

Attorney General: The Honorable Terry Goddard

JLBC Analyst: Leah Ruggieri

	FY 2005 Actual	FY 2006 Estimate	FY 2007 Approved
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	665.5	619.9	637.9 ^{1/}
Personal Services	29,573,100	28,959,900	30,875,800
Employee Related Expenditures	7,829,000	7,855,400	9,360,400
Professional and Outside Services	1,207,200	827,400	996,700
Travel - In State	239,700	197,700	217,700
Travel - Out of State	154,400	88,600	88,600
Other Operating Expenditures	6,729,600	4,957,000	5,256,800
Equipment	1,570,300	915,800	916,800
OPERATING SUBTOTAL	47,303,300	43,801,800	47,712,800^{2/}
SPECIAL LINE ITEMS			
State Grand Jury	160,000	160,100	160,100 ^{3/}
Victims' Rights	2,704,400	3,236,100	3,266,400
Military Airport Planning	71,300	100,000	100,000 ^{4/}
Risk Management ISA	0	8,738,500	9,214,200
AGENCY TOTAL	50,239,000	56,036,500	60,453,500^{5/6/}
FUND SOURCES			
General Fund	23,401,200	25,345,300	22,495,500
Other Appropriated Funds			
Antitrust Enforcement Revolving Fund	218,500	212,900	232,400 ^{7/}
Attorney General Legal Services Cost Allocation Fund	0	0	6,497,500
Collection Enforcement Revolving Fund	3,605,600	4,341,200	4,585,200
Consumer Fraud Revolving Fund	2,605,100	2,732,100	2,135,000
Interagency Service Agreements Fund	17,704,200	11,430,400	12,027,300 ^{8/}
Risk Management Revolving Fund	0	8,738,500	9,214,200
Victims' Rights Fund	2,704,400	3,236,100	3,266,400
SUBTOTAL - Other Appropriated Funds	26,837,800	30,691,200	37,958,000
SUBTOTAL - Appropriated Funds	50,239,000	56,036,500	60,453,500
Other Non-Appropriated Funds	18,865,100	18,984,900	18,984,900
Federal Funds	5,813,300	5,980,900	5,848,400
TOTAL - ALL SOURCES	74,917,400	81,002,300	85,286,800

1/ Includes 115.8 OF FTE Positions and 1.2 GF FTE Positions funded from Special Line Items in FY 2007.

2/ Laws 2006, Chapter 350 appropriation of \$2,800,000.

3/ 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)

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

5/ 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)

6/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

7/ All revenues received by the Antitrust Enforcement Revolving Fund in excess of \$232,400 are appropriated. Expenditures from the fund may not exceed \$750,000 in FY 2007. Before the expenditure of any Antitrust Enforcement Revolving Fund receipts in excess of \$232,400 in FY 2007, 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)

8/ In addition to the \$12,027,300 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 2005	FY 2007
	Actual	Actual	Actual	Approved
• Solicitor General - number of days to respond to a request for a legal opinion Comments: The number of days to respond to a request for a legal opinion declined from 73 days in FY 2004 to 39 days in FY 2005 due to a high number of same-day and one-day turnarounds, which the agency does not expect to reoccur in FY 2007.	72	73	39	60
• Customer satisfaction rating for client agencies (Scale 1-8)	7.1	7.2	7.02	7.3

Operating Budget

The budget provides \$47,712,800 for the operating budget in FY 2007. This amount consists of:

	FY 2007
General Fund	\$22,235,400
Antitrust Enforcement Revolving Fund	232,400
Attorney General Legal Services Cost Allocation Fund	6,497,500
Collection Enforcement Revolving Fund	4,585,200
Consumer Fraud Revolving Fund	2,135,000
Interagency Service Agreements Fund	12,027,300

These amounts include an increase of \$2,331,300 for statewide adjustments. This amount consists of:

General Fund	891,200
Antitrust Enforcement Revolving Fund	19,500
Attorney General Legal Services Cost Allocation Fund	456,500
Collection Enforcement Revolving Fund	244,000
Consumer Fraud Revolving Fund	123,200
Interagency Service Agreements Fund	596,900

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

The budget also includes the following adjustments:

Base Restoration

The State Government Budget Reconciliation Bill (BRB) (Laws 2006, Chapter 350) provides an increase of \$500,000 from the General Fund in FY 2007 to offset a corresponding reduction of \$(500,000) enacted in the General Appropriation Act (Laws 2006, Chapter 344).

Information Technology (IT) Projects

The State Government BRB provides \$279,700 in FY 2007 for IT projects. This amount consists of:

General Fund	\$1,000,000
Consumer Fraud Revolving Fund	(720,300)

The approved amount continues IT projects started in FY 2005. The project was expected to end in FY 2007 when it was first funded in FY 2005. The revised Project Investment Justification indicates that the projects will end in FY 2009. It is legislative intent that the FY 2007 increase is one-time, so there is no future funding commitment beyond FY 2007. For FY 2006, the budget provides \$1,540,700 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.

Prosecution of Crimes Related to Human Trafficking, Drug Trafficking, and Identity Theft

The State Government BRB provides \$1,300,000 and 18 FTE Positions from the General Fund in FY 2007 for the prosecution of crimes related to human trafficking, drug trafficking, and identity theft. The Attorney General's office estimates that the additional funding will allow the agency to:

- File an additional 50 to 80 felony cases per year related to human trafficking and resolve an additional 20 to 50 cases by conviction;
- File an additional 100 to 200 felony cases per year related to drug trafficking and resolve an additional 50 to 100 cases by conviction; and
- File an additional 50 to 100 cases per year related to identity theft and resolve an additional 20 to 50 cases by conviction.

The FY 2007 approved amount includes \$102,300 in one-time equipment monies.

Pro Rata Charge

The budget provides a decrease of \$(6,041,000) from the General Fund and a corresponding increase of \$6,041,000 from the Attorney General Legal Services Cost Allocation Fund in FY 2007 to finance non-contracted Attorney General Legal Services. This policy shifts more of the Attorney General budget to charges paid by client agencies, as authorized by Laws 2005, Chapter 300.

All agencies subject to the pro rata charge will receive an increase in their appropriation equal to the amount paid for the pro rata charge. As a result, agencies will be held harmless in terms of their current operating budgets. In terms of agency charges, agency budgets will be adjusted by \$4,593,100 from the General Fund and \$739,300 in Other Funds. The General Fund impact will be a savings of \$6,041,000 in the Attorney General budget and an increase of \$4,593,100 in agency budgets, resulting in a net statewide General Fund savings of \$(1,447,900). Agency budget allocations are appropriated as a lump sum and allocated by the JLBC Staff in the Appropriations Report. (See Table 2 on page 58 for agency contributions to the pro rata charge by fund type.) Table 1 details statewide changes in funding by fund type:

	Attorney General	State Agency Allocation	Net
General Fund	\$(6,041,000)	\$4,593,100 ^{1/}	\$(1,447,900)
Other Appropriated Funds	\$ 6,041,000	\$ 739,300 ^{2/}	\$ 6,780,300
Non-Appropriated Funds	—	<u>\$1,171,400</u>	<u>\$ 1,171,400</u>
Total	-	\$6,503,800	\$6,503,800

^{1/} The General Appropriation Act provides \$4,595,700 from the General Fund for agency charges. Of this amount \$2,600 is unallocated to agencies.
^{2/} The General Appropriation Act provides \$806,900 from Other Appropriated Funds. Of this amount \$67,600 is unallocated to agencies.

In FY 2007, non-contracted Attorney General Legal Services is estimated to be \$6,497,500. This number was calculated by adjusting the FY 2003 estimate of \$5,480,200 for this service for yearly changes in health and dental rates through FY 2006 and for the assistant attorneys general pay increase that was approved for FY 2005 and FY 2006. With these adjustments, the FY 2006 Legal Services base was \$6,041,000. FY 2007 statewide adjustments totaled \$456,500, bringing the total cost for non-contracted Attorney General legal services to \$6,497,500. Actual state agency allocations for the pro rata charge total \$6,503,800, which is \$6,300 above the total cost of \$6,497,500 for non-contracted Attorney General legal services.

Laws 2005, Chapter 300 included a permanent law provision that established a pro rata charge beginning in FY 2007 on the total amount of payroll expenditure from all non-appropriated and other appropriated funds for non-contracted Attorney General Legal Services, and established the Attorney General Legal Services Cost Allocation Fund.

The Criminal Justice Budget Reconciliation Bill (BRB) (Laws 2006, Chapter 348) excludes the Department of Economic Security, the Arizona Health Care Cost Containment System, the Superior Court, the Court of Appeals, the Supreme Court, the Arizona Department of Administration Risk Management Fund, and the Arizona Department of Agriculture from the pro rata charge. The Criminal Justice BRB also specifies that the pro rata charge is to be applied to the General Fund payroll in addition to Other Appropriated and Non-Appropriated payrolls, and that the pro rata charge be set at 0.635% of the total payroll.

Special Line Items

State Grand Jury

The budget provides \$160,100 and 1.2 FTE Positions from the General Fund for the State Grand Jury in FY 2007. This amount is unchanged from FY 2006.

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 \$3,266,400 and 8.8 FTE Positions from the Victims' Rights Fund for Victims' Rights in FY 2007. The approved amount includes an increase of \$30,300 from the Victims' Rights Fund in FY 2007 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 2007. This amount is unchanged from FY 2006. 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 \$9,214,200 and 107 FTE Positions from the Risk Management Revolving Fund for the Risk Management ISA in FY 2007. The approved amount includes an increase of \$475,700 from the Risk Management Fund in FY 2007 for statewide adjustments.

Additional Legislation

Collection Enforcement Revolving Fund

The Criminal Justice BRB allows the Attorney General to use Collection Enforcement Revolving Fund monies for operating expenses incurred by the department in FY 2007.

Other Issues

The following table displays the individual agency Interagency Service Agreements (ISA) expenditure amounts for FY 2006. Negotiations for the FY 2007 ISAs have not been finalized between the Office of the Attorney General and its client agencies. Therefore, actual expenditures for FY 2007 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		
Clean Elections Commission	1.50	\$ 127,570
Medical Board, Arizona	1.85	121,340
Secretary of State	<u>0.65</u>	<u>25,405</u>
Subtotal	4.00	\$ 274,315
Child and Family Protection Division		
Economic Security, Department of	0.0	\$ 145,000
Civil Division		
Accountancy Board	1.25	\$ 104,305
Accountancy Board – Accounting Enforcement Unit	3.88	302,410
Administration, Department of – Employment Law	0.88	83,910
Administration, Department of – Risk Management Case Related	0.00	110,000
Appraisal Board	0.65	65,138
Behavioral Health Examiners Board	1.00	116,817
Charter Schools	0.10	16,000
Chiropractic Examiners Board	0.50	50,069
Contractors, Registrar of	0.50	63,280
Corrections, Department of	1.50	168,390
Cosmetology Board	0.80	97,848
Dental Examiners Board	0.80	99,764
Disease Control Research Commission	0.25	23,292
Education, Board of	0.30	24,000
Education, Department of	1.18	130,210
Exposition and State Fair Board	1.00	103,670
Gaming, Department of	2.00	155,150
Health Services, Department of – Behavioral Health	10.25	843,250
Housing, Department of	1.00	97,500
Juvenile Corrections	1.00	74,450
Land Department	3.00	279,565
Liquor Department	0.25	23,105
Lottery Commission	1.50	148,770
Medical Board, Arizona	4.50	404,824
Naturopathic Medical Examiners Board	0.20	19,286
Nursing Board	3.00	312,900
Osteopathic Examiners Board	0.50	59,426
Parks Board, Arizona State	1.00	57,549
Pharmacy Board	0.50	76,035
Physical Therapy Board	0.16	17,910
Private Postsecondary Education Board	0.25	32,145
Public Safety, Department of	3.00	240,700
Public Safety, Department of – POST / ALEOAC	0.75	98,173
Retirement System	3.00	261,570
Revenue, Department of	1.33	148,980
School Facilities Board	1.25	118,000
Structural Pest Control Commission	0.30	35,909
Technical Registration Board	0.80	91,452
Transportation, Department of – Motor Vehicle	1.34	154,550
Transportation, Department of – Operating	26.40	2,485,250
Transportation, Department of – Right-of-way	5.00	342,600
Veteran's Services, Department of	.50	32,440
Veterinary Medical Examining Board	<u>0.20</u>	<u>21,800</u>
Subtotal	87.57	\$8,192,392

<u>Client Agency</u>	<u>FTE Positions</u>	<u>Expenditures</u>
Civil Rights Division		
Arizona Supreme Court Mediation Training	0.65	\$ 37,000
Other Non-State Mediation ISAs	<u>0.85</u>	<u>48,690</u>
Subtotal	1.50	\$ 85,690
Criminal Division		
Education, Department of – School Fraud Enforcement	1.00	\$ 98,080
Insurance, Department of	1.00	93,080
Revenue, Department of – Tax Enforcement	<u>1.50</u>	<u>110,840</u>
Subtotal	3.50	\$ 302,000
Public Advocacy Division		
Agriculture, Department of	1.00	\$ 103,830
Banking, Department of	1.00	116,120
Environmental Quality, Department of – Hazardous Waste	1.00	85,700
Environmental Quality, Department of – Underground Storage Tanks	5.53	499,200
Environmental Quality, Department of – Water Quality Assurance	10.00	858,360
Environmental Quality, Department. of – Air Quality	2.93	293,240
Game and Fish, Department of	0.00	8,750
Health Services, Department of – Tobacco Enforcement	4.50	370,000
Insurance, Department of	0.26	29,460
La Osa Litigation Funds	0.00	20,000
Real Estate, Department of	<u>0.60</u>	<u>41,910</u>
Subtotal	26.82	\$2,426,570
Contingency Amount	<u>11.00</u>	<u>800,000</u>
Total Budgeted Expenditures ^{1/}	134.39	\$12,225,967
^{1/} Does not total to the FY 2006 ISA appropriations.		

Table 2

Pro Rata Contributions by Agency

	<u>General Fund</u>	<u>Other Funds</u>	<u>NA Funds</u>
Administration, Arizona Department of	\$ 70,100	\$ 148,100	\$ 90,100
Administrative Hearings, Office of	4,400	100	2,500
Arts, Arizona Commission on the	2,800	-	208,300
Automobile Theft Authority	-	2,600	-
Charter Schools, State Board for	2,700	-	-
Citizens Clean Elections Commission	-	-	-
Commerce, Department of	17,000	5,600	12,700
Corrections, State Department of	2,502,200	9,700	38,000
Criminal Justice Commission, AZ	-	2,400	6,800
Deaf & the Blind, AZ State Schools for the	137,500	-	78,500
Deaf and the Hard of Hearing, Commission for the	-	4,900	-
Drug & Gang Prevention Resource Center, AZ	-	2,200	5,800
Education, Department of	53,200	19,100	112,100
Emergency and Military Affairs, Department of	23,300	-	100,000
Environmental Quality, Department of	50,300	69,400	107,100
Equal Opportunity, Governor's Office of	1,000	-	300
Equalization, State Board of	2,400	-	-
Executive Clemency, Board of	4,000	-	-
Exposition & State Fair Board, AZ	-	34,700	-
Financial Institutions, State Department of	15,300	-	2,400
Fire, Building and Life Safety, Department of	13,000	-	900
Gaming, Department of	-	31,200	-
Geological Survey, Arizona	3,000	-	2,100
Government Information Technology Agency	-	10,600	-
Health Services, Department of	360,600	49,200	152,400
Historical Society, Arizona	11,900	-	2,300
Historical Society of AZ, Prescott	3,200	-	1,400
Housing, Department of	-	3,000	19,500
Indian Affairs, AZ Commission of	800	-	-
Insurance, Department of	29,700	-	16,500
Juvenile Corrections, Department of	293,900	-	13,100
Land Department, State	56,500	-	5,100
Law Enforcement Merit System Council	400	-	-
Liquor Licenses & Control, Department of	10,900	-	3,400
Lottery Commission, Arizona State	-	30,400	-
Medical Student Loans, Board of	-	-	-
Mine Inspector, State	4,000	-	1,000
Mines & Mineral Resources, Department of	2,000	-	-
Navigable Stream Adjudication Commission, AZ	600	-	-
*Parks Board, Arizona State	21,400	32,800	29,500
Personnel Board	800	-	-
Pioneers' Home, AZ	22,800	-	-
Postsecondary Education, Commission of	-	1,700	-
Power Authority	-	-	-
**Public Safety, Department of	536,300	151,400	145,800
Racing, Arizona Department of	10,300	-	-
Radiation Regulatory Agency	6,800	1,100	900
Real Estate Department, State	16,600	-	300
Retirement System, Arizona State	-	68,200	-
Revenue, Department of	252,400	6,800	-
School Facilities Board	7,000	-	-
Secretary of State, Department of State	13,000	700	-
Tax Appeals, State Board of	1,300	-	-
Tourism, Office of	-	-	10,000
Treasurer, State	11,400	-	-
Uniform State Laws, Commission on	-	-	-
Veterans' Services, Department of	10,400	49,600	2,600
Weights and Measures, Department of	5,900	3,800	-
TOTAL	\$4,593,100	\$739,300	\$1,171,400
UNALLOCATED AMOUNT	\$ 2,600	\$ 67,600	-

* The General Fund amount includes \$9,100 of the State Parks Enhancement Fund share of the pro rata charge.

** The General Fund amount includes \$382,800 of the Highway User Revenue Fund and State Highway Fund share of the pro rata charge.