

**OFFICE OF ADMINISTRATIVE HEARINGS**

Cliff Vanell, Director

A.R.S. § 41-1092.01

JLBC Analyst: Rebecca Hecksel

General Fund and Other Appropriated Funds	FY 1999 Actual	FY 2000 Estimate	FY 2001 Approved
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FTE Positions	22.0	34.0	34.0
Personal Services	963,400	1,440,600	1,471,400
Employee Related Expenditures	202,500	277,000	290,900
Professional and Outside Services	19,700	38,600	37,100
Travel - In State	12,200	34,800	34,900
Travel - Out of State	1,000	0	0
Other Operating Expenditures	150,500	310,500	282,500
Equipment	29,200	23,800	0
<b>Total Appropriations</b>	<b>1,378,500</b>	<b>2,125,300</b>	<b>2,116,800</b>

Fund Summary

General Fund	613,900	1,275,000	1,251,000
Office of Administrative Hearings Fund	764,600	836,500	852,000
AHCCCS Donations Fund	0	13,800	13,800

<b>Total Appropriations</b>	<b>1,378,500</b>	<b>2,125,300</b>	<b>2,116,800</b> <sup>1/2/3/</sup>
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**Agency Description** — *The Office of Administrative Hearings (OAH) is an independent office whose services and personnel are to be used by all state agencies to conduct administrative hearings, unless exempted by law. All agencies supported by other appropriated or non-appropriated funding sources are to contract for administrative hearing services from the office. The Director shall assign Administrative Law Judges (ALJ) from the office to an agency, on either a temporary or permanent basis, to preside over contested cases in accordance with the special expertise of the ALJ in the subject matter of the agency.*

**FTE Authorization** — The approved supplemental appropriation adds 3 FTE Positions in FY 2000 and FY 2001. No additional monies are appropriated as the General Appropriation Act already includes funding for these positions.

**Cost Allocation Plan** — Laws 1999, Chapter 1, 1<sup>st</sup> Special Session included a footnote that reflects the intent of the Legislature to develop a new cost allocation plan during the 2000 legislative session. Under this new plan, agencies will be billed for the actual number of Administrative Law Judge hours used. The billing will also include a percent share of fixed OAH costs and any costs directly attributable to that agency. OAH submitted a report to the JLBC on October 1, 1999 detailing actual Administrative Law Judge usage per agency, and will submit another report on October 1, 2000. The data in these reports will be used to develop new cost allocation charges that will then be compared to the current FY 2001 appropriation. Any necessary supplemental adjustments will be addressed in the 2001 Regular Session.

The JLBC did not address the issue this session in order to base the new cost allocation on FY 2000 data rather than FY 1999 data. The structure of OAH was altered when it acquired the AHCCCS Medicaid appeals caseload in FY 2000. Any cost allocation based on FY 1999 data would not include this new function of OAH and would inaccurately reflect the OAH operating budget.

[Click here for more information from the initial biennial appropriations report \(June 1999\)](#)

<sup>1/</sup> General Appropriation Act funds are appropriated as a Lump Sum by Agency.

<sup>2/</sup> The Office of Administrative Hearings shall submit a report to the Joint Legislative Budget Committee by October 1, 1999 and October 1, 2000 detailing the direct and indirect costs of hearings by agency in the prior fiscal year. The indirect cost assessment will be based on an agency's proportional use of Administrative Law Judge's time. (General Appropriation Act footnote)

<sup>3/</sup> It is the intent of the Legislature that monies received by the Office of Administrative Hearings from the Registrar of Contractors be deposited in an Office of Administrative Hearings Fund. (General Appropriation Act footnote)