

Attorney General - Department of Law

JLBC: Leah Ruggieri
 OSPB: Tory Anderson

DESCRIPTION	FY 2005 ACTUAL	FY 2006 ESTIMATE	FY 2007 JLBC
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	665.5	619.9	619.9
Personal Services	29,573,100	28,407,200	28,407,200
Employee Related Expenditures	7,829,000	7,823,300	7,823,300
Professional and Outside Services	1,207,200	827,400	827,400
Travel - In State	239,700	197,700	197,700
Travel - Out of State	154,400	88,600	88,600
Other Operating Expenditures	6,729,600	4,989,100	4,989,100
Equipment	1,570,300	915,800	915,800
OPERATING SUBTOTAL	47,303,300	43,249,100	43,249,100
SPECIAL LINE ITEMS			
State Grand Jury	160,000	160,100	160,100
Victims' Rights	2,704,400	3,228,300	3,228,300
Military Airport Planning	71,300	100,000	100,000
Risk Management ISA	0	8,621,500	8,621,500
AGENCY TOTAL	50,239,000	55,359,000	55,359,000
FUND SOURCES			
General Fund	23,401,200	25,037,500	18,996,500
Other Appropriated Funds			
Antitrust Enforcement Revolving Fund	218,500	208,200	208,200
Attorney General Legal Services Cost Allocation Fund	0	0	6,041,000
Collection Enforcement Revolving Fund	3,605,600	4,281,500	4,281,500
Consumer Fraud Revolving Fund	2,605,100	2,699,900	2,699,900
Interagency Service Agreements Fund	17,704,200	11,282,100	11,282,100
Risk Management Revolving Fund	0	8,621,500	8,621,500
Victims' Rights Fund	2,704,400	3,228,300	3,228,300
SUBTOTAL - Other Appropriated Funds	26,837,800	30,321,500	36,362,500
SUBTOTAL - Appropriated Funds	50,239,000	55,359,000	55,359,000
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	80,324,800	80,192,300

CHANGE IN FUNDING SUMMARY

	FY 2006 to FY 2007 JLBC	
	\$ Change	% Change
General Fund	(6,041,000)	(24.1%)
Other Appropriated Funds	6,041,000	19.9%
Total Appropriated Funds	0	0.0%
Non Appropriated Funds	(132,500)	(0.5%)
Total - All Sources	(132,500)	(0.2%)

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	JLBC
<ul style="list-style-type: none"> 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. The JLBC recommendation for 60 days in FY 2007 is based on the agency's estimate. 	72	73	39	60
<ul style="list-style-type: none"> Customer satisfaction rating for client agencies (Scale 1-8) 	7.1	7.2	7.02	7.3

RECOMMENDED CHANGES FROM FY 2006

Operating Budget

The JLBC recommends \$43,249,100 for the operating budget in FY 2007. This amount consists of:

	<u>FY 2007</u>
General Fund	\$18,736,400
Antitrust Enforcement Revolving Fund	208,200
Attorney General Legal Services Cost Allocation Fund	6,041,000
Collection Enforcement Revolving Fund	4,281,500
Consumer Fraud Revolving Fund	2,699,900
Interagency Service Agreements Fund	11,282,100

These amounts include the following adjustments:

Information Technology	GF	0
(IT) Projects	OF	0

The JLBC recommends \$540,700 from the General Fund and \$720,300 from the Consumer Fraud Revolving Fund in FY 2007 for the IT projects started in FY 2005. These amounts are unchanged from FY 2006.

The IT projects include enhancing the department's computer network security, replacing the case management system, expanding the document management system, and converting to Microsoft Word. In FY 2005, when funding was first provided for these projects, the Attorney General's office issued an RFP, selected a vendor, and came into ownership of a number of the software licenses and source codes for the case management system. During FY 2006, the agency will purchase, install and configure the server, network and database infrastructure required to support the new software. Practice Area Committees (PACs) will be formed to establish standardized business processes that will be automated using the newly procured software. A few additional software licenses and modules will be purchased, and customization of the case management system software will begin. No users will be on-line and operational until FY 2007. In FY 2007, the contracted vendor will complete the customization, configuration, and data conversion of the new case management system software. The PACs will have completed the testing phase of the new software, the remaining software modules and licenses will be

purchased, customization will be completed, and the vendor will begin training the user community and bring everyone on-line by the end of the year. This project was expected to end in FY 2007 when it was first funded in FY 2005. The revised Project Investment Justification indicates that \$509,000 will be needed from the General Fund in both FY 2008 and FY 2009 for development costs and licensing and maintenance fees. This recommendation does not commit to these extra years of funding.

Pro Rata Charge **GF (6,041,000)**
OF 6,041,000

The JLBC recommends a decrease of \$(6,041,000) from the General Fund and an 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 recommendation 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 \$3,895,800 from the General Fund and \$2,145,200 in Other Funds. The General Fund impact will be a savings of \$6,041,000 in the Attorney General budget and an increase of \$3,895,800 in agency budgets, resulting in a net statewide savings of \$(2,145,200) (see Table 1). Agency budget allocations will be appropriated as a lump sum and allocated by the JLBC Staff in the Appropriations Report. Table 1 details changes in funding by fund type:

	Attorney <u>General</u>	State Agency <u>Allocation</u>	<u>Net</u>
General Fund	\$(6,041,000)	\$3,895,800	\$(2,145,200)
Other Appropriated Funds	6,041,000	\$1,142,000	\$7,183,000
Non-Appropriated Funds	-	<u>\$1,003,200</u>	<u>\$1,003,200</u>
Total	\$ -	\$6,041,000	\$6,041,000

In FY 2007, non-contracted Attorney General Legal Services is estimated to be \$6,041,000, which is unchanged from FY 2006. 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.

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. Recommended statutory changes are detailed below.

Special Line Items

State Grand Jury

The JLBC recommends \$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 JLBC recommends \$3,228,300 and 8.8 FTE Positions from the Victims' Rights Fund for Victims' Rights in FY 2007. This amount is unchanged from FY 2006.

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 JLBC recommends \$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 JLBC recommends \$8,621,600 and 107 FTE Positions from the Risk Management Revolving Fund for the Risk Management ISA in FY 2007. This amount is unchanged from FY 2006.

This line item provides funding for the Attorney General's contract with the Risk Management Division within ADOA.

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

JLBC RECOMMENDED FOOTNOTES

Standard Footnotes

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.

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.

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 2007. Before the expenditure of any Antitrust Enforcement Revolving Fund receipts in excess of \$208,200 in FY 2007, the Attorney General shall submit the intended uses of the monies for review by the Joint Legislative Budget Committee.

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.

JLBC RECOMMENDED STATUTORY CHANGES

The JLBC recommends that A.R.S. § 41-191.09 be amended to exclude the Department of Economic Security, the Arizona Health Care Cost Containment System, the Superior Court, and the Arizona Department of Administration Risk Management Fund from the 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. The Department of Economic Security and the Arizona Department of Administration Risk Management Fund are excluded because they pay directly for Attorney General Legal Services. The Arizona Health Care Cost Containment System and the Superior Court do not utilize these services. The JLBC also recommends that the pro rata charge be applied to the total amount of payroll expenditure from the General Fund. Lastly, the JLBC recommends that the pro rata charge be set at 0.62% of the total payroll. Currently, the pro rata charge is set at 0.33% in statute. This percentage charge is too low, as it would not generate the amount needed to fund non-contracted Attorney General Legal Services, which is now estimated to be \$6,041,000. Additionally, the percentage charge

currently in statute does not account for the recommendation to apply the pro rata charge to the total amount of payroll expenditure from the General Fund and exclude the above listed agencies and Risk Management Fund.

The JLBC recommends a session law change to A.R.S. § 41-191.03 to continue the expanded use of the Collection Enforcement Revolving Fund to allow the Attorney General to use these monies for any operating expenses incurred by the department in FY 2007. According to statute, this fund can be used only for expenses related to debt collection owed to the state, including the reimbursement of other accounts within the department. This statutory change has occurred in FY 2004 through FY 2006.

SUMMARY OF FUNDS	FY 2005 Actual	FY 2006 Estimate
Anti-Racketeering Revolving Fund (AGA2131/A.R.S. § 13-2314.01)		Non-Appropriated
Source of Revenue: Forfeitures of property and assets to satisfy judgments pursuant to anti-racketeering statutes.		
Purpose of Fund: To investigate and prosecute any offense defined as racketeering pursuant to Arizona statutes.		
Funds Expended	12,564,500	12,570,000
Year-End Fund Balance	17,185,400	17,612,400
Antitrust Enforcement Revolving Fund (AGA2016/A.R.S. § 41-191.02)		Appropriated
Source of Revenue: Monies recovered for the state as a result of antitrust, restraint of trade or price-fixing activity enforcement.		
Purpose of Fund: For antitrust enforcement expenses, excluding attorney compensation.		
Funds Expended	218,500	208,200
Year-End Fund Balance	905,100	717,500
Attorney General Expendable Trust Fund (AGA3102/A.R.S. § 35-149)		Non-Appropriated
Source of Revenue: Restricted donations and gifts from individuals and corporations.		
Purpose of Fund: For purposes specified by donors or grantors.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Attorney General Legal Services Cost Allocation Fund (A.R.S. § 41-191.09)		Appropriated
Source of Revenue: The fund receives a pro rata share of appropriated and non-appropriated funds of select state agencies.		
Purpose of Fund: To fund non-contracted Attorney General Legal Services beginning in FY 2007.		
Funds Expended	0	0
Year-End Fund Balance	0	0
CJEF Distribution to County Attorneys Fund (AGA2068/A.R.S. § 41-2401)		Non-Appropriated
Source of Revenue: 9.35% of the Criminal Justice Enhancement Fund (CJEF) monies. CJEF consists of a 47% penalty assessment on fines, violations, forfeitures, and penalties imposed by the courts for criminal offenses and civil motor vehicle statute violations.		
Purpose of Fund: To enhance prosecutorial efforts of county attorneys.		
Funds Expended	3,614,000	3,690,000
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2005 Actual	FY 2006 Estimate
Collection Enforcement Revolving Fund (AGA2132/A.R.S. § 41-191.03)		Appropriated
Source of Revenue: The fund receives 35% of monies recovered by the Attorney General from debts owed to the state.		
Purpose of Fund: For expenses related to debt collection owed to the state, including reimbursement of other accounts within the department.		
Funds Expended	3,605,600	4,281,500
Year-End Fund Balance	423,800	100,000
Colorado River Land Claims Revolving Fund (AGA2430/A.R.S. § 41-191.05)		Non-Appropriated
Source of Revenue: Receives 25% of monies recovered by the state from the settlement of the state of Arizona's sovereign land claims.		
Purpose of Fund: To pay ownership claims near the Colorado River.		
Funds Expended	0	0
Year-End Fund Balance	20,100	20,100
Consumer Fraud Revolving Fund (AGA2014/A.R.S. § 44-1531.01)		Appropriated
Source of Revenue: Any monies recovered for the state from investigative or court costs, attorney fees or civil penalties pertaining to consumer protection or consumer fraud.		
Purpose of Fund: For consumer fraud education and for investigative and enforcement operations of the Consumer Protection Division, excluding attorney compensation.		
Funds Expended	2,605,100	2,699,900
Year-End Fund Balance	1,633,100	981,900
Court-Ordered Trust Fund (AGA3180/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Court-ordered deposits held in trust for parties to lawsuits.		
Purpose of Fund: To assure funds are available to pay judgments. Future payments are dependent on case settlements.		
Funds Expended	1,240,800	1,240,000
Year-End Fund Balance	102,485,000	102,555,000
Criminal Case Processing Fund (AGA2461/A.R.S. § 41-2421)		Non-Appropriated
Source of Revenue: A portion of redirected court collections and 0.35% of the surcharge on criminal, motor vehicle, and game and fish statute violations.		
Purpose of Fund: For the processing of criminal cases.		
Funds Expended	37,800	77,000
Year-End Fund Balance	76,400	45,400
Federal (AGA2117/A.R.S. § 41-101.01)		Non-Appropriated
Source of Revenue: Federal grants for various purposes.		
Purpose of Fund: To be used in accordance with the terms of the individual grants, including drug enforcement, fraud and patient abuse (AHCCCS-related), civil rights enforcement, fair housing education and outreach, and hazardous waste.		
Funds Expended	5,813,300	5,980,900
Year-End Fund Balance	1,094,500	1,063,200
Interagency Service Agreements Fund (AGA2157/A.R.S. § 41-192)		Appropriated
Source of Revenue: Any monies received by the Attorney General from charges to state agencies for legal services related to interagency service agreements.		
Purpose of Fund: To provide contracted legal services to state agencies and political subdivisions.		
Funds Expended	17,704,200	11,282,100
Year-End Fund Balance	333,600	0

SUMMARY OF FUNDS	FY 2005 Actual	FY 2006 Estimate
Intergovernmental Agreements Fund (AGA2500/A.R.S. § 35-142E)		Non-Appropriated
Source of Revenue: Any monies received from state agencies for specialized projects.		
Purpose of Fund: For costs associated with approved projects.		
Funds Expended	15,800	20,600
Year-End Fund Balance	8,200	7,600
Motor Carrier Safety Revolving Fund (AGA2380/A.R.S. § 28-5203)		Non-Appropriated
Source of Revenue: A grant from the Arizona Department of Transportation.		
Purpose of Fund: To carry out the provisions of Title 28, Chapter 14 and enforce civil penalties. The fund is exempt from A.R.S. § 35-190, relating to the lapsing of appropriations.		
Funds Expended	800	800
Year-End Fund Balance	1,700	900
Prosecuting Attorneys' Advisory Council Training Fund (AGA2057/A.R.S. § 41-1830.03; 41-2401)		Non-Appropriated
Source of Revenue: 3.03% of Criminal Justice Enhancement Fund monies.		
Purpose of Fund: For costs of training, technical assistance for prosecuting attorneys of the state and any political subdivision, and expenses for the operation of the council.		
Funds Expended	1,234,800	1,230,000
Year-End Fund Balance	753,900	733,900
Risk Management Revolving Fund (AGA4216/A.R.S. § 41-622)		Appropriated
Source of Revenue: From actuarial charges assessed on agencies insured under the state's risk management system, as well from recoveries by the state through litigation.		
Purpose of Fund: To pay for the legal services ISA contract between the Attorney General and the Arizona Department of Administration.		
Funds Expended	0	8,621,500
Year-End Fund Balance	0	0
Street Gang Enforcement Revolving Fund (AGA1022/A.R.S. § 41-191.07)		Non-Appropriated
Source of Revenue: A grant from the Arizona Criminal Justice Commission.		
Purpose of Fund: For gang prevention programs, training prosecutors and law enforcement personnel in the area of street gang prosecution and enforcement, and investigating and prosecuting any offense that is concurrently charged or investigated with any offense relating to criminal street gangs.		
Funds Expended	105,200	105,100
Year-End Fund Balance	0	0
Victim Witness Fund (AGA2228/A.R.S. § 41-2407)		Non-Appropriated
Source of Revenue: Grants from the Victim Compensation and Assistance Fund and the Victims of Crime Act Fund.		
Purpose of Fund: To assist crime victims and surviving family members who are involved in felony cases and appellate matters.		
Funds Expended	51,400	51,400
Year-End Fund Balance	0	0
Victims' Rights Fund (AGA3215/A.R.S. § 41-191.08)		Appropriated
Source of Revenue: 7.68% of monies collected by the Criminal Justice Enhancement Fund and an assessment on parents of juvenile offenders.		
Purpose of Fund: For states and local entities that provide victims' rights services and assistance.		
Funds Expended	2,704,400	3,228,300
Year-End Fund Balance	1,483,100	1,248,100