

BIENNIAL SUPPLEMENTALS

Laws 2005, Chapter 286 provided both FY 2006 and FY 2007 funding for a number of Other Appropriated Fund and small General Fund agencies. The JLBC recommends supplemental funding in FY 2006 and/or FY 2007 for the following agencies:

Office of Administrative Hearings
Analyst: Tyler Palmer

The JLBC recommends a revised total of \$900,500 and 8.5 FTE Positions from the Registrar of Contractors (ROC) Fund, \$1,104,200 from the General Fund, and \$13,900 from the AHCCCS Donations Fund in FY 2007. The revised department appropriated fund total would be \$2,018,600. These amounts would fund the following supplemental adjustments:

	<u>FY 2006</u>	<u>FY 2007</u>
ROC Hearing Costs	OF \$0	\$900,500

The JLBC recommends a FY 2007 supplemental increase of \$900,500 and 8.5 FTE Positions from the ROC Fund to directly appropriate funding from the ROC Fund for ROC related case hearing costs.

The recommendation will result in the elimination of funding in the ROC budget for the Office of Administrative Hearings (OAH) Costs Special Line Item (SLI), and the creation of a new Registrar of Contractors Services SLI in the OAH budget.

This recommended amount consists of \$869,500, which will be eliminated in the ROC budget, and an additional \$31,000 for increases related to the FY 2006 statewide salary and benefits adjustments and an estimated increase in ROC hearings conducted by OAH in FY 2007. ROC cases generate approximately 50% of the OAH workload. (See Registrar of Contractors Supplemental write-up for more information.)

Office of Administrative Hearings			
Change	OF	0	900,500
Revised Total	GF	1,137,200	1,104,200
	OF	14,100	914,400

Board of Barbers
Analyst: Steve Grunig

The JLBC recommends a revised total of \$274,600 in FY 2007 from the Board of Barbers Fund. These amounts would fund the following supplemental adjustments:

Additional Inspections	OF	0	44,000
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The JLBC recommends a FY 2007 supplemental increase of \$44,000 from the Board of Barbers Fund for additional inspections and travel expenses. The Board of Barbers has

made a rule change which will increase the number of inspections from 1,900 annually to 3,800 in FY 2006. The recommended amount includes \$27,600 for Travel - In State, \$14,200 for Professional and Outside Services and \$2,200 for Other Operating Expenditures. The Board of Barbers estimates an average increased cost of \$11.60 per inspection.

Board of Barbers			
Change	OF	0	44,000
Revised Total	OF	238,200	274,600

Registrar of Contractors
Analyst: Chris Cranny

The JLBC recommends a revised total of \$8,730,800 in FY 2007 from the Registrar of Contractors (ROC) Fund. This amount would fund the following supplemental adjustments:

OAH Costs	OF	0	(869,500)
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The JLBC recommends a FY 2007 supplemental decrease of \$(869,500) from the ROC Fund to eliminate the Office of Administrative Hearings (OAH) Costs Special Line Item. This would eliminate all funding in the Special Line Item. A direct appropriation from the ROC Fund will be made to the OAH for costs associated with the ROC's share of hearings.

In addition to the \$869,500, an additional \$31,000 will be appropriated to OAH for increases related to the FY 2006 statewide salary and benefits adjustments and an estimated increase in ROC hearings conducted by OAH in FY 2007. ROC cases generate approximately 50% of the OAH workload. (See Office of Administrative Hearings Supplemental write-up for more information.)

Registrar of Contractors			
Change	OF	0	(869,500)
Revised Total	OF	9,890,600	8,730,800

Arizona Game and Fish Department
Analyst: Jeremy Olsen

The JLBC recommends a revised total of \$2,983,200 in FY 2007 from the Watercraft Licensing Fund, and \$24,409,300 in FY 2007 from the Game and Fish Fund. The revised department appropriated fund total would be \$27,752,100. These amounts would fund the following supplemental adjustments:

Lower Colorado Multi-Species Conservation	OF	0	350,000
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The JLBC recommends a FY 2007 supplemental increase of \$350,000 from the Watercraft Licensing Fund for the

Lower Colorado River Multi-Species Conservation Plan (MSCP). This amount will fund approximately 25% of the state's annual payment. The JLBC further recommends creating a special line item in order to monitor department expenditures to the MSCP.

The \$350,000 payment represents the department's share of Arizona's payment for the plan. Currently, the total payment to MCSP is \$1,400,000. The Central Arizona Water Conservation District pays the remaining \$1,050,000 share of the state's obligation under the plan. The total payment, including the state share, will be adjusted for inflation in future years.

Annual payments for the plan are made to the U.S. Bureau of Reclamation. The bureau uses the monies received from state payments to implement conservation measures under the MCSP agreement.

The MSCP is an agreement between Arizona, California, Nevada, Indian Tribes, and water and utility companies to protect species classified as threatened or endangered, and to prevent any additional species from being added to these lists. The MSCP implementation plan lasts for 50 years, is estimated to cost \$626 million, and is administered by the U.S. Bureau of Reclamation.

Watercraft OUI Law

Enforcement OF 0 160,000

The JLBC recommends a FY 2007 supplemental increase of \$160,000 from the Watercraft Licensing Fund for Operating Under the Influence (OUI) watercraft enforcement equipment. The department would purchase 2 mobile operating command posts and 1 intoxilizer, giving the department the capability to conduct additional OUI investigations. The additional command posts and intoxilizer would be seasonally stationed along the Colorado River, Lake Powell, and lakes on the Salt River.

The department did not request funding for this item last year as revenues to the Watercraft Licensing Fund were not sufficient to support an increase. However, Laws 2005, Chapter 318 authorized the department to increase its watercraft licensing fees beginning August 31, 2005.

Watercraft Safety Education

and Outreach OF 0 290,000

The JLBC recommends a FY 2007 supplemental increase of \$290,000 from the Watercraft Licensing Fund for additional funding for Boating Safety Education and OUI outreach. The department will use the additional funding for materials for watercraft safety classes and a public awareness campaign regarding the dangers of alcohol consumption while boating. The ad campaign will include radio and television commercials, newspaper ads, billboards, displays at trade shows and expositions, and other promotional material. The Game and Fish department currently expends approximately \$70,000 annually for watercraft safety education.

The department did not request funding for this item last year as revenues to the Watercraft Licensing Fund were

not sufficient to support an increase. However, Laws 2005, Chapter 318 authorized the department to increase its watercraft licensing fees beginning August 31, 2005.

Wildlife Series Salary

Reclassification OF 0 1,100,000

The JLBC recommends a FY 2007 supplemental increase of \$1,100,000 from the Game and Fish Fund to reclassify the Wildlife Employee Series and provide salary adjustments to the employees within this series.

The reclassification will affect a total of 334 employees, 168 of which are appropriated positions. The 168 appropriated employees will receive an average increase of \$6,550. This would increase starting pay of Wildlife Manager I and Wildlife Specialist I positions from \$27,627 to \$34,176.

Motor Pool Fuel

Adjustment OF 0 74,600

The JLBC recommends a FY 2007 supplemental increase of \$74,600 from the Game and Fish Fund due to increased motor vehicle fuel costs.

In FY 2005, the department spent \$404,100 on fuel. The current cost of fuel (as of December 2005) is \$2.21 per gallon, an increase of 11.2% over FY 2005. The U.S. Department of Energy projects fuel prices to increase by 6.5% in CY 2006. Applying that to the department's FY 2005 fuel budget, the JLBC estimates FY 2007 costs will be \$478,700, an increase of \$74,600 over FY 2005.

JLBC RECOMMENDED FOOTNOTES

New Footnotes

The Arizona Game and Fish Department shall submit to the JLBC for review an expenditure plan for the \$160,000 allocated for Watercraft OUI Enforcement equipment prior to the expenditures of these monies.

Arizona Game and Fish Department

Change OF 0 1,974,600
Revised Total OF 27,215,100 27,752,100

Arizona Pioneers' Home

Analyst: Kimberly Cordes-Sween

The JLBC recommends a revised total of \$800,100 in FY 2007 from the General Fund and \$3,422,300 in FY 2007 from the State Charitable Fund. The agency appropriated fund total would remain unchanged at \$5,691,300, including \$1,468,900 from the Miners' Hospital Fund. These amounts would fund the following supplemental adjustments:

Fund Shift GF 0 800,100
OF 0 (800,100)

The JLBC recommends a FY 2007 supplemental increase of \$800,100 from the General Fund and a FY 2007 supplemental decrease of \$(800,100) from the State

Charitable Fund due to decreased revenue in the State Charitable Fund.

The Pioneers' Home receives 50% of State Charitable Fund proceeds, with the Department of Corrections and the Department of Juvenile Corrections each receiving 25%. The State Charitable Fund receives the majority of its income from interest payments from land sales, Treasurer's interest income based on the principal balance and rental income. The interest on debt financed land sales is deposited in the expendable portion of the State Charitable Fund.

Due to the sale of 2 parcels of land in 2004, through debt financing, the State Charitable Fund expendable interest increased. The FY 2006 budget assumed continued interest revenue payments of approximately \$6 million. As a result of the estimated interest revenue, \$3.6 million of the Pioneers' Home budget was shifted from the General Fund to the State Charitable Fund in the approved FY 2006 budget.

The land owners of these 2 parcels have paid off or are anticipated to pay off their financing early. The principal borrowed is deposited into the non-expendable corpus and the interest earnings are eliminated. As the result of early payoffs of the land sales, the expendable portion of the State Charitable Fund will now receive \$1.9 million less in FY 2006 and \$6.5 million less in FY 2007.

Since the Arizona Pioneers' Home had a State Charitable Fund balance of over \$3 million at the beginning of FY 2006, no offset of the reduced interest revenue is needed in FY 2006. For FY 2007, the JLBC recommends an increase of \$800,100 from the General Fund and a decrease of \$(800,100) from the State Charitable Fund to offset the loss of interest revenue without impacting the Pioneers' Home FY 2007 appropriated budget.

The Miners' Hospital Fund is another potential fund source to offset the State Charitable Fund loss of revenue. The Miners' Hospital Fund receives funding from interest payments and rental of land from which the fund is a beneficiary. Monies in this fund can be used to benefit the Arizona Pioneers' Home and are undesignated in nature. As reported by the Arizona Pioneers' Home, the Miners' Hospital Fund is expected to have an FY 2007 ending balance of \$1.1 million; however, use of these available monies is not a long term financing source and would be only one-time. As a result of the long-term funding need, the JLBC recommends funding this issue with General Fund monies rather than depleting the balance in the Miners' Hospital Fund.

Arizona Pioneers' Home			
Change	GF	0	800,100
	OF	0	(800,100)
Revised Total	GF	0	800,100
	OF	5,869,100	4,891,200