

Department of Emergency and Military Affairs

	FY 2015 ACTUAL	FY 2016 ESTIMATE	FY 2017 APPROVED
PROGRAM BUDGET			
Administration	4,118,500	1,909,200	1,908,000
Emergency Management	3,815,900	7,654,100	7,690,500
Military Affairs	1,663,400	2,286,100	3,021,000
AGENCY TOTAL	9,597,800	11,849,400	12,619,500
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	68.6	69.6	69.6 ^{1/2/}
Personal Services	1,453,300	1,492,000	1,492,000
Employee Related Expenditures	553,600	557,600	546,500
Professional and Outside Services	94,000	20,000	20,000
Travel - In State	83,300	84,900	84,900
Travel - Out of State	25,500	40,300	40,300
Other Operating Expenditures	1,748,500	2,557,600	3,300,300
Equipment	117,000	80,200	80,200
OPERATING SUBTOTAL	4,075,200	4,832,600	5,564,200
SPECIAL LINE ITEMS			
Governor's Emergency Fund	1,592,700	3,700,000	4,000,000 ^{3/}
Emergency Management Assistance Compact Revolving Fund Deposit	0	300,000	0
Emergency Management Matching Funds	0	1,540,900	1,540,900
Nuclear Emergency Management Fund	1,373,600	1,385,900	1,424,400 ^{4/5/}
Military Airport Planning	2,556,300	90,000	90,000 ^{6/}
AGENCY TOTAL	9,597,800	11,849,400	12,619,500 ^{7/8/}
FUND SOURCES			
General Fund	9,469,300	11,849,400	12,619,500
<u>Other Appropriated Funds</u>			
Emergency Response Fund	128,500	0	0
SUBTOTAL - Other Appropriated Funds	128,500	0	0
SUBTOTAL - Appropriated Funds	9,597,800	11,849,400	12,619,500
Other Non-Appropriated Funds	226,100	110,000	110,000
Federal Funds	58,684,700	68,381,800	52,436,300
TOTAL - ALL SOURCES	68,508,600	80,341,200	65,165,800

^{1/} Includes 5.5 FTE Positions in FY 2017 appropriated by Laws 2015, Chapter 132 and 1 FTE Position appropriated by A.R.S. § 26-263.

^{2/} Includes 6.5 GF FTE Positions funded from Special Line Items in FY 2017.

^{3/} 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. Because this appropriation is in permanent statute, it is not included in the General Appropriation Act.

^{4/} Laws 2015, Chapter 132 appropriated \$1,385,913 and 5.5 FTE Positions in FY 2016 and \$1,424,377 and 5.5 FTE Positions in FY 2017 for the Nuclear Emergency Management Fund.

^{5/} 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; any unexpended monies, however, shall be used to reduce the assessment and appropriation in future years.

^{6/} A.R.S. § 26-263 annually appropriates \$90,000 and 1 FTE Position from the General Fund for the administration of the Military Installation Fund. Because this appropriation is in permanent statute, it is not included in the General Appropriation Act.

^{7/} The Department of Emergency and Military Affairs appropriation includes \$1,700,000 for service contracts. This amount is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations, except that all FY 2017 monies remaining unexpended and unencumbered on December 31, 2017 revert to the state General Fund. (General Appropriation Act footnote)

^{8/} General Appropriation Act funds are appropriated as a Lump Sum by Program with Special Line Items by Agency.

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 the Military Installation Fund Program.

Operating Budget

The budget includes \$5,564,200 and 63.1 FTE Positions from the General Fund in FY 2017 for the operating budget. These amounts fund the following adjustments:

State Match Increase

The budget includes an increase of \$738,300 from the General Fund in FY 2017 for a state match appropriation. In addition, the budget included \$746,700 from the General Fund for a FY 2016 supplemental. As a result, total state match funding in FY 2017 increased by \$1,485,000 above the original FY 2016 appropriation of \$215,000. These monies provide the state's share of cooperative agreements with the federal government for maintenance of National Guard facilities. The state share of these maintenance costs is between 25% and 50%. *(Please see the Other Issues section for more information.)*

Statewide Adjustments

The budget includes a decrease of \$(6,700) from the General Fund in FY 2017 for statewide adjustments. *(Please see the Agency Detail and Allocations section.)*

Governor's Emergency Fund

The budget includes \$4,000,000 from the General Fund in FY 2017 for the Governor's Emergency Fund. This amount funds the following adjustments:

Authorization Increase

The budget includes an increase of \$300,000 from the General Fund in FY 2017 for an increase in the Governor's Emergency Fund authorization. The FY 2017 Government Budget Reconciliation Bill (BRB) (Laws 2016, Chapter 121) created the Emergency Management Assistance Compact (EMAC) Revolving Fund with a one-time \$300,000 General Fund deposit in FY 2016. In order to have no net impact on the General Fund, the Governor's Emergency Fund authorization was reduced by a commensurate \$(300,000) in FY 2016. Since this reduction was one-time in nature, the budget increased the FY 2017 authorization to the \$4,000,000 statutory level. *(Please see the EMAC Revolving Fund line item for more information.)*

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.

Monies in this line item, therefore, are not included in the General Appropriation Act.

Emergency Management Assistance Compact Revolving Fund Deposit

The budget includes no funding in FY 2017 for the EMAC Revolving Fund deposit. This amount funds the following adjustments:

Elimination of One-Time Funding

The budget includes a decrease of \$(300,000) from the General Fund in FY 2017 for the elimination of a one-time deposit into the EMAC Revolving Fund.

The FY 2017 Government BRB created the EMAC Revolving Fund with a one-time FY 2016 General Fund deposit of \$300,000, matched by a commensurate decrease in the FY 2016 General Fund Governor's Emergency Fund authorization.

Monies in the fund will provide funding for DEMA's emergency assistance efforts in other states, thus allowing DEMA to avoid having to reallocate other operating monies to this purpose. Per the EMAC, the state receiving assistance will reimburse DEMA for the costs the department incurs while providing assistance in the state. These monies will be deposited into the EMAC Revolving Fund to backfill any expenditures from the fund. *(Please see the Governor's Emergency Fund line item for more information.)*

Emergency Management Matching Funds

The budget includes \$1,540,900 from the General Fund in FY 2017 for matching funds. This amount is unchanged from FY 2016.

Monies in this line item provide funding for the required 1:1 match for the Federal Emergency Management Performance Grant (EMPG) not covered with existing DEMA resources. EMPG monies are allocated to DEMA who then either expends them or passes monies on to other state, county, and municipal agencies to help provide planning, training, and other preparation for natural hazards and emergencies. In FY 2016, DEMA received \$7,004,500 in EMPG funds.

DEMA utilized the \$1,540,900 General Fund appropriation from this line item, \$633,200 in General Fund monies

from the Nuclear Emergency Management Fund line item, \$727,300 in General Fund monies from the operating budget, and \$600,000 in in-kind assistance that was provided to the Radiation Regulatory Agency and the Department of Agriculture or a total of \$3,501,400, as a match towards their share of the EMPG. As a result, DEMA will retain \$3,501,400 in EMPG monies for DEMA-specific expenditures.

The remaining \$3,503,100 in federal EMPG monies were awarded to counties, tribes, and municipalities for their emergency preparedness programs. These funds required a match from local fund sources prior to expenditure.

Nuclear Emergency Management Fund

The budget includes \$1,424,377 and 5.5 FTE Positions from the General Fund in FY 2017 for the Nuclear Emergency Management Fund (NEMF). These amounts fund the following adjustments:

NEMF Increase

The budget includes an increase of \$38,500 from the General Fund in FY 2017 for the NEMF Special Line Item.

Laws 2015, Chapter 132 appropriated \$1,385,913 and 5.5 FTE Positions from the General Fund in FY 2016 for the NEMF Special Line Item and \$1,424,377 and 5.5 FTE Positions in FY 2017. As a result, these monies do not appear in the FY 2017 General Appropriation Act. The Radiation Regulatory Agency, Department of Emergency and Military Affairs, and Department of Agriculture receive monies from this bill. *(Please see the Department of Agriculture and Radiation Regulatory Agency narratives for more information.)*

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 to offset the General Fund appropriation to the NEMF.

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.

Military Airport Planning

The budget includes \$90,000 and 1 FTE Position from the General Fund in FY 2017 for Military Airport Planning. These amounts are unchanged from FY 2016.

Prior to receiving a one-time deposit of \$2,500,000 in FY 2015, the Military Installation Fund had received no General Fund appropriation since FY 2011. The FY 2012 General Government BRB eliminated the annual \$4,825,000 General Fund deposit into the Military Installation Fund in statute. A.R.S. § 26-263 retained the annual \$90,000 and 1 FTE Position administrative appropriation to the department and an annual \$85,000 appropriation to the Attorney General. Since these monies are appropriated in statute, they do not appear in the General Appropriation Act.

As of May 17, 2016, the Military Installation Fund had an estimated FY 2016 year-end fund balance of \$3,363,400. If DEMA's total expenditure plan is eventually favorably reviewed, it will result in the expenditure of most of remaining monies in the fund.

At the June 16, 2016 meeting of the Joint Committee on Capital Review, DEMA received a favorable review for \$1,442,400 of their \$2,817,400 proposed expenditure plan from the Military Installation Fund to purchase lands near Luke Air Force Base Auxiliary Air Field and Gila Bend Auxiliary Air Field. The Committee requested further information for review at a future meeting on the remaining \$1,375,000 that the expenditure plan allocated to a 9-acre land purchase near Davis-Monthan Air Force Base and a 300-acre land easement near Fort Huachuca. In addition to the \$2,817,400 proposed plan, DEMA is also allocating \$500,000 to Pima County and Flagstaff for military preservation projects which were not included in the proposed expenditure plan.

Of the monies deposited into the Military Installation Fund, DEMA is required to award 80% to acquire private property, real estate, property rights, and related infrastructure. The remaining 20% is awarded to cities, towns, and counties. The purchasing entity — whether it is the state or a local government — owns the property and state properties are managed by DEMA. Currently, DEMA only awards funding for preservation and enhancement projects, and not land acquisition, to local governments.

Other Issues

FY 2016 Supplemental

The budget includes a supplemental appropriation of \$746,700 from the General Fund in FY 2016 to provide an increased state match appropriation. *(Please see the Operating Budget section for more information.)*

National Guard State Match

The state provides funding to DEMA that serves as a match to federal grants for the operational and maintenance costs associated with National Guard facilities. The grants have a matching requirement of between 5% and 50%. In FY 2015, DEMA received \$4,257,300 that required an average match of 23.8% match, or \$1,328,800. To meet this matching requirement in FY 2015, DEMA utilized \$686,500 of their \$1,215,000 General Fund state match appropriation which is included in the Military Affairs appropriation, \$426,600 in additional General Fund monies from the Military Affairs appropriation, and \$215,700 from the General Fund Administration appropriation.

The FY 2016 budget included an Executive proposal to shift \$1,000,000 of the \$1,215,000 state match from the General Fund to the non-appropriated Camp Navajo Fund for DEMA's National Guard state match appropriation. Camp Navajo Fund revenues are derived from fees that DEMA assesses on federal and federally-sponsored entities that store munitions and supplies at the Camp Navajo National Guard installation. In FY 2016, entities that stored materials at Camp Navajo included the U.S. Air Force, U.S. Navy, Royal Air Force (United Kingdom), Singapore Peace Vanguard, and other Department of Defense sponsored entities.

Subsequent to the passing of the budget, DEMA reported that Camp Navajo Fund monies were not an allowable source of matching monies due to the revenues deposited into the fund being federal monies. As a result, the direct General Fund appropriation of \$215,000 was not sufficient to meet all of DEMA's state match need.

DEMA estimated that their FY 2016 match need was \$1,720,000. DEMA utilized \$528,300 from their FY 2015 state match appropriation in addition to the \$215,000 FY 2016 state match appropriation and \$230,000 in one-time

vacancy savings from the Military Affairs appropriation for total available resources of \$973,300. As a result of the inability of DEMA to utilize Camp Navajo Fund monies as a match and having only \$973,300 to provide as a match, the budget provided a FY 2016 supplemental of \$746,700 in General Fund monies to meet the full FY 2016 state match need of \$1,720,000.

DEMA estimated a FY 2017 need of \$1,700,000 for their state match appropriation. To meet that amount, DEMA will use \$746,700 in the FY 2016 base from the supplemental base appropriation plus an added \$738,300 in new FY 2017 monies for a total of \$1,485,000. When combined with the \$215,000 in the original base, DEMA will have a total of \$1,700,000 for state match purposes in FY 2017.