

Attorney General: The Honorable Terry Goddard

JLBC Analyst: Nick Klingerman

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Approved
OPERATING BUDGET			
Full Time Equivalent Positions	665.5	665.5	619.9 ^{1/}
Personal Services	28,078,500	31,824,700	27,954,500
Employee Related Expenditures	7,072,200	8,388,400	7,463,800
Professional and Outside Services	672,900	1,022,100	950,900
Travel - In State	201,800	196,300	189,800
Travel - Out of State	94,200	73,700	53,500
Other Operating Expenditures	7,146,100	6,614,000	6,120,200
Equipment	1,568,300	503,400	516,400
OPERATING SUBTOTAL	44,834,000	48,622,600	43,249,100
SPECIAL LINE ITEMS			
Crane Lawsuit	430,400	0	0
State Grand Jury	160,000	160,100	160,100 ^{2/}
Victims' Rights	2,716,400	3,199,300	3,228,300
Military Airport Planning	0	100,000	100,000 ^{3/}
Risk Management ISA	0	0	8,621,500
AGENCY TOTAL	48,140,800	52,082,000	55,359,000^{4/5/}
FUND SOURCES			
General Fund	23,341,900	23,448,500	25,037,500
<u>Other Appropriated Funds</u>			
Antitrust Enforcement Revolving Fund	342,900	183,600	208,200 ^{6/}
Collection Enforcement Revolving Fund	3,315,200	4,070,800	4,281,500
Consumer Fraud Revolving Fund	1,426,900	2,906,500	2,699,900
Interagency Service Agreements Fund	16,997,500	18,273,300	11,282,100 ^{7/}
Risk Management Revolving Fund	0	0	8,621,500
Victims' Rights Fund	2,716,400	3,199,300	3,228,300
SUBTOTAL - Other Appropriated Funds	24,798,900	28,633,500	30,321,500
SUBTOTAL - Appropriated Funds	48,140,800	52,082,000	55,359,000
Other Non-Appropriated Funds	14,615,800	13,561,000	13,561,000
Federal Funds	6,264,500	6,322,800	5,811,100
TOTAL - ALL SOURCES	69,021,100	71,965,800	74,731,100

^{1/} Includes 115.8 OF FTE Positions and 1.2 GF FTE Positions funded from Special Line Items in FY 2006.

^{2/} The \$160,100 appropriated for State Grand Jury expenses is for costs incurred pursuant to A.R.S. § 21-428C. It is the intent of the Legislature that State Grand Jury expenses be limited to the amount appropriated and that a supplemental appropriation will not be provided. (General Appropriation Act footnote)

^{3/} Includes \$100,000 from the General Fund appropriated by Laws 2004, Chapter 235 for Military Airport Planning.

^{4/} 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 that will result in the receipt of monies by the Attorney General or any other person. The Attorney General shall not allocate or expend these monies until the Joint Legislative Budget Committee reviews the allocations or expenditures. Settlements that pursuant to statute must be deposited in the state General Fund need not be reviewed by the Joint Legislative Budget Committee. This paragraph does not apply to actions under Title 13, Arizona Revised Statutes, or other criminal matters. (General Appropriation Act footnote)

^{5/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

^{6/} All revenues received by the Antitrust Enforcement Revolving Fund in excess of \$208,200 are appropriated. Expenditures from the fund may not exceed \$750,000 in FY 2006. Before the expenditure of any Antitrust Enforcement Revolving Fund receipts in excess of \$208,200 in FY 2006, the Attorney General shall submit the intended uses of the monies for review by the Joint Legislative Budget Committee. (General Appropriation Act footnote, as adjusted for statewide allocations)

^{7/} In addition to the \$11,282,100 appropriated from the Interagency Service Agreements Fund, an additional \$800,000 and 11 FTE Positions are appropriated from the Interagency Service Agreements Fund for new or expanded interagency service agreements. The Attorney General shall report to the Joint Legislative Budget Committee whenever an interagency service agreement is established that will require expenditures from the additional amount. The report shall include the name of the agency or entity with which the agreement is made, the dollar amount of the contract by fiscal year and the number of associated FTE Positions. (General Appropriation Act footnote, as adjusted for statewide allocations)

AGENCY DESCRIPTION — The Attorney General is an elected constitutional officer. The office provides legal counsel to state agencies, represents the state in juvenile dependency matters, enforces civil rights, environmental, consumer protection and anti-trust laws, and investigates and prosecutes criminal cases, handles criminal appeals, and assists county attorneys.

PERFORMANCE MEASURES	FY 2003	FY 2004	FY 2006
	Actual	Actual	Approved
• Solicitor General - number of days to respond to a request for a legal opinion	72	73	70
• Customer satisfaction rating for client agencies (Scale 1-8)	7.1	7.2	7.3

Comments: The number of days for the Solicitor General to respond to a request for a legal opinion has been around 70 days in both FY 2003 and FY 2004. The budget includes an adjusted performance goal of 70 days for this measure in FY 2006. The customer satisfaction rating for client agencies improved slightly in FY 2004.

Operating Budget

The budget provides \$43,249,100 for the operating budget in FY 2006. This amount consists of:

	FY 2006
General Fund	\$24,777,400
Antitrust Enforcement Revolving Fund	208,200
Collection Enforcement Revolving Fund (CERF)	4,281,500
Consumer Fraud Revolving Fund	2,699,900
Interagency Service Agreements (ISA) Fund	11,282,100

The approved amount includes an increase of \$1,183,400 in FY 2006 for statewide adjustments. This amount consists of:

General Fund	692,100
Antitrust Enforcement Revolving Fund	24,600
CERF	89,000
Consumer Fraud Revolving Fund	73,100
ISA Fund	304,600

(Please see the Statewide Adjustments section at the end of this Appropriations Report for details.)

Elimination of Vacant FTE Positions

The approved amount includes a decrease of \$(268,300) and (50.6) FTE Positions from the General Fund in FY 2006 for the elimination of vacant FTE Positions. By reducing the number of vacant FTE Positions, the budget reduced the amount of money appropriated for health, dental, and life insurance. These monies are passed through directly to the Arizona Department of Administration (ADOA) for statewide insurance costs and will not affect the amount of monies the agency has for other purposes. All other funding for these vacant positions had been previously eliminated.

Out-of-State Travel Reduction

The approved amount includes a decrease of \$(15,200) from the General Fund in FY 2006 for a 25% reduction in the agency's FY 2004 out-of-state travel funding.

Establish Risk Management ISA Special Line Item

The approved amount includes a decrease of \$(7,738,200) and (104) FTE Positions from the ISA Fund in FY 2006 to establish a separate Special Line Item for the Attorney General's contract with the Risk Management Division within the ADOA. The Risk Management ISA line item will be funded directly from the Risk Management Revolving Fund. This shift results in no net change to the Attorney General's budget. These monies will now be displayed separate from the agency's other ISA contracts. *(See Risk Management ISA Special Line Item section for more information.)*

Assistant Attorney General Salary Adjustment

The approved amount includes an increase of \$1,203,800 in FY 2006 for assistant attorney general salary adjustments. This amount consists of:

General Fund	639,700
CERF	121,700
ISA Fund	442,400

The approved amount provides funding for salary increases for assistant attorneys general (AAG). These pay increases are in addition to the 1.7% statewide adjustment and the amount per attorney will be determined by the department. The department plans to allocate the monies primarily based on the number of years of certification by the American Bar Association. Each AAG will receive a salary adjustment ranging from \$2,000 to \$7,200. These salary adjustments attempt to decrease the discrepancy in pay between the Attorney General's Office and the average salary of public attorneys with the same experience level in Maricopa County.

Information Technology (IT) Projects

The approved amount includes an increase of \$261,000 and 2 FTE Positions in FY 2006 for IT projects. This amount consists of \$540,700 and 2 FTE Positions from the General Fund and \$(279,700) from the Consumer Fraud Revolving Fund. The approved amount continues IT projects started in FY 2005 that will be completed in FY 2007. For FY 2006, the budget provides \$1,261,000 in total funds for these projects. The projects include enhancing the department's computer network security, replacing the case management system, expanding the document management system, and converting to Microsoft Word.

Special Line Items

Crane Lawsuit

The budget provides no funding from the General Fund for the Crane Lawsuit line item in FY 2006. This amount is unchanged from FY 2005. One-time funding was provided for this item in FY 2004 to pay legal fees incurred by outside counsel in defending the state.

State Grand Jury

The budget provides \$160,100 and 1.2 FTE Positions from the General Fund for the State Grand Jury in FY 2006. This amount is unchanged from FY 2005.

This line item funds expenses incurred by the Attorney General to investigate and try matters that are under the jurisdiction of the State Grand Jury.

Victims' Rights

The budget provides \$3,228,300 and 8.8 FTE Positions from the Victims' Rights Fund for Victims' Rights in FY 2006.

The approved amount includes an increase of \$29,000 from the Victims' Rights Fund in FY 2006 for statewide adjustments.

This line item provides monies to state and local agencies that are required to notify victims during various steps in the criminal justice process. The program includes 7.68% of Criminal Justice Enhancement Fund monies and an assessment on parents of juvenile offenders.

Military Airport Planning

The budget provides \$100,000 from the General Fund for Military Airport Planning in FY 2006. This amount is unchanged from FY 2005. Laws 2004, Chapter 235 appropriated \$100,000 from the General Fund to the Attorney General's Office in FY 2005 and each year thereafter. Therefore, this funding does not appear in the General Appropriation Act. The legislation sought to preserve the state's military bases by appropriating monies to several state agencies and charging them with certain responsibilities. Monies in this line item pay for the department's duties under the 2004 legislation, including

review of plans and determination of compliance with land use plans.

Risk Management ISA

The budget provides \$8,621,500 and 107 FTE Positions from the Risk Management Revolving Fund for the Risk Management ISA in FY 2006.

The approved amount includes an increase of \$278,200 from the Risk Management Fund in FY 2006 for statewide adjustments.

Establish Risk Management ISA Special Line Item

The approved amount includes an increase of \$7,738,200 and 104 FTE Positions from the Risk Management Revolving Fund in FY 2006 to establish a separate Special Line Item for the Attorney General's contract with ADOA's Risk Management Division.

In FY 2004 and FY 2005, these monies were shown as expenditures from the Risk Management Revolving Fund in the ADOA budget as well as expenditures from the ISA Fund within the Attorney General's budget. The approved amount displays these expenditures solely in the Attorney General's budget and funds the contract directly from the Risk Management Revolving Fund. This shift results in no net change to the Attorney General's budget. (See the *Operating Budget section for more information.*)

Assistant Attorney General Salary Increase

The approved amount includes an increase of \$340,400 from Risk Management Fund in FY 2006 for assistant attorney general salary increases. (See the *Operating Budget section for more information.*)

Additional Risk Management Staff

The approved amount includes an increase of \$264,700 and 3 FTE Positions from the Risk Management Revolving Fund in FY 2006 for additional attorneys for this ISA contract. Of the approved amount, \$17,600 will provide funding for one-time equipment. In the last few years, ADOA has utilized outside counsel for some of its employment law cases. These are cases that would typically be handled through the agency's ISA contract.

Additional Legislation

Criminal Justice Budget Reconciliation Bill

The Criminal Justice Budget Reconciliation Bill (Laws 2005, Chapter 300) includes a session law provision allowing the Attorney General to use Collection Enforcement Revolving Fund monies for operating expenses incurred by the department in FY 2006.

The Criminal Justice Budget Reconciliation Bill also includes a permanent law provision that establishes a pro rata charge on the total amount of payroll expenditure from all non-appropriated and other appropriated funds for non-contracted Attorney General Legal Services, and

establishes the Attorney General Legal Services Cost Allocation Fund. The monies received from the pro rata charge will be deposited into the Attorney General Legal Services Cost Allocation Fund. Implementation of this charge is not effective until FY 2007.

Other Issues

The following table displays the individual agency Interagency Service Agreements (ISA) expenditure amounts for FY 2005. Negotiations for the FY 2006 ISAs have not been finalized between the Office of the Attorney General and its client agencies. Therefore, actual expenditures for FY 2006 may vary.

Interagency Service Agreements with the Office of the Attorney General		
<u>Client Agency</u>	<u>FTE Positions</u>	<u>Expenditures</u>
Solicitor General's Office		
Citizens Clean Elections Commission	1.50	\$ 120,000
Medical Board, Arizona	1.75	98,940
Secretary of State	<u>0.65</u>	<u>25,405</u>
Subtotal	3.90	\$ 244,345
Child and Family Protection Division		
Department of Economic Security (DES)	0.0	\$ 150,000
Civil Division		
Accountancy Board	1.25	\$ 94,408
Accountancy Board – Accounting Enforcement Unit	4.13	308,296
Department of Administration – Employment	0.84	76,000
Department of Administration – Risk Management Case Related	0.00	110,000
Department of Administration – Risk Management Operating	104.00	7,746,700
Appraisal Board	0.65	54,327
Behavioral Health Examiners Board	0.50	54,732
Chiropractic Examiners Board	0.50	48,240
Registrar of Contractors	0.50	54,975
Department of Corrections	1.50	156,200
Cosmetology Board	0.80	87,748
Dental Examiners Board	0.80	91,632
Disease Control Research Commission	0.50	45,820
Department of Education	1.28	133,760
Exposition and State Fair Board	1.00	97,612
Department of Gaming	2.00	137,870
Department of Health Services – Behavioral Health	10.25	827,500
Department of Housing	1.00	81,430
Juvenile Corrections	0.50	35,000
Land Department	3.00	248,010
Liquor Department	0.25	8,077
Lottery Commission	1.50	138,030
Medical Board, Arizona	4.50	350,172
Nursing Board	3.00	308,957
Optometry Board	0.14	7,560
Osteopathic Examiners Board	.50	50,352
Parks Board, Arizona State	1.00	49,439
Pharmacy Board	0.50	46,216
Physical Therapy Board	0.23	18,242
Department of Public Safety – POST / ALEOAC	0.75	90,536
Department of Public Safety	3.00	210,980
Department of Racing	0.30	12,548
Retirement System	3.00	306,060
Department of Revenue	1.33	139,630

<u>Client Agency</u>	<u>FTE Positions</u>	<u>Expenditures</u>
School Facilities Board	1.25	113,520
Structural Pest Control Commission	0.35	28,372
Technical Registration Board	1.00	92,872
Department of Transportation – Motor Vehicle	1.34	145,970
Department of Transportation – Operating	26.20	2,255,700
Department of Transportation – Right-of-way	5.00	342,600
Department of Veteran’s Services	0.45	45,260
Veterinary Medical Examining Board	<u>0.25</u>	<u>25,000</u>
Subtotal	190.84	\$15,276,353
Civil Rights Division		
DES - Division of Developmental Disabilities Mediation	0.04	\$ 1,600
DES - Rehabilitation Services Administration	0.26	5,000
Mediation Training	0.29	1,000
Supreme Court Mediation Training, Arizona	0.76	31,000
Other Non-State Mediation ISAs	<u>1.65</u>	<u>60,490</u>
Subtotal	3.00	\$ 99,090
Criminal Division		
Department of Education – School Fraud Enforcement	1.00	\$ 82,460
Department of Insurance	1.00	92,080
Department of Revenue – Tax Enforcement	<u>1.50</u>	<u>100,920</u>
Subtotal	3.50	\$ 275,460
Public Advocacy Division		
Department of Agriculture	1.00	\$ 89,610
Department of Banking	1.00	108,670
Department of Environmental Quality – Air Quality	3.00	276,793
Department of Environmental Quality – Hazardous Waste	1.00	76,818
Department of Environmental Quality – Underground Storage Tanks	5.55	466,280
Department of Environmental Quality – Water Quality Assurance	10.00	879,490
Game and Fish Department	0.00	7,500
Department of Health Services – Tobacco Enforcement	4.50	250,000
Department of Insurance	0.17	18,460
La Osa Litigation Funds	0.00	10,000
Department of Real Estate	<u>0.60</u>	<u>39,720</u>
Subtotal	26.82	\$2,223,341
Contingency Amount	<u>11.00</u>	<u>800,000</u>
Total Budgeted Expenditures ^{1/}	239.06	\$19,068,589
1/ Does not total to the FY 2005 ISA appropriation		