1/ Includes 38 FTE Positions funded from certain Special Line Items in FY 1997.

2/ Appropriated as a Modified Lump Sum for the Program.

3/ 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 (1) potential shortfalls in programs, (2) 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 (3) total expenditure authority of the month and year-to-date for Seriously Mentally Ill Services, Regional Residential/Psychiatric Beds, Children's Behavioral Health Services, Children's Behavioral Health State Match for Title XIX, Mental Health Non-Title XIX, Substance Abuse Non-Title XIX, Children's Respite Care, Geriatric Residential Beds, Psychotropic Drugs, Seriously Emotionally Handicapped Children, and Children's Rehabilitative Services. (General Appropriation Act footnote.)

(Continued)

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

---

- 4/ Notwithstanding A.R.S. § 35-173C, any transfer to or from the amounts appropriated for Seriously Mentally Ill Services, Regional Residential/Psychiatric Beds, Children's Behavioral Health Services, Children's Behavioral Health State Match for Title XIX, Mental Health Non-Title XIX, Substance Abuse Non-Title XIX, Community Therapeutic Substance Abuse Treatment, Mental Health/Substance Abuse State Match for Title XIX, Seriously Emotionally Handicapped Children, Children's Rehabilitative Services, AHCCCS - Children's Rehabilitative Services, EMS Provider Contracts, State EMS Special Projects, Tuberculosis Provider Care and Control, Kidney Program, Adult Cystic Fibrosis, Adult Sickle Cell Anemia, Regional Contamination, High-Risk Perinatal Services, County Prenatal Services Grant, Nutrition Services, Geriatric Residential Beds, Psychotropic Drugs, Children's Respite Care, Community Placement Treatment, Community Treatment Contingency, University of Arizona Poison Control Center Funding, and Poison Control Center Funding shall require approval of the Joint Legislative Budget Committee. The amounts appropriated for these items shall be used exclusively for the contracts for the provision of services to clients unless a transfer of monies is approved by the Joint Legislative Budget Committee. No monies shall be used from these appropriated amounts for any other expenses of the state Department of Health Services. (General Appropriation Act footnote.)
- 5/ In addition to the appropriation for the Department of Health Services, earnings on state lands and interest on the investment of the permanent land funds are appropriated to the State Hospital in compliance with the Enabling Act and the Constitution. (General Appropriation Act footnote.)



**DEPARTMENT OF HEALTH SERVICES - ADMINISTRATION**

**A.R.S. § 36-103**

<b>General Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>235.0</u>	<u>227.5</u>	<u>224.5</u>
Personal Services	5,880,400	6,439,400	6,494,300
Employee Related Expenditures	1,431,000	1,547,900	1,433,400
Professional and Outside Services	199,500	607,600	540,500
Travel - In State	52,300	61,800	68,800
Travel - Out of State	14,200	23,000	23,000
Other Operating Expenditures	3,318,300	4,070,200	4,859,500
Equipment	<u>477,100</u>	<u>447,100</u>	<u>187,700</u>
<b>Operating Subtotal</b>	<b>11,372,800</b>	<b>13,197,000</b>	<b>13,607,200</b>
Morton and Black Canyon Buildings Management	<u>457,400</u>	<u>379,400</u>	<u>180,600</u>
<b>Total Appropriations</b>	<b>11,830,200</b>	<b>13,576,400</b>	<b>13,787,800 <sup>1/</sup></b>

**Program Description** — *The Administration program encompasses most centralized functions including the Director's Office, business and financial services, and information technology services.*

**Technical Issues/Agency Reorganization** — The approved amount includes \$99,700 for the Information Technology System Project (see discussion below) and \$88,000 for other replacement computer equipment and a fax machine, for a total of \$187,700. The approved amount also includes a net increase of 0 FTE Positions and \$22,700 due to agency reorganization. The reorganization includes the transfer of 1 FTE Position from the Arizona State Hospital, and 1 FTE Position to Assurance and Licensure to correct an error from the FY 1996 agency reorganization. Also included is the transfer of 1 FTE Position from the Behavioral Health division because the position's duties have broadened; and the transfer of the Geographic Information System and its support position to the Public Health division because the system is used primarily for public health issues. In addition, \$7,400 funding for security costs is transferred from the Family Health division.

**Information Technology Project** — The approved amount includes a reduction of \$74,500 in Professional and Outside Services and of \$23,600 in Other Operating Expenditures, for a total of \$98,100. The reduction reflects one-time expenditures associated with the conversion from a mainframe to a wide area network computer system. Overall, \$651,200 remains in the base budget for the continuation of the ITS project.

**Administrative Staff Reduction** — The approved amount includes a reduction of 3 FTE Positions and \$89,000. This adjustment was made to reflect an emphasis on service delivery and coordination, such as the new Border Health Office, instead of more administrative tasks.

**Morton and Black Canyon Buildings Management** — Provides funding for the operation and maintenance of the Morton and Black Canyon buildings. The approved amount includes a decrease of \$198,800 to reflect the use of federal and Non-General Fund monies to cover a portion of the cost of maintenance and operations at these 2 buildings.

<sup>1/</sup> Appropriated as a Modified Lump Sum for the Program.

**DEPARTMENT OF HEALTH SERVICES - ASSURANCE AND LICENSURE** A.R.S. § 36-103

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>171.2</u>	<u>155.8</u>	<u>109.8</u>
Personal Services	3,526,200	3,709,100	3,087,300
Employee Related Expenditures	805,800	904,600	683,900
Professional and Outside Services	54,400	128,200	109,600
Travel - In State	131,600	157,700	153,500
Travel - Out of State	2,400	2,800	2,800
Other Operating Expenditures	575,100	656,400	352,600
Equipment	<u>20,100</u>	<u>133,000</u>	<u>52,000</u>
<b>Operating Subtotal</b>	<b>5,115,600</b>	<b>5,691,800</b>	<b>4,441,700</b>
Child Care Standards Review Committee	<u>35,000</u>	<u>-0-</u>	<u>-0-</u>
<b>Total</b>	<b>5,150,600</b>	<b>5,691,800</b>	<b>4,441,700</b>
<b>Additional Appropriations -</b> Day Care Centers or Homes; Sale, Ch. 325	<u>-0-</u>	<u>-0-</u>	<u>205,100</u>
<b>Total Appropriations</b>	<b>5,150,600</b>	<b>5,691,800</b>	<b>4,646,800</b> <sup>1/</sup>

*Program Description* — Assurance and Licensure Services monitors and enforces statutes and rules concerning home and community-based adult health care, behavioral health, and child care group facilities.

**Technical Issues/Agency Reorganization** — The approved amount includes \$52,000 for replacement computer equipment and a copier. Also included is the transfer of 33 FTE Positions and \$976,300 to reflect the transfer of the Office of Vital Records to the Public Health division. The office has a service more related to public health information than facilities licensing. Also included is the transfer of 2 FTE Positions and \$69,100 from the Public Health and Administration divisions to correct an error from the FY 1996 reorganization and to transfer a position that is more related to licensing than public health.

The approved amount includes a decrease of \$85,000. The reduction was made in the General Appropriation Act to offset an appropriation made in a separate bill regarding supportive residential living facilities. The appropriation was removed from the supportive residential living bill after the General Appropriation Act had been passed. The approved amount also includes an increase of \$3,000 to offset the elimination of the Day Care Training Fund. Chapter 220 eliminates the fund and deposits the existing fees into the General Fund.

**Additional Appropriations** — Day Care Centers or Homes: Sale (Chapter 325) — Laws 1996, Chapter 5, 5th Special Session modified the requirement that all day care centers be inspected annually by requiring instead, inspection of a randomly selected sample of sites. As a result, the General Appropriation Act included a reduction of \$205,100 and 15 FTE Positions from the FY 1996 budget to reflect the smaller number of sites requiring inspection. Chapter 325 reinstates the requirement that all sites receive an annual inspection, and appropriates \$205,100 from the General Fund to restore the funding and 14 FTE Positions that were included in the FY 1996 budget but were eliminated in the General Appropriation Act for FY 1997.

<sup>1/</sup> Appropriated as a Modified Lump Sum for the Program.

**DEPARTMENT OF HEALTH SERVICES - PUBLIC HEALTH**

A.R.S. § 36-103

General Fund and Other Appropriated Funds	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	124.2	124.2	157.7 <sup>1/</sup>
Personal Services	1,938,300	2,644,700	3,269,300
Employee Related Expenditures	447,600	616,300	747,300
Professional and Outside Services	47,600	142,200	157,400
Travel - In State	62,400	97,100	97,800
Travel - Out of State	10,700	16,700	16,700
Other Operating Expenditures	353,000	354,100	643,300
Equipment	39,400	37,200	24,500
<b>Operating Subtotal</b>	<b>2,899,000</b>	<b>3,908,300</b>	<b>4,956,300</b>
Tuberculosis Provider Care and Control	740,900	1,082,000	1,082,000
Direct Grants	578,000	578,000	578,000 <sup>2/</sup>
Vaccines	1,910,000	1,915,100	1,915,100
Reimbursement to Counties	396,300	396,300	396,300 <sup>3/</sup>
Loan Repayment Services	26,200	100,000	100,000
Regional Contamination	250,000	250,000	250,000
Kidney Program	100,000	101,000	101,000
STD Control Subventions	46,800	52,500	52,500
AIDS Reporting and Surveillance	102,500	125,000	125,000
Cancer and Birth Defects Registry	234,800	-0-	-0-
Border Health Office	-0-	-0-	50,000
EMS Operations	1,223,900	1,571,700	1,581,900
EMS Provider Contracts	320,700	331,200	331,200
State EMS Special Projects	58,900	170,000	170,000
Ambulance Replacement	284,400	150,000	150,000
EMS Regional Coordinating System	83,900	98,200	98,200
EMSCOM Development	90,000	-0-	-0-
U of A Poison Control Center Funding	562,500	750,000	750,000 <sup>4/</sup>
Poison Control Center Funding	375,000	500,000	500,000 <sup>5/</sup>
Special Health Care District	700,000	-0-	-0-
<b>Total</b>	<b>10,983,800</b>	<b>12,079,300</b>	<b>13,187,500 <sup>6/</sup></b>
<b>Additional Appropriations -</b> Appropriation; Clifton Flood Control, Ch. 312	<b>-0-</b>	<b>-0-</b>	<b>250,000</b>
<b>Total Appropriations</b>	<b>10,983,800</b>	<b>12,079,300</b>	<b>13,437,500 <sup>7/</sup></b>
<b>Fund Summary</b>			
General Fund	8,715,800	8,508,200	9,606,200
Emergency Medical Services Operating Fund	2,268,000	3,571,100	2,581,300
Poison Control Fund	-0-	-0-	1,250,000
<b>Total Appropriations</b>	<b>10,983,800</b>	<b>12,079,300</b>	<b>13,437,500</b>

1/ Includes 35 FTE Positions funded from Special Line Items in FY 1997.

2/ The appropriation for Direct Grants is to provide for local health work and is to be divided equally among the 15 counties on a non-matching basis, with each county to employ 1 Public Health Nurse and 1 Sanitarian. All monies received by a county under this appropriation that are not used for the prescribed purposes shall revert to the State General Fund. (General Appropriation Act footnote.)

3/ The \$396,300 appropriated for reimbursement to counties is to provide matching monies to counties for local health work on an equal matching basis and shall be distributed in the following manner: \$174,790 of the monies shall be distributed to counties with populations of less than 500,000 persons on an equal per capita basis as determined by the latest United States decennial census. The distribution for counties with a population of more than 500,000 persons but less than 1,000,000 persons shall be \$57,750 and for counties with a population of 1,000,000 persons or more the distribution shall be \$163,760. (General Appropriation Act footnote.)

(Continued)

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

**Program Description** — *The Public Health Program provides emergency medical services which includes funding for both state and local programs and poison control centers. In addition, the program provides funding for some county health programs, disease prevention, and treatment of a number of specific illnesses, as well as maintaining vital records services for birth and death certificates.*

**Technical Issues/Agency Reorganization** — The approved amount includes \$24,500 for replacement of computer equipment and a copier. Also included is the transfer of 33 FTE Positions and \$976,000 to reflect the transfer of the Office of Vital Records from the Assurance and Licensure division. The office has a service that is more related to public health information than facilities licensing. The approved amount also includes a net decrease of 0.5 FTE Positions and an increase of \$3,700 due to other agency reorganization, including the transfer of 1 FTE Position and the Geographic Information Support System from the Administration division and 1 FTE to Assurance and Licensure because these positions are more appropriately placed in these divisions, and 0.5 FTE Positions to Behavioral Health to correct an error from the FY 1996 reorganization.

The approved amount also includes a transfer of \$97,700 funding to Assurance and Licensure to reflect actual rent costs and an increase of \$6,500 to offset the elimination of the Sanitarian Fund. Chapter 220 eliminates the fund and deposits the existing fees into the General Fund.

**Tuberculosis Provider Care and Control** — Provides reimbursement to hospitals and physicians for the care of hospitalized tuberculosis patients, and for assistance to all county health departments for local tuberculosis control programs. The program also provides directly-observed therapy to tuberculosis patients deemed most at-risk not to complete treatment, and therefore, possibly to develop drug-resistant tuberculosis. (It costs \$3,000 to treat a patient with active tuberculosis; it costs \$200,000 to treat a patient with drug-resistant tuberculosis.)

**Direct Grants** — See footnote 2 for a description of the program.

**Vaccines** — This Special Line Item provides funding for the purchase of vaccines for the state immunization program.

**Reimbursement to Counties** — See footnote 3 for a description of the program.

**Loan Repayment Services** — The monies are used to pay physician and mid-level practitioner student loans in order to encourage providers to practice in rural areas. This program was modified as a result of the *Program Authorization Review (PAR)* to allow greater flexibility in awarding contracts. Eligibility has now been extended to psychiatrists and for-profit clinics.

**Regional Contamination** — Previously, provided treatment to patients affected by trichlorethylene (TCE) contamination. The name has been changed from TCE Contamination to allow the department greater flexibility in disbursing these monies in the event that other contaminations occur.

**Kidney Program** — Reimburses provider hospitals and licensed dialysis centers for the transportation and medication costs of patients ineligible for other public assistance programs.

**Sexually Transmitted Disease Control Subventions** — Provides assistance to local venereal disease control programs.

**AIDS Reporting and Surveillance** — Provides a database system to track the incidence of AIDS and AIDS-related conditions.

**Border Health Office** — The approved amount includes an increase of 1 FTE Position and \$50,000 for a Border Health Office to assist in developing health policy and training programs affecting Arizona and Sonora, Mexico border populations.

4/ The \$750,000 appropriated for the University of Arizona Poison Control Center shall not be utilized to support any poison control center other than the one at the University of Arizona. The State Department of Health Services shall transmit all of the appropriated amount to the University of Arizona for this purpose. (General Appropriation Act footnote.)

5/ The \$500,000 appropriated for Poison Control Center funding shall only be expended for poison control services in counties with a population of more than 1,500,000 persons according to the most recent United States decennial census. (General Appropriation Act footnote.)

6/ The state Department of Health Services, in conjunction with all poison control centers receiving state funding, shall develop a plan for uniform accounting of expenditures, number of positions, and activities for each state funded poison control information center in Arizona for submittal to all members of the Health and Welfare Subcommittees of the House and Senate Appropriations Committees, and to the Director of the Joint Legislative Budget Committee Staff. (General Appropriation Act footnote.)

7/ Appropriated as a Modified Lump Sum for the Program.

(Continued)

**EMERGENCY MEDICAL SERVICES OPERATING FUND**

The programs below are funded entirely through Emergency Medical Services (EMS) Operating Fund monies. The EMS Operating Fund receives 48.9% of the Medical Services Enhancement Fund revenues, which in turn receives monies from a 13% surcharge on fines charged for criminal offenses and traffic violations. The purpose of the EMS Operating Fund is to provide a variety of statewide emergency medical services.

**Technical Issues** — The approved amount includes \$10,000 for replacement of computer equipment.

**EMS Provider Contracts** — Provides state grants for emergency receiving facilities, ambulance services, and rescue services.

**State EMS Special Projects** — Provides funding at the regional level to upgrade EMS training, documentation and evaluation of clinical performances of pre- and post-hospital phases of EMS delivery.

**Ambulance Replacement** — Provides funding to upgrade and maintain ambulance services in the rural areas, through the purchase of new ambulances. The program targets areas of need where local resources are insufficient to purchase the necessary number of ambulances. After the purchase of the vehicle, local operators are responsible for its maintenance.

**EMS Regional Coordinating System** — Provides funding of \$24,550 for each of the 4 local Regional Coordinating Councils that coordinate and plan for the provision of the local EMS programs.

**POISON CONTROL FUND**

The programs below were funded by the Emergency Medical Services Operating Fund in FY 1996, but are funded entirely through the Poison Control Fund in FY 1997. The Poison Control Fund was established by Laws 1996, Chapter 5, 5th Special Session and receives 0.3% of the revenues from the Telecommunication Services Excise Tax in FY 1997. The legislation also fixed a rate of 0.8% to be allocated to the Telecommunication Devices for the Deaf (TDD) Fund. Previously, A.R.S. § 42-1472 set the cap for the Telecommunication Services Excise Tax at 1.6% and authorized the Joint Legislative Tax Committee (JLTC) to set the rate within this statutory range. With the approval of JLTC for FY 1996, the Telecommunication Services Excise Tax was levied at a 1.1% surcharge on local telephone bills. The entire amount was allocated to the TDD Fund which is administered by the Arizona Council for the Hearing Impaired.

The Legislature is also authorized to allocate a portion of these monies to the Poison Control Fund in FY 1998, but a specific percentage is not defined. Unlike FY 1997, the JLTC would have responsibility for setting the overall rate for FY 1998 in conjunction with the appropriation decisions of the Legislature.

**University of Arizona Poison Control Center Funding** — Provides 24-hour poison education services and treatment information. The center receives approximately 60,000 calls annually, many concerning children, and a sizeable number from medical personnel seeking treatment advice for their patients. An appropriations footnote specifies that the entire \$750,000 must be passed through to the University of Arizona Poison Information Center.

**Poison Control Center Funding** — The approved amount provides \$500,000 for provision of poison control services in Maricopa County. An existing center, currently located at Good Samaritan Hospital, receives approximately 60,000 calls annually.

**Additional Appropriations** — Appropriation: Clifton Flood Control (Chapter 312) — Appropriates \$250,000 from the Emergency Medical Services (EMS) Operating Fund for operating expenses of the Trauma Advisory Board. The Trauma Advisory Board was established in 1994 (A.R.S. § 36-2222) to recommend standards for a statewide trauma system, for maintaining the confidentiality of information throughout the quality assurance process, and for uniform data collection for a statewide trauma registry. Previously, the Board did not receive an appropriation.

**DEPARTMENT OF HEALTH SERVICES -  
DISEASE CONTROL RESEARCH COMMISSION**

A.R.S. § 36-103

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	4.0	0.0	0.0
Personal Services	92,800	0	0
Employee Related Expenditures	22,400	0	0
Professional and Outside Services	13,000	0	0
Travel - In State	3,400	0	0
Other Operating Expenditures	25,200	0	0
Equipment	1,800	0	0
<b>Operating Subtotal</b>	<b>158,600</b>	<b>-0-</b>	<b>-0-</b>
Disease Control Research Grants	1,614,100	1,532,400	1,383,300
Grant Administration	-0-	40,000	40,000
<b>Total Appropriations</b>	<b>1,772,700</b>	<b>1,572,400</b>	<b>1,423,300</b> <sup>1/</sup>

***Program Description** — The Disease Control Research Commission (DCRC) awards grants to medical researchers investigating the causes, incidence, and treatment of different diseases. The commission prioritizes proposals that focus on diseases particular to Arizona, involve collaborative efforts between institutions, or that are submitted by researchers without a long research track record or by established researchers changing their field of emphasis. The largest share of the research grants are awarded for cancer research. Prior to FY 1995, the commission's funding was off-budget; it received approximately \$2,900,000 annually in funding through diverted sales tax revenues.*

**Disease Control Research Grants** — Provides grants to medical researchers throughout Arizona for disease control research. In FY 1995, funding for new contracts was not approved. However, since the contracts were traditionally granted on a 3-year cycle, funding has been appropriated in FY 1996 and FY 1997 to complete the existing contracts. The approved amount includes \$1,383,300 to fund existing grants and \$40,000 to administer the remaining grants for FY 1997, the final year research contracts will be funded from the General Fund. Thus, the total approved amount, \$1,423,300, will close out all remaining contracts and no additional General Fund monies will be required in future years.

The commission has been appropriated 5% of Tobacco Tax and Health Care Fund monies which are deposited in the Health Research Account. The Health Research Account is allocated for research on the prevention and treatment of tobacco-related diseases and addictions (Laws 1995, Chapter 275). See the table on page 19 for more information.

**Grant Administration** — Provides \$40,000 to allow the agency to monitor on-going contracts to their conclusion.

<sup>1/</sup> Appropriated as a Modified Lump Sum for the Program.

**DEPARTMENT OF HEALTH SERVICES - FAMILY HEALTH**

A.R.S. § 36-103

General Fund and Child Fatality Review Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	72.4	68.6	68.6 <sup>1/</sup>
Personal Services	1,909,100	1,816,200	1,849,900
Employee Related Expenditures	437,000	419,800	413,200
Professional and Outside Services	118,100	151,600	144,200
Travel - In State	22,600	74,600	74,600
Travel - Out of State	7,900	2,700	2,700
Other Operating Expenditures	338,300	369,200	362,700
Equipment	27,100	-0-	-0-
<b>Operating Subtotal</b>	<b>2,860,100</b>	<b>2,834,100</b>	<b>2,847,300</b>
Children's Rehabilitative Services	6,103,400	6,491,800	6,491,800 <sup>2/</sup>
AHCCCS-Children's Rehabilitative Services	8,437,100	8,451,400	8,451,400 <sup>2/</sup>
Adult Cystic Fibrosis	223,600	223,600	223,600
Adult Sickle Cell Anemia	70,100	70,100	70,100
Newborn Intensive Care	3,035,100	4,429,500	-0-
Perinatal Care Services	187,500	257,000	-0-
High Risk Perinatal Services	-0-	-0-	4,016,500
Medical Malpractice/Obstetrical Services	100,600	255,000	-0-
Nutrition Services	266,100	330,100	330,100
WIC Supplemental	999,200	-0-	-0-
Prenatal Outreach	412,900	1,600,000	-0-
Teen Prenatal Express	882,500	1,081,100	-0-
County Prenatal Services Grant	-0-	-0-	1,281,100 <sup>3/</sup>
Teenage Pregnancy Prevention Task Force	-0-	250,000	250,000
Child Fatality Review Team	99,400	100,000	94,700
<b>Total</b>	<b>23,677,600</b>	<b>26,373,700</b>	<b>24,056,600</b>
<b>Additional Appropriations -</b> Supplemental Appropriations; Family Programs, Ch. 247	-0-	-0-	1,400,000
<b>Total Appropriations</b>	<b>23,677,600</b>	<b>26,373,700</b>	<b>25,456,600 <sup>4/</sup></b>
<b>Fund Summary</b>			
General Fund	23,578,200	26,273,700	25,361,900
Child Fatality Review Fund	99,400	100,000	94,700
<b>Total Appropriations</b>	<b>23,677,600</b>	<b>26,373,700</b>	<b>25,456,600</b>

*Program Description — The Division of Family Health Services provides non-mental public health programs. The largest program is Children's Rehabilitative Services (CRS) which provides treatment for seriously physically impaired children that would benefit from a team surgical approach. CRS includes children with severe congenital defects, spina bifida, cleft palate, and other serious, yet correctable or improvable conditions. Non-CRS programs include prenatal programs, nutrition services, and targeted care for specific diseases.*

- 1/ Includes 2 FTE Positions funded from Special Line Items in FY 1997.
- 2/ The amounts appropriated for Children's Rehabilitative Services, AHCCCS-Children's Rehabilitative Services, and for federal expenditure authority in the AHCCCS Program are intended to cover all indirect, fixed contract, fee for services costs, and all other costs of the Children's Rehabilitative Services program in full, unless a transfer of funds is approved by the Joint Legislative Budget Committee. (General Appropriation Act footnote.)
- 3/ The Department of Health Services shall distribute all funds appropriated for the County Prenatal Services Grant on a pass-through basis to counties to provide prenatal programs with consideration to population, need and amount received in prior years. The distribution shall be subject to review by the Joint Legislative Budget Committee. Prior to July 1, 1996 the department shall appear before the Joint Legislative Budget Committee to present a plan for the distribution formula. (General Appropriation Act footnote.)
- 4/ Appropriated as a Modified Lump Sum for the Program.

(Continued)

**DEPARTMENT OF HEALTH SERVICES - FAMILY HEALTH (Cont'd)**

**Agency Reorganization** — The approved amount includes the transfer of \$7,400 funding to the Administration division for security costs.

**Children's Rehabilitative Services (CRS)** — CRS provides comprehensive health care to children suffering from handicapping or potentially handicapping conditions. The goal of the program is to provide early diagnosis and treatment including surgical intervention to prevent or substantially ameliorate medical conditions which, if left untreated, would lead to permanent handicaps. The program also serves children suffering from non-preventable handicaps.

	<u>FY 1997 <sup>1/</sup></u>
CRS	\$ 6,491,800
AHCCCS CRS - State Match	8,451,400
AHCCCS CRS - Federal Funds	<u>16,000,000</u>
Total	<u>\$30,943,200</u>

<sup>1/</sup> The total does not reflect the administrative costs contained in the operating appropriation for the program.

The CRS Program has claims presented for payment following the end of each fiscal year. This extension of bills into the next year is commonly referred to as the "tail." It is the intent of the Legislature that the department properly allocate funding to pay for this "tail" and all other program requirements. In other words, the department must manage the program within the appropriation, including the payment of the "tail." The Legislature expressed this intent in a General Appropriation Act footnote (see prior page).

**Adult Cystic Fibrosis** — Provides contracted care and treatment services for adult residents of the state suffering from cystic fibrosis through the CRS program.

**Adult Sickle Cell Anemia** — Provides contracted treatment for adults suffering from sickle cell anemia through the CRS program.

**Newborn Intensive Care** — Provides contracted physician consultation, transport, hospital care, and nursing follow-up services for newborns in intensive care centers. The contracted providers first collect from AHCCCS, private insurance and other third party payers for reimbursement. Therefore, the state ultimately expends funds for only uninsured, "notch group" clients. The approved amount includes a decrease of \$670,000 for excess funding used for equipment, remodeling and other infrastructure improvements in newborn units rather than to cover uncompensated care for uninsured patients. The approved amount also includes a transfer of the remaining \$3,759,500 funding to the High Risk Perinatal Services line item (see discussion below).

**Perinatal Care Services** — Provides contracted transport services for high risk expectant mothers. The approved amount includes a transfer of the total \$257,000 funding to the High Risk Perinatal Services line item (see discussion below).

**High Risk Perinatal Services** — The approved amount includes \$3,759,500 from the Newborn Intensive Care line item and \$257,000 from the Perinatal Care Services line item for a total of \$4,016,500. One component of the Newborn Intensive Care program provides contracted transport services to high risk infants and the Perinatal Care Services program provides the same service to high risk expectant mothers. Since the programs provide the same service to interdependent populations and contract with many of the same providers, consolidating the 2 line items will allow the department to better coordinate the contracts and develop a more unified and effective system.

**Medical Malpractice/Obstetrical Services** — Previously, provided \$255,000 to offset the cost of malpractice premiums for rural providers and community health centers. This program has been eliminated as a result of the *Program Authorization Review* (PAR). The PAR finding was that due to the substantial drop in medical malpractice premiums and the availability of additional subsidies through the Federally Supported Health Centers Assistance Act of 1992, this program is no longer needed. The approved amount includes a decrease of \$255,000.

**Nutrition Services** — Provides support to rural counties participating in the Nutritional Assessment Program, which provides screening, education, counseling and referrals to persons identified as needing nutrition services.

(Continued)



## **DEPARTMENT OF HEALTH SERVICES - FAMILY HEALTH (Cont'd)**

---

**Prenatal Outreach** — Previously, provided \$1,600,000 funding to county health departments and community organizations to create neighborhood outreach programs staffed with lay health workers who assist high-risk (low-income, minority and teen) pregnant women obtain prenatal care services. The approved amount includes a transfer of \$200,000 to the County Prenatal Services Grant (see discussion below). The approved amount also includes a decrease of the remaining \$1,400,000 for the Health Start program which received one-time funding appropriated outside the budget process as part of the Arizona Family Stability Act, Laws 1994, Chapter 1, 9th Special Session. FY 1997 and FY 1998 funding for the Health Start program was subsequently included in Chapter 247 (see below).

**Teen Prenatal Express** — Previously, this line item provided funding for prenatal care, hospital delivery and nursing case management for low-income pregnant adolescents not enrolled in AHCCCS. The program targets high-risk teenagers who might otherwise not seek or receive any prenatal care. In FY 1995, the Teen Prenatal Express program enrolled 1,142 low-income teens in nursing case management services, of which 118 were eligible for clinical prenatal services and hospital delivery. The approved amount includes a transfer of \$1,081,100 to the County Prenatal Services Grant (see discussion below).

**County Prenatal Services Grant** — The approved amount includes \$200,000 from the Prenatal Outreach Special Line Item and \$1,081,100 from the Teen Prenatal Express Special Line Item for a total of \$1,281,100 which will be block granted to counties. The 2 Special Line Items have similar goals which focus on targeting women at high risk of not seeking or receiving prenatal care, and both are operated under contracts with county and community organizations. Consolidating the funding for the 2 Special Line Items and block granting the monies will allow counties greater flexibility in planning and coordinating prenatal programs which directly target the needs in their regions. A General Appropriation Act footnote requires the department to develop a formula for distributing the funds to counties based on population, need, and the amount received in prior years. The department is to present its distribution formula for review by the Joint Legislative Budget Committee.

**Teenage Pregnancy Prevention Task Force** — Provides \$140,000 from the General Fund to implement a statewide media campaign to reduce the incidence of teenage pregnancy, and \$110,000 to contract with local communities to develop different teenage pregnancy prevention programs and strategies.

### **CHILD FATALITY REVIEW FUND**

The program below is funded entirely from the Child Fatality Review Fund. The Child Fatality Review Fund receives revenues from a \$1 surcharge on fees collected on all certified copies of death certificates.

**Child Fatality Review Team** — The program provides funding to organize child fatality review teams in all 15 counties and to study data collected by the 15 teams to determine ways to reduce the state's child mortality rate.

**Additional Appropriations** — Supplemental Appropriations: Family Programs (Chapter 247) — Appropriates \$1,400,000 in FY 1997 and \$1,400,000 in FY 1998 from the General Fund to continue the Health Start Pilot Program.

**DEPARTMENT OF HEALTH SERVICES - BEHAVIORAL HEALTH**

**A.R.S. § 36-103**

<b>General Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	170.4	143.6	69.5 <sup>1/</sup>
Personal Services	1,450,000	1,876,500	1,862,100
Employee Related Expenditures	404,900	484,700	412,900
Professional and Outside Services	2,593,000	1,006,400	992,300
Travel - In State	57,400	81,300	75,300
Travel - Out of State	14,900	7,100	7,100
Other Operating Expenditures	549,100	346,800	345,200
Equipment	184,100	-0-	-0-
<b>Operating Subtotal</b>	<b>5,253,400</b>	<b>3,802,800</b>	<b>3,694,900</b>
Client Satisfaction Incentive Program	2,200	100,000	100,000
Third Party Payor Costs	1,889,800	1,848,900 <sup>2/</sup>	1,848,900
Court Monitoring	441,400	339,500	274,300
Data Processing Debt Retirement	1,321,900	1,500,000	1,500,000
Computer Hardware Lease	709,900	996,000	996,000
Managed Care and Actuarial Services	1,386,100	1,695,000	1,695,000
Case Management and Curriculum Development	123,100	-0-	-0-
Behavioral Health Task Force	103,700	-0-	-0-
HUD Grants Compliance	23,900	70,000	70,000
Children's Behavioral Health Services	12,848,800	12,954,900	13,264,400 <sup>3/</sup>
Seriously Emotionally Handicapped Children	4,375,300	4,375,300	4,375,300
CBH State Match for Title XIX	16,339,600	20,126,300	18,110,900
Children's Respite Care	252,500	252,500	252,500
Seriously Mentally Ill Services	53,769,500	58,570,700	59,669,600
Geriatric Residential Beds	2,211,800	2,211,800	2,211,800
Regional Residential Psychiatric Beds	5,770,300	5,770,300	5,770,300
Psychotropic Drugs	487,100	1,257,100	1,257,100
Mental Health Non-Title XIX	9,414,800	8,107,100	9,862,100
Substance Abuse Non-Title XIX	12,212,500	11,278,500	10,935,400
Mental Health and Substance Abuse State Match for Title XIX	-0-	2,252,200	4,065,700
Community Therapeutic Substance Abuse Treatment	-0-	1,700,000	1,700,000
SAMHC	3,694,300	3,441,300	-0-
Psychiatric Review Board	47,900	81,200	76,900
<b>Total Appropriations</b>	<b>132,679,800</b>	<b>142,731,400</b>	<b>141,731,100 <sup>4/</sup></b>

*Program Description — The Behavioral Health Program administers most mental health services for the state including both adult and children's behavioral health, substance abuse and seriously emotionally handicapped children. The division operates the Southern Arizona Mental Health Center (SAMHC), which primarily provides outpatient treatment services. FY 1997 marks the first year the center will operate as a private entity. Most services are provided through contracts with 6 Regional Behavioral Health Authorities (RBHAs) which then subcontract for provision of services with a provider network.*

<sup>1/</sup> Includes 2 FTE Positions funded from Special Line Items in FY 1997.

<sup>2/</sup> The approved FY 1996 amount included no funding for the Court Monitor in Arnold v. Sam and these monies were transferred to the SMI Services Special Line Item. The JLBC approved transfers from SMI Services to Court Monitoring twice during FY 1996 to fund costs as required by the Arizona Superior Court.

<sup>3/</sup> The amount appropriated for Children's Behavioral Health Services shall be used to provide services for Non-Title XIX eligible children. The amount shall not be used to pay for either federally or non-federally-reimbursed services for Title XIX eligible children, unless a transfer of monies is approved by the Joint Legislative Budget Committee. (General Appropriation Act footnote.)

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

(Continued)

**DEPARTMENT OF HEALTH SERVICES - BEHAVIORAL HEALTH (Cont'd)**

**Agency Reorganization** — The approved number of FTE Positions has been decreased by 0.5 to reflect the transfer of the American Indian Liaison from Behavioral Health Services to Administration.

**Client Satisfaction Incentive Program** — Provides small monetary awards to provider and RBHA employees that have very high client satisfaction scores according to monthly client surveys. The goal of this program is to increase emphasis on client outcomes and satisfaction. The program is currently being implemented as a pilot program for the Pinal Gila Behavioral Health Authority (PGBHA). Data from the first year of implementation has shown that current provider performance standards have been set too low. DHS and PGBHA are taking steps to “raise the bar” in order to better recognize providers who excel at quality service delivery.

**Third Party Payor Costs** — The approved amount covers the payments made to a private contractor for the processing and payment of behavioral health providers’ claims. This funds both fixed costs and costs per transaction.

**Court Monitoring** — The approved amount restores funding of \$274,300 to this Special Line Item. This funding pays for the state share of expenses incurred by the Office of the Court Monitor, established as a result of the Arnold v. Sarn lawsuit. During FY 1997, Maricopa County is required to fund \$91,400 in monitoring expenses. Funding for the Court Monitor had originally been transferred to the SMI Services Special Line Item in FY 1996, under the assumption that the Arizona statute which was the basis for the case would be eliminated. However, the statute remains intact and the Court Monitor still reports on compliance to the Arizona Superior Court. As a result, funding in the amount of \$339,500 was transferred back from SMI Services to Court Monitoring with the approval of the Joint Legislative Budget Committee during FY 1996. These transfers were completed only after DHS provided the JLBC with expenditure detail for the Court Monitor. This expense should decline as the state moves towards compliance with the exit criteria.

**Data Processing Debt Retirement** — The approved amount is appropriated to make required payments on outstanding debts charged to a revolving line of credit. The outlay required to retire this debt will taper off in future years and should be eliminated by FY 2000, if not sooner.

**Computer Hardware Lease** — The appropriated amount provides funds to lease hardware to operate the Client Information System (CIS) in the Behavioral Health Program.

**Managed Care and Actuarial Services** — The approved amount funds contracts with private consultants to perform a number of projects. Among these projects are reviews of capitation rates, client case reviews of quality of care, design of a new behavioral health communication system for internal use, and various studies of how to make service delivery and administration more cost effective.

**HUD Grants Compliance** — The \$70,000 provides administrative support for approximately \$14,000,000 of grants from the federal Department of Housing and Urban Development (HUD) for housing needs of seriously mentally ill clients.

**Southern Arizona Mental Health Center (SAMHC)** — The Legislature has finalized the privatization of SAMHC by transferring all funding for the center to Special Line Items for continued services in the region. Beginning in FY 1997, SAMHC will make the transition to a private entity which competes with other providers for state and federal behavioral health service dollars. During FY 1996, SAMHC is allowed to retain third party payments which it is able to collect from private insurers and others. Laws 1996, Chapter 287 permits these collections to be retained and this amount should provide the equivalent of a 2-3 month operating budget for the new entity’s start-up costs in FY 1997.

The approved amount eliminates all funding for SAMHC and transfers the FY 1996 funding to appropriate service categories. This funding, which is expected to remain for the treatment of residents of southern Arizona, is disbursed as follows:

General Mental Health	\$2,098,100	61%
Seriously Mentally Ill	1,033,700	30
Children’s Behavioral Health	<u>309,500</u>	<u>9</u>
Total Amount Transferred	<u>\$3,441,300</u>	<u>100%</u>

**DEPARTMENT OF HEALTH SERVICES - BEHAVIORAL HEALTH (Cont'd)**

Privatization also results in a decrease of 73.6 FTE Positions who were employed through SAMHC.

**Children's Behavioral Health Delivery System (CBHDS)** — The funding provided by the Special Line Items shown below represents the appropriations for the CBHDS. The goal of these programs is to provide comprehensive behavioral health care to all eligible children. The following chart depicts funding for this program.

<b>Children's Behavioral Health Services</b> — These funds provide for prevention programs and for treatment of Non-Title XIX eligible children. The monies are not available to serve Title XIX eligible children unless a transfer of monies is approved by the JLBC. The approved amount includes a \$309,500 increase which reflects the transfer of former SAMHC funding to the appropriate Special Line Item.	\$13,264,400
<b>Seriously Emotionally Handicapped Children</b> — These funds provide for a portion of the cost of residential treatment and educational services for children referred by school districts. Referrals are based on the inability to educate the children in a conventional school environment due to a serious emotional handicap. Funding is also provided for this program through the state Department of Education and local school districts.	4,375,300
<b>Children's Behavioral Health State Match for Title XIX</b> — This is the General Fund share for the costs of providing treatment to Title XIX eligible children. State monies provide a 34% match to the federal monies received. Any appropriated funds in excess of the required state match amount will be used to fund non-federally reimbursed services for Title XIX eligible children. The approved funding assumes 0% net population growth and a 4% rate of growth in Title XIX capitation rates.	18,110,900
<p>The approved amount includes a decrease of \$2,015,400; reflecting the fact that the Title XIX eligible children population has not grown at the rate forecasted. A \$4,570,000 surplus existed in this Special Line Item in FY 1995. DHS currently estimates a surplus of over \$3,000,000 in FY 1996. In contrast, recent trends show an increase in the number of Non-Title XIX eligible clients.</p>	
<b>Children's Respite Care</b> — Respite care provides temporary in-home counseling and supervision of clients with the goal of retaining family integrity and avoiding costly residential care.	252,500
<b>County Intergovernmental Agreements (IGAs)</b> — Maricopa and Pima counties provide funding to the state for mental health services. The estimated amount the state will receive in FY 1997 is \$1,607,600, consisting of \$1,500,000 from Maricopa and \$107,600 from Pima. These funds provide treatment for child residents of these counties and are grouped with state funding to receive federal matching monies. The amounts displayed are estimates and are subject to change.	1,607,600
<b>AHCCCS-EPSTD-Federal Funds</b> — This is the expenditure authority in the AHCCCS budget for Federal Funds that will be received for providing treatment to Title XIX eligible children. This money is passed through from AHCCCS to DHS and is discussed in the AHCCCS budget under Acute Care programs. The expected federal funding reflects a \$6,500,000 decrease due to technical re-estimates.	38,500,000
<b>State Total</b>	<u>\$36,003,100</u>
<b>Federal and Other Total</b>	<u>\$40,107,600</u>
<b>TOTAL</b>	<u>\$76,110,700</u>

The total expenditures on Children's Behavioral Health Programs by the state may actually approach or exceed \$80,000,000 in FY 1997. The Courts, the Department of Juvenile Corrections, the Department of Economic Security, and some counties also expend funds directly for Children's Behavioral Health Services in addition to those children referred to DHS. Although the table shows most of the expenditures of these agencies for Title XIX services, the expenditures for Non-Title XIX, or subvention services, are not reflected. In addition, the numbers shown above reflect only contracted costs, while there are substantial administrative expenses within the department that are not included. Substance abuse programs and other such programs with a mental health component are also not included.

**Seriously Mentally Ill (SMI) Funding** — SMI is a population of adult patients with more long-term or on-going mental illness than those funded through the Mental Health Non-Title XIX Special Line Item. These adults require frequent treatment and case

(Continued)

**DEPARTMENT OF HEALTH SERVICES - BEHAVIORAL HEALTH (Cont'd)**

management services. SMI determination is made based upon a "SMI checklist" developed by the department. SMI funding is divided into several Special Line Items

The following table depicts state expenditures, estimated federal revenue only, and that portion of SMI spending which the counties pass on to the state. The counties also directly expend considerable funds for SMI treatment; however, these amounts are not shown.

<b>Seriously Mentally Ill Services</b> — These funds are used to provide treatment to both Title XIX and Non-Title XIX eligible adults that enter the state mental health system. The approved amount includes a net \$759,400 increase. This increase consists of the addition of \$1,033,700 transferred from SAMHC and a decrease of \$274,300, which is transferred from SMI Services to the Court Monitor Special Line Item. The FY 1997 funding level assumes population changes offset by expected slight increases in Title XIX capitation rates.	\$59,669,600
<b>Geriatric Residential Beds</b> — The approved amount is for approximately 42 community geriatric psychiatric treatment beds.	2,211,800
<b>Regional Residential/Psychiatric Beds Program</b> — The approved amount includes funding for the regional beds program which is designed to reduce growth in the Arizona State Hospital (ASH) census by developing secure residential/in-patient alternatives in local areas. These smaller facilities allow for short-term crisis stabilization which eliminates the need for transportation to metropolitan areas or long-term commitment. Statewide, these facilities currently provide 156 treatment beds at sites closer to the patients' homes than ASH. These small Psychiatric Hospital Facilities (PHFs) have traditionally been referred to as "Puffs" based on their original acronym.	5,770,300
<b>Psychotropic Drugs</b> — This Special Line Item was originally titled SMI Clozapine Treatment. Funding paid for Clozapine; an expensive medication shown to produce dramatic results in certain patients who suffer from long-term schizophrenia. Recently, a drug known as Risperidone has been used to produce similar effects with fewer side effects. Considering current and future drugs marketed for the treatment of behavioral health disorders, this Special Line Item has been changed to Psychotropic Drugs. This change grants greater flexibility in expanding the kinds of drugs used for treatment beyond strictly Clozapine.	1,257,100
<b>County Intergovernmental Agreements (IGAs)</b> — Maricopa and Pima counties provide funding to the state for mental health services. The estimated amount the state will receive in FY 1997 is \$20,132,600, consisting of \$19,610,200 from Maricopa and \$522,400 from Pima. These funds provide treatment for SMI residents of these counties and are grouped with state funding to receive federal matching monies. The amounts displayed are estimates and are subject to change.	20,132,600 <sup>1/</sup>
<b>AHCCCS-Adult Mental Health - Federal Funds</b> — This is the expenditure authority in the AHCCCS budget for Federal Funds that will be received for providing treatment to Title XIX eligible adult SMI clients. This money is passed through from AHCCCS to DHS and is discussed in the AHCCCS budget under Acute Care Programs. The expected federal funding reflects a \$13,000,000 decrease due to technical re-estimates.	32,000,000 <sup>2/</sup>
<b>State Total</b>	<b>\$ 68,908,800</b>
<b>Federal and Other Total</b>	<b>\$ 52,132,600</b>
<b>TOTAL</b>	<b><u>\$121,041,400</u></b>

<sup>1/</sup> The amount shown is an estimate only. County IGAs are established with Maricopa and Pima Counties for the provision of Mental Health Services. The amount shown includes some non-SMI funding.

<sup>2/</sup> The amount shown reflects federal expenditure authority. The actual expenditure of Federal Funds may vary.

In addition to the amounts shown in the table, the state also expends funds for administrative costs.

(Continued)

**DEPARTMENT OF HEALTH SERVICES - BEHAVIORAL HEALTH (Cont'd)**

**General Mental Health and Substance Abuse Funding** — The General Mental Health funding assists adults who do not qualify as SMI. These persons typically require less frequent and less intensive treatment or experience mental illness that is more temporary in nature. The following table depicts state expenditures and estimated federal revenues for the treatment of non-SMI adults for general mental health and substance abuse:

<b>Mental Health - Non-Title XIX</b> — Provides funding for non-SMI adults who require more acute services than SMI clients. The approved amount includes a net increase of \$1,755,000. This increase consists of the addition of \$2,098,100 transferred from SAMHC and a decrease of \$343,100 to account for the movement of clients into the new General Mental Health and Substance Abuse Title XIX program.	\$9,862,100
<b>Substance Abuse - Non-Title XIX</b> — Provides funding for drug and alcohol abuse services throughout the state. The approved amount includes a decrease of \$343,100 to account for the movement of clients into the new General Mental Health and Substance Abuse Title XIX program.	10,935,400
<b>Mental Health and Substance Abuse State Match for Title XIX</b> — The approved amount includes a \$1,813,500 increase for this new behavioral health service category. Under a federal waiver, the state did not provide Title XIX coverage for General Mental Health and Substance Abuse services until the end of federal FY 1995. The approved increase extends funding from 9 months to 12 months, reflects the movement of clients from Non-Title XIX to Title XIX-covered services, and reflects an expected 4% increase in Title XIX capitation rates.	4,065,700
<b>Community Therapeutic Substance Abuse Treatment</b> — Community therapeutic treatment is a long-term substance abuse treatment model used for the most chronic substance abusers. Over time, the RBHAs have increasingly directed funding toward lower cost, short-term substance abuse treatment. While this has allowed more individuals to receive treatment, it has also begun to create a shortage of placements for the most chronic abusers.	1,700,000
<b>County Intergovernmental Agreements (IGAs)</b> — Represents payment required by Maricopa county to fund the Local Alcohol Reception Area (L.A.R.C.). In addition, Maricopa and other counties may appropriate other monies to treat substance abuse problems.	1,489,900
<b>AHCCCS - General Mental Health and Substance Abuse - Federal Funds</b> — This is the expenditure authority in the AHCCCS budget for Federal Funds that will be received to provide Title XIX coverage to adults with General Mental Health and Substance Abuse needs. This money is passed through from AHCCCS to DHS and is discussed in the AHCCCS budget under Acute Care programs.	7,000,000
<b>General Mental Health Block Grant</b> — This is the estimate of Federal Funds to be received by the department from the federal General Mental Health Block Grant.	3,913,500
<b>Substance Abuse Block Grant</b> — This is the estimate of Federal Funds to be received by the department from the federal Substance Abuse Block Grant.	17,747,500
<b>State Total</b>	<u>\$26,563,200</u>
<b>Federal and Other Total</b>	<u>\$30,150,900</u>
<b>TOTAL</b>	<u>\$56,714,100</u>

In addition to the amounts shown above, the department may receive other Federal Funds, other agencies may expend additional amounts on similar services, and the counties also provide services which are not included in the table. It should also be noted that since the block grants listed above are non-appropriated they do not appear on the summary table for this program.

**Psychiatric Review Board** — The approved amount includes a decrease of \$4,300 to reflect the elimination of one-time funding for equipment and an adjustment to employee benefits.

**DEPARTMENT OF HEALTH SERVICES - ARIZONA STATE HOSPITAL**

A.R.S. § 36-103

General Fund and Other Appropriated Funds	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>875.5</u>	<u>838.0</u>	<u>466.5</u>
Personal Services	18,376,800	19,050,700	12,651,800
Employee Related Expenditures	4,567,900	4,832,600	2,822,600
Professional and Outside Services	2,825,800	3,272,800	6,114,000
Travel - In State	28,300	35,400	18,800
Travel - Out of State	2,200	4,800	4,800
Food	654,400	702,200	-0-
Other Operating Expenditures	2,955,700	1,756,600	891,200
Equipment	<u>49,500</u>	<u>92,800</u>	<u>24,000</u>
<b>Operating Subtotal</b>	<b>29,460,600</b>	<b>29,747,900</b>	<b>22,527,200</b>
Community Placement Treatment	-0-	1,299,100	7,358,500
Community Placement Development	-0-	100,000	-0-
Community Treatment Contingency	<u>-0-</u>	<u>-0-</u>	<u>673,300</u> <sup>1/</sup>
<b>Total Appropriations</b>	<b>29,460,600</b>	<b>31,147,000</b>	<b>30,559,000</b> <sup>2/</sup>
<b>Fund Summary</b>			
General Fund	16,348,700	17,653,100	17,065,100
Disproportionate Share Fund	11,991,400	11,993,900	11,993,900
Special Revenue Fund	<u>1,120,500</u>	<u>1,500,000</u>	<u>1,500,000</u>
<b>Total Appropriations</b>	<b>29,460,600</b>	<b>31,147,000</b>	<b>30,559,000</b>

**Program Description** — Provides inpatient psychiatric hospitalization services for adolescent and adult seriously mentally ill residents. The Arizona State Hospital (ASH) is licensed for a maximum of 511 patients. For FY 1997, the ASH target population is an average daily census of 305 patients. In FY 1996, ASH reduced its SMI population by an estimated 45 patients by placing these individuals in appropriate community settings. Throughout FY 1997, ASH will continue to place patients in community settings, bringing the total number of ASH patients serviced in the community and not "institutionalized" within ASH to 145.

**Technical Issues/Agency Reorganization** — The approved amount includes \$18,000 to purchase 2 therapeutic bathing tubs. The approved amount also includes the transfer of 1 Special Investigation position to the Administration division to correct an error from the FY 1996 reorganization.

**Community Placement and Downsizing of ASH Census** — During FY 1996, Maricopa County and the Department of Health Services (DHS) reached an agreement with the state Superior Court concerning the 15-year old Arnold v. Sarn lawsuit. The resulting agreement, officially titled the Joint Stipulation on Exit Criteria and Disengagement, states the actions the department must take to provide a "full continuum of care" to indigent persons suffering from behavioral health disorders. As part of this effort, the department is required to downsize or "right-size" the ASH population by funding an increased number of treatment beds located within the patients' communities and operated by private providers, as opposed to funding all treatment beds within the current institutional setting.

DHS began this process in FY 1996 when funding was moved from the ASH operating budget to the Community Placement Treatment Special Line Item to furnish 20 new community beds. This was expected to produce an average daily census of 430 patients in FY 1996. However, the average daily census had already dropped to 405 patients well before the end of FY 1996. The approved amount for FY 1997 provides a total of \$7,358,500 in the Community Placement Treatment Special Line Item to provide housing, transportation, clinical support and meaningful day activities to 145 total clients placed in the community. This funding has been transferred from the operating budget assuming an average daily census of 305 clients remaining at ASH during FY 1997. This transition to community treatment of long-term mental health disorders also results in a reduction of 225 FTE Positions to better reflect the caseload remaining at the hospital.

1/ Monies in the Community Treatment Contingency Special Line Item shall not be expended without the prior review of the Joint Legislative Budget Committee. (General Appropriation Act footnote.)

2/ Appropriated as a Modified Lump Sum for the Program.

(Continued)

**DEPARTMENT OF HEALTH SERVICES - ARIZONA STATE HOSPITAL (Cont'd)**

DHS originally estimated that community treatment would prove less expensive. However, considering the investment required to develop and reopen community beds and the fixed costs associated with operating the hospital, savings have not been taken from the ASH budget. Instead, \$673,300, equal to a 10% savings estimate, has been placed in a Community Treatment Contingency Special Line Item. This funding may be made available to supplement either the remaining expenses of ASH or the costs of community treatment, if needed, upon approval of the Joint Legislative Budget Committee. The approved amount for this community treatment project breaks down to \$50,700 per year for each of the 145 clients placed outside ASH. This amount climbs to \$55,400 per client annually when considering the contingency monies.

**Privatization of Hospital Functions** — The approved amount includes a \$492,900 reduction in the funding required to provide food service, engineering services, groundskeeping and housekeeping services to the clients of ASH. These services are now contracted to a private entity which is able to perform these tasks at a lower cost. This change also results in the reduction of 145.5 FTE Positions. In years past, the hospital has privatized other services, including medical staff consultants, pharmacy services, hospitality services, and laundry.

**Arizona State Hospital Disproportionate Share Fund**

	<u>Net Change</u>	<u>Fund Balance</u>
<b><u>FY 1995</u></b>		
Total Carryforward Balance from FY 1994	N/A	\$ 1,347,300
AHCCCS Payments to DSF <sup>1/</sup>	\$28,474,900	29,822,200
Less: Appropriation for ASH Operations	(11,993,900)	17,828,300
Transfer to General Fund	(17,828,300)	-0-
<b><u>FY 1996</u></b>		
AHCCCS Total Payments to DSF <sup>1/2/</sup>	11,993,900	11,993,900
Less: Appropriation for ASH Operations	(11,993,900)	-0-
<b><u>FY 1997</u></b>		
AHCCCS Total Payments to DSF <sup>1/2/</sup>	11,993,900	11,993,900
Less: Appropriation for ASH Operations	(11,993,900)	-0-

<sup>1/</sup> Includes both state and Federal Funds.

<sup>2/</sup> These amounts are subject to change and are ultimately based on the actual Disproportionate Share Fund award received by Arizona.

**Additional Legislation** — Southern Arizona Mental Health Center (Chapter 287) — Allows DHS to specify in service contracts with Regional Behavioral Health Authorities (RBHAs) the number of patient beds set aside in ASH for each individual RBHA. DHS may then charge RBHAs for admitting more patients than allowed under the contract and deposit these monies in a newly created ASH Fund. These are patients for whom the RBHA has received service dollars from the department. The legislation is intended to eliminate existing incentives to place chronic patients in ASH for treatment while still receiving capitated payments to serve these same patients in the community. Under this law, dollars passed to the RBHAs to contract for community services for patients will follow these patients into the state hospital when they are admitted. However, these monies are subject to legislative appropriation, and this arrangement may require mid-year appropriations to release the funds for treatment at ASH

**Competency Omnibus (Chapter 359)** — Requires ASH personnel to determine, when ordered, if a juvenile who is being tried as an adult is competent to stand trial. ASH is then responsible for attempting to restore these juveniles to competency as needed. The law also changes the responsibility for funding these services from the counties to the state.



<b>DEPARTMENT OF HEALTH SERVICES - LABORATORY SERVICES</b>			<b>A.R.S. § 36-103</b>
<b>General Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>55.5</u>	<u>56.5</u>	<u>56.5</u>
Personal Services	1,449,500	1,499,300	1,524,800
Employee Related Expenditures	324,200	367,900	348,200
Professional and Outside Services	3,800	3,000	3,000
Travel - In State	15,900	22,200	22,200
Travel - Out of State	9,700	11,400	11,400
Other Operating Expenditures	509,300	501,200	501,700
Equipment	<u>232,700</u>	<u>301,200</u>	<u>166,600</u>
<b>Total Appropriations</b>	<b>2,545,100</b>	<b>2,706,200</b>	<b>2,577,900</b> <sup>1/</sup>

*Program Description* — The Division of Laboratory Services provides laboratory testing for other state agencies in addition to water testing, public health testing, and other health-related testing. The division also monitors and evaluates the quality of laboratory testing statewide.

*Technical Issues* — The approved amount includes \$166,600 for replacement laboratory and computer equipment. The approved amount also includes an increase of \$500 to offset the elimination of the Clinical Lab Revolving Fund. Chapter 220 eliminates the fund and deposits the existing fees into the General Fund.

<sup>1/</sup> Appropriated as a Modified Lump Sum for the Program.

# JUDICIARY - SUMMARY

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

Honorable Stanley G. Feldman, Chief Justice

JLBC Analyst: Brad Beranek/Marge Cawley

General Fund and Other Appropriated Funds	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
<b>Program Summary</b>			
Commissions on Appellate and Trial			
Court Appointments	10,000	10,000	-0- <sup>1/</sup>
Court of Appeals - Division I	5,634,600	5,953,100	6,072,700
Court of Appeals - Division II	2,821,100	3,002,900	2,932,500
Commission on Judicial Conduct	206,300	263,700	261,500
Superior Court	75,925,900	83,934,000	94,433,400
Supreme Court-Judicial and Administrative	10,013,000	10,733,500	10,715,900
Supreme Court-Foster Care Review Board	2,415,100	3,248,500	3,135,700
Unallocated Classification Maintenance Review (CMR)	-0-	-0-	62,000 <sup>2/</sup>
<b>Total Appropriations</b>	<b>97,026,000</b>	<b>107,145,700</b>	<b>117,613,700</b>
<b>Expenditure Detail</b>			
FTE Positions	466.3	483.8	491.3 <sup>3/</sup>
Personal Services	16,932,100	18,538,300	19,275,300
Employee Related Expenditures	2,639,000	2,700,900	2,737,000
Professional and Outside Services	237,100	487,600	347,000
Travel	203,800	253,300	261,300
Other Operating Expenditures	5,450,500	5,934,500	6,906,600
Equipment	553,500	415,600	241,100
<b>Operating Subtotal</b>	<b>26,016,000</b>	<b>28,330,200</b>	<b>29,768,300</b>
Special Line Items	71,010,000	78,815,500	87,845,400
<b>Total Appropriations</b>	<b>97,026,000</b>	<b>107,145,700</b>	<b>117,613,700</b> <sup>4/</sup>
<b>Fund Summary</b>			
General Fund	95,918,600	105,513,600	116,144,800
Other Appropriated Funds	1,107,400	1,632,100	1,468,900
<b>Total Appropriations</b>	<b>97,026,000</b>	<b>107,145,700</b>	<b>117,613,700</b>

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

- <sup>1/</sup> Consolidates a total of \$20,000 from this Budget Unit to the Supreme Court's Judicial Performance Review Special Line Item.
- <sup>2/</sup> The General Appropriation Act included \$1,500,000 from the General Fund and \$300,000 from Other Appropriated Funds for Classification Maintenance Review. This amount represents the Judicial system's share of these funds, which will subsequently be allocated by program. Of this amount, \$61,500 is for General Fund programs and \$500 is for Other Appropriated Fund programs.
- <sup>3/</sup> Includes 61.5 FTE Positions funded from Special Line Items in FY 1997.
- <sup>4/</sup> Appropriated as an Operating Lump Sum by Agencies with Special Line Items as appropriate.

**JUDICIARY - COMMISSIONS ON APPELLATE AND TRIAL COURT APPOINTMENTS**

Arizona Constitution  
Article VI Section 36

Honorable Stanley G. Feldman, Chief Justice

JLBC Analyst: Brad Beranek/Marge Cawley

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
Other Operating Expenditures	10,000	10,000	-0-
<b>Total Appropriations</b>	<b>10,000</b>	<b>10,000</b>	<b>-0-</b>

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

**Budget Consolidation —** The Legislature approved the consolidation of the funding for the Commissions on Appellate and Trial Court Appointments within the Supreme Court Judicial Performance Review Special Line Item. This consolidation merges the appointment and review functions of judgeships into 1 budget unit. Many of the same staff currently work in both functional areas. The total transferred amount of \$20,000, includes an approved increase of \$10,000 for travel and per diem expenses associated with 11 known bench vacancies to occur in courts throughout the state during FY 1997, and with unexpected vacancies which commonly occur.

**JUDICIARY - COURT OF APPEALS - DIVISION I**

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

Honorable Ruth V. McGregor, Chief Judge

JLBC Analyst: Brad Beranek/Marge Cawley

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	98.0	100.0	101.0 <sup>1/</sup>
Personal Services	4,425,800	4,845,800	4,970,300
Employee Related Expenditures	691,100	714,800	726,100
Professional and Outside Services	-0-	800	800
Travel	68,600	80,900	81,900
Other Operating Expenditures	342,500	268,300	269,800
Equipment	106,600	42,500	23,800
<b>Total Appropriations</b>	<b>5,634,600</b>	<b>5,953,100</b>	<b>6,072,700</b> <sup>2/</sup>

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

**Technical Issues —** The approved amount includes a reduction of \$27,500 for one-time equipment.

**Deputy Clerk —** The approved amount includes \$41,800 and 1 FTE for a deputy clerk and related equipment. The position will be utilized to process the increasing number of filings and terminations handled by the court.

<sup>1/</sup> Of the 137 FTE Positions, 101 FTE Positions are for Division I and 36 FTE Positions are for Division II. (General Appropriation Act footnote.)  
<sup>2/</sup> Appropriated as a Lump Sum for the Division.

**JUDICIARY - COURT OF APPEALS - DIVISION II**Arizona Constitution Article VI  
A.R.S. § 12-120

Honorable William Druke, Chief Judge

JLBC Analyst: Brad Beranek/Marge Cawley

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	36.0	36.0	36.0 <sup>1/</sup>
Personal Services	1,736,200	1,850,500	1,887,400
Employee Related Expenditures	268,800	271,400	280,100
Professional and Outside Services	-0-	1,000	1,000
Travel	35,700	36,400	36,400
Other Operating Expenditures	697,800	731,600	717,600
Equipment	82,600	112,000	10,000
<b>Total Appropriations</b>	<b>2,821,100</b>	<b>3,002,900</b>	<b>2,932,500</b> <sup>2/</sup>

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

*Technical Issues* — The approved amount includes a \$102,000 reduction for one-time equipment.

*Other Operating Expenditures* — The approved amount includes a \$14,000 reduction to reflect decreases in telecommunication equipment costs.

<sup>1/</sup> Of the 137 FTE Positions, 101 FTE Positions are for Division I and 36 FTE Positions are for Division II. (General Appropriation Act footnote.)  
<sup>2/</sup> Appropriated as a Lump Sum for the Division.

**JUDICIARY - COMMISSION ON JUDICIAL CONDUCT**

Arizona Constitution Article VI.I

Honorable Bernardo P. Velasco, Chairman

JLBC Analyst: Brad Beranek/Marge Cawley

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>3.0</u>	<u>4.0</u>	<u>4.0</u>
Personal Services	115,500	150,700	153,100
Employee Related Expenditures	21,400	27,300	27,700
Professional and Outside Services	34,000	34,600	34,600
Travel	10,500	18,500	18,500
Other Operating Expenditures	17,900	23,600	23,600
Equipment	<u>7,000</u>	<u>9,000</u>	<u>4,000</u>
<b>Total Appropriations</b>	<b>206,300</b>	<b>263,700</b>	<b>261,500</b> <sup>1/</sup>

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

**Technical Issues —** The approved amount includes a \$5,000 reduction for one-time equipment.

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

**JUDICIARY - SUPERIOR COURT**

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

Dave Byers, Administrative Director

JLBC Analyst: Brad Beranek/Marge Cawley

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	170.0	173.0 <sup>1/</sup>	178.0 <sup>2/2/</sup>
Personal Services	5,600,700	6,041,000	6,306,600
Employee Related Expenditures	717,900	676,800	697,700
Other Operating Expenditures	532,100	874,800	2,021,800
<b>Operating Subtotal</b>	<b>6,850,700</b>	<b>7,592,600</b>	<b>9,026,100</b>
Family Counseling	490,500	514,100	540,100
Adult Probation Enhancement	15,888,000	17,674,800 <sup>4/</sup>	18,684,200
Intensive Probation - Adult	14,739,900	16,229,100 <sup>5/</sup>	17,438,300
Juvenile Probation State Aid	2,665,000	3,489,600	4,906,000
Intensive Probation - Juvenile	6,443,200	7,902,200	9,672,300
Juvenile Probation Services	24,777,500	26,154,800	28,641,000 <sup>6/</sup>
Community Punishment	3,335,000	3,476,700	3,507,100
Child Support Enforcement	736,100	900,100	954,000
Interstate Compact - Adult Probation	-0-	-0-	1,064,300
<b>Total Appropriations</b>	<b>75,925,900</b>	<b>83,934,000</b>	<b>94,433,400 <sup>7/8/</sup></b>

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

**Technical Issues** — The approved amount includes a \$1,147,000 increase for Risk Management.

**New Judges** — Pursuant to A.R.S. § 12-128, the approved amount adds \$244,200 for the state's 50% share of 6 judgeships established in FY 1996 in the following counties: Cochise, Mohave, Pima (2), Pinal, and Santa Cruz.

**Family Counseling** — The approved amount includes \$26,000 to fund a projected caseload increase from 3,500 to 3,700 children, a growth of 5.7%. The purpose of the funding is to prevent delinquency and incorrigibility among juvenile offenders, and to strengthen their family relationships.

- 1/ Laws 1996, Chapter 7, 5th Special Session added 2 additional judges at a cost of \$109,000 (\$98,000 Personal Services and \$11,000 Employee Related Expenditures).
- 2/ Includes 45 FTE Positions funded from Special Line Items in FY 1997.
- 3/ Of the 178 FTE Positions, 133 FTE Positions represent Superior Court judges. One-half of their salaries are provided by state General Fund appropriations pursuant to A.R.S. § 12-128. This is not meant to limit the counties' ability to add additional judges pursuant to A.R.S. § 12-121. (General Appropriation Act footnote.)
- 4/ Laws 1996, Chapter 7, 5th Special Session transferred \$60,000 from the Adult Probation Enhancement Special Line Item to the Supreme Court - Foster Care Review Board.
- 5/ Laws 1996, Chapter 7, 5th Special Session transferred \$100,000 from the Adult Intensive Probation Special Line Item to the Supreme Court - Foster Care Review Board.
- 6/ Up to 4.6% of the \$28,641,000 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. (General Appropriation Act footnote.)
- 7/ Receipt of state probation monies by the counties is contingent upon the county maintenance of current probation expenditures at the 1994-1995 fiscal year level. State probation monies are not intended to supplant county dollars for probation programs. (General Appropriation Act footnote.)
- 8/ Appropriated as an Operating Lump Sum by Agency with Special Line Items.

**JUDICIARY - SUPERIOR COURT (Cont'd)**

**Summary of Probation Slots** — As displayed below, the General Fund appropriation provides for new probationer slots. The approved amount for the adult probation programs, which include Adult Probation, Adult Intensive Probation, and Community Punishment, adds 450 new slots. The approved amount for juvenile probation programs adds 1,145 new probationer slots. These new slots will provide a number of potential diversions from the State Department of Corrections (DOC) and the Department of Juvenile Corrections.

Programs	Probationer Slot Increase	
	Number	%
<b>Juvenile</b>		
Probation State Aid	770	24.4
Intensive Probation	<u>375</u>	<u>25.9</u>
Total Juvenile	<u>1,145</u>	24.9
<b>Adult</b>		
Probation Enhancement	300	0.9
Intensive Probation	<u>150</u>	<u>4.7</u>
Total Adult	<u>450</u>	1.3

**Adult Probation Enhancement** — Laws 1981, Chapter 223 mandated an average caseload ratio of 1 probation officer to 60 adult probationers. To meet this requirement, the approved amount includes \$275,200 for 6-month funding of 5 probation officers, 1 supervisor and 2 support staff. The approved amount also adds \$430,000 to annualize the 6-month funding of 21.5 officers approved for FY 1996 and \$43,200 for a transfer-out to the Supreme Court. The approved amount will increase the number of state-funded adult probation slots by 300, or 0.9%, for a total of 31,090 state-funded slots. The FY 1997 estimated state cost per probation slot is \$600.

**Intensive Probation - Adult** — The approved amount includes \$337,300 for 6-month funding of 6 additional teams (12 probation and surveillance officers), 1 supervisor and 2 support staff for this 100% state-funded probation program. The approved amount also includes \$464,800 to annualize the 6-month funding of 7 teams (14 probation and surveillance officers) and 9 related staff positions approved for FY 1996. The approved amount will increase the number of adult intensive probation slots by 150, or 4.7%, for a total of 3,375 slots by the end of FY 1997. The FY 1997 estimated cost per probationer slot is \$5,200. Also included in the approved amount is \$103,800 for 6 new alternatively fueled vehicles.

**Juvenile Probation State Aid** — Laws 1994, Chapter 201 mandated an average caseload ratio of 1 probation officer to 35 juvenile probationers. To meet this requirement, the approved amount includes \$593,500 for 6-month funding of 22 additional probation officers, 2 supervisors and 4 support staff. Legislation requires that the funds be primarily used for the salaries of supervising probation officers, who will be allocated among the counties as needed. The approved amount also includes \$777,800 to annualize the 6-month funding of 30 officers and 8 related staff approved for FY 1996. The approved amount will increase the number of state-funded juvenile probation slots by 770, or 24.4%, for a total of 3,925 state-funded slots. The FY 1997 estimated state cost per probation slot is \$1,250.

**Intensive Probation-Juvenile (JIPS)** — The approved amount includes \$1,097,500 for 6-month funding of 15 teams (30 probation and surveillance officers), 3 supervisors and 6 support staff for this 100% state-funded probation program. The approved amount also includes \$327,900 to annualize the 6-month funding of 5 teams (10 probation and surveillance officers) and 3 related staff positions approved for FY 1996. The number of juvenile intensive probationer slots will increase by 375, or 25.9%, for a total of 1,825 slots by the end of FY 1997. The FY 1997 estimated cost per probationer slot is \$5,300. Also included in the approved amount is \$259,500 for 15 new alternatively fueled vehicles.

**Juvenile Probation Services** — The approved amount includes \$1,600,000 in additional treatment dollars in response to growth in statewide juvenile population ages 8 to 17, juveniles referred to Superior Court, total petitions filed, and adjudicated dispositions. Funding in this Special Line Item allows the juvenile courts to meet the requirements of A.R.S. § 8-230.01 and A.R.S. § 8-230.02, relating to the assignment of youths referred for delinquency or incorrigibility to treatment programs, including foster care, day treatment programs, residential treatment centers, counseling, shelter use and other programs. Also included in the approved

(Continued)



## JUDICIARY - SUPERIOR COURT (Cont'd)

amount is an additional \$310,000 for provider services for those juveniles transferred to adult court. Approximately 50% of youth transferred to adult court are placed on adult probation, where treatment services are not specifically designed for them. This funding will allow these youth to utilize the same provider care options available to youth sentenced in juvenile courts. Approximately 225 youth would be served. The approved amount also includes \$507,100 for 9 additional county intake officers, 1 supervisor and 2 support staff to reduce the average 9-week wait for a referred juvenile to see an intake officer.

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).

**Community Punishment** — This program provides behavioral treatment dollars and also allows for intensive supervision, such as electronic monitoring and specialized probation caseloads for adult probationers. The approved amount is intended to provide for diversion of offenders from prison and jail as well as to enhance probation programs. In addition to the General Fund dollars, starting March 1, 1997, Laws 1996, Chapter 350 adds non-appropriated funds from the Criminal Justice Enhancement Fund for providing drug treatment services to adult probationers.

**Child Support Enforcement** — This funding provides for the administrative support of the Child Support Enforcement and Domestic Relations Committees, training judicial staff on child support and domestic relations matters, operating the one-stop shop pilot, and preparing annual statements of noncustodial parents' child support payments and outstanding balances. The approved amount contains an increase of 1 FTE Position and \$45,000 for the Domestic Violence Program.

**Interstate Compact-Adult Probation** — This funding provides for the administration and oversight of transferred adult probationers from other state probation programs to adult probation in Arizona. Following the passage of Truth-In-Sentencing legislation in FY 1995, the Supreme Court entered into an intergovernmental agreement with DOC giving the Supreme Court full fiscal and operational responsibility for the Interstate Compact Agreement starting October 1, 1995. On that date, \$885,700 was available to the Superior Court from DOC for the 9 remaining months of FY 1996. The approved amount of \$1,064,300 includes the annualization for full-year funding in FY 1997.

### **Summary of Probation Program Appropriations**

The state General Fund appropriation provides funding for regular and intensive probation programs and related treatment services for both juvenile and adult populations. The adult programs are Adult Probation Enhancement (regular), Interstate Compact-Adult (regular), Adult Intensive Probation (intensive), and Community Punishment (services). The juvenile programs are Juvenile Probation State Aid (regular), Juvenile Intensive Probation (intensive), and Juvenile Probation Services (services). For the intensive programs, the state pays 100% of the costs (although the counties may provide offices and other support services). For the regular programs and treatment services, the state and counties share the costs. For example, the state and counties both fund probation officer salaries, although in recent years the state has predominantly covered the full cost of additional probation officers (the majority of the state funding for the regular probation programs is required by statute to be expended on salaries for staff). Counties contribute through Probation Service Fee collections, outside grants, and office space.

A new General Appropriation Act footnote, approved by the Legislature starting in FY 1997, requires that counties maintain their contribution to these programs at their FY 1995 expenditure level. In FY 1995, counties statewide spent approximately \$21,780,800 non-grant dollars on adult probation programs and services. That year, the state spent approximately \$34,963,000 through the Superior Court and DOC on adult probation programs and services. (Included in that amount is approximately \$1,000,000 spent by DOC on the Interstate Compact Program.) Corresponding shares were thus 38% county and 62% state of total non-grant dollars. For FY 1996, the county contribution is expected to remain fairly constant while the state contribution increases by approximately \$3,777,600. That trend is expected to continue through FY 1997, as the state contribution increases by an additional \$2,154,500. By the end of FY 1997, the county share would be 35% and the state share 65%.

For juvenile probation programs and services in FY 1995, counties statewide spent approximately \$37,658,700. That year the state spent approximately \$33,885,700 on juvenile probation programs and services. Corresponding shares were thus 53% county and 47% state. For FY 1996, the county contribution is expected to decrease slightly while the state contribution increases by approximately \$3,660,900. Additional appropriations approved by the Legislature will increase the state contribution by an

(Continued)

**JUDICIARY - SUPERIOR COURT (Cont'd)**

additional \$5,673,300 for FY 1997. Assuming the county share remains at the FY 1995 level, the county share would be 47% and the state share 53% by the end of FY 1997.

The following table displays the number of FTE Positions that are state-funded and by whom they are hired. The state-hired individuals are those that provide statewide administrative support and are housed in the Courts Building. The county-hired individuals are predominantly probation officers that are hired by each county.

<u>FTE State Funded Positions</u>		
<u>Program</u>	<u>State-Hired</u>	<u>County-Hired</u>
Adult Probation Enhancement	6.0	466.0
Adult Intensive Probation	8.0	403.5
Interstate Compact - Adult	0.0	25.0
Juvenile Probation State Aid	1.0	126.0
Juvenile Intensive Probation	7.0	176.0
Juvenile Probation Services	12.0	103.5
Community Punishment	3.0	53.5
Child Support	<u>8.0</u>	<u>0.0</u>
Total	<u>45.0</u>	<u>1,353.0</u>

**JUDICIARY - SUPREME COURT-  
JUDICIAL AND ADMINISTRATIVE**

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

Honorable Stanley G. Feldman, Chief Justice

JLBC Analyst: Brad Beranek/Marge Cawley

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	121.3	122.3	123.8 <sup>1/</sup>
Personal Services	4,201,200	4,618,700	4,808,100
Employee Related Expenditures	763,800	803,100	793,500
Professional and Outside Services	164,300	236,000	236,000
Travel	54,100	71,000	71,000
Other Operating Expenditures	3,645,700	3,802,800	3,644,800
Equipment	280,000	180,700	193,300
<b>Operating Subtotal</b>	<b>9,109,100</b>	<b>9,712,300</b>	<b>9,746,700</b>
Judicial Assistance	87,200	87,400	87,400
Judicial Education	207,700	242,700	242,700
Grand Jury	372,300	431,900 <sup>2/</sup>	300,000
Judicial Performance Review	236,700	259,200	339,100
<b>Total Appropriations</b>	<b>10,013,000</b>	<b>10,733,500</b>	<b>10,715,900<sup>3/4/</sup></b>

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

**Technical Issues** — The approved amount includes a \$100,500 decrease for Risk Management.

**Staff Attorney** — The approved amount includes \$36,600 and 0.5 FTE Position for a part-time staff attorney to address growing backlog of death penalty cases. The position would assist in the tracking and processing of such cases, which numbered 72 in mid-FY 1996.

**Transfer-In of Funding for Deputy Clerk** — The approved amount reflects a transfer-in of \$43,200 from the Superior Court Budget for the creation of 1 deputy clerk position. This position will be utilized to process the growing number of filings and terminations handled by the Supreme Court.

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

**Judicial Education** — The appropriation provides for a core curriculum with supplemental offerings of timely topics, which address judicial competence, performance, case management, opinion writing, and administration.

**Grand Jury** — The approved amount provides funding required to fully reimburse counties for state grand jury expenses pursuant to A.R.S. § 21-428B. Counties are reimbursed for direct costs incurred by a county for impaneling a state grand jury and the related costs associated with the grand jury's functions and duties. Expenditures that are reimbursable to the counties include jury fees, lodging, meals, and mileage. Other covered costs include attorneys, interpreters, investigators, and expert witnesses who are appointed to a particular case, and transcript preparation.

<sup>1/</sup> Includes 3 FTE Positions funded from Special Line Items in FY 1997.

<sup>2/</sup> Laws 1996, Chapter 7, 5th Special Session appropriated \$131,000 for payment of outstanding unpaid claims from FY 1995.

<sup>3/</sup> Included in the Lump Sum appropriation is \$1,000 for the purchase of mementos and items for visiting officials. (General Appropriation Act footnote.)

<sup>4/</sup> Appropriated as an Operating Lump Sum for the Program with Special Line Items.

**JUDICIARY - SUPREME COURT - JUDICIAL AND ADMINISTRATIVE (Cont'd)**

**Judicial Performance Review** — The approved amount reflects an increase of \$55,000 for the dissemination of information to assist voters in making retention decisions. The appropriation provides for the surveying of attorneys, witnesses, jurors, peers and staff about the performance of a judge. These surveys are conducted twice during each term of office. The information is provided to the public prior to the election and also is reviewed with the judge as a tool for professional growth and improvement. This unit also staffs the nominating commissions, and it tracks all the appointments made by the Chief Justice to commissions and committees. The approved amount also includes \$20,000 to consolidate the Commissions on Appellate and Trial Court Appointment Budget within the Judicial Performance Review Special Line Item. This action merges the appointment and review functions for judgeships into 1 budget unit. Many of the same staff currently work in both functional areas.

**JUCICIARY - SUPREME COURT - FOSTER CARE REVIEW BOARD**

A.R.S. § 8-515.04

Honorable Stanley G. Feldman, Chief Justice

JLBC Analyst: Brad Beranek/Marge Cawley

General Fund and Court Appointed Special Advocate Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	38.0	48.5 <sup>1/</sup>	48.5 <sup>2/</sup>
Personal Services	852,700	1,031,600	1,088,300
Employee Related Expenditures	176,000	207,500	211,900
Professional and Outside Services	38,800	215,200	74,600
Travel	34,900	46,500	53,500
Other Operating Expenditures	204,500	223,400	229,000
Equipment	77,300	71,400	10,000
<b>Operating Subtotal</b>	<b>1,384,200</b>	<b>1,795,600</b>	<b>1,667,300</b>
Court Appointed Special Advocate	1,030,900	1,452,900	1,468,400 <sup>3/</sup>
<b>Total Appropriations</b>	<b>2,415,100</b>	<b>3,248,500</b>	<b>3,135,700 <sup>4/</sup></b>
<b>Fund Summary</b>			
General Fund	1,307,700	1,616,400	1,667,300
Court Appointed Special Advocate (CASA) Fund	1,107,400	1,632,100	1,468,400
<b>Total Appropriations</b>	<b>2,415,100</b>	<b>3,248,500</b>	<b>3,135,700</b>

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

**Technical Issues** — The approved amount reflects a CASA Fund decrease of \$179,200 in Professional and Outside Services for the completion of one-time updates to a database in FY 1996. This decrease realigns total program funding so that the Foster Care Review Board (FCRB) is funded only from the General Fund, and the CASA program is funded only from the CASA Fund.

**Staff for New Boards** — The approved amount includes \$118,000 for 3 Program Specialists and related costs to address a projected 18% growth in children requiring review for FY 1997. This projection is consistent with the 18 % average annual growth in caseload during the last 3 fiscal years. The approved amount also includes \$24,800 for 1 secretary and \$38,600 for temporary secretarial assistance to address caseload growth and a backlog of 900 FCRB recommendation reports. These positions were initially added mid-FY 1996 through a transfer of \$160,000 from the Superior Court to the Foster Care Review Board through Laws 1996, Chapter 7, 5th Special Session.

**Court Appointed Special Advocate** — The CASA program trains community volunteers appointed by a judge to advocate for abused and neglected children in Juvenile Court proceedings. The CASA Fund, which receives 30% of unclaimed state lottery prize money, provides the funding for this appropriation.

<sup>1/</sup> Laws 1996, Chapter 7, 5th Special Session transferred \$160,000 from the Superior Court for the hire of 3 FCRB Program Specialists and 1 FCRB Secretary. The funding also provides for FY 1996 temporary clerical support and one-time equipment expenditures.

<sup>2/</sup> Includes 13.5 FTE Positions funded from Special Line Items in FY 1997.

<sup>3/</sup> The appropriation from the Court Appointed Special Advocate Fund<sup>3</sup> is an estimate representing 30% of unclaimed lottery prize money distributed to this Fund during FY 1996 pursuant to A.R.S. § 5-518. The monies are appropriated for the purposes established in A.R.S. § 8-524. The appropriation shall be adjusted as necessary to reflect actual final receipts credited to the Court Appointed Special Advocate Fund. Appropriated expenditures shall not exceed the Fund's receipts. (General Appropriation Act footnote.)

<sup>4/</sup> Appropriated as a Lump Sum for the Program with Special Line Items.

**DEPARTMENT OF JUVENILE CORRECTIONS - SUMMARY**

**A.R.S. § 41-2802**

Eugene R. Moore, Director

JLBC Analyst: Karen Bock/Lorenzo Martinez

General Fund and Other Appropriated Funds	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
<b>Program Summary</b>			
Administration	4,672,100	4,727,400	4,469,600
Secure Care	19,117,100	24,025,900	27,119,400
Community Care	12,219,300	13,409,400	13,507,900
Education	3,485,200	3,640,600	3,859,700
<b>Total Appropriations</b>	<b>39,493,700</b>	<b>45,803,300</b>	<b>48,956,600</b>
<b>Expenditure Detail</b>			
FTE Positions	706.0	798.0	847.5 <sup>1/</sup>
Personal Services	17,572,300	19,327,600	21,552,500
Employee Related Expenditures	4,719,900	5,667,500	6,103,400
Professional and Outside Services	698,300	622,900	695,600
Travel - In State	418,600	367,900	368,200
Travel - Out of State	24,800	16,300	16,300
Food	700	-0-	-0-
Other Operating Expenditures	4,281,500	4,856,500	5,232,100
Equipment	221,700	95,800	103,400
<b>Operating Subtotal</b>	<b>27,937,800</b>	<b>30,954,500</b>	<b>34,071,500</b>
Special Line Items	11,555,900	14,848,800	14,885,100
<b>Total Appropriations</b>	<b>39,493,700</b>	<b>45,803,300</b> <sup>2/</sup>	<b>48,956,600</b> <sup>3/</sup>
<b>Fund Summary</b>			
General Fund	37,075,000	43,825,000	46,918,000
Juvenile Education Fund	1,698,500	1,317,500	1,421,600
Land Endowment Fund	300,000	300,000	300,000 <sup>4/</sup>
Criminal Justice Enhancement Fund	400,000	300,000	300,000
Parental Assessment & Restitution Fund	20,200	60,800	17,000
<b>Total Appropriations</b>	<b>39,493,700</b>	<b>45,803,300</b>	<b>48,956,600</b>

*Agency Description — The Department of Juvenile Corrections (DJC) is responsible for the care and treatment of youth offenders adjudicated by the Courts to be delinquent and remanded to the custody of the department. DJC has jurisdiction over youths until they are released from custody or reach age 18.*

**Johnson vs. Upchurch** — Since 1987, the department has been involved in a federal class action lawsuit known as the *Johnson vs. Upchurch* case, hereinafter referred to as *J v. U*. This case involves federal and state constitutional and statutory requirements and interpretations. The lawsuit addresses issues of education, health care, due process, population, discipline, and treatment services for youth in state custody. To resolve this litigation, DJC signed a consent decree in May 1993. This decree requires increased staffing ratios, increased treatment programs and community services, improved physical facilities, and added staff to protect youths' legal rights. The decree also places limits on the number of youth that DJC may house in each of the institutions.

1/ Includes 21 FTE Positions funded from Special Line Items in FY 1997.

2/ Laws 1996, Chapter 7, 5th Special Session appropriated \$1,165,500 for the costs of re-opening 92 beds in FY 1996.

3/ Appropriated as a Modified Lump Sum by Agency.

4/ Twenty-five percent of land earnings and interest from the State Charitable, Penal and Reformatories Land Fund shall be distributed to the Department of Juvenile Corrections in compliance with Section 25 of the Enabling Act and the Constitution, to be used for the support of state juvenile institutions and reformatories. (General Appropriation Act footnote.)

(Continued)

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

For FY 1994, a total of \$4,711,500 was added to the operating and capital outlay budgets for *J v. U* issues. For FY 1995, the original DJC budget included \$3,746,300 in continuation and new funding specifically for consent decree issues. The FY 1995 supplemental appropriation of \$2,200,000 included \$975,800 for *J v. U* issues. For FY 1996, the original operating budget included \$7,177,700 for *J v. U* issues. For FY 1997, operating budget funding is provided for *J v. U* issues as follows (note that none of the costs for new beds are attributed to *J v. U*):

<b>FY 1997 COSTS ATTRIBUTABLE TO <i>JOHNSON v. UPCHURCH</i></b>			
Youth Rights Advocates	\$ 262,900	Program Evaluation	70,000
Court Monitors	90,000	Purchase of Care	3,358,000
Due Process	304,800	Continuum of Care Staff	245,800
Institutional Staffing Ratios (49 FTE)	1,100,200	Family Transition	125,900
Institutional Treatment Programs	397,300	Teachers' Salaries	829,400
Classification/Risk Assessments	77,000	WIPP Expansion	<u>60,400</u>
Staff Training and Certification	103,200	Total	<u>\$7,024,900</u>

The cumulative incremental funding for *J v. U* to date is \$ 24,916,000. The following table provides a summary of all *J v. U* funding appropriated so far:

<b>TOTAL <i>J v. U</i> APPROPRIATIONS</b>				
	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
Operating Budget	\$3,663,900	\$4,722,100	\$7,177,700	\$7,024,900
Capital Outlay	<u>1,047,600</u>	<u>458,300</u>	<u>821,500</u>	<u>-0-</u>
Total	<u>\$4,711,500</u>	<u>\$5,180,400</u>	<u>\$7,999,200</u>	<u>\$7,024,900</u>

**Population** — The FY 1997 appropriation is based upon a projected total departmental capacity of 1808. Included in this total are 614 secure beds and 1,218 parole slots as shown in the table below.

<b>SECURE CARE AND PAROLE CAPACITY</b>				
<u>SECURE CARE BED CAPACITY</u>	<u>Original Design Capacity</u>	<u>FY 1996 Original Funded Capacity</u>	<u>FY 1996 Revised Funded Capacity</u>	<u>FY 1997 Funded Capacity</u>
Adobe Mountain School	376	240	312	312
Black Canyon School	120	100	120	168 <sup>1/</sup>
Catalina Mountain School	168	110	110	110
Boot Camp	<u>N/A</u>	<u>N/A</u> <sup>2/</sup>	<u>24</u> <sup>2/</sup>	<u>24</u>
Total Secure Beds	664	450	566	614
<u>PAROLE CAPACITY</u>				
Boot Camp - Aftercare		96	72	58
Residential Treatment		149	160	160
All Other Case Management		<u>1,043</u>	<u>1,000</u>	<u>1,000</u>
Non-Institution Capacity		1,288	1,232	1,218
TOTAL DJC YOUTH		<u>1,738</u>	<u>1,798</u>	<u>1,808</u>

<sup>1/</sup> Two new cottages comprising of 48 beds, which are under construction, are to come on line by January 1997.  
<sup>2/</sup> Boot Camp beds were not counted as secure care until after the federal court changed the population caps in February 1996.

In the table, the original design capacity of existing institutions in some cases reflects 4-per-room or dormitory bunking. The FY 1996 original column reflects the *J v. U* consent decree population limits. The FY 1996 revised numbers reflect a supplemental appropriation, which was provided for DJC to re-open and operate 92 of the beds that had been held vacant due to the consent

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

decree. The population caps have been adjusted upward to allow for these beds to be used, and to include the 24 secure Boot Camp beds as well.

The ADP on parole is budgeted to be 1,218, including an ADP of 58 for the Boot Camp aftercare program, which are funded from the Boot Camp Special Line Item. The Community Services Contracts budget is unchanged from FY 1996, when it was developed to provide the following services for paroled youth: about 160 residential beds (including 15 halfway-house beds); 505 counseling sessions; 243 rural supervision slots; 98 tracking and outreach slots; and 148 other slots for various supervision and support programs. A youth may receive no services or more than one kind of service, so the sum of all the service slots does not equal the DJC Non-Institution Capacity. The program detail for Community Care includes additional discussion of Community Services Contracts.

**Additional Bed Capacity** — The table above shows DJC's capacity, but in reality the population within DJC institutions has usually exceeded capacity. Recognizing that pressure on DJC's population is likely to continue, the Legislature has approved funding for new beds to be added in several steps. The consent decree has been amended to allow for the use of up to 566 secure beds, and approval is currently being sought for the 48 beds due to be opened during FY 1997. Other consent decree amendments will be sought as necessary to accommodate future phases of construction.

<b>GROWTH IN DJC BED CAPACITY</b>			
<u>Month</u>	<u>Year</u>	<u>Additional Beds</u>	<u>Total Secure Capacity</u>
September-December	1995	72 beds re-opened at Adobe Mountain	522
September	1995	20 beds re-opened at Black Canyon	542
May	1996	24 Boot Camp Beds	566
January	1997	48 new beds at Black Canyon	614
January	1998	200 new beds at SW Regional Prison Complex (Site capacity will be 400.)	814
	(when needed)	200 new beds at SW Regional Prison Complex	1,014



DEPARTMENT OF JUVENILE CORRECTIONS - ADMINISTRATION			A.R.S. § 41-2802
General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	76.5	76.0	78.0 <sup>1/</sup>
Personal Services	2,317,400	2,178,000	2,280,300
Employee Related Expenditures	603,300	637,400	528,000
Professional and Outside Services	73,300	43,300	63,300
Travel - In State	64,900	56,000	56,300
Travel - Out of State	17,500	16,300	16,300
Other Operating Expenditures	608,800	679,400	671,800
Equipment	76,000	11,100	15,700
<b>Operating Subtotal</b>	<b>3,761,200</b>	<b>3,621,500</b>	<b>3,631,700</b>
Due Process	39,700	301,800	304,800
Youth Rights	129,000	274,300	262,900
Court Monitors	63,300	90,000	90,000
Classification/Risk Assessment	77,000	77,000	77,000
Staff Training and Certification	102,300	102,800	103,200
Management Information Systems	283,900	260,000	-0-
FY 1994-1995 Supplemental	215,700	-0-	-0-
<b>Total Appropriations</b>	<b>4,672,100</b>	<b>4,727,400</b>	<b>4,469,600</b> <sup>2/</sup>

**Program Description** — The Administration program encompasses the Director's Office, all business functions, data processing, training, and all other centralized operations of the department.

**Due Process** — The approved amount supports 4 legal advocates and 2 Youth Hearing Officer FTE Positions. The Hearing Officers will formally conduct parole revocation proceedings.

**Youth Rights** — The 5 Youth Rights Specialist staff are to oversee the department's use of punishment to ensure that it is not "arbitrary or excessive." Legal advocates, paid by outside contract, will work under an attorney's supervision to assist youth during parole revocation proceedings.

**Court Monitors** — The Court has appointed a committee of 3 consultants to oversee the department's implementation of the *J v. U* consent decree. Through this line item, the state pays for their travel and other expenses.

**Classification/Risk Assessment** — The *J v. U* consent decree requires the Department of Juvenile Corrections (DJC) to develop and use uniform tests (instruments) to evaluate youths' risk to the community and to determine youths' treatment needs.

**Staff Training and Certification** — The *J v. U* consent decree requires DJC to provide staff training and to have certain staff certified for working with troubled youth. The funding provides for staff overtime pay, travel costs, and other expenses relating to training.

**Management Information Systems** — The funding from FY 1996 has been eliminated, as the one-time equipment has been purchased and installed. However, \$103,700 was added to the operating budget for 2 new permanent staff to perform network services, data-related analysis, and planning assistance.

<sup>1/</sup> Includes 11 FTE Positions funded from Special Line Items in FY 1997.

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

**DEPARTMENT OF JUVENILE CORRECTIONS - SECURE CARE**

A.R.S. § 41-2802

General Fund and Other Appropriated Funds	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>489.5</u>	<u>565.0</u>	<u>606.5</u>
Personal Services	11,050,600	12,632,700	14,398,200
Employee Related Expenditures	2,962,400	3,706,600	4,362,800
Professional and Outside Services	545,800	485,900	533,600
Travel - In State	191,200	157,600	157,600
Travel - Out of State	500	-0-	-0-
Other Operating Expenditures	3,049,800	3,467,400	3,799,100
Equipment	<u>56,600</u>	<u>35,600</u>	<u>38,600</u>
<b>Operating Subtotal</b>	<b>17,856,900</b>	<b>20,485,800</b>	<b>23,289,900</b>
Food	385,400	427,100	462,700
Special Treatment Programs	372,500	397,300	397,300
Program Evaluation	58,000	62,700	-0-
WIPP	60,200	152,800	137,700
Boot Camp	22,300	2,500,200	2,761,800
FY 1994-95 Supplemental	361,800	-0-	-0-
Outcome Evaluations	<u>-0-</u>	<u>-0-</u>	<u>70,000</u>
<b>Total Appropriations</b>	<b>19,117,100</b>	<b>24,025,900</b> <sup>1/</sup>	<b>27,119,400</b> <sup>2/3/4/</sup>
<u>Fund Summary</u>			
General Fund	18,796,900	23,665,100	26,802,400
State Charitable, Penal and Reformatories Land Fund	300,000	300,000	300,000
Parental Assessment and Restitution Fund	<u>20,200</u>	<u>60,800</u>	<u>17,000</u>
<b>Total Appropriations</b>	<b>19,117,100</b>	<b>24,025,900</b>	<b>27,119,400</b>

*Program Description* — The Secure Care program includes all costs associated with youth in state-operated facilities except educational services. The program includes health care, diagnostic evaluations, treatment, security, physical plant operations and maintenance, and other costs. The department currently operates 3 facilities: Adobe Mountain School, Black Canyon School, and Catalina Mountain School.

**Additional 140 New Beds** — The approved amount for FY 1997 includes an additional \$1,792,700 and 66 FTE Positions over the original FY 1996 appropriation to operate the 92 beds that were “re-opened” during FY 1996. (See Summary.) The FY 1996 supplemental appropriation included \$967,400 and 63 New FTE positions for opening these 92 beds. Thus, the FY 1997 amounts represent annualization of \$825,300 and 3 FTE Positions.

Additionally, \$833,200 and 38.5 FTE Positions are approved to operate the new 48 beds that are under construction at Black Canyon School. These are to be completed by January 1997.

1/ Laws 1996, Chapter 7, 5th Special Session appropriated \$1,165,500 for a general supplemental appropriation, of which the Department of Juvenile Corrections (DJC) has allocated \$967,400 to this program. Also, the amount for Boot Camp was reduced by \$375,000 due the program’s late start-up.

2/ Appropriated as a Modified Lump Sum by Agency.

3/ It is the intent of the Legislature that the Department of Juvenile Corrections shall use the \$70,000 provided for Outcome Evaluations to study the change in both frequency and severity of delinquent and delinquency-related behavior of youth who have been committed to the Department of Juvenile Corrections. The study should compare various treatment plans. Short-term results (up to 1 year past release from Secure Care) and long-term results (at least 2 years past release) should be studied. The Department of Juvenile Corrections shall design the studies and develop any outside contracts in consultation with the Directors of the Joint Legislative Budget Committee and Office of Strategic Planning and Budgeting. An initial report shall be presented to the President of the Senate, the Speaker of the House of Representatives, and the Directors of the Joint Legislative Budget Committee and the Office of Strategic Planning and Budgeting Staff by November 1, 1997.

4/ Twenty-five percent of land earnings and interest from the State Charitable, Penal, and Reformatories Land Fund shall be distributed to the Department of Juvenile Corrections, 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. (General Appropriation Act footnote.)

(Continued)

## DEPARTMENT OF JUVENILE CORRECTIONS - SECURE CARE (Cont'd)

**Salary Parity for YCO's and YPO's** — The approved amount includes \$279,900 for salary adjustments to bring Department of Juvenile Corrections (DJC) salaries to the same level as the State Department of Corrections (DOC) for certain positions. Entry-level salaries for Youth Correctional Officer (YCO) and Youth Program Officer (YPO) series will now equal the entry levels for DOC's Correctional Service Officer and Program/Parole Officer series.

**Food** — The approved amount of \$462,700 represents the General Fund portion of raw food costs for the secure care juvenile offender population and some eligible staff. An additional \$293,200 is expected from the National School Breakfast and Lunch Program for a total of \$755,900. We estimate that there will be 593,214 resident meals and 62,736 staff meals.

**Special Treatment Programs** — The *Jv. U* consent decree requires DJC to provide appropriate treatment programs for certain groups of youth. The programs are for chemical dependents, sex offenders, and capital/violent offenders.

**Program Evaluation** — The amount that was provided for Special Treatment Program Evaluation has been combined with the new Outcome Evaluation Special Line. See below.

**Work Incentive Pay Plan** — The Work Incentive Pay Plan (WIPP) provides wages of 25¢ to 75¢ per hour to youth offenders who are assigned to various work details. For FY 1997, the approved amount includes a total of \$17,000 from the Parental Assessment and Restitution Fund, which is a reduction of \$43,800 from FY 1996 due to a declining fund balance. It also includes \$130,700 from the General Fund for the increased population.

**Boot Camp** — The approved amount for FY 1997 reflects a reduction of \$113,400 from the original FY 1996 appropriation because the program did not start as scheduled. The FY 1997 approved amount does not equal full program funding for a year. The Boot Camp opened on a temporary basis with DJC staff in February 1996 and the contractor is expected to take over the program before the end of the fiscal year. The Boot Camp will receive 8 new youth each month, so that after 12 months the capacity of 96 youth will have been reached. This means that the Boot Camp will not be operating at full capacity until February, 1997, so annualization will be required in FY 1998. The program is to provide 3 months of secure supervision and 9 months of aftercare for participating youth. Note that DJC reallocated \$375,000 from the FY 1996 Boot Camp amount to various operating line items in Secure Care and Education. These FY 1996 savings were available due to the late start-up date.

**Outcome Evaluations** — The former "Program Evaluations" Special Line Item is converted to this "Outcome Evaluation" Special Line Item to ensure that evaluations measure results. The new footnote further explains the purpose of the monies.

**Capital Outlay** — 1995-1996 Appropriations; Adjustments and Supplementals (Chapter 7, 5th Special Session) — Appropriates \$800,000 from the General Fund in FY 1996 to the Arizona Department of Administration (ADOA) for the design of a 400-bed high-security facility for youths committed to DJC. As sited by Chapter 337, the facility is to be located on State Route 85 across from the adult Southwest Regional Prison Complex and is to share infrastructure and support facilities with that complex to the maximum extent practicable. Prior to the expenditure of these design monies, the act requires ADOA to present its facility design plans to the Joint Committee on Capital Review for review.

Chapter 2, 5th Special Session — Appropriates \$8,600,000 from the General Fund in FY 1997 and \$4,600,000 from the General Fund in FY 1998 for the construction of the first 200 beds of the 400-bed high-security facility discussed above. The amounts also fund the construction of all infrastructure and support buildings associated with the entire 400 beds. The act allocates up to 2 FTE Positions and \$93,600 in each fiscal year to oversee and manage the project until its completion.

**DEPARTMENT OF JUVENILE CORRECTIONS - COMMUNITY CARE**

A.R.S. § 41-2802

General Fund and Criminal Justice Enhancement Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	73.0	79.0	79.0 <sup>1/</sup>
Personal Services	1,874,000	2,039,500	2,093,000
Employee Related Expenditures	522,500	595,500	561,000
Professional and Outside Services	18,400	19,000	19,000
Travel - In State	144,100	134,300	134,300
Other Operating Expenditures	381,900	409,200	433,800
Equipment	1,200	49,100	49,100
<b>Operating Subtotal</b>	<b>2,942,100</b>	<b>3,246,600</b>	<b>3,290,200</b>
Community Services Contracts	7,573,600	9,854,800	9,854,800
Family Transition	65,400	118,200	125,900
Community Work Program	160,000	189,800	197,000
FY 1994-1995 Supplemental	787,500	-0-	-0-
Boot Camp	690,700	-0-	-0-
Outcome Evaluations	-0-	-0-	40,000
<b>Total Appropriations</b>	<b>12,219,300</b>	<b>13,409,400</b>	<b>13,507,900</b> <sup>2/3/</sup>
<u>Fund Summary</u>			
General Fund	11,819,300	13,109,400	13,207,900
Criminal Justice Enhancement Fund	400,000	300,000	300,000
<b>Total Appropriations</b>	<b>12,219,300</b>	<b>13,409,400</b>	<b>13,507,900</b>

**Program Description** — *The Community Care program is responsible for the treatment and supervision of all committed youth that are not in a state-operated facility. This encompasses conditional liberty supervision (parole) provided by both agency case managers and outside contracts, contracts with community providers, and other community services.*

**Community Services Contracts** — The approved amount provides funding for outside contracts with community providers for treatment and supervision of youth offenders. A variety of residential placements provide structured settings for youth who have no suitable home to which to return after release from secure facilities. "Half-way" placements are for youth who are having difficulty complying with parole conditions and need short-term highly structured intervention to cope with a crisis or avert parole revocation. Other services include counseling, educational and therapeutic day support programs, and special supervision. For FY 1997, the Department of Juvenile Corrections (DJC) plans to spend about \$2,100,000 on supervision and tracking, \$1,600,000 on support and counseling services, and about \$6,100,000 on residential and half-way placements. DJC uses its Criminal Justice Enhancement Fund monies for community-based drug abuse treatment programs, which are part of this item. This was formerly called "Purchase of Care."

**Family Transition** — As part of the *J v. U* consent decree, the DJC is providing transition counseling to youth and their families. The Family Transition Special Line Item funds 4 FTE Positions.

**Community Work Program** — This program involves youth in direct community service and restitution, such as graffiti abatement, community clean-up and park maintenance. The amount supports 5 FTE Positions.

**Outcome Evaluations** — Funding is added to this cost center to complement the existing funding in Secure Care. The footnote stipulates that these monies are for evaluations that measure results.

1/ Includes 9 FTE Positions funded from Special Line Items in FY 1997.

2/ Appropriated as a Modified Lump Sum by Agency.

3/ It is the intent of the Legislature the Department of Juvenile Corrections shall use the \$40,000 provided for Outcome Evaluations to study the change in both frequency and severity of delinquent and delinquency-related behavior of youth who have been committed to the Department of Juvenile Corrections. The study should compare various treatment plans. Short-term results (up to 1 year past release from Secure Care) and long-term results (at least 2 years past release) should be studied. The Department of Juvenile Corrections shall design the studies and develop any outside contracts in consultation with the Directors of the Joint Legislative Budget Committee and Office of Strategic Planning and Budgeting. An initial report shall be presented to the President of the Senate, the Speaker of the House of Representatives and the Directors of the Joint Legislative Budget Committee and Office of Strategic Planning and Budgeting Staff by November 1, 1997. (General Appropriation Act footnote.)

**DEPARTMENT OF JUVENILE CORRECTIONS - EDUCATION**

A.R.S. § 41-2802

General Fund and Juvenile Education Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	67.0	78.0	84.0
Personal Services	2,330,300	2,477,400	2,781,000
Employee Related Expenditures	631,700	728,000	651,600
Professional and Outside Services	60,800	74,700	79,700
Travel - In State	18,400	20,000	20,000
Travel - Out of State	7,300	-0-	-0-
Food	200	-0-	-0-
Other Operating Expenditures	241,000	300,500	327,400
Equipment	87,900	-0-	-0-
<b>Operating Subtotal</b>	<b>3,377,600</b>	<b>3,600,600</b>	<b>3,859,700</b>
Vocation and Transition Services	81,700	40,000	-0-
FY 1994-1995 Supplemental	25,900	-0-	-0-
<b>Total Appropriations</b>	<b>3,485,200</b>	<b>3,640,600</b> <sup>1/</sup>	<b>3,859,700</b> <sup>2/</sup>
<b>Fund Summary</b>			
General Fund	1,786,700	2,323,100	2,438,100
Juvenile Education Fund	1,698,500	1,317,500	1,421,600
<b>Total Appropriations</b>	<b>3,485,200</b>	<b>3,640,600</b>	<b>3,859,700</b>

**Program Description** — The Education program is responsible for providing general education, special education, and other educational programs for youth in secure care and for youth in state-operated community educational programs. This program is its own special school system. It receives equalization assistance from the Arizona Department of Education, and is overseen by a special school board.

**Additional 140 New Beds** — The approved amount for FY 1997 includes an additional \$578,200 and 17 FTE Positions over the original FY 1996 appropriation related to the 92 beds that were “reopened” during FY 1996. The FY 1996 supplemental appropriation included \$198,100 and 11 FTE Positions for the education costs related to opening these 92 beds. Thus, the FY 1997 amounts represent annualization of \$380,100 and 6 FTE Positions.

**Juvenile Education Fund** — This fund consists primarily of monies received by the department in the form of equalization assistance from the Arizona Department of Education. The approved amount is a projection based on prior-year student count and does not reflect the new beds. The actual amount of equalization assistance received by the department will be determined by actual student counts. If the equalization assistance amount exceeds the appropriation, the department may use the excess after reporting planned expenditures to the Joint Legislative Budget Committee.

<sup>1/</sup> Laws 1996, Chapter 7, 5th Special Session appropriated \$1,165,500 for a general supplemental appropriation, of which DJC has allocated \$198,100 to this program.

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

<sup>3/</sup> Prior to the expenditure of any Juvenile Education Fund receipts in excess of the \$1,421,600 in the Juvenile Education Fund source, the Department of Juvenile Corrections shall report the intended use of the monies to the Director of the Joint Legislative Budget Committee. (General Appropriation Act footnote.)

# ARIZONA STATE LOTTERY COMMISSION

A.R.S. § 5-501

Sandy Williams, Acting Director

JLBC Analyst: Phil Case

Lottery Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>129.0</u>	<u>122.0</u>	<u>121.0</u>
Personal Services	3,345,200	3,487,900	3,532,500
Employee Related Expenditures	803,900	784,400	758,500
Professional and Outside Services	156,700	156,300	156,300
Travel - In State	180,100	174,700	174,700
Travel - Out of State	10,000	8,500	8,500
Other Operating Expenditures	1,171,300	1,655,900	1,402,300
Equipment	<u>367,500</u>	<u>-0-</u>	<u>48,800</u>
<b>Operating Subtotal</b>	<b>6,034,700</b>	<b>6,267,700</b>	<b>6,081,600</b>
Instant Tickets	1,973,900	1,985,500	2,392,500 <sup>1/</sup>
Advertising	10,765,400	10,819,000	9,879,000 <sup>2/</sup>
On-Line Vendor Fees	6,415,100	10,260,000	6,560,700 <sup>3/</sup>
Retailer Commissions	15,223,200	17,880,000	16,020,000 <sup>4/</sup>
Sales Incentive Program	-0-	50,000	50,000
Multi-State Lottery Operations	125,600	-0-	-0-
Telecommunications	<u>1,850,000</u>	<u>1,926,300</u>	<u>1,816,600</u> <sup>5/</sup>
<b>Total Appropriations</b>	<b>42,387,900</b>	<b>49,188,500</b>	<b>42,800,400</b> <sup>6/7/8/9/</sup>

**Agency Description** — The Arizona Lottery is currently responsible for the administration of 4 state-sanctioned games of chance:

- the Lotto — players attempt to match 6 of 42 balls in a bi-weekly drawing for a minimum jackpot of \$1 million and lower tier prizes.
- Fantasy Five — players attempt to match 5 of 35 balls in drawings for jackpots of \$50,000 and lower tier prizes.
- Powerball — a multi-state game played in 21 states and the District of Columbia; players attempt to match 5 of 45 balls plus 1 of 45 balls in a bi-weekly drawing for a minimum jackpot of \$2 million and lower tier prizes.
- Instant Tickets — players attempt to win immediate cash and retail prizes of up to \$30,000.

Lottery sales generate revenues for the Economic Development Commission, the Local Transportation Assistance Fund, the County Assistance Fund, the Heritage Fund, the General Fund, and the Local Transportation Assistance Fund - Mass Transit. A portion of the unclaimed prizes support the Court Appointed Special Advocate (CASA) program.

- 1/ If instant ticket sales exceed \$87,000,000, amounts above \$2,392,500 may be expended at the rate of \$22.00 per 1,000 tickets purchased. (General Appropriation Act footnote.)
- 2/ In addition to the amounts shown above, an amount equal to 3.7% of net Lottery game sales, but not more than \$11,000,000, is appropriated for advertising in accordance with A.R.S. § 5-505, which states that not more than 4% of the annual gross revenues shall be expended for advertising. This amount is currently estimated to be \$9,879,000. (General Appropriation Act footnote.)
- 3/ An amount equal to the percentage of net Lottery game sales as determined by the matrix set forth in contract is appropriated for payment of on-line vendor fees. This amount is currently estimated to be \$6,560,700 or 2.46% of sales. (General Appropriation Act footnote.)
- 4/ 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 \$16,020,000. (General Appropriation Act footnote.)
- 5/ If the number of on-line terminals exceeds 2,350, amounts above \$1,816,600 may be expended at the average rate of \$63.05 per additional terminal per month, up to the allowable terminals set forth in contract. (General Appropriation Act footnote.)
- 6/ The Lottery Commission shall transmit quarterly reports on the distribution of all tickets and passes for events to the Speaker of the House of Representatives, the President of the Senate, the Chairmen of the House and Senate Appropriations Committees, and the Director of the Joint Legislative Budget Committee. The report shall include the name of each individual receiving each ticket, the individual's title and affiliation, a description of the event, the date of the event and the cash value of the ticket. (General Appropriation Act footnote.)
- 7/ Notwithstanding A.R.S. § 35-173C, any transfer to or from the amounts appropriated for Instant Tickets, Telecommunications, Advertising, Retailer Commissions, On-Line Vendor Fees and Sales Incentive Program shall require approval of the Joint Legislative Budget Committee. (General Appropriation Act footnote.)
- 8/ Appropriated as Operating Lump Sum by Agency with Special Line Items for Instant Tickets, Telecommunications, and Sales Incentive Program.
- 9/ Advertising, On-Line Vendor Fees, and Retailer Commissions are appropriated as a percentage of sales and, therefore, the amounts shown for those line items are estimates only.

(Continued)

**ARIZONA STATE LOTTERY COMMISSION (Cont'd)**

**Technical Issues** — The approved amount reflects a reduction of \$18,800 and the elimination of 1 FTE Position. With the installation of a new phone system with automated customer information, the position is no longer needed to answer phones. The appropriation also includes \$48,800 for 20 new personal computers and \$20,000 for computer tape management software.

**Instant Tickets** — The approved amount is based on the production of 108,750,000 tickets at \$22.00 per 1,000 tickets. This amount accounts for tickets given away as prizes and those left unsold, and is therefore higher than the amount required for the \$87,000,000 in projected sales.

**Advertising** — The approved amount funds the promotion of all Lottery games.

**On-Line Vendor Fees** — The approved amount funds the payment of fees to the vendor who operates Lotto, Powerball, Fantasy Five, and the instant ticket validation system.

**Retailer Commissions** — The approved amount funds the payment of commissions to retailers who sell Lottery products.

**Sales Incentive Program** — The approved amount provides incentives to employees in the Lottery's Marketing Division to work with retailers to increase sales of Lottery products.

**Multi-State Lottery Operations** — An appropriation is no longer required as the annual fee for participating in the multi-state Powerball game will be generated from interest earned from a prize guarantee deposit of \$3,900,000 made in FY 1994.

**Telecommunications** — The approved amount funds all of the Lottery's telecommunications expenses, including those for the retailer terminal network.

**Capital Outlay** — Chapter 2, 5th Special Session — Appropriates \$15,800 from the State Lottery Fund to the Arizona State Lottery Commission for Building Renewal. The bill also appropriates \$27,000 from the State Lottery Fund to the Commission for building modifications to comply with the Americans with Disabilities Act.

**Lottery Revenue Distribution** — After administrative costs (a maximum 18.5% of sales, by law) and prize payouts (a minimum 50% of sales, by law) have been deducted, the first \$50,650,000 of general ticket sales revenue and \$18,000,000 of Powerball ticket sales revenue are transferred to the first 4 funds shown below. The remainder is then deposited into the General Fund. However, if the General Fund is not projected to receive a minimum of \$45,000,000, Powerball revenues are deposited to the General Fund until the minimum is met. The minimum percentage of sales that must be utilized as revenue is 31.5%. Based on total sales of \$267,000,000, the JLBC Staff estimates that the FY 1997 revenue will be distributed as follows:

<u>Specified Statutory Distributions:</u>	
Local Transportation Assistance Fund (LTAF)	\$23,000,000
County Assistance Fund (CAF)	7,650,000
Heritage Fund (HF)	<u>20,000,000</u>
<b>Subtotal</b>	<b>\$50,650,000</b>
LTAF - Mass Transit	\$ -0- <sup>1/</sup>
General Fund	31,544,000 <sup>2/</sup>
Economic Development Fund (EDF)	2,925,000 <sup>3/</sup>
Court Appointed Special Advocate (CASA) Fund	<u>1,461,100</u> <sup>4/</sup>
<b>Total</b>	<b>\$86,580,100</b>

- 1/ Once the General Fund receives \$45,000,000, the LTAF-Mass Transit receives Powerball revenues up to a maximum of \$18,000,000. For FY 1997, the JLBC Staff estimates that the LTAF-Mass Transit will receive no revenue.
- 2/ The General Fund receives all revenues in excess of the funds distributed to the LTAF, the CAF, the HF, the EDF, and the LTAF - Mass Transit. However, the General Fund must receive \$45,000,000 before deposits are made to the LTAF-Mass Transit. The amount represents the FY 1997 estimate only.
- 3/ The Economic Development Fund receives 100% of the revenues from 2 instant ticket games each year, and no revenue from any other game sales. The amount represents the FY 1997 estimate only.
- 4/ The CASA Fund receives 30% of unclaimed ticket prizes. NOTE: This revenue comes from the 50% intended for prizes, not from the 31.5% minimum dedicated to revenue. The amount represents the FY 1997 estimate only.

**DEPARTMENT OF PUBLIC SAFETY - SUMMARY**

A.R.S. § 41-1711

Joe Albo, Director

JLBC Analyst: Jason Hall/Jim Hillyard

General Fund and Other Appropriated Funds	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
<b>Program Summary</b>			
Service Bureau	34,747,000	37,286,800	44,641,300
Criminal Investigations Bureau	16,251,400	22,760,000	17,840,100
Highway Patrol Bureau	33,921,300	36,387,900	37,037,700
Classification Maintenance Review	-0-	-0-	75,000
<b>Total Appropriations</b>	<b>84,919,700</b> <sup>1/</sup>	<b>96,434,700</b>	<b>99,594,100</b>
<b>Expenditure Detail</b>			
FTE Positions	<u>1,533.0</u> <sup>1/</sup>	<u>1,592.0</u>	<u>1,592.0</u> <sup>2/</sup>
Personal Services	54,742,300	58,650,500	59,997,500
Employee Related Expenditures	11,813,500	12,667,800	12,318,300
Professional and Outside Services	294,000	387,800	387,800
Travel - In State	483,700	521,600	521,600
Travel - Out of State	163,100	144,700	144,700
Other Operating Expenditures	11,916,400	13,574,100	13,312,200
Equipment	<u>2,761,800</u>	<u>2,182,100</u>	<u>5,440,800</u>
<b>Operating Subtotal</b>	<b>82,174,800</b>	<b>88,128,600</b>	<b>92,122,900</b>
Special Line Items	2,744,900	8,306,100	7,014,200
Additional Appropriations	-0-	-0-	457,000
<b>Total Appropriations</b>	<b>84,919,700</b>	<b>96,434,700</b>	<b>99,594,100</b> <sup>3/4/</sup>
<b>Fund Summary</b>			
General Fund	37,261,400	43,272,700	55,521,400
Arizona Highway Patrol Fund	6,689,200	6,800,000	5,500,000
State Highway Fund	19,543,000	25,000,000	19,600,000
Criminal Justice Enhancement Fund	1,854,200	1,362,000	1,472,700
Highway User Revenue Fund	19,571,900	20,000,000	17,500,000
Crime Lab Assessment Fund	-0-	-0-	-0-
<b>Total Appropriations</b>	<b>84,919,700</b>	<b>96,434,700</b>	<b>99,594,100</b> <sup>5/6/</sup>

*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.*

- 1/ The FY 1995 estimate of FTE Positions does not reflect the 49 additional employees working in Anti-Gang Enforcement. These FTE Positions were funded by a \$4,960,000 grant from the Arizona Criminal Justice Commission (ACJC). The grant is not included in the appropriation totals either.
- 2/ The FTE Positions total includes 10 new highway patrol officer positions added in FY 1996. It is the intent of the Legislature that these officers will not augment service to cities with a population of more than 100,000 persons, according to the most recent United States decennial census. The Legislature intends for these officers to supplement, not replace, existing officers in these areas of the state. (General Appropriations Act footnote.)
- 3/ Appropriated as an Operating Lump Sum by Agency with Special Line Items.
- 4/ In addition to the \$99,594,100 appropriated above, any balance and receipts received under A.R.S. § 28-1891, are appropriated to the Department of Public Safety. (General Appropriation Act footnote.)
- 5/ The sums appropriated, with the exception of the \$1,472,700 appropriated from the Criminal Justice Enhancement Fund, shall be deposited in the Department of Public Safety Joint Account for the purposes provided. (General Appropriations Act footnote.)
- 6/ Any monies remaining in the Department of Public Safety Joint Account on June 30, 1997 shall revert to the funds from which they were appropriated. The reverted monies shall be returned in direct proportion to the amounts appropriated. (General Appropriation Act footnote.)

(Continued)



**DEPARTMENT OF PUBLIC SAFETY - SUMMARY (Cont'd)**

**DPS Pay Plan Promotion Costs** — A department-specific pay plan, approved in FY 1993, created position classes ranging from cadet to officer levels 1-3. This plan provides a system of step promotions for sworn staff based on length of service to DPS and testing. The approved amount includes an additional \$364,700 for all increased costs of Personal Service and Employee Related Expenditures associated with the expected promotions during FY 1997.

**DPS Reorganization Transfers** — At the end of FY 1995, DPS began the first phase of an internal reorganization. This action transfers the State Crime Lab and polygraph testing functions to the Service Bureau, the Bomb Technicians function to the Highway Patrol Bureau, and transfers the Vehicle Theft Interdiction Squad from the Highway Patrol to the Criminal Investigations Bureau. These personnel and funding transfers have no net impact on the department's budget.

**Capital Outlay** — Chapter 2, 5th Special Session — Appropriates \$600,000 from the General Fund to the department for the purchase of equipment and furniture for the new Scientific and Technical Support Building (Crime Lab). The lab is scheduled to be completed in the spring of 1997. The bill also appropriates \$200,000 from the General Fund for the purchase and installation of modular housing for officers in remote areas of the state.

**HURF/Highway Funds** — Highway User Revenue Funds (HURF) are collected from various highway-related taxes and fees, including the Motor Vehicle Tax and the Vehicle License Tax. These revenues are then distributed to cities, counties, and the state. The state's portion is deposited to the Highway Fund. Monies in the Highway Fund are further distributed to several recipients and are ultimately used for highway construction throughout the state. For a complete description of these funds, please see the pages related to the Arizona Department of Transportation.

Historically, the DPS appropriation has utilized HURF and Highway Fund monies for all or a portion of Highway Patrol Bureau costs. Laws 1993, Chapter 249 limited the amount of HURF and Highway Fund monies allowed as offsets to department operations beginning in FY 1995. Not including the Maricopa County Auto License purchase fund transfers discussed below, utilization of HURF/Highway Fund monies peaked at \$43,261,600 in FY 1994. This law required that the maximum utilization of HURF and Highway Fund monies decrease by annual increments of \$2,500,000 per fund after FY 1995. Therefore, the total HURF and Highway Fund dollar amounts eligible for appropriation to DPS in FY 1996 was to be limited to \$17,500,000 from each fund or \$35,000,000 total. Laws 1995, Chapter 3, 1st Special Session, however, altered the schedule of maximum HURF and Highway Fund dollars subject to appropriation to DPS by freezing funding at the FY 1995 level. The schedule of reduced available funds was, therefore, pushed forward 1 year, placing a cap of \$35,000,000 on funds available for appropriation to DPS in FY 1997.

Laws 1995, Chapter 244 transferred \$5,000,000 from the Department of Public Safety's Lump Sum General Fund appropriation back to the General Fund to be used as the initial payment for purchasing Maricopa County's Auto License operation. This reduction was offset by an equal increase in the department's Highway Fund appropriation. This purchase was continued in FY 1997 by Laws 1996, Chapter 3, 5th Special Session with a transfer of \$2,100,000 from the department's General Fund appropriation and a corresponding increase in its Highway Fund appropriation. As a result, the department received \$19,600,000 from the Highway Fund in FY 1997.

The reduction in reliance on HURF and Highway Funds will, all other factors held equal, increase the requirement for the General Fund on a dollar-for-dollar basis. The table below lists the amounts of HURF and Highway Fund offsets appropriated in recent years and the schedule of decreasing amounts available for appropriation in the future.

	<u>HURF</u>	<u>Highway</u>	<u>Total</u> <sup>1/</sup>
FY 1994	\$24,924,700	\$18,336,900	\$43,261,600
FY 1995	20,000,000	20,000,000	40,000,000
FY 1996	20,000,000	25,000,000	45,000,000
FY 1997	17,500,000	19,600,000	37,100,000
FY 1998	15,000,000	15,000,000	30,000,000
FY 1999	12,500,000	12,500,000	25,000,000
FY 2000 and beyond	10,000,000	10,000,000	20,000,000

<sup>1/</sup> The amounts for FY 1994 - FY 1997 reflect the appropriation that was made; all subsequent years reflect the limits established by the legislation.

**DEPARTMENT OF PUBLIC SAFETY - SUMMARY (Cont'd)**

**Highway Patrol Fund** — The Highway Patrol Fund is used as an offset to the department's budget, primarily for Employee Related Expenditures. The Highway Patrol Fund receives income from 2 sources, excess Insurance Premium Tax revenues and sales of assets and other revenues. These funds must first be used to pay the employer's share of the contribution for the Public Safety Personnel Retirement System (PSPRS). After that requirement is met, the remaining amount is deposited into the Highway Patrol Fund as revenue, and is then available for use as an offset to the department's operating cost. The following table illustrates the projected use of Highway Patrol Funds for FY 1997:

Beginning Fund Balance	\$ 63,800	
Estimated Insurance Premium Tax Revenue	9,123,400	
Less: PSPRS State Contribution	<u>(4,063,100)</u>	<sup>1/</sup>
Surplus Deposited to Highway Patrol Fund	5,124,100	
Other Revenues to Highway Patrol Fund	<u>927,100</u>	
Total Funds Available	\$ 6,051,200	
Less: Amount Used as Operating Budget Offset	(5,500,000)	
Less: Other Expenditures	<u>(551,200)</u>	<sup>2/</sup>
New Ending Balance	<u>\$ -0-</u>	

<sup>1/</sup> Based on an estimated \$41,460,100 of Personal Services paid to employees enrolled in the PSPRS, multiplied by the state contribution at the actuarial established rate of 9.8%.

<sup>2/</sup> Funds concealed weapons permit processing.

**DEPARTMENT OF PUBLIC SAFETY - SERVICE BUREAU**

A.R.S. § 41-1711

General Fund and Other Appropriated Funds	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	527.0	527.0	604.0 <sup>1/</sup>
Personal Services	17,055,400	17,939,100	21,835,500
Employee Related Expenditures	3,983,900	4,221,300	4,791,500
Professional and Outside Services	255,900	350,100	362,100
Travel - In State	168,200	167,000	192,000
Travel - Out of State	101,400	84,900	102,900
Other Operating Expenditures	10,773,700	12,803,100	12,955,600
Equipment	554,300	359,300	2,472,000
<b>Operating Subtotal</b>	<b>32,892,800</b>	<b>35,924,800</b>	<b>42,711,600</b>
Automated Fingerprint Identification Network	1,854,200 <sup>2/</sup>	1,362,000	1,472,700
<b>Total</b>	<b>34,747,000</b>	<b>37,286,800</b>	<b>44,184,300</b>
<b>Additional Appropriations -</b>			
Sex Offenders; Registration; Notification, Ch. 315	-0-	-0-	457,000
<b>Total Appropriations</b>	<b>34,747,000</b>	<b>37,286,800</b>	<b>44,641,300</b> <sup>3/</sup>
<b>Fund Summary</b>			
General Fund	21,777,400	22,112,700	28,444,700
Highway User Revenue Fund	5,169,200	3,716,000	7,043,900
Highway Fund	3,468,600	7,596,100	5,880,000
Highway Patrol Fund	2,477,600	2,500,000	1,800,000
Criminal Justice Enhancement Fund	1,854,200	1,362,000	1,472,700
<b>Total Appropriations</b>	<b>34,747,000</b>	<b>37,286,800</b>	<b>44,641,300</b>

**Program Description** — The Service Bureau encompasses all centralized management of the department, telecommunications, fleet maintenance, aviation, law enforcement training, information systems, executive security, and all other programs not assigned to the Highway Patrol Bureau or the Criminal Investigations Bureau. The Service Bureau also operates the department's 3 crime labs which aid in the investigation and prosecution of state, county and city criminal cases.

**DPS Pay Plan Promotion Costs** — The approved amount includes \$138,100 necessary to fund increases in Personal Services and Employee Related Expenditures arising from the departmental pay plan.

**Reorganization Transfers** — At the end of FY 1995, DPS began the first phase of an internal reorganization. The approved amount transfers the State Crime Lab and polygraph testing functions from the Criminal Investigations Bureau and the operations staff, tow truck, and school bus inspections functions from the Highway Patrol Bureau to the Service Bureau. While these personnel and funding transfers have no net impact on the department's budget, they result in an increase of 77 FTE Positions and related funding in the Service Bureau.

**Communications Equipment** — The Department of Public Safety (DPS) operates a statewide telecommunications system. This communications network links officers to dispatch centers and other law enforcement agencies throughout the state. Non-law enforcement agencies such as the Department of Transportation, Arizona Game and Fish Department, Arizona State Parks Board, State Land Department, State Department of Corrections, Arizona Department of Agriculture, the Veterans' Memorial Coliseum, and the Arizona Army National Guard all "piggyback" their radio relay equipment onto DPS base stations and rely on DPS to

<sup>1/</sup> Includes 2 FTE Positions funded from Special Line Items in FY 1997.

<sup>2/</sup> Made exempt from lapsing by Laws 1994, Chapter 6, 8th Special Session.

<sup>3/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

(Continued)

## DEPARTMENT OF PUBLIC SAFETY - SERVICE BUREAU (Cont'd)

maintain these sites. A total of \$2,472,000 has been provided in FY 1997 to replace a significant number of officer radios and to replace a portion of the communications infrastructure. The approved amount includes \$510,000 for 255 portable radios (carried on the officer's person), \$810,000 for 405 mobile radios (carried in officers' vehicles), \$60,600 for 2 replacement microwave paths, \$546,100 for the replacement of 43 base stations, \$60,000 for 10 emergency battery units, and \$126,000 for 2 vehicles capable of clearing snow around mountain communications sites. In addition, \$359,300 remains in the department's budget for unspecified equipment purchases.

**Automated Fingerprint Identification Network (AFIN)** — The approved amount includes a total of \$1,472,700 for costs associated with the state's central fingerprint repository; the computer network known as AFIN. Funding for the AFIN system comes from the Criminal Justice Enhancement Fund (CJEF). The AFIN system currently holds over 30,000 latent (taken from a crime scene) fingerprint sets and the FY 1997 appropriation will maintain the searching speed as the database capacity expands beyond 80,000 latent print sets. The approved amount includes \$619,000 for recurring annual operating costs, \$566,000 to add sites to the network and expand the ability of sheriffs' offices to directly transmit fingerprints electronically to the DPS database, and \$142,000 to make the final deferred contract payment for the purchase of the computer system.

A portion of the approved amount reflect costs for which monies were appropriated in FY 1996. The department, working in conjunction with the AFIN Advisory Board, has shifted the timing of various purchases to expand searching capacity as needed and to bring local law enforcement agencies "on-line" with the system. For example, DPS has provided scanning equipment to each of the 13 county sheriffs' offices to allow these agencies to place arrestees' fingerprints directly into the computer and then transmit these to the central AFIN site at DPS for searching and filing. Previously, searches were delayed by the need to mail these prints to the department. As DPS and the AFIN Advisory Board change their priorities in making AFIN system purchases, the department should notify the Criminal Justice/Universities Appropriations Subcommittees and the JLBC Staff of their intent.

Finally, the approved amount also reflects the transfer of \$110,700 and 2 FTE Positions from the department's operating budget to the AFIN Special Line Item. These positions are responsible for tasks solely related to AFIN.

**Additional Appropriations — Sex Offenders; Registration; Notification (Chapter 315)** — Provides \$457,000 from the General Fund to coordinate the registration of sex offenders in the state and to disburse funds to local law enforcement agencies for community notification.

**DEPARTMENT OF PUBLIC SAFETY -  
CRIMINAL INVESTIGATIONS BUREAU**

A.R.S. § 41-1711

General Fund and Other Appropriated Funds	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	309.0 <sup>1/</sup>	358.0	298.0 <sup>2/</sup>
Personal Services	11,781,000	12,640,400	10,130,000
Employee Related Expenditures	2,336,900	2,519,100	1,902,600
Professional and Outside Services	32,400	10,000	2,000
Travel - In State	90,500	113,400	98,400
Travel - Out of State	44,600	37,600	25,600
Other Operating Expenditures	660,600	495,400	140,000
Equipment	414,700	-0-	-0-
<b>Operating Subtotal</b>	<b>15,360,700</b>	<b>15,815,900</b>	<b>12,298,600</b>
Project GITEM	890,700	6,944,100	5,541,500
<b>Total Appropriations</b>	<b>16,251,400</b>	<b>22,760,000</b>	<b>17,840,100</b> <sup>3/</sup>
<b>Fund Summary</b>			
General Fund	14,670,100	21,160,000	16,240,100
Highway Patrol Fund	1,581,300	1,600,000	1,600,000
Highway User Revenue Fund	-0-	-0-	-0-
Crime Lab Assessment Fund	-0-	-0-	-0-
<b>Total Appropriations</b>	<b>16,251,400</b>	<b>22,760,000</b>	<b>17,840,100</b>

*Program Description — The Criminal Investigation Bureau operates 4 crime laboratories, investigates narcotics and organized crime, performs various specialized investigations, provides support to local law enforcement agencies, and performs several intergovernmental staff functions.*

**Pay Plan Promotion Costs** — The approved amount includes \$50,000 necessary to fund increases in Personal Services costs and Employee Related Expenditures arising from the departmental pay plan.

**DPS Reorganization Transfers** — At the end of FY 1995, DPS began the first phase of an internal reorganization. The approved amount transfers the State Crime Lab and polygraph testing functions from the Criminal Investigations Bureau and the operations staff, tow truck, and school bus inspections functions from the Highway Patrol Bureau to the Service Bureau. While these personnel and funding transfers have no net impact on the department's budget, they result in a decrease of 60 FTE Positions and related funding in the Criminal Investigations Bureau.

**Project GITEM** — The Gang Intelligence and Team Enforcement Mission's (GITEM) approved amount for FY 1997 includes a reduction of \$1,402,600. The reduction reflects the elimination of one time start-up costs, lower than anticipated officer salaries, and a voluntary 0.5% increase in the program's vacancy rate by the department.

In FY 1995, the Gang Intelligence and Team Enforcement Mission (GITEM) Program, created by Laws 1994, Chapter 200, received \$892,000 in direct appropriations from the General Fund and \$4,960,000 in a grant from the Arizona Criminal Justice Commission (ACJC), also consisting of General Fund monies. Since this grant was made outside the General Appropriation Act, the figure listed as GITEM expenditures in FY 1995 understates total program funding, which is more accurately reported as \$5,852,000, for purposes of year-to-year comparisons.

<sup>1/</sup> The FTE Positions total does not include 49 FTE Positions employed in the department's Anti-Gang Enforcement program; GITEM. These FTE Positions are funded by a grant from ACJC, which is not reflected in the FY 1995 Estimated figures.

<sup>2/</sup> Includes 65 FTE Positions funded from Special Line Items in FY 1997.

<sup>3/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

(Continued)

**DEPARTMENT OF PUBLIC SAFETY - CRIMINAL INVESTIGATIONS BUREAU (Cont'd)**

In FY 1996, an additional \$2,000,000 was appropriated to fund the Regionalized Anti-Gang Training and Enforcement Teams (RATE). RATE placed GITEM officers in 4 predominantly rural counties to place training and enforcement resources closer to local communities.

In its current form, GITEM consists of 65 officers and support FTE Positions from the Department of Public Safety and 45 officers from other agencies. The majority of GITEM officers are deployed in metro Phoenix and Tucson with 5-6 officer RATE teams located in Sierra Vista, Yuma, Flagstaff, and Show Low. These officers carry out regular anti-gang patrolling, provide anti-gang training to other law enforcement agencies, collect gang intelligence, conduct school and community anti-gang presentations, and participate in graffiti abatement programs.

DEPARTMENT OF PUBLIC SAFETY - HIGHWAY PATROL BUREAU			A.R.S. § 41-1711
General Fund and Other Appropriated Funds	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	697.0	707.0	690.0 <sup>1/</sup>
Personal Services	25,905,900	28,071,000	27,965,800
Employee Related Expenditures	5,492,700	5,927,400	5,615,400
Professional and Outside Services	5,700	27,700	23,700
Travel - In State	225,000	241,200	231,200
Travel - Out of State	17,100	22,200	16,200
Other Operating Expenditures	482,100	275,600	216,600
Equipment	1,792,800	1,822,800	2,968,800
<b>Total Appropriations</b>	<b>33,921,300</b>	<b>36,387,900</b>	<b>37,037,700</b> <sup>2/</sup>
<b>Fund Summary</b>			
General Fund	813,900	-0-	10,761,600
Highway Patrol Fund	2,630,300	2,700,000	2,100,000
State Highway Fund	16,074,400	17,403,900	13,720,000
Highway User Revenue Fund	14,402,700	16,284,000	10,456,100
<b>Total Appropriations</b>	<b>33,921,300</b>	<b>36,387,900</b>	<b>37,037,700</b>

**Program Description** — The Highway Patrol Bureau is responsible for enforcing public traffic laws in order to maintain highway safety, aiding stranded motorists, responding to accidents, to hazardous material spills and other highway emergencies, and providing added enforcement of all other state laws.

**Pay Plan Promotion Costs** — The approved amount includes \$178,600 necessary to fund increases in Personal Services costs and Employee Related Expenditures arising from the departmental pay plan.

**DPS Reorganization Transfers** — At the end of FY 1995, the Department of Public Safety (DPS) began the first phase of an internal reorganization. This action transfers the State Crime Lab and polygraph testing functions to the Service Bureau, the Bomb Technicians function to the Highway Patrol Bureau, and transfers the Vehicle Theft Interdiction Squad from the Highway Patrol to the Criminal Investigations Bureau. While these personnel and funding transfers have no net impact on the department's budget, they result in a decrease of 17 FTE Positions and related funding to the Highway Patrol Bureau.

**Replacement Highway Patrol Vehicles** — The approved amount includes \$2,968,800 for the purchase of 116 new highway patrol vehicles with extended warranties and all additions standard to patrol officer sedans, such as light bars, sirens, push bumpers and electric shotgun locks. An informal survey of western states found a majority of Highway Patrol departments replace patrol vehicles at approximately 100,000 miles. For the DPS to replace vehicles with over 100,000 miles driven by sworn officers, 133 vehicles would be required. The DPS does, however, have low mileage vehicles assigned to non-sworn personnel. These vehicles would be better suited to use by sworn officers patrolling highways. In the future, the JLBC Staff intends to make the reallocation of such vehicles part of its recommendation.

<sup>1/</sup> The FTE Positions total includes 10 new highway patrol officer FTE Positions added in FY 1996. It is the intent of the Legislature that these officers will not augment service to cities with a population of more than 100,000 persons, according to the most recent United States decennial census. The Legislature intends for these officers to supplement, not replace, existing officers in these areas of the state. (General Appropriation Act footnote.)

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

**DEPARTMENT OF TRANSPORTATION - SUMMARY**

A.R.S. § 28-101

Larry S. Bonine, Director

JLBC Analyst: Bob Hull

General Fund and Other Appropriated Funds	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
<b>Program Summary</b>			
Administration	41,447,600	40,856,900	43,010,000
Highways	43,571,400	41,105,600	41,284,500
Highway Maintenance	66,741,500	68,549,300	71,908,200
Motor Vehicle Division	34,950,700	35,535,100	31,018,200
Aeronautics Division	1,395,500	1,622,300	1,626,700
<b>Total Appropriations</b>	<b>188,106,700</b>	<b>187,669,200</b>	<b>188,847,600</b>
<b>Expenditure Detail</b>			
FTE Positions	3,153.0	3,022.0	3,021.0
Personal Services	81,321,300	80,969,700	82,547,200
Employee Related Expenditures	21,006,300	21,933,700	20,874,700
Professional and Outside Services	3,013,300	1,797,600	1,547,600
Travel - In State	1,771,100	1,474,400	1,474,400
Travel - Out of State	188,400	148,000	148,000
Other Operating Expenditures	23,786,800	22,649,900	25,065,900
Equipment	1,480,500	1,062,400	590,000
<b>Operating Subtotal</b>	<b>132,567,700</b>	<b>130,035,700</b>	<b>132,247,800</b>
Special Line Items	55,539,000	57,633,500	53,024,800
Additional Appropriations	-0-	-0-	3,575,000
<b>Total Appropriations</b>	<b>188,106,700</b>	<b>187,669,200</b>	<b>188,847,600</b> <sup>1/</sup>
<b>Fund Summary</b>			
General Fund	73,800	74,800	300,000
State Highway Fund	186,443,500	185,596,400	183,822,600
State Aviation Fund	1,395,500	1,622,300	1,626,700
Air Quality Fund	33,300	36,300	35,800
Abandoned Vehicle Administration Fund	22,700	154,600	380,600
Dealer Enforcement Fund	137,900	184,800	181,900
Safety Enforcement and Transportation Infrastructure Fund	-0-	-0-	2,500,000
<b>Total Appropriations</b>	<b>188,106,700</b>	<b>187,669,200</b>	<b>188,847,600</b>

*Agency Description — The Department of Transportation has jurisdiction over state highways, other state roads, state airports and all state-owned transportation systems. 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.*

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

(Continued)



**DEPARTMENT OF TRANSPORTATION - SUMMARY (Cont'd)**

**Highway User Revenue Fund (HURF)** — The following chart summarizes HURF distributions. Note that the bottom line Net Highway Fund Available for Statewide Highway Construction includes a reduction of \$20,534,000 for FY 1996 for non-lapsing operating and capital carryovers and adjustments, in order to reflect prior non-lapsing appropriations which may be paid from FY 1996 monies. The FY 1997 estimate will not reflect non-lapsing carryovers and adjustments until we report actual numbers for FY 1996. Thus, the final FY 1997 bottom line increase over FY 1996 should be considerably less than is reflected in the chart.

	<u>\$ in Thousands</u>		
	FY 1995 <u>Actual</u>	FY 1996 <u>Estimate</u> <sup>1/</sup>	FY 1997 <u>Estimate</u> <sup>2/</sup>
Total HURF Collections	\$800,152	\$860,945	\$875,494
Less: Economic Strength Fund <sup>2/</sup>	1,000	1,000	1,000
Dept of Public Safety Transfer from HURF	20,000	20,000	17,500
Border Projects-Transfer to Highway Fund	1,000	-0-	-0-
Net HURF Collections	\$778,152	\$839,945	\$856,994
Less: Cities <sup>4/</sup>	237,920	256,959	259,553
Counties <sup>4/</sup>	140,627	151,964	160,917
Controlled Access <sup>5/</sup>	59,853	64,674	65,123
Net State Highway Fund (Discretionary)	\$339,752	\$366,348	\$371,401
Plus: Other Income <sup>6/</sup>	13,260	13,277	13,277
Border Projects - Transfer from HURF	1,000	-0-	-0-
JCCR Ordered Revertments	478	1,184	-0-
Less: Operating Budget	186,444	185,596	183,823
Non-Lapsing Operating Carryovers & Adjustments	2,947	4,869	-0-
Capital Outlay and Building Renewal	3,725	4,175	2,478
Non-Lapsing Capital Carryovers & Adjustments	204	15,665	-0-
Dept of Public Safety Transfer from Highway Fund	20,000	25,000	19,600
Debt Service <sup>10/</sup>	31,365	31,365	36,499
Border Area Transportation Projects	1,000	-0-	-0-
Department of Emergency and Military Affairs - 1993 Flood Relief	-0-	-0-	574
Net Highway Fund Available for Statewide Highway Construction (5-Year Plan) <sup>11/</sup>	\$108,805	\$114,139	\$141,704

<sup>1/</sup> Interim forecast based on actual collections through March 1996.  
<sup>2/</sup> Revised forecast based on FY 1996 interim forecast and includes \$6,000,000 transfer of State General Fund VLT monies to State Highway Fund per S.B. 1071. FY 1997 distributions are also based on S.B. 1071.  
<sup>3/</sup> Provides monies for economic strength highway projects recommended by the Commerce and Economic Development Commission and approved by the State Transportation Board.  
<sup>4/</sup> A statutorily defined distribution of HURF monies for acquisition and construction of streets or highways.  
<sup>5/</sup> A statutorily defined distribution of State Highway Fund monies for design, acquisition and construction of controlled access highways. The monies are divided 75% for Maricopa County and 25% for Pima County.  
<sup>6/</sup> Includes interest and rental income, transfers, and miscellaneous sales and other income.  
<sup>7/</sup> Includes \$375,000 for underground storage tank removal.  
<sup>8/</sup> Includes an additional \$5,000,000 transfer to DPS as partial payment for Maricopa County's title and registration facilities.  
<sup>9/</sup> Includes an additional \$2,100,000 transfer to DPS as maximum final payment for Maricopa County's title and registration facilities.  
<sup>10/</sup> Debt service on highway revenue bonds, including \$50,000,000 bond issue planned for FY 1997. Does not include debt service payable from Maricopa Association of Governments and Pima Association of Governments controlled access funds.  
<sup>11/</sup> Excludes Maricopa and Pima County controlled access funds, and bond, federal, carryover, and miscellaneous funds available for construction.

(Continued)

**DEPARTMENT OF TRANSPORTATION - SUMMARY (Cont'd)**

---

**Capital Outlay — Chapter 2, 5th Special Session** — Appropriates \$2,100,000 from the General Fund, \$238,103,400 from the State Highway Fund, and \$20,657,400 from the Aviation Fund to the department for the following capital projects in the following amounts.

**General Fund**

- Purchase Maricopa Title and Registration Facilities \$ 2,100,000  
Before the release of any monies, the bill requires the department to present an expenditure plan to the Joint Committee on Capital Review for review.

**State Highway Fund**

- Building Renewal \$ 1,428,400
  - Petroleum Storage Tank Upgrades 800,000
  - Statewide Spreader Racks 250,000
  - Planning and Construction of State Highways 235,625,000  
Of this amount, the bill specifies that up to \$27,119,900 and 665 FTE Positions may be allocated for field administration and field engineering on construction projects.
- Total - State Highway Fund \$238,103,400**

**Aviation Fund**

- Building Renewal \$ 31,700
  - Planning and Development of Airports 20,625,700
- Total - Aviation Fund \$ 20,657,400**

**DEPARTMENT OF TRANSPORTATION - ADMINISTRATION**

A.R.S. § 28-101

State Highway Fund and Air Quality Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>541.0</u>	<u>475.0</u>	<u>475.0</u>
Personal Services	15,949,700	14,863,900	15,146,500
Employee Related Expenditures	3,776,600	3,729,900	3,561,200
Professional and Outside Services	1,977,100	906,200	906,200
Travel - In State	162,300	146,200	146,200
Travel - Out of State	77,600	41,400	41,400
Other Operating Expenditures	11,511,400	11,570,300	13,219,200
Equipment	<u>362,400</u>	<u>535,700</u>	<u>66,300</u>
<b>Operating Subtotal</b>	<b>33,817,100</b>	<b>31,793,600</b>	<b>33,087,000</b>
Risk Management Premium	7,000,900	8,231,600	9,276,300
Regional Area Road Fund Rent	<u>629,600</u>	<u>831,700</u>	<u>646,700</u>
<b>Total Appropriations</b>	<b>41,447,600</b>	<b>40,856,900</b>	<b>43,010,000</b> <sup>1/</sup>
<b>Fund Summary</b>			
State Highway Fund	41,414,300	40,820,600	42,974,200
Air Quality Fund	<u>33,300</u>	<u>36,300</u>	<u>35,800</u>
<b>Total Appropriations</b>	<b>41,447,600</b>	<b>40,856,900</b>	<b>43,010,000</b>

*Program Description* — Administration establishes and provides policy, guidance and overall direction to the department. It provides financial, data processing and administrative support for the department, including audit and analysis, community relations, affirmative action, and legal assistance.

**Other Operating Expenditures** — The approved amount provides \$1,651,100 for increased mainframe computer costs to provide sufficient capacity for the Enterprise Project program.

**Risk Management Premium** — The approved amount is for the payment of the Arizona Department of Administration's Risk Management premiums.

**Regional Area Road Fund Rent** — The approved amount reimburses the Maricopa Regional Area Road Fund (RARF) for RARF-owned space being used by the department.

<sup>1/</sup> Appropriated as an Operating Lump Sum for the Non-Motor Vehicle Divisions with Special Line Items.

**DEPARTMENT OF TRANSPORTATION - HIGHWAYS**

A.R.S. § 28-101

General Fund and State Highway Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>966.0</u>	<u>857.0</u>	<u>839.0</u>
Personal Services	28,580,200	27,487,700	27,957,300
Employee Related Expenditures	6,741,700	6,689,500	6,464,700
Professional and Outside Services	154,800	360,500	110,500
Travel - In State	708,600	725,300	725,300
Travel - Out of State	67,300	73,500	73,500
Other Operating Expenditures	6,182,400	4,923,800	5,107,900
Equipment	<u>757,700</u>	<u>422,600</u>	<u>422,600</u>
<b>Operating Subtotal</b>	<b>43,192,700</b>	<b>40,682,900</b>	<b>40,861,800</b>
Radio Communications	316,800	405,900	405,900
Traffic Control Warning Device	45,100	-0-	-0-
Other Transit Planning	<u>16,800</u>	<u>16,800</u>	<u>16,800</u>
<b>Total Appropriations</b>	<b>43,571,400</b>	<b>41,105,600</b>	<b>41,284,500</b> <sup>1/</sup>
<u>Fund Summary</u>			
General Fund	73,800	74,800	75,000
State Highway Fund	<u>43,497,600</u>	<u>41,030,800</u>	<u>41,209,500</u>
<b>Total Appropriations</b>	<b>43,571,400</b>	<b>41,105,600</b>	<b>41,284,500</b>

*Program Description — Highways plans the statewide transportation system, including highways and airports. It is responsible for the location, design, right-of-way acquisition and construction of new highways for the state highway system. It coordinates a variety of services on a statewide basis, including: 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.*

**FTE Position Reduction** — The approved number of FTE Positions was reduced by 18 FTE Positions which became unfunded when the department transferred \$571,600 of Personal Services, without corresponding FTE Positions, from the Highways Division to the Motor Vehicle Division (MVD) to accommodate MVD service requirements.

**Radio Communications** — The approved amount provides funding to maintain and upgrade mobile radio station consoles in the districts and radio tower stations located on mountaintops throughout the state.

**Other Transit Planning** — The approved amount is the state's matching share for federal funds at a 4:1 ratio. It provides for the costs of non-highway public transit planning assistance to all government units in the state, specifically for non-metro area transit plans, and technical assistance for implementing transit plans. The federal grant is obtained from the Federal Transit Administration. Also included is the Rail Planning program. The federal grant is obtained from the Federal Railroad Administration.

<sup>1/</sup> Appropriated as an Operating Lump Sum for the Non-Motor Vehicle Divisions with Special Line Items.

DEPARTMENT OF TRANSPORTATION - HIGHWAY MAINTENANCE			A.R.S. § 28-101
State Highway Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>937.0</u>	<u>933.0</u>	<u>951.0</u>
Personal Services	20,621,400	20,935,600	21,631,000
Employee Related Expenditures	5,990,300	6,270,200	5,998,000
Professional and Outside Services	246,400	20,000	20,000
Travel - In State	687,700	340,000	340,000
Travel - Out of State	8,000	-0-	-0-
Other Operating Expenditures	2,803,500	1,693,100	2,278,800
Equipment	<u>156,300</u>	<u>-0-</u>	<u>-0-</u>
<b>Operating Subtotal</b>	<b>30,513,600</b>	<b>29,258,900</b>	<b>30,267,800</b>
Central Maintenance	648,000	1,274,900	1,274,900
Contract Maintenance	6,462,300	9,100,000	10,600,000
Materials	12,656,100	12,832,800	12,832,800
Equipment Rentals	<u>16,461,500</u>	<u>16,082,700</u>	<u>16,082,700</u>
<b>Total</b>	<b>66,741,500</b>	<b>68,549,300</b> <sup>1/</sup>	<b>71,058,200</b> <sup>2/</sup>
<b>Additional Appropriations - Highway Fund; Distribution, Ch. 365</b>	<u>-0-</u>	<u>-0-</u>	<u>850,000</u> <sup>3/</sup>
<b>Total Appropriations</b>	<b>66,741,500</b>	<b>68,549,300</b>	<b>71,908,200</b> <sup>4/</sup>

*Program Description* — Highway Maintenance is responsible for the management and maintenance of the state highway system.

**Level of Highway Maintenance** — The approved amount includes increases of 18 FTE Positions and \$2,500,000 for increasing highway maintenance needs as additional miles of roadway come online, including increases of \$1,000,000 in the operating budget and \$1,500,000 in the Contract Maintenance special line. The approved operating budget increase includes \$314,300 for Personal Services, \$100,000 for Employee Related Expenditures and \$585,700 for Other Operating Expenditures.

**Central Maintenance** — The approved amount provides for unscheduled maintenance contingencies, highway utilities, continuous development of the PeCoS II (Performance Control System) Highway Maintenance Management Computer Program, and programs such as Arizona Clean and Beautiful and Equipment Operators Training.

**Contract Maintenance** — The approved amount is for the contract maintenance of items such as striping, signs, pavement, bank protection, tunnel tile washing, landscaping, irrigation system, mowing, rest and picnic areas, debris and litter pickup and removal, and contract administration.

**Materials** — The approved amount is for materials for the maintenance of roadway and landscaping.

**Equipment Rentals** — The approved amount is for equipment rentals for the maintenance of roadway and landscaping.

**Additional Appropriations** — Highway Fund; Distribution (Chapter 365) — The approved amount is for multiple vegetative treatment along state highways, such as tree thinning, underbrush removal, pruning, chipping of scrap material, seeding and approved harvesting. The Chapter appropriates \$850,000 from the State Highway Fund in each of the fiscal years 1997, 1998 and 1999.

<sup>1/</sup> The Lump Sum appropriation includes \$68,549,300 for Highway Maintenance. The Highway Maintenance appropriation is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations, except that all unexpended and unencumbered monies of the appropriation revert to the State Highway Fund on August 31, 1996. (General Appropriation Act, as modified by Laws 1996, Chapter 7, 5th Special Session.)

<sup>2/</sup> The Operating Lump Sum appropriation includes \$71,058,200 for Highway Maintenance. The Highway Maintenance appropriation shall not lapse, except that all unexpended and unencumbered monies of the appropriation revert to the State Highway Fund on August 31, 1997. (General Appropriation Act footnote.)

<sup>3/</sup> This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations, except that monies remaining unexpended and unencumbered on July 1, 1999 revert to the State Highway Fund.

<sup>4/</sup> Appropriated as an Operating Lump Sum for the Non-Motor Vehicle Divisions with Special Line Items.

**DEPARTMENT OF TRANSPORTATION - MOTOR VEHICLE DIVISION**

A.R.S. § 28-101

General Fund and Other Appropriated Funds	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	676.0	724.0	723.0 <sup>1/</sup>
Personal Services	15,414,000	16,848,000	16,963,400
Employee Related Expenditures	4,297,400	5,012,000	4,629,700
Professional and Outside Services	616,100	452,300	452,300
Travel - In State	188,200	233,000	233,000
Travel - Out of State	21,500	22,100	22,100
Other Operating Expenditures	2,934,300	4,039,500	4,035,900
Equipment	177,300	101,100	98,100
<b>Operating Subtotal</b>	<b>23,648,800</b>	<b>26,708,000</b>	<b>26,434,500</b>
Abandoned Vehicle Administration	22,700	154,600	380,600
Enterprise Computer System	9,841,600	7,200,000	-0-
License Plates and Tabs	1,260,600	1,275,300	1,275,300
Medical Advisory Board	61,800	78,700	85,600
Mobile Home Administration	115,200	118,500	117,200
<b>Total</b>	<b>34,950,700</b>	<b>35,535,100</b>	<b>28,293,200</b>
<b>Additional Appropriations -</b>			
Auto Salvage; Theft Prevention, Ch. 263	-0-	-0-	225,000
Highways; Safety Enforcement;			
Transportation Infrastructure, Ch. 345	-0-	-0-	2,500,000
<b>Total Appropriations</b>	<b>34,950,700</b>	<b>35,535,100</b>	<b>31,018,200</b> <sup>2/3/4/</sup> <sub>5/6/7/</sub>
<b>Fund Summary</b>			
General Fund	-0-	-0-	225,000
State Highway Fund	34,790,100	35,195,700	27,730,700
Abandoned Vehicle Administration Fund	22,700	154,600	380,600
Dealer Enforcement Fund	137,900	184,800	181,900
Safety Enforcement and Transportation			
Infrastructure Fund	-0-	-0-	2,500,000
<b>Total Appropriations</b>	<b>34,950,700</b>	<b>35,535,100</b>	<b>31,018,200</b>

*Program Description — The Motor Vehicle Division regulates vehicular operations within the state through the issuance and control of various permits, registrations and licenses.*

<sup>1/</sup> Includes 22 FTE Positions funded from Special Line Items in FY 1997.

<sup>2/</sup> Quarterly progress reports shall be provided to the Speaker of the House of Representatives, the President of the Senate, the Chairmen of the House of Representatives and Senate Appropriations Committees, and the Director of the Joint Legislative Budget Committee documenting the status of the enterprise title and registration system and its drivers license and corrective action systems. The reports shall include the department's plan and timeline for completing each system, any accomplishments and problems during the previous quarter, and any other information necessary to accurately portray the current status of Enterprise. After both the new title and registration and the new drivers license and corrective action systems are operational statewide, the reports shall document the actual increase in enforcement revenues attributed to the new Enterprise systems, not to include any nontechnology driven revenue increases such as extended drivers licenses and allocated rental cars. (General Appropriation Act footnote.)

<sup>3/</sup> The department shall appear before the Joint Legislative Budget Committee not later than July 31, 1996 to report on the status of its: (1) plan, costs and timetable for integrating and staffing the operations and facilities of its vehicle title and registration operation acquired from Maricopa County with its drivers license operation in Maricopa County; (2) estimated FTE Position and dollar savings for FY 1997 and FY 1998 from combining these operations and facilities; (3) how it plans to use these savings to address the division's customer service and NAFTA requirements; and (4) current days and hours of operation at the division's vehicle title/registration and drivers license facilities statewide, how these have changed since July 1995, how these changes have affected customer service and wait times, and what additional costs, if any, have been incurred to achieve these results. (General Appropriation Act footnote.)

(Continued)

## DEPARTMENT OF TRANSPORTATION - MOTOR VEHICLE DIVISION (Cont'd)

**FTE Position Reduction** — The approved number of FTE Positions was reduced by 1 FTE Position from the Dealer Enforcement Fund, which was used to cover the reclassification of 2 existing positions. A total of 4 FTE Positions are funded from the Dealer Enforcement Fund.

**Abandoned Vehicle Administration** — This Special Line Item provides funds for administrative functions concerning abandoned vehicles including maintaining records, mailing notices, and paying towing fees for vehicles on public land. The approved amount includes the transfer of 11 FTE Positions from the State Highway Fund to the Abandoned Vehicle Administration Fund. Associated costs of \$244,200 are appropriated from the Abandoned Vehicle Administration Fund instead of from the State Highway Fund.

**Enterprise Computer System** — No additional funding was approved for the Enterprise computer system for FY 1997. The Enterprise computer system is not viable in its current form. The department is reviewing its options and expects to propose its new plan soon for completing a unified drivers license and vehicle title and registration system. More stringent legislative oversight is likely to be a requirement for any department proposal for a successor Enterprise computer system. If given a favorable review, the department is likely to work on the system in FY 1997 using excess funds from the non-appropriated County Auto License Fund.

**License Plates and Tabs** — The approved amount provides for the purchase of license plates from Arizona Correctional Industries (Department of Corrections) and tabs from the private sector.

**Medical Advisory Board** — The board consists of 9 medical experts, who help the department formulate standards for mental and physiological limitations relative to drivers licensing. The board has a staff of 2 FTE Positions.

**Mobile Home Administration** — This Special Line Item provides funds for the department to maintain a list of outstanding delinquent personal property taxes on mobile homes and related functions involving title transfers of mobile homes.

**Additional Appropriations — Auto Salvage; Theft Prevention (Chapter 263)** — The approved amount is appropriated from the General Fund as one-time seed money to conduct more detailed inspections of vehicle identification numbers (VIN). All vehicles titled in another state will continue to receive level 1 VIN inspections before they can be titled in Arizona. In the future, level 2 and level 3 VIN inspections will be performed in more detail, before issuing restored salvage titles on repaired salvage and similar vehicles. New fees, of \$20 for 13,000 annual level 2 and \$50 for 14,000 annual level 3 VIN inspections, are estimated to produce annual revenue of \$960,000 for the new non-appropriated Vehicle Inspection and Title Enforcement Fund. Future program costs are expected to be paid for from this Fund, which is established to defray the cost of investigations involving certificates of title, licensing fraud, registration enforcement and other enforcement related issues.

**Highways; Safety Enforcement; Transportation Infrastructure (Chapter 345)** — The approved amount is appropriated from the new Safety Enforcement and Transportation Infrastructure Fund, which is to be used: to enforce vehicle safety requirements (\$1,500,000) and to maintain and upgrade transportation facilities (\$700,000) within 25 miles of Arizona's southern border; and to maintain and construct transportation facilities involving Arizona's designated North American Free Trade highway corridor (\$300,000). Revenue is provided by diverting certain fees currently collected at ports of entry on Arizona's southern border from the State Highway Fund to the Safety Enforcement and Transportation Infrastructure Fund.

- 4/ The department shall provide a written report not later than November 30, 1996 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 detailing its analysis of the feasibility of privatizing an integrated dual function vehicle title and registration and drivers license office as a pilot project. As part of this pilot, the contractor would operate the office and provide the facilities, equipment, personnel, and computer setup to be compatible with division programs. The analysis shall identify a proposed office for such a pilot project, and shall include and discuss: opportunities; risks; a proposed action plan with timetable; proposed necessary statutory changes; and an estimate of the costs and savings of such a project. (General Appropriation Act footnote.)
- 5/ The department shall provide a written report not later than November 30, 1996 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 detailing its efforts to increase the number and percent of vehicle registrations renewed by mail, and documenting its success and any savings. (General Appropriation Act footnote.)
- 6/ The department shall appear before the Joint Legislative Budget Committee not later than November 30, 1996, to report on the status of its new customer-service enhancement initiatives including, but not limited to: (1) expansion of the incentive program from 3 to 23 offices; (2) full staffing demonstration project at 9 offices; and (3) overall progress in implementing dual function operations. (General Appropriation Act footnote.)
- 7/ Appropriated as an Operating Lump Sum for the Motor Vehicle Division with Special Line Items.

**DEPARTMENT OF TRANSPORTATION - AERONAUTICS DIVISION**

**A.R.S. § 28-170**

<b>State Aviation Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>33.0</u>	<u>33.0</u>	<u>33.0</u>
Personal Services	756,000	834,500	849,000
Employee Related Expenditures	200,300	232,100	221,100
Professional and Outside Services	18,900	58,600	58,600
Travel - In State	24,300	29,900	29,900
Travel - Out of State	14,000	11,000	11,000
Other Operating Expenditures	355,200	423,200	424,100
Equipment	<u>26,800</u>	<u>3,000</u>	<u>3,000</u>
<b>Operating Subtotal</b>	<b>1,395,500</b>	<b>1,592,300</b>	<b>1,596,700</b>
Reimbursement to Highway Fund	<u>-0-</u>	<u>30,000</u>	<u>30,000</u>
<b>Total Appropriations</b>	<b>1,395,500</b>	<b>1,622,300</b>	<b>1,626,700</b> <sup>1/</sup>

*Program Description — The Aeronautics Division registers and licenses all general aviation aircraft in the state, administers the airports development grant and airports loan programs, and operates the Grand Canyon National Park Airport.*

<sup>1/</sup> Appropriated as an Operating Lump Sum for the Non-Motor Vehicle Divisions with Special Line Items.



**ARIZONA BOARD OF REGENTS**

**A.R.S. § 15-1621**

Frank Besnette, Ph.D., Executive Director

JLBC Analyst: John Lee/Bruce Groll

<b>General Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>28.1</u>	<u>28.1</u>	<u>28.1</u>
Personal Services	1,213,600	1,273,100	1,296,900
Employee Related Expenditures	248,700	260,900	248,000
Professional and Outside Services	45,500	37,500	37,500
Travel - In State	-0-	11,400	11,400
Other Operating Expenditures	<u>184,300</u>	<u>201,900</u>	<u>220,900</u>
<b>Operating Subtotal</b>	<b>1,692,100</b>	<b>1,784,800</b>	<b>1,814,700</b>
Western Interstate Commission Office	79,000	79,000	79,000
WICHE Student Subsidies	2,005,300	2,494,300	2,580,200
Course Equivalency Guide	13,200	-0-	-0-
Student Financial Aid Trust Fund	1,204,600	1,526,100	1,638,400
State Student Incentive Grant (SSIG) <sup>1/</sup>	1,220,800	-0-	-0-
Teacher Loan Forgiveness Fund for Deaf & Blind	95,000	95,000	95,000
Area Health Education Centers (AHEC)	<u>1,150,200</u>	<u>-0-</u>	<u>-0-</u>
<b>Total Appropriations</b>	<b>7,460,200</b>	<b>5,979,200</b>	<b>6,207,300 <sup>2/</sup></b>

*Agency Description* — The board governs the 3 state universities, appoints presidents of the universities, sets the tuition and fees, establishes curricula, awards degrees, prescribes qualifications for admission of all students to the universities. The board also adopts personnel rules and controls the university finances and expenditures including bonding, budget and all non-appropriated funds.

**Classification Maintenance Review Adjustments** — The approved amount provides \$1,700 for Classification Maintenance Review adjustments, which includes \$1,500 for Personal Services and \$200 for Employee Related Expenditures.

**Western Interstate Commission Office** — The appropriated amount provides for Arizona's annual pro rata share of administrative expenses for the Western Interstate Commission for Higher Education.

**WICHE Student Subsidies** — The approved amount provides funding for subsidies to 121 continuing WICHE students and 56 new WICHE students in the fields of study shown below:

<b>Field of Study</b>	<b>Continuing Students</b>	<b>First Year and New Students</b>	<b>Total Students</b>	<b>Amount</b>
Veterinary Medicine	50	17	67	\$1,333,300
Dentistry	34	12	46	705,500
Osteopathy	14	5	19	239,400
Optometry	15	3	18	151,200
Occupational Therapy	6	11	17	98,800
Physicians Assistants	<u>2</u>	<u>8</u>	<u>10</u>	<u>52,000</u>
<b>Total</b>	<b>121</b>	<b>56</b>	<b>177</b>	<b>\$2,580,200</b>

<sup>1/</sup> The State Student Incentive Grant (SSIG) program is administered by the Arizona Commission for Postsecondary Education which, in early FY 1995, became a separate agency (A.R.S. § 15-1851).

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

<sup>3/</sup> The Arizona Board of Regents (ABOR) and the State Board of Directors for Community Colleges (State Board) shall jointly establish a study committee comprised of university and community college members who are representatives of faculty, academic administration, student services and the chief executive offices. It is the intent of the Legislature that the study committee establish a seamless statewide articulation and transfer system, including the process for transfer of lower division general education credits and curriculum requirements for majors, with the objective of reaching consensus on an agreement that assures that community college students may transfer to Arizona public universities without loss of credit towards a baccalaureate degree. The ABOR and the State Board shall present the agreement for review by the Joint Legislative Budget Committee by December 15, 1996. (General Appropriation Act footnote.)

## ARIZONA BOARD OF REGENTS (Cont'd)

This subsidy program enables Arizona to participate in the WICHE-Professional Student Exchange Program and provides partial financial support and preferential access for Arizona residents who choose careers in certain health professions for which education is not offered in Arizona.

**Student Financial Aid Trust Fund** — The approved amount provides funds to the universities for the purposes of providing immediate aid to students with verifiable financial need and creates an endowment for future financial aid. Laws 1989, Chapter 123 (H.B. 2144) authorized the Arizona Board of Regents to establish such a fund. The approved amount is based upon the most recent (FY 1995) actual student surcharge collections as the state matching amount.

**Teacher Loan Forgiveness Fund for the Deaf and the Blind (Arizona Teachers Incentive Program)** — The approved amount provides funding for a loan program to persons in teacher training programs in the areas of the deaf and the blind within the College of Education at the University of Arizona. The allocation of \$95,000 should be the same as the original intent of Laws 1990, Chapter 340 which authorized a \$50,000 distribution to 10 students in the form of loans in equal amounts of \$5,000 per student and a \$45,000 distribution to the College of Education at the University of Arizona for instructional support of the teacher training program in the areas of the deaf and the blind.

**Area Health Education Centers (AHEC)** — Funding from the state General Fund for the AHEC program was eliminated in FY 1996. The 1996 Program Authorization Review also recommended the elimination of state funding for this program. The program may retain some federal funding.

**Classification Maintenance Review Adjustments for University System** — In addition to a 1% plus \$500 across-the-board pay appropriation effective April 1, 1997, Section 27 of the General Appropriation Act also appropriates \$1,500,000 from the General Fund, of which the pro rata share for the university system is \$688,500 for Classification Maintenance Review adjustments for the period January 1, 1997 through June 30, 1997. The act requires that on or before August 1, 1996, the Arizona Board of Regents shall report to the Joint Legislative Budget Committee its recommendations for the job classifications to receive adjustments, along with the rationale for these selections and the estimated dollar amount associated with each classification maintenance review adjustment.

**Capital Outlay** — Chapter 2, 5th Special Session — Appropriates \$11,482,000 to the Arizona Board of Regents from the General Fund for major maintenance and repair of university buildings and for Americans with Disabilities Act compliance, as follows:

- Appropriates \$11,482,000 for allocation to the universities for major maintenance and repair of university buildings in accordance with the Building Renewal Formula (A.R.S. § 41-790 and § 41-793.01.) The appropriation represents 50% support of the formula. The board shall require each university to establish a major maintenance and repair account for deposit of amounts allocated from this appropriation. Amounts deposited in the account shall be audited annually by the board, and the appropriated monies may be used only for facilities on the statewide building inventory approved by the Joint Committee on Capital Review. The appropriated monies shall not be spent on infrastructure replacement or repairs, for maintenance contracts on building components and equipment, or for Personal Services or Employee Related Expenditures.
- Provides that a maximum of 25%, or up to \$2,870,500, of the appropriated building renewal monies may be spent for state building modifications to comply with the federal Americans with Disabilities Act.

**Additional Legislation** — University Bonds: Procedures (Chapter 334) — Authorizes the Arizona Board of Regents to acquire projects and issue bonds for the universities under its jurisdiction not exceeding in the aggregate \$245,400,000. The Arizona Board of Regents must present a comprehensive multi-year bonding plan to the Joint Committee on Capital Review. Projects are subject to review and comment by the Governor and the Joint Committee on Capital Review.

**Government Information Technology Agency (Chapter 342)** — Section 16 requires the Arizona Board of Regents and the State Board of Directors for Community Colleges to establish a centralized information technology review process and submit a report to the Governor and the Legislature on the process by July 1, 1997 as specified in the General Legislation section of the FY 1997 Appropriations Report.

(Continued)

**SUMMARY OF MAJOR CHANGES FOR UNIVERSITY SYSTEM**

*The following summarizes the major factors for the General Fund increase in the FY 1997 university system operating budget from FY 1996:*

FY 1996 General Fund Operating Budget Total	<b><u>\$609,323,800</u></b>
Adjustments for FY 1997:	
• Standard Adjustments (Annualization, Transfers, ERE Rate, Risk Management Premiums, Vacancy Savings, ABOR Rent, etc.)	\$ 9,964,200
• WICHE/Financial Aid (ABOR)	198,200
• Student Enrollment Growth (671 FTE Students)	3,862,500
• Equipment/One-Time Base Adjustment	(837,600)
• New Facilities Support	1,017,600
• New Campus Programs (ASU-East, ASU-West, Pima County, Sierra Vista)	3,579,800
• Retirement Buy-Back (S.B. 1108)	1,249,900
• NAUNet, including NAU-Yuma San Luis	1,406,300
• Telemedicine Network	1,234,500
• Utilities for UA and NAU	820,000
• Undergraduate Initiatives including NAU-Yuma	2,095,700
• General Salary Adjustment	3,489,200
• Classification Maintenance Review	688,500
• University Collections Fund Increase (General Fund Decrease)	<u>(3,439,200)</u>
Total General Fund Adjustment from FY 1996	<b><u>\$ 25,329,600</u></b>
FY 1997 General Fund Total For University System	<b><u>\$634,653,400</u></b>

**ARIZONA STATE UNIVERSITY - MAIN CAMPUS**

A.R.S. § 15-1601

Lattie F. Coor, Ph.D., President

JLBC Analyst: John Lee/Bruce Groll

General Fund and University Collections Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>5,110.0</u>	<u>5,203.6</u>	<u>5,231.6</u>
Personal Services	171,308,100	193,665,100	196,464,300
Employee Related Expenditures	32,610,100	37,301,500	38,628,600
Professional and Outside Services	4,083,600	1,256,000	1,309,100
Travel - In State	108,600	352,400	362,300
Travel - Out of State	1,627,100	766,800	800,000
Library Acquisitions	6,004,300	5,692,800	5,720,500
Other Operating Expenditures	35,966,700	35,341,700	35,490,100
Equipment	<u>14,128,300</u>	<u>8,829,900</u>	<u>9,088,600</u>
<b>Total Appropriations</b>	<b>265,836,800</b>	<b>283,206,200</b>	<b>287,863,500</b> <sup>1/2/3/4/</sup>
<b>Fund Summary</b>			
General Fund	198,293,900	209,999,300	216,693,100
University Collections Fund	<u>67,542,900</u>	<u>73,206,900</u>	<u>71,170,400</u>
<b>Total Appropriations</b>	<b>265,836,800</b>	<b>283,206,200</b>	<b>287,863,500</b>

*Agency Description — Established in 1885, Arizona State University is one of the 3 state universities governed by the Arizona Board of Regents. As a Research I institution, Arizona State University - Main Campus offers over 250 degree programs to approximately 42,000 students in 13 colleges and schools, and also provides academic courses at the Downtown Center in Phoenix.*

**Classification Maintenance Review Adjustments** — The approved amount provides \$249,100 for Classification Maintenance Review adjustments, which includes \$220,000 for Personal Services and \$29,100 for Employee Related Expenditures.

**Student Enrollment Growth** — Enrollment growth funding of \$1,602,500 and 28 new FTE Positions is based upon a 3-year rolling weighted average enrollment of 35,647 full-time equivalent students in accordance with the funding formula of 22:1:0.5 (student to faculty to support positions) during the following fall semesters:

	Total Enrollment	Transfer to ASU-East	Adjusted Enrollment	FY 1997		FY 1996		Change
				Weighted Enrollment %	Total	Weighted Enrollment		
Fall 1994 (Actual)	36,153	757	35,396	25	8,849	8,795 (Fall 1993)	54	
Fall 1995 (Estimate)	36,335	671	35,664	50	17,832	18,077 (Fall 1994)	(245)	
Fall 1996 (Projection)	35,865	-0-	35,865	25	<u>8,966</u>	<u>9,182</u> (Fall 1995)	<u>(216)</u>	
Total					35,647	36,054	(407)	
ASU-East Transfer Adjustment					<u>-0-</u>	<u>(759)</u>	<u>759</u>	
Adjusted Total					35,647	35,295	352	

- 1/ Appropriated as a Lump Sum by Agency.
- 2/ The appropriated monies are not to be used for scholarships. (General Appropriation Act footnote.)
- 3/ The appropriated monies shall not be used by the Arizona State University College of Law Legal Clinic for any lawsuits involving inmates of the State Department of Corrections where the state is the adverse party. (General Appropriation Act footnote.)
- 4/ Any unencumbered balances remaining in the collections account on June 30, 1996, and all collections received by the university during the fiscal year, when paid into the State Treasury, are appropriated for operating expenditures, capital outlay and fixed charges. Earnings on state lands and interest on the investment of the Permanent Land Funds are appropriated in compliance with the Enabling Act and the Constitution. No part of this appropriation shall be expended for supplemental life insurance or supplemental retirement. Receipts from summer session, when deposited in the State Treasury, together with any unencumbered balance in the summer session account, are hereby appropriated for the purpose of conducting summer sessions, but are excluded from the amounts enumerated above. (General Appropriation Act footnote.)

(Continued)

**ARIZONA STATE UNIVERSITY - MAIN CAMPUS (Cont'd)**

---

The full-time equivalent student counts are calculated by using 15 student credit hours for lower division undergraduates, 12 student credit hours for upper division undergraduates, and 10 student credit hours for graduate students per semester.

**Technology and Agribusiness Transfer** — The approved amount provides a transfer of \$3,561,100 and 60 FTE Positions for the Schools of Technology and Agribusiness to ASU-East Campus, along with the transfer of 671 full-time equivalent students. The approved amount includes \$1,401,200 from the General Fund and \$2,159,900 from the University Collections Fund.

**Retirement Buy-Back** — The approved amount provides \$357,900 for the university matching requirement for retirement buy-back of 49 eligible employees to accommodate the provisions of a defined contribution system under the Arizona State Retirement System in accordance with the provisions of Laws 1995, Chapter 134.

**Undergraduate Initiative** — The approved amount provides \$1,200,000 and 24 new FTE Positions for improving the graduation rates and the quality of undergraduate education through smaller classes taught by ranked faculty.

**University Collections Fund** — The University Collections Fund consists of tuition, registration fees, other receipts, and balances forward from FY 1996.

**ARIZONA STATE UNIVERSITY - EAST CAMPUS**

**A.R.S. § 15-1601**

Lattie F. Coor, Ph.D., President

JLBC Analyst: John Lee/Bruce Groll

General Fund and University Collections Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	14.0	20.0	112.0
Personal Services	443,900	938,100	4,926,900
Employee Related Expenditures	69,000	181,200	959,200
Professional and Outside Services	272,200	502,600	526,100
Travel - In State	2,900	6,600	8,300
Travel - Out of State	5,600	18,000	23,700
Library Acquisitions	-0-	-0-	32,500
Other Operating Expenditures	208,300	277,500	903,400
Equipment	61,800	122,700	341,400
<b>Total Appropriations</b>	<b>1,063,700</b>	<b>2,046,700</b>	<b>7,721,500</b> <sup>1/2/3/</sup>
<b>Fund Summary</b>			
General Fund	2,122,600	1,842,700	5,023,600
University Collections Fund	(1,058,900)	204,000	2,697,900
<b>Total Appropriations</b>	<b>1,063,700</b>	<b>2,046,700</b>	<b>7,721,500</b>

*Agency Description — Laws 1994, Chapter 218 authorized the Arizona Board of Regents to maintain an Arizona State University campus in eastern Maricopa County. It is the intent of the Legislature that the Arizona State University-East Campus be located at the site of the former Williams Air Force Base. The facilities for ASU-East include approximately 600 acres, 83 buildings, 656 single family residences and related personal property, and may accommodate 10,000 students by the year 2010 in order to meet Arizona's future enrollment demand.*

**Classification Maintenance Review Adjustments** — The approved amount provides \$6,200 for Classification Maintenance Review adjustments, which includes \$5,500 for Personal Services and \$700 for Employee Related Expenditures.

**Technology and Agribusiness Transfer** — The approved amount provides a transfer of \$3,561,100 and 60 FTE Positions for the Schools of Technology and Agribusiness from ASU-Main Campus, along with 671 full-time equivalent students. The transfer amount of \$3,561,100 includes \$1,401,200 from the General Fund and \$2,159,900 from the University Collections Fund. Beginning in fall of 1996, ASU-East Campus will offer the Bachelor of Science degrees in Electronic Engineering Technology, Manufacturing Engineering Technology, Industrial Technology, Aeronautical Engineering Technology, Aeronautical Management Technology, and Agribusiness, as well as the Masters degrees in Technology and Agribusiness.

**New Campus Academic Program Development** — The approved amount includes \$2,500,000 and 32 new FTE Positions to provide for new campus program development.

**University Collections Fund** — The University Collections Fund consists of tuition, registration fees, other receipts, and balances forward from FY 1996.

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

<sup>2/</sup> The appropriated monies are not to be used for scholarships. (General Appropriation Act footnote.)

<sup>3/</sup> Any unencumbered balances remaining in the collections account on June 30, 1996, and all collections received by the university during the fiscal year, when paid into the State Treasury, are appropriated for operating expenditures, capital outlay and fixed charges. Earnings on state lands and interest on the investment of the permanent land funds are appropriated in compliance with the Enabling Act and the Constitution. No part of this appropriation shall be expended for supplemental life insurance or supplemental retirement. Receipts from summer session, when deposited in the State Treasury, together with any unencumbered balance in the summer session account, are hereby appropriated for the purpose of conducting summer sessions, but are excluded from the amounts enumerated above. (General Appropriation Act footnote.)

**ARIZONA STATE UNIVERSITY - WEST CAMPUS**

A.R.S. § 15-1601

Lattie F. Coor, Ph.D., President

JLBC Analyst: John Lee/Bruce Groll

General Fund and University Collections Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	620.4	627.4	634.4
Personal Services	19,118,400	21,916,100	22,543,300
Employee Related Expenditures	3,825,600	4,609,600	4,890,000
Professional and Outside Services	789,100	476,600	478,800
Travel - In State	50,400	97,700	98,400
Travel - Out of State	249,200	211,600	213,800
Library Acquisitions	1,109,600	1,212,000	1,212,000
Other Operating Expenditures	10,241,900	8,349,700	8,361,800
Equipment	2,034,400	2,106,000	2,140,600
<b>Total Appropriations</b>	<b>37,418,600</b>	<b>38,979,300</b>	<b>39,938,700</b> <sup>1/2/3/</sup>
<b>Fund Summary</b>			
General Fund	32,235,700	33,438,800	34,354,000
University Collections Fund	5,182,900	5,540,500	5,584,700
<b>Total Appropriations</b>	<b>37,418,600</b>	<b>38,979,300</b>	<b>39,938,700</b>

*Agency Description* — Established as a separate budget unit in 1984, Arizona State University-West Campus offers upper division baccalaureate and selective masters' programs to approximately 5,000 students at the 300-acre site in northwestern Phoenix.

**Classification Maintenance Review Adjustments** — The approved amount provides \$28,600 for Classification Maintenance Review adjustments, which includes \$25,200 for Personal Services and \$3,400 for Employee Related Expenditures.

**Academic and Support Program Development** — The approved amount includes \$300,000 and 7 new FTE Positions to provide for academic and support program development for improving both undergraduate and graduate education.

**University Collections Fund** — The University Collections Fund consists of tuition, registration fees, other receipts, and balances forward from FY 1996.

1/ Appropriated as a Lump Sum by Agency.

2/ The appropriated monies are not to be used for scholarships. (General Appropriation Act footnote.)

3/ Any unencumbered balances remaining in the collections account on June 30, 1996, and all collections received by the university during the fiscal year, when paid into the State Treasury, are appropriated for operating expenditures, capital outlay and fixed charges. Earnings on state lands and interest on the investment of the permanent land funds are appropriated in compliance with the Enabling Act and the Constitution. No part of this appropriation shall be expended for supplemental life insurance or supplemental retirement. Receipts from summer session, when deposited in the State Treasury, together with any unencumbered balance in the summer session account, are hereby appropriated for the purpose of conducting summer sessions, but are excluded from the amounts enumerated above. (General Appropriation Act footnote.)

**NORTHERN ARIZONA UNIVERSITY**

**A.R.S. § 15-1601**

Clara Lovett, Ph.D., President

JLBC Analyst: John Lee/Bruce Groll

General Fund and University Collections Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>1,945.1</u>	<u>2,132.7</u>	<u>2,194.3</u> <sup>1/</sup>
Personal Services	64,358,500	70,313,100	74,036,400
Employee Related Expenditures	14,057,000	15,605,000	16,409,700
Professional and Outside Services	904,000	573,100	609,100
Travel - In State	453,600	570,200	581,000
Travel - Out of State	526,300	392,400	417,600
Library Acquisitions	2,286,400	2,475,100	2,475,100
Other Operating Expenditures	14,235,100	14,927,900	15,137,200
Equipment	5,466,100	4,149,300	5,490,200
<b>Operating Subtotal</b>	<b>102,287,000</b>	<b>109,006,100</b>	<b>115,156,300</b>
NAU-Yuma	<u>1,827,800</u>	<u>1,929,400</u>	<u>2,516,000</u>
<b>Total Appropriations</b>	<b>104,114,800</b>	<b>110,935,500</b>	<b>117,672,300</b> <sup>2/3/4/</sup>
<b>Fund Summary</b>			
General Fund	81,583,400	86,473,300	90,922,200
University Collections Fund	<u>22,531,400</u>	<u>24,462,200</u>	<u>26,750,100</u>
<b>Total Appropriations</b>	<b>104,114,800</b>	<b>110,935,500</b>	<b>117,672,300</b>

*Agency Description — Established in 1899, Northern Arizona University is one of 3 State universities governed by the Arizona Board of Regents. The university offers 137 degree programs to approximately 20,000 students in 9 colleges, schools and 1 center, and provides academic programs at many instructional sites throughout the state and at the Yuma Campus that operates in conjunction with Arizona Western College.*

**Classification Maintenance Review Adjustments** — The approved amount provides \$95,400 for Classification Maintenance Review adjustments, which includes \$84,300 for Personal Services and \$11,100 for Employee Related Expenditures. The total amount for Classification Maintenance Review adjustments includes \$1,600 for NAU-Yuma Campus (\$1,400 for Personal Services and \$200 for Employee Related Expenditures).

**Student Enrollment Growth** — The enrollment funding of \$2,800,100 and 49.6 new FTE Positions is based upon a 3-year rolling weighted average enrollment of 17,574 full-time equivalent students in accordance with the funding formula of 22:1:0.5 (student to faculty to support positions) during the following fall semesters:

	FY 1997	FY 1996 Weighted Average	Change
Fall 1994 (Actual) - 16,875; at 25% =	4,219	4,097 (Fall 1993)	122
Fall 1995 (Estimate) - 17,602; at 50% =	8,800	8,469 (Fall 1994)	331
Fall 1996 (Projection) - 18,218; at 25% =	<u>4,555</u>	<u>4,383</u> (Fall 1995)	<u>172</u>
<b>Total</b>	<b>17,574</b>	<b>16,949</b>	<b>625</b>

1/ Includes 37 FTE Positions funded from Special Line Items in FY 1997.

2/ Appropriated as an Operating Lump Sum by Agency with Special Line Items.

3/ The appropriated monies are not to be used for scholarships. (General Appropriation Act footnote.)

4/ Any unencumbered balances remaining in the collections account on June 30, 1996, and all collections received by the university during the fiscal year, when paid into the State Treasury, are appropriated for operating expenditures, capital outlay and fixed charges. Earnings on state lands and interest on the investment of the permanent land funds are appropriated in compliance with the Enabling Act and the Constitution. No part of this appropriation shall be expended for supplemental life insurance or supplemental retirement. Receipts from summer session, when deposited in the State Treasury, together with any unencumbered balance in the summer session account, are hereby appropriated for the purpose of conducting summer sessions, but are excluded from the amounts enumerated above. (General Appropriation Act footnote.)

(Continued)



**NORTHERN ARIZONA UNIVERSITY (Cont'd)**

The full-time equivalent student counts are calculated by using 15 student credit hours for lower division undergraduates, 12 student credit hours for upper division undergraduates, and 10 student credit hours for graduate students per semester.

**Retirement Buy-Back** — The approved amount provides \$126,000 for the university matching requirement for retirement buy-back of 23 eligible employees to accommodate the provisions of a defined contribution system under the Arizona State Retirement System in accordance with the provisions of Laws 1995, Chapter 134.

**NAU-Yuma New Facilities Support** — The approved amount provides \$147,400 for 8-months funding to support the NAU-Yuma Learning Facility, which is scheduled to open in October 1996.

**NAUNet** — The approved amount provides \$1,163,000 for start-up cost of 3 statewide academic sites including Show Low, Page and Payson with the use of shared facilities and telecommunication technologies for interactive instructional television delivery of academic courses. In addition, the approved amount for NAU-Yuma includes \$243,300 for the San Luis site.

**Undergraduate Initiative** — The approved amount provides \$439,000 and 8.5 new FTE Positions for improving undergraduate education through 3 specific initiatives, which include a 12-month academic year program for the School of Hotel and Restaurant Management, a 3-year baccalaureate program, and a network support program to extend network access to academic buildings and residence halls on campus.

In addition, the approved amount for NAU-Yuma includes \$156,700 and 3.5 new FTE Positions for improving undergraduate education.

**Utilities** — The approved amount includes \$120,000 to fund the past unfunded utility rate increases.

**NAU-Yuma** — The approved amount as a special line appropriation was based upon the following line item allocation:

FTE Positions	<u>37.0</u>
Personal Services	\$1,234,100
Employee Related Expenditures	286,700
Professional and Outside Services	21,000
Travel - In State	19,700
Travel - Out of State	21,800
Library Acquisitions	50,000
Other Operating Expenditures	414,200
Equipment	<u>468,500</u>
Total	<u>\$2,516,000</u>

The amount approved for NAU-Yuma includes \$243,300 for NAUNet San Luis site and \$156,700 for undergraduate initiatives.

**University Collections Fund** — The University Collections Fund consists of tuition, registration fees, other receipts, and balances forward from FY 1996.

**Capital Outlay** — Laws 1995, Chapter 2, 1st Special Session — Appropriated \$6,000,000 to the Arizona Board of Regents from the General Fund for an NAU-Yuma and Arizona Western College joint use facility, which included \$4,000,000 for FY 1996 and \$2,000,000 for FY 1997.

**UNIVERSITY OF ARIZONA - MAIN CAMPUS**

A.R.S. § 15-1601

Manual T. Pacheco, Ph. D., President

JLBC Analyst: John Lee/Bruce Groll

General Fund and University Collections Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>5,342.3</u>	<u>5,354.2</u>	<u>5,374.3</u> <sup>1/</sup>
Personal Services	159,473,400	168,872,200	171,620,900
Employee Related Expenditures	27,528,400	29,080,900	30,510,400
Professional and Outside Services	1,673,700	1,697,100	1,682,800
Travel - In State	185,500	367,400	363,100
Travel - Out of State	497,900	429,800	419,800
Library Acquisitions	5,742,400	5,675,100	5,675,100
Other Operating Expenditures	36,598,600	35,505,500	38,035,400
Equipment	4,345,000	4,158,700	4,120,500
<b>Operating Subtotal</b>	<b>236,044,900</b>	<b>245,786,700</b>	<b>252,428,000</b>
Agriculture	39,069,900	39,850,200	40,773,700
Pima County Campus	564,600	1,918,500	2,119,900
Sierra Vista Campus	724,000	798,700	1,409,500
<b>Total Appropriations</b>	<b>276,403,400</b>	<b>288,354,100</b>	<b>296,731,100</b> <sup>2/3/4/</sup>
<b>Fund Summary</b>			
General Fund	214,823,400	225,182,800	232,910,100
University Collections	61,580,000	63,171,300	63,821,000
<b>Total Appropriations</b>	<b>276,403,400</b>	<b>288,354,100</b>	<b>296,731,100</b>

*Agency Description* — Established in 1885 as a land grant institution, the University of Arizona is one of the 3 state universities governed by the Arizona Board of Regents. As a land grant Research I institution, the university offers 377 degree programs to approximately 35,000 students in 15 colleges, schools and divisions, and provides academic programs at Sierra Vista Campus. Beginning in fall of 1996, Pima County Campus is scheduled to offer academic programs for undergraduate students.

**Classification Maintenance Review Adjustments** — The approved amount provides \$257,400 for Classification Maintenance Review adjustments, which includes \$227,300 for Personal Services and \$30,100 for Employee Related Expenditures. The total amount for Classification Maintenance Review adjustments includes amounts for the following Special Line Items:

- Agriculture: \$33,000 for Personal Services and \$4,400 for Employee Related Expenditures.
- Pima County Campus: \$1,100 for Personal Services and \$100 for Employee Related Expenditures.
- Sierra Vista Campus: \$1,100 for Personal Services and \$100 for Employee Related Expenditures.

**Student Enrollment Growth** — The enrollment funding reduction of \$1,085,800 and 21.3 FTE Positions is based upon a 3-year rolling weighted average enrollment of 29,755 full-time equivalent students in accordance with the funding formula of 22:1:0.5 (student to faculty to support positions) during the following fall semesters:

1/ Includes 872.6 FTE Positions funded from Special Line Items in FY 1997.

2/ Appropriated as an Operating Lump Sum by Agency with Special Line Items.

3/ The appropriated monies are not to be used for scholarships. (General Appropriation Act footnote.)

4/ Any unencumbered balances remaining in the collections account on June 30, 1996, and all collections received by the university during the fiscal year, when paid into the State Treasury, are appropriated for operating expenditures, capital outlay and fixed charges. Earnings on state lands and interest on the investment of the permanent land funds are appropriated in compliance with the Enabling Act and the Constitution. No part of this appropriation shall be expended for supplemental life insurance or supplemental retirement. Receipts from summer session, when deposited in the State Treasury, together with any unencumbered balance in the summer session account, are hereby appropriated for the purpose of conducting summer sessions, but are excluded from the amounts enumerated above. (General Appropriation Act footnote.)

(Continued)

**UNIVERSITY OF ARIZONA - MAIN CAMPUS (Cont'd)**

	<u>FY 1997</u>	<u>FY 1996</u> <u>Weighted Average</u>	<u>Change</u>
Fall 1994 (Actual) - 30,133; at 25% =	7,533	7,571 (Fall 1993)	(38)
Fall 1995 (Estimate) - 29,629; at 50% =	14,815	15,067 (Fall 1994)	(252)
Fall 1996 (Projection) - 29,629; at 25% =	<u>7,407</u>	<u>7,576</u> (Fall 1995)	<u>(169)</u>
Total	29,755	30,214*	(459)

\*Adjusted to reflect the transfer of 1,199 full-time equivalent students to Health Sciences Center.

The full-time equivalent student counts are calculated by using 15 student credit hours for lower division undergraduates, 12 student credit hours for upper division undergraduates, and 10 student credit hours for graduate students per semester.

**New Facilities Support** — The approved amount provides \$870,200 and 19.5 new FTE Positions for operational costs of 5 new facilities, which include the Aerospace Mechanical Engineering Building scheduled to open in January 1997, the Law College addition scheduled to open in December 1996, 3 shell space completions of the Marley Building, the Center for Computing and Information Technology, and the Arthritis Center.

**Retirement Buy-Back** — The approved amount provides \$766,000 for the university matching requirement for retirement buy-back of 117 eligible employees to accommodate the provisions of a defined contribution system under the Arizona State Retirement System in accordance with the provisions of Laws 1995, Chapter 134.

**Utilities** — The approved amount includes \$700,000 to fund the past unfunded utility rate increases.

**Undergraduate Initiative** — The approved amount provides \$300,000 and 4.3 new FTE Positions to improve undergraduate education through student learning strategies and communication technology.

**Agriculture** — The approved amount for the College of Agriculture as a special line appropriation was based upon the following line item allocation:

FTE Positions	<u>818.1</u>
Personal Services	\$29,533,500
Employee Related Expenditures	5,820,800
Professional and Outside Services	252,300
Travel - In State	588,800
Travel - Out of State	123,200
Other Operating Expenditures	3,351,800
Equipment	<u>1,103,300</u>
Total	<u>\$40,773,700</u>
<b>Fund Sources</b>	
General Fund	\$35,026,800
University Collections Fund	<u>5,746,900</u>
Total	<u>\$40,773,700</u>

The University Collections Fund for Agriculture includes \$3,327,000 from the federal agriculture funds.

**Pima County Campus** — In 1993, the Arizona Board of Regents authorized 2 new campuses, including one in the east valley of Maricopa County under the direction of the Arizona State University and the other in Pima County under the guidance of the University of Arizona. Subsequently, the board approved renaming Pima County Campus to Arizona International Campus; and in January of 1996, authorized the University of Arizona to develop the campus at the University of Arizona Science and Technology Park, formerly known as the IBM site. Although operating funds were approved for FY 1995 through FY 1997 for

**UNIVERSITY OF ARIZONA - MAIN CAMPUS (Cont'd)**

Pima County Campus, the Legislature has not formally established such a campus in statute. Both ASU-West and ASU-East campuses were established in statute.

The approved amount includes an additional funding of \$200,000 and 4.6 new FTE Positions for new campus development to help facilitate Arizona's future student enrollment growth. The approved amount also includes the University Collections Fund carry-forward amount of \$956,300 from FY 1995 and FY 1996. The new campus will provide a 4-year undergraduate education beginning in fall of 1996, with a long-term plan to accommodate 10,000 students by the year 2010. The approved amount for Pima County Campus as a special line appropriation was based upon the following line item allocation:

FTE Positions	<u>24.6</u>
Personal Services	\$ 978,000
Employee Related Expenditures	184,800
Travel - In State	1,200
Travel - Out of State	7,900
Other Operating Expenditures	901,000
Equipment	<u>47,000</u>
Total	<u>\$2,119,900</u>
<b>Fund Sources</b>	
General Fund	\$1,163,600
University Collections Fund	<u>956,300</u>
Total	<u>\$2,119,900</u>

**Sierra Vista Campus** — The approved amount provides \$1,409,500 for the Sierra Vista Campus as a separate line item which includes a transfer of \$798,700 and 16.9 FTE Positions from the UA-Main Campus operating line items, and an additional appropriation of \$579,800 and 13 new FTE Positions for academic program development, including language acquisition and sustainment training programs. The approved amount also includes \$23,100 for the standard Employee Related Expenditures rate and salary annualization adjustment, \$6,700 for salary adjustment, and \$1,200 for Classification Maintenance Review adjustments.

The approved amount for Sierra Vista Campus as a special line appropriation was based upon the following line item allocation:

FTE Positions	<u>29.9</u>
Personal Services	\$ 912,500
Employee Related Expenditures	191,300
Professional and Outside Services	3,500
Travel - In State	1,500
Travel - Out of State	3,000
Other Operating Expenditures	281,200
Equipment	<u>16,500</u>
Total	<u>\$1,409,500</u>

**University Collections Fund** — The University Collections Fund consists of tuition, registration fees, other receipts, and balances forward from FY 1996.

**UNIVERSITY OF ARIZONA - HEALTH SCIENCES CENTER**

A.R.S. § 15-1601

Manuel T. Pacheco, Ph.D., President

JLBC Analyst: John Lee/Bruce Groll

General Fund and University Collections Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions <sup>1/</sup>	<u>664.3</u>	<u>694.6</u>	<u>709.5</u>
Personal Services	30,527,000	33,012,900	34,026,100
Employee Related Expenditures	4,793,900	5,365,200	6,042,700
Professional and Outside Services	119,100	106,800	113,800
Travel - In State	19,200	67,700	69,800
Travel - Out of State	33,900	26,600	31,500
Library Acquisitions	691,600	726,500	726,500
Other Operating Expenditures	2,525,300	2,615,200	1,701,400
Equipment	<u>1,088,100</u>	<u>608,300</u>	<u>639,900</u>
<b>Operating Subtotal</b>	<b>39,798,100</b>	<b>42,529,200</b>	<b>43,351,700</b>
Clinical Teaching Support	8,605,400	8,903,700	8,980,600
Telemedicine Network	<u>-0-</u>	<u>-0-</u>	<u>1,236,000</u>
<b>Total Appropriations</b>	<b>48,403,500</b>	<b>51,432,900</b>	<b>53,568,300</b> <sup>2/3/4/</sup>
<u>Fund Summary</u>			
General Fund	44,543,200	46,407,700	48,543,100
University Collections Fund	<u>3,860,300</u>	<u>5,025,200</u>	<u>5,025,200</u>
<b>Total Appropriations</b>	<b>48,403,500</b>	<b>51,432,900</b>	<b>53,568,300</b>

*Agency Description — The Arizona Health Sciences Center (AHSC) consists of the University of Arizona (UA) 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 410 medical students. As a separate budget unit of the University of Arizona, AHSC is governed by the Arizona Board of Regents.*

**Classification Maintenance Review Adjustments** — The approved amount provides \$50,100 for Classification Maintenance Review adjustments, which includes \$44,300 for Personal Services and \$5,800 for Employee Related Expenditures. The total amount for Classification Maintenance Review adjustments includes \$6,600 for the Clinical Teaching Support Special Line Item (\$5,800 for Personal Services and \$800 for Employee Related Expenditures) and \$300 (Personal Services) for the Telemedicine Network Special Line Item.

**Other Operating Expenditures** — The approved amount includes a reduction of \$529,500 for the transfer of Risk Management premiums to the University of Arizona - Main Campus for the purpose of centralizing the administration of the Risk Management activities.

- <sup>1/</sup> The FTE Positions total does not include FTE Positions within the Clinical Teaching Support Special Line Item.
- <sup>2/</sup> Represents General Appropriation Act funds. Appropriated as a Lump Sum with Clinical Teaching Support and Telemedicine Network as Special Line Items by Agency. The line items within the "Operating Subtotal" are shown for information only.
- <sup>3/</sup> The appropriated monies are not to be used for scholarships. (General Appropriation Act footnote.)
- <sup>4/</sup> Any unencumbered balances remaining in the collections account on June 30, 1996, and all collections received by the university during the fiscal year, when paid into the State Treasury, are appropriated for operating expenditures, capital outlay and fixed charges. Earnings on state lands and interest on the investment of the permanent land funds are appropriated in compliance with the Enabling Act and the Constitution. No part of this appropriation shall be expended for supplemental life insurance or supplemental retirement. Receipts from summer session, when deposited in the State Treasury, together with any unencumbered balance in the summer session account, are hereby appropriated for the purpose of conducting summer sessions, but are excluded from the amounts enumerated above. (General Appropriation Act footnote.)

**UNIVERSITY OF ARIZONA - HEALTH SCIENCES CENTER (Cont'd)**

**Student Enrollment Growth** — The enrollment funding of \$545,700 and 10.5 new FTE Positions is based upon a 3-year rolling weighted average enrollment of 1,352 full-time equivalent students in accordance with the funding formula of 22:1:0.5 (student to faculty to support positions) during the following fall semesters:

			<u>FY 1997</u>	<u>FY 1996</u> <u>Weighted Average</u>	<u>Change</u>
Fall 1994 (Actual)	- 1,179:	at 25% =	295	274 (Fall 1993)	21
Fall 1995 (Estimate)	- 1,410;	at 50% =	705	590 (Fall 1994)	115
Fall 1996 (Projection)	- 1,410;	at 25% =	<u>352</u>	<u>335</u> (Fall 1995)	<u>17</u>
Total			1,352	1,199*	153

\*Adjusted to reflect the transfer of 1,199 full-time equivalent students from the University of Arizona-Main Campus.

*The above enrollment figures do not include approximately 410 medical students, as the College of Medicine enrollment is excluded from the enrollment funding formula.*

**Clinical Teaching Support** — The approved amount provides for the cost of hospital training for Clinical Assistants, Medical Students and other health care residents and interns. The College of Medicine will contract with the University Medical Center, and possibly other community hospitals, for the necessary training. The approved amount includes \$35,900 for salary adjustments and \$6,600 for Classification Maintenance Review adjustments.

**Telemedicine Network** — The approved amount provides \$1,236,000 and 4.4 new FTE Positions to develop and fund an 8-site Arizona Rural Telemedicine Network. Telemedicine is the use of computers, video imaging, fiber optics and telecommunications for diagnosis and treatment of persons in rural, geographically isolated areas. The following 8 rural medical sites have been tentatively identified for telemedicine services: Cottonwood, Florence, Holbrook, Parker, Payson, Sierra Vista, Springerville, and Tuba City. The University of Arizona - Health Sciences Center and University Medical Center in Tucson will serve as the telemedicine hub. The specific estimated cost distributions provide \$391,800 for AHSC and \$844,200 for the rural sites. The approved amount includes \$1,500 for salary and Classification Maintenance Review adjustments.

These amounts include adequate funding for personnel, hardware, software, and networking requirements to serve 8 demonstration sites, including a site in Florence to serve the state prison complex there, and establish an infrastructure foundation at AHSC for additional sites.

It is the intent of the Legislature that:

- (1) AHSC should present an annual report detailing the development and applications of the telemedicine network to the JLBC by September 15 of each year beginning in 1997; and
- (2) beginning in FY 2000 and every 3 years thereafter, the JLBC shall conduct a cost-benefit analysis of the telemedicine network to determine whether to retain, eliminate or modify the program.

**University Collections Fund** — The University Collections Fund consists of tuition, registration fees, other receipts, and balances forward from FY 1996.

**BIENNIAL BUDGET UNITS**

**STATE BOARD OF ACCOUNTANCY**

A.R.S. § 32-701

Ruth R. Lee, Executive Director

JLBC Analyst: Brad Beranek/Lorenzo Martinez

Board of Accountancy Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	10.0	10.0	10.0
Personal Services	227,100	245,600	249,800
Employee Related Expenditures	44,800	50,000	54,100
Professional and Outside Services	251,800	352,000	352,000
Travel - In State	10,100	10,000	10,000
Travel - Out of State	3,600	6,300	6,300
Other Operating Expenditures	178,300	169,300	175,400
Equipment	9,700	6,800	6,000
<b>Operating Subtotal</b>	<b>725,400</b>	<b>840,000</b>	<b>853,600</b>
Special Investigations	149,300	117,500	117,500 <sup>1/</sup>
Legal Services	-0-	82,500 <sup>2/</sup>	82,500 <sup>1/</sup>
<b>Total Appropriations</b>	<b>874,700</b>	<b>1,040,000 <sup>2/</sup></b>	<b>1,053,600 <sup>3/</sup></b>

*Agency Description — The board licenses, investigates, and conducts examinations of certified public accountants and public accountants.*

- <sup>1/</sup> It is the intent of the Legislature that the \$82,500 for Legal Services is to procure additional legal assistance and is not intended to supplant existing Attorney General funded support for the board. (General Appropriation Act footnote.)
- <sup>2/</sup> This appropriation is available for use and is exempt from the provisions of A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriation Act footnote.)
- <sup>3/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.



**OFFICE OF ADMINISTRATIVE HEARINGS**

A.R.S. § 41-1092.01

Cliff Vanell, Director

JLBC Analyst: Jeffrey Schmied

General Fund and Registrar of Contractors Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	0.0	10.0	22.0
Personal Services	-0-	354,200	843,600
Employee Related Expenditures	-0-	81,800	164,400
Professional and Outside Services	-0-	73,100	146,200
Travel - In State	-0-	900	18,000
Other Operating Expenditures	-0-	151,800	113,700
<b>Total</b>	<b>-0-</b>	<b>661,800</b>	<b>1,285,900</b>
<b>Additional Appropriations -</b>			
Child Welfare and Placement; Reports, Ch. 324	-0-	-0-	60,000
<b>Total Appropriations</b>	<b>-0-</b>	<b>661,800</b>	<b>1,345,900</b>
<u>Fund Summary</u>			
General Fund	-0-	475,000	926,700
Registrar of Contractors Fund	-0-	186,800	419,200
<b>Total Appropriations</b>	<b>-0-</b>	<b>661,800</b>	<b>1,345,900</b> <sup>1/</sup>

*Agency Description* — Laws 1995, Chapter 251 established the Office of Administrative Hearings effective January 1, 1996. The Office of Administrative Hearings is an independent office whose services and personnel are to be used by all state agencies to conduct administrative hearings, unless exempted by law. All agencies supported by other appropriated or non-appropriated funding sources are to contract for administrative hearing services from the office. The director shall assign Administrative Law Judges (ALJ) from the office to an agency, on either a temporary or permanent basis, to preside over contested cases in accordance with the special expertise of the ALJ in the subject matter of the agency.

**New Staff** — The approved amount includes an increase of 2.3 FTE Positions, \$61,100 in Personal Services, and \$14,200 in Employee Related Expenditures for the annualization of director's office positions and to increase a 0.7 FTE Position to a full-time ALJ. For FY 1996, \$54,000 was appropriated for a half year of funding for new staff salaries and expenses.

**Transferred Personnel** — For FY 1996, a half year of funding and FTE Positions were transferred from 7 state agencies to the office. The FY 1997 annualization of positions and funding to be transferred is outlined below.

	FTE Positions	Annualization of Transferred FTE Costs	Full Year Total
Department of Revenue	1.0	\$ 45,900	\$ 94,500
Department of Building and Fire Safety	0.8	30,700	66,900
Registrar of Contractors	4.2	226,800	413,600
Department of Insurance	1.5	65,100	154,600
Department of Liquor Licenses and Control	1.0	44,800	89,600
Real Estate Department	0.7	44,800	89,100
Department of Water Resources	0.5	38,500	75,800
<b>Total</b>	<b>9.7</b>	<b>\$496,600</b>	<b>\$984,100</b>

**Professional and Outside Services** — For FY 1996, a half year of funding for Professional and Outside Services costs were transferred from 6 state agencies to the office. The FY 1997 annualization of funding is outlined below.

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

**OFFICE OF ADMINISTRATIVE HEARINGS (Cont'd)**

	<u>Annualization Monies Transferred July 1, 1996</u>	<u>Full Year Total</u>
Arizona Department of Administration	\$ 8,700	\$ 17,400
Department of Education	12,900	25,800
Department of Health Services	17,500	35,000
Banking Department	2,500	5,000
Department of Racing	4,300	8,600
Department of Environmental Quality	<u>6,000</u>	<u>12,000</u>
Total	\$51,900	\$103,800

**Additional Appropriations — Child Welfare and Placement; Reports (Chapter 324) —** Appropriates \$60,000 from the General Fund for additional hearings that may result from child welfare agency appeals of license denial, suspension or revocation.

**AGRICULTURAL EMPLOYMENT RELATIONS BOARD**

A.R.S. § 23-1386

Michele Gámez, Executive Director

JLBC Analyst: Jennifer Vermeer

<b>General Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>1.0</u>	<u>1.0</u>	<u>0.0</u>
Personal Services	38,400	35,500	-0-
Employee Related Expenditures	7,400	5,500	-0-
Professional and Outside Services	4,700	10,000	-0-
Travel - In State	600	3,300	-0-
Other Operating Expenditures	4,900	7,000	-0-
Equipment	<u>300</u>	<u>0</u>	<u>-0-</u>
<b>Total Appropriations</b>	<b>56,300</b>	<b>61,300</b>	<b>-0-</b>

**Agency Description** — This board receives and investigates complaints of unfair agricultural labor practices and arbitrates agricultural labor disputes. It also conducts farm labor union elections.

**Agency Consolidation** — This agency has been consolidated in the Department of Agriculture budget. The FY 1996 General Appropriation Act did not include an appropriation for FY 1997 and contained a footnote requiring a study of the feasibility of consolidating the board with another agency. As a result of the study, funding of \$23,300 was included as a Special Line Item in the Department of Agriculture budget. See next page.

**ARIZONA DEPARTMENT OF AGRICULTURE**

A.R.S. § 3-101

Keith Kelly, Director

JLBC Analyst: Karen Bock/Jennifer Vermeer

<b>General Fund and Other Appropriated Funds</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
<u>Program Summary</u>			
Administration	1,675,800	1,541,700	1,658,800
Animal Services	3,587,500	3,717,200	3,770,900
Plant Industries	4,265,400	4,302,400	4,752,300
Chemicals/Environmental	911,800	1,089,800	1,094,400
Laboratory	1,169,600	1,226,700	1,406,500
<b>Total Appropriations</b>	<b>11,610,100</b>	<b>11,877,800</b>	<b>12,682,900</b>
<u>Expenditure Detail</u>			
FTE Positions	<u>287.5</u>	<u>277.3</u>	<u>277.8</u> <sup>1/</sup>
Personal Services	5,915,800	6,235,700	6,308,100
Employee Related Expenditures	1,665,700	1,606,700	1,694,500
Professional and Outside Services	143,500	209,300	234,300
Travel - In State	490,200	523,500	504,500
Travel - Out of State	34,800	30,600	29,900
Other Operating Expenditures	1,167,600	1,481,000	1,474,100
Equipment	38,200	90,000	200,000
<b>Operating Subtotal</b>	<b>9,455,800</b>	<b>10,176,800</b>	<b>10,445,400</b>
Rent/Relocation	289,600	-0-	-0-
Africanized Honey Bee	251,800	-0-	-0-
Agricultural Consulting and Training	70,200	-0-	105,300
Agricultural Employment Relations Board	-0-	-0-	23,300
Aquaculture	6,700	14,600	10,300
Egg Inspection	232,800	242,700	272,300
Fruit and Vegetable Standardization	789,100	861,500	855,600
Commercial Feed Program	165,300	174,200	166,700
Fertilizer Materials Program	159,700	196,600	204,400
Pesticide Program	189,100	211,400	210,900
<b>Total</b>	<b>11,610,100</b>	<b>11,877,800</b>	<b>12,294,200</b> <sup>2/</sup>
<b>Additional Appropriations -</b> Appropriation; Clifton Flood Control, Ch. 312	<b>-0-</b>	<b>-0-</b>	<b>388,700</b>
<b>Total Appropriations</b>	<b>11,610,100</b>	<b>11,877,800</b>	<b>12,682,900</b>
<u>Fund Summary</u>			
General Fund	10,067,400	10,128,000	10,510,900
Aquaculture Fund	6,700	14,600	10,300
Egg Inspection Fund	232,800	242,700	272,300
Citrus, Fruit and Vegetable Revolving Fund	789,100	861,500	855,600
Commercial Feed Fund	165,300	174,200	166,700
Fertilizer Materials Fund	159,700	196,600	204,400
Pesticide Fund	189,100	211,400	210,900
Consulting and Training Fund	-0-	48,800	63,100
Dangerous Plants, Pests and Diseases Fund	-0-	-0-	39,800
Seed Law Fund	-0-	-0-	23,100
Organic Food Certification Fund	-0-	-0-	12,200
Arizona Protected Native Plant Fund	-0-	-0-	306,100
Seizure Fund	-0-	-0-	7,400
Equine Maintenance Fund	-0-	-0-	100
<b>Total Appropriations</b>	<b>11,610,100</b>	<b>11,877,800</b>	<b>12,682,900</b>

(Continued)

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

**Agency Description** — The Department of Agriculture administers and enforces agriculture-related statutes, which regulate, protect, and promote Arizona's agricultural industries. The department regulates certain phases of food production (such as milking, butchering, and harvesting) to protect public health and to ensure product quality. The department administers programs to protect livestock and crops from diseases and to protect farm-workers who handle agricultural chemicals. It also tests certain non-food agricultural products to ensure product quality and content, and provides administrative support to several product-promotion groups.

**Administrative Positions** — The approved amounts reflect the following changes to the funding of administrative positions. General Fund support for 0.5 FTE position (a Trainer position) is eliminated—a reduction of \$20,700 General Fund. Support for the Budget Officer is added—an increase of \$45,300 and 1 FTE Position (this position has been paid for by the Commercial Feed Fund).

**Education and Outreach Specialist** — The approved amount continues \$35,300 for the Education and Outreach Specialist position.

**Agricultural Laboratory Privatization** — As a result of the Program Authorization Review, funding for the State Agricultural Laboratory (SAL) has been adjusted to accommodate privatization of the Feed and Fertilizer functions. The regulatory analysis of commercial feed and fertilizer products will be done by a private laboratory under contract. SAL will certify the private lab and maintain the capability of performing quality assurance analysis.

One staff position is to be eliminated in January 1997, a reduction of 0.5 FTE position and \$16,000. Professional and Outside Services is increased by \$37,300 for a contract with a private lab. Of this \$37,300, \$12,300 is from the Commercial Feed Fund and \$25,000 is from the Fertilizer Materials Fund.

**Arizona Grown** — An additional \$25,000 was approved for the "Arizona Grown" product promotion program. The Appropriations Subcommittee adopted a footnote directing the department to collect 50 cents in matching monies from the private sector for each dollar spent by the department. Any unmatched monies would revert. This footnote was inadvertently left out of the General Appropriation Act, but the department should follow the intent of it in administering the program.

**Equipment** — The approved amount of \$200,000 is for replacement laboratory equipment.

**Administrative Assessments** — The approved appropriation from certain special funds includes an amount for departmental overhead, which is to be transferred to the non-appropriated Administrative Assessment Fund (officially titled the Agriculture Designated Fund). For FY 1997, the assessment is 6% of the prior-year estimated expenditures, except that the Citrus, Fruit and Vegetable Revolving (CFV) Fund will transfer only \$21,200 to the Administrative Assessment Fund. The remaining \$30,500 will be paid directly from the CFV Fund for 1.5 FTE Positions. These accounting staff were formerly paid through the Administrative Assessment Fund but are now to be paid directly from the CFV Fund in order to enhance program supervision and accountability. The assessment amounts are as follows:

<u>Administrative Assessments</u>			
Consulting and Training	\$ 2,900	Commercial Feed	\$10,500
Aquaculture	900	Fertilizer Materials	11,800
Egg Inspection	14,600	Pesticides	12,700
Citrus, Fruit and Vegetable	51,700		

**Agricultural Consulting and Training** — This program is now a Special Line Item. The approved program total of \$105,300 is for 2 FTE Positions. Of the total, \$42,200 is from the General Fund and \$63,100 is from the Consulting and Training Fund. Note that in FY 1995 only General Fund resources were available for this program. In FY 1996, the resources from both the General Fund and the new Consulting and Training Fund were part of the operating budget.

1/ Includes 40 FTE Positions funded from Special Line Items in FY 1997.  
 2/ Appropriated as a Modified Lump Sum by Agency.

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

**Agricultural Employment Relations Board** — Funding for the Agricultural Employment Relations Board has been placed within the Arizona Department of Agriculture (ADA) as a new Special Line Item. The approved amount includes \$3,300 for board member travel and meeting expenses; \$10,000 for administrative services that ADA will provide to the board on a contract basis; and \$10,000 for investigations (if needed) through outside contracts. See page 186 for further background.

**Aquaculture** — The department regulates facilities such as fish hatcheries where aquatic organisms are raised. Regulations concern product labeling and quality control, disease control, and aquatic wildlife protection. The department assesses facility license fees to support the regulatory program. The Aquaculture Fund is a 90/10 Fund.

**Egg Inspection** — The department regulates egg production facilities and egg product handling to protect public health and to ensure product quality. The department assesses inspection fees to support the program.

**Fruit and Vegetable Standardization** — The department inspects produce before and after harvesting to ensure that marketed products meet standards of quality and packaging requirements. The approved amount includes an additional \$30,500 for 1.5 FTE Positions that are moved from the non-appropriated Administrative Assessment Fund back to the Citrus, Fruit and Vegetable Revolving Fund in order to improve their productivity and accountability to the program.

**Commercial Feed Program** — The department enforces animal feed content and labeling laws to protect consumers. Fees support the program. As noted above, an additional \$12,300 is approved for new private laboratory services. The Commercial Feed Fund is a 90/10 Fund.

**Fertilizer Materials Program** — The department enforces labeling requirements and other laws related to fertilizer products. Fees support the program. As noted above, an additional \$25,000 is approved for new private laboratory services. The Fertilizer Materials Fund is a 90/10 Fund.

**Pesticide Program** — The department licenses pesticide handlers and enforces pesticide labeling and use laws. License fees support the program. The Pesticide Fund is a 90/10 fund.

**Additional Appropriations** — Appropriation: Clifton Flood Control (Chapter 312) — Among changes related to other agencies, this act appropriates all fund revenues from 6 funds to the Department of Agriculture in FY 1997. These appropriations are necessary because another act, Regulatory Reform (Chapter 102), made several funds subject to annual legislative appropriation, but did not actually appropriate any monies from them for FY 1997. The funds are listed in the table below. The dollar amount represents estimated total available monies, although the department would also be able to use any additional monies in these funds.

<b>Funds Appropriated by Chapter 312</b>			
Dangerous Plants, Pests, and Diseases Fund	\$39,800	Arizona Native Plant Fund	\$306,100
Organic Food Certification Fund	\$12,200	Seizure Fund	\$ 7,400
Seed Law Fund	\$23,100	Equine Maintenance Fund	\$ 100

**Additional Legislation** — Hay: Commercial Regulation (Chapter 229) — This act creates a new, non-appropriated Hay Law Fund and makes other changes related to hay brokers.

**STATE BOARD OF APPRAISAL**

A.R.S. § 32-3601

Shirley L. Berry, Executive Director

JLBC Analyst: Stefan Shepherd

Board of Appraisal Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	4.0	4.0	4.0
Personal Services	121,400	133,900	135,900
Employee Related Expenditures	26,100	26,700	24,500
Professional and Outside Services	8,100	21,500	21,500
Travel - In State	5,200	21,500	21,500
Travel - Out of State	5,300	2,000	2,000
Other Operating Expenditures	33,100	45,300	46,000
Equipment	34,100	8,000	-0-
<b>Total Appropriations</b>	<b>233,300</b> <sup>1/</sup>	<b>258,900</b> <sup>2/</sup>	<b>251,400</b> <sup>3/</sup>

*Agency Description* — The board licenses, certifies and regulates real estate appraisers. The board also registers property tax agents.

<sup>1/</sup> The board was originally appropriated \$229,800 for FY 1994, but was allowed to carry forward \$20,000 of that amount to FY 1995.

<sup>2/</sup> This appropriation is available for use and is exempt from the provisions of A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriation Act footnote.)

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

**ARIZONA COMMISSION ON THE ARTS**

A.R.S. § 41-981

Shelley M. Cohn, Executive Director

JLBC Analyst: Jim Hillyard

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>12.5</u>	<u>12.5</u>	<u>12.5</u>
Personal Services	342,100	350,700	357,000
Employee Related Expenditures	73,600	79,800	83,200
Professional and Outside Services	2,100	-0-	-0-
Travel - In State	13,200	13,100	13,100
Travel - Out of State	800	800	800
Other Operating Expenditures	85,800	89,900	95,000
Equipment	<u>-0-</u>	<u>2,000</u>	<u>2,000</u>
<b>Operating Subtotal</b>	<b>517,600</b>	<b>536,300</b>	<b>551,100</b>
Community Service Projects	<u>975,000</u>	<u>975,000</u>	<u>975,000</u>
<b>Total Appropriations</b>	<b>1,492,600</b>	<b>1,511,300</b>	<b>1,526,100</b> <sup>1/</sup>

*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.

**Additional Legislation** — Arts Fund: Public-Private Partnership (Chapter 186) — Establishes the Arts Endowment Fund. The fund is comprised of private donations and of all Amusement Transaction Privilege Tax revenues in excess of those collected in FY 1994, not to exceed \$2,000,000 annually. Monies earned from investment of these public and private funds are a continuing appropriation to the commission. The commission shall submit an annual report detailing private monies donated for use in conjunction with state funds.

<sup>1/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.



**ATTORNEY GENERAL - DEPARTMENT OF LAW - SUMMARY**

A.R.S. § 41-192

The Honorable Grant Woods, Attorney General

JLBC Analyst: Karen Bock

General Fund and Other Appropriated Funds	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
<b>Program Summary</b>			
Administration	5,561,200	5,634,900	5,690,900
Human Services	1,584,300	1,739,100	1,742,500
Civil	6,967,300	7,281,300	7,341,800
Criminal	9,185,200	10,923,100	11,287,200
<b>Total Appropriations</b>	<b>23,298,000</b>	<b>25,578,400</b>	<b>26,062,400</b>
<b>Expenditure Detail</b>			
FTE Positions	377.0	377.0	383.0 <sup>1/</sup>
Personal Services	14,049,900	14,574,500	14,805,300
Employee Related Expenditures	2,761,400	2,981,200	2,847,800
Professional and Outside Services	117,700	134,600	134,600
Travel - In State	168,600	148,600	148,600
Travel - Out of State	35,100	25,000	25,000
Other Operating Expenditures	3,036,500	2,886,400	2,971,200
Equipment	286,300	400,000	400,000
<b>Operating Subtotal</b>	<b>20,455,500</b>	<b>21,150,300</b>	<b>21,332,500</b>
Special Line Items	2,842,500	4,368,100	4,579,900
Additional Appropriations	-0-	60,000	150,000
<b>Total Appropriations</b>	<b>23,298,000</b>	<b>25,578,400</b>	<b>26,062,400</b> <sup>2/3/</sup>
<b>Fund Summary</b>			
General Fund	21,543,300	23,129,000	23,319,100
Collection Enforcement Fund	482,300	686,200	690,100
Victims' Rights Implementation Fund	1,272,400	1,763,200	2,053,200
<b>Total Appropriations</b>	<b>23,298,000</b>	<b>25,578,400</b>	<b>26,062,400</b>

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

<sup>1/</sup> Includes 17 FTE Positions funded from Special Line Items in FY 1997.

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

<sup>3/</sup> The Attorney General shall notify the President of the Senate, the Speaker of the House of Representatives and the Joint Legislative Budget Committee before entering into a settlement of \$100,000 or more which will result in the receipt of monies by the Attorney General or any other person on behalf of the State of Arizona. The Attorney General shall not allocate or expend such funds until the Joint Legislative Budget Committee reviews the allocations or expenditures. This footnote does not apply to actions under Title 13 of the Arizona Revised Statutes, or other criminal matters. (General Appropriation Act footnote.)

**ATTORNEY GENERAL - DEPARTMENT OF LAW - ADMINISTRATION**

A.R.S. § 41-192

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	58.0	58.0	58.0
Personal Services	2,078,600	2,005,200	2,041,300
Employee Related Expenditures	412,400	425,000	395,800
Professional and Outside Services	24,500	84,800	84,800
Travel - In State	10,700	11,800	11,800
Travel - Out of State	14,100	10,000	10,000
Other Operating Expenditures	1,807,700	1,869,400	1,910,600
Equipment	267,000	400,000	400,000
<b>Operating Subtotal</b>	<b>4,615,000</b>	<b>4,806,200</b>	<b>4,854,300</b>
Capital Center Lease-Purchase	910,300	828,700	836,600
Cost Tracking Accounts	35,900	-0-	-0-
<b>Total Appropriation</b>	<b>5,561,200</b>	<b>5,634,900</b>	<b>5,690,900</b> <sup>1/2/</sup>

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

**Computer System Replacement** — The original approved amount includes \$400,000 in FY 1996 and \$400,000 in FY 1997 to replace the existing Wang VS computer system with a modern system of personal computers linked together through a system of Local Area Networks (LANs). The LANs in turn will be linked to form a Wide Area computer Network (WAN).

The new system will be based on 3 high-performance computers with multi-processing capabilities that will act as file servers. In FY 1996, the Attorney General - Department of Law (A.G.) purchased 2 of the servers and 93 personal computers, along with related hardware, cabling, and installation. The approved amount for FY 1997 includes funding for network operating software and for purchase or development of office-wide systems for litigation records, attorney time keeping, victim data and other required business and personnel functions. These new and enhanced software products will replace similar functions now housed on the Wang computer system. Also, the information system staff and users will be trained to use the new computer hardware and software.

A General Appropriation Act footnote requires the A. G.'s staff to submit a project plan for review by the Joint Legislative Budget Committee before expending any money appropriated for new computer equipment. The A.G.'s staff submitted a plan in June of 1995 and was asked to submit an update before using the FY 1997 portion of the project's fund.

1/ Appropriated as an Operating Lump Sum by Agency with Special Line Items.

2/ Prior to expending any monies contained in these appropriations for the replacement of the Department of Law's computer system or any other computer equipment, the staff of the Attorney General - Department of Law shall submit a project plan to the Joint Legislative Budget Committee for review. (General Appropriation Act footnote.)

<b>ATTORNEY GENERAL - DEPARTMENT OF LAW - HUMAN SERVICES</b>			<b>A.R.S. § 41-1401</b>
<b>General Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	42.4	42.4	42.4
Personal Services	1,121,300	1,282,200	1,303,400
Employee Related Expenditures	271,500	294,700	270,900
Professional and Outside Services	14,800	24,800	24,800
Travel - In State	15,000	8,000	8,000
Travel - Out of State	7,800	900	900
Other Operating Expenditures	144,600	128,500	134,500
Equipment	9,300	-0-	-0-
<b>Total Appropriations</b>	<b>1,584,300</b>	<b>1,739,100</b>	<b>1,742,500</b> <sup>1/</sup>

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

<sup>1/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

**ATTORNEY GENERAL - DEPARTMENT OF LAW - CIVIL**

A.R.S. § 41-192

<b>General Fund and Collection Enforcement Revolving Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	135.1	135.1	141.1 <sup>1/</sup>
Personal Services	4,981,300	5,179,500	5,259,500
Employee Related Expenditures	937,100	1,023,100	982,000
Professional and Outside Services	47,900	2,300	2,300
Travel - In State	3,200	3,000	3,000
Travel - Out of State	3,200	5,000	5,000
Other Operating Expenditures	510,400	382,200	399,900
Equipment	1,900	-0-	-0-
<b>Operating Subtotal</b>	<b>6,485,000</b>	<b>6,595,100</b>	<b>6,651,700</b>
Collection Enforcement	482,300	686,200	690,100
<b>Total Appropriations</b>	<b>6,967,300</b>	<b>7,281,300</b>	<b>7,341,800</b> <sup>2/</sup>
<b>Fund Summary</b>			
General Fund	6,485,000	6,595,100	6,651,700
Collection Enforcement Revolving Fund	482,300	686,200	690,100
<b>Total Appropriations</b>	<b>6,967,300</b>	<b>7,281,300</b>	<b>7,341,800</b>

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

**Collection Enforcement Revolving Fund** — For FY 1997 there are 6 additional Collection Enforcement FTE Positions above the original FY 1997 appropriation to reduce the excessive workload in the Collections and the Bankruptcy sections. No additional Personal Services were approved, however, because the existing appropriation is sufficient to support the 2 new Collectors, 1 Administrative Services Officer, 1 Administrative Assistant, 1 Legal Secretary II, and 1 Assistant Attorney General.

**Governor's Legal Counsel** — Laws 1995, Chapter 94 transferred \$34,400 from the A.G.'s office to the Office of the Governor in FY 1996 for the Governor to obtain independent legal counsel, but the act made no change for FY 1997. Accordingly, the approved amount for FY 1997 reflects a reduction of \$34,400 from the original FY 1997 appropriation.

<sup>1/</sup> Includes 16 FTE Positions funded from Special Line Items in FY 1997.  
<sup>2/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

<b>ATTORNEY GENERAL - DEPARTMENT OF LAW - CRIMINAL</b>			A.R.S. § 41-192
<b>General Fund and Victims' Rights Implementation Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	141.5	141.5	141.5 <sup>1/</sup>
Personal Services	5,868,700	6,107,600	6,201,100
Employee Related Expenditures	1,140,400	1,238,400	1,199,100
Professional and Outside Services	30,500	22,700	22,700
Travel - In State	139,700	125,800	125,800
Travel - Out of State	10,000	9,100	9,100
Other Operating Expenditures	573,800	506,300	526,200
Equipment	8,100	-0-	-0-
<b>Operating Subtotal</b>	<b>7,771,200</b>	<b>8,009,900</b>	<b>8,084,000</b>
Grand Jury	141,600	150,000	150,000 <sup>2/</sup>
Victims' Rights Implementation	1,272,400	2,703,200	2,903,200
<b>Total</b>	<b>9,185,200</b>	<b>10,863,100</b>	<b>11,137,200</b>
<b>Additional Appropriations - Victims' Rights Implementation Revolving Fund, Ch. 172</b>	<b>-0-</b>	<b>60,000</b>	<b>150,000</b>
<b>Total Appropriations</b>	<b>9,185,200</b>	<b>10,923,100</b>	<b>11,287,200</b> <sup>3/</sup>
<b>Fund Summary</b>			
General Fund	7,912,800	9,159,900	9,234,000
Victims' Rights Implementation Fund	1,272,400	1,763,200 <sup>4/</sup>	2,053,200 <sup>4/</sup>
<b>Total Appropriations</b>	<b>9,185,200</b>	<b>10,923,100</b>	<b>11,287,200</b>

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

**Victims' Rights Implementation** — The A.G.'s office is required to assess the financial need of state or local entities affected by the Victims' Rights Implementation Act. The A.G.'s office distributes monies from the Victims' Rights Implementation Revolving Fund (VRIRF) to qualified entities, which use their grants for victim notification and other victims' rights requirements.

The VRIRF includes 7.68% of Criminal Justice Enhancement Fund Revenues, as well as General Fund appropriations. Laws 1995, Chapter 197 appropriated \$1,000,000 from the General Fund to the VRIRF for FY 1996, but did not make a corresponding appropriation from the VRIRF (which is itself subject to legislative appropriation). Laws 1995, Chapter 4, 4th Special Session corrected this oversight and appropriated \$1,000,000 from the VRIRF for FY 1996. Chapter 4 also appropriated \$1,000,000 from the General Fund to the VRIRF for FY 1997 and made the corresponding appropriation from the VRIRF as well. To avoid double counting, the table above does not include the \$1,000,000 appropriations from the VRIRF.

**Additional Appropriation** — Victims' Rights Implementation Revolving Fund (Chapter 172) — This act repeals the Victims' Rights Program changes that were made last year (Laws 1995, Chapters 197 and 178) and then re-establishes a new Victims' Rights Implementation Assistance Program in the A. G.'s office. The act requires a plan for disbursing VRIRF monies to state or local entities, limits the amount of VRIRF monies that the A.G. may spend administering the Victims' Rights program, and makes other changes. The act appropriates \$60,000 in FY 1996 and \$150,000 in FY 1997 to the A.G. for program administration.

<sup>1/</sup> Includes 1 FTE Position funded from Special Line Items in FY 1997.

<sup>2/</sup> The \$150,000 appropriated for State Grand Jury expenses is for costs incurred pursuant to A.R.S. § 21-428C. It is the legislative intent that State Grand Jury expenses be limited to the amount appropriated and that a supplemental appropriation will not be provided. (General Appropriation Act footnote.)

<sup>3/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

<sup>4/</sup> To avoid double counting, this amount excludes the \$1,000,000 appropriated from the VRIRF by Laws 1995, Chapter 4, 4th Special Session.

<b>AUTO THEFT AUTHORITY</b>			A.R.S. § 41-3451
Director (Yet to be named)			JLBC Analyst: Jason Hall
General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
<b>Additional Appropriations -</b>			
Auto Salvage; Theft Prevention, Ch. 263	-0-	-0-	225,000
<b>Total Appropriations</b>	<b>-0-</b>	<b>-0-</b>	<b>225,000</b>

*Agency Description* — The Automobile Theft Authority is responsible for analyzing the methods of combating the problem of vehicle theft and promoting successful methods of reducing the number of vehicle thefts in Arizona.

**Additional Appropriations** — Auto Salvage; Theft Prevention (Chapter 263) — Appropriates \$225,000 from the General Fund for the start-up costs of the authority. Laws 1992, Chapter 75 established the authority to provide assistance to law enforcement with funding and programs to reduce the incidence of auto theft. In years past, the authority has subsisted through donations from private insurance interests. Chapter 263 not only provides seed money for the authority, but also establishes a funding mechanism and an Automobile Theft Authority (ATA) Fund. Chapter 263 also extends the sunset date for the authority to July 1, 2002, on which date the authority will terminate.

Beginning in FY 1997, the ATA Fund receives a fee of 50 cents multiplied by the total earned car years of insurance from every insurer of motor vehicle liability insurance in the state. This fee is to be remitted for deposit in the ATA Fund in January and July of each year. Legislative staff estimate that this levy will raise \$1,000,000 - \$1,750,000 in the next year. These funds will be used to support law enforcement and prosecution programs designed to increase the effectiveness of auto theft prosecution and programs designed to educate and assist the public in the prevention of auto theft. Monies in this fund are not subject to legislative appropriation in FY 1997. However, Laws 1996, Chapter 335 subjects the fund to legislative appropriation in FY 1998 and all future years.

**STATE BANKING DEPARTMENT**

A.R.S. § 6-101

Richard C. Houseworth, Superintendent

JLBC Analyst: Jeffrey Schmied

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>57.0</u>	<u>52.0</u>	<u>52.0</u>
Personal Services	1,499,100	1,633,900	1,660,600
Employee Related Expenditures	340,400	343,400	344,800
Professional and Outside Services	16,200	12,900	10,400
Travel - In State	53,700	55,000	55,000
Travel - Out of State	24,800	16,000	16,000
Other Operating Expenditures	353,300	564,900	319,300
Equipment	<u>66,900</u>	<u>-0-</u>	<u>52,000</u>
<b>Operating Subtotal</b>	<b>2,354,400</b>	<b>2,626,100</b>	<b>2,458,100</b>
Receiverships	85,600	-0-	-0-
Local Area Network	<u>-0-</u>	<u>212,500</u>	<u>-0-</u>
<b>Total Appropriations</b>	<b>2,440,000</b>	<b>2,838,600</b>	<b>2,458,100</b> <sup>1/2/</sup>

*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.*

<sup>1/</sup> The Banking Department shall assess and set fees to ensure that monies deposited in the State General Fund will equal or exceed its expenditure from the State General Fund. (General Appropriation Act footnote.)  
<sup>2/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

**BOARD OF BARBERS**

A.R.S. § 32-301

Mario J. Herrera, Executive Director

JLBC Analyst: Jennifer Vermeer

Board of Barbers Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>
Personal Services	86,500	91,700	93,200
Employee Related Expenditures	18,600	19,800	19,200
Professional and Outside Services	200	800	800
Travel - In State	10,800	14,100	14,100
Travel - Out of State	900	1,300	1,300
Other Operating Expenditures	<u>20,600</u>	<u>23,000</u>	<u>27,600</u>
<b>Total Appropriations</b>	<b>137,600</b>	<b>150,700</b> <sup>1/</sup>	<b>156,200</b> <sup>2/</sup>

*Agency Description* — The board licenses barbers, inspects barbering establishments, and investigates violations of sanitation requirements and barbering procedures. It conducts hearings and imposes enforcement actions where appropriate.

**Moving Costs** — The approved amount includes an increase of \$4,200 for moving costs. The \$4,200 consists of \$1,400 for printing costs and \$600 for increased rental space which will be reimbursed by the Central Boards, and \$2,200 for other moving costs which will be reimbursed by the Arizona Department of Administration.

<sup>1/</sup> This appropriation is available for use and is exempt from the provisions of A.R.S. § 34-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriation Act footnote.)

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



**BOARD OF BEHAVIORAL HEALTH EXAMINERS**

A.R.S. § 32-3251

David Oake, Executive Director

JLBC Analyst: Jennifer Vermeer

<b>Behavioral Health Examiners Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>6.0</u>	<u>7.0</u>	<u>7.0</u>
Personal Services	161,800	192,600	195,400
Employee Related Expenditures	38,100	46,300	44,500
Professional and Outside Services	29,500	14,500	14,500
Travel - In State	6,900	7,500	7,500
Travel - Out of State	5,800	5,800	5,800
Other Operating Expenditures	106,200	73,300	73,100
Equipment	8,200	2,900	16,900
<b>Total Appropriations</b>	<b>356,500</b>	<b>342,900</b> <sup>1/</sup>	<b>357,700</b> <sup>2/</sup>

*Agency Description* — The board certifies and regulates behavioral health professionals in the fields of social work, counseling, marriage and family therapy, and substance abuse counseling.

<sup>1/</sup> This appropriation is available for use and is exempt from the provisions of A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriation Act footnote.)

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

**ARIZONA STATE BOXING COMMISSION**

A.R.S. § 5-221

Johnny Montano, Executive Director

JLBC Analyst: Jeffrey Schmied

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>
Personal Services	37,900	40,300	41,000
Employee Related Expenditures	10,800	10,000	9,900
Professional and Outside Services	500	500	500
Travel - In State	3,400	3,900	3,900
Travel - Out of State	700	700	700
Other Operating Expenditures	<u>10,100</u>	<u>12,100</u>	<u>12,300</u>
<b>Total Appropriations</b>	<b>63,400</b>	<b>67,500</b>	<b>68,300</b> <sup>1/2/</sup>

*Agency Description — The Boxing Commission licenses, investigates and regulates the professional boxing and kick-boxing industry in Arizona. The Department of Racing is responsible for collection and accounting of Boxing Commission revenues.*

<sup>1/</sup> The Boxing Commission shall report to the President of the Senate, the Speaker of the House of Representatives, the Chairmen of the Senate and House Appropriations Committees, and the Director of the Joint Legislative Budget Committee on a semi annual basis. The report shall contain the number of boxing events, gross receipts, state revenues and license fee collections. (General Appropriation Act footnote.)

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

**DEPARTMENT OF BUILDING AND FIRE SAFETY**

A.R.S. § 41-2141

Eric Borg, Director

JLBC Analyst: Stefan Shepherd

<b>General Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>69.2</u>	<u>68.3</u>	<u>67.5</u>
Personal Services	1,758,000	1,844,700	1,852,900
Employee Related Expenditures	460,200	497,000	463,300
Professional and Outside Services	1,500	-0-	-0-
Travel - In State	188,400	194,600	194,100
Travel - Out of State	6,200	6,000	6,000
Other Operating Expenditures	372,100	348,000	136,200
Equipment	<u>19,200</u>	<u>-0-</u>	<u>-0-</u>
<b>Operating Subtotal</b>	<b>2,805,600</b>	<b>2,890,300</b>	<b>2,652,500</b>
Rent/Relocation	-0-	205,500	190,500
Fire Training School	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>
<b>Total Appropriations</b>	<b>2,835,600</b>	<b>3,125,800</b>	<b>2,873,000</b> <sup>1/</sup>

*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.

<sup>1/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

**STATE BOARD OF CHIROPRACTIC EXAMINERS**

A.R.S. § 32-901

Elaine LeTarte, Executive Director

JLBC Analyst: Jim Hillyard

Board of Chiropractic Examiners Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>
Personal Services	102,900	133,200	135,100
Employee Related Expenditures	19,800	25,700	28,400
Professional and Outside Services	19,900	16,600	16,600
Travel - In State	1,800	6,900	6,900
Travel - Out of State	2,900	2,700	2,700
Other Operating Expenditures	50,400	74,300	56,000
Equipment	<u>5,300</u>	<u>2,000</u>	<u>-0-</u>
<b>Total Appropriations</b>	<b>203,000</b>	<b>261,400</b> <sup>1/</sup>	<b>245,700</b> <sup>2/</sup>

*Agency Description* — The board licenses, investigates, and conducts examinations of chiropractors who practice a system of therapy in which disease is considered the result of neural malfunction. Manipulation of the spinal column and other structures is the preferred method of treatment.

<sup>1/</sup> This appropriation is available for use and is exempt from A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriations Act footnote.)

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

**ARIZONA COLISEUM AND EXPOSITION CENTER BOARD**

A.R.S. § 3-1001

Gary D. Montgomery, Executive Director

JLBC Analyst: Stefan Shepherd

Arizona Coliseum and Exposition Center Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	263.0	278.0	278.0
Personal Services	4,375,200	4,714,300	4,824,300
Employee Related Expenditures	773,200	788,500	841,500
Professional and Outside Services	2,301,300	2,561,600	2,689,600
Travel - In State	8,000	10,800	9,700
Travel - Out of State	45,100	39,600	39,600
Other Operating Expenditures	5,224,400	6,395,400	6,936,000
Equipment	64,100	-0-	-0-
<b>Total Appropriations</b>	<b>12,791,300</b>	<b>14,510,200</b>	<b>15,340,700</b> <sup>1/</sup>

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

A.R.S. § 3-1005 states “Monies received by the board... shall be under full control and jurisdiction of the board.” As a result, the appropriations equal 100% of the board’s collections. The approved amounts reflect the board’s current estimates of collections and will be adjusted in accordance with the actual collection levels.

**Capital Outlay** — Chapter 2, 5th Special Session — Appropriates \$721,500 from the Arizona Coliseum and Exposition Center Fund to the Arizona Coliseum and Exposition Center Board for Building Renewal.

<sup>1/</sup> All collections paid into the State Treasury by the Arizona Coliseum and Exposition Center are appropriated for Personal Services, Employee Related Expenditures, and All Other Operating Expenditures. The estimated appropriation for FY 1996 is \$14,510,200 and for FY 1997 is \$15,340,700. (General Appropriation Act footnote.)

**DEPARTMENT OF COMMERCE**

**A.R.S. § 41-1501**

Sara Goertzen Dial, Director

JLBC Analyst: Brad Beranek/Phil Case

<b>General Fund and Other Appropriated Funds</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	81.5	81.5	85.5 <sup>1/</sup>
Personal Services	2,221,900	2,299,300	2,513,800
Employee Related Expenditures	429,800	449,600	483,500
Professional and Outside Services	97,100	86,200	89,200
Travel - In State	48,500	58,600	61,100
Travel - Out of State	25,100	39,900	48,700
Other Operating Expenditures	713,200	909,400	905,900
Equipment	138,600	67,500	66,000
<b>Operating Subtotal</b>	<b>3,674,200</b>	<b>3,910,500</b>	<b>4,168,200</b>
Minority and Women-Owned Business	102,300	101,700	103,700
Special Arizona Promotion - Major Sporting Events	-0-	2,000,000	-0-
Rural Tourism	-0-	100,000	100,000
Small Business Advocate	98,100	102,000	103,700
Economic Development Matching Funds	91,800	104,000	104,000
CEDC Commission	178,100	201,600	197,200
Advertising and Promotion	486,400	525,200	495,200
Asian Pacific Trade Office	169,900	214,700	214,700
Mexico Trade Office	268,700	300,100	300,100
REDI Matching Grants	24,500	45,000	45,000
Motion Picture Development	604,800	610,400	609,800
National Law Center/Free Trade	572,000	497,000	250,000
Senior Living Office	-0-	-0-	200,300
Indian Economic Development	61,800	66,200	67,200
Oil Overcharge Administration	111,500	126,800	123,500
Japan Trade/Tourism Office	243,000	280,000	280,000
European Trade Office	-0-	330,000	400,000
Main Street	77,500	130,000	130,000
Work Force Recruitment and Training	4,500,000	4,500,000	4,500,000
Williams AFB Economic Development	350,000	350,000 <sup>2/</sup>	350,000
Economic Development Incentive Policy	-0-	1,000,000	-0-
NAFTA Projects	-0-	925,000	-0-
Alternative Fuels Bills	81,200	-0-	-0-
AZ Sonora Study Implementation	-0-	-0-	70,000
AZ Sonora Economic Development Study	116,700	-0-	150,000
Border Infrastructure Office	-0-	-0-	100,200
Rural Development Bank Study	-0-	-0-	75,000
<b>Total Appropriations</b>	<b>11,812,500</b>	<b>16,420,200</b>	<b>13,137,800</b> <sup>3/</sup>
<b>Fund Summary</b>			
General Fund	8,617,200	11,210,700	9,665,900
Bond Fund	69,100	92,600	93,000
CEDC Fund	2,605,000	4,616,700	2,885,200
Lottery Fund	178,100	201,600	197,200
Oil Overcharge Fund	111,500	126,800	123,500
Housing Trust Fund	141,000	157,200	158,400
Solar Energy Fund	9,400	14,600	14,600
DOASSR Fund	81,200	-0-	-0-
<b>Total Appropriations</b>	<b>11,812,500</b>	<b>16,420,200</b>	<b>13,137,800</b>

(Continued)

## DEPARTMENT OF COMMERCE - (Cont'd)

**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.*

**Operating Increase** — The approved amount adds \$88,000 from the CEDC Fund above the original FY 1997 appropriation to cover administrative costs for the Small Business Innovative Research (SBIR) program. Laws 1993, Chapter 247 established the state SBIR program to provide grants, via the Commerce and Economic Development Commission, to small Arizona-based technology companies that are recipients of federal SBIR awards. Up to \$500,000 in grant money and up to \$100,000 in administration monies were annually dedicated from the CEDC Fund from FY 1995 through FY 1996. The department will continue to offer funding of this nature via its general CEDC loan authority through A.R.S. § 41-1505.06. The approved amount will continue the authorized use of CEDC monies for administrative purposes.

**Senior Living Office** — The approved amount adds 1 FTE and \$200,000 from the CEDC Fund above the original FY 1997 appropriation for the establishment of a Senior Living Office to attract persons aged 55 or older to move to Arizona, and to recruit businesses to the state which produce goods or services targeted to this demographic segment. In 1994, numerous economic development studies were completed by the public and private sectors which concluded that the national retired population, particularly higher-income retirees, would be a fiscally advantageous "industry" to attract to Arizona. As a result, the Governor's Strategic Partnership for Economic Development (GSPED) formally identified this industry as a target "cluster" to which private and public marketing resources should be devoted. The Senior Living Office would work in conjunction with the department's national marketing program, the public marketing arm of GSPED.

**Special Arizona Promotion - Major Sporting Events** — The approved amount reflects the elimination of one-time FY 1996 funding for the promotion of Arizona as a business location during major sporting events held during the year, notably Super Bowl XXX. In order to determine the value of such investments, the Legislature is interested in an assessment of its impact.

**National Law Center for Inter-American Free Trade** — The approved amount adds \$250,000 from the CEDC Fund above the original FY 1997 appropriation for continuing studies by the National Law Center for Inter-American Free Trade, a research and education center which seeks to identify and eliminate mechanical and structural obstacles to the free movement of goods and services among Mexico, Canada, and the United States. The approved amount will be used to match private monies for additional research projects, in addition to defraying center overhead and administrative costs.

**Arizona Sonora Economic Development Study** — The approved amount adds \$150,000 from the General Fund above the original FY 1997 appropriation for the continuation of a study originally funded by Laws 1994, Chapter 6, 8th Special Session. The original appropriation from Laws 1994 provided \$300,000 for an 18-month study to examine ways of expanding trade between Arizona and Sonora. That study examined industrial clusters, historical and current trade conditions, and opportunities related to tourism. The approved amount would continue the study by examining 2 additional industrial clusters: mining and agribusiness. Although the original appropriation from Laws 1994 was exempt from A.R.S. § 35-190, relating to the lapsing of appropriations, the approved amount is not exempt.

**Border Infrastructure Office** — The approved amount adds \$100,000 from the CEDC Fund above the original FY 1997 appropriation and 1 FTE for the establishment of a Border Infrastructure Office. This appropriation represents a continuation of a pilot project authorized by Laws 1995, Chapter 209 (NAFTA Projects), which provided one-time funding of \$150,000 from the General Fund to the department for a coordinator to oversee infrastructure financing preparation of Arizona border communities, and to serve as a liaison between those communities and public and private financing entities.

**Rural Development Bank Study** — The approved amount adds one-time funding of \$75,000 from the CEDC Fund for a study examining the feasibility of establishing a state Rural Development Bank. The study will define the role that such a lending institution could play in facilitating capital investment in the state's rural communities.

<sup>1/</sup> Includes 16.5 FTE Positions funded from Special Line Items in FY 1997.

<sup>2/</sup> Laws 1994, Chapter 339 appropriated \$1,000,000 from the General Fund for FY 1996 to the Department of Commerce to study methods of eliminating or mitigating the impact to the state of possible military base realignments or closures.

<sup>3/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

**DEPARTMENT OF COMMERCE - (Cont'd)**

**Arizona Sonora Study Implementation** — The approved amount adds \$70,000 from the General Fund above the original FY 1997 appropriation to implement components of the Arizona Sonora Economic Development Study originally funded by Laws 1994, Chapter 6, 8th Special Session. From the study, 18 recommendations were developed. The approved amount will assist the Governor's Arizona-Mexico Commission in implementing components of those recommendations in conjunction with the private sector, local boards, and communities.

**Additional Legislation — Unclaimed Property: Affordable Rural Housing (Chapter 355)** — Creates the Housing Development Fund and appropriates 20% of the annual revenues from unclaimed property, in addition to the existing 35%, to the Housing Trust Fund beginning in FY 1998. Also transfers \$500,000 from the Housing Trust Fund in FY 1998 and FY 1999 to the Housing Development Fund. This transfer shall come from the additional 20% appropriated to the Housing Trust Fund by this act. Monies in the Housing Development Fund are to be used for loans or grants to develop affordable housing in rural areas of the state within 20 miles of an existing or planned prison facility. The following chart explains the disposition of unclaimed property revenues.

	FY 1996	FY 1997	FY 1998
Unclaimed Property Revenues	\$16,448,800	\$17,933,400	\$19,879,600
Disbursements:			
Utility Assistance	(600,000)	(600,000)	(600,000)
Refunds	(5,000,000)	(5,100,000)	(5,200,000)
Subtotal	10,848,800	12,233,400	14,079,600
Housing Trust Fund (35% of Subtotal) <sup>1/</sup>	(3,797,100)	(4,281,700)	(4,927,900)
Additional to Housing Trust Fund (20% of Subtotal)	-0-	-0-	(2,815,900)
Racing-Related Funds (up to 20% of Subtotal) <sup>2/</sup>	-0-	-0-	(915,900)
Administration Expenses	(651,700)	(651,700)	(651,700)
Remainder to General Fund	\$6,400,000	\$7,300,000	\$4,768,200

<sup>1/</sup> As prescribed by Chapter 355 (see above).  
<sup>2/</sup> Beginning in FY 1998, Chapter 353 transfers 20% to the State Treasurer for distribution to 8 racing-related funds, up to their statutory maximums. The funds also receive revenue from pari-mutuel taxes and racing fees. For FY 1998, it is estimated that \$915,900 will be required to meet the maximums. Any un-used portion of the 20% will revert to the General Fund. (See Department of Racing for more detail.)

**Solar Contractors (Chapter 182)** — Transfers the responsibility of regulating solar energy devices from the department of Commerce to the Registrar of Contractors (ROC). Also transfers control of the appropriated Solar Qualification Assurance Fund from the Department of Commerce to the ROC. The FY 1997 appropriation for this fund is located in the Department of Commerce. Chapter 176 repeals the Solar Qualification Assurance Fund and the requirement to collect fees to place into the fund.



**CONSTITUTIONAL DEFENSE COUNCIL**

A.R.S. § 41-401

JLBC Analyst: Michael Bradley

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
Lump Sum Appropriations	1,000,000	-0-	-0-
<b>Total Appropriations</b>	<b>1,000,000</b>	<b>-0-</b>	<b>-0-</b>

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

**Constitutional Defense Council** — No additional funds were appropriated to the Council in FY 1996 or FY 1997. In FY 1995, the amount of \$1,000,000 was appropriated into the Constitutional Defense Council Revolving Fund by Laws 1994, Chapter 222. The revolving fund is exempt from the provisions of A.R.S. § 35-190 relating to lapsing of appropriations. In FY 1995, there were no expenditures, while in FY 1996 and FY 1997 there are no appropriations. However, there were estimated fund expenditures of approximately \$300,000 for FY 1996 at the time they were reviewed by the Appropriation Committees. At that time, approximately \$700,000 remained in the fund which could be used in part or whole during FY 1997.

**REGISTRAR OF CONTRACTORS**

A.R.S. § 32-1101

Michael P. Goldwater, Director

JLBC Analyst: Stefan Shepherd

Registrar of Contractors Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>110.3</u>	<u>111.0</u>	<u>111.8</u>
Personal Services	2,635,500	2,798,100	2,803,500
Employee Related Expenditures	678,100	744,500	741,500
Professional and Outside Services	54,100	26,200	23,400
Travel - In State	181,300	215,100	199,600
Travel - Out of State	3,800	3,800	3,800
Other Operating Expenditures	800,000	838,600	822,300
Equipment	<u>97,800</u>	<u>364,600</u>	<u>131,900</u>
<b>Operating Subtotal</b>	<b>4,450,600</b>	<b>4,990,900</b>	<b>4,726,000</b>
Imaging Equipment	343,800	250,000	-0-
Automation	164,400	-0-	-0-
Incentive Pay	<u>-0-</u>	<u>-0-</u>	<u>60,000</u>
<b>Total Appropriations</b>	<b>4,958,800</b>	<b>5,240,900 <sup>1/</sup></b>	<b>4,786,000 <sup>2/</sup></b>

**Agency Description** — The agency licenses, regulates and conducts examinations of residential and commercial construction contractors. Laws 1993, Chapter 116 permitted the agency, beginning in FY 1995, to retain most of its revenue rather than deposit the money into the General Fund. The agency will split its revenue between the newly-established Registrar of Contractors Fund and the General Fund as follows: in FY 1995, 70/30; in FY 1996, 80/20; in FY 1997, and thereafter, 90/10.

**New Inspectors** — The approved amount includes an additional \$48,300 (including \$13,500 in one-time equipment costs) and 1 FTE Position above the original FY 1997 appropriation to hire an inspector for the Mesa office due to the increase in complaints concerning contractors.

**Legal Staffing** — The approved amount includes an additional \$106,700 (including \$14,800 in one-time equipment costs) and 3 FTE Positions above the original FY 1997 appropriation to hire a legal analyst and a legal secretary for the Phoenix office and a legal secretary for the Tucson office. These positions will allow the Registrar of Contractors (ROC) perform its legal tasks after the transfer of its legal staff to the Office of Administrative Hearings.

**Incentive Pay** — The approved amount includes an additional \$60,000 in Personal Services and Employee Related Expenditures for implementation of an agency-wide incentive pay program.

**Non-Lapsing FY 1996 Appropriation** — The approved amount for FY 1996 will now not lapse to the Registrar of Contractors Fund on June 30, 1996. This gives ROC the same flexibility as other 90/10 agencies in managing its expenditures.

**Additional Legislation** — Solar Contractors (Chapter 182) — Transfers the responsibility of regulating solar energy devices from the Department of Commerce to the Registrar of Contractors. Also transfers control of the appropriated Solar Qualification Assurance Fund from the Department of Commerce to ROC. The FY 1997 appropriation for this fund is located in the Department of Commerce. Chapter 176, however, repeals the Solar Qualification Assurance Fund and the requirement to collect fees to place into the fund.

<sup>1/</sup> This appropriation is exempt from A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriation Act footnote added by Laws 1996, 5th Special Session, Chapter 7.)

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

**CORPORATION COMMISSION**

A.R.S. § 40-101

The Honorable Renz Jennings, Commissioner/Chairman

JLBC Analyst: Jason Hall

General Fund and Other Appropriated Funds	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
<b>Program Summary</b>			
Administration/Hearing	1,786,000	1,802,700	1,696,700
Corporations	1,303,000	1,415,100	1,377,800
Securities	1,652,100	1,570,100	2,210,200
Railroad Safety	643,000	581,400	585,300
Utilities	4,570,900	4,972,400	4,948,800
Legal	993,300	1,027,300	1,008,800
<b>Total Appropriations</b>	<b>10,948,300</b>	<b>11,369,000</b>	<b>11,827,600</b>
<b>Expenditure Detail</b>			
FTE Positions	222.0	222.0	236.0 <sup>1/2</sup>
Personal Services	6,787,600	7,084,900	7,220,400
Employee Related Expenditures	1,592,200	1,535,100	1,521,000
Professional and Outside Services	114,100	203,500	161,500
Travel - In State	166,300	182,200	177,200
Travel - Out of State	53,600	59,900	59,900
Other Operating Expenditures	1,606,500	1,655,400	1,509,000
Equipment	199,900	47,500	7,000
<b>Operating Subtotal</b>	<b>10,520,200</b>	<b>10,768,500</b>	<b>10,656,000</b>
Arts Trust Fund Administration	27,200	28,500	28,900
Model Business Corporation Act	-0-	30,000	-0-
Investment Management Act	-0-	-0-	600,700
Utility Audits, Studies, Invest. & Rate Hearings	136,700	350,000	350,000 <sup>3/</sup>
Railroad Warning Systems	264,200	192,000	192,000 <sup>3/</sup>
<b>Total Appropriations</b>	<b>10,948,300</b>	<b>11,369,000</b>	<b>11,827,600</b> <sup>4/</sup>
<b>Fund Summary</b>			
General Fund	5,248,500	5,243,500	5,208,000
Utility Regulation Fund	5,672,600	6,042,000	5,990,000
Arizona Arts Trust Fund	27,200	28,500	28,900
Pipeline Safety Revolving Fund	-0-	55,000	-0-
Investment Management and Regulatory Enforcement Fund	-0-	-0-	600,700
<b>Total Appropriations</b>	<b>10,948,300</b>	<b>11,369,000</b>	<b>11,827,600</b>

*Agency Description* — The Arizona Corporation Commission was established by Article 15 of the Arizona Constitution and consists of 3 statewide elected Commissioners, each serving 6-year terms. The commission's primary responsibilities are divided among divisions including Corporations, Securities, and Utilities. The Corporations Division administers the corporations code and provides public access to corporate annual reports, articles of incorporation, and corporate status change documents. The Securities Division regulates securities dealers and investment advisers, investigating possible violations of the Arizona Securities Act. The Utilities Division monitors approximately 500 public service corporations operating in Arizona. This division acts as an independent party in reviewing and establishing public utility rates, and monitoring compliance with commission regulatory decisions. Other functions of the commission include inspecting gas pipelines, operating the pipeline safety program, inspecting railroad track and hazardous cargo transport along railways, and also erecting warning devices at potentially dangerous railroad crossings throughout the state.

<sup>1/</sup> Includes 14 FTE Positions funded by the Investment Management and Regulatory Enforcement Fund. This fund source was created as a Non-Appropriated Fund which became appropriated under state law in FY 1997. Thus, this funding and related FTE Positions are displayed for the first time in the FY 1997 column.

<sup>2/</sup> Includes 15 FTE Positions funded from Special Line Items in FY 1997.

<sup>3/</sup> This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations. (General Appropriation Act footnote.)

<sup>4/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

**BOARD OF COSMETOLOGY**

A.R.S. § 32-501

Sue Sansom, Director

JLBC Analyst: Jennifer Vermeer

Board of Cosmetology Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>15.5</u>	<u>15.5</u>	<u>15.5</u>
Personal Services	302,300	339,200	345,300
Employee Related Expenditures	79,800	91,800	96,000
Professional and Outside Services	79,400	77,900	77,900
Travel - In State	22,800	25,000	25,000
Travel - Out of State	13,500	7,700	7,700
Other Operating Expenditures	128,600	98,400	139,500
Equipment	<u>10,500</u>	<u>-0-</u>	<u>-0-</u>
<b>Operating Subtotal</b>	<b>636,900</b>	<b>640,000</b>	<b>691,400</b>
Relocation and Equipment Replacement	<u>-0-</u>	<u>170,500</u>	<u>-0-</u>
<b>Total Appropriations</b>	<b>636,900</b>	<b>810,500</b> <sup>1/</sup>	<b>691,400</b> <sup>2/</sup>

*Agency Description* — The board administers licensing examinations and licenses; inspects salons and schools; and investigates violations of sanitation requirements and cosmetology procedures. It conducts hearings and imposes enforcement actions where appropriate.

<sup>1/</sup> This appropriation is available for use and is exempt from the provisions of A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriation Act footnote.)

<sup>2/</sup> Appropriated as an Operating Lump Sum by Agency.

**ARIZONA CRIMINAL JUSTICE COMMISSION**

A.R.S. § 41-2404

Rex Holgerson, Executive Director

JLBC Analyst: Jim Hillyard

General Fund and Other Appropriated Funds	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	6.0	6.0	6.0
Personal Services	204,800	219,200	222,700
Employee Related Expenditures	35,300	44,600	45,600
Professional and Outside Services	2,300	-0-	-0-
Travel - In State	6,200	11,000	11,000
Travel - Out of State	1,600	2,300	2,300
Other Operating Expenditures	56,200	58,300	65,400
<b>Operating Subtotal</b>	<b>306,400</b>	<b>335,400</b>	<b>347,000</b>
Drug Enforcement Funding Advance	1,000,000 <sup>1/</sup>	-0-	-0-
Street Gang Enforcement	1,100,000	1,100,000	500,000 <sup>2/</sup>
Gang Intelligence and Team Enforcement Mission	5,000,000	-0-	-0-
Drug Prevention Resource Center	200,000	220,000	230,000
Substance Abuse Surveys	-0-	25,000	-0-
<b>Total Appropriations</b>	<b>7,606,400</b>	<b>1,680,400</b>	<b>1,077,000 <sup>3/</sup></b>
<b>Fund Summary</b>			
General Fund	6,670,000	1,102,500	500,000
Criminal Justice Enhancement Fund	306,400	357,900	347,000
Drug Enforcement Account	200,000	220,000	230,000
Street Gang Enforcement Revolving Fund	430,000	-0-	-0-
<b>Total Appropriations</b>	<b>7,606,400</b>	<b>1,680,400</b>	<b>1,077,000</b>

*Agency Description* — The commission was created to enhance the effectiveness and the coordination of the criminal justice system in Arizona; to monitor the criminal justice system and the progress and implementation of new and continuing criminal justice legislation; to identify needed revisions in the system or legislation; to make appropriate reports on the system and legislation; and to administer special funds for the enhancement of designated criminal justice system programs and activities in the state of Arizona. One, five-tenths and seven-hundredths percent of the Criminal Justice Enhancement Fund monies are earmarked for the use of the Arizona Criminal Justice Commission (ACJC).

**Street Gang Enforcement** — Laws 1994, Chapter 200 appropriated a total of \$430,000 and Laws 1994, Chapter 3, 9th Special Session appropriated an additional \$670,000 through ACJC to fund street gang prosecution, enforcement, and investigation activities. This total funding of \$1,100,000 was continued in FY 1996. The approved FY 1997 amount includes \$500,000 above the original FY 1997 appropriation to be distributed through ACJC to continue funding street gang prosecution. (See Footnote 2)

<sup>1/</sup> The FY 1995 General Appropriation Act appropriated \$1,000,000 to the commission. Upon receipt of federal funds, \$1,000,000 reverted to the General Fund.

<sup>2/</sup> By July 1, 1996, the Arizona Criminal Justice Commission in consultation with the recipients of the street gang enforcement monies and the Joint Legislative Budget Committee Staff, shall design a report to collect quarterly prosecution workload data. The Commission will compile the year-to-date information from the reports and submit them to the Joint Legislative Budget Committee by November 30, 1996 and June 30, 1997. The report to the Joint Legislative Budget Committee shall detail the expenditure of these funds and the number of gang cases prosecuted, with commission funds and in total by the grant's recipients. (General Appropriations Act footnote.)

<sup>3/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

**STATE BOARD OF DENTAL EXAMINERS**

A.R.S. § 32-1201

Drew Langley, Executive Director

JLBC Analyst: Jennifer Vermeer

Dental Board Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>8.0</u>	<u>9.0</u>	<u>9.0</u>
Personal Services	229,100	283,700	288,200
Employee Related Expenditures	43,800	57,400	57,100
Professional and Outside Services	140,100	101,000	101,000
Travel - In State	7,100	7,100	7,100
Travel - Out of State	4,000	4,200	4,200
Other Operating Expenditures	99,300	132,400	132,800
Equipment	<u>72,300</u>	<u>14,500</u>	<u>5,700</u>
<b>Total Appropriations</b>	<b>595,700</b>	<b>600,300 <sup>1/</sup></b>	<b>596,100 <sup>2/</sup></b>

*Agency Description — The agency licenses, investigates, and conducts examinations of dentists, denturists, dental hygienists and dental assistants.*

<sup>1/</sup> This appropriation is available for use and is exempt from the provision of A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriation Act footnote.)

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

**DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS -  
SUMMARY**

A.R.S. § 26-101

Glen W. Van Dyke, The Adjutant General

JLBC Analyst: Brad Beranek/Lorenzo Martinez

<b>General Fund and Other Appropriated Funds</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
<u>Program Summary</u>			
Emergency Management	6,537,700	3,776,400	6,266,600
Military Affairs	3,842,100	3,857,900	3,723,400
<b>Total Appropriations</b>	<b>10,379,800</b>	<b>7,634,300</b>	<b>9,990,000</b>
<u>Expenditure Detail</u>			
FTE Positions	62.5	62.5	62.5
Personal Services	1,453,200	1,602,400	1,636,100
Employee Related Expenditures	381,900	416,800	377,300
Professional and Outside Services	28,100	44,200	44,200
Travel - In State	30,500	30,900	30,900
Travel - Out of State	25,300	17,100	17,100
Other Operating Expenditures	1,255,900	1,315,000	1,384,000
Equipment	90,400	10,400	6,700
<b>Operating Subtotal</b>	<b>3,265,300</b>	<b>3,436,800</b>	<b>3,496,300</b>
Special Line Items	7,114,500	4,197,500	6,042,600
Additional Appropriations	-0-	-0-	451,100
<b>Total Appropriations</b>	<b>10,379,800</b>	<b>7,634,300</b>	<b>9,990,000</b> <sup>1/</sup>
<u>Fund Summary</u>			
General Fund	9,842,500	7,581,700	9,368,300
Nuclear Emergency Management Fund	459,500	-0-	-0-
Emergency Response Fund	77,800	52,600	47,700
State Highway Fund	-0-	-0-	574,000
<b>Total Appropriations</b>	<b>10,379,800</b>	<b>7,634,300</b>	<b>9,990,000</b>

*Agency Description — The department consists of the Emergency Management Division and the Military Affairs Division. The Emergency Management Division prepares and coordinates emergency response plans for the state. The Military Affairs Division operates the Arizona National Guard.*

<sup>1/</sup> Appropriated as an Operating Lump Sum for the Program with Special Line Items.

**DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS -  
EMERGENCY MANAGEMENT**

A.R.S. §26-101

General Fund and Other Appropriated Funds	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	15.0	15.0	15.0
Personal Services	417,500	423,000	430,100
Employee Related Expenditures	95,700	106,600	91,500
Professional and Outside Services	20,000	20,000	20,000
Travel - In State	2,700	5,900	5,900
Travel - Out of State	19,900	9,600	9,600
Other Operating Expenditures	113,300	172,700	124,700
Equipment	10,100	4,700	4,700
<b>Operating Subtotal</b>	<b>679,200</b>	<b>742,500</b>	<b>686,500</b>
Civil Air Patrol	61,500	61,500	61,500
1993 Flood Relief - Local Share	170,700 <sup>1/</sup>	2,900,000 <sup>2/</sup>	5,000,000 <sup>2/3/</sup>
1993 Flood Relief - State Share	5,072,500 <sup>4/</sup>	-0-	-0- <sup>3/</sup>
Emergency Response Commission	16,500	19,800	19,800
Emergency Response Fund Grants	77,800	52,600	47,700
Nuclear Emergency Management	459,500	-0-	-0-
<b>Total</b>	<b>6,537,700</b>	<b>3,776,400</b>	<b>5,815,500</b>
<b>Additional Appropriations -</b>			
Nuclear Emergency Appropriation and Assessment, Ch. 255	-0-	-0-	451,100
<b>Total Appropriations</b>	<b>6,537,700</b>	<b>3,776,400</b>	<b>6,266,600<sup>5/</sup></b>
<b>Fund Summary</b>			
General Fund	6,000,400	3,723,800	5,644,900
Nuclear Emergency Management Fund	459,500	-0-	-0-
Emergency Response Fund	77,800	52,600	47,700
State Highway Fund	-0-	-0-	574,000
<b>Total Appropriations</b>	<b>6,537,700</b>	<b>3,776,400</b>	<b>6,266,600</b>

**Program Description** — The division coordinates emergency services with other state agencies, political subdivisions and the federal government to reduce the impact of natural and other disasters.

- <sup>1/</sup> Of the monies available for 1993 Flood Relief-Local Share, \$170,700 was spent in FY 1995. The remaining \$129,300 was available for expenditure in FY 1996 in addition to other appropriations funding this issue.
- <sup>2/</sup> Laws 1996, Chapter 7, 5th Special Session appropriated \$5,000,000 in FY 1997 for 1993 Flood Relief, in addition to \$2,900,000 already appropriated for that purpose for FY 1996. The line item includes the following footnote: For 1993 Flood Relief - Local Share, the \$2,900,000 for FY 1996 and the \$5,000,000 for FY 1997 are to fund the 10% match requirement for political subdivisions' costs of reconstruction and repair projects related to public assistance flood relief from the tropical winter storm of January 1993 in counties declared eligible. The appropriations shall be used to implement elements of the federal and state agreement signed on January 26, 1993, pursuant to the Disaster Relief and Emergency Assistance Act, P.L. 93-288, as amended, declaring 13 Arizona counties eligible for federal disaster assistance. Payment of the 10% local share is subject to final audit by the department. Reimbursement of the applicant's share shall be offset by any revenue realized through the administration of the federal share payments. The appropriations are exempt from A.R.S. § 35-190, relating to lapsing of appropriations, except that all FY 1996 and FY 1997 monies remaining unexpended and unencumbered on June 30, 1998 shall revert to the state General Fund. (General Appropriation Act footnote.)
- <sup>3/</sup> There is appropriated \$7,100,000 from the General Fund and \$800,000 from the State Highway Fund for FY 1998, and \$4,000,000 from the state General Fund for FY 1999 to the Department of Emergency and Military Affairs' Emergency Management Division to fund the estimated remaining state and local shares of the anticipated total 1993 Flood Relief project costs of \$146,000,000. The appropriations are exempt from A.R.S. § 35-190, relating to lapsing of appropriations, except that all FY 1998 monies remaining unexpended and unencumbered on June 30, 2000, revert to the state General Fund and all FY 1999 monies remaining unexpended and unencumbered on June 30, 2001, revert to the state General Fund (General Appropriation Act footnote.)
- <sup>4/</sup> The total expended in FY 1995 includes \$2,477,700 carried over from prior year appropriations plus \$2,594,800 from \$5,050,000 appropriated for FY 1995 by Laws 1994, Chapter 224. Of the remaining monies not subject to lapsing, \$2,448,000 was available for expenditure in FY 1996 in addition to other appropriations funding this issue.
- <sup>5/</sup> Appropriated as an Operating Lump Sum for the Program with Special Line Items.

(Continued)



**DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS - EMERGENCY MANAGEMENT- (Cont'd)**

**1993 Flood Relief - Local and State Share** — The approved amounts provide matching requirements for the 13 Arizona counties declared eligible for federal disaster assistance for damage resulting from the tropical winter storm of January 1993. Federal assistance has been received contingent on a 75% federal, 15% state, and 10% local matching requirement. Laws 1994, Chapter 224 declared legislative intent to pay this 10% local share.

In FY 1995, the Division of Emergency Management revised its original damage assessment of \$100,000,000 to approximately \$150,000,000, but the Legislature did not commit to appropriating additional monies for the state share based on the new estimate. Given the original damage assessment, the state had already provided its 15% matching share through prior year appropriations. The department also received monies for this purpose through the Governor's Emergency Fund. (See Joint Legislative Budget Committee FY 1995 Appropriations Report, page 478 and the table below.)

During the 1996 Legislative Session, the Legislature declared intent to pay the state and local shares of the total project cost, which is now estimated to be \$146,000,000. This amounted to \$36,500,000 for the state and local share. Given that the state had already provided \$19,600,000 in state and local share, \$16,900,000 remained to be funded. Thus, the Legislature committed to appropriate the following amounts for this purpose: \$5,000,000 (\$4,426,000 from the General Fund and \$574,000 from the State Highway Fund) for FY 1997; \$7,900,000 (\$7,100,000 General Fund and \$800,000 State Highway Fund) for FY 1998; and \$4,000,000 from the General Fund for FY 1999. Since part of the flood repair is related to state highway construction, a portion of the cost is allocated to the State Highway Fund.

The following table provides a chronological history of appropriations related to the FY 1993 flood emergency.

	<u>State Share</u>	<u>State Paid Local Share</u>	<u>Total</u>
Emergency Fund Allocation - FY 1993	\$1,800,000	-0-	\$1,800,000
Emergency Fund Allocation - FY 1994	2,100,000	-0-	2,100,000
Laws 1993, Chapter 122 - FY 1993	1,000,000	-0-	1,000,000
Laws 1993, Chapter 122 - FY 1994	3,000,000	-0-	3,000,000
Laws 1994, Chapter 6, 8th Special - FY 1994	3,500,000	-0-	3,500,000
Laws 1994, Chapter 224 - FY 1995	5,000,000	-0-	5,000,000
Laws 1995, Chapter 6, 1st Special - FY 1995	-0-	300,000	300,000
Laws 1995, Chapter 1, 1st Special - FY 1996	-0-	<u>2,900,000</u>	<u>2,900,000</u>
Subtotal-Prior to 1996 Session	\$16,400,000	\$3,200,000	\$19,600,000
Laws 1996, Chapter 7, 5th Special - FY 1997	-0-	5,000,000	5,000,000
Laws 1996, Chapter 7, 5th Special - FY 1998	4,700,000	3,200,000	7,900,000
Laws 1996, Chapter 7, 5th Special - FY 1999	<u>2,400,000</u>	<u>1,600,000</u>	<u>4,000,000</u>
<b>TOTAL</b>	<b>\$23,500,000</b>	<b>\$13,000,000</b>	<b>\$36,500,000</b>
<b>FUND SOURCE</b>			
General Fund	\$22,700,000	\$12,426,000	\$35,126,000
State Highway Fund	<u>800,000</u>	<u>574,000</u>	<u>1,374,000</u>
<b>TOTAL</b>	<b>\$23,500,000</b>	<b>\$13,000,000</b>	<b>\$36,500,000</b>

**Additional Appropriations — Nuclear Emergency Appropriation and Assessment (Chapter 255)** — Appropriates \$850,100 from the state General Fund to the Nuclear Emergency Management Fund, pursuant to A.R.S. § 26-306.1, for administering and enforcing the state plan for off-site response to an emergency caused by an accident at a commercial nuclear generating station. Of the amount appropriated, \$451,100 is appropriated to the Department of Emergency and Military Affairs, of which \$200,200 is disbursed to departments and agencies of Maricopa County. The remaining \$399,000 is appropriated to the Radiation Regulatory Agency. Monies appropriated to the Nuclear Emergency Management Fund are exempt from A.R.S. § 35-190, relating to lapsing of appropriations. A total of \$850,100, plus any applicable interest is assessed against the consortiums constructing or operating a commercial nuclear generating station in this state. The assessment shall be deposited into the state General Fund. In this way, the industry reimburses the state for all costs associated with planning and response for commercial nuclear generating site emergencies. Laws 1995, Chapter 47 which established the FY 1996 assessment was enacted with an emergency clause. As a

**DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS - EMERGENCY MANAGEMENT- (Cont'd)**

result, the appropriation actually occurred in FY 1995. Chapter 255 did not include an emergency clause and will not be effective until FY 1997. Beginning in FY 1998, appropriations and assessments will be made for a 2-year cycle.

**Capital Outlay — Appropriation: Clifton Flood Control (Chapter 312)** — Appropriates \$1,000,000 in FY 1997 and \$1,000,000 in FY 1998 from the state General Fund to the Clifton Flood Control Project Fund for use by the division to complete the Clifton Flood Control project. The appropriations are exempt from lapsing. All monies remaining unexpended or unencumbered after completion of the project revert to the state General Fund.

**DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS -  
MILITARY AFFAIRS**

A.R.S. § 26-101

<b>General Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>47.5</u>	<u>47.5</u>	<u>47.5</u>
Personal Services	1,035,700	1,179,400	1,206,000
Employee Related Expenditures	286,200	310,200	285,800
Professional and Outside Services	8,100	24,200	24,200
Travel - In State	27,800	25,000	25,000
Travel - Out of State	5,400	7,500	7,500
Other Operating Expenditures	1,142,600	1,142,300	1,259,300
Equipment	<u>80,300</u>	<u>5,700</u>	<u>2,000</u>
<b>Operating Subtotal</b>	<b>2,586,100</b>	<b>2,694,300</b>	<b>2,809,800</b>
Education Reimbursement	30,000	43,000	43,000
Unit Allowance	10,000	10,000	10,000
Service Contracts	968,600	852,300	852,300 <sup>1/</sup>
Guardsmen - State Active Duty	4,100	5,300	5,300
Uniform Allowance	-0-	3,000	3,000
State Active Duty Law Enforcement Support (SPIN)	<u>243,300</u>	<u>250,000</u>	<u>-0-</u>
<b>Total Appropriations</b>	<b>3,842,100</b>	<b>3,857,900</b>	<b>3,723,400 <sup>2/</sup></b>

*Program Description* — The division manages and operates the National Guard of Arizona, which includes the Army and Air National Guard.

**Additional Legislation** — National Guard: Recreation Fund (Chapter 110) — Establishes a Morale, Welfare, and Recreation Fund within the department for the purpose of collecting monies to support morale, welfare, and recreation activities for guardsmen and non-state-employed support personnel. Monies for deposit in the fund shall be received from the following sources: a portion of National Guard Member Special License Plate fees, funds generated from federally-defined recycling activities, monies from the disposition of unserviceable military property belonging to the state, or other non-state-appropriated monies received by the department for morale activities. Monies in the fund are not subject to legislative appropriation, and are exempt from A.R.S. § 35-190, relating to lapsing of appropriations.

<sup>1/</sup> The \$852,300 appropriated for Service Contracts is exempt from A.R.S. § 35-190, relating to lapsing of appropriations, except that all FY 1996 monies remaining unexpended and unencumbered on October 31, 1996 shall revert to the state General Fund, and all FY 1997 monies remaining unexpended and unencumbered on October 31, 1997 shall revert to the state General Fund. (General Appropriation Act footnote.)

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

**COMMISSION ON THE ARIZONA ENVIRONMENT**

A.R.S. § 41-121

Charlene Ledet, Executive Director

JLBC Analyst: Karen Bock

<b>General Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>3.0</u>	<u>3.0</u>	<u>0.0</u>
Personal Services	65,300	68,100	-0-
Employee Related Expenditures	15,500	11,600	-0-
Professional and Outside Services	200	800	-0-
Travel - In State	-0-	600	-0-
Other Operating Expenditures	<u>19,900</u>	<u>24,800</u>	<u>-0-</u>
<b>Total Appropriations</b>	<b>100,900</b>	<b>105,900</b>	<b>-0-</b>

**Agency Termination** — The Commission on the Arizona Environment was an 11-member commission, with a 100-member advisory board and 3 staff. It sponsored workshops, educational programs, and interagency projects. A.R.S. § 41-2996.14 provided that the commission would terminate on July 1, 1996. A bill to continue the agency was passed by the Legislature, but vetoed by the Governor.

**GOVERNOR'S OFFICE OF EQUAL OPPORTUNITY**

Executive Order 93-20

Michael R. Moreno, Director

JLBC Analyst: Jim Hillyard

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>5.0</u>	<u>3.0</u>	<u>5.0</u>
Personal Services	156,700	104,100	157,100
Employee Related Expenditures	28,100	17,700	27,800
Professional and Outside Services	400	4,000	4,000
Travel - In State	600	800	800
Travel - Out of State	3,100	700	700
Other Operating Expenditures	<u>29,000</u>	<u>31,700</u>	<u>47,500</u>
<b>Total Appropriations</b>	<b>217,900</b>	<b>159,000</b>	<b>237,900 <sup>1/</sup></b>

*Agency Description* — The agency monitors equal opportunity plans submitted annually by each state agency and assists agencies in equal employment opportunity training and evaluation.

**Alternate Dispute Resolution** — The approved FY 1997 amount includes \$76,000 and 2 FTE positions to fund Alternate Dispute Resolution (ADR). Through ADR, the Governor's Office of Equal Opportunity would mediate employee disputes in an attempt to avoid lawsuits against the state.

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

**STATE BOARD OF EQUALIZATION**

A.R.S. § 42-172.01

David Schweikert, Chairperson

JLBC Analyst: Bob Hull

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	0.0	7.5	10.0
Personal Services	-0-	297,700	415,800
Employee Related Expenditures	-0-	59,500	68,400
Professional and Outside Services	-0-	57,800	126,900
Travel - In State	-0-	14,400	38,700
Travel - Out of State	-0-	2,300	-0-
Other Operating Expenditures	-0-	140,900	154,100
Equipment	-0-	20,800	-0-
<b>Total Appropriations</b>	<b>-0-</b>	<b>593,400</b> <sup>1/</sup>	<b>803,900</b> <sup>2/</sup>

*Agency Description* — The State Board of Equalization (SBOE) consists of 17 members. The board hears property tax appeals for properties in Maricopa and Pima Counties, which replaced the Maricopa and Pima County Boards of Equalization, effective July 31, 1995, per Laws 1995, Chapter 249. Property tax appeals in other counties continue to be heard by their respective County Boards of Equalization. Of the 17 members, the 7 gubernatorial appointments also hear appeals of centrally valued properties and equalization orders by the Department of Revenue.

**Workload Adjustment** — The approved FY 1997 amount includes decreases of 1.5 FTE Positions and \$47,700 from the original FY 1997 appropriation. In its first 6 months the board revised and simplified its procedures and reviewed its workload projections. The appropriation was decreased, based on the agency's best current estimate of workload.

<sup>1/</sup> The General Appropriation Act amount, originally appropriated to Division I of the State Board of Tax Appeals, was appropriated as a Lump Sum for the Program. Laws 1995, Chapter 249 transferred this amount to the State Board of Equalization on July 31, 1995.

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

**BOARD OF EXECUTIVE CLEMENCY**

A.R.S. § 31-401

Duane Belcher, Sr., Chairman

JLBC Analyst: Lorenzo Martinez

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	40.0	39.0	37.0
Personal Services	1,067,500	1,143,300	1,119,500
Employee Related Expenditures	243,400	266,600	242,700
Professional and Outside Services	35,500	58,100	58,100
Travel - In State	29,100	40,500	40,500
Travel - Out of State	1,700	1,400	1,400
Other Operating Expenditures	224,100	217,600	225,000
Equipment	22,600	4,000	4,000
<b>Operating Subtotal</b>	<b>1,623,900</b>	<b>1,731,500</b>	<b>1,691,200</b>
Disproportionality Review	26,200	-0-	-0-
<b>Total Appropriations</b>	<b>1,650,100</b>	<b>1,731,500</b>	<b>1,691,200</b> <sup>1/</sup>

*Agency Description — The board consists of 7 full-time members. Revisions to the criminal code that took effect on January 1, 1994, modified the responsibilities of the board. The board conducts home arrest, parole, or work furlough release hearings at all adult prison institutions for prisoners convicted prior to January 1, 1994. The board considers executive clemency actions such as pardons, commutations and absolute discharges for all prisoners convicted on or after January 1, 1994.*

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

**STATE BOARD OF FUNERAL DIRECTORS AND EMBALMERS**

A.R.S. § 32-1301

George Beard, Executive Director

JLBC Analyst: Jeffrey Schmied

**Board of Funeral Directors and Embalmers Fund**

**FY 1995  
Actual**

**FY 1996  
Estimate**

**FY 1997  
Approved**

FTE Positions	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>
Personal Services	73,600	85,500	86,900
Employee Related Expenditures	13,300	14,800	19,100
Professional and Outside Services	27,900	31,300	33,500
Travel - In State	3,200	12,800	12,800
Travel - Out of State	1,000	-0-	-0-
Other Operating Expenditures	34,700	28,000	28,000
Equipment	<u>3,300</u>	<u>-0-</u>	<u>-0-</u>
<b>Total Appropriations</b>	<b>157,000</b>	<b>172,400 <sup>1/</sup></b>	<b>180,300 <sup>2/</sup></b>

*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.*

<sup>1/</sup> This appropriation is available for use and is exempt from the provisions of A.R.S. § 35-143.02, relating to lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriation Act footnote.)

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



# ARIZONA GAME AND FISH DEPARTMENT - SUMMARY

A.R.S. § 17-201

Duane Schroufe, Director

JLBC Analyst: Bruce Groll

Other Appropriated Funds	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
<u>Program Summary</u>			
Administrative and Field Services	15,398,000	16,173,100	16,176,800
Watercraft	1,363,500	1,504,600	1,452,400
Non-Game Wildlife	244,100	275,400	275,400
<b>Total Appropriations</b>	<b>17,005,600</b>	<b>17,953,100</b>	<b>17,904,600</b>
<u>Expenditure Detail</u>			
FTE Positions	271.5	271.5	271.5
Personal Services	7,288,800	7,520,700	7,650,400
Employee Related Expenditures	2,431,800	2,575,500	2,453,800
Professional and Outside Services	410,200	234,600	234,600
Travel - In State	260,700	265,900	265,900
Travel - Out of State	40,800	30,700	30,700
Other Operating Expenditures	3,475,400	3,591,600	3,656,700
Equipment	581,600	816,500	765,000
<b>Operating Subtotal</b>	<b>14,489,300</b>	<b>15,035,500</b>	<b>15,057,100</b>
Special Line Items	2,516,300	2,917,600	2,847,500
<b>Total Appropriations</b>	<b>17,005,600</b>	<b>17,953,100</b>	<b>17,904,600</b> <sup>1/</sup>
<u>Fund Summary</u>			
Game and Fish Fund	15,109,900	15,879,000	15,954,800
Watercraft Licensing Fund	1,363,500	1,504,600	1,452,400
Game, Non-Game, Fish and Endangered Species Fund	244,100	275,400	275,400
Capital Improvement Fund	260,700	180,600	178,500
Waterfowl Conservation Fund	27,400	43,500	43,500
Land and Water Conservation Recreation Development Fund	-0-	70,000	-0-
<b>Total Appropriations</b>	<b>17,005,600</b>	<b>17,953,100</b>	<b>17,904,600</b>

**Agency Description** — The Game and Fish Department manages Arizona wildlife populations through the operation of hunting and fishing license programs, enforcement actions for the unlawful taking of game, and wildlife habitat protection and development. The department is also responsible for watercraft registration and boater safety programs. A 5-member board appointed by the Governor oversees department operations and provides policy direction for the director. Other functions of the department include the operation of fish hatcheries, conducting the annual lottery draw for hunting tags, and implementing the off-highway vehicle program.

**Capital Outlay** — Chapter 2, 5th Special Session — Appropriates a total of \$1,893,100 for the following purposes: 1) Building Renewal from the Game and Fish Fund, \$178,100; 2) shooting range development from the Game and Fish Fund, \$15,000; 3) migratory waterfowl habitat from the Waterfowl Conservation Fund, \$100,000; 4) Mesa office expansion from the Capital Improvement Fund \$400,000; 5) Statewide facilities maintenance from the Game and Fish Fund, \$100,000; and 6) Early repayment of 1993 Certificates of Participation from the Game and Fish Fund, \$1,100,000.

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

**ARIZONA GAME AND FISH DEPARTMENT - ADMINISTRATIVE  
AND FIELD SERVICES**

A.R.S. § 17-210

Game and Fish Fund and Other Appropriated Funds	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	241.5	241.5	241.5
Personal Services	6,677,200	6,901,300	7,019,600
Employee Related Expenditures	2,239,500	2,368,300	2,258,700
Professional and Outside Services	350,600	160,000	160,000
Travel - In State	241,700	238,600	238,600
Travel - Out of State	28,700	19,600	19,600
Other Operating Expenditures	2,818,100	3,172,200	3,237,300
Equipment	568,500	765,000	765,000
<b>Operating Subtotal</b>	<b>12,924,300</b>	<b>13,625,000</b>	<b>13,698,800</b>
Cooperative Wildlife and Fish Research	40,000	40,000	40,000 <sup>1/</sup>
Pittman-Robertson/Dingell-Johnson Act	2,145,600	2,208,000	2,208,000 <sup>1/</sup>
Regional Field Offices Lease-Purchase	260,700	180,600	178,500
Wildlife Endowment	-0-	6,000	8,000
Waterfowl Conservation	27,400	43,500	43,500
Land and Water Conservation Recreation Development	-0-	70,000	-0-
<b>Total Appropriations</b>	<b>15,398,000</b>	<b>16,173,100</b>	<b>16,176,800</b> <sup>2/</sup>
<b>Fund Summary</b>			
Game and Fish Fund	15,109,900	15,873,000	15,946,800
Capital Improvement Fund	260,700	180,600	178,500
Wildlife Endowment Fund	-0-	6,000	8,000
Waterfowl Conservation Fund	27,400	43,500	43,500
Land and Water Conservation Recreation Development Fund	-0-	70,000	-0-
<b>Total Appropriations</b>	<b>15,398,000</b>	<b>16,173,100</b>	<b>16,176,800</b>

*Program Description — The Administrative and Field Service program encompasses the major Game and Fish Department functions, such as wildlife management, wildlife law enforcement, habitat development and protection, and general agency administration. This program also supports 6 regional Game and Fish offices. Other activities include the production of a variety of wildlife publications, operation of fish hatcheries, and wildlife research.*

<sup>1/</sup> Any part of this appropriation of \$40,000 for cooperative wildlife and fish research and \$2,208,000 for Pittman-Robertson/Dingell-Johnson Act may be used for the purpose of matching federal and apportionment funds. (General Appropriation Act footnote.)

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

<b>ARIZONA GAME AND FISH DEPARTMENT - WATERCRAFT</b>			<b>A.R.S. § 17-201</b>
<b>Watercraft Licensing Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>
Personal Services	493,700	506,200	515,700
Employee Related Expenditures	161,300	176,600	166,400
Professional and Outside Services	24,400	44,600	44,600
Travel - In State	14,800	19,900	19,900
Travel - Out of State	7,700	4,500	4,500
Other Operating Expenditures	331,300	341,800	341,800
Equipment	<u>9,600</u>	<u>51,500</u>	<u>-0-</u>
<b>Operating Subtotal</b>	<b><u>1,042,800</u></b>	<b><u>1,145,100</u></b>	<b><u>1,092,900</u></b>
Reimbursement to Game and Fish Fund	<u>320,700</u>	<u>359,500</u>	<u>359,500</u>
<b>Total Appropriations</b>	<b><u>1,363,500</u></b>	<b><u>1,504,600</u></b>	<b><u>1,452,400</u></b> <sup>1/</sup>

*Program Description* — The Watercraft program is responsible for boat registration and the enforcement of boating safety laws.

<sup>1/</sup> Appropriated as an Operating Lump Sum for the Program with Special Line Items.

**ARIZONA GAME AND FISH DEPARTMENT - NON-GAME WILDLIFE**

**A.R.S. § 17-201**

<b>Game, Non-Game, Fish and Endangered Species Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	4.0	4.0	4.0
Personal Services	117,900	113,200	115,100
Employee Related Expenditures	31,000	30,600	28,700
Professional and Outside Services	21,100	30,000	30,000
Travel - In State	4,200	7,400	7,400
Travel - Out of State	4,400	6,600	6,600
Other Operating Expenditures	52,000	77,600	77,600
Equipment	3,500	-0-	-0-
<b>Operating Subtotal</b>	<b>234,100</b>	<b>265,400</b>	<b>265,400</b>
Reimbursement to Game and Fish Fund	10,000	10,000	10,000
<b>Total Appropriations</b>	<b>244,100</b>	<b>275,400</b>	<b>275,400</b> <sup>1/</sup>

*Program Description — The Non-Game Wildlife program conducts research on non-game wildlife, endangered species, and related habitat for use in the department's management plan for these wildlife.*

<sup>1/</sup> Appropriated as an Operating Lump Sum for the Program with Special Line Items.

**DEPARTMENT OF GAMING**

A.R.S. § 5-601

Gary Husk, Director

JLBC Analyst: Phil Case

Permanent Tribal-State Compact Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	28.0	50.0	68.0
Personal Services	682,900	1,379,600	1,859,200
Employee Related Expenditures	150,100	328,400	462,100
Professional and Outside Services	109,300	449,500 <sup>1/</sup>	542,000
Travel - In State	34,800	198,900	235,900
Travel - Out of State	49,600	125,000	125,000
Other Operating Expenditures	187,700	226,800	381,400
Equipment	92,000	313,600 <sup>1/</sup>	215,600
<b>Operating Subtotal</b>	<b>1,306,400</b>	<b>3,021,800</b> <sup>1/</sup>	<b>3,821,200</b>
Arbitration Expense	-0-	40,000	80,000
Fiscal Year 1994-1995 Expenses	-0-	137,000 <sup>1/</sup>	-0-
<b>Total Appropriations</b>	<b>1,306,400</b>	<b>3,198,800</b> <sup>1/</sup>	<b>3,901,200</b> <sup>2/3/</sup>

*Agency Description* — The Department of Gaming regulates Indian gaming activities authorized by the state-tribal gaming compacts. The program is funded from the Permanent Tribal-State Compact Fund, which receives monies from Indian tribes that have compacts with the state to reimburse the state for administrative and regulatory expenses. The fund also receives monies from gaming employees to finance investigations of their backgrounds. A portion of the monies remaining in the fund at the end of the fiscal year is returned to the Indian tribes.

**Legal-Related Costs** — The approved amount includes an additional \$223,300 above the original FY 1997 Professional and Outside Services appropriation for legal-related expenses. The amount includes \$126,200 for an attorney's salary and support services to be paid through the Attorney General's Office, \$57,100 for administrative hearing costs, and \$40,000 for the Arbitration Special Line Item for any arbitration disputes with tribes.

**Fiscal Year 1994-1995 Expenses** — The approved FY 1996 amount funds one-time expenses incurred in FY 1995 for compact compliance reviews of all tribal gaming operations.

<sup>1/</sup> The amounts shown reflect adjustments to the original FY 1996 appropriations by Laws 1996, Chapter 7, 5th Special Session.

<sup>2/</sup> Appropriated as an Operating Lump Sum by Agency with a Special Line Item.

<sup>3/</sup> Laws 1996, Chapter 7, 5th Special Session transferred the FY 1997 appropriation from the Department of Racing to the Department of Gaming to implement the Legislature's intent to establish the department as a separate on-going agency.

**ARIZONA GEOLOGICAL SURVEY**

A.R.S. § 27-151

Larry D. Fellows, State Geologist

JLBC Analyst: Renée Bahl/Stefan Shepherd

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>13.3</u>	<u>13.3</u>	<u>13.3</u>
Personal Services	398,900	414,100	426,600
Employee Related Expenditures	82,000	84,400	83,200
Travel - In State	9,300	27,700	33,300
Travel - Out of State	1,700	2,000	2,000
Other Operating Expenditures	127,000	168,600	176,500
Equipment	<u>6,500</u>	<u>58,100</u>	<u>21,700</u>
<b>Total Appropriations</b>	<b>625,400</b>	<b>754,900</b>	<b>743,300</b> <sup>1/2</sup>

*Agency Description — The Geological Survey investigates Arizona's geology and regulates the drilling and production of oil, gas, and other energy resources. The Survey also provides technical advice and assistance to state and local government agencies, industry, and other members of the public concerning the geologic environment and the development and use of mineral resources in Arizona.*

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

<sup>2/</sup> The FY 1997 appropriation includes \$6,500 for a 0.5 Geologist I FTE Position. These monies shall revert to the General Fund if matching money to make this position full-time is not secured by June 30, 1996. (General Appropriation Act footnote.)

**OFFICE OF THE GOVERNOR**

A.R.S. § 41-101

The Honorable Fife Symington, Governor

JLBC Analyst: Michael Bradley

General Fund and Office for Excellence in Government Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
Lump Sum Appropriation	4,399,500	4,580,100	4,974,200 <sup>1/2</sup>
Office for Excellence in Government	1,152,900	2,016,900	2,036,000
General Counsel Responsibilities	-0-	34,375	-0-
Border Volunteer Corps	-0-	75,000 <sup>2/</sup>	-0-
Office for Excellence in Government Fund	-0-	277,900	-0-
<b>Total</b>	<b>5,552,400</b>	<b>6,984,275</b>	<b>7,010,200</b>
<b>Additional Appropriations -</b>			
Competitive Government Program, Ch. 321	-0-	-0-	55,000
<b>Total Appropriations</b>	<b>5,552,400</b>	<b>6,984,275</b>	<b>7,065,200</b> <sup>4/</sup>
<u>Fund Summary</u>			
General Fund	5,552,400	6,484,275	6,565,200
Office for Excellence in Government Fund	-0-	500,000	500,000
<b>Total Appropriations</b>	<b>5,552,400</b>	<b>6,984,275</b>	<b>7,065,200</b>

*Agency Description* — The Governor is the state's Chief Executive Officer and responsible for the faithful execution of state laws. The Constitution provides that the Governor shall be the Commander-in-Chief of the state's military forces, except when they are called into federal service, and authorizes the Governor to grant reprieves, commutations and pardons, except in cases of treason and impeachment. The Office of the Governor includes the Office for Women's Services, the Office for Children, the Office for Drug Policy, and the Office for Excellence in Government. Each of these offices has been created by Executive Order. The Office of Sonora was established and placed in the Office of the Governor by a statute enacted in 1993. Legislation enacted in 1995 established the Governor's Telecommunications Policy Office and assigned it to the Office of the Governor.

*Technical Issues* — The appropriation for FY 1997 includes an increase of \$150,000 over the original amounts. The Office of the Governor absorbed the costs of salary adjustments, rent charges, Risk Management, and other technical adjustments. The increase was primarily to pay for general counsel expenses resulting from transferring this responsibility from the Attorney General's Office to the Office of the Governor. This increase was partially offset by a reduction in the Attorney General's budget.

*Additional Appropriations* — Competitive Government Program (Laws 1996, Chapter 321) — Laws 1996, Chapter 321 appropriated \$55,000 for expenses related to the Competitive Government Program. These funds will be used to aid in the evaluation of alternative private and public methods of providing goods and services with the goal of increased efficiency and quality.

- <sup>1/</sup> The lump sum appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations. (General Appropriation Act footnote.)  
<sup>2/</sup> Included in the lump sum appropriation of \$4,974,200 for FY 1997 is \$10,000 for the purchase of mementos and items for visiting officials. (General Appropriation Act footnote.)  
<sup>3/</sup> This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations.  
<sup>4/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

**GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND BUDGETING**Executive Order  
No. 90-22

Peter J. Burns, Director

JLBC Analyst: Michael Bradley

<b>General Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>24.0</u>	<u>24.0</u>	<u>24.0</u>
Lump Sum Appropriation	<u>1,433,100</u>	<u>1,711,000</u>	<u>1,732,800</u>
<b>Total Appropriations</b>	<b>1,433,100</b>	<b>1,711,000</b>	<b>1,732,800 <sup>1/</sup></b>

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

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



**ARIZONA COUNCIL FOR THE HEARING IMPAIRED**

A.R.S. § 36-1941

Stuart R. Brackney, Director

JLBC Analyst: Jennifer Vermeer

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	5.0	5.0	5.0
Personal Services	128,800	145,600	146,600
Employee Related Expenditures	34,100	40,600	33,100
Professional and Outside Services	2,000	6,400	11,700
Travel - In State	2,300	2,000	2,000
Travel - Out of State	900	2,300	2,300
Other Operating Expenditures	36,600	27,700	57,300
Equipment	7,000	-0-	-0-
<b>Total Appropriations</b>	<b>211,700</b>	<b>224,600</b>	<b>253,000</b> <sup>1/</sup>

*Agency Description* — The agency acts as an information and referral resource for the deaf and the hearing impaired and administers a statewide telephone access program. The agency also provides educational materials to the general public.

**Additional Legislation** — A.R.S. § 42-1472 sets the cap for the Telecommunication Services Excise Tax at 1.6% and authorizes the Joint Legislative Tax Committee (JLTC) to set the rate within this statutory range. With the approval of JLTC for FY 1996, the Telecommunication Services Excise Tax was levied at a 1.1% surcharge on local telephone bills. The entire amount was allocated to the Telecommunication Device for the Deaf (TDD) Fund which is administered by the Arizona Council for the Hearing Impaired.

Laws 1996, Chapter 5, 5th Special Session allocates 0.3% of the revenues from this tax to the Poison Control Fund for FY 1997 to operate the state's 2 poison control centers. The legislation also fixed a rate of 0.8% to be allocated to the TDD Fund. The Legislature is also authorized to allocate a portion of these monies to the Poison Control Fund in FY 1998, but a specific percentage is not defined. Unlike FY 1997, the JLTC would have responsibility for setting the overall rate for FY 1998 in conjunction with the appropriation decisions of the Legislature.

Laws 1996, Chapter 2, 5th Special Session appropriated \$345,000 from the TDD Fund to install a phone system at the Phoenix Day School for the Deaf.

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

**ARIZONA HISTORICAL SOCIETY**

A.R.S. § 41-821

Dr. Michael F. Weber, Executive Director

JLBC Analyst: Stefan Shepherd

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>53.0</u>	<u>62.0</u>	<u>64.5</u> <sup>1/</sup>
Personal Services	1,106,300	1,172,000	1,204,900
Employee Related Expenditures	239,000	259,500	247,700
Professional and Outside Services	54,100	47,900	47,900
Travel - In State	11,500	20,500	20,500
Other Operating Expenditures	334,100	381,800	370,400
Equipment	<u>45,500</u>	<u>33,600</u>	<u>14,200</u>
<b>Operating Subtotal</b>	<b>1,790,500</b>	<b>1,915,300</b>	<b>1,905,600</b>
Journal of Arizona History	5,000	5,000	5,000
Historical Society Grants	30,000	30,000	80,000 <sup>2/</sup>
Library Acquisitions	1,300	1,500	1,500
Papago Park Museum	<u>1,812,300</u>	<u>2,071,800</u>	<u>2,162,200</u>
<b>Total Appropriations</b>	<b>3,639,100</b>	<b>4,023,600</b>	<b>4,154,300</b> <sup>3/</sup>

*Agency Description — The Arizona Historical Society acquires, preserves, maintains, and publicly exhibits archival and museum objects pertaining to the history of Arizona, the West, and the Indian tribes inhabiting the state. The Society's major museums are in Yuma, Flagstaff, Tucson, Phoenix and Tempe (Papago Park).*

**Historical Society Grants** — The approved amount includes an additional \$50,000 in the Historical Society Grants Special Line Item above the original FY 1997 appropriation to develop exhibits with the Phoenix Museum of History. In return for this annual appropriation, which will be passed-through to the Phoenix Museum of History, it is expected that the city of Phoenix will contribute nearly \$500,000 to the Arizona Historical Society for development of exhibits at the Papago Park Museum.

<sup>1/</sup> Includes 23.5 FTE Positions funded from Special Line Items in FY 1997.

<sup>2/</sup> Of the \$80,000 appropriation for Historical Society grants, \$50,000 shall revert if the City of Phoenix does not make its agreed-upon cash contribution pursuant to the memorandum of understanding executed between the City of Phoenix and the Arizona Historical Society. (General Appropriation Act footnote.)

<sup>3/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

**PRESCOTT HISTORICAL SOCIETY OF ARIZONA**

A.R.S. § 41-831

Richard Sims, Director

JLBC Analyst: Stefan Shepherd

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>15.5</u>	<u>16.0</u>	<u>16.0</u>
Personal Services	366,100	396,500	403,800
Employee Related Expenditures	116,100	121,800	118,100
Professional and Outside Services	4,700	3,300	3,300
Travel - In State	300	400	400
Other Operating Expenditures	65,600	87,400	90,700
Equipment	<u>10,200</u>	<u>-0-</u>	<u>-0-</u>
<b>Total Appropriations</b>	<b>563,000</b>	<b>609,400</b>	<b>616,300</b> <sup>1/</sup>

**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.*

**Capital Outlay** — Chapter 2, 5th Special Session — Appropriates \$260,000 from the General Fund to the Prescott Historical Society to purchase the 2 remaining parcels of land in the city block on which the Sharlot Hall Museum sits.

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

**BOARD OF HOMEOPATHIC MEDICAL EXAMINERS**

A.R.S. § 32-2901

Cyndi Weaver, Executive Director

JLBC Analyst: Jim Hillyard

**Board of Homeopathic Medical  
Examiners Fund**FY 1995  
ActualFY 1996  
EstimateFY 1997  
Approved

FTE Positions	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>
Personal Services	11,000	13,300	13,400
Employee Related Expenditures	1,800	1,600	3,800
Professional and Outside Services	12,100	11,100	11,100
Travel - In State	900	2,600	2,600
Other Operating Expenditures	2,500	2,300	2,300
Equipment	<u>1,700</u>	<u>-0-</u>	<u>-0-</u>
<b>Total Appropriations</b>	<b>30,000</b>	<b>30,900</b> <sup>1/2/</sup>	<b>33,200</b> <sup>3/</sup>

*Agency Description* — The board licenses and regulates medical physicians who practice homeopathy, a system of medical treatment based on the use of small quantities of remedies which in larger doses produce symptoms of the disease. This agency is one of several, housed within the State Boards' Office, contracting with the Department of Administration for administrative services.

**New Board Member** — Compared to the original FY 1997 appropriation, the approved amount includes \$180 in per diem and \$710 in travel funding associated with the addition of 1 new board member by Laws 1995, Chapter 187. The approved FY 1997 amount also includes \$610 to reimburse existing board members for standard travel expenses.

<sup>1/</sup> This appropriation is available for use and is exempt from the provisions of A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriation Act footnote.)

<sup>2/</sup> Laws 1996, Chapter 7, 5th Special Session appropriated \$1,500 for board member travel and per diem associated with board meeting.

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

**ARIZONA COMMISSION OF INDIAN AFFAIRS**

A.R.S. § 41-541

Eleanor Descheeny-Joe, Executive Director

JLBC Analyst: Rachelle Child

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	4.0	4.0	4.0
Personal Services	101,000	107,600	109,400
Employee Related Expenditures	25,700	27,800	18,800
Travel - In State	5,700	6,800	6,800
Other Operating Expenditures	36,800	33,800	35,100
Equipment	2,200	9,800	1,300
<b>Operating Subtotal</b>	<b>171,400</b>	<b>185,800</b>	<b>171,400</b>
Indian Town Hall	-0-	4,000	4,000 <sup>1/</sup>
<b>Total Appropriations</b>	<b>171,400</b>	<b>189,800</b>	<b>175,400</b> <sup>2/</sup>

*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.

**Replacement Equipment and Furniture** — The approved amount includes \$1,300 for the one-time replacement of a typewriter and 4 ergonomic chairs, and a total of \$400 for a fax machine maintenance contract.

<sup>1/</sup> This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations. (General Appropriation Act footnote.)  
<sup>2/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

**INDUSTRIAL COMMISSION OF ARIZONA**

A.R.S. § 23-101

Larry Etchechury, Director

JLBC Analyst: Jeffrey Schmied

Administrative Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
<u>Program Summary</u>			
Administration	4,870,200	2,489,700	2,533,500
Claims	2,566,000	2,759,100	2,635,500
Administrative Law Judge	3,488,100	3,913,800	3,848,400
Labor	423,200	469,000	471,200
Special Fund	480,000	688,400	690,400
Occupational Safety and Health	1,604,400	1,726,200	1,739,700
Legal Counsel	865,300	903,600	909,000
<b>Total Appropriations</b>	<b>14,297,200</b>	<b>12,949,800</b>	<b>12,827,700</b>
<u>Expenditure Detail</u>			
FTE Positions	<u>265.0</u>	<u>271.0</u>	<u>272.0</u>
Personal Services	6,360,500	7,048,700	7,204,400
Employee Related Expenditures	1,403,800	1,642,900	1,646,400
Professional and Outside Services	1,627,700	1,742,300	1,542,300
Travel - In State	159,600	173,500	172,100
Travel - Out of State	23,300	21,900	18,300
Other Operating Expenditures	2,699,000	2,258,500	2,243,200
Equipment	121,100	62,000	1,000
<b>Operating Subtotal</b>	<b>12,395,000</b>	<b>12,949,800</b>	<b>12,827,700</b>
Automation	<u>1,902,200</u>	<u>-0-</u>	<u>-0-</u>
<b>Total Appropriations</b>	<b>14,297,200</b>	<b>12,949,800</b>	<b>12,827,700</b> <sup>1/</sup>

*Agency Description — The Industrial Commission regulates the workers' compensation insurance industry. The commission is also responsible for child labor issues, occupational safety and health issues, wage claim dispute resolutions, licensing of private employment agencies and providing workers' compensation coverage for claimants of uninsured and self-insured employers or insolvent carriers.*

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

**DEPARTMENT OF INSURANCE**

A.R.S. § 20-101

Chris Herstam, Director

JLBC Analyst: Jeffrey Schmied

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>103.9</u>	<u>104.4</u>	<u>102.9</u>
Personal Services	1,876,500	2,194,200	2,258,500
Employee Related Expenditures	468,000	519,000	498,500
Professional and Outside Services	122,500	74,100	66,400
Travel - In State	3,500	9,200	9,200
Travel - Out of State	9,900	10,100	9,600
Other Operating Expenditures	1,018,200	1,032,500	805,600
Equipment	<u>64,400</u>	<u>-0-</u>	<u>-0-</u>
<b>Operating Subtotal</b>	<b>3,563,000</b>	<b>3,839,100</b>	<b>3,647,800</b>
Insurance Rate Publication	26,100	72,000	72,000
Fraud Unit	<u>674,400</u>	<u>730,300</u>	<u>668,700</u>
<b>Total Appropriations</b>	<b>4,263,500</b>	<b>4,641,400</b>	<b>4,388,500</b> <sup>1/2</sup>

*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.

<sup>1/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

<sup>2/</sup> It is the intent of the Legislature that only expenses and FTE Positions specifically related to examinations, including pre-examination and post-examination expenses, shall be paid from the Insurance Examiners Revolving Fund. (General Appropriation Act footnote.)

**STATE LAND DEPARTMENT**

A.R.S. § 37-102

M. J. Hassell, Land Commissioner

JLBC Analyst: Stefan Shepherd

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>157.0</u>	<u>160.0</u>	<u>172.0</u> <sup>1/</sup>
Personal Services	4,577,100	4,793,800	5,230,000
Employee Related Expenditures	1,000,100	1,108,900	1,154,800
Professional and Outside Services	523,000	431,600	442,600
Travel - In State	167,800	204,900	232,000
Travel - Out of State	11,400	2,200	2,200
Other Operating Expenditures	1,895,700	2,668,500	3,248,300
Equipment	<u>153,200</u>	<u>109,700</u>	<u>211,700</u>
<b>Operating Subtotal</b>	<b>8,328,300</b>	<b>9,319,600</b>	<b>10,521,600</b>
Litigation Expenses	19,900	20,000	20,000
Legal Advertising	14,700	15,000	15,000
CAP User Fees	778,800	1,170,200	1,521,200
Water Rights Filing Fees	1,200	16,900	16,900
Water Litigation	36,800	37,900	38,100
Illegal Dump Supervision	49,900	50,000	50,000
Natural Resource Conservation Districts	310,000	320,000	320,000
NRCDD Model Demonstration Project	80,000	-0-	-0-
Conservation Education	30,000	30,000	30,000
Board of Appeals	9,000	16,400	16,400
Streambed Ownership	141,900	184,700	185,000
Land 2000	29,000	74,900	75,700
Legal Assistance	131,500	200,000	200,000
Grazing Land Commission	48,500	-0-	-0-
Central Arizona Project Delinquent Payments	<u>850,000</u>	<u>-0-</u>	<u>-0-</u>
<b>Total</b>	<b>10,859,500</b>	<b>11,455,600</b>	<b>13,009,900</b> <sup>2/3/</sup>
<b>Additional Appropriations -</b> Arizona State Land Preserve Initiative, Ch. 347	<u>-0-</u>	<u>-0-</u>	<u>84,000</u>
<b>Total Appropriations</b>	<b>10,859,500</b>	<b>11,455,600</b>	<b>13,093,900</b>

*Agency Description — The agency manages the state's 9.5 million acres of trust land on behalf of its 14 beneficiaries. In order to generate revenue, the agency plans, leases, and sells trust land. The agency also generates revenue by collecting royalties from the operators of 2 copper mines on state land.*

**Wildland Fire Fighting** - The approved amount includes an additional \$524,600 and 12 FTE Positions above the original FY 1997 appropriation to improve the Land Department's ability to address Arizona's growing wildfire problem through fire presuppression and suppression activities. Two positions are Assistant Fire Management Officers, who will ensure coordination of fire suppression and presuppression activities in the Phoenix and Tucson areas. Four dispatchers will provide better deployment and coordination of personnel fighting fires. Two positions will strengthen the state's ability to equip and train the local fire departments that fight fires on behalf of the state. Finally, 4 billing specialists will speed up reimbursement from and to departments and private contractors providing fire-related services. The approved amount includes \$115,500 in one-time Equipment and Professional and Outside Services expenditures.

<sup>1/</sup> Includes 3 FTE Positions funded from Special Line Items in FY 1997.

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

<sup>3/</sup> It is the intent of the Legislature that the State Land Department in suppressing wildland fires on or near urban areas shall seek reimbursement from the urban political subdivisions for all costs associated with suppressing the wildland fires within the political subdivisions' boundaries and 1 mile beyond those boundaries. (General Appropriation Act footnote.)

(Continued)



## **STATE LAND DEPARTMENT (Cont'd)**

---

**Variance Processing Time** - The approved amount includes an additional \$87,000 in Personal Services and Employee Related Expenditures to increase salaries for 27 positions in the agency's Planning and Land Disposition Division. Because of low salaries compared to equivalent jobs in other governmental units and the private sector, the Division has a high turnover rate. As a result, the Division cannot process as many variances as it would otherwise, negatively impacting state trust land revenues.

**Additional Appropriations - Arizona State Land Preserve Initiative (Chapter 347)** - Creates the Arizona Preserve Initiative, which allows certain state trust lands to be classified as suitable for conservation purposes. Appropriates \$84,020 from the General Fund and 3 FTE Positions to meet the additional requirements imposed by the bill. In addition, \$75,400 in the Land 2000 Special Line Item for FY 1997 is transferred to the Operating Lump Sum appropriation for the purposes of the Initiative. The \$75,700 in the Land 2000 Special Line Item includes \$300 for the salary adjustment not identified at the time of Chapter 347's enactment. The Department may move this \$300 to the operating budget through the normal Arizona Department of Administration transfer process. The bill also transferred the unused \$38,079.92 remaining in the Land 2000 Special Line Item in FY 1996 to the Operating Lump Sum appropriation for the purposes of the Initiative; this money will be spent in FY 1996. An overall total of \$197,500 is available for this Initiative.

**LAW ENFORCEMENT MERIT SYSTEM COUNCIL**

A.R.S. § 28-235

Captain C. H. Johnston, Business Manager

JLBC Analyst: Jason Hall

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
Personal Services	28,800	29,600	30,100
Employee Related Expenditures	5,400	6,000	5,900
Professional and Outside Services	2,100	2,100	2,100
Travel - In State	2,500	2,100	2,100
Other Operating Expenditures	3,000	4,100	5,100
Equipment	<u>-0-</u>	<u>2,800</u>	<u>2,800</u>
<b>Total Appropriations</b>	<b>41,800</b>	<b>46,700</b>	<b>48,100</b> <sup>1/</sup>

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

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

# LEGISLATURE - SUMMARY

Arizona Constitution  
Article IV, Section 1

JLBC Analyst: Michael Bradley

General Fund and Other Appropriated Funds	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
<b>Program Summary</b>			
House of Representatives	7,478,000	7,811,000	8,152,400 <sup>1/2/3/</sup>
Senate	5,404,100	6,005,000	6,070,300 <sup>1/2/4/</sup>
Auditor General	8,314,400	9,504,100	9,540,500
Joint Legislative Budget Committee	2,534,400	2,125,000	2,137,200
Legislative Council	3,078,700	4,544,800	3,517,500
Dept. of Library, Archives & Public Records	5,045,600	5,275,400	5,387,000
<b>Total Appropriations</b>	<b>31,855,200</b>	<b>35,265,300</b>	<b>34,804,900</b>
<b>Fund Summary</b>			
General Fund	31,775,200	35,265,300	34,804,900
Victims' Rights Implementation Revolving Fund	80,000	-0-	-0-
<b>Total Appropriations</b>	<b>31,855,200</b>	<b>35,265,300</b>	<b>34,804,900</b>

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

<sup>1/</sup> This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations. (General Appropriation Act footnote.)

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

<sup>3/</sup> Included in the lump sum appropriation of \$8,153,400 for FY 1997 is \$1,000 for purchase of mementos and items for visiting officials. (General Appropriation Act footnote.)

<sup>4/</sup> Included in the lump sum appropriation of \$6,074,300 for FY 1997 is \$1,000 for purchase of mementos and items for visiting officials. (General Appropriation Act footnote.)

**LEGISLATURE - AUDITOR GENERAL**

A.R.S. § 41-1279.01

Douglas R. Norton, Auditor General

JLBC Analyst: Michael Bradley

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>166.0</u>	<u>170.0</u>	<u>170.0</u>
Personal Services	5,778,300	6,536,400	6,636,000
Employee Related Expenditures	1,049,600	1,230,000	1,250,700
Professional and Outside Services	215,500	328,100	328,100
Travel - In State	320,100	395,900	395,900
Travel - Out of State	8,800	20,000	20,000
Other Operating Expenditures	688,600	744,900	773,400
Equipment	<u>253,500</u>	<u>150,800</u>	<u>136,400</u>
<b>Total</b>	<b>8,314,400</b>	<b>9,406,100</b>	<b>9,540,500</b>
General Counsel Responsibilities	<u>-0-</u>	<u>98,000</u>	<u>-0-</u>
<b>Total Appropriations</b>	<b>8,314,400</b>	<b>9,504,100</b>	<b>9,540,500</b> <sup>1/2</sup>
<b>Fund Summary</b>			
General Fund	8,234,400	9,504,100	9,540,500
Victims' Rights Implementation Revolving Fund	<u>80,000</u>	<u>-0-</u>	<u>-0-</u>
<b>Total Appropriations</b>	<b>8,314,400</b>	<b>9,504,100</b>	<b>9,540,500</b>

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

<sup>1/</sup> This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations. (General Appropriation Act footnote.)  
<sup>2/</sup> Appropriated as a Lump Sum by Agency.

**LEGISLATURE - JOINT LEGISLATIVE BUDGET COMMITTEE**

A.R.S. § 41-1272

Ted A. Ferris, Director

JLBC Analyst: Michael Bradley

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	34.0	34.0	34.0
Personal Services	1,385,000	1,506,800	1,529,800
Employee Related Expenditures	264,700	279,200	273,100
Professional and Outside Services	168,000	144,700	125,000
Travel - In State	9,100	11,000	13,000
Travel - Out of State	13,400	11,800	11,800
Other Operating Expenditures	122,500	124,000	134,500
Equipment	38,200	47,500	50,000
<b>Operating Subtotal</b>	<b>2,000,900</b>	<b>2,125,000</b>	<b>2,137,200</b>
Capital Needs Assessment	533,500 <sup>1/</sup>	-0-	-0-
<b>Total Appropriations</b>	<b>2,534,400</b>	<b>2,125,000</b>	<b>2,137,200</b> <sup>2/3/</sup>

*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.*

<sup>1/</sup> An additional \$265,600 was spent as a FY 1996 administrative adjustment (but was paid after the end of the fiscal year) for a total cost of \$799,100.  
<sup>2/</sup> Appropriated as a Lump Sum by Agency.  
<sup>3/</sup> This appropriation is exempt from A.R.S. § 35-190, relating to the lapsing of appropriations. (General Appropriation Act footnote.)

**LEGISLATURE - LEGISLATIVE COUNCIL**

**A.R.S. § 41-1301**

Mike E. Braun, Executive Director

JLBC Analyst: Michael Bradley

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>42.0</u>	<u>47.0</u>	<u>48.0</u>
Personal Services	1,731,200	1,951,200	2,041,100
Employee Related Expenditures	319,900	356,600	359,500
Professional and Outside Services	268,500	265,500	315,000
Travel - In State	9,500	12,500	11,500
Travel - Out of State	19,500	40,000	15,000
Other Operating Expenditures	459,500	615,100 <sup>1/</sup>	481,100
Equipment	<u>270,600</u>	<u>1,303,900</u>	<u>79,000</u>
<b>Total</b>	<b>3,078,700 <sup>2/</sup></b>	<b>4,544,800</b>	<b>3,302,200</b>
Ombudsman Citizens Aide Office	<u>-0-</u>	<u>-0-</u>	<u>215,300</u>
<b>Total Appropriations</b>	<b>3,078,700</b>	<b>4,544,800</b>	<b>3,517,500 <sup>3/4/</sup></b>

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

**Ombudsman Citizens Aide Office** — Laws 1995, Chapter 281 appropriated \$215,300 from the General Fund in FY 1997 to the Legislative Council for the Office of the Ombudsman-Citizens Aide. This office will have the responsibility of acting in an ombudsman capacity in personal property rights disputes. The expenses of the Office of the Ombudsman-Citizens Aide are to be paid from appropriations to the Legislative Council. The Legislative Council will include future year expenses for this new office in the General Appropriation Act as a Special Line Item.

<sup>1/</sup> Laws 1996, Chapter 7, 5th Special Session appropriated \$200,000 to provide funding for an interactive computer and teleconferencing site at the Capitol in conjunction with the NAUNET system.  
<sup>2/</sup> Operating Subtotal shown is the original appropriated amount.  
<sup>3/</sup> This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations. (General Appropriation Act footnote.)  
<sup>4/</sup> Appropriated as a Lump Sum by Agency.

**LEGISLATURE - DEPARTMENT OF LIBRARY,  
ARCHIVES AND PUBLIC RECORDS**

A.R.S. § 41-1331

Arlene Bansal, Director

JLBC Analyst: Stefan Shepherd

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	119.1	119.1	119.1
Personal Services	2,500,900	2,806,400	2,902,900
Employee Related Expenditures	572,200	638,300	664,300
Professional and Outside Services	76,600	4,000	4,000
Travel - In State	9,600	13,800	13,800
Travel - Out of State	4,500	2,800	2,800
Other Operating Expenditures	843,300	822,100	874,100
Equipment	214,700	37,600	5,500
<b>Operating Subtotal</b>	<b>4,221,800</b>	<b>4,325,000</b>	<b>4,467,400</b>
Library Acquisitions	330,000	438,400	469,200
Grants-in-Aid	433,800	452,000	390,400
Statewide Radio Reading Serv. for the Blind	60,000	60,000	60,000
<b>Total Appropriations</b>	<b>5,045,600</b>	<b>5,275,400</b>	<b>5,387,000</b> <sup>1/</sup>

*Agency Description — The department is the archival authority and the designated repository for historical records of state and local government, as well as a designated federal document repository. Other responsibilities include: the Library for the Blind and Physically Handicapped; coordination of statewide planning and development of library services; 2 museums on state government history and the people of Arizona; records management standards and storage; and 2 libraries, one for general research and the other the State Law Library. These facilities are available for use by state agencies, the Legislature, the Courts, the legal community and the general public.*

**Evans House Relocation** — The approved amount includes an additional \$48,600 in Rent to fund the rent costs of sections of the Department of Library, Archives and Public Records that are moving to the Evans House at 1108 West Washington.

<sup>1/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

**DEPARTMENT OF LIQUOR LICENSES & CONTROL**

A.R.S. § 4-101

Howard Adams, Director

JLBC Analyst: Rachele Child

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	52.0	49.0	48.0
Personal Services	1,172,200	1,238,100	1,225,300
Employee Related Expenditures	293,400	329,600	315,600
Professional and Outside Services	33,900	30,600	27,900
Travel - In State	93,600	94,800	94,800
Travel - Out of State	700	1,000	1,000
Other Operating Expenditures	367,000	416,000	322,200
Equipment	33,400	-0-	-0-
<b>Operating Subtotal</b>	<b>1,994,200</b>	<b>2,110,100</b>	<b>1,986,800</b>
Automation Lease-Purchase	-0-	543,200	543,200
<b>Total Appropriations</b>	<b>1,994,200</b>	<b>2,653,300</b>	<b>2,530,000</b> <sup>1/</sup>

*Agency Description* — The department licenses, investigates and regulates the production, distribution, and sale of alcoholic beverages throughout the state.

*Retirement System Change* — The approved amount includes an increase of \$22,700 in Employee Related Expenditures in response to Laws 1995, Chapter 205 which transferred the investigators employed by the department from the Arizona State Retirement System (ASRS) to the Public Safety Personnel Retirement System (PSPRS).

<sup>1/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.



**BOARD OF MEDICAL EXAMINERS**

A.R.S. § 32-1401

Mark Speicher, Executive Director

JLBC Analyst: Jim Hillyard

Board of Medical Examiners Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>42.5</u>	<u>43.5</u>	<u>43.5</u> <sup>1/</sup>
Personal Services	1,145,500	1,304,900	1,325,900
Employee Related Expenditures	258,900	294,500	286,000
Professional and Outside Services	203,700	338,700	338,700
Travel - In State	36,300	50,300	50,300
Travel - Out of State	5,100	8,800	8,800
Other Operating Expenditures	540,600	458,600	439,900
Equipment	<u>109,200</u>	<u>9,600</u>	<u>5,300</u>
<b>Operating Subtotal</b>	<b>2,299,300</b>	<b>2,465,400</b>	<b>2,454,900</b>
Attorney General - Legal Fees	166,500	196,200 <sup>2/</sup>	196,400 <sup>2/</sup>
Examinations	<u>132,100</u>	<u>254,800</u>	<u>254,800</u>
<b>Total Appropriations</b>	<b>2,597,900</b>	<b>2,916,400</b> <sup>4/</sup>	<b>2,906,100</b> <sup>5/</sup>

*Agency Description — The agency licenses, regulates and conducts examinations of medical doctors and physician's assistants.*

- <sup>1/</sup> Includes 1 FTE administrative assistant position funded through the Attorney General - Legal Fees Special Line Item in FY 1997.
- <sup>2/</sup> The \$166,500 appropriated for Attorney General - Legal Fees in FY 1996 and the \$196,200 appropriated for Attorney General - Legal Fees in FY 1997 is specifically designated to pay for the Personal Services and Employee Related Expenses of the 2 Assistant Attorney General positions and the 0.5 Legal Secretary position assigned to the Board of Medical Examiners. Any monies not expended for the purpose specified shall revert to the Board of Medical Examiners Fund. (General Appropriation Act footnote.)
- <sup>3/</sup> Includes the Personal Services and Employee Related Expenditures for a 1 FTE Administrative Assistant position transferred, with the approval of the Joint Legislative Budget Committee, from the board's Operating Expenditures to the Attorney General - Legal Fees Special Line Item to reflect the position's actual duties.
- <sup>4/</sup> This appropriation is available for use and is exempt from the provisions of A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency fund until June 30, 1997. (General Appropriation Act footnote.)
- <sup>5/</sup> Appropriated by Detailed Line Item by Agency.

**BOARD OF MEDICAL STUDENT LOANS**

A.R.S. § 15-1723

Christopher A. Leadem, Ph.D., Chairman

JLBC Analyst: Bruce Groll

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	0.0	0.0	0.0
Medical Student Loans	114,600	113,900	236,600
<b>Total Appropriations</b>	<b>114,600</b>	<b>113,900</b>	<b>236,600</b> <sup>1/</sup>

*Agency Description — The board is authorized to grant loans to students of the University of Arizona College of Medicine, make a full investigation of the ability, character and qualification of each loan applicant, and administer the loan program. Medical students who participate in the Medical Student Loans program agree to serve the State of Arizona in medically underserved areas for at least 2 years, or 1 year of service for each year of loan support, whichever is longer, upon graduation. As an incentive for service, the board is authorized to impose upon participants who have signed contracts, liquidated damages equal to the full amount borrowed, in addition to repaying the loan at a 7% interest rate.*

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

**ARIZONA MILITARY AIRPORT PRESERVATION COMMITTEE**

A.R.S. § 41-3005.01

JLBC Analyst: Jim Hillyard

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
Additional Appropriations - Military Airports; Preservation, Ch. 62	-0-	200,000	-0-
<b>Total Appropriations</b>	<b>-0-</b>	<b>200,000 <sup>1/</sup></b>	<b>-0-</b>

*Agency Description — The Arizona Military Airport Preservation Committee is established to encourage the preservation and long-term viability of military airports and private property rights in the vicinity of military airports.*

<sup>1/</sup> Laws 1995, Chapter 338 made this appropriation exempt from A.R.S. § 35-143.01, until June 30, 1997.

**STATE MINE INSPECTOR**

A.R.S. § 27-121

The Honorable Douglas K. Martin, State Mine Inspector

JLBC Analyst: Renée Bahl/Stefan Shepherd

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	16.5	15.5	17.0
Personal Services	387,100	435,400	475,200
Employee Related Expenditures	86,900	95,600	102,500
Professional and Outside Services	9,400	-0-	-0-
Travel - In State	50,000	68,200	83,400
Travel - Out of State	6,300	1,700	1,700
Other Operating Expenditures	118,700	99,800	103,500
Equipment	64,200	9,900	50,900
<b>Operating Subtotal</b>	<b>722,600</b>	<b>710,600</b>	<b>817,200</b>
Mined Land Reclamation	71,800	60,300	-0-
<b>Total</b>	<b>794,400</b>	<b>770,900</b>	<b>817,200</b>
<b>Additional Appropriations -</b>			
Mined Land Reclamation; Administration, Ch. 323	-0-	-0-	100,000
<b>Total Appropriations</b>	<b>794,400</b>	<b>770,900</b>	<b>917,200</b> <sup>1/</sup>

*Agency Description — The State Mine Inspector is an elected constitutional officer. The Mine Inspector inspects the health conditions and safety of mining operations, investigates mining accidents, identifies abandoned mines, and conducts safety certification classes for mine employees.*

**Additional Appropriations — Mined Land Reclamation: Administration (Chapter 323)** — Appropriates \$100,000 from the General Fund to the State Mine Inspector to establish and implement a program for the review, processing and evaluation of mined land reclamation plans. The State Mine Inspector shall report to the JLBC Director expenditures made from this appropriation, the name and address of each consultant hired to review plans, and the plan submittals that cause the expenditure of monies.

<sup>1/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

**DEPARTMENT OF MINES AND MINERAL RESOURCES**

A.R.S. § 27-101

H. Mason Coggin, Director

JLBC Analyst: Renée Bahl/Stefan Shepherd

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	8.0	8.0	8.0
Personal Services	248,000	261,800	266,100
Employee Related Expenditures	56,700	54,700	57,600
Professional and Outside Services	-0-	-0-	2,500
Travel - In State	5,500	5,300	5,300
Other Operating Expenditures	338,700	358,100	371,000
Equipment	11,100	8,500	4,000
<b>Total Appropriations</b>	<b>660,000</b>	<b>688,400</b>	<b>706,500</b> <sup>1/</sup>

*Agency Description* — The department promotes the development of the state's mineral resources by providing technical and educational assistance and information to the mining and mineral industry and the general public. The department also operates the Mining and Mineral Museum, which is the official repository for mineral specimens, ores, gemstones and lapidary material found in the state. These minerals are identified, cataloged and displayed at the museum.

**Technical Issues** — The approved amount includes one-time General Fund increases of \$4,000 for 2 replacement computers and \$2,500 for computer training.

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

**NATUROPATHIC PHYSICIANS BOARD OF MEDICAL EXAMINERS**

**A.R.S. § 32-501**

John L. Brewer, Executive Director

JLBC Analyst: Jim Hillyard

**Board of Naturopathic Physicians  
Examiners Fund**

**FY 1995  
Actual**

**FY 1996  
Estimate**

**FY 1997  
Approved**

FTE Positions	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
Personal Services	30,900	29,700	30,200
Employee Related Expenditures	6,900	5,900	5,800
Professional and Outside Services	12,300	16,300	17,900
Travel - In State	-0-	300	300
Other Operating Expenditures	5,600	19,100	17,800
Equipment	1,500	-0-	-0-
<b>Total Appropriations</b>	<u>57,200</u>	<u>71,300</u> <sup>1/</sup>	<u>72,000</u> <sup>2/</sup>

*Agency Description — The board licenses and regulates physicians and medical assistants who practice naturopathy; certifies physicians to dispense natural remedies; and accredits and approves naturopathic medical schools, internships, and programs. Naturopathy is a system of medical diagnosis and treatment based on the use of natural remedies and non-invasive methods. This agency is one of several, housed within the State Boards' Office, contracting with the Department of Administration for administrative services.*

<sup>1/</sup> This appropriation is available for use and is exempt from the provisions of A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriation Act footnote.)

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

**ARIZONA NAVIGABLE STREAM ADJUDICATION COMMISSION**

A.R.S. § 37-1121

Christina Waddell, Executive Director

JLBC Analyst: Stefan Shepherd

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>0.0</u>	<u>2.0</u>	<u>2.0</u>
Personal Services	-0-	51,000	84,700
Employee Related Expenditures	-0-	9,900	17,300
Professional and Outside Services	-0-	25,000	-0-
Travel - In State	-0-	3,300	3,300
Other Operating Expenditures	-0-	16,300	12,100
Equipment	-0-	10,600	-0-
<b>Total Appropriations</b>	<b>-0-</b>	<b>116,100</b>	<b>117,400</b> <sup>1/</sup>

*Agency Description — The Arizona Navigable Stream Adjudication Commission is a 5-member body charged with determining the ownership of watercourses in the state by establishing whether or not the watercourses were navigable at the time of statehood.*

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

**STATE BOARD OF NURSING**

A.R.S. § 32-1602

Joey Ridenour, Executive Director

JLBC Analyst: Jennifer Vermeer

Board of Nursing Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>22.0</u>	<u>26.7</u>	<u>26.7</u>
Personal Services	626,600	826,800	875,700
Employee Related Expenditures	126,500	187,800	180,100
Professional and Outside Services	180,600	160,000	160,000
Travel - In State	19,000	10,700	10,700
Travel - Out of State	13,900	14,300	14,300
Other Operating Expenditures	171,400	184,400	186,200
Equipment	<u>-0-</u>	<u>120,000</u>	<u>120,000</u>
<b>Operating Subtotal</b>	<b>1,138,000</b>	<b>1,504,000</b>	<b>1,547,000</b>
Supplemental Costs	<u>-0-</u>	<u>60,000</u>	<u>-0-</u>
<b>Total Appropriations</b>	<b>1,138,000</b>	<b>1,564,000</b> <sup>1/</sup>	<b>1,547,000</b> <sup>2/</sup>

*Agency Description* — The board licenses, regulates, conducts examinations and approves educational programs for nurses and nurse aides.

*Additional Legislation* — Laws 1996, Chapter 178 allows the monies from the FY 1996 supplemental appropriation to be used for FY 1995 operating costs.

<sup>1/</sup> This appropriation is available for use and is exempt from the provisions of A.R.S. § 34-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriation Act footnote.)

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



**BOARD OF EXAMINERS OF NURSING CARE INSTITUTION  
ADMINISTRATORS AND ADULT CARE HOME MANAGERS**

A.R.S. § 36-446.02

Christine Springer, Executive Director

JLBC Analyst: Jeffrey Schmied

**Nursing Care Institution Administrators'  
Licensing and Adult Care Home  
Managers' Certification Fund**

	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	0.7	0.7	1.2
Personal Services	27,200	26,100	36,200
Employee Related Expenditures	7,200	6,000	9,300
Professional and Outside Services	22,300	35,200	34,800
Travel - In State	1,200	4,700	4,700
Travel - Out of State	700	700	1,100
Other Operating Expenditures	7,200	5,300	5,800
Equipment	300	-0-	-0-
<b>Total Appropriations</b>	<b>66,100</b>	<b>78,000 <sup>1/</sup></b>	<b>91,900 <sup>2/</sup></b>

*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.

**Administrative Assistant II** — The approved amount includes a total increase of \$12,100 above the original FY 1997 appropriation for a 0.5 FTE Position to assist with licensure, certification and complaint investigation.

<sup>1/</sup> This appropriation is available for use and is exempt from the provisions of A.R.S. § 35-143.02, relating to lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriation Act footnote.)  
<sup>2/</sup> Appropriated as a Lump Sum by Agency

**OCCUPATIONAL SAFETY AND HEALTH REVIEW BOARD**

A.R.S. § 23-422

Jim Weeks, Chairman

JLBC Analyst: Jeffrey Schmied

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Personal Services	100	700	700
Professional and Outside Services	3,300	7,400	7,400
Travel - In State	300	900	900
Other Operating Expenditures	<u>300</u>	<u>-0-</u>	<u>-0-</u>
<b>Total Appropriations</b>	<b>4,000</b>	<b>9,000</b>	<b>9,000</b> <sup>1/2/3/</sup>

*Agency Description* — The board reviews cases involving violations of the state's occupational safety and health laws. The cases start with an informal conference with the Industrial Commission's Occupational Safety and Health Division Director. If the case cannot be resolved, the employer can request a hearing before an Industrial Commission Administrative Law Judge. If either the Director of the Occupational Safety and Health Division or the employer disagrees with the ruling, it can be appealed before the Occupational Safety and Health Review Board.

- <sup>1/</sup> A like amount of board expenses is paid for by the federal government as part of a grant. These monies are included in the non-appropriated budget of the Industrial Commission's Occupational Safety and Health Division.
- <sup>2/</sup> Pursuant to A.R.S. § 23-422, the appropriation is exempt from A.R.S. § 35-190, relating to lapsing appropriations.
- <sup>3/</sup> Appropriated as a Lump Sum by Agency.

**BOARD OF OCCUPATIONAL THERAPY EXAMINERS**

A.R.S. § 32-3401

Kenneth D. Fink, Executive Director

JLBC Analyst: Brad Beranek/Lorenzo Martinez

Occupational Therapy Board Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
Personal Services	46,400	54,900	55,800
Employee Related Expenditures	9,400	15,500	11,000
Professional and Outside Services	2,900	3,200	3,200
Travel - In State	2,100	3,200	3,200
Travel - Out of State	900	1,000	700
Other Operating Expenditures	27,900	18,300	18,400
Equipment	<u>3,300</u>	<u>-0-</u>	<u>-0-</u>
<b>Total Appropriations</b>	<b>92,900</b>	<b>96,100 <sup>1/</sup></b>	<b>92,300 <sup>2/</sup></b>

*Agency Description* — The board examines and licenses occupational therapists and occupational therapy assistants, investigates complaints, and holds hearings to enforce standards of practice.

<sup>1/</sup> This appropriation is available for use and is exempt from the provisions of A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriation Act footnote.)

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

**STATE BOARD OF DISPENSING OPTICIANS**

A.R.S. § 32-1671

Careen J. Heinze, Executive Director

JLBC Analyst: Jeffrey Schmied

Board of Dispensing Opticians Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>0.8</u>	<u>0.8</u>	<u>0.8</u>
Personal Services	33,000	33,700	34,200
Employee Related Expenditures	6,000	5,700	5,800
Professional and Outside Services	17,000	16,900	17,400
Travel - In State	2,000	4,900	4,900
Other Operating Expenditures	<u>4,400</u>	<u>6,300</u>	<u>4,900</u>
<b>Total Appropriations</b>	<b>62,400</b>	<b>67,500</b> <sup>1/</sup>	<b>67,200</b> <sup>2/</sup>

*Agency Description — The board licenses and regulates optical establishments and opticians. An optician fits and sells optical devices such as contact lenses and eye glasses. This agency is one of several, housed within the State Boards' Office, contracting with the Department of Administration for administrative services.*

<sup>1/</sup> This appropriation is available for use and is exempt from the provisions of A.R.S. § 35-143.02, relating to lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriation Act footnote.)

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

**STATE BOARD OF OPTOMETRY**

A.R.S. § 32-1701

Florence Moore, Executive Director

JLBC Analyst: Jim Hillyard

Board of Optometry Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>1.8</u>	<u>1.8</u>	<u>1.8</u>
Personal Services	57,900	60,800	61,900
Employee Related Expenditures	10,400	10,900	10,500
Professional and Outside Services	15,400	22,200	22,800
Travel - In State	4,200	6,500	6,500
Travel - Out of State	-0-	700	700
Other Operating Expenditures	<u>3,600</u>	<u>7,500</u>	<u>7,500</u>
<b>Total Appropriations</b>	<b>91,500</b>	<b>108,600 <sup>1/</sup></b>	<b>109,900 <sup>2/</sup></b>

*Agency Description* — The board licenses and regulates medical physicians who practice homeopathy, a system of medical treatment based on the use of small quantities of remedies which in larger doses produce symptoms of the disease. This agency is one of several, housed within the State Boards' Office, contracting with the Department of Administration for administrative services.

<sup>1/</sup> This appropriation is available for use and is exempt from the provisions of A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriation Act footnote.)

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

**ARIZONA BOARD OF OSTEOPATHIC EXAMINERS**

**A.R.S. § 32-1801**

Ann Marie Berger, Executive Director

JLBC Analyst: Jim Hillyard

Board of Osteopathic Examiners Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	5.5	5.5	5.5
Personal Services	161,400	194,800	190,400
Employee Related Expenditures	34,600	40,900	41,400
Professional and Outside Services	44,900	44,500	50,800
Travel - In State	5,800	5,800	7,500
Travel - Out of State	3,800	3,800	3,800
Other Operating Expenditures	44,600	60,100	46,700
Equipment	-0-	-0-	-0-
<b>Total Appropriations</b>	<b>295,100</b>	<b>349,900</b> <sup>1/2/</sup>	<b>340,600</b> <sup>3/</sup>

*Agency Description — The agency licenses and regulates medical physicians who practice osteopathic medicine, a system of medical treatment that emphasizes the inter-relationship of the body's muscles, bones, and joints with other body systems as an adjunct to invasive and/or chemically-based treatment.*

**Formal Complaint Hearings** — The approved FY 1997 amount includes an additional \$17,100 above the original FY 1997 appropriation for formal complaint hearings. The board has scheduled 8 formal hearings for FY 1997 as part of an effort to address a complaint backlog.

<sup>1/</sup> This appropriation is available for use and is exempt from A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriation Act footnote.)  
<sup>2/</sup> Laws 1995, Chapter 7, 5th Special Session appropriated \$16,800 for formal complaint hearings, \$6,600 for telecommunications, and \$14,700 for outstanding invoices and annual leave payoff for a total increase of \$38,100.  
<sup>3/</sup> Appropriated as a Modified Lump Sum by Agency.

# ARIZONA STATE PARKS BOARD

A.R.S. § 41-511

Ken Travous, Executive Director

JLBC Analyst: Renée Bahl/Bruce Groll

General Fund and Other Appropriated Funds	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	178.5	182.5	180.5 <sup>1/</sup>
Personal Services	4,155,700	4,552,100	4,634,000
Employee Related Expenditures	1,158,000	1,234,900	1,071,800
Professional and Outside Services	36,500	48,100	38,100
Travel - In State	63,100	91,200	91,200
Travel - Out of State	9,500	4,100	4,100
Other Operating Expenditures	1,521,200	1,867,600	1,923,900
Equipment	261,800	132,200	891,300
<b>Operating Subtotal</b>	<b>7,205,800</b>	<b>7,930,200</b>	<b>8,654,400</b> <sup>2/</sup>
State Trust Land Leases	169,500	177,000	183,800
Arizona Conservation Corps	436,900	227,000	56,700 <sup>3/</sup>
LEBSF Projects	567,800	600,000	800,000 <sup>4/</sup>
Reservation Surcharge Revolving Fund	-0-	-0-	30,000 <sup>5/</sup>
<b>Total Appropriations</b>	<b>8,380,000</b>	<b>8,934,200</b>	<b>9,724,900</b> <sup>6/7/</sup>
<b>Fund Summary</b>			
General Fund	6,201,600	6,468,600	6,103,400
State Parks Enhancement Fund	1,610,600	1,835,600	2,791,500
Law Enforcement and Boating Safety Fund	567,800	600,000	800,000
Reservation Surcharge Revolving Fund	-0-	30,000	30,000
<b>Total Appropriations</b>	<b>8,380,000</b>	<b>8,934,200</b>	<b>9,724,900</b>

**Agency Description** — The State Parks Board is responsible for managing the state parks system, which includes recreational parks, historical parks, and natural areas. The Parks Board consists of 7 members appointed by the Governor. Major functions of the Parks Board, through its staff, include the maintenance and development of existing parks, new parks acquisitions, statewide recreational planning, historic preservation, and the administration of the Heritage Fund grants program and other grants programs which provide funds for local and regional projects.

**Technical Issues** — The approved amount includes one-time increases of \$107,800 from the General Fund and \$24,400 from the State Parks Enhancement Fund for replacement equipment.

**Kartchner Caverns** — Kartchner Caverns is an underground limestone cave, located near Benson, with 13,000 feet of passages and 2 large rooms, each approximately 100 yards long. When opened, the cave will remain protected while offering visitors a tour through multi-colored cave formations. The park is expected to be open for public use in November 1997.

- <sup>1/</sup> Includes 1 FTE Position funded from Special Line Items in FY 1997.
- <sup>2/</sup> All Other Operating Expenditures includes \$15,000 from the State Parks Enhancement Fund for Fool Hollow State Park revenue sharing. If receipts to Fool Hollow exceed \$150,000 in FY 1997, then an additional 10% of this increase of Fool Hollow receipts is appropriated from the State Parks Enhancement Fund to meet the revenue-sharing agreement with the City of Show Low and the United States Forest Service. (General Appropriation Act footnote.)
- <sup>3/</sup> Monies appropriated for the Arizona Conservation Corps program shall be placed in the Arizona Conservation Corps Fund. 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 law. (General Appropriation Act footnote.)
- <sup>4/</sup> The appropriation for Law Enforcement and Boating Safety Fund Projects is an estimate representing all monies distributed to this fund, including balance forward, revenue, and transfers, during FY 1997. These monies are appropriated to the Arizona State Parks Board for the purposes established in A.R.S. § 5-383. The appropriation shall be adjusted as necessary to reflect actual final receipts credited to the Law Enforcement and Boating Safety Fund. (General Appropriation Act footnote.)
- <sup>5/</sup> The appropriation for the Reservation Surcharge Revolving Fund is an estimate representing all monies in the fund including balances forward, revenue, interest, and transfers during FY 1997. These monies are appropriated to the State Parks Board for the purposes established in A.R.S. § 41-511.24. The appropriation shall be adjusted as necessary to reflect actual available monies in the Reservation Surcharge Revolving fund. (General Appropriation Act footnote.)
- <sup>6/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.
- <sup>7/</sup> The FY 1997 total appropriation is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations, until June 30, 1998. (General Appropriation Act footnote.)

## **ARIZONA STATE PARKS BOARD (Cont'd)**

---

The approved amount includes a one-time increase of \$807,100 from the development portion of the State Parks Enhancement Fund for start-up funding. Total start-up funding is estimated at \$1,211,000 between FY 1997 and FY 1998. The Enhancement Fund is divided into 2 portions: development and operating. The development portion is non-appropriated, but requires Joint Committee on Capital Review (JCCR) approval for expenditures. The operating portion is appropriated through the budget process for each fiscal year. The FY 1997 increase is primarily for items that need to be installed as the visitors center is completed and for items that need a lead time for bidding, contracting or procurement.

Pursuant to a General Appropriation Act footnote, the State Parks Board total FY 1997 appropriation is exempt from lapsing until June 30, 1998. This exemption will allow the Parks Board to time their purchases for Kartchner Caverns so items are not sitting unused for many months and to manage their finances prudently.

Additionally, the Legislature, acting upon the recommendation of the Joint Committee for Capital Review (JCCR), provided a supplemental appropriation of \$3,500,000 from the General Fund in the FY 1996 Capital Outlay Bill to complete the Kartchner Caverns project's funding and to allow development to be completed by November, 1997. (See Capital Outlay below.) The JCCR recommendation was made in conjunction with the Arizona State Parks Board's agreement to commit an additional \$3,347,000 from its FY 1994 through FY 1996 Heritage Fund monies.

**Supplemental Appropriation Pay-Off** — For FY 1994, the State Parks Enhancement Fund received a supplemental appropriation of \$336,500 from the General Fund. A FY 1995 General Appropriation Act footnote requires the Enhancement Fund to repay this supplemental appropriation with any revenues greater than twice the Enhancement Fund's appropriation (one-half of the fund is appropriated for operating expenses while the other half is non-appropriated for capital projects). Laws 1995, Chapter 3, 1st Special Session revised the pay-back amount to \$353,500 to include the FY 1995 salary adjustment. The FY 1997 approved amount includes a shift of \$159,500 from the General Fund to the Enhancement Fund to complete repayment of the \$353,500 supplemental appropriation.

**State Trust Land Leases** — Provides lease payments as determined by the State Land Department for the following state parks located on State Trust lands: Buckskin, Homolovi, Lyman Lake, Patagonia, and Picacho. The approved amount includes an increase of \$6,800. This increase includes \$1,500 to expand the Lyman Lake State Park land lease by 20 acres.

**Arizona Conservation Corps** — Created by Laws 1989, Chapter 287, the Arizona Conservation Corps (ACC) is directed by a 9-member commission consisting of the State Superintendent of Public Instruction, the State Land Commissioner, the State Parks Board Director, and 6 other members appointed by the Governor. The ACC Commission is a distinct entity with statutory responsibilities under A.R.S. § 41-519.01, but is located administratively within the State Parks Board. Operating expenses of the Commission are paid from the ACC Fund, which is administered by the State Parks Board. The mission of ACC is to provide employment, education, and personal development opportunities to persons between the ages of 14 and 25. Private or public agency sponsors provide work projects and pay corps member salaries.

The approved amount reflects a General Fund decrease of \$170,300 and 2 FTE Positions to phase out the program. The remaining General Fund monies, \$56,700 and 1 FTE Position, are for completing the program phase-out, including financial reconciliation, inventory reconciliation, and contract compliance. It is legislative intent that the ACC program should be phased out completely by the end of the first quarter of FY 1997, and no further state monies will be appropriated.

**Law Enforcement and Boating Safety** — Provides grants from the Law Enforcement and Boating Safety Fund (LEBSF) to county governments for boating safety personnel and boating law enforcement equipment and activities. Grant applications are reviewed by the Arizona Outdoor Recreation Coordinating Committee and approved by the State Parks Board. The FY 1997 estimate is increased by \$200,000 to reflect expected increased revenues.

**Reservation Surcharge Revolving Fund** — The approved amount does not include an increase in funding, but does move the program from the operating budget into a new Special Line Item. A footnote allows expenditures of 100% of receipts for FY 1997. This fund uses reservation fees to pay the operating costs of the campsite reservation program. The program began in FY 1995.

**Capital Outlay** — Chapter 7, 5th Special Session — Section 76(2) appropriates \$3,500,000 from the General Fund to the Arizona State Parks Board to complete the construction at Kartchner Caverns State Park. It is the intent of the Legislature to commit no more than \$3,500,000 from the General Fund for the construction development of Kartchner Caverns State Park.



**PERSONNEL BOARD**

A.R.S. § 41-781

Judith Henkel, Executive Director

JLBC Analyst: Lynne Smith

<b>General Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>
Personal Services	82,300	81,400	83,400
Employee Related Expenditures	15,600	17,300	16,800
Professional and Outside Services	145,600	162,300	167,300
Travel - In State	1,000	2,000	2,000
Other Operating Expenditures	33,500	37,900	39,700
Equipment	<u>4,000</u>	<u>5,800</u>	<u>1,400</u>
<b>Total Appropriations</b>	<b>282,000</b>	<b>306,700</b>	<b>310,600</b> <sup>1/</sup>

*Agency Description* — The Personnel Board hears grievances for state employees in the Arizona Department of Administration Personnel System who have been dismissed, demoted, or suspended.

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

# ARIZONA STATE BOARD OF PHARMACY

Llyn A. Lloyd, Executive Director

A.R.S. § 32-1901

JLBC Analyst: Jim Hillyard

Board of Pharmacy Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>11.0</u>	<u>12.0</u>	<u>12.0</u>
Personal Services	411,000	431,000	440,200
Employee Related Expenditures	89,200	96,000	97,400
Professional and Outside Services	33,100	40,400	52,900
Travel - In State	29,800	36,500	36,500
Travel - Out of State	3,100	4,000	4,000
Other Operating Expenditures	81,000	78,100	77,800
Equipment	<u>-0-</u>	<u>62,600</u>	<u>-0-</u>
<b>Operating Subtotal</b>	<b>647,200</b>	<b>748,600</b>	<b>708,800</b>
Examinations	<u>-0-</u>	<u>13,600</u>	<u>20,500</u>
<b>Total Appropriations</b>	<b>647,200</b>	<b>762,200</b> <sup>1/2/</sup>	<b>729,300</b> <sup>3/</sup>

**Agency Description** — The board licenses, regulates, and conducts examinations of pharmacists and issues permits to distributors of approved medications. The board also educates pharmacists and the general public on the proper distribution and use of these medications.

**Examinations** — The approved FY 1997 amount includes an additional \$20,500 to purchase licensing examinations and \$2,000 in associated printing and postage above the original FY 1997 appropriation.

<sup>1/</sup> This appropriation available for use and is exempt from the provisions of A.R.S. § 35-143.01, relating to the lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriation Act footnote.)

<sup>2/</sup> Laws 1995, Chapter 7, 5th Special Session appropriated \$13,600 for examinations and \$2,000 for related printing and postage.

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

**BOARD OF PHYSICAL THERAPY EXAMINERS**

A.R.S. § 32-2001

Janice Stille, Executive Director

JLBC Analyst: Jeffrey Schmied

<b>Board of Physical Therapy Examiners Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
Personal Services	32,300	32,000	32,500
Employee Related Expenditures	6,000	6,100	6,100
Professional and Outside Services	23,500	42,000	43,000
Travel - In State	1,500	3,200	3,200
Travel - Out of State	-0-	800	700
Other Operating Expenditures	8,400	7,300	7,500
Equipment	<u>1,500</u>	<u>-0-</u>	<u>-0-</u>
<b>Total Appropriations</b>	<b>73,200</b>	<b>91,400 <sup>1/</sup></b>	<b>93,000 <sup>2/</sup></b>

*Agency Description* — The board licenses and regulates physical therapists. A physical therapist treats patients by exercise, massage, mechanical energy, electrical energy, heat, light, sound, and water. This agency is one of several, housed within the State Boards' Office, contracting with the Department of Administration for administrative services.

<sup>1/</sup> This appropriation is available for use and is exempt from the provisions of A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriation Act footnote.)

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

**ARIZONA PIONEERS' HOME**

A.R.S. § 41-921

Jeanine Dike, Superintendent

JLBC Analyst: Jennifer Vermeer

<b>General Fund and Miners' Hospital Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>107.4</u>	<u>107.4</u>	<u>107.4</u>
Personal Services	2,171,000	2,226,600	2,268,600
Employee Related Expenditures	719,900	768,500	635,000
Food	<u>185,000</u>	<u>225,000</u>	<u>225,000</u>
<b>Total Appropriations</b>	<b>3,075,900</b>	<b>3,220,100</b>	<b>3,128,600</b> <sup>1/2</sup>
<b>Fund Summary</b>			
General Fund	1,840,000	2,030,700	1,973,000
Miners' Hospital Fund	<u>1,235,900</u>	<u>1,189,400</u>	<u>1,155,600</u>
<b>Total Appropriations</b>	<b>3,075,900</b>	<b>3,220,100</b>	<b>3,128,600</b>

**Agency Description** — *The Pioneers' Home provides a home and long-term nursing and medical care for Arizona pioneers and long-time residents and disabled miners. On average, the Home cares for 165 residents throughout the year with approximately 10 of these being disabled miners.*

<sup>1/</sup> In addition to the amounts appropriated, earnings on state lands and interest on the investment of the Permanent Land Funds are appropriated for the Pioneers' Home and the Hospital for Disabled Miners in compliance with the Enabling Act and the Constitution. (General Appropriation Act footnote.)

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

**STATE BOARD OF PODIATRY EXAMINERS**

A.R.S. § 32-801

Linda Wells, Executive Director

JLBC Analyst: Jim Hillyard

<b>Board of Podiatry Examiners Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
Personal Services	30,000	31,800	32,300
Employee Related Expenditures	5,500	5,800	5,800
Professional and Outside Services	14,000	16,200	15,800
Travel - In State	300	1,800	1,800
Other Operating Expenditures	2,400	2,500	2,500
Capital Equipment	300	-0-	-0-
<b>Total Appropriations</b>	<b>52,500</b>	<b>58,100</b> <sup>1/</sup>	<b>58,200</b> <sup>2/</sup>

*Agency Description* — The board licenses and regulates Doctors of Podiatric Medicine. A podiatrist must take specialized training, serve an internship and pass a qualifying examination prior to licensure to diagnose and treat foot ailments. This agency is one of several, housed within the State Boards' Office, contracting with the Department of Administration for administrative services.

<sup>1/</sup> This appropriation is available for use and is exempt from the provisions of A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriation Act footnote.)

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

# COMMISSION FOR POSTSECONDARY EDUCATION

A.R.S. §15-1851

Ed Johnson, Ph.D., Executive Director

JLBC Analyst: Bruce Groll

General Fund and Postsecondary Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	0.0	7.8	7.8
Personal Services	-0-	263,900	268,100
Employee Related Expenditures	-0-	50,200	53,700
Professional and Outside Services	-0-	214,800	214,800
Travel - In State	-0-	3,000	3,000
Travel - Out of State	-0-	10,000	10,000
Other Operating Expenditures	-0-	89,200	87,100
Equipment	-0-	2,000	2,000
<b>Operating Subtotal</b>	<b>-0-</b>	<b>633,100</b>	<b>638,700</b>
State Student Incentive Grants (SSIG)	-0-	3,351,100	3,290,100 <sup>1/</sup>
Other Grants	-0-	234,300	234,300
<b>Total</b>	<b>-0-</b>	<b>4,218,500</b>	<b>4,163,100</b>
<b>Additional Appropriations -</b>			
Postsecondary Higher Education Voucher Program, Ch. 341	-0-	-0-	100,000 <sup>2/</sup>
<b>Total Appropriations</b>	<b>-0-</b>	<b>4,218,500</b> <sup>3/</sup>	<b>4,263,100</b> <sup>3/4/</sup>
<b>Fund Summary</b>			
General Fund	-0-	1,234,000	1,334,000
Postsecondary Fund	-0-	2,984,500	2,929,100
<b>Total Appropriations</b>	<b>-0-</b>	<b>4,218,500</b>	<b>4,263,100</b>

**Agency Description** — The commission, established as the State Postsecondary Review Entity (SPRE) in FY 1995, is authorized to conduct, review and coordinate the review of postsecondary education institutions in order to determine the eligibility of those institutions for student financial aid monies; and enters into agreements and contracts with state regulatory agencies, accrediting bodies or other peer review systems to conduct program eligibility reviews. The commission also administers the Arizona Student Program Investing Resources in Education (ASPIRE) scholarship fund and 3 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.

<sup>1/</sup> The appropriation for the State Student Incentive Grant is to be used to make grants under the Arizona State Student Incentive Grant program administered by the Arizona Commission for Postsecondary Education. Grants may be made according to the provisions of applicable federal and state laws and regulations relating to this program to Arizona residents who demonstrate financial need and who are attending, on at least a half-time basis, an approved program at a properly accredited Arizona postsecondary educational institution.

Each participating institution, public or private, in order to be eligible to receive state matching funds under the State Student Incentive Grant program for grants to students, shall provide an amount of institutional matching funds which shall be equal to the amount of funds provided by the state to the institution for the State Student Incentive Grant program. Administrative expenses incurred by the Commission for Postsecondary Education shall be paid from institutional matching funds and shall not exceed 13% of the funds in FY 1996, and shall not exceed 18% of the funds in FY 1997. (General Appropriation Act footnote.)

<sup>2/</sup> Of this \$100,000 appropriated amount, \$10,000 is for Postsecondary Higher Education Voucher Program administration.

<sup>3/</sup> For FY 1996 and for FY 1997, any unencumbered balance remaining in the Postsecondary Fund on June 30, 1995 and June 30, 1996, respectively, and all grant monies and other revenues received by the Commission for Postsecondary Education during these fiscal years, when paid into the State Treasury, are appropriated for the explicit purposes designated by Special Line Items for which state, federal, institutional and other monies are received including State Student Incentive Grants, teacher scholarships and the Postsecondary Review Entity Program. (General Appropriation Act footnote.)

<sup>4/</sup> Appropriated as Modified Lump Sum by Agency.

(Continued)

## **COMMISSION FOR POSTSECONDARY EDUCATION (Cont'd)**

---

**Additional Appropriation** — Postsecondary Higher Education Voucher Program (Chapter 341) — This act establishes a postsecondary education voucher pilot program administered by the commission and appropriates \$100,000 from the state General Fund for FY 1997. Beginning July 1, 1996, students who obtain an associate degree from a community college under the jurisdiction of the State Board of Directors for Community Colleges and who register for enrollment as a full-time student in a baccalaureate program at a private, regionally accredited 4 year degree granting college or university chartered in this state are eligible to submit an application to the commission for participation in the program. The commission shall establish eligibility criteria for tuition vouchers including financial need and academic merit, develop application forms, procedures and deadlines, and select up to 60 qualifying students each year for participation in the program. Participating students shall receive a tuition voucher in an amount of up to \$1,500 annually not to exceed 2 years to be used to pay all or a portion of the tuition and fees charged at the private, accredited 4 year college.

**Additional Legislation** — Commission for Postsecondary Education (Chapter 354) — Section 3 of this act amends A.R.S. § 15-1852, Additional Powers and Duties to: study enrollment demand and examine public policy options to accommodate any increase in demand for postsecondary education services, including the role for private and nonprofit sectors; promote and encourage coordinated comprehensive instructional and capital planning between and among public postsecondary education institutions and systems including telecommunications networks related to postsecondary education; and prepare and present an annual report to the Legislature and the Governor by December 28, regarding the aforementioned activities including enrollment trends and other data. Section 4 establishes the purpose of this act is to improve the efficiency and cost effectiveness of public and private higher education programs in this state.

No additional funds were appropriated to implement these new responsibilities. Section 5 delays the effective date of Section 3 of this act until July 1, 1997.

**Other Issues** — State Student Incentive Grants (SSIG) — The 1996 federal appropriation for the SSIG program for the FY 1997 Arizona budget year was reduced by approximately 50% to \$533,810. However, the federal Title IV statutes and regulations require the state to provide a "maintenance of effort" spending level that may not be reduced in the event of a budget reduction as opposed to program elimination. The institutional matching requirement is based upon the state "maintenance of effort" amount and may not be reduced. Therefore, the FY 1997 amounts budgeted for SSIG state and institutional matching remain unchanged. The combined federal, state and institutional monies will fund the SSIG program through September, 1997. The federal legislation contains language stating that the 1996 appropriation is the last year of funding for the federal SSIG program.

**STATE BOARD FOR PRIVATE POSTSECONDARY EDUCATION**

A.R.S. § 32-3002

Dona M. Markley, Executive Director

JLBC Analyst: Bruce Groll

<b>Board for Private Postsecondary Education Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>
Personal Services	81,600	95,600	97,100
Employee Related Expenditures	20,700	23,800	23,200
Professional and Outside Services	500	3,000	6,000
Travel - In State	1,200	3,000	5,000
Travel - Out of State	-0-	-0-	-0-
Other Operating Expenditures	<u>20,500</u>	<u>22,300</u>	<u>29,000</u>
<b>Total Appropriations</b>	<b>124,500 <sup>1/</sup></b>	<b>147,700 <sup>2/4/</sup></b>	<b>160,300 <sup>3/4/</sup></b>

*Agency Description* — The board enforces the laws and rules governing approximately 125 private postsecondary education institutions, including vocational and degree programs. The board does not have jurisdiction over cosmetology, barber, real estate and professional driving schools. The board also administers a Student Tuition Recovery Fund, which compensates persons suffering damages as the result of a private postsecondary institution ceasing operations.

- <sup>1/</sup> For FY 1995, \$157,800 was appropriated subject to an increase in licensure fees. Licensure fees were not increased and, subsequently, \$23,300 was reverted to the State Board of Private Postsecondary Education Fund.
- <sup>2/</sup> This appropriation is available for use and is exempt from the provisions of A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriation Act footnote.)
- <sup>3/</sup> Appropriated as a Lump Sum by Agency.
- <sup>4/</sup> Of the amount appropriated for FY 1996 and FY 1997, \$12,300 shall revert to the State Board of Private Postsecondary Education Fund in FY 1996, and \$24,300 shall revert to the State Board of Private Postsecondary Education Fund in FY 1997 if current licensure fees are not increased by at least 30% over the FY 1995 level, and if supplemental license fees are not increased from \$300 to \$500. (General Appropriation Act footnote.) Note: For FY 1996, legislation that would have allowed the board to raise fees did not pass. Consequently, licensure fees were not increased and the \$12,300 added for FY 1996 must revert. For FY 1997, however, the Board for Private Postsecondary Education bill (Laws 1996, Chapter 67, Section 2) increases current annual licensure renewal fees for applicants holding 1 or more private vocational program and degree granting licenses by at least 30% over the FY 1995 level. The new fees are based on modified ranges of aggregate annual gross tuition revenues from all programs licensed in this state. Supplemental license fees and the fee for on-site verification, inspection, or investigation were also increased from \$300 to \$500. As a result, the \$24,300 for FY 1997 shall not revert.



**STATE BOARD OF PSYCHOLOGIST EXAMINERS**

A.R.S. § 32-2062

Maxine McCarthy, Executive Director

JLBC Analyst: Jim Hillyard

<b>Board of Psychologist Examiners Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>2.5</u>	<u>4.0</u>	<u>4.0</u>
Personal Services	78,500	104,900	122,900
Employee Related Expenditures	16,500	23,500	22,100
Professional and Outside Services	60,000	81,600	87,200
Travel - In State	4,200	6,800	6,800
Travel - Out of State	1,500	2,500	2,500
Other Operating Expenditures	<u>18,000</u>	<u>22,500</u>	<u>13,900</u>
<b>Total Appropriations</b>	<b>178,700</b>	<b>241,800</b> <sup>1/2/</sup>	<b>255,300</b> <sup>3/</sup>

**Agency Description** — The board licenses and regulates psychologists. This agency is one of several, housed within the State Boards' Office, contracting with the Department of Administration for administrative services.

**Investigator** — The approved FY 1997 amount includes an additional \$28,700 in Personal Services and Employee Related Expenditures above the original FY 1997 appropriation to fund the addition of 1 FTE investigator position. This position will investigate all cases before the board.

<sup>1/</sup> This appropriation is available for use and is exempt from the provisions of A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriation Act footnote.)

<sup>2/</sup> Laws 1995, Chapter 7, 5th Special Session appropriated \$16,900 for the Salary and Other related expenses associated to the addition of 1 FTE investigator position.

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

# ARIZONA DEPARTMENT OF RACING - SUMMARY

A.R.S. § 5-101

James Higginbottom, Director

JLBC Analyst: Phil Case

General Fund and County Fair Racing Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
<u>Program Summary</u>			
Commercial Racing	2,254,100	2,632,300	2,578,400
County Fair Racing	266,800	289,000	293,400
<b>Total Appropriations</b>	<b>2,520,900</b>	<b>2,921,300</b>	<b>2,871,800</b>
<u>Expenditure Detail</u>			
FTE Positions	56.2	56.4	55.4 <sup>1/</sup>
Personal Services	1,314,000	1,544,000	1,569,700
Employee Related Expenditures	312,500	365,400	369,800
Professional and Outside Services	78,200	60,200	55,900
Travel - In State	150,200	159,800	159,800
Travel - Out of State	9,700	4,800	4,800
Other Operating Expenditures	196,800	216,700	241,500
Equipment	56,800	15,000	14,000
<b>Operating Subtotal</b>	<b>2,118,200</b>	<b>2,365,900</b>	<b>2,415,500</b>
Special Line Items	402,700	555,400	456,300
<b>Total Appropriations</b>	<b>2,520,900</b>	<b>2,921,300</b>	<b>2,871,800</b> <sup>2/</sup>
<u>Fund Summary</u>			
General Fund	2,254,100	2,632,300	2,578,400
County Fair Racing Fund	266,800	289,000	293,400
<b>Total Appropriations</b>	<b>2,520,900</b>	<b>2,921,300</b>	<b>2,871,800</b>

**Agency Description** — The department regulates the Arizona racing industry through supervision of race meetings, screening of license applicants, collection of taxes and fees, and assessment of fines or other penalties. The department also collects revenues for the Boxing Commission.

**Additional Legislation** — Disposition of Racing Revenues (Chapter 353) — Beginning in FY 1998, transfers 20% of the annual revenue from unclaimed property to the State Treasurer for distribution, along with revenues from pari-mutuel taxes and racing fees, to 8 racing-related funds. The act also redefines the distributions as shown in the table below. Monies not distributed or unexpended at the end of each fiscal year shall be deposited to the General Fund.

Fund	Revenue Distribution <sup>1/</sup>	Percentage Distribution <sup>1/</sup>
Arizona County Fair Racing Betterment	\$ 800,000	22%
County Fairs Livestock and Agriculture Promotion	1,200,000	33
Arizona Breeders' Award	800,000	22
Arizona Stallion Award	40,000	1
County Fair Racing	300,000	9
Agricultural Consulting and Training	n/a	1
Administration <sup>2/</sup>	45,000	1
Arizona Coliseum and Exposition Center	400,000	11
<b>Total</b>	<b>\$3,585,000</b>	<b>100%</b>

<sup>1/</sup> The lesser of the "revenue distribution" or "percentage distribution" amounts shall be credited to the respective funds.  
<sup>2/</sup> For administration of the Arizona County Fair Racing Betterment Fund, the Arizona Breeders' Award Fund, the Arizona Stallion Award Fund, and the Greyhound Adoption Fund.

<sup>1/</sup> Includes 0.6 FTE Positions funded from Special Line Items in FY 1997.  
<sup>2/</sup> Appropriation format varies by program.

**ARIZONA DEPARTMENT OF RACING - COMMERCIAL RACING**

**A.R.S. § 5-101**

<b>General Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>50.2</u>	<u>50.4</u>	<u>49.4</u> <sup>1/</sup>
Personal Services	1,198,500	1,413,500	1,436,800
Employee Related Expenditures	288,100	330,400	334,400
Professional and Outside Services	35,600	12,300	8,000
Travel - In State	77,900	90,700	90,700
Travel - Out of State	9,700	4,800	4,800
Other Operating Expenditures	191,000	210,200	233,400
Equipment	<u>50,600</u>	<u>15,000</u>	<u>14,000</u>
<b>Operating Subtotal</b>	<b>1,851,400</b>	<b>2,076,900</b>	<b>2,122,100</b>
Drug Testing and Quality Assurance	398,400	431,000	431,000
Yuma/Holbrook Commercial Racing	<u>4,300</u>	<u>124,400</u>	<u>25,300</u> <sup>2/</sup>
<b>Total Appropriations</b>	<b>2,254,100</b>	<b>2,632,300</b>	<b>2,578,400</b> <sup>3/</sup>

*Program Description* — Licenses, investigates, and regulates pari-mutuel horse and greyhound racing within the state. Also includes the 5-member Racing Commission, which issues race dates for commercial and county fair racing, prepares and promulgates rules for the industry, conducts hearings on disciplinary actions and permit applications, and issues permits to race tracks.

<sup>1/</sup> Includes 0.6 FTE Positions funded from Special Line Items in FY 1997.

<sup>2/</sup> If live Commercial Racing is not held at Yuma Greyhound Park and Navajo County fairgrounds, \$25,300 shall revert to the state General Fund and 0.6 FTE Positions are eliminated in FY 1997.

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

**ARIZONA DEPARTMENT OF RACING - COUNTY FAIR RACING**

**A.R.S. § 5-101**

<b>County Fair Racing Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>6.0</u>	<u>6.0</u>	<u>6.0</u>
Personal Services	115,500	130,500	132,900
Employee Related Expenditures	24,400	35,000	35,400
Professional and Outside Services	42,600	47,900	47,900
Travel - In State	72,300	69,100	69,100
Other Operating Expenditures	5,800	6,500	8,100
Equipment	<u>6,200</u>	<u>-0-</u>	<u>-0-</u>
<b>Total Appropriations</b>	<b>266,800</b>	<b>289,000</b>	<b>293,400</b> <sup>1/</sup>

***Program Description** — Licenses, investigates and regulates pari-mutuel county fair horse racing within the state. The program is funded from pari-mutuel racing receipts.*

<sup>1/</sup> Appropriated as a Lump Sum for the Program.

# RADIATION REGULATORY AGENCY - SUMMARY

A.R.S. § 30-652 and 32-2802

Aubrey V. Godwin, Director

JLBC Analyst: Stefan Shepherd

General Fund and Other Appropriated Funds	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
<u>Program Summary</u>			
Radiation Evaluation and Compliance	1,430,900	1,082,100	1,526,700
Medical Radiologic Technology			
Board of Examiners	102,200	105,800	107,600
<b>Total Appropriations</b>	<b>1,533,100</b>	<b>1,187,900</b>	<b>1,634,300</b>
<u>Expenditure Detail</u>			
FTE Positions	22.0	23.0	24.0
Personal Services	702,600	749,400	794,300
Employee Related Expenditures	163,500	171,100	178,800
Professional and Outside Services	3,700	3,600	3,600
Travel - In State	32,300	31,900	32,300
Travel - Out of State	2,300	4,600	3,400
Other Operating Expenditures	212,600	206,600	214,300
Equipment	1,300	20,700	8,600
<b>Operating Subtotal</b>	<b>1,118,300</b>	<b>1,187,900</b>	<b>1,235,300</b>
Special Line Items	414,800	-0-	-0-
Additional Appropriations	-0-	-0-	399,000
<b>Total Appropriations</b>	<b>1,533,100</b>	<b>1,187,900</b>	<b>1,634,300</b> <sup>1/</sup>
<u>Fund Summary</u>			
General Fund	1,016,100	1,082,100	1,127,700
Nuclear Emergency Management Fund	414,800	-0-	399,000
State Radiologic Technologist Cert. Fund	102,200	105,800	107,600
<b>Total Appropriations</b>	<b>1,533,100</b>	<b>1,187,900</b>	<b>1,634,300</b>

*Agency Description* — The department regulates the use, storage, and disposal of sources of radiation. This includes licensing or certifying users, inspecting x-ray equipment, developing emergency response capability, and monitoring environmental radiation.

<sup>1/</sup> Appropriated as a Lump Sum for the Program.

**RADIATION REGULATORY AGENCY -  
RADIATION EVALUATION AND COMPLIANCE**

A.R.S. § 30-652

<b>General Fund and Nuclear Emergency Management Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>20.0</u>	<u>21.0</u>	<u>22.0</u>
Personal Services	643,800	691,300	735,200
Employee Related Expenditures	144,900	157,300	164,800
Professional and Outside Services	3,600	3,100	3,100
Travel - In State	28,500	28,900	29,300
Travel - Out of State	2,300	2,900	1,700
Other Operating Expenditures	193,000	177,900	185,000
Equipment	<u>-0-</u>	<u>20,700</u>	<u>8,600</u>
<b>Operating Subtotal</b>	<b>1,016,100</b>	<b>1,082,100</b>	<b>1,127,700</b>
Nuclear Emergency Management Fund	<u>414,800</u> <sup>1/</sup>	<u>-0-</u>	<u>-0-</u>
<b>Total</b>	<b>1,430,900</b>	<b>1,082,100</b>	<b>1,127,700</b>
<b>Additional Appropriations -</b>			
Nuclear Emergency Appropriation and Assessment, Ch. 255	<u>-0-</u>	<u>-0-</u>	<u>399,000</u> <sup>2/</sup>
<b>Total Appropriations</b>	<b>1,430,900</b>	<b>1,082,100</b>	<b>1,526,700</b>
<b>Fund Summary</b>			
General Fund	1,016,100	1,082,100	1,127,700
Nuclear Emergency Management Fund	<u>414,800</u>	<u>-0-</u>	<u>399,000</u>
<b>Total Appropriations</b>	<b>1,430,900</b>	<b>1,082,100</b>	<b>1,526,700</b>

**Program Description** — The Radiation Evaluation and Compliance program responsibilities include administrative services, regulation, licensing, inspection, emergency response, and environmental monitoring.

**Additional Appropriations** — Nuclear Emergency Appropriations and Assessment (Chapter 255) — Appropriates \$850,100 from the state General Fund to the Nuclear Emergency Management Fund (NEMF), pursuant to A.R.S. § 26-306.1, for administering and enforcing the state plan for off-site response to an emergency cause by an accident at a commercial nuclear generating station. Of the amount appropriated, \$399,000 is appropriated to the Radiation Regulatory Agency. The remaining NEMF monies are allocated for use by the Department of Emergency and Military Affairs (DEMA) and Maricopa County. Monies appropriated to the NEMF are exempt from A.R.S. § 35-190, relating to lapsing of appropriations. A total of \$850,100, plus any applicable interest, is assessed against the consortiums constructing or operating a commercial nuclear generating station in this state. The assessment shall be deposited into the General Fund; in this way, the industry reimburses the state for all costs associated with planning and response for commercial nuclear generating site emergencies. Laws 1995, Chapter 28, which established the FY 1996 assessment, was enacted with an emergency clause. As a result, the appropriation actually occurred in FY 1995. Chapter 255 did not include an emergency clause and will not be effective until FY 1997. Beginning in FY 1998, appropriations and assessments will be made for a 2-year cycle.

<sup>1/</sup> The department has a July 1, 1995 carry-forward of \$399,100 that is also available for expenditures in FY 1996.  
<sup>2/</sup> Appropriated as a Lump Sum for the Program.

**RADIATION REGULATORY AGENCY -  
MEDICAL RADIOLOGIC TECHNOLOGY BOARD OF EXAMINERS**

A.R.S. § 32-2802

<b>State Radiologic Technologist Certification Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
Personal Services	58,800	58,100	59,100
Employee Related Expenditures	18,600	13,800	14,000
Professional and Outside Services	100	500	500
Travel - In State	3,800	3,000	3,000
Travel - Out of State	-0-	1,700	1,700
Other Operating Expenditures	<u>19,600</u>	<u>28,700</u>	<u>29,300</u>
<b>Total Appropriations</b>	<b>100,900</b>	<b>105,800</b>	<b>107,600</b> <sup>1/</sup>

*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.

<sup>1/</sup> Appropriated as a Lump Sum for the Program.

**ARIZONA RANGERS' PENSIONS**

**A.R.S. § 41-951**

JLBC Analyst: Jennifer Vermeer

<b>General Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Other Operating Expenditures	<u>10,100</u>	<u>10,300</u>	<u>10,500</u>
<b>Total Appropriations</b>	<b>10,100</b>	<b>10,300</b>	<b>10,500</b> <sup>1/</sup>

*Agency Description — Provides a monthly benefit for retired rangers and their surviving spouses.*

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



**STATE REAL ESTATE DEPARTMENT**

A.R.S. § 32-2102

Jerry Holt, Commissioner

JLBC Analyst: Lynne Smith

<b>General Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>68.0</u>	<u>67.8</u>	<u>67.0</u>
Personal Services	1,734,200	1,792,300	1,789,600
Employee Related Expenditures	432,700	418,500	400,600
Professional and Outside Services	28,600	27,000	16,300
Travel - In State	53,600	57,000	57,000
Travel - Out of State	3,000	5,100	5,500
Other Operating Expenditures	631,000	563,400	563,200
Equipment	<u>25,800</u>	<u>6,700</u>	<u>13,800</u>
<b>Total Appropriations</b>	<b>2,908,900</b>	<b>2,870,000</b>	<b>2,846,000</b> <sup>1/</sup>

*Agency Description* — The department issues licenses for real estate, cemetery, and membership campground sales. The department also regulates the real estate industry, including licensees, developers, subdividers, and real estate schools.

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

**RESIDENTIAL UTILITY CONSUMER OFFICE**

A.R.S. § 40-461

Greg Patterson, Director

JLBC Analyst: Jason Hall

**Residential Utility Consumer  
Office Revolving Fund****FY 1995  
Actual****FY 1996  
Estimate****FY 1997  
Approved**

FTE Positions	<u>11.0</u>	<u>11.0</u>	<u>11.0</u>
Personal Services	422,000	443,900	497,200
Employee Related Expenditures	90,400	92,400	92,000
Travel - In State	5,000	10,000	10,000
Travel - Out of State	3,000	4,600	4,600
Other Operating Expenditures	104,500	107,000	124,600
Equipment	<u>-0-</u>	<u>4,000</u>	<u>2,000</u>
<b>Operating Subtotal</b>	<b>624,900</b>	<b>661,900</b>	<b>730,400</b>
Professional Witnesses	<u>56,500</u>	<u>347,100</u>	<u>291,100</u> <sup>1/</sup>
<b>Total Appropriations</b>	<b>681,400</b>	<b>1,009,000</b>	<b>1,021,500</b> <sup>2/</sup>

*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.

**Relocation** — The approved amount includes a net increase of \$17,600 to fund the office's move from space on the Capitol Mall to private lease space. This funding change consists of a one-time increase of \$20,000 to purchase a new phone system and a \$2,400 decrease to reflect lower expected rent costs.

<sup>1/</sup> This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations. (General Appropriation Act footnote.)  
<sup>2/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

**BOARD OF RESPIRATORY CARE EXAMINERS**

A.R.S. § 32-3501

Mary Hauf Martin, Executive Director

JLBC Analyst: Lynne Smith

<b>Respiratory Care Examiners Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>2.0</u>	<u>3.0</u>	<u>4.0</u>
Personal Services	66,100	80,900	82,200
Employee Related Expenditures	12,700	17,300	16,200
Professional and Outside Services	15,300	17,000	17,000
Travel - In State	1,800	4,000	4,000
Travel - Out of State	3,300	3,000	3,000
Other Operating Expenditures	25,600	40,900	40,500
Equipment	<u>3,300</u>	<u>2,900</u>	<u>2,800</u>
<b>Total Appropriations</b>	<b>128,100</b>	<b>166,000</b> <sup>1/</sup>	<b>165,700</b> <sup>2/</sup>

**Agency Description** — The board licenses and regulates respiratory care practitioners. A respiratory therapist performs inhalation therapy and respiratory therapy, which include administering pharmacological, diagnostic, and therapeutic agents, as directed by a physician.

<sup>1/</sup> This appropriation is available for use and is exempt from the provisions of A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriation Act footnote.)

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

# ARIZONA STATE RETIREMENT SYSTEM

A.R.S. § 35-711

LeRoy Gilbertson, Director

JLBC Analyst: Rachele Child

State Retirement System Administration Account	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	89.0	89.0	90.0
Personal Services	2,255,700	2,437,400	2,531,600
Employee Related Expenditures	512,000	561,500	573,800
Professional and Outside Services	101,900	100,500	100,500
Travel - In State	6,700	6,500	6,500
Travel - Out of State	7,900	8,000	8,000
Other Operating Expenditures	450,800	529,400	546,500
Equipment	25,800	30,000	28,500
<b>Operating Subtotal</b>	<b>3,360,800</b>	<b>3,673,300</b>	<b>3,795,400</b>
Automated Facilities Development	540,300	-0-	-0-
<b>Total Appropriations</b>	<b>3,901,100</b>	<b>3,673,300</b>	<b>3,795,400</b> <sup>1/</sup>

**Agency Description** — The State Retirement System provides retirement, health, disability, and survivors' benefits to employees of Arizona school districts and state, county, and local governments. As of June 30, 1995, State Retirement System membership included approximately 155,400 active employees, 43,400 retired plan members, 2,100 long-term disability recipients, and approximately \$12,400,000,000 in assets (market value).

**Financial Services Division** — The approved amount includes the addition of 1 FTE Position and \$23,000 for FY 1997. This amount is to assist the Financial Services Division to handle the recent increase in workload associated with an increase in the number of employees who participate in the Arizona State Retirement System (ASRS), especially charter schools.

**Additional Legislation** — EORP: Annual Benefit Increases (Chapter 198) — Effective July 1, 1996, re-establishes a cost of living increase (COLA) for survivors or retired members of the Elected Officials' Retirement Plan (EORP). The COLA is limited to the lesser of 3% or 1/2 of the change in the "All Items" component of the Consumer Price Index for the previous calendar year.

Insurance: Cancer: Fire Fighters (Chapter 283) — Requires the Fund Manager of the Public Safety Personnel Retirement System (PSPRS) to establish and administer a Fire Fighters Cancer Insurance Policy Program. By July 1 of each year, the Fund Manager shall notify each employer of the total amount payable to Fund Manager for the costs of the program, which equals \$180 for each fire fighter employee. Establishes the Fire Fighter Cancer Insurance Policy Program account under control of the Fund Manager. The Fund Manager may use up to 10% of the monies deposited in the account to pay for administrative expenses. Benefit coverage shall pay for expenses incurred in the treatment of cancer. Chapter 283 becomes effective after June 30, 1997.

Public Retirement Systems: Benefits: Transfers (Chapter 318) — Among other provisions, grants a 2% "tax equity" benefit increase to active members of PSPRS who were employed before September 15, 1989 and who retire on or after October 31, 1995 but before November 1, 1996. Also grants a 2% "tax equity" benefit increase to members of EORP who were employed before September 15, 1989 and who retire after October 30, 1992 but before November 1, 1996.

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

**DEPARTMENT OF REVENUE**

A.R.S. § 42-102

Harold Scott, Director

JLBC Analyst: Bob Hull

**General Fund and Tobacco Tax and Health Care Fund**

**FY 1995 Actual**

**FY 1996 Estimate**

**FY 1997 Approved**

Program Summary

Director's Office	824,300	934,100	958,800
Administrative Services	9,342,200	10,956,600	10,353,400
Property Valuation and Equalization	3,079,100	3,943,000	3,654,200
Special Support	1,863,700	2,074,500	2,039,400
Compliance	17,489,700	18,813,400	19,146,400
Taxpayer Support	3,769,900	3,914,800	3,966,800
Data Management	12,173,800	10,981,900	11,759,400

**Total Appropriations**

**48,542,700**

**51,618,300**

**51,878,400**

Expenditure Detail

FTE Positions	1,235.0	1,245.0	1,244.0 <sup>1/</sup>
Personal Services	28,141,900	29,778,500	30,515,600
Employee Related Expenditures	6,655,800	7,040,300	7,008,400
Professional and Outside Services	2,235,000	2,534,000	2,606,500
Travel - In State	433,600	514,200	402,100
Travel - Out of State	396,900	531,300	525,200
Other Operating Expenditures	10,275,200	9,949,900	10,504,100
Equipment	404,300	344,900	-0-

**Operating Subtotal**

**48,542,700**

**50,693,100**

**51,561,900**

Building Permits Database	-0-	360,000 <sup>2/</sup>	316,500
Voter Registration Act	-0-	275,200	-0-
Escaped Property	-0-	290,000 <sup>3/</sup>	-0-

**Total Appropriations**

**48,542,700 <sup>4/</sup>**

**51,618,300**

**51,878,400 <sup>5/</sup>**

Fund Summary

General Fund	48,384,200	51,191,500	51,545,900
Tobacco Tax and Health Care Fund	158,500	426,800	332,500

**Total Appropriations**

**48,542,700**

**51,618,300**

**51,878,400**

*Agency Description — The Department of Revenue administers and enforces the collection of personal and corporate income, sales, withholding, luxury and estate taxes. The department administers state property tax laws through the 15 county assessors. The department does not collect transportation related fees and taxes, nor the insurance premium tax. The department is organized along functional lines.*

<sup>1/</sup> Includes 7 FTE Positions funded from Special Line Items in FY 1997.  
<sup>2/</sup> Appropriated by Laws 1994, Chapter 347.  
<sup>3/</sup> Appropriated by Laws 1994, Chapter 249.  
<sup>4/</sup> Laws 1995, Chapter 6, 1st Special Session appropriated \$380,500 from the Tobacco Tax and Health Care Fund and 3 FTE Positions to begin increased enforcement of the tobacco tax. This amount has been distributed over operating budget line items for Administrative Services, Special Support and Compliance.  
<sup>5/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

# STATE BOARD FOR SCHOOL CAPITAL FACILITIES

A.R.S. § 15-1051

Executive Director (Yet to be Named)

JLBC Analyst: Phil Case

School Capital Equity Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
<b>Additional Appropriations -</b> Education Finance Reform; Capital, Ch. 8	-0-	-0-	30,000,000
<b>Total Appropriations</b>	-0-	-0-	30,000,000 <sup>1/</sup>

*Agency Description* — The State Board for School Capital Facilities is composed of 9 members appointed by the President of the Senate, the Speaker of the House of Representatives, and the Governor. The board is responsible for administering monies deposited to the School Capital Equity Fund. Monies in the fund shall be distributed in the form of loans or grants to applicant school districts according to need, as determined by the priorities established by the board and the criteria established in law.

**Additional Appropriations** — Education Finance Reform: Capital (Chapter 8, 5th Special Session) — Creates the School Capital Equity Fund and the State Board for School Capital Facilities, which oversees the fund. Beginning with FY 1997, Chapter 8 annually deposits the first \$30,000,000 in revenues from the Permanent State School Fund to the School Capital Equity Fund. Monies in the School Capital Equity Fund are continuously appropriated to the board and are non-lapsing. The act also appropriates \$30,000,000 from the General Fund in FY 1997 to the Department of Education for Basic State Aid to replace the \$30,000,000 appropriated to the School Capital Equity Fund that was previously applied as an offset to the state cost of Basic State Aid. For FY 1997, the act appropriates \$300,000 from the School Capital Equity Fund to the board for administrative costs. In subsequent fiscal years, subject to legislative appropriation, no more than 1% of the monies in the School Capital Equity Fund may be utilized for administrative costs.

The board shall review applications submitted by school districts for funding from the School Capital Equity Fund for the purpose of assisting school districts with the construction and major renovation of capital facilities. Chapter 8 establishes eligibility criteria for funding based on a district's bonding capacity and property tax rates. Chapter 8 also provides guidance to the board for determining the projects to receive funding. Funding may be in the form of grants or loans at the board's discretion. Districts are required to provide a local share of a project's funding based on a method of calculation detailed in the legislation.

<sup>1/</sup> Monies in the School Capital Equity Fund are exempt from the provisions of A.R.S. § 35-190 and do not lapse.

**DEPARTMENT OF STATE - SECRETARY OF STATE**

A.R.S. § 41-121

The Honorable Jane Dee Hull, Secretary of State

JLBC Analyst: Jeffrey Schmied

<b>General Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>36.0</u>	<u>36.0</u>	<u>36.0</u>
Personal Services	686,900	883,200	831,600
Employee Related Expenditures	157,000	215,300	177,100
Professional and Outside Services	3,700	14,000	196,400
Travel - In State	-0-	-0-	2,000
Travel - Out of State	1,900	-0-	4,000
Other Operating Expenditures	381,700	976,500	900,200
Equipment	<u>4,100</u>	<u>-0-</u>	<u>95,000</u>
<b>Operating Subtotal</b>	<b>1,235,300</b>	<b>2,089,000</b>	<b>2,206,300</b>
Elections	1,785,900	3,429,400	2,082,600
Publications	459,600	-0-	-0-
Proposition 200	<u>164,200</u>	<u>-0-</u>	<u>-0-</u>
<b>Total</b>	<b>3,645,000</b>	<b>5,518,400</b>	<b>4,288,900</b> <sup>1/</sup>
<b>Additional Appropriations -</b> Data Acquisition Fund; Fees, Ch. 273	<u>-0-</u>	<u>-0-</u>	<u>(150,000)</u>
<b>Total Appropriations</b>	<b>3,645,000</b>	<b>5,518,400</b>	<b>4,138,900</b>

*Agency Description* — The Secretary of State is an elected Constitutional Officer. The Department of State is responsible for filings and recordings under the Uniform Commercial Code (U.C.C.); for statewide election coordination; for required filings from legislators, state officials, judges, candidates for office, campaign committees, and lobbyists; for training county elections officials; for implementing the requirements of Proposition 200 regarding campaign contributions; for filings of administrative rules, intergovernmental agency agreements, and official executive orders/proclamations; for registering trade names, trademarks and limited partnerships; for appointing notaries public; and for certifying certain telemarketing and charitable solicitation organizations.

**Elections** — The approved amount includes a total increase of \$110,400 in Professional and Outside Services above the original FY 1997 appropriation in anticipation of increased costs of reimbursing counties for 1996 primary and general election expenses. Active voter rolls are expected to increase by 165,000 voters due to population growth and the implementation of the National Voter Registration Act which requires the Department of Revenue to mail voter registration forms to all unregistered voters. The approved amount includes \$900 for contract Navajo language translators.

**Publications** — The approved Operating Subtotal includes an additional \$59,000 above the original FY 1997 appropriation to cover a demand for increased volumes from the Business Services Program and various official acts of state from the Public Services Program.

**Technology Upgrade** — The approved amount includes \$35,000 in Equipment above the original FY 1997 appropriation for hardware and software to enable on-line filings of U.C.C., trademark and trade name registrations, campaign finance and lobbyist reports. This addition, along with continuing improvements from the Data Acquisition Fund, is an attempt to bring about a higher level of uniformity from state-to-state in filing as well as to simplify public access.

**Additional Appropriations** — Data Acquisition Fund; Fees (Chapter 273) — Reduces by \$150,000 the Secretary of State's Office FY 1997 appropriation due to the establishment of the Data Acquisition Fund. Revenues will be generated from assessing a special recording fee on U.C.C. filings and the monies in the fund will allow the office to continually update its software and data processing equipment.

<sup>1/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

## STATE BOARDS' OFFICE

Delores DeBaca, Office Manager

JLBC Analyst: Jim Hillyard

Special Services Revolving Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>2.0</u>	<u>2.5</u>	<u>2.5</u>
Personal Services	33,900	51,000	53,000
Employee Related Expenditures	8,200	14,000	14,400
Professional and Outside Services	18,900	18,600	16,700
Other Operating Expenditures	81,500	90,200	101,400
Equipment	<u>1,500</u>	<u>1,500</u>	<u>-0-</u>
<b>Total Appropriations</b>	<b>144,000</b>	<b>175,300</b>	<b>185,500</b> <sup>1/</sup>

*Agency Description* — The office serves to centralize services and pool resources of 10 small regulatory boards. Examples of shared items include office space and equipment, as well as accounting, clerical, administrative, and telephone services. The office is under the General Services Division of the Arizona Department of Administration, but is supported entirely by transfers of appropriated funds of the participating boards.

**State Boards' Office Contributions** — The table below details the individual boards' contributions which fund the State Boards' Office.

Board	Amount
Funeral Director & Embalmers, State Board of	\$ 23,100
Homeopathic Medical Examiners, Board of	10,000
Naturopathic Physicians Board of Medical Examiners	11,500
Nursing Care Inst. Admin. & Adult Care Home Mgrs., Brd. of Exam.	19,600
Opticians, State Board of Dispensing	17,200
Optometry, State Board of	18,500
Physical Therapy Examiners, Board of	19,200
Podiatry Examiners, State Board of	12,900
Psychologists Examiners, State Board of	28,100
Veterinary Medical Examining Board, AZ State	<u>25,400</u>
<b>Total</b>	<b><u>\$185,500</u></b>

<sup>1/</sup> The State Boards' Office is funded through the Professional and Outside Services line of the participating boards. The line items shown here are presented for information only.



**STRUCTURAL PEST CONTROL COMMISSION**

A.R.S. § 32-2302

J. H. "Bud" Paulson, Executive Director

JLBC Analyst: Brad Beranek/Lorenzo Martinez

**Structural Pest Control Commission Fund &  
Structural Pest Control Commission Inspection  
Support Fund**

	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>26.0</u>	<u>30.0</u>	<u>30.0</u>
Personal Services	574,800	698,700	714,600
Employee Related Expenditures	143,700	177,700	184,900
Professional and Outside Services	63,300	111,200	116,200
Travel - In State	82,000	91,500	91,500
Travel - Out of State	1,900	11,900	11,900
Other Operating Expenditures	182,600	158,600	250,000
Equipment	<u>4,900</u>	<u>29,600</u>	<u>8,000</u>
<b>Total Appropriations</b>	<b>1,053,200</b>	<b>1,279,200</b> <sup>1/</sup>	<b>1,377,100</b> <sup>2/3/</sup>

**Agency Description** — The commission licenses and regulates professional pest control companies and conducts examinations of applicators of structural pesticides.

**Technical Issues** — The approved amount includes an increase of \$52,000 for build-out costs and \$8,600 for moving costs associated with the Structural Pest Control Commission's move into office space previously occupied by the Department of Weights and Measures.

- <sup>1/</sup> This appropriation is available for use and is exempt from the provisions of A.R.S. § 35-143.01, relating to the lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriation Act footnote.)
- <sup>2/</sup> It is the intent of the Legislature that not more than 25% of the appropriation for FY 1997 shall be expended from the Structural Pest Control Commission Fund. (General Appropriation Act footnote.)
- <sup>3/</sup> Appropriated as a Lump Sum by Agency.

**STATE BOARD OF TAX APPEALS**

A.R.S. § 42-171

Mark C. Bohn, Chairperson

JLBC Analyst: Bob Hull

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
<u>Program Summary</u>			
BOTA - Division I	471,400	-0-	-0-
BOTA - Division II	259,800	269,000	269,700
<b>Total Appropriations</b>	<b>731,200</b>	<b>269,000</b>	<b>269,700</b>
<u>Expenditure Detail</u>			
FTE Positions	10.5	4.5	4.5 <sup>1/</sup>
Personal Services	419,100	195,900	198,400
Employee Related Expenditures	93,000	34,400	32,500
Professional and Outside Services	13,900	-0-	-0-
Travel - In State	21,200	1,300	1,300
Travel - Out of State	5,400	900	900
Other Operating Expenditures	137,400	29,200	36,600
Equipment	41,200	7,300	-0-
<b>Total Appropriations</b>	<b>731,200</b>	<b>269,000</b> <sup>2/</sup>	<b>269,700</b> <sup>1/3/</sup>

*Agency Description* — Prior to July 31, 1995, the board consisted of 2 divisions. Division I had been responsible for property tax appeals, but Laws 1995, Chapter 249 revised and transferred those duties to the State Board of Equalization on July 31, 1995. After that date, the board retained only its Division II duties and consists of 3 members appointed by the Governor. The board provides an independent appeals process for taxpayers with disputes relating to income, sales, use, estate, and luxury tax decisions from the Department of Revenue and resolves jurisdictional disputes between municipalities regarding the imposition of transaction privilege and use taxes.

<sup>1/</sup> Includes \$8,700 from the state General Fund and 0.5 FTE Position appropriated by Laws 1995, Chapter 249.  
<sup>2/</sup> This amount originally included a Division I appropriation. Laws 1995, Chapter 249 transferred the Division I to the State Board of Equalization on July 31, 1995. For display purposes, the entire Division I appropriation appears in the State Board of Equalization budget.  
<sup>3/</sup> Appropriated as a Lump Sum by Agency.

**STATE BOARD OF TECHNICAL REGISTRATION**

**A.R.S. § 32-102**

Ronald Dalrymple, Executive Director

JLBC Analyst: Stefan Shepherd

<b>Technical Registration Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>15.0</u>	<u>15.0</u>	<u>15.0</u>
Personal Services	317,500	340,600	346,600
Employee Related Expenditures	74,100	91,300	78,200
Professional and Outside Services	22,100	23,300	23,300
Travel - In State	6,900	10,000	10,000
Travel - Out of State	14,600	11,800	13,000
Other Operating Expenditures	192,900	232,100	234,400
Equipment	<u>2,700</u>	<u>-0-</u>	<u>-0-</u>
<b>Operating Subtotal</b>	<b>630,800</b>	<b>709,100</b>	<b>705,500</b>
Examinations	<u>194,300</u>	<u>169,400</u>	<u>169,400</u>
<b>Total Appropriations</b>	<b>825,100</b>	<b>878,500</b> <sup>1/</sup>	<b>874,900</b> <sup>2/</sup>

*Agency Description* — The agency licenses, investigates, and conducts examinations of architects, assayers (assessors of mineral value), engineers, geologists, land surveyors, and landscape architects.

<sup>1/</sup> This appropriation is available for use and is exempt from the provisions of A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriation Act footnote.)  
<sup>2/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

**OFFICE OF TOURISM**

A.R.S. § 41-2301

Mark McDermott, Director

JLBC Analyst: Brad Beranek/Phil Case

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>19.0</u>	<u>21.0</u>	<u>21.0</u> <sup>1/</sup>
Personal Services	540,500	589,900	599,100
Employee Related Expenditures	115,000	111,900	117,400
Professional and Outside Services	34,900	35,000	35,000
Travel - In State	13,200	13,000	13,000
Travel - Out of State	13,600	11,500	11,500
Other Operating Expenditures	569,600	414,000	413,600
Equipment	<u>93,900</u>	<u>-0-</u>	<u>-0-</u>
<b>Operating Subtotal</b>	<b>1,380,700</b>	<b>1,175,300</b>	<b>1,189,600</b>
Toll-Free Line Production and Placement	2,809,700	2,756,500	3,004,000 <sup>2/</sup>
Toll-Free Line Response	1,121,500	1,121,700	1,121,700
International and Domestic Marketing	877,200	835,500	835,500
Other Marketing	1,196,500	-0-	-0-
Research and Data Repository	-0-	194,000	194,000
Welcome Center Operations	-0-	310,300	316,300
Media and Public Relations	-0-	286,100	286,100
TIFS Program	<u>-0-</u>	<u>740,000</u>	<u>740,000</u>
<b>Total Appropriations</b>	<b>7,385,600</b>	<b>7,419,400</b>	<b>7,687,200</b> <sup>3/</sup>

*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.

<sup>1/</sup> Includes 4 FTE Positions funded from Special Line Items in FY 1997.

<sup>2/</sup> Of the \$3,004,000 appropriated to Toll-Free Line Production and Placement for FY 1997, an estimated \$2,676,800 shall be deposited in the Tourism Fund pursuant to A.R.S. § 42-1341C4(c). (General Appropriation Act footnote.)

<sup>3/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

**STATE TREASURER**

A.R.S. § 41-171

The Honorable Tony West, Treasurer

JLBC Analyst: Brad Beranek/Lorenzo Martinez

General Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	34.0	34.0	34.0
Personal Services	979,900	1,118,000	1,136,100
Employee Related Expenditures	226,100	253,100	265,700
Professional and Outside Services	152,600	135,500	135,500
Travel - In State	2,000	2,000	2,000
Travel - Out of State	17,200	13,800	13,800
Other Operating Expenditures	258,600	197,800	212,000
Equipment	39,100	16,000	14,000
<b>Operating Subtotal</b>	<b>1,675,500</b>	<b>1,736,200</b>	<b>1,779,100</b>
Justice of Peace Salaries	1,724,500	2,082,900 <sup>1/</sup>	2,131,000
<b>Total</b>	<b>3,400,000</b>	<b>3,819,100</b>	<b>3,910,100</b>
<b>Additional Appropriations -</b>			
Neighborhood Protection Act; Youth Employment (Ch. 309)	-0-	1,000,000	-0-
<b>Total Appropriations</b>	<b>3,400,000</b>	<b>4,819,100</b>	<b>3,910,100<sup>2/3/</sup></b>

**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 Arizona 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.

**Justice of the Peace Salaries** — The Justice of the Peace Salaries Special Line Item is for pass-through funds used to pay the state portion of Justice of the Peace salaries. The state share is 40% of the total salaries in accordance with A.R.S. § 22-117. The salaries are determined by a calculation of judicial productivity credits as defined in A.R.S. § 22-125, which are then used to determine the percentage of a Superior Court Judge salary to be paid to each Justice of the Peace. Justice of the Peace salaries range from 25% to 70% of a Superior Court Judge's salary.

The approved amount provides a \$60,000 increase to address increases in Justice of the Peace activity and productivity beyond original estimates.

**Additional Appropriations** — Neighborhood Protection Act: Youth Employment (Chapter 309) — Appropriates \$1,000,000 as a FY 1996 supplemental to the State Treasurer for distribution to counties for summer employment and training programs for at-risk youth. Of the amount appropriated, 50% is distributed to counties with a population of 1,000,000 or more, 30% is distributed to counties with a population of 500,000 or more but less than 1,000,000, and the remaining 20% is distributed to counties with populations less than 500,000.

<sup>1/</sup> Laws 1996, Chapter 7, 1st Special Session appropriated \$61,200 to address increases in Justice of the Peace activity and productivity beyond original estimates (\$60,000), and for payment of late FY 1995 county reimbursement requests (\$1,200).

<sup>2/</sup> It is the intent of the Legislature that the investment management fee on monies managed by the State Treasurer be set at 8 basis points. (General Appropriation Act footnote.)

<sup>3/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

**COMMISSION ON UNIFORM STATE LAWS**

A.R.S. § 41-1306

James M. Bush, Commissioner

JLBC Analyst: Stefan Shepherd

<b>General Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	0.0	0.0	0.0
Personal Services	1,000	1,300	1,300
Travel - In State	-0-	500	500
Travel - Out of State	5,900	6,500	6,500
Other Operating Expenditures	17,300	19,900	20,900
<b>Total Appropriations</b>	<b>24,200</b>	<b>28,200</b>	<b>29,200 <sup>1/</sup></b>

**Agency Description** — The commissioners are members of the National Conference of Commissioners on Uniform State Laws which meets annually to discuss where uniformity among the 50 states is desirable. The commission then recommends to the Legislature proposed uniform laws promulgated by the National Conference which are deemed appropriate for Arizona.

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

# ARIZONA VETERANS' SERVICE COMMISSION - SUMMARY

A.R.S. § 41-602

Norman O. Gallion, Director

JLBC Analyst: Phil Case/Jennifer Vermeer

General Fund and Other Appropriated Funds	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
<b>Program Summary</b>			
Veterans' Affairs	862,300	906,400	960,100
Veterans' Conservatorship	365,000	517,800	516,500
Veterans' Home	1,164,000	4,419,900	7,403,600
<b>Total Appropriations</b>	<b>2,391,300</b>	<b>5,844,100</b>	<b>8,880,200</b>
<b>Expenditure Detail</b>			
FTE Positions	40.0	179.4	243.5
Personal Services	721,800	3,617,000	5,116,800
Employee Related Expenditures	193,800	971,400	1,392,800
Professional and Outside Services	500	41,700	45,500
Travel - In State	32,200	36,800	55,900
Travel - Out of State	6,500	10,200	10,200
Food	-0-	201,700	413,500
Other Operating Expenditures	332,000	919,600	1,779,000
Equipment	1,064,500	5,700	-0-
<b>Operating Subtotal</b>	<b>2,351,300</b>	<b>5,804,100</b>	<b>8,813,700</b>
Special Line Items	40,000	40,000	40,000
Additional Appropriations	-0-	-0-	26,500
<b>Total Appropriations</b>	<b>2,391,300</b>	<b>5,844,100</b> <sup>1/</sup>	<b>8,880,200</b> <sup>2/</sup>
<b>Fund Summary</b>			
General Fund	2,026,300	3,372,500	960,100
State Veterans' Conservatorship Fund	365,000	517,800	516,500
State Home for Veterans' Trust Fund	-0-	1,953,800	7,403,600
<b>Total Appropriations</b>	<b>2,391,300</b>	<b>5,844,100</b>	<b>8,880,200</b>

*Agency Description — The agency assists veterans in developing and filing claims for federal entitlements, acts as a guardian or conservator for incapacitated veterans or their families and supervises state educational and training programs for veterans. In addition, the agency began operating and maintaining a skilled nursing-home for Arizona veterans in FY 1996. The 200-bed State Veterans' Nursing Home is located in Phoenix on the former Indian School land.*

Due to uncertainty surrounding the first-year operations of the State Veterans' Nursing Home, the commission, a biennial budget unit, received a single-year appropriation for FY 1996. For FY 1997, the commission again received a single-year appropriation but is expected to receive a 2-year appropriation for FY 1998 and FY 1999.

<sup>1/</sup> The amounts shown reflect adjustments to the original FY 1996 appropriation by Laws 1996, Chapter 7, 5th Special Session.  
<sup>2/</sup> Appropriated as a Lump Sum for the Program.

**ARIZONA VETERANS' SERVICE COMMISSION - VETERANS' AFFAIRS**
**A.R.S. § 41-601**

<b>General Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	<u>23.0</u>	<u>23.0</u>	<u>25.0</u>
Personal Services	489,900	521,100	565,600
Employee Related Expenditures	130,800	133,100	149,000
Travel - In State	25,800	23,900	31,500
Travel - Out of State	5,400	6,900	6,900
Other Operating Expenditures	141,400	175,700	140,600
Equipment	<u>29,000</u>	<u>5,700</u>	<u>-0-</u>
<b>Operating Subtotal</b>	<b>822,300</b>	<b>866,400</b>	<b>893,600</b>
Veterans' Organization Contracts	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>
<b>Total</b>	<b>862,300</b>	<b>906,400</b>	<b>933,600</b>
<b>Additional Appropriations -</b>			
Military Women Memorial, Ch. 320	<u>-0-</u>	<u>-0-</u>	<u>26,500</u>
<b>Total Appropriations</b>	<b>862,300</b>	<b>906,400</b>	<b>960,100</b> <sup>1/</sup>

**Program Description** — The division assists veterans, their dependents and/or survivors in developing and filing claims for federal entitlements from the U.S. Department of Veterans Affairs in areas of disability, pension, insurance, and burial.

**Technical Issues** — The approved amount includes an increase of \$3,800 in Travel - In State for 2 new Commissioners added by Laws 1995, Chapter 13 and an increased frequency of commission meetings.

**New Mohave County Office** — The approved FY 1997 amount includes an increase of \$57,400 and 2 FTE Positions to establish a new office in Mohave County. The amount includes \$45,200 in Personal Services and Employee Related Expenditures for a Veterans' Service Officer II and a Clerk Typist II. The amount also includes \$3,800 for Travel - In State and \$8,400 for Other Operating Expenditures.

**Additional Appropriations** — Military Women Memorial (Chapter 320) — Appropriates \$26,500 to the commission for distribution to the National Women in Military Service for America Memorial Foundation for Arizona's share for constructing the Women in Military Service Memorial at the gateway to Arlington National Cemetery.

**Additional Legislation** — Desert Storm Memorial: Extension (Chapter 11) — Retroactively extends the Desert Storm Memorial Board to December 31, 1996 and the Desert Storm Memorial Fund to June 30, 1997. The purpose of the fund is to construct a memorial to Arizona's Desert Storm veterans in the Wesley Bolin Memorial Plaza.

<sup>1/</sup> Appropriated as a Lump Sum for the Program.



**ARIZONA VETERANS' SERVICE COMMISSION -  
VETERANS' CONSERVATORSHIP**

A.R.S. § 41-602

State Veterans' Conservatorship Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>14.0</u>	<u>15.0</u>	<u>16.0</u>
Personal Services	216,500	305,800	335,800
Employee Related Expenditures	52,500	82,100	91,400
Travel - In State	6,400	6,900	12,400
Travel - Out of State	1,100	1,100	1,100
Other Operating Expenditures	<u>88,500</u>	<u>121,900</u>	<u>75,800</u>
<b>Total Appropriations</b>	<b>365,000</b>	<b>517,800</b>	<b>516,500</b> <sup>1/</sup>

*Program Description* — The division acts as guardian of an incapacitated veteran, his or her incapacitated spouse and/or their minor children. A guardian appointment assumes responsibility for financial obligations and the physical well-being of the veteran or family member. As conservator of a veteran's estate, the division may also oversee only the veteran's financial obligations. The program is funded through fees charged to the clients served.

**Technical Issues** — The approved FY 1997 amount includes an increase of \$3,700 in Travel - In State to allow the agency to increase the number of annual visits to each client.

**New Staff** — The approved FY 1997 amount includes an additional \$35,400 and 1 FTE Position for a new Human Services Specialist. The increased funding consists of \$30,600 in Personal Services and Employee Related Expenditures, \$1,800 for Travel - In State, and \$3,000 for Other Operating Expenditures. The new position will act as conservator of clients' assets and will assume responsibility for their financial obligations.

<sup>1/</sup> Appropriated as a Lump Sum for the Program.

**ARIZONA VETERANS' SERVICE COMMISSION - VETERANS' HOME**

**A.R.S. § 41-602**

<b>General Fund and State Home for Veterans' Trust Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
FTE Positions	3.0	141.4	202.5
Personal Services	15,400	2,790,100	4,215,400
Employee Related Expenditures	10,500	756,200	1,152,400
Professional and Outside Services	500	41,700	45,500
Travel - In State	-0-	6,000	12,000
Travel - Out of State	-0-	2,200	2,200
Food	-0-	201,700	413,500
Other Operating Expenditures	102,100	622,000	1,562,600
Equipment	1,035,500	-0-	-0-
<b>Total Appropriations</b>	<b>1,164,000</b>	<b>4,419,900</b> <sup>1/</sup>	<b>7,403,600</b> <sup>2/</sup>
<b>Fund Summary</b>			
General Fund	1,164,000	2,466,100	-0-
State Home for Veterans' Trust Fund	-0-	1,953,800	7,403,600
<b>Total Appropriations</b>	<b>1,164,000</b>	<b>4,419,900</b>	<b>7,403,600</b>

**Program Description** — The division operates and maintains a 200-bed skilled nursing home for Arizona veterans. The State Veterans' Nursing Home, located on the former Indian School land, opened during FY 1996.

The total FY 1997 cost of operating the State Veterans' Nursing Home is estimated to be \$7,403,600 and 202.5 FTE Positions. Unlike FY 1996, the full cost will be funded through third party reimbursements such as Medicare, Veterans' Administration per diem, Arizona Long Term Care System, donations, and resident income which are all deposited to the State Home for Veterans' Trust Fund. There is no FY 1997 appropriation from the General Fund. The approved amounts represent the estimated funding requirements for the home operating at full capacity.

**Technical Issues** — The approved amount includes increases of \$3,800 in Professional and Outside Services, \$6,000 in Travel - In State, \$211,800 in Food, and \$940,600 in Other Operating Expenditures to fund the home's first full-year of operations.

**New Staff** — The approved amount includes an increase of \$1,821,500 and 61.1 FTE Positions to fully staff the home. The additional staffing represents the annualization of existing staff plus the addition of 30 nurses, 2 social service workers, and 2 food service workers.

**Client Count** — The approved budget is based on the assumption that the home would be fully staffed and occupied by August 1996. At the time of the agency's budget hearing, it was recognized that this assumption might be optimistic. At the end of March, the home employed 75 staff and served 23 residents. If the home is not able to make its targeted staffing and occupancy levels, revenues to the State Home for Veterans' Trust Fund will be below projections, and FY 1997 expenditures will be less than the appropriated amounts.

<sup>1/</sup> The amounts shown reflect adjustments to the original FY 1996 appropriation by Laws 1996, Chapter 7, 5th Special Session. A supplemental appropriation was necessary because the State Home for Veterans' Trust Fund had been changed from non-appropriated to appropriated status.  
<sup>2/</sup> Appropriated as a Lump Sum for the Program.

**ARIZONA STATE VETERINARY MEDICAL EXAMINING BOARD**

A.R.S. § 32-2201

Louise Battaglia, Executive Director

JLBC Analyst: Jeffrey Schmied

Board of Veterinary Medical Examining Fund	FY 1995 Actual	FY 1996 Estimate	FY 1997 Approved
FTE Positions	<u>3.0</u>	<u>3.0</u>	<u>3.5</u>
Personal Services	101,500	101,100	125,300
Employee Related Expenditures	22,300	24,200	26,200
Professional and Outside Services	26,100	35,900	39,600
Travel - In State	6,300	11,100	11,100
Travel - Out of State	2,700	2,600	2,600
Other Operating Expenditures	14,700	11,800	12,300
Equipment	<u>14,200</u>	<u>4,900</u>	<u>-0-</u>
<b>Total Appropriations</b>	<b>187,800</b>	<b>191,600</b> <sup>1/</sup>	<b>217,100</b> <sup>2/</sup>

**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.

**Board Member Per Diem** — The approved amount includes an increase of \$12,900 above the original FY 1997 appropriation in Personal Services to fund the members at the existing per diem for an increased 3 work days per member per month.

**Medical Investigator** — The approved amount includes an increase of a 0.5 FTE Position and \$13,300 for a Medical Investigator to interview complainants and take testimony from expert witnesses.

<sup>1/</sup> This appropriation is available for use and is exempt from the provisions of A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1997. (General Appropriation Act footnote.)

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

**DEPARTMENT OF WATER RESOURCES**

A.R.S. § 45-102

Rita Pearson, Director

JLBC Analyst: Renée Bahl/Stefan Shepherd

<b>General Fund</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
<u>Program Summary</u>			
Administration	4,420,400	-0-	-0-
Water Management	4,556,900	-0-	-0-
Engineering	7,343,700	-0-	-0-
Administrative Support	-0-	5,076,800	5,912,400
Surface Water Management	-0-	9,537,800	8,558,800
Groundwater Management	-0-	2,977,200	3,022,000
Hydrology	-0-	2,334,700	2,258,800
<b>Total Appropriations</b>	<b>16,321,000</b>	<b>19,926,500</b>	<b>19,752,000</b>
<u>Expenditure Detail</u>			
FTE Positions	214.7	217.7	217.2 <sup>1/</sup>
Personal Services	6,675,000	6,962,800	7,064,200
Employee Related Expenditures	1,465,600	1,568,000	1,522,300
Professional and Outside Services	132,600	326,000	335,500
Travel - In State	253,800	253,500	214,800
Travel - Out of State	39,200	37,700	37,700
Other Operating Expenditures	2,677,800	3,786,600	2,682,100
Equipment	157,400	57,800	57,800
<b>Operating Subtotal</b>	<b>11,401,400</b>	<b>12,992,400</b>	<b>11,914,400</b>
USGS Cooperative Agreement	272,800	352,900	352,900
Early Flood Warning System	89,800	90,000	90,000
Flood Control Development	49,600	50,000	50,000
Colorado River/CAP Study	45,100	50,000	50,000
Flood Warning System	150,000	196,400	196,600
Indian Water Rights	59,100	94,800 <sup>2/</sup>	98,100 <sup>3/</sup>
CAP AZ Water Protection Fund	4,000,000	6,000,000	5,000,000
Groundwater Replenishment	(400)	-0-	-0-
Hydrological Study	80,000	100,000	-0-
AMA Support	114,500	-0-	-0-
Phoenix/Tucson Groundwater Study	59,100	-0-	-0-
<b>Total</b>	<b>16,321,000</b>	<b>19,926,500</b>	<b>17,752,000 <sup>4/</sup></b>
<b>Additional Appropriations -</b>			
Arizona Water Banking Authority, Ch. 308	-0-	-0-	2,000,000
<b>Total Appropriations</b>	<b>16,321,000</b>	<b>19,926,500</b>	<b>19,752,000</b>

*Agency Description — The department administers and enforces Arizona's groundwater code, administers surface water rights laws, and represents Arizona's water rights with the federal government. These activities are to assure a long-term dependable water supply in the state. The department also inspects dams and participates in flood control planning to prevent property damage, personal injury, and loss of life. In support of these activities, it collects and analyzes data on water levels and on water-quality characteristics.*

<sup>1/</sup> Includes 3.5 FTE Positions funded from Special Line Items in FY 1997.

<sup>2/</sup> Appropriated by Laws 1994, Chapter 278.

<sup>3/</sup> As authorized by A.R.S. § 45-2112B, any monies received from the lease or sale of Central Arizona Project water shall be deposited in the Arizona Water Protection Fund and an equal amount of the \$5,000,000 appropriated to the Water Protection Fund for FY 1997 shall revert to the General Fund. (General Appropriation Act footnote.)

<sup>4/</sup> Appropriated as an Operating Lump Sum by Agency with Special Line Items.

(Continued)

**DEPARTMENT OF WATER RESOURCES - (Cont'd)**

---

**Additional Appropriations — Arizona Water Banking Authority (Chapter 308)** — Appropriates \$2,000,000 from the General Fund to the Arizona Water Banking Fund in the Department of Water Resources (DWR). This non-appropriated fund will be used by the newly-created Arizona Water Banking Authority (AWBA) in DWR to increase the utilization of Arizona's allocation of Colorado River water by storing Central Arizona Project water in Arizona for future needs of the state. DWR will provide staff support to the AWBA and will be reimbursed for that support from the Arizona Water Banking Fund.

**DEPARTMENT OF WEIGHTS AND MEASURES**

**A.R.S. § 41-2065**

John Hays, Director

JLBC Analyst: Jim Hillyard

<b>General Fund and Other Appropriated Funds</b>	<b>FY 1995 Actual</b>	<b>FY 1996 Estimate</b>	<b>FY 1997 Approved</b>
<u>Program Summary</u>			
General Services	1,424,100	1,511,800	1,349,400
Vapor Recovery	243,800	259,200	255,400
Oxygenated Fuel	313,100	325,300	331,400
Used Oil Testing	139,600	224,200	-0-
<b>Total Appropriations</b>	<b>2,120,600</b>	<b>2,320,500</b>	<b>1,936,200</b>
<u>Expenditure Detail</u>			
FTE Positions	42.0	42.0	40.0
Personal Services	983,700	1,095,400	1,067,300
Employee Related Expenditures	240,500	273,400	259,200
Professional and Outside Services	199,000	226,800	138,600
Travel - In State	168,100	154,000	125,300
Travel - Out of State	6,700	4,000	4,000
Other Operating Expenditures	473,400	492,300	341,800
Equipment	25,000	74,600	-0-
<b>Total</b>	<b>2,096,400</b>	<b>2,320,500</b>	<b>1,936,200</b>
<b>Additional Appropriations -</b>			
Used Oil Program; Transfer, Ch. 258	-0-	-0-	-0- <sup>1/</sup>
Reduction in Force	24,200	-0-	-0-
<b>Total Appropriations</b>	<b>2,120,600</b>	<b>2,320,500</b>	<b>1,936,200</b> <sup>2/</sup>
<u>Fund Summary</u>			
General Fund	1,424,100	1,771,000	1,604,800
Air Quality Fund	556,900	325,300	331,400
Used Oil Fund	139,600	224,200	-0-
<b>Total Appropriations</b>	<b>2,120,600</b>	<b>2,320,500</b>	<b>1,936,200</b>

*Agency Description* — The department regulates the determination and representation of quantity in the marketplace. The General Services program maintains state standards for weights and measures, inspects commercial establishments to ensure that packaged products are bought and sold at their correct weight or measure, and inspects weighing and measuring devices to ensure their accuracy. The Vapor Recovery program inspects gasoline dispensing devices to ensure that they meet established standards. The Oxygenated Fuel program tests the oxygen content in gasoline to ensure that it meets established standards. The Used Oil Testing program tests used oil to determine its classification for sale or disposal. All programs investigate consumer complaints.

**Additional Legislation** — Used Oil Program; Transfer (Chapter 258) — Effective FY 1997, the Used Oil Program is transferred from the Department of Weights and Measures (DWM) to the Department of Environmental Quality (DEQ). Monies in DWM's Used Oil Fund and 1 FTE inspector position are transferred to the Used Oil Fund administered by DEQ. DWM's remaining Used Oil inspector position is eliminated. These transfers are reflected in FY 1997 approved amounts displayed above.

<sup>1/</sup> Laws 1996, Chapter 258 reduces the Department of Weights and Measures' appropriation by \$194,500. For display purposes, this reduction has been reflected in the line items above.  
<sup>2/</sup> Appropriated as a Lump Sum for the Program.

**OCCUPATIONAL AND LICENSING AGENCIES  
SUMMARY OF RECEIPTS, APPROPRIATIONS AND BALANCE FORWARD**

Agency/Board	Balance Forward FY 1997	90% of FY 1997 Receipts	FY 1997 Approved Appropriation	Balance Forward FY 1998
Accountancy, State Board of	1,137,700	1,012,000	1,053,600	1,096,100
Appraisal, State Board of	850,100	566,000	251,400	1,164,700
Barbers, Board of	178,400	163,400	156,200	185,600
Behavioral Health Examiners, Board of	364,900	482,300	357,700	489,500
Chiropractic Examiners, State Board of	263,400	271,400	245,700	289,100
Contractors, Registrar of	5,537,100	10,174,000	4,786,000	10,925,100
Cosmetology, Board of	403,100	630,700	691,400	342,400
Dental Examiners, State Board of	426,200	678,800	596,100	508,900
Funeral Directors and Embalmers, State Board of	79,300	163,800	180,300	62,800
Homeopathic Medical Examiners, Board of	24,400	42,100	33,200	33,300
Medical Examiners, Board of	1,698,700	2,597,200	2,906,100	1,389,800
Naturopathic Physician Bd. of Med. Examiners	65,200	78,000	72,000	71,200
Nursing, State Board of	1,422,100	1,295,000	1,547,000	1,170,100
Nursing Care Institution Administrators Bd	233,200	95,800	91,900	237,100
Occupational Therapy Examiners, Board of	160,500	118,700	92,300	186,900
Opticians, State Board of Dispensing	98,100	91,700	67,200	122,600
Optometry, State Board of	101,600	19,900	109,900	11,600
Osteopathic Examiners, AZ Board of	371,300	656,200	340,600	686,900
Pharmacy, AZ State Board of	1,346,400	797,300	729,300	1,414,400
Physical Therapy Examiners, Board of	428,300	184,900	93,000	520,200
Podiatry Examiners, State Board of	104,600	78,100	58,200	124,500
Private Postsecondary Education, State Board for	40,900	157,300 1/	160,300	37,900
Psychologist Examiners, State Board of	300,900	310,800	255,300	356,400
Respiratory Care Examiners, Board of	106,600	148,900	165,700	89,800
Structural Pest Control Commission	572,900	1,459,900	1,377,100	655,700
Technical Registration, State Board of	680,800	869,900	874,900	675,800
Veterinary Medical Examining Board, AZ State	71,900	353,200	217,100	208,000
<b>TOTAL</b>	<b>17,068,600</b>	<b>23,497,300</b>	<b>17,509,500</b>	<b>23,056,400</b>

1/ Includes an additional \$14,000 transfer from the Student Tuition Recovery Fund.

# **ECONOMIC AND REVENUE FORECAST**



## THE ECONOMY

### Overview

The state's budget surpluses of the past two fiscal years have largely reflected the robust performance of the Arizona economy. Near-record employment gains, solid personal income and retail sales growth, economic development coups, surging corporate profits, and a booming residential housing market all contributed to the very strong revenue picture. So far in FY 1996 it has been more of the same, though at a slower pace.

The main news since our budget book forecast in January was the significant upward revisions in the Arizona Department of Economic Security's (DES) employment estimates for 1994 and 1995. The new DES benchmarked employment data reveals that Arizona was growing much faster than originally reported in January. At 5.4%, Arizona recorded the third fastest job growth rate of all states in 1995. Moreover, Phoenix-Mesa became the top large metropolitan market in the U.S. in 1995 with a growth rate of 6.4%.

We believe the following factors are the major drivers of the economy in the present business cycle:

- **The National Economy.** The Arizona economy is much more diversified now than in the 1980s. This makes our links to the national and global economy stronger; and, as a result, the state may be more vulnerable to any weakness in these larger economies. Thus, a key question is: How much will the next slowdown in the U.S. economy affect Arizona?
- **Construction.** Historically, the Arizona economy has been volatile due to reliance on the construction sector. Single family housing has been a major "driver" in the current expansion, peaking in 1994, surprisingly strong in 1995, but with further declines in the rate of expansion during our forecast period. It is expected that growth in commercial construction, and office and hotel construction will mitigate the decline in residential construction. However, despite its importance to the strength of the current expansion, construction employment at 6.5% of the total in 1995 is significantly lower than 8.8% in 1985.
- **The Direction of Interest Rates.** Low and falling interest rates helped to spur the residential housing market out of the recession of the late 1980s and early 1990s. However, current interest rates have been rising during the first quarter of this year. Most economists believe rates will moderate by year's end. That will depend on inflation remaining tame and the effectiveness of Federal Reserve policy. Also, the recent federal budget impasse on deficit reduction has had an unfavorable impact on interest rates.
- **The California Exodus.** Census data show that California in the 1990s is Arizona's biggest source of in-migration with Texas a distant second. In 1994, net migration to the state increased by about 40%. Also, many businesses have moved or expanded here from California. California's economy is regaining its strength; will this reduce the flow of people and firms to Arizona and how much will that impact our housing and employment markets? At the same time, a stronger California will boost interstate trade between our 2 states given that California is our number 1 interstate trading partner, and our manufacturing sectors are strongly linked.
- **Improved Business Environment.** Arizona has made great strides in improving its national image and attracting new businesses into the state. As the economy slows, will firms continue to relocate or expand within Arizona, especially in the developing high-tech clusters of Maricopa and Pima Counties?

In light of the above questions, this section will discuss the economic outlook for the nation and Arizona in 1996 and 1997. The JLBC Staff economic outlook is essentially that of the consensus of economists, and is consistent with recent economic evidence. But first let's see how we did in 1995. Most economic revisions show that both the U.S. and Arizona economies were stronger than originally reported.

### 1995 Update – U.S. Economy Loses Speed

Table 1 displays JLBC's summary of key national and state economic indicators for 1995 through 1997. Several 1995 indicators are still estimates, but since 1995 is now completed they reflect how we think the year ended. One important new feature introduced in late 1995 was the switch to a "chain-weighted" system for reporting real GDP. This new method of measurement uses moving weights to deflate nominal GDP into real GDP, according to the recent weights of actual consumption within the economy, as compared to "fixed weights" which were previously changed every 5 years. The previous system caused an overstatement of

growth as time progressed from the last "base" period. The result is that reported annual GDP growth will, henceforth, be about 0.5% to 1.0% lower than previously reported. For example, the 4.1% growth in GDP in 1994 using the old system is now reported as 3.4% using the new method. Compared to CY 1994, which recorded the best economic performance in years, the U.S. economy in 1995 definitely slowed:

Using the new GDP calculation method, after spurring by 3.4% in CY 1994, real GDP output settled to a moderate 2.0% annual rate in 1995. A notable slowdown in the rate of consumer spending in the fourth quarter caused a lackluster finish to 1995.

- Job growth also slowed, from 3% in 1994 to 2.3% in 1995.
- Inflation came in at 2.8% in 1995, slightly higher than the 2.6% in all of 1994.

Table 1

**JLBC STAFF ECONOMIC OUTLOOK**

**FOR THE NATION**

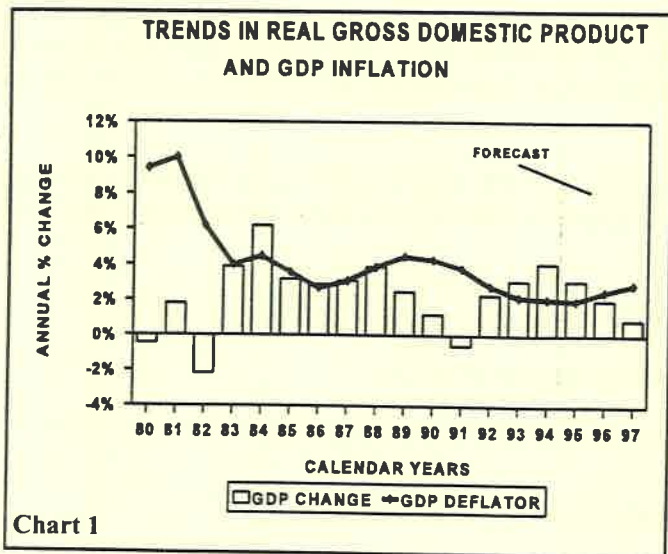
	Calendar Years			Fiscal Years		
	1995	1996	1997	1995	1996	1997
<b>National Economic Indicators</b>						
Real Gross Domestic Product (Billions) <sup>1/</sup>	\$6,738.9	\$6,877.6	\$7,038.3	\$6,685.4	\$6,802.7	\$6,960.4
% Change	2.0	2.0	2.3	2.0	2.0	2.3
Wage & Salary Employment (Millions)	116.6	118.2	119.9	115.6	117.4	119.1
% Change	2.3	1.4	1.5	2.9	1.6	1.5
Pre-Tax Corporate Profits (Billions)	\$562.6	\$581.3	\$606.4	\$559.1	\$563.8	\$593.8
% Change	7.2	3.3	4.3	13.7	0.8	5.3
Housing Starts (Millions)	1.3	1.4	1.4	1.4	1.4	1.4
% Change	(7.6)	4.0	(0.3)	(0.2)	0.9	1.2
New Car Sales (Millions)	8.9	9.0	9.1	9.0	8.9	9.0
% Change	(3.8)	0.7	1.3	(0.8)	(0.6)	0.8
Consumer Price Index - % Change	2.8	2.5	2.4	2.9	2.6	2.5
Prime Interest Rate - %	8.8	7.9	7.8	8.4	8.4	7.8
Unemployment Rate - %	5.6	5.8	6.0	5.7	5.6	5.8

<sup>1/</sup> Chain-weighted.

As we enter the summer of 1996, most economists expect real GDP to remain relatively flat. In April, the Blue Chip consensus forecast for 1996 real GDP was a 1.9% increase. Housing starts slumped a little in 1995, but showed signs of stirring again in the first quarter of 1996. Likewise, auto sales were down last year, but rebounded in the first quarter of 1996.

**1995 Update -- Arizona Economy Slows, But Still Ranks Near Top of All States**

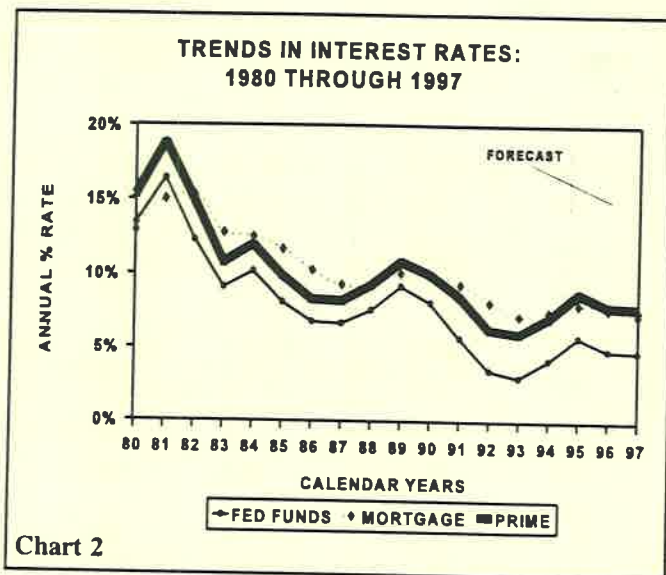
The Arizona economy grew in 1995 at a healthy pace, but softened as compared to our stellar performance in 1994, which we believe was the peak year of the current business cycle. Wage and salary employment in 1995 rose 5.4% -- significantly less than



the 6.7% experienced in 1994, according to the new DES benchmarked estimates, but this was high enough to rank third in the nation, as previously mentioned. Construction job growth especially has dropped dramatically from more than 19% in 1994 to 7.9% in 1995. Likewise, growth in taxable retail sales, net-migration, and housing starts were all down from the pace set in 1994.

One exception is personal income growth which in October was revised upward by the Bureau of Economic Analysis (BEA) and significantly higher again in April. The April revision reports a 1995 growth rate of 10.4% much higher than the 9.2% preliminary estimates. This is probably the major reason why tax revenues are stronger than expected for FY 1996. This also implies that the jobs data may still be underestimated.

When compared to the nation, Arizona ranks near the top in economic performance. For every month in 1995, Arizona was consistently among the top 10 states in terms of employment growth. A recent quarterly study by Everen Securities of Chicago ranked Arizona's economy No.1 among all states. The study measures information for the 12 months that ended June 30th of 1995. The indicators rated were 2 in employment (job growth and the unemployment rate) and 4 in real estate (home sales, building permits, mortgage foreclosures, and mortgage delinquencies).



#### The U.S. Outlook for 1996 and 1997

The U.S. economy is in its sixth year of expansion since the trough of the last recession in March 1991. Real Gross Domestic Product (GDP) grew at an annual rate of 2.0% (4.1% old method) in calendar year 1994 and 3.1% (3.9% old method) in FY 1995 which ended June 30, 1995. Most economists expect national growth will continue for the next few years, although at a slower rate. The JLBC Staff also forecasts slower, but steady growth in the national economy through calendar and FY 1997. The consensus of economists expects annual real

GDP growth of 2.2% for 1996, which is a number with which we agree. The present JLBC Staff outlook is for growth of 1.8% in FY 1996 and 2.3% in FY 1997. Our view for FY 1997 is based on the WFA Group's "baseline" forecast. Our forecast of declining growth is predicated on the maturity of this expansion, which has now surpassed the average length of post WWII growth periods, and the 6 interest rate increases by the Federal Reserve Board throughout 1994 in addition to the 1 increase in February 1995. Monetary policy changes generally have impacts up to 12 to 18 months afterward, which would mean effects in FY 1996 and FY 1997.

The Federal Reserve publicly said that it believes a rate of 2.5% per year in real GDP growth (old system, no word yet about the "right" number in the "chain-weighted GDP system) is about right for non-inflationary expansion in the U.S. economy. The 4.1% seen in 1994 was clearly too high by their standards. It has been trying to engineer a "soft landing," a reduction in the rate of growth to their target 2.5% rate. But this level of precision in hitting economic targets is rare, perhaps exceptional. The normal scenario is for targets to be overachieved in one direction or another. Growth usually slows too much or is too fast. The "middle way" is rarely achieved by design, although this period appears to be one of the rare exceptions.

We still believe the monetary tightening during 1994 could have its full effect by early 1996. In addition, many analysts have recently been forecasting that pre-tax corporate profit growth will grow at slower rates in 1996 and 1997. This could lead to a long awaited stock market "correction" and, thereby damage, consumer confidence and spending.

Inflation, as measured by the Consumer Price Index, should remain moderate and even fall from the expected 2.8% level of 1995 to 2.5% per annum in 1996 and 2.4% in 1997. In this area, the Federal Reserve Board has clearly done a good job in reducing inflationary expectations among consumers, workers and businesses. Alternatively, many think with interest rates at such low levels, the stock market will continue as an important outlet for savers.

We believe the trend for interest rates will be down after 1995, although in recent weeks of late April 1996 there has been a spike upwards after news of stronger than anticipated job growth. Continued low interest rates will be due to the prior effects of tight "real" money conditions by the Federal Reserve Board, and the slowing economy which will reduce the demand for funds. It should be noted that while interest rates have come down in recent years they are, after adjustment for inflation which has also been falling, still at a comparatively high rate by historical standards. In addition, nominal rates have been rising slightly in the first half of 1996.

Housing starts, which enjoyed a record year nationally in 1994, started to cool in 1995. We expect this moderation to continue in 1996 and 1997. The rate of increase in auto sales in the U.S. which have also been at near record levels for several years, should start to decline slightly because of a slower economy, some satiation of demand, and expected continued increases in the average price of cars at or above the Consumer Price Index.

The federal government's leading forecasting tool, the Index of Leading Indicators, has been negative for ten months in the past twelve months. The Index turned up in March and April of 1996. The Leading Index forecasts economic activity about 9 to 15 months ahead. The declines in the Index during the spring of 1995 were a warning of activity in 1996. Finally, there have been signs that consumers have been spending ahead of income growth and running up record balances on credit cards. This could portend a reduction in the rate of growth in consumer spending sometime in 1996.

#### Outlook—Lower But Steady Growth

Any scenario for the economy is done on an "expected value" basis. In other words, whether subjectively or quantitatively, an analyst has to weigh the chances of high, middle, or low growth economic scenarios based on the risks identified in the economy and choose the one which fits the current data. Recent events, while not yet convincing, could lead to a somewhat more optimistic forecast.

First, after seven successive increases during 1994 and early 1995, the Federal Reserve Board lowered short-term interest rates in mid-1995, and again in December 1995, perhaps believing that it was too zealous in 1994. Economic growth in 1995 was sharply lower than in 1994. The Fed has seen that its growth moderating policies have worked in 1995 and may loosen up the monetary "brakes" before a recession is in sight. Most economists believe the Fed has moved at about the right time rather than too late in order to keep the growth rate of the economy positive in the next 12 to 24 months.

Second, most economists believe any efforts made in Congress to eliminate the federal budget deficit will result in a higher national savings rate, lower interest rates, and higher private investment. These will increase employment and personal incomes over time, although it certain that the falling deficit will not contribute to economic growth in FY 1997.

Third, the low value of the U.S. dollar against most major currencies, notably the yen and Deutsche mark, has already started a resurgence of U.S. export sales. This should continue for the next several years, depending on the health of our major trading partners.

Fourth, despite the maturity of the current expansion, most executives reportedly remain bullish about the economy. Many companies have reduced their break-even point, admittedly by reducing staff in many cases, and have diversified their sales to try to avoid the severity of the cyclical swings of the past. Whether they will be successful remains to be seen, but newspapers and magazine reports indicate that they are not fearful of a recession in the next year or 2.

In conclusion, we feel that our forecast of a slower, but steady trend in growth is appropriate.

Table 2

**JLBC STAFF ECONOMIC OUTLOOK**

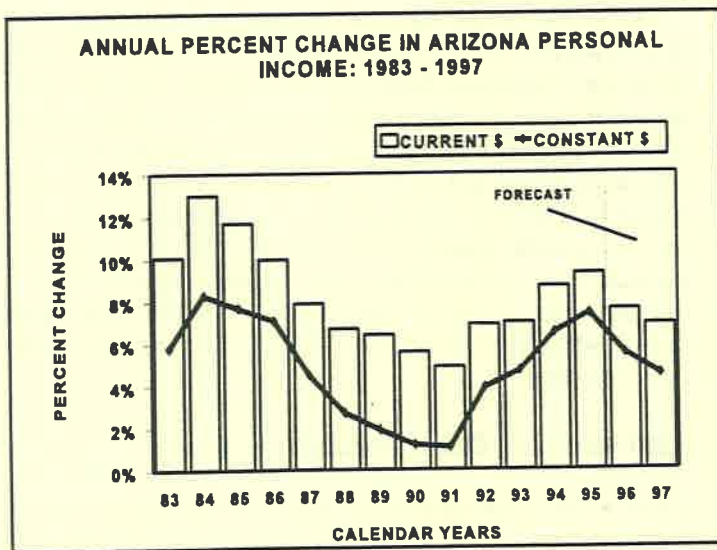
**FOR ARIZONA**

	Calendar Years			Fiscal Years		
	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
<b><u>Arizona Economic Indicators</u></b>						
Personal Income (Millions)	\$85,306	\$91,789	\$98,122	\$81,846	\$88,557	\$94,800
% Change	9.3	7.6	6.9	9.7	8.2	7.0
Personal Income Millions of 1987 Dollars	\$66,489	\$70,175	\$73,335	\$64,294	\$68,437	\$71,655
% Change	7.4	5.5	4.5	7.5	6.4	4.7
Personal Income - Per Capita 1987 Dollars	\$15,914	\$16,354	\$16,656	\$15,609	\$16,162	\$16,484
% Change	4.4	2.8	1.8	4.5	3.5	2.0
Population (Thousands)	4,178	4,291	4,403	4,119	4,235	4,347
% Change	2.9	2.7	2.6	2.8	2.8	2.7
Retail Sales (Millions) <sup>1/</sup>	\$26,240	\$28,077	\$29,480	\$25,293	\$27,088	\$28,416
% Change	9.2	7.0	5.0	11.6	7.1	4.9
Wage & Salary Employment (Thousands)	1,762.8	1,818.5	1,856.1	1,734.4	1,793.1	\$1,836.4
% Change	4.2	3.2	2.1	5.9	3.4	2.4
Residential Building Permits (Thousands)	53.4	43.7	39.1	52.2	48.6	41.4
% Change	4.9	(18.2)	(10.5)	16.5	(6.9)	(14.8)
New Car Registrations (Thousands)	250.7	251.4	244.0	247.0	252.9	249.9
% Change	5.0	0.3	(2.9)	12.7	2.4	(1.2)
Unemployment Rate - %	5.2	5.5	6.4	5.8	5.3	5.0

<sup>1/</sup> Distribution Base + Combined Non-Shared Tax Collections as reported by DOR.

**The Arizona Outlook for 1996 and 1997**

While JLBC Staff believes Arizona will avoid a recession during the forecast period, our outlook as seen on Table 2 calls for slower growth. All Arizona economic indicators are projected to trend lower for the next 2 years. The lower growth forecast hinges mainly on the slowing national economy and a slackening of the California exodus to Arizona as prospects for the Golden State improve in the next 2 years. The slackening of the California exodus to Arizona will probably be mitigated by increased interstate trade with California as their economy improves. On the other hand, recent higher than expected revisions in the employment and personal income growth might indicate a stronger Arizona economy than the one underlying our forecast. This implies that there may be some upside risk to the forecast (higher probability of stronger growth than for lower growth).



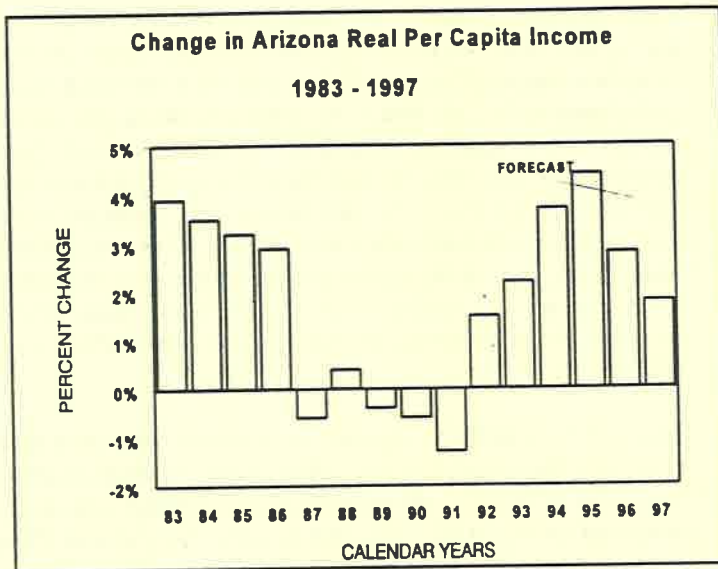
**Personal Income to Grow Modestly**

In terms of state revenue, no economic variable is more important than personal income. Chart 3 shows how personal income has performed in recent years. During the 1980s, personal income growth averaged 9.3% in current dollars and 4.4% in real terms. So far in the 1990s (1990 through 1994), income growth in current dollars has been weaker, averaging 6.8%, but is only off slightly in real dollars, averaging 4.0%, mostly reflecting the big improvement in inflation during the 1990s. The estimated 10.4% gain for 1995 is significantly greater than the average 6.8% experienced thus far in the 1990s.

In 1996 and 1997, we see personal income rising more modestly at 7.6% and 6.9%, respectively. Historically, Arizona's economic recoveries feature double-digit personal income growth that lasts 2 to 4 years, but that may

not happen this time. The 9.3% growth for 1995 will be the peak for this expansion. However, on an inflation-adjusted basis, the 7.4% personal income growth in 1995 is just slightly lower than past expansion peaks. Since the national economy, whose expansion has been uncharacteristically mild and appears to be slowing, is one of the "drivers" of the state economy, we expect Arizona's personal income to grow modestly.

**Real Per Capita Income to Increase Slightly**



Real per capita personal income is one indicator of a state's standard of living. It also is a principal determinant of consumer expenditures, which accounts for about two-thirds of spending, output, and jobs. So, trends in real per capita income also can reveal much about the overall strength of the economy. In recent years, there has been much ballyhoo about Arizona always being below the national average in real per capita income, leading some (including the JLBC Staff) to question the underlying economic vitality of the state.

In response to this, the JLBC Staff recently published a report identifying the main reasons behind Arizona's lower real per capita income. The report found that Arizona's poor showing has little to do with its fundamental economic performance, but more to do with such factors as age demographics, industry mix, and historically low wages. The report also points out that, because real per

capita income depends on relative rates of growth in total income and population, it can be misleading when compared to other states. Southern states have exhibited the highest growth rates of this indicator for the past 3 decades. But much of this effect is due to their population migrating to cities in other states in search of better jobs. Likewise in the 1980s, northeastern states ranked the highest, but this was due to severe economic recessions in these states which resulted in population declines greater than those in personal income.

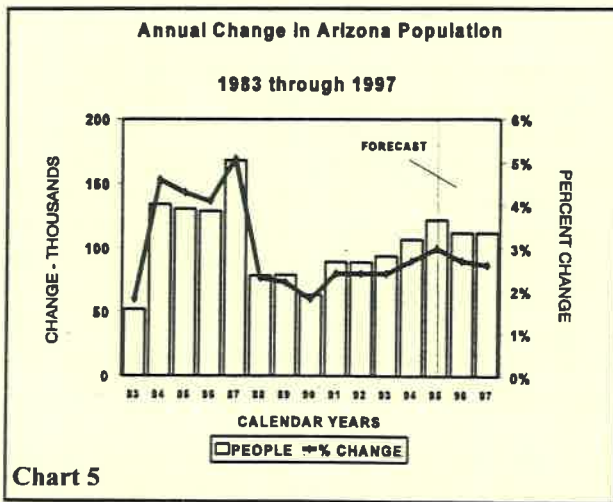


Chart 5

Thus, in measuring economic vitality, an examination of the underlying trends show that Arizona's average growth in personal income and population during the last 3 decades has been far above the national average. So, it appears that among Arizona's problems are (1) that personal income growth just has not kept up with population growth and (2) that increased emphasis must be placed on higher paying jobs. Chart 4 shows that Arizona's real per capita income growth went negative starting in 1987 as growth in population was greater than income, but has rebounded since 1992. We predict that income growth will continue to outweigh population growth which is seen on Chart 5, but by declining rates during the forecast period.

***Employment Still Rising - But Slowly***

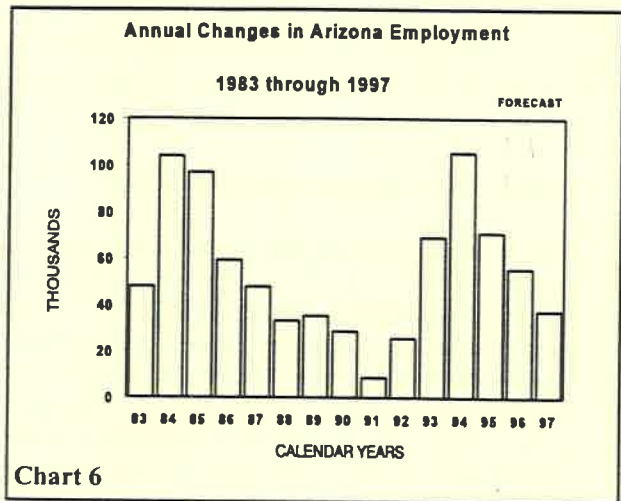


Chart 6

Chart 6 shows the changes in Arizona employment since 1983. During this period, Arizona did not experience any yearly declines. In fact, for the post WWII period, the state has had only 3 years of employment loss --1949, 1975, and 1982. In this business cycle, 1991 was the low point for Arizona, eking out a 0.6% gain, corresponding with the national recession when U.S. employment dropped 1.1%. Since 1991, job growth has accelerated with 1994's 6.7% gain expected to be the peak year of the current cycle.

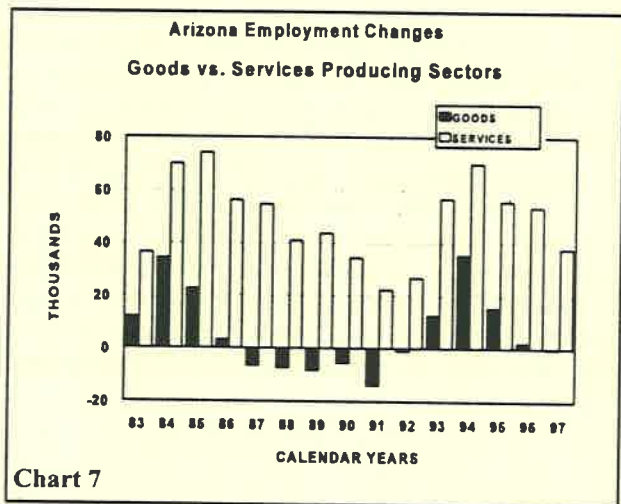


Chart 7

This data, however, masks the economic tumult Arizona experienced during this time. Arizona's goods-producing sector, defined as manufacturing, construction, and mining, went through a recession in the latter half of the 1980s. National defense budget cuts led to military base closings and sharp layoffs in defense-related firms. At the same time, the 1986 Tax Reform Act triggered massive savings and loan bankruptcies. All this resulted in significant losses in manufacturing and construction jobs. But the losses were more than made up by gains in the service-producing sector of the economy. Chart 7 reveals the displacement of jobs in the goods-producing sector by jobs in the service-producing sector particularly during the 1987 to 1992 period.

Since 1993, manufacturing and construction jobs have made a comeback; the rebound, though, has not been as strong as previous recoveries. Some of the manufacturing rebound was due to a perceived improved business environment. For instance, Phoenix recently appeared in *Fortune* magazine's annual list of the top 10 most attractive cities for businesses. In addition, many high-tech firms have relocated or expanded into Arizona. *Intel's* new Chandler plant and the recent announcement by *Sumitomo Sitix* are prime examples. Legislation providing tax reductions and regulatory reform has contributed to this success.

Table 3 below shows a moderation of growth in our job outlook for both the goods-producing and service-producing sectors starting in 1995. The goods-producing sector will again experience the cyclical nature of the economy by declining a modest 0.1% in 1997.

**Table 3**

**ARIZONA WAGE AND SALARY EMPLOYMENT  
YEAR OVER PRIOR YEAR GROWTH – CALENDAR YEARS**

**FORECAST**

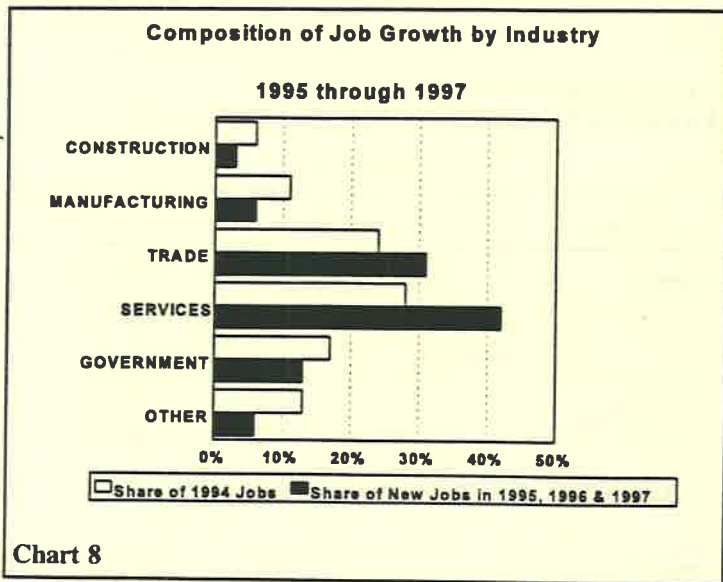
	CY 1994		CY 1995		CY 1996		CY 1997	
	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>
<i>Goods Producing:</i>								
Manufacturing	192,500	9.1	200,900	4.4	201,600	0.3	203,400	0.9
Mining	12,100	(1.6)	12,900	6.6	13,100	1.6	13,100	0.0
Construction	<u>108,700</u>	21.9	<u>114,900</u>	5.7	<u>116,100</u>	1.0	<u>114,100</u>	(1.7)
Total Goods Producing	313,300	12.7	328,700	4.9	330,800	0.6	330,600	(0.1)
<i>Service Producing:</i>								
Trans, Comm. & Public Utilities	90,000	7.4	93,900	4.3	96,300	1.6	98,500	2.3
Trade	411,100	5.5	429,600	4.5	447,900	4.3	459,900	2.7
Finance, Insurance & Real Estate	110,800	9.5	111,200	0.4	112,100	0.8	113,400	1.2
Services	479,800	6.4	505,700	5.4	531,200	5.0	547,000	3.0
Government	<u>286,800</u>	1.4	<u>293,700</u>	2.4	<u>300,200</u>	2.2	<u>306,700</u>	2.2
Total Service Producing	1,378,500	5.4	1,434,100	4.0	1,487,700	3.7	1,525,500	2.5
Total Wage & Salary Employment	1,691,800	6.7	1,762,800	4.2	1,818,500	3.2	1,856,100	2.1

Where Will the Jobs Come From?

Chart 8 on the next page shows that job growth will be highly concentrated in services and trade. In 1995, 1996, and 1997 combined, only services and trade will increase in their share of total jobs. In contrast, construction and manufacturing will experience relatively slow growth. For example:

- More than 7 out of 10 jobs will come from services and trade. By comparison, these industries accounted for slightly half of existing jobs in 1994.
- Manufacturing in 1994 had 11% of all jobs, but will account for only 6% of new jobs. Construction will decline further -- having 6% of jobs now, but contributing only 3% in the next 3 years.





Overall, the trend is toward a more service oriented economy, which mirrors what's happening on the national level. This has been a long-term trend in Arizona since 1969, the last year in which more manufacturing job existed than services jobs. As technological advances continue, we expect the evolution toward a service and information economy to accelerate.

**Housing Market in Transition**

Although direct employment in the construction industry accounts for only 6% of total Arizona jobs, its impact on the economy is far greater in the short run. Construction influences economic activity in many other areas of the economy, including equipment and building materials, retail sales, financial services, manufacturing, and trade. We expect construction employment to mildly decline in the next 2 years because the housing market in Arizona is in transition.

Judging by Chart 9 below, it appears Arizona's housing market was relatively unaffected by the national recession in 1991, but that's because we had an earlier recession as explained above. So by 1991, when mortgage rates began to plummet, pent-up demand caused housing sales to climb. At the same time, California's problems started an exodus of people and firms to other nearby Western states. Arizona has benefited greatly from this movement as net migration and housing starts have escalated each year since 1991 until 1995.

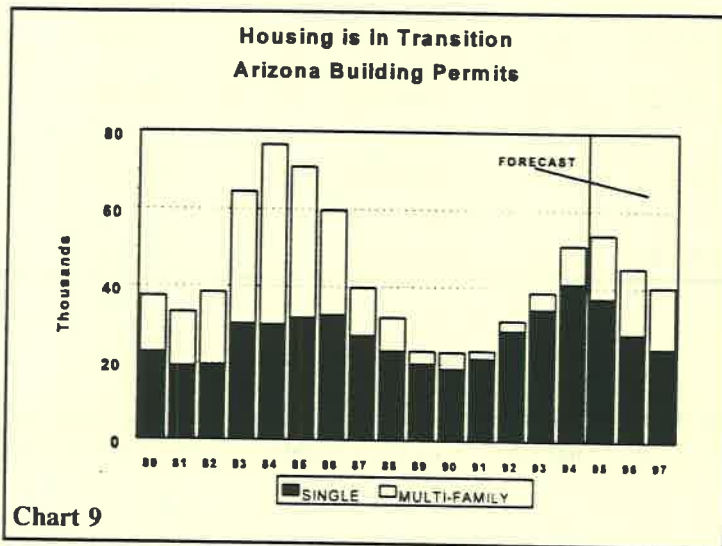


Chart 9 also reveals that the housing boom was almost all in single family homes. This began to change in 1994 as the Federal Reserve raised interest rates 7 times. By 1995, the single family market slowed as housing sales and permits declined. But at the same time, vacancy rates at apartments dropped sharply and rents increased steadily, making it viable for multi-family construction to rise again. More recently, multi-family building permits (3 or more units) jumped from about 3,500 units in 1993 to almost 9,000 units by 1994, an increase of 155%. In 1995, multi-family permits are estimated to have added another 13,500 units.

For 1996 and 1997, we expect total building permits to gradually decline as single-family permits drop, but is offset by a gain in multi-family permits. Building permits in retail, industrial, and office are also expected to pick up. The California exodus has been fueling much of the housing boom, but lately, economists have been more

optimistic about the California economy as recent data indicate the state has indeed started to turn around and is now actually growing faster than the U.S. This will slow down the migration to Arizona; however, improved trade between the 2 states will offset the impact somewhat.

**Main Risks to Forecasts**

*The fragile Mexico economy continues to add uncertainty to the forecast.* The dramatic devaluation of the Mexican peso in 1994 reverberated throughout the world. Hoping to prevent loan defaults of worldwide proportions, the U.S. spearheaded a \$50 billion aid package to Mexico. In return, the Mexican government had to implement austerity measures which plunged its economy into a steep recession. However, the economy in Mexico has started to recover as exports rose 32% in the first half of 1995 and most

financial markets have stabilized. Their domestic economy, though, is still very weak, with real GDP having declined by an estimated 6.8% in 1995.

The peso crisis has affected southern Arizona's economy significantly. Trade and tourism between the border regions have suffered. Pima County, especially, has seen retail sales, jobs, and building permits all deteriorate this year. The situation there may not be all attributed to the peso devaluation, but it is important enough to factor into our forecasts.

*Federal Reserve action on future interest rates is also uncertain.* Though we have forecasted interest rates to move lower in 1996 and 1997, it is by no means etched in stone. Although the Federal Reserve lowered short-term interest rates in December, at this time, most economists predict the Federal Reserve will further lower short-term rates in 1996. However, some analysts lately are beginning to say the Federal Reserve may keep rates as they are or even raise them. This is mainly due to the belief that the economy is much stronger than the data has shown and also that the Federal Reserve is much more concerned about keeping inflation in check than whether the economy continues to grow. If the Federal Reserve does not lower interest rates, the stock and bond market will respond negatively and increase the likelihood that the nation and possibly Arizona could slip into a mild recession.

### **Is the Economic Forecast Reasonable?**

The JLBC Staff's basic assumption of a slowing national economy with a modest uptick in inflation is shared by the vast majority of forecasters. In this sense, our national outlook is approximately cautious. The same can be said of our Arizona outlook.

## GENERAL FUND REVENUE

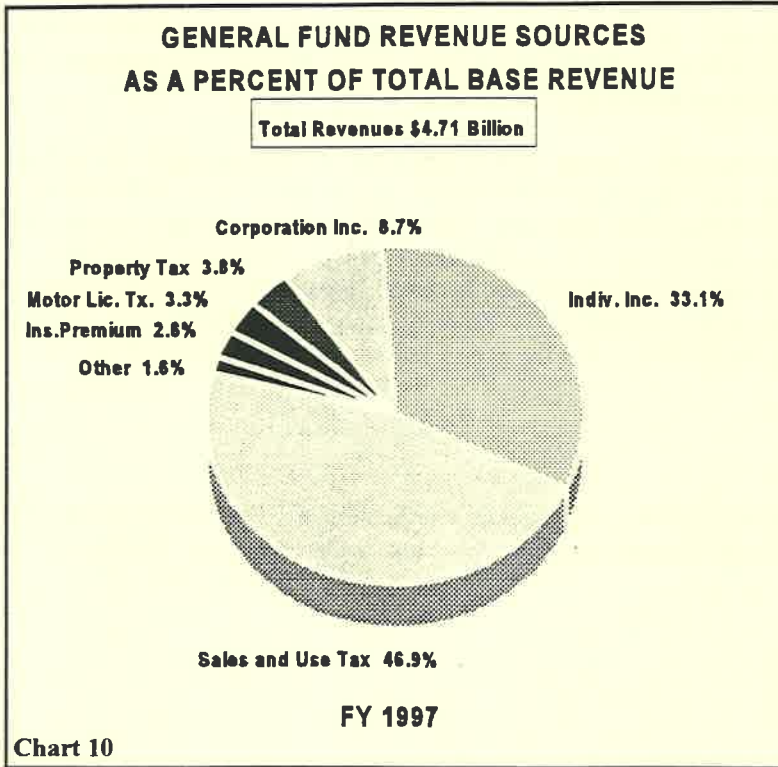


Chart 10 shows that the bulk of General Fund revenue is raised from three sources, known as the "Big Three." The largest of these is the Sales and Use Tax which is projected to generate 46.9% of General Fund revenues in FY 1997. The Individual Income Tax (IIT) is the next largest source, accounting for 33.1%, while the Corporation Income Tax (CIT) share is 8.7%. Together, these three taxes are expected to provide 88.7% of total FY 1997 General Fund revenue. The Federal Retiree Refunds have not been included as part of the IIT. The current JLBC Staff revenue forecast is summarized on Table 6. Table 7 compares the Governor's and the JLBC revenue forecasts for FY 1996 and FY 1997. It should be noted that both Table 6 and Table 7 have been reduced by amounts shown in Table 4, since these were known prior to the session. Table 8 shows adjustments to Table 6, FY 1997, for legislation passed during the session.

Table 9 provides details by bill number and chapter number for legislation passed during the session which will have an initial revenue impact in FY 1997. Table 10 provides the same details for legislation passed during the session, which will have an initial revenue impact in FY 1998.

**Table 4**

**SUMMARY OF LEGISLATIVE CHANGES <sup>1/</sup>  
BY REVENUE CATEGORY  
FY 1996 AND FY 1997  
(\$ Thousands)**

Revenue Category	Reduction	
	FY 1996	FY 1997
Sales	\$44,033.9	\$64,182.5
Individual Income	214,690.6	230,085.2
Corporation Income	29,940.0	42,578.8
Property (Includes Salt River Project)	4,967.4	12,057.5
Luxury	6,300.0	8,100.0
Insurance	--	3,500.0
Pari Mutuel	3,579.7	3,856.7
Licenses, Fees and Permits	25.0	25.3
	<u>\$303,536.6</u>	<u>\$364,386.0</u> <sup>2/</sup>

<sup>1/</sup> Enacted prior to 1996 and first effective in FY 1996 and FY 1997.

<sup>2/</sup> Not included is the \$200.0 million appropriated by the Legislature for Property Tax reduction (S.B. 1009) (L95, 1SS, C9). The 42nd Legislature, 2nd Regular Session, passed legislation (H.B. 2087) to implement this appropriation. However, this bill was vetoed by the Governor.

### Legislative Changes

Apart from the economy, the most important influence on General Fund revenue collections is legislative adjustments to the tax base. Legislation impacting General Fund revenue for the first time in the two forecast years, FY 1996 and FY 1997, and passed by legislative sessions prior to the 42nd Legislature, 2nd Regular Session, will reduce collections in FY 1996 by \$303.5 million and by \$364.4 million in FY 1997. Additional FY 1997 legislative changes decreasing revenue by \$5.4 million were passed during the 42nd Legislature, 2nd Regular and 1st Special Sessions. A Property Tax reduction (L95, 1SS, C9) aggregating \$200.0 million was to have been effective in FY 1997. The 42nd Legislature, 2nd Regular Session passed legislation (H.B. 2087) to implement this appropriation. However, this bill was vetoed by the Governor. A summary of the pre 42nd Legislature, 2nd Regular Session legislative changes by revenue category and first effective in FY 1996 and FY 1997 is shown on Table 4. A summary of legislative changes passed by the 42nd Legislature, 2nd Regular and 1st Special Sessions is shown in Table 9, for those items first effective in FY 1997 and in Table 10 for those items first effective in FY 1998.

**Reduced Revenue Growth Projected**

The impact of the legislative changes on General Fund revenue is shown in Table 5. Revenue growth before legislative changes is 9.1% and 4.3% for FY 1996 and FY 1997 respectively. After deduction of the legislative changes, revenue growth is reduced to 2.3% in FY 1996 and to 3.1% in FY 1997. As was noted earlier, the current revenue forecast before adjustment for legislation passed during the session is summarized in Table 6. You will note that before adjustments, "new money" aggregates only \$102.8 million in FY 1997 and \$148.3 million in FY 1997 and reflects increases of 2.3% in FY 1996 and 3.2% in FY 1997.

**Table 5**

**GENERAL FUND REVENUE FORECAST  
BEFORE AND AFTER LEGISLATIVE CHANGES EFFECTIVE IN FY 1996 AND FY 1997**

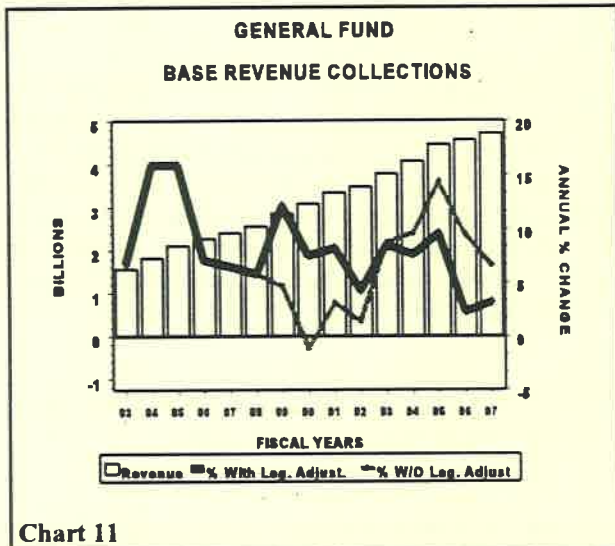
(\$ Thousands)

	<u>FY 1996</u>	% Change from <u>FY 1995</u>	<u>FY 1997</u>	% Change from <u>FY 1996</u>
Before Legislative Changes	\$4,871,727.2	9.1%	\$5,080,866.0	4.3%
Legislative Changes				
Prior to 42nd Legislature, 2nd Reg. Session <sup>1/</sup>	(303,536.6)	-	(364,386.0) <sup>2/</sup>	--
42nd Legislature, 2nd Reg. and 1st Special Session	-	-	(5,444.4)	--
<b>Forecast</b>	<b><u>\$4,568,190.6</u></b>	<b><u>2.3%</u></b>	<b><u>\$4,711,035.6</u></b>	<b><u>3.1%</u></b>

<sup>1/</sup> And first impacting General Fund revenue in FY 1996 or FY 1997.

<sup>2/</sup> Not included is the \$200.0 million appropriated by the Legislature for Property Tax reduction (S.B. 1009) (L95, 1SS, C9). The 42nd Legislature, 2nd Regular Session passed legislation (H.B. 2087) to implement this appropriation. However, this bill was vetoed by the Governor.

**General Fund History**



**Chart 11**

Chart 11 shows General Fund Base Revenue collections as a bar chart and percent change as a line graph for 15 years. In terms of dollars collected, the chart appears to show a relatively smooth upward growth curve. It should be noted that the period FY 1979 through FY 1982 were years when the Consumer Price Index was at or near double digit inflation. Starting with the base year FY 1989, we have shown growth rates before legislative adjustments (underlying growth rates) and after legislative adjustments. It is interesting to note that for the period FY 1989 through FY 1993, the line showing "% with Leg. Adjust." is above the line showing "% w/o Leg. Adjust." indicating a period when the cumulative legislative adjustments since FY 1988 showed positive growth. In FY 1993, legislative adjustments were negative and eliminated any growth in the cumulative legislative adjustments since FY 1988. Since then, total legislative adjustments each year have been significantly negative and cumulative legislative adjustments have also been declining significantly.

## **Individual General Fund Revenue Forecasts**

### **Total Base Revenue**

You will note on Table 7 that both JLBC and the Governor show identical forecasts for Total Base Revenue for both FY 1996 and FY 1997. Although we agreed on Total Base Revenue, we disagreed on the component pieces. The following comments refer to Table 6 which shows the JLBC forecast before reduction for the effect of legislation passed during the session. Comments regarding legislative reductions refer to those passed prior to the 42nd Legislature, 2nd Regular Session and first effective in FY 1996 and FY 1997.

### **Sales and Use Taxes**

Sales and Use Tax collections are currently forecast to increase by 7.1% in FY 1996 and by 4.9% in FY 1997. The forecast has been reduced by legislative reductions aggregating (\$44.0) million in FY 1996 and (\$64.2) million in FY 1997. The major reduction items are (1) reimbursement of taxpayers for the cost of preparing tax returns, (\$11.9) million in FY 1996 and (\$12.5) million in FY 1997, (2) reduction of the Commercial Lease Tax to 3%, (\$18.5) million in FY 1996 and (\$18.9) million in FY 1997 and (3) reduction of the Commercial Lease Tax to 2%, (\$18.8) million in FY 1997. Without the effect of the legislative reductions, the forecast would have been for increases of 9.3% in FY 1996 and 5.8% in FY 1997.

### **Individual Income Tax**

Individual Income Tax collections are forecast to decline by (3.4)% in FY 1996 and increase by 7.5% in FY 1997. This forecast has been reduced by legislative reductions aggregating (\$214.7) million in FY 1996 and (\$230.1) million in FY 1997. By far, the major item included in these reductions was the tax reduction package (L95, 1SS, C9) which reduced collections by (\$200.0) million in FY 1996 and (\$211.8) in FY 1997. Without the effect of the legislative reductions, the forecast would have been for increases of 10.8% for FY 1996 and 7.4% in FY 1997.

### **Corporation Income Tax**

Arizona's economic growth begins to slow in FY 1996 which reduces growth of corporate profits, but firms continue to move to Arizona which provides an offset to the slowing growth of corporation profits. In FY 1997, the economy is making a soft landing which results in flat growth rates for corporation profits and tax refunds will increase substantially as corporation cash flow becomes tight. Corporation Income Taxes are forecast to decrease by (0.4)% in FY 1996 and by (1.7)% in FY 1997. The forecast has been reduced by legislative reductions aggregating (\$29.9) million in FY 1996 and (\$42.6) million. The major reduction items are (1) Defense Restructuring and Military Reuse Zones (L91), (\$10.0) million in both FY 1996 and FY 1997 and (2) Consolidated Returns (L94, 2RS, C41), (\$13.4) million in FY 1996 and (\$17.8) million in FY 1997. Without the effect of legislative reductions, the forecast would have shown an increase of 6.8% in FY 1996 and an increase of 1.3% in FY 1997.

### **Property Tax**

Assessed valuation is expected to increase by 1.8% in FY 1996 and by 1.8% again in FY 1997. Property Tax collections, however, are expected to increase by 5.5% in FY 1996 and decline by (5.6)% in FY 1997. The forecast has been reduced by legislative reductions aggregating (\$4.4) million in FY 1996 and (\$10.9) million in FY 1997. The reductions do not include the effect on Salt River Project. The major item in the reductions is the reduction of assessment ratios for mines and utilities (L94) aggregating (\$3.9) million in FY 1996 and (\$7.7) million in FY 1997. Without the effect of the legislative reductions, the forecast would have shown an increase of 8.0% in FY 1996 and a decrease of (2.1)% in FY 1997. General Fund collections are still being negatively impacted by (1) the phase down of the assessment ratios for Property Class 1 (mines) and Property Class 2 (Utilities) and (2) the continued depreciation of properties involved in the Minimum Qualifying Tax Rate (QTR) tax.

### **Motor Vehicle License Tax**

The JLBC Staff forecast is for an increase of 12.0% in FY 1996 and 8.0% in FY 1997. New car sales will level out in FY 1996 after three years of strong growth. The sluggishness will continue into FY 1997 due to modest economic growth.

### **Lottery**

Our forecast is for weak General Fund Lottery collections, with a decrease of (17.3)% in FY 1996 and no change in FY 1997. The General Fund has a measure of protection in that \$45.0 million must be received by the General Fund before any transfers may be made on the maximum entitlement of \$18.0 million for LTAF mass transit. On the other hand, this places General Fund Lottery collections at a maximum of \$45.0 million for the foreseeable future. As yet, no such mass transit transfers have been made and our forecast does not provide for any. Probably the major problems facing the lottery are (1) declining interest in the Fantasy 5 game and (2) loss of sales to Indian gaming.

**Interest**

Our forecast calls for an increase of 14.6% in FY 1996 and a decrease of (18.0)% in FY 1997. The increase in FY 1996 is brought about by modest increases in the Operating Fund average balance and in applicable interest rates. The decline in FY 1997 is brought about by an anticipated decline of (15.6)% in the Operating Fund average balance and a slight decline in applicable interest rates.

**Federal Retiree Project**

Revenue reductions due to the Federal Retiree Project (FRP) are expected to aggregate (\$15.4) million in FY 1996 and (\$57.9) million in FY 1997. The FRP reduces FY 1997 General Fund revenue growth by almost one full percentage point, from 4.2% down to 3.2%.

**Table 6**

**STATE OF ARIZONA  
GENERAL FUND  
STATEMENT OF PROJECTED BASE REVENUE  
JLBC STAFF ESTIMATE  
(\$ Thousands)**

	Actual - FY 1995		Forecast - FY 1996		Forecast - FY 1997	
	Amount	% Change	Amount	% Change	Amount	% Change
<b><u>Taxes</u></b>						
Sales and Use	\$1,968,613.5	9.8	\$2,107,500.0	7.1	\$2,211,500.0	4.9
Income - Individual	1,503,867.1	3.0	1,452,000.0	(3.4)	1,560,303.9	7.5
- Federal Retiree Project	(24,985.2)	(54.7)	(15,400.0)	(38.4)	(57,900.0)	276.0
- Corporation	416,710.3	37.7	415,000.0	(0.4)	408,000.0	(1.7)
- Urban Revenue Sharing	(205,607.1)	10.9	(218,500.0)	6.3	(257,800.0)	18.0
Property	178,657.8	(4.0)	188,500.0	5.5	178,000.0	(5.6)
Luxury	74,039.9	1.0	68,700.0	(7.2)	67,600.0	(1.6)
Insurance	111,658.8	0.8	115,300.0	3.3	123,300.0	6.9
Motor Vehicle License	132,102.6	14.0	148,000.0	12.0	159,900.0	8.0
Estate	48,771.4	20.1	47,493.9	(2.6)	48,500.0	2.1
Other Taxes	7,005.1	(2.3)	3,100.0	(55.7)	3,100.0	0.0
Subtotal - Taxes	<u>4,210,834.2</u>	9.4	<u>4,311,693.9</u>	2.4	<u>4,444,503.9</u>	3.1
<b><u>Non-Tax Revenue</u></b>						
Lottery	38,088.2	17.4	31,500.0	(17.3)	31,500.0	0.0
Licenses, Fees, Permits	40,201.3	(13.1)	41,800.0	4.0	41,400.0	(1.0)
Interest	37,344.6	101.1	42,800.0	14.6	35,100.0	(18.0)
Sales and Services	3,647.7	4.5	3,900.0	6.9	3,800.0	(2.6)
Other Miscellaneous	38,065.8	(12.1)	32,700.0	(14.1)	50,300.0	53.8
From BSF Due to 5% Cap	1,812.4	-	7,130.0	293.4	5,210.0	26.9
Transfers and Reimbursements	10,703.0	(51.6)	27,000.0	152.3	35,000.0	29.6
Disproportionate Share	<u>84,715.8</u>	45.5	<u>69,666.1</u>	(17.8)	<u>69,666.1</u>	0.0
Subtotal - Non-Tax Revenue	<u>254,578.8</u>	13.5	<u>256,496.1</u>	0.8	<u>271,976.1</u>	6.0
<b>Total Base Revenue</b>	<u>\$4,465,413.0</u>	<u>9.6%</u>	<u>\$4,568,190.0</u>	<u>2.3%</u>	<u>\$4,716,480.0</u>	<u>3.2%</u>

Table 7

**STATE OF ARIZONA  
GENERAL FUND  
STATEMENT OF PROJECTED BASE REVENUE  
COMPARISON OF GOVERNOR'S AND JLBC STAFF ESTIMATES  
(\$ Thousands)**

	Forecast - FY 1996			Forecast - FY 1997		
	Governor's Estimate	JLBC Staff Estimate	Difference	Governor's Estimate	JLBC Staff Estimate	Difference
<b><u>Taxes</u></b>						
Sales and Use	\$2,090,000.0	\$2,107,500.0	\$17,500.0	\$2,210,000.0	\$2,211,500.0	\$ 1,500.0
Income- Individual	1,465,400.0	1,452,000.0	(13,400.0)	1,547,900.0	1,560,303.9	12,403.9
- Federal Retiree Project	(15,400.0)	(15,400.0)	0.0	(57,900.0)	(57,900.0)	0.0
- Corporation	420,000.0	415,000.0	(5,000.0)	430,000.0	408,000.0	(22,000.0)
- Urban Revenue Sharing	(218,540.0)	(218,500.0)	40.0	(257,800.0)	(257,800.0)	0.0
Property	190,320.0	188,500.0	(1,820.0)	180,000.0	178,000.0	(2,000.0)
Luxury	69,000.0	68,700.0	(300.0)	68,500.0	67,600.0	(900.0)
Insurance Premium	107,000.0	115,300.0	8,300.0	123,000.0	123,300.0	300.0
Motor Vehicle License	149,000.0	148,000.0	(1,000.0)	147,000.0	159,900.0	12,900.0
Estate	49,000.0	47,493.9	(1,506.1)	42,000.0	48,500.0	6,500.0
Other Taxes	3,180.0	3,100.0	(80.0)	2,670.0	3,100.0	430.0
Subtotal Taxes	<u>4,308,960.0</u>	<u>4,311,693.9</u>	<u>2,733.9</u>	<u>4,435,370.0</u>	<u>4,444,503.9</u>	<u>9,133.9</u>
<b><u>Non-Tax Revenue</u></b>						
Lottery	32,000.0	31,500.0	(500.0)	34,000.0	31,500.0	(2,500.0)
Licenses, Fees and Permits	40,000.0	41,800.0	1,800.0	40,000.0	41,400.0	1,400.0
Interest	41,600.0	42,800.0	1,200.0	36,000.0	35,100.0	(900.0)
Sales and Services	6,000.0	3,900.0	(2,100.0)	6,000.0	3,800.0	(2,200.0)
Other Miscellaneous	37,500.0	32,700.0	(4,800.0)	56,900.0	50,300.0	(6,600.0)
From BSF Due to 5% Cap	7,130.0	7,130.0	0.0	5,210.0	5,210.0	0.0
Transfers and Reimbursements	27,000.0	27,000.0	0.0	35,000.0	35,000.0	0.0
Disproportionate Share Revenue	68,000.0	69,666.1	1,666.1	68,000.0	69,666.1	1,666.1
Subtotal - Non-Tax Revenue	<u>259,230.0</u>	<u>256,496.1</u>	<u>(2,733.9)</u>	<u>281,110.0</u>	<u>271,976.1</u>	<u>(9,133.9)</u>
<b>Total Base Revenue</b>	<u>\$4,568,190.0</u>	<u>\$4,568,190.0</u>	<u>\$ 0.0</u>	<u>\$4,716,480.0</u>	<u>\$4,716,480.0</u>	<u>\$ 0.0</u>

**Table 8**

**STATE OF ARIZONA**  
**GENERAL FUND**  
**FY 1997**  
**TOTAL BASE REVENUE**  
**AFTER LEGISLATIVE CHANGES**  
**JLBC STAFF FORECASTS**  
 (000's)

	<u>Total Base Revenue</u>	<u>Legislative Changes</u>	<u>Total Base Revenue After Changes</u>
<b><u>Taxes</u></b>			
Sales and Use	\$2,211,500.0	\$ (173.3)	\$2,211,326.7
Income - Individual	1,560,303.9	(950.0)	1,559,353.9
- Federal Retiree Project	(57,900.0)		(57,900.0)
- Corporation	408,000.0	(243.2)	407,756.8
- Urban Revenue Sharing	(257,800.0)		(257,800.0)
Property	178,000.0	(6.0)	177,994.0
Luxury	67,600.0		67,600.0
Insurance Premium	123,300.0		123,300.0
Motor Vehicle License	159,900.0	(6,000.0)	153,900.0
Estate	48,500.0		48,500.0
Other Taxes	<u>3,100.0</u>		<u>3,100.0</u>
Subtotal - Taxes	<u>4,444,503.9</u>	<u>(7,372.5)</u>	<u>4,437,131.4</u>
<b><u>Non-Tax Revenues</u></b>			
Lottery	31,500.0		31,500.0
Licenses, Fees and Permits	41,400.0		41,400.0
Interest	35,100.0		35,100.0
Sales and Services	3,800.0		3,800.0
Other Miscellaneous	50,300.0	1,928.1	52,228.1
From BSF Due to 5% Cap	5,210.0		5,210.0
Transfers and Reimbursements	35,000.0		35,000.0
Disproportionate Share Revenue	<u>69,666.1</u>		<u>69,666.1</u>
Subtotal - Other Non-Tax Revenues	<u>271,976.1</u>	<u>1,928.1</u>	<u>273,904.2</u>
<b><u>Total Base Revenue</u></b>	<b><u>\$4,716,480.0</u></b>	<b><u>\$(5,444.4)</u></b>	<b><u>\$4,711,035.6</u></b>



**Table 9**

**FORTY-SECOND LEGISLATURE  
SECOND REGULAR SESSION  
BILLS HAVING A SIGNIFICANT FY 1997 GENERAL FUND REVENUE IMPACT**

(000's)

[Effective Dates]

	<u>Property</u>	<u>Sales &amp; Use</u>	<u>Individual Income</u>	<u>Corporate Income</u>	<u>Other</u>	<u>Total</u>
<b>Ch. 21 (S.B. 1108)</b> Property Taxes; Refund & Forgiveness [7/20/96]	(6.0)					(6.0)
<b>Ch. 49 (H.B. 2375)</b> Income Tax; Definitions [1/15/96]			(860.0)			(860.0)
<b>Ch. 102 (S.B. 1056)</b> State Agencies; Regulatory Reform [7/20/96]					1,078.0	1,078.0
<b>Ch. 199 (H.B. 2020)</b> IRS Conformity [1/1/96]			-0-			-0-
<b>Ch. 255 (H.B. 2078)</b> Nuclear Emergency Appropriation and Assessment [7/20/96]					850.1	850.1
<b>Ch. 294 (H.B. 2006)</b> Insurance Insolvency Recovery; General Fund [7/20/96] <sup>1/</sup>					-0-	-0-
<b>Ch. 309 (H.B. 2559)</b> Neighborhood Protection Act [4/30/96]			(90.0)	(60.0)		(150.0)
<b>Ch. 317 (S.B. 1193)</b> Tax Efficiency & Paper Reduction [1/1/97] <sup>2/</sup>		(24.0)				(24.0)
<b>Ch. 322 (S.B. 1375)</b> Movie Studios; Sales Tax Incentives [7/20/96]		(49.3)				(49.3)
<b>Ch. 326 (H.B. 2088)</b> Homeowners Organization; Tax Classification [1/1/94]		(100.0)				(100.0)
<b>Ch. 344 (H.B. 2496)</b> Enterprise Zones; Tax Credit; Classification [1/1/96] <sup>2/</sup>				(183.2)		(183.2)
<b>Ch. 349 (S.B. 1116)</b> Government Property Tax Lease Abatement [12/1/96]	Unknown					
<b>Ch. 365 (S.B. 1071)</b> Highway Fund; Distribution [7/1/96] <sup>2/2/</sup>					(6,000.0)	(6,000.0)
<b>TOTAL</b>	<u>(6.0)</u>	<u>(173.3)</u>	<u>(950.0)</u>	<u>(243.2)</u>	<u>(4,071.9)</u>	<u>(5,444.4)</u>

<sup>1/</sup> Total Revenue gain is \$15.4 million which is incorporated into the JLBC Staff base revenue estimate.

<sup>2/</sup> Additional impact occurs in FY 1998.

<sup>3/</sup> Distribution of Vehicle License Tax revenues to the General Fund was phased down.

**Table 10**

**FORTY-SECOND LEGISLATURE  
SECOND REGULAR SESSION  
BILLS HAVING A SIGNIFICANT FY 1998 GENERAL FUND REVENUE IMPACT**

(000's)

[Effective Dates]

	<u>Property</u>	<u>Sales &amp; Use</u>	<u>Individual Income</u>	<u>Corporate Income</u>	<u>Other</u>	<u>Total</u>
<b>Ch. 93 (S.B. 1036)</b> Military Reuse Zones [4/5/96] <sup>1/</sup>	Unknown	Unknown	Unknown	Unknown		
<b>Ch. 186 (SB 1325)</b> Arts fund; public-private partnership [7/1/97]		(1,475.9)				(1,475.9)
<b>Ch. 317 (S.B. 1193)</b> Tax Efficiency and Paper Reduction [1/1/98]		467.0	(1,200.0)			(733.0)
<b>Ch. 319 (S.B. 1280)</b> Prime Contracting Sales Tax [7/1/97]		(30,000.0)				(30,000.0)
<b>Ch. 344 (H.B. 2496)</b> Enterprise Zones; Tax Credit; Classification [1/1/96]				(1,575.1)		(1,575.1)
<b>Ch. 355 (H.B. 2297)</b> Unclaimed Property; Affordable Rural Housing [7/1/97] <sup>2/</sup>					(2,800.0)	(2,800.0)
<b>Ch. 365 (S.B. 1071)</b> Highway Fund; Distribution [7/1/96]					(7,205.2)	(7,205.2)
<b>TOTAL – FY 1998</b>	<u>\$ -0-</u>	<u>\$ (31,008.9)</u>	<u>\$ (1,200.0)</u>	<u>\$ (1,575.1)</u>	<u>\$ (10,005.2)</u>	<u>\$ (43,789.2)</u>

<sup>1/</sup> Due to program implementation requirements no impact should be seen until FY 1998.

<sup>2/</sup> Increased the percentage of the proceeds from unclaimed property sales that are transferred to the Department of Commerce's Housing Trust Fund from 35% to 55% and reduces the General Fund share by a like amount.

## ARIZONA BUDGET STABILIZATION FUND

### Background

The Budget Stabilization Fund (BSF) for Arizona was passed during the 1990 3rd Special Session (A.R.S. § 35-144). The fund is a separate account administered by the State Treasurer, who is responsible for transferring General Fund money into and out of the BSF as required by law. The BSF is designed to set revenue aside during times of above-trend economic growth and to transfer this revenue to the General Fund during times of below-trend growth. It is designed to provide revenue stabilization across a typical business cycle. Under the economic formula which drives the Budget Stabilization Fund, the first payment into the fund was made in FY 1994.

The principle behind Arizona's formula-driven Budget Stabilization Fund is to mirror changes in the growth cycle of the Arizona economy. State economic history has shown that when the Arizona economy has expanded rapidly, the total state personal income was one of the best measures of that growth.

### The Formula

The determination of the amount to be appropriated to (deposit) or transferred out (withdrawal) of the Budget Stabilization Fund is made using a formula based upon annual personal income (excluding transfer payments) and adjusted for inflation. Essentially, when annual growth is above trend monies are deposited into the BSF, whereas, when growth is below trend monies are withdrawn from the BSF.

The Arizona Economic Estimates Commission (EEC) determines the annual growth rate of inflation-adjusted total state personal income, the trend growth rate over the past 7 years, and the required appropriation to or transfer from the BSF. The EEC reports this calculation for the prior calendar year in the April-May time frame.

Key features of the Arizona BSF can be summarized as follows:

- The deposit into the BSF (or withdrawal from the BSF) for a given fiscal year is determined by comparing the annual growth rate of inflation adjusted Arizona Personal Income (AZPI) for the calendar year ending in the fiscal year to the trend growth rate of inflation adjusted AZPI for the most recent 7 years (see Chart 14).
- If the annual growth rate exceeds the trend growth rate, the excess multiplied by General Fund revenue of the prior fiscal year would equal the amount to be deposited into the BSF (see Chart 15).
- If the annual growth rate is less than the trend growth rate, the deficiency when multiplied by the General Fund revenue of the prior fiscal year would equal the amount to be withdrawn from the BSF (see Chart 15).
- By a two-thirds majority, the Legislature, with the concurrence of the Governor, can decrease a deposit or increase a withdrawal.

### Appropriations (Deposits) to BSF

The Economic Estimates Commission reported (May 2, 1994) that the first pay-in would be required in FY 1994 in the amount of \$78.3 million. This pay-in was, as expected, due to the sharp "above trend" improvement in Arizona's economy as it recovered from the long, slow period in the national and Arizona economies.

The Legislature decided that only \$42.0 million should be put into the Budget Stabilization Fund and \$89.0 million should go towards repaying the \$142.5 million "K-12 Rollover" deferral in FY 1994. The FY 1995 budget was subsequently enacted with "trigger" provisions. Specifically, with respect to the Budget Stabilization Fund the "trigger" provided for the following:

- Any FY 1994 General Fund ending balance in excess of \$107.2 million would be appropriated in FY 1995 first to the K-12 rollover and then to the BSF. In actuality, the ending balance turned out to be substantially higher than this. As a result, the sum of \$68.4 million was deposited into the BSF from the FY 1994 carry-forward in November 1994. (See General Fund Year End Balances)
- The State Treasurer would calculate in June 1995, the "excess" revenue over \$4,237.1 million. This excess revenue would be appropriated into the BSF in FY 1995. The total BSF appropriation would not exceed the amount required by the BSF formula (see A.R.S. § 35-144).

The provisions of the "trigger" were satisfied in FY 1995. The "K-12 Rollover" was repaid and there was a full funding of the BSF according to its statutory formula. A total of \$178,816,944 was deposited to the fund in FY 1995. The FY 1995 ending balance, including accumulated interest, in the BSF was \$224,999,044.

However, the 1995 Legislature also decided to change the maximum balance in the BSF at the end of a fiscal year from 15% to 5% of General Fund revenues. The result of this change is that the BSF is now "capped," and is at its maximum level. In fact, when continuing interest earnings are credited to the BSF, it can become slightly over funded against the new 5% limit. This happened in FY 1995 and \$1.8 million was actually transferred back into the General Fund. These excess interest earnings are expected to continue in FY 1996 and FY 1997, with \$7.1 million and \$5.2 million expected to be added back to the General Fund from the BSF. No new deposits will be made to the BSF as long as it is at its maximum balance.

Table 9 below shows the estimated changes to the BSF, including interest reversions to the General Fund, if economic and revenue growth are as projected for FY 1996 and FY 1997.

**Table 11**

**ESTIMATED CHANGES TO THE BUDGET STABILIZATION FUND  
FY 1994 TO FY 1997  
(\$ Dollars)**

	<u>Actual FY 1994</u>	<u>Actual FY 1995</u>	<u>Estimate FY 1996</u>	<u>Estimate FY 1997</u>
General Fund Revenues		\$4,463,733,000	\$4,561,060,000	\$4,711,035,600
5% Limit for BSF Balances		223,187,000	228,053,000	235,551,800
BSF Formula Recommended Deposit or (Withdrawal)	\$78,346,000	178,817,000	197,371,000	52,345,000
BSF Beginning Balance	0	42,146,000	223,187,000	228,053,000
Actual Deposit	42,000,000	68,504,000	0	0
Actual Deposit		<u>110,313,000</u>		
Total Deposits	42,000,000	178,817,000	0	0
Estimated Interest Rate		5.5%	5.4%	5.6%
Estimated Interest Earned in Fiscal Year	<u>146,000</u>	<u>4,036,000</u>	<u>11,996,000</u>	<u>12,708,800</u>
Ending BSF Balance	42,146,000	224,999,000	235,183,000	240,761,800
Excess/ Amount Reverted to General Fund	0	1,812,000	7,130,000	5,210,000
<b>Adjusted BSF FYE Balance</b>	<u><b>\$42,146,000</b></u>	<u><b>\$223,187,000</b></u>	<u><b>\$228,053,000</b></u>	<u><b>\$235,551,800</b></u>

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

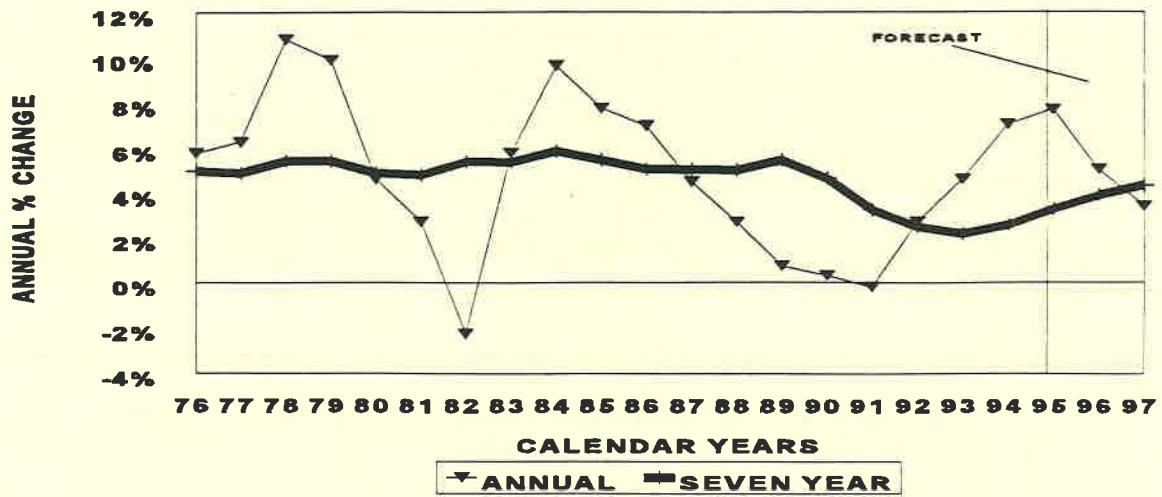


Chart 12

**ARIZONA BUDGET STABILIZATION FUND  
DEPOSITS, WITHDRAWALS AND FUND BALANCES**

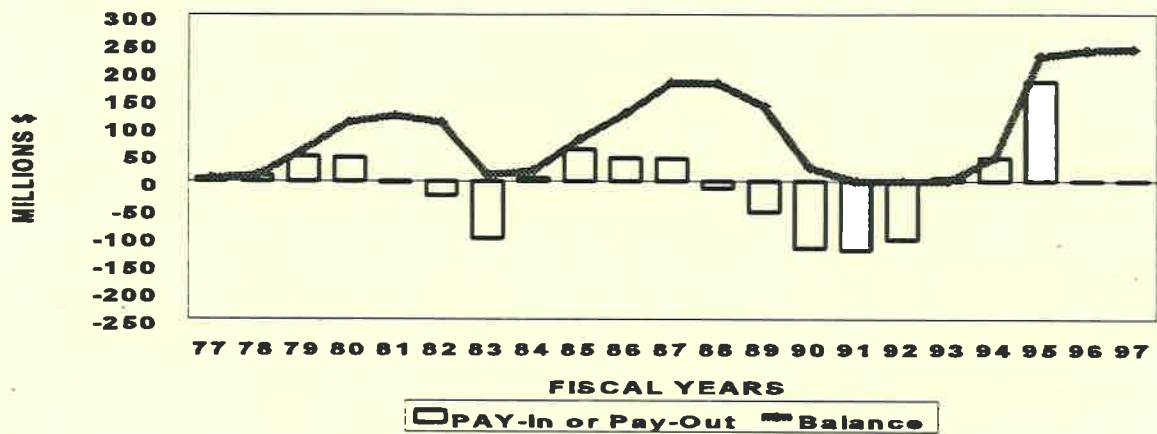


Chart 13

**FY 1996  
GENERAL FUND ADJUSTMENTS**

**FY 1996 GENERAL FUND ADJUSTMENTS <sup>1/</sup>**

	<u>Original Forecast <sup>2/</sup></u>	<u>Change</u>	<u>Revised Estimate</u>
<b>REVENUES</b>			
-Balance Forward	\$ 163,264,600	\$ 106,261,400	\$ 269,526,000
-Base Revenue	<u>4,373,507,500</u>	<u>194,679,700</u>	<u>4,568,187,200</u>
<b>TOTAL REVENUES</b>	<b>\$ 4,536,772,100</b>	<b>\$ 300,941,100</b>	<b>\$ 4,837,713,200</b>
<b>EXPENDITURES</b>			
-Original Operating Budget Appropriations	\$ 4,466,083,300	\$ 0	\$ 4,466,083,300
-5th Special Session Appropriations	0	19,082,500 <sup>3/</sup>	19,082,500
-Other Bills - 2nd Regular Session	0	4,910,700 <sup>4/</sup>	4,910,700
<b>SUBTOTAL-REVISED OPERATING</b>	<b>\$ 4,466,083,300</b>	<b>\$ 23,993,200</b>	<b>\$ 4,490,076,500</b>
-Original Capital Appropriations	98,987,200	0	98,987,200
-Supplementals - 5th Special Session	0	4,300,000	4,300,000
<b>SUBTOTAL-REVISED CAPITAL</b>	<b>\$ 98,987,200</b>	<b>\$ 4,300,000</b>	<b>\$ 103,287,200</b>
-Administrative Adjustments and Emergencies	24,500,000	21,022,500	45,522,500 <sup>5/</sup>
-Revertments	<u>(54,727,000)</u>	<u>(12,180,400)</u>	<u>(66,907,400)</u> <sup>5/</sup>
<b>TOTAL EXPENDITURES</b>	<b>\$ 4,534,843,500</b>	<b>\$ 37,135,300</b>	<b>\$ 4,571,978,800</b>
<b>ENDING BALANCE</b>	<b><u>\$ 1,928,600</u></b>	<b><u>\$ 263,805,800</u></b>	<b><u>\$ 265,734,400</u></b>

- <sup>1/</sup> This General Fund "balance sheet" reflects the status of the FY 1996 budget as of the adjournment of the 1996 Regular Session on April 20, 1996.
- <sup>2/</sup> As appeared in the FY 1996 Appropriations Report, following adjournment of the 1995 Regular Session.
- <sup>3/</sup> See following table for more information. Also includes \$32,400 in a Department of Economic Security carry-forward balance for the Respite Care Pilot Program (Laws 1995, Chapter 105).
- <sup>4/</sup> See table of Additional Appropriations for individual amounts and agencies receiving appropriations. See Summary of Tables and graphs section for further details.
- <sup>5/</sup> Based on Executive estimate.

## FY 1996 GENERAL FUND ADJUSTMENT

For the fourth year in a row, the General Fund did not require mid-year revenue increases, expenditures reductions or fund transfers to remain balanced. The FY 1996 budget, however, did require certain supplemental appropriations:

Subsequent to the adjournment of the 1st Regular Session of the 42nd Legislature (and the publication of the FY 1996 Appropriations Report), the Legislature approved an appropriation of \$1,000,000 from the Victims' Rights Implementation Revolving Fund for FY 1996 (Laws 1995, Chapter 4, 4th Special Session). Laws 1995, Chapter 197 appropriated \$1,000,000 from the General Fund to the Victims' Rights Implementation Revolving Fund, but did not make the corresponding appropriation from the fund itself. Chapter 4 also appropriated \$1,000,000 from the General Fund to the revolving fund for FY 1997 and made the corresponding appropriation from the revolving fund as well.

In addition to the above, adjustments of \$19,050,100 to the FY 1996 General Appropriation Act and of \$4,300,000 to the FY 1996 Capital Outlay Act were made by the 42nd Legislature, 5th Special Session. There were another \$4,910,700 of FY 1996 appropriations approved in other legislation enacted by the 42nd Legislature, 2nd Regular Session.

This additional FY 1996 funding was financed by higher-than-anticipated carry-forward balances from FY 1995 and revenue growth throughout the fiscal year. This growth occurred mainly in individual income tax, sales and use tax, and corporate income tax.

### FY 1996 SUPPLEMENTALS LAWS 1996, CHAPTER 7, 5TH SPECIAL SESSION

#### ANNUAL BUDGET UNITS

##### Department of Economic Security

###### - Long Term Care

Increases total funds expenditure authority for caseload growth.

\$19,564,500 TF

##### Department of Education

###### - Basic State Aid

Provides for a number of changes in Basic State Aid, including an increase of \$16,242,000 for Charter Schools and \$10,660,000 to compensate for below-forecast property value growth. Also includes a savings of \$(6,250,000) from higher projected endowment earnings and a savings of \$(2,073,900) for a reduction in the estimate required for Sudden Growth.

17,382,500 GF

##### Judiciary

###### - Grand Jury and Salary Expenditures

Provides \$131,900 to the Supreme Court - Judicial and Administrative cost center for FY 1995 Grand Jury expenses due to unexpected growth in state grand jury formation, a transfer of \$160,000 from Superior Court Special Line Items to the Foster Care Review Board to create 3 Program Specialists and 1 Secretarial position, and an increase of \$109,000 to the Superior Court for new judgeships.

240,900 GF

##### Department of Juvenile Corrections

###### - Vacant Beds

Provides funding to "re-open" 92 vacant beds at the Black Canyon School and Adobe Mountain School.

1,165,500 GF

##### Department of Transportation

###### - Highway Maintenance

Exempts \$68,329,900 for highway maintenance from lapsing for 60 days.

--



## BIENNIAL BUDGET UNITS

Department of Gaming	
- Compact Compliance and One-Time Costs	349,800 OF
Appropriates \$137,000 from the Permanent Tribal-State Compact Fund for FY 1995 compact compliance reviews of tribal gaming operations. Also appropriates \$212,800 from the fund for legal costs and one-time computer costs resulting from the department's separation from the Department of Racing.	
<b>Board of Homeopathic Medical Examiners</b>	
- New Board Member	1,500 OF
Provides funding for per diem for a new board member per Laws 1995, Chapter 187 and travel expenses for existing and new board members.	
<b>Legislative Council</b>	
- NAUNet Connection	200,000 GF
Provides funding for an interactive computer site at the Capitol.	
Arizona Board of Osteopathic Examiners	
- Outstanding Invoices and Backlog	38,100 OF
Provides \$14,700 to pay off departing employee's accumulated annual leave and outstanding invoices, \$16,800 to reduce the board's formal complaint hearing backlog, and \$6,600 to replace an inoperable phone system.	
<b>Arizona State Board of Pharmacy</b>	
- Examinations	15,600 OF
Provides funding to cover an unanticipated 78% increase in the number of national licensing exams given by the board.	
<b>State Board of Psychologist Examiners</b>	
- Investigator	16,900 OF
Provides for the addition of 1 investigator FTE Position. Also adds funding for an increase in the board's per diem amount from \$30 per day to \$100 per day, which was required under Laws 1995, Chapter 51.	
<b>State Treasurer</b>	
- Justice of the Peace Salaries	61,200 GF
Appropriates \$1,200 for a late reimbursement request and \$60,000 for increases in JP activity and productivity beyond original estimates, which the General Fund reimburses 40% of the cost to counties.	
<b>Arizona Veterans' Service Commission</b>	
- Third Party Payments	1,950,000 OF
Appropriates \$1,950,000 from the State Home for Veterans' Trust Fund and 61.9 FTE Positions for the operation of the Veterans' Nursing Home.	
General Fund Subtotal	\$19,050,100 GF
Other Fund Subtotal	2,371,900 OF
Total Expenditure Authority Funds	<u>19,564,500 TF</u>
Total Supplemental Funds	<u>\$40,636,700</u>
<b>Other Items</b>	
- Capital Outlay	\$ 4,300,000 GF
Appropriates \$800,000 to the Arizona Department of Administration for the design of a 400-bed high-security facility for youths committed to the Department of Juvenile Corrections, and \$3,500,000 to the Arizona State Parks Board to complete the construction of Kartchner Caverns State Park.	

**FY 1996 OPERATING BUDGET  
REVISIONS TO AGENCY SPENDING AUTHORITY 1/**

	General Fund			Other Funds		
	Original Appropriation	Revision	Final Appropriation	Original Appropriation	Revision	Final Appropriation
<b>ANNUAL BUDGET UNITS</b>						
Administration, AZ Department of	\$26,289,000	\$228,900	\$26,517,900	\$102,900,100 2/	\$4,200	\$102,904,300
AHCCCS	479,346,700	8,300	479,355,000	0	0	0
Community Colleges, State Board of Directors for	102,189,600	0	102,189,600	140,200	0	140,200
Corrections, State Department of	387,706,100	220,400	387,926,500	26,399,800	0	26,399,800
Deaf and the Blind, AZ State Schools for the	16,798,000	0	16,798,000	5,411,200	0	5,411,200
Economic Security, Department of	395,186,800 3/	62,800	395,249,600	416,400	0	416,400
Education, Department of	1,775,741,200	17,387,500	1,793,128,700	0	0	0
Environmental Quality, Department of	13,973,200	10,800	13,984,000	14,944,500	200	14,944,700
Health Services, Department of	218,641,700	71,500	218,713,200	17,164,100	900	17,165,000
Judiciary						
Court of Appeals	8,943,700	12,300	8,956,000	0	0	0
Comm on Appellate and Trial Court Appts	10,000	0	10,000	0	0	0
Commission on Judicial Conduct	263,400	300	263,700	0	0	0
Superior Court	83,953,300	(19,300)	83,934,000	0	0	0
Supreme Court	11,986,500	363,400	12,349,900	1,632,100	0	1,632,100
<b>SUBTOTAL - Judiciary</b>	<b>\$105,156,900</b>	<b>\$356,700</b>	<b>\$105,513,600</b>	<b>\$1,632,100</b>	<b>\$0</b>	<b>\$1,632,100</b>
Juvenile Corrections, Department of	42,525,700	1,299,300	43,825,000	1,978,300	0	1,978,300
Lottery Commission, AZ State	0	0	0	49,187,700	800	49,188,500
Public Safety, Department of	43,272,700	0	43,272,700	53,162,000	0	53,162,000
Transportation, Department of	74,800	0	74,800	187,493,500	100,900	187,594,400
Universities						
Board of Regents	5,979,200	0	5,979,200	0	0	0
ASU-Main Campus	209,999,300	0	209,999,300	73,206,900 4/	0	73,206,900
ASU-East Campus	1,842,700	0	1,842,700	204,000 4/	0	204,000
ASU-West Campus	33,438,800	0	33,438,800	5,540,500 4/	0	5,540,500
Northern Arizona University	86,473,300	0	86,473,300	24,462,200 4/	0	24,462,200
University of Arizona - Main Campus	225,182,800	0	225,182,800	63,171,300 4/	0	63,171,300
U of A - Health Sciences Center	46,407,700	0	46,407,700	5,025,200 4/	0	5,025,200
<b>SUBTOTAL - Universities</b>	<b>\$609,323,800</b>	<b>\$0</b>	<b>\$609,323,800</b>	<b>\$171,610,100</b>	<b>\$0</b>	<b>\$171,610,100</b>
<b>TOTAL - ANNUAL BUDGET UNITS</b>	<b>\$4,216,226,200</b>	<b>\$19,646,200</b>	<b>\$4,235,872,400</b>	<b>\$632,440,000</b>	<b>\$107,000</b>	<b>\$632,547,000</b>
<b>BIENNIAL BUDGET UNITS</b>						
Accountancy, State Board of	0	0	0	1,040,000	0	1,040,000
Administrative Hearings, Office of	475,000	0	475,000	186,800	0	186,800
Agricultural Employment Relations Board	61,300	0	61,300	0	0	0
Agriculture, AZ Department of	10,049,500	78,500	10,128,000	1,739,500	10,300	1,749,800
Appraisal, State Board of	0	0	0	258,900	0	258,900
Arts, Arizona Commission on the	1,511,000	300	1,511,300	0	0	0
Attorney General- Dept. of Law	23,123,300 5/	5,700	23,129,000	2,389,400	0	2,389,400
Automobile Theft Authority	0	0	0	0	0	0
Banking Department, State	2,838,600	0	2,838,600	0	0	0
Barbers, Board of	0	0	0	150,700	0	150,700
Behavioral Health Examiners, Board of	0	0	0	342,900	0	342,900
Boxing Commission, AZ State	67,500	0	67,500	0	0	0
Building & Fire Safety, Department of	3,125,800	0	3,125,800	0	0	0
Chiropractic Examiners, State Board of	0	0	0	261,400	0	261,400
Coliseum and Exposition Center Board	0	0	0	14,510,200	0	14,510,200
Commerce, Department of	11,206,900	3,800	11,210,700	5,209,000	500	5,209,500
Constitutional Defense Council	0	0	0	0	0	0
Contractors, Registrar of	0	0	0	5,240,900	0	5,240,900
Corporation Commission	5,243,500	0	5,243,500	6,108,400	17,100	6,125,500
Cosmetology, Board of	0	0	0	810,500	0	810,500
Criminal Justice Commission, Arizona	1,102,500	0	1,102,500	577,900	0	577,900
Dental Examiners, State Board of	0	0	0	600,300	0	600,300
Emergency and Military Affairs, Department of	7,574,700	7,000	7,581,700	52,600	0	52,600
Environment, Commission on the Arizona	105,900	0	105,900	0	0	0
Equal Opportunity, Governor's Office of	159,000	0	159,000	0	0	0
Equalization, State Board of	593,400	0	593,400	0	0	0
Executive Clemency, Board of	1,731,500	0	1,731,500	0	0	0
Funeral Directors and Embalmers, Board of	0	0	0	172,400	0	172,400
Game and Fish Department, AZ	0	0	0	17,949,100	4,000	17,953,100
Gaming, Department of	0	0	0	2,849,000	349,800	3,198,800
Geological Survey, AZ	754,900	0	754,900	0	0	0
Governor, Office of the	6,484,300	0	6,484,300	500,000	0	500,000
Gov.s Ofc. of Strategic Plan. & Budgeting	1,711,000	0	1,711,000	0	0	0
Hearing Impaired, AZ Council for the	224,600	0	224,600	0	0	0
Historical Society, Arizona	4,006,500	17,100	4,023,600	0	0	0
Historical Society, Prescott	609,000	400	609,400	0	0	0
Homeopathic Medical Examiners, Board of	0	0	0	29,400	1,500	30,900

	General Fund			Other Funds		
	Original		Final	Original		Final
	Appropriation	Revision	Appropriation	Appropriation	Revision	Appropriation
Indian Affairs, AZ Commission of	\$189,800	\$0	\$189,800	\$0	\$0	\$0
Industrial Commission of AZ	0	0	0	12,947,900	1,900	12,949,800
Insurance, Department of	4,640,200	1,200	4,641,400	0	0	0
Land Department, State	11,451,200	4,400	11,455,600	0	0	0
Law Enforcement Merit System Council	46,700	0	46,700	0	0	0
Legislature						
Auditor General	9,504,100	0	9,504,100	0	0	0
House of Representatives	7,811,000	0	7,811,000	0	0	0
Joint Legislative Budget Committee	2,125,000	0	2,125,000	0	0	0
Legislative Council	4,344,800	200,000	4,544,800	0	0	0
Library, Archives and Public Records	5,221,800	53,600	5,275,400	0	0	0
Senate	6,005,000	0	6,005,000	0	0	0
SUBTOTAL - Legislature	\$35,011,700	\$253,600	\$35,265,300	\$0	\$0	\$0
Liquor Licenses & Control, Department of	2,653,300	0	2,653,300	0	0	0
Medical Examiners, Board of	0	0	0	2,916,400	0	2,916,400
Medical Student Loans, Board of	113,900	0	113,900	0	0	0
Military Airport Preservation Committee, AZ	200,000	0	200,000	0	0	0
Mine Inspector, State	770,900	0	770,900	0	0	0
Mines and Mineral Resources, Department of	688,400	0	688,400	0	0	0
Naturopathic Physician Examiners Board	0	0	0	71,300	0	71,300
Navigable Streams Adjudication Commission, AZ	116,100	0	116,100	0	0	0
Nursing, State Board of	0	0	0	1,564,000	0	1,564,000
Nursing Care Institution Administrators Board	0	0	0	78,000	0	78,000
Occupational Safety & Health Review Board	9,000	0	9,000	0	0	0
Occupational Therapy Examiners, Board of	0	0	0	96,100	0	96,100
Opticians, State Board of Dispensing	0	0	0	67,500	0	67,500
Optometry, State Board of	0	0	0	108,600	0	108,600
Osteopathic Examiners, AZ Board of	0	0	0	311,800	38,100	349,900
Parks Board, AZ State	6,467,800	800	6,468,600	2,464,700	900	2,465,600
Personnel Board	306,700	0	306,700	0	0	0
Pharmacy, AZ State Board of	0	0	0	743,900	18,300	762,200
Physical Therapy Examiners, Board of	0	0	0	91,400	0	91,400
Pioneers' Home, AZ	2,029,300	1,400	2,030,700	1,189,400	0	1,189,400
Podiatry Examiners, State Board of	0	0	0	58,100	0	58,100
Postsecondary Education, Commission for	1,234,000	0	1,234,000	2,984,500	0	2,984,500
Private Postsecondary Education, Board for	0	0	0	147,700	0	147,700
Psychologist Examiners, State Board of	0	0	0	224,900	16,900	241,800
Racing, Arizona Department of	2,632,300	0	2,632,300	289,000	0	289,000
Radiation Regulatory Agency	1,078,400	3,700	1,082,100	105,800	0	105,800
Rangers' Pension, Arizona	10,300	0	10,300	0	0	0
Real Estate Department, State	2,870,000	0	2,870,000	0	0	0
Residential Utility Consumer Office	0	0	0	1,009,000	0	1,009,000
Respiratory Care Examiners, Board of	0	0	0	166,000	0	166,000
Retirement System, AZ State	0	0	0	3,671,700	1,600	3,673,300
Revenue, Department of	50,895,100	296,400	51,191,500	426,800	0	426,800
School Capital Facilities, State Board for	0	0	0	0	0	0
Secretary of State	5,515,600	2,800	5,518,400	0	0	0
Structural Pest Control Commission	0	0	0	1,274,200	5,000	1,279,200
Tax Appeals, State Board of	269,000	0	269,000	0	0	0
Technical Registration, State Board of	0	0	0	878,500	0	878,500
Tourism, Office of	7,419,400	0	7,419,400	0	0	0
Treasurer, State	3,757,900	61,200	3,819,100	0	0	0
Uniform State Laws, Commission on	28,200	0	28,200	0	0	0
Veterans' Service Commission, AZ	3,372,500	0	3,372,500	517,800	1,953,800	2,471,600
Veterinary Medical Examining Board	0	0	0	191,600	0	191,600
Water Resources, Department of	19,922,100	4,400	19,926,500	0	0	0
Weights and Measures, Department of	1,771,000	0	1,771,000	548,400	1,100	549,500
TOTAL - BIENNIAL BUDGET UNITS	\$248,230,500	\$742,700	\$248,973,200	\$96,124,300	\$2,420,800	\$98,545,100
Unallocated Salary Adjustment	232,000	0	232,000	200,600	0	200,600
Unallocated CMR	88,200	0	88,200	269,100	0	269,100
GRAND TOTAL	\$4,464,776,900	\$20,388,900	\$4,485,165,800	\$729,034,000	\$2,527,800	\$731,561,800

- 1/ Unless otherwise noted, the amounts reflect General Appropriation Act appropriations and additional legislation appropriations, as revised by Laws 1996, Chapter 7, 5th Special Session and the allocation of the Classification Maintenance Reviews as appropriated by Laws 1995, Chapter 1, 1st Special Session. The CMR adjustment can be distinguished from supplemental appropriations by consulting the FY 1996 Supplementals chart prior to this table. The CMR adjustment for DPS and the Universities is contained in the "Original Appropriation" column because they were allocated before printing of the FY 1996 Appropriations Report. For the DOA System and the Judiciary, the CMR adjustment is contained in the "Revision" column.
- 2/ Includes \$3,643,000 appropriated by Laws 1993, Chapter 1, 6th Special Session as amended by Laws 1994, Chapter 353 from the Oil Overcharge Fund.
- 3/ Includes \$32,400 for the Long Term Care Respite Pilot as appropriated by Laws 1995, Chapter 105, which was exempt from lapsing.
- 4/ The Other Funds Original Appropriation reflects an adjustment of \$5,322,100 to ASU-Main Campus, \$94,200 to ASU-East, \$71,100 to ASU-West, \$1,198,000 to Northern Arizona University, \$2,812,400 to University of Arizona - Main, and \$188,700 to U of A - Health Sciences Center to the FY 1996 General Appropriation Act total, based on the provision that allows the Universities to expend 100% of tuition receipts.
- 5/ Includes \$1,000,000 appropriated from the General Fund to the Victims' Rights Implementation Revolving Fund, which is further appropriated to the Attorney General by Laws 1995, 4th Special Session, Chapter 4.

## **RECENT JOINT LEGISLATIVE BUDGET COMMITTEE STAFF REPORTS**

- **State of Arizona Drug Enforcement, Treatment and Education FY 1989, March 1991**
- **A Preliminary Evaluation of the Community Punishment Program in Arizona, June 1991**
- **Final Evaluation of Arizona's Community Punishment Program, December 1991**
- **Funding Review on Clinical Teaching Support for the College of Medicine of the University of Arizona, January 1992**
- **Higher Education Enrollment Growth in Arizona, June 1992**
- **Lower Division Cost of Education at Arizona's Universities and Community Colleges, August 1992**
- **1993 FISCAL FACTS, October 1992**
- **Legislative Orientation on the State Budget, December 1992**
- **Report to the Interim Committee on Statutory Funding Formulas, Health and Welfare Funding Formulas, July 1993**
- **Report to the Interim Committee on Statutory Funding Formulas, Higher Education Funding Formulas, August 1993**
- **Inventory of State Assets - Unimproved Land, Equipment, and Buildings, August 1993**
- **K-12 Funding Formula Examples and Descriptions, September 1993**
- **Report to the Interim Committee on Statutory Funding Formulas, Local Revenue Sharing and Court Funding Formulas, October 1993**
- **Faculty Workload Study for Arizona Universities, December 1993**
- **Faculty Salary Comparison: Arizona Public Universities, June 1994**
- **Administrative Costs Study of Arizona's Public Universities and Community College Districts, July 1994**
- **1995 FISCAL FACTS, August 1994**
- **An Analysis of the Size and Importance of the "Retirement Industry" in Arizona, December 1994**
- **State and Local Tax Support for Arizona Higher Education: A Comparative Analysis, December 1994**
- **JLBC Staff Report on State Government Information Technology, January 1995**
- **JLBC Staff Report on Arizona Per Capita Personal Income: Historical Observations, March 1995**
- **Arizona School Facilities Review Preliminary Summary Report of Findings, April 1995**

- **1996 Program Authorization Review: Executive Summaries and Individual Reports, (Jointly authored with the Office of Strategic Planning and Budgeting) November 1995**
  - Arizona Department of Administration Enterprise Network Services
  - Arizona Supreme Court Judicial Collection Enhancement
  - Department of Juvenile Corrections Diagnostic Services
  - Arizona Board of Regents Arizona Area Health Education Centers
  - Arizona Department of Health Services Medical Malpractice Program, Primary Care Program, Arizona Loan Repayment Program
  - Arizona Department of Education Dropout Prevention
  - Arizona Department of Corrections Complex Administration
  - Department of Environmental Quality Underground Storage Tanks
  - Arizona Board of Medical Student Loans Arizona Medical Student Loan Program
  - Arizona Department of Agriculture State Agricultural Laboratory

### **Annual Reports**

- **Annual Budget, Analysis and Recommendations, Appropriated and Non-Appropriated Funds, January**
- **Appropriations Report, June**
- **Tax Handbook and Annual Updates, October**
- **Non-Appropriated Funds Report: Recommendations to the Joint Legislative Budget Committee, November**

### **Periodic Reports**

- **Budget Status Report**

### **Monthly/Bi-Monthly Reports**

- **Economic Review**
- **Monthly Revenue Highlights**