

Major General: David P. Rataczak

JLBC Analyst: Jeremy Olsen

|  | FY 2005<br>Actual | FY 2006<br>Estimate | FY 2007<br>Approved                |
|--|-------------------|---------------------|------------------------------------|
| <b>PROGRAM BUDGET</b>                      |                   |                     |                                    |
| Administration                             | 1,324,100         | 1,883,800           | 1,951,200                          |
| Emergency Management                       | 3,526,700         | 5,706,600           | 5,774,300 <sup>1/</sup>            |
| Military Affairs                           | 4,933,000         | 6,469,700           | 6,801,300                          |
| <b>AGENCY TOTAL</b>                        | <b>9,783,800</b>  | <b>14,060,100</b>   | <b>14,526,800</b>                  |
| <b>OPERATING BUDGET</b>                    |                   |                     |                                    |
| Full Time Equivalent Positions             | 123.1             | 95.6                | 95.6 <sup>2/</sup>                 |
| Personal Services                          | 2,617,400         | 2,972,600           | 2,332,300                          |
| Employee Related Expenditures              | 843,200           | 960,000             | 836,500                            |
| Professional and Outside Services          | 192,300           | 121,200             | 77,400                             |
| Travel - In State                          | 91,300            | 93,800              | 93,400                             |
| Travel - Out of State                      | 31,000            | 46,000              | 41,000                             |
| Other Operating Expenditures               | 2,640,500         | 3,435,100           | 2,539,900                          |
| Food                                       | 141,600           | 150,000             | 0                                  |
| Equipment                                  | 83,800            | 122,600             | 122,600                            |
| <b>OPERATING SUBTOTAL</b>                  | <b>6,641,100</b>  | <b>7,901,300</b>    | <b>6,043,100</b>                   |
| <b>SPECIAL LINE ITEMS</b>                  |                   |                     |                                    |
| Guardsmen Tuition Reimbursement            | 599,800           | 1,446,000           | 1,446,000                          |
| Military Gift Package Postage              | 0                 | 0                   | 100,000                            |
| Project Challenge                          | 0                 | 0                   | 2,205,600                          |
| Civil Air Patrol                           | 56,700            | 54,200              | 54,200                             |
| Governor's Emergency Fund                  | 1,901,700         | 4,000,000           | 4,000,000 <sup>1/</sup>            |
| Nuclear Emergency Management Fund          | 584,500           | 658,600             | 677,900 <sup>3/</sup>              |
| <b>AGENCY TOTAL</b>                        | <b>9,783,800</b>  | <b>14,060,100</b>   | <b>14,526,800<sup>4/5/6/</sup></b> |
| <b>FUND SOURCES</b>                        |                   |                     |                                    |
| General Fund                               | 9,657,800         | 13,927,400          | 14,394,100                         |
| <u>Other Appropriated Funds</u>            |                   |                     |                                    |
| Emergency Response Fund                    | 126,000           | 132,700             | 132,700                            |
| <b>SUBTOTAL - Other Appropriated Funds</b> | <b>126,000</b>    | <b>132,700</b>      | <b>132,700</b>                     |
| <b>SUBTOTAL - Appropriated Funds</b>       | <b>9,783,800</b>  | <b>14,060,100</b>   | <b>14,526,800</b>                  |
| Other Non-Appropriated Funds               | 718,900           | 357,200             | 357,200                            |
| Federal Funds                              | 81,027,800        | 131,574,100         | 64,960,600                         |
| <b>TOTAL - ALL SOURCES</b>                 | <b>91,530,500</b> | <b>145,991,400</b>  | <b>79,844,600</b>                  |

<sup>1/</sup> Includes expenditures authorized by A.R.S. § 35-192, which states that up to \$4,000,000 may be spent on disaster prevention and mitigation. This amount is not included in the General Appropriation Act. The amount includes prior year authorizations.

<sup>2/</sup> Includes 4.5 FTE Positions in FY 2007 appropriated by Laws 2005, Chapter 184.

<sup>3/</sup> Pursuant to A.R.S. § 26-306.02, this appropriation is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriation, however, any unexpended monies shall be used to reduce the assessment and appropriation in future years.

<sup>4/</sup> The Department of Emergency and Military Affairs appropriation includes \$1,215,000 for service contracts. This amount is exempt from A.R.S. § 35-190, relating to lapsing of appropriations, except that all FY 2007 monies remaining unexpended and unencumbered on October 31, 2007 revert to the state General Fund. (General Appropriation Act footnote)

<sup>5/</sup> It is the intent of the Legislature that the Department of Emergency and Military Affairs submit a request to the United State Department of Defense by September 30, 2006 to allow the Department of Emergency and Military Affairs to conduct training exercises for Arizona National Guard units at the Arizona-Mexico border. The Department of Emergency and Military Affairs shall report to the Joint Legislative Budget Committee by December 31, 2006 on the response of the United States Department of Defense to this request. (General Appropriation Act footnote)

<sup>6/</sup> General Appropriation Act funds are appropriated as a Operating Lump Sum with Special Line Items by Program.

**AGENCY DESCRIPTION** — The department’s Emergency Management Program prepares and coordinates emergency response plans for the state. The Military Affairs Program operates the Arizona National Guard and Project Challenge, an educational program for at-risk youth.

| <b>PERFORMANCE MEASURES</b>  | FY 2003 | FY 2004 | FY 2005 | FY 2007  |
|--|---------|---------|---------|----------|
|  | Actual  | Actual  | Actual  | Approved |
| • % of Project Challenge graduates either employed or in school                    | 99      | 96      | 94      | 95       |
| • Customer satisfaction rating for communities served during disasters (Scale 1-8) | NA      | NA      | NA      | 6.0      |

Comments: The department provided amounts for this measure in FY 2003 and FY 2005. Due to concerns regarding the agency’s methodology for rating customer satisfaction, their submission was not included in this report.

**Operating Budget**

The budget provides \$6,043,100 for the operating budget in FY 2007. This amount consists of:

|                         |             |
|-------------------------|-------------|
| General Fund            | \$5,910,400 |
| Emergency Response Fund | 132,700     |

These amounts include an increase of \$256,800 from the General Fund for statewide adjustments.

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

The budget also includes the following adjustment:

**Operating Funding Shift**

The budget includes a transfer of \$(2,115,000) from the operating budget to create the Project Challenge Special Line Item (SLI). This transfer does not affect the agency’s total appropriation, but shifts funding for the Project Challenge program from the agency’s operating budget to the new Project Challenge SLI. *(See the Project Challenge SLI below for more details).*

**Special Line Items**

**Guardsmen Tuition Reimbursement**

The budget provides \$1,446,000 from the General Fund for the Guardsmen Tuition Reimbursement Program in FY 2007. This amount is unchanged from FY 2006.

Monies in this line item are used to reimburse eligible guard members for qualifying higher education expenses. In FY 2005, 1,347 applicants applied to the program, and 711 (or 52.8%) were awarded an average benefit of approximately \$844. In FY 2006, the Tuition Reimbursement Program received an additional appropriation of \$846,000. This has allowed the department to increase the benefit received by each applicant by approximately \$1,100.

**Military Gift Package Postage**

The budget provides \$100,000 from the General Fund for the new Military Gift Package Postage Program in FY 2007. These funds will be used to reimburse individuals and corporations for the cost of mailing gift packages to military personnel serving overseas.

**Project Challenge**

The budget provides \$2,205,600 from the General Fund for Project Challenge in FY 2007. This amount includes an increase of \$90,600 from the General Fund for statewide adjustments.

The budget also includes the following adjustments:

**Operating Funding Shift**

The budget includes a transfer of \$2,115,000 from the operating budget to create the Project Challenge SLI. This transfer does not affect the agency’s total appropriation, but shifts funding for the Project Challenge program from the agency’s operating budget to the new Project Challenge SLI. *(See the Operating Budget section above for more details).*

**Multi-Purpose Building**

The budget provides an increase of \$500,000 from the General Fund in FY 2007 for one-time funding to construct a multipurpose building. The new building is expected to be approximately 18,000 square feet in size. This building will be located on the Project Challenge campus, and will include cafeteria/multipurpose space and an additional female dormitory.

The Supplemental Appropriation Budget Reconciliation Bill (Laws 2006, Chapter 316) extends the lapsing date of a FY 2006 appropriation of \$500,000 for Project Challenge to June 30, 2007. The department has not yet expended these funds, and without the extension of the expenditure deadline for an additional year the department’s authority to expend these funds would expire on July 1, 2006. This extension will provide the department additional time for private fundraising efforts which will be used to pay for the remaining construction costs of the approximately \$5.0 million building.

Project Challenge is an educational program for at-risk youth located in Queen Creek, and accepts approximately 200 students per year. Previously the funding for this program was reported in the department's operating budget.

Students entering the program live in residence for 5 months to complete a curriculum in academics, career planning, and physical training, which is followed by a 12-month mentoring period. After completion of the program, most graduates will receive their GED.

#### ***Civil Air Patrol***

The budget provides \$54,200 from the General Fund for the Civil Air Patrol in FY 2007. This amount is unchanged from FY 2006. Monies in this line item are used to partially offset the costs of required operations and maintenance of aircraft used by volunteers to aid in search and rescue and other emergency missions.

#### ***Governor's Emergency Fund***

The budget provides \$4,000,000 from the General Fund for the Governor's Emergency Fund in FY 2007. This amount is unchanged from FY 2006. Monies in this line item are authorized in A.R.S. § 35-192, and therefore are not included in the General Appropriation Act. The \$4,000,000 in FY 2007 may be used by the department for emergencies. Under A.R.S. § 35-192, the Governor may, through emergency declarations, authorize up to \$4,000,000 annually from the General Fund for disaster prevention and mitigation without specific appropriation authority.

#### ***Nuclear Emergency Management Fund***

The budget provides \$677,900 and 4.5 FTE Positions from the General Fund in FY 2007 for the Nuclear Emergency Management Fund Special Line Item (NEMF). This amount would fund the following adjustment:

#### ***Standard Changes***

The budget provides an increase of \$19,300 from the General Fund in FY 2007 for standard changes.

Laws 2005, Chapter 184 appropriated \$677,897 from the General Fund in FY 2007 for the NEMF. As a result, these monies do not appear in the General Appropriation Act.

Of the total amount appropriated in FY 2007, \$312,328 and 4.5 FTE Positions are allocated to the Department of Emergency and Military Affairs' Emergency Management Division for administering and enforcing the state plan for off-site response to an emergency caused by an accident at the Palo Verde nuclear plant. The Emergency Management Division also received \$309,161 to disburse to agencies of Maricopa County that receive assignments or responsibilities from the nuclear emergency response plan. The remaining \$56,408 is to be disbursed to departments and agencies of the Town of Buckeye for expenses incurred from participation in the nuclear emergency response plan.

The Legislature is required to biennially assess a fee against each group of public service and municipal corporations operating the Palo Verde Nuclear Generating Station. The fee is set at a level necessary to offset the General Fund appropriation to NEMF. Historically, funding has been provided in legislation separate from the General Appropriation Act.

Monies in the NEMF are used for the development and maintenance of a state plan for off-site responses to an emergency caused by an accident at a commercial nuclear generating station. NEMF monies are also used to provide for the equipment, personnel, facilities, training, and testing necessary to comply with federally prescribed criteria.

Monies appropriated to the NEMF are exempt from the provisions of A.R.S. § 35-190, relating to the lapsing of appropriations, except that monies left unexpended or unencumbered at the end of the fiscal year shall be used to offset the next year's assessment and appropriation.

### ***Vetoed Legislation***

#### ***National Guard Mobilization***

HB 2701, as originally passed, included \$10,000,000 from the General Fund for mobilization of the National Guard in FY 2007. This legislation would have funded the mobilization of National Guard units in response to the Governor's August 15, 2005 State of Emergency Declaration regarding unauthorized border crossings along Arizona's southern border. This bill was vetoed by the Governor on March 9, 2006.

#### ***Immigration Enforcement***

HB 2577, as originally passed, included a total of \$161,552,900 from the General Fund to provide funding to state agencies and grants to local governments for several immigration enforcement initiatives. Of the total, the bill appropriated \$136,552,900 in FY 2007 and \$25,000,000 in FY 2008. Under the bill, the Department of Emergency and Military Affairs would have received \$10,000,000 for mobilization of the National Guard and \$50,000,000 for a border radar system. This bill was vetoed by the Governor on June 6, 2006. Appropriations contained within the bill are listed in the table on the following page.

**HB 2577 – Appropriations****Appropriations**Department of Public Safety

- GITEM Expansion (161.8 FTE Positions) \$ 28,952,900 <sup>1/</sup>
- Southern Regional Crime Lab Construction 14,300,000

Border Enforcement Security Team

- Grants to Counties for Incarceration Expenses 27,000,000
- Grants to Local Governments for Immigration Enforcement 27,000,000

Attorney General

- Employer Violations and Audits 2,000,000

Department of Emergency and Military Affairs

- National Guard Mobilization (Conditional Appropriation) 10,000,000
- Border Radar 50,000,000 <sup>2/</sup>

Arizona Department of Transportation

- Southern Arizona Border Road 1,000,000

Department of Corrections/County Sheriffs

- Border Clean-up 850,000

Legislative Council

- Immigration Ombudsman-Citizens Aide (1 FTE Position) 100,000

Auditor General

- Federal Fiscal Audits Contract 150,000

State Land Department

- Environmental Impact Study 200,000

**Total Appropriations** **\$161,552,900**

<sup>1/</sup> While not enacted in HB 2577, \$26,544,100 was appropriated to the Department of Public Safety in the FY 2007 General Appropriation Act (Laws 2006, Chapter 344).

<sup>2/</sup> Of this amount, \$25.0 million was appropriated to the Department of Emergency and Military Affairs in FY 2007, and an additional \$25.0 million was appropriated in FY 2008.