

Arizona Department of Administration
Summary

A.R.S. § 41-701

Director: Elliott Hibbs

JLBC Analyst: Paul Shannon/Rebecca Hecksel

	FY 2000 Actual	FY 2001 Estimate	FY 2002 Approved	FY 2003 Approved
PROGRAM BUDGET				
Financial Services	13,794,800	14,866,000	13,956,300	13,993,700
Facilities Management	16,139,500	17,229,900	18,311,100	18,904,900
Human Resources	10,889,700	12,167,100	15,578,700	18,536,400
Information Technology Services	22,069,400	31,021,800	33,883,700	36,568,400
Support Services	17,099,000	23,463,700	23,477,500	23,975,900
Risk Management	67,272,100	75,303,600	80,725,000	83,764,800
TOTAL APPROPRIATIONS	147,264,500	174,052,100	185,932,300	195,744,100
OPERATING BUDGET				
Full Time Equivalent Positions	963.0	963.0	986.0 ^{1/}	993.0 ^{1/}
Personal Services	29,586,900	32,971,800	34,294,100	36,377,600
Employee Related Expenditures	6,276,400	7,409,100	8,124,400	8,041,300
Professional and Outside Services	2,758,500	3,438,100	3,312,100	3,312,100
Travel - In State	399,900	337,000	339,000	339,000
Travel - Out of State	89,300	132,600	132,600	132,600
Surplus Aid	44,100	60,000		1,342,000
Other Operating Expenditures	18,918,800	25,683,800	28,345,500	28,771,000
Equipment	12,804,200	18,415,700	18,733,500	20,781,500
<i>Operating Subtotal</i>	70,878,100	88,448,100	94,623,200	99,097,100
Special Line Items (SLI)	76,386,400	84,881,400	91,059,100	96,597,000
Additional Appropriations	0	722,600	250,000	50,000
TOTAL APPROPRIATIONS	147,264,500	174,052,100	185,932,300 ^{2/}	195,744,100 ^{2/}
FUND SOURCES				
General Fund	25,385,000	28,817,200	27,339,700	27,932,100
<u>Other Appropriated Funds</u>				
Corrections Fund	495,400	554,900	587,100	605,800
Capital Outlay Stabilization Fund	8,355,600	8,525,600	9,061,500	10,805,200
Special Employee Health Insurance Trust Fund	2,755,900	3,592,400	3,339,800	3,390,600
Lease Purchase Building Operating and Maintenance Fund	1,268,700	1,343,700	1,363,700	0
Personnel Division Fund	8,133,800	8,639,900	12,305,400	15,214,900
Emergency Medical Services Operating Fund	0	0	50,000	50,000
Technology and Telecommunications Fund	22,069,400	31,021,800	33,883,700	36,568,400
Air Quality Fund	335,200	475,400	475,400	475,400
Motor Vehicle Pool Revolving Fund	9,321,600	12,863,800	12,523,300	12,621,400
State Surplus Materials Revolving Fund	1,723,400	2,647,200	3,982,400	4,012,000
Federal Surplus Materials Revolving Fund	148,400	266,600	295,300	303,500
Risk Management Revolving Fund	67,272,100	75,303,600	80,725,000	83,764,800
<i>Subtotal - Other Appropriated Funds</i>	121,879,500	145,234,900	158,592,600	167,812,000
TOTAL APPROPRIATIONS	147,264,500	174,052,100	185,932,300	195,744,100

^{1/} Includes 3 and 6 FTE Positions funded from Special Line Items in FY 2002 and FY 2003, respectively. Also, excludes 104 FTE Positions funded from Special Line Items in FY 2002 and FY 2003, but appropriated as FTE Positions in the Attorney General's budget.

^{2/} General Appropriation Act funds are appropriated as a Lump Sum by Fund with Special Line Items.

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

PERFORMANCE MEASURES	FY 1999	FY 2000	FY 2001	FY 2002-03
	Est./Actual	Est./Actual	Estimate	Estimate
• % of Arizona Department of Administration (ADOA) services receiving a good (6) or better rating from customers, based on biennial survey (Scale 1-8)	38/38	50/42	80	85
• Customer satisfaction with ADOA's facilitation of the flow of information from the agency, the public, community organizations, & other governmental agencies (Scale 1-8)	NA/6.1	NA/5.5	6.0	6.3/6.5
• % of agency staff turnover	NA/16.4	NA/13.2	14	13.5
• Administration as a % of total cost	2.3/NA	2.0/NA	2.0	1.9

FY 2001 Supplemental Adjustments — Laws 2001, Chapter 232 made several changes to the ADOA FY 2001 appropriation. The changes are as follows:

- FY 2001 Special Employee Health Insurance Trust Fund increase of \$150,000 to the Benefits and Insurance Subprogram for data center charges for the Benefits Information Tracking System to increase the appropriation to the level of actual charges.
- FY 2001 Special Employee Health Insurance Trust Fund increase of \$65,200 and 1 FTE Position to the State Procurement Subprogram Manager for a Benefits Contract Manager who will assist with procuring a new statewide health insurance contract in FY 2001 and will be responsible for monitoring the provisions of the contract.
- FY 2001 Special Employee Health Insurance Trust Fund increase of \$489,400 to the Benefits and Insurance Subprogram for costs related to a statewide health insurance open enrollment for a new health insurance contract effective October 1, 2001.
- FY 2001 Technology and Telecommunications Fund increase of \$1,300,000 to the All Other Information Technology Services Subprogram for costs associated with Data Center Consolidation.

Capital Outlay Appropriations: Chapter 237 — Appropriates \$1,317,400 from the General Fund and \$32,935,800 from Other Funds in FY 2002, and \$3,942,900 from the General Fund and \$16,555,200 from Other Funds in FY 2003 to ADOA for the following projects:

- Building Renewal – Appropriates a total of \$9,444,200 in FY 2002 and \$10,503,100 in FY 2003 from Other Funds for building renewal requirements of the following components of the ADOA Building System. ADOA may allocate up to \$275,000 and 5 FTE Positions each year to manage and oversee the projects.

- \$3,304,000 in FY 2002 and \$3,749,100 in FY 2003 from the Capital Outlay Stabilization Fund (COSF) to fund 27% in FY 2002 and 28% in FY 2003 of the building renewal formula for ADOA Building System components not receiving dedicated appropriations. The Governor line item vetoed additional building renewal funding of \$2,904,700 in FY 2002 and \$2,900,800 in FY 2003 from the General Fund that would have funded 50% of the building renewal formula. In addition, Laws 2001, Chapter 235 appropriates additional funding from the General Fund for building renewal. These appropriations are contingent on the availability of excess revenues in FY 2001 and FY 2002. (*See Triggered Appropriations for more detail on the conditions of these appropriations.*)
- \$5,518,800 in FY 2002 and \$6,080,800 in FY 2003 from the Corrections Fund to fund 100% of the building renewal formula for Arizona Department of Corrections (DOC) facilities.
- \$440,800 in FY 2002 and \$487,100 in FY 2003 from the Corrections Fund to fund 100% of the building renewal formula for Department of Juvenile Corrections (DJC) facilities.
- \$180,600 in FY 2002 and \$186,100 in FY 2003 from the Miners' Hospital Fund to fund 100% of the building renewal formula for the Arizona Pioneers' Home.
- Arizona Pioneers' Home Renovations – Appropriates \$325,200 from the Miners' Hospital Fund in FY 2002 for plumbing renovations to the Arizona Pioneers' Home.
- DOC Projects – Appropriates a total of \$20,473,300 in FY 2002 and \$1,848,600 in FY 2003 from the Corrections Fund for the following DOC projects:
 - \$555,300 in FY 2002 to close a landfill at the ASPC-Safford Fort Grant prison in compliance with environmental requirements.
 - \$1,379,400 in FY 2002 for safety improvements throughout the prison system, including fencing to correct design flaws. ADOA must submit an

expenditure plan for review by the Joint Committee on Capital Review (JCCR).

- \$18,538,600 in FY 2002 and \$1,848,600 in FY 2003 for lock replacement throughout the prison system. ADOA may allocate up to \$180,000 and 3 FTE Positions each year to manage and oversee the project. ADOA is also required to conduct an assessment of locking systems throughout state prisons and present the assessment and an expenditure plan for review by JCCR. Monthly updates to JCCR are also required.
- In addition, Chapter 237 ex-appropriates all monies for the new Tucson prison complex except for \$10,000,000 in FY 2000 and \$30,069,700 in FY 2003 from the Corrections Fund. Monies for the new prison were originally appropriated to ADOA by Laws 1999, Chapter 2, 1st Special Session. The ex-appropriation includes \$11,980,800 in FY 2000, \$21,957,400 in FY 2001 and \$88,930,800 in FY 2002 from the Corrections Fund, and \$64,980,800 in FY 2002 and \$8,119,700 in FY 2003 from the General Fund. The bill as originally passed also ex-appropriated \$30,069,700 in FY 2003 from the Corrections Fund, however, that part of the ex-appropriation was line item vetoed by the Governor. As a result, the \$30,069,700 remains available for expenditure in FY 2003.
- DJC Projects – Appropriates a total of \$2,267,000 in FY 2002 from the Corrections Fund for the following DJC projects:
 - \$785,000 in FY 2002 for a new medical unit at the Adobe Mountain location.
 - \$1,482,000 in FY 2002 for replacement of HVAC systems throughout the DJC system.
- Arizona Schools for the Deaf and the Blind Transportation Building – Appropriates \$427,700 from the General Fund in FY 2002 to replace the existing transportation building on the Phoenix campus with a 4,000 square foot modular building.
- Privatized Lease to Own Projects – Appropriates a total of \$889,700 from the General Fund and \$426,100 from Other Funds in FY 2002, and \$4,203,500 from Other Funds in FY 2003 for various projects associated with the construction of 2 new office buildings on the Capitol Mall. The 2 new buildings are financed through privatized lease to own agreements. Under a privatized lease to own agreement, a private entity finances and constructs the building and leases it to the state. At the end of the lease term, the state takes possession of the building. *(See Other Issues for further information)* The projects include:
 - \$162,400 in FY 2002 and \$143,500 in FY 2003 from the Certificates of Participation (COP) Fund for 3 FTE Positions to manage and oversee the projects.
 - \$889,700 from the General Fund in FY 2002 for capital improvements to the Capitol Mall.
 - \$213,700 from COSF in FY 2002 and \$2,753,000 from COSF and \$300,000 from the COP Fund in FY 2003 for renovation of state-owned space vacated by agencies moving into the new office buildings.

- \$50,000 in FY 2002 and \$1,007,000 in FY 2003 from the COP Fund to relocate agencies into vacated space.

- State Health Laboratory Lease-Purchase – Appropriates \$2,342,900 from the General Fund in FY 2003 for COP costs for the lease-purchase of the design and construction of a new health laboratory. Unlike the privatized lease to own projects described above, in a lease-purchase agreement, the state finances and constructs the building. The legislation also allows up to 3 FTE Positions to manage the project and authorizes ADOA to issue up to \$30,000,000 in COPs to fund the project. The Governor line item vetoed a \$2,342,900 General Fund appropriation for FY 2002.
- State Archives Building Lease-Purchase — Appropriates \$1,600,000 from the General Fund in FY 2003 for COP costs for the lease-purchase of the design and construction of a new archives building to be named after Polly Rosenbaum. The legislation also allows up to 2 FTE Positions to manage the project and authorizes ADOA to issue up to \$20,000,000 in COPs to fund the project. The Governor line item vetoed a \$1,600,000 General Fund appropriation for FY 2002.

Triggered Appropriations: Conditional Appropriations; Taxation; Revenue Forecasts (Chapter 235) — This act appropriates \$3,104,300 in FY 2002 and \$3,324,900 in FY 2003 from the General Fund to ADOA for Building Renewal if FY 2001 General Fund revenues exceed the forecast by \$104,131,000. Prior to September 1, 2001, JLBC and OSPB will calculate total FY 2001 revenues and determine if sufficient monies are available to trigger the appropriations. This amount equates to an additional 25% of building renewal funding in both FY 2002 and FY 2003.

If FY 2001 revenues do not exceed the forecast by the required amount, but FY 2002 General Fund revenues exceed the forecast by \$91,386,800, the act appropriates \$3,324,900 in FY 2003 from the General Fund to ADOA for Building Renewal. Prior to September 1, 2002, JLBC and OSPB will calculate total FY 2002 revenues and determine if sufficient monies are available to trigger the appropriation. *(See the Capital Outlay Appropriations discussion above for more information on building renewal. For more information on this and other triggered appropriations see the “Summary of Appropriations Triggered by Revenues” table at the front of this report.)*

Other Issues: Privatized Lease to Own — The General Appropriation Act includes funding from various funds to enter into a Privatized Lease to Own (PLTO) agreement with a private developer for the construction and long-term leasing of 2 new office buildings. The intent of the project is to relocate state agencies currently in private space to state space on the Capitol Mall. Funding is appropriated both in the Capital Outlay Appropriation (Chapter 237) and in the ADOA operating budget. Refer to *Table 1* and to the Capital Outlay Appropriations section within ADOA for funding detail.

Both of the buildings are scheduled for completion in the summer of 2002 and the agencies will be completely moved in by August 2002. By consolidating ADOA in one of the new buildings, state space vacated by ADOA will also be used to house agencies currently in private space. The ADOA space will undergo renovation, and the agencies will be completely moved in by March 2003. The other building will primarily house the Arizona Department of Environmental Quality.

In FY 2002, the approved amount for PLTO within the ADOA operating budget includes an increase above FY 2001 of \$1,135,300 from the Technology and Telecommunications Fund. In FY 2003, the approved amount includes an increase above FY 2001 of \$156,700 and 4 FTE Positions from the General Fund, \$1,067,700 from the Technology and Telecommunications Fund, and \$383,800 from the COP Fund. *Table 1* below provides a summary of both ADOA operating and Capital Outlay funding for PLTO.

Costs associated with PLTO include agency relocation, renovation of backfill space, project management, and telecommunications. No changes were made to individual agency appropriations for rent. Since agencies will not be moving until FY 2003, it was legislative intent that the rent appropriations be adjusted during the 2002 Legislative Session when plans will be more firm as to which agencies will be moving and what rent adjustments need to be made.

State Boards' Office — The State Boards' Office provides centralized services to the state's smallest regulatory boards. Monies for the office come from the participating agencies and flow through the ADOA Special Services Revolving Fund. The office's expenditures are subject to appropriation and are shown in a separate State Boards' Office section of this report.

<u>Policy Issue</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>Fund Source</u>	<u>Appropriation Source</u>
Capital Improvement	\$ 889,700	\$ 0	General Fund	Capital Outlay
Capitol Police	<u>0</u>	<u>156,700</u>	General Fund	ADOA Operating
<i>Subtotal</i>	<i>889,700</i>	<i>156,700</i>	<i>General Fund</i>	
Telecommunications ^{1/}	<u>1,135,300</u>	<u>1,067,700</u>	Technology & Telecommunications	ADOA Operating
<i>Subtotal</i>	<i>1,135,300</i>	<i>1,067,700</i>	<i>Technology & Telecommunications</i>	
Renovate Backfill Space	<u>213,700</u>	<u>2,753,000</u>	Capital Outlay Stabilization	Capital Outlay
<i>Subtotal</i>	<i>213,700</i>	<i>2,753,000</i>	<i>Capital Outlay Stabilization</i>	
Renovate Backfill Space	0	300,000	Certificates of Participation	Capital Outlay
Project Management	162,400	143,500	Certificates of Participation	Capital Outlay
Relocate Backfill Agencies	50,000	1,007,000	Certificates of Participation	Capital Outlay
Vacant COP Space	<u>0</u>	<u>283,800</u>	Certificates of Participation	ADOA Operating
<i>Subtotal</i>	<i>212,400</i>	<i>1,734,300</i>	<i>Certificates of Participation</i>	
TOTAL FUNDS	\$2,451,100	\$5,711,700		

^{1/} The approved amount from the Technology and Telecommunications Fund will be reimbursed by individual agencies through a monthly charge.

[Click here to return to the Table of Contents](#)