

Arizona Department of Administration
Human Resources

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| DESCRIPTION | FY 2007 ACTUAL | FY 2008 ESTIMATE | FY 2009 JLBC |
|--|--------------------|---------------------|--------------------|
| OPERATING BUDGET | | | |
| <i>Full Time Equivalent Positions</i> | 174.0 | 177.0 | 177.0 |
| Personal Services | 7,086,800 | 8,665,200 | 8,665,200 |
| Employee Related Expenditures | 2,325,800 | 3,131,200 | 3,131,200 |
| Professional and Outside Services | 1,865,100 | 1,926,600 | 1,926,600 |
| Travel - In State | 13,100 | 15,000 | 15,000 |
| Travel - Out of State | 7,000 | 8,400 | 8,400 |
| Other Operating Expenditures | 4,647,600 | 5,439,100 | 5,439,100 |
| Equipment | 580,400 | 160,000 | 160,000 |
| OPERATING SUBTOTAL | 16,525,800 | 19,345,500 | 19,345,500 |
| SPECIAL LINE ITEMS | | | |
| Human Resources Information Solution COP | 4,077,000 | 4,239,100 | 4,354,000 |
| Employee Wellness Program | 344,300 | 300,000 | 300,000 |
| Health Savings Account Plan Design | 0 | 100,000 | 0 |
| PROGRAM TOTAL | 20,947,100 | 23,984,600 | 23,999,500 |
| FUND SOURCES | | | |
| General Fund | 344,300 | 0 | 0 |
| <u>Other Appropriated Funds</u> | | | |
| Personnel Division Fund | 16,470,200 | 18,437,500 | 18,552,400 |
| Special Employee Health Insurance Trust Fund | 4,132,600 | 5,547,100 | 5,447,100 |
| SUBTOTAL - Other Appropriated Funds | 20,602,800 | 23,984,600 | 23,999,500 |
| SUBTOTAL - Appropriated Funds | 20,947,100 | 23,984,600 | 23,999,500 |
| Other Non-Appropriated Funds | 635,057,400 | 660,149,800 | 778,606,400 |
| TOTAL - ALL SOURCES | 656,004,500 | 684,134,400 | 802,605,900 |

CHANGE IN FUNDING SUMMARY

| | FY 2008 to FY 2009 JLBC | |
|--------------------------|-------------------------|----------|
| | \$ Change | % Change |
| General Fund | 0 | 0.0% |
| Other Appropriated Funds | 14,900 | 0.1% |
| Total Appropriated Funds | 14,900 | 0.1% |
| Non Appropriated Funds | 118,456,600 | 17.9% |
| Total - All Sources | 118,471,500 | 17.3% |

COST CENTER DESCRIPTION — The Human Resources Division is the state personnel office, providing employee benefits, among other services. The division oversees Arizona Government University (AzGU), which offers centralized training to state employees on a variety of topics. The division's operating budget is funded through a permanent statutory charge to state agency payrolls of 1.07%.

| PERFORMANCE MEASURES | FY 2005 Actual | FY 2006 Actual | FY 2007 Actual | FY 2009 JLBC |
|--|-------------------|-------------------|-------------------|-----------------|
| • Customer satisfaction with employee training (Scale 1-8) | 5.7 | NA | 6.0 | 6.1 |
| • Customer satisfaction with benefit plans (Scale 1-8) | 6.2 | NA | 6.1 | 6.2 |

Operating Budget

The JLBC includes \$19,345,500 and 177 FTE Positions for the operating budget in FY 2009. These amounts consist of:

| | |
|---|--------------|
| Personnel Division Fund | \$14,198,400 |
| Special Employee Health Insurance Trust Fund (HITF) | 5,147,100 |

These amounts are unchanged from FY 2008.

Human Resources Information Solution COP

The JLBC includes \$4,354,000 from the Personnel Division Fund for the Human Resources Information Solution (HRIS) Certificates of Participation (COPs) in FY 2009. The FY 2009 adjustment would be as follows:

Debt Service Increase OF 114,900

This adjustment would be an increase of \$114,900 from the Personnel Division Fund in FY 2009 for increased debt service costs.

This line item funds semi-annual payments made on the COP issued to fund the HRIS. HRIS replaced the Human Resources Management System in FY 2004. The HRIS portion of the COP involved a principal amount of approximately \$35,000,000. The first payment was made in FY 2002. Total interest costs for the COP are projected to be \$15,600,000 over its 12-year term.

Employee Wellness Program

The JLBC includes \$300,000 from HITF in FY 2009 for the Employee Wellness Program. This amount is unchanged from FY 2008.

This line item funds a vendor contract to conduct employee wellness screenings and provide wellness feedback to participants. As the program is intended to reduce overall health insurance costs, HITF, which consists of health insurance contributions, will provide for the program's long-term funding.

Health Savings Account Plan Design

The JLBC includes no funding from HITF in FY 2009 to fund the design of Health Savings Account (HSA) and Health Reimbursement Account (HRA) programs within the self-insurance program.

Eliminate One-time Design Costs OF (100,000)

This adjustment would be a decrease of \$(100,000) from HITF to eliminate one-time funding of design costs for HSA and HRA programs.

A HSA provides tax-preferred savings to reimburse out-of-pocket medical expenses and would be paired with a high-deductible health plan. A HRA is also a tax-preferred savings account for qualifying medical expenses. Unlike the HSA, the balance of a HRA cannot be invested and does not belong to the employee. The Health and Welfare Budget Reconciliation Bill, (Laws 2007, Chapter 263), instructs the department to develop a health plan for use in conjunction with these accounts.

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FORMAT — Operating Lump Sum with Special Line Items by Fund

STATUTORY CHANGES

The JLBC would include the following statutory change:

As session law, would continue to prohibit ADOA from implementing a differentiated health insurance premium in FY 2009 based on the integrated or non-integrated status of the provider beginning October 1, 2008.