

**Arizona Department of Administration**  
**Human Resources**

JLBC: Shelli Carol  
 OSPB: Theresa Garcia

DESCRIPTION	FY 2003	FY 2004	FY 2005	
	ACTUAL	ESTIMATE	OSPB	JLBC
<b>OPERATING BUDGET</b>				
<i>Full Time Equivalent Positions</i>	161.5	161.5		161.5
Personal Services	5,643,400	6,404,500		6,404,500
Employee Related Expenditures	1,191,600	1,500,700		1,500,700
Professional and Outside Services	1,922,800	4,827,000		3,327,000
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		3,897,200
Equipment	26,600	128,000		128,000
<b>OPERATING SUBTOTAL</b>	<b>12,332,800</b>	<b>18,728,500</b>		<b>15,275,400</b>
<b>SPECIAL LINE ITEMS</b>				
Human Resources Management System	1,572,800	0		0
Human Resources Information Solution COP	3,022,000	1,504,700		2,294,700
<b>PROGRAM TOTAL</b>	<b>16,927,600</b>	<b>20,233,200</b>		<b>17,570,100</b>

**FUND SOURCES**

Other Appropriated Funds

Personnel Division Fund	13,092,800	15,008,700		13,845,000
Special Employee Health Insurance Trust Fund	3,834,800	5,224,500		3,725,100
SUBTOTAL - Other Appropriated Funds	16,927,600	20,233,200		17,570,100
<b>SUBTOTAL - Appropriated Funds</b>	<b>16,927,600</b>	<b>20,233,200</b>		<b>17,570,100</b>
Other Non-Appropriated Funds	437,274,500	464,798,600		464,798,600
<b>TOTAL - ALL SOURCES</b>	<b>454,202,100</b>	<b>485,031,800</b>		<b>482,368,700</b>

**CHANGE IN FUNDING SUMMARY**

	FY 2004 to FY 2005 JLBC	
	\$ Change	% Change
Other Appropriated Funds	(2,663,100)	(13.2%)
Total Appropriated Funds	(2,663,100)	(13.2%)
Non Appropriated Funds	0	0.0%
Total - All Sources	(2,663,100)	(0.5%)

**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% (permanent law) in FY 2005.

PERFORMANCE MEASURES	FY 2003	FY 2003	FY 2004	FY 2005
	Appropriation	Actual	Appropriation	Recommend.
• 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

## RECOMMENDED CHANGES FROM FY 2004

### **Operating Budget**

The JLBC recommends \$15,275,400 for the operating budget in FY 2005. This amount includes \$11,550,300 from the Personnel Division Fund and \$3,725,100 from the Special Employee Health Insurance Trust Fund. These amounts would fund the following adjustments:

#### **Lease Costs OF \$12,200**

The JLBC recommends an increase of \$12,200 from Other Funds for lease costs. The Other Funds changes include \$11,600 from the Personnel Division Fund and \$600 from the Special Employee Health Insurance Trust Fund.

#### **HRIS COP Payment OF (790,000)**

The JLBC recommends a decrease of \$(790,000) from the Personnel Division Fund operating budget to transfer to the Human Resources Information Solution Certificate of Participation (HRIS COP) Special Line Item. *(See the HRIS COP Payment in Special Line Items below.)* Due to reduced payrolls within the state agencies, the Personnel Division Fund is unlikely to generate additional revenues. This transfer will reserve funds specifically to cover the HRIS system lease-purchase payment increase in FY 2005.

#### **Adjustment for Available Revenues OF (1,175,300)**

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

The Arizona Department of Administration (ADOA) is now anticipating \$13,205,100 revenues in FY 2004. *(See Personnel Division Fund in Summary of Funds.)* These revenues derive from a 1.04% charge on state payrolls. The anticipated FY 2004 proceeds represent an increase of \$81,300, or 1.0%, over FY 2003. ADOA's FY 2004 appropriation was \$15,008,700, plus \$32,000 for administrative costs *(see Support Services cost center 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.

In view of this development, continuing the FY 2004 appropriation in anticipation of a FY 2005 revenue increase of \$1,835,600, or 13.9%, appears unrealistic. Therefore, the JLBC recommends allowing expenditure authority of up to 5% over the revised FY 2004 revenue

estimate. This proposal provides a FY 2005 spending level of \$13,845,000, plus \$32,000 for administrative costs. While Personnel Division Fund revenues may not increase 5%, this amount will provide reasonable flexibility to ADOA.

#### **Self-Insurance Study OF (1,500,000)**

The JLBC recommends a decrease of \$(1,500,000) from the Special Employee Health Insurance Trust Fund operating budget to eliminate monies used to study self-insurance for state employees in FY 2004.

### **Special Line Items**

#### **Human Resources Management System**

The JLBC recommends no funding from the Personnel Division Fund for the Human Resources Management System (HRMS) in FY 2005. This amount is unchanged from FY 2004. The HRIS is replacing HRMS in FY 2004. *(See Human Resources Information Solution COP line item below.)*

#### **Human Resources Information Solution COP**

The JLBC recommends \$2,294,700 from the Personnel Division Fund for the HRIS COP in FY 2005. This amount would fund the following adjustments:

#### **HRIS COP Payment OF 790,000**

The JLBC recommends an increase of \$790,000 from the Personnel Division Fund for increased COP charges in FY 2005. This increase is funded from a reduction in the operating budget. *(See the HRIS COP Payment in the Operating Budget for more information.)*

This line item funds semi-annual payments made on the COP issued to fund the HRIS. The HRIS system is replacing the 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 approximately \$15,600,000 over the 12-year term of the COP.

\* \* \*

**JLBC RECOMMENDED FORMAT** — Operating Lump Sum with Special Line Items by Fund

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

---

## SUMMARY OF FUNDS - SEE AGENCY SUMMARY

---