

	<b>FY 2002 Actual</b>	<b>FY 2003 Estimate</b>	<b>FY 2004 Approved</b>
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	158.5	161.5	161.5
Personal Services	5,140,500	6,318,300	10,318,300
Employee Related Expenditures	1,036,400	1,421,200	2,467,500
Professional and Outside Services	1,113,600	2,390,700	3,104,000
Travel - In State	16,800	10,700	10,700
Travel - Out of State	15,500	5,100	5,100
Other Operating Expenditures	2,638,600	2,418,700	2,694,900
Equipment	129,000	128,000	128,000
<b>OPERATING SUBTOTAL</b>	<b>10,090,400</b>	<b>12,692,700</b>	<b>18,728,500</b>
<b>SPECIAL LINE ITEMS</b>			
Human Resources Information Solution COP	0	0	1,504,700
Human Resources Management System	4,272,000	6,515,800	0
<b>AGENCY TOTAL</b>	<b>14,362,400</b>	<b>19,208,500</b>	<b>20,233,200<sup>1/</sup></b>

**FUND SOURCES**

Other Appropriated Funds

Personnel Division Fund	11,475,800	14,387,000	15,008,700
Special Employee Health Insurance Trust Fund	2,886,600	4,821,500	5,224,500
<b>SUBTOTAL - Other Appropriated Funds</b>	<b>14,362,400</b>	<b>19,208,500</b>	<b>20,233,200</b>
<b>AGENCY TOTAL</b>	<b>14,362,400</b>	<b>19,208,500</b>	<b>20,233,200</b>

**COST CENTER DESCRIPTION** — *The Human Resources Division serves as the state personnel office. The division's operating budget is funded through a charge in state agency payrolls of 1.04% in FY 2004.*

<b>PERFORMANCE MEASURES</b>	<b>FY 2002 Appropriation</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Appropriation</b>	<b>FY 2004 Appropriation</b>
• Customer satisfaction with benefit plans (Scale 1-8)	6.8	4.2	7.0	6.1
• Customer satisfaction with the open enrollment process (Scale 1-8)	6.8	NA	7.0	7.0
• Average number of days to issue list of job applicants from Resumix to inquiring agency	2.0	4.3	2.0	2.0
• Number of employees attending Arizona Healthways events	597	NA	657	--

**Comments:** The agency did not submit information for any measure labeled as "NA".

**Technical Adjustments** — The FY 2004 approved amount includes technical adjustments for Employee Related Expenditures, Risk Management charges, Other Fund health and dental insurance changes, and Other Fund retirement changes. *(Please see the General Provisions section at the end of this Appropriations Report for further details on these changes.)*

**FY 2004 Open Enrollment** — The approved amount includes a Special Employee Health Insurance Trust Fund increase of \$300,000 in the operating budget above

FY 2003 to fund health and dental insurance open enrollment services.

**Operations** – The approved amount includes a Personnel Division Fund increase of \$5,011,100 above FY 2003 for amounts transferred from the elimination of the Human Resource Management System to fund Human Resource operations.

<sup>1/</sup> General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Fund.

### ***Special Line Items***

**Human Resources Information Solution COP**— This line item funds semi-annual payments made on the Certificate of Participation (COP) issued to fund the Human Resources Information Solution (HRIS). The HRIS system replaces the Human Resource Management System. The approved amount includes \$1,504,700 from the Personnel Division Fund. This line item is new for FY 2004 and does not include any FTE Positions. The HRIS portion of the COP involved a principal amount of approximately \$35,000,000. The first payment was made in FY 2002. Total interest costs for the COP are projected to be approximately \$15,600,000 over the 12-year term of the COP.

**Human Resources Management System** – This line item funded the operation of the Human Resource Management System, including Data Center charges. In FY 2004, this line item is eliminated and replaced with the Human Resources Information Solution COP (*see above*). The approved amount includes a Personnel Division Fund decrease of \$(6,515,800) below FY 2003 to eliminate this line item. Of this amount, \$1,504,700 was reallocated to the Human Resource Information Solution COP and \$5,011,100 was allocated to the Human Resource operations budget.

**Additional Legislation:** Budget Reconciliation; Public Finances (Chapter 263) — As permanent law, the pro rata share of payrolls in the Arizona Department of Administration (ADOA) payroll system was set at 1.04% of the payroll amount. This assessment is deposited into the Personnel Division Fund to fund human resource activities.

State Employee Self-Insurance; Repeal Mandate (Chapter 2) — This legislation eliminates the ADOA mandate to self-insure for state employee health and dental insurance. Previously, A.R.S. § 38-651 required the department to self-insure by October 1, 2003. The new legislation allows to the department the option of self-insuring at any time after review by the Joint Legislative Budget Committee.

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