

Arizona Department of Administration
Human Resources

A.R.S. § 41-761

	FY 2003 Actual	FY 2004 Estimate	FY 2005 Approved
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	161.5	161.5	174.0
Personal Services	5,643,400	6,404,500	7,279,100
Employee Related Expenditures	1,191,600	1,500,700	1,776,400
Professional and Outside Services	1,922,800	4,827,000	3,437,700
Travel - In State	13,100	14,000	14,000
Travel - Out of State	7,700	4,000	4,000
Other Operating Expenditures	3,527,600	5,850,300	3,919,300
Equipment	26,600	128,000	146,000
OPERATING SUBTOTAL	12,332,800	18,728,500	16,576,500
SPECIAL LINE ITEMS			
Human Resources Information Solution COP	3,022,000	1,504,700	2,294,700
Human Resources Management System	1,572,800	0	0
PROGRAM TOTAL	16,927,600	20,233,200	18,871,200^{1/}
FUND SOURCES			
<u>Other Appropriated Funds</u>			
Personnel Division Fund	13,092,800	15,008,700	14,120,900
Special Employee Health Insurance Trust Fund	3,834,800	5,224,500	4,750,300 ^{2/}
SUBTOTAL - Other Appropriated Funds	16,927,600	20,233,200	18,871,200
SUBTOTAL - Appropriated Funds	16,927,600	20,233,200	18,871,200
Other Non-Appropriated Funds	437,274,500	464,798,600	464,798,600
TOTAL - ALL SOURCES	454,202,100	485,031,800	483,669,800

COST CENTER DESCRIPTION — The Human Resources Division serves as the state personnel office, providing, among other services, employee benefits and training. The division's operating budget is funded through a permanent statutory charge to state agency payrolls of 1.04%.

PERFORMANCE MEASURES	FY 2003	FY 2003	FY 2004	FY 2005
	Appropriation	Actual	Appropriation	Appropriation
• Customer satisfaction with benefit plans (Scale 1-8)	7.0	5.5	6.1	6.1
• Customer satisfaction with the open enrollment process (Scale 1-8)	7.0	7.1	7.0	7.2
• Average number of days to issue list of job applicants from Resumix to inquiring agency	2.0	3.5	2.0	2.0

^{1/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Fund.

^{2/} The sum of \$965,300 shall revert to the Special Employee Health Insurance Trust Fund if the state does not self-insure its state employee health insurance program during FY 2005. (General Appropriation Act footnote)

Operating Budget

The budget provides \$16,576,500 for the operating budget in FY 2005. This amount consists of \$11,826,200 from the Personnel Division Fund and \$4,750,300 from the Special Employee Health Insurance Trust Fund. These amounts include an increase for statewide salary and other adjustments. *(Please see the Statewide Adjustments section at the end of this Appropriations Report for details.)*

The budget also includes the following adjustments:

Lease Costs

The budget includes a Personnel Division Fund increase of \$31,800 and a Special Employee Health Insurance Trust Fund increase of \$2,500 for lease costs.

HRIS COP Payment

The budget includes a Personnel Division Fund transfer of \$(790,000) from the operating budget to the Human Resources Information Solution Certificate of Participation (HRIS COP) Special Line Item. *(See Special Line Items below.)* This transfer reserves funds specifically to cover the HRIS system lease-purchase payment increase in FY 2005.

Adjustment for Available Revenues

The budget includes a Personnel Division Fund decrease of \$(1,175,300) to compensate for decreased revenues to the fund. As explained below, this change does not reduce actual expenditures and will permit increased spending as state agency payrolls increase.

The department anticipates \$13,205,100 personnel revenues in FY 2004. These revenues derive from a 1.04% charge on state payrolls. The anticipated FY 2004 proceeds represent an increase of \$81,300, or 1%, over FY 2003. The Personnel Division Fund FY 2004 appropriation was \$15,008,700, plus \$32,000 for administrative costs *(see Support Services Division for more information)*. However, the department cannot incur expenditures in excess of revenues. The department is likely to expend near its \$13.2 million revenue level in FY 2004.

The budget allows expenditure authority of more than 5% over the revised FY 2004 revenue estimate. While Personnel Division Fund revenues may not increase at this rate, the amount provides reasonable flexibility to the department.

Self-Insurance

The budget includes a Special Employee Health Insurance Trust Fund increase of 12.5 FTE Positions and decrease of \$(534,700) related to self-insurance. In FY 2003 and FY 2004, the department received \$1,500,000 for a study of self-insurance for state employees. With the completion of the study, the department is proceeding to self-insure

group health coverage. The budgeted decrease leaves \$965,300 to fund the new positions handling the increased administrative and financial duties of self-funded medical insurance.

Special Line Items

Human Resources Information Solution COP

The budget provides \$2,294,700 from the Personnel Division Fund for the Human Resources Information Solution (HRIS) COP in FY 2005. The budget includes a Personnel Division Fund transfer of \$790,000 from the operating budget to this line item. *(See the Operating Budget for more information.)*

This line item funds semi-annual payments made on the COP issued to fund the HRIS. HRIS replaced the Human Resources Management System (HRMS) in FY 2004. This line item 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 \$15,600,000 over its 12-year term.

Human Resources Management System

HRIS replaced HRMS in FY 2004. *(See Human Resources Information Solution COP line item above.)*

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