

An outline map of the state of Arizona is positioned on the left side of the page, partially overlapping the text area.

STATE OF ARIZONA

**APPROPRIATIONS
REPORT**

**For The Fiscal Year
Ending June 30, 1994**

**JOINT
LEGISLATIVE
BUDGET
COMMITTEE**

RECYCLED PAPER

All white pages of this report are printed on 100% recycled paper.



STATE OF ARIZONA

Joint Legislative Budget Committee

STATE
SENATE

CAROL SPRINGER
CHAIRMAN 1994

LELA ALSTON
GUS ARZBERGER
A V 'BILL' HARDT
BEV HERMON
MATT SALMON
JOHN WETTAW
PAT WRIGHT

1716 WEST ADAMS
PHOENIX, ARIZONA 85007

PHONE (602) 542-5491

FAX (602) 542-1616

TED FERRIS
DIRECTOR

RICHARD STAVNEAK
DEPUTY DIRECTOR

HOUSE OF
REPRESENTATIVES

ROBERT 'BOB' BURNS
CHAIRMAN 1993

BRENDA BURNS
CARMEN CAJERO
LISA GRAHAM
LESLIE W. JOHNSON
BOB MCLENDON
GREG PATTERSON
POLLY ROSENBAUM

INTRODUCTION

This annual Appropriations Report provides a single source document for obtaining summary and detailed information on appropriations for Fiscal Year 1994, as provided in the General Appropriation Act, Laws 1993, Chapter 1 (H.B. 2001), 2nd Special Session, and other legislative acts. Also included is the economic and state revenue forecast upon which the budget was based. The summary section (blue pages at the front of the report) incorporates the use of graphics to display the structure and direction of the Arizona state budget for Fiscal Year 1994.

This report also provides information relative to the legislative intent of appropriations. We have attempted to describe both the legal limitations or conditions ("footnotes") as well as that which was made apparent as "legislative intent" through the budgetary process.

The many state agencies are encouraged to review the contents of this Appropriations Report, and to contact the Joint Legislative Budget Committee Staff with any concerns regarding "legislative intent."

Additional information on appropriations and revenue can be obtained from the Staff of the Joint Legislative Budget Committee.

Ted Ferris,
Director and
Legislative Budget Analyst

JOINT LEGISLATIVE BUDGET COMMITTEE

The Joint Legislative Budget Committee was established in 1966, pursuant to Laws 1966, Chapter 96. In 1979, a bill was passed to expand and alter the committee membership, which now consists of the following 16 members:

Representative Robert "Bob" Burns
Chairman 1993
Representative Brenda Burns
Representative Carmen Cajero
Representative Lisa Graham
Representative Leslie W. Johnson
Representative Bob McLendon
Representative Greg Patterson
Representative Polly Rosenbaum

Senator Carol Springer
Chairman 1994
Senator Lela Alston
Senator Gus Arzberger
Senator A. V. "Bill" Hardt
Senator Bev Hermon
Senator Matt Salmon
Senator John Wettaw
Senator Pat Wright

The primary powers and duties of the JLBC relate to ascertaining facts and making recommendations to the Legislature regarding all facets of the state budget, state revenues and expenditures, future fiscal needs, and the organization and functions of state government.

JLBC appoints a Director who is responsible for providing staff support and sound technical analysis to the Committee. The objectives and major products of the staff of the JLBC are:

- Analysis and recommendations for the annual state budget, which are presented in January of each year;
- Technical, analytical, and preparatory support in the development of appropriations bills considered by the Legislature;
- Periodic economic and state revenue forecasts;
- Periodic analysis of economic activity, state budget conditions, and the relationship of one to the other;
- Preparation of fiscal notes on the bills considered by the Legislature that have a fiscal impact on the state or any of its political subdivisions;
- An annual Appropriations Report, which is published shortly after the budget is completed and provides detail on the budget along with an explanation of legislative intent;
- Support to the JLBC with respect to recommendations on business items placed on the committee's agenda such as transfers of appropriations pursuant to A.R.S. § 35-173;
- Support to the Joint Committee on Capital Review (JCCR) with respect to all capital outlay issues including land acquisition, new construction, and building renewal projects
- Management and fiscal research reports related to state programs and state agency operations.

Joint Legislative Budget Committee
1716 West Adams
Phoenix, Arizona 85007
Phone: (602) 542-5491

Ted Ferris
Director

Richard Stavneak
Deputy Director

STAFF OF THE JOINT LEGISLATIVE BUDGET COMMITTEE

- Director Ted Ferris
- Deputy Director Richard Stavneak
- Assistant Director for Operations Dick Morris
- Associate Director for Research John Lee
- Principal Research Analyst Bob Hull
- Fiscal Analyst Karen Bock
 - Michael Bradley
 - Keith Brainard
 - Marge Cawley
 - Michelle Fusak
 - Monty Headley
 - Mark Siegwarth
 - Lynne Smith
- Research/Fiscal Analyst Bruce Groll
- Assistant Analyst Lorenzo Martinez
 - Gita Reddy
- Chief Economist Hank Reardon
- Senior Economist Kent Ennis
- Economist Frank Chow
- Local Area Network Manager Gary Thompson
- Executive Secretary and JLBC Clerk Linda Monsanto
- Administrative Assistant Lettie Phillips
- Receptionist/Secretary/JCCR Clerk Jan Belisle
- Secretary Adele Garcia
- Secretary Sharon Savage
- Fiscal Intern Brad Beranek
- Fiscal Intern Jim Hillyard
- Economics Intern Karyn Williams

APPROPRIATIONS COMMITTEE MEMBERS

**Forty-first Legislature
First Regular Session
1993**

HOUSE

Robert "Bob" Burns, Chairman
Bob Edens, Vice Chairman
Carmen Cajero
Chris Cummiskey
Catherine Eden
Lisa Graham
Jeff Groscost
Freddy Hershberger
Herschella Horton
Phillip Hubbard
Leslie Johnson
John C. Keegan
Bob McLendon
Greg Patterson
Polly Rosenbaum
Tom Smith
John Verkamp

SENATE

Carol Springer, Chairman
Larry Chesley, Vice Chairman
Lela Alston
Gus Arzberger
Ann Day
Stan Furman
A. V. "Bill" Hardt
Bev Hermon
John Huppenthal
Sandra D. Kennedy
Patricia A. Noland
Matt Salmon
Victor Soltero
Warren Austin Turner
John Wettaw

ALPHABETICAL INDEX OF STATE AGENCIES

| <u>Page</u> | <u>Page</u> |
|--|-------------|
| Accountancy, State Board of | 268 |
| Administration, Department of | 1 |
| Affirmative Action, Governor's Ofc. of . . . | 19 |
| Agricultural Employment Relations Bd. | 195 |
| Agriculture, Arizona Department of | 197 |
| AHCCCS | 89 |
| Appellate & Trial Court Appts, Comm. on . . | 50 |
| Appraisal, State Board of | 270 |
| Arizona State University - Main | 374 |
| Arizona State University - West | 376 |
| Arts, Arizona Commission on the | 329 |
| Attorney General - Dept. of Law | 20 |
| Banking Department, State | 210 |
| Barbers, Board of | 272 |
| Behavioral Health Examiners, Board of. . . . | 274 |
| Boards Office, State | 317 |
| Boxing Commission, Arizona State | 213 |
| Building & Fire Safety, Dept. of | 215 |
| Chiropractic Examiners, State Board of | 276 |
| Coliseum & Exposition Center Bd., AZ | 28 |
| Commerce, Department of | 30 |
| Community Colleges, St. Bd. of Dir. for . . . | 330 |
| Contractors, Registrar of | 217 |
| Corporation Commission | 219 |
| Corrections, State Department of | 385 |
| Cosmetology, Board of | 278 |
| Court of Appeals | 41 |
| Criminal Justice Commission, AZ | 402 |
| Deaf & the Blind, AZ St. Schools for the . . | 333 |
| Dental Examiners, State Board of | 280 |
| Economic Security, Department of | 116 |
| Education, Department of | 343 |
| Emergency and Military Affairs, Dept. of . . | 405 |
| Environment, Commission on the Arizona . . | 461 |
| Environmental Quality, Dept. of | 156 |
| Funeral Dir. & Embalmers, State Board of . . | 283 |
| Game and Fish Department, Arizona | 462 |
| Geological Survey, Arizona | 468 |
| Governor - Office of the | 51 |
| Governor's Ofc. of Strat. Plng & Budtg . . . | 53 |
| Health Services, Department of | 162 |
| Hearing Impaired, AZ Council for the | 184 |
| Historical Society, Arizona | 366 |
| Historical Society of AZ, Prescott | 368 |
| Homeopathic Medical Examiners, Bd. of . . . | 285 |
| Indian Affairs, AZ Commission of | 185 |
| Industrial Commission of Arizona | 229 |
| Insurance, Department of | 239 |
| Judicial Conduct, Commission on | 49 |
| Land Department, State | 469 |
| Law Enforcement Merit Syst. Council | 54 |
| Legislature | 55 |
| Library, Arch. & Pub. Records, Dept of . . . | 58 |
| Liquor Licenses & Control, Dept. of | 242 |
| Lottery Commission, Arizona State | 60 |
| Medical Examiners, Board of | 287 |
| Medical Student Loans, Board of | 369 |
| Mine Inspector, State | 244 |
| Mines & Mineral Resources, Dept. of | 472 |
| Naturopathic Phys. Bd. of Medical Exam. . . | 290 |
| Northern Arizona University | 377 |
| Nursing, State Board of | 292 |
| Nursing Care Inst. Admin., Bd. of Exam . . | 295 |
| Occup. Safety. & Health. Review Bd | 245 |
| Occup. Therapy Exam., Board of | 297 |
| Opticians, State Board of Dispensing | 299 |
| Optometry, State Board of | 301 |
| Osteopathic Examiners, AZ Board of | 303 |
| Pardons and Paroles, Board of | 412 |
| Parks Board, Arizona State | 473 |
| Personnel Board | 63 |
| Pharmacy, AZ State Board of | 305 |
| Physical Therapy Examiners, Board of | 307 |
| Pioneers' Home, Arizona | 186 |
| Podiatry Examiners, State Board of | 309 |
| Priv. Postsecondary Educ., State Bd. of . . . | 311 |
| Psychologist Examiners, State Board of . . . | 314 |
| Public Safety, Department of | 414 |
| Racing, Arizona Department of | 246 |
| Radiation Regulatory Agency | 253 |
| Rangers' Pensions, Arizona | 188 |
| Real Estate Department, State | 259 |
| Regents, Arizona Board of | 370 |
| Residential Utility Consumer Office | 261 |
| Respiratory Care Examiners, Bd. of | 319 |
| Retirement System, Arizona State | 64 |
| Revenue, Department of | 66 |
| Secretary of State - Dept. of State | 79 |
| Structural Pest Control Commission. | 322 |
| Superior Court | 44 |
| Supreme Court | 37 |
| Tax Appeals, State Board of | 81 |
| Technical Registration, State Board of | 324 |
| Tourism, Office of | 83 |
| Transportation, Department of | 439 |
| Treasurer, State | 85 |
| Uniform State Laws, Commission on | 87 |
| University of Arizona - Main Campus | 380 |
| University of Arizona - College of Med . . . | 383 |
| Veterans' Service Commission, Arizona . . . | 189 |
| Veterinary Med. Examining Board, AZ. St . . | 326 |
| Water Resources, Department of | 476 |
| Weights and Measures, Dept. of | 262 |
| Youth Treatment & Rehab., Dept. of | 428 |

- TABLE OF CONTENTS -

| | <u>Page</u> |
|---|-------------|
| <u>SUMMARY OF TABLES AND GRAPHS</u> | |
| • State of Arizona - General Fund - Statement of Projected Revenues and Expenditures - Enacted Budget | TG-2 |
| • State of Arizona - General Fund - Statement of Projected Revenues and Expenditures - JLBC Staff Forecast | TG-3 |
| • Summary of Appropriations by Individual Chapter - Fiscal Year 1993 and Fiscal Year 1994 | TG-4 |
| • Summary of Appropriated Funds by Agency for Fiscal Years 1993 and 1994 | TG-6 |
| • Distribution of General Fund Appropriations by Function of Government | TG-8 |
| • Nine Largest Agencies - General Fund Dollar Change FY 1993 - FY 1994 | TG-9 |
| • Nine Largest Agencies - General Fund Percent Change FY 1993 - FY 1994 | TG-9 |
| • Summary of The General Appropriation Act by Agency for Fiscal Years 1993 and 1994 | TG-10 |
| • Distribution of The General Appropriation Act - General Fund - by Function of Government | TG-12 |
| • Summary of the Omnibus Capital Outlay Bill (H.B. 2002) and Other Bills with Capital Outlay Appropriations | TG-13 |
| • Distribution of Capital Outlay Bills by Function of Government | TG-14 |
| • Lease-Purchase Summary | TG-15 |
| • Bonding Summary | TG-16 |
| • Summary of Additional Appropriations (Other Than The General Appropriation Act and All Capital Outlay Appropriations) for Fiscal Year 1993 and Fiscal Year 1994 . . . | TG-17 |
| • Distribution of Additional Appropriations by Function of Government | TG-18 |
| • Summary of Federal and Other Non-Appropriated Fund Expenditures for Fiscal Years 1993 and 1994 | TG-19 |
| • Distribution of Federal and Other Non-Appropriated Funds by Function of Government | TG-28 |
| • Summary of Total Spending Authority (Appropriated and Non-Appropriated Funds) for Fiscal Year 1993 and 1994 | TG-29 |
| • Distribution of Total State Spending Authority by Fund Source | TG-32 |
| • Distribution of Total State Spending Authority by Function of Government | TG-32 |
| • State Personnel Summary by Full-Time Equivalent Positions for Fiscal Years 1993 and 1994 | TG-33 |

- TABLE OF CONTENTS -
(Continued)

Page

| | |
|--|-------|
| • State Personnel Summary - Full-Time Equivalent Positions by Function of Government | TG-35 |
| • Ninety-Ten Agencies - Summary of FY 1995 FTE's and Appropriations | TG-35 |
| GENERAL PROVISIONS OF THE APPROPRIATION ACT | GP-1 |
| OVERALL ISSUES IN THE FY 1994 BUDGET | GP-2 |
| SUMMARY OF OMNIBUS RECONCILIATION BILLS | GP-5 |
| STATE APPROPRIATION LIMIT | GP-10 |
| BUDGET STABILIZATION FUND | GP-12 |
| DETAILED APPROPRIATIONS BY AGENCY (See Index at Front of Report for Specific Agency Page Numbers) | |
| • General Government | 1 |
| • Health and Welfare | 89 |
| • Inspection and Regulation | 195 |
| • Education | 329 |
| • Protection and Safety | 385 |
| • Transportation | 439 |
| • Natural Resources | 461 |
| HEALTH INSURANCE AND BUDGET ADJUSTMENTS | |
| • General Fund | 483 |
| • Other Funds | 488 |
| • Salary Adjustment For State Employees Since FY 1984 | 492 |
| • Elected Official Salaries for FY 1994 | 492 |
| ECONOMIC AND REVENUE FORECAST | |
| • The U. S. Economy | 494 |
| • The Arizona Economy | 502 |
| • General Fund Revenue | 507 |
| FY 1993 GENERAL FUND ADJUSTMENTS | |
| • FY 1993 General Fund Adjustments | 524 |
| • FY 1993 Operating Budget - Revisions to Agency Spending Authority | 526 |

TABLES AND GRAPHS

**STATE OF ARIZONA
GENERAL FUND
STATEMENT OF PROJECTED REVENUES AND EXPENDITURES
Enacted Budget***

| | Preliminary FY 1993 | Forecast FY 1994 |
|---|------------------------|------------------------|
| REVENUES | | |
| -Balance Forward | \$5,194,600 | \$190,000 |
| -Base Revenues | 3,699,800,000 | 3,806,129,700 |
| -Other Legislation and Adjustments | 0 | (12,794,100) |
| TOTAL REVENUES | \$3,704,994,600 | \$3,793,525,600 |
| EXPENDITURES | | |
| -Operating Appropriations | \$3,695,076,400 | \$3,794,512,600 |
| -Capital Outlay Appropriations | 7,335,700 | 7,271,900 |
| -Administrative Adjustments and Emergencies | 21,000,000 | 21,000,000 |
| -Change in Continuing Appropriations | 12,800,000 | 4,956,000 |
| -Revertments Due to C.O.P. Refinancing | (4,107,500) | 0 |
| -Regular Revertments | (27,300,000) | (37,800,000) |
| TOTAL EXPENDITURES | \$3,704,804,600 | \$3,789,940,500 |
| ENDING BALANCE | \$190,000 | \$3,585,100 |

* The FY 1993 budget revision (supplementals) and FY 1994 budget were enacted in mid-March 1993. This General Fund balance sheet reflects the estimates and assumptions utilized at the time those decisions were made. Essentially, the higher JLBC Staff revenue forecast was used in determining that the FY 1993 budget was balanced, after providing some \$31 million of supplemental appropriations; whereas, the lower Executive revenue forecast was used for FY 1994, resulting in a minimally balanced budget for next fiscal year.

**STATE OF ARIZONA
GENERAL FUND
STATEMENT OF PROJECTED REVENUES AND EXPENDITURES
JLBC Staff Forecast ***

| | Preliminary FY 1993 | Forecast FY 1994 |
|---|------------------------|------------------------|
| REVENUES | | |
| -Balance Forward | \$5,226,000 | \$10,983,200 |
| -Base Revenues | 3,722,425,200 | 3,864,261,700 |
| -Other Legislation and Adjustments | 0 | (21,725,200) |
| TOTAL REVENUES | \$3,727,651,200 | \$3,853,519,700 |
| EXPENDITURES | | |
| -Operating Appropriations | \$3,707,039,800 | \$3,793,242,900 |
| -Capital Outlay Appropriations | 7,335,700 | 11,471,900 |
| -Administrative Adjustments and Emergencies | 23,600,000 | 21,000,000 |
| -Change in Continuing Appropriations | 12,800,000 | 4,956,000 |
| -Revertments Due to C.O.P. Refinancing | (4,107,500) | 0 |
| -Regular Revertments | (30,000,000) | (38,000,000) |
| TOTAL EXPENDITURES | \$3,716,668,000 | \$3,792,670,800 |
| INITIAL ENDING BALANCE | \$10,983,200 | \$60,848,900 |
| LESS: Estimated Pay-In to Budget Stabilization Fund | \$0 | (\$33,487,000) |
| ADJUSTED ENDING BALANCE | \$10,983,200 | \$27,361,900 |

* The 1993 regular session adjourned sine die on April 17, 1993. This General Fund balance sheet reflects the JLBC Staff estimated General Fund revenues and expenditures at that point in time. Essentially, the JLBC Staff's revenue estimates were higher than the Executive's for both fiscal years. The JLBC Staff economic forecast for FY 1994 would suggest an estimated \$33.5 million pay-in to the Budget Stabilization Fund, based upon the predicted growth in personal income. The pay-in would require an appropriation and would revise the projected FY 1994 ending balance from \$60.8 million to \$27.4 million.

SUMMARY OF APPROPRIATIONS
By Individual Chapter
Fiscal Year 1993 and Fiscal Year 1994 1/

| Chapter | Bill | | Fiscal Year 1993 | | Fiscal Year 1994 | | |
|--|-----------|---|------------------|-------------|------------------|----------------|-----|
| Number | Number | Reference Title | General Fund | Other Funds | General Fund | Other Funds | |
| Forty-First Legislature - First Regular Session | | | | | | | |
| 1 | H.B. 2164 | Work Force Recruitment; Training; Appropriation | | | \$3,000,000 | | |
| 40 | S.B. 1188 | Arizona Wine Commission | | | | \$200,000 | |
| 61 | S.B. 1189 | Appropriation; Psychologist Examiners Board | | \$4,010 | | | |
| 67 | H.B. 2020 | Appropriation; Clifton Flood Control | | | 4,200,000 | | |
| 119 | S.B. 1120 | Sonoran Commerce Office; Appropriation | \$66,000 | | | | |
| 120 | S.B. 1106 | Claims for Relief; Named Claimants | 165,260 | 70,868 | | | |
| 122 | H.B. 2317 | Appropriations; Flood Relief | 1,250,000 | | 3,500,000 | | |
| 124 | S.B. 1058 | Garnishment; Service | | | 99,600 | 2/ | |
| 139 | S.B. 1245 | Agriculture Labor Relations | | | 63,600 | 3/ | |
| 150 | H.B. 2039 | Appropriation; Attorney General; Litigation | 238,474 | | | | |
| 169 | S.B. 1091 | State Lands; Performance and Restoration Bonds | | | 1,800,000 | | |
| 182 | H.B. 2024 | Nuclear Emergency Appropriation and Assessment | 833,000 | 4/ | | | |
| 186 | H.B. 2246 | State Land Department; Appropriations | 697,900 | | | | |
| 202 | H.B. 2017 | State Board of Education; Revisions | | 110,300 | 5/ | | |
| 215 | H.B. 2248 | Health Appropriations 1992-1993 Fiscal Changes | 1,500,000 | 1,765,100 | 6/ | | |
| 224 | S.B. 1029 | Appropriation; Safford Museum | | | | 350,000 | 7/ |
| 230 | S.B. 1104 | Correctional and Treatment Facilities | | | | 2,120,000 | |
| 245 | H.B. 2148 | Child Fatalities; Review Team | | | | 100,000 | |
| 249 | H.B. 2191 | Highway Funds; DPS Distribution Limitation | | | | 500,000 | |
| 257 | S.B. 1421 | Environmental Technology Manufacturing Incentives | | | 90,000 | | |
| SUB-TOTAL APPROPRIATIONS - 1ST REGULAR SESSION | | | \$4,750,634 | \$1,950,278 | \$12,753,200 | \$3,270,000 | |
| Forty-First Legislature - Second Special Session | | | | | | | |
| 1 | H.B. 2001 | General Appropriation; 1993-1994 Fiscal Year | | | 3,636,363,600 | 8/ 516,940,000 | |
| 2 | H.B. 2002 | State Capital Outlay Appropriations | | | 7,271,900 | 163,782,200 | |
| 6 | H.B. 2007 | Budget Reconciliation; Health | 6,792,000 | 9/ | | 2,000,000 | 10/ |
| 7 | H.B. 2009 | General Appropriations; 1992-1993 Fiscal Changes | 31,043,200 | 7,620,800 | | | |
| SUB-TOTAL APPROPRIATIONS - 2ND SPECIAL SESSION | | | \$37,835,200 | \$7,620,800 | \$3,643,635,500 | \$682,722,200 | |
| Fortieth Legislature - Second Regular Session | | | | | | | |
| 191 | H.B. 2173 | Appropriation; Indian Water Rights | | | 1,500,000 | | |
| SUB-TOTAL APPROPRIATIONS - 2ND REGULAR SESSION | | | \$0 | \$0 | \$1,500,000 | \$0 | |

Chapter Bill

| Number | Number | Reference Title | Fiscal Year 1993 | | Fiscal Year 1994 | |
|---|-----------|--|------------------|-------------|------------------|---------------|
| | | | General Fund | Other Funds | General Fund | Other Funds |
| Fortieth Legislature - Ninth Special Session | | | | | | |
| 1 | H.B. 2001 | General Appropriation; 1992-1993 Fiscal Year | | | \$143,196,400 | |
| SUB-TOTAL APPROPRIATIONS - 9TH SPECIAL SESSION | | | \$0 | \$0 | \$143,196,400 | \$0 |
| Thirty-Ninth Legislature - Second Regular Session | | | | | | |
| 332 | S.B. 1229 | Distribution of Tax Protest Monies | | | 3,629,666 | 11/ |
| SUB-TOTAL APPROPRIATIONS - 2ND REGULAR SESSION | | | \$0 | \$0 | \$3,629,666 | \$0 |
| TOTAL APPROPRIATIONS 12/ | | | \$42,585,834 | \$9,571,078 | \$3,804,714,766 | \$685,992,200 |

1/ For Fiscal Year 1993, this table summarizes all appropriations enacted since the conclusion of the Second Regular Session of the 40th Legislature. For Fiscal Year 1994, this table summarizes appropriations from the First Regular Session of the 41st Legislature, and all previous sessions.

2/ Of the total appropriation, \$68,600 is appropriated directly to the Department of Administration, while \$31,000 is transferred from the Treasurer's FY 1994 General Appropriation Act appropriation to DOA.

3/ This chapter provides for the continuance of the Agriculture Employment Relation Board and funds the Board's operating budget. No funding was provided in the General Appropriation Act because the Board had sunset.

4/ To be repaid to the General Fund through an assessment against the consortium operating a commercial nuclear power generating station in Arizona.

5/ Represents an estimate of funding to be transferred from the Department of Education to the Department of Youth Treatment and Rehabilitation (DYTR) for the educational costs of additional students in the custody of DYTR.

6/ Appropriates \$1,685,900 in federal reimbursement for mental health services delivered in FY 1994 that would otherwise be deposited into the General Fund as revenue. The remaining \$78,200 represents the appropriation of unexpended balances from prior year non-lapsing appropriations.

7/ Appropriates funds to be disbursed by the Department of Commerce to the City of Safford for the construction of a museum.

8/ The FY 1994 General Appropriation Act also appropriates \$143,196,400 from the General Fund to the Department of Education in FY 1995 to repay the FY 1994 basic state aid apportionment reduction ("K-12 Rollover") and associated interest expenses. In addition, this chapter makes FY 1995 appropriations totalling \$10,914,800 to "90/10" agencies.

9/ Chapter 6 revises appropriations made in Laws 1992, Chapter 292, 2nd Regular Session for FY 1993 disproportionate share hospital payments, reflecting both the increase in total disproportionate share payments granted by the federal government, and the consolidation of all General Fund disproportionate share appropriations with AHCCCS. Chapter 6 increases AHCCCS' appropriation by \$8,734,000, which reflects an additional \$6,792,000 for increased payments and the movement of the \$1,942,000 General Fund appropriation from the Department of Health Services to AHCCCS, yielding a net General Fund change between the two agencies of \$6,792,000. The revised appropriations to AHCCCS provide \$71,675,000 for payments to county operated hospitals in Maricopa and Pima counties, \$10,598,000 for private hospital payments, \$8,838,300 for deposit in the Arizona State Hospital Disproportionate Share Payment Fund, and \$1,414,600 for in-lieu payments to county governments other than Maricopa and Pima.

10/ Appropriates federal reimbursement for mental health services delivered in FY 1994 that would otherwise be deposited into the General Fund as revenue.

11/ Represents the final year of a 3 year appropriation made by the 39th Legislature for reimbursements to cities, towns and counties for undistributed transaction privilege tax revenues.

12/ The FY 1993 General Fund Total Appropriation does not reflect transfers totalling \$3,822,500 from agency appropriations to the Statewide Long Term Improvement Management (SLIM) Fund. SLIM transfers are authorized by Laws 1992, Chapter 312, 2nd Regular Session and represent savings resulting from the implementation of SLIM recommendations. The FY 1993 Other Funds Total Appropriation does not reflect SLIM transfers of \$1,089,000.

**SUMMARY OF APPROPRIATED FUNDS 1/
By Agency For Fiscal Years 1993 and 1994**

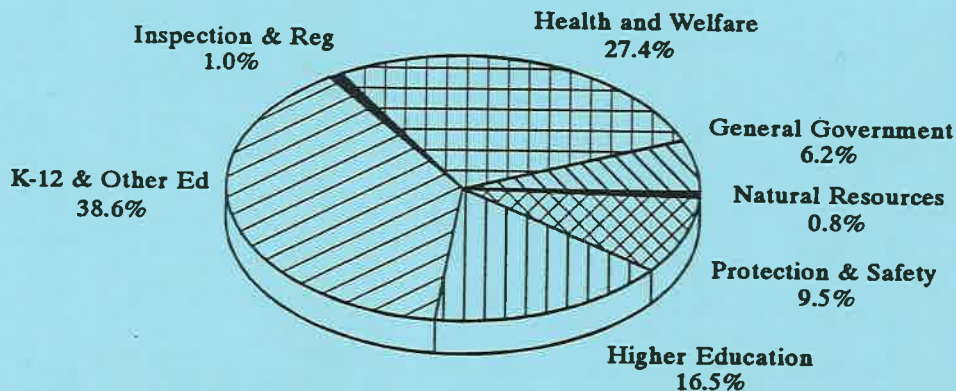
| | Fiscal Year 1993 | | | Fiscal Year 1994 | | |
|---|------------------------|----------------------|------------------------|------------------------|----------------------|------------------------|
| | General Fund | Other Funds | Total | General Fund | Other Funds | Total |
| GENERAL GOVERNMENT | | | | | | |
| Administration, Department of | \$22,135,900 | \$79,261,600 | \$101,397,500 | \$26,325,600 | \$110,081,400 | \$136,407,000 |
| Affirmative Action, Governor's Office of | 240,600 | 0 | 240,600 | 229,000 | 0 | 229,000 |
| Attorney General | 18,851,300 | 3,274,600 | 22,125,900 | 18,860,000 | 3,697,400 | 22,557,400 |
| Coliseum and Exposition Center | 0 | 13,101,900 | 13,101,900 | 0 | 13,388,900 | 13,388,900 |
| Commerce, Department of | 3,641,800 | 1,959,200 | 5,601,000 | 6,990,800 | 1,966,400 | 8,957,200 |
| Compensation Fund | 0 | 0 | 0 | 0 | 0 | 0 |
| Courts | | | | | | |
| Court of Appeals | 8,055,200 | 0 | 8,055,200 | 8,218,100 | 0 | 8,218,100 |
| Comm on Appellate and Trial Court Appts | 3,500 | 0 | 3,500 | 10,000 | 0 | 10,000 |
| Commission on Judicial Conduct | 139,400 | 0 | 139,400 | 150,800 | 0 | 150,800 |
| Superior Court | 59,915,700 | 639,500 | 60,555,200 | 64,908,300 | 750,000 | 65,658,300 |
| Supreme Court | 10,740,200 | 0 | 10,740,200 | 10,941,300 | 50,000 | 10,991,300 |
| SUBTOTAL - Courts | \$78,854,000 | \$639,500 | \$79,493,500 | \$84,228,500 | \$800,000 | \$85,028,500 |
| Governor, Office of the | 6,138,200 | 1,501,700 | 7,639,900 | 5,948,600 | 0 | 5,948,600 |
| Gov's Ofc of Strategic Planning & Budgeting | 2,494,500 | 0 | 2,494,500 | 1,372,600 | 0 | 1,372,600 |
| Law Enforcement Merit System Council | 41,000 | 0 | 41,000 | 41,300 | 0 | 41,300 |
| Legislature | | | | | | |
| Auditor General | 7,204,300 | 0 | 7,204,300 | 7,232,300 | 0 | 7,232,300 |
| House of Representatives | 7,146,900 | 0 | 7,146,900 | 7,131,000 | 0 | 7,131,000 |
| Joint Legislative Budget Committee | 1,726,400 | 0 | 1,726,400 | 1,857,500 | 0 | 1,857,500 |
| Legislative Council | 4,044,900 | 0 | 4,044,900 | 2,506,000 | 0 | 2,506,000 |
| Lib, Archives, and Public Rec, Dept of | 4,775,000 | 0 | 4,775,000 | 4,664,400 | 0 | 4,664,400 |
| Senate | 5,751,800 | 0 | 5,751,800 | 5,735,200 | 0 | 5,735,200 |
| SUBTOTAL - Legislature | \$30,649,300 | \$0 | \$30,649,300 | \$29,126,400 | \$0 | \$29,126,400 |
| Lottery | 0 | 36,960,500 | 36,960,500 | 0 | 38,890,700 | 38,890,700 |
| Personnel Board | 228,900 | 0 | 228,900 | 229,800 | 0 | 229,800 |
| Redistricting Commission | 25,000 | 0 | 25,000 | 0 | 0 | 0 |
| Retirement System | 0 | 5,043,700 | 5,043,700 | 0 | 3,241,300 | 3,241,300 |
| Revenue, Department of | 47,106,100 | 0 | 47,106,100 | 47,488,300 | 0 | 47,488,300 |
| Secretary of State | 4,373,300 | 0 | 4,373,300 | 1,751,300 | 0 | 1,751,300 |
| Tax Appeals, Board of | 681,700 | 0 | 681,700 | 684,000 | 0 | 684,000 |
| Tourism, Office of | 5,629,700 | 0 | 5,629,700 | 5,403,300 | 0 | 5,403,300 |
| Treasurer | 6,967,600 | 0 | 6,967,600 | 7,085,100 | 0 | 7,085,100 |
| Uniform State Laws, Commission on | 23,400 | 0 | 23,400 | 23,300 | 0 | 23,300 |
| TOTAL - GENERAL GOVERNMENT | \$228,082,300 | \$141,742,700 | \$369,825,000 | \$235,787,900 | \$172,066,100 | \$407,854,000 |
| HEALTH AND WELFARE | | | | | | |
| Ariz Health Care Cost Containment System | 480,116,500 | 0 | 480,116,500 | 477,191,800 | 0 | 477,191,800 |
| Economic Security, Department of | 366,550,700 | 812,800 | 367,363,500 | 356,653,900 | 643,100 | 357,297,000 |
| Environmental Quality, Department of | 10,063,900 | 1,934,100 | 11,998,000 | 9,695,500 | 1,930,000 | 11,625,500 |
| Health Services, Department of | 199,813,400 | 19,406,500 | 219,219,900 | 194,178,200 | 16,352,500 | 210,530,700 |
| Hearing Impaired, Council for the | 198,800 | 0 | 198,800 | 207,300 | 0 | 207,300 |
| Indian Affairs, Commission on | 155,900 | 0 | 155,900 | 161,200 | 0 | 161,200 |
| Pioneers' Home | 2,625,700 | 0 | 2,625,700 | 1,769,600 | 1,195,900 | 2,965,500 |
| Arizona Ranger's Pension | 9,500 | 0 | 9,500 | 9,800 | 0 | 9,800 |
| Veteran's Services Commission | 750,600 | 391,000 | 1,141,600 | 797,400 | 453,400 | 1,250,800 |
| TOTAL - HEALTH AND WELFARE | \$1,060,285,000 | \$22,544,400 | \$1,082,829,400 | \$1,040,664,700 | \$20,574,900 | \$1,061,239,600 |
| INSPECTION AND REGULATION | | | | | | |
| Agricultural Employment Relations Board | 166,300 | 0 | 166,300 | 63,600 | 0 | 63,600 |
| Agriculture, Department of | 9,261,500 | 1,765,700 | 11,027,200 | 9,627,400 | 1,924,800 | 11,552,200 |
| Banking Department | 2,400,300 | 0 | 2,400,300 | 2,125,100 | 0 | 2,125,100 |
| Building & Fire Safety, Dept of | 2,787,000 | 0 | 2,787,000 | 2,807,900 | 0 | 2,807,900 |
| Contractors, Registrar of | 3,729,900 | 0 | 3,729,900 | 4,173,700 | 0 | 4,173,700 |
| Corporation Commission | 4,941,800 | 5,737,800 | 10,679,600 | 5,045,000 | 5,520,400 | 10,565,400 |
| Industrial Commission | 0 | 12,350,100 | 12,350,100 | 0 | 12,481,600 | 12,481,600 |
| Insurance, Department of | 3,081,900 | 0 | 3,081,900 | 3,022,500 | 0 | 3,022,500 |
| Liquor Licenses & Control, Dept of | 1,933,700 | 0 | 1,933,700 | 1,900,300 | 0 | 1,900,300 |
| Mine Inspector | 618,100 | 0 | 618,100 | 541,500 | 0 | 541,500 |

| | Fiscal Year 1993 | | | Fiscal Year 1994 | | |
|---|------------------------|---------------------|------------------------|------------------------|---------------------|------------------------|
| | General Fund | Other Funds | Total | General Fund | Other Funds | Total |
| Occupational Safety and Health Review Board | \$9,000 | \$0 | \$9,000 | \$9,000 | \$0 | \$9,000 |
| Racing, Department of | 2,466,400 | 348,400 | 2,814,800 | 2,441,100 | 1,009,600 | 3,450,700 |
| Radiation Regulatory Agency | 1,305,400 | 96,300 | 1,401,700 | 969,000 | 93,000 | 1,062,000 |
| Real Estate Department | 2,741,100 | 0 | 2,741,100 | 2,547,400 | 0 | 2,547,400 |
| Residential Utility Consumer Office | 0 | 1,018,400 | 1,018,400 | 0 | 1,005,700 | 1,005,700 |
| Dept of Weights and Measures | 1,941,500 | 622,600 | 2,564,100 | 1,879,800 | 1,024,200 | 2,904,000 |
| Ninety-Ten Agencies | | | | | | |
| Accountancy, Board of | 0 | 789,800 | 789,800 | 0 | 941,100 | 941,100 |
| Appraisal, Board of | 0 | 221,100 | 221,100 | 0 | 229,800 | 229,800 |
| Barber Examiners Board | 0 | 140,800 | 140,800 | 0 | 141,800 | 141,800 |
| Behavioral Health Examiners, Board of | 0 | 252,700 | 252,700 | 0 | 296,700 | 296,700 |
| Boxing Commission | 51,600 | 0 | 51,600 | 59,000 | 0 | 59,000 |
| Chiropractic Examiners Board | 0 | 229,300 | 229,300 | 0 | 236,600 | 236,600 |
| Cosmetology, Board of | 0 | 601,300 | 601,300 | 0 | 623,300 | 623,300 |
| Dental Examiners Board | 0 | 500,000 | 500,000 | 0 | 528,000 | 528,000 |
| Funeral Directors and Embalmers Board | 0 | 169,400 | 169,400 | 0 | 175,300 | 175,300 |
| Homeopathic Medical Examiners Board | 0 | 18,600 | 18,600 | 0 | 22,300 | 22,300 |
| Medical Examiners, Board of | 0 | 2,378,800 | 2,378,800 | 0 | 2,687,500 | 2,687,500 |
| Naturopathic Physician Examiners Board | 0 | 26,200 | 26,200 | 0 | 41,900 | 41,900 |
| Nursing Board | 0 | 1,063,600 | 1,063,600 | 0 | 1,093,100 | 1,093,100 |
| Nursing Care Institution Administrators Bd | 0 | 61,900 | 61,900 | 0 | 63,600 | 63,600 |
| Occupational Therapy Examiners, Board of | 0 | 53,800 | 53,800 | 0 | 90,900 | 90,900 |
| Opticians, Board of Dispensing | 0 | 60,200 | 60,200 | 0 | 68,900 | 68,900 |
| Optometry, Board of | 0 | 97,300 | 97,300 | 0 | 95,600 | 95,600 |
| Osteopathic Examiners Board | 0 | 265,000 | 265,000 | 0 | 289,200 | 289,200 |
| Pharmacy Board | 0 | 654,700 | 654,700 | 0 | 641,000 | 641,000 |
| Physical Therapy Examiners Board | 0 | 66,500 | 66,500 | 0 | 72,300 | 72,300 |
| Podiatry Examiners Board | 0 | 44,400 | 44,400 | 0 | 50,400 | 50,400 |
| Private Postsecondary Education, Board for | 0 | 136,500 | 136,500 | 0 | 130,600 | 130,600 |
| Psychologist Examiners Board | 0 | 178,400 | 178,400 | 0 | 197,800 | 197,800 |
| Respiratory Care Examiners, Board of | 0 | 118,000 | 118,000 | 0 | 134,100 | 134,100 |
| Structural Pest Control Commission | 0 | 976,900 | 976,900 | 0 | 1,020,000 | 1,020,000 |
| Technical Registration, Board of | 0 | 872,700 | 872,700 | 0 | 856,200 | 856,200 |
| Veterinary Medical Examining Board | 0 | 158,400 | 158,400 | 0 | 170,400 | 170,400 |
| Subtotal - Ninety-Ten Agencies | \$51,600 | \$10,136,300 | \$10,187,900 | \$59,000 | \$10,898,400 | \$10,957,400 |
| TOTAL - INSPECTION AND REG | \$37,435,500 | \$32,075,600 | \$69,511,100 | \$37,212,300 | \$33,957,700 | \$71,170,000 |
| EDUCATION | | | | | | |
| Arts, Commission on the | 1,305,300 | 0 | 1,305,300 | 1,258,900 | 0 | 1,258,900 |
| Community Colleges | 86,266,500 | 0 | 86,266,500 | 86,727,100 | 0 | 86,727,100 |
| Deaf and Blind, School for | 15,134,000 | 4,993,400 | 20,127,400 | 15,263,700 | 4,768,300 | 20,032,000 |
| Education, Department of | 1,386,249,900 | 0 | 1,386,249,900 | 1,444,175,200 | 0 | 1,444,175,200 |
| Historical Society, Arizona | 3,249,300 | 0 | 3,249,300 | 3,282,200 | 0 | 3,282,200 |
| Historical Society, Prescott | 509,400 | 0 | 509,400 | 543,700 | 0 | 543,700 |
| Medical Student Loans Board | 1,000 | 0 | 1,000 | 1,000 | 0 | 1,000 |
| Universities/Board of Regents | | | | | | |
| Board of Regents | 7,058,100 | 0 | 7,058,100 | 7,155,400 | 0 | 7,155,400 |
| Arizona State University - Main | 181,778,600 | 0 | 181,778,600 | 184,324,800 | 0 | 184,324,800 |
| Arizona State University - West | 26,775,000 | 0 | 26,775,000 | 29,602,800 | 0 | 29,602,800 |
| Northern Arizona University | 73,489,200 | 0 | 73,489,200 | 75,531,200 | 0 | 75,531,200 |
| University of Arizona - Main | 199,336,000 | 0 | 199,336,000 | 198,968,000 | 0 | 198,968,000 |
| University of Arizona - College of Medicine | 44,550,200 | 0 | 44,550,200 | 44,738,200 | 0 | 44,738,200 |
| SUBTOTAL - Universities/Board of Regents | \$532,987,100 | \$0 | \$532,987,100 | \$540,320,400 | \$0 | \$540,320,400 |
| TOTAL - EDUCATION | \$2,025,702,500 | \$4,993,400 | \$2,030,695,900 | \$2,091,572,200 | \$4,768,300 | \$2,096,340,500 |
| PROTECTION AND SAFETY | | | | | | |
| Corrections, Department of | 253,797,000 | 17,048,000 | 270,845,000 | 283,298,200 | 20,392,500 | 303,690,700 |
| Criminal Justice Commission | 2,000,000 | 512,000 | 2,512,000 | 1,000,000 | 545,200 | 1,545,200 |
| Emergency and Military Affairs, Dept of | 5,762,200 | 0 | 5,762,200 | 7,854,400 | 131,000 | 7,985,400 |
| Pardons and Paroles, Board of | 2,089,400 | 0 | 2,089,400 | 1,890,600 | 0 | 1,890,600 |
| Public Safety, Department of | 36,375,700 | 48,627,300 | 85,003,000 | 34,148,200 | 50,165,200 | 84,313,400 |
| Youth Treatment and Rehabilitation, Dept of | 28,521,700 | 3,118,900 | 31,640,600 | 31,147,900 | 2,736,300 | 33,884,200 |

| | Fiscal Year 1993 | | | Fiscal Year 1994 | | |
|--|------------------------|----------------------|------------------------|------------------------|----------------------|------------------------|
| | General Fund | Other Funds | Total | General Fund | Other Funds | Total |
| TOTAL - PROTECTION AND SAFETY | \$328,546,000 | \$69,306,200 | \$397,852,200 | \$359,339,300 | \$73,970,200 | \$433,309,500 |
| TRANSPORTATION | | | | | | |
| Transportation, Department of | \$69,700 | \$194,558,500 | \$194,628,200 | \$69,600 | \$193,500,400 | \$193,570,000 |
| NATURAL RESOURCES | | | | | | |
| Environment, Commission on the | 106,800 | 0 | 106,800 | 89,900 | 0 | 89,900 |
| Game and Fish Department | 0 | 16,580,000 | 16,580,000 | 0 | 16,718,800 | 16,718,800 |
| Geological Survey | 623,900 | 0 | 623,900 | 613,200 | 0 | 613,200 |
| Land Department | 8,707,200 | 0 | 8,707,200 | 10,883,800 | 0 | 10,883,800 |
| Mines and Mineral Resources, Dept of | 609,400 | 0 | 609,400 | 607,600 | 0 | 607,600 |
| State Parks Board | 4,563,600 | 3,283,700 | 7,847,300 | 4,642,500 | 3,419,300 | 8,061,800 |
| Water Resources, Department of | 11,491,500 | 0 | 11,491,500 | 11,662,500 | 0 | 11,662,500 |
| TOTAL - NATURAL RESOURCES | \$26,102,400 | \$19,863,700 | \$45,966,100 | \$28,499,500 | \$20,138,100 | \$48,637,600 |
| Health Insurance Trust Fund | 808,000 | 158,900 | 966,900 | 0 | 0 | 0 |
| Unallocated FY 1993 Salary Adjustments | 8,400 | 1,020,000 | 1,028,400 | 0 | 0 | 0 |
| Unallocated Sec. 102 AFIS Costs | 0 | 0 | 0 | 0 | 287,600 | 287,600 |
| Unallocated Sec. 104 Risk Management | 0 | 0 | 0 | 97,400 | 476,700 | 574,100 |
| GRAND TOTAL | \$3,707,039,800 | \$486,263,400 | \$4,193,303,200 | \$3,793,242,900 | \$519,740,000 | \$4,312,982,900 |

1/ This table summarizes FY 1993 and FY 1994 operating appropriations from the 1st Regular Session of the 41st Legislature and all prior sessions and excludes capital outlay appropriations.

DISTRIBUTION OF GENERAL FUND APPROPRIATIONS BY FUNCTION OF GOVERNMENT

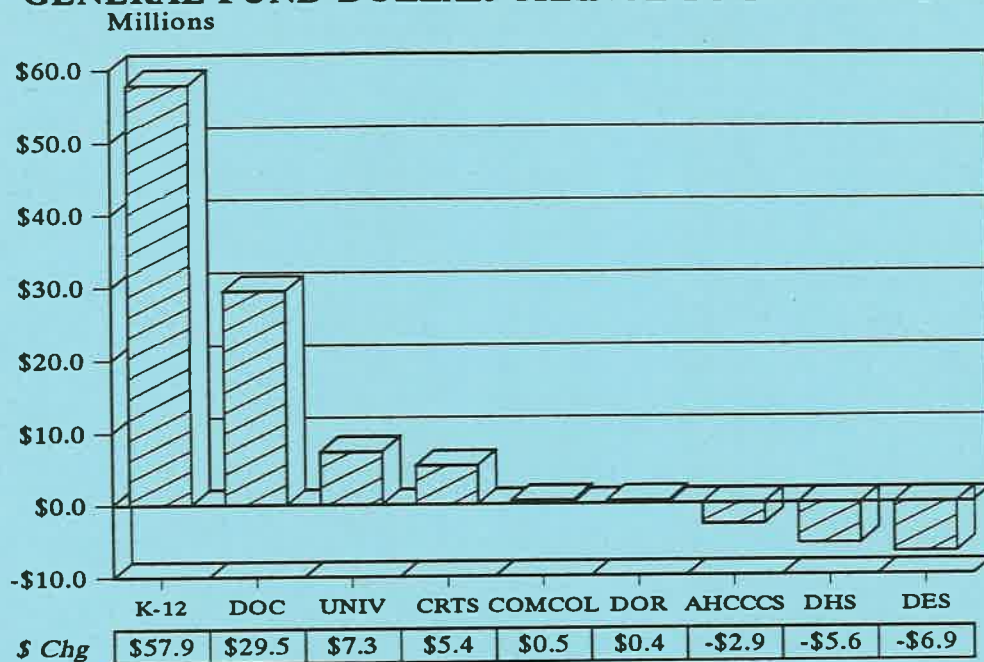


FISCAL YEAR 1994

Does not include \$69,600 (0.002%) for Transportation and \$97,400 (0.003%) for unallocated risk management premiums.

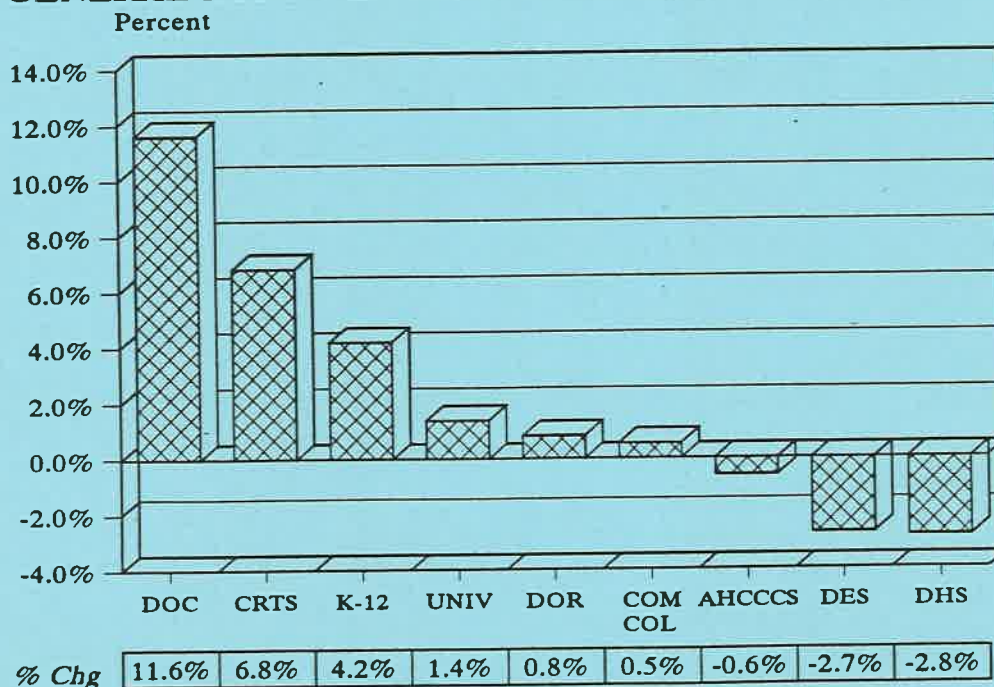
Includes all enacted bills.

NINE LARGEST AGENCIES GENERAL FUND DOLLAR CHANGE FY 1993 - FY 1994



Total \$ Change for All Agencies: \$86.2 Million

NINE LARGEST AGENCIES GENERAL FUND PERCENT CHANGE FY 1993 - FY 1994



Total % Change for All Agencies: 2.3%

**SUMMARY OF THE GENERAL APPROPRIATION ACT 1/
By Agency for Fiscal Years 1993 and 1994**

| | Fiscal Year 1993 2/ | | | Fiscal Year 1994 3/ | | |
|---|------------------------|----------------------|------------------------|------------------------|----------------------|------------------------|
| | General Fund | Other Funds | Total | General Fund | Other Funds | Total |
| GENERAL GOVERNMENT | | | | | | |
| Administration, Department of | \$21,470,600 | \$78,844,700 | \$100,315,300 | \$24,726,000 | \$110,081,400 | \$134,807,400 |
| Affirmative Action, Governor's Office of | 240,600 | 0 | 240,600 | 229,000 | 0 | 229,000 |
| Attorney General | 18,612,800 | 3,274,600 | 21,887,400 | 18,860,000 | 3,697,400 | 22,557,400 |
| Coliseum and Exposition Center | 0 | 13,101,900 | 13,101,900 | 0 | 13,388,900 | 13,388,900 |
| Commerce, Department of | 3,641,800 | 1,959,200 | 5,601,000 | 3,990,800 | 1,966,400 | 5,957,200 |
| Compensation Fund | 0 | 0 | 0 | 0 | 0 | 0 |
| Courts | | | | | | |
| Court of Appeals | 8,055,200 | 0 | 8,055,200 | 8,218,100 | 0 | 8,218,100 |
| Comm on Appellate and Trial Court Appts | 3,500 | 0 | 3,500 | 10,000 | 0 | 10,000 |
| Commission on Judicial Conduct | 139,400 | 0 | 139,400 | 150,800 | 0 | 150,800 |
| Superior Court | 59,915,700 | 639,500 | 60,555,200 | 64,908,300 | 750,000 | 65,658,300 |
| Supreme Court | 10,740,200 | 0 | 10,740,200 | 10,941,300 | 50,000 | 10,991,300 |
| SUBTOTAL - Courts | \$78,854,000 | \$639,500 | \$79,493,500 | \$84,228,500 | \$800,000 | \$85,028,500 |
| Governor, Office of the | 6,072,200 | 1,501,700 | 7,573,900 | 5,948,600 | 0 | 5,948,600 |
| Gov's Ofc of Strategic Planning & Budgeting | 1,244,500 | 0 | 1,244,500 | 1,372,600 | 0 | 1,372,600 |
| Law Enforcement Merit System Council | 41,000 | 0 | 41,000 | 41,300 | 0 | 41,300 |
| Legislature | | | | | | |
| Auditor General | 7,204,300 | 0 | 7,204,300 | 7,232,300 | 0 | 7,232,300 |
| House of Representatives | 7,146,900 | 0 | 7,146,900 | 7,131,000 | 0 | 7,131,000 |
| Joint Legislative Budget Committee | 1,726,400 | 0 | 1,726,400 | 1,767,500 | 0 | 1,767,500 |
| Legislative Council | 4,044,900 | 0 | 4,044,900 | 2,506,000 | 0 | 2,506,000 |
| Lib, Archives, and Public Rec, Dept of | 4,775,000 | 0 | 4,775,000 | 4,664,400 | 0 | 4,664,400 |
| Senate | 5,751,800 | 0 | 5,751,800 | 5,735,200 | 0 | 5,735,200 |
| SUBTOTAL - Legislature | \$30,649,300 | \$0 | \$30,649,300 | \$29,036,400 | \$0 | \$29,036,400 |
| Lottery Commission | 0 | 36,960,500 | 36,960,500 | 0 | 38,890,700 | 38,890,700 |
| Personnel Board | 228,900 | 0 | 228,900 | 229,800 | 0 | 229,800 |
| Redistricting Commission 4/ | 25,000 | 0 | 25,000 | 0 | 0 | 0 |
| Retirement System | 0 | 5,043,700 | 5,043,700 | 0 | 3,241,300 | 3,241,300 |
| Revenue, Department of | 47,106,100 | 0 | 47,106,100 | 47,488,300 | 0 | 47,488,300 |
| Secretary of State | 4,373,300 | 0 | 4,373,300 | 1,751,300 | 0 | 1,751,300 |
| Tax Appeals, Board of | 681,700 | 0 | 681,700 | 684,000 | 0 | 684,000 |
| Tourism, Office of | 5,629,700 | 0 | 5,629,700 | 5,403,300 | 0 | 5,403,300 |
| Treasurer | 3,337,900 | 0 | 3,337,900 | 3,455,400 | 0 | 3,455,400 |
| Uniform State Laws, Commission on | 23,400 | 0 | 23,400 | 23,300 | 0 | 23,300 |
| TOTAL - GENERAL GOVERNMENT | \$222,232,800 | \$141,325,800 | \$363,558,600 | \$227,468,600 | \$172,066,100 | \$399,534,700 |
| HEALTH AND WELFARE | | | | | | |
| Ariz Health Care Cost Containment System | 447,299,100 | 0 | 447,299,100 | 477,191,800 | 0 | 477,191,800 |
| Economic Security, Department of | 366,550,700 | 812,800 | 367,363,500 | 356,653,900 | 643,100 | 357,297,000 |
| Environmental Quality, Department of | 10,063,900 | 1,934,100 | 11,998,000 | 9,695,500 | 1,930,000 | 11,625,500 |
| Health Services, Department of | 198,313,400 | 9,941,400 | 208,254,800 | 194,178,200 | 14,252,500 | 208,430,700 |
| Hearing Impaired, Council for the | 198,800 | 0 | 198,800 | 207,300 | 0 | 207,300 |
| Indian Affairs, Commission on | 155,900 | 0 | 155,900 | 161,200 | 0 | 161,200 |
| Pioneers' Home | 2,625,700 | 0 | 2,625,700 | 1,769,600 | 1,195,900 | 2,965,500 |
| Arizona Ranger's Pension | 9,500 | 0 | 9,500 | 9,800 | 0 | 9,800 |
| Veteran's Services Commission | 750,600 | 391,000 | 1,141,600 | 797,400 | 453,400 | 1,250,800 |
| TOTAL - HEALTH AND WELFARE | \$1,025,967,600 | \$13,079,300 | \$1,039,046,900 | \$1,040,664,700 | \$18,474,900 | \$1,059,139,600 |
| INSPECTION AND REGULATION | | | | | | |
| Agricultural Employment Relations Board 5/ | 166,300 | 0 | 166,300 | 0 | 0 | 0 |
| Agriculture, Department of | 9,261,500 | 1,765,700 | 11,027,200 | 9,627,400 | 1,724,800 | 11,352,200 |
| Banking Department | 2,400,300 | 0 | 2,400,300 | 2,125,100 | 0 | 2,125,100 |
| Building & Fire Safety, Dept of | 2,787,000 | 0 | 2,787,000 | 2,807,900 | 0 | 2,807,900 |
| Contractors, Registrar of | 3,729,900 | 0 | 3,729,900 | 4,173,700 | 0 | 4,173,700 |
| Corporation Commission | 4,941,800 | 5,737,800 | 10,679,600 | 5,045,000 | 5,520,400 | 10,565,400 |
| Industrial Commission | 0 | 12,350,100 | 12,350,100 | 0 | 12,481,600 | 12,481,600 |
| Insurance Department | 3,081,900 | 0 | 3,081,900 | 3,022,500 | 0 | 3,022,500 |
| Liquor Licenses & Control, Dept of | 1,933,700 | 0 | 1,933,700 | 1,900,300 | 0 | 1,900,300 |
| Mine Inspector | 618,100 | 0 | 618,100 | 541,500 | 0 | 541,500 |

| | Fiscal Year 1993 2/ | | | Fiscal Year 1994 3/ | | |
|---|------------------------|---------------------|------------------------|------------------------|---------------------|------------------------|
| | General Fund | Other Funds | Total | General Fund | Other Funds | Total |
| Occupational Safety and Health Review Board | \$9,000 | \$0 | \$9,000 | \$9,000 | \$0 | \$9,000 |
| Racing, Department of | 2,466,400 | 348,400 | 2,814,800 | 2,441,100 | 1,009,600 | 3,450,700 |
| Radiation Regulatory Agency | 912,600 | 96,300 | 1,008,900 | 969,000 | 93,000 | 1,062,000 |
| Real Estate Department | 2,741,100 | 0 | 2,741,100 | 2,547,400 | 0 | 2,547,400 |
| Residential Utility Consumer Office | 0 | 1,018,400 | 1,018,400 | 0 | 1,005,700 | 1,005,700 |
| Dept of Weights and Measures | 1,941,500 | 622,600 | 2,564,100 | 1,879,800 | 1,024,200 | 2,904,000 |
| Ninety-Ten Agencies | | | | | | |
| Accountancy, Board of | 0 | 789,800 | 789,800 | 0 | 941,100 | 941,100 |
| Appraisal, Board of | 0 | 221,100 | 221,100 | 0 | 229,800 | 229,800 |
| Barber Examiners Board | 0 | 140,800 | 140,800 | 0 | 141,800 | 141,800 |
| Behavioral Health Examiners, Board of | 0 | 252,700 | 252,700 | 0 | 296,700 | 296,700 |
| Boxing Commission | 51,600 | 0 | 51,600 | 59,000 | 0 | 59,000 |
| Chiropractic Examiners Board | 0 | 229,300 | 229,300 | 0 | 236,600 | 236,600 |
| Cosmetology, Board of | 0 | 601,300 | 601,300 | 0 | 623,300 | 623,300 |
| Dental Examiners Board | 0 | 500,000 | 500,000 | 0 | 528,000 | 528,000 |
| Funeral Directors and Embalmers Board | 0 | 169,400 | 169,400 | 0 | 175,300 | 175,300 |
| Homeopathic Medical Examiners Board | 0 | 18,600 | 18,600 | 0 | 22,300 | 22,300 |
| Medical Examiners, Board of | 0 | 2,378,800 | 2,378,800 | 0 | 2,687,500 | 2,687,500 |
| Naturopathic Physician Examiners Board | 0 | 26,200 | 26,200 | 0 | 41,900 | 41,900 |
| Nursing Board | 0 | 1,063,600 | 1,063,600 | 0 | 1,093,100 | 1,093,100 |
| Nursing Care Institution Administrators Bd | 0 | 61,900 | 61,900 | 0 | 63,600 | 63,600 |
| Occupational Therapy Examiners, Board of | 0 | 53,800 | 53,800 | 0 | 90,900 | 90,900 |
| Opticians, Board of Dispensing | 0 | 60,200 | 60,200 | 0 | 68,900 | 68,900 |
| Optometry, Board of | 0 | 97,300 | 97,300 | 0 | 95,600 | 95,600 |
| Osteopathic Examiners Board | 0 | 265,000 | 265,000 | 0 | 289,200 | 289,200 |
| Pharmacy Board | 0 | 654,700 | 654,700 | 0 | 641,000 | 641,000 |
| Physical Therapy Examiners Board | 0 | 66,500 | 66,500 | 0 | 72,300 | 72,300 |
| Podiatry Examiners Board | 0 | 44,400 | 44,400 | 0 | 50,400 | 50,400 |
| Private Postsecondary Education, Board for | 0 | 136,500 | 136,500 | 0 | 130,600 | 130,600 |
| Psychologist Examiners Board | 0 | 174,400 | 174,400 | 0 | 197,800 | 197,800 |
| Respiratory Care Examiners, Board of | 0 | 118,000 | 118,000 | 0 | 134,100 | 134,100 |
| Structural Pest Control Commission | 0 | 976,900 | 976,900 | 0 | 1,020,000 | 1,020,000 |
| Technical Registration, Board of | 0 | 872,700 | 872,700 | 0 | 856,200 | 856,200 |
| Veterinary Medical Examining Board | 0 | 158,400 | 158,400 | 0 | 170,400 | 170,400 |
| Subtotal - Ninety-Ten Agencies | \$51,600 | \$10,132,300 | \$10,183,900 | \$59,000 | \$10,898,400 | \$10,957,400 |
| TOTAL - INSPECTION AND REG | \$37,042,700 | \$32,071,600 | \$69,114,300 | \$37,148,700 | \$33,757,700 | \$70,906,400 |
| EDUCATION | | | | | | |
| Arts, Commission on the | 1,305,300 | 0 | 1,305,300 | 1,258,900 | 0 | 1,258,900 |
| Community Colleges | 86,266,500 | 0 | 86,266,500 | 86,727,100 | 0 | 86,727,100 |
| Deaf and Blind, School for | 15,134,000 | 4,993,400 | 20,127,400 | 15,263,700 | 4,768,300 | 20,032,000 |
| Education, Department of 6/ | 1,243,053,500 | 0 | 1,243,053,500 | 1,300,978,800 | 0 | 1,300,978,800 |
| Historical Society, Arizona | 3,249,300 | 0 | 3,249,300 | 3,282,200 | 0 | 3,282,200 |
| Historical Society, Prescott | 509,400 | 0 | 509,400 | 543,700 | 0 | 543,700 |
| Medical Student Loans Board | 1,000 | 0 | 1,000 | 1,000 | 0 | 1,000 |
| Universities/Board of Regents | | | | | | |
| Board of Regents | 7,058,100 | 0 | 7,058,100 | 7,155,400 | 0 | 7,155,400 |
| Arizona State University - Main | 181,778,600 | 0 | 181,778,600 | 184,324,800 | 0 | 184,324,800 |
| Arizona State University - West | 26,775,000 | 0 | 26,775,000 | 29,602,800 | 0 | 29,602,800 |
| Northern Arizona University | 73,489,200 | 0 | 73,489,200 | 75,531,200 | 0 | 75,531,200 |
| University of Arizona - Main | 199,336,000 | 0 | 199,336,000 | 198,968,000 | 0 | 198,968,000 |
| University of Arizona - College of Medicine | 44,550,200 | 0 | 44,550,200 | 44,738,200 | 0 | 44,738,200 |
| SUBTOTAL - Universities/Board of Regents | \$532,987,100 | \$0 | \$532,987,100 | \$540,320,400 | \$0 | \$540,320,400 |
| TOTAL - EDUCATION | \$1,882,506,100 | \$4,993,400 | \$1,887,499,500 | \$1,948,375,800 | \$4,768,300 | \$1,953,144,100 |
| PROTECTION AND SAFETY | | | | | | |
| Corrections, Department of | 253,797,000 | 17,048,000 | 270,845,000 | 283,298,200 | 20,392,500 | 303,690,700 |
| Criminal Justice Commission | 2,000,000 | 512,000 | 2,512,000 | 1,000,000 | 545,200 | 1,545,200 |
| Emergency and Military Affairs, Dept of | 4,072,000 | 0 | 4,072,000 | 4,354,400 | 131,000 | 4,485,400 |
| Pardons and Paroles, Board of | 2,089,400 | 0 | 2,089,400 | 1,890,600 | 0 | 1,890,600 |
| Public Safety, Department of | 36,375,700 | 48,627,300 | 85,003,000 | 34,148,200 | 50,165,200 | 84,313,400 |
| Youth Treatment and Rehabilitation, Dept of | 28,521,700 | 3,008,600 | 31,530,300 | 31,147,900 | 2,736,300 | 33,884,200 |

| | Fiscal Year 1993 2/ | | | Fiscal Year 1994 3/ | | |
|--|------------------------|----------------------|------------------------|------------------------|----------------------|------------------------|
| | General Fund | Other Funds | Total | General Fund | Other Funds | Total |
| TOTAL - PROTECTION AND SAFETY | \$326,855,800 | \$69,195,900 | \$396,051,700 | \$355,839,300 | \$73,970,200 | \$429,809,500 |
| TRANSPORTATION | | | | | | |
| Transportation, Department of | \$69,700 | \$194,508,500 | \$194,578,200 | \$69,600 | \$193,000,400 | \$193,070,000 |
| NATURAL RESOURCES | | | | | | |
| Environment, Commission on the | 106,800 | 0 | 106,800 | 89,900 | 0 | 89,900 |
| Game and Fish Department | 0 | 16,580,000 | 16,580,000 | 0 | 16,718,800 | 16,718,800 |
| Geological Survey | 623,900 | 0 | 623,900 | 613,200 | 0 | 613,200 |
| Land Department | 7,809,300 | 0 | 7,809,300 | 9,083,800 | 0 | 9,083,800 |
| Mines and Mineral Resources, Dept of | 609,400 | 0 | 609,400 | 607,600 | 0 | 607,600 |
| State Parks Board | 4,563,600 | 3,283,700 | 7,847,300 | 4,642,500 | 3,419,300 | 8,061,800 |
| Water Resources, Department of | 11,241,500 | 0 | 11,241,500 | 11,662,500 | 0 | 11,662,500 |
| TOTAL - NATURAL RESOURCES | \$24,954,500 | \$19,863,700 | \$44,818,200 | \$26,699,500 | \$20,138,100 | \$46,837,600 |
| Health Insurance Trust Fund | 808,000 | 158,900 | 966,900 | 0 | 0 | 0 |
| Unallocated FY 1993 Salary Adjustments | 8,400 | 1,020,000 | 1,028,400 | 0 | 0 | 0 |
| Unallocated Sec. 102 AFIS Costs 7/ | 0 | 0 | 0 | 0 | 287,600 | 287,600 |
| Unallocated Sec. 104 Risk Management | 0 | 0 | 0 | 97,400 | 476,700 | 574,100 |
| TOTAL-GENERAL APPROPRIATION ACT | \$3,520,445,600 | \$476,217,100 | \$3,996,662,700 | \$3,636,363,600 | \$516,940,000 | \$4,153,303,600 |

1/ See agency detail pages and Summary of Additional Appropriations for other fiscal actions affecting agency expenditure authority. The amounts shown include the allocation of funding for the statewide accounting system (Section 102), the retirement rate reduction (Section 103), and funding for additional risk management premiums (Section 104).

2/ The amounts for FY 1993 reflect the appropriations made in Laws 1992, Chapter 1, 9th Special Session, as adjusted by Laws 1993, Chapter 7, 2nd Special Session.

3/ The amounts for FY 1994 reflect the appropriations made in Laws 1993, Chapter 1, 2nd Special Session.

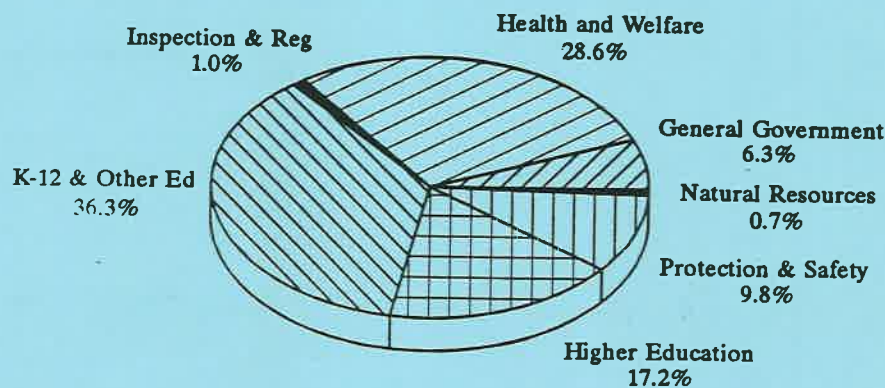
4/ The appropriation reverted since legislation establishing a Redistricting Commission was not enacted.

5/ While funding was not provided for the Board in the General Appropriation Act, Laws 1993, Chapter 139 extended the Board's sunset date and appropriated funding to continue the Board's operations in FY 1994.

6/ The FY 1993 appropriation does not include a state aid roll-over of \$143,196,400 appropriated in Laws 1991, Chapter 287, 1st Regular Session. The FY 1994 appropriation does not include a state aid roll-over of \$143,196,400 appropriated in Laws 1992, Chapter 1, 9th Special Session.

7/ The unallocated portion of the Section 102 appropriation for statewide accounting system costs was funded from non-appropriated funds.

DISTRIBUTION OF THE GENERAL APPROPRIATION ACT GENERAL FUND BY FUNCTION OF GOVERNMENT



FISCAL YEAR 1994

Does not include \$69,600 (0.002%) for Transportation and \$97,400 (0.003%) for unallocated risk management premiums.

**SUMMARY OF THE OMNIBUS CAPITAL OUTLAY BILL (H.B. 2002) AND OTHER BILLS
WITH CAPITAL OUTLAY APPROPRIATIONS 1/**

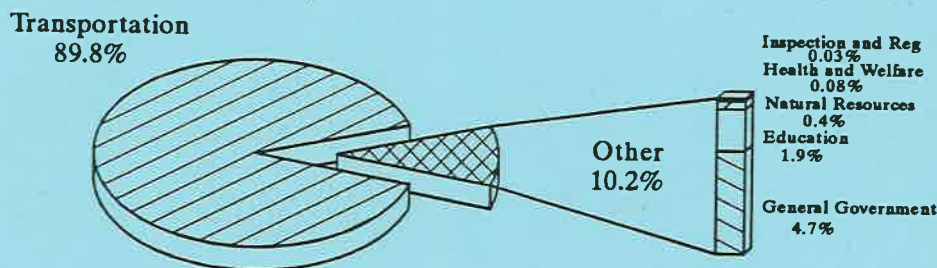
| | FY 1994 | | |
|--|--------------|-------------|-------------|
| | General Fund | Other Funds | Total |
| GENERAL GOVERNMENT | | | |
| Administration, Department of | | | |
| Building Renewal 2/ | \$1,828,200 | \$1,223,400 | \$3,051,600 |
| Renovate 1400 West Washington | 600,000 | | 600,000 |
| Replace Occupational Licensing Building Windows | 400,000 | | 400,000 |
| Renovate East & West Annex | 40,000 | | 40,000 |
| Americans with Disabilities Act Compliance | 200,000 | | 200,000 |
| Workers' Compensation Building Addition | | 250,000 | 250,000 |
| DOC: ASPC-T Rincon Doors & Locks | | 237,600 | 237,600 |
| DOC: ASPC-F Picacho Fire Alarms | | 52,500 | 52,500 |
| DOC: ASPC-Douglas Gila Electrical Upgrade | | 300,000 | 300,000 |
| DOC: Statewide Building Maintenance | | 200,000 | 200,000 |
| Ch. 230 (S.B. 1104): DOC-New Level 5 Facility at Florence | | 1,500,000 | 1,500,000 |
| Ch. 230 (S.B. 1104): DOC-Apache County Prison | | 620,000 | 620,000 |
| SUBTOTAL - Department of Administration | \$3,068,200 | \$4,383,500 | \$7,451,700 |
| Coliseum and Exposition Center | | | |
| Building Renewal 2/ | | 441,600 | 441,600 |
| Commerce, Department of | | | |
| Ch. 224 (S.B. 1029) Safford Museum | | 350,000 | 350,000 |
| Compensation Fund | | | |
| Building Renewal 2/ | | 141,100 | 141,100 |
| Lottery Commission | | | |
| Building Renewal 2/ | | 9,100 | 9,100 |
| Retirement System | | | |
| Building Renewal 2/ | | 18,300 | 18,300 |
| TOTAL - GENERAL GOVERNMENT | \$3,068,200 | \$5,343,600 | \$8,411,800 |
| HEALTH AND WELFARE | | | |
| Economic Security, Department of | | | |
| ATP-Coolidge Fire & Life Safety Corrections | 137,200 | | 137,200 |
| TOTAL - HEALTH AND WELFARE | \$137,200 | \$0 | \$137,200 |
| INSPECTION AND REGULATION | | | |
| Industrial Commission | | | |
| Building Renewal 2/ | | 58,200 | 58,200 |
| TOTAL - INSPECTION AND REGULATION | \$0 | \$58,200 | \$58,200 |
| EDUCATION | | | |
| Board of Regents | | | |
| Universities Building Renewal 2/ | 3,051,700 | | 3,051,700 |
| Americans with Disabilities Act Compliance | 200,000 | | 200,000 |
| SUBTOTAL - Board of Regents | \$3,251,700 | \$0 | \$3,251,700 |
| Community Colleges | | | |
| Show Low Campus | 200,000 | | 200,000 |
| TOTAL - EDUCATION | \$3,451,700 | \$0 | \$3,451,700 |
| PROTECTION AND SAFETY | | | |
| Emergency and Military Affairs, Department of | | | |
| Valencia Road Access | 27,500 | | 27,500 |
| Ch. 67, (H.B. 2020), Clifton Flood Control | 4,200,000 | | 4,200,000 |
| SUBTOTAL - Department of Emergency Services and Military Affairs | \$4,227,500 | \$0 | \$4,227,500 |
| Public Safety, Department of | | | |
| Uninterruptible Power Supply | 359,000 | 359,000 | 718,000 |
| Remote Officer Housing | | 150,000 | 150,000 |
| SUBTOTAL - Department of Public Safety | \$4,586,500 | \$509,000 | \$5,095,500 |
| Youth Treatment and Rehabilitation, Department of | | | |
| AMJI & CMJI Structural Repairs | 228,300 | | 228,300 |
| TOTAL - PROTECTION AND SAFETY | \$4,814,800 | \$509,000 | \$5,323,800 |

| | FY 1994 | | |
|---|---------------------|----------------------|----------------------|
| | General Fund | Other Funds | Total |
| TRANSPORTATION | | | |
| Transportation, Department of | | | |
| Building Renewal 2/ | | \$1,043,600 | \$1,043,600 |
| Miscellaneous Capital Projects | | 6,538,200 | 6,538,200 |
| Highway Planning & Construction | | 142,315,000 | 142,315,000 |
| Airport Planning, Construction, & Development | | 9,711,000 | 9,711,000 |
| SUBTOTAL - Department of Transportation | \$0 | \$159,607,800 | \$159,607,800 |
| TOTAL - TRANSPORTATION | \$0 | \$159,607,800 | \$159,607,800 |
| NATURAL RESOURCES | | | |
| Game and Fish Department | | | |
| Building Renewal 2/ | | 98,600 | 98,600 |
| Hatchery Renovations | | 100,000 | 100,000 |
| Shooting Range Development | | 5,000 | 5,000 |
| Facilities Repair & Maintenance | | 30,000 | 30,000 |
| Waterfowl Habitat | | 500,000 | 500,000 |
| SUBTOTAL - Game and Fish Department | \$0 | \$733,600 | \$733,600 |
| TOTAL - NATURAL RESOURCES | \$0 | \$733,600 | \$733,600 |
| GRAND TOTAL | \$11,471,900 | \$166,252,200 | \$177,724,100 |

1/ Reflects all capital appropriations enacted since the beginning of FY 1993.

2/ For major maintenance and repair of state buildings pursuant to sections 41-790 and 41-793.01, Arizona Revised Statutes. The General Fund/Capital Outlay Stabilization Fund portion of the DOA formula was funded at approximately 41% of full funding. The Regents were funded at about 17% of their full funding formula, and agencies with Other Appropriated Funds were funded at 100%.

DISTRIBUTION OF CAPITAL OUTLAY BILLS GENERAL FUND AND OTHER APPROPRIATED FUNDS BY FUNCTION OF GOVERNMENT



FISCAL YEAR 1994

Note: The General Government amount includes funding for Department of Corrections and Department of Youth Treatment and Rehabilitation facilities.

LEASE-PURCHASE SUMMARY

The Department of Administration, the Industrial Commission, Arizona State University, and the University of Arizona have entered into lease-purchase agreements for the acquisition and construction of state facilities. The table below provides the following information related to state lease-purchase agreements, as of April 30, 1993: 1) the facility constructed or acquired; 2) the amount issued, including pro rata costs associated with the issuance; 3) the budgeted FY 1994 lease-purchase payment, which is included in the operating budgets for the various tenants ^{1/}; 4) the agency appropriated the required payment; and 5) the source(s) of funding.

| <u>FACILITY</u> | <u>TOTAL ISSUANCE</u> | <u>FY 1994 PAYMENT</u> | <u>OCCUPANT</u> | <u>FUNDING SOURCE</u> |
|--------------------------------------|---------------------------|----------------------------|---------------------------|-------------------------------------|
| <u>DEPT OF ADMINISTRATION</u> | | | | |
| Revenue Building | \$26,919,000 | \$1,212,900 | Department of Revenue | General Fund |
| DES DD Homes | 3,420,500 | 155,100 | DES | General Fund, Federal ^{1/} |
| Capitol Center | 20,845,000 | 1,674,700 | Atty General, DWR | General Fund |
| 16th Ave Parking Garage | 5,390,000 | 368,100 | DOA | General Fund |
| Historical Society Museum | 13,665,000 | 1,203,900 | Historical Society | General Fund |
| ASDB Food Service Facility | 3,765,000 | 359,900 | ASDB | General Fund |
| Supreme Court Building | 40,440,000 | 3,281,700 | Supreme Court, Others | General Fund |
| DES-West | 36,205,000 | 2,894,300 | DES | General Fund, Federal ^{1/} |
| Tucson State Office Bldg. | 22,365,000 | 2,077,200 | Multiple Agencies | Multiple Sources |
| Old Comp. Fund Bldg. | 8,020,900 | 655,900 | DOA, Land Department | General Fund |
| Library for the Blind | 1,405,100 | 118,000 | Library and Archives | General Fund |
| Game & Fish Regional Offices | 2,927,300 | 257,300 | Game & Fish Department | G&F Cap Imp Fund |
| Tonto Natural Bridge | 4,712,900 | 392,600 | State Parks Board | Parks Enhancement ^{1/} |
| Records Management Addition | 2,441,900 | 198,200 | Library & Archives | General Fund |
| ASDB H.S. & Auditorium | 15,811,200 | 1,315,200 | ASDB | General Fund |
| ENSCO | 55,080,000 | 4,582,600 | DOA | General Fund |
| RTC/Distressed Properties | 15,645,000 | 2,212,600 | Multiple Agencies | Multiple Funds |
| Welcome Center | 470,000 | 67,900 | Office of Tourism | General Fund |
| 1,450 Prison Beds | 44,770,000 | 786,600 | Dept of Corrections | Corrections Fund |
| SUBTOTAL, DOA | \$324,298,800 | \$23,814,700 | | |
| Industrial Commission Building | \$17,000,000 | \$1,250,000 | Industrial Commission | Industrial Commission Fund |
| <u>UNIVERSITIES</u> | | | | |
| ASU-West | \$55,400,000 | \$5,482,000 | Arizona State University | General Fund |
| ASU-Telecommunications | 9,975,000 | 2,987,000 | Arizona State University | Local Funds ^{1/} |
| ASU-Towers | 4,500,000 | 444,000 | Arizona State University | Local Funds ^{1/} |
| U of A - Telecommunications | 27,595,000 | 2,657,000 | University of Arizona | Local Funds ^{1/} |
| U of A - Alumni Building | 4,950,000 | 522,000 | University of Arizona | Local Funds ^{1/} |
| U of A - Others | 8,040,000 | 369,000 | University of Arizona | Local Funds ^{1/} |
| SUBTOTAL, UNIVERSITIES | \$110,460,000 | \$12,461,000 | | |
| TOTAL | \$451,758,800 | \$37,525,700 | | |

^{1/} Some funds are non-appropriated, and do not appear in agency budgets.

^{2/} The first full payment of this 5-year issuance, due in FY 1995, will be \$12,078,200.

^{3/} Estimated.

BONDING SUMMARY

The Board of Regents, on behalf of the universities, the Coliseum and Exposition Center Board, the Department of Transportation (ADOT), and the Arizona Power Authority have issued bonds to acquire and construct facilities and to purchase equipment. Bonding levels and issuances for the universities are authorized by the Legislature. The total bonds outstanding, as of June 30, 1992, and the required debt service payments are shown in the table below. The figures for universities include both academic and various auxiliary bonds; only part of the FY 1994 payment is included in universities' budgets. Scheduled payments for the Coliseum and Exposition Center, ADOT, and the Arizona Power Authority are from non-appropriated sources.

| <u>INSTITUTION</u> | <u>BONDS OUTSTANDING</u> | <u>FY 1994 DEBT SERVICE PAYMENT</u> |
|--------------------------------|------------------------------|---|
| <u>BOARD OF REGENTS</u> | | |
| University of Arizona | \$242,507,000 | \$22,104,000 |
| Arizona State University | 248,749,000 | 23,723,000 |
| Northern Arizona University | <u>99,125,000</u> | <u>9,707,200</u> |
| SUBTOTAL, BOARD OF REGENTS | \$590,381,000 | \$55,534,200 |
| Coliseum & Exposition Center | \$1,820,000 | \$1,899,000 ^{1/} |
| Department of Transportation | 639,400,000 ^{2/} | 78,823,000 |
| Arizona Power Authority | <u>89,870,000</u> | <u>7,184,700</u> |
| TOTAL | <u>\$731,090,000</u> | <u>\$87,906,700</u> |

^{1/} The Coliseum & Exposition Center intends to retire its outstanding debt in FY 1994.

^{2/} Does not include issuances backed by the Regional Area Road Fund (RARF), with an outstanding debt of \$890.8 million.

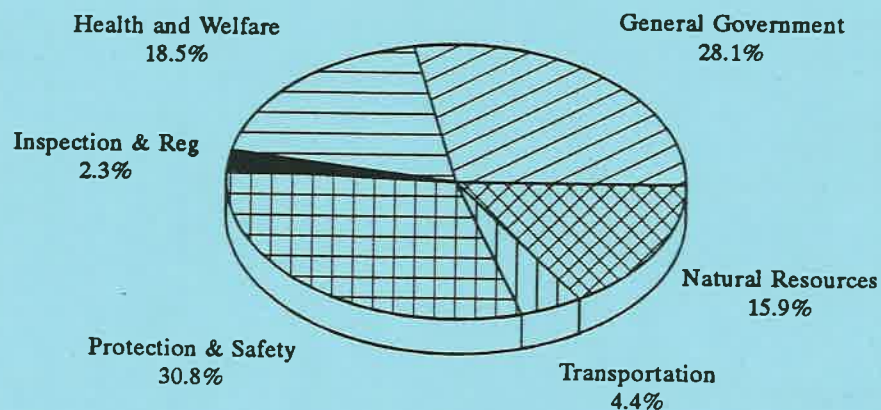
SUMMARY OF ADDITIONAL APPROPRIATIONS
(Other Than The General Appropriation Act and All Capital Outlay Appropriations)
Enacted by the 41st Legislature - 1st Regular Session unless Otherwise Noted 1/
For Fiscal Year 1993 and Fiscal Year 1994

| | Fiscal Year 1993 | | Fiscal Year 1994 | |
|---|--------------------|--------------------|--------------------|--------------------|
| | General Fund | Other Funds | General Fund | Other Funds |
| <u>GENERAL GOVERNMENT</u> | | | | |
| Administration, Department of | | | | |
| Ch. 120 (S.B. 1106) - Claims for Relief; Named Claimants | \$165,300 | \$70,900 | | |
| Ch. 124 (S.B. 1058) - Garnishment; Service | | | \$99,600 | |
| Attorney General | | | | |
| Ch. 150 (H.B. 2039) - Appropriation; Attorney General; Litigation | 238,500 | | | |
| Commerce, Department of | | | | |
| Ch. 1 (S.B. 2164) - Work Force Recruitment; Training; Appropriation | | | 3,000,000 | |
| Governor, Office of the | | | | |
| Ch. 119 (S.B. 1120) - Sonoran Commerce Office; Appropriations | 66,000 | | | |
| Legislature - Joint Legislative Budget Committee | | | | |
| Ch. 257 (S.B. 1421) - Environmental Technology Manufacturing Incentives | | | 90,000 | |
| TOTAL - GENERAL GOVERNMENT | \$469,800 | \$70,900 | \$3,189,600 | \$0 |
| <u>HEALTH AND WELFARE</u> | | | | |
| Arizona Health Care Cost Containment System | | | | |
| Ch. 6 (H.B. 2007) 2nd Special Session - Budget Reconciliation; Health | 8,734,000 | | | |
| Health Services, Department of | | | | |
| Ch. 6 (H.B. 2007) 2nd Special Session - Budget Reconciliation; Health | (1,942,000) | | | 2,000,000 |
| Ch. 7 (H.B. 2009) 2nd Special Session - General Appropriations; | | 3,000,000 | | |
| 1992-1993 Fiscal Changes | | | | |
| Ch. 215 (H.B. 2248) - Health Appropriations 1992-1993 Fiscal Changes | 1,500,000 | 1,765,100 | | |
| Ch. 245 (H.B. 2148) - Child Fatalities; Review Team | | | | 100,000 |
| SUBTOTAL - Department of Health Services | (\$442,000) | \$4,765,100 | \$0 | \$2,100,000 |
| TOTAL - HEALTH AND WELFARE | \$8,292,000 | \$4,765,100 | \$0 | \$2,100,000 |
| <u>INSPECTION AND REGULATION</u> | | | | |
| Agricultural Employment Relations Board | | | | |
| Ch. 139 (S.B. 1245) - Agriculture Labor Relations | | | 63,600 | |
| Agriculture, Department of | | | | |
| Ch. 40 (S.B. 1188) - Arizona Wine Commission | | | | 200,000 |
| Psychologist Examiners Board | | | | |
| Ch. 61 (S.B. 1189) - Appropriation; Psychologist Examiners Board | | 4,000 | | |
| Radiation Regulatory Agency | | | | |
| Ch. 182 (H.B. 2024) - Nuclear Emergency Appropriation and Assessment | 392,800 | | | |
| TOTAL - INSPECTION AND REGULATION | \$392,800 | \$4,000 | \$63,600 | \$200,000 |

| | Fiscal Year 1993 | | Fiscal Year 1994 | |
|--|------------------|-------------|------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds |
| <u>PROTECTION AND SAFETY</u> | | | | |
| Emergency Services and Military Affairs, Dept. of | | | | |
| Ch. 122 (H.B. 2317) - Appropriation; Flood Relief | \$1,250,000 | | \$3,500,000 | |
| Ch. 182 (H.B. 2024) - Nuclear Emergency Appropriation and Assessment | 440,200 | | | |
| SUBTOTAL - Department of Emergency Services and Military Affairs | \$1,690,200 | \$0 | \$3,500,000 | \$0 |
| Youth Treatment and Rehabilitation, Department of | | | | |
| Ch. 202 (H.B. 2017) - State Board of Education; Revisions | | 110,300 | | |
| TOTAL - PROTECTION AND SAFETY | \$1,690,200 | \$110,300 | \$3,500,000 | \$0 |
| <u>TRANSPORTATION</u> | | | | |
| Transportation, Department of | | | | |
| Ch. 249 (H.B. 2191) Highway Funds; DPS Distribution Limitation | | | | 500,000 |
| TOTAL - TRANSPORTATION | \$0 | \$0 | \$0 | \$500,000 |
| <u>NATURAL RESOURCES</u> | | | | |
| Land Department | | | | |
| Ch. 169 (S.B. 1091) - State Lands; Performance and Restoration Bonds | | | 1,800,000 | |
| Ch. 186 (H.B. 2246) - State Land Department; Appropriations | 697,900 | | | |
| TOTAL - NATURAL RESOURCES | \$697,900 | \$0 | \$1,800,000 | \$0 |
| GRAND TOTAL | \$11,542,700 | \$4,950,300 | \$8,553,200 | \$2,800,000 |

1/ Reflects all additional appropriations enacted since the beginning of FY 1993. All appropriations have been rounded to the nearest \$100.

**DISTRIBUTION OF ADDITIONAL APPROPRIATIONS
GENERAL FUND AND OTHER APPROPRIATED FUNDS
BY FUNCTION OF GOVERNMENT**



FISCAL YEAR 1994

SUMMARY OF FEDERAL AND OTHER NON-APPROPRIATED FUND EXPENDITURES
For Fiscal Years 1993 and 1994 1/

| | <u>FY 1993</u> <u>Estimate</u> | <u>FY 1994</u> <u>Estimate</u> |
|---|-----------------------------------|-----------------------------------|
| GENERAL GOVERNMENT | | |
| Department of Administration | | |
| Co-Op State Purchasing Agreement | 46,700 | 45,000 |
| Data Processing Revolving Fund | 16,091,500 | 0 |
| Emergency Telecommunication Revolving | 4,510,100 | 4,682,800 |
| Health Administration & Benefit Insurance Trust | 0 | 0 |
| Motor Pool Revolving | 5,506,500 | 5,292,500 |
| Public Buildings Land Earnings | 0 | 0 |
| Risk Management 2/ | 0 | 0 |
| Special Employee Health Insurance Trust | 167,214,000 | 191,535,800 |
| Special Services Revolving | 2,642,400 | 2,726,400 |
| Surplus Property - Federal | 375,500 | 387,100 |
| Surplus Property - State | 1,256,900 | 1,357,300 |
| Telecommunications | 13,634,400 | 13,285,300 |
| Workers' Compensation 2/ | 0 | 0 |
| Department of Administration - Subtotal | <u>\$211,278,000</u> | <u>\$219,312,200</u> |
| Affirmative Action, Governor's Office of | | |
| Equal Employment & Economic Development | \$41,000 | \$41,000 |
| Attorney General - Department of Law | | |
| Antitrust Enforcement Revolving | 336,300 | 276,800 |
| Anti-Racketeering Revolving | 4,570,500 | 4,966,000 |
| AZ Prosecuting Attorneys Advisory Council | 709,100 | 744,600 |
| Civil Division | 10,919,000 | 11,382,200 |
| CJEF Distribution to County Attorneys | 1,904,000 | 2,001,900 |
| Collections Enforcement | 0 | 0 |
| Consumer Protection - Consumer Fraud Revolving | 365,100 | 350,100 |
| Court-Ordered Trust | 209,700 | 200,000 |
| Federal Funds | 3,017,400 | 2,605,000 |
| Intergovernmental Agreements | 2,051,400 | 2,125,200 |
| Public Accommodations | 0 | 0 |
| Revolving Printing | 2,500 | 2,500 |
| Victim Witness | 38,200 | 39,600 |
| Attorney General - Department of Law - Subtotal | <u>\$24,123,200</u> | <u>\$24,693,900</u> |
| Arizona Coliseum & Exposition Center Board | | |
| Capital Outlay | 2,572,000 | 3,050,000 |
| Coliseum Improvement Revenue Bond Reserve | 0 | 0 |
| Coliseum Improvement Special Sinking | 0 | 1,820,000 |
| Construction and Improvement Bond Interest | 81,600 | 79,000 |
| Enterprise | 0 | 0 |
| Arizona Coliseum & Exposition Center Board | <u>\$2,653,600</u> | <u>\$4,949,000</u> |
| Department of Commerce | | |
| Commerce & Economic Development | 8,224,000 | 6,224,000 |
| Commerce & Solar Energy | 500 | 1,000 |
| Community Workshops | 162,200 | 233,100 |
| Donations | 255,500 | 89,700 |
| Federal Grants | 13,189,100 | 12,919,100 |
| Housing Finance Review | 329,600 | 332,400 |
| Housing Trust | 5,500,000 | 8,000,000 |
| Oil Overcharge | 9,278,400 | 9,266,700 |
| Recycling | 50,000 | 50,000 |
| State Employee Rideshare | 0 | 0 |
| Department of Commerce - Subtotal | <u>\$36,989,300</u> | <u>\$37,116,000</u> |
| State Compensation Fund 2/ | | |
| State Compensation Fund | 361,703,300 | 415,686,600 |
| Courts - Supreme Court | | |
| Alternative Dispute Resolution | 141,800 | 141,800 |
| Case Processing Assistance | 1,246,900 | 1,246,900 |
| Confidential Intermediary | 112,000 | 145,400 |

| | FY 1993 Estimate | FY 1994 Estimate |
|--|---------------------|---------------------|
| County Public Defender Training | \$446,700 | \$446,700 |
| Defensive Driving School | 2,137,700 | 1,857,700 |
| Drug Enforcement Account | 1,868,800 | 1,868,800 |
| Drug Study | 0 | 0 |
| Grants and Special Revenue | 269,800 | 200,000 |
| Judicial Collection Enhancement | 4,466,700 | 2,966,700 |
| Juvenile Crime Reduction | 2,086,200 | 2,058,400 |
| Supreme Court - Subtotal | \$12,776,600 | \$10,932,400 |
| Courts - Court of Appeals Division I | | |
| Grants | \$17,700 | \$0 |
| Office of the Governor | | |
| The Arizona Fund | 0 | 0 |
| County Fairs Livestock & Agricultural Promotion | 1,023,300 | 1,026,600 |
| Federal Grants | 3,406,000 | 3,275,800 |
| Gang & Substance Abuse Prevention | 0 | 0 |
| Governor's Endowment Partnership | 9,200 | 0 |
| Governor's Office for Children | 25,000 | 27,500 |
| Office of the Governor - Subtotal | 4,463,500 | 4,329,900 |
| Legislature - Auditor General | | |
| Audit Services Revolving | 850,400 | 789,500 |
| Legislature - Department of Library, Archives & Public Records | | |
| Donations | 20,000 | 25,000 |
| Federal Grants | 808,600 | 0 |
| Gift Shop Revolving | 45,000 | 45,000 |
| Miscellaneous Collections | 104,700 | 159,100 |
| Department of Library, Archives & Public Records - Subtotal | \$978,300 | \$229,100 |
| Arizona State Lottery Commission | | |
| Economic Development Games | 8,963,800 | 8,963,800 |
| State Lottery | 114,825,000 | 133,858,300 |
| Arizona State Lottery Commission - Subtotal | 123,788,800 | 142,822,100 |
| Arizona State Retirement System | | |
| Retirement Fund Admin. Account - Bldg & Invest. Expenses | 10,124,600 | 10,124,600 |
| Retirement Fund Admin. Account - Education Outreach | 663,900 | 663,900 |
| Retirement Fund Admin. Account - Health Insurance | 1,336,000 | 1,336,000 |
| Arizona State Retirement System - Subtotal | \$12,124,500 | \$12,124,500 |
| Department of Revenue | | |
| DOR Estate and Unclaimed Property | 301,800 | 265,800 |
| Liability Setoff Revolving | 108,700 | 111,400 |
| Revenue Publications Revolving | 105,300 | 105,300 |
| Special Collections | 0 | 0 |
| Waste Tire | 2,951,900 | 3,884,200 |
| Department of Revenue - Subtotal | \$3,467,700 | \$4,366,700 |
| Secretary of State - Department of State | | |
| Arizona Blue Book | 0 | 0 |
| UCC Data Processing Upgrade | 444,600 | 0 |
| Secretary of State - Department of State - Subtotal | \$444,600 | \$0 |
| Office of Tourism | | |
| Tourism Workshop | 87,000 | 87,000 |
| SUBTOTAL - GENERAL GOVERNMENT | | |
| Other Funds | 774,990,900 | 858,292,900 |
| Federal Funds | 20,796,600 | 19,187,000 |
| TOTAL - GENERAL GOVERNMENT | \$795,787,500 | \$877,479,900 |
| HEALTH AND WELFARE | | |
| AHCCCS | | |
| County Contributions | 157,373,700 | 180,916,800 |
| Federal Funds | 832,847,600 | 960,921,400 |
| Health Care Group Medical Premiums | 479,100 | 512,200 |
| Third Party Collections/Miscellaneous | 4,020,500 | 9,401,600 |
| AHCCCS - Subtotal | \$994,720,900 | \$1,151,752,000 |

| | FY 1993 Estimate | FY 1994 Estimate |
|--|---------------------|---------------------|
| Department of Economic Security | | |
| AZ Industries for the Blind | \$6,177,600 | \$6,063,300 |
| Capital Investment | 137,500 | 106,000 |
| Child Abuse Prevention | 776,400 | 647,100 |
| Child Passenger Restraint | 13,000 | 13,400 |
| Child Support Enforcement | 36,237,500 | 45,335,000 |
| Child Support Enforcement Administration | 6,880,000 | 7,136,700 |
| DES Client Trust | 875,000 | 875,000 |
| Economic Security Donations | 46,300 | 46,300 |
| Economic Security Special Administration | 1,834,400 | 320,500 |
| Federal Grants | 501,276,000 | 564,331,300 |
| Homeless Trust | 72,900 | 60,000 |
| Lease Purchases | 705,300 | 0 |
| Long Term Care (Federal/Other) | 86,293,400 | 106,621,500 |
| Mesa Land | 350,000 | 350,000 |
| Neighbors Helping Neighbors | 0 | 5,000 |
| Phoenix ATP Closure | 159,400 | 10,000 |
| Private Donations & Resource Development | 2,500 | 2,500 |
| Rate Payor Assistance Trust | 0 | 0 |
| Special Olympics Tax Refund | 143,200 | 71,600 |
| Spinal & Head Injuries Trust | 0 | 25,000 |
| Unemployment Insurance Benefits | 259,984,200 | 259,984,200 |
| Utility Assistance | 850,500 | 684,500 |
| Dept. of Economic Security - Subtotal | \$902,815,100 | \$992,688,900 |
| Department of Environmental Quality | | |
| Air Quality Fee | 5,764,900 | 5,814,600 |
| Building Lease | 0 | 0 |
| Federal | 11,947,300 | 11,975,200 |
| Intergovernmental Pesticide Program | 22,800 | 22,800 |
| Landfill Trust | 100,000 | 0 |
| Small Water Systems | 17,800 | 25,000 |
| Solid Waste Recycling | 1,384,600 | 1,054,200 |
| Underground Storage Tanks | 10,245,700 | 68,386,800 |
| Vehicular Emissions Inspection | 1,033,800 | 882,800 |
| Waste Tire Grant | 3,765,700 | 140,900 |
| Wastewater Treatment Revolving | 379,900 | 393,500 |
| Water Quality Assurance Revolving Fund | 9,391,100 | 5,019,600 |
| Department of Environmental Quality - Subtotal | \$44,053,600 | \$93,715,400 |
| Department of Health Services | | |
| Alcohol Abuse Treatment | 910,000 | 645,000 |
| Arizona State Hospital - Donation | 5,000 | 4,200 |
| Arizona State Hospital - Patient Benefit | 184,800 | 193,800 |
| Arizona State Hospital - Rental Income | 505,900 | 505,900 |
| Child Vaccination Revolving | NA | NA |
| Comprehensive School Health | NA | NA |
| Day Care Training | NA | NA |
| Domestic Violence Shelter | NA | NA |
| Donations | 950,000 | 950,000 |
| Drug and Alcohol Fines | 400,200 | 177,200 |
| EMS Operating | 450,000 | 550,000 |
| Endowment | 0 | 0 |
| Environmental Licensure | 208,000 | 208,000 |
| Federal Grants | 345,800 | 345,800 |
| Liquor Services Fees | 69,469,900 | 68,864,400 |
| Nursing Care Institution Resident Protection | 10,700 | 10,700 |
| Prenatal Care Education | NA | NA |
| SAMHC Donation | NA | NA |
| SAMHC Patient Benefit | 10,500 | 9,500 |
| Sanitarian's Fund | 4,000 | 5,000 |
| Special Revenue | 10,500 | 28,000 |
| | 2,777,000 | 2,777,000 |

| | FY 1993 Estimate | FY 1994 Estimate |
|---|---------------------|---------------------|
| Department of Health Services - Subtotal | \$76,242,300 | \$75,274,500 |
| Arizona Council for the Hearing Impaired | 11,300 | 0 |
| Donations | 2,353,600 | 2,327,100 |
| Telecommunication for the Deaf | \$2,364,900 | \$2,327,100 |
| Arizona Council for the Hearing Impaired - Subtotal | | |
| Arizona Commission of Indian Affairs | 0 | 3,500 |
| Publications Revolving Fund | | |
| Arizona Pioneers' Home | 20,000 | 30,000 |
| Donations | 0 | 0 |
| Miners Hospital Land Earnings | 1,115,300 | 820,300 |
| State Charitable, Penal & Reform. Land Earnings | \$1,135,300 | \$850,300 |
| Arizona Pioneers' Home - Subtotal | | |
| Arizona Veterans' Service Commission | 0 | 175,000 |
| Desert Storm Memorial | 204,900 | 214,200 |
| Federal Funds | 0 | 0 |
| Korean War Memorial | 0 | 0 |
| Veterans' Cemetery Fund | \$204,900 | \$389,200 |
| Arizona Veterans' Services Commission - Subtotal | | |
| SUBTOTAL - HEALTH AND WELFARE | 524,421,300 | 609,350,800 |
| Other Funds | 1,497,115,700 | 1,707,650,100 |
| Federal Funds | \$2,021,537,000 | \$2,317,000,900 |
| TOTAL - HEALTH AND WELFARE | | |
| INSPECTION AND REGULATION | | |
| Arizona Department of Agriculture | 229,300 | 229,300 |
| Agriculture Laboratory | 720,000 | 715,000 |
| Beef Council | 109,400 | 109,400 |
| Citrus Research Council | 1,665,000 | 1,690,000 |
| Cotton Research and Protection Council | 15,000 | 15,000 |
| Dangerous Plants, Pests and Diseases | 35,900 | 0 |
| Donations | 600 | 600 |
| Equine Maintenance | 549,400 | 549,400 |
| Federal | 84,800 | 84,800 |
| Grain Research and Promotion Council | 155,700 | 0 |
| Iceberg Lettuce Promotion Council | 106,000 | 106,000 |
| Iceberg Lettuce Research Council | 153,000 | 170,600 |
| Intergovernmental Agreements | 138,200 | 168,400 |
| Native Plant Law | NA | NA |
| Organic Food Certification | 8,700 | 8,700 |
| Seed Law | 8,800 | 8,800 |
| Seizure | 35,900 | 35,900 |
| Stray | 4,100 | 0 |
| Yuma County Citrus Pest Control | \$4,019,800 | \$3,891,900 |
| Arizona Department of Agriculture - Subtotal | | |
| State Banking Department | NA | NA |
| Escrow Guaranty | 114,300 | 117,900 |
| Revolving | 150,600 | 141,400 |
| Receivership Revolving | \$264,900 | \$259,300 |
| State Banking Department - Subtotal | | |
| Department of Building and Fire Safety | 402,000 | 388,800 |
| Intergovernmental Agreements | 0 | 0 |
| Federal Grants | 195,600 | 150,000 |
| Manufactured Housing Consumer Recovery | 150,000 | 200,000 |
| Mobile Home Relocation | \$747,600 | \$738,800 |
| Department of Building and Fire Safety - Subtotal | | |
| Registrar of Contractors | 1,872,200 | 1,875,900 |
| Residential Contractor's Recovery | | |
| Corporation Commission | 201,200 | 201,200 |
| Federal | 0 | 0 |
| Pipeline Safety Revolving | 1,059,000 | 1,049,200 |
| Securities Regulatory and Enforcement | | |

| | FY 1993 Estimate | FY 1994 Estimate |
|--|---------------------|---------------------|
| Corporation Commission - Subtotal | \$1,260,200 | \$1,250,400 |
| Industrial Commission of Arizona | | |
| Federal Grants | 1,222,100 | 1,222,100 |
| Revolving | 85,000 | 60,000 |
| Industrial Commission of Arizona- Subtotal | \$1,307,100 | \$1,282,100 |
| Department of Insurance | | |
| Computer System | 559,200 | 244,100 |
| Examiners' Revolving | 5,074,100 | 5,302,600 |
| Joint Underwriting Plan | 160,900 | 170,000 |
| Receivership Liquidation | 260,000 | 262,100 |
| Department of Insurance - Subtotal | \$6,054,200 | \$5,978,800 |
| Department of Liquor Licenses and Control | | |
| Federal & County RICO Funds | 5,400 | 0 |
| State Mine Inspector | | |
| Federal | 108,600 | 108,600 |
| Arizona Department of Racing | | |
| Admin. of County Fairs Racing Betterment | 49,700 | 51,600 |
| Arizona Breeders Award | 843,300 | 812,700 |
| County Fair Racing Betterment | 708,100 | 659,800 |
| Permanent Tribal-State Compact | NA | NA |
| Stallion Award | 0 | 0 |
| Arizona Department of Racing - Subtotal | \$1,601,100 | \$1,524,100 |
| Radiation Regulatory Agency | | |
| Federal Funds | 171,400 | 88,500 |
| State Real Estate Department | | |
| Education Revolving | 46,200 | 52,700 |
| Recovery | 204,100 | 268,200 |
| Subdivision Recovery | 44,100 | 0 |
| State Real Estate Department - Subtotal | \$294,400 | \$320,900 |
| NINETY-TEN AGENCIES | | |
| State Board of Nursing | | |
| AHCCCS Agreement (Federal) | 394,200 | 475,900 |
| Board of Private Postsecondary Education | | |
| Student Tuition Recovery Fund | 102,000 | 106,800 |
| Structural Pest Control Commission | | |
| Federal Certification and Enforcement Grant | 101,700 | 99,000 |
| SUBTOTAL - 90/10 AGENCIES | \$597,900 | \$681,700 |
| SUBTOTAL - INSPECTION AND REGULATION | | |
| Other Funds | 15,550,800 | 15,256,300 |
| Federal Funds | 2,754,000 | 2,744,700 |
| TOTAL - INSPECTION AND REGULATION | \$18,304,800 | \$18,001,000 |
| EDUCATION | | |
| AZ Commission on the Arts | | |
| Arts Fund - Federal | 945,900 | 815,000 |
| Arts Fund - Local | 167,700 | 108,700 |
| Arts Trust | 1,155,000 | 944,800 |
| AZ Commission on the Arts - Subtotal | \$2,268,600 | \$1,868,500 |
| State Board of Directors for Community Colleges | | |
| Certification Fund | 245,800 | 245,800 |
| Federal Grants | 2,648,400 | 2,648,400 |
| Governmental Services | 32,500 | 0 |
| Les Arie Memorial | 0 | 0 |
| State Board of Directors for Community College - Subtotal | \$2,926,700 | \$2,894,200 |
| Arizona State School for the Deaf and the Blind | | |
| Federal Grants | 804,000 | 680,100 |
| Local Grants | 176,500 | 105,100 |
| Out-of-State Tuition | 87,200 | 0 |
| Trust | 90,600 | 90,600 |
| Arizona State School for the Deaf and the Blind - Subtotal | \$1,158,300 | \$875,800 |

| | FY 1993 Estimate | FY 1994 Estimate |
|--|---------------------|---------------------|
| Department of Education | | |
| Certification Fingerprinting | \$58,700 | \$58,700 |
| Education Evaluation Review | 19,600 | 20,900 |
| Environmental Education | 52,500 | 49,700 |
| Environmental Plate Number | NA | NA |
| Federal Funds | 330,525,300 | 370,593,500 |
| Food Distribution | 303,500 | 332,200 |
| Permanent State School | 58,000,000 | 60,000,000 |
| Printing Revolving | 683,900 | 699,500 |
| Vocational & Technological Education Restructuring | NA | NA |
| Youth Farm Loan | 24,500 | 25,600 |
| Department of Education - Subtotal | \$389,668,000 | \$431,780,100 |
| Arizona Historical Society | | |
| Enterprise Funds | 2,600 | 2,600 |
| Grant Funds | 647,100 | 631,800 |
| Private Funds | 308,900 | 308,900 |
| Restricted Funds | 352,600 | 352,600 |
| Trust Funds | 1,800 | 1,800 |
| Arizona Historical Society - Subtotal | \$1,313,000 | \$1,297,700 |
| Prescott Historical Society of Arizona | | |
| Sharlot Hall Historical Society | 82,000 | 85,000 |
| Board of Medical Student Loans | | |
| Medical Student Loan | 111,900 | 121,500 |
| Arizona Board of Regents | | |
| Collections Revolving | 0 | 0 |
| Federal | 123,400 | 123,400 |
| Regents Postsecondary Local | 474,700 | 474,700 |
| Teacher Loan Forgiveness | 45,000 | 0 |
| Telecommunication Study | 0 | 0 |
| University Land Matching Grant | 0 | 0 |
| University Local | 0 | 0 |
| Arizona Board of Regents - Subtotal | \$394,000 | \$395,000 |
| Arizona State University - Main Campus | \$1,037,100 | \$993,100 |
| Local Revenue | 68,075,000 | 68,075,000 |
| Designated Funds | 49,765,000 | 49,765,000 |
| Endowment and Life Income | 0 | 0 |
| Federal Grants | 56,755,000 | 56,755,000 |
| Indirect Cost Recovery | 0 | 0 |
| Loan | 590,000 | 590,000 |
| Restricted Funds | 26,840,000 | 26,840,000 |
| Tuition/Fee Collections 4/ | 50,894,800 | 55,067,600 |
| Arizona State University - Main Campus Subtotal | \$252,919,800 | \$257,092,600 |
| Arizona State University - West Campus | | |
| Local Revenue | 2,315,000 | 2,315,000 |
| Designated Funds | 962,000 | 962,000 |
| Endowment and Life Income | 0 | 0 |
| Federal Grants | 76,000 | 76,000 |
| Loan | 0 | 0 |
| Restricted Funds | 150,000 | 150,000 |
| Tuition/Fee Collections 4/ | 3,843,100 | 4,732,900 |
| Arizona State University - West Campus - Subtotal | \$7,346,100 | \$8,235,900 |
| Northern Arizona University | | |
| Local Revenue | 16,499,900 | 16,999,900 |
| Designated Funds | 11,425,800 | 11,925,100 |
| Designated- Indirect Cost Recovery | 16,600 | 16,700 |
| Endowment | 0 | 0 |
| Federal Grants | 15,754,800 | 15,912,200 |
| Federal Indirect Cost Recovery | 57,600 | 58,200 |
| Loan | 150,000 | 150,000 |
| Restricted Fund (Excluding Federal Funds) | 9,245,200 | 10,087,700 |

| | FY 1993 Estimate | FY 1994 Estimate |
|--|---------------------|---------------------|
| Tuition/Fee Collections 4/ | \$18,822,800 | \$20,273,600 |
| Northern Arizona University - Subtotal | \$71,972,700 | \$75,423,400 |
| University of Arizona - Main Campus | | |
| Local Revenue | 104,216,400 | 105,258,700 |
| Designated Funds | 77,689,600 | 78,466,400 |
| Endowment and Similar Funds | 3,840,800 | 3,879,200 |
| Federal Grants | 85,658,600 | 86,514,200 |
| Federal Indirect Cost Recovery | 20,774,800 | 20,982,100 |
| Loan | 443,100 | 447,500 |
| Restricted Funds | 37,263,400 | 37,635,800 |
| Tuition/Fee Collections 4/ | 57,230,900 | 57,966,900 |
| University of Arizona - Main Campus - Subtotal | \$387,117,600 | \$391,150,800 |
| University of Arizona - College of Medicine | | |
| Local Revenue | 9,637,800 | 9,734,200 |
| Designated Funds | 8,793,400 | 8,881,400 |
| Endowment and Similar Funds | 5,351,200 | 5,404,700 |
| Federal Grants and Contracts | 32,001,400 | 32,329,800 |
| Federal Indirect Cost Recovery | 11,160,600 | 11,272,100 |
| Restricted | 20,723,200 | 20,930,500 |
| Tuition/Fee Collections 4/ | 2,245,900 | 2,254,900 |
| University of Arizona - College of Medicine - Subtotal | \$89,913,500 | \$90,807,600 |
| SUBTOTAL - EDUCATION | | |
| Other Funds | 650,549,500 | 663,866,200 |
| Federal Funds | 557,285,800 | 598,760,000 |
| TOTAL - EDUCATION | \$1,207,835,300 | \$1,262,626,200 |
| PROTECTION AND SAFETY | | |
| Automobile Theft Prevention Authority | NA | NA |
| Automobile Theft Prevention Authority | | |
| State Department of Corrections | 206,700 | 218,700 |
| Alcohol Abuse Treatment | 6,535,200 | 7,267,500 |
| Arizona Correctional Industries Revolving | 2,663,800 | 2,502,400 |
| Criminal Justice Enhancement | 22,000 | 22,000 |
| Donations | 96,000 | 64,400 |
| Federal | 6,000 | 5,000 |
| Inmate Care Revolving | 12,700 | 0 |
| Loss Control & Safety | 203,000 | 0 |
| Penitentiary Land Earnings | 0 | 0 |
| Permanent Training | 9,535,000 | 9,330,000 |
| Special Services | 17,000 | 0 |
| State Charitable, Penal & Reform. Land Earnings | \$19,297,400 | \$19,410,000 |
| State Department of Corrections - Subtotal | | |
| Arizona Criminal Justice Commission | 0 | 0 |
| Arson Detection Reward | 6,934,100 | 6,913,300 |
| Drug Enforcement Account | 3,005,800 | 4,000,000 |
| High Intensity Drug Trafficking Areas | 54,000 | 55,800 |
| Statistical Analysis Center | 550,000 | 550,000 |
| Victim Assistance | 893,000 | 1,000,000 |
| Victims Compensation | \$11,436,900 | \$12,519,100 |
| Arizona Criminal Justice Commission - Subtotal | | |
| Department of Emergency & Military Affairs | | |
| Federal Funds - Emergency | 3,366,800 | 2,128,000 |
| Federal Funds - Military | 10,578,900 | 11,293,500 |
| Department of Emergency & Military Affairs - Subtotal | \$13,945,700 | \$13,421,500 |
| Board of Pardons and Paroles | 10,700 | 0 |
| Federal Funds | | |
| Department of Public Safety | 0 | 0 |
| AFIS | NA | NA |
| Anti-Driving Under the Influence | 4,062,000 | 2,912,000 |
| Anti-Racketeering | 0 | 0 |
| Crime Lab Assessment | | |

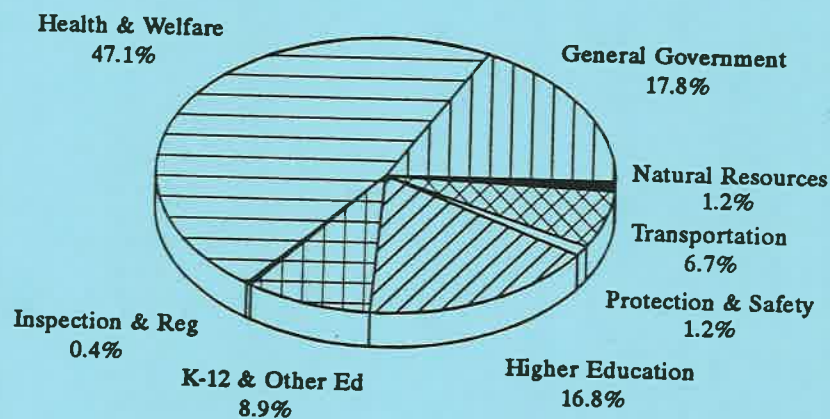
| | FY 1993 Estimate | FY 1994 Estimate |
|---|---------------------|---------------------|
| Criminal Justice Enhancement | \$197,200 | \$158,500 |
| Donations | 24,600 | 7,400 |
| Federal Block Grants - Pass Through | 1,112,100 | 1,048,800 |
| Federal Grants & Reimbursements | 4,522,000 | 4,148,900 |
| Fingerprint | 1,550,000 | 1,550,000 |
| Highway Patrol | 121,000 | 100,000 |
| Peace Officers Training Fund | 4,009,000 | 3,970,900 |
| Records Processing | 80,000 | 100,000 |
| Department of Public Safety - Subtotal | \$15,677,900 | \$13,996,500 |
| Department of Youth Treatment and Rehabilitation | | |
| Criminal Justice Enhancement | 0 | 0 |
| Donations | 7,900 | 0 |
| Federal Funds | 1,630,300 | 1,350,800 |
| Parental Assessment and Restitution | 0 | 0 |
| State Charitable, Penal & Reform. Land Earnings | 0 | 0 |
| Training Institution | 2,500 | 0 |
| Department of Youth Treatment and Rehabilitation - Subtotal | \$1,640,700 | \$1,350,800 |
| SUBTOTAL - PROTECTION AND SAFETY | | |
| Other Funds | 31,074,700 | 30,324,000 |
| Federal Funds | 30,934,600 | 30,373,900 |
| TOTAL - PROTECTION AND SAFETY | \$62,009,300 | \$60,697,900 |
| TRANSPORTATION | | |
| Department of Transportation | | |
| ADOT County Auto License | 8,724,500 | 9,015,200 |
| Arizona Highways Magazine Enterprise | 10,232,500 | 10,272,800 |
| Aviation Federal Funds | 3,075,000 | 3,765,000 |
| Cargo Tank Administration Revolving | 0 | 0 |
| Criminal Background Investigation | 165,000 | 173,900 |
| Driver's License | 352,700 | 368,800 |
| Economic Strength Project | 2,720,600 | 1,000,000 |
| Equipment Revolving | 24,688,900 | 24,760,000 |
| Federal Grants | 216,930,700 | 231,956,300 |
| Maricopa Regional Area Road | 60,870,000 | 45,000,000 |
| Mobile Home Administration Revolving | 109,800 | 110,300 |
| Motor Carrier Safety Revolving | 181,000 | 186,800 |
| Motor Vehicle Liability Insurance Enforcement | 0 | 525,100 |
| Motorcycle Education | 58,200 | 61,200 |
| Number Plate Replacement | 832,900 | 897,200 |
| Public Roads (Mineral Act) | 0 | 0 |
| Special Plate | 0 | 0 |
| Underground Storage Tank Revolving | 154,300 | 162,600 |
| Department of Transportation - Subtotal | \$329,096,100 | \$328,255,200 |
| SUBTOTAL - TRANSPORTATION | | |
| Other Funds | 109,090,400 | 92,533,900 |
| Federal Funds | 220,005,700 | 235,721,300 |
| TRANSPORTATION - TOTAL | \$329,096,100 | \$328,255,200 |
| NATURAL RESOURCES | | |
| Advisory Council on Environmental Education | | |
| Environmental Awareness Education | NA | NA |
| Commission on the Arizona Environment | | |
| Environment Revolving | 38,500 | 44,500 |
| Arizona Game & Fish Department | | |
| Conservation Development | 5,800 | 5,800 |
| Federal Funds | 13,590,400 | 12,929,800 |
| Game & Fish Donations | 81,500 | 94,000 |
| Heritage | 10,511,800 | 8,654,100 |
| Trust | 369,000 | 348,000 |
| Publications Revolving | 138,500 | 141,500 |
| Wildlife Theft Prevention | 194,000 | 193,000 |

| | FY 1993 Estimate | FY 1994 Estimate |
|---|---------------------|---------------------|
| Arizona Game & Fish Department - Subtotal | \$24,891,000 | \$22,366,200 |
| Arizona Geological Survey | | |
| Donations | 1,500 | 500 |
| Federal Grants | 47,800 | 34,400 |
| Printing Revolving | 27,100 | 30,200 |
| Arizona Geological Survey - Subtotal | \$76,400 | \$65,100 |
| State Land Department | | |
| Cooperative Fire Control | 1,220,300 | 908,500 |
| Federal Reclamation Trust | 76,300 | 0 |
| Interagency Agreements | 80,100 | 6,000 |
| Legal Advertising Revolving | 120,000 | 100,000 |
| Quitclaim Deed Revolving | 0 | 0 |
| Resource Analysis Revolving | 57,000 | 47,000 |
| Riparian Land | 0 | 0 |
| Timber Suspense | 374,100 | 888,600 |
| Zoning Application Fees | 16,000 | 36,000 |
| State Land Department - Subtotal | \$1,943,800 | \$1,986,100 |
| Department of Mines & Mineral Resources | | |
| Museum Donations | 69,300 | 79,300 |
| Print Revolving | 10,000 | 10,000 |
| Department of Mines & Mineral Resources - Subtotal | \$79,300 | \$89,300 |
| Arizona State Parks Board | | |
| Arizona Conservation Corps | 702,400 | 702,100 |
| Donations | 30,000 | 35,000 |
| Federal Funds | 551,300 | 551,800 |
| Heritage | 10,835,900 | 12,295,400 |
| Land and Water Conservation Surcharge | 96,700 | 99,000 |
| Off-Highway Vehicle | 1,200,000 | 1,700,000 |
| Publications Revolving | 25,000 | 35,000 |
| State Lake Improvement | 7,152,200 | 7,161,800 |
| State Parks Enhancement | 2,978,200 | 3,675,200 |
| Tonto Natural Bridge Revolving | 20,000 | 25,000 |
| Trails Grant | 3,000 | 3,500 |
| Arizona State Parks Board - Sub. | \$23,594,700 | \$26,283,800 |
| Department of Water Resources | | |
| Administrative | 5,400 | 5,400 |
| Augmentation & Conservation | 1,240,400 | 4,021,900 |
| Emergency Dam Repair | 0 | 0 |
| Federal Grants | 491,100 | 94,200 |
| Flood Control Assistance | 51,600 | 0 |
| Flood Control Loan | 0 | 0 |
| General Adjudications | 50,000 | 50,000 |
| Groundwater Enforcement | 97,100 | 94,100 |
| Non-Emergency Dam Repair | 198,100 | 1,432,100 |
| Surface/Groundwater Trust | 570,000 | 541,900 |
| State Water Storage | 0 | 0 |
| Department of Water Resources - Sub. | \$2,703,700 | \$6,239,600 |
| SUBTOTAL - NATURAL RESOURCES | | |
| Other Funds | 38,570,500 | 43,464,400 |
| Federal Funds | 14,756,900 | 13,610,200 |
| TOTAL - NATURAL RESOURCES | \$53,327,400 | \$57,074,600 |
| SUBTOTAL - FEDERAL AND OTHER NON-APPROPRIATED FUND EXPENDITURES | 4,487,897,400 | 4,921,135,700 |
| Total - Other Funds | 2,144,248,100 | 2,313,088,500 |
| Total - Federal Funds | 2,343,649,300 | 2,608,047,200 |
| TOTAL - FEDERAL AND OTHER NON-APPROPRIATED FUND EXPENDITURES | \$4,487,897,400 | \$4,921,135,700 |

- 1/ The amounts shown are generally based on agency information as of December 1992; however, some updated information has been included.
2/ Beginning with FY 1993 the Risk Management Revolving Fund and Worker's Compensation Fund are subject to annual appropriation, pursuant to Laws 1991, Chapter 265.
3/ The FY 1993 and FY 1994 amounts represent spending for calendar years 1992 and 1993 respectively. The Joint Legislative Budget Committee approves the State Compensation Fund operating budget.
4/ Amounts for Tuition/Fee Collections do not reflect the tuition increase approved by the Board of Regents on April 15, 1993.

NA - Expenditure estimates for this new fund are currently not available.

**DISTRIBUTION OF FEDERAL AND OTHER
NON APPROPRIATED FUNDS
BY FUNCTION OF GOVERNMENT**



FISCAL YEAR 1994

**SUMMARY OF TOTAL SPENDING AUTHORITY 1/
(APPROPRIATED AND NON-APPROPRIATED FUNDS)
For Fiscal Year 1993 and 1994**

| | Fiscal Year 1993 | | | Fiscal Year 1994 | | |
|--|--|---|-----------------|--|---|-----------------|
| | Appropriated General and Other Funds | Non- Appropriated Federal and Other Funds 2/ | Total | Appropriated General and Other Funds | Non- Appropriated Federal and Other Funds 2/ | Total |
| GENERAL GOVERNMENT | | | | | | |
| Administration, Department of 3/ | \$117,003,200 | \$211,278,000 | \$328,281,200 | \$143,858,700 | \$219,312,200 | \$363,170,900 |
| Affirmative Action, Governor's Office of | 240,600 | 41,000 | 281,600 | 229,000 | 41,000 | 270,000 |
| Attorney General | 22,125,900 | 24,123,200 | 46,249,100 | 22,557,400 | 24,693,900 | 47,251,300 |
| Coliseum and Exposition Center | 13,529,900 | 2,653,600 | 16,183,500 | 13,830,500 | 4,949,000 | 18,779,500 |
| Commerce, Department of 4/ | 5,601,000 | 36,989,300 | 42,590,300 | 9,307,200 | 37,116,000 | 46,423,200 |
| Compensation Fund 5/ | 121,000 | 361,703,300 | 361,824,300 | 141,100 | 415,686,600 | 415,827,700 |
| Courts | | | | | | |
| Court of Appeals | 8,055,200 | 17,700 | 8,072,900 | 8,218,100 | 0 | 8,218,100 |
| Comm on Appellate and Trial Court Appts | 3,500 | 0 | 3,500 | 10,000 | 0 | 10,000 |
| Commission on Judicial Conduct | 139,400 | 0 | 139,400 | 150,800 | 0 | 150,800 |
| Superior Court | 60,555,200 | 0 | 60,555,200 | 65,658,300 | 0 | 65,658,300 |
| Supreme Court | 10,740,200 | 12,776,600 | 23,516,800 | 10,991,300 | 10,932,400 | 21,923,700 |
| SUBTOTAL - Courts | \$79,493,500 | \$12,794,300 | \$92,287,800 | \$85,028,500 | \$10,932,400 | \$95,960,900 |
| Governor, Office of the | 7,639,900 | 4,463,500 | 12,103,400 | 5,948,600 | 4,329,900 | 10,278,500 |
| Gov's Ofc of Strat Planning & Budgeting 6/ | 2,494,500 | 0 | 2,494,500 | 1,372,600 | 0 | 1,372,600 |
| Law Enforcement Merit System Council | 41,000 | 0 | 41,000 | 41,300 | 0 | 41,300 |
| Legislature | | | | | | |
| Auditor General | 7,204,300 | 850,400 | 8,054,700 | 7,232,300 | 789,500 | 8,021,800 |
| House of Representatives | 7,146,900 | 0 | 7,146,900 | 7,131,000 | 0 | 7,131,000 |
| Joint Legislative Budget Committee | 1,726,400 | 0 | 1,726,400 | 1,857,500 | 0 | 1,857,500 |
| Legislative Council | 4,044,900 | 0 | 4,044,900 | 2,506,000 | 0 | 2,506,000 |
| Lib, Archives, and Public Rec, Dept of | 4,775,000 | 978,300 | 5,753,300 | 4,664,400 | 229,100 | 4,893,500 |
| Senate | 5,751,800 | 0 | 5,751,800 | 5,735,200 | 0 | 5,735,200 |
| SUBTOTAL - Legislature | \$30,649,300 | \$1,828,700 | \$32,478,000 | \$29,126,400 | \$1,018,600 | \$30,145,000 |
| Lottery Commission 7/ | 36,968,100 | 123,788,800 | 160,756,900 | 38,899,800 | 142,822,100 | 181,721,900 |
| Personnel Board | 228,900 | 0 | 228,900 | 229,800 | 0 | 229,800 |
| Redistricting Commission | 25,000 | 0 | 25,000 | 0 | 0 | 0 |
| Retirement System | 5,060,400 | 12,124,500 | 17,184,900 | 3,259,600 | 12,124,500 | 15,384,100 |
| Revenue, Department of 8/ | 47,106,100 | 3,467,700 | 50,573,800 | 47,488,300 | 4,366,700 | 51,855,000 |
| Secretary of State | 4,373,300 | 444,600 | 4,817,900 | 1,751,300 | 0 | 1,751,300 |
| Tax Appeals, Board of | 681,700 | 0 | 681,700 | 684,000 | 0 | 684,000 |
| Tourism, Office of | 5,629,700 | 87,000 | 5,716,700 | 5,403,300 | 87,000 | 5,490,300 |
| Treasurer 9/ | 6,967,600 | 0 | 6,967,600 | 7,085,100 | 0 | 7,085,100 |
| Uniform State Laws, Commission on | 23,400 | 0 | 23,400 | 23,300 | 0 | 23,300 |
| TOTAL - GENERAL GOVERNMENT | \$386,004,000 | \$795,787,500 | \$1,181,791,500 | \$416,265,800 | \$877,479,900 | \$1,293,745,700 |
| HEALTH AND WELFARE | | | | | | |
| Ariz Health Care Cost Containment System | 480,116,500 | 994,720,900 | 1,474,837,400 | 477,191,800 | 1,151,752,000 | 1,628,943,800 |
| Economic Security, Department of | 367,363,500 | 902,815,100 | 1,270,178,600 | 357,434,200 | 992,688,900 | 1,350,123,100 |
| Environmental Quality, Department of | 11,998,000 | 44,053,600 | 56,051,600 | 11,625,500 | 93,715,400 | 105,340,900 |
| Health Services, Department of 10/ | 221,219,900 | 76,242,300 | 297,462,200 | 210,530,700 | 75,274,500 | 285,805,200 |
| Hearing Impaired, Council for the | 198,800 | 2,364,900 | 2,563,700 | 207,300 | 2,327,100 | 2,534,400 |
| Indian Affairs, Commission on | 155,900 | 0 | 155,900 | 161,200 | 3,500 | 164,700 |
| Pioneers' Home | 2,625,700 | 1,135,300 | 3,761,000 | 2,965,500 | 850,300 | 3,815,800 |
| Arizona Ranger's Pension | 9,500 | 0 | 9,500 | 9,800 | 0 | 9,800 |
| Veteran's Services Commission | 1,141,600 | 204,900 | 1,346,500 | 1,250,800 | 389,200 | 1,640,000 |
| TOTAL - HEALTH AND WELFARE | \$1,084,829,400 | \$2,021,537,000 | \$3,106,366,400 | \$1,061,376,800 | \$2,317,000,900 | \$3,378,377,700 |
| INSPECTION AND REGULATION | | | | | | |
| Agricultural Employment Relations Board | 166,300 | 0 | 166,300 | 63,600 | 0 | 63,600 |
| Agriculture, Department of | 11,027,200 | 4,019,800 | 15,047,000 | 11,552,200 | 3,891,900 | 15,444,100 |
| Banking Department | 2,400,300 | 264,900 | 2,665,200 | 2,125,100 | 259,300 | 2,384,400 |
| Building & Fire Safety, Dept of | 2,787,000 | 747,600 | 3,534,600 | 2,807,900 | 738,800 | 3,546,700 |
| Contractors, Registrar of | 3,729,900 | 1,872,200 | 5,602,100 | 4,173,700 | 1,875,900 | 6,049,600 |
| Corporation Commission | 10,679,600 | 1,260,200 | 11,939,800 | 10,565,400 | 1,250,400 | 11,815,800 |

| | Fiscal Year 1993 | | | Fiscal Year 1994 | | |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | Appropriated | Non-Approp | Total | Appropriated | Non-Approp | Total |
| Industrial Commission 11/ Insurance, Department of | \$12,400,900 | \$1,307,100 | \$13,708,000 | \$12,539,800 | \$1,282,100 | \$13,821,900 |
| Liquor Licenses & Control, Dept of | 3,081,900 | 6,054,200 | 9,136,100 | 3,022,500 | 5,978,800 | 9,001,300 |
| Mine Inspector | 1,933,700 | 5,400 | 1,939,100 | 1,900,300 | 0 | 1,900,300 |
| Occupational Safety and Health Review Board | 618,100 | 108,600 | 726,700 | 541,500 | 108,600 | 650,100 |
| Racing, Department of | 9,000 | 0 | 9,000 | 9,000 | 0 | 9,000 |
| Radiation Regulatory Agency | 2,814,800 | 1,601,100 | 4,415,900 | 3,450,700 | 1,524,100 | 4,974,800 |
| Real Estate Department | 1,401,700 | 171,400 | 1,573,100 | 1,062,000 | 88,500 | 1,150,500 |
| Residential Utility Consumer Office | 2,741,100 | 294,400 | 3,035,500 | 2,547,400 | 320,900 | 2,868,300 |
| Dept of Weights and Measures | 1,018,400 | 0 | 1,018,400 | 1,005,700 | 0 | 1,005,700 |
| | 2,564,100 | 0 | 2,564,100 | 2,904,000 | 0 | 2,904,000 |
| Ninety-Ten Agencies | | | | | | |
| Accountancy, Board of | 789,800 | 0 | 789,800 | 941,100 | 0 | 941,100 |
| Appraisal, Board of | 221,100 | 0 | 221,100 | 229,800 | 0 | 229,800 |
| Barber Examiners Board | 140,800 | 0 | 140,800 | 141,800 | 0 | 141,800 |
| Behavioral Health Examiners, Board of | 252,700 | 0 | 252,700 | 296,700 | 0 | 296,700 |
| Boxing Commission | 51,600 | 0 | 51,600 | 59,000 | 0 | 59,000 |
| Chiropractic Examiners Board | 229,300 | 0 | 229,300 | 236,600 | 0 | 236,600 |
| Cosmetology, Board of | 601,300 | 0 | 601,300 | 623,300 | 0 | 623,300 |
| Dental Examiners Board | 500,000 | 0 | 500,000 | 528,000 | 0 | 528,000 |
| Funeral Directors and Embalmers Board | 169,400 | 0 | 169,400 | 175,300 | 0 | 175,300 |
| Homeopathic Medical Examiners Board | 18,600 | 0 | 18,600 | 22,300 | 0 | 22,300 |
| Medical Examiners, Board of | 2,378,800 | 0 | 2,378,800 | 2,687,500 | 0 | 2,687,500 |
| Naturopathic Physician Examiners Board | 26,200 | 0 | 26,200 | 41,900 | 0 | 41,900 |
| Nursing Board | 1,063,600 | 394,200 | 1,457,800 | 1,093,100 | 475,900 | 1,569,000 |
| Nursing Care Institution Administrators Bd | 61,900 | 0 | 61,900 | 63,600 | 0 | 63,600 |
| Occupational Therapy Examiners, Board of | 53,800 | 0 | 53,800 | 90,900 | 0 | 90,900 |
| Opticians, Board of Dispensing | 60,200 | 0 | 60,200 | 68,900 | 0 | 68,900 |
| Optometry, Board of | 97,300 | 0 | 97,300 | 95,600 | 0 | 95,600 |
| Osteopathic Examiners Board | 265,000 | 0 | 265,000 | 289,200 | 0 | 289,200 |
| Pharmacy Board | 654,700 | 0 | 654,700 | 641,000 | 0 | 641,000 |
| Physical Therapy Examiners Board | 66,500 | 0 | 66,500 | 72,300 | 0 | 72,300 |
| Podiatry Examiners Board | 44,400 | 0 | 44,400 | 50,400 | 0 | 50,400 |
| Private Postsecondary Education, Board for | 136,500 | 102,000 | 238,500 | 130,600 | 106,800 | 237,400 |
| Psychologist Examiners Board | 178,400 | 0 | 178,400 | 197,800 | 0 | 197,800 |
| Respiratory Care Examiners, Board of | 118,000 | 0 | 118,000 | 134,100 | 0 | 134,100 |
| Structural Pest Control Commission | 976,900 | 101,700 | 1,078,600 | 1,020,000 | 99,000 | 1,119,000 |
| Technical Registration, Board of | 872,700 | 0 | 872,700 | 856,200 | 0 | 856,200 |
| Veterinary Medical Examining Board | 158,400 | 0 | 158,400 | 170,400 | 0 | 170,400 |
| Subtotal - Ninety-Ten Agencies | \$10,187,900 | \$597,900 | \$10,785,800 | \$10,957,400 | \$681,700 | \$11,639,100 |
| TOTAL - INSPECTION AND REG | \$69,561,900 | \$18,304,800 | \$87,866,700 | \$71,228,200 | \$18,001,000 | \$89,229,200 |
| EDUCATION | | | | | | |
| Arts, Commission on the | 1,305,300 | 2,268,600 | 3,573,900 | 1,258,900 | 1,868,500 | 3,127,400 |
| Community Colleges | 86,266,500 | 2,926,700 | 89,193,200 | 86,927,100 | 2,894,200 | 89,821,300 |
| Deaf and Blind, School for | 20,127,400 | 1,158,300 | 21,285,700 | 20,032,000 | 875,800 | 20,907,800 |
| Education, Department of 12/ | 1,386,249,900 | 389,668,000 | 1,775,917,900 | 1,444,175,200 | 431,780,100 | 1,875,955,300 |
| Historical Society, Arizona | 3,249,300 | 1,313,000 | 4,562,300 | 3,282,200 | 1,297,700 | 4,579,900 |
| Historical Society, Prescott | 509,400 | 82,000 | 591,400 | 543,700 | 85,000 | 628,700 |
| Medical Student Loans Board | 1,000 | 111,900 | 112,900 | 1,000 | 121,500 | 122,500 |
| Universities/Board of Regents | | | | | | |
| Board of Regents 13/ | 12,517,400 | 1,037,100 | 13,554,500 | 10,407,100 | 993,100 | 11,400,200 |
| Arizona State University - Main | 181,778,600 | 252,919,800 | 434,698,400 | 184,324,800 | 257,092,600 | 441,417,400 |
| Arizona State University - West | 26,775,000 | 7,346,100 | 34,121,100 | 29,602,800 | 8,235,900 | 37,838,700 |
| Northern Arizona University | 73,489,200 | 71,972,700 | 145,461,900 | 75,531,200 | 75,423,400 | 150,954,600 |
| University of Arizona - Main | 199,336,000 | 387,117,600 | 586,453,600 | 198,968,000 | 391,150,800 | 590,118,800 |
| University of Arizona - College of Medicine | 44,550,200 | 89,913,500 | 134,463,700 | 44,738,200 | 90,807,600 | 135,545,800 |
| SUBTOTAL - Universities/Board of Regents | \$538,446,400 | \$810,306,800 | \$1,348,753,200 | \$543,572,100 | \$823,703,400 | \$1,367,275,500 |
| TOTAL - EDUCATION | \$2,036,155,200 | \$1,207,835,300 | \$3,243,990,500 | \$2,099,792,200 | \$1,262,626,200 | \$3,362,418,400 |
| PROTECTION AND SAFETY | | | | | | |
| Corrections, Department of | 270,845,000 | 19,297,400 | 290,142,400 | 303,690,700 | 19,410,000 | 323,100,700 |

| | Fiscal Year 1993 | | | Fiscal Year 1994 | | |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | Appropriated | Non-Approp | Total | Appropriated | Non-Approp | Total |
| Criminal Justice Commission | \$2,512,000 | \$11,436,900 | \$13,948,900 | \$1,545,200 | \$12,519,100 | \$14,064,300 |
| Emergency and Military Affairs, Dept of | 5,762,200 | 13,945,700 | 19,707,900 | 12,212,900 | 13,421,500 | 25,634,400 |
| Pardons and Paroles, Board of | 2,089,400 | 10,700 | 2,100,100 | 1,890,600 | 0 | 1,890,600 |
| Public Safety, Department of | 85,003,000 | 15,677,900 | 100,680,900 | 85,181,400 | 13,996,500 | 99,177,900 |
| Youth Treatment and Rehabilitation, Dept of | 31,640,600 | 1,640,700 | 33,281,300 | 34,112,500 | 1,350,800 | 35,463,300 |
| TOTAL - PROTECTION AND SAFETY | \$397,852,200 | \$62,009,300 | \$459,861,500 | \$438,633,300 | \$60,697,900 | \$499,331,200 |
| TRANSPORTATION | | | | | | |
| Transportation, Department of | \$363,515,800 | \$329,096,100 | \$692,611,900 | \$353,177,800 | \$328,255,200 | \$681,433,000 |
| NATURAL RESOURCES | | | | | | |
| Environment, Commission on the | 106,800 | 38,500 | 145,300 | 89,900 | 44,500 | 134,400 |
| Game and Fish Department 14/ | 16,984,100 | 24,891,000 | 41,875,100 | 17,452,400 | 22,366,200 | 39,818,600 |
| Geological Survey | 623,900 | 76,400 | 700,300 | 613,200 | 65,100 | 678,300 |
| Land Department | 8,707,200 | 1,943,800 | 10,651,000 | 10,883,800 | 1,986,100 | 12,869,900 |
| Mines and Mineral Resources, Dept of | 609,400 | 79,300 | 688,700 | 607,600 | 89,300 | 696,900 |
| State Parks Board | 7,847,300 | 23,594,700 | 31,442,000 | 8,061,800 | 26,283,800 | 34,345,600 |
| Water Resources, Department of | 11,491,500 | 2,703,700 | 14,195,200 | 11,662,500 | 6,239,600 | 17,902,100 |
| TOTAL - NATURAL RESOURCES | \$46,370,200 | \$53,327,400 | \$99,697,600 | \$49,371,200 | \$57,074,600 | \$106,445,800 |
| Health Insurance Trust Fund | 966,900 | 0 | 966,900 | 0 | 0 | 0 |
| Unallocated FY 1993 Salary Adjustments | 1,028,400 | 0 | 1,028,400 | 0 | 0 | 0 |
| Unallocated Sec. 102 AFIS Costs | 0 | 0 | 0 | 287,600 | 0 | 287,600 |
| Unallocated Sec. 104 Risk Management | 0 | 0 | 0 | 574,100 | 0 | 574,100 |
| GRAND TOTAL | \$4,386,284,000 | \$4,487,897,400 | \$8,874,181,400 | \$4,490,707,000 | \$4,921,135,700 | \$9,411,842,700 |

1/ The amounts shown include all appropriations from past sessions and current year supplemental appropriations.

2/ The amounts shown are generally based on agency information as of December 1992; however, some updated information has been included.

3/ The FY 1993 Appropriated amount includes a General Fund capital outlay appropriation of \$1,876,400 and an Other Funds capital outlay appropriation of \$1,429,300 in Laws 1992, Chapter 2, 9th Special Session. The FY 1993 Appropriated amount also includes an Other Funds appropriation of \$2,000,000 in Laws 1992, Chapter 2, 8th Special Session, relating to prison construction. The FY 1993 Appropriated amount includes an Other Funds appropriation of \$10,300,000 in Laws 1990, Chapter 405, 2nd Regular Session, also relating to prison construction. The FY 1994 Appropriated amount includes a General Fund appropriation of \$1,500,000 in Laws 1992, Chapter 191, 2nd Regular Session, relating to Indian water rights.

4/ The FY 1993 Appropriated amount includes an Other Funds capital outlay appropriation of \$428,000 appropriated in Laws 1992, Chapter 2, 9th Special Session.

5/ The FY 1993 Appropriated amount includes an Other Funds capital outlay appropriation of \$121,000 appropriated in Laws 1992, Chapter 2, 9th Special Session.

6/ The FY 1993 Appropriated amount includes a General Fund appropriation of \$1,250,000 in Laws 1991, Chapter 287, 1st Regular Session for Project SLIM.

7/ The FY 1993 Appropriated amount includes an Other Funds capital outlay appropriation of \$7,600 appropriated in Laws 1992, Chapter 2, 9th Special Session.

8/ The FY 1993 Appropriated amount includes an Other Funds capital outlay appropriation of \$16,700 appropriated in Laws 1992, Chapter 2, 9th Special Session.

9/ The FY 1993 Appropriated amount includes a General Fund appropriation of \$3,629,666 in Laws 1990, Chapter 332, 2nd Regular Session, relating to the distribution of tax protest monies. FY 1993 represents the final year of this 3-year appropriation.

10/ The FY 1993 Appropriated amount includes an Other Funds capital outlay appropriation of \$2,000,000 appropriated in Laws 1992, Chapter 2, 9th Special Session.

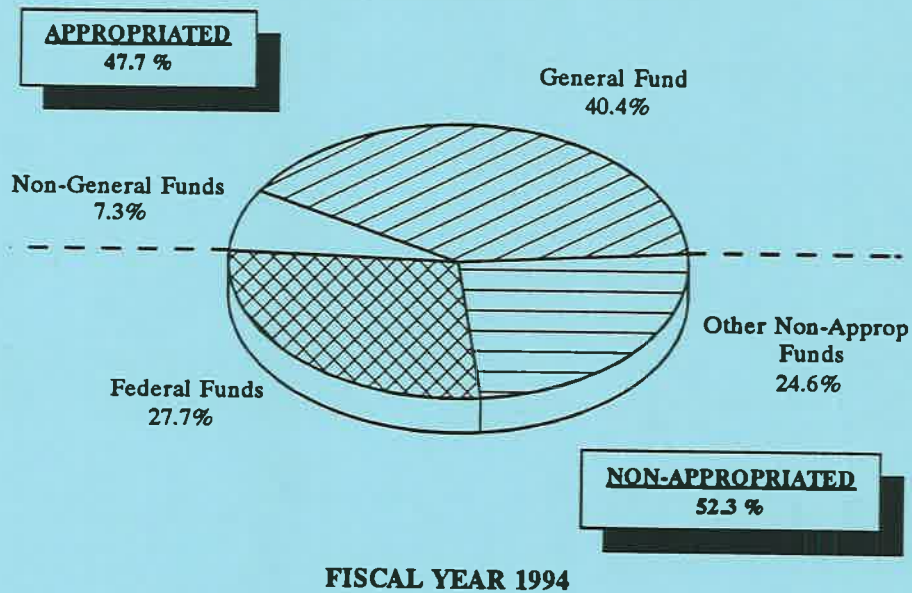
11/ The FY 1993 Appropriated amount includes an Other Funds capital outlay appropriation of \$50,800 appropriated in Laws 1992, Chapter 2, 9th Special Session.

12/ The FY 1993 Appropriated amount includes a General Fund state aid roll-over of \$143,196,400 appropriated in Laws 1991, Chapter 287, 1st Regular Session. The FY 1994 Appropriated amount includes a General Fund state aid roll-over of \$143,196,400 appropriated in Laws 1993, Chapter 1, 2nd Special Session.

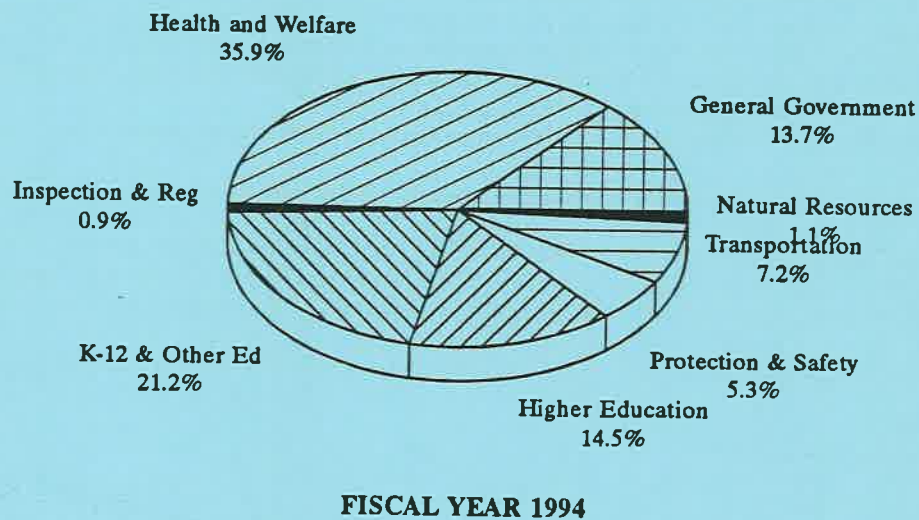
13/ The FY 1993 Appropriated amount includes a General Fund capital outlay appropriation of \$5,459,300 appropriated in Laws 1992, Chapter 2, 9th Special Session.

14/ The FY 1993 Appropriated amount includes an Other Funds capital outlay appropriation of \$404,100 appropriated in Laws 1992, Chapter 2, 9th Special Session.

**DISTRIBUTION OF TOTAL STATE SPENDING AUTHORITY
APPROPRIATED AND NON-APPROPRIATED FUNDS
BY FUND SOURCE**



**DISTRIBUTION OF TOTAL STATE SPENDING AUTHORITY
BY FUNCTION OF GOVERNMENT**



STATE PERSONNEL SUMMARY
By Full Time Equivalent Positions for Fiscal Years 1993 and 1994 1/

| | Fiscal Year 1993 2/ | | | Fiscal Year 1994 | | |
|--|---------------------|--------------|----------------|------------------|--------------|----------------|
| | General Fund | Other Funds | Total | General Fund | Other Funds | Total |
| GENERAL GOVERNMENT | | | | | | |
| Administration, Department of | 417.5 | 198.5 | 616.0 | 418.2 | 389.8 | 808.0 |
| Affirmative Action, Governor's Office of | 5.0 | 0.0 | 5.0 | 5.0 | 0.0 | 5.0 |
| Attorney General | 353.0 | 12.0 | 365.0 | 354.0 | 11.0 | 365.0 |
| Coliseum and Exposition Center | 0.0 | 278.0 | 278.0 | 0.0 | 278.0 | 278.0 |
| Commerce, Department of | 52.0 | 15.0 | 67.0 | 60.0 | 15.0 | 75.0 |
| Compensation Fund | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Courts | | | | | | |
| Court of Appeals | 134.0 | 0.0 | 134.0 | 134.0 | 0.0 | 134.0 |
| Comm on Appellate and Trial Court Appts | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Commission on Judicial Conduct | 2.0 | 0.0 | 2.0 | 2.0 | 0.0 | 2.0 |
| Superior Court | 163.0 | 5.0 | 168.0 | 164.0 | 5.0 | 169.0 |
| Supreme Court | 155.3 | 0.0 | 155.3 | 158.3 | 0.0 | 158.3 |
| SUBTOTAL - Courts | 454.3 | 5.0 | 459.3 | 458.3 | 5.0 | 463.3 |
| Governor's Ofc of Strategic Planning and Budgeting | 23.0 | 0.0 | 23.0 | 24.0 | 0.0 | 24.0 |
| Law Enforcement Merit System Council | 1.0 | 0.0 | 1.0 | 1.0 | 0.0 | 1.0 |
| Library, Archives, and Public Records, Dept of | 112.5 | 0.0 | 112.5 | 109.1 | 0.0 | 109.1 |
| Lottery Commission | 0.0 | 132.3 | 132.3 | 0.0 | 131.3 | 131.3 |
| Personnel Board | 3.0 | 0.0 | 3.0 | 3.0 | 0.0 | 3.0 |
| Redistricting Commission | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Retirement System | 0.0 | 87.0 | 87.0 | 0.0 | 89.0 | 89.0 |
| Revenue, Department of | 1,236.0 | 0.0 | 1,236.0 | 1,236.0 | 0.0 | 1,236.0 |
| Secretary of State | 37.0 | 0.0 | 37.0 | 34.0 | 0.0 | 34.0 |
| Tax Appeals, Board of | 9.5 | 0.0 | 9.5 | 9.5 | 0.0 | 9.5 |
| Tourism, Office of | 17.0 | 0.0 | 17.0 | 18.0 | 0.0 | 18.0 |
| Treasurer | 30.0 | 0.0 | 30.0 | 34.0 | 0.0 | 34.0 |
| Uniform State Laws, Commission on | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| TOTAL - GENERAL GOVERNMENT | 2,750.8 | 727.8 | 3,478.6 | 2,764.1 | 919.1 | 3,683.2 |
| HEALTH AND WELFARE | | | | | | |
| Arizona Health Care Cost Containment System | 981.5 | 0.0 | 981.5 | 1,003.2 | 0.0 | 1,003.2 |
| Economic Security, Department of | 2,712.7 | 13.4 | 2,726.1 | 2,514.6 | 13.4 | 2,528.0 |
| Environmental Quality, Department of | 261.8 | 37.5 | 299.3 | 217.4 | 48.5 | 265.9 |
| Health Services, Department of | 1,672.8 | 34.0 | 1,706.8 | 1,663.3 | 29.0 | 1,692.3 |
| Hearing Impaired, Council for the | 5.0 | 0.0 | 5.0 | 5.0 | 0.0 | 5.0 |
| Indian Affairs, Commission on | 4.0 | 0.0 | 4.0 | 4.0 | 0.0 | 4.0 |
| Pioneers' Home | 107.4 | 0.0 | 107.4 | 61.2 | 46.2 | 107.4 |
| Arizona Ranger's Pension | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Veteran's Services Commission | 21.0 | 14.0 | 35.0 | 22.0 | 14.0 | 36.0 |
| TOTAL - HEALTH AND WELFARE | 5,766.2 | 98.9 | 5,865.1 | 5,490.7 | 151.1 | 5,641.8 |
| INSPECTION AND REGULATION | | | | | | |
| Agricultural Employment Relations Board | 3.5 | 0.0 | 3.5 | 0.0 | 0.0 | 0.0 |
| Agriculture, Department of | 226.7 | 43.0 | 269.7 | 230.8 | 40.0 | 270.8 |
| Banking Department | 55.0 | 0.0 | 55.0 | 54.2 | 0.0 | 54.2 |
| Boxing Commission | 1.0 | 0.0 | 1.0 | 1.5 | 0.0 | 1.5 |
| Building & Fire Safety, Dept of | 70.2 | 0.0 | 70.2 | 69.2 | 0.0 | 69.2 |
| Contractors, Registrar of | 102.3 | 0.0 | 102.3 | 109.3 | 0.0 | 109.3 |
| Corporation Commission | 120.0 | 105.0 | 225.0 | 117.0 | 105.0 | 222.0 |
| Industrial Commission | 0.0 | 260.0 | 260.0 | 0.0 | 261.0 | 261.0 |
| Insurance, Department of | 86.0 | 0.0 | 86.0 | 86.9 | 0.0 | 86.9 |
| Liquor Licenses & Control, Dept of | 54.0 | 0.0 | 54.0 | 50.0 | 0.0 | 50.0 |
| Mine Inspector | 10.5 | 0.0 | 10.5 | 10.0 | 0.0 | 10.0 |
| Occupational Safety and Health Review Board | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Racing, Department of | 49.2 | 6.5 | 55.7 | 49.2 | 20.5 | 69.7 |
| Radiation Regulatory Agency | 20.0 | 2.0 | 22.0 | 20.0 | 2.0 | 22.0 |
| Real Estate Department | 72.0 | 0.0 | 72.0 | 67.5 | 0.0 | 67.5 |
| Residential Utility Consumer Office | 0.0 | 12.0 | 12.0 | 0.0 | 12.0 | 12.0 |
| Dept of Weights and Measures | 48.1 | 18.0 | 66.1 | 41.0 | 24.0 | 65.0 |

| | Fiscal Year 1993 2/ | | | Fiscal Year 1994 | | |
|---|---------------------|-------------|---------|------------------|-------------|---------|
| | General Fund | Other Funds | Total | General Fund | Other Funds | Total |
| NINETY-TEN AGENCIES | | | | | | |
| Accountancy, Board of | 0.0 | 9.0 | 9.0 | 0.0 | 10.0 | 10.0 |
| Appraisal, Board of | 0.0 | 4.0 | 4.0 | 0.0 | 4.0 | 4.0 |
| Barber Examiners Board | 0.0 | 3.0 | 3.0 | 0.0 | 3.0 | 3.0 |
| Behavioral Health Examiners, Board of | 0.0 | 4.0 | 4.0 | 0.0 | 6.0 | 6.0 |
| Chiropractic Examiners Board | 0.0 | 4.0 | 4.0 | 0.0 | 4.0 | 4.0 |
| Cosmetology, Board of | 0.0 | 15.5 | 15.5 | 0.0 | 15.5 | 15.5 |
| Dental Examiners Board | 0.0 | 9.0 | 9.0 | 0.0 | 9.0 | 9.0 |
| Funeral Directors and Embalmers Board | 0.0 | 3.0 | 3.0 | 0.0 | 3.0 | 3.0 |
| Homeopathic Medical Examiners Board | 0.0 | 0.3 | 0.3 | 0.0 | 0.5 | 0.5 |
| Medical Examiners, Board of | 0.0 | 40.5 | 40.5 | 0.0 | 41.5 | 41.5 |
| Naturopathic Physician Examiners Board | 0.0 | 0.3 | 0.3 | 0.0 | 0.5 | 0.5 |
| Nursing Board | 0.0 | 21.7 | 21.7 | 0.0 | 21.7 | 21.7 |
| Nursing Care Inst Admin/Adult Care Home Mgr | 0.0 | 0.7 | 0.7 | 0.0 | 0.7 | 0.7 |
| Occupational Therapy Examiners, Board of | 0.0 | 1.0 | 1.0 | 0.0 | 2.0 | 2.0 |
| Opticians, Board of Dispensing | 0.0 | 0.8 | 0.8 | 0.0 | 0.8 | 0.8 |
| Optometry, Board of | 0.0 | 1.8 | 1.8 | 0.0 | 1.8 | 1.8 |
| Osteopathic Examiners Board | 0.0 | 5.0 | 5.0 | 0.0 | 5.5 | 5.5 |
| Pharmacy Board | 0.0 | 11.0 | 11.0 | 0.0 | 11.0 | 11.0 |
| Physical Therapy Examiners Board | 0.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 |
| Podiatry Examiners Board | 0.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 |
| Private Postsecondary Education, Board for | 0.0 | 3.0 | 3.0 | 0.0 | 3.0 | 3.0 |
| Psychologist Examiners Board | 0.0 | 2.0 | 2.0 | 0.0 | 2.5 | 2.5 |
| Respiratory Care Examiners, Board of | 0.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 |
| Structural Pest Control Commission | 0.0 | 26.0 | 26.0 | 0.0 | 26.0 | 26.0 |
| Technical Registration, Board of | 0.0 | 15.0 | 15.0 | 0.0 | 15.0 | 15.0 |
| Veterinary Medical Examining Board | 0.0 | 3.0 | 3.0 | 0.0 | 3.0 | 3.0 |
| Subtotal - Ninety-Ten Agencies | 0.0 | 187.6 | 187.6 | 0.0 | 194.0 | 194.0 |
| TOTAL - INSPECTION AND REGULATION | 918.5 | 634.1 | 1,552.6 | 906.6 | 658.5 | 1,565.1 |

EDUCATION

| | | | | | | |
|---|----------|-----|----------|----------|-------|----------|
| Arts, Commission on the | 11.5 | 0.0 | 11.5 | 11.5 | 0.0 | 11.5 |
| Community Colleges | 11.0 | 0.0 | 11.0 | 11.0 | 0.0 | 11.0 |
| Deaf and Blind, School for | 490.2 | 0.0 | 490.2 | 341.4 | 145.4 | 486.8 |
| Education, Department of | 231.6 | 0.0 | 231.6 | 224.7 | 0.0 | 224.7 |
| Historical Society, Arizona | 49.5 | 0.0 | 49.5 | 48.5 | 0.0 | 48.5 |
| Historical Society, Prescott | 15.5 | 0.0 | 15.5 | 15.5 | 0.0 | 15.5 |
| Medical Student Loans Board | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Universities/Board of Regents | | | | | | |
| Board of Regents | 28.1 | 0.0 | 28.1 | 28.1 | 0.0 | 28.1 |
| Arizona State University - Main | 3,791.5 | 0.0 | 3,791.5 | 3,838.8 | 0.0 | 3,838.8 |
| Arizona State University - West | 477.7 | 0.0 | 477.7 | 527.2 | 0.0 | 527.2 |
| Northern Arizona University | 1,597.5 | 0.0 | 1,597.5 | 1,637.8 | 0.0 | 1,637.8 |
| University of Arizona - Main | 4,170.9 | 0.0 | 4,170.9 | 4,168.9 | 0.0 | 4,168.9 |
| University of Arizona - College of Medicine | 604.4 | 0.0 | 604.4 | 604.4 | 0.0 | 604.4 |
| SUBTOTAL - Universities/Board of Regents | 10,670.1 | 0.0 | 10,670.1 | 10,805.2 | 0.0 | 10,805.2 |
| TOTAL - EDUCATION | 11,479.4 | 0.0 | 11,479.4 | 11,457.8 | 145.4 | 11,603.2 |

PROTECTION AND SAFETY

| | | | | | | |
|---|---------|-------|---------|---------|-------|---------|
| Corrections, Department of | 6,465.4 | 0.0 | 6,465.4 | 6,812.4 | 0.0 | 6,812.4 |
| Criminal Justice Commission | 0.0 | 6.0 | 6.0 | 0.0 | 6.0 | 6.0 |
| Emergency and Military Affairs, Dept of | 62.5 | 0.0 | 62.5 | 62.5 | 0.0 | 62.5 |
| Public Safety, Department of | 773.0 | 844.0 | 1,617.0 | 644.0 | 871.0 | 1,515.0 |
| Pardons and Paroles, Board of | 43.0 | 0.0 | 43.0 | 39.0 | 0.0 | 39.0 |
| Youth Treatment and Rehabilitation, Dept of | 596.0 | 55.0 | 651.0 | 603.0 | 55.0 | 658.0 |
| TOTAL - PROTECTION AND SAFETY | 7,939.9 | 905.0 | 8,844.9 | 8,160.9 | 932.0 | 9,092.9 |

TRANSPORTATION

| | | | | | | |
|-------------------------------|-----|---------|---------|-----|---------|---------|
| Transportation, Department of | 2.0 | 3,314.0 | 3,316.0 | 2.0 | 3,182.5 | 3,184.5 |
|-------------------------------|-----|---------|---------|-----|---------|---------|

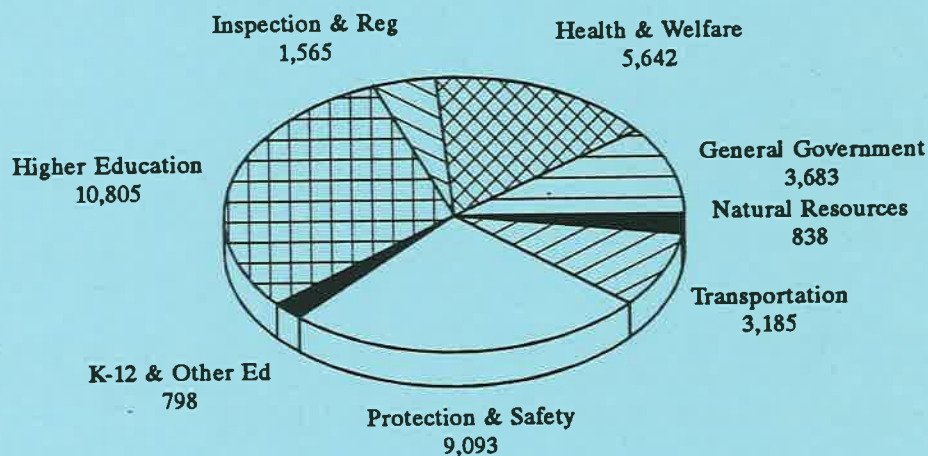
| | Fiscal Year 1993 2/ | | | Fiscal Year 1994 | | |
|--|---------------------|----------------|-----------------|------------------|----------------|-----------------|
| | General Fund | Other Funds | Total | General Fund | Other Funds | Total |
| NATURAL RESOURCES | | | | | | |
| Environment, Commission on the | 3.0 | 0.0 | 3.0 | 3.0 | 0.0 | 3.0 |
| Game and Fish Department | 0.0 | 271.5 | 271.5 | 0.0 | 271.5 | 271.5 |
| Geological Survey | 14.3 | 0.0 | 14.3 | 13.3 | 0.0 | 13.3 |
| Land Department | 157.0 | 0.0 | 157.0 | 154.0 | 0.0 | 154.0 |
| Mines and Mineral Resources, Dept of | 7.0 | 0.0 | 7.0 | 7.0 | 0.0 | 7.0 |
| State Parks Board | 106.5 | 73.0 | 179.5 | 105.5 | 73.0 | 178.5 |
| Water Resources, Department of | 210.7 | 0.0 | 210.7 | 210.7 | 0.0 | 210.7 |
| TOTAL - NATURAL RESOURCES | 498.5 | 344.5 | 843.0 | 493.5 | 344.5 | 838.0 |
| TOTAL APPROPRIATED FUNDS | 29,355.3 | 6,024.3 | 35,379.6 | 29,275.6 | 6,333.1 | 35,608.7 |
| TOTAL NON-APPROPRIATED FUNDS 3/ | 0.0 | 0.0 | 15,405.5 | 0.0 | 0.0 | 15,527.0 |
| GRAND TOTAL | 29,355.3 | 6,024.3 | 50,785.1 | 29,275.6 | 6,333.1 | 51,135.7 |

1/ Positions shown for individual agencies include only those supported by appropriated funds. Positions supported by non-appropriated funds are shown in total on a separate line. Also, the position totals do not include positions in the Governor's Office nor the Legislature.

2/ The FY 1993 FTE positions have been adjusted as appropriate. The major changes include: prorating University FTE positions between the General Fund and Non-Appropriated Tuition Fees and Collections to ensure comparability with the FY 1994 estimates; displaying all Corrections FTE positions as General Fund; and incorporating new positions funded from additional appropriations.

3/ Based on agency information as of December 1992.

STATE PERSONNEL SUMMARY FULL-TIME EQUIVALENT POSITIONS BY FUNCTION OF GOVERNMENT



FISCAL YEAR 1994

FTE positions supported by appropriated funds: 35,609

NINETY-TEN AGENCIES
SUMMARY OF FY 1995 FTE's AND APPROPRIATIONS 1/

| <u>Ninety-Ten Agencies</u> | <u>FY 1995 FTE's</u> | <u>FY 1995 Other Funds</u> |
|---|--------------------------|--------------------------------|
| Accountancy, Board of | 10.0 | \$943,900 |
| Appraisal, Board of | 4.0 | 230,200 |
| Barber Examiners, Board of | 3.0 | 141,000 |
| Behavioral Health Examiners, Board of | 6.0 | 316,000 |
| Chiropractic Examiners, Board of | 4.0 | 234,800 |
| Cosmetology, Board of | 15.5 | 615,700 |
| Dental Examiners, Board of | 9.0 | 490,600 |
| Funeral Directors and Embalmers, Board of | 3.0 | 175,200 |
| Homeopathic Medical Examiners, Board of | 0.5 | 22,600 |
| Medical Examiners, Board of | 42.5 | 2,717,300 |
| Naturopathic Physicians Board of Medical Examiners | 0.5 | 39,600 |
| Nursing, Board of | 21.7 | 1,090,300 |
| Nursing Care Institution Administrators and Adult Care Home Managers, Board of | 0.7 | 63,400 |
| Occupational Therapy Examiners, Board of | 2.0 | 89,000 |
| Opticians, Board of Dispensing | 0.8 | 59,000 |
| Optometry, Board of | 1.8 | 95,900 |
| Osteopathic Examiners, Board of | 5.5 | 291,600 |
| Pharmacy, Board of | 11.0 | 638,200 |
| Physical Therapy Examiners, Board of | 1.0 | 72,500 |
| Podiatry Examiners, Board of | 1.0 | 51,000 |
| Private Postsecondary Education, Board of | 3.5 | 153,300 |
| Psychologist Examiners, Board of | 2.5 | 197,000 |
| Respiratory Care Examiners, Board of | 2.0 | 134,000 |
| Structural Pest Control Commission | 26.0 | 1,020,600 |
| Technical Registration, Board of | 15.0 | 863,500 |
| Veterinary Medical Examining Board | 3.0 | 168,600 |
| TOTAL | 195.5 | <u>\$10,914,800</u> |

1/ During the Second Regular Session, it is the intent of the Legislature to revise the FY 1995 appropriation as necessary to reflect updated information for certain statewide technical issues, including employer contributions for Employee Related Expenditures, risk management premiums and charges for state-owned or leased space.

GENERAL PROVISIONS OF THE APPROPRIATION ACT

In addition to the specific appropriations to agencies, departments and institutions, the General Appropriation Act (Laws 1993, Chapter 1, 2nd Special Session) provides direction with regard to several general provisions.

Adjustments to Agency Budgets

Statewide Accounting System

Section 102 appropriates \$762,600 from 24 Other Appropriated Funds for costs associated with operating the Arizona Financial Accounting System (AFIS II). The section directs the Joint Legislative Budget Committee Staff to determine and the Department of Administration to allocate to each agency or budget unit an amount sufficient to pay its share of the cost of the system. Any savings from operating the system below the amount determined shall be reverted to each fund, including the General Fund, in proportion to its contribution to the system.

Retirement Contribution Reduction

Section 103, contingent upon legislation to reduce the contribution rate for retirement programs which was passed as Laws 1993, Chapter 3, 2nd Special Session, directs the Department of Administration to reduce the amount appropriated to each agency or department for Employee Related Expenditures by the difference between the rate of employer contribution to the State Retirement Fund for FY 1993 (3.59%) and a 3.14% rate for FY 1994. The Joint Legislative Budget Committee Staff is to compute the dollar amount of the reduction.

Risk Management Premiums

Section 104 appropriates \$11,207,200, of which not more than \$7,441,600 shall be from the General Fund, for payment of additional risk management premiums to the Department of Administration. The section directs the Joint Legislative Budget Committee Staff to determine and the Department of Administration to allocate to each agency or department the difference between the agency's FY 1993 and FY 1994 premiums.

Other General Provisions

Biennial Budgets for 90/10 Agencies

For the first time, the Legislature has appropriated 2 years of funding for the 26 "90/10" agencies. The General Appropriation Act contains separate FY 1994 and FY 1995 appropriations for each of these agencies. This 2-year approach should allow these agencies to manage their funds more predictably and save time over the biennium, as the agencies will not have to prepare a separate FY 1995 budget request. In addition, this change will allow the Appropriations Committees and the executive and legislative budget staffs to focus on larger budgets during the 1994 legislative session.

Each 90/10 agency's FY 1994 appropriation will become available July 1, 1993, while its FY 1995 appropriation will become available July 1, 1994. To facilitate the 2-year approach to planning, Section 98 provides that the FY 1994 appropriation for each 90/10 agency is available for use and is exempt from the provisions of A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency funds until the end of FY 1995 (June 30, 1995).

During the Second Regular Session, it is the intent of the Legislature to revise the FY 1995 appropriation as necessary to reflect updated information for certain statewide technical issues, including employer contributions for Employee Related Expenditures, risk management premiums, and charges for state-owned or leased space. The FY 1995 budgets contain the same general provisions and cost factors as the FY 1994 budgets, with the following exceptions:

- Statewide Accounting System - The Section 102 additional appropriation for the cost of AFIS II applies only to FY 1994. Amounts have not yet been appropriated for the system for FY 1995.

- Retirement Contribution Reduction - The Section 103 reduction to the employer contribution rate for the State Retirement System applies only to FY 1994. The FY 1995 approved amount is based on a 3.59% employer contribution rate to the State Retirement System.
- Risk Management Premiums - The Section 104 additional appropriation for risk management premiums applies only to FY 1994. The FY 1995 amount for each agency reflects the same risk management premium as for FY 1993.

Expenditure Reporting

Section 100 states that it is the intent of the Legislature that all departments, agencies or budget units receiving lump sum appropriations continue to report actual, estimated and requested expenditures by budget programs and classes in a format similar to the one used for budgetary purposes in prior years. The purpose of this section is to ensure stability and consistency in expenditure reporting regardless of yearly changes in appropriation formats.

FTE Position Reporting

Section 101 states that the FTE positions contained in the General Appropriation Act are subject to appropriation. The section directs the Department of Administration to develop all necessary systems in order to account for the utilization of appropriated FTE positions and to insure that budget units do not exceed the number of FTE positions appropriated. The director of the Department of Administration shall submit quarterly reports to the Speaker of the House of Representatives, the President of the Senate, the Chairmen of the Appropriations Committees, and the Joint Legislative Budget Committee Staff on the progress of the development of all systems required by this section, along with a date specific schedule for implementation and an explanation of any issues raised in conjunction with the implementation of this requirement. The report shall compare the level of FTE usage in a quarter to the appropriated level.

OVERALL ISSUES IN THE FY 1994 BUDGET

The FY 1994 budget reflects the adoption of certain policies by the Legislature for FY 1994.

FTE Positions Adjustment

In general, the approved General Fund amounts for FY 1993 included an operating budget lump sum reduction. An agency's vacancy rate may have risen above its standard vacancy rate as a result of the FY 1993 lump sum reduction being applied to Personal Services. The standard vacancy factor depends on the number of FTE positions in an agency, with the larger agencies having higher vacancy rates. The FY 1994 JLBC Staff recommendation eliminated unfunded FTE positions to bring the agency's FY 1994 vacancy factor in line with its standard vacancy factor. Eliminating these unfunded positions makes permanent the portion of the FY 1993 lump sum reduction that was achieved through higher vacancy savings. Specific applications of this policy are noted in the individual agency descriptions.

Sun States Savings Building

As part of the RTC/Distressed Property Acquisition program, the state purchased a total of 8 facilities, including the Sun States Savings Building, located at 44th Street and Thomas Road in Phoenix. Four state agencies are scheduled to relocate from private leases to this building - the Auditor General and the Departments of Real Estate, Banking, and Insurance. Because the operating costs and allocation of space in this building are unknown, a total of \$820,000 has been eliminated from these agencies' budgets for FY 1994 and the entire estimated cost of this building has been included in DOA's operating budget. The appropriated amount of \$1,088,600 is based on the FY 1994 lease-purchase payment of \$756,900, plus \$423,300 for operating expenses at \$4.15 per square foot of total building space, less \$91,600 for anticipated collections from leasing a portion of the building to the RTC for one-half of the fiscal year. The net cost to the state in FY 1994 of acquiring this facility will be \$268,600, equal to the difference between the appropriated amount (\$1,088,600) and amounts removed from agencies budgets (\$820,000).

Section 2 of the FY 1994 General Appropriation Act directs that DOA is responsible for the appropriate pro rata share of the 4 agencies' private lease payments if the agencies are not relocated to the Sun States Savings Building by July 1, 1993. It is the intent of the Legislature that funding for the lease-purchase payment and operating costs be transferred to the individual agency appropriations in FY 1995.

Cost Factors in FY 1994 Appropriations

Inflation

The cost factors shown below are included in the FY 1994 appropriations to state agencies. In general, no inflation increases were added to the amounts originally appropriated for each category in FY 1993. The cost factors may vary for some agencies, due to special circumstances.

| <u>Category</u> | <u>FY 1994</u> |
|---|----------------|
| Inflation (General, Postage, Provider, Utilities, etc.) | 0.00% |
| State Employee Salaries (annualized April 1993 increase of \$1,000/FTE) | 0.00% |

Employer Contribution Rates

The FY 1994 appropriations include the following employer contribution rates. All are expressed as a percent of Personal Services funding except for the life insurance employer contribution:

| | <u>Rate</u> |
|-----------------------------------|-------------|
| Life Insurance (per FTE) | \$13.00 |
| Unemployment Insurance | 0.30% |
| Personnel Division Services | 0.80% |
| Disability (Non-State Retirement) | 0.53% |

Federal Insurance Contributions Act (FICA)

| | |
|--|-------|
| Social Security (salary \leq \$58,800) | 6.20% |
| Medicare (salary \leq \$137,800) | 1.45% |

Retirement Systems

| | |
|--|--------|
| State Retirement | 3.14% |
| Correctional Officers (CORP) | 5.89% |
| Elected Officials | 5.50% |
| Department of Public Safety | 0.00% |
| Northern Arizona University Police | 2.93% |
| University of Arizona Police | 1.52% |
| Arizona State University Police | 6.21% |
| Game and Fish Department | 18.09% |
| Dept. of Emergency & Military Affairs Firefighters | 5.20% |

Health Insurance Adjustments

Health insurance monies are incorporated into individual agency appropriations, to provide full funding for contracts to begin August 1, and October 1, 1993. These appropriations represent the average combined cost for medical and dental insurance for each particular agency, based on actual FY 1993 participation. Unless otherwise noted in individual agency descriptions, identified health insurance amounts shall be transferred to the Special Employee Health Insurance Trust Fund. As delineated by agency in a section at the end of the Appropriations Report, the combined medical and dental insurance amounts are as follows: General Fund \$72,688,100; Other Funds \$18,027,500; Total \$90,715,600. An additional \$8.4 million of FY 1994 health insurance costs are also expected to be funded from the balance in the Health Insurance Trust Fund.

Rent

The FY 1994 appropriations include rent for agencies and divisions housed in state-owned buildings. All appropriations to agencies for rent in state-owned space are to be paid into the Capital Outlay Stabilization Fund (COSF). The following rates were applied for state-owned space:

| <u>Type of Space</u> | <u>Rate per foot</u> |
|----------------------|----------------------|
| Office | \$11.00 |
| Storage | \$ 4.50 |

These rates are expected to generate the deposit of \$8.05 million from the General Fund and \$1.55 million from Other Appropriated Funds into the Capital Outlay Stabilization Fund. The COSF is used to fund the Utilities special line item in the DOA operating budget, partially fund the cost of staff in the DOA General Services Division, and supplement the DOA General Fund building renewal appropriation.

**OMNIBUS RECONCILIATION BILLS
LEGISLATION REQUIRED TO IMPLEMENT FY 1994 BUDGET**

| | <u>Savings</u> ^{1/} | <u>Sections</u> |
|---|------------------------------|-----------------|
| <i>PUBLIC FINANCE -- Chapter 3 (HB 2003)</i> | | |
| Department of Administration | | |
| • Expand DOA's current authority to collect lease-purchase payments from agency budgets to include recovery of building maintenance and utility costs. JLBC shall determine rent for agencies occupying state-leased buildings. | -- | 5 |
| • Transfer \$1.8 million from the Workers' Compensation Fund to the Risk Management Fund. | -- | 10 |
| Library and Archives | | |
| • As session law, continue reducing Maricopa and Pima counties' lottery distribution and increase library grants to these counties by a like amount to meet "maintenance of effort" requirements for federal library funds. | \$182,000 | 9 |
| Department of Environmental Quality | | |
| • Repeal requirement that the Special Waste fund repay the General Fund for start-up costs. | 605,100 | 7 |
| Department of Weights and Measures | | |
| • As a session law, deposit vapor recovery fees into the Air Quality Fund rather than the General Fund. | (300,000) | 11 |
| Industrial Commission | | |
| • As session law, revert excess Administrative Fund monies on June 30, 1993 to the General Fund rather than the Special Fund. | 7,500,000 | 8 |
| Department of Public Safety | | |
| • Continue authorization of the Crime Laboratory Assessment Fund. | 200,000 | 6 |
| Department of Transportation | | |
| • Extend for an additional year (FY 1994) the use of HURF for the Motor Vehicle Liability Insurance Enforcement Fund. | -- | 1,2 |
| Retirement Rate | | |
| • Set the FY 1994 Arizona State Retirement System employer and employee contribution rate at 3.14%. | 9,300,000 | 4 |
| 90/10's | | |
| • As specified by the Legislature, allow 90/10 agencies to carry forward any unused appropriations to the following fiscal year. The General Appropriations bill would permit any unused FY 1994 appropriation to be expended in FY 1995. | -- | 3 |

REGULATION -- Chapter 4 (HB 2005)**Savings^{1/}****Sections****Courts - Superior Court**

- Revise the ratio of adult probation officers to probationers from 1:60 to 1:70, thereby saving the state cost of officer salaries. \$856,000 1

Arizona Commission on the Environment

- Revert Revolving Fund monies in excess of \$75,000 to the General Fund (current ceiling is \$25,000). -- 3

Real Estate Department

- Eliminate requirement that the department reimburse the Attorney General for services. 107,400 2

WELFARE -- Chapter 5 (HB 2006)**Department of Economic Security**

- Eliminate annual inflation indexing of AFDC benefits in FY 1994. 2,858,600 6
- Adjust AFDC benefits downward if a household does not have shelter costs. 2,933,100 3
- Limit General Assistance eligibility to 12 out of every 36 months. Provision will save \$7 million once fully implemented in 3 years. -- 4
- Limit the expenditures of the Adoption Subsidy program to the level of the appropriation, thereby capping this "entitlement" program. Cap the income level at which a family may qualify for a subsidy to 400% of the Federal Poverty Level. 3,655,400 1,2
- Eliminate the mandatory provision of a \$70 housekeeping payment to all qualified Supplemental Security Income recipients. Limit the expenditures of the Adult Services program, which includes housekeeping payments, visiting nurse services and home health aides, to the level of the appropriation. 956,500 5

HEALTH -- Chapter 6 (HB 2007)**AHCCCS**

- Conform with federal eligibility rules by providing only emergency services for undocumented aliens. Require U.S. citizenship or legal U.S. residency for enrollment in the Medically Needy/ Medically Indigent (MN/MI) or Eligible Low Income Children (ELIC) programs. Legal alienage requirements are the same as those under Title XIX of the Social Security Act. 31,210,100 5,7,8
10,11,12
13,15,16
- Conform county residual and maintenance of effort liability with state policy of funding only emergency services for undocumented aliens. -- 3,4
- Process the undocumented MN/MI population eligible for state-funded emergency services through the county eligibility system. Screen applicants for federal eligibility, but counties may certify applicants eligible pending DES decision on federal eligibility. -- 14

AHCCCS - Continued

| | <u>Savings</u> ^{1/} | <u>Sections</u> |
|---|------------------------------|---------------------------|
| <ul style="list-style-type: none"> • Increase the County Acute Care contribution from \$65.1 million to \$77.9 million, which equals 29.5 % of the combined nonfederal share of acute and long term care costs. The counties would also pay 29.5 % in FY 1995. | \$12,808,100 | 36 |
| <ul style="list-style-type: none"> • Amend FY 1993 disproportionate share appropriations in line with the increased level of federal funding. | -- | 26 |
| <ul style="list-style-type: none"> • Revise county repayment requirements under the disproportionate share program in line with the higher federal funding. The additional FY 1993 requirement would be paid directly by counties while the FY 1994 amount would be withheld through sales taxes. For FY 1994, JLBC shall determine amounts withheld from counties as reimbursement. | -- | 30,31 |
| <ul style="list-style-type: none"> • Extend county expenditure limit adjustments associated with disproportionate share payments for an additional year. | -- | 32,33 |
| <ul style="list-style-type: none"> • Require AHCCCS to compute disproportionate share payments based on information received by July 1, 1993. | -- | 35 |
| <ul style="list-style-type: none"> • Continue to require counties to pay the state share of the cost of the federal Long Term Care program. As in FY 1993, county contributions will be collected by withholding sales tax distributions. The county contribution is projected to increase from \$92.3 million in FY 1993 to \$102.0 million in FY 1994. Extend current county expenditure limit adjustments to FY 1994. | -- | 23,24 25,37 |
| <ul style="list-style-type: none"> • Permit counties to use their long term care reserves to help pay for their portion of the following year's federal funding match. Currently reserves must be rolled over each year for services. Amounts paid from reserves are deducted from sales tax withholding. | -- | 20,37 |
| <ul style="list-style-type: none"> • Authorize Maricopa and Pima counties to incur lease-purchase obligations for the purpose of financing hospital facilities and equipment. Permit the establishment of a hospital enterprise fund and a special fund into which the county treasurer shall deposit excise tax revenues. The special fund may be set aside for the payment and operation of the hospital enterprise and lease-purchase agreements. | -- | 6 |
| <ul style="list-style-type: none"> • Accelerate reduction of a "quick pay discount" for categorical coverages over 3 years, starting October 1, 1994 as follow: FY 1995: 6%; FY 1996: 3%; FY 1997 and thereafter: 1%. Provision would cost \$6.1 million in FY 1995. | -- | 1,2,8,9 22,27,28 29 |
| <ul style="list-style-type: none"> • Reduce non-county hospital reimbursement for MN/MI services by \$10 million in FY 1994 and FY 1995. | 10,000,000 | 39,41 |
| <ul style="list-style-type: none"> • Limit FY 1994 capitation inflation increase to no more than 2.7%. | 9,725,300 | 40 |
| <ul style="list-style-type: none"> • Require a \$5 co-payment from MN/MI members. | 1,500,000 | 9 |

AHCCCS - Continued

| | <u>Savings</u> ^{1/} | <u>Sections</u> |
|--|------------------------------|-----------------|
| <ul style="list-style-type: none"> Expand time AHCCCS has to file a lien for treatment charges from 30 to 60 days after notification. Permits liens to include an estimate of the cost of the charge, rather than the amount "then known." Political subdivisions and other departments would not be able to charge AHCCCS a fee for acts associated with recovering monies from third party payors. These provisions are part of a \$5 million savings proposal to enhance third party recoveries. | -- | 17 |
| <ul style="list-style-type: none"> Require AHCCCS to include the amount of monies recovered from third party payors as part of its monthly financial report. | -- | 18 |
| <ul style="list-style-type: none"> Allow the Director to waive the current requirement for an annual medical eligibility redetermination for the Arizona Long Term Care System (ALTCS), thereby eliminating the need to add staff. | \$175,000 | 19 |
| <ul style="list-style-type: none"> Exempt AHCCCS from administrative rules procedures for purposes of this act in FY 1994, but provide opportunity for public comment within 120 days of July 1, 1993. | -- | 34 |

Department of Economic Security

| | | |
|--|----|----|
| <ul style="list-style-type: none"> Permit DES to transfer monies from the Long Term Care System Fund without JLBC approval. | -- | 19 |
|--|----|----|

Department of Health Services

| | | |
|--|-----------|----|
| <ul style="list-style-type: none"> Deposit federal recoveries into special revenue fund and appropriate these monies (\$2 million in FY 1994) for children's behavioral health. | 2,000,000 | 36 |
|--|-----------|----|

EDUCATION -- Chapter 8 (HB 2004)**Community Colleges**

| | | |
|--|-----------|----|
| <ul style="list-style-type: none"> Suspend the formula requirements for Operating State Aid, Capital Outlay Aid and Equalization Assistance. | 8,601,700 | 11 |
| <ul style="list-style-type: none"> As permanent law, allow the Legislature to set a growth rate different than the GDP Implicit Price Deflator for the Community College funding formula. | -- | 4 |

Department of Education

| | | |
|--|------------|---|
| <ul style="list-style-type: none"> Set the FY 1994 Basic State Aid inflation adjustment at 0%. | 63,725,700 | 6 |
| <ul style="list-style-type: none"> As session law, fund Sudden Growth at 75% of the requirement. Funded at 64% in FY 1993. | 3,625,000 | 7 |
| <ul style="list-style-type: none"> As permanent law, phase out Rapid Decline assistance more quickly for districts with the highest loss of students. At a minimum, districts with a reduction in student count of 5% to 9% would continue to have their assistance calculated at 95%. At the maximum, districts with greater than a 30% reduction would have their assistance calculated at 85%. | 2,000,000 | 3 |

Department of Education - Continued

| | <u>Savings</u> ^{1/} | <u>Sections</u> |
|---|------------------------------|-----------------|
| • Transfer support of the Career Ladder program to school districts over 3 years by allowing them an optional increase in the Qualifying Tax Rate. Governing board must approve increase. | \$6,982,400 | 1,2 |
| • Reduce Capital Levy Revenue Limit by \$15 per student in FY 1994. | 9,355,700 | 8 |
| • Authorize continuation of the "rollover" payment of \$142,500,000, the same level as last year. | -- | 10 |
| • Require ADE to review annually the reapproval applications for K-3 at-risk funding. | -- | 9 |

Universities

| | | |
|---|----|---|
| • Tuition and fee revenue shall be retained by each university for expenditure, as approved by the Board of Regents. ("decoupling") | -- | 5 |
|---|----|---|

TOTAL SAVINGS

\$190,563,100

TAX -- Chapter 9 (HB 2008)

| | | |
|---|------------------|--------------|
| • The Industrial Commission shall annually fix the rate of the workers' compensation insurance tax in an amount, not to exceed 3%, that covers the actual expenses of the Commission. | -- ^{2/} | 1,2 |
| • County assessor shall not assess personal property construction work in progress. | 0 | 3 |
| • County assessors shall implement an accelerated depreciation schedule on class 3 personal property purchased and placed in service during tax years 1994-1996. | unknown | 4,11 |
| • Phase out over 5 years transaction privilege taxes on commercial leases. | (8,100,000) | 5 |
| • Increase the individual income tax dependent exemption from \$2,100 to \$2,300. | (5,600,000) | 6,14 |
| • Increase the individual income tax elderly exemption from \$1,750 to \$2,100. | (2,700,000) | 6,9,14 |
| • Accelerate the phase-in of full deductibility of medical expenses from individual income tax. | (2,300,000) | 7,8,12,13,14 |
| • Suspend for 1 year the "Usdane Shift," which requires VLT receipts to be deposited into HURF rather than the General Fund if vehicle registrations increase by 7%. VLT receipts are not currently projected to reach the 7% target. | 0 | 10 |

TOTAL TAX IMPACT

\$(18,700,000)^{2/}

^{1/} Represents FY 1994 General Fund savings incorporated into the enacted budget.

^{2/} The Industrial Commission provision will generate additional projected savings of \$7,500,000, but will not affect General Fund revenues.

STATE APPROPRIATION LIMIT

Overview

Article IX, Section 17 of the Arizona Constitution restricts the appropriation of certain state revenues to an amount equivalent to 7.23 % of Arizona personal income. In general, these revenues consist of (1) taxes, (2) university collections, and (3) licenses, fees and permits. These revenues may be either general or earmarked for special purposes.

The appropriation of certain other state revenues is not subject to the limit. These revenues include (1) interest and dividends, (2) receipts from sales, rentals and consideration for services, (3) federal grants, (4) donations and gifts, and (5) amounts received by the state in the capacity of trustee, custodian or agent. These revenues may also be general or earmarked for special purposes.

Section 17 establishes an Economic Estimates Commission (EEC), which shall determine by April 1 of each year, a final estimate of total personal income for the following fiscal year. This estimate is used to compute the appropriation limit. The EEC is composed of three members: the Director of the Department of Revenue and two members who are knowledgeable in the field of economics – one appointed by the Speaker of the House and one by the President of the Senate.

Status of Spending Limit

The state appropriation limit for FY 1994 is approximately \$5.2 billion (\$5,241,750,000). The limit equals 7.23 % of the EEC's personal income estimate of \$72.5 billion. Actual state appropriations subject to the limit are projected to be \$4.77 billion (\$4,773,719,300) in FY 1994. At this level, the state's appropriations are equal to 6.58 % of personal income. The state would need to expend an additional \$468,030,700 to reach the appropriation limit.

For FY 1993, the state appropriation limit is \$5.0 billion (\$4,995,930,000). In contrast, actual appropriations are estimated to be \$4.59 billion (\$4,590,967,600), or 6.64 % of Arizona personal income.

FY 1993 & 1994 STATE APPROPRIATIONS LIMIT

I. CALCULATION OF APPROPRIATIONS LIMIT CEILING

EEC PERSONAL INCOME ESTIMATE
PERCENT OF INCOME ALLOWED
APPROPRIATIONS LIMIT

FY 1993
69,100,000,000
7.23%
4,995,930,000

FY 1994
72,500,000,000
7.23%
5,241,750,000

II. CALCULATION OF SPENDING VERSUS LIMIT

BASE LEVEL APPROPRIATIONS

OPERATING
--BASELINE OPERATING
CAPITAL OUTLAY
TOTAL

| GENERAL FUND | OTHER FUNDS | TOTAL |
|-----------------|----------------|---------------|
| 3,707,039,800 | 486,263,400 | 4,193,303,200 |
| 7,335,700 | 185,645,100 | 192,980,800 |
| 3,714,375,500 | 671,908,500 | 4,386,284,000 |

| GENERAL FUND | OTHER FUNDS | TOTAL |
|-----------------|----------------|---------------|
| 3,793,145,500 | 519,740,000 | 4,312,885,500 |
| 11,471,900 | 166,252,200 | 177,724,100 |
| 3,804,617,400 | 685,992,200 | 4,490,609,600 |

MULTIPLE YEAR ADJUSTMENTS:

LAWS 1992, CHAPTER 292; AHCCCS
DISPROPORTIONATE SHARE PAYMENTS
LAWS 1990, CHAPTER 332; DISTRIBUTION OF
TAX PROTEST MONIES
LAWS 1991, CHAPTER 287; GENERAL
APPROPRIATION ACT (SLIM FUNDING)
LAWS 1990, CHAPTER 203; CORRECTIONAL
FACILITIES CONSTRUCTION APPROP.
LAWS 1992, CHAPTER 191; APPROPRIATION:
INDIAN WATER RIGHTS
LAWS 1991, CHAPTER 287; GENERAL
APPROPRIATION ACT (K-12 ROLLOVER)
LAWS 1992, CHAPTER 1 (9th SS) GENERAL
APPROPRIATION ACT (K-12 ROLLOVER)
LAWS 1993, CHAPTER 1 (2nd SS) GENERAL
APPROPRIATION ACT (K-12 ROLLOVER)

| | | | | | |
|---------------|--------------|---------------|---------------|---|---------------|
| (25,700,700) | | (25,700,700) | 0 | | 0 |
| (3,629,700) | | (3,629,700) | (3,629,700) | | (3,629,700) |
| (1,250,000) | | (1,250,000) | 0 | | 0 |
| | (10,300,000) | (10,300,000) | | 0 | 0 |
| 1,500,000 | | 1,500,000 | (1,500,000) | | (1,500,000) |
| (143,196,400) | | (143,196,400) | | | 0 |
| 143,196,400 | | 143,196,400 | (143,196,400) | | (143,196,400) |
| | | | 0 | | 0 |
| | | | 143,196,400 | | 143,196,400 |

NON-LIMITED REVENUE**INTEREST/SALES**

| | | | | | | |
|-----------------------|---------------------|--------------------|---------------------|---------------------|--------------------|---------------------|
| Interest | (10,250,000) | | (10,250,000) | (13,500,000) | | (13,500,000) |
| Sales/Service | (4,100,000) | | (4,100,000) | (4,100,000) | | (4,100,000) |
| Highway Fund Interest | | (2,600,000) | (2,600,000) | | (2,800,000) | (2,800,000) |
| SUBTOTAL | (14,350,000) | (2,600,000) | (16,950,000) | (17,600,000) | (2,800,000) | (20,400,000) |

GAS/VLT ADJUSTMENTS

| | | | | | | |
|---------------------------|---------------------|----------------------|----------------------|---------------------|----------------------|----------------------|
| Gas Tax Rate Increase | | (158,778,100) | (158,778,100) | | (157,772,600) | (157,772,600) |
| General Fund VLT Increase | (31,724,000) | | (31,724,000) | (31,537,000) | | (31,537,000) |
| HURF VLT Increase | | (13,958,000) | (13,958,000) | | (14,970,000) | (14,970,000) |
| SUBTOTAL | (31,724,000) | (172,736,100) | (204,460,100) | (31,537,000) | (172,742,600) | (204,279,600) |

SUBTOTAL: NON-LIMITED REVENUE

| | | | | | | |
|--|--------------|---------------|---------------|--------------|---------------|---------------|
| | (46,074,000) | (175,336,100) | (221,410,100) | (49,137,000) | (175,542,600) | (224,679,600) |
|--|--------------|---------------|---------------|--------------|---------------|---------------|

OTHER NON-LIMITED APPROPRIATIONS/EXPENDITURES

| | | | | | | |
|--|--|--------------|--------------|--|--------------|--------------|
| Coliseum and Exposition Center Fund | | (13,529,900) | (13,529,900) | | (13,830,500) | (13,830,500) |
| Retirement System Administration Account | | (5,060,400) | (5,060,400) | | (3,259,600) | (3,259,600) |
| Veterans' Conservatorship Fund | | (391,000) | (391,000) | | (428,400) | (428,400) |
| Workers Compensation | | (15,347,600) | (15,347,600) | | (15,997,700) | (15,997,700) |
| DOA Risk Management | | (50,916,400) | (50,916,400) | | (66,337,200) | (66,337,200) |
| DOA Data Management | | | | | (14,741,600) | (14,741,600) |
| DOA Personnel | | (5,323,400) | (5,323,400) | | (5,558,200) | (5,558,200) |
| Capital Outlay Stabilization Fund | | (7,866,700) | (7,866,700) | | (8,045,800) | (8,045,800) |
| Comp. Fund Building Renewal | | (121,000) | (121,000) | | (141,100) | (141,100) |
| ASH Disproportionate Share Fund | | (9,431,500) | (9,431,500) | | (11,983,200) | (11,983,200) |

SUBTOTAL

| | | | | | |
|--|---------------|---------------|--|---------------|---------------|
| | (107,987,900) | (107,987,900) | | (140,323,300) | (140,323,300) |
|--|---------------|---------------|--|---------------|---------------|

LIMITED STATUTORY DISTRIBUTIONS

| | | | | | | |
|--|-------------------|--|-------------------|-------------------|--|-------------------|
| A. Lottery | | | | | | |
| Assistance Fund | 7,650,000 | | 7,650,000 | 7,650,000 | | 7,650,000 |
| Local Transportation Assistance Fund | 23,000,000 | | 23,000,000 | 23,000,000 | | 23,000,000 |
| Heritage Fund | 20,000,000 | | 20,000,000 | 20,000,000 | | 20,000,000 |
| Subtotal | 50,650,000 | | 50,650,000 | 50,650,000 | | 50,650,000 |
| B. Disease Research | 2,970,000 | | 2,970,000 | 2,970,000 | | 2,970,000 |
| C. Governor's Emergency Appropriation | 3,500,000 | | 3,500,000 | 3,500,000 | | 3,500,000 |
| SUBTOTAL | 57,120,000 | | 57,120,000 | 57,120,000 | | 57,120,000 |

TOTAL APPROPRIATIONS, LIMITED AND NON-LIMITED FUNDS

| | | | | | | |
|--|---------------|-------------|---------------|---------------|-------------|---------------|
| | 3,696,341,100 | 378,284,500 | 4,074,625,600 | 3,807,470,700 | 370,126,300 | 4,177,597,000 |
|--|---------------|-------------|---------------|---------------|-------------|---------------|

LIMITED NON-APPROPRIATED FUNDS

| | | | | | | |
|--|--|--|-------------|--|--|-------------|
| | | | 516,342,000 | | | 596,122,300 |
|--|--|--|-------------|--|--|-------------|

TOTAL SPENDING SUBJECT TO LIMIT

| | | | | | | |
|--|--|--|---------------|--|--|---------------|
| | | | 4,590,967,600 | | | 4,773,719,300 |
|--|--|--|---------------|--|--|---------------|

AVAILABLE LIMIT

| | | | | | | |
|--|--|--|-------------|--|--|-------------|
| | | | 404,962,400 | | | 468,030,700 |
|--|--|--|-------------|--|--|-------------|

PERCENT OF PERSONAL INCOME

| | | | | | | |
|--|--|--|-------|--|--|-------|
| | | | 6.64% | | | 6.58% |
|--|--|--|-------|--|--|-------|

BUDGET STABILIZATION FUND

The Budget Stabilization Fund (BSF) for Arizona was passed during the 1990 Third Special Session (A.R.S. § 35-144). The fund is a separate account administered by the State Treasurer, who is responsible for transferring General Fund money into and out of the BSF as required by law. Interest earnings from monies in the BSF will accrue to the fund and will not revert to the General Fund. Under the economic formula which drives the Budget Stabilization Fund, the first appropriation into the fund is expected to occur at the end of FY 1994.

The BSF is designed to set revenue aside during times of strong economic growth and to spend this revenue during times of weak growth or decline. It is designed to provide revenue stabilization during a typical business cycle. Arizona is one of the most recent states to join the majority of states (now 39) to implement some form of a "rainy day fund."

The modeling that preceded development of the Arizona BSF recognized that the Arizona economy has been much more cyclical than the U.S. economy as a whole in the past. This is due in large part to cyclical swings in the growth of immigration to Arizona and to the business cycle in real estate and other important Arizona industries. Good economic times in Arizona have been "booms" in the past. However, the statistics also show that "bad times" in Arizona have never been "busts", but rather sharp declines in the rate of state economic growth; although it has felt like depression in some of the state's industries such as real estate in the late 1980's.

Key features of the Arizona BSF can be summarized as follows:

- The Pay-In (or Pay-Out) for a given fiscal year is determined by comparing the annual growth rate of inflation adjusted Arizona Personal Income (AZPI) for the calendar year ending in the fiscal year to the trend growth rate of inflation adjusted AZPI for the most recent seven years.
- If the annual growth rate exceeds the trend growth rate, the excess multiplied by General Fund revenue of the prior fiscal year would equal the amount to be paid into the BSF.
- If the annual growth rate is less than the trend growth rate, the deficiency when multiplied by the General Fund revenue of the prior fiscal year would equal the amount to be withdrawn from the BSF.
- By a two-thirds majority, the Legislature, with the concurrence of the Governor, could decrease a "pay-in" or increase a "pay-out."
- Although interest earnings accrued to the BSF, the State Treasurer may "un-invest" the fund balance on a day-to-day basis, if necessary, to avoid a negative cash balance in operating monies.
- The BSF balance is limited to no more than 15% of prior year revenue.

The Arizona Economic Estimates Commission (EEC) determines the annual growth rate of inflation-adjusted total state personal income, the trend growth rate over the past seven years, and the required appropriation to or transfer from the BSF. The EEC reports this calculation at its first meeting following the second calendar quarter report of the U.S. Department of Commerce, Bureau of Economic Analysis (BEA). The estimates are made by the EEC based upon economic data supplied by the BEA and testimony received from Staff of the EEC, JLBC, and OSPB. The Commission certifies and reports its findings to the Governor, the State Treasurer, the President of the Senate, the Speaker of the House of Representatives, and the Joint Legislative Budget Committee.

Estimates of required "pay-ins" and "pay-outs" are made by both OSPB and JLBC Staff with annual budget submissions. It is necessary to estimate the amount of a pay-in or, once the account has built a balance, a pay-out in the fiscal year prior to the actual payment and put this into the budget recommendation. If this is not done, once the EEC has made its estimate of a pay-out or pay-in, funds would probably not otherwise be available.

As of this date, it appears that the initial pay-in to the BSF will occur in FY 1994. If personal income grows as expected, the amount of pay-in is forecasted at about \$33.5 million, followed by a pay-in of about \$104.1 million in FY 1995. It is important for fiscal planning purposes to recognize that these estimated transfers must be "fine-tuned" after the EEC's calculations have been done. As noted above, the EEC's calculations are done in the second calendar quarter of each year based upon initial U.S. Department of Commerce figures for the prior calendar year. However, an appropriation based upon an estimate can be made earlier in the fiscal year, when the Legislature is in session, giving the State Treasurer the authority to transfer the amount indicated by the EEC.

GENERAL GOVERNMENT

DEPARTMENT OF ADMINISTRATION - SUMMARY

A.R.S. § 41-701

Elliott Hibbs, Director

JLBC Analyst: Brainard

| GENERAL FUND AND OTHER APPROPRIATED FUNDS | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|---------------------|---------------------|----------------------------------|
| <u>Program Summary</u> | | | |
| Central Operations | 8,894,100 | 11,575,400 | 9,628,300 |
| Finance | 3,525,000 | 4,838,800 | 10,127,700 |
| General Services | 11,590,600 | 11,914,700 | 12,904,600 |
| Facilities Management | 1,591,200 | 1,481,200 | 1,111,700 |
| Personnel | 4,522,500 | 5,323,400 | 5,558,200 |
| Risk Management | -0- | 50,916,400 | 66,337,200 |
| Workers' Compensation | -0- | 15,347,600 | 15,997,700 |
| Data Management | -0- | -0- | 14,741,600 |
| TOTAL APPROPRIATION | 30,123,400 | 101,397,500 | 136,407,000 |
| <u>Expenditure Detail</u> | | | |
| FTE Positions | 550.0 ^{1/} | 616.0 ^{1/} | 808.0 ^{1/} |
| Personal Services | 12,247,600 | 14,091,200 | 19,906,200 |
| Employee Related Expenditures | 3,064,200 | 3,544,600 | 4,551,400 |
| Professional & Outside Services | 2,409,500 | 2,613,400 | 2,381,300 |
| Travel - In State | 131,800 | 165,500 | 177,200 |
| Travel - Out of State | 12,300 | 22,700 | 36,200 |
| Other Operating Expenditures | 2,524,100 | 3,020,800 | 11,366,100 |
| Equipment | 234,200 | 63,800 | 227,700 |
| All Other Operating Expenditures | 5,311,900 | 5,886,200 | 14,188,500 |
| OPERATING SUBTOTAL | 20,623,700 | 23,522,000 | 38,646,100 |
| Special Line Items ^{2/} | 9,499,700 | 77,139,300 | 96,161,300 |
| Additional Appropriations | -0- | 736,200 | 1,599,600 |
| TOTAL APPROPRIATIONS | 30,123,400 | 101,397,500 | 136,407,000 |
| <u>Fund Summary</u> | | | |
| General Fund | 25,344,500 | 22,135,900 | 26,325,600 |
| Personnel Fund | 4,522,500 | 5,323,400 | 5,558,200 |
| Corrections Fund | 256,400 | 346,000 | 273,400 |
| Capital Outlay Stabilization Fund | -0- | 7,257,300 | 6,823,300 |
| Risk Management Fund | -0- | 50,916,400 | 66,337,200 |
| Workers' Compensation Fund | -0- | 15,347,600 | 15,997,700 |
| Automation Fund | -0- | -0- | 15,091,600 |
| Highway Fund | -0- | 70,900 | -0- |
| TOTAL APPROPRIATIONS | 30,123,400 | 101,397,500 | 136,407,000 ^{3/} |

(See Footnotes on Following Page)

DEPARTMENT OF ADMINISTRATION - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Agency Description - Provides general support services to state agencies, including accounting and financial services, personnel, building and grounds maintenance, purchasing, risk management, automated technology planning and operation, and telecommunications.

Personal Services - The approved amount is based on a vacancy factor of 3.7% and \$347,400 in vacancy savings from the General Fund, and a 1.8% vacancy factor and \$198,900 in vacancy savings from Other Appropriated Funds. The approved amount also includes an additional \$313,600 from the General Fund and \$283,800 from Other Appropriated Funds to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$41,100 from the General Fund and \$37,100 from Other Appropriated Funds to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$41,900 from the General Fund and \$50,600 from Other Appropriated Funds as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$1,056,000 from the General Fund and \$1,001,700 from Other Appropriated Funds for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

CAPITAL OUTLAY

Capital Outlay Bill - Chapter 2 (H.B. 2002), 2nd Special Session - Makes appropriations totalling of \$4,541,600 to the Department of Administration, including \$3,068,200 from the General Fund and \$1,473,400 from Other Funds, as follows:

Section 1C appropriates \$1,828,200 from the General Fund and \$1,223,400 from the Capital Outlay Stabilization Fund for Building Renewal. This represents 41% support of the Building Renewal Formula as established by A.R.S. § 41-793.01. The appropriation from COSF may exceed or fall short of the appropriated amount, depending upon actual collections for state-owned office space during FY 1994. Any such difference would be reflected in the amounts available for Building Renewal. \$3,051,600

Section 2B appropriates a total of \$1,240,000 from the General Fund for the following projects:

- | | |
|---|-------------|
| a) Replacement of Occupational Licensing Building Windows | \$ 400,000 |
| Due to a design defect, these windows pop out of their frames, creating a serious safety hazard. | |
| b) Americans with Disabilities Act Compliance | 200,000 |
| Various projects to begin the state's effort to comply with the public facilities portion of this legislation. | |
| c) Renovation of 1400 West Washington | 600,000 |
| When combined with Building Renewal and other funding sources, the approved amount will fund the renovation of this building. | |
| d) Renovation of East & West Annex | 40,000 |
| Funding for an initial engineering analysis of these buildings. | |
| Subtotal, General Fund projects | \$1,240,000 |

Section 2C appropriates \$250,000 from the Workers' Compensation Fund to construct an addition to the Risk Management Building. \$ 250,000

Total, DOA Capital Outlay \$4,541,600

- 1/ The FTE Positions total includes 30 FTE positions funded in special lines for FY 1994, 27 for FY 1993, and 23 for FY 1992.
- 2/ Details for special line items are included on the individual program pages.
- 3/ Represents General Appropriation funds. Appropriated by fund for the agency. Certain funds are appropriated as a lump sum, while others are appropriated as a lump sum, with special line items.

DEPARTMENT OF ADMINISTRATION - CENTRAL OPERATIONS

A.R.S. § 41-701

Elliott Hibbs, Director

JLBC Analyst: Brainard

| GENERAL FUND AND AUTOMATION FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|---|-------------------|---------------------|--------------------------------|
| FTE Positions | 150.0 | 146.0 | 149.0 ^{1/} |
| Personal Services | 3,800,800 | 3,797,800 | 3,962,400 |
| Employee Related Expenditures | 881,100 | 873,100 | 895,200 |
| Professional & Outside Services | 2,261,100 | 1,479,700 | 928,700 |
| Travel - In State | 45,300 | 41,000 | 41,200 |
| Travel - Out of State | 8,700 | 4,500 | 3,900 |
| Other Operating Expenditures | 639,400 | 710,800 | 726,200 |
| Equipment | 8,900 | -0- | 37,400 |
| All Other Operating Expenditures | 2,963,400 | 2,236,000 | 1,737,400 |
| OPERATING SUBTOTAL | 7,645,300 | 6,906,900 | 6,595,000 |
| Hearing Office | 35,000 | 35,700 | 35,700 |
| Statewide Accounting System | 1,213,800 | 850,000 | -0- |
| AFIS II | -0- | -0- | 2,894,900 ^{2/} |
| Governor's Regulatory Review Commission | -0- | -0- | 102,700 |
| ENSCO COP Payment | -0- | 3,782,800 | -0- |
| TOTAL APPROPRIATIONS | 8,894,100 | 11,575,400 | 9,628,300 ^{3/} |
| <u>Fund Summary</u> | | | |
| General Fund | 8,894,100 | 11,575,400 | 9,278,300 |
| Automation Fund | -0- | -0- | 350,000 |
| TOTAL APPROPRIATIONS | 8,894,100 | 11,575,400 | 9,628,300 |

Program Description - Central Operations includes the Director's Office, the State Procurement Office, Capitol Police, and Management Services, which includes internal department analysis, purchasing, accounting, and budgeting.

(Continued)

- ^{1/} Includes 2 FTE positions funded from the Governor's Regulatory Review Commission special line.
- ^{2/} Included in the appropriation for AFIS II is \$375,000 for the costs of developing a purchasing component. The department shall submit quarterly reports to the director of the Joint Legislative Budget Committee regarding the cost and development of AFIS II, including the distribution of costs among funds. Pursuant to Section 102 of the General Appropriation Act, the department may collect an amount not to exceed \$762,600 from other funding sources, excluding federal funds, to recover pro rata costs of operating AFIS II. All AFIS II operating costs below \$3,282,500 shall be equally distributed among all funding sources, including the General Fund. (General Appropriation Act footnote)
- ^{3/} Represents General Appropriation Act funds. Appropriated as a lump sum by fund for the agency. With the exception of AFIS II, the line items are shown for information only.

DEPARTMENT OF ADMINISTRATION - CENTRAL OPERATIONS (Cont'd)
GENERAL FUND AND AUTOMATION FUND

FTE Positions - The approved amount includes 1 newly approved FTE position and a total of \$75,000 for an Executive Consultant position, to facilitate the agency's effort to employ Total Quality Management (TQM) concepts and practices.

Personal Services - The approved amount is based on a 3.5% vacancy factor and \$141,700 in vacancy savings. The approved amount also includes an additional \$109,600 to annualize the cost of the April 1993 general salary adjustment, and \$55,000 for the newly approved Executive Consultant position.

Employee Related Expenditures - The approved amount includes: a) an additional \$14,300 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$17,800 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$379,100 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The recommended amount includes \$898,600 for costs associated with operating non-AFIS II programs, including the Budget Information Tracking System (BITS) and the Human Resources Management System (HRMS); \$27,000 for State Procurement Office temporary clerical help; and \$3,100 for the Capitol Police for testing requirements for new officers. The FY 1993 appropriation included funding for AFIS II; because the FY 1994 appropriation establishes AFIS II as a special line, all funding for AFIS II has been removed from Professional and Outside Services.

Other Operating Expenditures - The approved amount includes a total of \$185,000 for the payment of risk management premiums, which reflects a reduction of \$1,500 authorized by Section 104 of the General Appropriation Act. The approved amount also includes \$142,000 for telephone expenses and \$85,200 for postage.

Hearing Office - This special line funds costs associated with the Water Quality Appeals Board, created to hear appeals of decisions made by the Department of Environmental Quality.

Statewide Accounting System - This special line reflects development costs of the Arizona Financial Information System (AFIS II). Development was complete in FY 1993. Funding for actual operation in subsequent years will appear as a new line item, AFIS II.

AFIS II - This line reflects the cost of operating the statewide accounting system. In FY 1993, costs of operating AFIS II were included in the Professional and Outside Services special line. The approved amount includes \$2,544,900 from the General Fund and \$350,000 from the Automation Fund. Section 102 of the General Appropriation Act authorizes DOA to collect up to \$762,600 from other funding sources, excluding the General Fund and federal funds, to supplement the costs of operating AFIS II. The total authorized amount of \$3,657,500 includes \$375,000 from the General Fund to develop ADPICS, an AFIS II purchasing component.

Governor's Regulatory Review Commission - This commission is responsible for reviewing and updating state agency rules and regulations. Prior to FY 1994, this function was funded through the budget of the Governor's Office of Strategic Planning & Budgeting. The approved amount includes 2 FTE positions and a total of \$58,200 to assist small agencies during their review of rules and regulations. The approved amount also includes: a) a reduction of \$300 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act, and b) \$5,300 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

ENSCO COP Payment - Funding for this special line was transferred to the Finance Division cost center for FY 1994.

DEPARTMENT OF ADMINISTRATION - FINANCE
A.R.S. § 41-722

Elliott Hibbs, Director

JLBC Analyst: Brainard

| GENERAL FUND AND HIGHWAY FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|---------------------------|-----------------------------|-------------------------------------|
| FTE Positions | 46.0 | 71.0 | 68.2 ^{1/} |
| Personal Services | 1,011,300 | 1,040,600 | 1,074,000 |
| Employee Related Expenditures | 246,800 | 260,100 | 252,700 |
| Professional & Outside Services | 116,700 | 134,000 | -0- |
| Travel - In State | 100 | -0- | -0- |
| Travel - Out of State | -0- | -0- | 2,700 |
| Other Operating Expenditures | 163,700 | 99,900 | 240,000 |
| Equipment | -0- | -0- | 38,200 |
| All Other Operating Expenditures | 280,500 | 233,900 | 280,900 |
| OPERATING SUBTOTAL | 1,538,600 | 1,534,600 | 1,607,600 |
| ENSCO COP | -0- | -0- | 4,582,600 |
| Lease-Purchase Rent | 599,200 | 626,700 | 427,000 |
| Tucson State Office Building | 519,000 | 107,700 | 107,900 |
| COSF Rent | -0- | 748,800 | 748,800 |
| GAAP | 589,400 | 602,800 | 620,000 |
| SLIAG | 216,100 | 301,200 | 305,900 |
| Cost Recovery/Cash Management | -0- | 130,800 | 128,300 |
| Courts Building | 49,000 | -0- | -0- |
| Agency Close Out | 13,700 | -0- | -0- |
| Reduction-in-Force Costs | -0- | 50,000 | -0- |
| Water Rights Settlement ^{2/} | -- | 500,000 | 1,500,000 |
| TOTAL | 3,525,000 | 4,602,600 | 10,028,100 ^{3/4/5/} |
| Additional Appropriations - 41st Leg., 1st Reg. Session | | | |
| Claims for Relief; Named Claimants, Ch. 120 | -- | 236,200 | -- |
| Garnishment; Service, Ch. 124 | -- | -- | 99,600 |
| TOTAL APPROPRIATIONS | 3,525,000 | 4,838,800 | 10,127,700 |
| Fund Summary | | | |
| General Fund | 3,525,000 | 4,767,900 | 10,127,700 |
| Highway Fund | -0- | 70,900 | -0- |
| TOTAL APPROPRIATIONS | 3,525,000 | 4,838,800 | 10,127,700 |

(See Footnotes on Following Page)

DEPARTMENT OF ADMINISTRATION - FINANCE (Cont'd)
GENERAL FUND AND HIGHWAY FUND

Program Description - *The Finance Division maintains the state's financial records, provides accounting services to state agencies, and oversees state agency compliance with financial requirements and appropriation authority.*

Personal Services - The approved amount includes a reduction of 2.8 FTE positions to reduce this program's vacancy factor. The approved amount is based upon a 1.5% vacancy factor and \$17,500 in vacancy savings. The approved amount also includes an additional \$33,800 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$4,400 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$4,800 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$104,400 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The FY 1993 appropriation included \$134,000 to transfer data to microfiche; this appropriation was transferred to Other Operating Expenditures in FY 1994.

Other Operating Expenditures - The approved amount includes \$134,000 to transfer data to microfiche (which was transferred from Professional and Outside Services), \$30,400 for telephone expenses, and \$26,400 for printing and copying costs.

ENSCO COP - The approved amount funds the required lease-purchase payment for the acquisition of the ENSCO site. Prior to FY 1994, this special line was located in the Central Operations cost center.

Lease-Purchase Rent - The approved amount includes funding for the lease-purchase payments on the 16th Street Parking Garage and the former State Compensation Fund Building. Lease-purchase rent for the Tucson State Office Building is shown below.

Tucson State Office Building - The approved amount represents the department's General Fund share of the Tucson State Office Building lease-purchase obligation for FY 1994. The Personnel and Risk Management divisions' allocations are included in their respective cost centers.

(Continued)

- ^{1/} The FTE Positions total includes 26 FTE positions funded in special line items for FY 1994, 26 for FY 1993, and 23 for FY 1992. Includes 6 positions for SLIAG, 17 for GAAP, and 3 for Cost Recovery/Cash Management.
- ^{2/} Laws 1992, Chapter 191, appropriated \$500,000 in FY 1993 and \$1,500,000 in FY 1994 for the State of Arizona's contribution to a water rights settlement.
- ^{3/} In accordance with A.R.S. § 35-142.01: (a) the Department of Economic Security shall remit to the Department of Administration any monies received as reimbursement from the federal government or any other source for the operation of the Department of Economic Security West Building and (b) the Department of Administration shall deposit such monies to the General Fund. The Department of Administration, with the cooperation of the Department of Economic Security, shall submit an annual report to the Director of the Joint Legislative Budget Committee regarding the amount of federal reimbursement received by the General Fund for the costs of operating the DES West Building. (General Appropriation Act footnote)
- ^{4/} Included in the lump sum appropriation is \$128,300 and 3 FTE positions to establish an indirect cost recovery and cash management program. The Department of Administration shall report quarterly to the Chairmen of the House of Representatives and Senate Appropriations Committees and the Director of the Joint Legislative Budget Committee as to the effectiveness of the indirect cost recovery and cash management program. The reports shall identify potential or pending sources of federal reimbursement for indirect costs as well as amounts actually collected. (General Appropriation Act footnote)
- ^{5/} Represents General Appropriation Act funds, with the exception of the Water Rights Settlement line item. (See footnote 2) Appropriated as a lump sum by fund for the agency. The line items are shown for information only.

DEPARTMENT OF ADMINISTRATION - FINANCE (Cont'd)
GENERAL FUND AND HIGHWAY FUND

COSF Rent - The approved amount is for rent for state-owned space to be paid into the Capital Outlay Stabilization Fund.

GAAP - This special line funds the ongoing conversion of the state's accounting reports to comply with the federal Single Audit Act of 1984. The approved amount includes an additional \$14,500 (Personal Services, \$12,800; Employee Related Expenditures, \$1,700) for the April 1993 general salary adjustment. The approved amount also contains \$44,800 for health insurance, which will be transferred to the Health Insurance Trust Fund, and includes a reduction of \$1,700 as a result of lowering the employer contribution to the State Retirement system from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

SLIAG - This special line funds 6 FTE positions and related costs of administering the state's participation in the federal State Legalization Impact Assistance Grants program. All amounts expended are reimbursed by the federal government. The approved amount includes an additional \$5,100 (Personal Services, \$4,500; Employee Related Expenditures, \$600) for the April 1993 general salary adjustment. The approved amount also contains \$15,800 for health insurance, which will be transferred to the Health Insurance Trust Fund, and includes a reduction of \$600 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

Cost Recovery/Cash Management - This new special line includes funding for 3 FTE positions to: a) supervise and administer a program to recover indirect costs associated with federal programs, and b) implement and administer a program to achieve compliance with the requirements of the 1990 Federal Cash Management Act. The approved amount includes an additional \$2,600 (Personal Services, \$2,300; Employee Related Expenditures, \$300) for the April 1993 general salary adjustment. The approved amount also contains \$7,900 for health insurance, which will be transferred to the Health Insurance Trust Fund, and includes a reduction of \$400 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

Water Rights Settlement - This special line includes \$500,000 in FY 1993 and \$1,500,000 in FY 1994 for payment of the State of Arizona's contribution to the Fort McDowell Indian Community Development Fund established by the Fort McDowell Indian Community Water Rights Settlement Act of 1990, P.L. 101-628.

ADDITIONAL APPROPRIATIONS

Claims for Relief; Named Claimants - Chapter 120 (S.B. 1106) - Makes appropriations to various individuals and groups to settle claims against the state.

Garnishment; Service - Chapter 124 (S.B. 1058) - Transfers responsibility for garnishing wages of state employees from the State Treasurer's Office to Department of Administration's (DOA) Finance Division. This bill appropriates \$68,600 from the General Fund to DOA and transfers \$31,000 from the Treasurer's Office to DOA to perform the garnishment function. The bill also adds 2 FTE positions to the program's 68.2 appropriated FTE positions.

DEPARTMENT OF ADMINISTRATION - GENERAL SERVICES

A.R.S. § 41-701

Elliott Hibbs, Director

JLBC Analyst: Brainard

| GENERAL FUND AND CAPITAL OUTLAY STABILIZATION FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|---|-------------------|---------------------|---------------------------------|
| FTE Positions | 202.5 | 200.5 | 201.0 |
| Personal Services | 3,228,800 | 3,509,000 | 3,653,600 |
| Employee Related Expenditures | 1,041,700 | 1,151,500 | 969,800 |
| Professional & Outside Services | 10,300 | 5,000 | 17,000 |
| Travel - In State | 30,400 | 41,900 | 41,900 |
| Travel - Out of State | -0- | 1,000 | 1,000 |
| Other Operating Expenditures | 1,179,400 | 1,050,100 | 1,114,000 |
| Equipment | 150,800 | 34,100 | 33,700 |
| All Other Operating Expenditures | 1,370,900 | 1,132,100 | 1,207,600 |
| OPERATING SUBTOTAL | 5,641,400 | 5,792,600 | 5,831,000 |
| Utilities | 5,949,200 | 6,122,100 | 5,985,000 |
| Sun State Savings Building | -0- | -0- | 1,088,600 ^{1/} |
| TOTAL APPROPRIATIONS | 11,590,600 | 11,914,700 | 12,904,600 |
| <u>Fund Summary</u> | | | |
| General Fund | 11,590,600 | 5,792,600 | 6,919,600 |
| Capital Outlay Stabilization Fund | -0- | 6,122,100 | 5,985,000 |
| TOTAL APPROPRIATIONS | 11,590,600 | 11,914,700 | 12,904,600 ^{2/} |

Program Description - General Services manages DOA-owned buildings in the Governmental Mall, provides maintenance and janitorial services, operates the state motor pool, surplus property yard, and print shop, and provides interagency mail service.

Personal Services - The approved amount is based on upon a 4.9% vacancy factor and \$188,200 in vacancy savings. The approved amount also includes an additional \$150,600 to annualize the cost of the April 1993 salary adjustment.

(Continued)

- ^{1/} The \$1,088,600 appropriated for the Sun States Savings Building is intended to provide full funding for this building when combined with collections into the Special Services Fund for building occupancy. The Department of Administration shall pay all occupancy costs for the Auditor General and the Departments of Banking, Real Estate, and Insurance for FY 1993-1994. (General Appropriation Act footnote)
- ^{2/} Represents General Appropriation Act funds. Appropriated by fund for the agency. The line items within the Operating Subtotal are shown for information only.

DEPARTMENT OF ADMINISTRATION - GENERAL SERVICES (Cont'd)
GENERAL FUND AND CAPITAL OUTLAY STABILIZATION FUND

Employee Related Expenditures - The approved amount includes: a) an additional \$19,800 to annualize the cost of the April 1993 salary adjustment, and b) a reduction of \$16,400 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$504,000 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount includes \$5,000 for technical inspections of mechanical equipment in the Governmental Mall, and \$12,000 for hepatitis vaccinations.

Other Operating Expenditures - The approved amount includes \$592,500 for repair and maintenance of major building systems and building components, such as elevators, in state-owned buildings; and \$289,700 for various cleaning and repair supplies.

Utilities - This special line funds utility charges, including electric, water, gas, and garbage disposal, in buildings located on the Governmental Mall and in Tucson. The line item is entirely funded through the Capital Outlay Stabilization Fund. This amount was reduced by a total of \$450,000 to reflect anticipated savings resulting from energy improvements in state buildings. These improvements include replacing light fixtures and heating, ventilation, and air conditioning equipment, funded through the Department of Commerce with monies from the Oil Overcharge Fund. The Department of Commerce Energy Office and DOA are cooperating on the improvements, based on a plan for the expenditure of \$4.5 million. Monies in the Oil Overcharge Fund are transferred from the federal government as a result of a settlement with oil companies.

Sun State Savings Building - Located at 44th Street and Thomas Road in Phoenix, this building was acquired as part of the RTC/Distressed Property program. The Auditor General and the Departments of Banking, Insurance, and Real Estate are scheduled to occupy the building by July 1, 1993. The approved amount, when combined with collections from the Resolution Trust Company (RTC), is intended to provide full funding for the building lease-purchase payment and operating costs. The RTC is scheduled to occupy about 12,000 square feet of the building through December or January of FY 1994.

DEPARTMENT OF ADMINISTRATION - FACILITIES MANAGEMENT

A.R.S. § 41-790

Elliott Hibbs, Director

JLBC Analyst: Brainard

| CAPITAL OUTLAY STABILIZATION FUND AND CORRECTIONS FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|---|-------------------|-------------------------|--------------------------------|
| FTE Positions | 35.5 | 21.0 | 21.0 |
| Personal Services | 988,700 | 725,500 | 677,800 |
| Employee Related Expenditures | 214,100 | 156,900 | 140,900 |
| Professional & Outside Services | 11,100 | 11,200 | 8,100 |
| Travel - In State | 44,800 | 48,500 | 47,800 |
| Travel - Out of State | -0- | 1,500 | -0- |
| Other Operating Expenditures | 45,500 | 129,600 | 117,100 |
| Equipment | 20,800 | -0- | -0- |
| All Other Operating Expenditures | 122,200 | 190,800 | 173,000 |
| OPERATING SUBTOTAL | 1,325,000 | 1,073,200 | 991,700 |
| Relocation | 266,200 | -0- | 120,000 ^{1/} |
| Relocation/Non-West Tower | -0- | 367,200 | -0- |
| Relocation-West Tower | -0- | 40,800 | -0- |
| TOTAL APPROPRIATIONS | 1,591,200 | 1,481,200 | 1,111,700 ^{2/} |
| <u>Fund Summary</u> | | | |
| General Fund | 1,334,800 | -0- | -0- |
| Corrections Fund | 256,400 | 346,000 | 273,400 ^{3/} |
| Capital Outlay Stabilization Fund | -0- | 1,135,200 ^{4/} | 838,300 |
| TOTAL APPROPRIATIONS | 1,591,200 | 1,481,200 | 1,111,700 |

Program Description - The Facilities Management Division is responsible for planning and managing the design and construction of state prisons and buildings in the governmental mall, reviewing all state construction projects for conformance with relevant building and construction codes, inspecting the condition of non-university buildings at least once every 3 years, and developing the annual Capital Improvement Plan.

(Continued)

- 1/ The appropriation for relocation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations. (General Appropriation Act footnote)
- 2/ Represents General Appropriation Act funds. Appropriated by fund for the agency. With the exception of Relocation, the line items are shown for information only.
- 3/ Because the 1,450 bed construction program is expected to be complete by the end of March 1994, the approved amount is based on 9 months' funding for the 8.5 FTE positions funded from the Corrections Fund. This resulted in a reduction of \$80,000.
- 4/ The amount appropriated from the Capital Outlay Stabilization Fund includes \$100,000 for relocation which is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations. (FY 1993 General Appropriation Act footnote, as amended by Laws 1993, Chapter 7, 2nd Special Session).

DEPARTMENT OF ADMINISTRATION - FACILITIES MANAGEMENT (Cont'd)
CAPITAL OUTLAY STABILIZATION FUND AND CORRECTIONS FUND

Personal Services - The approved amount is based upon a 0% vacancy factor, and includes an additional \$9,800 from the Capital Outlay Stabilization Fund and \$6,000 from the Corrections Fund to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$1,200 from the Capital Outlay Stabilization Fund and \$800 from the Corrections Fund to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$1,900 from the Capital Outlay Stabilization Fund and \$1,200 from the Corrections Fund as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$49,900 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes: a) a total of \$13,900 from the Corrections Fund for risk management premiums, which reflects an additional \$1,700 authorized by Section 104 of the General Appropriation Act.

The approved amount also includes an additional \$3,100 from the Corrections Fund for the payment of statewide accounting system charges, as authorized under Section 102 of the General Appropriation Act.

Relocation - The approved amount is intended to fund all scheduled agency relocations into state-owned space in FY 1994. In order to limit expenditures for refurbishing space on behalf of DOA and the Governor's Office, the FY 1993 appropriation distinguished between relocation funding for the West Wing and all other relocation funding. Because most of the West Wing is now occupied, this distinction is eliminated in FY 1994.

DEPARTMENT OF ADMINISTRATION - PERSONNEL

A.R.S. § 41-702

Elliott Hibbs, Director

JLBC Analyst: Brainard

| PERSONNEL DIVISION FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|--------------------------------|
| FTE Positions | 116.5 | 117.5 | 119.5 |
| Personal Services | 3,218,000 | 3,395,700 | 3,545,000 |
| Employee Related Expenditures | 680,500 | 737,400 | 758,500 |
| Professional & Outside Services | 10,300 | 319,800 | 319,800 |
| Travel - In State | 11,200 | 11,400 | 11,400 |
| Travel - Out of State | 3,600 | 4,500 | 4,500 |
| Other Operating Expenditures | 496,100 | 636,100 | 695,700 |
| Equipment | 53,700 | -0- | 4,800 |
| All Other Operating Expenditures | 574,900 | 971,800 | 1,036,200 |
| OPERATING SUBTOTAL | 4,473,400 | 5,104,900 | 5,339,700 |
| Special Recruitment | 49,100 | 43,500 | 43,500 |
| Personnel Automation Project | -0- | 175,000 | 175,000 |
| TOTAL APPROPRIATIONS | 4,522,500 | 5,323,400 | 5,558,200 ^{1/} |

Program Description - The Personnel Division serves as the state personnel office, providing recruitment and evaluation services, assisting state agencies with hiring and personnel issues, and administering the state's health insurance plans. The Division is funded through a pro rata charge to state agency payrolls.

FTE Positions - The approved amount includes 2 FTE positions and \$85,600 for: 1) a Training Specialist position to supplement the existing staff effort regarding Ethics Training, and 2) a Personnel Specialist, to facilitate compliance with personnel-related requirements of the Americans with Disabilities Act. The Personnel Specialist is approved for a 2-year period.

Personal Services - The approved amount is based upon a 2% vacancy factor and \$71,100 in vacancy savings. The approved amount also includes an additional \$89,700 to annualize the cost of the April 1993 general salary adjustment, and \$31,600 each for the newly authorized Training Specialist and Personnel Specialist positions.

Employee Related Expenditures - The approved amount includes: a) an additional \$11,700 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$16,000 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$308,700 for the state share of medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

(Continued)

^{1/} Represents General Appropriation Act funds. Appropriated by fund for the program. The line items are shown for information only.

DEPARTMENT OF ADMINISTRATION - PERSONNEL (Cont'd)
PERSONNEL DIVISION FUND

Professional and Outside Services - The approved amount funds data processing services.

Other Operating Expenditures - The approved amount includes: a) a total of \$45,500 for the payment of risk management premiums, which reflects an additional \$5,500 authorized by Section 104 of the General Appropriation Act, and b) a total of \$249,800 for rent of state-owned space, \$37,400 for the Old Comp Fund Building lease-purchase payment and \$22,900 for the Tucson Office Building lease-purchase payment. The approved amount also includes \$98,900 for telecommunications expenses and \$13,300 for non-capitalized equipment.

The approved amount includes an additional \$2,900 from the Personnel Fund for the payment of statewide accounting system charges, as authorized under Section 102 of the General Appropriation Act.

Special Recruitment - Monies in this special line are used to fund advertising and related costs of hiring specialized or upper management positions.

Personnel Automation Project - This special line funds the ongoing development of automated systems for job applications and other functions.

DEPARTMENT OF ADMINISTRATION - RISK MANAGEMENT

A.R.S. § 41-622

Elliott Hibbs, Director

JLBC Analyst: Brainard

| RISK MANAGEMENT REVOLVING FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|---|-------------------|---------------------------------|---------------------------------|
| FTE Positions | 0.0 | 56.0 | 56.0 |
| Personal Services | -0- | 1,509,300 | 1,550,300 |
| Employee Related Expenditures | -0- | 340,400 | 341,900 |
| Professional & Outside Services | -0- | 354,700 | 310,000 |
| Travel - In State | -0- | 20,100 | 20,100 |
| Travel - Out of State | -0- | 10,000 | 10,000 |
| Other Operating Expenditures | -0- | 357,800 | 396,600 |
| Equipment | -0- | 24,100 | 4,000 |
| All Other Operating Expenditures | -0- | 766,700 | 740,700 |
| OPERATING SUBTOTAL | -0- | 2,616,400 | 2,632,900 |
| Liab. & Prop. Losses/Related Expenditures | -0- | 40,200,000 | 54,862,000 |
| Attorney General - Insurance Defense | -0- | 4,100,000 | 4,163,800 |
| Insurance Premiums | -0- | 3,500,000 | 4,428,500 |
| Loss Control Grants | -0- | 500,000 | 250,000 |
| SPECIAL LINE SUBTOTAL | -0- | 48,300,000 | 63,704,300 |
| TOTAL APPROPRIATIONS | -0- | 50,916,400 ^{1/} | 66,337,200 ^{2/} |

Program Description - The Risk Management Division acts as the state's insurance agent, which includes making liability payments and developing and administering loss control programs. With the exception of certain limited areas of coverage, the state is self-insured, paying its own losses and liabilities.

Personal Services - The approved amount is based upon a 1.5% vacancy factor and \$23,600 in vacancy savings. The approved amount includes an additional \$42,100 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$5,500 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$7,000 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$145,500 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

(Continued)

^{1/} The Risk Management Revolving Fund is subject to annual appropriation beginning in FY 1993, pursuant to A.R.S. § 41-622.

^{2/} Represents General Appropriation Act funds. Appropriated by fund for the agency. All Risk Management funds are located within this program and are appropriated as an operating lump sum with a special line item lump sum. The line items are shown for information only.

DEPARTMENT OF ADMINISTRATION - RISK MANAGEMENT (Cont'd)
RISK MANAGEMENT REVOLVING FUND

Professional and Outside Services - The approved amount includes \$120,000 for data processing services and \$95,000 for actuarial services.

Other Operating Expenditures - The approved amount includes: a) a total of \$33,900 for the payment of risk management premiums, which reflects an additional \$4,100 authorized by Section 104 of the General Appropriation Act, and b) a total of \$117,400 for rent of state-owned space and \$21,300 for the Tucson State Office Building lease-purchase payment. The approved amount also includes \$64,500 for telecommunications expenses.

The approved amount also includes an additional \$13,500 for the payment of statewide accounting system charges, as authorized under Section 102 of the General Appropriation Act.

Equipment - The approved amount provides funding for a desktop publishing laser printer.

Liability & Property Losses/Related Expenditures - The approved amount represents funding for estimated FY 1994 risk management claims, settlements, and other losses. The Risk Management Division estimates an unexpended balance of \$8.6 million from the FY 1993 appropriation; based on this estimate, the FY 1994 appropriation for this special line represents an increase of more than 70%. The primary reasons for the increase cited by the Risk Management Division actuary are 1) an increase in the estimated number of claims, and 2) an increase in the potential severity of medical malpractice claims. These causes are most visible in agencies with a potential for medical related claims, especially DES, DHS, AHCCCS, and DOC.

Attorney General - Insurance Defense - The approved amount represents funding for the division's contract with the Attorney General's Insurance Defense Section for legal representation in risk management-related lawsuits against the state.

Insurance Premiums - Includes funding for FY 1994 premium costs to secure primary or excess private insurance for certain types of property and liability insurance, which the department deems more cost-effective than providing self-insurance.

Loss Control Grants - These grants are made by the department on a competitive basis to state agencies to implement loss control projects or programs which can demonstrate tangible loss/cost avoidance.

ADDITIONAL LEGISLATION

Tort Reform - Chapter 90 (S.B. 1055) - Among provisions that most directly affect the state's risk management liability: 1) expands the state's immunity from lawsuit to injuries incurred by a driver which are directly attributable to reckless driving or driving under the influence of alcohol or drugs; 2) provides that a governmental entity or employee is not liable for damages arising out of the maintenance or operation of a road unless the entity or employee acted intentionally or with gross negligence; and 3) establishes a one-year statute of limitations for actions against the state. This legislation should result in a reduction to the state's total risk management liability.

Supplemental Appropriation - Chapter 7 (H.B. 2009), 2nd Special Session - Transfers \$1,800,000 from the Workers' Compensation Fund to the Risk Management Fund to offset increases in agency Risk Management charges.

DEPARTMENT OF ADMINISTRATION - WORKERS' COMPENSATION A.R.S. § 41-622

Elliott Hibbs, Director

JLBC Analyst: Brainard

| WORKERS' COMPENSATION FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|---------------------------|-----------------------------------|---------------------------------|
| FTE Positions | 0.0 | 4.0 | 16.0 |
| Personal Services | -0- | 113,300 | 339,100 |
| Employee Related Expenditures | -0- | 25,200 | 85,400 |
| Professional & Outside Services | -0- | 309,000 | 319,400 |
| Travel - In State | -0- | 2,600 | 3,900 |
| Travel - Out of State | -0- | 1,200 | 1,000 |
| Other Operating Expenditures | -0- | 36,500 | 85,200 |
| Equipment | -0- | 5,600 | 72,600 |
| All Other Operating Expenditures | -0- | 354,900 | 482,100 |
| OPERATING SUBTOTAL | -0- | 493,400 | 906,600 |
| Workers' Compensation Payments | -0- | 12,169,700 | 13,140,000 |
| Claim Management Fees | -0- | 1,250,000 | 506,600 |
| Reinsurance Premiums | -0- | 400,000 | 400,000 |
| Premium Tax | -0- | 725,000 | 725,000 |
| University Student Health Work Program | -0- | 159,500 | 159,500 |
| Transfers Out: Loss Control | -0- | 150,000 | 100,000 |
| Attorney General Defense | -0- | -0- | 60,000 |
| SPECIAL LINE SUBTOTAL | -0- | 14,854,200 | 15,091,100 |
| TOTAL APPROPRIATIONS | -0- | 15,347,600 ^{1/2/} | 15,997,700 ^{3/} |

Program Description - *The Workers' Compensation section of the Risk Management Division makes Workers' Compensation payments to state employees and former state employees who are injured in the course of performing their job. Also, the section conducts workplace safety seminars and provides loss control grants to prevent workplace injuries. The state is self-insured, paying its own workers' compensation liabilities.*

(Continued)

- ^{1/} The Workers' Compensation Fund is subject to annual appropriation beginning in FY 1993, pursuant to A.R.S. § 41-622.
- ^{2/} Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session, appropriated an additional \$1,125,700 to reflect the cost of workers' compensation liability payments in excess of the original budgeted amount.
- ^{3/} Represents General Appropriation Act funds. Appropriated by fund for the agency. All Workers' Compensation funds are located within this program and are appropriated as an operating lump sum with a special line item lump sum.

DEPARTMENT OF ADMINISTRATION - WORKERS' COMPENSATION (Cont'd)
WORKERS' COMPENSATION FUND

FTE Positions - The approved amount includes 12 additional positions and a net reduction of \$267,300 to transfer the division's claim management function in-house from the State Compensation Fund. This reduction is achieved by reducing the Claims Management Fees special line by \$743,400.

Personal Services - The approved amount is based upon a 0% vacancy factor, and includes an additional \$3,000 to annualize the cost of the April 1993 general salary adjustment. The approved amount also includes \$222,800 for nine months' funding of newly authorized positions to perform the claims management function in-house. The authorized positions are as follows: 1 Claims Supervisor, 1 Occupational Safety Consultant, 2 Claims Adjusters, 1 Disability Specialist, 3 Claims Specialists, 1 Administrative Assistant, 2 Claims Technicians, and 1 Clerk Typist.

Employee Related Expenditures - The approved amount includes: a) an additional \$400 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$1,500 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$39,500 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount includes \$189,600 for data processing charges payable to the DOA Data Center, \$79,600 for technical assistance regarding automated claims review systems, and \$25,000 for actuarial services.

Other Operating Expenditures - The approved amount includes: a) a total of \$1,700 for the payment of risk management premiums, which reflects an additional \$200 authorized by Section 104 of the General Appropriation Act, and b) a total of \$14,100 for rent in state-owned space. The approved amount also includes a total of \$48,000 for initial costs associated with the newly authorized 12 FTE positions.

The approved amount also includes an additional \$500 for the payment of statewide accounting system charges, as authorized under Section 102 of the General Appropriation Act.

Equipment - The approved amount provides funding for the newly authorized positions, including computers, printers, workstations, a copier, and an automobile.

Workers' Compensation Payments - The approved amount represents estimated FY 1994 payments to workers' compensation beneficiaries and is based on an actuarial analysis of potential liabilities resulting from workplace injuries.

Claim Management Fees - This represents the cost of a vendor contract to process and manage all payments to beneficiaries. This function will be transferred in-house during FY 1993; the amount shown is intended to provide 5 months' funding.

Reinsurance Premiums - This represents the estimated annual cost of securing reinsurance from private insurers.

University Student Health Work Program - This program uses student nurses from the three state universities to perform health services for minor work-related injuries or illnesses in lieu of treatment by private physicians.

Transfers Out: Loss Control - The approved amount is transferred from the Workers' Compensation Fund to the Loss Control Grant Program administered by the Risk Management Division.

Attorney General Defense - The approved amount is intended to provide legal costs associated with workers' compensation claims.

ADDITIONAL LEGISLATION

Supplemental Appropriation - Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session - Transfers \$1,800,000 from the Workers' Compensation Fund to the Risk Management Fund to offset increases in agency Risk Management charges.

DEPARTMENT OF ADMINISTRATION - DATA MANAGEMENT

A.R.S. § 41-712

Elliott Hibbs, Director

JLBC Analyst: Brainard

| AUTOMATION FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|---------------------------|-----------------------------|-----------------------------------|
| FTE Positions | 0.0 | 0.0 | 177.3 |
| Personal Services | -0- | -0- | 5,104,000 |
| Employee Related Expenditures | -0- | -0- | 1,107,000 |
| Professional & Outside Services | -0- | -0- | 478,300 |
| Travel - In State | -0- | -0- | 10,900 |
| Travel - Out of State | -0- | -0- | 13,100 |
| Other Operating Expenditures | -0- | -0- | 7,991,300 |
| Equipment | -0- | -0- | 37,000 |
| All Other Operating Expenditures | -0- | -0- | 8,530,600 |
| TOTAL APPROPRIATIONS | -0- | -0- | 14,741,600 ^{1/2/} |

Program Description - Data Management operates the DOA Data Center, which provides centralized computer services and automation planning for certain state agencies.

Personal Services - The approved amount is based upon a 2% vacancy factor and \$104,200 in vacancy savings. The approved amount also includes an additional \$133,200 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$17,500 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$23,000 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$458,100 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount includes \$100,000 for technical assistance related to development of Systems Managed Storage; \$156,000 to complete funding for an off-site disaster recovery system; and \$161,800 for costs associated with outside computer trainers.

Other Operating Expenditures - The approved amount includes: a) a total of \$54,600 for the payment of risk management premiums, which reflects an additional \$6,600 authorized by Section 104 of the General Appropriation Act, and b) a total of \$224,500 for rent of state-owned space and \$151,400 for the Old Comp Fund Building lease-purchase payment. The approved amount also includes \$5,861,900 for costs associated with the lease and lease-purchase of data processing equipment and software, \$925,000 for repair and maintenance of automated equipment, \$372,800 for paper and data processing supplies, and \$233,400 for telecommunication expenses.

The approved amount includes an additional \$4,200 from the Automation Fund for the payment of statewide accounting system charges, as authorized under Section 102 of the General Appropriation Act.

^{1/} FY 1994 is the first year that this fund is subject to Legislative appropriation.

^{2/} Represents General Appropriation Act funds. Appropriated by fund for the agency. The line items are shown for information only.

GOVERNOR'S OFFICE OF AFFIRMATIVE ACTION

Executive Order 92-2

Victor Melendez, Director

JLBC Analyst: Smith

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|---------------------------|-----------------------------|------------------------------|
| FTE Positions | 5.0 | 5.0 | 5.0 |
| Personal Services | 143,100 | 160,500 | 150,000 |
| Employee Related Expenditures | 29,900 | 32,900 | 27,400 |
| Professional & Outside Services | 25,500 | 5,400 | 6,400 |
| Travel - In State | 1,500 | 2,000 | 2,000 |
| Travel - Out of State | 1,900 | 1,800 | 1,500 |
| Other Operating Expenditures | 14,400 | 38,000 | 41,700 |
| All Other Operating Expenditures | 43,300 | 47,200 | 51,600 |
| TOTAL APPROPRIATIONS | 216,300 | 240,600 | 229,000 ^{1/} |

Agency Description - The agency monitors Affirmative Action Plans submitted annually by each state agency, assists agencies in equal employment opportunity training and evaluation, and cooperates with the Department of Commerce to develop programs to promote economic growth for minorities, women, and low income communities. The agency is advised and assisted by the Affirmative Action Advisory Board and the Minority and Women Business and Economic Development Advisory Board.

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$3,800 to annualize the cost of the April 1993 general salary adjustment.

The appropriation also includes a reduction of \$14,300 in unallocated Personal Services. The reduced amount reflects full funding of current positions.

Employee Related Expenditures - The approved amount includes: a) an additional \$500 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$700 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$9,100 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes: a) a total of \$700 for the payment of risk management premiums, which reflects a reduction of \$300 authorized by Section 104 of the General Appropriation Act, and b) a total of \$15,100 for rent of state-owned space, which reflects an additional \$4,000 for increased space allocated to the agency.

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.

ATTORNEY GENERAL - DEPARTMENT OF LAW - SUMMARY

A.R.S. § 41-192

The Honorable Grant Woods, Attorney General

JLBC Analyst: Martinez

| GENERAL FUND AND OTHER APPROPRIATED FUNDS | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|-------------------|---------------------|---------------------------------|
| <u>Program Summary</u> | | | |
| Administration | 2,054,600 | 3,895,700 | 3,736,200 |
| Civil | 7,073,500 | 8,753,800 | 8,695,900 |
| Human Services | 959,400 | 1,191,100 | 1,220,300 |
| Criminal | 7,986,200 | 8,285,300 | 8,905,000 |
| TOTAL APPROPRIATIONS | 18,073,700 | 22,125,900 | 22,557,400 |
| <u>Expenditure Detail</u> | | | |
| FTE Positions | 355.0 | 365.0 | 365.0 |
| Personal Services | 12,579,100 | 12,621,900 | 12,984,800 |
| Employee Related Expenditures | 2,377,000 | 2,466,600 | 2,534,400 |
| Professional & Outside Services | 105,400 | 68,800 | 69,100 |
| Travel - In State | 167,300 | 153,200 | 156,100 |
| Travel - Out of State | 37,700 | 38,900 | 46,500 |
| Other Operating Expenditures | 1,733,300 | 2,881,000 | 2,738,300 |
| Equipment | 83,800 | 84,100 | 60,900 |
| All Other Operating Expenditures | 2,127,500 | 3,226,000 | 3,070,900 |
| OPERATING SUBTOTAL | 17,083,600 | 18,314,500 | 18,590,100 |
| Special Line Items ^{1/} | 990,100 | 3,572,900 | 3,967,300 |
| Additional Appropriations ^{1/} | -0- | 238,500 | -0- |
| TOTAL APPROPRIATIONS | 18,073,700 | 22,125,900 | 22,557,400 ^{2/} |
| <u>Fund Summary</u> | | | |
| General Fund | 17,398,100 | 18,851,300 | 18,860,000 |
| Corrections Fund | 349,100 | -0- | -0- |
| Collection Enforcement Fund | -0- | 2,194,000 | 2,196,700 |
| Victims' Rights Implementation Fund | 326,500 | 1,080,600 | 1,500,700 |
| TOTAL APPROPRIATIONS | 18,073,700 | 22,125,900 | 22,557,400 |

(Continued)

^{1/} Details for the Special Line Items and Additional Appropriations are included on the individual program pages.
^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency with special line items.
The line items within the "Operating Subtotal" are shown for information only.

ATTORNEY GENERAL - DEPARTMENT OF LAW - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Agency Description - *The Attorney General is an elected constitutional officer. The department consists of the Administration Division, the Civil Division, the Human Services Division, and the Criminal Division. These divisions are responsible, respectively, for department organization and policy direction, legal services and representation to departments and agencies of the state, consumer advocacy and civil rights enforcement, and criminal investigation and prosecution.*

Personal Services - The approved amount is based upon an 8.5% vacancy factor and \$1,201,100 in vacancy savings. The approved amount also includes an additional \$254,300 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$33,100 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$53,700 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$840,200 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes: a) a total of \$258,000 for the payment of risk management premiums, which reflects an additional \$122,700 authorized by Section 104 of the General Appropriation Act, and b) a total of \$874,300 for rent of state-owned space, \$92,900 for the Tucson State Office Building lease-purchase payment, and \$371,200 for the Capitol Center Building lease-purchase payment.

An additional \$119,900 is included as a special line item for a private lease in Tucson and new space at the 1400 West Washington State Building.

ADDITIONAL LEGISLATION

Penalty Assessments; Fund Deposits; Distribution - Chapter 243 (H.B. 2088) - The bill consolidates eight current surcharge assessments into two funds: the Criminal Justice Enhancement Fund (CJEF) and the Medical Services Enhancement Fund (MSEF). The CJEF penalty assessment is increased from 40% to 46% in order to fund the Crime Laboratory Assessment Fund, the Victims' Rights Implementation Fund, and the Victim Compensation Fund in addition to the funds that currently receive CJEF disbursements. The current funding mechanisms for the three funds will be eliminated. These changes are effective January 1, 1994. See the Arizona Criminal Justice Commission for more information on this legislation.

ATTORNEY GENERAL - DEPARTMENT OF LAW - ADMINISTRATION A.R.S. § 41-192

The Honorable Grant Woods, Attorney General

JLBC Analyst: Martinez

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|--------------------------------|
| FTE Positions | 60.5 | 60.5 | 60.5 |
| Personal Services | 1,429,400 | 1,924,600 | 1,968,000 |
| Employee Related Expenditures | 264,600 | 395,700 | 400,800 |
| Professional & Outside Services | 26,200 | 27,200 | 21,200 |
| Travel - In State | 12,500 | 13,200 | 13,000 |
| Travel - Out of State | 10,500 | 10,400 | 10,400 |
| Other Operating Expenditures | 258,100 | 1,471,000 | 1,171,900 |
| Equipment | 53,300 | 53,600 | 31,000 |
| All Other Operating Expenditures | 360,600 | 1,575,400 | 1,247,500 |
| OPERATING SUBTOTAL | 2,054,600 | 3,895,700 | 3,616,300 |
| Rent | -0- | -0- | 119,900 ^{1/} |
| TOTAL APPROPRIATIONS | 2,054,600 | 3,895,700 | 3,736,200 ^{2/} |

Program Description - Provides executive policy direction and implementation for the department. Provides legal advice to state officials, legislators, county attorneys, and client state agencies as well as certifying rules promulgated by state agencies.

Personal Services - The approved amount is based upon a 2.9% vacancy factor and \$58,800 in vacancy savings. The approved amount also includes an additional \$44,700 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$5,800 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$8,500 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$151,800 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes: a) a total of \$12,900 for the payment of risk management premiums, which reflects an additional \$6,200 authorized by Section 104 of the General Appropriation Act, and b) a total of \$874,300 for rent of state-owned space and \$92,900 for the Tucson State Office Building lease-purchase payment.

Rent - The approved amount includes funding for additional space in Phoenix and the continuation of a private-lease in Tucson (see footnote 1).

^{1/} Of the \$119,900 appropriated for rent, \$71,500 is to be used for rent of the State Office Building located at 1400 West Washington. If the move into the West Washington Building does not occur, the \$71,500 shall revert to the General Fund. The remaining \$48,400 is to be used for the continuation of a private lease in Tucson or for moving expenses to relocate the Tucson Attorney General Office into the Tucson Office Building. (General Appropriation Act footnote)

^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency with special line items. The program and line item detail are shown for information only.

ATTORNEY GENERAL - DEPARTMENT OF LAW - CIVIL
A.R.S. § 41-192

The Honorable Grant Woods, Attorney General

JLBC Analyst: Martinez

| GENERAL FUND AND OTHER APPROPRIATED FUNDS | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|---|---------------------------|-----------------------------|--------------------------------|
| FTE Positions ^{1/} | 121.5 | 131.5 | 131.5 |
| Personal Services | 4,802,600 | 4,480,800 | 4,688,100 |
| Employee Related Expenditures | 887,400 | 856,300 | 875,900 |
| Professional & Outside Services | 59,200 | 20,300 | 20,300 |
| Travel - In State | 6,000 | 3,000 | 3,000 |
| Travel - Out of State | 4,600 | 4,600 | 4,600 |
| Other Operating Expenditures | 805,900 | 796,900 | 896,400 |
| Equipment | 11,100 | 11,100 | 10,900 |
| All Other Operating Expenditures | 886,800 | 835,900 | 935,200 |
| OPERATING SUBTOTAL | 6,576,800 | 6,173,000 | 6,499,200 |
| Centex-Rodgers | 349,100 | -0- | -0- ^{2/} |
| Property Tax Appeals | 147,600 | 148,300 | -0- ^{2/} |
| Collection Enforcement | -0- | 2,194,000 | 2,196,700 |
| TOTAL | 7,073,500 | 8,515,300 | 8,695,900 ^{3/} |
| Additional Appropriation - 41st Leg., 1st Reg. Session | | | |
| Centex-Rodgers, Ch. 150 | -- | 238,500 | -- |
| TOTAL APPROPRIATIONS | 7,073,500 | 8,753,800 | 8,695,900 |
| Fund Summary | | | |
| General Fund | 6,724,400 | 6,559,800 | 6,499,200 |
| Corrections Fund | 349,100 | -0- | -0- |
| Collection Enforcement Fund | -0- | 2,194,000 | 2,196,700 |
| TOTAL APPROPRIATIONS | 7,073,500 | 8,753,800 | 8,695,900 |

(Continued)

- ^{1/} The FTE Positions total includes 3 FTE positions in FY 1992 and FY 1993 funded in the Tax Division - Property Tax Appeals special line item and 10 FTE positions in FY 1993 and FY 1994 funded through the Collection Enforcement line item which is funded from the Collection Enforcement Revolving Fund.
- ^{2/} The 3 FTE positions and \$129,700 in Personal Services and \$24,900 in Employee Related Expenditures were moved to the Operating Subtotal in FY 1994.
- ^{3/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency, with special line items. The program and line item detail within the "Operating Subtotal" are shown for information only.

ATTORNEY GENERAL - DEPARTMENT OF LAW - CIVIL (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Program Description - *Provides general legal services to state officers and state agencies. Represents the state in lawsuits, administrative matters, and civil appeals. Responds to certain requests for formal opinions.*

Personal Services - The approved amount is based upon a 9.1% vacancy factor and \$469,300 in vacancy savings. The approved amount also includes an additional \$87,500 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$11,400 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$21,100 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$285,500 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes: a) a total of \$116,100 for the payment of risk management premiums, which reflects an additional \$55,200 authorized by Section 104 of the General Appropriation Act, and b) a total of \$371,200 for the Capitol Center Building lease-purchase payment. The total Capitol Center payment of \$796,600 is made up as follows:

| | |
|---|----------------|
| Attorney General - General Fund | \$371,200 |
| Attorney General - Non-Appropriated Funds | 43,300 |
| Department of Economic Security | 251,700 |
| DOA - Insurance Defense Section | <u>130,400</u> |
| TOTAL | \$796,600 |

Collection Enforcement - The appropriation provides \$545,400 for administrative and enforcement costs for the collection of debts owed to the state and state agencies, and \$1,650,900 for disbursements to agencies whose debts are collected. Pursuant to A.R.S. § 41-191.03, the Collection Enforcement Revolving Fund became subject to legislative appropriation on January 1, 1992.

The approved amount is based on a 0% vacancy factor. The approved amount also includes an additional \$7,500 in Personal Services and \$1,000 in Employee Related Expenditures to annualize the cost of the April 1993 general salary adjustment. The amount includes a reduction of \$1,300 as a result of lowering the employer contribution to the State Retirement System from 3.5% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$25,900 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund, and an additional \$1,700 for the payment of statewide accounting system charges, as authorized under Section 102 of the General Appropriation Act.

ADDITIONAL LEGISLATION

Appropriation: Attorney General; Litigation - Chapter 150 (H.B. 2039) - The bill appropriates \$238,473.90 from the General Fund in FY 1993 to the Attorney General to cover cost overruns for legal and expert witness expenses associated with the Centex-Rodgers litigation. The appropriation will be used to pay for expert, technical, and legal support that was provided to the Attorney General's Office to defend the state against claims of negligence in the construction of the Special Management Unit at the Arizona State Prison Complex-Florence.

ATTORNEY GENERAL - DEPARTMENT OF LAW - HUMAN SERVICES A.R.S. § 41-1401

The Honorable Grant Woods, Attorney General

JLBC Analyst: Martinez

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|--------------------------------|
| FTE Positions | 30.5 | 30.5 | 30.5 |
| Personal Services | 700,900 | 889,300 | 912,000 |
| Employee Related Expenditures | 133,900 | 188,100 | 189,200 |
| Professional & Outside Services | 6,400 | 6,400 | 6,400 |
| Travel - In State | 17,300 | 12,000 | 15,100 |
| Travel - Out of State | 4,700 | 5,300 | 5,300 |
| Other Operating Expenditures | 90,400 | 84,200 | 86,900 |
| Equipment | 5,800 | 5,800 | 5,400 |
| All Other Operating Expenditures | 124,600 | 113,700 | 119,100 |
| TOTAL APPROPRIATIONS | 959,400 | 1,191,100 | 1,220,300 ^{1/} |

Program Description - *Assists in the provision of consumer advocacy services, civil rights enforcement, elderly protection, fair housing and employment enforcement, and monitoring of community relations activities for the state.*

Personal Services - The approved amount is based upon a 5.3% vacancy factor and \$51,000 in vacancy savings. The approved amount also includes an additional \$22,200 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$2,900 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$4,100 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$74,700 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes: a) a total of \$12,900 for the payment of risk management premiums, which reflects an additional \$6,100 authorized by Section 104 of the General Appropriation Act.

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency, with special line items. The program and line item detail are shown for information only.

ATTORNEY GENERAL - DEPARTMENT OF LAW - CRIMINAL
A.R.S. § 41-192

The Honorable Grant Woods, Attorney General

JLBC Analyst: Martinez

| GENERAL FUND AND VICTIMS' RIGHTS IMPLEMENTATION FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|---|-----------------------|-------------------------|--------------------------------|
| FTE Positions ^{1/} | 142.5 | 142.5 | 142.5 |
| Personal Services | 5,646,200 | 5,327,200 | 5,416,700 |
| Employee Related Expenditures | 1,091,100 | 1,026,500 | 1,068,500 |
| Professional & Outside Services | 13,600 | 14,900 | 21,200 |
| Travel - In State | 131,500 | 125,000 | 125,000 |
| Travel - Out of State | 17,900 | 18,600 | 26,200 |
| Other Operating Expenditures | 578,900 | 528,900 | 583,100 |
| Equipment | 13,600 | 13,600 | 13,600 |
| All Other Operating Expenditures | 755,500 | 701,000 | 769,100 |
| OPERATING SUBTOTAL | 7,492,800 | 7,054,700 | 7,254,300 |
| Grand Jury | 150,000 | 150,000 | 150,000 ^{2/} |
| Special and Hazardous Waste | 16,900 | -0- | -0- |
| Victims' Rights Implementation | 326,500 | 1,080,600 | 1,500,700 |
| TOTAL APPROPRIATIONS | 7,986,200 | 8,285,300 | 8,905,000 ^{3/} |
| <u>Fund Summary</u> | | | |
| General Fund | 7,659,700 | 7,204,700 | 7,404,300 |
| Victims' Rights Implementation Fund | 326,500 | 1,080,600 | 1,500,700 |
| TOTAL APPROPRIATIONS | 7,986,200 | 8,285,300 | 8,905,000 |

Program Description - Investigates and prosecutes cases involving criminal violations. Represents the state in criminal appeals. Provides trial and research assistance to county attorneys. Advises all state agencies on environmental enforcement matters.

(Continued)

- ^{1/} The FTE positions total includes 2 FTE positions in FY 1992 and FY 1993, and 1 FTE position in FY 1994 funded in the Victims' Rights Implementation line item.
- ^{2/} The \$150,000 appropriated for State Grand Jury expenses is for costs incurred pursuant to A.R.S. § 21-428. It is legislative intent that State Grand Jury expenses be limited to the amount appropriated and that a supplemental appropriation will not be provided. (General Appropriation Act footnote)
- ^{3/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency, with special line items. The program and line item detail are shown for information only.

ATTORNEY GENERAL - DEPARTMENT OF LAW - CRIMINAL (Cont'd)
GENERAL FUND AND VICTIMS' RIGHTS IMPLEMENTATION FUND

Personal Services - The approved amount is based upon a 10.3% vacancy factor and \$622,000 in vacancy savings. The approved amount also includes an additional \$99,900 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$13,000 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$20,000 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$328,200 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes: a) a total of \$116,100 for the payment of risk management premiums, which reflects an additional \$55,200 authorized by Section 104 of the General Appropriation Act.

Victims' Rights Implementation - The approved amount includes 1 FTE position and \$92,900 for administrative costs the department will incur in administering the Victims' Rights Implementation Act. The remaining \$1,407,800 is for grants to be distributed in accordance with the purpose of the Victims' Rights Implementation Act. Effective January 1, 1994, the current funding source of the Victims' Rights Implementation Fund will be eliminated. The fund will receive a 7.85% share of the Criminal Justice Enhancement Fund effective January 1, 1994.

The approved amount is based on a 0% vacancy factor. The approved amount also includes an additional \$800 in Personal Services and \$100 in Employee Related Expenditures to annualize the cost of the April 1993 general salary adjustment. The amount includes a reduction of \$200 as a result of lowering the employer contribution to the State Retirement System from 3.5% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$2,600 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

ARIZONA COLISEUM AND EXPOSITION CENTER BOARD

A.R.S. § 3-1001

Gary D. Montgomery, Executive Director

JLBC Analyst: Martinez

| ARIZONA COLISEUM AND EXPOSITION CENTER FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|-------------------|---------------------|---------------------------------|
| FTE Positions | 327.0 | 278.0 | 278.0 |
| Personal Services | 5,152,300 | 4,660,200 | 4,724,800 |
| Employee Related Expenditures | 926,900 | 723,300 | 750,000 |
| Professional & Outside Services | 2,121,300 | 1,837,700 | 1,927,700 |
| Travel - In State | 14,800 | 11,700 | 12,500 |
| Travel - Out of State | 39,100 | 37,000 | 39,300 |
| Other Operating Expenditures | 5,795,300 | 5,732,000 | 5,834,600 |
| Equipment | -0- | 100,000 | 100,000 |
| All Other Operating Expenditures | 7,970,500 | 7,718,400 | 7,914,100 |
| TOTAL APPROPRIATIONS | 14,049,700 | 13,101,900 | 13,388,900 ^{1/} |

Agency Description - *The Coliseum and Exposition Center Board is custodian of the State Fairgrounds and Memorial Coliseum properties. The board directs and conducts the annual Arizona State Fair and the annual Livestock Show, and leases the coliseum and fairgrounds facilities for special events.*

A.R.S. § 3-1005 states "monies received by the Board...shall be under full control and jurisdiction of the Board." As a result, the appropriation equals 100% of the board's estimated collections, and the amounts shown are for information only.

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount also includes an additional \$64,600 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$8,000 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$10,100 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$171,700 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount includes a 5% increase for State Fair entertainer fees.

Other Operating Expenditures - The approved amount includes a total of \$147,400 for the payment of risk management premiums, which reflects a reduction of \$224,900.

(Continued)

^{1/} All collections paid into the State Treasury are appropriated for Personal Services, Employee Related Expenditures, and All Other Operating Expenditures. The estimated appropriation for FY 1993-1994 is \$13,388,900. (General Appropriation Act footnote)

ARIZONA COLISEUM AND EXPOSITION CENTER BOARD (Cont'd)
ARIZONA COLISEUM AND EXPOSITION CENTER FUND

The approved amount also includes an additional \$14,600 for the payment of statewide accounting system charges.

CAPITAL OUTLAY

Capital Outlay Bill - Chapter 2 (H.B. 2002), 2nd Special Session - Section 1(E) of the Capital Outlay Bill appropriates \$441,600 from the Coliseum and Exposition Fund to the Arizona Coliseum Board for building renewal.

DEPARTMENT OF COMMERCE

A.R.S. § 41-1501

James E. Marsh, Director

JLBC Analyst: Siegwarth

| GENERAL FUND AND OTHER APPROPRIATED FUNDS | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|-------------------|-----------------------|--------------------------------|
| FTE Positions ^{1/} | 67.0 | 67.0 | 75.0 |
| Personal Services | 1,819,100 | 1,877,700 | 2,203,600 |
| Employee Related Expenditures | 377,000 | 405,400 ^{2/} | 429,400 |
| Professional & Outside Services | 197,000 | 206,400 | 206,400 |
| Travel - In State | 69,200 | 62,900 | 62,900 |
| Travel - Out of State | 44,000 | 91,800 | 91,800 |
| Other Operating Expenditures | 710,100 | 684,500 | 691,600 |
| Equipment | 97,600 | 9,700 | 9,700 |
| All Other Operating Expenditures | 1,117,900 | 1,055,300 | 1,062,400 |
| OPERATING SUBTOTAL | 3,314,000 | 3,338,400 | 3,695,400 |
| Development Matching Funds | 60,000 | 60,000 | 104,000 |
| CEDC Commission | 199,700 | 200,000 | 200,200 |
| Advertising & Promotion | 445,100 | 495,200 | 495,200 |
| Asian Pacific Trade Office | 157,700 | 120,000 | 169,900 |
| Mexico Trade Office | 62,500 | 200,000 | 300,100 |
| REDI Matching Grants | 70,000 | 89,000 | 45,000 |
| Motion Picture Development | 476,800 | 480,400 | 480,200 |
| OFTD Legal Center | -0- | 150,000 | -0- |
| Indian Economic Development | 54,300 | 64,000 | 64,600 |
| Oil Overcharge Administration | 86,800 | 124,000 | 122,600 |
| Japan Trade/Tourism | -0- | 280,000 | 280,000 |
| TOTAL | 4,926,900 | 5,601,000 | 5,957,200 ^{2/} |
| Additional Appropriations - 41st Leg., 1st Reg. Session | | | |
| Work Force Recruitment/Training, Ch. 1 | -- | -- | 3,000,000 |
| TOTAL APPROPRIATIONS | 4,926,900 | 5,601,000 | 8,957,200 |
| Fund Summary | | | |
| General Fund | 3,503,800 | 3,641,800 | 6,990,800 |
| Bond Fund | 70,400 | 87,700 | 89,000 |
| Commerce & Economic Development Commission (CEDC) Fund | 962,400 | 1,385,800 | 1,390,500 |
| Lottery Fund | 194,700 | 200,000 | 200,200 |
| Oil Overcharge Fund | 86,800 | 124,000 | 122,600 |
| Housing Trust Fund | 103,800 | 147,100 | 149,500 |
| Solar Qualification Fund | -0- | 14,600 | 14,600 |
| TOTAL APPROPRIATIONS | 4,921,900 | 5,601,000 | 8,957,200 |

DEPARTMENT OF COMMERCE (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Agency Description - *The department conducts programs to encourage the creation, expansion and retention of businesses in Arizona. The department has 9 major activities: Administration, Business Development, Community Assistance, Energy Development and Utilization, Financial Services and Housing Development, International Trade and Investment, Motion Picture Development, Sports Promotion and Communications and Research.*

FTE Positions - The approved amount includes an increase of 8 FTE positions and \$331,000 from the General Fund for the following: 2 FTE positions for International Trade, 2 FTE positions for the federal Community Development Block Grant (CDBG) program, 2 FTE positions for National Marketing, 1 FTE position for Communications and Research, and 1 FTE position for a Director of Strategic Planning and Budgeting.

Personal Services - The approved amount is based upon a 1.5% General Fund vacancy factor and \$23,200 in vacancy savings from the General Fund. The approved amount also includes an additional \$35,300 from the General Fund and \$9,000 from Other Appropriated Funds to annualize the cost of the April 1993 general salary adjustment and \$276,700 from the General Fund for the 8 new FTE positions.

Employee Related Expenditures - The approved amount includes: a) an additional \$4,500 from the General Fund and \$1,100 from Other Appropriated Funds to annualize the cost of the April 1993 general salary adjustment, b) a reduction of \$8,100 from the General Fund and \$1,800 from Other Appropriated Funds as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act, and c) an additional \$54,300 for the 8 new FTE positions.

The approved amount also includes a total of \$142,300 from the General Fund and \$31,300 from Other Appropriated Funds for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes \$9,000 from the General Fund and \$2,600 from Other Appropriated Funds for the payment of risk management premiums. These amounts reflect an additional \$3,500 from the General Fund and \$1,600 from Other Appropriated Funds, as authorized under Section 104 of the General Appropriation Act. The approved amount includes an additional \$2,000 from Other Appropriated Funds for the payment of statewide accounting system charges, as authorized under Section 102 of the General Appropriation Act. The approved amount also includes \$234,200 from the General Fund and \$63,500 from Other Appropriated Funds for rent of private lease space.

Equipment - The approved amount represents partial funding of the department's 3-year automation plan.

Development Matching Funds - The approved amount provides state support to local community job creation efforts. Grants up to \$10,000 will be awarded on a competitive basis to communities with approved plans to design a long-range capital improvement strategy. The increase of \$44,000 reflects the transfer in from the REDI Matching Grants special line item. The approved amount is funded from the CEDC Fund.

CEDC Commission - The Commerce and Economic Development Commission (CEDC) consists of 35 public and private sector members serving at the request of the Governor. The approved amount provides for Professional and Outside Services and board member expenses in providing oversight for the short-term and long-term economic development initiatives formulated by the statewide economic development strategic plan. The approved amount also includes an additional \$200 from Other Appropriated Funds for the payment of statewide accounting system charges, as authorized under Section 102 of the General Appropriation Act. The approved amount is funded from the Lottery Fund.

(Continued)

- 1/ The FTE Positions total includes 8 FTE positions funded in special line items in FY 1992, FY 1993 and FY 1994.
- 2/ Laws 1992, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$6,600 from the CEDC Fund for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.
- 3/ Represents General Appropriation Act funds. Appropriated as a lump sum for the agency, with special line items. The line items within the "Operating Subtotal" are shown for information only.

DEPARTMENT OF COMMERCE (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Advertising and Promotion - The approved amount provides level funding for the department's advertising program. The funds are used for magazine advertising, direct mail, special events, and the production of support materials. Support materials include "Business Profiles" of the various communities within the state and the semi-annual newsletter "Spirit of Success." The approved amount is funded from the CEDC Fund.

Asian Pacific Trade Office - The approved amount includes an additional \$49,900 from the General Fund for the office located in Taipei, Taiwan. The increased funding will allow the office to hold trade promotion events and to host trade delegations. Funding for these activities had been deleted in FY 1993. The approved amount includes \$10,000 for promotional activities funded from the CEDC Fund.

Mexico Trade Office - The approved amount includes an additional \$100,100 for the trade office located in Mexico City, Mexico. Funds do not have to be matched in accordance with A.R.S. § 41-1504C, as Laws 1992, Chapter 312 (S.B. 1365), suspends the matching requirement until July 1, 1994. The approved amount includes \$45,000 for promotional activities funded from the CEDC Fund.

REDI Matching Grants - The Rural Economic Development Initiative (REDI) program provides technical assistance to rural communities' economic development programs. The approved amount funds individual grants, up to \$5,000, for special community projects that enhance local economic development programs. The reduction of \$44,000 reflects a transfer to the Development Matching Funds special line item. The approved amount is funded from the CEDC fund.

Motion Picture Development - The approved amount includes \$50,000 for the Motion Picture Board, \$95,000 for advertising and promotion, and \$335,200 for the funding of 5 FTE positions.

The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$4,300 to annualize the cost of the April 1993 general salary adjustment.

The approved amount also includes a reduction of \$900 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$12,000 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Indian Economic Development - The approved amount funds 1 FTE position to promote economic development on Arizona Native American reservations.

The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$900 to annualize the cost of the April 1993 general salary adjustment.

The approved amount also includes a reduction of \$100 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$2,400 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The approved amount is funded from the CEDC Fund.

Oil Overcharge Administration - The approved amount funds 2 FTE positions which provide administrative support to the oil overcharge grant and loan restitution programs. It is estimated that the Oil Overcharge Fund will expend \$9,266,700 on these programs in FY 1994.

(Continued)

DEPARTMENT OF COMMERCE (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

The approved amount is based upon a 0% vacancy factor. The approved amount includes \$1,700 to annualize the cost of the April 1993 general salary adjustment.

The approved amount also includes a reduction of \$300 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount includes a total of \$4,800 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The approved amount is funded from the Oil Overcharge Fund.

Japan Trade/Tourism - The approved amount provides for a local consultant in Japan for the purpose of expanding trade and tourism with the state in FY 1994. The approved amount includes \$45,000 for promotional activities funded from the CEDC Fund.

CAPITAL OUTLAY

Safford Museum - Chapter 224 (S.B. 1029) - The bill appropriates \$350,000 from the CEDC Fund to the City of Safford for development of a Museum of Discovery to be operated by the Mount Graham International Science and Cultural Foundation. The sum of \$200,000 of this appropriation is to be repaid to the CEDC Fund by the Mount Graham International Science and Cultural Foundation in 10 equal annual installments beginning July 1, 1998.

ADDITIONAL APPROPRIATIONS

Work Force Recruitment/Training - Chapter 1 (H.B. 2164) - The bill appropriates \$3,000,000 from the state General Fund to the newly created Work Force Recruitment and Job Training Fund. These funds shall be used for the Work Force Recruitment and Training Program administered by the Department of Commerce. The program shall provide training and retraining for specific employment opportunities with new and expanding businesses. Training shall be through the community college system, a licensed private postsecondary educational institution, or a community college operated by a tribal government, unless the employer requests another qualified training provider.

The bill also establishes the Work Force Recruitment and Training Council which shall develop selection criteria and guidelines for program operations.

ADDITIONAL LEGISLATION

Arizona Wine Commission - Chapter 40 (S.B. 1188) - The bill establishes the 7 member Arizona Wine Commission. For further discussion of the commission's responsibilities, see the Department of Agriculture.

The bill also establishes the Arizona Wine Promotional Fund (AWP), which consists of 50% of the tax monies collected on vinous liquor, of which the alcoholic content is less than 24%, from in-state wineries and producers. The bill appropriates \$200,000 from the CEDC Fund to the AWP Fund for start-up costs. The bill further stipulates that the \$200,000 appropriation shall be repaid to the CEDC Fund by the AWP Fund.

Motion Picture Sales Tax Refund - Chapter 104 (H.B. 2270) - The bill provides that leased tangible personal property qualifies for the Motion Picture Sales Tax refund. The refund is 50% of the transaction privilege and use tax. Previously, only purchased tangible personal property qualified for the tax refund. In addition, the bill allows that the records of qualifying expenditures need not be maintained in the state.

(Continued)

DEPARTMENT OF COMMERCE (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Office of Housing Development - Chapter 221 (H.B. 2352) - The bill increases the maximum percentage of Housing Trust Fund monies which can be appropriated to the Department of Commerce for administrative costs from 5% to 10%.

Small Business Program - Chapter 247 (H.B. 2167) - The bill establishes the Small Business Enterprise and Research (SBER) program under the CEDC. The CEDC shall dedicate an amount up to \$500,000 each year from CEDC funds for grants and may dedicate an additional amount, not to exceed \$100,000 each fiscal year, to administer the SBER program. The program will provide grants, up to \$50,000, for research and development that are a continuation of the research and development performed under a Small Business Innovation and Research Award (SBIR) from the federal government. The grants do not accrue interest and are to be repaid to the CEDC fund after 5 years or completion of the SBIR program, whichever is earlier.

Environmental Technology Manufacturing Incentives - Chapter 258 (S.B. 1421) - The bill establishes an Environmental Technology Assistance (ETA) program within the Department of Commerce. The ETA program shall promote business and economic development by recruiting and expanding companies that manufacture, produce, or process solar and other renewable energy products or products from recycled materials. Until June 30, 1996, the Department of Commerce shall identify and certify to the Department of Revenue firms that qualify for available tax incentives.

ARIZONA JUDICIARY - SUMMARYArizona Constitution Article VI
A.R.S. § 12-101

Honorable Stanley G. Feldman, Chief Justice

JLBC Analyst: Cawley

| SUMMARY OF GENERAL FUND AND OTHER APPROPRIATED FUNDS | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|---|---------------------------|-----------------------------|---------------------------------|
| <u>Program Summary</u> | | | |
| Supreme Court | 9,210,100 | 9,516,900 | 9,766,200 |
| Supreme Court-Foster Care Review Board | 1,190,400 | 1,223,300 | 1,225,100 |
| Court of Appeals - Division I | 5,299,900 | 5,453,800 | 5,479,000 |
| Court of Appeals - Division II | 2,469,300 | 2,601,400 | 2,739,100 |
| Superior Court | 54,419,200 | 60,555,200 | 65,658,300 |
| Commission on Judicial Conduct | 135,800 | 139,400 | 150,800 |
| Commissions on Appellate and Trial Court Appointments | 3,200 | 3,500 | 10,000 |
| TOTAL APPROPRIATIONS | 72,727,900 | 79,493,500 | 85,028,500 |
| <u>Expenditure Detail</u> | | | |
| FTE Positions ^{1/} | 448.8 | 459.3 | 463.3 |
| Personal Services | 15,179,000 | 16,151,500 | 16,566,700 |
| Employee Related Expenditures | 2,449,300 | 2,718,800 | 2,584,800 |
| Professional & Outside Services | 86,500 | 115,000 | 125,700 |
| Travel | 182,900 | 234,800 | 223,800 |
| Other Operating Expenditures | 5,723,400 | 5,499,600 | 5,588,900 |
| Equipment | 290,900 | 89,500 | 45,700 |
| All Other Operating Expenditures | 6,283,700 | 5,938,900 | 5,984,100 |
| OPERATING SUBTOTAL | 23,912,000 | 24,809,200 | 25,135,600 |
| Special Line Items ^{2/} | 48,815,900 | 54,684,300 | 59,957,400 |
| Lump Sum Reduction | -0- | -0- | (64,500) |
| TOTAL APPROPRIATIONS | 72,727,900 | 79,493,500 | 85,028,500 ^{3/} |
| <u>Fund Summary</u> | | | |
| General Fund | 71,327,900 | 78,854,000 | 84,228,500 |
| Other Appropriated Funds | 1,400,000 | 639,500 | 800,000 |
| TOTAL APPROPRIATIONS | 72,727,900 | 79,493,500 | 85,028,500 |

(Continued)

- ^{1/} The FTE Positions total includes 53 FTE positions funded from certain special line items in FY 1992 and FY 1993, and 56 FTE positions in FY 1994.
- ^{2/} Details for the Special Line Items are included on the individual program pages.
- ^{3/} Represents General Appropriation Act funds. Appropriation as a lump sum for the agencies with special line items as appropriate. Details for the agency and Special Line Items are included on the individual agency pages.

ARIZONA JUDICIARY - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Agency Summary - The Arizona Judiciary consists of the Supreme Court, Court of Appeals, the Superior Court, Commission on Judicial Conduct and the Commissions on Appellate and Trial Court Appointments.

FTE Positions - The approved amount reflects an increase of 4 FTE positions and \$248,100.

Personal Services - The approved amount includes \$192,700 to annualize the cost of the April 1993 general salary adjustment. The approved amount is based upon a 1.7% vacancy factor and \$145,600 for non-elected positions.

Employee Related Expenditures - The approved amount includes: a) an additional \$22,300 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$34,500 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$907,400 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes: a) a total of \$808,600 for the payment of risk management premiums, which reflects an additional \$202,500 authorized by Section 104 of the General Appropriation Act, and b) a total of \$545,500 for the Tucson State Office Building, which reflects an increase of \$52,700, and \$2,891,200 for the Supreme Court Building lease-purchase payment, which reflects a reduction of \$172,400.

Special Line Items - The approved amount includes \$878,900 (Personal Services, \$775,600; Employee Related Expenditures, \$103,300) to annualize the cost of the general salary adjustment effective April 1, 1993, and b) a reduction of \$116,200 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. The approved amount is based upon a 0% vacancy factor. The approved amount also includes a total of \$113,500 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Lump Sum Reduction - The approved amount reflects restoration of the lump sum reduction applied in FY 1993 in the Court of Appeals. The 2 divisions achieved the FY 1993 reduction in vacancy savings related to the retirement of 3 judges. No judges are anticipated to retire in FY 1994; therefore, the funding in Personal Services and Employee Related Expenditures needed to be added back. Since the FY 1993 lump sum reduction was to be permanent, it is being reapplied in FY 1994.

SUPREME COURT

Arizona Constitution Article VI
A.R.S. § 12-101

Honorable Stanley G. Feldman, Chief Justice

JLBC Analyst: Cawley

GENERAL FUND AND LEGISLATIVE, EXECUTIVE & JUDICIAL PUBLIC BUILDINGS LAND EARNINGS FUND

| | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|---|-------------------|---------------------|--------------------------------|
| FTE Positions ^{1/} | 125.3 | 126.3 | 129.3 |
| Personal Services | 3,799,600 | 4,057,400 | 4,138,800 |
| Employee Related Expenditures | 722,200 | 839,500 | 696,500 |
| Professional & Outside Services | 17,100 | 80,000 | 80,000 |
| Travel | 49,600 | 68,400 | 68,400 |
| Other Operating Expenditures | 3,819,800 | 3,736,700 | 3,701,700 |
| Equipment | 153,800 | 30,700 | 30,700 |
| All Other Operating Expenditures | 4,040,300 | 3,915,800 | 3,880,800 |
| OPERATING SUBTOTAL | 8,562,100 | 8,812,700 | 8,716,100 |
| Courts Building Improvement | -0- | -0- | 50,000 ^{2/} |
| Judicial Assistance | 15,600 | -0- | 87,400 |
| Judicial Education | 194,900 | 208,700 | 208,700 |
| Law Library ^{1/} | 290,500 | 296,700 | 306,200 ^{3/} |
| Grand Jury | 147,000 | 148,800 | 148,800 |
| Judicial Performance Review ^{1/} | -0- | 50,000 | 249,000 |
| TOTAL APPROPRIATIONS | 9,210,100 | 9,516,900 | 9,766,200 ^{4/} |
| Fund Summary | | | |
| General Fund | 9,210,100 | 9,516,900 | 9,716,200 |
| Legislative, Executive & Judicial | -0- | -0- | 50,000 |
| Public Buildings Land Earnings Fund | -0- | -0- | 50,000 |
| TOTAL APPROPRIATIONS | 9,210,100 | 9,516,900 | 9,766,200 |

(Continued)

- ^{1/} The FTE Positions total includes 9 FTE positions in the Law Library special line item in FY 1992 through FY 1994 and 3 FTE positions in the Judicial Performance Review special line item in FY 1994.
- ^{2/} Any unencumbered balance remaining in the Courts Building Improvement special line item shall revert to the Legislative, Executive and Judicial Public Buildings Land Fund at the end of the fiscal year as prescribed by A.R.S. § 35-190. (General Appropriation Act footnote)
- ^{3/} The amount appropriated for the Law Library in the State Courts Building is for an Intergovernmental Agreement with the Department of Library, Archives, and Public Records for the operation of the Law Library. (General Appropriation Act footnote)
- ^{4/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency, with special line items. The line items within the "Operating Subtotal" are shown for information only.

SUPREME COURT (Cont'd)
GENERAL FUND AND LEGISLATIVE, EXECUTIVE &
JUDICIAL PUBLIC BUILDINGS LAND EARNINGS FUND

Agency Description - *The Court consists of the 5 Supreme Court Justices, judicial support staff and the Administrative Office of the Courts (AOC). The Supreme Court, as the state's highest court, has the responsibility to review appeals and to provide rules of procedure for all the courts in Arizona. Under the direction of the Chief Justice, the AOC provides administrative supervision over the Arizona court system.*

FTE Positions - The approved amount reflects an increase of 3 FTE positions and \$199,000 for Judicial Performance Review, which is related to increased workload associated with the passage of Proposition 109 in the November 1992 general election.

Personal Services - The approved amount is based upon a 1.5% vacancy factor and \$56,000 in vacancy savings for non-elected positions. The approved amount also includes an additional \$84,600 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$9,300 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$15,100 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$256,600 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes: a) a total of \$154,100 for the payment of risk management premiums, which reflects an additional \$137,400 authorized by Section 104 of the General Appropriation Act, and b) a total of \$2,891,200 for the Supreme Court Building lease-purchase payment.

Courts Building Improvement - The approved amount provides for unanticipated improvements, enhancements, or system breakdowns that require immediate attention. The Court plans to add a freon recovery system to comply with anticipated new EPA standards and to expand the energy conservation management system. Funding is provided from the Legislative, Executive and Judicial Public Buildings Land Earnings Fund.

Judicial Assistance - The approved amount provides: 1) payment of judges pro tempore salaries when serving in the Superior Court pursuant to A.R.S. § 12-143; and 2) payment of retired judges differential pay between an active justice's salary and the retiree's retirement benefits and payment of travel expenses if serving outside of the retired judge's residing county, pursuant to Arizona Constitution Article VI, Sections 19 and 20.

Judicial Education - The appropriation provides for the establishment of a continuous core curriculum with supplemental offerings of timely topics, which address judicial competence, performance, case management, opinion writing, and administration.

Law Library - The approved amount funds the operation of the Law Library in the Supreme Court Building. The Department of Library, Archives and Public Records (DLAPR) is the agency responsible for the operation of this library. This appropriation is transferred to DLAPR through an intergovernmental agreement. The appropriation provides funding for 9 FTE positions: Personal Services, \$176,400; Employee Related Expenditures, \$41,600; and All Other Operating Expenditures, \$88,200.

The approved amount includes \$7,700 (Personal Services, \$6,800; Employee Related Expenditures, \$900) for the general salary adjustment effective April 1, 1993. The approved amount is based upon a 0% vacancy factor. The approved amount also includes a reduction of \$800 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. The approved amount includes a total of \$20,000 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

(Continued)

SUPREME COURT (Cont'd)
GENERAL FUND AND LEGISLATIVE, EXECUTIVE &
JUDICIAL PUBLIC BUILDINGS LAND EARNINGS FUND

Grand Jury - The approved amount provides for direct costs incurred by a county for impaneling a state grand jury and the related costs associated with the grand jury's functions and duties. Expenditures that are reimbursable to the counties include jury fees, lodging, meals, and mileage. Other covered costs include attorneys, interpreters, investigators, and expert witnesses, who are appointed to a particular case, and transcript preparation.

Judicial Performance Review - The approved amount reflects the adding of \$199,000 and 3 FTE positions to handle the increased workload associated with the passage of Proposition 109, the constitutional change involving merit selection and retention of judges. The appropriation provides for the surveying of attorneys, witnesses, jurors, peers and staff about the performance of a judge. These surveys will be conducted twice during each term of office. The information will be provided to the public prior to the election and also will be reviewed with the judge as a tool for professional growth and improvement. This unit will also staff the nominating commissions, and it will track all the appointments made by the Chief Justice to commissions and committees.

The approved amount provides funding for 3 FTE positions: Personal Services, \$111,500; Employee Related Expenditures, \$23,300; and All Other Operating Expenditures, \$114,200. The approved amount is based upon a 0% vacancy factor. The approved amount also includes a reduction of \$500 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. The approved amount includes a total of \$6,700 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

SUPREME COURT - FOSTER CARE REVIEW BOARD

A.R.S. § 8-515.04

JLBC Analyst: Cawley

Honorable Stanley G. Feldman, Chief Justice

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|--------------------------------|
| FTE Positions | 29.0 | 29.0 | 29.0 |
| Personal Services | 711,800 | 772,200 | 793,400 |
| Employee Related Expenditures | 166,600 | 170,500 | 154,900 |
| Professional & Outside Services | 17,500 | 16,500 | 16,500 |
| Travel | 33,100 | 56,800 | 45,800 |
| Other Operating Expenditures | 222,500 | 201,300 | 209,500 |
| Equipment | 38,900 | 6,000 | 5,000 |
| All Other Operating Expenditures | 312,000 | 280,600 | 276,800 |
| TOTAL APPROPRIATIONS | 1,190,400 | 1,223,300 | 1,225,100 ^{1/} |

Agency Description - The board reviews cases of dependent children in out-of-home placement to assess progress toward returning the child home or achieving a permanent plan for the child's removal. Federal law requires that each state provide independent administrative reviews of children who are in out-of-home care. Each review board reviews as many as 100 children and is comprised of 5 volunteers appointed by the presiding judge in each county.

Personal Services - The approved amount is based upon a 1% vacancy factor and \$8,000 in vacancy savings. The approved amount also includes an additional \$21,800 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$2,600 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$3,600 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$63,700 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes \$85,100 for the Tucson State Office Building lease-purchase payment, which is an increase of \$8,200.

Equipment - The approved amount includes a one-time equipment reduction of \$1,000.

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the program. The line items are shown for information only.

COURT OF APPEALS - DIVISION IArizona Constitution Article VI
A.R.S. § 12-120

Honorable Noel Fidel, Chief Judge

JLBC Analyst: Cawley

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|--------------------------------|
| FTE Positions | 97.5 | 98.0 | 98.0 |
| Personal Services | 4,123,400 | 4,296,400 | 4,399,700 |
| Employee Related Expenditures | 653,700 | 790,600 | 756,800 |
| Professional & Outside Services | -0- | 800 | 800 |
| Travel | 65,600 | 63,900 | 63,900 |
| Other Operating Expenditures | 445,500 | 292,100 | 291,900 |
| Equipment | 11,700 | 10,000 | 10,000 |
| All Other Operating Expenditures | 522,800 | 366,800 | 366,600 |
| Lump Sum Reduction | -0- | -0- | (44,100) |
| TOTAL APPROPRIATIONS | 5,299,900 | 5,453,800 | 5,479,000 ^{1/} |

Agency Description - The Court has jurisdiction in all proceedings appealable from the Superior Court with the exception of criminal death penalty cases which are automatically appealed to the Supreme Court. Division I also has statewide responsibility for reviewing appeals from the Industrial Commission, DES unemployment compensation rulings and the Arizona Tax Court. Division I convenes in Phoenix and encompasses the counties of Apache, Coconino, LaPaz, Maricopa, Mohave, Navajo, Yavapai, and Yuma.

Personal Services - The approved amount is based upon a 1.4% vacancy factor and \$42,400 in vacancy savings for non-elected positions, which is \$3,800 less than FY 1993. The approved amount also includes an additional \$62,300 to annualize the cost of the April 1993 general salary adjustment and reflects the restoration of \$37,200 which was reduced as part of the FY 1993 lump sum reduction.

Employee Related Expenditures - The approved amount includes: a) an additional \$7,400 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$10,600 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$246,300 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes: a) a total of \$3,200 for the payment of risk management premiums, which reflects a reduction of \$200 authorized by Section 104 of the General Appropriation Act.

Lump Sum Reduction - The approved amount reflects restoration of the lump sum reduction applied in FY 1993. Division I achieved the FY 1993 reduction in vacancy savings by the retirement of 2 judges who took advantage of the elected officials retirement package which expired November 1, 1992. No judges are anticipated to retire in FY 1994; therefore, the funding in Personal Services and Employee Related Expenditures has been restored. However, since the FY 1993 lump sum reduction was to be permanent, it is being reapplied in FY 1994.

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the division. The line items are shown for information only.

COURT OF APPEALS - DIVISION IIArizona Constitution Article VI
A.R.S. § 12-120

Honorable Joseph M. Livermore, Chief Judge

JLBC Analyst: Cawley

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|--------------------------------|
| FTE Positions | 33.0 | 36.0 | 36.0 |
| Personal Services | 1,459,000 | 1,568,400 | 1,711,900 |
| Employee Related Expenditures | 223,800 | 282,400 | 296,700 |
| Professional & Outside Services | 40,100 | 1,000 | 1,000 |
| Travel | 27,500 | 36,400 | 36,400 |
| Other Operating Expenditures | 635,800 | 670,400 | 713,500 |
| Equipment | 83,100 | 42,800 | -0- |
| All Other Operating Expenditures | 786,500 | 750,600 | 750,900 |
| Lump Sum Reduction | -0- | -0- | (20,400) |
| TOTAL APPROPRIATIONS | 2,469,300 | 2,601,400 | 2,739,100 ^{1/} |

Agency Description - *The Court has jurisdiction in all proceedings appealable from the Superior Court with the exception of criminal death penalty cases which are automatically appealed to the Supreme Court. Division II convenes in Tucson and encompasses the counties of Cochise, Gila, Graham, Greenlee, Pima, Pinal and Santa Cruz.*

Personal Services - The approved amount is based upon a 1% vacancy factor and \$11,900 in vacancy savings for non-elected positions, which is \$1,600 greater than in FY 1993. The approved amount also includes an additional \$22,500 to annualize the cost of the April 1993 general salary adjustment and reflects the restoration of \$15,900, which was reduced as part of the FY 1993 lump sum reduction. In addition, the appropriation includes \$106,700 for the annualization of 3 FTE positions (1 Appellate Systems Manager, 1 Deputy Clerk, and 1 Staff Attorney) added in FY 1993.

Employee Related Expenditures - The approved amount includes: a) an additional \$2,800 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$4,800 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. In addition, the appropriation includes \$15,300 for the annualization of the 3 FTE positions added in FY 1993.

The approved amount also includes a total of \$90,800 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes: a) a total of \$1,200 for the payment of risk management premiums, which reflects a reduction of \$1,400 authorized by Section 104 of the General Appropriation Act, and b) a total of \$460,400 for the Tucson State Office Building lease-purchase payment, which is an increase of \$44,500.

(Continued)

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the division. The line items are shown for information only.

COURT OF APPEALS - DIVISION II (Cont'd)
GENERAL FUND

Equipment - The approved amount reflects the reduction of \$42,800 used to purchase equipment associated with the 3 new FTE positions added during FY 1993.

Lump Sum Reduction - The approved amount reflects the restoration of the lump sum reduction applied in FY 1993. Division II achieved the FY 1993 reduction in vacancy savings by the retirement of 1 judge who took advantage of the elected officials retirement package which expired November 1, 1992. No judges are anticipated to retire in FY 1994; therefore, the funding in Personal Services and Employee Related Expenditures has been restored. However, since the FY 1993 lump sum reduction was to be permanent, it is being reapplied in FY 1994.

SUPERIOR COURT

Arizona Constitution Article VI
A.R.S. § 12-121

Dave Byers, Administrative Director

JLBC Analyst: Cawley

| GENERAL FUND AND OTHER APPROPRIATED FUNDS | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|-------------------|--------------------------|---------------------------------|
| FTE Positions ^{1/} | 162.0 | 168.0 | 169.0 ^{2/} |
| Personal Services | 4,998,800 | 5,370,900 | 5,435,200 |
| Employee Related Expenditures | 669,100 | 620,800 | 665,700 |
| Other Operating Expenditures | 583,400 | 583,400 | 650,100 |
| OPERATING SUBTOTAL | 6,251,300 | 6,575,100 | 6,751,000 |
| Family Counseling | 346,400 | 427,900 | 462,100 |
| Juvenile Probation State Aid | 1,599,400 | 1,659,600 | 1,694,000 |
| Adult Probation Enhancement | 10,710,300 | 12,315,800 ^{3/} | 13,648,600 |
| Intensive Probation-Adult | 8,977,100 | 10,935,600 ^{3/} | 13,095,400 |
| Intensive Probation-Juvenile | 4,557,300 | 4,985,900 | 5,351,900 |
| Juvenile Probation Services ^{4/} | 19,171,900 | 20,475,400 | 21,327,700 ^{5/} |
| Court Appointed Special Advocate | 369,800 | 639,500 | 750,000 ^{6/} |
| Community Punishment | 2,388,700 | 2,492,100 | 2,527,400 |
| Child Support Enforcement | 47,000 | 48,300 | 50,200 |
| TOTAL APPROPRIATIONS | 54,419,200 | 60,555,200 | 65,658,300 ^{7/} |
| <u>Fund Summary</u> | | | |
| General Fund | 53,019,200 | 59,915,700 | 64,908,300 |
| Court Appointed Special Advocate Fund | -0- | 639,500 | 750,000 |
| Judicial Collection Enhancement Fund | 1,400,000 | -0- | -0- |
| TOTAL APPROPRIATIONS | 54,419,200 | 60,555,200 | 65,658,300 |

(Continued)

^{1/} The FTE Positions total includes 44 FTE positions funded in the following special line items for FY 1992 through FY 1994:

| <u>Line Item Name</u> | <u>No. of FTE Positions</u> |
|----------------------------------|-----------------------------|
| Juvenile Probation State Aid | 1 |
| Adult Probation Enhancement | 6 |
| Intensive Probation-Adult | 8 |
| Intensive Probation-Juvenile | 7 |
| Juvenile Probation Services | 12 |
| Court Appointed Special Advocate | 5 |
| Community Punishment | 3 |
| Child Support Enforcement | 2 |

(Footnotes Continued on Following Page)

SUPERIOR COURT (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Agency Description - *The Superior Court, which has a division in every county, is the state's only general jurisdiction court. Superior Court judges hear all types of cases except small claims, minor offenses, or violations of city codes and ordinances. In addition, the responsibility for supervising adults and juveniles who have been placed on probation resides in the Superior Court.*

FTE Positions - The approved amount reflects 1 new judgeship established during FY 1993 in Mohave County. Pursuant to A.R.S. § 12-128, the state funds 50%, \$49,100, of the judge's salary, which is \$98,200. Pursuant to A.R.S. § 12-121 and Article VI, Section 10 of the Arizona Constitution, each county shall have at least one elected judge. In addition, judges may be added for each 30,000 inhabitants, or majority fraction of 30,000, upon petition by the County Board of Supervisors and the Governor's approval.

Personal Services - The approved amount is based upon a 0.5% vacancy factor and \$27,300 in vacancy savings, which is new. In addition, the appropriation reflects the restoration of \$47,900, which was reduced as part of the FY 1993 lump sum reduction. The approved amount also includes an increase of \$43,700 for the state's share of the new Mohave County judge.

Employee Related Expenditures - The approved amount includes a total of \$245,600 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund. The approved amount includes an increase of \$5,400 for the state's share of the new Mohave County judge.

Other Operating Expenditures - The approved amount includes: a) a total of \$650,100 for the payment of risk management premiums, which reflects an additional \$66,700 authorized by Section 104 of the General Appropriation Act.

Family Counseling - The appropriation provides funding for prevention of delinquency and incorrigibility and to strengthen family relationships of juvenile offenders. The amount shown reflects an increase of \$34,200 due to an 8.2% caseload growth in the number of families attending these programs.

(Continued)

(Footnotes Continued From Previous Page)

- 2/ Of the 169 FTE positions, 125 FTE positions represent Superior Court judges. One-half of their salaries are provided by state General Fund appropriations pursuant to A.R.S. § 12-128. This is not meant to limit the counties' ability to add additional judges pursuant to A.R.S. § 12-121. (General Appropriation Act footnote)
- 3/ The expenditure detail for FY 1993 includes a transfer of \$200,000 from the Adult Intensive Probation special line to the Adult Probation Enhancement special line.
- 4/ This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations pursuant to Laws 1991, Chapter 133 (S.B. 1035).
- 5/ Up to 4.6% of the amount appropriated for Juvenile Probation Services may be retained and expended by the Supreme Court to administer the programs established by A.R.S. § 8-230.02, and to conduct evaluations as needed. The remaining portion of the Juvenile Probation Services line item shall be deposited to the Juvenile Probation Fund established by A.R.S. § 8-230.02. (General Appropriation Act footnote)
- 6/ With the enactment of Laws 1991, Chapter 230 (H.B. 2419), funding in FY 1992 for the Court Appointed Special Advocate (CASA) program became earmarked within the General Fund; Laws 1992, Chapter 312 (S.B. 1365) establishes the CASA Fund as its own fund.
- 7/ Represents General Appropriation Act funds. Appropriated as a lump sum for the agency, with special line items. The line items within the "Operating Subtotal" are shown for information only.

SUPERIOR COURT (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Juvenile Probation State Aid - This appropriation provides funding for probation services to nearly 2,000 juveniles annually. Legislation requires that the funds be used primarily for the salaries of supervising probation officers. In this special line item and those that follow, the state shares in the counties' cost of operating the program.

The approved amount includes an additional \$40,300 (Personal Services, \$35,500; Employee Related Expenditures, \$4,800) to annualize the cost of the general salary adjustment effective April 1, 1993 for 1 state FTE position and 46 county-hired positions. The approved amount includes a reduction of \$5,900 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. The approved amount is based upon a 0% vacancy factor. The approved amount also includes a total of \$2,000 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Adult Probation Enhancement - The approved amount includes \$1,231,600 for annualization of FY 1993 funding of 51 probation officers and 1.5 supervisors. Since 1983, when this program was established, the state has provided funds to counties for probation officers in order to maintain a 1:60 statutory average of probation officers to probationers. The approved amount reflects a change in this ratio to 1:70 as reflected in Laws 1993, Chapter 4, 2nd Special Session. However, on July 17, 1993 the ratio will again be 1:60 based upon Laws 1993, Chapter 254, which amends the statute back to the 1:60. In addition, Chapter 254 provides funding for the additional staffing required to obtain the 1:60 ratio by increasing the adult probationer's assessed monthly probation services fees from \$30 to \$40.

The approved amount includes an additional \$344,800 (Personal Services, \$304,100; Employee Related Expenditures, \$40,700) to annualize the cost of the general salary adjustment effective April 1, 1993 for 6 state FTE positions and 397 county-hired positions. The approved amount includes a reduction of \$43,600 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. The approved amount is based upon a 0% vacancy factor. The approved amount also includes a total of \$11,800 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Intensive Probation-Adult - This program was created to divert serious, non-violent adult offenders from prison. Total program capacity is approximately 2,850. The approved amount includes \$922,100 for 6 months' phase-in funding to increase caseload capacity by funding an additional 12 teams and 9 support positions. Also included is \$813,300 for annualization of FY 1993 funding of 20 teams (40 probation officers).

The approved amount also includes an additional \$257,700 (Personal Services, \$227,300; Employee Related Expenditures, \$30,400) to annualize the cost of the general salary adjustment effective April 1, 1993 for 8 state FTE positions and 292 county hired positions. The approved amount includes a reduction of \$33,300 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. The approved amount is based upon a 0% vacancy factor. The approved amount also includes a total of \$15,800 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Intensive Probation-Juvenile - This program was created to divert serious, non-violent juvenile offenders from incarceration or residential care and to provide intensive supervision for high risk offenders already on probation. Total program capacity is approximately 950. The approved amount includes \$290,900 for annualization of FY 1993 funding of 5 teams.

The approved amount includes an additional \$88,000 (Personal Services, \$77,600; Employee Related Expenditures, \$10,400) to annualize the cost of the general salary adjustment effective April 1, 1993 for 7 state FTE positions and 94 county-hired positions funded through this line. The approved amount includes a reduction of \$12,900 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. The approved amount is based upon a 0% vacancy factor. The approved amount also includes a total of \$13,800 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

(Continued)

SUPERIOR COURT (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Juvenile Probation Services - The appropriation provides funding for Juvenile Courts to meet the requirements of A.R.S. §§ 8-230.01 and 8-230.02, and to provide services to children referred for incorrigibility or delinquency and placed in foster care, day treatment programs, residential treatment centers, counseling, shelter care and other programs. The approved amount includes an increase of \$780,000, a 4% increase, for treatment services. This appropriation includes an estimated minimum payment of \$500,000 to the Department of Health Services for the state match of Title XIX, Children's Behavioral Health Services.

The approved amount includes an additional \$84,200 (Personal Services, \$74,300; Employee Related Expenditures, \$9,900) to annualize the cost of the general salary adjustment effective April 1, 1993 for 12 state FTE positions and 83 county-hired positions. The approved amount includes a reduction of \$11,900 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. The approved amount is based upon a 0% vacancy factor. The approved amount also includes a total of \$23,700 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Court Appointed Special Advocate - The Court Appointed Special Advocate program trains community volunteers appointed by a judge to advocate for abused and neglected children in Juvenile Court proceedings. The approved amount reflects an increase of \$25,000 for polygraph costs and \$73,800 for increasing 4 support field positions from 1/4 to 1/2 time. The appropriation is funded by the Court Appointed Special Advocate Fund, which receives 30% of unclaimed state lottery prize money.

The approved amount includes an additional \$13,600 (Personal Services, \$12,800; Employee Related Expenditures, \$800) to annualize the cost of the general salary adjustment effective April 1, 1993 for 5 state FTE positions and 16 county-hired positions. The approved amount includes a reduction of \$1,900 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. The approved amount is based upon a 0% vacancy factor. The approved amount also includes a total of \$9,900 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Community Punishment Program - This program was established to provide probation departments with behavioral treatment. The program also allows for intensive supervision, such as electronic monitoring and specialized probation caseloads. The program is intended to divert offenders from prison and jail as well as enhance probation programs.

The approved amount includes an additional \$40,500 (Personal Services, \$35,700; Employee Related Expenditures, \$4,800) to annualize the cost of the general salary adjustment effective April 1, 1993 for 3 state FTE positions and 43.5 county-hired positions. The approved amount includes a reduction of \$5,200 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. The approved amount is based upon a 0% vacancy factor. The approved amount also includes a total of \$5,900 for the state share of employee medical insurance and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Child Support Enforcement - The appropriation provides for a secretarial position, operating costs and a 10% match of federal funds anticipated through the Department of Economic Security (DES). The state and federal funds provides for 3 FTE positions to coordinate automation implementation at the local level (court clerks), to serve as liaisons between the local courts and DES and to refine and maintain child support program hardware and software at each court site.

The approved amount includes an additional \$2,100 (Personal Services, \$1,500; Employee Related Expenditure, \$600) to annualize the cost of the general salary adjustment effective April 1, 1993 for 2 state FTE positions. The approved amount includes a reduction of \$200 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. The approved amount is based upon a 0% vacancy factor. The approved amount also includes a total of \$3,900 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

(Continued)

SUPERIOR COURT (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

ADDITIONAL LEGISLATION

Judge Pro Tempore - Chapter 53 (H.B. 2057) - This legislation permits judges pro tempore at the appellate, superior, and justice courts to agree in advance to donate any or all of their services pro bono.

Enhancement of Limited Jurisdiction Courts - Chapter 254 (H.B. 2090) - This bill re-establishes on July 17, 1993 the adult probation officer to probationer supervision ratio of 1:60. The bill allows for presentence investigations and probation services to be provided to the justice and municipal courts by the adult probation department for offenders convicted of DUI, sexual offenses, and domestic violence and are placed into probation. In addition, the presiding judge of the Superior Court may direct that these services be provided for others if a risk of violence exists or if it would be in the best interest of justice. These services may be provided by a county probation office to a municipal court through an intergovernmental agreement. The bill also raises the adult probationer's assessed monthly fee from \$30 to \$40. This increased fee provides the additional funding required to maintain the 1:60 ratio.

Criminal Code Revisions - Chapter 255 (S.B. 1049) - This bill requires that by January 1, 1996 the Administrative Office of the Courts, the Department of Corrections (DOC) and the Board of Executive Clemency to develop a plan and implement the transition of community supervision services from the DOC to the Courts.

Budget Reconciliation: Government - Chapter 4 (H.B. 2005), 2nd Special Session - This bill, effective June 15, 1993, changes the adult probation officer to probationer supervision ratio from 1:60 to 1:70.

COMMISSION ON JUDICIAL CONDUCT

Arizona Constitution Article VI.I

Honorable Bernardo P. Velasco, Chairman

JLBC Analyst: Cawley

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|------------------------------|
| FTE Positions | 2.0 | 2.0 | 2.0 |
| Personal Services | 86,400 | 86,200 | 87,700 |
| Employee Related Expenditures | 13,900 | 15,000 | 14,200 |
| Professional & Outside Services | 11,800 | 16,700 | 27,400 |
| Travel | 7,100 | 9,300 | 9,300 |
| Other Operating Expenditures | 13,200 | 12,200 | 12,200 |
| Equipment | 3,400 | -0- | -0- |
| All Other Operating Expenditures | 35,500 | 38,200 | 48,900 |
| TOTAL APPROPRIATIONS | 135,800 | 139,400 | 150,800 ^{1/} |

Agency Description - *The commission investigates and prosecutes complaints against state and local judges for judicial misconduct and criminal behavior. The commission is comprised of 11 members: 2 appellate court judges, 2 superior court judges, 1 justice of the peace, 1 municipal court judge, 2 attorneys and 3 public members.*

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$1,500 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$200 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$400 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$4,400 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount includes a \$10,700 increase to contract for a part-time secretary to meet the clerical tasks associated with an increase in the caseload of judicial misconduct inquiries and complaints.

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.

**COMMISSIONS ON APPELLATE AND TRIAL
COURT APPOINTMENTS**Arizona Constitution
Article VI Section 36

Honorable Stanley G. Feldman, Chief Justice

JLBC Analyst: Cawley

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|------------------------------|---------------------|---------------------|------------------------------------|
| Other Operating Expenditures | <u>3,200</u> | <u>3,500</u> | <u>10,000</u> |
| TOTAL APPROPRIATIONS | <u>3,200</u> | <u>3,500</u> | <u>10,000</u> ^{1/} |

Agency Description - *The Commissions on Appellate and Trial Court Appointments are the merit selection committees for the Superior Court in Maricopa and Pima counties, Court of Appeals and Supreme Court vacancy appointments. The committees recommend at least 3 individuals for each vacancy to the Governor, who makes the appointment.*

Other Operating Expenditures - The approved amount includes a \$6,500 increase to reflect the passage of Proposition 109 during the November 1992 general election. Proposition 109 increases the number of members appointed to the commissions, which increases operating and travel expenses. The approved amount represents operating expenses, primarily postage, printing, advertising and travel and per diem for committee members.

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.

OFFICE OF THE GOVERNOR

A.R.S. § 41-101

The Honorable Fife Symington, Governor

JLBC Analyst: Morris

| GENERAL FUND AND OTHER APPROPRIATED FUNDS | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|-----------------------|---------------------------|-----------------------------|
| Lump Sum Appropriation | 3,464,900 | 3,769,200 | 4,102,200 ^{1/2/3/} |
| Office for Excellence in Government | -0- ^{4/} | 3,804,700 ^{4/5/} | 1,846,400 |
| Governor's Education Task Force | 124,100 | -0- | -0- |
| TOTAL | 3,589,000 | 7,573,900 | 5,948,600 |
| Additional Appropriations - 41st Leg., 1st Reg. Session | | | |
| Supplemental Appropriation, Ch. 119 | -- | 66,000 ^{6/} | -- |
| TOTAL APPROPRIATIONS | 3,589,000 | 7,639,900 | 5,948,600 |
| Fund Summary | | | |
| General Fund | 3,183,100 | 6,138,200 ^{6/} | 5,948,600 |
| Legislative, Executive & Judicial Public | | | |
| Buildings Land Earnings Fund | 405,900 ^{7/} | -0- | -0- |
| SLIM Fund | -- | 1,501,700 | -0- |
| TOTAL APPROPRIATIONS | 3,589,000 | 7,639,900 | 5,948,600 |

Agency Description - The Governor is the State's Chief Executive Officer and responsible for the faithful execution of state laws. The Constitution provides that the Governor shall be the Commander-in-Chief of the state's military forces, except when they are called into federal service, and authorizes the Governor to grant reprieves, commutations and pardons, except in cases of treason and impeachment. The Office of the Governor includes the Office for Women's Services, the Office for Children, the Office for Drug Policy, and the Office for Excellence in Government. Each of these offices has been created by executive order. The Office of Sonora was established and placed in the Office of the Governor by a statute enacted in 1993.

(Continued)

- 1/ The lump sum appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations. (General Appropriation Act footnote)
- 2/ Included in the lump sum appropriations is \$10,000 for the Governor's Protocol Fund. (General Appropriation Act footnote)
- 3/ Represents General Appropriation Act funds. Appropriated as a lump sum for the agency, with a special line item.
- 4/ In addition to the amounts shown, \$1,250,000 was appropriated in FY 1992, and \$1,250,000 in FY 1993, to the Governor's Office of Strategic Planning and Budgeting for the Statewide Long-term Improved (SLIM) project.
- 5/ In accordance with Laws 1992, Chapter 312, this amount reflects the transfer of \$700,000 from the original FY 1993 appropriation to the Statewide Long-term Improved Management (SLIM) fund. This transfer represents savings associated with the implementation of Project SLIM recommendations.
- 6/ This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations.
- 7/ There is a balance of \$394,100 available for expenditure from this FY 1992 non-lapsing appropriation of \$800,000.

OFFICE OF THE GOVERNOR (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Lump Sum Appropriation - The approved amount is based upon a 0% vacancy factor. The approved amount also includes: a) funding to annualize the cost of the April 1993 general salary adjustment, b) \$125,000 for the Office of Sonora, and c) \$50,000 for legal fees related to Indian gaming operations.

The approved amount was reduced \$10,100 as the result of lowering contributions to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$123,800 for the state share of employee medical and dental insurance payments which will be transferred to the Health Insurance Trust Fund.

The approved amount includes: a) \$56,100 for the payment of risk management premiums, which reflects an additional \$47,300 authorized by Section 104 of the General Appropriation Act, and b) a total of \$252,400 for rent of state-owned space and \$35,500 for the Tucson State Office Building lease-purchase payment.

Office for Excellence in Government - The Governor created the Office for Excellence in Government (OEG) by Executive Order, as the successor to the Statewide Long-term Improved Management (SLIM) project. OEG is responsible for the Institute for Excellence in Government and conducting programs to improve organizational effectiveness, administrative systems, operational methods, productivity and the quality of state services.

The FY 1994 approved amount is based upon the following items:

| | |
|-----------------------------------|--------------------|
| FTE Positions | <u>17.0</u> |
| Personal Services | \$811,000 |
| Employee Related Expenditures | 166,700 |
| Professional and Outside Services | 700,000 |
| Travel - In State | 12,100 |
| Travel - Out of State | 1,600 |
| Other Operating Expenditures | 125,000 |
| Equipment | <u>30,000</u> |
| All Other Operating Expenditures | <u>868,700</u> |
| Total | <u>\$1,846,400</u> |

The approved amount is based upon a 0% vacancy factor. The approved amount was reduced \$3,600 as a result of lowering the employer contribution to the State Retirement system from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. The approved amount also includes a total of \$39,000 for the state share of employee medical and dental insurance payments which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services includes \$300,000 for operation of the Institute for Excellence in Government, and \$400,000 for specialized consulting services to conduct and implement special studies. A total of \$85,900 is included in the approved amount for rent of state-owned space.

ADDITIONAL APPROPRIATIONS

Supplemental Appropriation - Chapter 119 (S.B. 1120) - Appropriates, in FY 1993, \$66,000 to administer the Office of Sonora and to pay the Arizona-Mexico Commission for obligations incurred for the Arizona Office in Sonora. The appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations.

This act establishes the Office of Sonora in the Office of the Governor. The office is to facilitate communications, and the exchange of information among companies, individuals, private organizations and governmental agencies of Sonora, Mexico and the State of Arizona.

GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND BUDGETING**Executive Order
No. 90-22**

Peter J. Burns, Budget Director

JLBC Analyst: Morris

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|-----------------------------|---------------------------|-----------------------------|--------------------------------|
| FTE Positions | 23.0 | 23.0 | 24.0 |
| Lump Sum Appropriation | 1,116,600 | 1,200,600 | 1,372,600 |
| Regulation Review Council | 11,600 | 43,900 | -0- |
| SLIM | 1,220,700 ^{1/} | 1,250,000 ^{1/} | -0- |
| TOTAL APPROPRIATIONS | 2,348,900 | 2,494,500 | 1,372,600 ^{2/} |

Agency Description - Advises the Governor in the preparation of the Executive budget and provides the Executive Branch a central resource for the compilation, analysis and investigation of state fiscal matters. Facilitates a strategic planning process and assists agencies in preparation and execution of their budgets.

FTE Positions - Two FTE positions were authorized for the implementation of the State Budget Reform Act, Laws 1993, Chapter 252 (H.B. 2332) and 1 FTE position was transferred out to the Department of Administration.

Lump Sum Appropriation - The approved amount is based on a 0% vacancy factor. The approved amount also includes an additional \$19,500 to annualize the cost of the April 1993 general salary adjustment. Employee Related Expenditures were reduced \$4,100, as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$59,900 for the state share of medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The approved amount includes: a) a total of \$700 for the payment of risk management premiums, which reflects an additional \$100 authorized by Section 104 of the General Appropriation Act, and b) \$65,200 for rent of state-owned space.

Administrative support for the Governor's Regulatory Review Council consisting of 1 FTE position and \$43,900 is transferred to the Department of Administration in FY 1994. An increase of \$120,000 is included in the approved amount and 2 FTE positions are authorized for the initial implementation of the State Budget Reform Legislation Act, Laws of 1993, Chapter 252 (H.B. 2332).

ADDITIONAL LEGISLATION

State Budget Reform - Chapter 252 (H.B. 2332) - The act revises aspects of the state's budgeting process. This law a) adds the Department of Education, the Judiciary, the Universities and AHCCCS to the Auditor General's performance audit cycle; b) requires appropriations for the maintenance and operation of 14 "major budget units" be made annually, whereas, at the beginning of each legislative biennium, all other budget units would receive appropriations for 2 fiscal years, itemized for each fiscal year separately; c) requires the development of a list of state programs, including goals, objectives and evaluation criteria for each program. This list would provide the basis for some number of "program authorization reviews" (PARs) to be conducted each year during the appropriation process. These reviews would be determined by annual legislation; and d) requires the Joint Legislative Budget Committee (JLBC) Staff and the Office of Strategic Planning and Budgeting (OSPB) to provide an estimate of proposed and enacted appropriations relative to the constitutional appropriations limit.

^{1/} These appropriations are contained in Laws 1991, Chapter 287, the General Appropriation Act. Additional appropriations for the Statewide Long-Term Improved Management (SLIM) project, and its successor the Office for Excellence in Government, are shown in the Office of the Governor.

^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency.

^{3/} If H.B. 2332 or similar legislation on budget reform is not enacted into law, \$120,000 shall revert to the General Fund and 2 FTE positions are eliminated. (General Appropriation Act footnote)

LAW ENFORCEMENT MERIT SYSTEM COUNCIL

A.R.S. § 28-235

Jerry Spencer, Business Manager

JLBC Analyst: Thompson

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|-----------------------------|
| FTE Positions | 1.0 | 1.0 | 1.0 |
| Personal Services | 24,600 | 25,000 | 25,800 |
| Employee Related Expenditures | 4,800 | 4,900 | 4,900 |
| Professional & Outside Services | 900 | 4,000 | 4,000 |
| Travel - In State | 500 | 2,200 | 2,000 |
| Other Operating Expenditures | 6,600 | 4,900 | 4,600 |
| Equipment | 900 | -0- | -0- |
| All Other Operating Expenditures | 8,900 | 11,100 | 10,600 |
| TOTAL APPROPRIATIONS | 38,300 | 41,000 | 41,300 ^{1/} |

Agency Description - The Law Enforcement Merit System Council sets the standards and qualifications for all classified positions within the Department of Public Safety (DPS). The Council provides the rules for selection, appointment, retention, separation, dismissal and retirement of DPS employees. The Council also hears appeals in connection with suspension, demotion or dismissal of classified employees.

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount also includes an additional \$800 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$100 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$100 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

All Other Operating Expenditures - The approved amount includes a total of \$700 for the payment of risk management premiums, which reflects an additional \$200 authorized by Section 104 of the General Appropriation Act.

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.

LEGISLATURE - SUMMARY

Arizona Constitution
Article IV, Section 1

JLBC Analyst: Morris

| GENERAL FUND AND OTHER APPROPRIATED FUNDS | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|-------------------------|-------------------------|-----------------------------|
| <u>Program Summary</u> | | | |
| Senate | 6,710,200 | 5,751,800 ^{1/} | 5,735,200 ^{2/3/4/} |
| House of Representatives | 7,639,200 ^{5/} | 7,146,900 | 7,131,000 ^{2/3/4/} |
| Legislative Council | 2,508,500 | 4,044,900 | 2,506,000 ^{2/3/} |
| Joint Legislative Budget Committee | 1,712,600 | 1,726,400 | 1,857,500 ^{2/3/6/} |
| Auditor General | 7,043,000 | 7,204,300 | 7,232,300 ^{2/3/7/} |
| Dept. of Library, Archives and Public Records | 4,586,600 | 4,775,000 | 4,664,400 ^{8/} |
| Behavioral Health | 44,400 | | |
| School of Medicine, Financial Audit | 9,000 ^{9/} | | |
| TOTAL | 30,253,500 | 30,649,300 | 29,126,400 |
| Additional Appropriations - 41st Leg., 1st Reg. Session | | | |
| Environmental Technology Manufacturing Incentives, Ch. 258 | -- | -- | -- ^{11/} |
| TOTAL APPROPRIATIONS | 30,253,500 | 30,649,300 | 29,126,400 |
| <u>Fund Summary</u> | | | |
| General Fund | 30,053,500 | 30,649,300 | 29,126,400 |
| Legislative, Executive & Judicial Public Buildings Land Earnings Fund | 200,000 | -0- | -0- |
| TOTAL APPROPRIATIONS | 30,253,500 | 30,649,300 | 29,126,400 |

(Continued)

- ^{1/} In addition to the amount shown, there is a \$200,000 non-lapsing appropriation from the Legislative, Executive and Judicial Public Buildings Land Earnings Fund.
- ^{2/} This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations. (General Appropriation Act footnote)
- ^{3/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency.
- ^{4/} Included in the lump sum appropriation is \$1,000 for purchase of mementos and items for visiting officials. (General Appropriation Act footnote)
- ^{5/} Includes \$200,000 expended from the Legislative, Executive and Judicial Public Buildings Land Earnings Fund.
- ^{6/} Includes \$90,000 appropriated by Laws 1993, Chapter 258, (S.B. 1421).
- ^{7/} The Department of Administration shall pay the Auditor General's pro rata share of private lease space if the Auditor General is unable to relocate to state-owned space because the Sun States Savings Building or other state-owned facilities are not ready for occupancy. The Department of Administration shall also pay all costs associated with occupying and maintaining the Sun States Savings Building for FY 1994. It is the intent of the Legislature that funding for the Auditor General's Phoenix office be restored to the Auditor General's appropriation in FY 1995. (General Appropriation Act footnote)
- ^{8/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency with special line items.
- ^{9/} Appropriated to the Legislative Council.
- ^{10/} Appropriated to the Auditor General.
- ^{11/} Appropriates \$90,000 to the Joint Legislative Budget Committee, which is included in the amount shown above.

LEGISLATURE - SUMMARY (Cont'd)

GENERAL FUND AND OTHER APPROPRIATED FUNDS

Agency Description - *The legislative authority of the state is vested in the Legislature by the Constitution. The Legislature consists of a Senate and a House of Representatives elected by the voters of Arizona. There are 30 Senators and 60 members of the House of Representatives. One Senator and 2 members of the House of Representatives are elected from each of the 30 legislative districts. In addition to the staff employed by each body of the Legislature, there are 4 state agencies that are established within the legislative branch and governed by statutorily created committees of the Legislature. They are: the Auditor General, the Joint Legislative Budget Committee, the Legislative Council, and the Department of Library, Archives and Public Records.*

Senate - The approved amount is based upon a 0% vacancy factor. The approved amount includes funding to annualize the cost of the April 1993 general salary adjustment and reflects a reduction of \$14,300 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. The approved amount includes: a) a total of \$346,900 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund, and b) a total of \$3,700 for payment of risk management premiums, which reflects a reduction of \$2,300 authorized by Section 104 of the General Appropriation Act.

House of Representatives - The approved amount is based upon a 0% vacancy factor. The approved amount includes funding to annualize the cost of the April 1993 general salary adjustment and reflects a reduction of \$16,800 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. The approved amount includes: a) a total of \$422,900 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund, and b) a total of \$6,600 for the payment of risk management premiums, which includes an additional \$900 authorized by Section 104 of the General Appropriation Act.

Legislative Council - The approved amount is based upon a 0% vacancy factor. The approved amount also includes funding for the April 1993 general salary adjustment and reflects a reduction of \$5,800 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. Included in the approved amount is a total of: a) \$87,500 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund, and b) \$3,200 for the payment of risk management premiums, which reflects a reduction of \$8,100 authorized by Section 104 of the General Appropriation Act. The amount of \$1,500,000, appropriated in FY 1993 for Arizona's decennial reapportionment legislation, was excluded from the approved amount for FY 1994.

Joint Legislative Budget Committee - The approved amount is based upon a 1% vacancy factor and \$13,100 in vacancy savings. The approved amount also includes an additional \$20,000 to annualize the cost of the April 1993 general salary adjustment and reflects a reduction of \$5,800 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. Included in the approved amount is a total of: a) \$94,800 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund, and b) \$900 for the payment of risk management premiums, a reduction of \$1,200 authorized by Section 104 of the General Appropriation Act. An increase of \$20,000 is approved for replacement of a data processing local area network, and associated computer hardware and software.

Laws of 1993, Chapter 258 (S.B. 1421) Environmental Technology Manufacturing Incentive Act allows the Joint Legislative Tax Committee (JLTC) to use the staff of the Joint Legislative Budget Committee (JLBC) help meet the JLTC's staffing needs. The act appropriates \$90,000 to the JLBC to add 2 full-time economists for this purpose. This additional appropriation is included in the approved amount for FY 1994. There is \$6,000 included in the additional appropriation for the state share of employee medical and dental insurance payments.

Auditor General - The approved amount is based upon a 2% vacancy factor and \$126,200 in vacancy savings. No vacancy factor had been applied in the prior year. The approved amount includes an additional \$123,300 to annualize the cost of the April 1993 general salary adjustment and reflects a reduction of \$23,300 as the result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. The approved amount includes a total of: a) \$354,700 for the state share of employee medical and dental

LEGISLATURE - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

insurance payments, which will be transferred to the Health Insurance Trust Fund, and b) \$158,800 for the payment of risk management premiums, which reflects an additional \$90,500 authorized by Section 104 of the General Appropriation Act.

The approved amount also includes an additional \$87,000 for a performance audit of the universities. A footnote in Section 79 of the General Appropriation Act requires the performance audit, which is to be presented to the Governor, the Speaker of the House of Representatives, and President of the Senate no later than January 1, 1995.

The Office of the Auditor General is to be moved to the Sun States Saving Building in FY 1994. The Department of Administration will pay all costs associated with occupying and maintaining the Sun States Saving Building during FY 1994. It is the intent of the Legislature that funding for the Auditor General's Phoenix office be restored to the Auditor General's appropriation in FY 1995. The approved amount also includes \$30,500 for the Tucson State Office Building lease-purchase payment.

ADDITIONAL APPROPRIATIONS

Environmental Technology Manufacturing Incentives - Chapter 258, (S.B. 1421) - Provisions of this act allow the Joint Legislative Tax Committee (JLTC) to use the staff of the Joint Legislative Budget Committee help meet the JLTC's staffing needs and, specifically, to: a) project the impact of industry specific tax incentive proposals on the state revenue base, b) compare the relative tax burdens of the 50 states on existing and prospective businesses, and c) to determine the reliance and incident aspects of Arizona's tax structure. The act appropriates \$90,000 to the Joint Legislative Budget Committee to hire 2 additional full-time economists to meet these requirements.

**LEGISLATURE - DEPARTMENT OF LIBRARY,
ARCHIVES AND PUBLIC RECORDS**

A.R.S. § 41-1331

Arlene Bansal, Director

JLBC Analyst: Cawley

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|---|-------------------|---------------------|--------------------------------|
| FTE Positions ^{1/} | 112.5 | 112.5 | 109.1 |
| Personal Services | 2,229,600 | 2,238,700 | 2,386,800 |
| Employee Related Expenditures | 548,600 | 574,700 | 531,200 |
| Professional & Outside Services | 54,600 | 45,000 | 4,000 |
| Travel - In State | 14,100 | 13,800 | 13,800 |
| Travel - Out of State | 9,400 | 5,300 | 2,800 |
| Other Operating Expenditures | 870,600 | 835,000 | 813,600 |
| Equipment | 46,000 | 40,000 | 20,000 |
| All Other Operating Expenditures | 994,700 | 939,100 | 854,200 |
| OPERATING SUBTOTAL | 3,772,900 | 3,752,500 | 3,772,200 |
| Acquisitions | 380,000 | 380,000 | 330,000 |
| Grants-in-Aid | 300,000 | 482,000 | 502,200 |
| Museum Furnishings | 700 | 9,000 | -0- |
| Statewide Radio Reading Service for the Blind | 45,000 | 60,000 | 60,000 |
| Talking Book Program ^{1/} | 88,000 | 91,500 | -0- |
| TOTAL APPROPRIATIONS | 4,586,600 | 4,775,000 | 4,664,400 ^{2/} |

Agency Description - The department is the archival authority and the designated repository for historical records of state and local government, as well as a designated federal document repository. Other responsibilities include: the Library for the Blind and Physically Handicapped; coordination of statewide planning and development of library services; two museums on state government history and the people of Arizona; records management standards and storage; and a research library for state agencies, the Legislature, the Courts, the legal community and the general public.

FTE Positions - The approved amount includes a reduction of 3.4 FTE positions to bring the agency's current vacancy factor in line with the standard vacancy factor for an agency with this number of FTE positions.

Personal Services - The approved amount is based upon a 2% vacancy factor and \$48,700 in vacancy savings. The approved amount also includes an additional \$84,500 to annualize the cost of the April 1993 general salary adjustment. The approved amount reflects a \$71,300 transfer in from the Talking Book Program special line item.

(Continued)

^{1/} The FTE Positions total includes 3 FTE positions funded in the Talking Book Program special line item in FY 1992 and FY 1993. Funding for the Talking Book Program line item in FY 1994 has been moved into the operating budget.

^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency, with special line items. The line items within the "Operating Subtotal" are shown for information only.

LEGISLATURE - DEPARTMENT OF LIBRARY, ARCHIVES AND PUBLIC RECORDS (Cont'd)
GENERAL FUND

Employee Related Expenditures - The approved amount includes: a) an additional \$10,700 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$10,700 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. The approved amount also reflects a \$17,200 transfer in from the Talking Book Program special line item.

The approved amount also includes a total of \$236,700 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount reflects a decrease of \$41,000 for funds used for exhibits at the Hall of Fame and Capitol Museums.

Other Operating Expenditures - The approved amount includes: a) a total of \$8,300 for the payment of risk management premiums, which reflects an increase of \$5,000 authorized by Section 104 of the General Appropriation Act, b) \$118,000 for the Library for the Blind lease-purchase payment, which is an increase of \$4,000, and c) \$198,200 for the Records Management Addition lease-purchase payment, which is a reduction of \$3,400. The appropriation also reflects a \$30,000 decrease and a \$3,000 transfer in from the Talking Book Program special line item.

Equipment - The approved amount reflects a decrease of \$20,000 from FY 1993 estimated expenditures for replacement equipment.

Acquisitions - The approved amount reflects a decrease of \$50,000 of money available for the purchase of necessary updates of publications and to acquire library materials.

Grants-in-Aid - The approved amount includes an increase of \$20,200 above the FY 1993 estimated expenditures. This increase satisfies the federal Library Services and Construction Act Title I maintenance-of-effort requirement. By meeting the maintenance-of-effort requirement, the state ensures receipt of approximately \$1.2 million of federal monies. The majority of these federal funds, \$813,200, will provide for the statewide Interlibrary Loan Program, State Reference Center Services, Youth Summer Reading Program, Young Peoples Film Program, Librarian Continuing Education Program, and LSCA Administration. The remainder, \$322,800, is awarded to local public libraries.

The state Grants-in-Aid monies are provided to county and municipal libraries for library development. In 1986, the Legislature passed legislation which allows for the creation of county free library districts. These districts may tax to provide monies for necessary expenses of the county free library district.

Museum Furnishings - The approved amount eliminates the appropriation of General Fund monies for the purchase and preparation of artifacts and museum exhibits for the state Capitol Museum and the Arizona Hall of Fame Museum. This appropriation is exempt from A.R.S. § 35-190, relating to the lapsing of appropriations. Museum Furnishings has a FY 1993 carry-forward balance of \$16,400 and will have an anticipated FY 1994 carry-forward of \$5,000.

Statewide Radio Reading Service for the Blind - This appropriation provides for the statewide radio information service for the blind, visually impaired, and physically disabled.

Talking Book Program - The program serves persons throughout the state who are blind, visually impaired, and physically handicapped by providing books and magazines in braille, on phonodisc and audio cassette, and the machines to play them. The appropriation fulfills the requirement of Laws 1990, Chapter 59 which transferred the program out of the Department of Economic Security, Division of Employment and Rehabilitation Services, to the Department of Library, Archives and Public Records. The monies for the 3 FTE positions funded in this special line-item have been moved into the appropriate lines in the operating budget (Personal Services, \$71,300; Employee Related Expenditures, \$17,200; and Other Operating Expenditures, \$3,000).

Support for the Law Library in the Supreme Court Building - The library is also responsible for providing staff support for the Law Library in the Supreme Court Building. Funding for 9 FTE positions and operations will be provided to the library through an intergovernmental agreement with the Supreme Court. The FY 1994 approved amount in the Supreme Court budget is \$306,200 (Personal Services, \$176,400; Employee Related Expenditures, \$41,600; and All Other Operating Expenditures, \$89,200).

ARIZONA STATE LOTTERY COMMISSION

A.R.S. § 5-502

J. Bruce Mayberry, Executive Director

JLBC Analyst: Bradley

| LOTTERY FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|-------------------------------------|
| FTE Positions | 131.3 | 132.3 | 131.3 |
| Personal Services | 3,149,400 | 3,433,000 | 3,471,300 |
| Employee Related Expenditures | 743,300 | 795,400 | 778,800 |
| Professional & Outside Services | 420,100 | 145,600 | 140,600 |
| Travel - In State | 193,400 | 180,100 | 167,000 |
| Travel - Out of State | 14,900 | 9,900 | 13,000 |
| Other Operating Expenditures | 2,435,900 | 2,520,500 | 2,531,100 |
| Equipment | 10,200 | -0- | 439,600 |
| All Other Operating Expenditures | 3,074,500 | 2,856,100 | 3,291,300 |
| OPERATING SUBTOTAL | 6,967,200 | 7,084,500 | 7,541,400 |
| Instant Tickets | 900,500 | 1,116,000 | 1,609,300 ^{1/} |
| Advertising | 8,578,200 | 9,080,000 | 9,520,000 ^{2/} |
| On-Line Vendor Fees | 5,581,700 | 5,610,000 | 5,940,000 ^{3/} |
| Retailer Commissions | 13,066,700 | 13,620,000 | 14,280,000 ^{4/} |
| Instant Ticket Barcode System | -0- | 450,000 | -0- |
| TOTAL APPROPRIATIONS | 35,094,300 | 36,960,500 | 38,890,700 ^{5/6/7/} |

(Continued)

- 1/ If instant ticket sales exceed \$40,000,000, amounts above \$1,609,300 may be expended at the rate of \$22.00 per 1000 tickets purchased. (General Appropriation Act footnote)
- 2/ In addition to the amounts shown above, an amount equal to 4% of net lottery game sales is appropriated for advertising in accordance with A.R.S. § 5-505, which states that not more than 4% of the annual gross revenue shall be expended for advertising. This amount is currently estimated to be \$9,520,000. (General Appropriation Act footnote)
- 3/ In addition to the amounts shown above, an amount equal to 3% of net on-line lottery game sales is appropriated for payment of on-line vendor fees, in accordance with the matrix of percentages set forth in contract. This amount is currently estimated to be \$5,940,000. (General Appropriation Act footnote)
- 4/ In addition to the amounts shown above, an amount equal to 6% of net lottery game sales is appropriated for payment of sales commissions to ticket retailers. This amount is currently estimated to be \$14,280,000. (General Appropriation Act footnote)
- 5/ Nothing in this subdivision is intended to require that all monies appropriated to the Arizona State Lottery Commission be expended. (General Appropriation Act footnote)
- 6/ Notwithstanding A.R.S. § 35-173C, any transfer to or from the amounts appropriated for instant tickets, advertising, retailer commissions, and on-line vendor fees shall require approval of the Joint Legislative Budget Committee. (General Appropriation Act footnote)
- 7/ Represents General Appropriation Act funds. Appropriated as a lump sum for the agency, with special line items. Advertising, On-Line Vendor Fees and Retailer Commissions are appropriated as a percentage of sales and therefore, the amounts shown for those line items are estimates only.

ARIZONA STATE LOTTERY COMMISSION (Cont'd)
LOTTERY FUND

Agency Description - *The Arizona Lottery is currently responsible for the administration of 3 state-sanctioned games of chance: the Lotto, Fantasy Five, and instant tickets. Lottery sales generate revenues for the Economic Development Commission, the Local Transportation Assistance Fund, the County Assistance Fund, the Heritage Fund, and the General Fund. A portion of the unclaimed prizes support the Court Appointed Special Advocate (CASA) program.*

Personal Services - The approved amount is based upon a 2% vacancy factor and \$70,800 in vacancy savings. The approved amount also includes an additional \$99,400 to annualize the cost of the April 1993 general salary adjustment.

The approved amount reflects the elimination of 2 FTE Positions and a reduction of \$78,300. The positions eliminated are a Planning Analyst II, grade 22, and a Programmer Analyst II position, grade 19. These positions were in excess of the number required to fulfill the agency's needs for programming and for data processing management.

The approved amount also includes the addition of 1 FTE Position and \$19,600. A Computer Operator II position, grade 13, was added in order to allow 24 hour computer operations and significantly reduce overtime expenditures. The agency's Data Operations section was experiencing an average of 50 hours per week of overtime after the addition of the Fantasy Five game and multiple instant games. The additional position will virtually eliminate this use of overtime.

Employee Related Expenditures - The approved amount includes: a) an additional \$13,400 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$15,600 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$337,300 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount includes \$9,300 for data processing, \$56,300 for accounting and auditing services, \$10,000 for legal services, \$25,000 for outside security services, \$20,000 for other professional services, and \$20,000 for a communications consultant. The communications consultant is to review the Arizona Lottery's telecommunication system and then recommend changes that will result in savings.

Travel - In State - The approved amount includes \$81,200 for the reimbursement of mileage costs to employees for an estimated 318,450 miles. The appropriation also includes \$2,600 for public transportation, \$5,300 for lodging, and \$6,500 for per diem expenses. In addition, \$71,400 is included for payment of fees to the Department of Administration for the extended dispatch of 10 sales vehicles.

Travel - Out of State - The approved amount includes funding for 12 trips to the ticket vendor sites to supervise instant ticket printing operations. The amount also includes funding for travel to the North American Association of State and Provincial Lotteries Trade Show.

Other Operating Expenditures - The approved amount includes \$64,300 for risk management premiums, which reflects an additional \$19,000 authorized by Section 104 of the General Appropriation Act. The approved amount includes an additional \$4,100 for the payment of statewide accounting system charges, as authorized under Section 102 of the General Appropriation Act. The approved amount includes a total of \$1,789,300 for telecommunication charges, \$230,100 for data processing equipment rental, \$113,100 for data processing maintenance contracts, \$71,700 for rental of space in Tucson, \$129,700 for operating supplies, \$76,300 for utilities, and \$52,500 for other expenses.

Equipment - The approved amount includes \$2,200 for a fireproof safe in the Tucson office, \$100,000 for a new Lotto machine for drawings, \$35,000 for expanded memory of the Lottery's main computer, \$102,400 for the purchase of 10 sales vehicles to be maintained by the Department of Administration on extended dispatch, and \$200,000 for the purchase of 50 instant ticket vending machines. The purchase of sales vehicles is the first phase of a planned 3-year replacement of all private sales vehicles with public vehicles. The purchase of instant ticket vending machines is a pilot program targeted at large retailer locations throughout the state.

(Continued)

ARIZONA STATE LOTTERY COMMISSION (Cont'd)
LOTTERY FUND

Instant Tickets - The approved amount is based on the purchase of an estimated 40,000,000 tickets at \$22.00 per 1000 tickets purchased. The approved amount allows multiple games to be marketed at once and is therefore higher than the amount required for only the \$40,000,000 in projected sales.

Advertising - The approved amount is 4% of net lottery game sales. The FY 1994 net sales are estimated at \$238,000,000. The approved amount of 4% is the maximum amount allowable under A.R.S. § 5-505.

On-Line Vendor Fees - The approved amount is based upon current contract rates that average 3% of sales. Lotto and ticket sales are projected to be \$170,000,000 and Fantasy Five Sales \$28,000,000 for FY 1994, for a total on-line sales estimate of \$198,000,000. On-line vendor fees are only paid for these two games that use the on-line terminals ("green machines"), and are not paid on instant tickets.

Retailer Commissions - The appropriation is based upon 6% retailer commissions for sales of \$238,000,000 tickets. Retailer commissions are paid on all games sold by private retailers.

Instant Ticket Barcode System - For FY 1993, the Legislature appropriated \$450,000 to the Arizona Lottery to purchase an instant ticket barcode system that would allow cross validation and enhanced security. Since the purchase of this system requires only a one-time cost, funding for this line item was discontinued for FY 1994.

CAPITAL OUTLAY

Capital Outlay Bill - Chapter 2 (H.B. 2002), 2nd Special Session - Section 1(K) of the Capital Outlay Bill appropriates \$9,100 from the State Lottery Fund to the State Lottery Commission for the maintenance and repair of state buildings in accordance with the building renewal formula established pursuant to A.R.S. § 41-793.01.

OTHER ISSUES

Lottery Revenue Distribution - After administrative costs (a maximum 20% of sales, by law) and prize payouts (47.5% of sales, by law) have been deducted, the first \$50,650,000 of ticket sale revenue is transferred to 3 funds as revenue. The remainder is then deposited into the General Fund. The minimum percentage of a ticket sale price that must be utilized as revenue is 32.5%, although historically the percentage of revenue, or "realization rate," has been 37 to 38% of total sales, due to administrative costs being held to about 15%. The "realized" revenue is then distributed as follows:

| | |
|--|----------------------------|
| Specified Statutory Distributions: | |
| Local Transportation Assistance Fund (LTAF) | \$23,000,000 |
| County Assistance Fund (CAF) | 7,650,000 ^{1/} |
| Heritage Fund (HF) | 20,000,000 |
| Subtotal | \$50,650,000 |
| General Fund | \$37,900,000 ^{2/} |
| Economic Development Fund (EDF) | \$5,000,000 ^{3/} |
| Court Appointed Special Advocate (CASA) Fund | \$800,000 ^{4/} |

- ^{1/} For FY 1993 and FY 1994, \$182,000 of this amount is deposited to the General Fund and then subsequently paid back to counties through library assistance grants.
- ^{2/} The General Fund receives all revenues in excess of the funds distributed to the LTAF, the CAF, the HF, and the EDF. Represents FY 1994 estimate only.
- ^{3/} The Economic Development Fund receives 100% of the revenues from 2 instant ticket games each year, and no revenue from any other game sales. Represents FY 1994 estimate only.
- ^{4/} The CASA Fund receives 30% of unclaimed ticket prizes. NOTE: This revenue comes from the 47.5% intended for prizes, not from the realization rate. Represents FY 1994 estimate only.

PERSONNEL BOARD

A.R.S. § 41-781

Judy Henkel, Executive Director

JLBC Analyst: Brainard

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|------------------------------|
| FTE Positions | 3.0 | 3.0 | 3.0 |
| Personal Services | 68,400 | 70,700 | 72,900 |
| Employee Related Expenditures | 14,500 | 16,800 | 14,200 |
| Professional & Outside Services | 95,000 | 99,400 | 99,400 |
| Travel - In State | 2,000 | 1,600 | 2,000 |
| Other Operating Expenditures | 17,600 | 35,100 | 36,900 |
| Equipment | 7,100 | 5,300 | 4,400 |
| All Other Operating Expenditures | 121,700 | 141,400 | 142,700 |
| TOTAL APPROPRIATIONS | 204,600 | 228,900 | 229,800 ^{1/} |

Agency Description - *The Personnel Board hears grievances for state employees in the DOA Personnel System who have been dismissed, demoted, or suspended.*

Personal Services - The approved amount is based on a 0% vacancy factor, and includes an additional \$2,200 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$300 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$300 as a result of lowering the employer contribution to the State Retirement system from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

All Other Operating Expenditures - The approved amount includes: a) a total of \$2,200 for the payment of risk management premiums, which reflects an additional \$1,300 authorized by Section 104 of the General Appropriation Act, and b) a total of \$15,400 for rent of state-owned space.

Equipment - The approved amount includes funding for a conference table and audio equipment.

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.

ARIZONA STATE RETIREMENT SYSTEM

A.R.S. § 38-701

C. Douglas Lemon, Acting Director

JLBC Analyst: Brainard

| STATE RETIREMENT FUND ADMINISTRATION ACCOUNT | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|---|-------------------|-------------------------|--------------------------------|
| FTE Positions | 85.0 | 87.0 | 89.0 |
| Personal Services | 1,897,500 | 1,991,200 | 2,182,000 |
| Employee Related Expenditures | 446,800 | 546,600 ^{1/} | 480,900 |
| Professional & Outside Services | 178,200 | 177,500 | 107,500 |
| Travel - State | 14,600 | 10,000 | 10,000 |
| Travel - Out of State | 8,200 | 13,600 | 6,800 |
| Other Operating Expenditures | 396,200 | 436,900 | 431,300 |
| Equipment | 63,100 | 47,400 | 22,800 |
| All Other Operating Expenditures | 660,300 | 685,400 | 578,400 |
| OPERATING SUBTOTAL | 3,004,600 | 3,223,200 | 3,241,300 |
| Automated Facilities Development | 1,785,500 | 1,785,500 ^{2/} | -0- |
| Attorney General IGA | -0- | 35,000 | -0- |
| Automated Facilities General Design | 143,000 | -0- | -0- |
| TOTAL APPROPRIATIONS | 4,933,100 | 5,043,700 | 3,241,300 ^{3/} |

Agency Description - *The State Retirement System provides retirement, health, and disability benefits to employees of Arizona state, county, and local governments. As of June 30, 1992, State Retirement System membership included about 140,000 active employees and 37,000 retired members.*

FTE Positions - The approved amount includes 2 additional FTE positions and \$82,600 for a Fiscal Services Specialist, to address the workload resulting from an increase in the number of investment managers, and a Budget Analyst, to analyze department budget requests, establish budgetary controls, and prepare the agency's annual budget request.

Personal Services - The approved amount is based upon a 3% vacancy factor and \$65,600 in vacancy savings. The approved amount also includes an additional \$65,300 to annualize the cost of the April 1993 general salary adjustment, and \$99,600 to reflect the cost of position reclassifications and upgrades authorized during the past several fiscal years.

(Continued)

- ^{1/} Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$62,400 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.
- ^{2/} The appropriation for Automated Facilities Development is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations. (General Appropriation Act footnote as added by Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session.)
- ^{3/} Represents General Appropriation Act funds. Appropriated as a modified lump sum for the agency. The line items within "All Other Operating Exp." are shown for information only.

ARIZONA STATE RETIREMENT SYSTEM (Cont'd)
STATE RETIREMENT FUND ADMINISTRATION ACCOUNT

Employee Related Expenditures - The approved amount includes: a) an additional \$8,200 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$9,800 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$213,900 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount is intended to provide full funding for the agency's base actuarial and annual audit contracts. The FY 1993 appropriation included \$70,000 for costs associated with legislative and executive requests for actuarial services; this amount was removed in FY 1994.

Other Operating Expenditures - The approved amount includes a total of \$5,200 for the payment of risk management premiums, which reflects an additional \$900 authorized by Section 104 of the General Appropriation Act. The approved amount also includes \$78,000 for postage, \$58,000 for automated equipment lease-purchase payments, \$91,800 for automated equipment repair and maintenance contracts, \$44,900 for telephone expenses, and \$93,700 for supplies.

Equipment - The approved amount includes funding for 1 copy machine and 2 microfiche viewers. The approved amount also includes funding for personal computers for the newly authorized Fiscal Services Specialist and Budget Analyst positions.

Automated Facilities Development - Appropriations for this project in FY 1992 and FY 1993 were intended to provide full funding for the development of a computer system (ASTARS) that would comprise an integrated on-line database of employer and member files, benefits and health insurance information, in-house budget and audit functions, and limited actuarial, investment, and cash management capabilities. As noted on footnote #2 on the previous page, the agency was given authority by the Legislature to use the unspent portion of this project's FY 1993 appropriation in FY 1994.

The future of this project is unclear. While ASTARS was to be completed by and operational during the first half of FY 1994, the Retirement System staff and Board appear to believe that the hardware platform and the programming language do not create an appropriate environment in which to develop and maintain the automated system, particularly given 1) the established state policy of operating in a different, preferred hardware environment, and 2) the state's limited ability to attract and retain computer programmers who are proficient in the programming language selected for this system. The Retirement System will determine the appropriate course of action for ASTARS during the remainder of FY 1993 and in early FY 1994.

Attorney General IGA - Funding was provided in FY 1992 to permit the Retirement System to contract with the Attorney General's Office for the services of a half-time attorney. It has subsequently been determined that statutes permit the agency to hire and fund an attorney outside of the appropriations process. Thus, an appropriation for this purpose is unnecessary.

DEPARTMENT OF REVENUE - SUMMARY

A.R.S. § 42-102

Harold Scott, Director

JLBC Analyst: Hull

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate ^{1/} | FY 1994 Approved |
|----------------------------------|-------------------|-----------------------------------|---------------------------------|
| <u>Program Summary</u> | | | |
| Director's Office | 528,300 | 624,300 | 639,600 |
| Administrative Services | 3,291,100 | 9,539,400 | 9,577,600 |
| Property Valuation | 4,430,200 | 3,287,300 | 3,260,100 |
| Fiscal Services & Analysis | 9,377,100 | -0- | -0- |
| Special Support | 1,121,000 | 1,727,000 | 1,763,500 |
| Tax Enforcement | 17,092,500 | 17,169,700 | 17,303,500 |
| Taxpayer Support | 2,823,400 | 3,877,600 | 3,959,100 |
| Data Management | 10,722,300 | 10,880,800 | 10,984,900 |
| TOTAL APPROPRIATIONS | 49,385,900 | 47,106,100 | 47,488,300 |
| <u>Expenditure Detail</u> | | | |
| FTE Positions | 1,277.8 | 1,236.0 | 1,236.0 |
| Personal Services | 26,565,800 | 26,891,700 | 27,732,500 |
| Employee Related Expenditures | 6,553,100 | 6,793,800 | 6,366,700 |
| Professional & Outside Services | 1,884,700 | 2,029,700 | 2,029,700 |
| Travel - In State | 505,100 | 504,600 | 504,600 |
| Travel - Out of State | 385,000 | 433,700 | 433,700 |
| Other Operating Expenditures | 11,769,100 | 9,769,200 | 10,421,100 |
| Equipment | 1,494,200 | 683,400 | -0- |
| All Other Operating Expenditures | 16,038,100 | 13,420,600 | 13,389,100 |
| OPERATING SUBTOTAL | 49,157,000 | 47,106,100 | 47,488,300 |
| Special Line Items ^{2/} | 228,900 | -0- | -0- |
| TOTAL APPROPRIATIONS | 49,385,900 | 47,106,100 ^{3/} | 47,488,300 ^{4/} |

(Continued)

^{1/} Reflects agencywide distribution of: a) the FY 1993 lump sum reduction of \$473,500, b) the resources of Fiscal Services and Analysis, and c) a net agencywide reduction of 6 FTE positions and \$245,300 due to Project SLIM changes.

^{2/} Details for Special Line Items are included on the individual program pages.

^{3/} In accordance with Laws 1992, Chapter 312, this amount reflects the transfer of \$245,300 from the original FY 1993 appropriation to the Statewide Long-term Improved Management (SLIM) fund. This transfer represents savings associated with the implementation of Project SLIM recommendations.

^{4/} Represents General Appropriation Act Funds. Appropriated as a lump sum for the agency. The program and line item detail are shown for information only.

DEPARTMENT OF REVENUE - SUMMARY (Cont'd)
GENERAL FUND

Agency Description - *The Department of Revenue administers and enforces the collection of personal and corporate income, sales, withholding, luxury and estate taxes. The department administers state property tax laws through the 15 county assessors. The department does not collect transportation related fees and taxes or the insurance premium tax. The department is organized along functional lines.*

Personal Services - The approved amount is based upon a 4.6% vacancy factor and \$1,325,900 in vacancy savings. The approved amount also includes an additional \$908,600 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$116,500 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$124,700 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$2,914,300 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

All Other Operating Expenditures - The approved amount includes an increase of \$15,600 for rent, and decreases of \$27,400 for risk management premiums, \$4,000 for computer upgrades and \$15,700 for one-time expenses.

Project SLIM Restructuring - Implementing Project SLIM recommendations freed up a total of 8 FTE positions for audit and enforcement work, which is estimated will produce \$3,436,000 in additional annual revenue.

DEPARTMENT OF REVENUE - DIRECTOR'S OFFICE

A.R.S. § 42-102

Harold Scott, Director

JLBC Analyst: Hull

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|------------------------------|------------------------------|
| FTE Positions | 8.0 | 8.0 | 8.0 |
| Personal Services | 384,700 | 403,000 | 409,000 |
| Employee Related Expenditures | 60,300 | 69,700 | 79,000 |
| Professional & Outside Services | 60,000 | 125,000 | 125,000 |
| Travel - In State | 1,300 | 1,600 | 1,600 |
| Travel - Out of State | 5,000 | 5,000 | 5,000 |
| Other Operating Expenditures | 17,000 | 20,000 | 20,000 |
| All Other Operating Expenditures | 83,300 | 151,600 | 151,600 |
| TOTAL APPROPRIATIONS | 528,300 | 624,300 ^{1/} | 639,600 ^{2/} |

Program Description - *The Director's Office provides executive management to the department and serves as a liaison to the Legislature and the media.*

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount also includes an additional \$6,000 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$900 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$1,800 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$19,800 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

^{1/} Reflects: a) an increase of \$15,600 for the distribution of the FY 1993 agencywide lump sum reduction, b) a decrease of \$2,200 due to the elimination and distribution of Fiscal Services and Analysis, and c) an increase of \$55,000 due to further Project SLIM changes.

^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The program and line item detail are shown for information only.

DEPARTMENT OF REVENUE - ADMINISTRATIVE SERVICES

A.R.S. § 42-102

Harold Scott, Director

JLBC Analyst: Hull

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|--------------------------------|--------------------------------|
| FTE Positions | 71.0 | 106.0 ^{1/} | 106.0 |
| Personal Services | 1,285,500 | 2,271,700 | 2,346,800 |
| Employee Related Expenditures | 346,600 | 577,500 | 553,400 |
| Professional & Outside Services | 142,800 | 202,000 | 202,000 |
| Travel - In State | 23,500 | 26,000 | 26,000 |
| Travel - Out of State | 2,200 | 3,700 | 3,700 |
| Other Operating Expenditures | 1,444,000 | 6,458,500 | 6,445,700 |
| Equipment | 39,700 | -0- | -0- |
| All Other Operating Expenditures | 1,652,200 | 6,690,200 | 6,677,400 |
| OPERATING SUBTOTAL | 3,284,300 | 9,539,400 | 9,577,600 |
| S.B. 1170 - Hazardous Products | 6,800 | -0- | -0- |
| TOTAL APPROPRIATIONS | 3,291,100 | 9,539,400 ^{2/} | 9,577,600 ^{3/} |

Program Description - Administrative Services: a) provides internal operations support of the department's programs including records management, purchasing, training and the comptroller's office; b) administers the luxury tax, flight property tax, private car and estate tax program; c) provides for locator services for unclaimed and escheated property owners; and d) addresses taxpayer disputes through a formal department appeals office.

Personal Services - The approved amount is based upon a 2% vacancy factor and \$47,900 in vacancy savings. The approved amount also includes an additional \$79,600 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$10,400 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$10,600 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$256,800 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

(Continued)

- ^{1/} Reflects: a) a transfer in of 38 FTE positions from Fiscal Services and Analysis, and b) a decrease of 3 FTE positions due to further Project SLIM changes.
- ^{2/} Reflects: a) an increase of \$27,400 for the distribution of the FY 1993 agencywide lump sum reduction, b) an increase of \$6,277,800 due to the elimination and distribution of Fiscal Services and Analysis, and c) a decrease of \$94,400 due to further Project SLIM changes.
- ^{3/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The program and line item detail are shown for information only.

DEPARTMENT OF REVENUE - ADMINISTRATIVE SERVICES (Cont'd)
GENERAL FUND

All Other Operating Expenditures - The approved amount includes: a) a total of \$172,200 for the payment of risk management premiums, which reflects a reduction of \$27,400 authorized by Section 104 of the General Appropriation Act, and b) a total of \$203,700 for rent of state-owned space and \$1,212,900 for the Revenue Building lease-purchase payment.

The approved amount includes a total increase for all occupancy costs of \$15,600, and a decrease of \$1,000 for one-time expense for 5 FTE positions.

Hazardous Products - Laws 1991, Chapter 184 appropriated funding for FY 1991 and FY 1992 to the department to administer the Hazardous Products Licensing program, which required that certain persons with transaction privilege licenses also obtain environmentally hazardous products licenses from the department at a cost of \$10 per business location. Laws 1992, Chapter 290 repealed this license fee.

DEPARTMENT OF REVENUE - PROPERTY VALUATION

A.R.S. § 42-102

Harold Scott, Director

JLBC Analyst: Hull

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|--------------------------------|--------------------------------|
| FTE Positions | 119.0 | 78.0 | 78.0 |
| Personal Services | 2,895,000 | 2,154,000 | 2,210,000 |
| Employee Related Expenditures | 670,000 | 533,500 | 462,700 |
| Professional & Outside Services | 486,400 | 355,500 | 355,500 |
| Travel - In State | 229,200 | 158,500 | 158,500 |
| Travel - Out of State | 4,600 | 19,000 | 19,000 |
| Other Operating Expenditures | 116,200 | 57,400 | 54,400 |
| Equipment | 28,800 | 9,400 | -0- |
| All Other Operating Expenditures | 865,200 | 599,800 | 587,400 |
| TOTAL APPROPRIATIONS | 4,430,200 | 3,287,300 ^{1/} | 3,260,100 ^{2/} |

Program Description - Property Valuation: a) appraises all centrally valued property, including producing mines, communication, pipeline, and utility companies, and railroads; b) administers state property tax laws through the 15 county assessors; c) prepares appraisal manuals and guidelines for use by the county assessors and taxpayers; d) administers training and certification of county assessors and the department's appraisers; and e) monitors assessment performance of county assessors. Property Valuation has intergovernmental agreements with 11 counties to provide the data processing services necessary to maintain and produce their property tax assessment and tax rolls.

Personal Services - The approved amount is based upon a 3% vacancy factor and \$69,000 in vacancy savings. The approved amount also includes an additional \$57,800 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$7,400 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$9,900 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$187,000 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

All Other Operating Expenditures - The approved amount deletes \$9,400 in one-time capitalized equipment expenses and \$3,000 for purchase of non-capitalized equipment.

- ^{1/} Reflects: a) an increase of \$50,000 for the distribution of the FY 1993 agencywide lump sum reduction, and b) a decrease of \$52,800 due to the elimination and distribution of Fiscal Services and Analysis.
- ^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The program and line item detail are shown for information only.

DEPARTMENT OF REVENUE - FISCAL SERVICES AND ANALYSIS

A.R.S. § 42-102

Harold Scott, Director

JLBC Analyst: Hull

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|--------------------------|---------------------|
| FTE Positions | 82.0 | 0.0 ^{1/} | 0.0 |
| Personal Services | 1,989,000 | -0- | -0- |
| Employee Related Expenditures | 411,100 | -0- | -0- |
| Professional & Outside Services | 26,300 | -0- | -0- |
| Travel - In State | 7,800 | -0- | -0- |
| Travel - Out of State | 2,600 | -0- | -0- |
| Other Operating Expenditures | 6,734,200 | -0- | -0- |
| Equipment | 125,900 | -0- | -0- |
| All Other Operating Expenditures | 6,896,800 | -0- | -0- |
| OPERATING SUBTOTAL | 9,296,900 | -0- | -0- |
| S.B. 1170 - Hazardous Products | 80,200 | -0- | -0- |
| TOTAL APPROPRIATIONS | 9,377,100 | -0- ^{2/} | -0- |

Program Description - *Fiscal Services and Analysis was eliminated and its resources were distributed agencywide during FY 1993 due to the implementation of Project SLIM recommendations.*

Hazardous Products - Laws 1991, Chapter 184 appropriated funding for FY 1991 and FY 1992 to the department to administer the Hazardous Products Licensing program, which required that certain persons with transaction privilege licenses also obtain environmentally hazardous products licenses from the department at a cost of \$10 per business location. Laws 1992, Chapter 290 repealed this license fee.

^{1/} Reflects the transfer out of 82 FTE positions to other divisions.

^{2/} From an original FY 1993 estimate of \$7,697,600, reflects: a) a decrease of \$15,200 for the distribution of the FY 1993 agencywide lump sum reduction, and b) a decrease of \$7,682,400 due to the elimination and agencywide distribution of Fiscal Services and Analysis.

DEPARTMENT OF REVENUE - SPECIAL SUPPORT

A.R.S. § 42-102

Harold Scott, Director

JLBC Analyst: Hull

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|--------------------------------|--------------------------------|
| FTE Positions | 32.8 | 47.0 ^{1/} | 47.0 |
| Personal Services | 859,400 | 1,367,700 | 1,405,000 |
| Employee Related Expenditures | 183,000 | 292,300 | 291,500 |
| Professional & Outside Services | 7,100 | 7,000 | 7,000 |
| Travel - In State | 1,600 | 13,000 | 13,000 |
| Travel - Out of State | 2,100 | 6,000 | 6,000 |
| Other Operating Expenditures | 45,900 | 41,000 | 41,000 |
| Equipment | 21,900 | -0- | -0- |
| All Other Operating Expenditures | 78,600 | 67,000 | 67,000 |
| TOTAL APPROPRIATIONS | 1,121,000 | 1,727,000 ^{2/} | 1,763,500 ^{3/} |

Program Description - Special Support: a) researches and writes rules, policies and opinions relating to department statutes and procedures; b) provides ombudsman services for taxpayers; c) provides affirmative action and personnel services; d) administers the internal audit of department procedures and controls and oversees criminal investigations; e) forecasts and analyzes state tax revenues and determines the fiscal impact of proposed legislation on state tax revenues; and f) provides internal operation support to the department's programs through a management analysis function.

Personal Services - The approved amount is based upon a 1% vacancy factor and \$14,200 in vacancy savings. The approved amount also includes an additional \$35,300 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$4,600 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$6,300 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$115,000 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

^{1/} Reflects: a) the transfer in of 18 FTE positions from Fiscal Services and Analysis, and b) a decrease of 4 FTE positions due to further Project SLIM changes.

^{2/} Reflects: a) a decrease of \$18,000 for the distribution of the FY 1993 agencywide lump sum reduction, b) an increase of \$684,700 due to the elimination and distribution of Fiscal Services and Analysis, and c) a decrease of \$199,500 due to further Project SLIM changes.

^{3/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The program and line item detail are shown for information only.

DEPARTMENT OF REVENUE - TAX ENFORCEMENT

A.R.S. § 42-102

Harold Scott, Director

JLBC Analyst: Hull

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------------------|---------------------------------|
| FTE Positions | 595.0 | 597.0 ^{1/} | 597.0 |
| Personal Services | 12,216,700 | 12,709,400 | 13,092,100 |
| Employee Related Expenditures | 3,071,900 | 3,251,300 | 3,002,400 |
| Professional & Outside Services | 39,700 | 138,000 | 138,000 |
| Travel - In State | 230,200 | 275,000 | 275,000 |
| Travel - Out of State | 364,300 | 395,500 | 395,500 |
| Other Operating Expenditures | 708,000 | 400,500 | 400,500 |
| Equipment | 461,700 | -0- | -0- |
| All Other Operating Expenditures | 1,803,900 | 1,209,000 | 1,209,000 |
| TOTAL APPROPRIATIONS | 17,092,500 | 17,169,700 ^{2/} | 17,303,500 ^{3/} |

Program Description - Tax Enforcement is responsible for the department's tax compliance program consisting of sales, corporate and personal income taxpayer audits. The program oversees the city sales tax audit and collection program. It collects delinquent accounts listed on the automated collection system and non-sufficient funds checks returned by the Treasurer's Office. This includes the filing of liens and levies, phone collections, skip tracing and field collection efforts.

Personal Services - The approved amount is based upon a 6.1% vacancy factor and \$848,400 in vacancy savings. The approved amount also includes an additional \$434,800 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$55,400 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$58,900 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$1,385,800 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Project SLIM Restructuring - Implementing Project SLIM recommendations freed up 2 FTE positions for corporate audit, 1 FTE position for sales audit and 2 FTE positions for individual income tax audit, which is estimated will produce \$3,076,000 in additional annual revenue.

^{1/} Reflects: a) an increase of 1 FTE position during FY 1993 by the agency which was unrelated to Project SLIM, and b) an increase of 1 FTE position due to Project SLIM changes.

^{2/} Reflects: a) a decrease of \$377,000 for the distribution of the FY 1993 agencywide lump sum reduction, b) an increase of \$63,800 due to the elimination and distribution of Fiscal Services and Analysis, and c) a decrease of \$9,500 due to further Project SLIM changes.

^{3/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The program and line item detail are shown for information only.

DEPARTMENT OF REVENUE - TAXPAYER SUPPORT

A.R.S. § 42-102

Harold Scott, Director

JLBC Analyst: Hull

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|--------------------------------|--------------------------------|
| FTE Positions | 121.0 | 151.0 ^{1/} | 151.0 |
| Personal Services | 1,934,800 | 2,799,900 | 2,911,000 |
| Employee Related Expenditures | 551,600 | 758,200 | 729,000 |
| Professional & Outside Services | 115,500 | 110,000 | 110,000 |
| Travel - In State | 11,200 | 29,500 | 29,500 |
| Travel - Out of State | 1,400 | 3,000 | 3,000 |
| Other Operating Expenditures | 96,100 | 177,000 | 176,600 |
| Equipment | 56,300 | -0- | -0- |
| All Other Operating Expenditures | 280,500 | 319,500 | 319,100 |
| OPERATING SUBTOTAL | 2,766,900 | 3,877,600 | 3,959,100 |
| S.B. 1170 - Hazardous Products | 56,500 | -0- | -0- |
| TOTAL APPROPRIATIONS | 2,823,400 | 3,877,600 ^{2/} | 3,959,100 ^{3/} |

Program Description - Taxpayer Support: a) provides general information concerning business and individual income taxes administered by the department; b) resolves taxpayer account problems, billing inquiries and disputes; c) processes license applications for sales tax, use tax, tobacco, cannabis and controlled substances, and employer withholding tax; d) performs compliance activities to identify and license previously unlicensed businesses; and e) assists the public through dissemination of general license information, distribution of tax forms and cashiering services.

Personal Services - The approved amount is based upon a 2% vacancy factor and \$59,400 in vacancy savings. The approved amount also includes an additional \$113,400 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$14,600 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$13,100 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$365,800 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

(Continued)

^{1/} Reflects the transfer in of 26 FTE positions from Fiscal Services and Analysis.

^{2/} Reflects: a) a decrease of \$25,900 for the distribution of the FY 1993 agencywide lump sum reduction, b) an increase of \$873,800 due to the elimination and distribution of Fiscal Services and Analysis, and c) an increase of \$3,100 due to further Project SLIM changes.

^{3/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The program and line item detail are shown for information only.

DEPARTMENT OF REVENUE - TAXPAYER SUPPORT (Cont'd)
GENERAL FUND

All Other Operating Expenditures - The approved amount deletes \$400 for the one-time purchase of non-capitalized equipment.

Hazardous Products - Laws 1991, Chapter 184 appropriated funding for FY 1991 and FY 1992 to the department to administer the Hazardous Products Licensing program, which required that certain persons with transaction privilege licenses also obtain environmentally hazardous products licenses from the department at a cost of \$10 per business location. Laws 1992, Chapter 290 repealed this license fee.

Project SLIM Restructuring - Implementing Project SLIM recommendations freed up 3 FTE positions for sales tax license enforcement, which is estimated will produce \$360,000 in additional annual revenue.

DEPARTMENT OF REVENUE - DATA MANAGEMENT

A.R.S. § 42-102

Harold Scott, Director

JLBC Analyst: Hull

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|--------------------------|--------------------------|
| FTE Positions | 249.0 | 249.0 ^{1/} | 249.0 |
| Personal Services | 5,000,700 | 5,186,000 | 5,358,600 |
| Employee Related Expenditures | 1,258,600 | 1,311,300 | 1,248,700 |
| Professional & Outside Services | 1,006,900 | 1,092,200 | 1,092,200 |
| Travel - In State | 300 | 1,000 | 1,000 |
| Travel - Out of State | 2,800 | 1,500 | 1,500 |
| Other Operating Expenditures | 2,607,700 | 2,614,800 | 3,282,900 |
| Equipment | 759,900 | 674,000 | -0- |
| All Other Operating Expenditures | 4,377,600 | 4,383,500 | 4,377,600 |
| OPERATING SUBTOTAL | 10,636,900 | 10,880,800 | 10,984,900 |
| S.B. 1170 - Hazardous Products | 85,400 | -0- | -0- |
| TOTAL APPROPRIATIONS | 10,722,300 | 10,880,800 ^{2/} | 10,984,900 ^{3/} |

Program Description - Data Management is responsible for a major data processing center that provides for programming, computer operations and support for all department tax systems including personal and corporate income, sales, withholding and property taxes.

Personal Services - The approved amount is based upon a 5.1% vacancy factor and \$287,000 in vacancy savings. The approved amount also includes an additional \$181,700 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$23,200 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$24,100 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$584,100 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

(Continued)

- ^{1/} Reflects a decrease of 1 FTE position during FY 1993 by the agency which was unrelated to Project SLIM changes.
- ^{2/} Reflects: a) a decrease of \$130,400 for distribution of the FY 1993 agencywide lump sum reduction, and b) a decrease of \$162,700 due to the elimination and distribution of Fiscal Services and Analysis.
- ^{3/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The program and line item detail are shown for information only.

DEPARTMENT OF REVENUE - DATA MANAGEMENT (Cont'd)
GENERAL FUNDS

All Other Operating Expenditures - The approved amount includes increases of \$640,000 for mainframe computer memory upgrades for year 4 of a 5 year plan, \$30,000 for maintenance of previously bought computer equipment and an offsetting decrease of \$674,000 for the one-time purchase of capitalized equipment, plus a decrease of \$1,900 for one-time items associated with new positions.

Hazardous Products - Laws 1991, Chapter 184 appropriated funding for FY 1991 and FY 1992 to the department to administer the Hazardous Products Licensing program, which required that certain persons with transaction privilege licenses also obtain environmentally hazardous products licenses from the department at a cost of \$10 per business location. Laws 1992, Chapter 290 repealed this license fee.

DEPARTMENT OF STATE - SECRETARY OF STATE

A.R.S. § 41-121

The Honorable Richard D. Mahoney, Secretary of State

JLBC Analyst: Martinez

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|--------------------------------|
| FTE Positions ^{1/} | 37.0 | 37.0 | 34.0 |
| Personal Services | 642,400 | 667,600 | 669,700 |
| Employee Related Expenditures | 162,600 | 172,400 | 147,900 |
| Professional & Outside Services | 31,300 | 65,600 | 32,000 |
| Travel - In State | 600 | 1,600 | -0- |
| Travel - Out of State | 1,300 | -0- | -0- |
| Other Operating Expenditures | 343,700 | 468,800 | 457,300 |
| Equipment | 6,500 | -0- | -0- |
| All Other Operating Expenditures | 383,400 | 536,000 | 489,300 |
| OPERATING SUBTOTAL | 1,188,400 | 1,376,000 | 1,306,900 |
| Rules-Publications Division | 156,000 | 221,300 | 199,200 |
| Elections | 99,200 | 2,614,400 | 82,000 |
| Proposition 200 | 152,800 | 161,600 | 163,200 |
| Special Election - State | 208,700 | -0- | -0- |
| Special Election - Counties | 562,000 | -0- | -0- |
| TOTAL APPROPRIATIONS | 2,367,100 | 4,373,300 | 1,751,300 ^{2/} |

Agency Description - The Secretary of State is an elected Constitutional Officer. The Department of State is responsible for filings and recordings under the Uniform Commercial Code (U.C.C.); for statewide election coordination; for required filings from legislators, state officials, judges, candidates for office, campaign committees, and lobbyists; for training county elections officials; for implementing the requirements of Proposition 200 regarding campaign contributions; for filings of administrative rules, intergovernmental agency agreements, and official executive orders/proclamations; for registering trade names, trademarks and limited partnerships; for appointing notaries public; and for certifying certain telemarketing and charitable solicitation organizations.

FTE Positions - The agency eliminated 3 FTE positions as a result of increased efficiencies within the agency.

Personal Services - The approved amount is based upon a 1% vacancy factor and \$7,000 in vacancy savings. The approved amount also includes an additional \$21,000 to annualize the cost of the April 1993 general salary adjustment, and a net reduction of \$18,700 resulting from the elimination of the 3 FTE positions and reclassifying 6 FTE positions.

Employee Related Expenditures - The approved amount includes: a) an additional \$2,700 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$2,800 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

(Continued)

^{1/} The FTE positions total includes 5 FTE positions funded in the Proposition 200 line item in FY 1992, FY 1993, and FY 1994.

^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency with special line items. The line items within the "Operating Subtotal" are shown for information only.

DEPARTMENT OF STATE - SECRETARY OF STATE (Cont'd)
GENERAL FUND

The approved amount also includes a total of \$76,200 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes: a) a total of \$2,900 for the payment of risk management premiums, which reflects a reduction of \$5,500 authorized by Section 104 of the General Appropriation Act, and b) a total of \$120,000 for rent of state-owned space.

Elections - The approved amount provides for a biennial decrease in funding to adjust for expenses which are not required during a "non-election" year. The approved amount includes a reduction of \$100 as a result of lowering the employer contribution to the State Retirement system from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

Proposition 200 - The appropriation provides for personnel costs of administering the requirements of the campaign finance laws. The approved amount is based upon a 0% vacancy factor and includes \$135,400 in Personal Services and \$27,800 in Employee Related Expenditures for 5 FTE positions.

The approved amount includes \$4,300 (Personal Services, \$3,800; Employee Related Expenditures, \$500) to annualize the cost of the April 1993 general salary adjustment. The approved amount also includes a reduction of \$600 as a result of lowering the employer contribution to the State Retirement system from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. The approved amount also includes a total of \$11,300 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Rules-Publications Division - The approved amount includes \$54,000 for a printing equipment maintenance contract and \$145,200 for printing supplies and postage.

STATE BOARD OF TAX APPEALS

A.R.S. § 42-171

Donald Joseph, Chairman - Division I
Stephen Plinzer, Chairman - Division II

JLBC Analyst: Fusak

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|------------------------------|
| FTE Positions | 9.5 | 9.5 | 9.5 |
| Personal Services | 415,700 | 448,600 | 452,600 |
| Employee Related Expenditures | 63,400 | 59,100 | 68,000 |
| Professional & Outside Services | 16,800 | 21,000 | 17,000 |
| Travel - In State | 30,900 | 37,000 | 33,100 |
| Travel - Out of State | 4,200 | 6,700 | 3,200 |
| Other Operating Expenditures | 109,000 | 107,600 | 110,100 |
| Equipment | 26,300 | 1,700 | -0- |
| All Other Operating Expenditures | 187,200 | 174,000 | 163,400 |
| TOTAL APPROPRIATIONS | 666,300 | 681,700 | 684,000 ^{1/} |

Agency Description - The agency has 2 boards, Division I and Division II. Division I provides an independent appeals process for taxpayers, and county assessors in disputes relating to property tax decisions from the Department of Revenue. Division II provides an independent appeals process for taxpayers with disputes relating to income, sales and use tax decisions from the Department of Revenue and resolves jurisdictional disputes between municipalities regarding the imposition of transaction privilege and use taxes.

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$7,100 to annualize the cost of the April 1993 general salary adjustment. The approved amount includes an increase of \$6,900 to restore the FY 1993 lump sum reduction which the agency took from Personal Services in FY 1993. The approved amount also includes a reduction of \$10,000 to reflect actual per diem requirements for Division I board members.

Employee Related Expenditures - The approved amount includes: a) an additional \$600 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$1,300 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$30,600 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount reflects a reduction of \$4,000 in Professional and Outside Services for data processing in Division I to reflect prior year expenditures.

(Continued)

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.

STATE BOARD OF TAX APPEALS (Cont'd)
GENERAL FUND

Travel - The approved amount includes a reduction of \$1,500 in Travel - In State for Division I and a reduction of \$2,400 for Division II based on projected travel requirements for board members. The approved amount includes a reduction in Travel - Out of State of \$3,000 for Division I and a reduction of \$500 for Division II based on FY 1992 actual spending.

All Other Operating Expenditures - The approved amount includes: a) a total of \$700 for the payment of risk management premiums, which reflects a reduction of \$400 authorized by Section 104 of the General Appropriation Act and b) a total of \$69,600 (an increase of \$10,400) for the Supreme Court Building lease-purchase payment. The approved amount also includes a reduction of \$7,500 to offset the increase in Personal Services/Employee Related Expenditures associated with the FY 1993 lump sum reduction and a reduction of \$1,500 to zero-base capitalized equipment.

ADDITIONAL LEGISLATION

Property Tax Valuation: Appeals Committee - Chapter 87 (S.B. 1132) - Establishes a study committee on property tax valuation and appeals. Relative to the State Board of Tax Appeals, the committee will examine and analyze the role and interaction of the various entities involved in property tax valuations and the administrative appeals process.

Valuation: Tax Appeals - Chapter 92 (S.B. 1237) - Allows a property owner who is not satisfied with the property valuation determined by the Department of Revenue to appeal to either the Tax Court or the State Board of Tax Appeals.

Board of Tax Appeals Panels - Chapter 188 (S.B. 1007) - Allows Division I to use a two or three member panel appointed by the chairman of the division in cases involving locally or centrally assessed property. For centrally assessed property cases, the chairman of the division may also appoint a 5 member panel to make orders and decisions for the division.

OFFICE OF TOURISM

A.R.S. § 41-2301

Mike Leyva, Acting Director

JLBC Analyst: Siegwarth

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|--------------------------------|
| FTE Positions | 19.0 | 17.0 | 18.0 |
| Personal Services | 545,900 | 507,000 | 564,500 |
| Employee Related Expenditures | 113,500 | 114,500 | 110,200 |
| Professional & Outside Services | 122,700 | 150,000 | 140,000 |
| Travel - In State | 18,200 | 17,000 | 17,000 |
| Travel - Out of State | 45,900 | 62,000 | 50,000 |
| Other Operating Expenditures | 596,400 | 602,500 | 665,000 |
| Equipment | 38,500 | 10,000 | 10,000 |
| All Other Operating Expenditures | 821,700 | 841,500 | 882,000 |
| OPERATING SUBTOTAL | 1,481,100 | 1,463,000 | 1,556,700 |
| Media Advertising | 1,929,400 | 1,932,000 | 1,477,800 |
| Tourism Fund | 2,027,200 | 2,234,700 | 2,368,800 ^{1/} |
| TOTAL APPROPRIATIONS | 5,437,700 | 5,629,700 | 5,403,300 ^{2/} |

Agency Description - The office is responsible for promoting tourism within the state, which includes planning and developing an information campaign, advertising, and exhibitions.

FTE Positions - The approved amount includes a reduction of 1 FTE position to bring the agency's current vacancy factor in line with the standard vacancy factor for an agency with this number of FTE positions. The approved amount also includes 2 additional FTE positions, and \$61,000 to staff Arizona's first "Welcome Center," at Painted Cliffs, which is anticipated to be operational in FY 1994.

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount also includes an additional \$12,800 to annualize the cost of the April 1993 general salary adjustment and \$50,000 for the 2 new FTE positions.

Employee Related Expenditures - The approved amount includes: a) an additional \$1,600 to annualize the cost of the April 1993 general salary adjustment, b) a reduction of \$2,500 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act, and c) an additional \$11,000 for the 2 new FTE positions.

(Continued)

^{1/} The \$2,368,800 appropriated to the Tourism Fund is made pursuant to A.R.S. § 42-1341C(3)c and is to be used for Media Advertising. (General Appropriation Act footnote)

^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency, with special line items. The line items within the "Operating Subtotal" are shown for information only.

OFFICE OF TOURISM (Cont'd)
GENERAL FUND

The approved amount also includes a total of \$42,400 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount includes a reduction of \$10,000 associated with the use of temporary personnel.

Travel - Out of State - The approved amount includes a reduction of \$12,000, or 35.8%, in international travel.

Other Operating Expenditures - The approved amount includes: a) a total of \$700 for the payment of risk management premiums, which reflects a reduction of \$1,300 authorized by Section 104 of the General Appropriation Act, b) a total of \$53,500 for rent of state-owned space, which reflects a reduction of \$11,500, c) \$68,000 for the lease-purchase payment and \$14,800 for operating costs associated with the Painted Cliffs Welcome Center, and d) a reduction of \$7,500 for non-capitalized equipment.

Tourism Fund - Laws 1990, Chapter 391, allocates 75% of the growth of the last 1/2% of bed tax revenues from the General Fund to the Tourism Fund. This amount is in addition to the \$2 million annual appropriation for the Tourism Fund. The additional revenues are projected to be \$368,800 in FY 1994, an increase of \$134,100, as bed tax revenues are estimated to grow 6% in FY 1993. The Tourism Fund, in combination with the line item described below, is to be used for advertising.

Media Advertising - The approved amount is a decrease of \$454,200. Given the \$134,100 increase in the Tourism Fund, the net decline in Media Advertising funding is \$320,100, or 7.7%.

STATE TREASURER

A.R.S. § 41-171

The Honorable Tony West, Treasurer

JLBC Analyst: Martinez

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|-------------------|---------------------|---------------------------------|
| FTE Positions | 31.0 | 30.0 | 34.0 |
| Personal Services | 844,800 | 935,700 | 1,031,000 |
| Employee Related Expenditures | 183,900 | 205,100 | 216,500 |
| Professional & Outside Services | 120,100 | 128,000 | 124,100 |
| Travel - In State | 1,300 | 2,000 | 2,000 |
| Travel - Out of State | 10,300 | 14,000 | 13,700 |
| Other Operating Expenditures | 85,200 | 158,600 | 170,900 |
| Equipment | 7,200 | 15,000 | 17,700 |
| All Other Operating Expenditures | 224,100 | 317,600 | 328,400 |
| OPERATING SUBTOTAL | 1,252,800 | 1,458,400 | 1,575,900 ^{1/2} |
| Justice of Peace Salaries | 1,544,200 | 1,879,500 | 1,879,500 ^{1/} |
| Distribution of Tax Protest Monies ^{3/} | 3,629,700 | 3,629,700 | 3,629,700 |
| TOTAL APPROPRIATIONS | 6,426,700 | 6,967,600 | 7,085,100 ^{4/} |

Agency Description - *The State Treasurer is an elected Constitutional Officer. The primary responsibilities of the office are to receive and keep custody over all monies belonging to the state that are not required to be kept by some other entity, to pay warrants of the Department of Administration, and to keep an account of all monies received and disbursed. The office also invests state monies and operates the local government investment pool (LGIP) for subdivisions of state government.*

(Continued)

FTE Positions - The approved amount includes 4 new FTE positions to accommodate the increase in investment related activities. The Treasurer's Office currently manages an investment pool totaling approximately \$3 billion and has not received additional investment-related FTE positions for several years. The 4 FTE positions include an EDP Technical Support Specialist II, a Fiscal Services Specialist III, a Fiscal Services Specialist II, and a Fiscal Services Specialist I.

- ^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency, with special line items. The line items within the "Operating Subtotal" are shown for information purposes only.
- ^{2/} The amount shown reflects a reduction of \$31,000 made by Laws 1993, Chapter 124. This amount was transferred to the Department of Administration for the expenses associated with garnishing state employee wages.
- ^{3/} Laws 1990, Chapter 332, appropriates \$3,629,666 to the State Treasurer in each of FY 1992-1994, to pay cities, towns, and counties as reimbursement for undistributed transaction privilege tax revenues.
- ^{4/} It is the intent of the Legislature that charges on monies managed by the State Treasurer be set at 12 basis points as of July 1, 1993. If the management fee is not set at 12 basis points, the lump sum appropriation shall be reduced by \$116,500 and the number of authorized FTE positions shall be reduced by 4 FTE positions. (General Appropriation Act footnote)

STATE TREASURER (Cont'd)
GENERAL FUND

Personal Services - The approved amount is based upon a 1% vacancy factor and \$9,700 in vacancy savings. The approved amount includes an additional \$21,800 to annualize the cost of the April 1993 general salary adjustment and \$93,700 for the 4 new FTE positions. The amount also reflects a reduction of \$20,300 that was transferred to the Department of Administration for the expenses associated with garnishing state employee wages.

Employee Related Expenditures - The approved amount includes: a) an additional \$2,700 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$4,500 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$92,400 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes: a) a total of \$1,000 for the payment of risk management premiums, which reflects a reduction of \$1,700 authorized by Section 104 of the General Appropriation Act, and b) a total of \$88,400 for rent of state-owned space.

Justice of the Peace Salaries - The Justice of the Peace Salaries line item is for pass-through funds used to pay the state portion of Justice of the Peace salaries. The state share is 40% of the total salaries in accordance with A.R.S. § 22-117. The salaries are determined by a calculation of judicial productivity credits as defined in A.R.S. § 22-125, which are then used to determine the percentage of a Superior Court Judge salary to be paid to each Justice of the Peace. Justice of the Peace salaries range from 25% to 70% of Superior Court salaries.

Distribution of Tax Protest Monies - Laws 1990, Chapter 332 appropriates \$3,629,666 to the State Treasurer each year for FY 1992 through FY 1994 for disbursement to cities, towns and counties. This is a reimbursement for undistributed transaction privilege tax revenues collected by the state.

ADDITIONAL LEGISLATION

Garnishment Service - Chapter 124 (S.B. 1058) - The bill transfers writ of garnishment responsibilities from the State Treasurer's Office to the Department of Administration, the Universities, or the clerk of a county board of supervisors. A total of \$31,000 is to be transferred from the State Treasurer's appropriation for FY 1994 to the Department of Administration. The bill also provides an additional appropriation of \$68,600 from the General Fund to the Department of Administration for the purpose of administering the service of writs of garnishment.

COMMISSION ON UNIFORM STATE LAWS

A.R.S. § 41-1306

James M. Bush, Commissioner

JLBC Analyst: Fusak

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|-----------------------------|
| FTE Positions | 0.0 | 0.0 | 0.0 |
| Personal Services | 800 | 1,800 | 1,300 |
| Travel - In State | 100 | 500 | 500 |
| Travel - Out of State | 5,500 | 5,000 | 5,000 |
| Other Operating Expenditures | 14,500 | 16,100 | 16,500 |
| All Other Operating Expenditures | 20,100 | 21,600 | 22,000 |
| TOTAL APPROPRIATIONS | 20,900 | 23,400 | 23,300 ^{1/} |

Agency Description - *The Commissioners are members of the National Conference of Commissioners on Uniform State Laws which meets annually to discuss where uniformity among the 50 states is desirable. The Commission then recommends to the Legislature proposed uniform laws promulgated by the National Conference which are deemed appropriate for Arizona.*

Personal Services - The approved amount includes \$1,300 for board member per diem only, and therefore no funding is included to annualize the cost of the April FY 1993 general salary adjustment.

Other Operating Expenditures - The approved amount contains a total of \$700 for the payment of risk management premiums, which reflects an additional \$400 authorized by Section 104 of the General Appropriation Act. The approved amount includes \$15,800 for the state's annual assessed membership dues and registration fees for the National Conference of Commissioners on Uniform State Laws (NCCUSL). Each state pays a base fee of \$5,000 plus an additional \$2.50 per 1,000 population.

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.

HEALTH AND WELFARE

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - SUMMARY A.R.S. § 36-2901

Dr. Leonard Kirschner, Director

JLBC Analyst: Headley

| GENERAL FUND, FEDERAL FUNDS, COUNTY FUNDS, AND MISC. FUNDS | | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|---|------|----------------------|----------------------|----------------------|
| <u>Program Summary</u> | | | | |
| Administration | (GF) | 27,207,800 | 24,879,100 | 25,510,100 |
| | (TF) | 54,249,000 | 52,365,000 | 55,308,100 |
| DES-AHCCCS | (GF) | 13,071,800 | 15,014,600 | 18,298,100 |
| | (TF) | 25,855,600 | 30,682,300 | 37,105,400 |
| DHS-AHCCCS | (GF) | 175,500 | 666,000 | 664,700 |
| | (TF) | 9,079,600 | 12,868,900 | 13,565,900 |
| Acute Care | (GF) | 379,995,400 | 439,556,800 | 432,718,900 |
| | (TF) | 898,192,700 | 1,116,799,000 | 1,219,429,000 |
| Long Term Care | (GF) | -0- | -0- | -0- |
| | (TF) | 228,780,800 | 264,236,000 | 302,198,200 |
| AGENCY TOTAL | (GF) | 420,450,500 | 480,116,500 | 477,191,800 |
| | (TF) | 1,216,157,700 | 1,476,951,200 | 1,627,606,600 |
| FTE Positions | (GF) | 876.2 | 981.5 | 1,003.2 |
| | (TF) | 1,733.7 | 1,948.2 | 2,072.9 |
| Personal Services | (GF) | 18,554,500 | 19,439,400 | 20,799,000 |
| | (TF) | 36,470,600 | 39,442,700 | 43,516,500 |
| Employee Related Expenditures | (GF) | 4,444,700 | 4,818,400 | 5,203,000 |
| | (TF) | 7,969,600 | 9,801,600 | 10,873,700 |
| Professional & Outside Services | (GF) | 7,169,400 | 7,066,900 | 6,830,800 |
| | (TF) | 14,498,400 | 15,977,000 | 15,477,100 |
| Travel - In State | (GF) | 221,500 | 244,100 | 270,400 |
| | (TF) | 461,700 | 512,000 | 565,600 |
| Travel - Out of State | (GF) | 18,600 | 19,100 | 19,100 |
| | (TF) | 36,100 | 40,800 | 40,800 |
| Other Operating Expenditures | (GF) | 6,846,200 | 7,360,900 | 8,246,100 |
| | (TF) | 13,501,100 | 15,279,800 | 17,063,900 |
| Equipment | (GF) | 87,100 | 331,500 | 725,300 |
| | (TF) | 166,800 | 733,100 | 1,523,400 |
| All Other Operating Expenditures | (GF) | 14,342,800 | 15,022,500 | 16,091,700 |
| | (TF) | 28,664,100 | 32,542,700 | 34,670,800 |
| OPERATING SUBTOTAL | (GF) | 37,342,000 | 39,280,300 | 42,093,700 |
| | (TF) | 73,104,300 | 81,787,000 | 89,061,000 |

(See Footnotes on Following Page)

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - SUMMARY (Cont'd)
GENERAL FUND, FEDERAL FUNDS, COUNTY FUNDS, AND MISC. FUNDS

| | | | |
|---|---------------------------|----------------------|--------------------------------------|
| Special Line Item Total ^{1/} | (SM) 532,128,700 | 580,080,600 | 626,548,500 |
| | (TF) 1,143,053,400 | 1,302,638,200 | 1,535,425,600 |
| Additional Appropriations ^{2/} | (SM) -0- | 32,492,700 | 1,064,000 |
| | (TF) -0- | 92,526,000 | 3,120,000 |
| AGENCY TOTAL | (SM) 569,470,700 | 651,853,600 | 669,706,200 |
| | (TF) 1,216,157,700 | 1,476,951,200 | 1,627,606,600 |
| Less: | | | |
| County Acute Care Contribution | (62,394,300) | (65,076,100) | (77,884,200) |
| Miscellaneous Funds Offset | (3,576,600) | (6,613,400) | (8,576,600) |
| SLIAG Offset | -0- | (7,750,000) | (3,000,000) |
| County Long Term Care Contribution | (83,049,300) | (92,297,600) | (103,053,600) |
| AGENCY TOTAL | (GF) 420,450,500 | 480,116,500 | 477,191,800 |
| | (TF) 1,216,157,700 | 1,476,951,200 | 1,627,606,600 |
| By Fund Source: | | | |
| General Fund | 420,450,500 | 480,116,500 | 477,191,800 |
| Federal Funds | 646,687,000 | 832,847,600 | 960,900,400 |
| County Funds | 145,443,600 | 157,373,700 | 180,937,800 |
| Misc. Funds | 3,576,600 | 6,613,400 | 8,576,600 |
| AGENCY TOTAL-ALL SOURCES | 1,216,157,700 | 1,476,951,200 | 1,627,606,600 ^{3/4/} |

SM= State Match, and consists of the State General Fund and County Funds

TF= Total Funds, and represents the sum of Federal Funds, County Funds, Miscellaneous Funds, and the State General Fund

GF= State General Fund

Agency Description - The Arizona Health Care Cost Containment System, or AHCCCS, is Arizona's alternative to a traditional fee for service Medicaid system. Started in 1982, AHCCCS operates on a health maintenance organization model in which contracted providers receive a predetermined monthly capitation payment for the medical services cost of enrolled members. AHCCCS members gain eligibility through a variety of federal and state programs. Eligibility based on federal programs is often tied to the applicant also being eligible for a cash assistance program, such as Aid to Families with Dependent Children. Low income pregnant women and children can qualify under a federal "medical assistance only" category. Other individuals not meeting federal eligibility requirements but either indigent or having catastrophic medical expenses may qualify for state-supported assistance in the Medically Needy/Medically Indigent (MN/MI) program. In addition to an acute medical services program, AHCCCS also operates the Arizona Long Term Care System, a Medicaid program that provides long term nursing care in nursing facilities or home and community based settings.

(Continued)

- 1/ Details for the special line items are included on the individual program pages.
- 2/ Details for the Additional Appropriations are included on the individual program pages.
- 3/ Represents General Appropriation Act funds. Appropriated as a lump sum by programs, with special line items.
- 4/ Included in the collections, other receipts and balances forward of \$1,146,791,000 is \$3,000,000 of AHCCCS-related State Legalization Impact Assistance Grant reimbursements, which the Department of Administration shall credit to the AHCCCS fund during FY 1993-1994. It is the intent of the Legislature that the transaction be handled in such a way as to maximize General Fund interest earnings.

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - SUMMARY (Cont'd)
GENERAL FUND, FEDERAL FUNDS, COUNTY FUNDS, AND MISC. FUNDS

Personal Services - The approved amount includes an additional \$676,400 (GF) and \$1,396,500 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes an additional \$86,300 (GF) and \$178,000 (TF) to annualize the cost of the April 1993 general salary adjustment. The approved amount also includes a reduction of \$93,600 (GF) and \$195,700 (TF) as a result of lowering the employee contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

Other Operating Expenditures - The approved amount includes a total of \$750,600 (GF) and \$1,504,800 (TF) for the payment of risk management premiums, which reflects an additional \$599,700 (GF) and \$1,209,000 (TF) authorized by Section 104 of the General Appropriation Act.

SUMMARY OF MAJOR CHANGES

The following summarizes the major factors behind the change in the FY 1994 General Fund operating budget from the revised FY 1993 estimate:

| | |
|--|-----------------------|
| • 40,582 New Member Years -- 9.8% Growth | \$ 34,030,400 |
| • Capitation Increase and Medical Inflation | 11,419,400 |
| • Lower Federal and Interest Offsets | 7,786,800 |
| • Other Acute Care and Administrative Changes | 4,356,900 |
| • Increased Third Part Recovery/Increase MN/MI Copay to \$5 | (6,500,000) |
| • Reduced Private Hospital Fee Schedules | (10,000,000) |
| • Increase County Acute Care Contribution to 29.5% of Total Non Federal Costs | (12,808,100) |
| • Fund Only Emergency Services for Undocumented Aliens | (31,210,100) |
| Total Change from Revised FY 1993 | <u>\$ (2,924,700)</u> |

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - ADMINISTRATION

A.R.S. § 36-2901

Dr. Leonard Kirschner, Director

JLBC Analyst: Headley

| GENERAL FUND AND FEDERAL FUNDS | | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|------|-------------------|---------------------|---------------------|
| FTE Positions ^{1/} | (GF) | 476.8 | 491.1 | 476.5 |
| | (TF) | 932.7 | 963.7 | 1,015.7 |
| Personal Services | (GF) | 10,386,800 | 10,594,400 | 10,856,100 |
| | (TF) | 20,317,400 | 21,282,500 | 23,163,600 |
| Employee Related Expenditures | (GF) | 2,341,400 | 2,520,300 | 2,613,100 |
| | (TF) | 3,820,800 | 5,083,300 | 5,571,900 |
| Professional & Outside Services | (GF) | 6,963,900 | 7,034,100 | 6,798,000 |
| | (TF) | 14,087,400 | 15,908,900 | 15,409,000 |
| Travel - In State | (GF) | 60,700 | 73,200 | 79,200 |
| | (TF) | 140,000 | 161,000 | 174,100 |
| Travel - Out of State | (GF) | 16,200 | 18,000 | 18,000 |
| | (TF) | 31,400 | 38,500 | 38,500 |
| Other Operating Expenditures | (GF) | 4,523,300 | 4,062,600 | 4,683,500 |
| | (TF) | 8,946,500 | 8,699,300 | 9,954,800 |
| Equipment | (GF) | 47,200 | 311,500 | 369,400 |
| | (TF) | 87,000 | 692,100 | 810,600 |
| All Other Operating Expenditures | (GF) | 11,611,300 | 11,499,400 | 11,948,100 |
| | (TF) | 23,292,300 | 25,499,800 | 26,387,000 |
| OPERATING SUBTOTAL | (GF) | 24,339,500 | 24,614,100 | 25,417,300 |
| | (TF) | 47,430,500 | 51,865,600 | 55,122,500 |
| Board of Nursing | (GF) | -0- | 68,300 | -0- |
| | (TF) | -0- | 209,700 | -0- |
| FY 91 DOA/Consulting Bills | (GF) | 1,385,800 | -0- | -0- |
| | (TF) | 2,350,700 | -0- | -0- |
| Health Care Group | (GF) | 196,600 | 103,700 | -0- |
| | (TF) | 198,000 | 103,700 | -0- |
| Indian Advisory Council | (GF) | 48,000 | 93,000 | 92,800 |
| | (TF) | 144,800 | 186,000 | 185,600 |
| Other Legislation | (GF) | 1,237,900 | -0- | -0- |
| | (TF) | 4,125,000 | -0- | -0- |
| Special Line Item Total | (GF) | 2,868,300 | 265,000 | 92,800 |
| | (TF) | 6,818,500 | 499,400 | 185,600 |

(See Footnotes on Following Page)

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - ADMINISTRATION (Cont'd)
GENERAL FUND AND FEDERAL FUNDS

| | | | | |
|--|------|-------------------|-------------------|---------------------------------|
| PROGRAM TOTAL | (GF) | 27,207,800 | 24,879,100 | 25,510,100 |
| | (TF) | 54,249,000 | 52,365,000 | 55,308,100 |
| <hr/> | | | | |
| By Fund Source | | | | |
| General Fund | | 27,207,800 | 24,879,100 | 25,510,100 |
| Federal Funds | | 27,041,200 | 27,485,900 | 29,798,000 |
| <hr/> | | | | |
| PROGRAM TOTAL - ALL SOURCES | | 54,249,000 | 52,365,000 | 55,308,100 ^{2/} |
| <hr/> | | | | |
| GF = State General Fund | | | | |
| TF = Total Funds, and represents the sum of the State General Fund and Federal Funds | | | | |

Program Description - The AHCCCS Administration manages Arizona's Medicaid Demonstration Project, a medical services delivery system built on the health maintenance organization model. The Administration contracts with providers, or health plans, who agree to accept a predetermined monthly payment for the cost of providing medical care to enrolled members. Administration responsibilities related to health plan contracting include rate negotiations, health plan auditing and financial oversight, and assisting with the formulation of new health plans. The Administration also manages a fee for service payment system that covers medical bills incurred by AHCCCS members prior to enrollment in a health plan or bills incurred by persons eligible for AHCCCS services but in an area not served by a health plan. Other major Administration responsibilities include the development and maintenance of the management information system, adjudicating provider or eligibility grievances, policy development and research, and agency finance and accounting. Additionally, the Administration performs eligibility determinations for the Arizona Long Term Care System. Eligibility for the Acute Care program is conducted by the Department of Economic Security, counties, and the federal Social Security Administration.

FTE Positions - The approved amount reflects the following changes to the FY 1993 appropriation:

- A higher federal administrative matching rate allowed 27 FTE positions to be moved to federal funds, lowering General Fund FTE positions by a like amount.
- 10.5 (GF) and 21 (TF) FTE positions associated with converting undocumented aliens in the Medically Needy/Medically Indigent program to emergency services only coverage.
- 11.5 (GF) and 25 (TF) FTE positions for caseload growth in the Long Term Care program.
- 1.2 (GF) and 3 (TF) FTE positions for utilization review for Fee for Service, Reinsurance, and Deferred Liability claims.
- 1.2 (GF) and 2 (TF) FTE positions for Grievance and Appeals workload increases and a backlog of cases awaiting resolution.
- 0.5 (GF) and 1 (TF) FTE position for workload growth in member file integrity.

(Continued)

- ^{1/} The FTE Positions total includes 2 (GF) and 4 (TF) FTE positions from the Indian Advisory Council special line item in FY 1992, 1993 and FY 1994.
- ^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the program with special line items. The line items within the "Operating Subtotal" are shown for information only.

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - ADMINISTRATION (Cont'd)
GENERAL FUND AND FEDERAL FUNDS

Personal Services - The approved amount is based upon a 4.5% vacancy factor and \$488,000 (GF) and \$1,042,000 (TF) in vacancy savings. The approved amount includes an additional \$332,100 (GF) and \$708,000 (TF) to annualize the cost of the April 1993 general salary adjustment.

The approved amount also reflects the following changes to the FY 1993 appropriation:

- A reduction of \$626,700 (GF) and \$0 (TF) due to a lower state matching rate.
- \$74,500 (GF) and \$162,200 (TF) to annualize the salaries of 21 FTE positions added in FY 1993 for the implementation of the Title XIX Mental Health program.
- \$215,700 (GF) and \$431,400 (TF) for the positions added to implement the program change regarding undocumented aliens.
- \$225,200 (GF) and \$489,600 (TF) for the Long Term Care positions.
- \$21,200 (GF) and \$52,900 (TF) for the utilization review positions.
- \$29,000 (GF) and \$58,200 (TF) for the Grievance and Appeals positions.
- \$8,100 (GF) and \$17,600 (TF) for the member file integrity position.

Employee Related Expenditures - The approved amount includes: a) an additional \$42,000 (GF) and \$89,500 (TF) to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$48,900 (GF) and \$104,200 as a result of lowering the employee contribution to the State Retirement system from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$1,199,400 (GF) and \$2,571,700 (TF) for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The approved amount also reflects the following changes to the FY 1993 appropriation:

- A reduction of \$103,900 (GF) and \$0 (TF) due to a lower state matching rate.
- \$9,400 (GF) and \$20,500 (TF) to annualize the cost of the FY 1993 Mental Health positions.
- \$64,000 (GF) and \$129,400 (TF) for the positions added to implement the program change regarding undocumented aliens.
- \$59,500 (GF) and \$129,300 (TF) for the Long Term Care positions.
- \$5,900 (GF) and \$14,700 (TF) for the utilization review positions.
- \$6,400 (GF) and \$12,800 (TF) for the Grievance and Appeals positions.
- \$2,300 (GF) and \$4,900 (TF) for the member file integrity position.

Professional and Outside Services - The approved amount reflects the following changes to the FY 1993 appropriation:

- A reduction of \$199,600 (GF) and \$0 (TF) due to a lower state matching rate.
- A reduction of \$437,600 (GF) and \$1,042,000 (TF) associated with charges for usage of the Department of Administration Data Center. The approved amount is based on a total of \$2,772,000 (GF) and \$6,600,000 (TF) for Data Center charges in FY 1994.

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - ADMINISTRATION (Cont'd)
GENERAL FUND AND FEDERAL FUNDS

- A reduction of \$32,500 (GF) and \$325,000 (TF) for one-time funding for programming consultants utilized in FY 1993 for the implementation of the Mental Health program.
- \$320,600 (GF) and \$641,100 (TF) for consultant assistance required for the completion of the per diem hospital reimbursement system.

Travel - In State - The approved amount includes an additional \$6,000 (GF) and \$13,100 (TF) for the travel costs of the new Long Term Care eligibility staff.

Other Operating Expenditures - The approved amount includes a total of \$750,600 (GF) and \$1,504,800 (TF) for the payment of risk management premiums, which reflects an additional \$599,700 (GF) and \$1,209,000 (TF) authorized by Section 104 of the General Appropriation Act.

The approved amount also reflects the following changes to the FY 1993 appropriation:

- \$17,200 (GF) and \$37,500 (TF) for the Long Term Care positions.
- \$1,800 (GF) and \$4,500 (TF) for the utilization review positions.
- \$1,500 (GF) and \$3,000 (TF) for the Grievance and Appeals positions.
- \$700 (GF) and \$1,500 (TF) for the member file integrity position.

Equipment - The approved amount reflects the following changes to the FY 1993 appropriation:

- A reduction of \$29,600 (GF) and \$72,100 (TF) to eliminate funding for one-time equipment purchases for positions added in FY 1993 to implement the Mental Health program.
- \$6,600 (GF) and \$13,200 (TF) for the positions added to implement the program change regarding undocumented aliens.
- \$70,900 (GF) and \$154,100 (TF) for the Long Term Care positions.
- \$5,900 (GF) and \$14,700 (TF) for the utilization review positions.
- \$2,200 (GF) and \$4,400 (TF) for the Grievance and Appeals positions.
- \$1,900 (GF) and \$4,200 (TF) for the member file integrity position.

Board of Nursing - Funding for this line item is now incorporated into the Long Term Care lump sum appropriation (see Long Term Care program for details).

Health Care Group - General Fund support of this program was eliminated for FY 1994 based on the expectation that increased enrollment will allow the program to be self-sufficient. The Health Care Group, AHCCCS' health insurance program for small business, generates revenues through employee or employee-paid premiums and a monthly administrative fee also paid by enrollees.

Indian Health Care Advisory Council - The Advisory Council on Indian Health Care was established in Laws 1989, Chapter 293. The council's primary mission is to develop a comprehensive health care delivery system for Arizona's Indian population.

The approved amount is based on a 0% vacancy factor. The approved amount reflects a reduction of \$200 (GF) and \$400 (TF) as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. The approved amount includes a total of \$5,400 (GF) and \$10,700 (TF) for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

**ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM -
DES-AHCCCS**
A.R.S. § 36-2901

Dr. Leonard Kirschner, Director

JLBC Analyst: Headley

| GENERAL FUND AND FEDERAL FUNDS | | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|------|--------------------------|--------------------------|--------------------------|
| FTE Positions ^{1/} | (GF) | 366.7 | 477.7 | 514.1 |
| | (TF) | <u>774.3</u> | <u>957.8</u> | <u>1,030.5</u> |
| Personal Services | (GF) | 8,167,700 | 8,576,300 | 9,674,200 |
| | (TF) | <u>16,153,200</u> | <u>17,594,200</u> | <u>19,786,900</u> |
| Employee Related Expenditures | (GF) | 2,103,300 | 2,230,400 | 2,523,400 |
| | (TF) | <u>4,148,800</u> | <u>4,575,800</u> | <u>5,161,800</u> |
| Professional & Outside Services | (GF) | 205,500 | 19,100 | 19,100 |
| | (TF) | 411,000 | 39,200 | 39,200 |
| Travel - In State | (GF) | 160,800 | 160,300 | 180,600 |
| | (TF) | 321,700 | 328,700 | 369,200 |
| Travel - Out of State | (GF) | 2,400 | 1,100 | 1,100 |
| | (TF) | 4,700 | 2,300 | 2,300 |
| Other Operating Expenditures | (GF) | 2,322,900 | 3,274,400 | 3,538,700 |
| | (TF) | 4,554,600 | 6,530,100 | 7,058,700 |
| Equipment | (GF) | 39,900 | 20,000 | 355,900 |
| | (TF) | <u>79,800</u> | <u>41,000</u> | <u>712,800</u> |
| All Other Operating Expenditures | (GF) | 2,731,500 | 3,474,900 | 4,095,400 |
| | (TF) | <u>5,371,800</u> | <u>6,941,300</u> | <u>8,182,200</u> |
| OPERATING SUBTOTAL | (GF) | 13,002,500 | 14,281,600 | 16,293,000 |
| | (TF) | 25,673,800 | 29,111,300 | 33,130,900 |
| DES DDSA | (GF) | 49,300 | 175,400 | 94,700 |
| | (TF) | 101,300 | 350,700 | 189,300 |
| DES PASARR | (GF) | 20,000 | 53,100 | 53,400 |
| | (TF) | 80,500 | 211,300 | 212,600 |
| Federal Funds Program | (GF) | -0- | 504,500 | 516,700 ^{2/} |
| | (TF) | -0- | 1,009,000 | 1,033,300 |
| MEDICS | (GF) | -0- | -0- | 1,340,300 |
| | (TF) | <u>-0-</u> | <u>-0-</u> | <u>2,539,300</u> |
| Special Line Item Total | (GF) | 69,300 | 733,000 | 2,005,100 |
| | (TF) | 181,800 | 1,571,000 | 3,974,500 |
| PROGRAM TOTAL | (GF) | 13,071,800 | 15,014,600 | 18,298,100 |
| | (TF) | <u>25,855,600</u> | <u>30,682,300</u> | <u>37,105,400</u> |

(See Footnotes on Following Page)

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - DES-AHCCCS (Cont'd)
GENERAL FUND AND FEDERAL FUNDS

| | | | |
|----------------------------------|-------------------|-------------------|----------------------------------|
| By Fund Source | | | |
| General Fund | 13,071,800 | 15,014,600 | 18,298,100 |
| Federal Funds | 12,783,800 | 15,667,700 | 18,807,300 |
| PROGRAM TOTAL-ALL SOURCES | 25,855,600 | 30,682,300 | 37,105,400 ^{2/3} |

GF = State General Fund

TF = Total Funds, and represents the sum of the State General Fund and Federal Funds

Program Description - The appropriation for DES-AHCCCS represents an allocation of costs incurred by the Department of Economic Security in its role of performing eligibility determinations for the AHCCCS program. DES staff, in addition to conducting eligibility determinations for cash assistance programs such as Aid to Families with Dependent Children (AFDC), also evaluate applications for AHCCCS eligibility. In general, persons eligible for AFDC are also eligible for AHCCCS. DES eligibility staff also take applications for "medical assistance only" in the federal SOBRA program for pregnant women and children.

FTE Positions - The approved amount reflects the following changes to the FY 1993 appropriation:

- 30 (GF) and 60 (TF) FTE positions for expected increases in workload resulting from the implementation of the program change to provide only emergency services coverage for undocumented aliens.
- 8.5 (GF) and 17 (TF) FTE positions moved from the regular DES appropriation to DES-AHCCCS for MEDICS, the new automated medical eligibility determination system now being developed. The MEDICS appropriation was moved to DES-AHCCCS as a matter of consistency since the system will be used for AHCCCS eligibility determinations.
- A reduction of 0.6 (GF) and 2.7 (TF) FTE positions in the DES PASARR program.
- A reduction of 0.8 (GF) and 1.6 (TF) FTE positions in the DES DDSA program.

Personal Services - The approved amount is based on a 1% vacancy factor and \$92,400 (GF) and \$184,700 (TF) in vacancy savings. The approved amount also includes an additional \$344,300 (GF) and \$688,500 (TF) to annualize the cost of the April 1993 general salary adjustment.

The approved amount also includes the following change to the FY 1993 appropriation:

- \$753,300 (GF) and \$1,506,600 (TF) for the positions added to implement the program change regarding undocumented aliens.

(Continued)

- 1/ The FTE Positions total includes special line item FTE positions as follows: 1) DES DDSA - 2 (GF) and 4 (TF) FTE positions in FY 1992 and FY 1993, and 1.2 (GF) and 2.4 (TF) FTE positions in FY 1994; 2) DES PASARR - 0.7 (GF) and 2.3 (TF) FTE positions in FY 1992, 1.3 (GF) and 5 (TF) FTE positions in FY 1993, and 0.7 (GF) and 2.3 (TF) FTE positions in FY 1994; 3) Federal Funds Program - 16 (GF) and 32 (TF) FTE positions in FY 1993 and FY 1994; and 4) MEDICS - 8.5 (GF) and 17 (TF) FTE positions in FY 1994.
- 2/ Represents General Appropriation Act Funds. Appropriated as a lump sum for the program, with special line items. The line items within the "Operating Subtotal" are shown for information only.
- 3/ The amounts appropriated shall be used for intergovernmental agreements with the Department of Economic Security for the purpose of eligibility determination and other functions as set forth above. The General Fund share may be used for eligibility determination for other programs administered by the Division of Benefits and Medical Eligibility, based upon the results of the Arizona random moment sampling survey. (General Appropriation Act footnote)

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - DES-AHCCCS (Cont'd)
GENERAL FUND AND FEDERAL FUNDS

Employee Related Expenditures - The approved amount includes: a) an additional \$44,300 (GF) and \$88,500 (TF) to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$43,500 (GF) and \$89,000 (TF) as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 104 of the General Appropriation Act.

The approved amount also includes an additional \$205,800 (GF) and \$411,500 (TF) for the positions added to implement the program change regarding undocumented aliens, and \$87,700 (GF) and \$175,400 (TF) for an Employee Related Expenditures rate adjustment.

The approved amount also includes a total of \$1,293,400 (GF) and \$2,586,800 (TF) for the state share of employer medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Travel - In State - The approved amount includes an additional \$20,300 (GF) and \$40,500 (TF) for new eligibility workers added for the implementation of the program change regarding undocumented aliens.

Other Operating Expenditures - The approved amount includes an additional \$264,300 (GF) and \$528,600 (TF) for new eligibility workers added for the implementation of the program change regarding undocumented aliens.

Equipment - The approved amount includes an additional \$356,400 (GF) and \$712,800 (TF) for new eligibility workers added for the implementation of the program change regarding undocumented aliens. The approved amount also reflects the elimination of \$20,500 (GF) and \$41,000 (TF) for one-time equipment purchases in FY 1993.

DES DDSA - DES Disability Determination Services, through an intergovernmental agreement with AHCCCS, determines disability entitlement for Arizona Long Term Care System claims.

The approved amount is based on a 0% vacancy factor. The approved amount includes: a) an additional \$800 (GF) and \$1,600 (TF) to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$300 (GF) and \$600 (TF) as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$3,200 (GF) and \$6,400 (TF) for the state share of employee medical and dental insurance, which will be transferred to the Health Insurance Trust Fund.

The approved amount reflects a reduction of 0.8 (GF) and 1.6 (TF) FTE positions and \$80,400 (GF) and \$160,800 (TF) based on the agency's reorganization of the disability determination function.

DES PASARR - DES Preadmission Screening and Annual Resident Review, through an intergovernmental agreement with AHCCCS, screens all individuals with developmental disabilities before they enter the Long Term Care program to determine the appropriate level and types of specialized services needed.

The approved amount is based on a 0% vacancy factor. The approved amount includes: a) an additional \$400 (GF) and \$1,600 (GF) to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$100 (GF) and \$300 (TF) as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$1,900 (GF) and \$6,200 (TF) for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The approved amount reflects a reduction of 0.6 (GF) and 2.7 (TF) FTE positions to adjust for the actual number of positions established for this program.

(Continued)

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - DES-AHCCCS (Cont'd)
GENERAL FUND AND FEDERAL FUNDS

Federal Funds Program - This line item, identified in the General Appropriation Act as "Program to Maximize Federal Funding," was established in FY 1993 to provide staff and other administrative resources needed to implement certain initiatives designed to enhance federal support of the AHCCCS program.

The approved amount is based upon a 0% vacancy factor. The approved amount includes: a) an additional \$13,600 (GF) and \$27,100 (TF) to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$1,400 (GF) and \$2,800 (TF) as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$42,800 (GF) and \$85,600 (TF) for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

MEDICS - The Medical Eligibility Determinations and Information Control System is an automated system for determining AHCCCS eligibility in the federal SOBRA program for pregnant women and children and other "medical assistance only" programs. The MEDICS appropriation was first established in FY 1993 and appeared in the regular DES Administration appropriation. The appropriation has been moved for FY 1994 to the DES-AHCCCS appropriation since, like the other elements of the DES-AHCCCS appropriation, MEDICS funding supports a function that is dedicated to AHCCCS eligibility.

The approved amount is based on a 0% vacancy factor. The approved amount includes: a) an additional \$478,700 (GF) and \$957,400 (TF) to annualize the system costs appropriated in FY 1993 in the DES budget, and b) a reduction of \$1,000 (GF) and \$1,900 (TF) as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount includes a total of \$22,700 (GF) and \$45,500 (TF) for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - DHS-AHCCCS

A.R.S. § 36-2901

Dr. Leonard Kirschner, Director

JLBC Analyst: Headley

| GENERAL FUND AND FEDERAL FUNDS | | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|------------------------------------|------|-------------------|---------------------|----------------------------|
| FTE Positions ^{1/} | (GF) | 12.7 | 12.7 | 12.7 |
| | (TF) | 26.7 | 26.7 | 26.7 |
| Personal Services | (GF) | -0- | 268,700 | 268,700 |
| | (TF) | -0- | 566,000 | 566,000 |
| Employee Related Expenditures | (GF) | -0- | 67,700 | 66,500 |
| | (TF) | -0- | 142,500 | 140,000 |
| Professional & Outside Services | (GF) | -0- | 13,700 | 13,700 |
| | (TF) | -0- | 28,900 | 28,900 |
| Travel - In State | (GF) | -0- | 10,600 | 10,600 |
| | (TF) | -0- | 22,300 | 22,300 |
| Other Operating Expenditures | (GF) | -0- | 23,900 | 23,900 |
| | (TF) | -0- | 50,400 | 50,400 |
| All Other Operating Expenditures | (GF) | -0- | 48,200 | 48,200 |
| | (TF) | -0- | 101,600 | 101,600 |
| OPERATING SUBTOTAL | (GF) | -0- | 384,600 | 383,400 |
| | (TF) | -0- | 810,100 | 807,600 |
| Children's Rehabilitative Services | (GF) | -0- | -0- | -0- |
| | (TF) | 8,705,600 | 11,300,000 | 12,000,000 |
| DHS PASARR | (GF) | 32,500 | 94,300 | 94,200 |
| | (TF) | 129,600 | 384,600 | 384,100 |
| FY 1991 CRS | (GF) | 77,500 | -0- | -0- |
| | (TF) | 207,200 | -0- | -0- |
| Indirect Cost-Licensure | (GF) | 65,500 | 187,100 | 187,100 |
| | (TF) | 37,200 | 374,200 | 374,200 |
| Special Line Item Total | (GF) | 175,500 | 281,400 | 281,300 |
| | (TF) | 9,079,600 | 12,058,800 | 12,758,300 |
| PROGRAM TOTAL | (GF) | 175,500 | 281,400 | 281,300 |
| | (TF) | 9,079,600 | 12,109,200 | 12,808,700 |
| By Fund Source | | | | |
| General Fund | | 175,500 | 666,000 | 664,700 |
| Federal Funds | | 8,904,100 | 12,202,900 | 12,901,200 |
| PROGRAM TOTAL-ALL SOURCES | | 9,079,600 | 12,868,900 | 13,565,900 ^{2/3/} |

GF = State General Fund

TF = Total Funds, and represents the sum of the State General Fund and Federal Funds

(See Footnotes on Following Page)

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - DHS-AHCCCS (Cont'd)
GENERAL FUND AND FEDERAL FUNDS

Program Description - *The appropriation for DHS-AHCCCS represents an allocation of costs incurred by the Department of Health Services in its role of performing licensing and inspections of Title XIX-certified nursing care facilities. This function is a federal Medicaid requirement and is conducted in accordance with an intergovernmental agreement between AHCCCS and DHS.*

Personal Services - The approved amount is based on a 0% vacancy factor.

Employee Related Expenditures - The approved amount includes a reduction of \$1,200 (GF) and \$2,500 (TF) as a result of lowering the employer contribution to the State Retirement System, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$32,100 (GF) and \$64,200 (TF) for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Children's Rehabilitative Services (CRS) - The approved amount reflects an estimate of Title XIX funds to be passed through to the Department of Health Services. The state matching funds for these federal dollars are reflected in the DHS Family Health appropriation.

DHS PASARR - The department, via an intergovernmental agreement with AHCCCS, conducts Level II psychiatric evaluations of Title XIX certified nursing facility patients who have been identified through a Level I screening as potentially having a mental illness.

The approved amount is based on a 0% vacancy factor. The approved amount includes a reduction of \$100 (GF) and \$500 (TF) as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount includes a total of \$1,900 (GF) and \$7,200 (TF) for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Indirect Cost-Licensure - Represents the cost of administrative functions performed by non-Licensure Division staff in support of the Licensure Division.

- 1/ The FTE Positions total includes 0.7 (S) and 2.7 (T) FTE position in FY 1992, FY 1993 and FY 1994 in the DHS PASARR special line item.
- 2/ Represents General Appropriation Act funds. Appropriated as a lump sum for the program, with special line items. The line items within the "Operating Subtotal" are shown for information only.
- 3/ The amounts appropriated shall be used for intergovernmental agreements with the Department of Health Services for the purpose of Medicaid-related licensure, certification and registration, and other functions as set forth above. (General Appropriation Act footnote)

**ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM -
ACUTE CARE**

A.R.S. § 36-2901

Dr. Leonard Kirschner, Director

JLBC Analyst: Headley

**GENERAL FUND, FEDERAL FUNDS,
COUNTY FUNDS AND MISCELLANEOUS
FUNDS**

**FY 1992
Actual**

**FY 1993
Estimate**

**FY 1994
Approved**

| | | | | |
|---|------|--------------------|---------------------------|--------------------------|
| Acute Care Capitation | (SM) | 320,986,100 | 366,235,100 ^{1/} | 361,082,800 |
| | (TF) | 629,563,000 | 733,986,600 | 800,194,300 |
| Fee for Service | (SM) | 65,516,900 | 63,692,600 | 73,184,300 |
| | (TF) | 123,557,600 | 132,254,900 | 165,943,600 |
| Reinsurance | (SM) | 14,059,100 | 32,144,200 | 31,216,200 |
| | (TF) | 20,448,500 | 40,475,900 | 41,373,100 |
| Deferred Liability | (SM) | 16,855,500 | 20,697,300 | 20,814,600 |
| | (TF) | 22,698,800 | 29,945,600 | 32,454,100 |
| Medicare Premiums | (SM) | 1,403,000 | 2,239,700 | 2,729,600 |
| | (TF) | 8,567,800 | 6,425,700 | 8,004,100 |
| Qualified Medicare Beneficiaries | (SM) | 304,100 | 494,700 | 659,500 |
| | (TF) | 949,900 | 1,416,200 | 1,933,800 |
| EPSDT Mental Health | (SM) | 886,000 | 1,000,000 | -0- |
| | (TF) | 24,514,300 | 57,768,100 | 45,000,000 |
| Adult Mental Health | (SM) | -0- | -0- | -0- |
| | (TF) | -0- | 22,000,000 | 32,000,000 |
| Disproportionate Share Payments | (SM) | 25,955,600 | -0- | 32,492,700 ^{2/} |
| | (TF) | 67,892,800 | -0- | 92,526,000 |
| ACUTE CARE SUBTOTAL | (SM) | 445,966,300 | 486,503,600 | 522,179,700 |
| | (TF) | 898,192,700 | 1,024,273,000 | 1,219,429,000 |
| Additional Appropriations - 41st Leg., 2nd Special Session | | | | |
| Budget Reconciliation; Health, Ch. 6 | (SM) | -0- | 32,492,700 ^{2/} | -0- |
| | (TF) | -0- | 92,526,000 | -0- |
| PROGRAM TOTAL | (SM) | 445,966,300 | 518,996,300 | 522,179,700 |
| | (TF) | 898,192,700 | 1,116,799,000 | 1,219,429,000 |
| Less: | | | | |
| County Acute Care Contribution | | (62,394,300) | (65,076,100) | (77,884,200) |
| Miscellaneous Funds Offset | | (3,576,600) | (6,613,400) | (8,576,600) |
| SLIAG Offset | | -0- | (7,750,000) | (3,000,000) |
| PROGRAM TOTAL | (GF) | 379,995,400 | 439,556,800 | 432,718,900 |
| | (TF) | 898,192,700 | 1,116,799,000 | 1,219,429,000 |

(See Footnotes on Following Page)

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - ACUTE CARE (Cont'd)
GENERAL FUND, FEDERAL FUNDS, COUNTY FUNDS AND MISC. FUNDS

| | | | |
|----------------------------------|--------------------|------------------------------------|------------------------------------|
| <u>By Fund Source</u> | | | |
| General Fund | 379,995,400 | 439,556,800 | 432,718,900 |
| Federal Funds | 452,226,400 | 605,552,700 | 700,249,300 |
| County Funds | 62,394,300 | 65,076,100 | 77,884,200 |
| Misc. Funds | 3,576,600 | 6,613,400 | 8,576,600 |
| PROGRAM TOTAL-ALL SOURCES | 898,192,700 | 1,116,799,000 ^{4/} | 1,219,429,000 ^{5/} |

SM = State Match, and consists of the State General Fund and County Funds

TF = Total Funds, and represents the sum of Federal Funds, County Funds, Miscellaneous Funds, and the State General Fund

GF = State General Fund

Program Description - The AHCCCS Acute Care program is the medical services component of the Arizona's Medicaid Demonstration Project. The program is based on prepaid monthly capitation payments to contracted providers for the full range of authorized medical services available to enrolled members. The program follows a health maintenance organization model in which capitated providers accept a predetermined rate and are responsible for managing patient utilization and cost through a system of prior authorization and utilization review, coordinated by a primary care physician. As a federal demonstration project, the Acute Care program operates under a series of federal waivers that make the "managed care" concept possible. AHCCCS covers the mandatory federal eligibility groups, as well as certain optional state groups, such as the Medically Needy/Medically Indigent. In cases involving catastrophic medical expenses, or when the applicant is hospitalized at the time of enrollment, AHCCCS supplements capitation through Reinsurance and Deferred Liability to ensure health plan financial viability.

FY 1994 Acute Care Overview

Legislative discussions on the FY 1994 AHCCCS budget began against a backdrop of a JLBC Staff estimated need of \$78.9 million to fully fund continued high population and expenditure growth in existing statutory eligibility groups. With a general goal of containing growth in the AHCCCS budget to the FY 1993 appropriation level, the Legislature convened a special AHCCCS Ad-Hoc committee to take public testimony and generate savings options for the full Appropriations Committees.

(Continued)

- ^{1/} Reflects the transfer of \$680,000 to the Statewide Long Term Improvement Management (SLIM) Fund. This transfer represents savings associated with the implementation of Project SLIM recommendations.
- ^{2/} Of the appropriation for disproportionate share payments made pursuant to A.R.S. § 36-2903.01, subsection R, the sum of \$71,675,100 is for qualifying county operated hospitals, \$8,838,300 is for deposit in the Arizona State Hospital Disproportionate Share Payment Fund and \$10,598,000 is for other qualifying disproportionate share hospitals. The remaining \$1,414,600 is for in-lieu payments to counties having a population of 500,000 persons or less according to the most recent United States decennial census, in an amount which is the difference between the disproportionate share payments made pursuant to A.R.S. § 36-2903.01, subsection R, and \$168,600, if the disproportionate share payments are less than \$168,600. For each county that would receive less than \$84,300 from these in-lieu payments, the system administration shall make an additional in-lieu payment that will provide the county with a total payment of \$84,300. (General Appropriation Act footnote)
- ^{3/} The amount displayed represents the full appropriation for disproportionate share payments; whereas the appropriation for this chapter reflected in summary tables appearing at the front of this publication shows only the additional amount appropriated to AHCCCS for FY 1993. That amount, \$8,734,000, is the difference between the base disproportionate share appropriation originally appropriated to AHCCCS in Laws 1992, Chapter 292, 2nd Regular Session and the revised disproportionate share appropriation reflected in Laws 1993, Chapter 6, 2nd Special Session.
- ^{4/} The expenditure detail for FY 1993 includes a supplemental appropriation of \$16,202,700 (GF) and \$6,898,400 (TF) authorized by Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session.
- ^{5/} Represents General Appropriation Act funds. Appropriated by special line items for the program.

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - ACUTE CARE (Cont'd)
GENERAL FUND, FEDERAL FUNDS, COUNTY FUNDS AND MISC. FUNDS

The work of the Ad-Hoc committee, combined with numerous meetings between legislative negotiators and county and hospital representatives, produced the final budget agreement reflected in FY 1994 appropriation and budget reconciliation legislation. Legislative actions on the FY 1994 Acute Care budget included the adoption of program changes and other measures expected to hold spending to \$3.6 million below the supplemented FY 1993 appropriation. Statutory changes and other authorizing legislation needed to implement the budget were included in Laws 1993, Chapter 6, the Health Omnibus Reconciliation Bill. Provisions of the "Health ORB" generating these savings are summarized below.

- Require U.S citizenship or legal resident alien status for eligibility in the Medically Needy/Medically Indigent and Low Income Children programs; provide only emergency services coverage for persons not meeting U.S. citizenship or legal alien requirements but otherwise eligible for a federal Medicaid group; create a new 100% state-funded emergency services category for persons not meeting U.S. citizenship or legal alien requirements and also ineligible for federal emergency services coverage; eliminate county residual and maintenance of effort responsibility for non-emergency care received by persons who are not either U.S. citizens or legal aliens; savings of \$31.2 million estimated through no longer funding non-emergency care for undocumented aliens now eligible for full services in the MN/MI and ELIC programs.
- Increase the county acute care contribution by \$12.8 million, to \$77.9 million in FY 1994, an amount equal to 29.5% of combined state General Fund appropriations and county acute and long term care contributions; bill specifies that the FY 1995 county acute care contribution shall again equal this percentage.
- Reduce reimbursement paid to private hospitals on state-only (MN/MI) bills, producing a state savings totalling approximately \$10 million in FY 1994 and again in FY 1995.
- Authorize a capitation rate inflation adjustment of no more than 2.7%, an amount equal to the GDP Deflator, yielding estimated savings of \$9.7 million as compared to the 5% increase in the JLBC Staff recommendation.
- Increase recoveries from third party sources of payment through changes in AHCCCS lien statutes and the privatization of a portion of the third party recovery process; the privatization will be accomplished administratively and did not require authorizing legislation; increased recovery of \$5 million expected.
- Increase the copayment for state-only members (MN/MI) to \$5 for office visits; require collection by health plans; allow for waiving of the copayment; capitation payments to health plans lowered \$1.5 million since plans retain copayment revenue.

Further details on these and other provisions of the Health Omnibus Reconciliation Bill are included under "Other Legislation." The remainder of the Acute Care narrative includes basic information on the purpose of each Acute Care line item, as well as information on the eligibility groups served by the AHCCCS program.

Acute Care Capitation - Represents payments made to health plans under contract with AHCCCS for the cost of care provided to enrolled members. These payments are made on a monthly basis and cover the full range of services required in statute. Contracts are awarded for a two year period upon the completion of a competitive bidding process in which health plans respond to a Request for Proposals from AHCCCS. Health plans bid by AHCCCS eligibility group, or rate code, meaning that different rates are paid for different groups. Varying capitation rates are due to the nature of federal Medicaid and state-funded eligibility categories, which are often comprised of markedly different demographic groups. In general, capitation rates are based on an actuarial assessment of the medical services utilization and costs incurred by each of the AHCCCS eligibility groups. Additionally, capitation rates may reflect program changes, such as a required expansion of available services, or changes in eligibility requirements.

Since the starting point for new or renewed health plan contracts coincides with the new federal fiscal year, the state fiscal year appropriation reflects 3 months of capitation rates paid at a level negotiated for the period of October 1992 through September 1993, and 9 months at new rates negotiated for the contract year beginning in October 1993. The FY 1994 appropriation provides for a capitation inflation increase of 2.7% for the contract year starting October 1, 1993, based on the provision of Laws 1993, Chapter 6, which authorizes AHCCCS to grant a capitation inflation increase of no more than this amount. The FY 1994 amount for Acute Care capitation was based on the following statewide average capitation rates effective October 1, 1993:

(Continued)

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - ACUTE CARE (Cont'd)
GENERAL FUND, FEDERAL FUNDS, COUNTY FUNDS AND MISC. FUNDS

| <u>Federal Eligibility Groups</u> | <u>Total Capitation Rate</u> | <u>Federal Share</u> | <u>State Share</u> |
|--|------------------------------|----------------------|--------------------|
| Aid to Families with Dependent Children | \$114.93 | \$75.74 | \$39.19 |
| Supplemental Security Income, with Medicare | 122.20 | 80.53 | 41.67 |
| Supplemental Security Income, without Medicare | 310.03 | 204.31 | 105.72 |
| SOBRA Women | 113.84 | 75.02 | 38.82 |
| SOBRA Children | 93.42 | 61.56 | 31.86 |
| SOBRA Deliveries (One time payment) | 4,293.23 | 2,829.24 | 1,463.99 |
| <u>State Eligibility Groups</u> | | | |
| Medically Needy/Medically Indigent, with Medicare | 138.46 | -0- | 138.46 |
| Medically Needy/Medically Indigent, without Medicare | 262.45 | -0- | 262.45 |
| Eligible Assistance Children | 92.89 | -0- | 92.89 |
| Eligible Low Income Children | 93.42 | -0- | 93.42 |

For federally-qualified members also eligible for Medicare, AHCCCS pays on the member's behalf Medicare Part B Premiums, thereby allowing AHCCCS to bill the federal Medicare program for a portion of the member's medical expenses. As the capitation rates indicate, this Medicare "buy-in" substantially reduces total capitation costs and state share costs for Medicare-eligible members.

The federal share of capitation and other costs incurred by federally-eligible members is based on a predetermined federal matching rate known as the Federal Medical Assistance Percentage, or FMAP. This federal matching rate varies from state to state and is based on a mathematical relationship between state per capita income and the national average. States are guaranteed a "floor" of 50% federal participation. Arizona's FMAP for the federal fiscal year ending September 30, 1993 is 65.89%. For the federal fiscal year beginning October 1, 1993, Arizona's FMAP will increase to 65.90%. State eligibility groups are funded entirely with state dollars.

Estimated FY 1994 member years paid, prior to program changes, are shown below.

| <u>Federal Eligibility Groups</u> | <u>Average Annual Member Years Paid</u> |
|---|---|
| Aid to Families with Dependent Children | 223,558 |
| Supplemental Security Income, with Medicare | 17,159 |
| Supplemental Security Income, without Medicare | 32,726 |
| SOBRA Women | 11,934 |
| SOBRA Children | 108,654 |
| <u>State Eligibility Groups</u> | |
| Medically Needy/Medically Indigent, with Medicare* | 710 |
| Medically Needy/Medically Indigent, without Medicare* | 52,160 |
| Eligible Assistance Children | 1,895 |
| Eligible Low Income Children* | <u>5,917</u> |
| Total Member Years | 454,713 |
| SOBRA Deliveries | 17,934 |

- * Estimated member years paid in these state-only groups reflect expected FY 1994 populations under "current law." However, the program change regarding undocumented aliens could result in lower total member years as undocumented aliens previously qualifying for MN/MI or ELIC eligibility are instead eligible on a fee for service basis and are not enrolled in health plans.

(Continued)

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - ACUTE CARE (Cont'd)
GENERAL FUND, FEDERAL FUNDS, COUNTY FUNDS AND MISC. FUNDS

Fee for Service - Represents payments made on behalf of individuals eligible for medical services but not yet enrolled in a prepaid health plan. Federally-eligible persons have a 10-day period in which to choose a health plan. During this period (and any additional time between eligibility and the effective date of plan enrollment), these individuals are eligible to have medically necessary services paid on their behalf. Additionally, if these persons have unpaid bills for services received in the 90-day period prior to their application for eligibility and would have been eligible for some period of time in that 90-day period, AHCCCS pays these bills on a fee for service basis. This retroactive coverage is referred to as "prior quarter coverage."

State-only applicants are enrolled with a prepaid health plan within 3 days of the determination of eligibility through an automatic assignment process. Under current law, AHCCCS covers emergency services received up to 48 hours prior to the date of notification of eligibility by a county office. This period of state liability is known as "48 hour retro."

AHCCCS-eligible Native Americans who live on reservation and are referred off-reservation by the Indian Health Service (IHS) for services are covered on a fee for service basis. Those federally-eligible persons receiving treatment on reservation in an IHS facility are covered entirely by the federal government, with AHCCCS serving as the pass-through entity for federal funds. This funding and coverage arrangement with the IHS was the result of a settlement between Arizona and the federal government.

Reinsurance - Represents AHCCCS' effort to limit a prepaid health plan's liability in catastrophic care cases. The Administration has set \$10,000 as the reinsurance deductible for all Medically Needy/Medically Indigent, EAC, and ELIC members (without Medicare Part A coverage). Reinsurance deductibles for federally-eligible individuals are dependent upon plan enrollment by county as of November of each year and vary as follows:

| <u>Enrollment</u> | <u>Reinsurance Deductible</u> |
|-----------------------|-------------------------------|
| 1 - 999 members | \$10,000 |
| 1,000 - 9,999 members | \$20,000 |
| 10,000 + members | \$30,000 |

For federally-eligible members, 80% of the cost incurred by a prepaid health plan in excess of the appropriate deductible is borne by AHCCCS (90% for state-only members), under the following circumstances when costs have been incurred:

- In the provision of payment for covered inpatient hospitalization, emergency care, and certain covered outpatient services such as dialysis not covered by Title XIX, total parenteral nutrition, and other ambulatory services.
- During the contract year or such part of that year in which the individual is enrolled with a plan. Any movement to another plan shall be cause for resetting the reinsurance level.

Additionally, for state-only members, 95% of the cost incurred by a prepaid health plan in excess of the \$10,000 deductible is borne by AHCCCS for related outpatient services that are authorized by AHCCCS and which were incurred within 14 days after discharge from the hospital.

The reinsurance deductible for enrolled members diagnosed as having Acquired Immune Deficiency Syndrome (AIDS), and persons requiring organ transplants, is \$1,000 regardless of the type of eligibility or plan size. AHCCCS assumes 90% of the liability for medical costs in excess of this threshold.

Deferred Liability - Represents a concept developed by AHCCCS in which the Director has the prerogative to defer a percentage of the financial liability of an enrolled member back to AHCCCS. AHCCCS assumes 50% of the costs for patients who are already incurring expenses on the day they are assigned to a health plan. In order for AHCCCS to defer liability, one of the following conditions must exist:

- The eligible person is in the last 2 weeks of a high-risk pregnancy;
- The eligible person is receiving either active chemotherapy or active radiation for a malignancy or a metastatic disease;

(Continued)

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - ACUTE CARE (Cont'd)
GENERAL FUND, FEDERAL FUNDS, COUNTY FUNDS AND MISC. FUNDS

- The eligible person is hospitalized on the effective date of enrollment. Liability may be deferred until the person is discharged or for 15 days, whichever is less, subject to a utilization review by the Administration; or
- The eligible person is an infant who has been continually hospitalized since birth and had a birth weight of less than 2250 grams; or a gestational age of less than 36 weeks; or a major malformation requiring special neonatal care; or received more than 2 days of intensive neonatal care; or required intensive care and subsequently died.

Medicare Premiums - This line item represents the purchase of Medicare Part B (supplemental medical insurance) on behalf of those eligible for Medicaid and Part A (hospital insurance) coverage. This "buy-in" reduces state costs since the federal government, through Medicare, absorbs some costs that otherwise would have been paid by AHCCCS. In addition, the line also includes the costs of payment of Part A premium costs for certain disabled workers.

Qualified Medicare Beneficiaries (QMBs) - Federal law requires the state to pay Medicare Part A and Part B premiums, deductibles, and co-payments on behalf of certain low-income Medicare beneficiaries. An individual is eligible if:

- They are entitled to Part A Medicare benefits;
- Their resources do not exceed twice the SSI resource limit, or \$4,000; and
- Their income does not exceed 100% of the FPL (\$6,970).

EPSDT Mental Health - The total expenditure authority amount reflects an estimate of federal funds to be passed through to the Department of Health Services for mental health services rendered to Title XIX-eligible children. The state match for these pass-through federal dollars is reflected in the Department of Health Services Behavioral Health appropriation.

Adult Mental Health - The total expenditure authority amount reflects an estimate of Title XIX funding to be passed through to the Department of Health Services for the provision of mental health services to Title XIX-eligible clients over the age of 21. The state match for these federal funds is reflected in the DHS Behavioral Health appropriation.

Disproportionate Share Payments - This line items represents supplementary payments to hospitals that serve a large, or disproportionate, number of low income patients. The federal basis for payments is either a reflection of a hospital's number of Title XIX inpatient days, or a "low income" utilization rate. States may also establish optional payment categories. Arizona has established optional groups that include county or state hospitals and hospitals that are also associated with AHCCCS health plans. Payments to county hospitals have been based on a "pool" of expenses consisting of charity care, uncollectible or bad debt, county General Fund subsidies, and state payments to county hospitals for AHCCCS recipients. Additionally, this line item provides for "in-lieu" payments to counties not having county-operated hospitals. The allocation of the FY 1994 disproportionate share appropriation is as follows:

| | |
|---------------------------|--------------------------------------|
| County-Operated Hospitals | \$24,448,400 (SM) 71,675,100 (TF) |
| Arizona State Hospital | 3,014,700 (SM) 8,838,300 (TF) |
| Private Hospitals | 3,615,000 (SM) 10,598,000 (TF) |
| County In-Lieu Payments | <u>1,414,600 (TF)</u> |
| Total Appropriation | 32,492,700 (SM) 92,526,000 (TF) |

(Continued)

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - ACUTE CARE (Cont'd)
GENERAL FUND, FEDERAL FUNDS, COUNTY FUNDS AND MISC. FUNDS

AHCCCS Eligibility Categories

The following is a description of federal and state eligibility groups as defined in A.R.S. § 36-2901:

Federal Eligibility Groups

AFDC - Individuals who are receiving cash payments from the Aid to Families with Dependent Children (AFDC) program are automatically eligible for AHCCCS services. Federal law also allows, under certain conditions, for some individuals not, or who are no longer, receiving cash payments (e.g. Ribicoff children or transitional assistance cases), to still be eligible for Medicaid; these cases are commonly known as Medical Assistance Only (MAO) cases. In addition, the state implemented an AFDC - Unemployed Parent program on October 1, 1990. Individuals entitled to benefits under this program are also entitled to medical benefits under AHCCCS.

The Comprehensive Medical and Dental Program (CMDP) in the Department of Economic Security (DES) has AHCCCS-eligible children among its total population. AHCCCS passes through funds to CMDP on behalf of these eligible children. AHCCCS also passes through state and federal funds to DES to cover the costs of determining AFDC MAO eligibility.

SSI - Individuals receiving Supplemental Security Income (SSI) monthly cash payments are automatically eligible for AHCCCS services. These individuals are divided between the 3 major SSI groups - those age 65 or older (aged), the blind, and the disabled. Eligibility for the SSI program is based on uniform nationwide requirements. Like AFDC, SSI also has related MAO groups. Additionally, AHCCCS passes through funds to CMDP on behalf of SSI-eligible children enrolled in that program.

The Social Security Administration performs eligibility determinations for aged, blind, and disabled SSI applicants (DES does certain SSI MAO eligibility work).

SOBRA Women and Infants - Based on changes included in the Omnibus Budget Reconciliation Act of 1989 (OBRA '89), the federal government requires states to provide care to pregnant women and infants (under 1 year old) whose family incomes do not exceed 133% of the Federal Poverty Level (FPL) (\$19,086 for a family of 4). AHCCCS commonly refers to these individuals as "SOBRA Women and Infants", after the Sixth Omnibus Budget Reconciliation Act, which took effect in 1987.

The federal government also allows states the option to increase the income limit to 185% of the FPL. The legislature acted upon this option and moved the state's income standard to 140% of the FPL (\$20,090 for a family of 4) in 1990. Coverage for women is limited to pregnancy (including prenatal care, delivery, postpartum care (60 days), and family planning services) and to other conditions which might complicate the pregnancy.

AHCCCS passes through state and federal funds to DES to cover the costs of determining SOBRA eligibility.

SOBRA Children - The federal government requires states to provide medical assistance to children under age 6 whose family incomes do not exceed 133% of the FPL. Additionally, states are required to cover children under age 18 and born after October 1, 1983, with family incomes up to 100% of the FPL.

(Continued)

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - ACUTE CARE (Cont'd)
GENERAL FUND, FEDERAL FUNDS, COUNTY FUNDS AND MISC. FUNDS

State-Only Groups

Medically Needy/Medically Indigent (MN/MI) - State law provides for eligibility for individuals meeting specified resource limits and the following income criteria:

| <u>Family Size</u> | <u>Maximum Net Income</u> |
|--------------------|-------------------------------|
| 1 | \$3,200 |
| 4 | \$5,354 |
| 8 | \$7,530 |

Unlike the criteria for eligibility in other groups, the MN/MI statutes allow medical expenses to be used to reduce the applicant's total annual income; this is commonly known as allowing an applicant to "spend-down" into eligibility. The spend-down provisions, however, do not apply to the calculation of the applicant's net worth of resources.

The counties determine MN/MI eligibility.

Eligible Assistance Children (EAC) - These children, ages 0-13 years, belonging to families certified by DES to be eligible for the Federal Food Stamp Program. The following represents Food Stamp income criteria as of October 1, 1992:

| <u>Family Size</u> | <u>Maximum Gross Income</u> | <u>Maximum Net Income</u> |
|--------------------|---------------------------------|-------------------------------|
| 1 | \$ 8,856 | \$ 6,816 |
| 4 | \$18,144 | \$13,956 |
| 8 | \$30,516 | \$23,472 |

Because of the expansion of the federal SOBRA program, the state has been able to transfer a large number of these children into the federally-matched SOBRA group.

DES determines eligibility for this group of children.

Eligible Low-Income Children (ELIC) - These are children, ages 0-13 years, belonging to families whose annual income falls between the following guidelines, which represent the gap between the upper limit of MN/MI income and the Federal Poverty Level (counties determine eligibility):

| <u>Family Size</u> | <u>Minimum Income</u> | <u>Maximum Income</u> |
|------------------------|---------------------------|---------------------------|
| 1 | \$3,201 | \$ 6,970 |
| 4 | \$5,355 | \$14,350 |
| 8 | \$7,531 | \$24,190 |

ADDITIONAL LEGISLATION

Budget Reconciliation; Health - Chapter 6 (H.B. 2007), 2nd Special Session - This chapter provides the statutory and session law authorization required to implement certain program changes and provisions reflected in the AHCCCS appropriation. Provisions of the "Health ORB" affecting the Acute Care budget are summarized below and are grouped by subject area. Long Term Care provisions are summarized in the Long Term Care program narrative.

(Continued)

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - ACUTE CARE (Cont'd)
GENERAL FUND, FEDERAL FUNDS, COUNTY FUNDS AND MISC. FUNDS

1. Undocumented Aliens Emergency Services

Section 3. Amends A.R.S. § 11-291, defining an indigent as a person who is either a U.S. citizen or meets legal alienage requirements established in Title XIX of the federal Social Security Act. Also specifies that as of July 1, 1993, counties will have residual liability for only emergency services received by indigent persons who are not U.S. citizens or legal aliens. County residual liability is not contingent upon completion of the application process for the state emergency services category in § 36-2905.05.

Section 4. Amends A.R.S. § 11-291.01, allowing counties to reduce "maintenance of effort" eligibility standards, benefit levels, and categories of services, except for emergency services for indigent persons who are not U.S. citizens or legal aliens as defined in Title XIX of the federal Social Security Act.

Section 5. Amends A.R.S. § 11-297, defining an indigent as a U.S. citizen or a person meeting alienage requirements as established in Title XIX of the federal Social Security Act. Also requires persons applying with counties for MN/MI coverage to provide documentation of U.S. citizenship or legal alienage. Such documentation shall be consistent with that required of persons applying for federal eligibility categories.

Section 7. Amends A.R.S. § 36-2901, adding a new section 4(j), which establishes 100% state-funded emergency services eligibility for undocumented aliens not eligible for federally-reimbursed emergency services.

Section 8. Amends A.R.S. § 36-2903.01, requiring the AHCCCS director to adopt rules for use by counties in determining U.S. citizenship or legal alienage.

Section 10. Amends A.R.S. § 36-2905, adding the requirement that persons eligible as Medically Needy be U.S. citizens or meet alienage requirements as established in Title XIX of the federal Social Security Act. Also requires persons applying with counties for MN/MI coverage to provide documentation of U.S. citizenship or legal alienage. Such documentation shall be consistent with that required of persons applying for federal eligibility categories.

Section 11. Amends A.R.S. § 36-2905.01, adding the new state emergency services category created by A.R.S. § 36-2905.05 to the list of eligibility groups subject to eligibility quality control by the AHCCCS administration. A.R.S. § 36-2905.01 allows AHCCCS to assess sanctions against counties for enrollment errors based on an error rate.

Section 12. Amends A.R.S. § 36-2905.02, adding the new state emergency services category created by A.R.S. § 36-2905.05 to the list of eligibility groups subject to eligibility quality control by the AHCCCS administration. A.R.S. § 36-2905.02 allows AHCCCS to assess sanctions against counties for enrollment errors on a case-by-case basis.

Section 13. Amends A.R.S. § 36-2905.03, adding the requirement that persons eligible for the Eligible Low Income Child (ELIC) program be U.S. citizens or meet alienage requirements as established in Title XIX of the federal Social Security Act. Also requires persons applying with counties for ELIC coverage to provide documentation of U.S. citizenship or legal alienage. Such documentation shall be consistent with that required of persons applying for federal eligibility categories.

Section 14. Amends A.R.S. Title 36, Chapter 39, by adding a new section 36-2905.05, which establishes a new state emergency services eligibility category for persons ineligible for the MN/MI, EAC, ELIC, or federal eligibility categories, including federal emergency services eligibility, due to lack of U.S. citizenship or legal alienage. Persons applying for this new state emergency services category must apply at a county eligibility office, pursuant to application rules adopted by AHCCCS. Requires all persons applying for eligibility under this section to also apply for federal eligibility under § 36-2901 (4)(b), if potential federal eligibility has been identified during a screening conducted by counties, using a screening tool developed by DES. If the applicant is hospitalized, counties may certify the applicant as eligible for state emergency services coverage, pending a decision by DES regarding possible federal eligibility. Eligibility is contingent upon completion of the application process, including the federal application process handled by DES. Counties may receive federal reimbursement for administrative costs incurred performing federal eligibility screens.

(Continued)

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - ACUTE CARE (Cont'd)
GENERAL FUND, FEDERAL FUNDS, COUNTY FUNDS AND MISC. FUNDS

Section 15. Amends A.R.S. § 36-2908, which limits reimbursement for medical expenses received by state-only applicants prior to AHCCCS enrollment to emergency services only. The change is to add the new state emergency services group identified in new A.R.S. § 36-2901 (4)(j) to the list of existing state-only groups (MN/MI, EAC, and ELIC) eligible for reimbursement of emergency services only prior to a determination of eligibility.

Section 16. Amends A.R.S. § 36-2909, which establishes the period of retroactive state liability for state-only members prior to county certification of eligibility. As with Section 15, this change adds the new state emergency services group identified in new A.R.S. § 36-2901 (4)(j) to the list of state-only groups covered by A.R.S. § 36-2909.

2. *Increased County Acute Care Contribution*

Section 36. Establishes the FY 1994 county acute care contribution in session law in the amount of \$77,884,200, an increase of \$12,808,100 over the FY 1993 contribution. The percent allocation of the FY 1994 contribution among counties will reflect the current formula as set forth in Laws 1992, Chapter 287. Also, Section 36 prescribes the FY 1995 county acute care contribution as 29.5% of combined state General Fund appropriations for acute care, and county acute and long term care contributions. This percentage was applied in determining the FY 1994 acute care contribution. The specific FY 1995 county acute care contribution will be determined by the Legislature.

3. *Reduced Private Hospital Fee Schedules*

Section 39. Session law directing AHCCCS to adjust hospital reimbursement in FY 1994 and FY 1995 to yield a net reduction in reimbursement of approximately \$10,000,000 each fiscal year. This reduction would apply only to non-county operated hospitals and would be achieved through an increase in the discount on state-only (MN/MI, EAC, ELIC, and state Emergency Services) bills. This section also requires AHCCCS to report monthly to the chairmen of the House and Senate Appropriations Committees and the JLBC Staff regarding the reductions required by this section.

Section 41. Provides for the repeal of Section 39 from and after June 30, 1995.

4. *Lower Medical Inflation Adjustment*

Section 40. Session law allowing AHCCCS to grant a capitation inflation increase of no more than 2.7% in FY 1994.

5. *Increase MN/MI Copay*

Section 9. Amends A.R.S. § 36-2904, requiring AHCCCS to adopt rules requiring providers to collect a \$5 copayment from state-only members for each physician's office or home visit. These rules may provide for the waiving of the copayment under certain circumstances. Currently, AHCCCS rules waive copayment requirements for prenatal care visits, visits for children under EPSDT requirements, and visits scheduled by the physician.

6. *Disproportionate Share Hospital Payments*

Section 26. Amends Laws 1992, Chapter 292, by revising the appropriations to AHCCCS for disproportionate share hospital payments in FY 1993. These revisions were necessary due to the federal decision to allocate more disproportionate share funding to Arizona than was originally approved in 1992. A technical change is made also to appropriate all General Fund disproportionate share amounts in the AHCCCS budget, including amounts formerly appropriated in the DHS budget. Revised language directs AHCCCS to deposit amounts for the Arizona State Hospital (ASH) into the ASH Disproportionate Share Payment Fund, including federal matching funds.

Section 30. New session law specifying the amounts Maricopa and Pima counties are to deposit with the state Treasurer by July 1, 1993 as reimbursement for disproportionate share payments made to county hospitals in FY 1993. This direct reimbursement method was employed for the FY 1992 disproportionate share payments because insufficient sales tax revenues were available late in FY 1992 to withhold the needed amount. While sales tax revenues are being withheld in FY 1993 to cover the original disproportionate share payments enacted in Laws 1992, Chapter 292, insufficient revenues remain to cover the additional funding granted by the federal government. Accordingly, the direct reimbursement method is again being employed to capture the additional funding.

(Continued)

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - ACUTE CARE (Cont'd)
GENERAL FUND, FEDERAL FUNDS, COUNTY FUNDS AND MISC. FUNDS

Section 31. New session law specifying the amount of sales tax revenue to be withheld in FY 1994 from distributions to Maricopa and Pima counties as reimbursement for disproportionate share payments made to hospitals in these counties. Based on gross payments made by AHCCCS pursuant to A.R.S. § 39-2903.01, the Joint Legislative Budget Committee shall calculate amounts to be withheld from sales tax distributions to Maricopa and Pima counties. Appropriations for FY 1994 disproportionate share payments are now reflected in the General Appropriation Act, along with a footnote similar to language in Section 26 of this bill which specifies the allocation of disproportionate share funding between county hospitals, the Arizona State Hospital, private hospitals, and county in-lieu payments.

Section 32. Extends FY 1992 and FY 1993 session law language which exempts disproportionate share payments to county hospitals from county expenditure limits.

Section 33. Extends FY 1992 and FY 1993 session law language which restores disproportionate share payments to county expenditure limits in FY 1995. Since provisions establishing FY 1994 disproportionate share payments are session law, adjustments to county expenditure limits resulting from disproportionate share payments must be restored for the following fiscal year.

Section 35. New session law indicating that disproportionate payments made in FY 1994 shall be based on hospital data received by AHCCCS as of July 1, 1993.

7. Phase Down Quick Pay Discount on Categorical Bills

Section 1. Amends A.R.S. § 8-142.01, which directs the Department of Economic Security to use the AHCCCS hospital reimbursement system for the DES Adoption Subsidy Program. The change mirrors revisions in sections relating to the AHCCCS reimbursement system which phase down the quick pay discount to 1% by October 1, 1996. Under provisions established in Laws 1992, Chapter 302, the quick pay discount would not have been phased down to 1% until March 1, 2004.

Section 2. Amends A.R.S. § 8-512, which establishes the DES Comprehensive Medical and Dental Care Program (CMDP). Laws 1992, Chapter 302 required CMDP to also use the AHCCCS reimbursement system. Changes regarding the accelerated phase down of the quick pay discount in Section 1 are also reflected in this section.

Section 8. Amends A.R.S. § 36-2903.01, relating to the powers and duties of the AHCCCS director, making changes to reflect the phase down of the quick pay discount on categorical bills to 1% by October 1, 1996. The current phase down schedule established in Laws 1992, Chapter 302 would be maintained for state-only bills.

Section 9. Amends A.R.S. § 36-2904, requiring AHCCCS providers (health plans) to follow the accelerated quick pay discount phase down schedule for categorical members prescribed in Section 27 of this bill. A.R.S. § 36-2904 requires that AHCCCS providers reimburse hospitals at a level not to exceed in aggregate what the AHCCCS hospital reimbursement system would otherwise pay.

Section 22. Amends A.R.S. § 41-1954, relating to the powers and duties of the DES director, making changes to the hospital reimbursement system used for the Vocational Rehabilitation program to reflect the accelerated phase down of the quick pay discount. This change is required since this DES program is also required to use the AHCCCS hospital reimbursement system.

Section 27. Amends Laws 1992, Chapter 302, by accelerating the phase down of the quick pay discount on categorical bills, beginning October 1, 1994. Under Laws 1992, Chapter 302, the quick pay discount would be set at 10% until March 1, 1996, after which the discount would be reduced by 1% each year until reaching 1% March 1, 2004, and remaining at the 1% level thereafter. Under this section, the discount would be lowered to 6% on October 1, 1994, and then to 3% on October 1, 1995, and finally to 1% on October 1, 1996.

Section 28. Amends Laws 1992, Chapter 302, relating to sections requiring DES to use the AHCCCS hospital reimbursement system. Revisions to accelerate the phase down of the quick pay discount are incorporated into these sections, thus mirroring the accelerated phase down schedule prescribed in Section 27 of this bill.

(Continued)

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - ACUTE CARE (Cont'd)
GENERAL FUND, FEDERAL FUNDS, COUNTY FUNDS AND MISC. FUNDS

Section 29. New session law establishing the phase down schedule of the quick pay discount for state-only bills. This schedule follows the phase down schedule prescribed in Laws 1992, Chapter 302, whereby the phase down to a 1% discount does not begin until March 1, 1996 and is not completed until 2004.

8. Increase 3rd Party Recovery

Section 17. Amends A.R.S. § 36-2915, relating to liens placed by the administration on damages awarded to injured persons receiving care through AHCCCS. Changes are as follows: expands from 30 to 60 days the time in which AHCCCS has to file a lien after a person is discharged from a hospital or care is received; allows AHCCCS to estimate hospital charges due, striking language that charges be "known"; and restricts political subdivisions or state agencies from charging AHCCCS a fee for assisting AHCCCS in collecting from third party payors.

Section 18. Amends A.R.S. § 36-2920, adding to AHCCCS' monthly financial reporting requirements language requiring reports on amounts recovered monthly from third party payors.

**Note-Savings of \$5 million have been associated with increased third party recovery, a portion of which may be generated through these changes in AHCCCS lien provisions. The JLBC Staff has not estimated savings resulting from lien changes and would indicate that the bulk of the \$5 million savings is estimated to come from the privatization of a portion of the third party recovery process, a change not requiring legislative action.*

9. Hospital Enterprise Authority; Lease Purchase Obligations

Section 6. Amends A.R.S. Title 11, Chapter 2, by adding a new section 11-309. Permits Maricopa and Pima counties to establish hospital authorities which may incur lease purchase agreements for hospital improvements, additions, or equipment. Requires such authorities to establish an enterprise fund consisting of revenues derived from the operation of the hospital enterprise and used for the operation of the enterprise, including making lease purchase payments. Also allows counties to establish a special fund consisting only of excise tax revenues not committed by law to non-health care uses. The special fund may be used to cover any shortfall existing in the enterprise fund.

10. Recovery of Federal Funds; DHS Appropriation

Section 38. Session law directing the deposit of \$2 million in federal Title XIX reimbursement received in FY 1994 for the Arizona State Hospital (ASH) and the Southern Arizona Mental Health Center (SAMHC) into the DHS special revenue fund. This section then appropriates \$2 million from the special revenue fund in FY 1994 for ASH and SAMHC.

11. Exemption from Administrative Rules Procedures

Section 34. Provides AHCCCS with an exemption from A.R.S. Title 41, Chapter 6, relating to administrative rules procedures, for FY 1994, for the purpose of issuing rules required by this act. Requires AHCCCS to provide an opportunity for public comment within 120 days of July 1, 1993, and make necessary amendments to rules adopted pursuant to this act.

Prepaid Capitation Coverage - Chapter 152 (H.B. 2044) - Requires AHCCCS' contracted providers (health plans) to notify members of reproductive age regarding available family planning services. Also requires contractors to develop plans for delivering those services to members who request services. For members enrolled in health plans not offering family planning services, AHCCCS will develop a notification and service delivery plan. Additionally, this chapter requires AHCCCS to annually prepare a report to the Governor and the Legislature indicating the number of children enrolled in health plans who have received immunizations, including reasons why enrolled children did not receive immunizations.

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - LONG TERM CARE

A.R.S. § 36-2901

Dr. Leonard Kirschner, Director

JLBC Analyst: Headley

| COUNTY FUNDS AND FEDERAL FUNDS | | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|------|--------------------|---------------------|---------------------|
| Lump Sum Appropriation ^{1/} | (SM) | 83,049,300 | 92,297,600 | 101,989,600 |
| | (TF) | 228,780,800 | 264,236,000 | 299,078,200 |
| Additional Appropriations - 41st Leg., 1st Reg. Session | | | | |
| Long Term Care Services, Ch. 229 | (SM) | -0- | -0- | 1,064,000 |
| | (TF) | -0- | -0- | 3,120,000 |
| PROGRAM TOTAL | (SM) | 83,049,300 | 92,297,600 | 103,053,600 |
| | (TF) | 228,780,800 | 264,236,000 | 302,198,200 |
| Less: | | | | |
| County Long Term Care Contribution | | (83,049,300) | (92,297,600) | (103,053,600) |
| PROGRAM TOTAL | (GF) | -0- | -0- | -0- |
| | (TF) | 228,780,800 | 264,236,000 | 302,198,200 |
| By Fund Source | | | | |
| General Fund | | -0- | -0- | -0- |
| County Funds | | 83,049,300 | 92,297,600 | 103,053,600 |
| Federal Funds | | 145,731,500 | 171,938,400 | 199,144,600 |
| PROGRAM TOTAL - ALL SOURCES | | 228,780,800 | 264,236,000 | 302,198,200 |

SM = State Match (County Funds)

TF = Total Funds, and represents the sum of County Funds and Federal Funds

GF = State General Fund

Program Description - The Arizona Long Term Care System (ALTCS) was established in 1989 to provide federal Medicaid long term care services to persons meeting federally prescribed income and resources standards and at risk of being institutionalized. ALTCS program costs are funded entirely with county and federal dollars, while the administrative cost of ALTCS is borne by the state. The AHCCCS Administration conducts ALTCS eligibility and is also responsible for contracting with providers. As in the Acute program, providers receive a monthly capitation payment that covers the full range of ALTCS services, including acute medical services.

Lump Sum Appropriation - The approved amount is based on a total of 11,860 member years. The approved amount reflects amounts for capitation, fee for service payments, Medicare premium payments, and nurse aid training costs. Programmatic expenses in the Long Term Care system are funded entirely with county and federal funds, while the administrative cost of Long Term Care is the responsibility of the AHCCCS Administration.

(Continued)

^{1/} Any federal funds that AHCCCS passes through to the Department of Economic Security for use in long-term care for the developmentally disabled shall not count against the long term care expenditure authority above. (General Appropriation Act footnote)

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM - LONG TERM CARE (Cont'd)

COUNTY FUNDS AND FEDERAL FUNDS

The lump sum appropriation also includes \$68,300 (SM) and \$209,700 (TF) to be passed through to the Board of Nursing for the board's cost of administering the Nurse Aid Training program. State matching funds for Board of Nursing costs were previously funded out of the General Fund and appeared in the AHCCCS Administration appropriation.

ADDITIONAL LEGISLATION

Long Term Care Services - Chapter 229 (S.B. 1102) - Makes technical corrections to the Health Omnibus Reconciliation Bill (Chapter 6, 2nd Special Session), and increases the Long Term Care county contribution and total expenditure authority to provide funding for the cost of providing mental health services to Long Term Care members age 65 and over.

ALTCS: Permanent Expenditure Limit Adjustment - Chapter 184 (H.B. 2160) - Amends A.R.S. § 11-292, providing that for FY 1995, and each year thereafter, the nonfederal portion of the cost of the Long Term Care program shall be specified in the General Appropriation Act. That amount will be collected from counties through the withholding of transaction privilege tax distributions, in accordance with the percentage allocation set forth in this chapter. Also makes permanent adjustments to remove the ALTCS contribution from county expenditure limits and place that amount under the state appropriation limit. The language regarding county expenditure limits amends provisions of the Health Omnibus Reconciliation Bill (Chapter 6, 2nd Special Session).

Budget Reconciliation: Health - Chapter 6 (H.B. 2007), 2nd Special Session - The following are sections of the Health Omnibus Reconciliation legislation affecting Long Term Care:

Section 19. Amends A.R.S. § 36-2936, allowing AHCCCS to perform periodic medical reassessments of ALTCS members, instead of annual reassessments. This change would allow AHCCCS to waive reassessments in cases in which the member's medical condition is not expected to improve. Additionally, AHCCCS resources would be made available to eliminate the backlog of cases awaiting medical reassessments.

Section 20. Amends A.R.S. § 36-2952, allowing counties that are also ALTCS program contractors (Maricopa and Pima) to use unexpended carry forward balances in their respective long term care system funds to help pay their long term care contribution to the state.

Section 21. Amends A.R.S. § 36-2953, striking the requirement that transfers of funds in the DES Long Term Care System Fund be approved by the Joint Legislative Budget Committee.

Section 23. Amends Laws 1992, Chapter 287, extending current session law provisions removing county long term care contributions from county expenditure limits and placing the aggregate amount under the state appropriations limit.

Section 24. Amends Laws 1992, Chapter 287, extending current session law provisions that restore the expenditure and appropriations limit changes resulting from Section 23. This section has the effect of making the expenditure and appropriation limit change again temporary.

Section 25. Amends Laws 1992, Chapter 287, providing for the repeal of the expenditure and appropriations limit sections from and after December 31, 1994.

Section 37. Establishes the FY 1994 county long term care contribution in session law in the amount of \$101,989,600. As in FY 1993 session law (Laws 1992, Chapter 287), the contribution would be collected by withholding sales tax distributions to counties. The amounts withheld would be allocated across the counties according to the current percentages set forth in Laws 1992, Chapter 287. Amounts withheld shall be adjusted to reflect amounts paid by counties directly to the State Treasurer from county long term care reserves, pursuant to A.R.S. § 36-2952.

DEPARTMENT OF ECONOMIC SECURITY - SUMMARY

A.R.S. § 41-1951

Charles E. Cowan, Director

JLBC Analyst: Cawley/Siegwarth

SUMMARY OF GENERAL FUND AND OTHER APPROPRIATED FUNDS

FY 1992
Actual

FY 1993
Estimate

FY 1994
Approved

Program Summary

| | | | |
|--|-------------|-------------|-------------|
| Administration | 23,542,700 | 26,032,400 | 25,909,400 |
| Developmental Disabilities | 38,479,900 | 39,096,900 | 37,845,100 |
| Long Term Care System Fund | 51,613,700 | 56,186,900 | 42,578,600 |
| Family Support | 124,268,700 | 132,110,800 | -0- |
| Benefits & Medical Eligibility | -0- | -0- | 135,367,800 |
| Child Support Enforcement | 2,751,000 | 2,842,600 | 2,814,300 |
| Social Services | 96,415,100 | 103,469,700 | -0- |
| Aging & Community Services | -0- | -0- | 13,308,500 |
| Children & Family Services | -0- | -0- | 92,240,100 |
| Child Protective Services Training Program | 291,600 | 430,100 | 431,600 |
| Employment & Rehabilitative Services | 6,263,200 | 7,194,100 | 6,801,600 |

TOTAL APPROPRIATIONS

343,625,900

367,363,500

357,297,000

Expenditure Detail

| | | | |
|----------------------------------|------------|------------|------------|
| FTE Positions ^{1/} | 2,827.4 | 2,726.1 | 2,528.0 |
| Personal Services | 64,013,600 | 64,588,400 | 61,817,300 |
| Employee Related Expenditures | 16,199,000 | 16,810,200 | 14,057,300 |
| Professional & Outside Services | 2,443,900 | 2,345,100 | 2,246,000 |
| Travel - In State | 1,634,300 | 1,839,000 | 1,804,100 |
| Travel - Out of State | 50,000 | 59,100 | 59,100 |
| Other Operating Expenditures | 16,122,000 | 17,849,100 | 18,218,700 |
| Food | 597,800 | 497,500 | 446,900 |
| Equipment | 873,800 | 939,300 | 777,200 |
| All Other Operating Expenditures | 21,721,800 | 23,529,100 | 23,552,000 |

OPERATING SUBTOTAL

101,934,400

104,927,700

99,426,600

Special Line Items ^{2/}

241,691,500

262,435,800

257,870,400

TOTAL APPROPRIATIONS

343,625,900

367,363,500

357,297,000

3/4/5/

Fund Summary

| | | | |
|--------------------------|-------------|-------------|-------------|
| General Fund | 343,152,100 | 366,550,700 | 356,653,900 |
| Other Appropriated Funds | 473,800 | 812,800 | 643,100 |

TOTAL APPROPRIATIONS

343,625,900

367,363,500

357,297,000

(See Footnotes on the Following Page)

DEPARTMENT OF ECONOMIC SECURITY - SUMMARY (Cont'd)
SUMMARY OF GENERAL FUND AND OTHER APPROPRIATED FUNDS

Agency Description - *The department provides an array of services for low income households and others in need. These services are provided through the following divisions: Developmental Disabilities, Benefits and Medical Eligibility, Aging and Community Services, Children and Family Services, Child Support Enforcement, and Employment and Rehabilitative Services. For further detail, see the specific programs.*

Agency Restructuring - The Department of Economic Security has reorganized. Through the reorganization, the divisions of Family Support and Social Services have been eliminated. The divisions of Benefits and Medical Eligibility, Aging and Community Services and Children and Family Services have been created.

The new Division of Benefits and Medical Eligibility consists of the Aid to Families with Dependent Children, General Assistance, Emergency Assistance and Tuberculosis programs, as well as the FTE positions associated with these programs, which had been in the Division of Family Support.

The new Division of Aging and Community Services (DACS) consists of the Food Distribution, Homeless Shelter, Information and Referral, and Rural Food Bank Project programs, as well as the FTE positions associated with these programs, which had been in the Division of Family Support. In addition, DACS consists of Adult Services, Institutional Support Payments and LTC Ombudsman programs, as well as the FTE positions associated with these programs, which had been in the Division of Social Services. As part of the reorganization, 0.9 FTE position and associated funds were moved to the DACS from the Division of Administration.

The new Division of Children and Family Services consists of Adoption Services, Children Services, High Risk Infant Services, Intensive Family Services, Child Severance Project, and Videotaping programs, as well as the FTE positions associated with these programs, which had been in the Division of Social Services.

Also associated with the agency's reorganization, the Research Administration was moved from the Division of Employment and Rehabilitative Services to the Division of Administration. This move transferred 1.9 state FTE positions and \$76,600 of state funds and 46.6 FTE positions and \$1,676,000 of federal and other non-appropriated monies.

FTE Positions - The approved amount includes a reduction of 75.7 FTE positions to bring certain programs' current vacancy factor in line with the standard vacancy factor for programs with these number of FTE positions. In addition, 8.5 FTE positions were transferred to the AHCCCS budget, 105.9 FTE positions were transferred to federal funding, and 8 FTE positions were eliminated.

Personal Services The approved amount is based upon a 2.4% vacancy factor and \$1,502,100 in vacancy savings from the General Fund. The approved amount also includes an additional \$2,011,400 from the General Fund and \$5,300 from Other Appropriated Funds to annualize the cost of the April 1993 general salary adjustment.

(Continued)

- 1/ The FTE Positions total includes 19.9 FTE positions funded in certain special line items in FY 1992, 26.4 FTE positions in FY 1993, and 9.9 FTE positions in FY 1994.
- 2/ Details for the Special Line Items are included on the individual program pages.
- 3/ Represents General Appropriation Act funds. Appropriated as a lump sum by program with special line items. The line items within the "Operating Subtotal" are shown for information only.
- 4/ The above appropriation is in addition to funds granted to the state by the federal government for the same purposes, but shall be deemed to include the sums deposited in the state treasury to the credit of the Department of Economic Security, pursuant to the provisions of A.R.S. § 42-1341. (General Appropriation Act footnote)
- 5/ A monthly report comparing total expenditures for the month and year-to-date as compared to prior year totals, shall be forwarded to the President of the Senate, the Speaker of the House of Representatives, the Chairmen of the Appropriations Committees, and the Director of the Joint Legislative Budget Committee by the twenty-fifth of the following month. The report shall include an estimate of (a) potential shortfalls in entitlement programs and (b) potential federal and other funds, such as the statewide assessment for indirect costs, that may be available to offset these shortfalls, (c) shortfalls resulting from new leases or renegotiation of current leases and associated costs, and (d) total expenditure authority of the Child Support Enforcement program for the month and year-to-date as compared to prior year totals. (General Appropriation Act footnote)

DEPARTMENT OF ECONOMIC SECURITY - SUMMARY (Cont'd)
SUMMARY OF GENERAL FUND AND OTHER APPROPRIATED FUNDS

Employee Related Expenditures - The approved amount includes: a) an additional \$259,800 from the General Fund and \$700 from Other Appropriated Funds to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$277,300 from the General Fund and \$1,000 from Other Appropriated Funds as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$6,385,100 from the General Fund and \$18,200 from Other Appropriated Funds for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved General Fund amount includes: a) a total of \$2,684,100 for the payment of risk management premiums, which reflects an additional \$554,100 authorized by Section 104 of the General Appropriation Act, and b) a total of \$47,500 for rent of state-owned space and \$1,488,900 for lease-purchase payments.

The approved amount also includes an additional \$200 from Other Appropriated Funds for the payment of statewide accounting system charges, as authorized under Section 102 of the General Appropriation Act.

Special Line Items - The approved amount includes \$8,500 (Personal Services, \$7,500; Employee Related Expenditures, \$1,000) to annualize the cost of the April 1993 general salary adjustment. No vacancy factor was applied. The approved amount includes a reduction of \$400 from the General Fund and \$100 from Other Appropriated Funds as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. The approved amount also includes \$9,100 from the General Fund and \$16,700 from Other Appropriated Funds for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

SUMMARY OF CHANGES

The following summarizes the major factors behind the change in the FY 1994 General Fund operating budget from the revised FY 1993 estimate:

| | <u>Millions</u> |
|---|-----------------|
| • Annualization of Pay Adjustment | \$ 2.3 |
| • Employee Related Expenses | (1.6) |
| • Higher Vacancy Factor | (3.0) |
| • DD Long Term Care Program - Increased Federal Rates | (14.9) |
| • DD Long Term Care Program - 5% Caseload Growth | 2.4 |
| • AFDC - 26,418 New Recipients (12.7% Growth); No Benefit Increase; Reduce Benefits if No Shelter Costs (\$2.9M Savings) | 6.7 |
| • General Assistance - 10% Growth Offset by Increased Conversions to Federal SSI Program/Also Limits Eligibility to 12 of Every 36 Months for FY 1995 Savings | (1.9) |
| • Social Services - 10% Children Services Growth (including Federal Funds); Freeze Adoption, Child Care and Elderly Services, at Current Level | 1.6 |
| • All Other Changes | (1.5) |
| Total Change from Revised FY 1993 | <u>\$ (9.9)</u> |

CAPITAL OUTLAY

Capital Outlay Bill - Chapter 2 (H.B. 2002), 2nd Special Session - The bill appropriates \$137,200 to the department for fire and life safety corrections at the Arizona Training Program at Coolidge.

DEPARTMENT OF ECONOMIC SECURITY - ADMINISTRATION
A.R.S. § 41-1951

Charles E. Cowan, Director

JLBC Analyst: Cawley/Siegwarth

| GENERAL FUND AND PUBLIC ASSISTANCE COLLECTIONS FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|-----------------------|-------------------------|---------------------------------|
| FTE Positions ^{1/} | 344.0 | 312.8 | 274.7 |
| Personal Services | 8,357,100 | 8,606,100 | 8,357,000 |
| Employee Related Expenditures | 1,884,800 | 2,053,500 | 1,701,000 |
| Professional & Outside Services | 684,200 | 416,800 | 422,400 |
| Travel - In State | 135,500 | 179,000 | 173,100 |
| Travel - Out of State | 49,000 | 52,600 | 52,600 |
| Other Operating Expenditures | 9,987,400 | 11,063,700 | 12,218,500 |
| Equipment | 777,200 | 827,200 | 777,200 |
| All Other Operating Expenditures | 11,633,300 | 12,539,300 | 13,643,800 |
| OPERATING SUBTOTAL | 21,875,200 | 23,198,900 | 23,701,800 |
| Public Assistance Collection Fund ^{1/} | 182,200 | 207,700 | 211,500 ^{2/} |
| AZTECS Modification | 368,000 | 580,800 | 547,700 |
| Interagency Coordinating Committee ^{1/} | -0- ^{3/} | -0- | -0- |
| Alzheimers' Subcommittee | 2,100 | -0- | -0- |
| FMCS Modification | 116,800 | 131,300 | 131,300 |
| Lease-Purchase Equipment | 998,400 | 970,100 | 1,452,500 |
| MEDICS ^{1/} | -0- | 1,443,600 | 581,600 |
| SLIM Lump Sum Reduction | -0- | (500,000) | (717,000) |
| TOTAL APPROPRIATIONS | 23,542,700 | 26,032,400 | 25,909,400 ^{4/} |
| <u>Fund Summary</u> | | | |
| General Fund | 23,360,500 | 25,824,700 | 25,697,900 |
| Public Assistance Collections Fund | 182,200 | 207,700 | 211,500 |
| TOTAL APPROPRIATIONS | 23,542,700 | 26,032,400 | 25,909,400 |

(Continued)

- ^{1/} The FTE Positions total includes 2 FTE positions funded in the Interagency Coordinating Committee special line item in FY 1992, 8.5 FTE positions funded in the MEDICS special line item in FY 1993, and 6.4 FTE positions funded in the Public Assistance Collection Fund special line item in FY 1992 - FY 1994.
- ^{2/} As authorized by Laws 1987, Chapter 55, the approved amount for public assistance collection is available for deposit into the Public Assistance Collections Fund (Personal Services, \$133,200; Employee Related Expenditures, \$33,200; and All Other Operating Expenditures, \$45,100). (General Appropriation Act footnote)
- ^{3/} The line item was appropriated \$200,000 and 2 FTE positions for FY 1992. Prior to FY 1992, federal monies funded this program. During FY 1992, federal monies were again received. Therefore, the federal monies were used instead of General Fund monies to finance this program.
- ^{4/} Represents General Appropriation Act funds. Appropriated as a lump sum for the program, with special line items. The line items within the "Operating Subtotal" are shown for information only.

DEPARTMENT OF ECONOMIC SECURITY - ADMINISTRATION (Cont'd)
GENERAL FUND AND PUBLIC ASSISTANCE COLLECTIONS FUND

Program Description - *The program consists of the Office of the Director, the Divisions of Administrative Services, Business and Finance, and Data Administration. This program provides departmentwide administrative, research and evaluation, financial and computer automation support.*

FTE Positions - The approved amount reflects a decrease of 38.1 FTE positions. The approved amount includes a reduction of 30.6 FTE positions to bring the program's current vacancy factor in line with the standard vacancy factor for a program with this number of FTE positions.

- **MEDICS** - Transfer out 8.5 state funded positions and \$859,800 to the Arizona's Health Care Cost Containment System (AHCCCS) for automating the Medical Eligibility Determination and Information Control System (MEDICS), which is used in the Medical Assistance Only (MAO) application process.
- **Transfer In** - Transfer in 1.9 FTE positions and \$76,600 from Employment and Rehabilitative Services associated with the department's reorganization. This transfer moves the entire Research Administration to this division, including \$1,175,100 in federal, and \$500,900 in other non-appropriated funds, as well as the 46.6 FTE positions associated with these funds.
- **Transfer Out** - Transfer out 0.9 FTE position and \$47,700 to the newly created Division of Adult and Community Services associated with the department's reorganization.

Personal Services - The approved amount is based upon a 3% vacancy factor and \$258,500 in vacancy savings. The FY 1993 budgeted vacancy factor was 8%. The agency imposed an additional 5% vacancy factor to fund shortfalls in other areas of the agency. Total savings of \$504,100 reflect the permanent elimination of the 30.6 FTE positions associated with bringing the program's vacancy factor in line with the standard vacancy factor for a program with this number of FTE positions. The approved amount also includes an additional \$218,900 to annualize the cost of the April 1993 general salary adjustment. The appropriation reflects an increase of \$16,200 for annualization of the 1.1 FTE positions added in FY 1993 to expand the department's mainframe capacity and \$56,100 for the transfer in of 1.9 FTE positions from Employment and Rehabilitative Services. The approved amount also reflects a reduction of \$36,200 associated with the 0.9 FTE position transferred out to the new Division of Aging and Community Services.

Employee Related Expenditures - The approved amount includes: a) an additional \$28,100 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$37,600 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. The appropriation reflects an increase of \$2,100 for annualization of the 1.1 FTE positions added in FY 1993 to expand the department's mainframe capacity and \$16,500 for the transfer in of 1.9 FTE positions from Employment and Rehabilitative Services. The approved amount also reflects a reduction of \$9,300 associated with the 0.9 FTE position transferred out to the new Division of Aging and Community Services.

The approved amount also includes a total of \$677,300 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount reflects a transfer in of \$5,600 from Travel - In State.

Travel - In State - The approved amount reflects a transfer out of \$5,600 to Professional and Outside Services and \$400 associated with the 0.9 FTE position transferred out to Aging and Community Services. The appropriation also includes an increase of \$100 associated with the transfer in of 1.9 FTE positions from Employment and Rehabilitative Services.

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - ADMINISTRATION (Cont'd)
GENERAL FUND AND PUBLIC ASSISTANCE COLLECTIONS FUND

Other Operating Expenditures - The approved amount includes: a) a total of \$2,684,100 for the payment of risk management premiums, which reflects an additional \$554,100 authorized by Section 104 of the General Appropriation Act; b) a total of \$47,500 for rent of state-owned space, which is a \$45,100 reduction; c) a total of \$934,900 for the DES-West lease-purchase payment, which is a \$661,200 increase; d) a total of \$281,200 for the Tucson State Office Building lease-purchase payment, which is a \$27,300 increase; e) a total of \$130,800 for the Capitol Center Building lease-purchase payment, which is a \$1,000 increase; f) a total of \$90,400 for the Developmental Disabilities Division group homes lease-purchase payment, which is a \$3,200 decrease; and g) a total of \$51,600 for the lease-purchase payment and operating costs of the regional Kingman State Office Building to be purchased as part of the RTC distressed property program.

The approved amount reflects the following increases: a \$177,100 transfer in from other divisions for occupancy costs; a \$50,000 transfer in from the Equipment line for the lease-purchase of operating software; a \$3,900 transfer in associated with the 1.9 Employment and Rehabilitative Services FTE positions; and \$50,000 for the annualization of the lease-purchase payment of operating software. The appropriation also reflects the following reductions: a \$1,800 transfer out associated with the 0.9 Aging and Community Services FTE position; a \$4,600 decrease associated with a non-capital equipment reduction; and a \$366,700 transfer out to the Lease-Purchase Equipment special line item associated with lease-purchase of equipment for the automation upgrade initiated in FY 1993.

Equipment - The approved amount includes \$293,900 for general replacement equipment and \$483,300 for automation replacement equipment. The appropriation reflects a \$50,000 transfer out to the Other Operating Expenditures for the lease-purchase of operating software.

Public Assistance Collection Fund - The approved amount includes an additional \$5,400 (Personal Services, \$4,800; Employee Related Expenditures, \$600) to annualize the cost of the April 1993 general salary adjustment. The approved amount is based upon a 0% vacancy factor. The approved amount also includes a reduction of \$600 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by section 103 of the General Appropriation Act. The appropriation also reflects a \$1,000 reduction related to an Employee Related Expenditures rate change. The approved amount contains \$16,700 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

A.R.S. § 46-295 requires 25% of repaid erroneous public assistance benefits to be deposited into the Public Assistance Collections Fund. This special line funded 6.4 FTE positions in FY 1992-FY 1994, all of which have been included in the FTE Positions line of the fund summary.

AZTECS Modification - The approved amount funds modifications to the Arizona Technical Eligibility Computer System (AZTECS) to reduce on-line processing time and provide capacity for caseload expansion. AZTECS is the automated eligibility determination system for AFDC and Food Stamps.

The approved amount includes \$179,000 for Professional and Outside Services and \$368,700 for the fifth year of a 7-year lease-purchase, which reflects a \$33,100 decrease in the lease-purchase payment. The initial authorization for this purchase was in FY 1990, but due to delays in the acquisition of the system, the original lease-purchase payment schedule was revised. The revised lease-purchase schedule appears on page 106 of the FY 1993 Appropriations Report.

FMCS Modification - The approved amount includes \$131,300 for Professional and Outside Services for continual modifications and enhancement to the department's Financial Management Control System (FMCS). In addition, another \$35,800 is funded in the Professional and Outside Services line item. The approved amount funds consulting assistance in the installation of additional subsystems, in developing policies and procedures, and in meeting FMCS system needs that are outside the scope and expertise of department staff.

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - ADMINISTRATION (Cont'd)
GENERAL FUND AND PUBLIC ASSISTANCE COLLECTIONS FUND

Lease-Purchase Equipment - The approved amount includes 4 lease-purchases for computer equipment. The oldest lease-purchase was initially authorized in the FY 1987 and FY 1988 budgets for Aid to Families with Dependent Children (AFDC) and other federal programs. The lease purchase schedule appears on page 82 of the FY 1990 Appropriations Report. The FY 1994 payment is \$26,800.

The second lease-purchase permits DES to expand the memory and storage capacity of the existing mainframe computer. The lease-purchase schedule appears on page 96 of the FY 1991 Appropriations Report. The FY 1994 payment is \$204,000.

The third lease-purchase funds the acquisition of a second mainframe computer. The additional workload generated by the new federal welfare reform legislation exceeds the capacity of the current mainframe. The mainframe lease-purchase schedule appears on page 97 of the FY 1991 Appropriations Report. Due to a delay in federal approval for this lease-purchase, the FY 1991 appropriation was reverted. The FY 1994 payment is \$488,200.

The fourth lease-purchase funds the expansion of the DES mainframe central processing unit to ensure the needed memory and storage capacity for the department's increasing caseloads and programs. Funding for this lease-purchase began in FY 1993 and was funded in the Other Operating Expenditures line. The FY 1993 budgeted amount funded a 6-month lease-purchase payment. The implementation of the lease-purchase did not begin until the final quarter of FY 1993. The FY 1993 budgeted amount of \$366,700 was moved from the Other Operating Expenditures line to this line item, and \$366,800 was added to annualize the funding. The following schedule is a 6-year lease-purchase plan. The plan assumes that the state is fully responsible for these payments. The FY 1994 payment is \$733,500.

| | <u>TOTAL</u> | <u>PRINCIPLE</u> | <u>INTEREST</u> | <u>STATE</u> |
|---------|--------------------|--------------------|------------------|--------------------|
| FY 1993 | \$ 183,300 | \$ 126,900 | \$ 56,400 | \$ 183,300 |
| FY 1994 | 733,500 | 532,300 | 201,200 | 733,500 |
| FY 1995 | 733,500 | 573,600 | 159,900 | 733,500 |
| FY 1996 | 733,500 | 618,100 | 115,400 | 733,500 |
| FY 1997 | 733,500 | 666,100 | 67,400 | 733,500 |
| FY 1998 | 550,100 | 533,300 | 16,800 | 550,100 |
| | <u>\$3,667,400</u> | <u>\$3,050,300</u> | <u>\$617,100</u> | <u>\$3,667,400</u> |

MEDICS - The approved amount reflects a transfer out of 8.5 FTE positions and \$859,800 to the DES-AHCCCS budget and a one-time equipment reduction of \$2,200. The approved amount retained in this budget provides for the final year of funding needed for upgrading the DES facilities to handle the automation for the Medical Eligibility Determination and Information Control System (MEDICS). The facilities upgrade costs are borne fully by the state.

Project SLIM Lump Sum Reduction - The approved amount reflects an increase of \$217,000 in savings from efficiencies achieved by the department through reorganizing its Office of Special Investigation, organizing its accounts payable functions and janitorial services, and by improving its handling of agency travel claims and telecommunication bills. The DES utilized \$500,000 in savings for part of its FY 1993 lump sum reduction. When the department determines exactly where these savings will be attained, the savings will be applied in the appropriate line item.

**DEPARTMENT OF ECONOMIC SECURITY -
DEVELOPMENTAL DISABILITIES**

A.R.S. § 41-1951

Charles E. Cowan, Director

JLBC Analyst: Cawley/Siegwarth

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|-------------------------------------|---------------------------|-----------------------------|----------------------------------|
| FTE Positions | 545.4 | 489.0 | 474.3 |
| Personal Services | 11,630,600 | 10,600,700 | 10,418,500 |
| Employee Related Expenditures | 3,254,600 | 2,923,600 | 2,501,900 |
| Professional & Outside Services | 829,300 | 878,400 | 878,400 |
| Travel - In State | 210,800 | 243,000 | 243,000 |
| Other Operating Expenditures | 1,011,500 | 790,200 | 790,200 |
| Food | 307,400 | 204,200 | 204,200 |
| Equipment | 29,900 | -0- | -0- |
| All Other Operating Expenditures | 2,388,900 | 2,115,800 | 2,115,800 |
| OPERATING SUBTOTAL | 17,274,100 | 15,640,100 | 15,036,200 |
| ASH Community Placement | 76,100 | 118,300 | 118,300 |
| Assistance to Families | 380,800 | 463,200 | 463,200 |
| Foster Care | 2,635,900 | 2,728,600 | 2,635,600 |
| Housekeeping Payments | 169,700 | 197,400 | 172,600 |
| Out of District Placement | 189,100 | 181,900 | 208,200 |
| Purchase of Care | 17,536,300 | 19,539,100 | 18,804,500 |
| Stipends & Allowances | 9,400 | 10,400 | 10,400 |
| Vocational Rehabilitation Contracts | 208,500 | 217,900 | 396,100 |
| TOTAL APPROPRIATIONS | 38,479,900 | 39,096,900 | 37,845,100 ^{1/2} |

Program Description - *The Developmental Disabilities (DD) program provides 100% state funded services to individuals with mental retardation, cerebral palsy, autism and epilepsy. Clients eligible for the federal Title XIX program are funded through the Long Term Care (LTC) program. Besides contracting for services, the program a) operates the Arizona Training Programs at Coolidge and Tucson and smaller state-operated group homes and b) provides case management services to eligible recipients.*

(Continued)

- 1/ The department shall report to the Joint Legislative Budget Committee, upon completion of contract negotiations for the first quarter of FY 1994, the difference between appropriated and contracted rates and the impact any difference may have on the division. (General Appropriation Act footnote)
- 2/ Represents General Appropriation Act funds. Appropriated as a lump sum for the program, with special line items. The line items within the "Operating Subtotal" are shown for information only.

DEPARTMENT OF ECONOMIC SECURITY - DEVELOPMENTAL DISABILITIES (Cont'd)
GENERAL FUND

Caseload Projections - As DD is not an entitlement program, changes below reflect clients "aging out" from one service to another. See Purchase of Care for further explanation. The overall DD client projections are as follows:

| | <u>End of FY 1993</u> | <u>End of FY 1994</u> |
|---|---------------------------|---------------------------|
| Arizona Training Program at Coolidge | 62 | 62 |
| Large State-Operated Group Homes - Phoenix | 5 | 5 |
| Other State-Operated Homes | 19 | 19 |
| ASH Community Placements | 25 | 25 |
| Assistance to Families | 340 | 340 |
| Foster Care | 172 | 172 |
| Housekeeping Payments | 205 | 205 |
| Out-of-District Placement | 11 | 11 |
| Purchase of Care | | |
| Residential | 340 | 363 |
| Adult Day | 1,324 | 1,359 |
| Children Services | 1,585 | 1,585 |
| Support Services | N/A | N/A |
| Stipends and Allowances | 17 | 17 |

It is the intent of the Legislature that the funds appropriated for DD shall be used to provide for services for non-Title XIX eligible clients. Funds appropriated to the program shall not be used to pay for other purposes, unless the Joint Legislative Budget Committee is notified of the proposed transfer 30 days in advance.

FTE Positions - The approved amount includes a reduction of 14.7 FTE positions to bring the program's current vacancy factor in line with the standard vacancy factor for a program with this number of FTE positions.

Personal Services - The approved amount is based upon a 3% vacancy factor and \$322,200 in vacancy savings. The FY 1993 budgeted vacancy factor was 1%. The agency imposed an additional 5% vacancy factor to fund shortfalls in other areas of the agency. Total savings of \$549,400 reflect the permanent elimination of the 14.7 FTE positions associated with bringing the program's vacancy factor in line with the standard vacancy factor for a program with this number of FTE positions. The approved amount also includes an additional \$367,200 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$47,500 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$46,900 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$1,197,200 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

ASH Community Placement - The approved amount, the same as FY 1993, will permit 25 "dually-diagnosed" clients in the Arizona State Hospital to be placed in community settings. These clients need a joint service plan to address both their mental health needs and their developmental disabilities. Title XIX will fund the clients' residential costs. The appropriation will provide non-Title XIX services such as psychiatric care.

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - DEVELOPMENTAL DISABILITIES (Cont'd)
GENERAL FUND

Assistance to Families - This program provides payments to families or guardians to purchase services needed to keep a developmentally disabled person in his or her own home or in a semi-independent environment. A maximum of \$400 per month is available for any one individual. The approved amount, the same as FY 1993, will fund an estimated 233 clients living with parents or guardians and 107 clients that live independently.

Foster Care - The approved amount includes a reduction of \$93,000 associated with a FY 1993 surplus. The approved amount provides services to 172 developmentally disabled children adjudicated dependent by the courts, which is the same as FY 1993.

Housekeeping Payments - The approved amount includes a reduction of \$24,800 associated with a FY 1993 surplus. Housekeeping Payments provide an average subsidy of \$70.00 a month to assist clients in retaining help to assist them with housecleaning, laundry and shopping. The approved amount will fund an estimated 205 clients, which is the same as FY 1993.

Out of District Placement - The approved amount includes an increase of \$26,300 associated with a FY 1993 shortfall. The approved amount provides services for 11 clients in FY 1994, the same as FY 1993. Funding for Title XIX eligible clients is reflected in the Purchase of Care special line item within the LTC appropriation.

Purchase of Care - The approved amount, a reduction of \$734,600, funds contracted providers for the following services:

| | |
|----------------------|------------------|
| Residential Services | \$ 9,202,600 |
| Adult Day Services | 2,780,500 |
| Children Services | 2,807,900 |
| Support Services | <u>4,013,500</u> |
| Total | \$18,804,500 |

The approved amount includes the following:

- \$146,400 to annualize residential services for 10 foster care children who turned 18 years of age in FY 1993 and are no longer eligible for foster care.
- \$364,100 to annualize adult day and support services for 77 clients who turned 22 years of age in FY 1993 and are no longer receiving a public education.
- \$466,300 to fund part-year residential, adult day and support services for 23 foster care children who will turn 18 years of age in FY 1994 and will no longer qualify for foster care.
- \$116,600 to fund part-year adult day services only for 12 clients who will turn 22 years of age in FY 1994 and will no longer receive a public education.
- a reduction of \$787,100 to adjust for the FY 1993 surplus.
- a reduction of \$890,900 to transfer out a portion of the Adult Day program to the Vocational Rehabilitation Contracts line item. Currently, the state pays 100% of Adult Day costs. Under the Vocational Rehabilitation program, the federal government will pay 78.7% of expenses.
- a reduction of \$150,000 to adjust for the implementation of a fee schedule, which would allow financially able families to partially offset the cost of the programs. The agency anticipates having the fee schedule in place in FY 1993.

Stipends and Allowances - The approved amount, the same as FY 1993, provides weekly allowances to 17 residents of the Arizona Training Program at Coolidge.

Vocational Rehabilitation Contracts - The approved amount is an increase of \$178,200 which provides increased funding for vocational training through the Division of Employment and Rehabilitative Services (see description above). Based on an 80% federal and 20% state match, this increase would have provided a total of \$890,900 in services, the same amount as the transfer out from the Purchase of Care special line item. As the federal government has changed the match to 78.7% federal and 21.3% state, however, the increase of \$178,200 will provide a total of \$836,600 in services.

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - DEVELOPMENTAL DISABILITIES (Cont'd)
GENERAL FUND

ADDITIONAL LEGISLATION

Developmental Disabilities: Family Support Services - Chapter 109 (S.B. 1136) - The bill provides for a Family Support program to assist families with members who have a developmental disability. The program is designed to strengthen the family's role as a primary care giver and prevent inappropriate out-of-home placement. Services include respite care, parent training and counseling, vehicular and home modifications, and other extraordinary expenses associated with the needs of the person with a developmental disability. The bill also provides for the use of a voucher system.

Developmental Disabilities - Chapter 145 (S.B. 1364) - The bill changes the licensing and licensing inspection of community residential settings from annually to once every 2 years. In addition, the bill eliminates licensing fees. The bill also expands the monitoring of community residential settings to include contractual and programmatic standards. Community residential settings are monitored every 6 months.

DEPARTMENT OF ECONOMIC SECURITY - LONG TERM CARE

A.R.S. § 41-1951

Charles E. Cowan, Director

JLBC Analyst: Cawley/Siegwarth

| GENERAL FUND (GF) AND LONG TERM CARE SYSTEM FUND (TF) ^{1/} | | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|---|------|--------------------|---------------------|-----------------------------------|
| FTE Positions | (GF) | 338.7 | 340.3 | 224.4 |
| | (TF) | 898.2 | 979.1 | 944.9 |
| Personal Services | (GF) | 7,384,100 | 7,376,900 | 4,912,500 |
| | (TF) | 19,667,500 | 21,142,100 | 20,758,300 |
| Employee Related Expenditures | (GF) | 1,982,000 | 2,031,900 | 1,125,900 |
| | (TF) | 5,282,400 | 5,827,200 | 4,974,800 |
| Professional & Outside Services | (GF) | 619,800 | 764,900 | 515,800 |
| | (TF) | 1,676,600 | 2,254,400 | 2,254,400 |
| Travel - In State | (GF) | 151,600 | 182,400 | 124,800 |
| | (TF) | 404,500 | 521,700 | 521,700 |
| Travel - Out of State | (GF) | -0- | -0- | -0- |
| | (TF) | -0- | 400 | 400 |
| Other Operating Expenditures | (GF) | 669,100 | 584,800 | 378,500 |
| | (TF) | 1,781,700 | 1,692,000 | 1,602,800 |
| Food | (GF) | 290,400 | 293,300 | 242,700 |
| | (TF) | 494,700 | 582,800 | 582,800 |
| Equipment | (GF) | 22,300 | 27,200 | -0- |
| | (TF) | 58,700 | 77,900 | -0- |
| All Other Operating Expenditures | (GF) | 1,753,200 | 1,852,600 | 1,261,800 |
| | (TF) | 4,416,200 | 5,129,200 | 4,962,100 |
| OPERATING SUBTOTAL | (GF) | 11,119,300 | 11,261,400 | 7,300,200 |
| | (TF) | 29,366,100 | 32,098,500 | 30,695,200 |
| Acute Care | (GF) | 7,554,000 | 9,555,300 | 7,897,600 |
| | (TF) | 16,196,300 | 20,489,500 | 22,383,800 |
| Fee for Service | (GF) | 1,702,200 | 1,897,800 | 1,346,300 |
| | (TF) | 4,538,200 | 5,434,300 | 5,715,200 |
| Foster Care | (GF) | 2,873,700 | 3,036,900 | 2,377,100 |
| | (TF) | 6,953,000 | 7,946,600 | 8,480,900 |
| Purchase of Care | (GF) | 28,161,100 | 30,230,100 | 23,452,000 |
| | (TF) | 69,373,100 | 76,306,000 | 81,719,600 |
| Stipends & Allowances | (GF) | 203,400 | 205,400 | 205,400 |
| | (TF) | 203,400 | 205,400 | 205,400 |
| TOTAL EXP. AUTHORITY | (TF) | 126,630,100 | 142,480,300 | 149,200,100 |
| Less Title XIX and Other Funds | | 75,016,400 | 86,293,400 | 106,621,500 |
| TOTAL APPROPRIATIONS | (GF) | 51,613,700 | 56,186,900 | 42,578,600 ^{2/3/} |

(GF) = General Fund

(TF) = Total Funds (General Fund and Other Funds)

DEPARTMENT OF ECONOMIC SECURITY - LONG TERM CARE (Cont'd)
GENERAL FUND (GF) AND LONG TERM CARE SYSTEM FUND (TF)

Program Description - The Long Term Care (LTC) program provides services to individuals with mental retardation, cerebral palsy, autism and epilepsy, who are eligible for the federal Title XIX program. Title XIX is an entitlement program -- any individual meeting the financial and functional requirements must receive assistance. To qualify for federal funding, an individual must have an income below 300% of the Supplemental Security Income (SSI) eligibility limit and have certain functional needs. Clients not eligible for the federal program are funded through the 100% state Developmental Disabilities (DD) program. Besides contracting for services, the program a) operates the Arizona Training Programs at Coolidge and Tucson and smaller state-operated group homes and b) provides case management services to eligible recipients.

Increased Federal Participation - The change in the Federal Medical Assistance Percentage (FMAP) from a state fiscal year average of 65.1% to 65.9%, increases the share of costs paid by the federal government. The change in FMAP will transfer 8 FTE positions from state to federal funding. Savings for the division as a whole are \$905,300 (GF) -- \$257,200 in the operating budget associated with the 8 FTE positions and \$648,100 in the special line items.

Health Care Finance Administration (HCFA) Rate Renegotiations - Federal Title XIX capitated reimbursement rates paid for eligible services have not been renegotiated since 1989. A series of new rates have been submitted by DES and approved by Arizona Health Care Cost Containment System (AHCCCS) and HCFA in FY 1993. The increase in the rates will transfer 97.9 FTE positions from state to federal funding. Savings for the division as a whole are \$13,992,400 (GF) -- \$3,240,800 in the operating budget associated with the transfer of 97.9 FTE positions and \$10,751,600 in the special line items.

Caseload Projections - The approved amount is based upon a caseload of 5,951 in FY 1994. This estimate includes:

| | <u>FY 1993</u> | <u>FY 1994</u> | <u>Reason for Change</u> |
|--------------------------------------|----------------|----------------|--|
| Arizona Training Program at Coolidge | 117 | 117 | |
| Arizona Training Program at Tucson | 43 | 43 | |
| State Operated Group Homes - Phoenix | 40 | 40 | |
| State Operated Group Homes - Other | 72 | 72 | |
| Fee for Service | 185 | 194 | caseload growth of 9 clients, or 4.9% |
| Foster Care | 379 | 398 | caseload growth of 19 clients, or 5% |
| Purchase of Care | | | |
| Residential | 1,450 | 1,553 | 31 "aging out" clients, 72 clients caseload growth, or 7.1% |
| Adult Day - 100% State | 594 | 666 | 54 "aging out" clients, 18 clients caseload growth, or 12.1% |
| Adult Day - Title XIX | 1,359 | 1,425 | 23 "aging out" clients, 43 clients caseload growth, or 4.9% |
| Children's Services - 100% State | 686 | 743 | caseload growth of 57 clients, or 8.3% |
| Children's Services - Title XIX | 919 | 965 | caseload growth of 46 clients or 5% |
| Support Services | n/a | n/a | 8.3% growth in funding |
| Acute Care | 5,668 | 5,951 | caseload growth of 283 clients or 5% |

(Continued)

- 1/ A.R.S. § 36-2953 establishes a Long Term Care System Fund. Subject to legislative appropriation, this fund consists of all AHCCCS monies, state appropriations and other grants used to finance developmentally disabled long term care. The following chart displays both the state General Fund (GF) contribution and the Total Expenditure Authority (TF) of the Long Term Care System Fund.
- 2/ The department shall report to the Joint Legislative Budget Committee, upon completion of contract negotiations for the first quarter of FY 1994, the difference between appropriated and contracted rates and the impact any difference may have on the division. (General Appropriation Act footnote)
- 3/ Represents General Appropriation Act funds. Appropriated as a lump sum for the program, with special line items. The line items within the "Operating Subtotal" are shown for information only.

DEPARTMENT OF ECONOMIC SECURITY - LONG TERM CARE (Cont'd)
GENERAL FUND (GF) AND LONG TERM CARE SYSTEM FUND (TF)

FTE Positions - The approved amount includes a reduction of 10 (GF) FTE positions and 29.2 (TF) FTE positions to bring the program's current vacancy factor in line with the standard vacancy factor for a program with this number of FTE positions. An increase in federal participation due to the change in the FMAP and the renegotiation of the LTC capitation rates transfers 105.9 FTE positions from state to federal funding. In addition, a reduction of 5 (TF) FTE positions was made for DES's Intergovernmental Agreement (IGA) with AHCCCS for Pre-Admission Screening and Annual Resident Review (PASARR) to reflect the actual number of FTE positions funded by the IGA. Total Expenditure Authority includes \$205,300 and 3 FTE positions for PASARR.

Personal Services - The approved amount is based upon a 3% vacancy factor and \$151,900 (GF) and \$642,000 (TF) in vacancy savings. The FY 1993 budgeted vacancy factor was 1%. The agency imposed an additional 5% vacancy factor to fund shortfalls in other areas of the agency. Total savings of \$378,200 (GF) and \$1,115,300 (TF) reflect the permanent elimination of 10 (GF) FTE positions and 29.2 (TF) FTE positions associated with bringing the program's vacancy factor in line with the standard vacancy factor for a program with this number of FTE positions. The approved amount includes an additional \$249,600 (GF) and \$731,500 (TF) to annualize the cost of the April 1993 general salary adjustment. The approved amount also includes reductions of \$2,161,500 (GF) associated with the HCFA rate renegotiations and \$174,300 (GF) associated with the change in FMAP.

Employee Related Expenditures - The approved amount includes: a) an additional \$32,300 (GF) and \$94,200 (TF) to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$22,100 (GF) and \$93,400 (TF) as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. The approved amount also includes reductions of \$585,400 (GF) associated with the HCFA rate renegotiations and \$44,400 (GF) associated with the change in FMAP.

The approved amount also includes a total of \$566,500 (GF) and \$2,385,000 (TF) for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount includes reductions of \$230,900 (GF) associated with the HCFA rate renegotiations and \$18,200 (GF) associated with the change in FMAP.

Travel - In State - The approved amount includes reductions of \$53,400 (GF) associated with the HCFA rate renegotiations and \$4,200 (GF) associated with the change in FMAP.

Other Operating Expenditures - The approved amount reflects a one-time equipment reduction of \$15,600 (GF) and \$44,600 (TF) and a transfer out of \$15,600 (GF) and \$44,600 (TF) to the Division of Administration for occupancy. The approved amount also includes reductions of \$162,700 (GF) associated with the HCFA rate renegotiations and \$12,400 (GF) associated with the change in FMAP.

Food - The approved amount includes reductions of \$46,900 (GF) associated with the HCFA rate renegotiations and \$3,700 (GF) associated with the change in FMAP.

Equipment - The approved amount reflects a one-time equipment reduction of \$27,200 (GF) and \$77,900 (TF).

Acute Care - The approved amount is a decrease of \$1,657,700 (GF) and an increase of \$1,894,300 (TF). The approved amount includes an increase of \$400,000 (GF) and \$1,172,900 (TF) for 6.5% medical inflation and \$383,000 (GF) and \$721,400 (TF) for caseload growth of 5%. The approved amount also includes reductions \$1,998,100 (GF) associated with the HCFA rate renegotiation, \$24,300 (GF) associated with the change in FMAP, and \$418,300 associated with increased federal participation for reinsurance.

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - LONG TERM CARE (Cont'd)
GENERAL FUND (GF) AND LONG TERM CARE SYSTEM FUND (TF)

Fee for Service - The approved amount is a decrease of \$551,500 (GF) and an increase of \$280,900 (TF). The approved amount includes reductions of \$602,600 (GF) associated with the HCFA rate renegotiation, \$45,100 (GF) associated with the change in FMAP, and an increase of \$96,200 (GF) and \$280,900 (TF) for caseload growth of 4.9%. Medically fragile children and on-reservation American Indians receive assistance on a traditional fee-for-service basis rather than through a capitated system. Services will be provided for 20 medically fragile children and 174 on-reservation American Indians.

Foster Care - The approved amount is a decrease of \$659,800 (GF) and an increase of \$534,300 (TF). The approved amount includes reductions of \$739,300 (GF) associated with the HCFA rate renegotiation, \$52,400 (GF) associated with the change in FMAP, and increases of \$131,900 (GF) and \$534,300 (TF) for caseload growth of 4.9%. The approved amount provides services to 398 developmentally disabled children, adjudicated dependent by the courts. The approved amount funds 85 children in residential settings, 300 in family settings, and 13 in other settings.

Purchase of Care - The approved amount, a reduction of \$6,778,100 (GF) and an increase of \$5,413,600 (TF), funds contracted providers for the following services:

| | | | | |
|---------------------------------|------------------|----|-------------------|----|
| Residential Services | \$11,170,300 | GF | \$47,521,000 | TF |
| Adult Day Services (100% State) | 4,130,500 | GF | 4,130,500 | TF |
| Adult Day Services (Title XIX) | 2,882,400 | GF | 12,236,800 | TF |
| Vocational Rehabilitation | 97,600 | GF | 97,600 | TF |
| Children Services (100% State) | 1,142,400 | GF | 1,142,400 | TF |
| Children Services (Title XIX) | 417,600 | GF | 1,745,500 | TF |
| Support Services (100% State) | 118,400 | GF | 118,400 | TF |
| Support Services (Title XIX) | <u>3,492,800</u> | GF | <u>14,727,400</u> | TF |
| Total | \$23,452,000 | GF | \$81,719,600 | TF |

The approved amount includes the following changes. FY 1993 base adjustments reflect the movement of funds within the Purchase of Care special line item, to place an increased emphasis on Title XIX services and support services in the home and community.

-- Residential Services -

| | | | | |
|---|----------------------|----|---------------------|----|
| FY 1993 Base Adjustment | \$ (648,200) | GF | \$(1,435,600) | TF |
| Increased Federal Participation | (333,000) | GF | -0- | TF |
| HCFA Rate Renegotiation | (4,388,500) | GF | -0- | TF |
| Increased Client Billing Revenue | (422,200) | GF | -0- | TF |
| FY 1993 Annualization of 21 Clients who Aged Out from Foster Care | 137,000 | GF | 310,400 | TF |
| FY 1994 Aging Out of 31 New Clients from Foster Care | 238,800 | GF | 558,200 | TF |
| Caseload Growth of 5% | <u>886,600</u> | GF | <u>2,168,000</u> | TF |
| Total | <u>\$(4,529,500)</u> | GF | <u>\$ 1,601,000</u> | TF |

The approved amount provides 5% caseload growth, or an additional 72 clients, for a total of 1,553 clients in FY 1994. Out of District Placement is not a separate line item, as in the 100% state funded DD program. Therefore, the 20 Out of District Placement clients, who are Title XIX eligible, are included in the total of 1,553 clients. Estimated expenditures for Out of District Placement are \$862,100 in FY 1994 and are included in the total above.

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - LONG TERM CARE (Cont'd)
GENERAL FUND (GF) AND LONG TERM CARE SYSTEM FUND (TF)

-- Adult Day (100% State)

| | | | | |
|---|----------------|----|----------------|----|
| FY 1993 Base Adjustment | \$ (1,089,700) | GF | \$ (1,089,700) | TF |
| FY 1993 Annualization of 72 Clients who Aged Out from School | 148,500 | GF | 148,500 | TF |
| FY 1993 Annualization of 21 Clients who Aged Out from Foster Care | 104,600 | GF | 104,600 | TF |
| FY 1994 Aging Out of 23 New Clients from School | 106,800 | GF | 106,800 | TF |
| FY 1994 Aging Out of 31 New Clients from Foster Care | 367,700 | GF | 367,700 | TF |
| Caseload Growth of 3.1% | <u>102,300</u> | GF | <u>102,300</u> | TF |
| Total | \$ (259,800) | GF | \$ (259,800) | TF |

The approved amount provides 3.1% caseload growth, or an additional 18 clients, for a total of 666 clients in FY 1994. These programs are employment related, such as job training, job placement and supported employment, and are not Title XIX reimbursable.

-- Adult Day (Title XIX)

| | | | | |
|--|----------------|----|----------------|----|
| FY 1993 Base Adjustment | \$ 33,200 | GF | \$ 97,300 | TF |
| Increased Federal Participation | (92,900) | GF | -0- | TF |
| HCFA Rate Renegotiation | (1,290,300) | GF | -0- | TF |
| FY 1993 Annualization of 72 Clients who Aged Out from School | 69,700 | GF | 199,600 | TF |
| FY 1994 Aging Out of 23 New Clients from School | 32,500 | GF | 95,300 | TF |
| Caseload Growth of 3.1% | <u>220,100</u> | GF | <u>650,400</u> | TF |
| Total | \$ (1,027,700) | GF | \$ 1,042,600 | TF |

The approved amount provides caseload growth of 3.1%, or an additional 43 clients, for a total of 1,425 in FY 1994. These programs provide training in community living skills and activities directed mainly towards personal and social adjustment and are Title XIX reimbursable.

-- Vocational Rehabilitation \$-0- GF \$(390,200) TF

As these funds are transferred to the Division of Employment and Rehabilitative Services, the federal match is not included in the total expenditure authority, as was the case in FY 1993. This maintains FY 1993 funding of \$97,600 (GF) and caseload of 53 clients. The approved amount provides a moratorium on the use of additional federal Vocational Rehabilitation funding for Adult Day program caseload growth. Though the federal government does pick up 78.7% of the expenses for the program, these clients are limited to 3 years of vocational rehabilitation services. If clients are in need of an on-going Adult Day program at the end of 3 years, the clients' cost to the state will increase 78.7% as federal funding will no longer be available. Before further expanding the use of federal Vocational Rehabilitation program, DES should evaluate to what extent existing DD clients supported by this program require a follow-up 100% state-funded program.

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - LONG TERM CARE (Cont'd)
GENERAL FUND (GF) AND LONG TERM CARE SYSTEM FUND (TF)

-- Children Services (100% State)

| | | | | |
|--------------------------|----------------|----|----------------|----|
| FY 1993 Base Adjustment | \$ (771,100) | GF | \$ (771,100) | TF |
| Caseload Growth of 8.3 % | <u>126,100</u> | GF | <u>126,100</u> | TF |
| Total | \$ (645,000) | GF | \$ (645,000) | TF |

The approved amount provides for caseload growth of 8.3 %, or an additional 57 clients, for a total of 743 clients in FY 1994. These programs are educational in nature and are not Title XIX reimbursable.

-- Children Services (Title XIX)

| | | | | |
|---------------------------------|---------------|----|----------------|----|
| FY 1993 Base Adjustment | \$234,700 | GF | \$825,800 | TF |
| Increased Federal Participation | (7,900) | GF | -0- | TF |
| HCFA Rate Renegotiation | (183,200) | GF | -0- | TF |
| Caseload Growth of 8.3 % | <u>40,500</u> | GF | <u>118,800</u> | TF |
| Total | \$84,100 | GF | \$944,600 | TF |

The approved amount provides caseload growth of 5 %, or an additional 46 clients, for a total of 965 clients in FY 1994. These programs, such as summer programs, provide continuity of training for DD clients when schools are out of session and are Title XIX reimbursable.

-- Support Services (100% State)

\$-0- GF \$-0- TF

The approved amount maintains FY 1993 funding of \$118,400 (GF & TF) and caseload of 31 clients from the Arizona State Hospital.

-- Support Services (Title XIX)

| | | | | |
|---------------------------------|----------------|----|------------------|----|
| FY 1993 Base Adjustment | \$834,000 | GF | \$2,445,700 | TF |
| Increased Federal Participation | (92,500) | GF | -0- | TF |
| HCFA Rate Renegotiation | (1,549,600) | GF | -0- | TF |
| Caseload Growth | <u>407,900</u> | GF | <u>1,136,300</u> | TF |
| Total | \$ (400,200) | GF | \$3,582,000 | TF |

The approved amount provides an increase of 8.3 % in total funds available over FY 1993. These programs provide a wide variety of services, such as respite, therapeutic, transportation, in-home family support and adaptive aids, and are Title XIX reimbursable.

-- Preschool Transfer

\$ -0- GF \$(461,600) TF

Total Expenditure Authority was reduced \$(461,600) as an Intergovernmental Agreement (IGA) with the Department of Education (ADE) is no longer necessary. The IGA was to provide continuity of service during the transition of services for 3 and 4 year olds from the division to ADE.

ADDITIONAL LEGISLATION

See the Division of Developmental Disabilities for additional legislation.

DEPARTMENT OF ECONOMIC SECURITY - FAMILY SUPPORT

A.R.S. § 41-1951

Charles E. Cowan, Director

JLBC Analyst: Cawley/Siegwarth

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|--------------------|---------------------|---------------------|
| FTE Positions | 803.2 | 766.5 | 0.0 |
| Personal Services | 16,429,400 | 15,907,200 | -0- |
| Employee Related Expenditures | 4,146,400 | 4,138,100 | -0- |
| Professional & Outside Services | 153,600 | 89,100 | -0- |
| Travel - In State | 425,400 | 360,600 | -0- |
| Other Operating Expenditures | 3,085,800 | 3,528,100 | -0- |
| Equipment | 34,600 | 36,400 | -0- |
| All Other Operating Expenditures | 3,699,400 | 4,014,200 | -0- |
| OPERATING SUBTOTAL | 24,275,200 | 24,059,500 | -0- |
| AFDC | 81,429,900 | 88,480,900 | -0- |
| Emergency Assistance | 710,300 | 849,500 | -0- |
| General Assistance | 16,666,500 | 17,341,700 | -0- |
| Tuberculosis Control | 14,600 | 19,400 | -0- |
| Food Distribution Information | 24,000 | 24,000 | -0- |
| Homeless Shelter | 838,000 | 1,023,900 | -0- |
| Information and Referral | 111,000 | 111,000 | -0- |
| Rural Food Bank Project | 199,200 | 200,900 | -0- |
| TOTAL APPROPRIATIONS | 124,268,700 | 132,110,800 | -0- |

Agency Restructuring - The Department of Economic Security has reorganized. Through the reorganization, 2 divisions have been eliminated and 3 new ones created. The Division of Family Support has been divided into 2 new divisions. Had the division been retained, the approved amount would have been \$137,261,400. The new Division of Benefits and Medical Eligibility will contain the Aid to Families with Dependent Children, General Assistance, Emergency Assistance and Tuberculosis Control programs, as well as the FTE positions associated with these programs. The approved amount transfers 758.2 FTE positions and \$135,440,600 to this new division. The approved amount transfers the remaining programs, 8.3 FTE positions, and \$1,820,800, to the new Division of Aging and Community Services. For further detail, see the new divisions.

**DEPARTMENT OF ECONOMIC SECURITY -
BENEFITS & MEDICAL ELIGIBILITY**

A.R.S. § 41-1951

Charles E. Cowan, Director

JLBC Analyst: Cawley/Siegwarth

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|----------------------------------|
| FTE Positions | -0- | -0- | 758.2 |
| Personal Services | -0- | -0- | 16,167,000 |
| Employee Related Expenditures | -0- | -0- | 3,953,500 |
| Professional & Outside Services | -0- | -0- | 192,300 |
| Travel - In State | -0- | -0- | 382,500 |
| Other Operating Expenditures | -0- | -0- | 3,223,400 |
| All Other Operating Expenditures | -0- | -0- | 3,798,200 |
| OPERATING SUBTOTAL | -0- | -0- | 23,918,700 ^{1/} |
| AFDC | -0- | -0- | 95,138,500 |
| Emergency Assistance | -0- | -0- | 849,500 |
| General Assistance | -0- | -0- | 15,441,700 |
| Tuberculosis Control | -0- | -0- | 19,400 |
| TOTAL APPROPRIATIONS | -0- | -0- | 135,367,800 ^{2/} |

Program Description - The program develops policy and operating procedures, determines eligibility, pays benefits and carries out an evaluation and monitoring program for Food Stamps, Aid to Families with Dependent Children (AFDC), General Assistance, Emergency Assistance, and Tuberculosis Control.

Agency Restructuring - The Department of Economic Security has reorganized. Through the reorganization, 2 divisions have been eliminated and 3 new ones created. The approved amount includes the transfer in of 758.2 FTE positions and \$135,440,600 from the Division of Family Support and a reduction of \$72,800 as a result of lowering the employee contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. The new division will contain the Food Stamps, AFDC, General Assistance, Emergency Assistance and Tuberculosis Control programs, as well as the FTE positions associated with these programs. For prior year detail, see the Division of Family Support.

Personal Services - The approved amount is based upon a 1% vacancy factor and \$163,300 in vacancy savings. The approved amount also includes an additional \$575,600 to annualize the cost of the April 1993 general salary adjustment.

(Continued)

- ^{1/} The operating lump sum appropriation may be expended on AHCCCS eligibility determinations based upon the results of the Arizona random moment sampling survey. (General Appropriation Act footnote)
- ^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the program, with special line items. The line items within the "Operating Subtotal" are shown for information only.

DEPARTMENT OF ECONOMIC SECURITY - BENEFITS & MEDICAL ELIGIBILITY (Cont'd)
GENERAL FUND

Employee Related Expenditures - The approved amount includes: a) an additional \$74,100 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$72,800 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$1,953,100 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes a transfer out of \$65,300 to the Division of Administration for occupancy costs and a one-time equipment reduction of \$72,600.

Equipment - The approved amount reflects a one-time equipment reduction.

Aid to Families with Dependent Children (AFDC) - The approved amount includes an additional \$10,090,700 for caseload growth. The appropriation will provide for 25,582 new recipients, or 12.7% caseload growth, over the estimated FY 1993 population in the single-parent program and provide for 836 new recipients, or 12.7% growth, in the 2-parent program. This adjustment provides for an average population of 215,081 recipients in the single-parent program and 7,205 recipients in the 2-parent program in FY 1994.

The approved amount does not provide for a benefit increase. Laws 1993, Chapter 5, 2nd Special Session suspends A.R.S. § 46-207.01, which ties the AFDC benefit level to 36% of the federal poverty level (FPL). As the FPL is adjusted annually, AFDC benefits would have increased by 2.9% at a cost of \$2,858,600 in FY 1994. The maximum benefit for a family of 3 will remain \$347, as opposed to a projected maximum benefit of \$357.

The approved amount also provides that \$500,000 of State Share of Retained Earnings (SSRE) from child support collections be used to offset the costs of the AFDC program, the same amount as in FY 1992 and FY 1993.

The approved amount provides for adjusting AFDC benefits to families without shelter costs for savings of \$2,933,100. Prior to FY 1992, AFDC benefits were adjusted downwards for families without shelter costs (the so-called "A1/A2 policy"). These families could be living with other households or living in totally subsidized public housing. By administrative decision, the agency eliminated this adjustment when the benefit level became tied to 36% of the FPL on June 1, 1991. Reinstating this policy will affect 11% of the caseload, or 24,551 recipients. The maximum benefit loss for recipients without shelter costs would be \$128 for a family of 3.

Emergency Assistance - The state-funded program provides temporary financial assistance in emergency situations without reference to certain eligibility factors required for other welfare programs. The approved amount, the same as FY 1993, will fund an average of 548 payments per month at an average cost of \$129.18.

General Assistance - The state-funded program provides financial aid to persons who are unemployable because of a physical or mental disability. Beginning in FY 1994, eligibility will be limited to 12 months out of every 36-month period (see Additional Legislation). Savings will occur in FY 1995 and FY 1996 as clients begin to exceed the 12-month limit. Savings estimates for the 12-month limit are \$5,695,900, as the policy should reduce caseload by 3,510 recipients, or 39%.

The approved amount of \$15,441,700 reflects a reduction of \$1,900,000, which is based upon the following:

- **Caseload** - Caseload costs are estimated to be \$16,130,400, which reflects a reduction of \$448,900 due to an estimated FY 1993 surplus. The approved amount provides for an average caseload of 9,000 clients, receiving an average benefit payment of \$149.35, the same as FY 1993. The payment of \$149.35 reflects a weighted average of a full month payment of \$155.00 and an average partial month payment of \$92.50. Caseload growth of 820 recipients, or 9.1%, will be offset by the conversion of 820 recipients to the federal Supplemental Security Income (SSI) program.

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - BENEFITS & MEDICAL ELIGIBILITY (Cont'd)
GENERAL FUND

- Retroactive Recovery of SSI Payments - The approved amount includes savings of \$1,525,200 as 820 recipients are projected to be accepted into the SSI program during FY 1994. Since SSI is paid retroactively to the date of application, an average of \$1,860 will be reimbursed by the Social Security Administration (SSA). A requirement of the General Assistance program is that applicants with long term disabilities apply for the SSI program and that SSI retroactive payments be sent to DES for offsetting General Assistance benefits received by the recipient while waiting for SSI approval. Funds in excess of General Assistance benefits paid will be forwarded to the recipient within 10 days.
- Representative Payee Contracts - It is projected that 252 recipients will be converted in FY 1994 to the SSI program through the Representative Payee program. These recipients, though eligible for SSI, are not in the SSI program as they are deemed incapable of handling their own finances. DES will contract out to the counties for representative payee services to aid these recipients with their finances, which will allow the conversions to take place. These contracts are projected to cost \$215,100, the same as FY 1993.
- Application Assistance - It is estimated that 252 recipients will be converted to the SSI program through the application assistance program. Application assistance should increase the likelihood that the recipients served by the program will be accepted into the SSI program. Payments for application assistance are estimated to cost \$212,900, the same as FY 1993.
- Contracted Medical Examinations - The approved amount of \$408,500, an increase of \$74,100, provides for 7,950 medical examinations at an average cost of \$52.71 per exam and 186 medical consultation hours, at a cost of \$45.00 per hour.

Tuberculosis Control - The appropriation provides assistance to persons certified unemployable by the State Tuberculosis Control Office because of communicable tuberculosis. The approved amount, the same as FY 1993, will fund payments to 12 recipients at an average monthly cost of \$134.72.

ADDITIONAL LEGISLATION

Budget Reconciliation: Welfare - Chapter 5 (H.B. 2006), 2nd Special Session - Suspends the annual inflation indexing of AFDC benefits for FY 1994, adjusts AFDC benefits downwards if a household does not have shelter costs and limits General Assistance eligibility to 12 months out of every 36 month period.

**DEPARTMENT OF ECONOMIC SECURITY -
CHILD SUPPORT ENFORCEMENT**

A.R.S. § 41-1951

Charles E. Cowan, Director

JLBC Analyst: Cawley/Siegwarth

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|--------------------------------|
| FTE Positions | 87.3 | 87.3 | 87.3 |
| Personal Services | 1,401,200 | 1,612,300 | 1,677,300 |
| Employee Related Expenditures | 373,200 | 443,900 | 447,900 |
| Professional & Outside Services | 65,100 | 34,000 | 75,200 |
| Travel - In State | 11,600 | 9,100 | 9,100 |
| Other Operating Expenditures | 110,800 | 145,900 | 104,700 |
| All Other Operating Expenditures | 187,500 | 189,000 | 189,000 |
| OPERATING SUBTOTAL | 1,961,900 | 2,245,200 | 2,314,200 |
| Financial Reconciliation | 624,800 | 311,000 | -0- |
| Automation Equipment | 164,300 | 286,400 | 189,100 |
| Phase II Conversion | -0- | -0- | 311,000 |
| TOTAL APPROPRIATIONS | 2,751,000 | 2,842,600 | 2,814,300 ^{1/} |

Program Description - The program provides intake services; locates absent parents; establishes the legal obligation for, and the amount of, child support payments; and evaluates the absent parent's ability to pay. The program also collects, enforces, investigates and works with the courts to review and adjust child support orders.

Personal Services - The approved amount is based upon a 1% vacancy factor and \$16,900 in vacancy savings. The approved amount also includes an additional \$65,600 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenses - The approved amount includes: a) an additional \$9,000 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$7,500 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$224,800 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

(Continued)

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the program, with special line items. The line items within the "Operating Subtotal" are shown for information only.

DEPARTMENT OF ECONOMIC SECURITY - CHILD SUPPORT ENFORCEMENT (Cont'd)
GENERAL FUND

Financial Reconciliation - The approved amount is a reduction of \$311,000 due to the completion of the 2-year financial reconciliation project. Financial reconciliation is part of Phase I of the Arizona Tracking and Locate Automated System (ATLAS), which is anticipated to be completed during FY 1993. Phase I consisted of the necessary modifications to allow the computer system imported from the state of Idaho to operate in Arizona, conversion and loading of the case files onto the computer system, and the purchase of computer hardware.

Automation Equipment - The approved amount includes a reduction of \$97,300 which represents the required lease-purchase payment for automation equipment for the Child Support Enforcement Administration. Several studies had singled out the department's lack of automation as the biggest obstacle to improving the program's collection rate. Due to delays in purchasing some of the equipment, the lease-purchase schedules on page 98 of the FY 1990 Appropriations Report have been modified. The final lease-purchase payment of \$12,200 will now be made in FY 1995.

Phase II Conversion - The approved amount includes \$311,000 for Phase II of the Arizona Tracking and Locate Automated System (ATLAS). Phase II is the system development required to achieve federal certification. To meet the Family Support Act of 1988 certification requirements, additional data elements must be added to the system. Federal certification is required by October 1995.

DEPARTMENT OF ECONOMIC SECURITY - SOCIAL SERVICES

A.R.S. § 41-1951

Charles E. Cowan, Director

JLBC Analyst: Cawley/Siegwarth

| GENERAL FUND AND CHILD ABUSE PREVENTION FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|---|-------------------|---------------------|---------------------|
| FTE Positions ^{1/} | 596.0 | 610.0 | 0.0 |
| Personal Services | 16,463,000 | 17,847,600 | -0- |
| Employee Related Expenditures | 3,975,900 | 4,558,200 | -0- |
| Professional & Outside Services | -0- | 58,900 | -0- |
| Travel - In State | 662,500 | 764,600 | -0- |
| Other Operating Expenditures | 967,000 | 1,442,700 | -0- |
| Equipment | 7,500 | 48,500 | -0- |
| All Other Operating Expenditures | 1,637,000 | 2,314,700 | -0- |
| OPERATING SUBTOTAL | 22,075,900 | 24,720,500 | -0- |
| Adoption Services | 13,013,700 | 12,523,300 | -0- |
| Adult Services | 7,943,100 | 8,416,800 | -0- |
| Children Services | 34,437,200 | 37,904,900 | -0- |
| High Risk Infant Services | 412,800 | 475,000 | -0- |
| Intensive Family Services | 445,000 | 783,500 | -0- |
| Child Severance Project | 167,600 | 189,200 | -0- |
| Comprehensive Medical & Dental | 2,408,200 | 3,354,900 | -0- |
| Day Care | 13,105,000 | 12,510,400 | -0- |
| JOBS Child Care | 769,300 | 530,500 | -0- |
| Transitional Child Care | 1,023,700 | 1,141,800 | -0- |
| Institution Support Payments | 390,200 | 427,000 | -0- |
| LTC Ombudsman ^{1/} | 109,800 | 116,100 | -0- |
| Videotaping ^{1/} | 113,600 | 200,800 | -0- |
| Homeless and Runaway Youth | -0- | 175,000 | -0- |
| TOTAL APPROPRIATIONS | 96,415,100 | 103,469,700 | -0- |
| <u>Fund Summary</u> | | | |
| General Fund | 96,415,100 | 103,294,700 | -0- |
| Child Abuse Prevention Fund | -0- | 175,000 | -0- |
| TOTAL APPROPRIATIONS | 96,415,100 | 103,469,700 | -0- |

Agency Restructuring - The Department of Economic Security has reorganized. Through the reorganization, 2 divisions have been eliminated and 3 new ones created. The Division of Social Services has been divided into 2 new divisions. Had the division been retained, the approved amount would have been \$105,999,100. The new Division of Children and Family Services will contain the Adoption Services, Children Services, High Risk Infant Services, Intensive Family Services, Child Severance Project, Comprehensive Medical and Dental Program (CMDP), Day Care, JOBS Child Care, Transitional Child Care, and Videotaping programs, as well as the FTE positions associated with these programs. The approved amount transfers 532.9 FTE positions and \$92,310,600 to this new division. The approved amount transfers the remaining programs, 61.6 FTE positions and \$11,449,900 to the new Division of Aging and Community Services. For further detail, see the new divisions.

^{1/} The FTE Positions total includes 0.5 FTE position funded in the Long-Term Care (LTC) Ombudsman special line item in FY 1992-FY 1993, and 3 FTE positions funded in the Videotaping special line item in FY 1992-FY 1993.

**DEPARTMENT OF ECONOMIC SECURITY -
AGING & COMMUNITY SERVICES**

A.R.S. § 41-1951

Charles E. Cowan, Director

JLBC Analyst: Cawley/Siegwarth

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|---------------------------------|
| FTE Positions ^{1/} | 0.0 | 0.0 | 70.8 |
| Personal Services | -0- | -0- | 2,172,800 |
| Employee Related Expenditures | -0- | -0- | 470,000 |
| Professional & Outside Services | -0- | -0- | 32,600 |
| Travel - In State | -0- | -0- | 116,800 |
| Other Operating Expenditures | -0- | -0- | 168,800 |
| Equipment | -0- | -0- | -0- |
| All Other Operating Expenditures | -0- | -0- | 318,200 |
| OPERATING SUBTOTAL | -0- | -0- | 2,961,000 |
| Food Distribution Information | -0- | -0- | 24,000 |
| Homeless Shelter | -0- | -0- | 1,023,900 |
| Information and Referral | -0- | -0- | 111,000 ^{2/} |
| Rural Food Bank Project | -0- | -0- | 200,900 |
| Adult Services | -0- | -0- | 8,444,100 |
| Institutional Support Payments | -0- | -0- | 427,000 |
| LTC Ombudsman ^{1/} | -0- | -0- | 116,600 |
| TOTAL APPROPRIATIONS | -0- | -0- | 13,308,500 ^{2/} |

Program Description - The program provides alternatives to institutional care for the elderly and physically disabled through a range of non-medical home and community-based services. The program manages statewide programs of advocacy, social services, nutrition services, program development services, adult protective services, nursing home ombudsman services, volunteer services and employment opportunities.

The program also provides for an array of services primarily through contracts with community-based organizations, in the following programmatic areas: social services community action; food and nutritional assistance to persons and families in hunger-related crises; a variety of services for homeless persons and families; emergency services networks; refugee resettlement, including medical assistance; domestic violence victim assistance; and utility assistance.

(Continued)

- ^{1/} The FTE Positions total includes 0.5 FTE position funded in the Long-Term Care (LTC) Ombudsman special line item in FY 1994.
- ^{2/} It is the intent of the Legislature that the \$111,000 appropriated for Information and Referral Services shall be used to fund services in each city of this state with a population of more than 250,000 persons according to the most recent United States decennial or special census. (General Appropriation Act footnote)
- ^{3/} Represents General Appropriation Act funds. Appropriated as a lump sum for the program, with special line items. The line items within the "Operating Subtotal" are for information only.

DEPARTMENT OF ECONOMIC SECURITY - AGING & COMMUNITY SERVICES (Cont'd)
GENERAL FUNDS

Agency Restructuring - The Department of Economic Security (DES) has reorganized. Through the reorganization, 2 divisions have been eliminated and 3 new ones created. The new Division of Aging and Community Services consists of programs and associated FTE positions previously located in the now defunct Divisions of Social Services and Family Support. The approved amount includes the transfer in of 8.3 FTE positions and \$1,820,800 from the Division of Family Support, the transfer in of 61.6 FTE positions and \$11,449,900 from the Division of Social Services, the transfer in of 0.9 FTE positions and \$47,700 from the Division of Administration, and a reduction of \$9,900 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14% as authorized by Section 103 of the General Appropriation Act. For prior year detail, see the Divisions of Social Services and Family Support.

FTE Positions - The approved amount includes a reduction of 3.7 FTE positions which brought the Division of Social Services's vacancy factor in line with the standard vacancy factor for a program with this number of FTE positions.

Personal Services - The approved amount is based upon a 2.7% vacancy factor and \$60,200 in vacancy savings. The approved amount also includes an additional \$53,200 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$6,800 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$9,800 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$178,000 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Food Distribution Information - The approved amount, the same as FY 1993, is used to a) inform the hungry about potential sources of food and b) operate a toll-free telephone line for donors to notify food banks of the availability of food. A.R.S. § 41-1954 requires the department to coordinate and assist public and private nonprofit organizations that aid the hungry throughout the state.

Homeless Shelter - The approved amount, the same as FY 1993, and along with private sector, city, county and federal funds, addresses the emergency and transitional shelter needs of the homeless. The agency has divided the program into:

- Emergency Assistance to Needy Families With Children - This federal program provides emergency shelter and services to eligible families for a period of up to 30 days from the date of application. Estimates for FY 1994 are that 55.8% or \$571,100 of the approved amount will be used for this program. As state funds are matched at a 50/50% rate by the federal government, \$1,142,200 in total funds will be available.
- Homeless Shelter - This program previously served both homeless families and individuals. With the new federal program for families, this program now serves homeless individuals or families that are not eligible for the federal program. Estimates for FY 1994 are that 44.2% or \$452,800 of the approved amount will be used for this program.

Information and Referral Services - The approved amount, the same as FY 1993, provides information and referral services on a 24-hour toll-free, statewide telephone system. This system serves all individuals requesting specific information regarding available resources.

Rural Food Bank - The approved amount, the same as FY 1993, provides funding of \$64,900 for the rural food bank in Willcox, \$60,000 for the rural food bank in Yuma, \$50,000 for operating costs of a food network truck and \$26,000 for outreach to high need populations or geographic areas.

Adult Services - The approved amount which reflects an increase of \$27,300, provides for a community-based continuum of care and services for abused, neglected, and exploited adults. The approved amount is based upon the following allocation, which is the same as FY 1993 except for the Older Americans Act:

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - AGING & COMMUNITY SERVICES (Cont'd)
GENERAL FUNDS

- Adult Protective Services
Evaluates allegations of abuse. \$ 124,500

- Supplemental Payment 4,422,200

Provides a continuation of care and services, such as housekeeper, home health aide and visiting nurse services for Supplemental Security Income (SSI)-eligible households. Laws 1993, Chapter 5, 2nd Special Session, removed the statutory mandate to provide a \$70 a month payment for housekeeping services to any qualified SSI recipient. (See Additional Legislation). In the past, DES was required to provide this payment or a contracted service. The change in this law allows the DES to provide services to their clientele based upon severity of need. The approved amount is based upon FY 1993 caseload and cost estimates, which may change due to the changes in the Housekeeping Payments statute. Program costs are borne fully by the state.

| | Average # of Clients | Average Monthly Cost |
|-----------------------|-------------------------|-------------------------|
| Home Health Aide | 162 | \$107.80 |
| Housekeeping Payments | 4,901 | 69.78 |
| Visiting Nurse | 115 | 81.26 |

- Home Care 2,202,200

Provides supplemental payment services plus personal care to non-SSI households. The approved amount will fund an average of 60 hours of services for 4,471 individuals at an average cost of \$18.21 per hour. In addition to the state share of \$2,202,200, 3 other sources provide money: the federal Older Americans Act, \$757,100; the federal Social Services Block Grant, \$1,073,500; and local contributions of \$852,600, which are directly given to the Area Agencies on Aging.

- Older Americans Act 911,000

Matches federal funds for congregate and home-delivered meals as well as other social services. The approved amount will provide home-delivered meals to 10,608 individuals and congregate meals to 43,668 individuals. The approved amount includes an increase of \$27,300 for a total state match of \$97,600 for the federal cost sharing requirements of Title III-B. The approved amount also includes a total of \$100,000 in 100% state funds for the 8 Area Agencies on Aging to provide support services, senior centers, and nutrition services. Other funding sources include \$12,902,300 in federal funds and \$11,090,900 in local contributions, which are directly given to the Area Agencies on Aging.

- Assessments and Case Management 764,200

Through contracted agencies, assesses the elderly's service need by measuring mobility and family and financial status. A contracted case manager assists the client in matching needs to available resources. The approved amount will provide case management services to 13,911 persons. Each person averages 8.2 hours of service at an estimated cost of \$27.51 per hour. In addition to the state share of \$764,200, 3 other sources provide money: the federal Older Americans Act, \$513,600; the federal Social Services Block Grant, \$1,105,100; and local contributions of \$782,000, which are directly given to the Area Agencies on Aging.

- Geriatric Nurse 20,000

TOTAL

\$8,444,100

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - AGING & COMMUNITY SERVICES (Cont'd)
GENERAL FUNDS

Institutional Support Payments - This program provides monthly payments to eligible aged, blind or disabled persons in the following settings: private nursing homes; public nursing homes and supervisory care homes. The approved amount, the same as FY 1993, is based upon the following monthly payments and the current caseload growth rates in the 3 settings:

| | <u>Change in # of Clients</u> | <u>Avg. # of Clients</u> | <u>Monthly Payment</u> | <u>FY 1993 Cost</u> |
|------------------------|-----------------------------------|------------------------------|----------------------------|-------------------------|
| Private Nursing Homes | -0- | 41 | \$ 80 | \$ 39,400 |
| Public Nursing Homes | -0- | -0- | 174 | -0- |
| Supervisory Care Homes | -0- | 646 | 50 | 387,600 |

Long-Term Care (LTC) Ombudsman - The approved amount funds the administrative costs and a 0.5 FTE position of the Office of State Long-Term Care Ombudsman (Laws 1989, Chapter 215). The Office was established during FY 1990 in accordance with the requirements of the federal Older Americans Act. The 0.5 FTE position is for legal services provided by the Attorney General.

The approved amount includes \$500 (Personal Services, \$400; Employee Related Expenditures, \$100) for the April 1993 general salary adjustment. The approved amount is based upon a 0% vacancy factor. The approved amount also includes a reduction of \$100 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. The approved amount also includes \$1,300 for medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

ADDITIONAL LEGISLATION

Utility Repair and Assistance Fund - Chapter 5, (S.B. 1002) - The bill reestablishes the Utility Assistance Fund, which consists of unclaimed utility deposits. Laws 1989, Chapter 308, had originally established the fund with a repeal date of July 1, 1992. The intent of Laws 1992, Chapter 261, was to repeal the repeal of the fund. Since the effective date of Chapter 261 was September 30, 1992, however, it had no effect. The fund provides assistance to low-income households for utility deposits and repairs or replacements of utility-related appliances up to \$600 per fiscal year.

Budget Reconciliation; Welfare - Chapter 5 (H.B. 2006), 2nd Special Session - Removes the statutory requirement to provide a \$70 a month payment for housekeeping services to any qualified Supplemental Security Income (SSI) recipient. This legislation also limits fiscal year expenditures to the amount appropriated in the General Appropriation Act, any other special legislative appropriations, federal funds and any monies transferred between and among classes and programs as allowed under A.R.S. § 35-173.

**DEPARTMENT OF ECONOMIC SECURITY -
CHILDREN & FAMILY SERVICES**

A.R.S. § 41-1951

Charles E. Cowan, Director

JLBC Analyst: Cawley/Siegwarth

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|---------------------------------|
| FTE Positions ^{1/} | -0- | -0- | 532.9 |
| Personal Services | -0- | -0- | 15,575,600 |
| Employee Related Expenditures | -0- | -0- | 3,275,300 |
| Professional & Outside Services | -0- | -0- | 26,300 |
| Travel - In State | -0- | -0- | 654,600 |
| Travel - Out of State | -0- | -0- | -0- |
| Other Operating Expenditures | -0- | -0- | 1,044,600 |
| Equipment | -0- | -0- | -0- |
| All Other Operating Expenditures | -0- | -0- | 1,725,500 |
| OPERATING SUBTOTAL | -0- | -0- | 20,576,400 |
| Adoption Services | -0- | -0- | 12,523,300 |
| Children Services | -0- | -0- | 39,456,800 |
| High Risk Infant Services | -0- | -0- | 558,800 |
| Intensive Family Services | -0- | -0- | 1,371,200 |
| Child Severance Project | -0- | -0- | 189,200 |
| Comprehensive Medical & Dental | -0- | -0- | 3,354,900 |
| Day Care | -0- | -0- | 11,590,300 ^{2/} |
| JOBS Child Care | -0- | -0- | 1,078,100 |
| Transitional Child Care | -0- | -0- | 1,340,400 |
| Videotaping ^{1/} | -0- | -0- | 200,700 |
| TOTAL APPROPRIATIONS | -0- | -0- | 92,240,100 ^{3/} |

Program Description - The program provides staff resources, such as Child Protective Service workers, and an array of services for abused, neglected or abandoned children; child care subsidy and contracted programs; and medical and dental care for foster children.

(Continued)

- ^{1/} The FTE Positions total includes 3 FTE positions funded in the Videotaping special line item in FY 1994.
- ^{2/} Of the \$11,590,300 appropriated for day care, \$7,492,200, is for a program in which the upper income limit is at least 65% of the state median income as determined by the Department of Economic Security. (General Appropriation Act footnote)
- ^{3/} Represents General Appropriation Act Funds. Appropriated as a lump sum for the program, with special line items. The line items within "Operating Subtotal" are shown for information only.

DEPARTMENT OF ECONOMIC SECURITY - CHILDREN & FAMILY SERVICES (Cont'd)
GENERAL FUND

Agency Restructuring - The Department of Economic Security (DES) has reorganized. Through the reorganization, 2 divisions have been eliminated and 3 new ones created. The new Division of Children and Family Services contains the children's programs formerly located in the Division of Social Services. The approved amount transfers 532.9 FTE positions and \$92,310,600 from the Division of Social Services, and includes a reduction of \$70,500 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

Personal Services - The approved amount is based upon a 3% vacancy factor and \$481,700 in vacancy savings. The approved amount also includes an additional \$400,200 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$49,800 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$70,100 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$1,337,400 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Adoption Services - The approved amount subsidizes the adoption of children who otherwise would entail high financial risks to prospective parents because of physical, mental or emotional disorders or who, because of age, sibling relationship, or racial or ethnic background would be otherwise difficult to place in adoption.

By federal law, Title IV-E eligible children are entitled to the adoption subsidy. The Legislature has traditionally fully funded the program and the DES has served both Title IV-E and non-Title IV-E children who qualify as special needs children. Laws 1993, Chapter 5, 2nd Special Session, establishes that a family with an income in excess of 400% of the most recently established federal poverty level is not eligible for the adoption subsidy when adopting a non-Title IV-E eligible child. In addition, Chapter 5 limits expenditures to the amount appropriated, federal funds, and any monies transferred in as allowed under A.R.S. § 35-173.

The approved amount will fund services for an average of 1,618.5 children per year. The approved amount is also based upon: a) an average annual cost per child of \$8,448.03; and b) Title IV-E federal funds of \$1,149,500. This amount does not reflect any change in the adoptive parents' average cash subsidy. The amount includes \$80,000 for non-recurring adoption expenses.

The department is projecting a shortfall for FY 1993 and FY 1994 due to increasing caseload growth. The department anticipates addressing the shortfall in this program by lowering costs, drawing down more federal funding, and/or transferring monies to this program from other areas in the department experiencing surpluses.

Children Services - The appropriation funds a range of contracted services to ensure the well-being of children who are abused or neglected. The total program would be expected to cost \$47,530,500, which is a 7% increase over FY 1993 total program estimated expenditures.

Based on the total estimated increase of 7%, the cost estimates for the following type of services are projected as follows:

| | |
|---|--------------|
| -- In-home services | \$ 7,342,000 |
| Resolves family problems through the use of counseling, day support and parent aides while the child remains in the home. | |
| -- Out-of-home services (Foster Care) | 32,742,900 |
| Requires removal of the child from the home and his/her placement in family foster care or other residential setting. | |
| -- Child protective services | 7,445,600 |
| Provides support services, such as assessments and transportation, related to removing abused children from the home. | |

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - CHILDREN & FAMILY SERVICES (Cont'd)
GENERAL FUND

This appropriation includes an estimated minimum payment of \$2,240,000 to the Department of Health Services for the state match of Title XIX Children's Behavioral Health Services. In addition, the department plans to provide \$200,000 to provide community based services to homeless and runaway youth and their families. In FY 1993, \$175,000 was appropriated from Child Abuse Prevention Fund for these services.

The program will be funded from the following sources:

| | <u>FY 1993</u> | <u>Change</u> | <u>FY 1994</u> |
|-----------------------------|---------------------|--------------------|---------------------|
| State General Fund | \$37,904,900 | \$1,551,900 | \$39,456,800 |
| Federal Funds Offset | | | |
| Title IV-E | 5,620,500 | 1,000,000 | 6,620,500 |
| Social Services Block Grant | 330,600 | 567,100 | 897,700 |
| Title IV-B | 267,000 | -0- | 267,000 |
| Crisis Nursery Grant | 288,500 | -0- | 288,500 |
| Total | <u>\$44,411,500</u> | <u>\$3,119,000</u> | <u>\$47,530,500</u> |

High Risk Infant Services - The approved amount reflects an increase of \$83,800, which adds contracted case management services for 45 more families. The program will serve a total of 297 families whose children are exposed to substance abuse. Thirteen contracted counselors/parent aides will provide in-home services including parent education. Services per family will be limited to 6 months with the contracted counselor aiding 23 families a year. The contracted counselors/parent aides will also work closely with the Department of Health Services and county public health nurses who will provide medical services for the infant and behavioral services and substance abuse treatment for the parent. An underlying assumption of this program is that these children are being kept out of the more costly out-of-home (foster care) program, thereby lowering the demand for additional out-of-home services funding.

Intensive Family Services - The approved amount reflects an increase of \$587,700, which adds 6 teams for funding a total of 14 contracted teams to target 481 families whose children are at imminent risk of out-of-home placement due to abuse, neglect, or dependency. Cost per family is projected to be \$2,849. A team consists of 1 Parent Aide, 1 Counselor, and 1 Coordinator. A team will respond within 24 hours to the child abuse report and to family emergencies as well as provide services to the family within its home. The services are to be intensive, time-limited (6 to 8 weeks) and geared toward keeping the child in the home. The program will emphasize in-home crisis intervention and parent education. An underlying assumption of this program is that these children are being kept out of the more costly out-of-home (foster care) program, thereby lowering the demand for additional out-of-home services funding.

Child Severance Project - Based upon Laws 1986, Chapter 205, this project is designed to expedite the procedures for making a child eligible for adoption after the original parent-child relationship has been severed. DES may use the funds to: a) enter into an intergovernmental agreement with the Attorney General for legal and paralegal services, or b) contract for social services incurred in expediting severance and adoption.

Comprehensive Medical and Dental - The appropriation, which is the same as FY 1993, provides full coverage of the medical and dental expenses of foster children under the jurisdiction of the Department of Economic Security, Juvenile Probation Offices and the Department of Corrections.

The approved amount will fund medical services for an average of 5,861 children, which is the same as the estimated FY 1993 participation. The amount is based upon an average annual cost of \$1,774.48 per child, which is the same as FY 1993 cost. The total estimated program would be expected to cost \$10,400,200, which includes \$228,400 in Independent Professional Review Team fees. This appropriation includes an estimated minimum payment of \$560,000 to the Department of Health Services for the state match of Title XIX Children's Behavioral Health Services. The program will be funded from the following sources:

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - CHILDREN & FAMILY SERVICES (Cont'd)
GENERAL FUND

| | |
|---|----------------------------|
| -- State General Fund | \$3,354,900 |
| -- AHCCCS Title XIX This amount reflects Arizona Health Care Cost Containment System reimbursement of children eligible for federal assistance and federal monies from the Early Periodic Screening Diagnosis and Treatment (EPSDT) Mental Health program, which is mandated under the federal Omnibus Budget Reconciliation Act (OBRA) of 1989. | 5,896,500 |
| -- ALTCS This amount reflects Arizona Long Term Care System reimbursement of children eligible for disabled long-term care. | 952,500 |
| -- Third Party Liability Payments This amount includes the private insurance share of medical costs. | 196,300 |
| TOTAL | <u>\$10,400,200</u> |

Day Care - The approved amount reflects a transfer out of \$573,800 to the Job Opportunities and Basic Skills (JOBS) Child Care, and \$231,200 to the Transitional Child Care programs. In addition, the approved amount includes a \$115,100 decrease in the state's required funding match from 34.9% to 34.1% in certain federal day care subsidy programs. With the initiation of the federal Child Care Development Block Grant (CCDBG), states are required to maintain a certain funding level and are not allowed to supplant state funds with the new federal CCDBG dollars. The required maintenance level includes the monies appropriated in the JOBS Child Care and Transitional Child Care special line items.

The appropriation provides a child day care subsidy for 3 different child care programs. During FY 1992, DES began implementation of its integrated child care administration consisting of 4 programs which provide day care subsidies for eligible families: state Day Care subsidy, AFDC-Employed, At Risk, and the 100% federally funded CCDBG. The total FY 1994 estimated expenditures for these 4 programs is \$34,963,900, of which \$11,590,300 is from the General Fund. A total of 22,736 children are estimated to be served.

FY 1994 estimated expenditures and fund sources for each program follows:

| | |
|--|--------------|
| -- State Day Care Subsidy This program provides a subsidy for eligible families based on family income, family size, and the number of hours of child care received per child. The upper income limit of participating families is at least 65% of the state median income, as determined by DES. The approved amount funds an average of 12,727 children at an estimated per child average monthly subsidy of \$91.55. The state Day Care subsidy is funded through 2 sources: a state appropriation of \$7,492,200, and the federal Social Services Block Grant of \$6,489,800. | \$13,982,000 |
| -- AFDC-Employed Child Care This federal program provides a subsidy for families that are receiving Aid to Families with Dependent Children (AFDC) and need child care to accept or maintain employment. The subsidy is a market based rate with no family co-payment. The approved amount funds an average of 2,749 children at an estimated per child average monthly subsidy of \$180.33. The AFDC-Employed Child Care program is funded through an approximate 65.9% federal/34.1% state match rate, which results in a state appropriation match of \$2,028,300 and a federal Title IV-A match of \$3,919,800. | 5,948,100 |

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - CHILDREN & FAMILY SERVICES (Cont'd)
GENERAL FUND

-- At Risk Child Care

6,069,800

This federal program provides a subsidy for families with a gross monthly income level below 33.5% of the October 1991 state median income, which is a level set by DES. The families must also be at risk of qualifying for the Aid to Families with Dependent Children (AFDC) unless they receive child care so they can accept or maintain employment. The subsidy is a market based rate minus a family co-payment which is determined by using a sliding fee schedule. The FY 1994 average monthly co-payment per child is projected to be \$10.75, which is the same as FY 1993. The approved amount funds an average of 2,991 children at an estimated per child average monthly subsidy of \$169.14. The At Risk Child Care program is funded through 2 sources: \$2,069,800 state appropriation and \$4,000,000 federal Title IV-A monies. Federal funding is capped.

-- Child Care and Developmental Block Grant (CCDBG)

8,964,000

This 100% federal program provides a subsidy for eligible families based on family income, family size, and the number of days of child care received per child. Qualifying families have a gross monthly income level below 33.5% of the October 1991 state median income, which is a level set by DES, and need child care to obtain employment, job training, or education. The subsidy is a market based rate minus a family co-payment. The FY 1994 average monthly co-payment per child is estimated to be \$10.12. The DES projects receipt of \$14,063,900 of CCDBG funds. Of this amount, \$8,964,000 will fund an average of 4,269 children at an estimated per child average monthly subsidy of \$175.00. An additional \$1,584,000 of federal CCDBG monies is projected to be expended on staff and operating costs, \$2,636,900 is to be expended on early childhood development and before and after school programs; and \$879,000 will provide for resource and referral services. The latter 2 expenditure estimates meet federal requirements.

TOTAL

\$34,963,900

JOBS Child Care - The approved amount reflects a transfer in of \$573,800 from the Day Care special line item. In addition, the approved amount includes a decrease of \$26,200 in the state's required funding match from 34.9% to 34.1% for this federal child care program. The approved amount funds child care assistance to AFDC recipients in the JOBS program, consisting of single-parents attending job training 3 days each week, job search applicants, and tribal participants. Funds are also included for AFDC-UP households assuming the parents attend job training 3 days each week. Starting October 1, 1992, those AFDC-UP households with children under 2 years of age are exempt from the program. Prior to July 1, 1992, AFDC-UP households with children under 3 years of age were exempt from the program.

The approved amount is based upon the following assumptions:

- an average caseload of approximately 1,566 children;
- an average cost of \$168.24 per month, assuming the parent attends job training 3 days each week; and
- a 65.9% federal matching rate, which will result in the state receiving \$2,083,500 in federal funds.

Transitional Child Care - The approved amount reflects a transfer in of \$231,300 from the Day Care special line item. In addition, the approved amount includes a decrease of \$32,700 in the state's required funding match from 34.9% to 34.1% for this federal child care program.

The appropriation funds transitional day care assistance. Starting April 1, 1990, federal law required the state to guarantee child care for 1 year to former AFDC recipients who are no longer eligible for cash assistance due to increased earnings. The approved amount is based upon the following assumptions:

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - CHILDREN & FAMILY SERVICES (Cont'd)
GENERAL FUND

- an average caseload of approximately 1,663 children;
- an average cost of \$196.96 per month, after deducting a parental co-payment as determined by a sliding fee schedule based on ability to pay; and
- a 65.9% federal matching rate, which will result in the state receiving \$2,590,400 in federal funds.

Videotaping - The approved amount provides funds for DES to videotape investigative interviews of child sex abuse victims. To lessen the number of such interviews, the department is to coordinate all such interviews with law enforcement officials and the county attorneys' office.

The approved amount includes \$2,600 (Personal Services, \$2,300; Employee Related Expenditures, \$300) for the April 1993 general salary adjustment and reflects an Employee Related Expenditures reduction of \$2,300. The approved amount is based upon a 0% vacancy factor. The approved amount includes a reduction of \$400 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. The approved amount contains \$7,800 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

ADDITIONAL LEGISLATION

DES; Child Care Study - Chapter 158 (H.B. 2068) - Requires the Department of Economic Security (DES) to conduct a study of rules and regulations applying to all forms of lawful child care. The DES is required to issue a report to the Governor, the President of the Senate, and the Speaker of the House of Representatives by January 1, 1994 that identifies the regulations, standards, and policies that should apply to private sector and public schools child care. This report also will identify the current roles of state agencies in regulating day care group homes and certified day care homes that receive public funds.

Child Protective Services; Information; Release - Chapter 174 (S.B. 1185) - Expands the Joint Legislative Committee on Children and Family Services' responsibilities, increases the committee membership from 6 to 8, and specifies 2 reporting tasks. The bill requires the committee to meet within 30 days to examine written complaints and requests to review children and family services actions. The 2 additional members will vary, as they will represent the district within which the constituent filing the complaint resides. In addition, by November 1, 1993, the committee shall complete the review and evaluation, as well as make recommendations to the Legislature on the American Civil Liberties Union report on child protective services and on current judicial and Department of Economic Security procedures regarding child protection services.

Child Fatalities; Review Team - Chapter 245 (H.B. 2148) - Establishes the Child Fatality Review Fund with revenues from a \$1 surcharge on certified copies of death certificates. Any revenues in excess of the first \$100,000 per year are deposited into the non-appropriated Child Abuse Prevention Fund, which is to be used for the healthy start program. The healthy start program is a community based multi-disciplinary program provided to families with newborns. The program is designed to reduce stress, enhance family functioning, promote child development, and minimize the incidence of abuse and neglect within a multi-cultural environment.

Budget Reconciliation; Welfare - Chapter 5 (H.B. 2006), 2nd Special Session - Establishes that a family with an income in excess of 400% of the most recently established federal poverty level is not eligible for an adoption subsidy when adopting a non-Title IV-E eligible child. This legislation also limits fiscal year expenditures to the amount appropriated in the General Appropriation Act, any other special legislative appropriations, federal funds and any monies transferred between and among classes and programs as allowed under A.R.S. § 35-173.

**DEPARTMENT OF ECONOMIC SECURITY -
CHILD PROTECTIVE SERVICES TRAINING PROGRAM**

A.R.S. § 8-503.01

Charles E. Cowan, Director

JLBC Analyst: Cawley/Siegwarth

| CHILDREN AND FAMILY SERVICES TRAINING PROGRAM FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|---|------------------------------|------------------------------|------------------------------|
| FTE Positions | 7.0 | 7.0 | 7.0 |
| Personal Services | 149,700 | 130,600 | 213,400 |
| Employee Related Expenditures | 32,000 | 24,500 | 44,800 |
| Professional & Outside Services | 55,100 | 51,900 | 57,100 |
| Travel - In State | 4,200 | 5,200 | 60,400 |
| Travel - Out of State | 1,000 | 900 | 6,500 |
| Other Operating Expenditures | 47,300 | 82,900 | 49,400 |
| Equipment | 2,300 | 300 | -0- |
| All Other Operating Expenditures | 109,900 | 141,200 | 173,400 |
| TOTAL APPROPRIATIONS | 291,600 ^{1/} | 296,300 ^{1/} | 431,600 ^{2/} |
| RECEIPTS, EXPENDITURES AND BALANCES FORWARD | | | |
| Balance Beg. of Fiscal Year | 487,400 | 384,900 | 263,800 |
| Add Revenues | 189,100 | 175,200 | 175,200 |
| TOTAL FUNDS AVAILABLE | 676,500 | 560,100 | 439,000 |
| Expenditures | 291,600 | 296,300 | 431,600 |
| BALANCE END OF FISCAL YEAR | 384,900 | 263,800 | 7,400 ^{3/} |

Program Description - A.R.S. § 8-503.01 establishes a Children and Family Services Training Program Fund for child protective services staff training. Revenue is generated through the collection of support fees assessed on the parents or guardian of a child in the custody of the Department or a county juvenile probation office. The Department may also expend up to 10% of the fund on collecting these fees. The Department also utilizes federal Title IV-E monies that are available for training activities. These federal funds offset state expenditures.

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount also includes an additional \$5,300 to annualize the cost of the April 1993 general salary adjustment.

(Continued)

- ^{1/} The original FY 1992 appropriation was \$427,100. The total FY 1992 actual expenditures, including federal Title IV-E monies, was \$387,300. The original FY 1993 appropriation was \$430,100. The total FY 1993 estimated expenditures, including federal Title IV-E monies, is \$468,100.
- ^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the program. The line items are shown for information only.
- ^{3/} The department anticipates a federal offset of \$171,800. This offset will lower this fund's expenditures which will increase the fund balance to \$179,200.

**DEPARTMENT OF ECONOMIC SECURITY - CHILD PROTECTIVE SERVICES
TRAINING PROGRAM (Cont'd)
CHILDREN AND FAMILY SERVICES TRAINING PROGRAM FUND**

Employee Related Expenditures - The approved amount includes: a) an additional \$700 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$1,000 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$18,200 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes an additional \$200 for the payment of statewide accounting system charges, as authorized under Section 102 of the General Appropriation Act.

**DEPARTMENT OF ECONOMIC SECURITY -
EMPLOYMENT AND REHABILITATIVE SERVICES**

A.R.S. § 41-1951

Charles E. Cowan, Director

JLBC Analyst: Cawley/Siegwarth

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|-------------------|---------------------|--------------------------------|
| FTE Positions ^{1/} | 105.8 | 113.2 | 98.4 |
| Personal Services | 2,198,500 | 2,429,500 | 2,323,200 |
| Employee Related Expenditures | 550,100 | 612,200 | 537,000 |
| Professional & Outside Services | 36,800 | 45,900 | 45,900 |
| Travel - In State | 32,700 | 39,900 | 39,800 |
| Other Operating Expenditures | 243,100 | 244,500 | 240,600 |
| Equipment | -0- | -0- | -0- |
| All Other Operating Expenditures | 312,600 | 330,300 | 326,300 |
| OPERATING SUBTOTAL | 3,061,200 | 3,372,000 | 3,186,500 |
| Vocational Rehabilitation Services | 1,579,600 | 1,900,000 | 1,900,000 ^{2/} |
| Independent Living Rehabilitation Services | 545,100 | 552,700 | 552,700 |
| Job Search Stipends | 153,500 | 139,100 | 173,900 |
| Navajo Employment Service ^{1/} | 192,600 | 241,800 | -0- |
| JOBS | 1,554,200 | 2,988,500 | 2,988,500 ^{3/} |
| TOTAL EXPENDITURE AUTHORITY | 7,086,200 | 9,194,100 | 8,801,600 |
| Other Receipts | (823,000) | (2,000,000) | (2,000,000) ^{4/} |
| TOTAL APPROPRIATIONS | 6,263,200 | 7,194,100 | 6,801,600 ^{5/} |

(Continued)

- ^{1/} The FTE Positions total includes 8 FTE positions funded in the Navajo Employment Services line item in FY 1992-FY 1993.
- ^{2/} It is the intent of the Legislature that Vocational Rehabilitation Services will receive \$200,000 from the Industrial Commission's Special Fund for the purpose of assisting injured workers. (General Appropriation Act footnote)
- ^{3/} It is the intent of the Legislature that the \$2,988,500 appropriated for JOBS may be used to support non-permanent and seasonal positions to fulfill federal program requirements when contracts for services cannot be established with outside parties. The use of such positions shall be reported to the Joint Legislative Budget Committee. (General Appropriation Act footnote)
- ^{4/} It is the intent of the Legislature that the Special Administration Fund serve as the source for the \$2,000,000 of Other Receipts. (General Appropriation Act footnote)
- ^{5/} Represents General Appropriation Act funds. Appropriated as a lump sum for the program, with special line items. The line items within the "Operating Subtotal" are shown for information only.

DEPARTMENT OF ECONOMIC SECURITY - EMPLOYMENT AND REHAB. SERVICES (Cont'd)
GENERAL FUND

Program Description - *This program provides: rehabilitative services to individuals with disabilities; job training opportunities to economically disadvantaged adults and youth; and employability services to Aid to Families with Dependent Children (AFDC) recipients through the Job Opportunity and Basic Skills Training (JOBS) program. Several 100% federally funded programs are located in this division such as the unemployment benefit program and the Job Training Partnership Act (JTPA) program.*

FTE Positions - The approved amount includes a reduction of 4.9 FTE positions to bring the program's current vacancy factor in line with the standard vacancy factor for a program with this number of FTE positions. In addition, funding and 8 FTE positions for the Navajo Employment Services line were eliminated. As part of the agency's reorganization, the Research Administration program was transferred to the agency's Division of Administration. This move transferred 1.9 state FTE positions and \$76,600 of state funds, and 46.6 FTE positions and \$1,676,000 of federal and other non-appropriated monies.

Personal Services - The approved amount is based upon a 2% vacancy factor and \$47,400 in vacancy savings. The FY 1993 budgeted vacancy factor was 1.7%. The agency imposed an additional 5% vacancy factor to fund shortfalls in other areas of the agency. Total savings of \$129,200 reflect the permanent elimination of the 4.9 FTE positions associated with bringing the program's vacancy factor in line with the standard vacancy factor for a program with this number of FTE positions. The approved amount also includes an additional \$79,000 to annualize the cost of the April 1993 general salary adjustment. The appropriation also includes a \$56,100 reduction associated with the 1.9 FTE positions transferred to the Division of Administration.

Employee Related Expenditures - The approved amount includes: a) an additional \$10,200 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$10,500 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. The appropriation also includes a \$16,500 reduction associated with the 1.9 FTE positions transferred to the Division of Administration.

The approved amount also includes a total of \$250,800 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Travel - In State - The approved amount reflects a \$100 transfer out associated with the 1.9 FTE positions transferred to the Division of Administration.

Other Operating Expenditures - The approved amount reflects a \$3,900 transfer out associated with the 1.9 FTE positions transferred to the Division of Administration.

Vocational Rehabilitation Services - The approved amount, which is the same as FY 1993, provides for individually planned services for the disabled. Services include case management, counseling, prostheses and remedial education. The federal government matches the state funds at an approximate 78.7/21.3% rate. The approved amount will permit the department to serve 16,570 individuals at an average cost of \$1,098.36.

To ensure the drawdown of all available federal dollars, DES has identified other sources of state match -- either existing appropriated or non-appropriated funds.

In FY 1993, these other matching sources are:

| | |
|---|-----------|
| -- Arizona Schools for the Deaf and the Blind | \$ 78,100 |
| -- Industrial Commission | 200,000 |
| -- Developmental Disabilities General Fund Transfer | 315,500 |
| -- School Districts | 255,500 |

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - EMPLOYMENT AND REHAB. SERVICES (Cont'd)
GENERAL FUND

| | |
|--|---------------------------|
| -- Department of Health Services - Behavioral Health | 1,250,000 |
| -- Blind Enterprises Program | 216,900 |
| -- Client Billing Revenue | 200,000 |
| -- Arizona Industries for the Blind | 308,400 |
| -- Establishment Grant Contributions | 168,000 |
| -- City of Phoenix | 20,000 |
| TOTAL | <u>\$3,012,400</u> |

Local non-profit organizations are usually the source of the Establishment Grant Contributions. These funds can be used to establish new facilities, but cannot finance a client's actual rehabilitation.

During FY 1993, the department expanded its relationship with the Division of Behavioral Health in the Department of Health Services (DHS), which provides vocational rehabilitation services for the seriously mentally ill. DHS can use their existing state appropriations as the match and expand its programs nearly four-fold -- given the 78.7/21.3% federal matching ratio. The FY 1994 DHS match is estimated to be \$1,250,000. It is anticipated that DHS's share will increase as a requirement under the Arnold vs. Sarn court agreement.

Independent Living Rehabilitation Services - The approved amount, which is the same as FY 1993, will allow severely disabled individuals to live more independently. DES assists the disabled to overcome or circumvent their handicaps through training, counseling, and adaptive aids. The program consists of:

- Services to Individuals, \$338,600. An estimated 1,700 persons will receive independent living services during the year, including case management and counseling. In addition to the General Fund appropriation, \$190,500 of federal Title VII of the Rehabilitation Act of 1973 monies and \$619,500 of Title XX Social Services Block Grant monies are used to provide these services.
- Medical Services for Clients, \$214,100. This program will fund 8,100 eye examinations and 6,318 eye glasses and other eye appliances for eligible low-income individuals at an average cost of \$23.71 per person.

Job Search Stipends - The approved amount reflects a increase of \$34,800. The federal food stamp statute requires states to pay allowances to recipients searching for a job. The state amount is matched by a like federal amount. The program provides \$25 per participant for up to 2 months. The approved amount will fund 6,900 participants for 1 month and 3,500 participants for 2 months.

Navajo Employment Services - The approved amount eliminates 8 FTE positions and associated funding. Laws 1988, Chapter 304 established a 3-year pilot for 2-person employment services offices in Window Rock, Chinle, Kayenta and Tuba City. The Navajo Nation was required to provide the office facilities. Legislation to extend this program beyond the designated 3 years has not been adopted.

JOBS - The approved amount, which is the same as FY 1993, funds services under the Job Opportunities and Basic Skills (JOBS) program. Federal law required the state to begin offering this education, employment and/or training program to AFDC recipients by October 1, 1990. Based upon FY 1993 expenditure data, the approved amount will fund the following:

| | |
|---|--------------------|
| JOBS-Basic for single AFDC Households | \$1,580,300 |
| JOBS-2-Parent Employed Program for AFDC-UP Households | <u>1,408,200</u> |
| TOTAL | \$2,988,500 |

The state amount will be matched by federal funds of \$6,468,800, which is a 68.4% match. This match reflects the department's receipt of federal funds at various match rates. Some funds are received at a 90/10% match and some at 50/50%. Most of the federal funding is a 65.9/34.1% match, which is Arizona's Federal Medical Assistance Percentage (FMAP) for FY 1994. In previous years, the state drew down a 50% match.

(Continued)

DEPARTMENT OF ECONOMIC SECURITY - EMPLOYMENT AND REHAB. SERVICES (Cont'd)
GENERAL FUND

- JOBS - Basic - For AFDC single-parent households, DES staff will provide case management and initial appraisal and assessment services to active participants. The approved amount funds development of employment plans, literacy tests, employment search and training, and a work experience (workfare) program. Training includes English as a second language, remedial training, or general equivalency degree (G.E.D.) preparation. Funds are also provided for vocational training and Teen Parent Services.
- JOBS - 2-Parent Employed Program (TPEP) - For 2-parent households in the AFDC-UP program, DES will either contract out its case management function or hire non-permanent and seasonal positions to provide case management if outside contracts cannot be established. Besides case management, the approved amount will fund employment plan development, skills training, basic education and employment services.

Two changes have impacted the implementation of the JOBS program. By federal requirement, the AFDC single-parent households program began statewide implementation on October 1, 1992. Prior to this date, the program was implemented only in Maricopa and Pima Counties in which reside 70% of this AFDC population. The AFDC-UP 2-parent household program was implemented statewide. In addition to the federal statewide requirement, new state legislation has been adopted which changes the direction of the state's JOBS program. Laws 1992, Chapter 103, revised the state's focus, which had emphasized an education and training framework to one which emphasizes a balance between immediate employment and education and training services. Chapter 103 required implementation of this new model by October 1, 1992, with a complete statewide phase-in by October 1, 1994. In addition, this bill expanded the number of program participants. Prior to October 1, 1992, parents who personally provide care for a child under 3 years old were exempt. After October 1, 1992, the age of the child will be lowered to 2 years; thereby, decreasing the number of exemptions to the program.

DES has implemented these changes. DES estimates that there are 16,361 AFDC recipients out of approximately 61,355 adult AFDC recipients who will be served under the new requirements. Of these 16,361, 11,841 are in the JOBS - Basic program and 4,520 are in the JOBS - TPEP program. In addition, the department projects that the new state focus will encourage a less expensive and faster track for many participants. The department is still developing its phase-in plans and determining which clients will phase into the new model and which clients will need to be continued under the old model. Until the implementation plan is developed and all pertinent information is gathered, details on cost per client or the number of eligible clients are not available.

Other Receipts - It is the intent of the Legislature that the cost of the Employment and Rehabilitative Services program be offset by \$2,000,000 from the Special Administration Fund, which consists of penalties collected for late payment of unemployment compensation charges. The federal government permits states flexibility in their use of these funds. In FY 1994, these "Other Receipts" will be used to fund the JOBS line item.

ADDITIONAL LEGISLATION

Unemployment Benefits - Chapter 7 (H.B. 2009) - The bill adds qualifying eligibility criteria related to the applicant's wages for extended unemployment benefits. The new criteria requires that the applicant's total wages during the base period of the applicant's claim for regular benefits be at least 1½ times the applicant's highest quarter wages, or that the applicant's total wages exceed 40 times the applicant's most recent weekly benefit amount. Unemployment benefits do not involve state appropriated funds.

DEPARTMENT OF ENVIRONMENTAL QUALITY

Edward Z. Fox, Director

A.R.S. § 49-101

JLBC Analyst: Bock

GENERAL FUND AND OTHER APPROPRIATED FUNDS

FY 1992
Actual

FY 1993
Estimate

FY 1994
Approved

| | | | |
|--------------------------------------|---------------------|-----------------------|-------------------------------------|
| FTE Positions | 286.3 ^{1/} | 299.3 ^{2/} | 265.9 ^{3/} |
| Personal Services | 6,494,400 | 5,927,000 | 6,097,100 |
| Employee Related Expenditures | 1,526,100 | 1,351,100 | 1,294,600 |
| Professional & Outside Services | 214,300 | 216,900 | 216,900 |
| Travel - In State | 174,700 | 215,100 | 215,100 |
| Travel - Out of State | 20,500 | 18,200 | 18,200 |
| Other Operating Expenditures | 1,388,400 | 1,345,500 | 1,463,000 |
| Equipment | 272,200 | 65,700 | 65,700 |
| All Other Operating Expenditures | 2,070,100 | 1,861,400 | 1,978,900 |
| OPERATING SUBTOTAL | 10,090,600 | 9,139,500 | 9,370,600 |
| Special Waste | 668,000 | 605,100 | 154,400 |
| Pollution Prevention/Hazardous Waste | 18,700 | 646,700 | 629,000 |
| Used Oil | 34,400 | 84,100 | 93,300 |
| Air Quality Fee Fund | -0- | 107,000 | 116,900 |
| Aquifer Protection Permits | -0- | 1,215,300 | 1,261,300 |
| Air Permits Administration | -0- | 179,100 | -- |
| TOTAL APPROPRIATIONS | 10,811,700 | 11,976,800 | 11,625,500 ^{4/5/6/} |
| <u>Fund Summary</u> | | | |
| General Fund | 10,758,600 | 10,063,900 | 9,695,500 |
| Air Quality Fee Fund | -0- | 128,200 ^{7/} | 116,900 |
| Air Permits Administration Fund | -0- | 179,100 | -- ^{8/} |
| Water Quality Assurance Rev. Fund | -0- | 896,000 | 936,400 |
| Hazardous Waste Fund | 18,700 | 646,700 | 629,000 |
| Special Waste Fund | -0- | -0- | 154,400 |
| Used Oil Fund | 34,400 | 84,100 | 93,300 |
| TOTAL APPROPRIATIONS | 10,811,700 | 11,998,000 | 11,625,500 |

(Continued)

- ^{1/} The FTE position total includes 2 FTE positions funded in special line items.
- ^{2/} The FTE position total includes 69 FTE positions funded in special line items. Of these, 8 are General Fund positions.
- ^{3/} The FTE positions total includes 52.5 FTE positions funded in special line items. Of these, 8 are General Fund positions.
- ^{4/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency, with special line items. The line items within the "Operating Subtotal" are shown for information only.

(Footnotes Continued on Following Page)

DEPARTMENT OF ENVIRONMENTAL QUALITY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Agency Description - *The Department of Environmental Quality's purpose is to protect human health and the environment by enforcing standards of quality for Arizona's air, water, and land. The department's Office of Air Quality issues permits to regulate industrial air pollution sources, regulates vehicle emissions, monitors and assesses the ambient air, and develops air quality improvement strategies. The Office of Waste Programs implements programs to minimize waste generation, identifies and corrects improper waste management practices, and oversees the clean up (remediation) of hazardous waste sites. The Office of Water Quality regulates drinking water and waste water systems, monitors and assesses waters of the state, and provides hydrologic analysis to support hazardous site remediation.*

FTE Positions - The approved number reflects the elimination of 19.9 General Fund FTE positions. The funding for these positions was eliminated as part of a lump sum reduction in FY 1993. In accordance with Project SLIM recommendations, 1 additional General Fund FTE position and \$24,300 was also eliminated in FY 1994.

Personal Services - The approved amount is based upon a 3% vacancy factor and \$189,200 in vacancy savings. The approved amount also includes an additional \$158,000 to annualize the cost of the April 1993 general salary adjustment. The Project SLIM recommendation for FY 1994 resulted in a Personal Services reduction of \$19,200.

Employee Related Expenditures - The approved amount includes: a) an additional \$20,800 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$27,400 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$518,100 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes: a) a total of \$106,400 for the payment of risk management premiums, which reflects an additional \$87,700 authorized by Section 104 of the General Appropriation Act, and b) a total of \$0 for rent of state-owned space and \$92,300 for the Tucson State Office Building payment.

Special Waste Program - The Special Waste program was separated from other solid waste programs in 1991 and was provided General Fund "start up" appropriations for FY 1992 and FY 1993. Through this program, the Department of Environmental Quality (DEQ) determines whether wastes such as asbestos, auto shredder fluff and petroleum-contaminated soils should be classified as "special waste". The department then establishes and enforces regulations for special waste handling and disposal. The department assesses fees based on the quantity of special waste generated. The fees are deposited to the Special Waste Fund.

(Continued)

(Footnotes Continued From Previous Page)

- 5/ Up to \$1,250,000 of the General Fund appropriation may be utilized temporarily to maintain existing environmental programs for which application for federal funds has been submitted. (General Appropriation Act footnote)
- 6/ All monies in the Permit Administration Fund are appropriated to the Department of Environmental Quality only for the purposes described under A.R.S. § 49-455. The Department of Environmental Quality shall provide the Joint Legislative Budget Committee with an expenditure plan prior to expending monies in the fund. (General Appropriation Act footnote)
- 7/ Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$21,200 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.
- 8/ The department estimates that it will expend approximately \$4.2 million on the Permit Administration program.

DEPARTMENT OF ENVIRONMENTAL QUALITY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

The approved amount is based on the following line item detail.

| | |
|---------------------------------|------------------|
| FTE Positions | <u>3.0</u> |
| Personal Services | \$109,000 |
| Employee Related Expenditures | 21,600 |
| Professional & Outside Services | 3,700 |
| Travel - In State | 900 |
| Other Operating Expenditures | <u>19,200</u> |
| TOTAL - Special Waste Fund | <u>\$154,400</u> |

The General Fund appropriation supporting 14.5 FTE positions is discontinued, and \$154,400 and 3 FTE positions are appropriated from the Special Waste Fund. Thus, the program will be self-supporting as intended by statute.

The approved amount for Personal Services is based upon a 0% vacancy factor. The approved amount includes an additional \$2,300 to annualize the cost of the April 1993 general salary adjustment.

The approved amount for Employee Related Expenditures includes: a) an additional \$300 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$500 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. The approved amount also includes a total of \$7,700 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The approved amount for Other Operating Expenditures includes: a) a total of \$1,900 for the payment of risk management premiums, which reflects an additional \$1,900 authorized by Section 104 of the General Appropriation Act.

The approved amount also includes an additional \$1,300 for payment of statewide accounting system charges, as authorized under Section 102 of the General Appropriation Act.

Pollution Prevention/Hazardous Waste Programs - Under these programs, DEQ processes and issues permits for treatment, storage, and disposal facilities, and monitors hazardous waste generators and handlers. DEQ also evaluates waste reduction and other pollution control plans submitted by businesses that generate hazardous waste. DEQ collects related fees and civil penalties which are deposited to the Hazardous Waste Management Fund.

The approved amount is based on the following line-item detail:

| | |
|-------------------------------|------------------|
| FTE Positions | <u>14.5</u> |
| Personal Services | \$424,000 |
| Employee Related Expenditures | 91,200 |
| Travel - In State | 12,600 |
| Travel - Out of State | 2,400 |
| Other Operating Expenditures | <u>98,800</u> |
| TOTAL - Hazardous Waste Fund | <u>\$629,000</u> |

Pursuant to Project SLIM recommendations, this program is reduced by 1 FTE position and \$37,500. The approved amount for Personal Services is based upon a 3% vacancy factor and \$13,100 in vacancy savings. The approved amount also includes an additional \$10,900 to annualize the cost of the April 1993 general salary adjustment.

(Continued)

DEPARTMENT OF ENVIRONMENTAL QUALITY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

The approved amount for Employee Related Expenditures includes: a) an additional \$1,400 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$1,900 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. The approved amount also includes a total of \$36,000 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The approved amount for Other Operating Expenditures includes a total of \$7,400 for the payment of risk management premiums, which reflects an additional \$7,400 authorized by Section 104 of the General Appropriation Act.

The approved amount also includes an additional \$5,200 for the payment of statewide accounting system charges, as authorized under Section 102 of the General Appropriation Act.

Aquifer Protection Permits - DEQ issues permits to industrial or other facilities whose activities or waste discharges could pose a threat to groundwater. The permit is issued upon DEQ approval of facility safeguard measures.

The total amount is based on the following line-item detail:

| | <u>General Fund</u> | <u>WOARF</u> | <u>Total</u> |
|-------------------------------|-------------------------|-------------------------|---------------------------|
| FTE Positions | <u>8.0</u> | <u>22.0</u> | <u>30.0</u> |
| Personal Services | \$265,900 | \$599,200 | \$865,100 |
| Employee Related Expenditures | 54,400 | 132,800 | 187,200 |
| All Other Operating | <u>4,600</u> | <u>204,400</u> | <u>206,000</u> |
| TOTAL | <u>\$324,900</u> | <u>\$936,400</u> | <u>\$1,261,300</u> |

The approved amount for Personal Services is based upon a 0% vacancy factor. The approved amount also includes an additional \$6,000 from the General Fund and \$16,500 from Other Appropriated Funds to annualize the cost of the April 1993 general salary adjustment.

The approved amount for Employee Related Expenditures includes: a) an additional \$800 from the General Fund and \$2,200 from Other Appropriated Funds to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$1,200 from the General Fund and \$2,700 from Other Appropriated Funds as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. The approved amount also includes a total of \$20,400 from the General Fund and \$56,100 from Other Appropriated Funds for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The approved amount includes \$4,600 from the General Fund and \$10,500 from Other Appropriated Funds for the payment of risk management premiums. These amounts reflect an additional \$4,600 from the General Fund and \$10,500 from Other Appropriated Funds, as authorized under Section 104 of the General Appropriation Act.

The approved amount for Other Operating Expenditures includes an additional \$7,300 from Other Appropriated Funds for the payment of statewide accounting system changes, as authorized under Section 102 of the General Appropriation Act.

Used Oil - Through this program, the department assists in used oil recycling and management efforts, and regulates used oil disposal. DEQ also enforces laws regarding used oil that is contaminated with hazardous substances.

(Continued)

DEPARTMENT OF ENVIRONMENTAL QUALITY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

The total Used Oil Fund appropriation is based on the following line item detail:

| | |
|---------------------------------|-----------------|
| FTE Positions | <u>2.0</u> |
| Personal Services | \$52,600 |
| Employee Related Expenditures | 11,900 |
| Professional & Outside Services | 9,100 |
| Travel - In State | 4,600 |
| Other Operating Expenditures | 15,100 |
| Equipment | <u>-0-</u> |
| TOTAL-Used Oil Fund | <u>\$93,300</u> |

The approved amount for Personal Services is based upon a 0% vacancy factor. The approved amount also includes an additional \$1,500 to annualize the cost of the April 1993 general salary adjustment.

The approved amount for Employee Related Expenditures includes: a) an additional \$200 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$200 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. The approved amount also includes a total of \$5,100 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The approved amount for Other Operating Expenditures includes a total of \$900 for the payment of risk management premiums, which reflects an additional \$900 authorized by Section 104 of the General Appropriation Act.

The approved amount also includes an additional \$600 for the payment of statewide accounting system charges, as authorized under Section 102 of the General Appropriation Act.

Air Quality Fund - The Air Quality Fund is used for a variety of studies and programs aimed toward improving air quality where the ambient air does not meet federal standards. (Only portions of the fund are appropriated.)

The approved amount is based on the following line-item detail:

| | |
|-------------------------------|------------------|
| FTE Positions | <u>3.0</u> |
| Personal Services | \$ 91,600 |
| Employee Related Expenditures | 19,300 |
| Other Operating Expenditures | <u>6,000</u> |
| TOTAL-Air Quality Fee Fund | <u>\$116,900</u> |

The approved amount for Personal Services is based upon a 0% vacancy factor. The approved amount also includes an additional \$2,300 to annualize the cost of the April 1993 general salary adjustment.

The approved amount for Employee Related Expenditures includes: a) an additional \$300 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$400 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. The approved amount also includes a total of \$7,700 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

(Continued)

DEPARTMENT OF ENVIRONMENTAL QUALITY (Cont'd)

GENERAL FUND AND OTHER APPROPRIATED FUNDS

The approved amount for Other Operating Expenditures includes a total of \$1,600 for the payment of risk management premiums, which reflects an additional \$1,600 authorized by Section 104 of the General Appropriation Act.

The approved amount also includes an additional \$1,100 for the payment of statewide accounting system charges, as authorized under Section 102 of the General Appropriation Act.

Air Permit Administration Fund - DEQ regulates stationary air pollution sources primarily through the Air Permit Program. DEQ inspects permitted facilities and may take enforcement action. Sources pay a combination of emissions and permit fees, which are deposited to the Air Permit Fund.

An expanded Air Permit Program, which includes a new fee structure, will be taking effect in FY 1994. Actual revenues and program costs may vary widely from current estimates. Therefore, in a General Appropriation Act footnote, the Legislature has appropriated all fund receipts to the department, but requires DEQ to submit an expenditure plan prior to expending fund monies. DEQ expects to receive and expend approximately \$4.2 million for a program of 54 FTE positions in FY 1994.

The program's Employee Related Expenditures are projected to include a total of \$137,000 for the state share of employee medical and dental payments, which will be transferred to the Health Insurance Trust Fund.

The program's Other Operating Expenditures will include \$30,600 for the payment of risk management premiums, which reflects an additional \$30,600 authorized by Section 104 of the General Appropriation Act.

The Air Permit Administration Fund will be charged \$21,200 for the payment of statewide accounting system charges, as authorized under Section 102 of the General Appropriation Act.

ADDITIONAL LEGISLATION

Special Waste Management - Chapter 205 (H.B. 2132) - Modifies the schedule of deadlines by which the Special Waste Advisory Committee must determine whether specific wastes are to be classified as "special." These changes coincide with the budget changes reflected above: the program will no longer receive a General Fund appropriation and the Special Waste Fund appropriation reflects a self-sustainable program level. As a result of the statutory and budgetary changes, the program will continue at a rate substantially reduced from FY 1993.

OTHER ISSUES

Appropriation to Water Quality Assurance Revolving Fund (WQARF) - A.R.S. § 42-1341 directs the distribution of transaction privilege taxes. According to these provisions as amended in 1992, \$2.9 million is to be annually appropriated to the WQARF. However, for FY 1993 and FY 1994, the Legislature did not make this appropriation. For those years, cost recovery from settlements with responsible parties were projected to be sufficient to maintain WQARF programs without the General Fund appropriation.

DEPARTMENT OF HEALTH SERVICES - SUMMARY

A.R.S. § 36-103

Jack Dillenberg, Acting Director

JLBC Analyst: Bradley

GENERAL FUND AND OTHER APPROPRIATED FUNDS

FY 1992
Actual

FY 1993
Estimate

FY 1994
Approved

Program Summary

| | | | |
|-----------------------------|--------------------|--------------------|--------------------|
| Office of the Director | 9,961,400 | 11,341,900 | 11,069,000 |
| EMS/Health Care Facilities | 7,010,300 | 6,932,700 | 6,718,100 |
| Disease Prevention Services | 5,837,600 | 6,202,400 | 6,249,000 |
| Family Health | 23,832,100 | 28,441,800 | 27,938,200 |
| Behavioral Health | 135,202,700 | 163,690,600 | 155,763,600 |
| Laboratory Services | 2,518,400 | 2,610,500 | 2,792,800 |
| TOTAL APPROPRIATIONS | 184,362,500 | 219,219,900 | 210,530,700 |

Expenditure Detail

| | | | |
|---|--------------------|--------------------|--------------------------------------|
| FTE Positions ^{1/} | 1,693.4 | 1,706.8 | 1,692.3 |
| Personal Services | 35,437,000 | 37,972,800 | 38,717,600 |
| Employee Related Expenditures | 9,666,700 | 10,250,500 | 8,835,200 |
| Professional & Outside Services | 3,638,600 | 4,196,300 | 4,204,700 |
| Travel - In State | 316,500 | 460,300 | 466,700 |
| Travel - Out of State | 40,600 | 55,900 | 55,900 |
| Food | 1,157,900 | 1,104,000 | 751,800 |
| Other Operating Expenditures | 9,030,600 | 10,217,100 | 7,515,200 |
| Equipment | 464,700 | 539,600 | 549,200 |
| All Other Operating Expenditures | 14,648,900 | 16,573,200 | 13,543,500 |
| OPERATING SUBTOTAL | 59,752,600 | 64,796,500 | 61,096,300 ^{2/} |
| Special Line Items ^{3/} | 124,609,900 | 148,158,300 | 147,334,400 |
| Additional Appropriations ^{3/} | -0- | 6,265,100 | 2,100,000 |
| TOTAL APPROPRIATIONS | 184,362,500 | 219,219,900 | 210,530,700 ^{4/5/6/} |

Fund Summary

| | | | |
|---------------------------------|--------------------|---------------------------|--------------------|
| General Fund | 179,271,500 | 199,813,400 ^{7/} | 194,178,200 |
| EMS Operating Fund | 2,778,200 | 2,509,900 | 2,269,300 |
| ASH Disproportionate Share Fund | 1,955,300 | 7,431,500 | 11,983,200 |
| Special Revenue Fund | 357,500 | 9,465,100 | 2,000,000 |
| Child Fatality Review Fund - | -0- | -0- | 100,000 |
| TOTAL APPROPRIATIONS | 184,362,500 | 219,219,900 | 210,530,700 |

(Continued)

- ^{1/} The FTE Positions total includes 172.4 FTE positions in FY 1992, 56.6 FTE positions in FY 1993, and 29 FTE positions in FY 1994, funded in the special line items.
- ^{2/} Represents General Appropriation Act funds. Appropriated as a modified lump sum for certain programs and a lump sum with special line items for other programs.

DEPARTMENT OF HEALTH SERVICES - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Agency Description - *The Department of Health Services is responsible for the provision of most public health programs not administered by AHCCCS, most behavioral health programs, emergency medical services, state laboratory support, vital records maintenance, disease control, and epidemiological monitoring.*

Major Changes from FY 1993 - The following table shows the major changes from FY 1993 to the FY 1994 approved amount:

| | |
|--|-----------------------------|
| • Department of Health Services - Total Change from FY 1993 | <u>\$(8,689,200)</u> |
| • Eliminate Funding for One-time FY 1993 Supplementals | \$(6,265,100) |
| • Eliminate Funding for One-time FY 1992 Supplementals made in FY 1993 | (4,700,000) |
| • Offsets from Medicaid Recoveries and Other Revenues at ASH and SAMHC | (2,000,000) |
| • Reduced Employee Related Expenditures Costs | (1,415,300) |
| • Children's Rehabilitative Services - Increased Federal Offset | (1,000,000) |
| • Reduced Risk Management Costs | (742,500) |
| • Reduced Food Costs | (352,200) |
| • Health Effects Studies-West Completion | (159,100) |
| • Increase in Children's Behavioral Health State Match for Title XIX | 5,000,000 |
| • Additional Appropriations for FY 1994 | 2,100,000 |
| • Annualization of General Salary Adjustment | 1,410,900 |
| • All Other Changes | (565,900) |

(Continued)

(Footnotes Continued From Previous Page)

- 3/ Details for the Special Line Items and Additional Appropriations are included on the individual program pages.
- 4/ A monthly report comparing total expenditures for the month and year-to-date as compared to prior year totals shall be forwarded to the President of the Senate, the Speaker of the House of Representatives and the Director of the Joint Legislative Budget Committee by the 25th of the following month. The report shall include an estimate of (a) potential shortfalls in programs, (b) potential federal and other funds, such as the statewide assessment for indirect costs, that may be available to offset these shortfalls, (c) all associated administrative and operational expenditures, and (d) total expenditure authority of the month and year-to-date for CMI Services, Regional Residential/Psychiatric Beds, Children's Behavioral Health Services, Children's Behavioral Health State Match for Title XIX, Mental Health Services, Seriously Emotionally Handicapped Children, Substance Abuse Services, and Children's Rehabilitative Services. The report shall also contain detailed month and year-to-date expenditures for any expenditures made from special line items other than for the provision of services. (General Appropriation Act footnote)
- 5/ Notwithstanding A.R.S. § 35-173C, any transfer to or from the amounts appropriated for CMI Services, Regional Residential/Psychiatric Beds, Children's Behavioral Health Services, Children's Behavioral Health State Match for Title XIX, Mental Health Services, Seriously Emotionally Handicapped Children, Substance Abuse Services, Rural Obstetric Service, Children's Rehabilitative Services, AHCCCS - Children's Rehabilitative Services, and the Arizona Poison Control shall require approval of the Joint Legislative Budget Committee. (General Appropriation Act footnote)
- 6/ In addition to the amounts appropriated, earnings on state lands and interest on the investment of the permanent land funds are appropriated to the State Hospital in compliance with the Enabling Act and the Constitution. (General Appropriation Act footnote)
- 7/ The amount shown reflects the transfer of \$1,942,000 from DHS to AHCCCS, then from AHCCCS to the ASH Disproportionate Share Fund (DSF), and then from the DSF back to DHS, as enacted by Laws 1993, Chapter 6, (H.B. 2007), Second Special Session.

DEPARTMENT OF HEALTH SERVICES - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Other Operating Expenditures - The approved amount includes \$909,600 from the General Fund and \$0 from Other Appropriated Funds for the payment of risk management premiums. These amounts reflect a reduction of \$725,300 to the General Fund and a reduction of \$17,200 to Other Appropriated Funds, as authorized under Section 104 of the General Appropriation Act.

Personal Services - The approved amount is based upon a 2.6% vacancy factor and \$1,037,700 in vacancy savings from the General Fund and a 1.0% vacancy factor and \$7,000 in vacancy savings from Other Appropriated Funds. The approved amount also includes an additional \$1,249,200 from the General Fund and \$21,800 from Other Appropriated Funds to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$137,500 from the General Fund and \$2,400 from Other Appropriated Funds to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$146,200 from the General Fund and \$31,000 from Other Appropriated Funds as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$3,839,200 from the General Fund and \$62,600 from Other Appropriated Funds for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

DEPARTMENT OF HEALTH SERVICES - OFFICE OF THE DIRECTOR

A.R.S. § 36-103

Jack Dillenberg, Acting Director

JLBC Analyst: Bradley

| GENERAL FUND AND OTHER APPROPRIATED FUNDS | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|-------------------|-------------------------|---------------------------------|
| FTE Positions | 184.0 | 200.0 | 197.3 |
| Personal Services | 4,435,300 | 4,994,800 | 5,140,100 |
| Employee Related Expenditures | 1,037,000 | 1,213,700 | 1,139,700 |
| Professional & Outside Services | 421,700 | 486,800 | 486,800 |
| Travel - State | 17,800 | 27,600 | 27,600 |
| Travel - Out of State | 8,200 | 11,200 | 11,200 |
| Other Operating Expenditures | 2,724,800 | 3,633,500 ^{1/} | 3,063,200 |
| Equipment | 153,500 | -0- | 78,400 |
| All Other Operating Expenditures | 3,326,000 | 4,159,100 | 3,667,200 |
| OPERATING SUBTOTAL | 8,798,300 | 10,367,600 | 9,947,000 |
| Direct Grants | 578,000 | 578,000 | 578,000 ^{2/} |
| Reimbursement to Counties | 396,300 | 396,300 | 396,300 ^{3/} |
| Relocate Vital Records | 188,800 | -0- | -0- |
| Child Fatality Review Team | -0- | -0- | 47,700 |
| TOTAL | 9,961,400 | 11,341,900 | 10,969,000 ^{4/} |
| Additional Appropriations - 41st Leg., 1st Reg. Session | | | |
| Child Fatalities, Review Team, Ch. 245 | -0- | -0- | 100,000 |
| TOTAL APPROPRIATIONS | 9,961,400 | 11,341,900 | 11,069,000 |
| Fund Summary | | | |
| General Fund | 9,603,900 | 11,341,900 | 10,969,000 |
| Special Revenue Fund | 357,500 | -0- | -0- |
| Child Fatality Review Fund | -0- | -0- | 100,000 |
| TOTAL APPROPRIATIONS | 9,961,400 | 11,341,900 | 11,069,000 |

(Continued)

^{1/} The amount shown reflects the adjustments made to the original FY 1993 appropriation by Laws 1993, Chapter 215, (H.B. 2248).

^{2/} The appropriation for Direct Grants is to provide for local health work and is to be divided equally among the 15 counties on a non-matching basis, with each county to employ 1 Public Health Nurse and 1 Sanitarian. All monies received by a county under this appropriation which are not used for the prescribed purposes shall revert to the state General Fund. (General Appropriation Act footnote)

(Footnotes Continued on Following Page)

DEPARTMENT OF HEALTH SERVICES - OFFICE OF THE DIRECTOR (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Program Description - *The Office of the Director encompasses most central office functions such as finance, data processing, personnel, accounting and maintenance. The office also includes vital records services for birth and death certificates, provides oversight of federal fund expenditures, and acts as a liaison to county health departments.*

FTE Positions - The approved amount includes a reduction of 2.7 FTE positions to bring the program's current vacancy factor in line with the standard vacancy factor for a program with this number of FTE positions.

Personal Services - The approved amount is based upon a 2% vacancy factor and \$104,900 in vacancy savings. The approved amount also includes an additional \$148,200 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$16,300 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$23,100 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$458,400 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes a total of \$909,600 for the payment of risk management premiums, which reflects a reduction of \$725,300 authorized by Section 104 of the General Appropriation Act.

Equipment - The approved amount includes funds to replace the following: 3 copier machines, \$25,200; a safe for the Vital Records section, \$2,500; a fax machine, computer and printer for Procurement, \$6,700; a mail sorter bin and postage scales, \$7,000; replacement computer hardware for the MIS section, \$34,600; and replacement printers, \$2,400.

Direct Grants - See footnote 2 for a description of the program.

Reimbursement to Counties - See footnote 3 for a description of the program.

Child Fatality Review Team - See Additional Legislation.

ADDITIONAL LEGISLATION

Child Fatalities; Review Team - Chapter 245 (H.B. 2148) - This legislation created a Child Fatality Review Team (CFRT) Fund with revenues from a \$1 surcharge on certified copies of death certificates. Any revenues in excess of the first \$100,000 per year are deposited into the Child Abuse Prevention Fund. For FY 1994, \$100,000 is appropriated from the CFRT Fund to DHS to provide support to the CFRT. The General Appropriation Act appropriates the sum of \$47,700 from the General Fund for the same purpose so that the CFRT can begin to function on July 1, 1993, rather than waiting for revenues to be sufficient. Once revenues to the CFRT Fund approach \$100,000, the General Fund will be reimbursed out of the \$100,000 CFRT Fund appropriation, so that total FY 1994 CFRT program expenditures do not exceed \$100,000. The CFRT is tasked with tracking and reporting all child fatalities and to find methods to reduce Arizona's child mortality rate based upon the information gathered.

(Footnotes Continued From Previous Page)

3/ The \$396,300 appropriated for reimbursement to counties is to provide matching monies to counties for local health work on an equal matching basis and shall be distributed in the following manner: \$174,790 of the monies shall be distributed to counties with populations of less than 500,000 persons on an equal per capita basis as determined by the latest federal decennial census. The distribution for counties with a population of more than 500,000 persons, but less than 1,000,000 persons shall be \$57,750 and for counties with a population of over 1,000,000 persons the distribution shall be \$163,760.

4/ Represents General Appropriation Act funds. Appropriated as a lump sum for the program, with special line items. The line items within the "Operating Subtotal" are shown for information only.

**DEPARTMENT OF HEALTH SERVICES -
EMERGENCY MEDICAL SERVICES/HEALTH CARE FACILITIES**

A.R.S. § 36-103

Jack Dillenberg, Acting Director

JLBC Analyst: Bradley

| GENERAL FUND AND EMERGENCY MEDICAL SERVICES OPERATING FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|---|---------------------------|-----------------------------|--------------------------------|
| FTE Positions ^{1/} | 161.5 | 151.1 | 146.1 |
| Personal Services | 2,596,900 | 2,774,700 | 2,808,000 |
| Employee Related Expenditures | 709,600 | 827,100 | 647,100 |
| Professional & Outside Services | 65,300 | 32,500 | 32,500 |
| Travel - In State | 113,300 | 141,300 | 141,300 |
| Travel - Out of State | 4,900 | 9,500 | 9,500 |
| Other Operating Expenditures | 699,300 | 616,700 | 616,700 |
| Equipment | 42,800 | 21,000 | 18,700 |
| All Other Operating Expenditures | 925,600 | 821,000 | 818,700 |
| OPERATING SUBTOTAL | 4,232,100 | 4,422,800 | 4,273,800 |
| EMS Provider Contracts | 394,700 | 316,000 | 310,400 |
| Arizona Poison Control | 450,000 | 450,000 | 442,000 ^{2/} |
| State EMS Special Projects | 125,000 | 158,000 | 155,200 |
| Ambulance Replacement | 150,000 | 118,500 | 116,400 |
| EMSCOM Development | 100,000 | 79,000 | 77,600 |
| Emergency Medical Services Operations | 1,483,500 | 1,268,400 | 1,244,500 |
| EMS Regional Coordinating System | 75,000 | 120,000 | 98,200 |
| TOTAL APPROPRIATIONS | 7,010,300 | 6,932,700 | 6,718,100 ^{3/} |
| <u>Fund Summary</u> | | | |
| General Fund | 4,232,100 | 4,422,800 | 4,448,800 |
| EMS Operating Fund | 2,778,200 | 2,509,900 | 2,269,300 |
| TOTAL APPROPRIATIONS | 7,010,300 | 6,932,700 | 6,718,100 |

Program Description - The EMS Division provides emergency medical services which includes funding for both state and local programs and the Arizona Poison Control Center. The Health and Child Care Services Division licenses health care facilities, nursing homes, and child day care facilities.

(Continued)

- ^{1/} The FTE Positions total includes 43.6 FTE positions in FY 1992, 32.6 FTE positions in FY 1993, and 29 FTE positions in FY 1994, funded in the Emergency Medical Services Operating Fund special line item.
- ^{2/} It is the intent of the Legislature that appropriated funds shall not be utilized to support any poison control center other than the one at the University of Arizona. (General Appropriation Act footnote)
- ^{3/} Represents General Appropriation Act funds. Appropriated as a lump sum for the program, with special line items. The line items within the "Operating Subtotal" are shown for information only.

DEPARTMENT OF HEALTH SERVICES - EMS/HEALTH CARE FACILITIES (Cont'd)
GENERAL FUND AND EMERGENCY MEDICAL SERVICES OPERATING FUND

GENERAL FUND

The General Fund portion of the appropriation provides for all costs included in the Operating Subtotal and \$175,000 for Emergency Medical Services Operations. Traditionally, the General Fund has only been used for "operating subtotal" costs, however, this year the Legislature decided to supplement the EMS Operating Fund revenues to preclude any further program reductions. The above-the-line portion of this program is the Health Care Facilities Division, which licenses and provides oversight of medical facilities, nursing homes, and child day care facilities.

Personal Services - The approved amount is based upon a 2% vacancy factor and \$57,300 in vacancy savings. The approved amount also includes an additional \$87,900 to annualize the cost of the April 1993 general salary adjustment. The approved amount also includes a reduction of \$54,600 due to reallocation of resources by the department as allowed by the lump sum appropriation format.

Employee Related Expenditures - The approved amount includes: a) an additional \$9,700 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$12,600 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14% as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$272,100 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

EMERGENCY MEDICAL SERVICES OPERATING FUND

The Emergency Medical Services Operating Fund provides funding for the Emergency Medical Services (EMS) Division comprised of all below-the-line items in this program. Traditionally, these programs were funded exclusively from the EMS Operating Fund, however, the Legislature chose to provide a supplemental appropriation to this division of \$175,000 from the General Fund.

FTE Positions - The approved amount includes the elimination of 5 unfunded FTE positions from the Emergency Medical Services Operating Fund.

Personal Services - The approved amount is based upon a 1% vacancy factor and \$7,000 in vacancy savings. The approved amount also includes an additional \$21,800 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$2,400 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$3,100 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$62,600 for the state share of employee medical and dental insurance payments, which will be transmitted to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes a total of \$0 for the payment of risk management premiums, which reflects a reduction of \$17,200 authorized by Section 104 of the General Appropriation Act.

EMS Provider Contracts - Provides state grants for emergency receiving facilities, ambulance services, and rescue services.

Arizona Poison Control - Provides for a statewide system of poison information, education and treatment services. This program is conducted by the University of Arizona, College of Pharmacy, which also contributes financial support. The Poison Control Center receives approximately 70,000 calls per year, many concerning children, and a sizable number from medical personnel seeking treatment advice for their patients.

State EMS Special Projects - At the regional level, primary concern is with upgrading EMS training and documentation and evaluation of clinical performances of pre- and post-hospital phases of EMS delivery.

Ambulance Replacement - Provides funding to upgrade and maintain ambulance services in the rural areas, through the purchase of new ambulances.

DEPARTMENT OF HEALTH SERVICES - EMS/HEALTH CARE FACILITIES (Cont'd)
GENERAL FUND AND EMERGENCY MEDICAL SERVICES OPERATING FUND

EMSCOM Development - Provides funding for replacement and upgrading of the central communications system components.

EMS Regional Coordinating System - Provides funding of \$24,550 for each of 4 local Regional Coordinating Councils that coordinate and plan for the provision of local EMS programs.

**DEPARTMENT OF HEALTH SERVICES -
DISEASE PREVENTION SERVICES**

A.R.S. § 36-103

Jack Dillenberg, Acting Director

JLBC Analyst: Bradley

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--------------------------------------|-------------------|-------------------------|--------------------------------|
| FTE Positions | 76.0 | 76.0 | 69.2 |
| Personal Services | 1,558,900 | 1,492,000 ^{1/} | 1,808,600 |
| Employee Related Expenditures | 395,900 | 404,200 ^{1/} | 399,900 |
| Professional & Outside Services | 68,200 | 97,800 | 106,200 |
| Travel - In State | 53,200 | 75,800 | 82,200 |
| Travel - Out of State | 10,600 | 8,000 | 8,000 |
| Other Operating Expenditures | 380,300 | 434,200 ^{1/} | 519,700 |
| Equipment | 70,800 | 36,200 | 24,200 |
| All Other Operating Expenditures | 583,100 | 652,000 | 740,300 |
| OPERATING SUBTOTAL | 2,537,900 | 2,548,200 | 2,948,800 |
| TB Provider Hospital Care | 732,700 | 873,300 | 873,300 |
| Sexually Transmitted Disease Control | 66,800 | 76,800 | 76,800 |
| AIDS Reporting and Surveillance | 114,300 | 125,000 | 125,000 |
| Vaccines | 2,023,500 | 2,125,100 | 2,125,100 |
| Kidney Program Dialysis Care | 77,800 | 100,000 | 100,000 |
| Health Effects Studies - West | 113,000 | 159,100 | -0- |
| Chronic Disease Surveillance | 171,600 | 194,900 | -0- |
| TOTAL APPROPRIATIONS | 5,837,600 | 6,202,400 | 6,249,000 ^{2/} |

Program Description - *The Disease Prevention Division provides statewide epidemiological services, including tracking of disease incidence, vaccinations, public information dissemination, special health studies, and reaction to possible epidemic situations.*

FTE Positions - The approved amount includes a reduction of 2.8 FTE positions to bring the program's current vacancy factor in line with the standard vacancy factor for a program with this number of FTE positions. An additional 4 FTE positions were eliminated in the Health Effects Studies - West line item.

Personal Services - The approved amount is based upon a 1.5% vacancy factor and \$27,500 in vacancy savings. The approved amount also includes an additional \$52,000 to annualize the cost of the April 1993 general salary adjustment.

The approved amount also includes an additional \$136,500 transferred from the Chronic Disease Surveillance line item. The remaining difference between the FY 1993 and FY 1994 appropriation is due to the restoration of one-time savings that were transferred from the original FY 1993 appropriation (see footnote 1).

(Continued)

^{1/} The amount shown reflects the adjustments made to the original FY 1993 appropriation by Laws 1993, Chapter 215, (H.B. 2248).

^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the program, with special line items. The line items within the "Operating Subtotal" are shown for information only.

DEPARTMENT OF HEALTH SERVICES - DISEASE PREVENTION SERVICES (Cont'd)
GENERAL FUND

Employee Related Expenditures - The approved amount includes: a) an additional \$5,700 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$8,100 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

Tuberculosis Provider Hospital Care and Tuberculosis Control Subventions - Provides for reimbursement to contract with hospitals and physicians for the care of hospitalized tuberculosis patients, and for assistance to all county health departments for local tuberculosis control programs.

Kidney Program Dialysis Care - Reimburses provider hospitals and licensed dialysis centers the transportation and medication costs of patients ineligible for other public assistance.

Sexually Transmitted Disease Control - Provides assistance to local venereal disease control programs.

AIDS Reporting and Surveillance - Provides a data base system to track the incidence of AIDS and AIDS related conditions.

Vaccines - Provides funding for the purchase of vaccines for the state immunization program. The funding does not provide staff for the administration of vaccines to clients, as this is the responsibility of other entities.

Health Effects Study - West - Funding for this special study was eliminated due to the completion of the study. Any unused portion of the \$600,000 of prior year non-reverting funds for this purpose are still available, if necessary, for follow-up studies.

Chronic Disease Surveillance - The Chronic Disease Surveillance program funding was moved to the operating budget for FY 1994. Therefore, although the line item appears to have been reduced to \$0, there is still \$194,900 of funding which is now located in the various operating budget line items.

DEPARTMENT OF HEALTH SERVICES - FAMILY HEALTH

A.R.S. § 36-103

Jack Dillenberg, Acting Director

JLBC Analyst: Bradley

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|---|-------------------|-------------------------|---------------------------------|
| FTE Positions | 59.9 | 85.7 | 85.7 |
| Personal Services | 1,411,700 | 2,119,300 ^{1/} | 2,273,300 |
| Employee Related Expenditures | 346,900 | 487,900 ^{1/} | 494,400 |
| Professional & Outside Services | 89,000 | 153,600 | 153,600 |
| Travel - In State | 64,500 | 75,100 | 75,100 |
| Travel - Out of State | 2,000 | 2,700 | 2,700 |
| Other Operating Expenditures | 333,600 | 356,900 ^{1/} | 415,800 |
| Equipment | 5,000 | 3,000 | -0- |
| All Other Operating Expenditures | 494,100 | 591,300 | 647,200 |
| OPERATING SUBTOTAL | 2,252,700 | 3,198,500 | 3,414,900 |
| Adult Cystic Fibrosis | 212,600 | 221,400 | 221,400 |
| Adult Sickle Cell Anemia | 69,400 | 69,400 | 69,400 |
| Information/Referral Services | 35,400 | -0- | -0- |
| Children's Rehabilitative Services | 7,276,300 | 8,590,000 ^{1/} | 7,890,000 ^{2/} |
| AHCCCS - Children's Rehabilitative Services | 8,032,300 | 8,708,400 ^{1/} | 8,808,400 ^{2/} |
| Newborn Intensive Care | 3,334,000 | 4,385,900 | 4,385,900 |
| Perinatal Care Services | 137,400 | 257,000 | 257,000 |
| Teen Prenatal Express | 854,300 | 1,081,100 | 1,081,100 |
| Rural Obstetric Services | 145,500 | 195,000 | -0- |
| Medical Malpractice/Obstetrical Services | 122,500 | 205,000 | 280,000 |
| Nutrition Subventions | 299,200 | 330,100 | 330,100 |
| Prenatal Outreach | 73,100 | 200,000 | 200,000 |
| WIC Supplemental | 987,400 | 1,000,000 | 1,000,000 |
| TOTAL APPROPRIATIONS | 23,832,100 | 28,441,800 | 27,938,200 ^{3/} |

(Continued)

- ^{1/} The amounts shown reflect the adjustments made to the original FY 1993 appropriation by Laws 1993, Chapter 215, (H.B. 2248).
- ^{2/} The amounts appropriated for Children's Rehabilitative Services, AHCCCS-Children's Rehabilitative Services, and for federal expenditure authority in the AHCCCS program are intended to cover all indirect, fixed contract, fee-for-services costs, and all other costs of the Children's Rehabilitative Services program in full, unless a transfer of funds is approved by the Joint Legislative Budget Committee. (General Appropriation Act footnote)
- ^{3/} Represents General Appropriation Act funds. Appropriated as a modified lump sum for the program. The line items within "All Other Operating Expenditures" are shown for information only.

DEPARTMENT OF HEALTH SERVICES - FAMILY HEALTH (Cont'd)
GENERAL FUND

Program Description - *The Division of Family Health Services provides non-mental public health programs. The largest program is Children's Rehabilitative Services (CRS) which provides treatment for seriously physically impaired children that would benefit from a team surgical approach. CRS includes children with severe congenital defects, spina bifida, cleft palate, and other serious yet correctable or improvable conditions. Non-CRS programs include prenatal programs, nutrition, dental care and targeted care for specific diseases.*

Personal Services - The approved amount is based upon a 1.5% vacancy factor and \$46,200 in vacancy savings. The approved amount also includes an additional \$64,400 to annualize the cost of the April 1993 general salary adjustment. The remaining difference between the FY 1993 and FY 1994 amounts are the result of the restoration of one-time savings that were transferred from the original FY 1993 appropriation (see footnote 1).

Employee Related Expenditures - The approved amount includes: a) an additional \$7,100 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$10,200 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$200,000 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The difference between the FY 1993 and FY 1994 amounts are the result of the restoration of one-time savings that were transferred from the original FY 1993 appropriation (see footnote 1).

Adult Cystic Fibrosis - Provides contracted care and treatment services for adult residents of the state suffering from cystic fibrosis.

Adult Sickle Cell Anemia - Provides contracted treatment for adults suffering from sickle cell anemia.

Children's Rehabilitative Services (CRS) - CRS provides comprehensive health care to children suffering from handicapping or potentially handicapping conditions. The goal of the program is to provide early diagnosis and treatment including surgical intervention to prevent or substantially ameliorate medical conditions which, if left untreated, would lead to permanent handicaps. Additionally, the program strives, through rehabilitative medical care, to improve the health and quality of life for children suffering from non-preventable handicaps. In addition, the AHCCCS - CRS line item provides state match for federal Title XIX eligible children. This program was transferred from the Arizona Health Care Cost Containment System (AHCCCS) in FY 1992. The following chart shows the total CRS program appropriations for FY 1993 and FY 1994:

| | <u>FY 1993</u> ^{1/} | <u>FY 1994</u> | <u>Change</u> ^{2/} |
|--|------------------------------|---------------------|-----------------------------|
| CRS | \$8,590,000 | \$7,890,000 | \$(700,000) |
| CRS AHCCCS - State Match | 8,708,400 | 8,808,400 | 100,000 |
| CRS AHCCCS - Federal Funds ^{3/} | 11,300,000 | 12,000,000 | 700,000 |
| State Operating Expenditures | 586,800 | 586,800 | -0- |
| TOTAL | <u>\$29,185,200</u> | <u>\$29,285,200</u> | <u>\$100,000</u> |

1/ These numbers reflect the adjustments made to the original FY 1993 appropriation by Laws 1993, Chapter 215, (H.B. 2248).

2/ The changes shown are the result of a continuing shift of clients into the Title XIX program. This trend is expected to continue, although at a reduced rate compared to prior years.

3/ These amounts reflect expenditure authority only. Actual expenditures may vary.

The CRS program has claims presented for payment following the end of each fiscal year. This extension of bills into the next year is commonly referred to as the "tail". It is the intent of the Legislature that the department properly allocate funding to pay for this "tail" and all other program requirements. In other words, the department must manage the program within the appropriation, including the payment of the "tail". The Legislature expressed this intent directly in the General Appropriation Act footnote referred to on the first page of this program section.

(Continued)

DEPARTMENT OF HEALTH SERVICES - FAMILY HEALTH (Cont'd)
GENERAL FUND

Newborn Intensive Care - Provides for transport to and care for newborns in intensive care centers. The AHCCCS program, private insurance, and other third party payors reimburse the state for these services. Therefore, the state ultimately expends funds for only uninsured, "notch group" clients. Newborn intensive care can result in substantial long-term savings by avoiding more serious medical conditions in the patient's future.

Perinatal Health Care - Provides funding for adequate prenatal care for women with incomes below the federal poverty level, but above the Arizona Health Care Cost Containment System (AHCCCS) eligibility cutoff. The term "perinatal" refers to care before, during and immediately after pregnancy.

Teen Prenatal Express Program - Provides funding for prenatal care, hospital delivery and nursing case management for low income pregnant adolescents not enrolled in AHCCCS. This program is a component of the Perinatal Health Care Program. The Teen Prenatal Express program targets high-risk teenagers who might otherwise not seek or receive any prenatal care. The goal is to reduce low-birth weight and other physical problems.

Rural Obstetrical Services - This program has been combined with the Medical Malpractice/Obstetrical line item for FY 1994.

Medical Malpractice/Obstetrical - Formerly, this line item and the Rural Obstetrical Services line item provided financial assistance to physicians and non-profit, community based, non-hospital affiliated primary care clinics performing obstetrical services in federally designated underserved areas in the state. The programs have been combined and it is the intent of the Legislature that DHS target these funds to retaining obstetric providers in rural areas. The total funding was reduced by 30% for FY 1994 due to a decrease in medical malpractice premiums of 30%. This reduction holds constant the percentage of subsidy to providers.

Nutrition Subventions - Provides support to counties participating in the Nutritional Assessment Program, which provides screening, education, counseling and referrals to persons identified as needing nutrition services.

Prenatal Outreach - Provides funding to assist health workers in identifying high risk (low-income, minority and teen) pregnant women and assisting them in obtaining prenatal care early in their pregnancies. The more common name for this program is Un Comienzo Sano, or "A Healthy Start". The state funding provides referral assistance to about 500 low-income families. In addition to the state funding, there is an estimated \$392,000 in federal and private funding which serves approximately 1,000 low-income families.

WIC Supplemental - The Woman, Infants and Children (WIC) program is a federal food assistance program without any state matching requirements. The approved amount provides a supplement to the federal program of \$1,000,000 from the General Fund to supply nutritious foods to high risk pregnant and lactating women, infants and children up to their fifth birthday. The state portion serves approximately 1,900 individuals per month. This is in addition to an estimated \$55,000,000 of federal funding for this program. Total clients served in FY 1994 are expected to be over 60,000 clients per month.

DEPARTMENT OF HEALTH SERVICES - BEHAVIORAL HEALTH

A.R.S. § 36-103

Jack Dillenberg, Acting Director

JLBC Analyst: Bradley

| GENERAL FUND AND OTHER APPROPRIATED FUNDS | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|---|--------------------|--------------------------|----------------------------------|
| FTE Positions ^{1/} | 1,152.0 | 1,134.0 | 1,134.0 |
| Personal Services | 23,973,500 | 25,179,100 ^{2/} | 25,183,600 |
| Employee Related Expenditures | 6,800,100 | 6,896,200 | 5,822,800 |
| Professional & Outside Services | 2,985,400 | 3,422,600 | 3,422,600 |
| Travel - State | 53,400 | 118,300 | 118,300 |
| Travel - Out of State | 10,300 | 13,100 | 13,100 |
| Food | 1,157,900 | 1,104,000 | 751,800 |
| Other Operating Expenditures | 4,401,300 | 4,640,600 ^{2/} | 2,370,800 |
| Equipment | 92,800 | 275,000 | 36,000 |
| All Other Operating Expenditures | 8,701,100 | 9,573,600 | 6,712,600 |
| OPERATING SUBTOTAL | 39,474,700 | 41,648,900 | 37,719,000 |
| Children's Behavioral Health Services | 12,516,000 | 12,288,800 | 12,288,800 ^{3/} |
| EPSDT-DES | -0- | -0- | 1,038,000 |
| Seriously Emotionally Handicapped Children | 3,459,300 | 3,805,800 ^{2/} | 4,332,200 |
| Children's Behavioral Health State Match for Title XIX | 8,881,200 | 9,036,600 ^{2/} | 11,543,300 |
| Prior Year CBH Claim Payments | -0- | 4,700,000 | -0- |
| Seriously Mentally Ill Services | 39,240,700 | 52,414,100 | 55,349,300 |
| Regional Residential/Psychiatric Beds Program | 5,413,500 | 5,713,500 | 5,713,500 |
| Community Geriatric Treatment Beds | -0- | 1,590,000 ^{2/} | 2,190,000 |
| SMI Clozaril Program | 498,000 | 487,100 | 487,100 |
| Mental Health Services | 9,845,300 | 9,745,300 | 9,745,300 |
| Substance Abuse | 13,072,500 | 13,357,100 | 13,357,100 |
| SMI Medications | 2,409,900 | 2,535,800 | -0- |
| Transitional Living Unit | 391,600 | 102,500 ^{2/} | -0- |
| TOTAL | 135,202,700 | 157,425,500 | 153,763,600 ^{4/} |
| Additional Appropriations - | | | |
| 41st Leg., 2nd Special Session | | | |
| Budget Reconciliation; Health, Ch. 6 | -0- | -0- | 2,000,000 |
| General Appropriations; 1992-1993 Fiscal Changes, Ch. 7 | -0- | 3,000,000 | -0- |
| 41st Leg., 1st Reg. Session | | | |
| Health Appropriation, 1992-1993 Fiscal Changes, Ch. 215 | -0- | 3,265,100 | -0- |
| TOTAL APPROPRIATIONS | 135,202,700 | 163,690,600 | 155,763,600 |
| Fund Summary | | | |
| General Fund | 133,247,400 | 146,794,000 | 141,780,400 |
| ASH Disproportionate Share Fund | 1,955,300 | 7,431,500 | 11,983,200 |
| Special Revenue Fund | -0- | 9,465,100 | 2,000,000 |
| TOTAL APPROPRIATIONS | 135,202,700 | 163,690,600 | 155,763,600 |

(See Footnotes on Following Page)

DEPARTMENT OF HEALTH SERVICES - BEHAVIORAL HEALTH (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Program Description - *The Behavioral Health Division administers most mental health services for the state including both adult and children's behavioral health, substance abuse and seriously emotionally handicapped children. The division also operates the Arizona State Hospital (ASH) which provides primarily residential treatment to both adults and children and the Southern Arizona Mental Health Center (SAMHC) which provides primarily outpatient treatment services. Most services are provided through contracts with 6 Regional Behavioral Health Authorities (RBHA's) which then subcontract for provision of services with a provider network.*

Personal Services - The approved amount is based upon a 3% vacancy factor and \$778,900 in vacancy savings. The approved amount also includes an additional \$851,600 to annualize the cost of the April 1993 salary adjustment. The remaining difference between FY 1993 and FY 1994 are due to the deletion of a one-time supplemental appropriation for the Arizona State Hospital (see footnote 2).

Employee Related Expenditures - The approved amount includes: a) an additional \$93,700 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$113,300 from the General Fund as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes \$2,607,000 from the General Fund for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount reflects a reduction of \$2 million due to offsets available from non-appropriated fund sources. The offsets are: \$1.5 million from Medicaid recoveries for services provided at the Arizona State Hospital (ASH) during FY 1994; and \$500,000 from Medicaid recoveries and other revenues for services provided at the Southern Arizona Mental Health Center (SAMHC) during FY 1994. These offsets are used at ASH and SAMHC for operating costs in the same proportion in which they are earned.

Equipment - The approved amount includes funding for 2 copiers, one at SAMHC and one in the division office, and the purchase of a vehicle for the SAMHC facility.

Children's Behavioral Health Delivery System (CBHDS) - The funding provided by the special line items shown below represents the appropriations for the CBHDS. The goal of these programs is to provide comprehensive behavioral health care to all eligible children.

(Continued)

(Footnotes Continued From Previous Page)

- 1/ The FTE Positions total includes 91 FTE positions in FY 1992 and 14 FTE positions in FY 1993, funded in the special line items. For FY 1994, all FTE positions are funded in the operating budget.
- 2/ The amount shown reflects the adjustments made to the original FY 1993 appropriation by Laws 1993, Chapter 215, (H.B. 2248).
- 3/ The amount appropriated for Children's Behavioral Health Services shall be used to provide services for non-Title XIX eligible children. The amount shall not be used to pay for either federally or non-federally-reimbursed services for Title XIX eligible children, unless a transfer of monies is approved by the Joint Legislative Budget Committee. (General Appropriation Act footnote)
- 4/ Represents General Appropriation Act funds. Appropriated as a modified lump sum for the program. The line items within "All Operating Expenditures" are shown for information only.

DEPARTMENT OF HEALTH SERVICES - BEHAVIORAL HEALTH (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

The following chart depicts funding for this program:

| | |
|--|--------------------------------|
| Children's Behavioral Health Services | |
| These funds provide for prevention programs and for treatment of Non-Title XIX eligible children. | \$12,288,800 |
| Seriously Emotionally Handicapped Children | |
| These funds provide for a portion of the cost of residential treatment and educational services for children referred by school districts. Referrals are based on the inability to educate the children in a conventional school environment due to a serious emotional handicap. Funding is also provided for this program through the State Department of Education and local school districts. This is the same amount as the original FY 1993 appropriation. The \$526,400 difference is the result of the restoration of a one-time transfer out of funding (see Laws 1993, Chapter 215). | 4,332,200 |
| Children's Match XIX | |
| This is the General Fund portion for providing treatment to Title XIX eligible children. This represents a \$4 million increase in new funds and a \$1 million increase due to a transfer of funding formerly displayed in the AHCCCS program budget. Of this \$5 million, \$2,493,300 was provided in a FY 1993 supplemental. Please see section below for further discussion. | 11,543,300 |
| EPSDT-DES | |
| EPSDT is the acronym for Early Periodic Screening, Diagnosis and Treatment, and is synonymous with Title XIX Children's Behavioral Health. The EPSDT-DES line item provides funding for the state portion of costs for Title XIX eligible children referred from the Department of Economic Security (DES). This is the same amount as the FY 1993 original appropriation. The FY 1993 amount on the front page reflects a one-time transfer of this funding to Children's Title XIX Match. | 1,038,000 |
| AHCCCS-EPSDT-Federal Funds | |
| This is the estimated amount of federal funds that will be received for providing treatment to Title XIX eligible children. | 45,000,000 |
| Other Agency Charges for State Match | |
| Clients are also referred by other state agencies and some counties for Title XIX behavioral health services. These agencies and counties are then charged by DHS for the state share of costs. The estimate for FY 1994 is \$2,800,000 from the Department of Economic Security, \$500,000 from the Courts, \$50,000 from the Department of Youth Treatment and Rehabilitation, and \$272,300 from counties. | <u>3,622,300</u> ^{1/} |
| TOTAL | <u>\$77,824,600</u> |

(Continued)

^{1/} Included in this amount are 3 counties (Maricopa, Pima and Yuma) that contribute to state match requirements, estimated at \$272,300.

DEPARTMENT OF HEALTH SERVICES - BEHAVIORAL HEALTH (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

The total expenditures on children's behavioral health programs by the state may actually approach or exceed \$85 million in FY 1994. The Courts, the Department of Youth Treatment and Rehabilitation, and the Department of Economic Security, and some counties also expend funds for children's behavioral health services. Although the table shows most of the expenditures of these agencies for Title XIX services, the expenditures for non-Title XIX, or subvention services, are not reflected. In addition, the numbers shown above reflect only contracted costs, while there are substantial administrative expenses within the department that are not included. Substance abuse programs and other such programs with a mental health component are also not included.

Children's Behavioral Health Title XIX State Match (CBHXIX Match) and Prior Year CBH Claims - The CBHXIX Match for FY 1992, estimated FY 1993, and the appropriations for FY 1994 are shown in the table below.

Children's Behavioral Health - Title XIX State Match

| | <u>FY 1992</u> | <u>Estimated FY 1993</u> | <u>Estimated FY 1994</u> |
|---------------------------------|----------------------------|------------------------------|------------------------------|
| CBHXIX Appropriation | \$6,768,900 | \$6,543,300 | \$11,543,300 |
| EPSDT-DES | 775,000 | 1,038,000 ^{1/} | 1,038,000 |
| AHCCCS EPSDT Medicines | 1,000,000 | 900,000 ^{2/} | -0- |
| SEHC Transfer | 776,500 | 526,400 ^{1/} | -0- |
| JLBC-Approved Transfers | 1,173,100 | -0- | -0- |
| Other Transfers | 287,700 | 1,007,100 ^{1/} | -0- |
| EPSDT Admin. Adjustments | 619,700 | -0- | -0- |
| Other Agency Charges | 2,005,500 | 3,350,000 | 3,350,000 |
| Entity Recoveries | 4,700,00 ^{3/} | 400,000 ^{3/} | -0- |
| ASH Billings | 377,500 | -0- | -0- |
| ASH Title-XIX Recovery | -0- | 3,000,000 ^{4/} | -0- |
| SAMHC Revenue | -0- | 500,000 ^{5/} | -0- |
| County IGA Funds | -0- | 272,300 ^{2/} | 272,300 |
| Federal Recoveries Supplemental | -0- | 1,186,900 ^{1/} | -0- |
| General Fund Supplemental | -0- | 1,500,000 ^{1/} | -0- |
| Total | <u>\$18,483,900</u> | <u>\$20,224,000</u> | <u>\$16,203,600</u> |

- ^{1/} This amount reflects the supplementals and transfers made by Laws 1993, Chapter 215, (H.B. 2248).
^{2/} This amount reflects a transfer made through an intergovernmental agreement between AHCCCS and DHS and other executive actions.
^{3/} Laws 1992, Chapter 287, 2nd Regular Session appropriated \$4.7 million of funds recovered from Administrative Entities for use for CBHXIX Match for FY 1992 claims, and all remaining recoveries for use for FY 1993 CBHXIX Match claims.
^{4/} This amount reflects the supplemental appropriation made by Laws 1993, Chapter 7, (H.B. 2009), Second Special Session, consisting of Medicaid recoveries from ASH, \$1 million from FY 1992 and \$1.5 million from FY 1993. The amount also includes an additional \$500,000 of Medicaid recoveries from ASH from FY 1992 as added by Laws 1993, Chapter 215, (H.B. 2248).
^{5/} This amount reflects Medicaid recoveries and other revenues from SAMHC during FY 1993 that were appropriated for Children's Behavioral Health as a supplemental by Laws 1993, Chapter 7, (H.B. 2009), Second Special Session.

Seriously Mentally Ill (SMI) Funding - SMI is a population of adult patients that have more serious and persistent mental illness than those funded through the Mental Health Services line item. SMI determination is made based upon a "SMI checklist" developed by the department. SMI funding is divided into several special line items.

DEPARTMENT OF HEALTH SERVICES - BEHAVIORAL HEALTH (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

The following table depicts state expenditures and estimated federal revenue only. The counties also expend considerable funds for SMI treatment, however, these amounts are not shown.

| | |
|--|---------------------------------------|
| Seriously Mentally Ill Services - These funds are used to provide treatment to both Title XIX and non-Title XIX adults that enter the state mental health system. Total funding for this line item did not actually increase, but the SMI Medicines and Transitional Living Unit line items were combined into SMI Services. | \$55,349,300 |
| Community Geriatric Treatment Beds - The approved amount is for approximately 42 community geriatric psychiatric treatment beds. These beds are funded in order to reduce the census at the Arizona State Hospital by moving some geriatric patients into community care. | 2,190,000 |
| Regional Residential/Psychiatric Beds Program - The approved amount includes funding for the regional beds program which is designed to reduce growth in the Arizona State Hospital (ASH) census by developing secure residential/in patient alternatives in local areas. These smaller (usually 6 bed capacity) facilities allow for short-term crisis stabilization which eliminates the need for transportation to metropolitan areas or long-term commitment. These small Psychiatric Hospital Facilities (PHF's) have traditionally been referred to as "Puffs" based on their original acronym. | 5,713,500 |
| SMI Clozaril Program - The approved amount is for the purchase of clozapine (brand name is "Clozaril") and lab services for treatment of persistent debilitating mental illness which has resisted other psychotropic therapy treatments. Lab expenses are incurred because treatment with Clozaril requires frequent blood testing and monitoring. | 487,100 |
| County Intergovernmental Agreements (IGA's) - Maricopa, Pima and Yuma Counties provide funding to the state for mental health services. These funds then "draw down" a federal match and are returned to the originating county by contracting with the county as a mental health provider. | 17,000,000^{1/} |
| AHCCCS-Adult Mental Health - Federal Funds - This is the estimated amount of federal funds that will be received for providing treatment to Title XIX eligible adult SMI clients. This federal expenditure authority is shown in the AHCCCS program. | <u>32,000,000^{2/}</u> |
| TOTAL | <u>\$112,739,900</u> |

^{1/} The amount shown is an estimate only. County IGA's are established with Maricopa, Pima, and Yuma counties for the provision of mental health services.

^{2/} The amount shown reflects federal expenditure authority. The actual expenditure of federal funds may vary.

In addition to the amounts shown in the table, the state also expends funds for administrative costs and for the Arizona State Hospital, and the Southern Arizona Mental Health Center which provide some services to SMI clients.

Mental Health Services - The approved amount provides funding for non-Seriously Mentally Ill adults. These services tend to be more acute than the SMI program and are not currently included in the Title XIX program. It is expected that these services will be covered by Title XIX effective October 1, 1994, which will have a significant impact on FY 1995 funding levels.

Substance Abuse - The approved amount provides funding for drug and alcohol abuse services throughout the state.

SMI Medications - Funding for this line item has been combined into the SMI Services line item.

(Continued)

DEPARTMENT OF HEALTH SERVICES - BEHAVIORAL HEALTH (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Transitional Living Unit - This program had provided funding for graduated steps of care between the hospital treatment unit and the living situation in the community. This program was located on the grounds of the Arizona State Hospital and had a 16 bed capacity. The program is now operated by private providers and these funds are used to support those contracts. The funding has been transferred to the SMI Services line item to reflect this change.

Arizona State Hospital Disproportionate Share Fund - The following table illustrates payments to, and appropriations from, the ASH Disproportionate Share Fund. The italics under FY 1993 are changes that were made by Laws 1993, Chapter 6, H.B. 2007, Second Special Session.

Arizona State Hospital Disproportionate Share Fund

| <u>FY 1992</u> | <u>Change</u> | <u>DSF Balance</u> |
|---|----------------------|---------------------------|
| General Fund to DSF | \$2,128,800 | \$2,128,800 |
| Federal Payment to DSF | 3,564,600 | 5,693,400 |
| Less: Appropriations to DHS ^{1/} | (1,955,300) | 3,738,100 |
| <u>FY 1993</u> | | |
| General Fund to DSF (<i>originally from DHS, now from AHCCCS</i>) ^{2/} | 1,942,000 | 5,680,100 |
| Federal Payment to DSF | 3,751,400 | 9,431,500 |
| Less: Appropriation for Capital Imp. at ASH | (2,000,000) | 7,431,500 |
| Less: Appropriation for ASH Operations | (7,431,500) | -0- |
| <i>Added General Fund to DSF ^{2/}</i> | <i>1,072,700</i> | <i>1,072,700</i> |
| <i>Added Federal Payment to DSF ^{2/}</i> | <i>2,072,200</i> | <i>3,144,900</i> |
| <u>FY 1994</u> | | |
| AHCCCS General Fund Payment to DSF | 1,942,000 | 5,086,900 |
| Federal Payment to DSF | 3,751,400 | 8,838,300 |
| AHCCCS General Fund Payment to DSF | 1,072,700 | 9,911,000 |
| Federal Payment to DSF | 2,072,200 | 11,983,200 |
| Less: Appropriation to DHS | (11,983,200) | -0- |

^{1/} DHS was required to revert \$1,955,300 from their FY 1992 General Fund operating appropriation. Therefore appropriation balances out the equal reversionment, and zero is the net impact for FY 1992.

^{2/} Reflects changes made by Laws 1993, Chapter 6, (H.B. 2007), Second Special Session.

ADDITIONAL APPROPRIATIONS

Health Appropriations: 1992-1993 Fiscal Changes - Chapter 215 (H.B. 2248) and FY 1993 Supplemental Appropriations - Chapter 7 (H.B. 2009), 2nd Special Session - The Children's Behavioral Health State Match for the Title XIX program (CBHXIX) and the Arizona State Hospital (ASH) both experienced funding shortfalls for FY 1993. The CBHXIX program had a shortfall of \$8,996,300 due to increase client population and higher than expected costs. The shortfall at ASH was \$1,968,000, and was caused by higher than expected population, delays in placing geriatric patients into the community, and a lack of adequate fiscal controls. The shortfalls were covered by a combination of: 1) Laws 1993, Chapter 7, (H.B. 2009), Second Special Session; 2) Laws 1993, Chapter 215, (H.B. 2415); and 3) actions of the Executive branch that did not require legislation. The two tables below detail these corrective actions.

DEPARTMENT OF HEALTH SERVICES - BEHAVIORAL HEALTH (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Children's Behavioral Health Title XIX State Match

| | |
|---|--------------------|
| Estimated Total State Match Requirement | \$18,889,600 |
| Less: Original Appropriation | (6,543,300) |
| Less: Other Agency Charges | <u>(3,350,000)</u> |
| Total Shortfall | <u>\$8,996,300</u> |

Corrective Actions

| | | |
|--|---------------------------|------------------------|
| Supplemental Appropriation from ASH and SAMHC Recoveries | \$2,015,600 ^{1/} | Ch. 7, 2nd Sp. Session |
| Transfer from AHCCCS EPSDT-Medicines | 900,000 | Executive Action |
| Use County IGA Funds | 272,300 | Executive Action |
| Use Surplus Entity Recovery Funds | 400,000 | Prior Legislation |
| Supplemental Appropriation from ASH Recoveries | 150,000 ^{2/3/} | Ch. 215 |
| Supplemental Appropriation from Prior Year Non-Reverting Funds | 78,200 ^{3/} | Ch. 215 |
| Federal Recoveries Supplemental Appropriation | 1,186,900 ^{3/} | Ch. 215 |
| General Fund Supplemental Appropriation | 1,500,000 ^{3/} | Ch. 215 |
| Transfer from EPSDT-DES | 1,038,000 | Ch. 215 |
| Transfer from Seriously Emotionally Handicapped Children | 526,400 | Ch. 215 |
| Intra-Departmental Transfers | <u>928,900</u> | Ch. 215 |

Total - Corrective Actions \$8,996,300

- ^{1/} The actual amount contained in the legislation was \$3 million. However, the amount shown is the portion of the \$3 million expected to be recovered by the end of the fiscal year, and therefore, available for payment of bills. Any additional recoveries will be available to cover any increase shortfalls, or will revert to the General Fund.
- ^{2/} The actual amount contained in the legislation was \$500,000. However, the amount shown is the portion of the \$500,000 expected to be recovered by the end of the fiscal year, and therefore, available for payment of bills. Any additional recoveries will be available to cover any increase shortfalls, or will revert to the General Fund.
- ^{3/} These amounts represent new supplemental funding. When added together they equal the \$3,265,100 shown on the program page, if you count as ASH recoveries at \$500,000 as discussed in footnote 2.

Arizona State Hospital

FY 1993 Shortfall \$1,968,000

Corrective Actions

| | | |
|--|---------------|------------------|
| Title XIX Administrative Recoveries | \$1,000,000 | Executive Action |
| Transfer from Community Geriatric Treatment Beds | 600,000 | Ch. 215 |
| Transfer from Transitional Living Unit | 296,900 | Ch. 215 |
| Intra-Departmental Transfers | <u>71,100</u> | Ch. 215 |

Total - Corrective Actions \$1,968,000

(Continued)

DEPARTMENT OF HEALTH SERVICES - BEHAVIORAL HEALTH (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

ADDITIONAL LEGISLATION

Health Care Finance Omnibus Reconciliation Bill - Chapter 6 (H.B. 2007), 2nd Special Session - The legislation appropriated the first \$1,500,000 of Medicaid recoveries from the Arizona State Hospital (ASH) for services provided in FY 1994 into the Special Revenue Fund, appropriated the first \$500,000 of Medicaid recoveries and other revenues from the Southern Arizona Mental Health Center (SAMHC) for services provided during FY 1994 to the Special Revenue Fund, then appropriated \$2 million from the Special Revenue Fund to the department as an offset to the operating costs of ASH and SAMHC. The legislation also amended the original FY 1993 Disproportionate Share funding plan for the state to reflect additional federal revenues that were received, above the amount originally expected. The act also amended the placement of state matching funds for the Disproportionate Share Program by placing all state match in AHCCCS and removing the state match previously located in the DHS appropriation. For a detailed account of the effects of Disproportionate Share Funds on DHS, please refer to the table under "Arizona State Hospital Disproportionate Share Fund."

**DEPARTMENT OF HEALTH SERVICES -
DIVISION OF LABORATORY SERVICES**

A.R.S. § 36-103

Jack Dillenberg, Acting Director

JLBC Analyst: Bradley

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|-------------------------|--------------------------------|
| FTE Positions ^{1/} | 60.0 | 60.0 | 60.0 |
| Personal Services | 1,460,700 | 1,412,900 ^{2/} | 1,504,000 |
| Employee Related Expenditures | 377,200 | 421,400 ^{2/} | 331,300 |
| Professional & Outside Services | 9,000 | 3,000 | 3,000 |
| Travel - In State | 14,300 | 22,200 | 22,200 |
| Travel - Out of State | 4,600 | 11,400 | 11,400 |
| Other Operating Expenditures | 491,300 | 535,200 ^{2/} | 529,000 |
| Equipment | 99,800 | 204,400 | 391,900 |
| All Other Operating Expenditures | 619,000 | 776,200 | 957,500 |
| OPERATING SUBTOTAL | 2,456,900 | 2,610,500 | 2,792,800 |
| Blood and Alcohol Program | 61,500 | -0- | -0- |
| TOTAL APPROPRIATIONS | 2,518,400 | 2,610,500 | 2,792,800 ^{3/} |

Program Description - The Division of Laboratory Services provides laboratory testing for other state agencies in addition to water testing, public health tests, and other health related testing. The division also monitors and evaluates the quality of laboratory testing statewide.

Personal Services - The approved amount is based upon a 1.5% vacancy factor and \$22,900 in vacancy savings. The approved amount also includes an additional \$45,100 to annualize the cost of the April 1993 general salary adjustment.

The remaining difference between the FY 1993 and FY 1994 appropriated amounts is attributable to the restoration of a one-time transfer out from the original FY 1993 appropriation (see footnote 2).

Employee Related Expenditures - The approved amount includes: a) an additional \$5,000 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$6,800 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$140,100 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

^{1/} The FTE Positions total includes 2 FTE positions in FY 1992 funded in the Blood and Alcohol special line item.

^{2/} The amount shown reflects the adjustments made to the original FY 1993 appropriation by Laws 1993, Chapter 215, (H.B. 2248).

^{3/} Represents General Appropriation Act funds. Appropriated as a lump sum for the program. The line items are shown for information only.

ARIZONA COUNCIL FOR THE HEARING IMPAIRED

A.R.S. § 36-1941

Stuart R. Brackney, Executive Director

JLBC Analyst: Reddy

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|------------------------------|
| FTE Positions | 5.0 | 5.0 | 5.0 |
| Personal Services | 118,800 | 130,000 | 133,800 |
| Employee Related Expenditures | 31,900 | 30,400 | 34,100 |
| Professional & Outside Services | 7,500 | 8,100 | 8,100 |
| Travel - In State | 2,100 | 3,000 | 3,000 |
| Travel - Out of State | 1,800 | 2,000 | 2,000 |
| Other Operating Expenditures | 25,700 | 25,300 | 26,300 |
| Equipment | 14,200 | -0- | -0- |
| All Other Operating Expenditures | 51,300 | 38,400 | 39,400 |
| TOTAL APPROPRIATIONS | 202,000 | 198,800 | 207,300 ^{1/} |

Agency Description - The agency acts as an information and referral resource for the deaf and hard of hearing and administers a statewide telephone access program. The agency also provides educational materials to the general public.

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount also includes an additional \$3,800 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$500 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$600 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$17,800 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes: a) a total of \$1,500 for the payment of risk management premiums, which reflects an additional \$1,000 authorized by Section 104 of the General Appropriation Act.

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.

ARIZONA COMMISSION OF INDIAN AFFAIRS

A.R.S. § 41-541

Tony Machukay, Executive Director

JLBC Analyst: Reddy

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|------------------------------|
| FTE Positions | 4.0 | 4.0 | 4.0 |
| Personal Services | 99,200 | 98,600 | 101,600 |
| Employee Related Expenditures | 25,100 | 22,300 | 24,900 |
| Travel - In State | 5,400 | 7,000 | 6,800 |
| Travel - Out of State | 600 | -0- | -0- |
| Other Operating Expenditures | 19,400 | 28,000 | 27,900 |
| Equipment | 10,100 | -0- | -0- |
| All Other Operating Expenditures | 35,500 | 35,000 | 34,700 |
| TOTAL APPROPRIATIONS | 159,800 | 155,900 | 161,200 ^{1/} |

Agency Description - The agency studies policy issues affecting the Indian tribes, attempts to facilitate better working relationships between the tribes and government agencies, and promotes an understanding of Indian history and culture through statewide forums and other educational activities.

Personal Services - The approved amount includes a 0% vacancy factor. The approved amount also includes an additional \$3,000 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$400 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$500 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$12,300 for the state share of the employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Travel-In State - The approved amount includes a reduction of \$200 to reflect actual expenditures.

Other Operating Expenditures - The approved amount includes a total of \$700 for risk management premiums, which reflects an additional \$200 authorized by Section 104 of the General Appropriation Act, and b) a total of \$15,400 for the rent of state-owned space, a reduction of \$300.

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.

ARIZONA PIONEERS' HOME

Doris Marlowe, Superintendent

A.R.S. § 41-921

JLBC Analyst: Cawley

| GENERAL FUND AND MINERS' HOSPITAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|---|---------------------------|-----------------------------|---------------------------------|
| FTE Positions | 110.0 | 107.4 | 107.4 |
| Personal Services | 2,032,400 | 2,017,400 | 2,097,300 |
| Employee Related Expenditures | 598,200 | 608,300 | 683,200 |
| Food | -0- | -0- | 185,000 |
| All Other Operating Expenditures | -0- | -0- | 185,000 |
| TOTAL APPROPRIATIONS | 2,630,600 | 2,625,700 | 2,965,500 ^{1/2} |
| <u>Fund Summary</u> | | | |
| General Fund | 2,630,600 | 2,625,700 | 1,769,600 |
| Miners' Fund | -0- | -0- | 1,195,900 |
| TOTAL APPROPRIATIONS | 2,630,600 | 2,625,700 | 2,965,500 |

Agency Description - *The Pioneers' Home provides a home and long-term nursing and medical care for Arizona pioneers and long-time residents and disabled miners.*

Personal Services - The approved amount is based upon a 2% vacancy factor and \$24,400 in vacancy savings from the General Fund and \$18,400 in savings from Other Appropriated Funds. The approved amount also includes an additional \$46,000 from the General Fund and \$34,700 from Other Appropriated Funds to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$8,500 from the General Fund and \$6,300 from Other Appropriated Funds to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$5,400 from the General Fund and \$4,100 from Other Appropriated Funds as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$174,200 from the General Fund and \$131,600 from Other Appropriated Funds for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

(Continued)

- ^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.
- ^{2/} In addition to the amounts appropriated, earnings on state lands and interest on the investment of the permanent land funds are appropriated for the Pioneers' Home and the hospital for disabled miners in compliance with the Enabling Act and the Constitution. (General Appropriation Act footnote)

ARIZONA PIONEERS' HOME (Cont'd)
GENERAL FUND AND MINERS' HOSPITAL FUND

Food - Prior to FY 1992, food costs were paid by General Fund monies. For FY 1992 and FY 1993, food costs have been covered by the non-appropriated Pioneers' Home State Charitable Earnings Fund. As anticipated, this non-appropriated fund revenue has now been expended down to a very low balance, approximately \$100,000; thereby, requiring the need for food expenditures to be covered by appropriated monies.

Miners' Fund - This fund was established through Section 25 of the Arizona's Enabling Act. The fund was created to provide a continuous source of monies for a miners' hospital for disabled miners. Monies are received from interest on the Miners' Hospitals for Disabled Miners Fund and from the rental of these lands and property. The projected FY 1994 carry forward balance is \$7,410,900. The appropriated amount reflects the new revenue projected to be earned in FY 1994.

ARIZONA RANGERS' PENSIONS**A.R.S. § 41-951**

JLBC Analyst: Reddy

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|---------------------------|-----------------------------|-----------------------------|
| FTE Positions | 0.0 | 0.0 | 0.0 |
| Other Operating Expenditures | 9,200 | 9,500 | 9,800 |
| All Other Operating Expenditures | 9,200 | 9,500 | 9,800 |
| TOTAL APPROPRIATIONS | 9,200 | 9,500 | 9,800 ^{1/} |

Agency Description - Provides a monthly benefit for retired rangers and their surviving spouses.

The approved amount includes a 2.7% adjustment for inflation, as per the provisions of A.R.S. § 41-951B. The pension for the remaining sole survivor is approximately \$817 per month.

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line item is shown for information only.

ARIZONA VETERANS' SERVICE COMMISSION - SUMMARY

A.R.S. § 41-602

Norman O. Gallion, Director

JLBC Analyst: Siegwarth

| GENERAL FUND AND OTHER APPROPRIATED FUNDS | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|-------------------|---------------------|--------------------------------|
| <u>Program Summary</u> | | | |
| Veterans' Affairs | 739,800 | 750,600 | 797,400 |
| Veterans' Conservatorship | 330,900 | 391,000 | 428,400 |
| Veterans' Nursing Home | -0- | -0- | 25,000 |
| TOTAL APPROPRIATIONS | 1,070,700 | 1,141,600 | 1,250,800 |
| <u>Expenditure Detail</u> | | | |
| FTE Positions | 34.0 | 35.0 | 36.0 |
| Personal Services | 622,800 | 708,700 | 751,300 |
| Employee Related Expenditures | 163,800 | 185,900 | 196,700 |
| Professional & Outside Services | 300 | -0- | -0- |
| Travel - In State | 24,700 | 28,500 | 28,500 |
| Travel - Out of State | 2,600 | 4,800 | 4,800 |
| Other Operating Expenditures | 193,500 | 168,400 | 199,200 |
| Equipment | 27,000 | 5,300 | 5,300 |
| All Other Operating Expenditures | 248,100 | 207,000 | 237,800 |
| OPERATING SUBTOTAL | 1,034,700 | 1,101,600 | 1,185,800 |
| Special Line Items ^{1/} | 36,000 | 40,000 | 65,000 |
| TOTAL APPROPRIATIONS | 1,070,700 | 1,141,600 | 1,250,800 ^{2/} |
| <u>Fund Summary</u> | | | |
| General Fund | 739,800 | 750,600 | 797,400 |
| Veterans' Conservatorship Fund | 330,900 | 391,000 | 428,400 |
| State Home for Veterans Trust Fund | -0- | -0- | 25,000 |
| TOTAL APPROPRIATIONS | 1,070,700 | 1,141,600 | 1,250,800 |

(Continued)

- ^{1/} Details for the Special Line Items are included on the individual program pages.
- ^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The program and line item detail are shown for information only.

ARIZONA VETERANS' SERVICE COMMISSION - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Agency Description - *The agency assists veterans in developing and filing claims for federal entitlements, acts as a guardian or conservator for incapacitated veterans or their families and supervises state educational and training programs for veterans.*

FTE Positions - The approved amount reflects 1 additional FTE position, a Veterans' Service Officer, and \$22,600 from the General Fund due to caseload growth.

Personal Services - The approved amount is based upon a 1.6% General Fund vacancy factor and \$7,700 in vacancy savings from the General Fund. The approved amount also includes an additional \$15,800 from the General Fund and \$10,500 from Other Appropriated Funds to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$2,200 from the General Fund and \$1,400 from Other Appropriated Funds to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$2,200 from the General Fund and \$1,200 from Other Appropriated Funds as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$58,800 from the General Fund and \$38,100 from Other Appropriated Funds for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes \$5,800 from the General Fund and \$4,300 from Other Appropriated Funds for the payment of risk management premiums. These amounts reflect an additional \$2,300 from the General Fund and \$2,700 from Other Appropriated Funds, as authorized under Section 104 of the General Appropriation Act. The approved amount also includes a total of \$43,300 from the General Fund and \$26,600 from Other Appropriated Funds for rent of private lease space and a total of \$11,900 from the General Fund for the Tucson State Office Building lease-purchase payment.

ARIZONA VETERANS' SERVICE COMMISSION - VETERANS' AFFAIRS A.R.S. § 41-602

Norman O. Gallion, Director

JLBC Analyst: Siegwarth

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|------------------------------|
| FTE Positions | 20.0 | 21.0 | 22.0 |
| Personal Services | 426,900 | 455,200 | 487,300 |
| Employee Related Expenditures | 103,600 | 114,800 | 123,600 |
| Professional & Outside Services | 300 | -0- | -0- |
| Travel - In State | 19,600 | 22,800 | 22,800 |
| Travel - Out of State | 2,600 | 4,800 | 4,800 |
| Other Operating Expenditures | 123,800 | 107,700 | 113,600 |
| Equipment | 27,000 | 5,300 | 5,300 |
| All Other Operating Expenditures | 173,300 | 140,600 | 146,500 |
| OPERATING SUBTOTAL | 703,800 | 710,600 | 757,400 |
| Veterans' Organization Contracts | 36,000 | 40,000 | 40,000 |
| TOTAL APPROPRIATIONS | 739,800 | 750,600 | 797,400 ^{1/} |

Program Description - The division assists veterans, their dependents and/or survivors in developing and filing claims for federal entitlements from the U.S. Department of Veterans Affairs in areas of disability, pension, insurance, and burial.

FTE Positions - The approved amount reflects 1 additional FTE position, a Veterans' Service Officer, and \$22,600 due to caseload growth.

Personal Services - The approved amount is based upon a 1.6% vacancy factor and \$7,700 in vacancy savings. The approved amount also includes an additional \$15,800 to annualize the cost of the April 1993 general salary adjustment and \$16,600 for the new FTE position.

Employee Related Expenditures - The approved amount includes: a) an additional \$2,200 to annualize the cost of the April 1993 general salary adjustment, b) a reduction of \$2,200 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act, and c) an additional \$5,000 for the new FTE position.

The approved amount also includes a total of \$58,800 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

(Continued)

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The program and line item detail are shown for information only.

ARIZONA VETERANS' SERVICE COMMISSION - VETERANS' AFFAIRS (Cont'd)
GENERAL FUND

Other Operating Expenditures - The approved amount includes: a) a total of \$5,800 for the payment of risk management premiums, which reflects an additional \$2,300 authorized by Section 104 of the General Appropriation Act, b) a total of \$43,300 for rent of private lease space, an increase of \$1,500, c) \$11,900 for the Tucson State Office Building lease-purchase payment, an increase of \$1,100, and d) \$1,000 for the new FTE position.

Equipment - The approved amount provides partial funding for the department's 3-year automation plan.

Veterans' Organization Contracts - Provides funding for contracts with Arizona Veterans' organizations that hold charters granted by Congress for the beneficial interest of veterans (A.R.S. § 41-603A).

**ARIZONA VETERANS' SERVICE COMMISSION -
VETERANS' CONSERVATORSHIP**

A.R.S. § 41-602

Norman O. Gallion, Director

JLBC Analyst: Siegwarth

| VETERANS' CONSERVATORSHIP FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|---------------------------------------|---------------------------|-----------------------------|------------------------------|
| FTE Positions | 14.0 | 14.0 | 14.0 |
| Personal Services | 195,900 | 253,500 | 264,000 |
| Employee Related Expenditures | 60,200 | 71,100 | 73,100 |
| Travel - In State | 5,100 | 5,700 | 5,700 |
| Other Operating Expenditures | 69,700 | 60,700 | 85,600 |
| All Other Operating Expenditures | 74,800 | 66,400 | 91,300 |
| TOTAL APPROPRIATIONS | 330,900 | 391,000 | 428,400 ^{1/} |

Program Description - The division acts as guardian of an incapacitated veteran, his or her incapacitated spouse and/or their minor children. A guardian appointment assumes responsibility for financial obligations and physical well-being of the veteran or family member. As conservator of a veteran's estate, the division may also oversee only the veteran's financial obligations. The program is funded through fees charged to the clients served.

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount also includes an additional \$10,500 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$1,400 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$1,200 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$38,100 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes: a) a total of \$4,300 for the payment of risk management premiums, which reflects an additional \$2,700 authorized by Section 104 of the General Appropriation Act, b) a total of \$26,600 for private lease space, which is an increase of \$1,000, and c) an increase of \$21,200 for a computer maintenance contract.

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The program and line item detail are shown for information only.

**ARIZONA VETERANS' SERVICE COMMISSION -
VETERANS' NURSING HOME**

A.R.S. § 41-602

Norman O. Gallion, Director

JLBC Analyst: Siegwarth

| STATE HOME FOR VETERANS TRUST FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|---------------------------------------|-------------------|---------------------|----------------------|
| FTE Positions | 0.0 | 0.0 | 0.0 |
| Other Operating Expenditures | -0- | -0- | -0- |
| All Other Operating Expenditures | -0- | -0- | -0- |
| OPERATING SUBTOTAL | -0- | -0- | -0- |
| Veterans' Nursing Home | -0- | -0- | 25,000 |
| TOTAL APPROPRIATIONS | -0- | -0- | 25,000 ^{1/} |

Program Description - The division will operate and maintain a home for Arizona veterans. Construction of the State Veterans' Nursing Home on the Indian School land is anticipated to begin in FY 1994 with completion estimated in FY 1995 or FY 1996.

Laws 1990, Chapter 203 appropriated \$1,250,000 for FY 1991 and \$1,250,000 for FY 1992 from the state General Fund for deposit with and investment by the State Treasurer to be used for construction of a state veterans' nursing home on the Indian School land, provided that the federal government pays for 65% of the cost of construction. Interest earned on the monies is also appropriated to the Arizona Veterans' Service Commission for such use. These monies, in addition to the \$2,500,000 appropriated in Laws 1989, Chapter 205, complete the total (35%) state matching requirement.

Veterans' Nursing Home - Laws 1992, Chapter 208 (S.B. 1140), provides that of the \$25 fee for a Veteran Special Plate, \$17 will be a donation to the State Home for Veterans Trust Fund. These monies are to be appropriated by the Legislature for the operation and maintenance of state-operated homes for Arizona veterans. The \$25,000 will allow for an expansion of rehabilitation services for the residents.

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The program and line item detail are shown for information only.

INSPECTION AND REGULATION

AGRICULTURAL EMPLOYMENT RELATIONS BOARD

A.R.S. § 23-1386

JLBC Analyst: Bock

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|-------------------|---------------------|---------------------|
| FTE Positions | 4.0 | 3.5 | 0.0 |
| Personal Services | 117,400 | 107,400 | -0- |
| Employee Related Expenditures | 31,000 | 23,700 | -0- |
| Professional & Outside Services | 200 | 11,200 | -0- |
| Travel - In State | 1,700 | 4,200 | -0- |
| Other Operating Expenditures | 9,000 | 17,800 | -0- |
| Equipment | -0- | 2,000 | -0- |
| All Other Operating Expenditures | 10,900 | 35,200 | -0- |
| OPERATING SUBTOTAL | 159,300 | 166,300 | -0- |
| Additional Appropriations - 41st Leg., 1st Reg. Session | | | |
| Agricultural Labor Relations, Ch. 139 | -0- | -0- | 63,600 |
| TOTAL APPROPRIATIONS | 159,300 | 166,300 | 63,600 |

Agency Description - This board receives and investigates complaints of unfair agricultural labor practices, and arbitrates agricultural labor disputes.

Agency Termination - A.R.S. § 41-2992.15 terminated the Agricultural Employment Relations Board as of July 1, 1992. The Legislature did not pass legislation to continue the agency. According to A.R.S. § 41-2956 the agency had 6 months -- until January 1, 1993, -- to conclude its affairs, which it did. The General Appropriation Act did not include any funding for the agency.

ADDITIONAL APPROPRIATIONS

Agricultural Labor Relations - Chapter 139 (S.B. 1245) - This act defines rights of agricultural employers and employees and prohibits certain "unfair labor practices." The act reestablishes the Agricultural Employment Relations Board which is to receive and investigate complaints of unfair labor practices, and may bring cases to formal hearing. For FY 1994, \$63,600 is appropriated from the General Fund. The amount is based on the following line item detail:

| | |
|---------------------------------|-----------------|
| FTE Positions | 1.0 |
| Personal Services | \$32,500 |
| Employee Related Expenditures | 6,100 |
| Professional & Outside Services | 10,000 |
| Travel - In State | 2,500 |
| Other Operating Expenditures | 6,400 |
| Equipment | 6,100 |
| TOTAL | \$63,600 |

(Continued)

AGRICULTURAL EMPLOYMENT RELATIONS BOARD (Cont'd)
GENERAL FUND

The amount for Employee Related Expenditures includes \$2,500 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The Personal Services amount funds an Executive Secretary position, which will be responsible for processing complaints and for all office functions. The Professional and Outside Services amount will be used in part for attorneys, investigations, and clerical assistance as needed. These services were formerly provided by full-time staff.

Except for minor technical corrections, the provisions of Chapter 139 are identical to the statutes which were in place prior to the Agricultural Employment Relations Board's termination in 1992.

ARIZONA DEPARTMENT OF AGRICULTURE - SUMMARY

A.R.S. § 3-101

Keith Kelly, Director

JLBC Analyst: Book

GENERAL FUND AND OTHER APPROPRIATED FUNDS

FY 1992
Actual

FY 1993
Estimate

FY 1994
Approved

Program Summary

| | | | |
|-----------------------|-----------|-----------|-----------|
| Administration | 1,305,400 | 1,260,100 | 1,483,600 |
| Animal Services | 3,903,500 | 3,610,700 | 3,700,000 |
| Plant Industries | 4,194,200 | 4,072,500 | 4,237,100 |
| Chemicals/Environment | 2,406,400 | 1,165,500 | 1,201,200 |
| Agricultural Lab | 1,014,400 | 918,400 | 930,300 |

TOTAL APPROPRIATIONS

| | | |
|------------|------------|------------|
| 12,823,900 | 11,027,200 | 11,552,200 |
|------------|------------|------------|

Expenditure Detail

| | | | |
|---|---------------------|--------------------------|--------------------------|
| FTE Positions | 312.7 ^{1/} | 269.7 ^{2/} | 270.8 ^{2/} |
| Personal Services | 7,766,300 | 5,772,000 | 5,849,700 |
| Employee Related Expenditures | 1,607,600 | 1,578,500 ^{3/} | 1,573,300 |
| Professional & Outside Services | 259,900 | 284,500 | 301,900 |
| Travel - In State | 627,400 | 501,700 | 540,600 |
| Travel - Out of State | 26,900 | 13,700 | 16,400 |
| Other Operating Expenditures | 1,338,300 | 1,502,600 | 1,756,500 |
| Equipment | 66,100 | 28,600 | 46,100 |
| All Other Operating Expenditures | 2,318,600 | 2,331,100 | 2,661,500 |
| OPERATING SUBTOTAL | 11,692,500 | 9,681,600 | 10,084,500 |
| Special Line Items ^{4/} | 1,131,400 | 1,345,600 ^{5/} | 1,267,700 |
| Additional Appropriations ^{4/} | — | — | 200,000 |
| TOTAL APPROPRIATIONS | 12,823,900 | 11,027,200 ^{6/} | 11,552,200 ^{7/} |

Fund Summary

| | | | |
|---|------------|-----------|-----------|
| General Fund | 11,303,100 | 9,261,500 | 9,627,400 |
| Pesticide Fund | 331,800 | 323,900 | 207,000 |
| Commercial Feed Fund | 120,400 | 186,500 | 190,900 |
| Fertilizer Materials Fund | 167,800 | 186,100 | 190,400 |
| Citrus, Fruit, & Vegetable Fund | 722,300 | 838,300 | 894,100 |
| Egg Inspection Fund | 178,400 | 218,900 | 228,800 |
| Aquaculture Fund | 100 | 12,000 | 13,600 |
| Commerce & Economic Development Commission Fund | — | — | 200,000 |

TOTAL APPROPRIATIONS

| | | |
|------------|------------|------------|
| 12,823,900 | 11,027,200 | 11,552,200 |
|------------|------------|------------|

(See Footnotes on Following Page)

ARIZONA DEPARTMENT OF AGRICULTURE - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Agency Description - *The Department of Agriculture administers and enforces agriculture-related statutes, which regulate, protect, and promote Arizona's agricultural industries. The department regulates certain phases of food production (such as milking, butchering, and harvesting) to protect public health and to ensure product quality. The department administers programs to protect livestock and crops from diseases and to protect farm-workers who handle agricultural chemicals. It also tests certain non-food agricultural products to ensure product quality and content, and provides administrative support to several product-promotion groups.*

Personal Services - The approved amount is based upon a 1.5% vacancy factor and \$82,600 in vacancy savings from the General Fund and \$0 in savings from Other Appropriated Funds. The approved amount also includes an additional \$170,600 from the General Fund and \$10,600 from Other Appropriated Funds to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$24,900 from the General Fund and \$1,600 from Other Appropriated Funds to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$24,900 from the General Fund and \$1,300 from Other Appropriated Funds as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$666,300 from the General Fund and \$32,300 from Other Appropriated Funds for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes \$333,300 from the General Fund and \$67,300 from Other Appropriated Funds for the payment of risk management premiums. These amounts reflect an additional \$272,600 from the General Fund and \$55,300 from Other Appropriated Funds, as authorized under Section 104 of the General Appropriations Act. The approved amount also includes an total of \$307,900 from the General Fund and \$16,500 from Other Appropriated Funds for rent of state-owned space, \$38,600 from the General Fund for the Tucson State Office Building lease-purchase payment, and \$302,000 from the General Fund for the Agricultural Laboratory lease-purchase payment.

- 1/ The FTE Positions total includes 25.6 FTE positions funded in the special line items.
- 2/ The FTE Positions total includes 28.6 FTE positions funded in the special line items.
- 3/ Laws 1992, Chapter 7 (H.B. 2009), 2nd Special Session, appropriated \$8,700 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.
- 4/ Details for the special line items and additional appropriations are on the individual program pages.
- 5/ Laws 1992, Chapter 7 (H.B. 2009) 2nd Special Session appropriated \$7,800 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.
- 6/ The expenditure detail for FY 1993 includes a \$100,000 supplemental appropriation authorized by Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session.
- 7/ Represents General Appropriation Act funds. Appropriated as a lump sum for the agency, with special line items. The program detail and the line items within the "Operating Subtotal" are shown for information only.

ARIZONA DEPARTMENT OF AGRICULTURE - ADMINISTRATION

A.R.S. § 3-101

Keith Kelly, Director

JLBC Analyst: Bock

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|-------------------|-------------------------------|-------------------------------|
| FTE Positions | 33.0 | 24.5 | 24.5 |
| Personal Services | 792,400 | 700,500 | 711,700 |
| Employee Related Expenditures | 190,800 | 162,400 | 172,400 |
| Professional & Outside Services | 27,800 | 18,300 | 8,300 |
| Travel - In State | 13,800 | 13,000 | 7,000 |
| Travel - Out of State | 6,900 | 1,800 | 1,800 |
| Other Operating Expenditures | 218,400 | 336,100 | 361,000 |
| Equipment | 49,600 | 21,400 | 21,400 |
| All Other Operating Expenditures | 316,500 | 390,600 | 399,500 |
| OPERATING SUBTOTAL | 1,299,700 | 1,253,500 | 1,283,600 |
| Reduction-In-Force Cost | -0- | 6,600 | -0- |
| Market News | 5,700 | -0- | -0- |
| TOTAL | 1,305,400 | 1,260,100 | 1,283,600 |
| Additional Appropriations - 41st Leg., 1st Reg. Session | | | |
| Arizona Wine Commission, Ch. 40 | — | — | 200,000 |
| TOTAL APPROPRIATIONS | 1,305,400 | 1,260,100^{1/} | 1,483,600^{2/} |

Program Description - This program includes executive management and central business functions as well as the Office of Commodities Development.

Personal Services - The approved amount is based upon a 1% vacancy factor and \$7,200 in vacancy savings. The approved amount also includes an additional \$18,400 to annualize the cost of the April 1993 general salary adjustment.

(Continued)

- ^{1/} The expenditure detail for FY 1993 includes a \$23,000 increase reflecting the supplemental appropriation authorized by Laws 1993, Chapter 7 (H.B. 2002), 2nd Special Session. Of this amount, \$10,000 is allocated to Professional and Outside Services and \$13,000 to Travel - In State.
- ^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency, with special line items. The program detail and the line items within the "Operating Subtotal" are shown for information only.

ARIZONA DEPARTMENT OF AGRICULTURE - ADMINISTRATION (Cont'd)
GENERAL FUND

Employee Related Expenditures - The approved amount includes: a) an additional \$2,700 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$3,200 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$71,200 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes: a) a total of \$35,400 for the payment of risk management premiums, which reflects an additional \$30,300 authorized by Section 104 of the General Appropriation Act, and b) a total of \$81,800 for rent of state-owned space and \$38,600 for the Tucson State Office Building lease-purchase payment.

Reduction-In-Force Cost - This amount was provided in FY 1993 to defray expenses associated with reductions in force. Staff reductions were completed in FY 1993 and the amount is no longer needed.

ADDITIONAL APPROPRIATIONS

Arizona Wine Commission - Chapter 40 (S.B. 1188) - Creates the Arizona Wine Commission to promote wine production and marketing in Arizona. The commission may contract with the Department of Agriculture for administrative support services. The act creates the Wine Promotional Fund, which is not subject to legislative appropriation, and changes provisions relating to existing taxes on wine. For wine produced in the state, half of the existing excise tax will now be deposited to the Wine Promotional Fund rather than to the General Fund. The act appropriates \$200,000 from the Commerce and Economic Development Fund to the Wine Promotional Fund. The appropriation is exempt from lapsing. The monies are to be repaid, although no repayment terms are specified.

Additionally, the act limits expenditures from the Wine Promotional Fund. No more than \$25,000 may be spent for support services provided to the commission by the Department of Agriculture. It is the intent of the Legislature that this ceiling apply only to employees and services provided under an interagency agreement. The ceiling is not to apply to employees the commission employs directly or to services it procures directly.

ADDITIONAL LEGISLATION

Iceberg Lettuce Promotion Council; Termination - Chapter 14 (H.B. 2007) - Eliminates the Arizona Iceberg Lettuce Promotion Council. (The Arizona Iceberg Lettuce Research Council is not affected.)

Grain Research Council; Continuation - Chapter 18 (S.B. 1054) - Continues the Grain Research and Promotion Council until July 1, 2003.

ARIZONA DEPARTMENT OF AGRICULTURE - ANIMAL SERVICES

A.R.S. § 3-101

Keith Kelly, Director

JLBC Analyst: Bock

| GENERAL FUND AND OTHER APPROPRIATED FUNDS | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|---------------------|--------------------------------|--------------------------------|
| FTE Positions | 107.7 ^{1/} | 94.7 ^{2/} | 95.1 ^{3/} |
| Personal Services | 2,304,800 | 2,107,900 | 2,119,700 |
| Employee Related Expenditures | 610,100 | 573,100 | 568,600 |
| Professional & Outside Services | 183,900 | 130,600 | 170,600 |
| Travel - In State | 382,400 | 295,900 | 259,900 |
| Travel - Out of State | 9,600 | 2,500 | 2,500 |
| Other Operating Expenditures | 160,500 | 232,100 | 336,300 |
| Equipment | (1,200) | -0- | -0- |
| All Other Operating Expenditures | 735,200 | 661,100 | 769,300 |
| OPERATING SUBTOTAL | 3,650,100 | 3,342,100 | 3,457,600 |
| Aquaculture | 100 | 12,000 | 13,600 |
| Reduction-In-Force Cost | -0- | 37,700 | -0- |
| Animal Damage Control | 75,000 | -0- | -0- |
| Egg Inspection | 178,400 | 218,900 ^{4/} | 228,800 |
| TOTAL APPROPRIATIONS | 3,903,600 | 3,610,700 ^{5/} | 3,700,000 ^{6/} |
| <u>Fund Summary</u> | | | |
| General Fund | 3,725,000 | 3,379,800 | 3,457,600 |
| Aquaculture Fund | 100 | 12,000 | 13,600 |
| Egg Inspection Fund | 178,400 | 218,900 | 228,800 |
| TOTAL APPROPRIATIONS | 3,903,500 | 3,610,700 | 3,700,000 |

Program Description - This division records livestock brands, investigates livestock losses, and regulates livestock sales, meat and poultry processing, dairy production, egg processing, and aquaculture. It also conducts livestock disease control programs and participates in wild animal damage control efforts.

(Continued)

- ^{1/} The FTE Positions total includes 5.6 FTE positions funded in the Egg Inspection line item.
- ^{2/} The FTE Positions total includes 6.6 FTE positions funded in the Egg Inspection line item.
- ^{3/} The FTE Positions total includes 7.0 FTE positions funded in the Aquaculture and Egg Inspection line items.
- ^{4/} Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$4,000 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.
- ^{5/} The expenditure detail for FY 1993 includes a \$36,000 increase reflecting the supplemental appropriation authorized by Laws 1993, Chapter 7 (H.B. 2002), 2nd Special Session. This amount is allocated to Travel - In State.
- ^{6/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency, with special line items. The line items within the "Operating Subtotal" are shown for information only.

ARIZONA DEPARTMENT OF AGRICULTURE - ANIMAL SERVICES (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

FTE Positions - The increase of 0.4 FTE position reflects the inclusion of the staff associated with the Aquaculture special line item.

Personal Services - The approved amount is based upon a 2% vacancy factor and \$43,300 in vacancy savings. The approved amount also includes an additional \$66,200 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$9,700 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$9,500 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$252,900 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The sum of \$40,000 is restored for analysis of dairy product samples. The amount was eliminated in the FY 1993 lump sum reduction.

Other Operating Expenditures - The approved amount includes: a) a total of \$127,200 for the payment of risk management premiums, which reflects an additional \$104,200 authorized by Section 104 of the General Appropriation Act, and b) a total of \$87,600 for rent of state-owned space.

Aquaculture - The department regulates facilities such as fish hatcheries where aquatic organisms are raised. Regulations concern product labeling and quality control, disease control, and aquatic wildlife protection. The department assesses facility license fees. The approved amount will fund 0.4 FTE position for this program which was established in FY 1991 with a "90/10" fund. The approved amount was based on the following line item detail:

| | |
|----------------------------------|-----------------|
| FTE Positions | <u>0.4</u> |
| Personal Services | \$5,100 |
| Employee Related Expenditures | 1,900 |
| All Other Operating Expenditures | <u>6,600</u> |
| TOTAL | <u>\$13,600</u> |

The approved amount for Personal Services is based upon a 0% vacancy factor. The approved amount also includes an additional \$300 to annualize the cost of the April 1993 general salary adjustment.

The approved amount for Employee Related Expenditures includes a total of \$1,200 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The approved amount for All Other Operating Expenditures includes a total of \$700 for the payment of risk management premiums, which reflects an additional \$700 authorized by Section 104 of the General Appropriation Act.

Animal Damage Control - Since FY 1986, the Legislature has appropriated \$75,000 for a cooperative agreement with the U.S. Department of Agriculture's Animal Damage Control (ADC) unit, which destroys animals that are believed to cause harm to livestock or crops through predation, foraging, or disease transmission. The special line item was eliminated in FY 1993 and the \$75,000 moved to Other Operating Expenditures for general operating support of the department. The department has elected to continue funding the program from its operating budget.

Egg Inspection Board - The department regulates egg production facilities and egg product handling to protect public health and to ensure product quality. The department assesses inspection fees. The Egg Inspection Fund is a "90/10" fund. The approved amount was based on the following line item detail:

(Continued)

ARIZONA DEPARTMENT OF AGRICULTURE - ANIMAL SERVICES (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

| | |
|----------------------------------|----------------------|
| FTE Positions | <u>6.6</u> |
| Personal Services | \$146,500 |
| Employee Related Expenditures | 40,100 |
| All Other Operating Expenditures | <u>42,200</u> |
| TOTAL | <u>\$228,800</u> |

The approved amount for Personal Services is based upon a 0% vacancy factor. The approved amount also includes an additional \$5,000 to annualize the cost of the April 1993 general salary adjustment.

The approved amount for Employee Related Expenditures includes: 1) an additional \$700 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$700 as a result of lowering the employer contribution to the State Retirement system from 3.59% to 3.14% as authorized by Section 103 of the General Appropriation Act. The approved amount also includes a total of \$19,300 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The approved amount for All Other Operating Expenditures includes: a) a total of \$11,100 for the payment of risk management premiums, which reflects an additional \$9,400 authorized by Section 104 of the General Appropriation Act, and b) a total of \$4,500 for rent of state-owned space.

ARIZONA DEPARTMENT OF AGRICULTURE - PLANT INDUSTRIES

A.R.S. § 3-101

Keith Kelly, Director

JLBC Analyst: Bock

| GENERAL FUND AND CITRUS, FRUIT, & VEGETABLE FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|---|---------------------|--------------------------------|----------------------------------|
| FTE Positions | 132.0 ^{1/} | 111.5 ^{2/} | 112.2 ^{2/} |
| Personal Services | 2,335,100 | 2,081,100 | 2,106,400 |
| Employee Related Expenditures | 625,500 | 609,500 | 584,700 |
| Professional & Outside Services | 5,100 | -0- | 5,100 |
| Travel - In State | 191,400 | 153,400 | 217,400 |
| Travel - Out of State | 100 | -0- | -0- |
| Other Operating Expenditures | 314,500 | 288,100 | 406,200 |
| Equipment | -0- | -0- | 23,200 |
| All Other Operating Expenditures | 511,100 | 441,500 | 651,900 |
| OPERATING SUBTOTAL | 3,471,700 | 3,132,100 | 3,343,000 |
| Reduction-in-Force Cost | -0- | 102,100 | -0- |
| USDA Co-Op Agreement | 200 | -0- | -0- |
| Fruit and Vegetable Standardization | 722,300 | 838,300 | 894,100 |
| TOTAL APPROPRIATIONS | 4,194,200 | 4,072,500 ^{3/} | 4,237,100 ^{4/5/} |
| <u>Fund Summary</u> | | | |
| General Fund | 3,471,900 | 3,234,200 | 3,343,000 |
| Citrus, Fruit, & Vegetable Fund | 722,300 | 838,300 | 894,100 |
| TOTAL APPROPRIATIONS | 4,194,200 | 4,072,500 | 4,237,100 |

Program Description - This division's programs include: plant quarantine, including border inspections, for pest exclusion; pest survey, control, and eradication; integrated pest management planning; nursery regulation; seed and hay broker regulation; apiary regulation; native plant harvest regulation; and fruit and vegetable standardization.

(Continued)

- ^{1/} The FTE Positions total includes 20 FTE positions funded in the Fruit and Vegetable Standardization line item.
- ^{2/} The FTE positions total includes 22 FTE positions funded in the Fruit and Vegetable Standardization line item.
- ^{3/} The expenditure detail for FY 1993 includes a \$36,000 increase reflecting the supplemental appropriation authorized by Laws 1993, Chapter 7 (H.B. 2002), 2nd Special Session. This amount is allocated to Travel - In State.
- ^{4/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency, with special line items. The program detail and line items within the "Operating Subtotal" are shown for information only.
- ^{5/} It is the intent of the Legislature that the Department of Agriculture reestablish an effective border inspection program by operating, with department personnel, at least four border stations. (General Appropriation Act footnote)

ARIZONA DEPARTMENT OF AGRICULTURE - PLANT INDUSTRIES (Cont'd)
GENERAL FUND AND CITRUS, FRUIT, & VEGETABLE FUND

FTE Positions; Border Stations - The approved amount restores funding for 4 border inspection posts. The border inspection program has been part of the department's efforts to prevent the importation to Arizona of dangerous plant pests and plant diseases. At points of entry on major highways, vehicles have been stopped and inspected for quarantined products. The FY 1993 General Appropriation Act had eliminated the border inspection program, which then included 9 sites. In FY 1993, the border inspection budget was reduced by half, by 27.5 FTE positions and \$590,600. The remaining half-year funding was used to phase out the program during a period of 5 months. The FY 1993 budget also included 15 FTE positions and \$448,700 for an "interior" inspection program to inspect high-risk commercial shipments at their destinations within Arizona.

For FY 1994, the border inspection program is reestablished at 4 ports of entry: Winterhaven/Yuma, Ehrenberg, San Simon, and Safford. The department may use up to 33.2 FTE positions to operate the 4-station program. Of these, 15 FTE positions and \$447,800 may be either utilized for interior inspections or shifted back to border inspections. The other 18.2 FTE positions and \$469,800 are specifically authorized for the border program. Since the FY 1993 budget included a total of 32.5 FTE positions (the 15 interior positions, and 17.5 border positions for the phaseout period), the net change is 0.7 FTE position. In all, the approved amount was based on the following detail for the border program: FTE Positions, 33.2; Personal Services, \$682,200; Employee Related Expenditures, \$201,000; All Other Operating Expenditures, \$35,300; Total, \$918,500.

It is the intent of the Legislature that, in FY 1994, the Arizona Department of Transportation furnish space and utility service free of charge at up to 4 ports of entry for the Arizona Department of Agriculture border inspection staff stationed at Arizona Department of Transportation facilities.

Personal Services - The approved amount is based upon a 1.5% vacancy factor and \$32,100 in vacancy savings. The approved amount also includes an additional \$67,200 to annualize the cost of the April 1993 general salary adjustment. In addition, the amount reflects net decreases of \$5,900 related to the border station reestablishment.

Employee Related Expenditures - The approved amount includes: a) an additional \$9,800 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$9,500 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$260,200 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes: a) a total of \$130,300 for the payment of risk management premiums, which reflects an additional \$103,100 authorized by Section 104 of the General Appropriation Act, and b) a total of \$62,900 for rent of state-owned space.

Fruit and Vegetable Standardization - The department inspects produce before and after harvesting to ensure that marketed products meet both standards of quality and packaging requirements. The approved amount for this special line item is based on the following line item detail:

| | |
|----------------------------------|-------------------------|
| FTE Positions | <u>22.0</u> |
| Personal Services | \$467,400 |
| Employee Related Expenditures | 136,000 |
| All Other Operating Expenditures | <u>290,700</u> |
| TOTAL | <u>\$894,100</u> |

(Continued)

ARIZONA DEPARTMENT OF AGRICULTURE - PLANT INDUSTRIES (Cont'd)
GENERAL FUND AND CITRUS, FRUIT, & VEGETABLE FUND

The approved amount for Personal Services is based on a 0% vacancy factor. The approved amount also includes an additional \$16,500 to annualize the cost of the April 1993 general salary adjustment.

The approved amount for Employee Related Expenditures includes: a) an additional \$2,400 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$2,100 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. The approved amount also includes a total of \$64,500 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The approved amount for All Other Operating Expenditures includes: a) a total of \$37,000 for the payment of risk management premiums, which reflects an additional \$30,900 authorized by Section 104 of the General Appropriation Act, and b) a total of \$14,500 for rent of state-owned space.

ADDITIONAL LEGISLATION

Agricultural Products: Transporting into State - Chapter 174 (S.B. 1242) - This act clarifies and expands the department's authority to control the importation of plants, plant products or other items that may harbor or carry dangerous plant pests or plant diseases. In particular, it authorizes the Courts to assess a civil penalty not to exceed \$5,000 for the knowing importation to Arizona of a crop pest or crop disease. The act also states the Department of Agriculture and the Department of Transportation "shall cooperate at the ports of entry" (A.R.S. § 3-216C) to carry out the plant quarantine provisions of law.

**ARIZONA DEPARTMENT OF AGRICULTURE -
CHEMICALS/ENVIRONMENTAL**

A.R.S. § 3-101

Keith Kelly, Director

JLBC Analyst: Bock

| GENERAL FUND AND OTHER APPROPRIATED FUNDS | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|---------------------------|--------------------------------|--------------------------------|
| FTE Positions | 25.0 ^{1/} | 25.0 ^{1/} | 25.0 ^{1/} |
| Personal Services | 1,987,900 | 541,800 | 560,700 |
| Employee Related Expenditures | 107,400 | 156,000 ^{2/} | 156,600 |
| Professional & Outside Services | 23,700 | 130,300 | 112,600 |
| Travel - In State | 34,300 | 39,400 | 53,300 |
| Travel - Out of State | 9,400 | 8,800 | 11,500 |
| Other Operating Expenditures | 79,700 | 152,000 | 173,800 |
| Equipment | 14,300 | 7,200 | 1,500 |
| All Other Operating Expenditures | 161,400 | 337,700 | 352,700 |
| OPERATING SUBTOTAL | 2,256,700 | 1,035,500 | 1,070,000 |
| Agricultural Worker Safety | 149,700 | 130,000 ^{2/} | 131,200 |
| TOTAL APPROPRIATIONS | 2,406,400 | 1,165,500 ^{3/} | 1,201,200 ^{4/} |
| Fund Summary | | | |
| General Fund | 1,786,400 | 469,000 | 612,900 |
| Pesticide Fund | 331,800 | 323,900 | 207,000 |
| Commercial Feed Fund | 120,400 | 186,500 | 190,900 |
| Fertilizer Materials Fund | 167,800 | 186,100 | 190,400 |
| TOTAL APPROPRIATIONS | 2,406,400 | 1,165,500 | 1,201,200 |

Program Description - This division registers pesticides and regulates their use; licenses commercial feed dealers and fertilizer products; and enforces labeling and content laws for pesticide, feed, and fertilizer products. The division also includes the Office of Agricultural Worker Safety which promotes the safe handling of agricultural chemicals.

(Continued)

- ^{1/} The FTE Positions total includes 3 FTE positions in the Agricultural Worker Safety line item.
- ^{2/} Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$12,500 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993. This amount is allocated as follows: Pesticide Fund (Operating), \$5,000; Commercial Feed Fund, \$2,100; Fertilizer Materials Fund, \$1,600; Pesticide Fund (Agricultural Worker Safety), \$3,800.
- ^{3/} The expenditure detail for FY 1993 includes a \$5,000 increase reflecting the supplemental authorized by Laws 1993, Chapter 7, (H.B. 2002), 2nd Special Session. This amount is allocated to Professional and Outside Services.
- ^{4/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency, with special line items. The program and line item detail are shown for information only. The Agricultural Worker Safety special line item is part of the agencywide sum in FY 1994.

ARIZONA DEPARTMENT OF AGRICULTURE - CHEMICALS/ENVIRONMENTAL (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount also includes an additional \$8,300 from the General Fund and \$10,600 from Other Appropriated Funds to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$1,200 from the General Fund and \$1,600 from Other Appropriated Funds to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$1,100 from the General Fund and \$1,300 from Other Appropriated Funds as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$32,200 from the General Fund and \$32,300 from Other Appropriated Funds for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes \$15,900 from the General Fund and \$18,500 from Other Appropriated Funds for the payment of risk management premiums. These amounts reflect an additional \$13,900 from the General Fund and \$14,300 from Other Appropriated Funds, as authorized under Section 104 of the General Appropriations Act. The approved amount includes a total of \$75,600 from the General Fund and \$16,500 from Other Appropriated Funds for rent of state-owned space.

Agricultural Worker Safety - This program is to promote safe, legal handling of pesticides and other farm chemicals. The program had been funded from surpluses in the Pesticide Fund for the past 2 years. The approved amount for FY 1994 is based upon a General Fund appropriation, as there is no longer a surplus in the Pesticide Fund.

| | |
|----------------------------------|------------------|
| FTE Positions | <u>3.0</u> |
| Personal Services | \$ 81,900 |
| Employee Related Expenditures | 18,500 |
| All Other Operating Expenditures | <u>30,800</u> |
| TOTAL | <u>\$131,200</u> |

The approved amount for Personal Services is based upon a 0% vacancy factor. The approved amount also includes an additional \$2,300 to annualize the cost of the April 1993 general salary adjustment.

The approved amount for Employee Related Expenditures includes: a) an additional \$300 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$400 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. The approved amount also includes a total of \$8,800 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The approved amount includes a total of \$4,300 from the General Fund for the payment of risk management premiums, which reflects an additional \$4,300 from the General Fund as authorized by Section 104 of the General Appropriation Act.

ARIZONA DEPARTMENT OF AGRICULTURE - AGRICULTURAL LAB
A.R.S. § 3-101

Keith Kelly, Director

JLBC Analyst: Bock

| GENERAL FUND | FY 1991² Actual | FY 1992³ Estimate | FY 1993⁴ Approved |
|----------------------------------|--|--|--|
| FTE Positions | 15.0 | 14.0 | 14.0 |
| Personal Services | 346,100 | 340,700 | 351,200 |
| Employee Related Expenditures | 73,900 | 77,500 | 91,000 |
| Professional & Outside Services | 19,400 | 5,300 | 5,300 |
| Travel - In State | 5,500 | -0- | 3,000 |
| Travel - Out of State | 900 | 600 | 600 |
| Other Operating Expenditures | 565,200 | 494,300 | 479,200 |
| Equipment | 3,400 | -0- | -0- |
| All Other Operating Expenditures | 594,400 | 500,200 | 488,100 |
| TOTAL APPROPRIATIONS | 1,014,400 | 918,400 | 930,300 ^{1/} |

Program Description - This division provides laboratory analyses for several department inspection and regulation programs as well as for certain other state agencies.

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount also includes an additional \$10,500 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$1,500 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$1,600 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$41,000 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Travel - In State - The approved amount restores \$3,000 which had been eliminated as part of the FY 1993 lump sum reduction.

Other Operating Expenditures - The approved amount includes: a) a total of \$20,200 for the payment of risk management premiums, which reflects an additional \$16,800 authorized by Section 104 of the General Appropriation Act, and b) a total of \$302,000 for the Agricultural Laboratory lease-purchase payment.

The amount includes a total of \$143,300 for building operating costs which is a net reduction of \$51,900. Costs will be less because the state has purchased the laboratory building. The amount also includes an additional \$20,000 for laboratory supplies.

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency, with special line items. The items within the "Operating Subtotal" are shown for information only.

STATE BANKING DEPARTMENT

Richard Houseworth, Superintendent

A.R.S. § 6-110

JLBC Analyst: Smith

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|----------------------------------|
| FTE Positions ^{1/} | 77.8 | 55.0 | 54.2 |
| Personal Services | 1,644,900 | 1,410,400 | 1,446,900 |
| Employee Related Expenditures | 422,400 | 324,300 | 303,700 |
| Professional & Outside Services | 79,700 | 64,600 | 21,400 |
| Travel - In State | 38,300 | 43,000 | 43,000 |
| Travel - Out of State | 14,100 | 16,000 | 16,000 |
| Other Operating Expenditures | 249,700 | 269,800 | 118,500 ^{2/} |
| Equipment | 3,800 | -0- | -0- |
| All Other Operating Expenditures | 385,600 | 393,400 | 198,900 |
| OPERATING SUBTOTAL | 2,452,900 | 2,128,100 | 1,949,500 |
| Receiverships | 255,400 | 272,200 | 175,600 ^{4/} |
| TOTAL APPROPRIATIONS | 2,708,300 | 2,400,300 | 2,125,100 ^{3/5/} |

Agency Description - The department regulates state-chartered financial entities in order to assure financial soundness. These entities include money transmitters, motor vehicle dealers, holding companies, trust companies, sales finance companies, collection agencies, escrow agents, debt management companies, consumer lenders, mortgage bankers, mortgage brokers, savings and loan associations, credit unions and banks.

FTE Positions - The approved amount includes a reduction of 0.8 FTE positions to bring the agency's current vacancy factor in line with the standard vacancy factor for an agency with this number of FTE positions.

(Continued)

- ^{1/} The FTE Positions total includes 9 FTE positions funded in the Receivership special line item in FY 1992 and 5 FTE positions in FY 1993 and FY 1994.
- ^{2/} The Department of Administration (DOA) shall pay the Banking Department's pro rata share of private lease space if the Banking Department is unable to relocate to state-owned space because the Sun States Savings Building is not ready for occupancy. DOA shall also pay all costs associated with occupying and maintaining the Sun States Savings Building for FY 1994. (General Appropriation Act footnote)
- ^{3/} The Banking Department shall assess and set fees that will ensure that funds deposited to the General Fund will equal or exceed its expenditure from the General Fund. In calculating this expenditure, the department shall include the amount expended by DOA for all costs associated with the Banking Department's occupancy during FY 1994, excluding moving expenses. (General Appropriation Act footnote)
- ^{4/} From the amount appropriated for Receiverships, the department will revert at fiscal year end an amount not greater than the amount credited to the Banking Department Receivership Revolving Fund pursuant to A.R.S. § 6-131.01 in accordance with the following formula: 0% of the first 125,000, 100% of the next \$125,000, 90% of the next \$100,000, and 80% of any remainder. (General Appropriation Act footnote)
- ^{5/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency, with special line items. The line items within the "Operating Subtotal" are shown for information only.

STATE BANKING DEPARTMENT (Cont'd)
GENERAL FUND

Personal Services - The approved amount is based upon a 1.5% vacancy factor and \$22,000 in vacancy savings. The approved amount also includes an additional \$37,600 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$4,700 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$6,500 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$127,400 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount reflects a reduction of \$43,200 due to scheduled completion of the department's automation function.

Other Operating Expenditures - The approved amount includes a total of \$13,900 for the payment of risk management premiums, which reflects a reduction of \$10,400 authorized by Section 104 of the General Appropriation Act. This amount reflects all appropriated risk management charges for the department, including the Receiverships Division.

The approved amount also includes \$1,100 for continued rental of storage space. The department's private lease payment of \$140,900, including utilities and operating expenses, has been eliminated. The Banking Department is 1 of 4 agencies scheduled to relocate to the Sun States Savings Building located at 44th Street and Thomas Road in Phoenix. This building was acquired as part of the state's RTC/Distressed Property program. Because the operating costs and allocation of space in this building are unknown, the lease-purchase payment and all estimated operating costs associated with the building are included in the DOA budget for FY 1994. It is the intent of the Legislature that funding for the lease-purchase payment and occupancy costs be transferred to the Banking Department's appropriation in FY 1995.

Receiverships - The approved amount was based on the following line item detail:

| | |
|-------------------------------|------------------|
| FTE Positions | <u>5.0</u> |
| Personal Services | \$122,400 |
| Employee Related Expenditures | 28,700 |
| Other Operating Expenditures | <u>24,500</u> |
| TOTAL - Receiverships | <u>\$175,600</u> |

The approved amount for the Receiverships special line item includes the following:

-- **Personal Services** - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$3,800 to annualize the cost of the April 1993 general salary adjustment.

-- **Employee Related Expenditures** - The approved amount includes: a) an additional \$500 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$600 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$13,100 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

-- **Other Operating Expenditures** - The approved amount includes a reduction of \$101,400, which reflects reduced need for General Fund support of the Receiverships Division due to increased revenues to the department's non-appropriated Receivership Revolving Fund.

(Continued)

STATE BANKING DEPARTMENT (Cont'd)
GENERAL FUND

Prior to FY 1994, a footnote in the General Appropriation Act required the department to revert from the Receiverships special line appropriation an amount equal to 100% of the first \$250,000 of revenues to the Receivership Revolving Fund and a lesser percentage of any additional revenues to this fund. In effect, the special line appropriation was reduced by the amount of revenues to the non-appropriated fund. Given expected FY 1993 revenues of \$125,900, net General Fund expenditures for the Receivership line are estimated at \$146,300 for FY 1993. (The department will revert \$125,900 of its \$272,200 appropriation.)

For FY 1994, the Receiverships appropriation has been lowered, but the footnote has been changed to reduce the reversion. The net effect is to maintain the net General Fund expenditures at approximately the FY 1993 level. The General Fund appropriation has fallen from \$272,200 in FY 1993 to \$175,600 in FY 1994. The footnote now requires a reversion only if revenues exceed \$125,000. Given expected FY 1994 revenues of \$150,000, \$25,000 of the \$175,600 appropriation is projected to revert.

ADDITIONAL LEGISLATION

Premium Finance Companies - Chapter 154 (H.B.2050) - This bill establishes licensure and specific legal requirements for companies which finance insurance policy premiums. It requires the Banking Department to issue a 1-year Premium Finance Company License to qualified companies, set license and renewal fees at not less than \$100 or more than \$300 per year, examine each company at least once every 3 years, and review annual reports. The bill also adds premium finance companies to the superintendent's civil penalty authority. Civil penalties will be deposited to the Banking Department Revolving Fund. All other penalties and fees will be deposited to the General Fund.

BOXING COMMISSION

A.R.S. § 5-221

John Montano, Executive Director

JLBC Analyst: Martinez

| GENERAL FUND AND BOXING FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|------------------------------|
| FTE Positions | 1.5 | 1.0 | 1.5 |
| Personal Services | 35,400 | 30,100 | 36,600 |
| Employee Related Expenditures | 12,200 | 7,100 | 8,700 |
| Professional & Outside Services | -0- | 1,000 | 500 |
| Travel - In State | 400 | 3,000 | 3,000 |
| Travel - Out of State | 100 | 900 | 700 |
| Other Operating Expenditures | 4,500 | 9,500 | 9,500 |
| All Other Operating Expenditures | 5,000 | 14,400 | 13,700 |
| TOTAL APPROPRIATIONS | 52,600 | 51,600 | 59,000 ^{1/2} |
| <u>Fund Summary</u> | | | |
| General Fund | 26,300 | 51,600 | 59,000 |
| Boxing Fund | 26,300 | -0- ^{2/} | -0- |
| TOTAL APPROPRIATIONS | 52,600 | 51,600 | 59,000 |

Agency Description - The Boxing Commission licenses, investigates and regulates the professional boxing and kick-boxing industry in Arizona. The Department of Racing is responsible for collection and accounting of Boxing Commission revenues.

FTE Positions - The approved amount includes a new 0.5 FTE position and \$9,600 to accommodate the increased workload resulting from more boxing events occurring in the state.

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount also includes an additional \$800 to annualize the cost of the April 1993 general salary adjustment and a total of \$7,200 for the new 0.5 FTE position.

(Continued)

- ^{1/} The Boxing Commission shall report to the President of the Senate, the Speaker of the House of Representatives, the Chairmen of the Senate and House Appropriation Committees, and the Director of the Joint Legislative Budget Committee on a semi-annual basis. This report shall contain the number of boxing events, gross receipts, state revenues, and license fee collections. (General Appropriation Act footnote)
- ^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.
- ^{3/} Laws 1992, Chapter 337 (H.B. 2218), 2nd Regular Session, eliminated the Boxing Commission as a "90/10" agency. All revenues collected for the Boxing Commission are now deposited into the General Fund.

BOXING COMMISSION (Cont'd)
GENERAL FUND AND BOXING FUND

Employee Related Expenditures - The approved amount includes: a) an additional \$100 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$200 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$4,400 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes: a) a total of \$700 for the payment of risk management premiums, which is the same as the prior year premiums and b) a total of \$3,200 for rent of state-owned space.

DEPARTMENT OF BUILDING AND FIRE SAFETY

A.R.S. § 41-2141

Eric Borg, Director

JLBC Analyst: Reddy

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|--------------------------------|
| FTE Positions | 70.2 | 70.2 | 69.2 |
| Personal Services | 1,741,600 | 1,793,800 | 1,830,200 |
| Employee Related Expenditures | 423,700 | 450,400 | 467,500 |
| Professional & Outside Services | (800) | -0- | -0- |
| Travel - In State | 193,500 | 200,000 | 196,700 |
| Travel - Out of State | 2,200 | 6,000 | 6,000 |
| Other Operating Expenditures | 295,800 | 306,800 | 300,000 |
| Equipment | 1,600 | -0- | 22,300 |
| All Other Operating Expenditures | 492,300 | 512,800 | 525,000 |
| OPERATING SUBTOTAL | 2,657,600 | 2,757,000 | 2,822,700 |
| Lump Sum Reduction | -0- | -0- | (44,800) |
| Fire Training School | 30,000 | 30,000 | 30,000 |
| TOTAL APPROPRIATIONS | 2,687,600 | 2,787,000 | 2,807,900 ^{1/} |

Agency Description - The agency enforces safety standards for manufactured homes, mobile homes, factory-built buildings and recreational vehicles. The agency also includes the Office of the State Fire Marshal, which enforces the state fire codes and provides training and education for fire personnel and the general public.

FTE Positions - The approved amount includes the elimination of 1 Examiner Technician FTE position and \$22,300 due to efficiency savings realized from computerizing the licensing department.

Personal Services - The approved amount is based upon a 3.5% vacancy factor and \$65,800 in vacancy savings. The approved amount includes an additional \$52,700 to annualize the cost of the April 1993 general salary adjustment. The approved amount also includes a reduction of \$15,700 for the Examiner Technician FTE position.

Employee Related Expenditures - The approved amount includes: a) an additional \$7,600 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$8,200 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$210,400 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

(Continued)

^{1/} Represents General Appropriation Act funds. Appropriated as a modified lump sum for the agency. The line items within "All Other Operating Expenditures" are shown for information only.

DEPARTMENT OF BUILDING AND FIRE SAFETY (Cont'd)
GENERAL FUND

Travel - In State - The approved amount includes a reduction of \$3,300 to reflect mileage reimbursement rates.

Other Operating Expenditures - The approved amount includes: a) a total of \$3,500 for the payment of risk management premiums, which reflects a reduction of \$1,900 authorized by Section 104 of the General Appropriation Act, and b) a total of \$136,200 for private rent and \$38,700 for the Tucson State Office Building lease-purchase payment.

The approved amount also includes a reduction of \$2,800 for non-capitalized equipment and a reduction of \$2,100 due to the efficiency savings realized from computerizing the licensing department.

Equipment - The approved amount includes funding for a 2-year automation plan to computerize the licensing department.

Lump Sum Reduction - The approved amount includes a permanent lump sum reduction of \$44,800.

Fire Training School - This appropriation provides training for volunteer firefighters from small communities and rural areas. The FY 1993 appropriation included a footnote requiring the Building and Fire Safety Fund to reimburse the General Fund for the full amount of the appropriation. The footnote was deleted for FY 1994.

REGISTRAR OF CONTRACTORS

A.R.S. § 32-1103

Michael P. Goldwater, Registrar

JLBC Analyst: Reddy

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|---------------------------------|
| FTE Positions | 105.6 | 102.3 | 109.3 |
| Personal Services | 2,309,400 | 2,328,100 | 2,520,500 |
| Employee Related Expenditures | 567,800 | 574,400 | 575,900 |
| Professional & Outside Services | 15,900 | 16,000 | 16,000 |
| Travel - In State | 169,600 | 184,600 | 181,500 |
| Travel - Out of State | 4,100 | 1,600 | 1,100 |
| Other Operating Expenditures | 648,200 | 625,200 | 762,000 |
| Equipment | -0- | -0- | 116,700 |
| All Other Operating Expenditures | 837,800 | 827,400 | 1,077,300 |
| TOTAL APPROPRIATIONS | 3,715,000 | 3,729,900 | 4,173,700 ^{1/2} |

Agency Description - *The agency licenses, regulates and conducts examinations of residential and commercial construction contractors.*

FTE Positions - The approved amount includes an increase of 7 FTE positions and \$379,600.

- In House Testing - The approved amount includes 4 FTE positions and \$259,700 to move the testing program in-house.
- Lake Havasu City Office - The approved amount includes 3 FTE positions and \$119,900 to open a new office in Lake Havasu City to better respond to the increased volume of complaints from fast-growing areas along the Colorado River.

Personal Services - The approved amount is based upon a 2% vacancy factor and \$50,300 in vacancy savings. The approved amount also includes an additional \$76,800 to annualize the cost of the April 1993 general salary adjustment.

The approved amount also includes an additional \$61,000 for the Lake Havasu City FTE positions, and \$56,900 for the in-house testing FTE positions.

Employee Related Expenditures - The approved amount includes: a) an additional \$9,800 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$11,300 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$264,800 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

(Continued)

- ^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.
- ^{2/} Prior to the expenditures of funds for the purchase of new automation equipment for testing, the Registrar shall submit an expenditure plan to a meeting of the Joint Legislative Budget Committee for their review. (General Appropriation Act footnote)

REGISTRAR OF CONTRACTORS (Cont'd)
GENERAL FUND

Travel - In State - The approved amount includes a decrease of \$1,700 to reflect projected savings due to the opening of the Lake Havasu City office and a decrease of \$1,400 to reflect actual mileage reimbursement rates.

Travel - Out of State - The approved amount includes a decrease of \$500 to reflect actual mileage reimbursement rates.

Other Operating Expenditures - The approved amount includes: a) a total of \$51,600 for the payment of risk management premiums, which reflects an additional \$36,800 authorized by Section 104 of the General Appropriation Act, and b) a total of \$245,900 for the Industrial Commission Building rent, \$42,200 for the Tucson State Office Building lease-purchase payment (an increase of \$4,100) and \$47,300 for private rent (an increase of \$700).

The approved amount includes funding for start-up costs associated with the Lake Havasu City office and the in-house testing program (\$87,700 for the in-house testing program; \$24,900 for the Lake Havasu City office).

The approved amount also includes a reduction of \$17,400 due to the completion of 2 automation projects.

Equipment - The approved amount includes \$97,900 for computer and telecommunications equipment for the in-house testing program and \$18,800 for 2 trucks for the Lake Havasu City office.

ADDITIONAL LEGISLATION

Registrar of Contractors Fund - Chapter 116 (S.B. 1157) - Converts the agency into a "90/10" agency beginning in FY 1995. The agency would split its generated revenue between the newly established Registrar of Contractors Fund and the General Fund as follows: in the first year, 70/30; in the second year, 80/20; and in the third year, 90/10.

CORPORATION COMMISSION - SUMMARY

A.R.S. § 40-101

The Honorable Marcia Weeks, Commissioner/Chairman

JLBC Analyst: Headley

| GENERAL FUND AND OTHER APPROPRIATED FUNDS | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|-------------------|-------------------------|---------------------------------|
| <u>Program Summary</u> | | | |
| Administration/Hearing | 1,827,900 | 1,944,700 | 1,999,700 |
| Corporations | 1,030,500 | 1,145,600 | 1,178,700 |
| Securities | 1,618,600 | 1,545,600 | 1,559,700 |
| Railroad Safety | 432,200 | 332,000 | 333,700 |
| Utilities | 4,443,200 | 4,776,800 | 4,548,700 |
| Legal | 985,300 | 934,900 | 944,900 |
| TOTAL APPROPRIATIONS | 10,337,700 | 10,679,600 | 10,565,400 |
| <u>Expenditure Detail</u> | | | |
| FTE Positions ^{1/} | 225.0 | 225.0 | 222.0 |
| Personal Services | 6,238,500 | 6,488,600 | 6,649,400 |
| Employee Related Expenditures | 1,336,300 | 1,491,000 ^{2/} | 1,364,800 |
| Professional & Outside Services | 297,100 | 343,500 | 304,400 |
| Travel - In State | 180,700 | 169,200 | 167,000 |
| Travel - Out of State | 55,000 | 58,600 | 57,600 |
| Other Operating Expenditures | 1,598,200 | 1,705,100 | 1,627,900 |
| Equipment | 159,700 | 47,500 | 17,500 |
| All Other Operating Expenditures | 2,290,700 | 2,323,900 | 2,174,400 |
| OPERATING SUBTOTAL | 9,865,500 | 10,303,500 | 10,188,600 |
| Special Line Items ^{3/} | 472,200 | 376,100 | 376,800 |
| TOTAL APPROPRIATIONS | 10,337,700 | 10,679,600 | 10,565,400 |
| <u>Fund Summary</u> | | | |
| General Fund | 4,883,500 | 4,941,800 | 5,045,000 |
| Other Appropriated Funds | 5,454,200 | 5,737,800 | 5,520,400 |
| TOTAL APPROPRIATIONS | 10,337,700 | 10,679,600 | 10,565,400 ^{4/} |

(Continued)

- ^{1/} The FTE Positions total includes 1 FTE position funded in special line items.
- ^{2/} Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$53,600 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.
- ^{3/} Details for the Special Line Items are included on the individual program pages.
- ^{4/} Appropriated as a lump sum for the agency, with special line items. The program detail and the line items under the "Operating Subtotal" are shown for information only.

CORPORATION COMMISSION - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Agency Description - *The Arizona Corporation Commission was established by Article 15 of the Arizona Constitution and consists of three statewide elected Commissioners, each serving 6 year terms. The commission's primary responsibilities include the review and establishment of public utility rates, regulating the sale of securities in Arizona, and administering the Arizona Corporations Code. As part of its responsibilities related to corporations, the commission serves as the repository of corporate annual reports and other publicly-available documents filed by corporations in accordance with state law.*

FTE Positions - The approved amount includes a reduction of 3 FTE positions to bring the agency's current vacancy factor in line with the standard vacancy factor for an agency with this number of FTE positions.

Personal Services - The approved amount includes an additional \$85,600 from the General Fund and \$78,900 from Other Appropriated Funds to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$10,900 from the General Fund and \$9,900 from Other Appropriated Funds to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$14,100 from the General Fund and \$15,200 from Other Appropriated Funds as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 to the General Appropriation Act.

The approved amount also includes a total of \$289,400 from the General Fund and \$258,600 from Other Appropriated Funds for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes \$57,500 from the General Fund and \$126,800 from Other Appropriated Funds for the payment of risk management premiums. These amounts reflect a reduction of \$28,500 from the General Fund and \$62,900 from Other Appropriated Funds, as authorized under Section 104 of the General Appropriation Act. The approved amount also includes an total of \$346,000 from the General Fund and \$247,000 from Other Appropriated Funds for rent of state-owned space and \$26,700 from the General Fund and \$38,400 from Other Appropriated Funds for the Tucson State Office Building lease-purchase payment.

The approved amount includes an additional \$3,600 from Other Appropriated Funds for the payment of statewide accounting system changes, as authorized under Section 102 of the General Appropriation Act.

CORPORATION COMMISSION - ADMINISTRATION/HEARING

A.R.S. § 40-101

The Honorable Marcia Weeks, Commissioner/Chairman

JLBC Analyst: Headley

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|--------------------------------|
| FTE Positions | 35.0 | 30.0 | 29.0 |
| Personal Services | 1,073,400 | 976,100 | 994,700 |
| Employee Related Expenditures | 221,900 | 208,900 | 197,100 |
| Professional & Outside Services | 157,500 | 165,000 | 165,000 |
| Travel - In State | 15,900 | 11,000 | 9,000 |
| Travel - Out of State | 9,700 | 10,000 | 9,000 |
| Other Operating Expenditures | 311,500 | 573,700 | 624,900 |
| Equipment | 38,000 | -0- | -0- |
| All Other Operating Expenditures | 532,600 | 759,700 | 807,900 |
| TOTAL APPROPRIATIONS | 1,827,900 | 1,944,700 | 1,999,700 ^{1/} |

Program Description - The Administration/Hearing program, while treated as one budgetary unit, is in fact two distinct elements of the commission. The Administration Division is responsible for preparation of the annual budget request, financial management for all divisions, and other administrative services required by all divisions. The Commissioners and their support staff are located within the Administration Division. The Hearings Division conducts public utility rate hearings, taking testimony and drafting commission orders regarding decisions on utility rates.

FTE Positions - The approved amount includes a reduction of 1 FTE position to bring the program's current vacancy factor in line with the standard vacancy factor for a program with this number of FTE positions.

Personal Services - The approved amount is based upon a 1% vacancy factor and \$10,200 in vacancy savings. The approved amount also includes an additional \$19,500 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$2,500 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$3,700 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$71,700 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Travel - In State - The approved amount reflects an agency reduction of \$2,000.

Travel - Out of State - The approved amount reflects an agency reduction of \$1,000.

Other Operating Expenditures - The approved amount includes: a) a total of \$57,500 for the payment of risk management premiums, which reflects a reduction of \$28,500 authorized by Section 104 of the General Appropriation Act, and b) a total of \$346,000 for rent of state-owned space and \$26,700 for the Tucson State Office Building lease-purchase payment. The approved amount also reflects an agency reduction of \$7,700.

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency, with special line items. The program and line item detail are shown for information only.

CORPORATION COMMISSION - CORPORATIONS

A.R.S. § 40-101

The Honorable Marcia Weeks, Commissioner/Chairman

JLBC Analyst: Headley

| GENERAL FUND AND ARIZONA ARTS TRUST FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|---|-------------------|---------------------|--------------------------------|
| FTE Positions ^{1/} | 38.0 | 43.0 | 42.0 |
| Personal Services | 599,300 | 730,000 | 759,600 |
| Employee Related Expenditures | 169,600 | 203,000 | 195,100 |
| Professional & Outside Services | 45,200 | 26,000 | 36,900 |
| Travel - In State | 900 | 700 | 500 |
| Travel - Out of State | 2,300 | 3,000 | 3,000 |
| Other Operating Expenditures | 179,000 | 156,800 | 156,800 |
| Equipment | 8,500 | -0- | -0- |
| All Other Operating Expenditures | 235,900 | 186,500 | 197,200 |
| OPERATING SUBTOTAL | 1,004,800 | 1,119,500 | 1,151,900 |
| Arts Trust Fund Administration | 25,700 | 26,100 | 26,800 |
| TOTAL APPROPRIATIONS | 1,030,500 | 1,145,600 | 1,178,700 ^{2/} |
| <u>Fund Summary</u> | | | |
| General Fund | 1,004,800 | 1,119,500 | 1,151,900 |
| Arizona Arts Trust Fund | 25,700 | 26,100 | 26,800 |
| TOTAL APPROPRIATIONS | 1,030,500 | 1,145,600 | 1,178,700 |

Program Description - The Corporations Division is responsible for receiving corporate annual reports, articles of incorporation, and changes to corporate status. In addition to maintaining public records filed by corporations, the Corporations Division also deposits in the General Fund fees that must accompany corporate filings.

FTE Positions - The approved amount includes a reduction of 1 FTE position to bring the program's current vacancy factor in line with the standard vacancy factor for a program with this number of FTE positions.

Personal Services - The approved amount is based upon a 1% vacancy factor and \$7,600 in vacancy savings. The approved amount also includes an additional \$30,800 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$3,900 to annualize the cost of the April 1993 general salary-adjustment, and b) a reduction of \$3,400 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$101,300 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

(Continued)

- ^{1/} The FTE Positions total includes 1 FTE position funded in the Arts Trust Fund Administration special line item.
^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency, with special line items. The program detail and the line items under the "Operating Subtotal" are shown for information only.

CORPORATION COMMISSION - CORPORATIONS (Cont'd)
GENERAL FUND AND ARIZONA ARTS TRUST FUND

Professional and Outside Services - The approved amount reflects the addition of \$10,900 for hiring temporary clerical help during the peak corporation annual report filing period.

Arts Trust Fund Administration - This line item represents funds appropriated from the Arizona Arts Trust Fund to support 1 FTE position who processes the Arts Trust Fund assessment. The approved amount includes an additional \$800 to annualize the cost of the April 1993 general salary adjustment and a reduction of \$100 as a result of lowering the employee contribution rate to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. The approved amount also includes a total of \$2,500 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

CORPORATION COMMISSION - SECURITIES

A.R.S. § 40-101

The Honorable Marcia Weeks, Commissioner/Chairman

JLBC Analyst: Headley

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|--------------------------------|
| FTE Positions | 40.0 | 40.0 | 39.0 |
| Personal Services | 1,215,300 | 1,274,600 | 1,303,100 |
| Employee Related Expenditures | 253,200 | 271,000 | 256,600 |
| Professional & Outside Services | 14,800 | -0- | -0- |
| Travel - In State | 3,800 | -0- | -0- |
| Travel - Out of State | 7,000 | -0- | -0- |
| Other Operating Expenditures | 107,000 | -0- | -0- |
| All Other Operating Expenditures | 132,600 | -0- | -0- |
| OPERATING SUBTOTAL | 1,601,100 | 1,545,600 | 1,559,700 |
| Expert Testimony | 17,500 | -0- | -0- |
| TOTAL APPROPRIATIONS | 1,618,600 | 1,545,600 | 1,559,700 ^{1/} |

Program Description - The Securities Division regulates the sale of securities in Arizona, including the registration of securities, licensing securities brokers, and taking enforcement actions against persons violating provisions of the Arizona Securities Act. The Securities Division is also responsible for depositing in the General Fund registration and licensing fees and fines.

FTE Positions - The approved amount includes a reduction of 1 FTE position to bring the program's current vacancy factor in line with the standard vacancy factor for a program with this number of FTE positions.

Personal Services - The approved amount is based upon a 1% vacancy factor and \$13,100 in vacancy savings. The approved amount also includes an additional \$29,300 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$3,700 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$5,900 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$96,400 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency, with special line items. The program and line item detail are shown for information only.

CORPORATION COMMISSION - RAILROAD SAFETY

A.R.S. § 40-101

The Honorable Marcia Weeks, Commissioner/Chairman

JLBC Analyst: Headley

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-----------------------|---------------------|------------------------------|
| FTE Positions | 8.0 | 8.0 | 8.0 |
| Personal Services | 193,900 | 228,900 | 234,900 |
| Employee Related Expenditures | 47,300 | 53,300 | 49,000 |
| Travel - In State | 34,100 | 35,900 | 35,900 |
| Travel - Out of State | 4,500 | 2,000 | 2,000 |
| Other Operating Expenditures | 20,500 | 11,900 | 11,900 |
| Equipment | 1,300 | -0- | -0- |
| All Other Operating Expenditures | 60,400 | 49,800 | 49,800 |
| OPERATING SUBTOTAL | 301,600 | 332,000 | 333,700 |
| Railroad Warning Systems | 130,600 ^{1/} | -0- | -0- |
| TOTAL APPROPRIATIONS | 432,200 | 332,000 | 333,700 ^{2/} |

Program Description - The Railroad Safety program is a unit within the Utilities Division and is responsible for inspections of railroads locating entirely within Arizona. Also, through an agreement with the federal government, the commission also inspects interstate railroads.

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$6,000 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$800 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$1,100 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$20,000 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Railroad Warning Systems - Funds in the special line item provide the state match for federal funds used to upgrade railroad crossings throughout the state. No new General Fund appropriation was approved for FY 1994 given the presence of a significant carry-forward balance remaining from prior year appropriations.

^{1/} This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations. (General Appropriation Act footnote)

^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency, with special line items. The program and line item detail are shown for information only.

CORPORATION COMMISSION - UTILITIES

A.R.S. § 40-101

The Honorable Marcia Weeks, Commissioner/Chairman

JLBC Analyst: Headley

| UTILITY REG. REV. FUND & PIPELINE SAFETY REV. FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|---|-------------------|-----------------------|--------------------------------|
| FTE Positions | 87.5 | 87.5 | 87.5 |
| Personal Services | 2,511,700 | 2,614,500 | 2,680,200 |
| Employee Related Expenditures | 527,000 | 576,700 ^{1/} | 544,900 |
| Professional & Outside Services | 64,200 | 135,000 | 85,000 |
| Travel - In State | 120,900 | 118,100 | 118,100 |
| Travel - Out of State | 20,100 | 30,000 | 30,000 |
| Other Operating Expenditures | 816,900 | 851,400 | 723,000 |
| Equipment | 84,000 | 47,500 | 17,500 |
| All Other Operating Expenditures | 1,106,100 | 1,182,000 | 973,600 |
| OPERATING SUBTOTAL | 4,144,800 | 4,373,200 | 4,198,700 |
| Utility Audits | 298,400 | 350,000 | 350,000 ^{2/} |
| TOTAL APPROPRIATIONS | 4,443,200 | 4,723,200 | 4,548,700 ^{3/} |
| Fund Summary | | | |
| Utility Reg. Rev. Fund | 4,443,200 | 4,696,800 | 4,548,700 |
| Pipeline Safety Fund | -0- | 80,000 | -0- |
| TOTAL APPROPRIATIONS | 4,443,200 | 4,776,800 | 4,548,700 |

Program Description - The Utilities Division assists the Commissioners in reaching decisions regarding public utility rate cases, through research, presenting evidence in hearings, and contracting with utility rate analysts and expert witnesses. The Utilities Division also monitors compliance with commission rate decisions. One other duty of the Utilities Division is the inspection of gas pipelines and the operation of a pipeline safety program.

Personal Services - The approved amount is based upon a 1.6% vacancy factor and \$43,600 in vacancy savings. The approved amount also includes an additional \$65,700 to annualize the cost of the April 1993 general salary adjustment.

(Continued)

- ^{1/} Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$53,600 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.
- ^{2/} This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations. (General Appropriation Act footnote)
- ^{3/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency, with special line items. The program detail and the line items under the "Operating Subtotal" are shown for information only.

CORPORATION COMMISSION - UTILITIES (Cont'd)
UTILITY REGULATION REVOLVING FUND & PIPELINE REVOLVING FUND

Employee Related Expenditures - The approved amount includes: a) an additional \$8,400 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$12,100 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$214,900 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes: a) a total of \$126,800 for the payment of risk management premiums, which reflects a reduction of \$62,900 authorized by Section 104 of the General Appropriation Act, and b) a total of \$247,000 for rent of state-owned space and \$38,400 for the Tucson State Office Building lease-purchase payment. The approved amount also includes \$6,900 for private office space leases.

The approved amount for office space costs represents a reduction of \$76,000 to adjust for the actual amount of space occupied by divisions funded from the Utility Regulation Revolving Fund.

The approved amount also includes an additional \$3,600 for the payment of statewide accounting system charges, as authorized under Section 102 of the General Appropriation Act.

Audits and Rate Hearings - Funds in this special line item are used to hire outside consultants who provide expertise and advise Utilities staff during commission public utility rate hearings.

ADDITIONAL LEGISLATION

Corporation Commission: Telecommunications Regulation - Chapter 94 (S.B. 1314) - Amends the Commission's authority to regulate public service corporations by requiring the Commission to encourage competition and growth in the telecommunications industry. Requires the Commission to establish procedures and standards for identifying and regulating competitive long distance telecommunications markets. Also allows the Commission to establish a rate for a particular service of a long distance telecommunications corporation without a hearing if the service is offered in a competitive market.

CORPORATION COMMISSION - LEGAL

A.R.S. § 40-101

The Honorable Marcia Weeks, Commissioner/Chairman

JLBC Analyst: Headley

| UTILITY REGULATION REVOLVING FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|---------------------------|-----------------------------|------------------------------|
| FTE Positions | 16.5 | 16.5 | 16.5 |
| Personal Services | 644,900 | 664,500 | 676,900 |
| Employee Related Expenditures | 117,300 | 124,500 | 122,100 |
| Professional & Outside Services | 15,400 | 17,500 | 17,500 |
| Travel - In State | 5,100 | 3,500 | 3,500 |
| Travel - Out of State | 11,400 | 13,600 | 13,600 |
| Other Operating Expenditures | 163,300 | 111,300 | 111,300 |
| Equipment | 27,900 | -0- | -0- |
| All Other Operating Expenditures | 223,100 | 145,900 | 145,900 |
| TOTAL APPROPRIATIONS | 985,300 | 934,900 | 944,900 ^{1/} |

Program Description - *The Legal Division represents the commission in all matters relating to public utility rate setting, and in other areas not associated with the Securities Division. Securities-related legal cases are litigated by the Attorney General's office.*

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$12,400 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$1,500 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$3,000 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$41,200 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency, with special line items. The program and line item detail are shown for information only.

INDUSTRIAL COMMISSION OF ARIZONA - SUMMARY

A.R.S. § 23-101

Larry Etchechury, Director

JLBC Analyst: Fusak

| ADMINISTRATIVE FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|-------------------------|-----------------------------------|
| <u>Program Summary</u> | | | |
| Administration | 2,745,500 | 2,910,800 | 2,879,400 |
| Claims | 2,595,600 | 2,701,800 | 2,725,000 |
| Administrative Law Judge | 3,444,000 | 3,589,700 | 3,649,900 |
| Labor | 372,800 | 436,200 | 432,400 |
| Special Fund | 441,300 | 457,000 | 464,200 |
| Occupational Safety & Health | 1,607,800 | 1,591,400 | 1,664,400 |
| Legal Counsel | 627,400 | 663,200 | 666,300 |
| TOTAL APPROPRIATIONS | 11,834,400 | 12,350,100 | 12,481,600 |
| <u>Expenditure Detail</u> | | | |
| FTE Positions | 256.5 | 260.0 | 261.0 |
| Personal Services | 6,049,700 | 6,381,500 | 6,543,200 |
| Employee Related Expenditures | 1,412,700 | 1,582,800 ^{1/} | 1,428,200 |
| Professional & Outside Services | 1,669,400 | 1,539,600 | 1,639,600 |
| Travel - In State | 132,200 | 145,400 | 153,000 |
| Travel - Out of State | 12,300 | 11,900 | 11,900 |
| Other Operating Expenditures | 2,415,700 | 2,679,700 | 2,680,700 |
| Equipment | 142,400 | 9,200 | 25,000 |
| All Other Operating Expenditures | 4,372,000 | 4,385,800 | 4,510,200 |
| TOTAL APPROPRIATIONS | 11,834,400 | 12,350,100 | 12,481,600 ^{2/3/} |

Agency Description - *The Industrial Commission regulates the workers' compensation insurance industry. The commission is also responsible for child labor issues, occupational safety and health issues, wage claim dispute resolutions, licensing of private employment agencies and providing workers' compensation coverage for claimants of uninsured employers or insolvent carriers and self-insured employers.*

(Continued)

- ^{1/} Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$31,600 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.
- ^{2/} It is the intent of the Legislature that the Industrial Commission allocate \$200,000 from the Special Fund to fund an Interagency Service Agreement with the Department of Economic Security to assist injured workers eligible for workers' compensation. (General Appropriation Act footnote)
- ^{3/} Represents General Appropriation Act funds. Appropriated as a lump sum for certain programs and a modified lump sum for other programs.

INDUSTRIAL COMMISSION OF ARIZONA - SUMMARY (Cont'd)
ADMINISTRATIVE FUND

Personal Services - The approved amount also includes an additional \$194,500 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$25,200 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$29,300 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$609,100 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

CAPITAL OUTLAY

Capital Outlay Bill - Chapter 2 (H.B. 2002), 2nd Special Session - Section 1H of the Capital Outlay Bill appropriates \$58,200 from the Industrial Commission Special Fund to the Industrial Commission for the maintenance and repair of state buildings in accordance with the building renewal formula established pursuant to A.R.S. § 41-793.01.

ADDITIONAL LEGISLATION

Public Finances Omnibus Reconciliation Bill - Chapter 3 (H.B. 2003) - Transfers, on a one time basis, any surplus in the Industrial Commission Administrative Fund for FY 1993 to the General Fund instead of the Special Fund.

Tax Omnibus Reconciliation Bill - Chapter 9 (H.B. 2008) - Changes the Administrative Fund tax from a 3% tax per year to a floating rate not to exceed 3%. The Industrial Commission shall annually fix the rate of the tax such that the actual cost of the Industrial Commission operating budget is covered. Previously, any Administrative Fund collections above the amount necessary for the operating budget would be transferred annually from the Administrative Fund to the Special Fund. Under the new law, any surplus or deficit in the revenue above or below the expenses of the Industrial Commission and other expenses from the Administrative Fund shall be included in the calculation rate to be fixed for the following year.

INDUSTRIAL COMMISSION OF ARIZONA - ADMINISTRATION

A.R.S. § 23-101

Larry Etchechury, Director

JLBC Analyst: Fusak

| ADMINISTRATIVE FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|-----------------------|--------------------------------|
| FTE Positions | 42.6 | 43.0 | 42.0 |
| Personal Services | 995,000 | 1,057,500 | 1,056,300 |
| Employee Related Expenditures | 233,200 | 282,800 ^{1/} | 227,600 |
| Professional & Outside Services | 62,300 | 78,700 | 78,700 |
| Travel - In State | 17,800 | 17,800 | 17,800 |
| Travel - Out of State | 1,100 | 4,500 | 4,500 |
| Other Operating Expenditures | 1,304,000 | 1,469,500 | 1,494,500 |
| Equipment | 132,100 | -0- | -0- |
| All Other Operating Expenditures | 1,517,300 | 1,570,500 | 1,595,500 |
| TOTAL APPROPRIATIONS | 2,745,500 | 2,910,800 | 2,879,400 ^{2/} |

Program Description - The Administration Division provides an Ombudsman to assist claimants and resolve difficulties associated with filing workers' compensation claims. The division provides general administrative services, including personnel, building maintenance and data processing. The division also evaluates funding criteria and applications and renewals of applications for self-insured employers, as well as, provides medical and compensation payments for uninsured claimants.

FTE Positions - The approved amount includes a reduction of 1 FTE position which was transferred to the Claims Division.

Personal Services - The approved amount is based upon a 1% vacancy factor and \$10,700 in vacancy savings. The vacancy savings has increased by \$10,700 because the program did not have a vacancy savings rate applied in FY 1993. The approved amount also includes an additional \$31,500 to annualize the cost of the April 1993 general salary adjustment.

The approved amount includes a reduction of \$7,300 to reflect a lower Personal Services requirement due to a lower salary for a Personnel Assistant II position. The approved amount also includes a reduction of \$14,700 due to the transfer of 1 FTE position to the Claims Division.

(Continued)

^{1/} Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$31,600 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.

^{2/} Represents General Appropriation Act funds. Appropriated as a modified lump sum for the program. The line items within "All Other Operating Expenditures" are shown for information only.

INDUSTRIAL COMMISSION OF ARIZONA - ADMINISTRATION (Cont'd)
ADMINISTRATIVE FUND

Employee Related Expenditures - The approved amount includes: a) an additional \$4,000 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$4,600 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$98,100 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes: a) a total of \$25,100 for the payment of risk management premiums, which reflects a increase of \$22,200 authorized by Section 104 of the General Appropriation Act.

The approved amount includes an additional \$19,000 for the payment of statewide accounting system charges, as authorized under Section 102 of the General Appropriation Act.

The approved amount also includes the following decreases:

- \$2,300 for the lease-purchase requirement for the optical disk system;
- \$9,000 for optical disk cartridges;
- \$200 for rent and;
- \$4,700 for repair maintenance contracts.

INDUSTRIAL COMMISSION OF ARIZONA - CLAIMS

A.R.S. § 23-101

Larry Etchechury, Director

JLBC Analyst: Fusak

| ADMINISTRATIVE FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|--------------------------------|
| FTE Positions | 81.8 | 83.0 | 83.0 |
| Personal Services | 1,322,700 | 1,403,500 | 1,458,100 |
| Employee Related Expenditures | 351,200 | 406,000 | 377,400 |
| Professional & Outside Services | 533,300 | 411,600 | 411,600 |
| Travel - In State | 300 | 1,000 | 1,000 |
| Travel - Out of State | 700 | 2,000 | 2,000 |
| Other Operating Expenditures | 387,400 | 477,700 | 449,900 |
| Equipment | -0- | -0- | 25,000 |
| All Other Operating Expenditures | 921,700 | 892,300 | 889,500 |
| TOTAL APPROPRIATIONS | 2,595,600 | 2,701,800 | 2,725,000 ^{1/} |

Program Description - *The Claims Division regulates activities of insurance carriers and self-insured employers that process industrial injury claims. The division also assesses penalties or increases in insurance benefits for bad faith or unfair claims processes.*

Personal Services - The approved amount is based upon a 1.5% vacancy factor and \$22,200 in vacancy savings. The vacancy savings has increased by \$22,200 from the prior year because a vacancy savings rate was not applied in FY 1993. The approved amount also includes an additional \$62,300 to annualize the cost of the April 1993 general salary adjustment.

The approved amount includes an increase of \$14,500 due to a transfer of 1 FTE position from the Administration Division. The agency eliminated 3 FTE positions and created 2 FTE positions within Claims in FY 1993, so the transfer will not increase the total number of appropriated positions.

Employee Related Expenditures - The approved amount includes: a) an additional \$8,100 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$6,600 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$193,000 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

All Other Operating Expenditures - The approved amount includes a reduction of \$19,800 for data processing magnetic tapes and a reduction of \$8,000 for miscellaneous items. The approved amount also includes an increase of \$25,000 to purchase a new server and a software package upgrade.

^{1/} Represents General Appropriation Act funds. Appropriated as a modified lump sum for the program. The line items within "All Other Operating Expenditures" are shown for information only.

**INDUSTRIAL COMMISSION OF ARIZONA -
ADMINISTRATIVE LAW JUDGE**

A.R.S. § 23-101

Larry Etchechury, Director

JLBC Analyst: Fusak

| ADMINISTRATIVE FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|--------------------------------|
| FTE Positions | 53.5 | 54.0 | 54.0 |
| Personal Services | 1,768,400 | 1,912,000 | 1,915,400 |
| Employee Related Expenditures | 360,500 | 406,800 | 363,600 |
| Professional & Outside Services | 967,300 | 933,500 | 1,033,500 |
| Travel - In State | 23,100 | 23,000 | 23,000 |
| Travel - Out of State | -0- | 600 | 600 |
| Other Operating Expenditures | 324,700 | 313,800 | 313,800 |
| All Other Operating Expenditures | 1,315,100 | 1,270,900 | 1,370,900 |
| TOTAL APPROPRIATIONS | 3,444,000 | 3,589,700 | 3,649,900 ^{1/} |

Program Description - *The Administrative Law Judge Division adjudicates disputed workers' compensation claims. The division issues citations, cease and desist orders as well as assesses penalties for the OSHA and Labor Divisions.*

Personal Services - The approved amount is based upon a 1.5% vacancy factor and \$29,200 in vacancy savings. The vacancy savings has increased by \$29,200 because the program did not have a vacancy savings rate applied in FY 1993. The approved amount includes an additional \$40,600 to annualize the cost of the April 1993 general salary adjustment.

The approved amount includes a reduction of \$14,000 to reflect a lower Personal Services requirement due to the retirement of 2 Administrative Law Judges. The approved amount also includes an increase of \$6,000 for salary increases provided to legal secretaries that meet certain experience requirements.

Employee Related Expenditures - The approved amount includes: a) an additional \$5,200 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$8,600 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$125,500 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount includes an increase of \$100,000 for medical witness fees, court reporters and interpreters.

^{1/} Represents General Appropriation Act funds. Appropriated as a modified lump sum for the program. The line items within "All Other Operating Expenditures" are shown for information only.

INDUSTRIAL COMMISSION OF ARIZONA - LABOR

A.R.S. § 23-101

Larry Etchechury, Director

JLBC Analyst: Fusak

| ADMINISTRATIVE FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|------------------------------|
| FTE Positions | 13.0 | 14.0 | 14.0 |
| Personal Services | 250,300 | 277,500 | 288,000 |
| Employee Related Expenditures | 60,900 | 74,600 | 69,500 |
| Professional & Outside Services | 100 | 200 | 200 |
| Travel - In State | 5,000 | 7,500 | 7,500 |
| Travel - Out of State | 1,400 | 1,400 | 1,400 |
| Other Operating Expenditures | 53,500 | 65,800 | 65,800 |
| Equipment | 1,600 | 9,200 | -0- |
| All Other Operating Expenditures | 61,600 | 84,100 | 74,900 |
| TOTAL APPROPRIATIONS | 372,800 | 436,200 | 432,400 ^{1/} |

Program Description - The Labor Division provides for the administration of labor laws relating to the resolution of wage complaint disputes. The division is responsible for enforcing child labor statutes and regulations, as well as, licensing and regulating private employment agencies.

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$10,500 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$1,400 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$1,300 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$33,000 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Equipment - The approved amount includes a decrease of \$9,200 to zero-base capitalized equipment.

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the program. The line items are shown for information only.

INDUSTRIAL COMMISSION OF ARIZONA - SPECIAL FUND

A.R.S. § 23-101

Larry Etchechury, Director

JLBC Analyst: Fusak

| ADMINISTRATIVE FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|------------------------------|
| FTE Positions | 15.0 | 15.0 | 15.0 |
| Personal Services | 303,700 | 308,800 | 320,100 |
| Employee Related Expenditures | 73,900 | 80,000 | 75,900 |
| Professional & Outside Services | 19,500 | 15,700 | 15,700 |
| Travel - In State | -0- | 500 | 500 |
| Other Operating Expenditures | 44,200 | 52,000 | 52,000 |
| All Other Operating Expenditures | 63,700 | 68,200 | 68,200 |
| TOTAL APPROPRIATIONS | 441,300 | 457,000 | 464,200 ^{1/} |

Program Description - The Special Fund Division processes all claims and provides benefits for injured workers when the employer fails to provide workers' compensation insurance. The benefits paid are non-appropriated. The majority of benefits relate to pre-1973 permanent injuries; prior to then, insurance carriers were not required to provide workers' compensation benefits. The division also provides rehabilitation for permanently injured workers.

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$11,300 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$1,500 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$1,400 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$35,400 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the program. The line items are shown for information only.

INDUSTRIAL COMMISSION OF ARIZONA - OCCUPATIONAL SAFETY AND HEALTH A.R.S. § 23-101

Larry Etchechury, Director

JLBC Analyst: Fusak

| ADMINISTRATIVE FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|--------------------------------|
| FTE Positions | 35.6 | 36.0 | 38.0 |
| Personal Services | 1,006,700 | 1,006,100 | 1,077,900 |
| Employee Related Expenditures | 252,000 | 235,100 | 224,900 |
| Professional & Outside Services | 42,300 | 47,100 | 47,100 |
| Travel - In State | 77,800 | 87,800 | 95,400 |
| Travel - Out of State | 8,000 | 2,900 | 2,900 |
| Other Operating Expenditures | 212,300 | 212,400 | 216,200 |
| Equipment | 8,700 | -0- | -0- |
| All Other Operating Expenditures | 349,100 | 350,200 | 361,600 |
| TOTAL APPROPRIATIONS | 1,607,800 | 1,591,400 | 1,664,400 ^{1/} |

Program Description - *The Occupational Safety and Health Division, which is certified by the U.S. Department of Labor, administers the Arizona occupational safety and health laws. The division also is responsible for ensuring that elevators and boilers are safe and in operable working condition.*

FTE Positions - The approved amount includes 1 Elevator Inspector FTE position and \$39,700 to eliminate the backlog in inspections. The approved amount also includes 1 Special Program Training Coordinator FTE position and \$40,000 to reduce the backlog of requests for on-site education and training programs which are designed to provide information on accident prevention and occupational health control.

Personal Services - The approved amount is based upon a 1 % vacancy factor and \$10,300 in vacancy savings. The vacancy savings has increased by \$10,300 because the program did not have a vacancy savings rate applied in FY 1993. The approved amount also includes an additional \$27,000 to annualize the cost of the April 1993 general salary adjustment.

The approved amount includes a reduction of \$1,100 to reflect a lower Personal Services requirement. The approved amount also includes an increase of \$56,200 to fund 1 Elevator Inspector FTE position and 1 Special Program Training Coordinator FTE position.

Employee Related Expenditures - The approved amount includes: a) an additional \$3,500 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$4,900 as a result of lowering the employer contribution to the State Retirement System from 3.59 % to 3.14 %, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$88,700 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

All Other Operating Expenditures - The approved amount includes an increase of \$7,600 in Travel - In State and an increase of \$3,800 in Other Operating Expenditures associated with the new FTE positions.

^{1/} Represents General Appropriation Act funds. Appropriated as a modified lump sum for the program. The line items within "All Other Operating Expenditures" are shown for information only.

INDUSTRIAL COMMISSION - LEGAL COUNSEL**A.R.S. § 23-101**

Larry Etchechury, Director

JLBC Analyst: Fusak

| ADMINISTRATIVE FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|---------------------------|-----------------------------|------------------------------|
| FTE Positions | 15.0 | 15.0 | 15.0 |
| Personal Services | 402,900 | 416,100 | 427,400 |
| Employee Related Expenditures | 81,000 | 97,500 | 89,300 |
| Professional & Outside Services | 44,600 | 52,800 | 52,800 |
| Travel - In State | 8,200 | 7,800 | 7,800 |
| Travel - Out of State | 1,100 | 500 | 500 |
| Other Operating Expenditures | 89,600 | 88,500 | 88,500 |
| All Other Operating Expenditures | 143,500 | 149,600 | 149,600 |
| TOTAL APPROPRIATIONS | 627,400 | 663,200 | 666,300 ^{1/} |

Program Description - *The Legal Division represents the Industrial Commission when litigating cases involving the enforcement and collection of penalties associated with employees not having workers' compensation insurance. The division provides legal opinions and advise to the director of the commission concerning policy and procedural matters.*

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$11,300 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$1,500 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$1,900 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$35,400 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the program. The line items are shown for information only.

DEPARTMENT OF INSURANCE

A.R.S. § 20-101

Susan Gallinger, Director

JLBC Analyst: Smith

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|----------------------------------|
| FTE Positions | 85.0 | 86.0 | 86.9 ^{1/} |
| Personal Services | 1,884,900 | 1,972,900 | 2,097,000 |
| Employee Related Expenditures | 447,600 | 479,500 | 461,900 |
| Professional & Outside Services | 59,900 | 33,700 | 33,700 |
| Travel - In State | 4,400 | 4,800 | 4,800 |
| Travel - Out of State | 7,200 | 10,600 | 10,600 |
| Other Operating Expenditures | 602,900 | 580,400 | 389,500 ^{2/3/} |
| Equipment | -0- | -0- | 25,000 ^{4/} |
| All Other Operating Expenditures | 674,400 | 629,500 | 463,600 |
| TOTAL APPROPRIATIONS | 3,006,900 | 3,081,900 | 3,022,500 ^{3/5/} |

Agency Description - The department regulates the insurance industry. The department's major duties include solvency regulation, collection and audit of insurance premium taxes, agent licensing, company certification, consumer assistance, complaint resolution, rate and policy form regulation, and administration of companies in receivership.

FTE Positions - The approved amount includes a reduction of 1.1 FTE positions to bring the agency's current vacancy factor in line with the standard vacancy factor for an agency with this number of FTE positions. The approved amount also includes an additional 2 FTE positions and \$73,900 for an EDP Programmer Analyst III position (grade 20) and an EDP Programmer Analyst II position (grade 19) to support the computer system purchased through the department's Computer System Fund, which expires January 1, 1994. (See footnote 1 and Additional Legislation)

(Continued)

- ^{1/} Included in the lump sum appropriation is \$73,900 which shall revert to the General Fund if legislation is enacted to reinstate the department's Computer System Fund. Included in the FTE position appropriation of 86.9 FTE positions are 2 FTE positions which shall be eliminated if legislation is enacted to reinstate the department's Computer System Fund. (General Appropriation Act footnote)
- ^{2/} The Department of Administration (DOA) shall pay the Insurance Department's pro rata share of private lease space if the Insurance Department is unable to relocate to state-owned space because the Sun States Savings Building is not ready for occupancy. DOA shall also pay all costs associated with occupying and maintaining the Sun States Savings Building for FY 1994. (General Appropriation Act footnote)
- ^{3/} In fulfilling the requirements of A.R.S. § 20-167, it is the intent of the Legislature that the department define its appropriated amount to include the amount expended by DOA for all costs associated with the Department of Insurance's occupancy during FY 1994, excluding moving expenses. (General Appropriation Act footnote)
- ^{4/} It is the intent of the Legislature that upon relocation of the Department of Insurance, the department shall acquire and install a new telephone system. Included in the lump sum appropriation is \$25,000 for the first payment on the system. This \$25,000 shall revert to the General Fund if the department does not relocate during FY 1994 or if other funding becomes available. Prior to finalizing any agreement to purchase a telephone system, the department shall submit to the Joint Legislative Budget Committee a plan detailing the design, scope of services, capital costs and projected operating costs. (General Appropriation Act footnote)
- ^{5/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.

DEPARTMENT OF INSURANCE (Cont'd)
GENERAL FUND

Personal Services - The approved amount is based upon a 1.5% vacancy factor and \$31,900 in vacancy savings. The approved amount includes an additional \$64,600 to annualize the cost of the April 1993 general salary adjustment. The approved amount also includes an additional \$61,400 for the new EDP Programmer Analyst positions.

Employee Related Expenditures - The approved amount includes: a) an additional \$8,100 to annualize the cost of the April 1993 general salary adjustment, b) a reduction of \$9,400 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act, and c) an additional \$12,500 for the new EDP Programmer Analyst positions.

Other Operating Expenditures - The approved amount includes: a) a total of \$108,100 for the payment of risk management premiums, which reflects an additional \$104,100 authorized by Section 104 of the General Appropriation Act, b) a total of \$22,900 for the Tucson State Office Building lease-purchase payment, and c) \$16,500 for non-capitalized equipment.

The department's private lease payment of \$314,500, including utilities and operating expenses, has been eliminated. The Insurance Department is 1 of 4 agencies scheduled to relocate to the Sun States Building located at 44th Street and Thomas Road in Phoenix. This building was acquired as part of the state's RTC/Distressed Property program. Because the operating costs and allocation of space in this building are unknown, the lease-purchase payment and all estimated operating costs associated with the building are included in the Department of Administration budget for FY 1994. It is the intent of the Legislature that funding for the lease-purchase payment and occupancy costs be transferred to the Insurance Department's appropriation in FY 1995. (See footnotes 2 and 3)

Equipment - The approved amount includes \$25,000 for the first payment on a new telephone system. (See footnote 4)

ADDITIONAL LEGISLATION

Reinsurance Intermediaries: Solvency, Chapter 57 (S.B.1097) - This bill changes the requirement for the department to examine specific types of reinsurance and service companies from every 3 to every 5 years. Examinations will continue to be paid from the non-appropriated Insurance Examiners' Revolving Fund. The bill also requires the department to approve some domestic insurance company investments and perform additional regulatory duties, including imposing civil penalties.

Department of Insurance Computer System Fund, Chapter 59 (S.B.1145) - This bill sets a surcharge of up to 10% of current license fees and certificates of authority, to be deposited into the non-appropriated Department of Insurance Computer System Fund and used for completion and maintenance of the department's computer system until December 31, 1995. It also extends expenditure of monies in the expiring fund of the same name until December 31, 1995.

Estimated collections are \$244,100 for FY 1994 and \$259,300 for FY 1995. Per a General Appropriation Act footnote, passage of this bill will eliminate 2 FTE positions and require an associated \$73,900 of the FY 1994 appropriation to revert to the General Fund. These appropriated positions were intended to support the department's computer system, had the expiring fund not been extended. (See footnote 1)

Tort Reform, Chapter 90 (S.B. 1055) - This bill directs the department to establish by rule a priority of claims for specified insurance policies. The bill also requires the department to report by December 31, 1996 the effect of tort reform on insurance rates, based on insurance company rate filings.

Insurance Guaranty Fund Study Committee, Chapter 138 (S.B.1243) - This bill establishes the Joint Legislative Study Committee on Arizona's Insurance Guaranty Fund Report to review a report on the state's insurance guaranty funds prepared by a consultant authorized by Laws 1991, 4th Special Session, Chapter 5, Section 2. The committee is to recommend any proposed legislation by November 15, 1993 and will be abolished as of December 31, 1993.

Premium Finance Companies, Chapter 154 (H.B.2050) - This bill removes the Insurance Department's responsibility to register and investigate premium finance companies. Expanded regulatory duties are assigned to the Banking Department.

(Continued)

DEPARTMENT OF INSURANCE (Cont'd)
GENERAL FUND

Utilization Review, Chapter 159 (H.B.2091) - This bill establishes certification and specific legal requirements for utilization review, which is the system of allocating hospital resources and medical or surgical services given to a patient. The Insurance Department must issue 3-year certificates to qualified Utilization Review Agents beginning July 1, 1994. Department expenditures will be paid from the Insurance Examiner's Revolving Fund and reimbursed by the Utilization Review Agent or the Health Care Insurer which uses the agent's services. The department has authority to institute civil penalties ranging from \$250 per violation to \$15,000. Penalties will be deposited to the General Fund.

Accountable Health Plans, Chapter 231 (S.B.1109) - (General Provisions) This bill establishes licensure for Accountable Health Plans. Beginning July 1, 1994, for a company to issue a health benefits plan (i.e., a group health insurance policy provided as an employee benefit by an employer in Arizona) the company must be licensed as an Accountable Health Plan. Requirements for all health benefits plans include nonrenewal limitations, pre-existing conditions limitations, portability requirements, rate restrictions, and financial incentive requirements. Each Accountable Health Plan is required to offer a Basic Health Benefit Plan (BHBP) to any small employer who meets set requirements. Some requirements do not apply in counties with a population under 400,000 unless the department determines that a competitive market exists.

A BHBP is a guaranteed offer of small group health insurance, without regard to the participants' health status or claims experience. The bill establishes a 9 member Health Benefit Plan Committee to design and recommend a BHBP and recommend the health care providers who will be eligible to provide services, subject to change and approval by the department. Committee members are not eligible for compensation, but may be reimbursed for expenses.

Each Accountable Health Plan shall file a quality assurance program and an annual actuarial report. At least every 3 years, starting on or before December 31, 1995, the director shall report on the effect of similar laws in other states and on the effectiveness of this chapter.

(Small Employer Reinsurance Program) Article 2 of the bill establishes the Small Employer Reinsurance Program, effective December 31, 1993. The bill establishes a Small Employer Reinsurance Program Board, which includes the Insurance Department Director, plus 8 members who will serve 6 year terms. The board shall submit to the director for approval a plan to implement a reinsurance program, including setting premium rates and providing annual fiscal reporting. The program shall reimburse a reinsuring carrier for a percentage of its losses per calendar year and adjust these limits annually.

Each Accountable Health Plan must operate for a 5-year period as either a risk assuming carrier (to directly insure small business groups) or as a reinsuring carrier (to insure excess liability of the risk assuming carriers, up to the level of coverage of a BHBP). In reviewing applications from Accountable Health Plans to be risk assuming carriers, the department shall provide a 60 day public comment period and consider specified factors. The department shall assess all reinsuring carriers for the department's administrative costs and for any net losses to the program, including claims and the program's administrative costs.

DEPARTMENT OF LIQUOR LICENSES AND CONTROL

A.R.S. § 4-111

Harold Adams, Superintendent

JLBC Analyst: Martinez

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|--------------------------------|
| FTE Positions | 55.00 | 54.0 | 50.0 |
| Personal Services | 1,104,400 | 1,166,700 | 1,166,600 |
| Employee Related Expenditures | 275,600 | 295,800 | 279,300 |
| Professional & Outside Services | 13,900 | 34,800 | 34,800 |
| Travel - In State | 66,300 | 56,000 | 56,000 |
| Other Operating Expenditures | 381,900 | 355,600 | 338,800 |
| Equipment | 22,200 | -0- | -0- |
| All Other Operating Expenditures | 484,300 | 446,400 | 429,600 |
| OPERATING SUBTOTAL | 1,864,300 | 1,908,900 | 1,875,500 |
| Liquor Board | 24,000 | 24,800 | 24,800 ^{1/} |
| Microfilm System | 4,600 | -0- | -0- |
| TOTAL APPROPRIATIONS | 1,892,900 | 1,933,700 | 1,900,300 ^{2/} |

Agency Description - The department licenses, investigates and regulates the production, distribution and sale of alcoholic beverages throughout the state.

FTE Positions - The approved amount includes a reduction of 1 FTE position to bring the agency's current vacancy factor in line with the standard vacancy factor for an agency with this number of FTE positions. The amount was also reduced by 3 FTE positions that had been held vacant by the department.

Personal Services - The approved amount is based upon a 1% vacancy factor and \$11,800 in vacancy savings. The approved amount also includes an additional \$37,600 to annualize the cost of the April 1993 general salary adjustment. The increase due to the salary adjustment was offset by the savings generated from the elimination of the 3 funded vacant FTE positions.

Employee Related Expenditures - The approved amount includes: a) an additional \$4,800 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$5,200 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$136,300 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

(Continued)

^{1/} Of the \$1,900,300, \$24,800 is intended for Liquor Board expenses. (General Appropriation Act footnote)

^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.

DEPARTMENT OF LIQUOR LICENSES AND CONTROL (Cont'd)
GENERAL FUND

Other Operating Expenditures - The approved amount includes: a) a total of \$17,000 for the payment of risk management premiums, which reflects a reduction of \$6,000 authorized by Section 104 of the General Appropriation Act, and b) a total of \$26,700 for the Tucson State Office Building lease-purchase payment and \$187,100 for a private lease in Phoenix.

Liquor Board - The line reflects expenditures related to the operation of the Liquor Board. It includes \$5,000 in board member per diem costs and \$19,800 for Travel - In State.

ADDITIONAL LEGISLATION

Omnibus Liquor Bill - Chapter 133 (S.B. 1313) - The bill reclassifies the position of superintendent of the department to the director of the department. The bill also sets the daily compensation for board members at \$50. Counties with a population under 500,000 will continue to receive one-third of license fees collected in that county. For counties with a population over 500,000, the county will receive \$3,000 for each new license issued in unincorporated areas of that county, but not more than \$150,000 annually. The remainder of license fees collected in incorporated and unincorporated areas of each county with a population over 500,000 will be returned to the department for the purchase and maintenance of an automated records filing and retrieval system. The bill also augments the department's licensing and regulation functions.

STATE MINE INSPECTOR

A.R.S. § 27-121

The Honorable Douglas K. Martin, State Mine Inspector

JLBC Analyst: Brainard

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|------------------------------|
| FTE Positions | 10.5 | 10.5 | 10.0 |
| Personal Services | 303,200 | 327,800 | 316,100 |
| Employee Related Expenditures | 67,000 | 73,100 | 67,900 |
| Professional & Outside Services | 300 | -0- | -0- |
| Travel - In State | 36,400 | 43,400 | 43,400 |
| Travel - Out of State | 1,600 | 1,400 | 1,400 |
| Other Operating Expenditures | 146,200 | 172,400 | 107,400 |
| Equipment | 5,200 | -0- | 5,300 |
| All Other Operating Expenditures | 189,700 | 217,200 | 157,500 |
| TOTAL APPROPRIATIONS | 559,900 | 618,100 | 541,500 ^{1/} |

Agency Description - *The State Mine Inspector is an elected constitutional officer. The Mine Inspector inspects the health conditions and safety of mining operations, investigates mining accidents, identifies and notifies owners of abandoned mines, and conducts safety certification classes for mine employees.*

Personal Services - The approved amount is based upon a 0% vacancy factor, and includes an additional \$7,500 to annualize the cost of the April 1993 general salary adjustment. The approved amount also includes a reduction of \$19,200 that reflects elimination of 0.5 FTE position. This is a Project Coordinator position, responsible for coordinating federally funded training projects, and representing the agency before the Legislature. One-half of this position's salary is paid from federal funds, and the other half was paid with state funds.

Employee Related Expenditures - The approved amount includes: a) an additional \$1,000 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$1,300 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

Other Operating Expenditures - The approved amount includes: a) a total of \$36,900 for the payment of risk management premiums, which reflects a reduction of \$67,500 authorized by Section 104 of the General Appropriation Act, and b) a total of \$43,200 for rent of state-owned space.

Equipment - The approved amount includes funding for 1 personal computer and related software.

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.

OCCUPATIONAL SAFETY AND HEALTH REVIEW BOARD

A.R.S. § 23-422

Jack Duncan, Chairman

JLBC Analyst: Fusak

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|-------------------------------|
| FTE Positions | 0.0 | 0.0 | 0.0 |
| Personal Services | 300 | 700 | 700 |
| Professional & Outside Services | 5,300 | 7,400 | 7,400 |
| Travel - In State | 600 | 900 | 900 |
| All Other Operating Expenditures | 5,900 | 8,300 | 8,300 |
| TOTAL APPROPRIATIONS | 6,200 | 9,000 | 9,000 ^{1/23/} |

Agency Description - The board reviews cases involving OSHA violations. The cases start with an informal conference with the Industrial Commission's OSHA Division Director. If not resolved, the employer can request a hearing before an Industrial Commission Administrative Law Judge. If either the Director of OSHA or the employer disagrees, the ruling can be appealed before the OSHA Review Board.

Personal Services - The approved amount includes \$700 for board member per diem only.

- 1/ Fifty percent of all Board expenses are paid for by the Federal Government as part of the OSHA grant included in the budget of the Industrial Commission - Occupational Safety and Health Division.
- 2/ Pursuant to A.R.S. § 23-422, the appropriation is exempt from A.R.S. § 35-190 relating to lapsing appropriations.
- 3/ Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.

ARIZONA DEPARTMENT OF RACING - SUMMARY

A.R.S. § 5-101

James Higginbottom, Acting Director

JLBC Analyst: Martinez

| GENERAL FUND AND OTHER APPROPRIATED FUNDS | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|-------------------|---------------------|--------------------------------|
| <u>Program Summary</u> | | | |
| Commercial Racing | 2,185,000 | 2,446,700 | 2,421,400 |
| County Fair Racing | 254,100 | 348,400 | 344,900 |
| Arizona Racing Industry | 16,700 | 19,700 | 19,700 |
| State Gaming Agency | -0- | -0- | 664,700 |
| TOTAL APPROPRIATIONS | 2,455,800 | 2,814,800 | 3,450,700 |
| <u>Expenditure Detail</u> | | | |
| FTE Positions | 53.7 | 55.7 | 69.7 |
| Personal Services | 1,215,100 | 1,467,200 | 1,843,200 |
| Employee Related Expenditures | 280,100 | 341,400 | 441,500 |
| Professional & Outside Services | 542,000 | 569,200 | 601,000 |
| Travel - In State | 109,200 | 162,100 | 218,600 |
| Travel - Out of State | 8,800 | 7,200 | 24,900 |
| Other Operating Expenditures | 272,400 | 263,300 | 276,300 |
| Equipment | 28,200 | 4,400 | 45,200 |
| All Other Operating Expenditures | 960,600 | 1,006,200 | 1,166,000 |
| TOTAL APPROPRIATIONS | 2,455,800 | 2,814,800 | 3,450,700 ^{1/} |
| <u>Fund Summary</u> | | | |
| General Fund | 2,201,700 | 2,466,400 | 2,441,100 |
| County Fair Racing Fund | 254,100 | 348,400 | 344,900 |
| Permanent Tribal-State Compact Fund | -0- | -0- | 664,700 |
| TOTAL APPROPRIATIONS | 2,455,800 | 2,814,800 | 3,450,700 |

Agency Description - The department regulates the Arizona racing industry through supervision of race meetings, screening of license applicants, collection of taxes and fees, and assessment of fines or other penalties. The department also carries out the responsibilities of the State Gaming Agency in compacts with Indian tribes, and collects revenues for the Boxing Commission.

FTE Positions - The approved amount added 14 FTE positions to staff the State Gaming Agency.

(Continued)

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The program and line item detail are shown for information only.

ARIZONA DEPARTMENT OF RACING - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Personal Services - The approved amount is based upon a 1% vacancy factor and \$13,600 in vacancy savings from the General Fund in the Commercial Racing program. The approved amount also includes an additional \$36,900 from the General Fund and \$4,900 from the County Fair Racing Fund to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$4,800 from the General Fund and \$600 from Other Appropriated Funds to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$6,100 from the General Fund and \$2,200 from Other Appropriated Funds as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$148,800 from the General Fund and \$62,700 from Other Appropriated Funds for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes \$22,000 from the General Fund and \$3,100 from Other Appropriated Funds for the payment of risk management premiums. These amounts reflect a reduction of \$72,300 from the General Fund and \$10,200 from Other Appropriated Funds, as authorized under Section 104 of the General Appropriations Act. The approved amount also includes a total of \$63,300 from the General Fund for rent in private space.

ARIZONA DEPARTMENT OF RACING - COMMERCIAL RACING

A.R.S. § 5-101

James Higginbottom, Acting Director

JLBC Analyst: Martinez

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|--------------------------------|
| FTE Positions | 47.2 | 49.2 | 49.2 |
| Personal Services | 1,118,900 | 1,309,200 | 1,345,200 |
| Employee Related Expenditures | 259,200 | 302,900 | 316,600 |
| Professional & Outside Services | 492,600 | 518,800 | 518,800 |
| Travel - In State | 51,400 | 76,000 | 76,000 |
| Travel - Out of State | 7,100 | 3,800 | 1,500 |
| Other Operating Expenditures | 245,700 | 234,100 | 161,800 |
| Equipment | 10,100 | 1,900 | 1,500 |
| All Other Operating Expenditures | 806,900 | 834,600 | 759,600 |
| TOTAL APPROPRIATIONS | 2,185,000 | 2,446,700 | 2,421,400 ^{1/} |

Program Description - Licenses, investigates and regulates the pari-mutuel horse and greyhound racing within the state.

Personal Services - The approved amount is based upon a 1% vacancy factor and \$13,600 in vacancy savings. The approved amount also includes an additional \$36,900 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$4,800 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$6,100 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$148,800 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount includes \$514,300 for animal testing expenses and \$4,500 for legal costs.

Other Operating Expenditures - The approved amount includes: a) a total of \$22,000 for the payment of risk management premiums, which reflects a reduction of \$72,300 authorized by Section 104 of the General Appropriation Act, and b) a total of \$63,300 for rent in private space.

(Continued)

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The program and line item detail are shown for information only.

ARIZONA DEPARTMENT OF RACING - COMMERCIAL RACING (Cont'd)
GENERAL FUND

ADDITIONAL LEGISLATION

Racing: Licensing Period - Chapter 253 (H.B. 2357) - Effective January 1, 1994, requires the department to regulate the disposition and transportation of dogs by breeders and kennels, as well as inspect off-track kenneling of greyhounds used, trained, or bred for racing purposes. The bill also requires the licensure of greyhound racing kennels and farms or other operations where greyhounds are raised for the purpose of dog racing. The license fee is capped at \$100. The Racing Commission is required to establish financial assistance procedures for promoting adoption of racing greyhounds as domestic pets. The grants will be funded from a 25 % share of license fees collected from racing kennels and farms. The bill excludes persons who are not eligible to be licensed from participating in the Arizona Breeders' Award Fund. The bill makes the alteration of any identifying characteristic required by the department or mistreatment of racing greyhounds class 6 felonies.

ARIZONA DEPARTMENT OF RACING - COUNTY FAIR RACING

A.R.S. § 5-101

James Higginbottom, Acting Director

JLBC Analyst: Martinez

| COUNTY FAIR RACING FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|------------------------------|
| FTE Positions | 6.5 | 6.5 | 6.5 |
| Personal Services | 96,200 | 158,000 | 162,900 |
| Employee Related Expenditures | 20,900 | 38,500 | 40,300 |
| Professional & Outside Services | 47,200 | 47,800 | 47,800 |
| Travel - In State | 56,300 | 82,600 | 82,600 |
| Other Operating Expenditures | 15,400 | 19,000 | 8,800 |
| Equipment | 18,100 | 2,500 | 2,500 |
| All Other Operating Expenditures | 137,000 | 151,900 | 141,700 |
| TOTAL APPROPRIATIONS | 254,100 | 348,400 | 344,900 ^{1/} |

Program Description - Licenses, investigates and regulates pari-mutuel county fair horse racing within the state. The program is funded from the County Fair Racing Fund, which receives 3.5% of pari-mutuel racing receipts.

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount also includes an additional \$4,900 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$600 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$700 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$19,900 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes: a) a total of \$3,100 for the payment of risk management premiums, which reflects a reduction of \$10,200 authorized by Section 104 of the General Appropriation Act.

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The program and line item detail are shown for information only.

ARIZONA DEPARTMENT OF RACING - ARIZONA RACING INDUSTRY

A.R.S. § 5-101

James Higginbottom, Acting Director

JLBC Analyst: Martinez

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|-----------------------------|
| FTE Positions | 0.0 | 0.0 | 0.0 |
| Professional & Outside Services | 2,200 | 2,600 | 2,600 |
| Travel - In State | 1,500 | 3,500 | 3,500 |
| Travel - Out of State | 1,700 | 3,400 | 3,400 |
| Other Operating Expenditures | 11,300 | 10,200 | 10,200 |
| All Other Operating Expenditures | 16,700 | 19,700 | 19,700 |
| TOTAL APPROPRIATIONS | 16,700 | 19,700 | 19,700 ^{1/} |

Program Description - The 5 member Racing Commission issues race dates for commercial and county fair racing, prepares and promulgates rules for the industry, conducts hearings on disciplinary actions and permit applications, and issues permits to race tracks.

Funds are appropriated to the Arizona Racing Industry in support of the duties of the Arizona Racing Commission under the authority of A.R.S. § 5-104.

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The program and line item detail are shown for information only.

ARIZONA DEPARTMENT OF RACING - STATE GAMING AGENCY

A.R.S. § 5-601

James Higginbottom, Acting Director

JLBC Analyst: Martinez

| PERMANENT TRIBAL-STATE COMPACT FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|-------------------------|-------------------------|------------------------------|
| FTE Positions | 0.0 | 0.0 | 14.0 |
| Personal Services | -0- | -0- | 335,100 |
| Employee Related Expenditures | -0- | -0- | 84,600 |
| Professional & Outside Services | -0- | -0- | 31,800 |
| Travel - In State | -0- | -0- | 56,500 |
| Travel - Out of State | -0- | -0- | 20,000 |
| Other Operating Expenditures | -0- | -0- | 95,500 |
| Equipment | -0- | -0- | 41,200 |
| All Other Operating Expenditures | 0 | 0 | 245,000 |
| TOTAL APPROPRIATIONS | -0-^{1/} | -0-^{1/} | 664,700^{1/2} |

Program Description - The State Gaming Agency regulates Indian gaming activities authorized by the state-tribal gaming compacts. The program is funded from the Permanent Tribal-State Compact Fund, which receives monies from Indian tribes that have compacts with the state to reimburse the state for administrative and regulatory expenses. Monies remaining in the fund at the end of the fiscal year are returned to the Indian tribes.

FTE Positions - The approved amount provides positions to carry out the state's administrative and investigative responsibilities associated with Indian gaming compacts.

Personal Services - The approved amount is based upon a 0% vacancy factor.

Employee Related Expenditures - The approved amount includes a reduction of \$1,500 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$42,800 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount includes funding for education and training, and legal expenses.

- ^{1/} Laws 1992, Chapter 286 (H.B. 2352), 2nd Regular Session, created this program in FY 1993. The program did not exist in FY 1992. Funds for this program became subject to appropriation in FY 1994.
- ^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The program and line item detail are shown for information only.

RADIATION REGULATORY AGENCY - SUMMARY

A.R.S. § 30-652 and 32-2802

Aubrey V. Godwin, Director

JLBC Analyst: Smith

| GENERAL FUND AND OTHER APPROPRIATED FUNDS | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|-------------------|-----------------------|--------------------------------|
| <u>Program Summary</u> | | | |
| Radiation Evaluation and Compliance | 1,284,100 | 1,305,400 | 969,000 |
| Medical Radiologic Technology | | | |
| Board of Examiners | 89,100 | 96,300 | 93,000 |
| TOTAL APPROPRIATIONS | 1,373,200 | 1,401,700 | 1,062,000 |
| <u>Expenditure Detail</u> | | | |
| FTE Positions | 22.0 | 22.0 | 22.0 |
| Personal Services | 583,500 | 619,600 | 676,500 |
| Employee Related Expenditures | 130,800 | 144,500 | 149,400 |
| Professional & Outside Services | 38,900 | 8,300 | 8,300 |
| Travel - In State | 27,900 | 31,200 | 31,200 |
| Travel - Out of State | 1,400 | 5,800 | 5,800 |
| Other Operating Expenditures | 167,800 | 199,500 | 190,800 |
| Equipment | 43,900 | -0- | -0- |
| All Other Operating Expenditures | 279,900 | 244,800 | 236,100 |
| OPERATING SUBTOTAL | 994,200 | 1,008,900 | 1,062,000 |
| Special Line Items ^{1/} | 379,000 | -0- | -0- |
| Additional Appropriation ^{1/} | -- | 392,800 | -- |
| TOTAL APPROPRIATIONS | 1,373,200 | 1,401,700 | 1,062,000 ^{2/} |
| <u>Fund Summary</u> | | | |
| General Fund | 905,100 | 912,600 | 969,000 |
| Nuclear Emergency Management Fund | 379,000 | 392,800 ^{3/} | -0- |
| State Radiologic Technologist Certification Fund | 89,100 | 96,300 | 93,000 |
| TOTAL APPROPRIATIONS | 1,373,200 | 1,401,700 | 1,062,000 |

(Continued)

- ^{1/} Details for the Special Line Items and Additional Appropriation are included on the individual program pages.
- ^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum by program. The line items are shown for information only.
- ^{3/} Laws 1993, Chapter 182 appropriated \$392,818 from the General Fund to the Nuclear Emergency Management Fund, to be expended primarily in FY 1994. The appropriation is shown in FY 1993 due to enactment with an emergency clause. The department has a July 1, 1992 carry forward of \$426,000 also available for expenditures in FY 1993.

RADIATION REGULATORY AGENCY - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Agency Description - *The department regulates the use, storage, and disposal of sources of radiation. This includes licensing or certifying users, inspecting x-ray equipment, developing emergency response capability, and monitoring environmental radiation.*

Personal Services - The approved amount is based upon a 2.7% vacancy factor and \$17,300 in vacancy savings from the General Fund and no vacancy savings from Other Appropriated Funds. The approved amount includes an additional \$15,000 from the General Fund and \$1,500 from Other Appropriated Funds to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$2,100 from the General Fund and \$200 from Other Appropriated Funds to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$2,800 from the General Fund and \$200 from Other Appropriated Funds as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$56,100 from the General Fund and \$5,800 from Other Appropriated Funds for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes \$2,100 from the General Fund and \$200 from Other Appropriated Funds for the payment of risk management premiums. These amounts reflect a reduction of \$1,900 from the General Fund and \$100 from Other Appropriated Funds, as authorized under Section 104 of the General Appropriation Act. The approved amount also includes an total of \$66,300 from the General Fund and \$5,800 from Other Appropriated Funds for rent of private lease space.

**RADIATION REGULATORY AGENCY -
RADIATION EVALUATION AND COMPLIANCE**

A.R.S. § 30-652

Aubrey V. Godwin, Director

JLBC Analyst: Smith

| GENERAL FUND AND NUCLEAR EMERGENCY MANAGEMENT FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|---|---------------------------|-----------------------------|------------------------------|
| FTE Positions | 20.0 | 20.0 | 20.0 |
| Personal Services | 535,100 | 565,400 | 620,800 |
| Employee Related Expenditures | 117,300 | 126,700 | 136,300 |
| Professional & Outside Services | 31,600 | 6,300 | 6,300 |
| Travel - In State | 25,500 | 28,500 | 28,500 |
| Travel - Out of State | 900 | 4,100 | 4,100 |
| Other Operating Expenditures | 152,500 | 181,600 | 173,000 |
| Equipment | 42,200 | -0- | -0- |
| All Other Operating Expenditures | 252,700 | 220,500 | 211,900 |
| OPERATING SUBTOTAL | 905,100 | 912,600 | 969,000 |
| Nuclear Emergency Management Fund | 379,000 | -0- | -0- |
| TOTAL | 1,284,100 | 912,600 | 969,000 ^{1/} |
| Additional Appropriations- 41st Leg., 1st Reg. Session | | | |
| Nuclear Emergency Management, Ch. 182 | -- | 392,800 ^{2/} | -- ^{2/} |
| TOTAL APPROPRIATIONS | 1,284,100 | 1,305,400 | 969,000 |
| <u>Fund Summary</u> | | | |
| General Fund | 905,100 | 912,600 | 969,000 |
| Nuclear Emergency Management Fund | 379,000 | 392,800 | -0- |
| TOTAL APPROPRIATIONS | 1,284,100 | 1,305,400 | 969,000 |

Program Description - The Radiation Evaluation and Compliance program responsibilities include administrative services, regulation, licensing, inspection, emergency response, and environmental monitoring.

(Continued)

- ^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the program. The line items are shown for information only.
- ^{2/} Laws 1993, Chapter 182 appropriated \$392,818 from the General Fund to the Nuclear Emergency Management Fund, to be expended primarily in FY 1994. The appropriation is shown in FY 1993 due to enactment with an emergency clause. The department has a July 1, 1992 carry forward of \$426,000 also available for expenditures in FY 1993.

RADIATION REGULATORY AGENCY - RADIATION EVALUATION AND COMPLIANCE (Cont'd)
GENERAL FUND AND NUCLEAR EMERGENCY MANAGEMENT FUND

Personal Services - The approved amount is based upon a 2.7% vacancy factor and \$17,300 in vacancy savings from the General Fund. The approved amount also includes an additional \$15,000 to annualize the cost of the April 1993 general salary adjustment and \$41,300 to partially restore the FY 1993 lump sum reduction.

The appropriation includes a total of \$1,000 for board member per diem.

Employee Related Expenditures - The approved amount includes: a) an additional \$2,100 to annualize the cost of the April 1993 general salary adjustment, b) a reduction of \$2,800 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act, and c) an additional \$5,700 to partially restore the FY 1993 lump sum reduction.

The approved amount also includes a total of \$56,100 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

All Other Operating Expenditures - The approved amount includes: a) a total of \$2,100 for the payment of risk management premiums, which reflects a reduction of \$1,900 authorized by Section 104 of the General Appropriation Act, and b) a total of \$66,300 for rent of private lease space.

The approved amount also includes decreases of \$5,100 for utilities and \$1,600 for rent due to terms in the agency's private lease.

ADDITIONAL APPROPRIATIONS

Nuclear Emergency Appropriation and Assessment - Chapter 182 (H.B. 2024) - Appropriates \$833,000 from the General Fund to the Nuclear Emergency Management Fund, of which \$392,818 is allocated for use by the Radiation Regulatory Agency as follows: Personal Services - \$151,405; Employee Related Expenditures - \$43,393; Other Operating Expenditures - \$170,070; and Equipment - \$27,950. Monies appropriated to the Nuclear Emergency Management Fund are exempt from A.R.S. § 35-190, relating to lapsing of appropriations.

This appropriation is offset by an assessment of \$833,000, plus any applicable interest, against a consortium of corporations which operate the Palo Verde Nuclear Generating Station.

**RADIATION REGULATORY AGENCY -
MEDICAL RADIOLOGIC TECHNOLOGY BOARD OF EXAMINERS**

A.R.S. § 32-2802

Aubrey V. Godwin, Director

JLBC Analyst: Smith

| STATE RADIOLOGIC TECHNOLOGIST CERTIFICATION FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|---|-------------------|----------------------|-----------------------------|
| FTE Positions | 2.0 | 2.0 | 2.0 |
| Personal Services | 48,400 | 54,200 | 55,700 |
| Employee Related Expenditures | 13,500 | 17,800 ^{1/} | 13,100 |
| Professional & Outside Services | 7,300 | 2,000 | 2,000 |
| Travel - In State | 2,400 | 2,700 | 2,700 |
| Travel - Out of State | 500 | 1,700 | 1,700 |
| Other Operating Expenditures | 15,300 | 17,900 | 17,800 |
| Equipment | 1,700 | -0- | -0- |
| All Other Operating Expenditures | 27,200 | 24,300 | 24,200 |
| TOTAL APPROPRIATIONS | 89,100 | 96,300 | 93,000 ^{2/} |
| RECEIPTS, EXPENDITURES AND BALANCES FORWARD | | | |
| Balance Beg. of Fiscal Year | 257,800 | 196,200 | 287,900 |
| Add Revenue ^{3/} | 27,500 | 188,000 | 20,000 |
| TOTAL FUNDS AVAILABLE | 285,300 | 384,200 | 307,900 |
| Expenditures | 89,100 | 96,300 | 93,000 |
| BALANCE END OF FISCAL YEAR | 196,200 | 287,900 | 214,900 |

Program Description - The Medical Radiologic Technology Board of Examiners (MRTBE) conducts examinations and certifies operators of x-ray equipment. MRTBE certification is not required for licensed physicians, including dentists, chiropractors, podiatrists, and veterinarians.

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$1,500 to annualize the cost of the April 1993 general salary adjustment.

The approved amount also includes a total of \$800 for board member per diem.

(Continued)

- ^{1/} Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$5,200 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.
- ^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the program. The line items are shown for information only.
- ^{3/} The program has a biennial licensing cycle.

**RADIATION REGULATORY AGENCY -
MEDICAL RADIOLOGIC TECHNOLOGY BOARD OF EXAMINERS (Cont'd)
STATE RADIOLOGIC TECHNOLOGIST CERTIFICATION FUND**

Employee Related Expenditures - The approved amount includes: a) an additional \$200 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$200 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$5,800 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenses - The approved amount includes: a) a total of \$200 for the payment of risk management premiums, which reflects a reduction of \$100 authorized by Section 104 of the General Appropriation Act, and b) a total of \$5,800 for private lease space.

ADDITIONAL LEGISLATION

Mammography: Certification - Chapter 10 (S.B. 1171) - This bill requires the Medical Radiologic Technology Board of Examiners to issue a 2-year Mammographic Technologist Certificate to qualified applicants and to investigate any suspected violations of related statutes. Certification is required of any person performing diagnostic or screening mammographies after January 1, 1994. Application and renewal fees of \$20 per certificate will be deposited to the State Radiologic Technologist Certification Fund.

By October 1, 1993, the Director of the Radiation Regulatory Agency must prescribe requirements for documents to be submitted by any facility which conducts patient self-referral mammographic screening examinations after January 1, 1994.

The bill also addresses the regulation of physicians who interpret mammographic images, but assigns the related duties to the Board of Medical Examiners and the Arizona Board of Osteopathic Examiners in Medicine and Surgery.

STATE REAL ESTATE DEPARTMENT

A.R.S. § 32-2102

Jerry Holt, Commissioner

JLBC Analyst: Smith

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|---------------------|
| FTE Positions | 76.0 | 72.0 | 67.5 |
| Personal Services | 1,660,100 | 1,686,600 | 1,702,400 |
| Employee Related Expenditures | 409,000 | 422,700 | 387,500 |
| Professional & Outside Services | 82,400 | 100,600 | 98,300 |
| Travel - In State | 69,400 | 66,000 | 66,000 |
| Travel - Out of State | 14,500 | 20,700 | 6,600 |
| Other Operating Expenditures | 447,000 | 442,800 | 284,900 |
| Equipment | 44,200 | 1,700 | 1,700 |
| All Other Operating Expenditures | 657,500 | 631,800 | 457,500 |
| TOTAL APPROPRIATIONS | 2,726,600 | 2,741,100 | 2,547,400 |

Agency Description - The department issues licenses for real estate, cemetery, and membership campground sales. The department also regulates the real estate industry, including licensees, developers, subdividers, and real estate schools.

FTE Positions - The approved amount includes a reduction of 2.5 FTE positions to bring the agency's current vacancy factor in line with the standard vacancy factor for an agency with this number of FTE positions. The approved amount also includes a reduction of \$40,300 and 2 FTE positions resulting from an agency reorganization.

Personal Services - The approved amount is based upon a 1.5% vacancy factor and \$25,900 in vacancy savings. The approved amount includes an additional \$54,100 to annualize the cost of the April 1993 general salary adjustment and a reduction of \$31,000 associated with elimination of the 2 positions resulting from agency reorganization.

Employee Related Expenditures - The approved amount includes: a) an additional \$7,200 to annualize the cost of the April 1993 general salary adjustment, b) a reduction of \$7,700 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act, and c) a reduction of \$9,300 associated with elimination of the 2 positions.

The approved amount also includes a total of \$170,400 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

(Continued)

- 1/ The Department of Administration (DOA) shall pay the State Real Estate Department's pro rata share of private lease space if the State Real Estate Department is unable to relocate to state-owned space because the Sun States Savings Building is not ready for occupancy. DOA shall also pay all costs associated with occupying and maintaining the Sun States Savings Building for FY 1994. (General Appropriation Act footnote)
- 2/ In fulfilling the requirements of A.R.S. § 32-2103, it is the intent of the Legislature that the department shall define its appropriated amount to include the amount expended by DOA for all costs associated with the State Real Estate Department's occupancy during FY 1994, excluding moving expenses. (General Appropriation Act footnote)
- 3/ Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.

STATE REAL ESTATE DEPARTMENT (Cont'd)
GENERAL FUND

Travel - Out of State - The approved amount includes a reduction of \$14,100, and represents funding for the attendance of 1 Real Estate employee at 5 out-of-state conferences.

Other Operating Expenditures - The approved amount includes: a) a total of \$47,200 for the payment of risk management premiums, which reflects an additional \$43,600 authorized by Section 104 of the General Appropriation Act, and b) a total of \$37,700 for the Tucson State Office Building lease-purchase payment, which reflects an additional \$3,600.

The department's private lease payment of \$199,300, including utilities and operating expenses, has been eliminated. The State Real Estate Department is 1 of 4 agencies scheduled to relocate to the Sun States Building located at 44th Street and Thomas Road in Phoenix. This building was acquired as part of the state's RTC/Distressed Property program. Because the operating costs and allocation of space in this building are unknown, the lease-purchase payment and all estimated operating costs associated with the building are included in the DOA budget for FY 1994. It is the intent of the Legislature that funding for the lease-purchase payment and occupancy costs be transferred to the State Real Estate Department's appropriation in FY 1995. (See footnotes 1 and 2)

Equipment - The approved amount includes \$1,700 for purchase of computer equipment.

ADDITIONAL LEGISLATION

Regulation; Omnibus Reconciliation Bill - Chapter 4 (H.B. 2005), 2nd Special Session - This bill eliminates a requirement that the department reimburse the Attorney General for services.

Department of Real Estate - Chapter 140 (S.B. 1250) - This bill makes numerous revisions to the statutory requirements for the real estate industry, increases the State Real Estate Department Commissioner's authority, changes the requirements for real estate licensure, and establishes a 30-day Membership Camping Salesperson Certificate of Convenience. The bill also eliminates a requirement that the Legislature appropriate monies for real estate education, changes the Real Estate Printing Revolving Fund to the Real Estate Education Revolving Fund, and abolishes the Subdivision Recovery Fund (effective January 1, 1994) and transfers any remaining monies to the Real Estate Recovery Fund.

RESIDENTIAL UTILITY CONSUMER OFFICE

A.R.S. § 40-401.1

Ron Mathis, Director

JLBC Analyst: Headley

| RESIDENTIAL UTILITY CONSUMER OFFICE REVOLVING FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|---|---------------------------|-----------------------------|--------------------------------|
| FTE Positions | 12.0 | 12.0 | 12.0 |
| Personal Services | 393,800 | 468,300 | 451,300 |
| Employee Related Expenditures | 80,300 | 97,500 | 86,700 |
| Professional & Outside Services | 233,100 | 329,400 | 329,400 |
| Travel - In State | 11,100 | 13,500 | 10,000 |
| Travel - Out of State | 4,400 | 7,600 | 4,600 |
| Other Operating Expenditures | 110,400 | 102,100 | 109,300 |
| Equipment | 10,500 | -0- | 14,400 |
| All Other Operating Expenditures | 369,500 | 452,600 | 467,700 |
| TOTAL APPROPRIATIONS | 843,600 | 1,018,400 | 1,005,700 ^{1/} |

Agency Description - *The Residential Utility Consumer Office (RUCO) serves as an advocate for residential customers of public utilities in rate hearings held before the Arizona Corporation Commission. RUCO, through in-house rate analysts and contracted professional witnesses, attempts to influence the outcome of Commission rate decisions. The RUCO Director is appointed by the Governor and is advised by a 5 member citizen board.*

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$9,000 to annualize the cost of the April 1993 general salary adjustment. The approved amount also reflects a reduction of \$26,000 to bring the appropriation in line with actual salaries.

Employee Related Expenditures - The approved amount includes: a) an additional \$1,100 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$2,000 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$31,400 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes: a) a total of \$700 for the payment of risk management premiums, which reflects a reduction of \$1,400 authorized by Section 104 of the General Appropriation Act, and b) a total of \$57,400 for the Supreme Court Building lease-purchase payment.

Equipment - The approved amount represents funding for the replacement of the agency's copier.

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.

DEPARTMENT OF WEIGHTS AND MEASURES

A.R.S. § 41-2065

John Hays, Director

JLBC Analyst: Smith

| GENERAL FUND, AIR QUALITY FUND AND USED OIL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|---|--------------------------------|-----------------------|--------------------------------|
| FTE Positions | 66.1 | 66.1 | 65.0 |
| Personal Services | 277,400 | 1,431,500 | 1,472,700 |
| Employee Related Expenditures | 316,500 | 373,200 ^{1/} | 389,800 |
| Professional & Outside Services | 20,900 | 45,300 | 80,300 |
| Travel - In State | 249,700 | 190,600 | 219,500 |
| Travel - Out of State | 7,800 | 5,000 | 15,000 |
| Other Operating Expenditures | 361,600 | 477,300 | 614,200 |
| Equipment | 119,800 | 41,200 | 112,500 |
| All Other Operating Expenditures | 759,800 | 759,400 | 1,041,500 |
| TOTAL APPROPRIATIONS | 1,353,700 | 2,564,100 | 2,904,000 ^{2/} |
| <u>Fund Summary</u> | | | |
| General Fund | 1,122,400 | 1,941,500 | 1,879,800 |
| Air Quality Fund | 231,300 | 295,800 | 659,000 ^{3/4/} |
| Used Oil Fund | -0- | 326,800 | 365,200 |
| TOTAL APPROPRIATIONS | 1,353,700 ^{5/} | 2,564,100 | 2,904,000 |

Agency Description - The department inspects commercial establishments to ensure that packaged and petroleum products are bought and sold at their correct weight or measure, tests petroleum products and gasoline dispensing devices to ensure that they meet established standards, investigates consumer complaints, and maintains state standards for weights and measures.

(Continued)

- 1/ Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$4,300 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.
- 2/ Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.
- 3/ Of the Air Quality Fund appropriation, \$351,400 is to be used only for expenditures associated with either the Maricopa or Pima County Oxygenated Fuel Testing programs and \$301,600 is to be used only for expenditures associated with the Vapor Recovery program. (General Appropriation Act footnote) In addition to the \$653,000 appropriated from the Air Quality Fund to the Department of Weights and Measures in Section 45 of the General Appropriation Act, the approved amount includes a reduction of \$1,400 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized in Section 103, and an additional \$7,400 for the payment of risk management premiums, as authorized in Section 104. It is the intent of the Legislature that of the resulting additional \$6,000 appropriated from the Air Quality Fund, \$3,000 is to be used only for expenditures associated with either the Maricopa or Pima County Oxygenated Fuel Testing programs and \$3,000 is to be used only for expenditures associated with the Vapor Recovery program.
- 4/ Of the amount appropriated from the Air Quality Fund, the amount appropriated for vapor recovery will revert to the Air Quality Fund if legislation is not enacted to deposit the vapor recovery fees into the Air Quality Fund. (General Appropriation Act footnote)

DEPARTMENT OF WEIGHTS AND MEASURES (Cont'd)
GENERAL FUND, AIR QUALITY FUND AND USED OIL FUND

Personal Services - The approved amount is based upon a 1.8% vacancy factor and \$18,300 in vacancy savings from the General Fund and \$20,200 in savings from Other Appropriated Funds. The approved amount also includes an additional \$36,100 from the General Fund and \$13,500 from Other Appropriated Funds to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$4,900 from the General Fund and \$1,800 from Other Appropriated Funds to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$4,400 from the General Fund and \$2,200 from Other Appropriated Funds as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$108,600 from the General Fund and \$61,000 from Other Appropriated Funds for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes \$57,200 from the General Fund and \$11,200 from Other Appropriated Funds for the payment of risk management premiums. These amounts reflect an additional \$40,100 from the General Fund and \$11,200 from Other Appropriated Funds, as authorized under Section 104 of the General Appropriation Act. The approved amount also includes a total of \$242,700 from the General Fund and \$109,100 from Other Appropriated Funds for the department's lease-purchase and occupancy costs.

Fund Split - The following chart provides further detail on the approved amount by fund.

| FY 1994 | General Services (General Fund) | Oxygenated Fuel (Air Quality Fund) | Used Oil Testing (Used Oil Fund) | Vapor Recovery (Air Quality Fund) |
|-------------------------------------|--|---|---|--|
| FTE Positions | 41.0 | 8.0 | 10.0 | 6.0 |
| Personal Services | 983,000 | 173,100 | 184,300 | 132,300 |
| Employee Related Exp. | 258,400 | 45,800 | 51,700 | 33,900 |
| Prof. & Outside Services | 37,800 | -0- | 7,500 | 35,000 |
| Travel - In State | 121,700 | 25,200 | 43,700 | 28,900 |
| Travel - Out of State | 5,000 | -0- | -0- | 10,000 |
| Other Operating Exp. | 403,900 | 110,300 | 78,000 | 22,000 |
| Equipment | 70,000 | -0- | -0- | 42,500 |
| All Other Operating Exp. | 638,400 | 135,500 | 129,200 | 138,400 |
| TOTAL APPROPRIATIONS | 1,879,800 | 354,400 | 365,200 | 304,600 |

General Services (General Fund)

The line item detail, provided for information purposes, represents expenditures for administration, package testing, large scale testing, technical petroleum testing, metrology, and special investigations.

FTE Positions - The Auditor General recommended reducing inspections from approximately 9,000 to 3,000 per year, thus eliminating the need for 16 inspector and 3 supervisor positions in the Enforcement Division. To replace frequent inspections of all vendors, the Auditor General recommended inspecting a large random sample of vendors, imposing

DEPARTMENT OF WEIGHTS AND MEASURES (Cont'd)
GENERAL FUND, AIR QUALITY FUND AND USED OIL FUND

civil penalties for noncompliance, and targeting violators for 5 years of follow-up inspections. The Auditor General also recommended the department hire an experienced Data Analyst to implement and manage the sampling strategy.

The approved amount includes reductions of 7.1 FTE positions and \$159,000 to phase-in implementation of the change in the department's inspection strategy recommended by the Auditor General. The approved amount funds approximately 6,700 inspections in the Enforcement Division for FY 1994.

Personal Services - The approved amount is based upon a 1.8% vacancy factor and \$18,300 in vacancy savings. The approved amount includes an additional \$36,100 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$4,900 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$4,400 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$108,600 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes: a) a total of \$57,200 for the payment of risk management premiums, which reflects an additional \$40,100 authorized by Section 104 of the General Appropriation Act, and b) a total of \$242,700 for the department's lease-purchase and occupancy costs.

Equipment - The approved amount includes \$45,000 for the purchase of laboratory equipment and \$25,000 for the first payment on a 5-year lease-purchase of a diesel truck.

Oxygenated Fuel Program (Air Quality Fund)

Personal Services - The approved amount is based upon a 10.5% vacancy factor and \$20,200 in vacancy savings. The approved amount includes an additional \$6,000 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$800 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$800 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$19,400 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes: a) a total of \$3,800 for the payment of risk management premiums, which reflects an additional \$3,800 authorized by Section 104 of the General Appropriation Act, and b) a total of \$70,400 for the department's lease-purchase and occupancy costs.

Used Oil Testing (Used Oil Fund)

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$7,500 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$1,000 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$800 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$27,000 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

DEPARTMENT OF WEIGHTS AND MEASURES (Cont'd)
GENERAL FUND, AIR QUALITY FUND AND USED OIL FUND

Other Operating Expenditures - The approved amount includes: a) a total of \$3,800 for the payment of risk management premiums, which reflects an additional \$3,800 authorized by Section 104 of the General Appropriation Act, and b) a total of \$38,700 for the department's lease-purchase and occupancy costs.

Vapor Recovery Program (Air Quality Fund)

The Vapor Recovery program is mandated by Laws 1992, Chapter 299 (S.B. 1430), in compliance with the federal Clean Air Act Amendments of 1990. The department will ensure that Stage II Vapor Recovery equipment is installed at gasoline dispensing sites in ozone non-attainment areas (i.e. Maricopa County).

FTE Positions - The approved amount includes an additional 6 FTE positions and \$166,200 as follows: transfers 2 Inspector II positions to the Vapor Recovery program from those eliminated in the Enforcement Division and adds 1 Vapor Recovery Program Coordinator (grade 20), 1 Environmental Engineer (grade 19), 1 Engineer Plan Technician III (grade 18), and 1 Accounting Technician III (grade 13) position.

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes \$132,300 for the additional 6 FTE positions.

Employee Related Expenditures - The approved amount includes a reduction of \$600 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$14,600 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount includes \$35,000 for computer programmer costs for Vapor Recovery Program tracking and accounting.

Travel - In State - The approved amount includes \$28,900 for travel associated with inspections.

Travel - Out of State - The approved amount includes \$10,000 for training associated with implementation of the program.

Other Operating Expenditures - The approved amount includes: a) a total of \$3,600 for the payment of risk management premiums, which reflects an additional \$3,600 authorized by Section 104 of the General Appropriation Act, and b) \$18,400 for non-capital equipment and supplies associated with program start-up.

Equipment - The appropriation includes \$42,500 for purchase of computer equipment and 5 sets of test equipment.

ADDITIONAL LEGISLATION

Public Finance: Omnibus Reconciliation Bill - Chapter 3 (H.B. 2003), 2nd Special Session - This bill provides that up to \$300,000 of FY 1994 vapor recovery fees will be deposited to the Air Quality Fund rather than to the General Fund. This will partially offset the appropriation from the Air Quality Fund for the Vapor Recovery program.

Standards for Oxygenated Fuel - Chapter 244 (H.B. 2129) - This bill provides that if the federal Environmental Protection Agency finds that air quality standards are not met, additional control measures would go into effect. In a county which contains a carbon monoxide vehicle emissions control area and has a population between 400,000 and 1,200,000, the required oxygen content of gasoline would increase. In a county which contains a carbon monoxide vehicle emissions control area and has a population over 1,200,000, the Oxygenated Fuel program would be extended from its current schedule (April 1 through September 30th) to a full year program. The Department of Weights and Measures, in consultation with the Department of Environmental Quality (DEQ), would give gasoline manufacturers and suppliers 60 days notice of any

DEPARTMENT OF WEIGHTS AND MEASURES (Cont'd)
GENERAL FUND, AIR QUALITY FUND AND USED OIL FUND

subsequent changes to gasoline volatility requirements and would evaluate for approval alternative fuel control measures submitted by gasoline manufacturers and suppliers.

This bill also establishes the Joint Legislative Oversight Committee on Air Quality Control Measures, which shall receive reports from DEQ, hold public hearings, and make recommendations to the Governor, the President of the Senate, and the Speaker of the House of Representatives by September 15, 1993 and December 31, 1993.

**OCCUPATIONAL AND LICENSING AGENCIES
SUMMARY OF RECEIPTS, APPROPRIATIONS AND BALANCE FORWARD**

| Agency/Board | Balance Forward FY 1994 | 90% of FY 1994 Receipts | FY 1994 Approved | Balance Forward FY 1995 | 90% of FY 1995 Receipts | FY 1995 Approved | Balance Forward FY 1996 |
|---|-------------------------------|-------------------------------|---------------------|-------------------------------|-------------------------------|---------------------|-------------------------------|
| Board of Accountancy | \$780,800 | \$871,300 | \$941,100 | \$711,000 | \$1,231,300 | \$943,900 | \$998,400 |
| Board of Appraisal | 523,800 | 107,900 | 229,800 | 401,900 | 613,300 | 230,200 | 785,000 |
| Board of Barber Examiners | 145,800 | 143,300 | 141,800 | 147,300 | 144,300 | 141,000 | 150,600 |
| Board of Behavioral Health Examiners | 199,900 | 329,000 | 296,700 | 232,200 | 311,000 | 316,000 | 227,200 |
| Board of Chiropractic Examiners | 123,400 | 240,100 | 236,600 | 126,900 | 244,600 | 234,800 | 136,700 |
| Board of Cosmetology | 595,200 | 546,800 | 623,300 | 518,700 | 546,800 | 615,700 | 449,800 |
| Board of Dental Examiners | 240,100 | 500,000 | 528,000 | 212,100 | 500,000 | 490,600 | 221,500 |
| Board of Funeral Directors & Embalmers | 39,200 | 174,000 | 175,300 | 37,900 | 174,000 | 175,200 | 36,700 |
| Board of Homeopathic Medical Ex. | 30,200 | 19,600 | 22,300 | 27,500 | 19,600 | 22,600 | 24,500 |
| Board of Medical Examiners | 1,440,600 | 2,870,100 | 2,687,500 | 1,623,200 | 2,957,900 | 2,717,300 | 1,863,800 |
| Naturopathic Physicians Bd. of Med. Ex. | 50,400 | 41,600 | 41,900 | 50,100 | 41,600 | 39,600 | 52,100 |
| Board of Nursing 1/ | 635,500 | 1,213,500 | 1,593,100 | 255,900 | 1,332,100 | 1,590,300 | (2,300) |
| Bd. of Ex. of Nursing Care Inst. Admin. & Adult Care Home Managers | 52,800 | 104,800 | 63,600 | 94,000 | 63,400 | 63,400 | 94,000 |
| Board of Occupational Therapy Examiners | 54,000 | 79,000 | 90,900 | 42,100 | 79,000 | 89,000 | 32,100 |
| Board of Dispensing Opticians | 68,900 | 70,800 | 68,900 | 70,800 | 71,100 | 59,000 | 82,900 |
| Board of Optometry | 25,700 | 164,800 | 95,600 | 94,900 | 20,600 | 95,900 | 19,600 |
| Board of Osteopathic Examiners | 558,900 | 48,600 | 289,200 | 318,300 | 515,500 | 291,600 | 542,200 |
| Board of Pharmacy | 902,400 | 677,000 | 641,000 | 938,400 | 677,000 | 638,200 | 977,200 |
| Board of Physical Therapy Examiners | 177,600 | 50,100 | 72,300 | 155,400 | 146,000 | 72,500 | 228,900 |
| Board of Podiatry Examiners | 51,100 | 86,000 | 50,400 | 86,700 | 71,500 | 51,000 | 107,200 |
| Board of Private Postsecondary Education | 50,100 | 123,300 | 130,600 | 42,800 | 140,800 | 153,300 | 30,300 |
| Board of Psychologist Examiners | 519,400 | 63,600 | 197,800 | 385,200 | 331,600 | 197,000 | 519,800 |
| Board of Respiratory Care Examiners | 153,600 | 245,000 | 134,100 | 264,500 | 122,000 | 134,000 | 252,500 |
| Structural Pest Control Commission | 237,200 | 1,135,200 | 1,020,000 | 352,400 | 1,135,200 | 1,020,600 | 467,000 |
| Board of Technical Registration | 426,400 | 980,900 | 856,200 | 551,100 | 962,800 | 863,500 | 650,400 |
| Veterinary Medical Examining Board | 167,100 | 56,700 | 170,400 | 53,400 | 302,300 | 168,600 | 187,100 |
| TOTALS | 8,250,100 | 10,943,000 | 11,398,400 | 7,794,700 | 12,755,300 | 11,414,800 | 9,135,200 |

1/ Amounts shown for Board of Nursing receipts include Nurse Aide Registration Program (NATRP) receipts and IGA revenues of \$503,000 in FY 1994 and \$502,100 in FY 1995. Amounts shown for appropriations include NATRP non-appropriated expenditures of \$500,000 in each FY 1994 and FY 1995. The fund will be reimbursed through the IGA for a greater proportion of the costs incurred by NATRP in FY 1992, which will leave the fund with a positive ending balance for FY 1995.

STATE BOARD OF ACCOUNTANCY

A.R.S. § 32-701

Ruth R. Lee, Executive Director

JLBC Analyst: Reddy

| BOARD OF ACCOUNTANCY FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved | FY 1995 Approved |
|--|-------------------|---------------------|--------------------------------|------------------------------|
| FTE Positions | 9.0 | 9.0 | 10.0 | 10.0 |
| Personal Services | 186,700 | 193,100 | 216,500 | 216,500 |
| Employee Related Expenditures | 46,200 | 48,000 | 53,400 | 54,500 |
| Professional & Outside Services | 213,200 | 265,900 | 298,400 | 298,400 |
| Travel - In State | 5,300 | 11,000 | 6,000 | 6,000 |
| Travel - Out of State | 4,200 | 6,300 | 6,300 | 6,300 |
| Other Operating Expenditures | 120,900 | 162,200 | 160,500 | 162,200 |
| Equipment | 27,300 | -0- | -0- | -0- |
| All Other Operating Expenditures | 370,900 | 445,400 | 471,200 | 472,900 |
| OPERATING SUBTOTAL | 603,800 | 686,500 | 741,100 | 743,900 |
| Special Investigations | 102,400 | 103,300 | 200,000 ^{1/} | 200,000 ^{1/} |
| TOTAL APPROPRIATIONS | 706,200 | 789,800 | 941,100 ^{2/2/} | 943,900 ^{2/} |
| RECEIPTS, EXPENDITURES AND BALANCES FORWARD | | | | |
| Balance Beg. of Fiscal Year | 466,700 | 492,300 | 780,800 | 711,000 |
| Add Revenues | 731,800 | 1,078,300 | 871,300 | 1,231,300 |
| TOTAL FUNDS AVAILABLE | 1,198,500 | 1,570,600 | 1,652,100 | 1,942,300 |
| Expenditures | 706,200 | 789,800 | 941,100 | 943,900 |
| BALANCE END OF FISCAL YEAR | 492,300 | 780,800 | 711,000 | 998,400 |

Agency Description - The board licenses, investigates, and conducts examinations of certified public accountants and public accountants.

(Continued)

- ^{1/} Of the amounts appropriated for special investigations in FY 1994 - FY 1995, the Board of Accountancy may expend up to \$25,000 in each fiscal year for legal services related to routine or ongoing matters that come before the Board of Accountancy, if such monies are not required for special investigations. (General Appropriation Act footnote)
- ^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.
- ^{3/} This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriations to the special agency funds until June 30, 1995. (General Appropriation Act footnote)

STATE BOARD OF ACCOUNTANCY (Cont'd)
BOARD OF ACCOUNTANCY FUND

FY 1994

FTE positions - The approved amount includes an additional Administrative Secretary II FTE position and \$21,400 to handle the increased workload.

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$6,800 to annualize the cost of the April 1993 general salary adjustment. The approved amount also includes an additional \$16,600 to fund the new FTE position.

Employee Related Expenditures - The approved amount includes: a) an additional \$800 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$900 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$27,800 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount includes an additional \$32,500 to fund the increased costs of the certified public accountant booklets and the examination proctors.

Travel - In State - The approved amount includes a \$5,000 decrease to reflect the actual expenditures.

Other Operating Expenditures - The approved amount includes: a) a total of \$700 for the payment of risk management premiums, which reflects a reduction of \$1,700 authorized by Section 104 of the General Appropriation Act, and b) \$30,600 for the lease-purchase payment on its office at 3110 N. 19th Avenue.

Special Investigations - The approved amount includes an increase of \$96,700 to fund the special investigations program. The increase will enable the board to expand its capacity to investigate and prosecute cases involving certified public accountants or certified public accounting firms alleged to have violated the provisions of Title 32, Chapter 6, Arizona Revised Statutes.

FY 1995

Personal Services - The approved amount is based upon a 0% vacancy factor.

Employee Related Expenses - The approved amount is based upon the same percentage factors used to calculate the FY 1994 Employee Related Expenditures, with the exception of the employer contribution to the State Retirement System. The FY 1995 approved amount is based on a 3.59% employer contribution rate. The approved amount also includes a total of \$27,800 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund in FY 1995.

Other Operating Expenses - The approved amount includes a total of \$2,400 for the payment of risk management premiums. This amount does not reflect the Section 104 adjustments described above for FY 1994. The approved amount also includes a total of \$30,600 for its office at 3110 N. 19th Avenue.

STATE BOARD OF APPRAISAL

A.R.S. § 32-3604

Shirley Berry, Acting Director

JLBC Analyst: Fusak

| BOARD OF APPRAISAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved | FY 1995 Approved |
|--|----------------------|---------------------|-------------------------------|------------------------------|
| FTE Positions | 4.0 | 4.0 | 4.0 | 4.0 |
| Personal Services | 86,100 | 118,800 | 121,800 | 121,800 |
| Employee Related Expenditures | 16,200 | 25,100 | 24,400 | 25,100 |
| Professional & Outside Services | 1,900 | 20,500 | 21,500 | 21,500 |
| Travel - In State | 2,000 | 25,500 | 21,500 | 21,500 |
| Travel - Out of State | 1,800 | 2,000 | 2,000 | 2,000 |
| Other Operating Expenditures | 37,500 | 29,200 | 38,600 | 38,300 |
| Equipment | 4,700 | -0- | -0- | -0- |
| All Other Operating Expenditures | 47,900 | 77,200 | 83,600 | 83,300 |
| TOTAL APPROPRIATIONS | 150,200 | 221,100 | 229,800 ^{1/2} | 230,200 ^{1/} |
| RECEIPTS, EXPENDITURES AND BALANCES FORWARD | | | | |
| Balance Beg. of Fiscal Year | 230,700 | 204,600 | 523,800 | 401,900 |
| Add Revenues | 199,100 | 540,300 | 107,900 | 613,300 ^{2/} |
| TOTAL FUNDS AVAILABLE | 429,800 | 744,900 | 631,700 | 1,015,200 |
| Expenditures | 150,200 | 221,100 | 229,800 | 230,200 |
| Payback to General Fund | 75,000 ^{4/} | -0- | -0- | -0- |
| BALANCE END OF FISCAL YEAR | 204,600 | 523,800 | 401,900 | 785,000 |

Agency Description - The board licenses, certifies and regulates real estate appraisers. The board also registers property tax agents.

FY 1994

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$3,000 to annualize the cost of the April 1993 general salary adjustment.

(Continued)

- ^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.
- ^{2/} The appropriation is available for use and is exempt from the provisions of A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1995. (General Appropriation Act footnote)
- ^{3/} Revenue estimate assumes 1,320 renewals.
- ^{4/} Represents \$75,000 repayment to the General Fund, pursuant to Laws 1990, Chapter 313.

STATE BOARD OF APPRAISAL (Cont'd)
BOARD OF APPRAISAL FUND

Employee Related Expenditures - The approved amount includes: a) an additional \$300 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$500 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$11,000 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount includes an increase of \$1,000 based on an increase in projected complaints.

Travel - In State - The approved amount includes a decrease of \$4,000 to reflect actual spending requirements for lodging.

Other Operating Expenditures - The approved amount includes: a) a total of \$700 for the payment of risk management premiums, which reflects an additional \$300 authorized by Section 104 of the General Appropriation Act, and b) a total of \$14,100 for rent of state-owned space.

FY 1995

During the Second Regular Session, it is the intent of the Legislature to revise the FY 1995 appropriation as necessary to reflect updated information for certain statewide technical issues, including employer contributions for Employee Related Expenditures, risk management premiums and charges for state-owned or leased space.

Personal Services - The approved amount is based upon a 0% vacancy factor.

Employee Related Expenditures - The approved amount is based upon the same percentage factors used to calculate the FY 1994 Employee Related Expenditures, with the exception of the employer contribution to the State Retirement System. The FY 1995 approved amount is based on a 3.59% employer contribution rate. The approved amount also includes a total of \$11,000 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund in FY 1995.

Other Operating Expenditures - The approved amount includes a total of \$400 for the payment of risk management premiums. This amount does not reflect the Section 104 adjustments described above for FY 1994. The approved amount also includes a total of \$14,100 for rent of state-owned space.

BOARD OF BARBERS

A.R.S. § 32-301

Mario Herrera, Executive Director

JLBC Analyst: Bock

| BOARD OF BARBERS FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved | 1995 Approved |
|--|-------------------|----------------------|--------------------------------|------------------------------|
| FTE Positions | 3.0 | 3.0 | 3.0 | 3.0 |
| Personal Services | 80,100 | 82,800 | 85,100 | 85,100 |
| Employee Related Expenditures | 17,900 | 19,800 ^{1/} | 17,200 | 17,700 |
| Professional & Outside Services | 100 | 800 | 800 | 800 |
| Travel - State | 9,800 | 14,100 | 14,100 | 14,100 |
| Travel - Out of State | -0- | 1,300 | 1,300 | 1,300 |
| Other Operating Expenditures | 17,900 | 22,000 | 20,200 | 22,000 |
| Equipment | -0- | -0- | 3,100 | -0- |
| All Other Operating Expenditures | 27,800 | 38,200 | 39,500 | 38,200 |
| TOTAL APPROPRIATIONS | 125,800 | 140,800 | 141,800 ^{2/3/} | 141,000 ^{2/} |
| RECEIPTS, EXPENDITURES AND BALANCES FORWARD | | | | |
| Balance Beg. of Fiscal Year | 129,400 | 130,700 | 145,800 | 147,300 |
| Add Revenues | 127,100 | 155,900 | 143,300 | 144,300 |
| TOTAL FUNDS AVAILABLE | 256,500 | 286,600 | 289,100 | 291,600 |
| Expenditures | 125,800 | 140,800 | 141,800 | 141,000 |
| BALANCE END OF FISCAL YEAR | 130,700 | 145,800 | 147,300 | 150,600 |

Agency Description - The board licenses barbers, inspects barbering establishments, and investigates found or reported violations of sanitation requirements and barbering procedures. It conducts hearings and imposes enforcement actions where appropriate.

FY 1994

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$2,300 to annualize the cost of the April 1993 general salary adjustment.

(Continued)

- ^{1/} Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$900 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.
- ^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.
- ^{3/} This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriations to the special agency funds until June 30, 1995. (General Appropriation Act footnote)

BOARD OF BARBERS (Cont'd)
BOARD OF BARBERS FUND

Employee Related Expenditures - The approved amount includes: a) an additional \$300 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$400 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$6,000 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes: a) a total of \$700 for the payment of risk management premiums, which reflects a reduction of \$800 authorized by Section 104 of the General Appropriation Act, and b) a total of \$7,300 for rent of state-owned space and \$900 for the renting of private barber shop space for conducting examinations. The amount reflects a \$1,000 reduction for contract maintenance due to authorization of a replacement photocopier.

Equipment - The \$3,100 is for a replacement photocopier.

FY 1995

During the Second Regular Session, it is the intent of the Legislature to revise the FY 1995 appropriation as necessary to reflect updated information for certain statewide technical issues, including employer contributions for Employee Related Expenditures, risk management premiums and charges for state-owned or leased space.

Personal Services - The approved amount is based upon a 0% vacancy factor.

Employee Related Expenditures - The approved amount is based upon the same percentage factors used to calculate the FY 1994 Employee Related Expenditures, with the exception of the employer contribution to the State Retirement System. The FY 1995 approved amount is based on a 3.59% employer contribution rate. The approved amount also includes a total of \$6,000 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund in FY 1995.

Other Operating Expenditures - The approved amount includes a total of \$1,500 for the payment of risk management premiums. This amount does not reflect the Section 104 adjustments described above for FY 1994. The approved amount also includes a total of \$7,300 for rent of state-owned space and \$900 for renting private barber shop space for conducting examinations.

BOARD OF BEHAVIORAL HEALTH EXAMINERS

A.R.S. § 32-3251

David Oake, Executive Director

JLBC Analyst: Smith

| BEHAVIORAL HEALTH EXAMINERS FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved | FY 1995 Approved |
|----------------------------------|----------------|----------------------|-------------------------------|------------------------------|
| FTE Positions | 3.0 | 4.0 | 6.0 | 6.0 |
| Personal Services | 107,700 | 142,700 | 163,700 | 168,400 |
| Employee Related Expenditures | 16,900 | 27,900 ^{1/} | 34,100 | 38,200 |
| Professional & Outside Services | 9,700 | 4,000 | 4,000 | 4,000 |
| Travel - In State | 5,600 | 13,700 | 14,900 | 14,900 |
| Travel - Out of State | 1,900 | 3,000 | 3,000 | 3,800 |
| Other Operating Expenditures | 60,700 | 61,400 | 63,800 | 83,700 |
| Equipment | 8,300 | -0- | 13,200 | 3,000 |
| All Other Operating Expenditures | 86,200 | 82,100 | 98,900 | 109,400 |
| TOTAL APPROPRIATIONS | 210,800 | 252,700 | 296,700 ^{23/} | 316,000 ^{2/} |

RECEIPTS, EXPENDITURES AND BALANCES FORWARD

| | | | | |
|-----------------------------------|----------------------|----------------|----------------|----------------|
| Balance Beg. of Fiscal Year | 12,400 | 113,600 | 199,900 | 232,200 |
| Add Revenues | 326,000 | 339,000 | 329,000 | 311,000 |
| TOTAL FUNDS AVAILABLE | 338,400 | 452,600 | 528,900 | 543,200 |
| Expenditures | 210,800 | 252,700 | 296,700 | 316,000 |
| Payback to General Fund | 14,000 ^{4/} | -0- | -0- | -0- |
| BALANCE END OF FISCAL YEAR | 113,600 | 199,900 | 232,200 | 227,200 |

Agency Description - The board certifies and regulates behavioral health professionals in the fields of social work, counseling, marriage and family therapy, and substance abuse counseling.

(Continued)

- ^{1/} Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$1,500 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.
- ^{2/} Represents General Appropriation Act Funds. Appropriated as a lump sum for the agency. The line items are shown for information only.
- ^{3/} This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriations to the special agency funds, until June 30, 1995. (General Appropriation Act footnote)
- ^{4/} Laws 1990, Chapter 94 specifies that the State Treasurer shall deposit 10% of the monies collected pursuant to this act in the State General Fund. An additional 10% of the monies collected pursuant to this act were to be collected by the Treasurer to repay the 1990 General Fund appropriation of \$50,000 until such time as that amount had been repaid to the State General Fund. Laws 1991, Chapter 95 (H.B. 2346), changed the repayment schedule to require that \$36,000 be repaid within FY 1991 and \$14,000 be repaid within FY 1992.

BOARD OF BEHAVIORAL HEALTH EXAMINERS (Cont'd)
BEHAVIORAL HEALTH EXAMINERS FUND

FY 1994

FTE Positions - The approved amount adds 2 FTE positions and \$24,900 as follows: makes permanent an Administrative Assistant II position previously funded on a limited basis and adds an Investigator II position to handle an investigations backlog and increased number of complaints.

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$3,800 to annualize the cost of the April 1993 general salary adjustment and an additional \$19,900 for the investigator position.

Employee Related Expenditures - The approved amount includes: a) an additional \$400 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$600 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$17,200 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Travel - In State - The approved amount adds \$1,200 for travel associated with investigations.

Other Operating Expenditures - The approved amount includes: a) a total of \$700 for the payment of risk management premiums, which reflects an additional \$400 authorized by Section 104 of the General Appropriation Act, and b) a total of \$10,600 for rent of state-owned space, which reflects an additional \$3,700 due to a reassessment of space in the Occupational Licensing Building. The approved amount includes an additional \$2,800 for costs associated with the investigator position, including a one-time expenditure of \$700 for non-capitalized equipment, and a decrease of \$4,500 for elimination of leased duplicating equipment.

Equipment - The approved amount includes \$10,200 for purchase of a copier machine and \$3,000 for purchase of a computer and software.

FY 1995

During the Second Regular Session, it is the intent of the Legislature to revise the FY 1995 appropriation as necessary to reflect updated information for certain statewide technical issues, including employer contributions for Employee Related Expenditures, risk management premiums and charges for state-owned or leased space.

Personal Services - The approved amount is based upon a 0% vacancy factor and includes an additional \$4,700 for reclassification of an Administrative Assistant II position to a Business Manager position.

Employee Related Expenditures - The approved amount is based upon the same percentage factors used to calculate the FY 1994 Employee Related Expenditures, with the exception of the employer contribution to the State Retirement System. The FY 1995 approved amount is based on a 3.59% employer contribution rate. The approved amount also includes a total of \$17,200 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund in FY 1995.

Travel - Out of State - The approved amount adds \$800 for attendance of 1 person at the Marriage and Family Therapy Conference.

Other Operating Expenditures - The approved amount includes a total of \$300 for the payment of risk management premiums. This amount does not reflect the Section 104 adjustments described above for FY 1994. The approved amount also includes a total of \$10,600 for rent of state-owned space.

The approved amount adds \$12,800 for printing and mailing, \$2,800 for 2 additional phone lines, and \$900 for investigations training.

Equipment - The approved amount provides funding for a replacement computer and software.

STATE BOARD OF CHIROPRACTIC EXAMINERS

A.R.S. § 32-901

Elaine LeTarte, Executive Director

JLBC Analyst: Reddy

| BOARD OF CHIROPRACTIC EXAMINERS FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved | FY 1995 Approved |
|--|----------------|----------------------|--------------------------------|------------------------------|
| FTE Positions | 4.0 | 4.0 | 4.0 | 4.0 |
| Personal Services | 110,500 | 112,600 | 126,900 | 126,900 |
| Employee Related Expenditures | 20,900 | 22,900 ^{1/} | 23,600 | 24,000 |
| Professional & Outside Services | 21,400 | 16,200 | 18,200 | 16,600 |
| Travel - In State | 5,400 | 7,100 | 6,100 | 6,100 |
| Travel - Out of State | 5,700 | 5,200 | 2,700 | 2,700 |
| Other Operating Expenditures | 50,400 | 54,000 | 53,500 | 54,000 |
| Equipment | 2,100 | 11,300 | 5,600 | 4,500 |
| All Other Operating Expenditures | 85,000 | 93,800 | 86,100 | 83,900 |
| TOTAL APPROPRIATIONS | 216,400 | 229,300 | 236,600 ^{2/3/} | 234,800 ^{2/} |
| RECEIPTS, EXPENDITURES AND BALANCES FORWARD | | | | |
| Balance Beg. of Fiscal Year | 80,400 | 113,400 | 123,400 | 126,900 |
| Add Revenues | 249,400 | 239,300 | 240,100 | 244,600 |
| TOTAL FUNDS AVAILABLE | 329,800 | 352,700 | 363,500 | 371,500 |
| Expenditures | 216,400 | 229,300 | 236,600 | 234,800 |
| BALANCE END OF FISCAL YEAR | 113,400 | 123,400 | 126,900 | 136,700 |

Agency Description - The board licenses, investigates, and conducts examinations of chiropractors who practice a system of therapy in which disease is considered the result of neural malfunction and manipulation of the spinal column and other structures is the method of treatment.

FY 1994

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes a \$9,000 increase in the Executive Director's salary and \$6,100 to fund the reclassification of 2 FTE positions. The amount also includes a reduction of \$3,800 to adjust for the reduced number of hearings, as well as an additional \$3,000 to annualize the cost of the April 1993 general salary adjustment.

(Continued)

- ^{1/} Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$900 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.
- ^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.
- ^{3/} This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriations to the special agency funds until June 30, 1995. (General Appropriation Act footnote)

STATE BOARD OF CHIROPRACTIC EXAMINERS (Cont'd)
BOARD OF CHIROPRACTIC EXAMINERS FUND

Employee Related Expenditures - The approved amount includes: a) an additional \$300 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$500 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. The amount also includes \$1,800 in associated ERE costs for the Executive Director's salary increase.

The approved amount also includes a total of \$9,900 from Other Appropriated Funds for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount includes an additional \$2,000 for programming costs associated with the agency's automation plan.

Travel - In State - The approved amount includes a reduction of \$1,000 to reflect actual mileage reimbursement rates.

Travel - Out of State - The approved amount includes a reduction of \$2,500 to reflect sending only one person to out-of-state conferences.

Other Operating Expenditures - The approved amount includes: a) a total of \$700 for the payment of risk management premiums, which reflects a reduction of \$500 authorized by Section 104 of the General Appropriation Act, and b) a total of \$26,000 for private rent.

Equipment - The approved amount includes funding for a computer workstation, software, printer and board room furniture.

FY 1995

During the Second Regular Session, it is the intent of the Legislature to revise the FY 1995 appropriation as necessary to reflect updated information for certain statewide technical issues, including employer contributions for Employee Related Expenditures, risk management premiums and charges for state-owned or leased space.

Personal Services - The approved amount is based upon a 0% vacancy factor.

Employee Related Expenditures - The approved amount is based upon the same percentage factors used to calculate the FY 1994 Employee Related Expenditures, with the exception of the employer contribution to the State Retirement System. The FY 1995 approved amount is based on a 3.59% employer contribution rate. The approved amount also includes a total of \$9,900 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund in FY 1995.

Professional and Outside Services - The approved amount includes a \$2,000 reduction for a one-time FY 1994 programming expense and a \$400 increase for software maintenance.

Other Operating Expenses - The approved amount includes a total of \$1,200 for the purchase of risk management premiums. This amount does not reflect the Section 104 adjustments described above for FY 1994. The approved amount also includes a total of \$26,000 for private rent.

Equipment - The approved amount includes funding for a computer workstation and LAN network software.

BOARD OF COSMETOLOGY

A.R.S. § 32-501

Sue Sansom, Executive Director

JLBC Analyst: Bock

| COSMETOLOGY FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved | 1995 Approved |
|--|---------------------------|-----------------------------|--------------------------------|------------------------------|
| FTE Positions | 15.5 | 15.5 | 15.5 | 15.5 |
| Personal Services | 295,000 | 312,500 | 324,100 | 324,100 |
| Employee Related Expenditures | 74,400 | 87,600 ^{1/} | 80,700 | 82,300 |
| Professional & Outside Services | 40,800 | 66,400 | 82,900 | 82,900 |
| Travel - State | 24,700 | 25,000 | 25,000 | 25,000 |
| Travel - Out of State | 8,400 | 5,700 | 5,700 | 5,700 |
| Other Operating Expenditures | 113,500 | 95,100 | 99,900 | 95,700 |
| Equipment | 3,200 | 9,000 | 5,000 | -0- |
| All Other Operating Expenditures | 190,600 | 201,200 | 218,500 | 209,300 |
| TOTAL APPROPRIATIONS | 560,000 | 601,300 | 623,300 ^{2/3/} | 615,700 ^{2/} |
| RECEIPTS, EXPENDITURES AND BALANCES FORWARD | | | | |
| Balance Beg. of Fiscal Year | 649,200 | 649,700 | 595,200 | 518,700 |
| Add Revenues | 560,500 | 546,800 | 546,800 | 546,800 |
| TOTAL FUNDS AVAILABLE | 1,209,700 | 1,196,500 | 1,142,000 | 1,065,500 |
| Expenditures | 560,000 | 601,300 | 623,300 | 615,700 |
| BALANCE END OF FISCAL YEAR | 649,700 | 595,200 | 518,700 | 449,800 |

Agency Description - The board administers licensing examinations and licenses; inspects salons and schools; and investigates found or reported violations of sanitation requirements and cosmetology procedures. It conducts hearings and imposes enforcement actions where appropriate.

FY 1994

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount also includes an additional \$11,600 to annualize the cost of the April 1993 general salary adjustment.

(Continued)

- ^{1/} Laws 1993, Chapter 7 (H.B. 2009) 2nd Special Session appropriated \$4,500 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.
- ^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.
- ^{3/} This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriations to the special agency funds until June 30, 1995. (General Appropriation Act footnote)

BOARD OF COSMETOLOGY (Cont'd)
COSMETOLOGY FUND

Employee Related Expenditures - The approved amount includes: a) an additional \$1,600 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$1,400 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$37,300 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - This item reflects an increase of \$16,500 to meet the higher cost of newly approved practical and written licensing examinations.

Other Operating Expenditures - The approved amount includes: a) a total of \$1,000 for the payment of risk management premiums, which reflects a reduction of \$2,000 authorized by Section 104 of the General Appropriations Act, and b) a total of \$39,000 for rent of state-owned space. The approved amount also includes \$9,000 for one-time expenses of preparing and printing educational materials on controlling blood-borne and other infections, including the hepatitis-B virus and the human immune deficiency virus. The amount also adds \$400 for rent, and reduces non-capitalized equipment by \$2,600 to \$0.

Capital Equipment - The approved amount is to replace the board's 11-year-old postage machine.

FY 1995

During the Second Regular Session, it is the intent of the Legislature to revise the FY 1995 appropriation as necessary to reflect updated information for certain statewide technical issues, including employer contributions for Employee Related Expenditures, risk management premiums and charges for state-owned or leased space.

Personal Services - The approved amount is based upon a 0% vacancy factor.

Employee Related Expenditures - The approved amount is based upon the same percentage factors used to calculate the FY 1994 Employee Related Expenditures, with the exception of the employer contribution to the State Retirement System. The FY 1995 approved amount is based on a 3.59% employer contribution rate. The approved amount also includes a total of \$37,300 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund in FY 1995.

Other Operating Expenditures - The approved amount includes a total of \$3,000 for the payment of risk management premiums. This amount does not reflect the Section 104 adjustments described above for FY 1994. The approved amount also includes a total of \$39,000 for rent of state-owned space. The \$9,000 for infection-control education is eliminated.

STATE BOARD OF DENTAL EXAMINERS

A.R.S. § 32-1201

Mark K. Steinberg, Executive Director

JLBC Analyst: Reddy

| DENTAL BOARD FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved | FY 1995 Approved |
|--|-------------------|------------------------------|----------------------------------|--------------------------------|
| FTE Positions | 8.0 | 9.0 | 9.0 | 9.0 |
| Personal Services | 201,900 | 242,100 | 263,200 | 258,800 |
| Employee Related Expenditures | 30,700 | 54,400 | 45,500 | 46,800 |
| Professional & Outside Services | 37,100 | 56,700 | 107,300 | 84,000 |
| Travel - In State | 6,700 | 6,500 | 8,900 | 6,500 |
| Travel - Out of State | 5,200 | 5,400 | 4,900 | 4,900 |
| Other Operating Expenditures | 82,700 | 86,100 | 90,200 | 89,600 |
| All Other Operating Expenditures | 131,700 | 154,700 | 211,300 | 185,000 |
| OPERATING SUBTOTAL | 364,300 | 451,200 | 520,000 | 490,600 |
| Automation | 12,500 | 8,800 | 8,000 | -0- |
| Impaired Dentist Program | 10,000 | 40,000 | -0- | -0- |
| TOTAL APPROPRIATIONS | 386,800 | 500,000 ^{1/} | 528,000 ^{2/3/4/} | 490,600 ^{2/4/} |
| RECEIPTS, EXPENDITURES AND BALANCES FORWARD | | | | |
| Balance Beg. of Fiscal Year | 22,700 | 230,100 | 240,100 | 212,100 |
| Add Revenues | 594,200 | 510,000 | 500,000 | 500,000 |
| TOTAL FUNDS AVAILABLE | 616,900 | 740,100 | 740,100 | 712,100 |
| Expenditures | 386,800 | 500,000 | 528,000 | 490,600 |
| BALANCE END OF FISCAL YEAR | 230,100 | 240,100 | 212,100 | 221,500 |

(Continued)

- 1/ Laws 1992, Chapter 7 (H.B. 2009), 2nd Special Session, appropriated \$32,700 to Professional and Outside Services to allow the board to hire part-time dental consultants in order to reduce a backlog of 138 complaints.
- 2/ Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.
- 3/ This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriations to the special agency fund, until June 30, 1995. (General Appropriation Act footnote)
- 4/ The board shall report quarterly to the President of the Senate, the Speaker of the House, and the Director of the Joint Legislative Budget Committee on their progress in reducing their complaint backlog. The report shall include information on the number of complaint cases opened, the number of cases closed, and the average length of time to resolve complaints. (General Appropriation Act footnote)

STATE BOARD OF DENTAL EXAMINERS (Cont'd)
DENTAL BOARD FUND

Agency Description - *The agency licenses, investigates, and conducts examinations of dentists, denturists, dental hygienists and dental assistants.*

FY 1994

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$6,800 to annualize the cost of the April 1993 general salary adjustment. The approved amount also includes an additional \$9,900 for the annualization of a legal assistant's salary, which was funded for half of FY 1993, and an additional \$4,400 for board member per diem due to the expected increase in the length of board meetings.

Employee Related Expenditures - The approved amount includes: a) an additional \$800 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$1,100 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$14,600 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount includes a transfer of \$40,000 from the Impaired Dentist Program special line item to Professional and Outside Services. The approved amount also includes \$20,000 for hearing costs and a reduction of \$9,400 for dental consultants due to the projected decrease in the complaint backlog.

Travel - In State - The approved amount includes an increase of \$2,400 for additional travel costs due to longer board meetings.

Travel - Out of State - The approved amount includes a decrease of \$500 to reflect sending 1 person instead of 2 to out-of-state conferences.

Other Operating Expenditures - The approved amount includes: a) a total of \$1,800 for the payment of risk management premiums, which reflects a reduction of \$1,100 authorized by Section 104 of the General Appropriation Act, and b) a total of \$37,800 for private rent. The approved amount also includes an increase of \$3,200 for mailing costs and an increase of \$2,000 for a computer maintenance agreement.

Automation - The approved amount includes a decrease of \$800 to reflect the lower second year cost of the agency's automation plan.

Impaired Dentist Program - Funding for the Impaired Dentist Monitoring and Rehabilitative Program was transferred from below-the-line into Professional and Outside Services. The program monitors and treats dentists with chemical dependency problems.

FY 1995

During the Second Regular Session, it is the intent of the Legislature to revise the FY 1995 appropriation as necessary to reflect updated information for certain statewide technical issues, including employer contributions for Employee Related Expenditures, risk management premiums and charges for state-owned or leased space.

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes a reduction of \$4,400 due to the projected elimination of the complaint backlog.

(Continued)

STATE BOARD OF DENTAL EXAMINERS (Cont'd)
DENTAL BOARD FUND

Employee Related Expenditures - The approved amount is based upon the same percentage factors used to calculate the FY 1994 Employee Related Expenditures, with the exception of the employer contribution to the State Retirement System. The FY 1995 approved amount is based on a 3.59% employer contribution rate. The approved amount also includes a total of \$14,600 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund in FY 1995.

Professional and Outside Services - The approved amount includes a reduction of \$23,300 for dental consultants due to the projected elimination of the complaint backlog.

Travel - In State - The approved amount includes a reduction of \$2,400 due to the projected elimination of the complaint backlog.

Other Operating Expenditures - The approved amount includes a total of \$2,900 for the payment of risk management premiums. This amount does not reflect the Section 104 adjustments described above for FY 1994. The approved amount includes a total of \$37,800 for private rent, as well as a reduction of \$1,700 in mailing costs due to the projected elimination of the complaint backlog.

ADDITIONAL LEGISLATION

Dental Board; Omnibus Legislation - Chapter 183 (H.B. 2032) - Allows the board to set its license fees for dentists, dental hygienists, and denturists at its annual August meeting.

STATE BOARD OF FUNERAL DIRECTORS AND EMBALMERS

A.R.S. § 32-1301

Jean Ellzey, Executive Director

JLBC Analyst: Smith

BOARD OF FUNERAL DIRECTORS AND EMBALMERS FUND

| | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved | FY 1995 Approved |
|---|-------------------|---------------------|------------------------------|------------------------------|
| FTE Positions | 3.0 | 3.0 | 3.0 | 3.0 |
| Personal Services | 87,600 | 83,700 | 88,000 | 88,000 |
| Employee Related Expenditures | 19,400 | 17,700 | 18,500 | 19,000 |
| Professional & Outside Services ^{1/} | 21,000 | 22,900 | 23,100 | 23,100 |
| Travel - In State | 5,800 | 17,200 | 17,200 | 17,200 |
| Travel - Out of State | 2,600 | -0- | -0- | -0- |
| Other Operating Expenditures | 18,800 | 27,900 | 28,500 | 27,900 |
| Equipment | 7,200 | -0- | -0- | -0- |
| All Other Operating Expenditures | 55,400 | 68,000 | 68,800 | 68,200 |
| TOTAL APPROPRIATIONS | 162,400 | 169,400 | 175,300 ^{2/} | 175,200 ^{2/} |

RECEIPTS, EXPENDITURES AND BALANCES FORWARD

| | | | | |
|-----------------------------------|----------------|----------------|----------------|----------------|
| Balance Beg. of Fiscal Year | 26,100 | 11,600 | 39,200 | 37,900 |
| Add Revenues | 147,900 | 197,000 | 174,000 | 174,000 |
| TOTAL FUNDS AVAILABLE | 174,000 | 208,600 | 213,200 | 211,900 |
| Expenditures | 162,400 | 169,400 | 175,300 | 175,200 |
| BALANCE END OF FISCAL YEAR | 11,600 | 39,200 | 37,900 | 36,700 |

Agency Description - The board licenses, registers, and regulates embalmers, prearranged funeral salespersons, crematories, and funeral homes.

(Continued)

- ^{1/} This agency is housed within the State Boards' Office of the Department of Administration. The amount shown includes a proportionate cost each board pays to the Special Services Revolving Fund for services provided by the State Boards' Office.
- ^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.
- ^{3/} This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriations to the special agency funds until June 30, 1995. (General Appropriation Act footnote)

STATE BOARD OF FUNERAL DIRECTORS AND EMBALMERS (Cont'd)
BOARD OF FUNERAL DIRECTORS AND EMBALMERS FUND

FY 1994

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$2,300 to annualize the cost of the April 1993 general salary adjustment and an additional \$2,000 to reclassify an Investigator II position (grade 16) to a Deputy Director position (grade 17). The appropriation also includes a total of \$8,200 for board member per diem.

Employee Related Expenditures - The approved amount includes: a) an additional \$300 to annualize the cost of the April 1993 general salary adjustment, b) a reduction of \$400 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act, and c) an additional \$200 for the reclassified position.

The approved amount also includes a total of \$8,500 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount includes \$17,100 for joint office costs. The \$17,100 for joint office costs includes an additional \$200 for the April 1993 general salary adjustment. The approved amount includes a total of \$600 for the state share of the State Boards' Office medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund. (See footnote 1)

Other Operating Expenditures - The approved amount includes a total of \$1,500 for the payment of risk management premiums, which reflects an additional \$600 authorized by Section 104 of the General Appropriation Act.

FY 1995

During the Second Regular Session, it is the intent of the Legislature to revise the FY 1995 appropriation as necessary to reflect updated information for certain statewide technical issues, including employer contributions for Employee Related Expenditures, risk management premiums and charges for state-owned or leased space.

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes \$8,200 for board member per diem.

Employee Related Expenditures - The approved amount is based upon the same percentage factors used to calculate the FY 1994 Employee Related Expenditures, with the exception of the employer contribution to the State Retirement System. The FY 1995 approved amount is based on a 3.59% employer contribution rate. The approved amount also includes a total of \$8,500 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund in FY 1995.

Professional and Outside Services - The approved amount includes \$17,100 for joint office costs. The approved amount includes a total of \$600 for the state share of the State Boards' Office for medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund in FY 1995.

Other Operating Expenditures - The approved amount includes a total of \$900 for the payment of risk management premiums. This amount does not reflect the Section 104 adjustments described above for FY 1994.

BOARD OF HOMEOPATHIC MEDICAL EXAMINERS

A.R.S. § 32-2901

John C. Reed, M.D., Board President

JLBC Analyst: Smith

| BOARD OF HOMEOPATHIC MEDICAL EXAMINERS FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved | FY 1995 Approved |
|--|-------------------|---------------------|-----------------------------|-----------------------------|
| FTE Positions | 0.3 | 0.3 | 0.5 | 0.5 |
| Personal Services | 4,900 | 5,500 | 8,200 | 8,800 |
| Employee Related Expenditures | 700 | 500 | 1,000 | 1,100 |
| Professional & Outside Services ^{1/} | 7,100 | 11,000 | 11,100 | 11,100 |
| Travel - In State | 500 | 500 | 500 | 500 |
| Other Operating Expenditures | 2,500 | 1,100 | 1,500 | 1,100 |
| All Other Operating Expenditures | 10,100 | 12,600 | 13,100 | 12,700 |
| TOTAL APPROPRIATIONS | 15,700 | 18,600 | 22,300 ^{2/} | 22,600 ^{2/} |
| RECEIPTS, EXPENDITURES AND BALANCES FORWARD | | | | |
| Balance Beg. of Fiscal Year | 30,700 | 30,700 | 30,200 | 27,500 |
| Add Revenues | 15,700 | 18,100 | 19,600 | 19,600 |
| TOTAL FUNDS AVAILABLE | 46,400 | 48,800 | 49,800 | 47,100 |
| Expenditures | 15,700 | 18,600 | 22,300 | 22,600 |
| BALANCE END OF FISCAL YEAR | 30,700 | 30,200 | 27,500 | 24,500 |

Agency Description - The board licenses and regulates medical physicians who practice homeopathy, a system of medical treatment based on use of small quantities of remedies which in larger doses produce symptoms of the disease.

FY 1994

FTE Positions - The approved amount includes an increase in the level of authorized FTE positions from 0.25 to 0.5. Funding was provided to fill 50%, or 0.125, of a new position.

Personal Services - The approved amount is based upon \$2,300 in vacancy savings. The approved amount includes an additional \$200 to annualize the cost of the April 1993 general salary adjustment and \$2,500 for the additional 0.25 FTE position. The appropriation also includes a total of \$1,200 for board member per diem.

(Continued)

- ^{1/} This agency is housed within the State Boards' Office of the Department of Administration. The amount shown includes a proportionate cost each board pays to the Special Services Revolving Fund for services provided by the State Boards' Office.
- ^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.
- ^{3/} This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriations to the special agency funds until June 30, 1995. (General Appropriation Act footnote)

BOARD OF HOMEOPATHIC MEDICAL EXAMINERS (Cont'd)
BOARD OF HOMEOPATHIC MEDICAL EXAMINERS FUND

Employee Related Expenditures - The approved amount also includes a total of \$200 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount includes \$9,900 for joint office costs. The \$9,900 for joint office costs includes an additional \$200 for the April 1993 general salary adjustment. The approved amount includes a total of \$500 for the state share of the State Boards' Office medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund. (See footnote 1)

Other Operating Expenditures - The approved amount includes a total of \$700 for the payment of risk management premiums, which reflects an additional \$400 authorized by Section 104 of the General Appropriation Act.

FY 1995

During the Second Regular Session, it is the intent of the Legislature to revise the FY 1995 appropriation as necessary to reflect updated information for certain statewide technical issues, including employer contributions for Employee Related Expenditures, risk management premiums and charges for state-owned or leased space.

Personal Services - The approved amount is based upon \$2,300 in vacancy savings. The approved amount includes a total of \$1,800 for board member per diem, which includes a one-time increase of \$600 for a Sunset Review process scheduled for FY 1995.

Employee Related Expenditures - The approved amount is based upon the same percentage factors used to calculate the FY 1994 Employee Related Expenditures, with the exception of the employer contribution to the State Retirement System. The FY 1995 approved amount is based on a 3.59% employer contribution rate. The approved amount also includes a total of \$200 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund in FY 1995.

Professional and Outside Services - The approved amount includes \$10,000 for joint office costs. The approved amount includes \$500 for the state share of the State Boards' Office medical and dental insurance payment, which will be transferred to the Health Insurance Trust Fund in FY 1995.

Other Operating Expenditures - The approved amount includes a total of \$300 for the payment of risk management premiums. This amount does not reflect the Section 104 adjustments described above for FY 1994.

BOARD OF MEDICAL EXAMINERS

A.R.S. § 32-1401

Douglas N. Cerf, Executive Director

JLBC Analyst: Reddy

| BOARD OF MEDICAL EXAMINERS FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved | FY 1995 Approved |
|--|------------------|-----------------------|----------------------------------|--------------------------------|
| FTE Positions | 39.0 | 40.5 | 41.5 | 42.5 |
| Personal Services | 1,050,400 | 1,107,900 | 1,202,400 | 1,218,400 |
| Employee Related Expenditures | 216,900 | 250,900 ^{1/} | 245,100 | 256,700 |
| Professional & Outside Services | 448,900 | 380,200 | 346,700 | 338,700 |
| Travel - In State | 27,900 | 37,500 | 47,300 | 47,300 |
| Travel - Out of State | 11,300 | 8,800 | 8,800 | 8,800 |
| Other Operating Expenditures | 381,800 | 427,000 | 417,900 ^{2/} | 426,100 ^{2/} |
| Equipment | 11,200 | -0- | 40,000 | -0- |
| All Other Operating Expenditures | 881,100 | 853,500 | 860,700 | 820,900 |
| OPERATING SUBTOTAL | 2,148,400 | 2,212,300 | 2,308,200 | 2,296,000 |
| Automation | 28,500 | -0- | 23,300 | -0- |
| Attorney General Agreement | 157,500 | 166,500 | 166,500 ^{3/} | 166,500 ^{3/} |
| Examinations | -0- | -0- | 189,500 | 254,800 |
| TOTAL APPROPRIATIONS | 2,334,400 | 2,378,800 | 2,687,500 ^{4/5/} | 2,717,300 ^{4/} |
| RECEIPTS, EXPENDITURES AND BALANCES FORWARD | | | | |
| Balance Beg. of Fiscal Year | 1,176,400 | 1,194,100 | 1,440,600 | 1,623,200 |
| Add Revenues | 2,365,000 | 2,625,300 | 2,870,100 | 2,957,900 |
| TOTAL FUNDS AVAILABLE | 3,541,400 | 3,819,400 | 4,310,700 | 4,581,100 |
| Administrative Adjustment | 12,900 | -- | -- | -- |
| Expenditures | 2,334,400 | 2,378,800 | 2,687,500 | 2,717,300 |
| BALANCE END OF FISCAL YEAR | 1,194,100 | 1,440,600 | 1,623,200 | 1,863,800 |

Agency Description - The agency licenses, regulates and conducts examinations of medical doctors and physician's assistants.

(Continued)

^{1/} Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$8,200 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.

(Footnotes Continued on Following Page)

BOARD OF MEDICAL EXAMINERS (Cont'd)
BOARD OF MEDICAL EXAMINERS FUND

FY 1994

FTE Positions - The approved amount includes 1 Physician Medical Consultant FTE position and \$75,400 to expedite the processing of complaints received by the board.

Personal Services - The approved amount is based upon a 1% vacancy factor and \$11,500 in vacancy savings. The approved amount also includes an additional \$30,400 to annualize the cost of the April 1993 general salary adjustment.

The approved amount includes an additional \$64,900 in Personal Services for the Medical Consultant FTE position.

Employee Related Expenditures - The approved amount includes: a) an additional \$3,700 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$5,300 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$102,600 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount includes an increase of \$10,000 for biological fluid testing for physicians who have been released from stipulation or probation related to substance abuse. The approved amount also includes a transfer of \$43,500 into the Examinations special line item.

Travel - In State - The approved amount includes an increase of \$9,800 for travel costs associated with collecting biological fluid samples from medical examiners outside of Phoenix.

Other Operating Expenditures - The approved amount includes: a) a total of \$11,100 for the payment of risk management premiums, which reflects a reduction of \$11,100 authorized by Section 104 of the General Appropriation Act, and b) a total of \$159,800 for private rent and \$7,300 for the Tucson State Office Building lease-purchase payment (a reduction of \$900).

The approved amount also includes an additional \$2,900 for the payment of statewide accounting system charges, as authorized under Section 102 of the General Appropriation Act.

Equipment - The approved amount includes funding for a replacement photocopier.

(Continued)

(Footnotes Continued From Previous Page)

- 2/ The appropriated amount includes \$159,800 for occupancy costs in the Center Point Building. The Department of Administration shall prepare the Center Point Building for occupancy by July 1, 1993. If the building is not ready for occupancy on July 1, 1993, the Department of Administration shall pay the board's pro rated occupancy costs during the period the board remains in private office space. The board shall transfer its entire appropriation for occupancy to the Department of Health Services for the costs of occupying the Center Point Building. (General Appropriation Act footnote)
- 3/ The \$166,500 appropriated for Attorney General - Legal Fees in FY 1994 and FY 1995 is specifically designated to pay for the Personal Services and Employee Related Expenditures of the 2 Assistant Attorney General positions and a 0.5 Legal Secretary position assigned to the Board of Medical Examiners. Any monies not expended for the purpose specified shall revert to the Board of Medical Examiners Fund. (General Appropriation Act footnote)
- 4/ Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.
- 5/ This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriations to the special agency fund, until June 30, 1995. (General Appropriation Act footnote)

BOARD OF MEDICAL EXAMINERS (Cont'd)
BOARD OF MEDICAL EXAMINERS FUND

Automation - The approved amount includes \$23,300 for 5 workstations, cabling, and software in order to computerize the board's licensing department.

Examinations - The approved amount includes \$146,000 and a transfer of \$43,500 from Professional and Outside Services due to the consolidation of 2 major licensing exams, the Federal Licensing Exam (FLEX) and the National Board of Medical Examiners (NBME) into 1 exam, the United States Medical Licensing Exam (USMLE). Previously, the board only administered the FLEX.

FY 1995

During the Second Regular Session, it is the intent of the Legislature to revise the FY 1995 appropriation as necessary to reflect updated information for certain statewide technical issues, including employer contributions for Employee Related Expenditures, risk management premiums and charges for state-owned or leased space.

FTE Positions - The approved amount includes an increase of \$20,400 for 1 Complaint Technician FTE position to expedite the handling of the complaint backlog.

Personal Services - The approved amount is based upon a 1% vacancy factor and \$11,500 in vacancy savings. The approved amount includes an additional \$16,000 for the Complaint Technician FTE position.

Employee Related Expenditures - The approved amount is based upon the same percentage factors used to calculate the FY 1994 Employee Related Expenditures, with the exception of the employer contribution to the State Retirement System. The FY 1995 approved amount is based on a 3.59% employer contribution rate. The approved amount also includes a total of \$102,600 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund in FY 1995.

Professional and Outside Services - The approved amount includes a reduction of \$8,000 to adjust for a decrease in the frequency in audits of the Physician Aftercare Program. Audits of the program will only be conducted once every 2 years instead of once every year.

Other Operating Expenditures - The approved amount includes a total of \$22,200 for the payment of risk management premiums. This amount does not reflect the Section 102 and 104 adjustments described above for FY 1994. The approved amount also includes a total of \$159,800 for private rent and \$7,300 for the Tucson State Office Building.

ADDITIONAL LEGISLATION

Physician Assistants - Chapter 197 (S.B. 1397) - Allows the board to award civil penalties to physician assistants for violations relating to A.R.S. § 32-2531.

Board of Medical Examiners - Chapter 241 (S.B. 1374) - Allows the board to increase its fees for services provided to licensees as well as the public and to charge licensees that are found to be guilty for the costs of their formal hearings. In addition, the bill converts administrative penalties for violations of this chapter into civil penalties. The bill also establishes a Physician Monitoring Fund consisting of monies collected by the board from physicians and physician assistants who participate in the treatment program for substance abusers, as well as any monies appropriated for this purpose.

NATUROPATHIC PHYSICIANS BOARD OF MEDICAL EXAMINERS

A.R.S. § 32-501

Glenn T. Ozalan, N.D., Chairman

JLBC Analyst: Smith

BOARD OF NATUROPATHIC PHYSICIANS EXAMINERS FUND

| | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved | FY 1995 Approved |
|---|-------------------|---------------------|-----------------------------|------------------------------|
| FTE Positions | 0.3 | 0.3 | 0.5 | 0.5 |
| Personal Services | 11,100 | 6,700 | 17,200 | 17,200 |
| Employee Related Expenditures | 1,500 | 600 | 1,400 | 1,900 |
| Professional & Outside Services ^{1/} | 7,100 | 15,100 | 16,700 | 16,200 |
| Travel - In State | 1,000 | 1,300 | 1,400 | 1,500 |
| Other Operating Expenditures | 3,900 | 2,500 | 5,200 | 2,800 |
| Equipment | 400 | -0- | -0- | -0- |
| All Other Operating Expenditures | 12,400 | 18,900 | 23,300 | 20,500 |
| TOTAL APPROPRIATIONS | 25,000 | 26,200 | 41,900 ^{2/} | 39,600 ^{23/} |

RECEIPTS, EXPENDITURES AND BALANCES FORWARD

| | | | | |
|-----------------------------------|---------------|---------------|---------------|---------------|
| Balance Beg. of Fiscal Year | 23,400 | 39,900 | 50,400 | 50,100 |
| Add Revenues | 41,500 | 36,700 | 41,600 | 41,600 |
| TOTAL FUNDS AVAILABLE | 64,900 | 76,600 | 92,000 | 91,700 |
| Expenditures | 25,000 | 26,200 | 41,900 | 39,600 |
| BALANCE END OF FISCAL YEAR | 39,900 | 50,400 | 50,100 | 52,100 |

Agency Description - The board licenses and regulates physicians who practice naturopathy, a system of medical treatment based on the use of natural remedies.

FY 1994

FTE Positions - The approved amount reflects an increase of 0.25 FTE position.

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$200 to annualize the cost of the April 1993 general salary adjustment and \$4,200 for the additional 0.25 FTE position. The approved amount also includes a total of \$8,100 for board member per diem, which includes increases of \$5,100 for newly established standing committees and \$1,000 to initiate investigations in the Certificate to Dispense program.

(Continued)

- ^{1/} This agency is housed within the State Boards' Office of the Department of Administration. The amount shown includes a proportionate cost each board pays to the Special Services Revolving Fund for the services provided by the State Boards' Office.
- ^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.
- ^{3/} This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriations to the special agency fund, until June 30, 1995. (General Appropriation Act footnote)

NATUROPATHIC PHYSICIANS BOARD OF MEDICAL EXAMINERS (Cont'd)
BOARD OF NATUROPATHIC PHYSICIANS EXAMINERS FUND

Employee Related Expenditures - The approved amount includes a reduction of \$100 as a result of lowering the employer contribution to the State Retirement System from 3.59 % to 3.14 %, as authorized by Section 103 of the General Appropriation Act.

Professional and Outside Services - The approved amount includes \$9,900 for joint office costs. The \$9,900 for joint office costs includes an additional \$200 for the April 1993 general salary adjustment. The approved amount includes a total of \$500 for the state share of the State Boards' Office medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund. (See footnote 1)

The appropriation also includes an additional \$1,500 for investigations, of which \$500 is for one-time start up costs for the Certificate to Dispense program.

Other Operating Expenditures - The approved amount includes a total of \$2,700 for the payment of risk management premiums, which reflects an additional \$2,400 authorized by Section 104 of the General Appropriation Act.

The approved amount also includes an additional \$300 for increased printing and postage costs.

FY 1995

During the Second Regular Session, it is the intent of the Legislature to revise the FY 1995 appropriation as necessary to reflect updated information for certain statewide technical issues, including employer contributions for Employee Related Expenditures, risk management premiums and charges for state-owned or leased space.

Personal Services - The approved amount is based upon a 0 % vacancy factor. The approved amount includes a total of \$8,100 for board member per diem.

Employee Related Expenditures - The approved amount is based upon the same percentage factors used to calculate the FY 1994 Employee Related Expenditures, with the exception of the employer contribution to the State Retirement System. The FY 1995 approved amount is based on a 3.59 % employer contribution rate.

Professional and Outside Services - The approved amount includes \$10,000 for joint office costs. The approved amount includes \$500 for medical and dental insurance for the state share of the State Boards' Office medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund in FY 1995.

The appropriation also includes a reduction of \$500 for one-time expenditures to start investigations in the Certificate to Dispense program in FY 1994.

Other Operating Expenditures - The approved amount includes a total of \$300 for the payment of risk management premiums. This amount does not reflect the Section 104 adjustments described above for FY 1994.

STATE BOARD OF NURSING

A.R.S. § 32-1602

Fran Roberts R.N., Executive Director

JLBC Analyst: Reddy

| BOARD OF NURSING FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved | FY 1995 Approved |
|--|-------------------|-----------------------|----------------------------------|--------------------------------|
| FTE Positions ^{1/} | 21.7 | 21.7 | 21.7 | 21.7 |
| Personal Services | 527,200 | 560,500 | 613,800 | 613,800 |
| Employee Related Expenditures | 113,000 | 133,700 ^{2/} | 125,800 | 129,200 |
| Professional & Outside Services | 94,000 | 83,000 | 83,000 | 83,000 |
| Travel - In State | 15,400 | 14,300 | 14,300 | 14,300 |
| Travel - Out of State | 10,800 | 5,700 | 5,700 | 5,700 |
| Other Operating Expenditures | 234,700 | 224,300 | 230,500 | 224,300 |
| Equipment | 7,600 | -0- | -0- | -0- |
| All Other Operating Expenditures | 362,500 | 327,300 | 333,500 | 327,300 |
| OPERATING SUBTOTAL | 1,002,700 | 1,021,500 | 1,073,100 | 1,070,300 |
| Nurse Aide Training and Registration Program | 700 | 42,100 | 20,000 | 20,000 |
| TOTAL APPROPRIATIONS | 1,003,400 | 1,063,600 | 1,093,100 ^{3/4/} | 1,090,300 ^{3/} |
| RECEIPTS, EXPENDITURES AND BALANCES FORWARD | | | | |
| Balance Beg. of Fiscal Year | 1,178,900 | 719,200 | 635,500 | 255,900 |
| Add Revenues ^{5/} | 755,600 | 978,000 | 710,500 | 830,000 |
| Nurse Aide Training and Registration Program Receipts | 87,900 | 200,800 | 243,500 | 243,500 |
| Transfer In from IGA | 72,800 | 195,300 | 259,500 | 258,600 |
| TOTAL FUNDS AVAILABLE | 2,095,200 | 2,093,300 | 1,849,000 | 1,588,000 |
| Expenditures | 1,003,400 | 1,063,600 | 1,093,100 | 1,090,300 |
| Non-Appropriated Expenditures | 372,600 | 394,200 | 500,000 | 500,000 |
| BALANCE END OF FISCAL YEAR | 719,200 | 635,500 | 255,900 | (2,300) ^{6/} |

(Continued)

- ^{1/} The FTE Positions total includes 1.5 FTE positions funded in the Nurse Aide Training and Registration Program special line item.
- ^{2/} Laws 1992, Chapter 7 (H.B. 2009), 2nd Special Session, appropriated \$3,400 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.
- ^{3/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency, with special line items. The line items within the "Operating Subtotal" are shown for information only.
- ^{4/} This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriations to the special agency fund, until June 30, 1995. (General Appropriation Act footnote)
- ^{5/} This agency has a biennial licensing cycle.
- ^{6/} The Board of Nursing Fund will be reimbursed through the IGA for a greater proportion of the costs incurred by the Nurse Aide Training and Registration Program in FY 1992, which will leave the fund with a positive ending balance for FY 1995.

STATE BOARD OF NURSING (Cont'd)
BOARD OF NURSING FUND

Agency Description - The board licenses, regulates, conducts examinations and approves educational programs for nurses and nurse aides.

FY 1994

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount also includes an additional \$16,300 to annualize the cost of the April 1993 general salary adjustment.

The approved amount includes an additional \$37,000 to fund 6 Nurse Consultants at the special recruitment salary rate. The Personnel Division rules allow the Director of the Department of Administration to establish a special recruitment salary to attract qualified employees. When an employee is appointed at a special recruitment rate, all other employees with lower salaries, in the same class, are to be raised to the new salary. The Board of Nursing recently hired 2 Nurse Consultants at the special recruitment rate. As a result, the 6 existing Nurse Consultants were raised to the same salary.

Employee Related Expenditures - The approved amount includes: a) an additional \$2,100 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$2,700 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$47,900 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes: a) a total of \$11,100 for the payment of risk management premiums, which reflects an additional \$6,200 authorized by Section 104 of the General Appropriation Act, and b) \$90,000 for rent.

Nurse Aide Training and Registration Program - In 1990, the responsibility for administering the Nurse Aide Training and Registration Program (NATRP), as mandated by the federal Medicaid program, was assigned to the Board of Nursing. The board is responsible for: overseeing the training curriculum of schools conducting nurse aide training; maintaining a registry; coordinating renewals; auditing the validity of reimbursement requests for training from schools conducting nurse aide training and forwarding them to the Arizona Health Care Cost Containment System (AHCCCS) for payment; and conducting testing for nurse aides. The administrative cost of NATRP is funded entirely by Medicare monies, while the testing cost of NATRP requires a state match of 21.5%, with the remainder to be funded by Medicare and federal AHCCCS monies.

The Legislature appropriated \$42,100 from the Board of Nursing Fund to fund the state match in FY 1993. The funding sources for the testing costs were state nurse aide registration fees and nurse aide revenues. In April 1992, new federal regulations prohibited the collection of state nurse aide registration fees. Shortly thereafter, the Legislature enacted Laws of 1992, Chapter 308, providing that registered or licensed practical nurse license fees may not be used for NATRP. Due to the loss of these revenues, the approved amount includes a reduction of \$22,100.

The Arizona Long-Term Care System (ALTCS) will offset the remainder of the state matching requirement for testing costs. The ALTCS Fund is managed by AHCCCS. The Nursing Board will receive these monies along with federal matching funds through an interagency agreement with AHCCCS. Additional federal Medicare funds will also be provided to the Board of Nursing by the Department of Health Services through a second interagency agreement.

FY 1995

During the Second Regular Session, it is the intent of the Legislature to revise the FY 1995 appropriation as necessary to reflect updated information for certain statewide technical issues, including employer contributions for Employee Related Expenditures, risk management premiums and charges for state-owned or leased space.

(Continued)

STATE BOARD OF NURSING (Cont'd)
BOARD OF NURSING FUND

Personal Services - The approved amount is based upon a 0% vacancy factor.

Employee Related Expenditures - The approved amount is based upon the same percentage factors used to calculate the FY 1994 Employee Related Expenditures, with the exception of the employer contribution to the State Retirement System. The FY 1995 approved amount is based on a 3.59% employer contribution rate. The approved amount also includes a total of \$47,900 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund in FY 1995.

Other Operating Expenditures - The approved amount includes a total of \$4,900 for the payment of risk management premiums. This amount does not reflect the Section 104 adjustments described above for FY 1994. The approved amount also includes a total of \$90,000 for rent.

**BOARD OF EXAMINERS OF NURSING CARE INSTITUTION
ADMINISTRATORS AND ADULT CARE HOME MANAGERS**

A.R.S. § 36-446.02

Christine Springer, Executive Director

JLBC Analyst: Smith

**NURSING CARE INSTITUTION
ADMINISTRATORS'
LICENSING AND ADULT CARE
HOME MANAGERS'
CERTIFICATION FUND**

| | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved | FY 1995 Approved |
|---|---------------------------|-----------------------------|-----------------------------|-----------------------------|
| FTE Positions | 0.7 | 0.7 | 0.7 | 0.7 |
| Personal Services | 21,700 | 24,300 | 24,800 | 24,800 |
| Employee Related Expenditures | 6,800 | 4,400 | 5,400 | 5,400 |
| Professional & Outside Services ^{1/} | 17,000 | 24,100 | 24,100 | 24,100 |
| Travel - In State | 800 | 4,300 | 4,300 | 4,300 |
| Other Operating Expenditures | 4,600 | 4,800 | 5,000 | 4,800 |
| All Other Operating Expenditures | 22,400 | 33,200 | 33,400 | 33,200 |
| TOTAL APPROPRIATIONS | 50,900 | 61,900 | 63,600 ^{2/} | 63,400 ^{2/} |

RECEIPTS, EXPENDITURES AND BALANCES FORWARD

| | | | | |
|-----------------------------------|----------------|---------------------|----------------|----------------|
| Balance Beg. of Fiscal Year | 19,800 | 52,400 | 52,800 | 94,000 |
| Add Revenues ^{4/} | 89,000 | 67,800 | 104,800 | 63,400 |
| TOTAL FUNDS AVAILABLE | 108,800 | 120,200 | 157,600 | 157,400 |
| Expenditures | 50,900 | 61,900 | 63,600 | 63,400 |
| Payback to General Fund | 5,500 | 5,500 ^{5/} | -- | -- |
| BALANCE END OF FISCAL YEAR | 52,400 | 52,800 | 94,000 | 94,000 |

Agency Description - The board licenses, certifies, and regulates administrators of nursing care institutions and managers of adult care homes.

(Continued)

- ^{1/} This agency is housed within the State Boards' Office of the Department of Administration. The amount shown includes a proportionate cost each board pays to the Special Services Revolving Fund for the services provided by the State Boards' Office.
- ^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.
- ^{3/} This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriations to the special agency fund, until June 30, 1995. (General Appropriation Act footnote)
- ^{4/} The agency has a biennial licensing cycle.
- ^{5/} The amount represents the final repayment of the FY 1990 \$16,500 General Fund supplemental appropriation.

BOARD OF EXAMINERS OF NURSING CARE INSTITUTION ADMINISTRATORS AND ADULT CARE HOME MANAGERS (Cont'd)
NURSING CARE INSTITUTION ADMINISTRATORS' LICENSING AND ADULT CARE HOME MANAGERS' CERTIFICATION FUND

FY 1994

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$500 to annualize the cost of the April 1993 general salary adjustment. The appropriation also includes a total of \$4,800 for board member per diem.

Employee Related Expenditures - The approved amount includes: a) an additional \$100 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$100 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$2,900 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount includes \$12,700 for joint office costs. The \$12,700 for joint office costs includes an additional \$200 for the April 1993 general salary adjustment. The approved amount includes a total of \$500 for the State Boards' Office medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund. (See footnote 1)

Other Operating Expenditures - The approved amount includes a total of \$700 for the payment of risk management premiums, which reflects an additional \$200 authorized by Section 104 of the General Appropriation Act.

FY 1995

During the Second Regular Session, it is the intent of the Legislature to revise the FY 1995 appropriation as necessary to reflect updated information for certain statewide technical issues, including employer contributions for Employee Related Expenditures, risk management premiums and charges for state-owned or leased space.

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes \$4,800 for board member per diem.

Employee Related Expenditures - The approved amount is based upon the same percentage factors used to calculate the FY 1994 Employee Related Expenditures, with the exception of the employer contribution to the State Retirement System. The FY 1995 approved amount is based on a 3.59% employer contribution rate. The approved amount also includes a total of \$2,900 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund in FY 1995.

Professional and Outside Services - The approved amount includes \$12,800 for joint office costs. The approved amount includes a total of \$500 for the state share of the State Boards' Office medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund in FY 1995.

Other Operating Expenditures - The approved amount includes a total of \$500 for the payment of risk management premiums. This amount does not reflect the Section 104 adjustments described above for FY 1994.

BOARD OF OCCUPATIONAL THERAPY EXAMINERS

A.R.S. § 32-3401

Kenneth D. Fink, Executive Director

JLBC Analyst: Martinez

| GENERAL FUND & OCCUPATIONAL THERAPY BOARD FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved | FY 1995 Approved |
|--|----------------------|---------------------|-----------------------------|-----------------------------|
| FTE Positions | 1.0 | 1.0 | 2.0 | 2.0 |
| Personal Services | 25,300 | 27,900 | 47,300 | 47,300 |
| Employee Related Expenditures | 4,800 | 6,700 ^{1/} | 13,500 | 13,800 |
| Professional & Outside Services | -0- | 4,100 | 5,000 | 5,000 |
| Travel - In State | 1,800 | 1,300 | 2,600 | 2,600 |
| Travel - Out of State | -0- | 1,300 | 2,200 | 2,200 |
| Other Operating Expenditures | 20,300 | 12,500 | 15,100 | 13,900 |
| Equipment | -0- | -0- | 5,200 | 4,200 |
| All Other Operating Expenditures | 22,100 | 19,200 | 30,100 | 27,900 |
| TOTAL APPROPRIATIONS | 52,200 | 53,800 | 90,900 | 89,000 |
| <u>Fund Summary</u> | | | | |
| General Fund | 21,400 | -0- | -0- | -0- |
| Occupational Therapy Board Fund | 30,800 | 53,800 | 90,900 | 89,000 |
| TOTAL APPROPRIATIONS | 52,200 | 53,800 | 90,900 ^{2/} | 89,000 ^{2/} |
| OCCUPATIONAL THERAPY BOARD FUND | | | | |
| RECEIPTS, EXPENDITURES AND BALANCES FORWARD | | | | |
| Balance Beg. of Fiscal Year | 21,500 | 37,200 | 54,000 | 42,100 |
| Add Revenues | 92,900 | 70,600 | 79,000 | 79,000 |
| TOTAL FUNDS AVAILABLE | 114,400 | 107,800 | 133,000 | 121,100 |
| Expenditures | 52,200 | 53,800 | 90,900 | 89,000 |
| Payback to General Fund | 25,000 ^{4/} | -0- | -0- | -0- |
| BALANCE END OF FISCAL YEAR | 37,200 | 54,000 | 42,100 | 32,100 |

(Continued)

- ^{1/} Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$100 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.
- ^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.
- ^{3/} This appropriation is available for use and is exempt from the provisions of A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1995. (General Appropriation Act footnote)
- ^{4/} The amount represents the repayment of the FY 1991 \$25,000 General Fund appropriation for agency start-up costs.

BOARD OF OCCUPATIONAL THERAPY EXAMINERS (Cont'd)
GENERAL FUND & OCCUPATIONAL THERAPY BOARD FUND

Agency Description - *The board examines and licenses occupational therapists and occupational therapy assistants, investigates complaints, and holds hearings to enforce standards of practice.*

FY 1994

FTE Positions - The approved amount includes 1 additional FTE position and \$24,800 to accommodate the increased volume of licensures.

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount also includes an additional \$800 to annualize the cost of the April 1993 general salary adjustment and \$18,600 for the new FTE position.

Employee Related Expenditures - The approved amount includes: a) an additional \$100 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$200 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$7,500 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes: a) a total of \$700 for the payment of risk management premiums, which reflects an additional \$400 authorized by Section 104 of the General Appropriation Act, and b) a total of \$2,600 for rent of state-owned space.

Equipment - The approved amount provides funding for a copier.

FY 1995

During the Second Regular Session, it is the intent of the Legislature to revise the FY 1995 appropriation as necessary to reflect updated information for certain statewide technical issues, including employer contributions for Employee Related Expenditures, risk management premiums and charges for state-owned or leased space.

Personal Services - The approved amount is based on a 0% vacancy factor.

Employee Related Expenditures - The approved amount is based upon the same percentage factors used to calculate the FY 1994 Employee Related Expenditures, with the exception of the employer contribution to the State Retirement System. The FY 1995 approved amount is based on 3.59% employer contribution rate. The approved amount also includes a total of \$7,500 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund in FY 1995.

Other Operating Expenditures - The approved amount includes a total of \$300 for the payment of risk management premiums. This amount does not reflect the Section 104 adjustments described above for FY 1994. The approved amount also includes a total of \$2,600 for rent of state-owned space.

STATE BOARD OF DISPENSING OPTICIANS

A.R.S. § 32-1671

Careen J. Heinze, Executive Director

JLBC Analyst: Smith

| BOARD OF DISPENSING OPTICIANS FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved | FY 1995 Approved |
|--|----------------|------------------|------------------|-----------------------------|
| FTE Positions | 0.8 | 0.8 | 0.8 | 0.8 |
| Personal Services | 28,100 | 29,800 | 29,900 | 28,200 |
| Employee Related Expenditures | 5,300 | 5,800 | 4,900 | 4,700 |
| Professional & Outside Services ^{1/} | 12,800 | 14,700 | 15,200 | 15,200 |
| Travel - In State | 1,400 | 3,100 | 4,900 | 4,900 |
| Other Operating Expenditures | 5,000 | 6,800 | 10,700 | 6,000 |
| Equipment | -0- | -0- | 3,300 | -0- |
| All Other Operating Expenditures | 19,200 | 24,600 | 34,100 | 26,100 |
| TOTAL APPROPRIATIONS | 52,600 | 60,200 | 68,900 | 59,000 ^{2/} |
| RECEIPTS, EXPENDITURES AND BALANCES FORWARD | | | | |
| Balance Beg. of Fiscal Year | 43,100 | 58,700 | 68,900 | 70,800 |
| Add Revenues | 68,200 | 70,400 | 70,800 | 71,100 |
| TOTAL FUNDS AVAILABLE | 111,300 | 129,100 | 139,700 | 141,900 |
| Expenditures | 52,600 | 60,200 | 68,900 | 59,000 |
| BALANCE END OF FISCAL YEAR | 58,700 | 68,900 | 70,800 | 82,900 |

Agency Description - The board licenses and regulates optical establishments and opticians. An optician fits and sells optical devices such as contact lenses and eye glasses.

FY 1994

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$600 to annualize the cost of the April 1993 general salary adjustment and a reduction of \$2,200 in unallocated Personal Services. The reduced amount reflects full funding of current positions. The approved amount also includes a total of \$4,000 for board member per diem, which includes one-time expenditure of \$1,700 for rules promulgation.

(Continued)

- ^{1/} This agency is housed within the State Boards' Office of the Department of Administration. The amount shown includes a proportionate cost each board pays to the Special Services Revolving Fund for the services provided by the State Boards' Office.
- ^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.
- ^{3/} This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriations to the special agency fund, until June 30, 1995. (General Appropriation Act footnote)

STATE BOARD OF DISPENSING OPTICIANS (Cont'd)
BOARD OF DISPENSING OPTICIANS FUND

Employee Related Expenditures - The approved amount includes: a) an additional \$100 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$100 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$1,500 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount includes \$13,400 for joint office costs. The \$13,400 for joint office costs includes an additional \$200 for the April 1993 general salary adjustment. The approved amount includes a total of \$500 for the state share of the State Boards' Office medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund. (See footnote 1)

The approved amount also includes an additional \$300 for investigations.

Travel - In State - The appropriation includes an additional \$1,800 to fund an increased number of board meetings and increased investigations.

Other Operating Expenditures - The approved amount includes: a) a total of \$700 for the payment of risk management premiums, b) a one-time increase of \$2,400 for printing due to rule promulgation, and c) an increase of \$1,500 for continuing education, of which \$1,000 is a one-time increase for forms to implement the continuing education requirement.

The appropriation also includes a total of \$400 for annual membership in the Council on Licensure, Enforcement and Regulation (CLEAR).

Equipment - The approved amount includes \$3,300 for the purchase of a computer, printer, and software.

FY 1995

During the Second Regular Session, it is the intent of the Legislature to revise the FY 1995 appropriation as necessary to reflect updated information for certain statewide technical issues, including employer contributions for Employee Related Expenditures, risk management premiums and charges for state-owned or leased space.

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes a total of \$2,300 for board member per diem.

Employee Related Expenditures - The approved amount is based upon the same percentage factors used to calculate the FY 1994 Employee Related Expenditures, with the exception of the employer contribution to the State Retirement System. The FY 1995 approved amount is based on a 3.59% employer contribution rate. The approved amount also includes a total of \$1,500 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund in FY 1995.

Professional and Outside Services - The approved amount includes \$13,400 for joint office costs. The approved amount includes a total of \$500 for the state share of the State Boards' Office medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund in FY 1995.

Other Operating Expenditures - The approved amount includes a total of \$700 for the payment of risk management premiums and a total of \$500 for form preparation. The approved amount also includes a reduction of \$3,400 in one-time FY 1994 expenditures and a reduction of \$1,300 for miscellaneous printing, stationary, and supply costs.

STATE BOARD OF OPTOMETRY

A.R.S. § 32-1701

Florence Moore, Executive Director

JLBC Analyst: Smith

| BOARD OF OPTOMETRY FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved | FY 1995 Approved |
|--|-------------------|---------------------|------------------------------|-----------------------------|
| FTE Positions | 1.8 | 1.8 | 1.8 | 1.8 |
| Personal Services | 51,900 | 53,600 | 54,900 | 54,900 |
| Employee Related Expenditures | 10,700 | 11,200 | 8,300 | 8,500 |
| Professional & Outside Services ^{1/} | 15,000 | 18,100 | 18,100 | 18,100 |
| Travel - In State | 6,100 | 6,400 | 6,400 | 6,400 |
| Travel - Out of State | -0- | 700 | 700 | 700 |
| Other Operating Expenditures | 3,200 | 7,300 | 7,200 | 7,300 |
| All Other Operating Expenditures | 24,300 | 32,500 | 32,400 | 32,500 |
| TOTAL APPROPRIATIONS | 86,900 | 97,300 | 95,600 ^{23/} | 95,900 ^{2/} |
| RECEIPTS, EXPENDITURES AND BALANCES FORWARD | | | | |
| Balance Beg. of Fiscal Year | 38,000 | 104,000 | 25,700 | 94,900 |
| Add Revenues ^{4/} | 153,300 | 19,000 | 164,800 | 20,600 |
| TOTAL FUNDS AVAILABLE | 191,300 | 123,000 | 190,500 | 115,500 |
| Expenditures | 86,900 | 97,300 | 95,600 | 95,900 |
| Administrative Adjustment | 400 | -0- | -0- | -0- |
| BALANCE END OF FISCAL YEAR | 104,000 | 25,700 | 94,900 | 19,600 |

Agency Description - The board licenses and regulates optometrists and issues certificates authorizing the use of diagnostic pharmaceutical agents. An optometrist examines eyes, measures vision, and prescribes corrective lenses and treatments which do not require a licensed physician.

(Continued)

- 1/ This agency is housed within the State Boards' Office of the Department of Administration. The amount shown includes a proportionate cost each board pays to the Special Services Revolving Fund for the services provided by the State Boards' Office.
- 2/ Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.
- 3/ This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriations to the special agency fund, until June 30, 1995. (General Appropriation Act footnote)
- 4/ The agency has a biennial licensing cycle.

STATE BOARD OF OPTOMETRY (Cont'd)
BOARD OF OPTOMETRY FUND

FY 1994

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$1,300 to annualize the cost of the April 1993 general salary adjustment. The appropriation also includes a total of \$4,500 for board member per diem.

Employee Related Expenditures - The approved amount includes: a) an additional \$200 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$200 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$1,800 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount includes \$13,900 for joint office costs. The \$13,900 for joint office costs includes an additional \$200 for the April 1993 general salary adjustment. The approved amount includes a total of \$500 for the state share of the State Boards' Office medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund. (See footnote 1)

Other Operating Expenditures - The approved amount includes a total of \$700 for the payment of risk management premiums, which reflects a reduction of \$100 authorized by Section 104 of the General Appropriation Act.

FY 1995

During the Second Regular Session, it is the intent of the Legislature to revise the FY 1995 appropriation as necessary to reflect updated information for certain statewide technical issues, including employer contributions for Employee Related Expenditures, risk management premiums and charges for state-owned or leased space.

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes a total of \$4,500 for board member per diem.

Employee Related Expenditures - The approved amount is based upon the same percentage factors used to calculate the FY 1994 Employee Related Expenditures, with the exception of the employer contribution to the State Retirement System. The FY 1995 approved amount is based on a 3.59% employer contribution rate. The approved amount also includes a total of \$1,800 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund in FY 1995.

Professional and Outside Services - The approved amount includes \$13,900 for joint office costs. The approved amount includes a total of \$500 for the state share of the State Boards' Office medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund in FY 1995.

Other Operating Expenditures - The approved amount includes a total of \$800 for the payment of risk management premiums. This amount does not reflect the Section 104 adjustments described above for FY 1994.

ADDITIONAL LEGISLATION

Optometry; Unprofessional Conduct - Chapter 51 (H.B. 2014) - This bill makes miscellaneous changes to the statutory definitions pertaining to optometry and to the requirements for licensure to practice optometry. These changes include mandating a written examination for applicants for licensure and authorizing issuance of a Certificate of Special Qualification to Use Pharmaceutical Agents, subject to the board's existing \$20 certificates of special qualification fee, which is deposited to the Board of Optometry Fund.

ARIZONA BOARD OF OSTEOPATHIC EXAMINERS

A.R.S. § 32-1801

Robert J. Miller, Ph.D., Executive Director

JLBC Analyst: Reddy

| BOARD OF OSTEOPATHIC EXAMINERS FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved | FY 1995 Approved |
|-------------------------------------|----------------|----------------------|------------------------------|------------------------------|
| FTE Positions | 4.5 | 5.0 | 5.5 | 5.5 |
| Personal Services | 147,100 | 146,000 | 156,200 | 156,200 |
| Employee Related Expenditures | 27,800 | 39,300 ^{1/} | 34,300 | 35,000 |
| Professional & Outside Services | 29,800 | 35,500 | 44,900 | 44,900 |
| Travel - In State | 4,900 | 5,800 | 5,800 | 5,800 |
| Travel - Out of State | 2,200 | 3,800 | 3,800 | 3,800 |
| Other Operating Expenditures | 44,400 | 34,600 | 44,200 | 45,900 |
| All Other Operating Expenditures | 81,300 | 79,700 | 98,700 | 100,400 |
| TOTAL APPROPRIATIONS | 256,200 | 265,000 | 289,200 ^{2/} | 291,600 ^{2/} |

RECEIPTS, EXPENDITURES AND BALANCES FORWARD

| | | | | |
|-----------------------------------|----------------|----------------|----------------|----------------|
| Balance Beg. of Fiscal Year | 535,700 | 325,300 | 558,900 | 318,300 |
| Add Revenues ^{4/} | 45,800 | 498,600 | 48,600 | 515,500 |
| TOTAL FUNDS AVAILABLE | 581,500 | 823,900 | 607,500 | 833,800 |
| Expenditures | 256,200 | 265,000 | 289,200 | 291,600 |
| BALANCE END OF FISCAL YEAR | 325,300 | 558,900 | 318,300 | 542,200 |

Agency Description - The agency licenses and regulates medical physicians who practice osteopathic medicine, a system of medical treatment that emphasizes the inter-relationship of the body's muscles, bones, and joints with other body systems as an adjunct to invasive and/or chemically-based treatment modalities.

(Continued)

- ^{1/} Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$8,400 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.
- ^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.
- ^{3/} This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriations to the special agency funds until June 30, 1995. (General Appropriation Act footnote)
- ^{4/} This agency has a biennial licensing cycle.

ARIZONA BOARD OF OSTEOPATHIC EXAMINERS (Cont'd)
BOARD OF OSTEOPATHIC EXAMINERS FUND

FY 1994

FTE Positions - The approved amount includes a 0.5 Clerk/Typist FTE position and \$8,600 to handle the increased volume of public information requests.

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes: a) \$3,800 to annualize the cost of the April 1993 general salary adjustment, and b) \$6,400 for the 0.5 FTE position.

Employee Related Expenditures - The approved amount includes: a) an additional \$500 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$700 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$16,000 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount includes a decrease of \$27,400 for eliminating the Monitored Physician After-Care program and an increase of \$15,200 to hire a consultant to provide an alternative monitoring program for substance abusers. The approved amount also includes an increase of \$21,600 for a contracted investigator to research complaints and to monitor pharmacies in outlying areas of the state.

Other Operating Expenditures - The approved amount includes a total of \$700 for the payment of risk management premiums, which reflects a reduction of \$1,700 authorized by Section 104 of the General Appropriation Act, and b) a total of \$16,400 for the rent of private space, an increase of \$1,500. The approved amount also includes a \$9,800 increase to handle the additional cost of conducting longer board meetings, publishing additional issues of the newsletter, and responding to an increased volume of public information requests.

FY 1995

During the Second Regular Session, it is the intent of the Legislature to revise the FY 1995 appropriation as necessary to reflect updated information for certain statewide technical issues, including employer contributions for Employee Related Expenditures, risk management premiums and charges for state-owned or leased space.

Personal Services - The approved amount is based upon a 0% vacancy factor.

Employee Related Expenditures - The approved amount is based upon the same percentage factors used to calculate the FY 1994 Employee Related Expenditures, with the exception of the employer contribution to the State Retirement System. The FY 1995 approved amount is based on a 3.59% employer contribution rate. The approved amount also includes a total of \$16,000 for the state share of medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund in FY 1995.

Other Operating Expenditures - The approved amount includes a total of \$2,400 for the payment of risk management premiums. The amount does not reflect the Section 104 adjustments described above for FY 1994. The approved amount does include \$16,400 for the rent of private space.

ARIZONA STATE BOARD OF PHARMACY

A.R.S. § 32-1901

L. A. Lloyd, Executive Secretary

JLBC Analyst: Reddy

| BOARD OF PHARMACY FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved | FY 1995 Approved |
|--|-------------------|-----------------------|------------------------------|------------------------------|
| FTE Positions | 11.0 | 11.0 | 11.0 | 11.0 |
| Personal Services | 379,700 | 393,900 | 402,200 | 402,200 |
| Employee Related Expenditures | 72,300 | 110,800 ^{1/} | 89,300 | 91,300 |
| Professional & Outside Services | 23,800 | 23,900 | 31,400 | 31,400 |
| Travel - In State | 34,800 | 33,400 | 33,400 | 33,400 |
| Travel - Out of State | 6,700 | 4,000 | 4,000 | 4,000 |
| Other Operating Expenditures | 83,200 | 75,500 | 73,700 | 75,900 |
| Equipment | 6,200 | 8,200 | 7,000 | -0- |
| All Other Operating Expenditures | 154,700 | 145,000 | 149,500 | 144,700 |
| OPERATING SUBTOTAL | 606,700 | 649,700 | 641,000 | 638,200 |
| Automation | 5,000 | 5,000 | -0- | -0- |
| TOTAL APPROPRIATIONS | 611,700 | 654,700 | 641,000 ^{2/} | 638,200 ^{2/} |
| RECEIPTS, EXPENDITURES AND BALANCES FORWARD | | | | |
| Balance Beg. of Fiscal Year | 678,500 | 880,100 | 902,400 | 938,400 |
| Add Revenues | 813,300 | 677,000 | 677,000 | 677,000 |
| TOTAL FUNDS AVAILABLE | 1,491,800 | 1,557,100 | 1,579,400 | 1,615,400 |
| Expenditures | 611,700 | 654,700 | 641,000 | 638,200 |
| BALANCE END OF FISCAL YEAR | 880,100 | 902,400 | 938,400 | 977,200 |

Agency Description - The board licenses, regulates, and conducts examinations of pharmacists and issues permits to distributors of approved medications. The board also educates pharmacists and the general public on the proper distribution and use of these medications.

(Continued)

- ^{1/} Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$30,800 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.
- ^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.
- ^{3/} This appropriation is available for use and is exempt from A.R.S. 35-190.01, relating to the lapsing of appropriations to the special agency funds until June 30, 1995. (General Appropriation Act footnote)

ARIZONA STATE BOARD OF PHARMACY (Cont'd)
BOARD OF PHARMACY FUND

FY 1994

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount also includes an additional \$8,300 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$1,200 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$1,800 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$35,200 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount includes an increase of \$2,500 for Pharmacists Assisting Pharmacists of Arizona (PAPA), a program which monitors the rehabilitation of impaired pharmacists. The approved amount also includes the transfer of \$5,000 from the Automation special line item, as this expenditure represents an on-going operating expense of the agency.

Other Operating Expenditures - The approved amount includes: a) a total of \$700 for the payment of risk management premiums, which reflects a reduction of \$2,200 authorized by Section 104 of the General Appropriation Act, and b) a total of \$24,700 for private rent and \$4,300 for the Tucson State Office Building lease-purchase payment (a \$400 increase).

Equipment - The approved amount includes funding for 2 vehicle upgrades and 2 laptop computers.

Automation - Funding was transferred to Professional and Outside Services.

FY 1995

During the Second Regular Session, it is the intent of the Legislature to revise the FY 1995 appropriation as necessary to reflect updated information for certain statewide technical issues, including employer contributions for Employee Related Expenditures, risk management premiums and charges for state-owned or leased space.

Personal Services - The approved amount is based upon a 0% vacancy factor.

Employee Related Expenditures - The approved amount is based upon the same percentage factors used to calculate the FY 1994 Employee Related Expenditures, with the exception of the employer contribution to the State Retirement System. The FY 1995 approved amount is based on a 3.59% employer contribution rate. The approved amount also includes a total of \$35,200 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund in FY 1995.

Other Operating Expenditures - The approved amount includes: a) a total of \$2,900 for the payment of risk management premiums. This amount does not reflect the Section 104 adjustments described above for FY 1994. The approved amount includes a total of \$24,700 for private rent and \$4,300 for the Tucson State Office Building lease-purchase payment.

BOARD OF PHYSICAL THERAPY EXAMINERS

A.R.S. § 32-2001

Patricia Plack, Executive Director

JLBC Analyst: Smith

| BOARD OF PHYSICAL THERAPY EXAMINERS FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved | FY 1995 Approved |
|---|-------------------|---------------------|-----------------------------|-----------------------------|
| FTE Positions | 1.0 | 1.0 | 1.0 | 1.0 |
| Personal Services | 30,200 | 30,600 | 31,700 | 31,400 |
| Employee Related Expenditures | 5,500 | 6,500 | 5,500 | 5,700 |
| Professional & Outside Services ^{1/} | 17,300 | 18,100 | 23,400 | 24,800 |
| Travel - In State | 1,800 | 3,200 | 2,500 | 2,500 |
| Travel - Out of State | -0- | 1,300 | 1,400 | 1,300 |
| Other Operating Expenditures | 5,100 | 6,800 | 7,800 | 6,800 |
| Equipment | 2,800 | -0- | -0- | -0- |
| All Other Operating Expenditures | 27,000 | 29,400 | 35,100 | 35,400 |
| TOTAL APPROPRIATIONS | 62,700 | 66,500 | 72,300 ^{2/} | 72,500 ^{2/} |

RECEIPTS, EXPENDITURES AND BALANCES FORWARD

| | | | | |
|-----------------------------------|----------------|----------------|----------------|----------------|
| Balance Beg. of Fiscal Year | 130,400 | 109,300 | 177,600 | 155,400 |
| Add Revenues ^{4/} | 41,900 | 134,800 | 50,100 | 146,000 |
| TOTAL FUNDS AVAILABLE | 172,300 | 244,100 | 227,700 | 301,400 |
| Expenditures | 62,700 | 66,500 | 72,300 | 72,500 |
| Administrative Adjustment | 300 | -0- | -0- | -0- |
| BALANCE END OF FISCAL YEAR | 109,300 | 177,600 | 155,400 | 228,900 |

Agency Description - The board licenses and regulates physical therapists. A physical therapist treats patients by physical means, including exercise, massage, mechanical energy, electrical energy, heat, light, sound, and water.

(Continued)

- ^{1/} This agency is housed within the State Boards' Office of the Department of Administration. The amount shown includes a proportionate cost each board pays to the Special Services Revolving fund for the services provided by the State Boards' Office.
- ^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.
- ^{3/} This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriations to the special agency fund, until June 30, 1995. (General Appropriation Act footnote)
- ^{4/} This agency has a biennial licensing cycle.

BOARD OF PHYSICAL THERAPY EXAMINERS (Cont'd)
BOARD OF PHYSICAL THERAPY EXAMINERS FUND

FY 1994

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$800 to annualize the cost of the April 1993 general salary adjustment. The approved amount includes a total of \$2,100 for board member per diem, which includes a one-time increase of \$300 for a Sunset Review process scheduled for FY 1994.

Employee Related Expenditures - The approved amount includes: a) an additional \$100 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$100 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$1,800 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount includes \$12,800 for joint office costs. The \$12,800 for joint office costs includes an additional \$200 for the April 1993 general salary adjustment. The approved amount includes a total of \$500 for the state share of the State Boards' Office medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The appropriation also includes an additional \$4,700 for investigations and \$400 for examinations.

Travel - In State - The approved amount includes a reduction of \$700 to reflect the actual costs to the board.

Travel - Out of State - The approved amount includes a one-time increase of \$100 for the increased cost of the FY 1994 American Physical Therapy Conference.

Other Operating Expenditures - The approved amount includes: a) a total of \$700 for the payment of risk management premiums, which reflects an additional \$200 authorized by Section 104 of the General Appropriation Act, and b) a one-time increase of \$800 for costs associated with the Sunset Review process scheduled for FY 1994.

FY 1995

During the Second Regular Session, it is the intent of the Legislature to revise the FY 1995 appropriation as necessary to reflect updated information for certain statewide technical issues, including employer contributions for Employee Related Expenditures, risk management premiums and charges for state-owned or leased space.

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes \$1,800 for board member per diem, which includes a reduction of \$300 for one-time expenditures associated with the FY 1994 Sunset Review process.

Employee Related Expenditures - The approved amount is based upon the same percentage factors used to calculate the FY 1994 Employee Related Expenditures, with the exception of the employer contribution to the State Retirement System. The FY 1995 approved amount is based on a 3.59% employer contribution rate. The approved amount also includes a total of \$1,800 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund in FY 1995.

Professional and Outside Services - The approved amount includes \$12,800 for joint office costs. The approved amount includes a total of \$500 for the state share of the State Boards' Office medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund in FY 1995.

The approved amount also includes an increase of \$1,400 for temporary clerical help to enable the Executive Director to take annual leave.

Other Operating Expenditures - The approved amount includes a total of \$500 for the payment of risk management premiums. This amount does not reflect the Section 104 adjustments described above for FY 1994. The approved amount also includes a reduction of \$800 for costs associated with the FY 1994 Sunset Review process.

STATE BOARD OF PODIATRY EXAMINERS

A.R.S. § 32-801

Linda Wells, Executive Director

JLBC Analyst: Smith

| BOARD OF PODIATRY EXAMINERS FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved | FY 1995 Approved |
|---|-------------------|---------------------|-------------------------------|-----------------------------|
| FTE Positions | 1.0 | 1.0 | 1.0 | 1.0 |
| Personal Services | 22,600 | 24,300 | 25,600 | 29,300 |
| Employee Related Expenditures | 3,900 | 5,100 | 4,700 | 5,100 |
| Professional & Outside Services ^{1/} | 12,800 | 13,300 | 14,700 | 14,700 |
| Travel - In State | -0- | 100 | 400 | 100 |
| Other Operating Expenditures | 2,000 | 1,600 | 2,300 | 1,800 |
| Equipment | -0- | -0- | 2,700 | -0- |
| All Other Operating Expenditures | 14,800 | 15,000 | 20,100 | 16,600 |
| TOTAL APPROPRIATIONS | 41,300 | 44,400 | 50,400 ^{2/3/} | 51,000 ^{2/} |

RECEIPTS, EXPENDITURES AND BALANCES FORWARD

| | | | | |
|-----------------------------------|---------------|---------------|----------------|----------------|
| Balance Beg. of Fiscal Year | 36,300 | 44,300 | 51,100 | 86,700 |
| Add Revenues | 49,300 | 51,200 | 86,000 | 71,500 |
| TOTAL FUNDS AVAILABLE | 85,600 | 95,500 | 137,100 | 158,200 |
| Expenditures | 41,300 | 44,400 | 50,400 | 51,000 |
| BALANCE END OF FISCAL YEAR | 44,300 | 51,100 | 86,700 | 107,200 |

Agency Description - The board licenses and regulates Doctors of Podiatric Medicine. A podiatrist must take specialized training, serve an internship and pass a qualifying examination prior to licensure to diagnose and treat foot ailments.

FY 1994

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$800 to annualize the cost of the April 1993 general salary adjustment. The approved amount also includes a total of \$3,500 for board member per diem, which includes one-time expenditure of \$500 associated with a Sunset Review process scheduled for FY 1994.

(Continued)

- ^{1/} This agency is housed within the State Boards' Office of the Department of Administration. The amount shown includes a proportionate cost each board pays to the Special Services Revolving Fund for the services by the State Boards' Office.
- ^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.
- ^{3/} This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriations to the special agency fund, until June 30, 1995. (General Appropriation Act footnote)

STATE BOARD OF PODIATRY EXAMINERS (Cont'd)
BOARD OF PODIATRY EXAMINERS FUND

Employee Related Expenditures - The approved amount includes: a) an additional \$100 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$100 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$1,800 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount includes \$12,900 for joint office costs. The \$12,900 for joint office costs includes an additional \$200 for the April 1993 general salary adjustment. The approved amount includes a total of \$500 for the state share of the State Boards' Office medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund. (See footnote 1)

The approved amount also includes an increase of \$1,000 for investigations and \$200 for court reporting.

Travel - In State - The approved amount includes a one-time increase of \$300 for the Sunset Review process scheduled for FY 1994.

Other Operating Expenditures - The approved amount includes: a) a total of \$700 for the payment of risk management premiums, which reflects an additional \$400 authorized by Section 104 of the General Appropriation Act, and b) a one-time expenditure of \$100 for costs associated with the Sunset Review process.

Equipment - The approved amount includes \$2,700 for purchase of a computer and peripheral equipment.

FY 1995

During the Second Regular Session, it is the intent of the Legislature to revise the FY 1995 appropriation as necessary to reflect updated information for certain statewide technical issues, including employer contributions for Employee Related Expenditures, risk management premiums and charges for state-owned or leased space.

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes a total of \$3,000 for board member per diem and an additional \$4,200 for reclassification of an Administrative Assistant II position (grade 15) to an Executive Director position (grade 19).

Employee Related Expenditures - The approved amount is based upon the same percentage factors used to calculate the FY 1994 Employee Related Expenditures, with the exception of the employer contribution to the State Retirement System. The FY 1995 approved amount is based on a 3.59% employer contribution rate. The approved amount also includes a total of \$1,800 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund in FY 1995.

Professional and Outside Services - The approved amount includes \$12,900 for joint office costs. The approved amount includes a total of \$500 for the state share of the State Boards' Office medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund in FY 1995.

Other Operating Expenditures - The approved amount includes a total of \$300 for the payment of risk management premiums. This amount does not reflect the Section 104 adjustments described above for FY 1994.

ADDITIONAL LEGISLATION

Board of Podiatry - Chapter 23 (S.B. 1180) - This bill adds an oral examination requirement and changes the written examination requirements for licensure to practice podiatry. It increases the examination fee from \$250 to \$500 and adds a \$250 fee for initial registration to dispense drugs and devices, with a \$100 annual renewal fee. These fees are to be deposited to the Podiatry Fund. The bill also authorizes the board to impose civil penalties of up to \$2,000 per violation, to be deposited to the General Fund.

STATE BOARD OF PRIVATE POSTSECONDARY EDUCATION

A.R.S. § 32-3002

Dona M. Markley, Executive Director

JLBC Analyst: Stavneak

BOARD OF PRIVATE POSTSECONDARY EDUCATION FUND

| | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved | FY 1995 Approved |
|----------------------------------|-------------------|----------------------|--------------------------------|--------------------------------|
| FTE Positions | 3.0 | 3.0 | 3.0 | 3.5 |
| Personal Services | 73,400 | 79,300 | 81,600 | 94,100 |
| Employee Related Expenditures | 16,200 | 18,300 ^{1/} | 17,900 | 20,700 |
| Professional & Outside Services | 4,500 | 8,700 | 5,000 | 7,000 |
| Travel - In State | 3,000 | 3,500 | 4,000 | 6,000 |
| Travel - Out of State | 300 | 800 | -0- | -0- |
| Other Operating Expenditures | 21,300 | 25,900 | 22,100 | 25,500 |
| Equipment | 6,400 | -0- | -0- | -0- |
| All Other Operating Expenditures | 35,500 | 38,900 | 31,100 | 38,500 |
| TOTAL APPROPRIATIONS | 125,100 | 136,500 | 130,600 ^{2/2/} | 153,300 ^{2/4/} |

RECEIPTS, EXPENDITURES AND BALANCES FORWARD

| | | | | |
|-----------------------------------|----------------|----------------|----------------|-----------------------|
| Balance Beg. of Fiscal Year | 77,100 | 64,200 | 50,100 | 42,800 |
| Add Revenues | 112,200 | 122,400 | 123,300 | 140,800 ^{5/} |
| TOTAL FUNDS AVAILABLE | 189,300 | 186,600 | 173,400 | 183,600 |
| Expenditures | 125,100 | 136,500 | 130,600 | 153,300 |
| BALANCE END OF FISCAL YEAR | 64,200 | 50,100 | 42,800 | 30,300 |

Agency Description - The board enforces the laws and rules governing approximately 125 private postsecondary education institutions, including vocational and degree programs. The board does not have jurisdiction over cosmetology, barber, real estate and professional driving schools. The board also administers a Student Tuition Recovery Fund, which compensates persons suffering damages as the result of a private postsecondary institution ceasing operations.

(Continued)

- 1/ Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$800 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.
- 2/ Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.
- 3/ This appropriation is available for use and is exempt from the provisions of A.R.S. § 35-143.01, relating to lapsing of appropriations to the special agency funds until June 30, 1995. (General Appropriation Act footnote)
- 4/ Of the amount appropriated for fiscal year 1994-1995, \$23,300 shall revert to the State Board of Private Postsecondary Education Fund if current fees are not increased by at least 15% over the fiscal year 1992-1993 level. (General Appropriation Act footnote)
- 5/ Revenue estimate is based on a 15% increase in revenues. (See footnote 3). Without a fee increase, estimated revenues would be \$123,300, estimated expenditures would be \$130,000 and the end of year balance would be \$36,100.

STATE BOARD OF PRIVATE POSTSECONDARY EDUCATION (Cont'd)
BOARD OF PRIVATE POSTSECONDARY EDUCATION FUND

FY 1994

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount also includes an additional \$2,300 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$300 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$300 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$7,900 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount includes base adjustments of \$(400) for data processing services, \$(900) for legal services and \$(2,400) for other consulting services.

Travel - In State - The approved amount includes an additional \$500 for the mileage reimbursement requirements of new board members.

Other Operating Expenditures - The approved amount includes: a) a total of \$1,800 for the payment of risk management premiums, which reflects an additional \$600 authorized by Section 104 of the General Appropriation Act, and b) a total of \$10,900 for rent of state-owned space.

The approved amount includes agency-requested base adjustments of \$(900) for postage, \$(200) for telecommunications, \$(1,200) for printing/photography services, \$(700) for maintenance contracts, \$(900) for operating supplies and \$(500) for miscellaneous expenses.

FY 1995

During the Second Regular Session, it is the intent of the Legislature to revise the FY 1995 appropriation as necessary to reflect updated information for certain statewide technical issues, including employer contributions for Employee Related Expenditures, risk management premiums and charges for state-owned or leased space.

FTE Positions - The approved amount includes \$23,300 to fund approximately one-half of a new position. The non-appropriated Student Tuition Recovery Fund would finance the other half of the position. The additional position would permit more in-depth examination of the 128 annual license renewals and speed the processing of consumer complaints, which currently may not have a hearing for 6 months to a year. The position would also spend half-time managing the Student Tuition Recovery Fund, which reimburses students when a private postsecondary institution ceases operation.

Of this additional funding, \$12,500 is for Personal Services and \$2,800 is for Employee Related Expenditures. An additional \$8,000 in All Other Operating Expenditures (Professional and Outside Services, \$2,000; Travel - In State, \$2,000; and Other Operating Expenditures, \$4,000) will fund the processing of an expected increase in license renewals, supplemental licenses, and student record requests.

This additional funding will only remain available, however, if the board increases its fees. Without such an increase, the fund balance would drop to approximately \$12,000 by the end of FY 1995. The General Appropriation Act requires that \$23,300 revert to the State Board of Private Postsecondary Education Fund if current fee levels are not increased by at least 15% over the FY 1993 level.

Personal Services - The approved amount is based upon a 0% vacancy factor.

Employee Related Expenditures - The approved amount is based upon the same percentage factors used to calculate the FY 1994 Employee Related Expenditures, with the exception of the employer contribution to the State Retirement System. The FY 1995 approved amount is based on a 3.59% employer contribution rate. The approved amount also includes a total of \$9,200 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund in FY 1995.

STATE BOARD OF PRIVATE POSTSECONDARY EDUCATION (Cont'd)
BOARD OF PRIVATE POSTSECONDARY EDUCATION FUND

All Other Operating Expenditures - The approved amount includes a total of \$1,200 for the payment of risk management premiums. This amount does not reflect the Section 104 adjustments described above for FY 1994. The approved amount also includes a total of \$10,900 for rent of state-owned space. As noted above, the approved amount includes an additional \$8,000 in All Other Operating Expenditures to fund increased workload.

ADDITIONAL LEGISLATION

Private Postsecondary Education: Tuition - Chapter 195 (S.B. 1378) - Increases the Student Tuition Recovery Fund assessment on each private postsecondary education institution from one-tenth to two-tenths of 1% of the total course cost for each newly enrolled student. The Fund reimburses students when a private postsecondary institution ceases operation. The legislation also revises the minimum assessment on each newly enrolled student from not "less than \$1 or more than \$4" to "not more than \$10." The legislation also exempts members, employees and agents of the board from personal liability with respect to acts taken in good faith without disregard of their statutory duties.

STATE BOARD OF PSYCHOLOGIST EXAMINERS

A.R.S. § 32-2062

Maxine McCarthy, Executive Director

JLBC Analyst: Smith

| BOARD OF PSYCHOLOGIST EXAMINERS FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved | FY 1995 Approved |
|--|----------------|------------------|----------------------------------|--------------------------------|
| FTE Positions | 1.0 | 2.0 | 2.5 | 2.5 |
| Personal Services | 47,400 | 67,100 | 79,900 | 79,900 |
| Employee Related Expenditures | 8,200 | 13,500 | 16,300 | 16,700 |
| Professional & Outside Services ^{1/} | 45,800 | 60,700 | 73,200 | 75,700 |
| Travel - In State | 4,200 | 5,000 | 5,000 | 5,000 |
| Travel - Out of State | 4,500 | 5,000 | 2,500 | 2,500 |
| Other Operating Expenditures | 13,500 | 18,100 | 18,400 | 17,200 |
| Equipment | -0- | 5,000 | 2,500 | -0- |
| All Other Operating Expenditures | 68,000 | 93,800 | 101,600 | 100,400 |
| TOTAL | 123,600 | 174,400 | 197,800 ^{2/3/4/} | 197,000 ^{2/4/} |
| Additional Appropriations - 41st Leg., 1st Reg. Session | | | | |
| Psychologist Examiners Board, Ch. 61 | -- | 4,000 | -- | -- |
| TOTAL APPROPRIATIONS | 123,600 | 178,400 | 197,800 | 197,000 |
| RECEIPTS, EXPENDITURES AND BALANCES FORWARD | | | | |
| Balance Beg. of Fiscal Year | 433,200 | 369,800 | 519,400 | 385,200 |
| Add Revenues ^{5/} | 60,200 | 328,000 | 63,600 | 331,600 |
| TOTAL FUNDS AVAILABLE | 493,400 | 697,800 | 583,000 | 716,800 |
| Expenditures | 123,600 | 178,400 | 197,800 | 197,000 |
| BALANCE END OF FISCAL YEAR | 369,800 | 519,400 | 385,200 | 519,800 |

(Continued)

- 1/ This agency is housed within the State Boards' Office of the Department of Administration. The amount shown includes a proportionate cost each board pays to the Special Services Revolving Fund for the services provided by the State Boards Office.
- 2/ Represents General Appropriation Act funds. Appropriated by detailed line item for the agency.
- 3/ This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriations to the special agency fund, until June 30, 1995. (General Appropriation Act footnote)
- 4/ A report listing total expenditures as compared to appropriated amounts for the quarter and year-to-date shall be forwarded to the director of the Joint Legislative Budget Committee within 30 days after the end of each quarter of the fiscal year. (General Appropriation Act footnote)
- 5/ This agency has a biennial licensing cycle.

STATE BOARD OF PSYCHOLOGIST EXAMINERS (Cont'd)
BOARD OF PSYCHOLOGIST EXAMINERS FUND

Agency Description - *The board licenses and regulates psychologists.*

FY 1994

FTE Positions - The approved amount includes 0.5 FTE positions and \$13,400 to add a position to handle clerical tasks and an increase in the number and complexity of complaints.

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$1,500 to annualize the cost of the April 1993 general salary adjustment and an additional \$10,700 for the added position. The appropriation also includes a total of \$5,100 for board member per diem.

Employee Related Expenditures - The approved amount includes: a) an additional \$200 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$300 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$7,300 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount includes \$14,200 for joint office costs. The \$14,200 for joint office costs includes an additional \$200 for the April 1993 general salary adjustment. The approved amount includes a total of \$600 for the state share of the State Boards' Office medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund. (See footnote 1).

The approved amount includes a total of \$19,200 for investigations. The approved amount also includes an additional \$12,400 to implement oral examinations of applicants for licensure.

Travel - Out of State - The approved amount includes a decrease of \$2,500 for travel of 1 person, rather than 2 persons, to out-of-state conferences.

Other Operating Expenditures - The approved amount includes a total of \$700 for the payment of risk management premiums, which reflects a reduction of \$100 authorized by Section 104 of the General Appropriation Act. The approved amount also includes a net increase of \$400, which includes a one-time expenditure of \$800 for stationary and forms and \$500 for non-capitalized equipment, along with a decrease of \$2,000 for printing and an increase of \$1,100 for registration, subscriptions, and miscellaneous expenditures.

Equipment - The approved amount includes \$2,500 for purchase of a printer and computer to access a national psychology licensing board data bank.

FY 1995

During the Second Regular Session, it is the intent of the Legislature to revise the FY 1995 appropriation as necessary to reflect updated information for certain statewide technical issues, including employer contributions for Employee Related Expenditures, risk management premiums and charges for state-owned or leased space.

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes a total of \$5,100 for board member per diem.

(Continued)

STATE BOARD OF PSYCHOLOGIST EXAMINERS (Cont'd)
BOARD OF PSYCHOLOGIST EXAMINERS FUND

Employee Related Expenditures - The approved amount is based upon the same percentage factors used to calculate the FY 1994 Employee Related Expenditures, with the exception of the employer contribution to the State Retirement System. The FY 1995 approved amount is based on a 3.59% employer contribution rate. The approved amount also includes a total of \$7,300 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund in FY 1995.

Professional and Outside Services - The approved amount includes \$14,200 for joint office costs. The approved amount includes a total of \$600 for the state share of the State Boards' Office medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund in FY 1995.

The appropriation also includes a \$2,900 increase to provide \$5,000 total funding for production of a biennial directory.

Other Operating Expenditures - The approved amount includes a total of \$800 for the payment of risk management premiums. This amount does not reflect the Section 104 adjustments described above for FY 1994. The approved amount also includes a reduction of \$1,300, which reflects elimination of one-time FY 1994 expenditures.

ADDITIONAL APPROPRIATIONS

Psychologist Examiners Board - Chapter 61 (S.B. 1189) - This bill appropriates \$4,010 for FY 1992 expenditures.

STATE BOARDS' OFFICE

Delores DeBaca, Office Manager

JLBC Analyst: Smith

| SPECIAL SERVICES REVOLVING FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved | 1995 Approved |
|---|-------------------|---------------------|---------------------|------------------|
| FTE Positions | 2.0 | 2.0 | 2.0 | 2.0 |
| Personal Services | 39,700 | 40,200 | 41,700 | 41,700 |
| Employee Related Expenditures | 10,300 | 12,700 | 10,800 | 11,000 |
| Professional & Outside Services | 23,400 | 22,600 | 22,600 | 22,600 |
| Other Operating Expenditures | 51,600 | 57,000 | 57,000 | 57,000 |
| All Other Operating Expenditures | 75,000 | 79,600 | 79,600 | 79,600 |
| TOTAL APPROPRIATIONS ^{1/} | 125,000 | 132,500 | 132,100 | 132,300 |

Agency Description - The office serves to centralize services and pool resources of 10 small regulatory boards. Examples of shared items include office space and equipment, as well as accounting, clerical, administrative, and telephone services. The office is under the General Services Division of the Department of Administration, but is supported entirely by appropriated funds of the participating boards.

FY 1994

STATE BOARDS' OFFICE Funding Breakdown

| Contributing Boards | Personal Services | ERE | Acct'ng & Computer | Rent | Other Operating | Total | % of Total |
|----------------------|----------------------|-----------------|-----------------------|-----------------|--------------------|------------------|---------------|
| Funeral Directors | \$ 4,173 | \$ 1,080 | \$4,327 | \$5,592 | \$1,937 | \$17,109 | 12.95% |
| Homeopathic | 4,173 | 1,080 | 569 | 2,177 | 1,936 | 9,935 | 7.52 |
| Naturopathic | 4,173 | 1,080 | 569 | 2,177 | 1,936 | 9,935 | 7.52 |
| Nursing Care Admin | 4,173 | 1,080 | 2,212 | 3,332 | 1,937 | 12,734 | 9.64 |
| Dispensing Opticians | 4,173 | 1,080 | 2,457 | 3,771 | 1,936 | 13,417 | 10.15 |
| Optometry | 4,173 | 1,080 | 2,436 | 4,228 | 1,937 | 13,854 | 10.48 |
| Physical Therapy | 4,173 | 1,080 | 2,609 | 3,013 | 1,937 | 12,812 | 9.69 |
| Podiatry | 4,173 | 1,080 | 2,393 | 3,332 | 1,937 | 12,915 | 9.77 |
| Psychologists | 4,173 | 1,080 | 2,436 | 5,107 | 1,370 | 14,166 | 10.72 |
| Veterinary | 4,173 | 1,080 | 2,566 | 5,514 | 1,937 | 15,270 | 11.56 |
| Total | \$41,730 | \$10,800 | \$22,574 | \$38,243 | \$18,800 | \$132,147 | 100% |

(Continued)

^{1/} The State Boards' Office is funded through the Professional and Outside Services line of the participating boards. These line items are presented for information only.

STATE BOARDS' OFFICE (Cont'd)
SPECIAL SERVICES REVOLVING FUND

Personal Services - The approved amount is based upon a 0% vacancy factor and includes an additional \$1,500 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$200 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$200 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$5,300 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

FY 1995

During the Second Regular Session, it is the intent of the Legislature to revise the FY 1995 appropriation as necessary to reflect updated information for certain statewide technical issues, including employer contributions for Employee Related Expenditures, risk management premiums and charges for state-owned or leased space.

STATE BOARDS' OFFICE
Funding Breakdown

| <u>Contributing Boards</u> | <u>Personal Services</u> | <u>ERE</u> | <u>Acct'ng & Computer</u> | <u>Rent</u> | <u>Other Operating</u> | <u>Total</u> | <u>% of Total</u> |
|----------------------------|--------------------------|-----------------|-------------------------------|-----------------|------------------------|------------------|-------------------|
| Funeral Directors | \$ 4,173 | \$ 1,100 | \$4,327 | \$5,592 | \$1,937 | \$17,129 | 12.94% |
| Homeopathic | 4,173 | 1,100 | 569 | 2,177 | 1,936 | 9,955 | 7.52 |
| Naturopathic | 4,173 | 1,100 | 569 | 2,177 | 1,936 | 9,955 | 7.52 |
| Nursing Care Admin | 4,173 | 1,100 | 2,212 | 3,332 | 1,937 | 12,754 | 9.64 |
| Dispensing Opticians | 4,173 | 1,100 | 2,457 | 3,771 | 1,936 | 13,437 | 10.15 |
| Optometry | 4,173 | 1,100 | 2,436 | 4,228 | 1,937 | 13,874 | 10.48 |
| Physical Therapy | 4,173 | 1,100 | 2,609 | 3,013 | 1,937 | 12,832 | 9.70 |
| Podiatry | 4,173 | 1,100 | 2,393 | 3,332 | 1,937 | 12,935 | 9.77 |
| Psychologists | 4,173 | 1,100 | 2,436 | 5,107 | 1,370 | 14,186 | 10.72 |
| Veterinary | <u>4,173</u> | <u>1,100</u> | <u>2,566</u> | <u>5,514</u> | <u>1,937</u> | <u>15,290</u> | <u>11.56</u> |
| Total | <u>\$41,730</u> | <u>\$11,000</u> | <u>\$22,574</u> | <u>\$38,243</u> | <u>\$18,800</u> | <u>\$132,347</u> | <u>100%</u> |

Personal Services - The approved amount is based upon a 0% vacancy factor.

Employee Related Expenditures - The approved amount is based upon the same percentage factors used to calculate the FY 1994 Employee Related Expenditures, with the exception of the employer contribution to the State Retirement System. The FY 1995 approved amount is based on 3.59% employer contribution rate. The approved amount also includes a total of \$5,300 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund in FY 1995.

BOARD OF RESPIRATORY CARE EXAMINERS

A.R.S. § 32-3501

Ann Marie Toshner, Executive Director

JLBC Analyst: Smith

GENERAL FUND AND RESPIRATORY CARE EXAMINERS FUND

| | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved | FY 1995 Approved |
|----------------------------------|-------------------|---------------------|-------------------------------|------------------------------|
| FTE Positions | 2.0 | 2.0 | 2.0 | 2.0 |
| Personal Services | 46,900 | 55,500 | 60,300 | 60,300 |
| Employee Related Expenditures | 7,100 | 12,200 | 11,100 | 11,400 |
| Professional & Outside Services | 800 | 5,000 | 17,000 | 17,000 |
| Travel - In State | 3,300 | 4,000 | 4,000 | 4,000 |
| Travel - Out of State | 500 | 2,000 | 3,000 | 3,000 |
| Other Operating Expenditures | 49,900 | 35,300 | 35,700 | 35,300 |
| Equipment | 10,200 | 4,000 | 3,000 | 3,000 |
| All Other Operating Expenditures | 64,700 | 50,300 | 62,700 | 62,300 |
| TOTAL APPROPRIATIONS | 118,700 | 118,000 | 134,100 ^{1/2} | 134,000 ^{1/} |
| <u>Fund Summary</u> | | | | |
| General Fund | 49,900 | -- | -- | -- |
| Respiratory Care Examiners Fund | 68,800 | 118,000 | 134,100 | 134,000 |
| TOTAL APPROPRIATIONS | 118,700 | 118,000 | 134,100 | 134,000 |

RESPIRATORY CARE EXAMINERS FUND

RECEIPTS, EXPENDITURES AND BALANCES FORWARD

| | | | | |
|-----------------------------------|----------------------|----------------|----------------|----------------|
| Balance Beg. of Fiscal Year | -0- | 124,100 | 153,600 | 264,500 |
| Transfer From General Fund | 50,000 ^{3/} | -- | -- | -- |
| Add Revenues ^{4/} | 242,800 | 147,500 | 245,000 | 122,000 |
| TOTAL FUNDS AVAILABLE | 292,800 | 271,600 | 398,600 | 386,500 |
| Payback to General Fund | 50,000 ^{5/} | -- | -- | -- |
| Expenditures | 118,700 | 118,000 | 134,100 | 134,000 |
| BALANCE END OF FISCAL YEAR | 124,100 | 153,600 | 264,500 | 252,500 |

(Continued)

- 1/ Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.
- 2/ This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriation to the special agency funds, until June 30, 1995. (General Appropriation Act footnote)
- (Footnotes Continued on Following Page)

BOARD OF RESPIRATORY CARE EXAMINERS (Cont'd)
GENERAL FUND AND RESPIRATORY CARE EXAMINERS FUND

Agency Description - The board licenses and regulates respiratory care practitioners. A respiratory therapist performs inhalation therapy and respiratory therapy, which include administering pharmacological, diagnostic, and therapeutic agents, as directed by a physician.

FY 1994

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$1,500 to annualize the cost of the April 1993 general salary adjustment. The approved amount also includes \$4,300 for board member per diem.

Employee Related Expenditures - The approved amount includes: a) an additional \$200 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$300 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$4,200 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount includes an additional \$6,000 for court reporting, \$1,000 for legal filing services, and \$5,000 for medical services due to increased investigations and implementation of auditing of renewal applications.

Travel - Out of State - The approved amount includes an additional \$1,000 for the increased cost of attending 3 conferences.

Other Operating Expenditures - The approved amount includes a total of \$700 for the payment of risk management premiums, which reflects an additional \$400 authorized by Section 104 of the General Appropriation Act.

Equipment - The appropriation includes \$3,000 for purchase of a computer and a fax machine.

FY 1995

During the Second Regular Session, it is the intent of the Legislature to revise the FY 1995 appropriation as necessary to reflect updated information for certain statewide technical issues, including employer contributions for Employee Related Expenditures, risk management premiums and charges for state-owned or leased space.

Personal Services - The approved amount is based upon a 0% vacancy factor. The appropriation includes \$4,500 for board member per diem.

(Continued)

(Footnotes Continued From Previous Page)

- 3/ The Board of Respiratory Care Examiners was established in FY 1992 with \$50,000 appropriated by Laws 1990, Chapter 256 from the General Fund for start-up costs.
- 4/ This agency has a biennial licensing cycle.
- 5/ Laws 1990, Chapter 256 specifies that the State Treasurer shall deposit 10% of the monies collected pursuant to this act in the state General Fund. An additional 10% of the monies collected pursuant to this act were to be collected by the Treasurer to repay the appropriation of \$50,000 to the state General Fund. The appropriation was decreased by a \$100 mid-year reversion and all remaining monies were repaid within FY 1992.

BOARD OF RESPIRATORY CARE EXAMINERS (Cont'd)
GENERAL FUND AND RESPIRATORY CARE EXAMINERS FUND

Employee Related Expenditures - The approved amount is based upon the same percentage factors used to calculate the FY 1994 Employee Related Expenditures, with the exception of the employer contribution to the State Retirement System. The FY 1995 approved amount is based on a 3.59% employer contribution rate. The approved amount also includes a total of \$4,200 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund in FY 1995.

Other Operating Expenditures - The approved amount includes a total of \$300 for the payment of risk management premiums. This amount does not reflect the Section 104 adjustments described above for FY 1994.

Equipment - The approved amount includes \$2,000 for a conference table and chairs and \$1,000 for computer hardware.

STRUCTURAL PEST CONTROL COMMISSION

A.R.S. § 32-2302

Jack D. Root, Executive Director

JLBC Analyst: Reddy

**STRUCTURAL PEST CONTROL
COMMISSION FUND &
STRUCTURAL PEST CONTROL
COMMISSION INSPECTION
SUPPORT FUND**

| | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved | FY 1995 Approved |
|----------------------------------|---------------------------|-----------------------------|----------------------------------|----------------------------------|
| FTE Positions | 26.0 | 26.0 | 26.0 | 26.0 |
| Personal Services | 510,900 | 509,500 | 580,100 | 580,100 |
| Employee Related Expenditures | 115,300 | 130,000 | 139,500 | 142,500 |
| Professional & Outside Services | 82,400 | 132,500 | 106,200 | 106,200 |
| Travel - In State | 69,900 | 69,300 | 66,800 | 66,800 |
| Travel - Out of State | 2,600 | 3,000 | 2,600 | 2,600 |
| Other Operating Expenditures | 198,700 | 122,400 | 124,800 | 122,400 |
| Equipment | 31,600 | 10,200 | -0- | -0- |
| All Other Operating Expenditures | 385,200 | 337,400 | 300,400 | 298,000 |
| TOTAL APPROPRIATIONS | 1,011,400 | 976,900 | 1,020,000 ^{1/2/} | 1,020,600 ^{1/2/} |

RECEIPTS, EXPENDITURES AND BALANCES FORWARD

| | | | | |
|-----------------------------------|------------------|------------------|------------------|------------------|
| Balance Beg. of Fiscal Year | 43,900 | 113,900 | 237,200 | 352,400 |
| Add Revenues | 1,081,400 | 1,100,200 | 1,135,200 | 1,135,200 |
| TOTAL FUNDS AVAILABLE | 1,125,300 | 1,214,100 | 1,372,400 | 1,487,600 |
| Expenditures | 1,011,400 | 976,900 | 1,020,000 | 1,020,600 |
| BALANCE END OF FISCAL YEAR | 113,900 | 237,200 | 352,400 | 467,000 |

Agency Description - *The commission licenses and regulates professional pest control companies and conducts examinations of applicators of structural pesticides.*

(Continued)

- 1/ Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.
- 2/ It is the intent of the Legislature that not more than 25 % of the appropriation shall be expended from the Structural Pest Control Commission Fund. (General Appropriation Act footnote)
- 3/ This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to the lapsing of appropriations to the special agency funds until June 30, 1995. (General Appropriation Act footnote)

STRUCTURAL PEST CONTROL COMMISSION (Cont'd)
STRUCTURAL PEST CONTROL COMMISSION FUND & STRUCTURAL
PEST CONTROL COMMISSION INSPECTION SUPPORT FUND

FY 1994

Personal Services - The approved amount is based upon a 1% vacancy factor and \$5,800 in vacancy savings. The approved amount includes an additional \$17,300 to annualize the cost of the April 1993 general salary adjustment. The approved amount also includes an additional \$59,100 to fund 3 vacant inspector positions.

Employee Related Expenditures - The approved amount includes: a) an additional \$2,300 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$2,600 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$63,800 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount includes a \$26,300 reduction to reflect one-time expenditures for data processing, court reporters, and security.

Travel - In State - The approved amount includes a \$2,500 reduction to reflect actual mileage reimbursement rates.

Travel - Out of State - The approved amount includes a \$400 reduction to reflect actual charges.

Other Operating Expenditures - The approved amount includes: a) a total of \$18,400 for the payment of risk management premiums, which reflects an additional \$2,400 authorized by Section 104 of the General Appropriation Act, and b) a total of \$58,900 for private rent. Subsequent to the enactment of the General Appropriation Act, the commission was notified that it was to be moved during the first quarter of FY 1994 into the same lease-purchase facility that houses the Department of Weights and Measures (DWM). It is legislative intent that any unused portion of the commission's private rent appropriation will be transferred to the Department of Administration to cover the cost of renovating the lease-purchase space.

Equipment - The approved amount includes the elimination of \$10,200 for a photocopier purchased in FY 1993.

FY 1995

During the Second Regular Session, it is the intent of the Legislature to revise the FY 1995 appropriation as necessary to reflect updated information for certain statewide technical issues, including employer contributions for Employee Related Expenditures, risk management premiums and charges for state-owned or leased space.

Personal Services - The approved amount is based upon a 1% vacancy factor and \$5,800 in vacancy savings.

Employee Related Expenditures - The approved amount is based upon the same percentage factors used to calculate the FY 1994 Employee Related Expenditures, with the exception of the employer contribution to the State Retirement System. The FY 1995 approved amount is based on a 3.59% employer contribution rate. The approved amount also includes a total of \$63,800 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund in FY 1995.

Other Operating Expenditures - The approved amount includes a total of \$16,000 for the payment of risk management premiums. This amount does not reflect the Section 104 adjustments described above for FY 1994. The approved amount also includes a total of \$58,900 for private rent. As noted above, the agency will be transferred to a lease-purchase facility in FY 1994. The private rent amount will be available for the commission's share (estimated to be \$45,000 to \$50,000) of the FY 1995 lease-purchase payment. It is anticipated that the unused portion of the rent appropriation will be transferred to the Structural Pest Control Commission Inspection Support Fund.

STATE BOARD OF TECHNICAL REGISTRATION

A.R.S. § 32-102

Ronald Dalrymple, Executive Director

JLBC Analyst: Reddy

| TECHNICAL REGISTRATION FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved | FY 1995 Approved |
|--|-------------------|----------------------|------------------------------|------------------------------|
| FTE Positions | 15.0 | 15.0 | 15.0 | 15.0 |
| Personal Services | 301,900 | 316,100 | 327,400 | 327,400 |
| Employee Related Expenditures | 73,500 | 85,700 ^{1/} | 79,700 | 82,900 |
| Professional & Outside Services | 21,900 | 24,100 | 23,300 | 23,300 |
| Travel - In State | 9,400 | 10,000 | 10,000 | 10,000 |
| Travel - Out of State | 12,300 | 11,000 | 11,000 | 11,000 |
| Other Operating Expenditures | 169,700 | 247,900 | 233,400 | 239,500 |
| Equipment | 6,600 | 5,000 | 2,000 | -0- |
| All Other Operating Expenditures | 219,900 | 298,000 | 279,700 | 283,800 |
| OPERATING SUBTOTAL | 595,300 | 699,800 | 686,800 | 694,100 |
| Examinations | 171,100 | 172,900 | 169,400 | 169,400 |
| TOTAL APPROPRIATIONS | 766,400 | 872,700 | 856,200 ^{2/} | 863,500 ^{2/} |
| RECEIPTS, EXPENDITURES AND BALANCES FORWARD | | | | |
| Balance Beg. of Fiscal Year | 202,800 | 333,200 | 426,400 | 551,100 |
| Add Revenues | 896,800 | 965,900 | 980,900 | 962,800 |
| TOTAL FUNDS AVAILABLE | 1,099,600 | 1,299,100 | 1,407,300 | 1,513,900 |
| Expenditures | 766,400 | 872,700 | 856,200 | 863,500 |
| BALANCE END OF FISCAL YEAR | 333,200 | 426,400 | 551,100 | 650,400 |

Agency Description - The agency licenses, investigates, and conducts examinations of architects, assayers (assessors of mineral value), engineers, geologists, land surveyors, and landscape architects.

(Continued)

- ^{1/} Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$5,500 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.
- ^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency, with a special line item. The line items within the "Operating Subtotal" are shown for information only.
- ^{3/} This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriations to the special agency funds until June 30, 1995. (General Appropriation Act footnote)

STATE BOARD OF TECHNICAL REGISTRATION (Cont'd)
TECHNICAL REGISTRATION FUND

FY 1994

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount also includes an additional \$11,300 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$1,400 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$1,400 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$39,400 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount includes a \$800 reduction for a one-time data processing expense.

Other Operating Expenses - The approved amount includes: a) a total of \$1,500 for the payment of risk management premiums, which reflects a reduction of \$6,100 authorized by Section 104 of the General Appropriation Act, and b) a total of \$48,300 for private rent. The approved amount also includes a reduction of \$8,400 for non-capitalized equipment.

Equipment - The approved amount includes a \$2,000 increase to replace an obsolete microfiche reader and a decrease of \$5,000 for a one-time FY 1993 purchase.

Examinations - This line item includes the cost of purchasing national professional licensing examinations. The approved amount includes a reduction of \$3,500 due to a decrease in the number of applicants.

FY 1995

During the Second Regular Session, it is the intent of the Legislature to revise the FY 1995 appropriation as necessary to reflect updated information for certain statewide technical issues, including employer contributions for Employee Related Expenditures, risk management premiums and charges for state-owned or leased space.

Personal Services - The approved amount is based upon a 0% vacancy factor.

Employee Related Expenditures - The approved amount is based upon the same percentage factors used to calculate the FY 1994 Employee Related Expenditures, with the exception of the employer contribution to the State Retirement System. The FY 1995 approved amount is based on a 3.59% employer contribution rate. The approved amount also includes a total of \$39,400 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund in FY 1995.

Other Operating Expenses - The approved amount includes a total of \$7,600 for the payment of risk management premiums. The amount does not reflect the Section 104 adjustments described above for FY 1994. The approved amount also includes a total of \$48,300 for private rent.

ARIZONA STATE VETERINARY MEDICAL EXAMINING BOARD

A.R.S. § 32-2201

Louise Battaglia, Executive Director

JLBC Analyst: Smith

BOARD OF VETERINARY MEDICAL EXAMINING FUND

FY 1992
Actual

FY 1993
Estimate

FY 1994
Approved

FY 1995
Approved

| | | | | |
|---|----------------|----------------|--------------------------------|------------------------------|
| FTE Positions | 3.0 | 3.0 | 3.0 | 3.0 |
| Personal Services | 74,900 | 84,500 | 89,800 | 89,800 |
| Employee Related Expenditures | 16,900 | 18,200 | 19,400 | 19,900 |
| Professional & Outside Services ^{1/} | 24,600 | 31,100 | 32,500 | 32,500 |
| Travel - In State | 7,800 | 12,100 | 12,100 | 12,100 |
| Travel - Out of State | 1,200 | 1,900 | 2,600 | 2,600 |
| Other Operating Expenditures | 7,700 | 10,600 | 11,500 | 11,700 |
| Equipment | 2,200 | -0- | 2,500 | -0- |
| All Other Operating Expenditures | 43,500 | 55,700 | 61,200 | 58,900 |
| TOTAL APPROPRIATIONS | 135,300 | 158,400 | 170,400 ^{2/2/} | 168,600 ^{2/} |

RECEIPTS, EXPENDITURES AND BALANCES FORWARD

| | | | | |
|-----------------------------------|----------------|----------------|----------------|----------------|
| Balance Beg. of Fiscal Year | 149,600 | 54,500 | 167,100 | 53,400 |
| Add Revenues ^{4/} | 41,400 | 271,000 | 56,700 | 302,300 |
| TOTAL FUNDS AVAILABLE | 191,000 | 325,500 | 223,800 | 355,700 |
| Expenditures | 135,300 | 158,400 | 170,400 | 168,600 |
| Administrative Adjustment | 1,200 | -0- | -0- | -0- |
| BALANCE END OF FISCAL YEAR | 54,500 | 167,100 | 53,400 | 187,100 |

Agency Description - *The board licenses and regulates veterinarians, veterinary technicians, and veterinary premises.*

(Continued)

- ^{1/} This agency is housed within the State Boards' Office of the Department of Administration. The amount shown includes a proportionate cost each board pays to the Special Services Revolving Fund for services provided by the State Boards' Office.
- ^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.
- ^{3/} This appropriation is available for use and is exempt from A.R.S. § 35-190.01, relating to lapsing of appropriations to the special agency fund, until June 30, 1995. (General Appropriation Act footnote)
- ^{4/} The agency has a biennial licensing cycle.

ARIZONA STATE VETERINARY MEDICAL EXAMINING BOARD (Cont'd)
BOARD OF VETERINARY MEDICAL EXAMINING FUND

FY 1994

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$2,300 to annualize the cost of the April 1993 general salary adjustment and an additional \$3,000 to reclassify an Administrative Secretary I position (grade 12) to an Administrative Assistant II position (grade 15). The appropriation also includes a total of \$14,700 for board member per diem.

Employee Related Expenditures - The approved amount includes: a) an additional \$200 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$300 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$10,100 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount includes \$15,300 for joint office costs. The \$15,300 for joint office costs includes an additional \$200 for the April 1993 general salary adjustment. The approved amount includes a total of \$600 for the state share of the State Boards' Office medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund. (See footnote 1)

The appropriation also includes an additional \$2,100 to conduct formal hearings.

Travel - Out of State - The approved amount includes an additional \$700 to fund attendance at 3 conferences.

Other Operating Expenditures - The approved amount includes: a) a total of \$700 for the payment of risk management premiums, which reflects a reduction of \$200 authorized by Section 104 of the General Appropriation Act, and b) a total of \$300 for non-capitalized equipment.

Equipment - The appropriation includes \$2,500 for purchase of a computer and related equipment.

FY 1995

During the Second Regular Session, it is the intent of the Legislature to revise the FY 1995 appropriation as necessary to reflect updated information for certain statewide technical issues, including employer contributions for Employee Related Expenditures, risk management premiums and charges for state-owned or leased space.

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes \$14,700 for board member per diem.

Employee Related Expenditures - The approved amount is based upon the same percentage factors used to calculate the FY 1994 Employee Related Expenditures, with the exception of the employer contribution to the State Retirement System. The FY 1995 approved amount is based on a 3.59% employer contribution rate. The approved amount also includes a total of \$10,100 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund in FY 1995.

Professional and Outside Services - The approved amount includes \$15,300 for joint office costs. The approved amount includes \$600 for the state share of the State Boards' Office medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund in FY 1995.

Other Operating Expenditures - The approved amount includes a total of \$900 for the payment of risk management premiums. This amount does not reflect the Section 104 adjustments described above for FY 1994.

EDUCATION

ARIZONA COMMISSION ON THE ARTS
A.R.S. § 41-983

Shelley M. Cohn, Executive Director

JLBC Analyst: Reddy

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|---------------------------|-----------------------------|--------------------------------|
| FTE Positions | 11.5 | 11.5 | 11.5 |
| Personal Services | 301,500 | 307,200 | 315,800 |
| Employee Related Expenditures | 66,800 | 70,300 | 63,800 |
| Professional & Outside Services | 300 | -0- | -0- |
| Travel - In State | 14,300 | 13,100 | 13,100 |
| Travel - Out of State | 800 | 800 | 800 |
| Other Operating Expenditures | 98,600 | 77,800 | 90,400 |
| Equipment | 4,500 | -0- | -0- |
| All Other Operating Expenditures | 118,500 | 91,700 | 104,300 |
| OPERATING SUBTOTAL | 486,800 | 469,200 | 483,900 |
| Community Service Project | 859,100 | 836,100 | 775,000 |
| TOTAL APPROPRIATIONS | 1,345,900 | 1,305,300 | 1,258,900 ^{1/} |

Agency Description - The agency promotes arts in the state by offering matching grants to communities and arts organizations, developing programs in-house to showcase artists in all disciplines, and serving as a resource for local artists.

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount also includes an additional \$8,600 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$1,100 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$1,400 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$24,600 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

All Other Operating Expenditures - The approved amount includes: a) a total of \$1,300 for the payment of risk management premiums, which reflects a reduction of \$8,300 authorized by Section 104 of the General Appropriation Act, and b) a total of \$53,400 for the Corpstein Building lease-purchase payment (an increase of \$900), and \$20,000 for utilities and other operating costs.

Community Service Projects - The approved amount includes a \$61,100 reduction in the program. Community Service Project monies are grants made available to arts organizations and Arizona communities on a matching basis which provide ticket discounts, organizational development support, and programs in all of the arts disciplines. When combined with \$971,100 from the Arts Trust Fund, a total of \$1,746,100 is available for grants.

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency, with special line items. The line items within the "Operating Subtotal" are shown for information only.

STATE BOARD OF DIRECTORS FOR COMMUNITY COLLEGES

A.R.S. § 15-1424

Don Puyear, Ph.D., Executive Director

JLBC Analyst: Groll

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|-------------------|---------------------|---------------------------------|
| FTE Positions | 10.0 | 11.0 | 11.0 |
| Personal Services | 403,900 | 469,500 | 477,000 |
| Employee Related Expenditures | 76,700 | 81,600 | 82,600 |
| Professional & Outside Services | 9,700 | 6,000 | 6,000 |
| Travel - In State | 38,600 | 34,600 | 34,600 |
| Travel - Out of State | 500 | -0- | -0- |
| Other Operating Expenditures | 66,700 | 21,200 | 41,600 |
| Equipment | 2,300 | -0- | -0- |
| All Other Operating Expenditures | 117,800 | 61,800 | 82,200 |
| OPERATING SUBTOTAL | 597,500 | 612,900 | 641,800 |
| Operating State Aid ^{1/} | | | |
| Cochise | 4,264,200 | 4,357,900 | 4,357,900 |
| Coconino | 979,400 | 1,000,900 | 1,047,200 |
| Graham | 3,616,300 | 3,695,800 | 3,695,800 |
| Maricopa | 29,097,000 | 29,736,300 | 29,736,300 |
| Mohave | 2,483,700 | 2,538,300 | 2,579,300 |
| Navajo | 3,192,300 | 3,262,400 | 3,262,400 |
| Pima | 12,604,700 | 12,881,600 | 12,881,600 |
| Pinal | 4,362,500 | 4,458,300 | 4,458,300 |
| Yavapai | 3,327,800 | 3,400,900 | 3,400,900 |
| Yuma/LaPaz | 3,507,900 | 3,585,000 | 3,585,000 |
| Total - Operating State Aid | 67,435,800 | 68,917,400 | 69,004,700 |
| Capital Outlay State Aid ^{1/} | | | |
| Cochise | 523,900 | 535,400 | 535,400 |
| Coconino | 202,600 | 207,000 | 207,000 |
| Graham | 431,800 | 441,300 | 441,300 |
| Maricopa | 5,201,600 | 5,315,500 | 5,315,500 |
| Mohave | 245,300 | 250,700 | 250,700 |
| Navajo | 358,000 | 365,800 | 365,800 |
| Pima | 1,817,800 | 1,857,600 | 1,857,600 |
| Pinal | 518,900 | 530,300 | 530,300 |
| Yavapai | 377,200 | 385,500 | 385,500 |
| Yuma/LaPaz | 420,700 | 429,900 | 429,900 |
| Total - Capital Outlay State Aid | 10,097,800 | 10,319,000 | 10,319,000 ^{2/} |
| Equalization Aid ^{1/} | | | |
| Cochise | 836,500 | 960,800 | 1,070,400 |
| Graham | 5,055,400 | 5,306,400 | 5,541,200 |
| Total - Equalization Aid | 5,891,900 | 6,267,200 | 6,611,600 |
| Economic Development Training Program | 150,000 | 150,000 | 150,000 |
| TOTAL APPROPRIATIONS | 84,173,000 | 86,266,500 | 86,727,100 ^{3/} |

STATE BOARD OF DIRECTORS FOR COMMUNITY COLLEGES (Cont'd)
GENERAL FUND

Agency Description - *The Arizona community college system is comprised of a state board of directors and ten community college districts. The board consists of fifteen members, one from each county, appointed by the Governor and a representative of the Arizona Board of Regents, the Superintendent of Public Instruction and the Director of the Division of Vocational Education. The state board: a) enacts ordinances for the government of the community colleges; b) sets standards for their operation; c) arranges for certification of community college teachers, and fixes and collects fees for issuance and renewal of certificates; and d) fixes student tuition and fees. The community colleges provide programs not exceeding two years' training in the arts, sciences and humanities beyond the twelfth grade of public or private high school course of study or vocational education.*

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount also includes an additional \$8,400 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$2,200 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$2,100 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$28,400 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenses - The approved amount includes: a) a total of \$5,400 for the payment of risk management premiums, which reflects an additional \$2,400 authorized by Section 104 of the General Appropriation Act, and b) a total of \$25,000 for rent of state-owned space.

Operating State Aid - The Education Omnibus Reconciliation Bill, Chapter 8, 2nd Special Session, suspends the Operating State Aid formula in A.R.S. § 15-1466 (see Additional Legislation). The approved amount for Operating State Aid provides funding at the appropriated FY 1993 level for each district and adds \$87,300 for full time student equivalent (FTSE) growth for Coconino and Mohave community college districts.

Without the suspension of the formula, Operating State Aid would have been calculated as a two-step process that:

- 1) Adjusts each district's current year state aid for inflation using the GDP Deflator; and
- 2) Adjusts for the growth or decline in actual FTSE enrollment for each district for the prior calendar year.

The sum of the base, plus inflation, plus/minus FTSE change would have become the base amount to be adjusted in the next year.

Capital Outlay State Aid - The Education Omnibus Reconciliation Bill, Chapter 8, 2nd Special Session, suspends the Capital Outlay State aid formula in A.R.S. § 15-1464 (see Additional Legislation). The approved amount for Capital Outlay State Aid provides funding at the FY 1993 appropriation level for each district. Without the suspension of the formula, Capital Outlay State Aid would have provided per capita funding to districts based on the district's size and most recent year's actual FTSE. Districts with 5,000 or less FTSE would have received \$207/FTSE, while districts with greater than 5,000 FTSE would have received \$158/FTSE. Under the formula, these rates are adjusted annually for inflation per the GNP Price Deflator.

(Continued)

- 1/ FY 1992 was the first time that State Aid to Community Colleges was appropriated by district.
- 2/ Each district has the option of using up to 20% of its total capital outlay aid appropriation for operating aid purposes, or this same amount may be taken out of its total operating state aid appropriation and used for capital outlay purposes (A.R.S. § 15-1464F).
- 3/ Represents General Appropriation Act funds. Appropriated as a lump sum for the agency, with district-by-district special line items. The line items within the "Operating Subtotal" are shown for information only.

STATE BOARD OF DIRECTORS FOR COMMUNITY COLLEGES (Cont'd)
GENERAL FUND

Equalization Aid - The Education Omnibus Reconciliation Bill, Chapter 8, 2nd Special Session, suspends the Equalization Aid formula in A.R.S. § 15-1468 (see Additional Legislation). The approved amount funds 80% of the increase in the formula requirement for the 2 qualifying districts: Cochise and Graham. Equalization Aid is paid to a community college district which has a property tax base that is less than the minimum assessed value specified in A.R.S. § 15-1402. Under the Equalization Aid formula, the minimum assessed valuation is increased by the average growth in actual assessed valuation for all rural districts with populations less than 500,000 persons for the 2 most recent years. Equalization Aid is paid out on the basis of the difference between minimum assessed valuation and the most recent year's actual assessed valuation for the district. Equalization Aid is calculated at the lesser of \$1.37 per \$100 of the district's assessed valuation or the district's levy rate.

Economic Development Training Program - This provides the third and final year of funding to the Maricopa Community College District for a specialized work force training program for a major interstate banking firm located in the Phoenix metropolitan area.

CAPITAL OUTLAY

Capital Outlay Bill - Chapter 2 (H.B. 2002), 2nd Special Session - Section 2J of this act appropriates \$200,000 from the General Fund to the State Board of Directors for Community Colleges for the Navajo Community College District Show Low campus.

ADDITIONAL LEGISLATION

Work Force Recruitment and Job Training Program - Chapter 1 (H.B. 2164) - establishes the work force recruitment and job training program in the Department of Commerce to provide training and retraining for specific employment opportunities with new and expanding businesses and businesses undergoing economic conversion. Pursuant to A.R.S. § 41-1541E, the state community college system or a private postsecondary educational institution licensed under Title 32, Chapter 30, or a community college operated by a tribal government shall conduct all training unless the employer requests another qualified training provider.

Education Omnibus Reconciliation Bill - Chapter 8 (H.B. 2004), 2nd Special Session - Section 11 of this act suspends A.R.S. § 15-1464, A.R.S. § 15-1466, and A.R.S. § 15-1468, and provides that the FY 1994 community college capital outlay aid, maintenance and operating state aid, and equalization aid shall be the amounts appropriated in the General Appropriation Act.

Joint Legislative Study Committee on Community Colleges - Chapter 97 (S.B. 1044) - This act establishes a 10-member Joint Legislative Study Committee on Community Colleges to study the establishment of community colleges in counties not part of a community college district in the state. Specifically, the committee shall: analyze community college district formations, population growth trends in rural communities, and the needs for community college expansion and the barriers to such expansions; assess the fiscal effect of expanding community colleges; and develop legislative recommendations based upon the study. The committee shall prepare and present their recommendations to the Governor, President of the Senate and Speaker of the House of Representatives on or before November 1, 1993.

ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND - SUMMARY

A.R.S. § 15-1301

Dr. Ralph Bartley, Superintendent

JLBC Analyst: Fusak

| GENERAL FUND AND OTHER APPROPRIATED FUNDS | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|-------------------|---------------------|---------------------------------|
| <u>Program Summary</u> | | | |
| Phoenix Day School | 4,478,100 | 4,663,500 | 4,492,800 |
| Arizona Diagnostic Treatment and Education Center | 1,620,700 | 1,632,300 | 1,655,700 |
| Tucson Campus | 12,340,400 | 13,831,600 | 13,883,500 |
| TOTAL APPROPRIATIONS | 18,439,200 | 20,127,400 | 20,032,000 |
| <u>Expenditure Detail</u> | | | |
| FTE Positions | 480.7 | 490.2 | 486.8 |
| Personal Services | 12,209,800 | 12,715,000 | 12,780,800 |
| Employee Related Expenditures | 2,854,600 | 2,964,200 | 2,729,400 |
| Professional & Outside Services | 261,900 | 257,600 | 291,700 |
| Travel - In State | 48,400 | 49,500 | 52,700 |
| Travel - Out of State | 100 | -0- | -0- |
| Other Operating Expenditures | 2,759,800 | 3,835,400 | 3,891,000 |
| Food | 133,200 | 134,600 | 134,600 |
| Equipment | 171,400 | 171,100 | 151,800 |
| All Other Operating Expenditures | 3,374,800 | 4,448,200 | 4,521,800 |
| TOTAL APPROPRIATIONS | 18,439,200 | 20,127,400 | 20,032,000 ^{1/} |
| <u>Fund Summary</u> | | | |
| General Fund | 13,210,700 | 15,134,000 | 15,263,700 |
| Permanent Special Education | 4,932,400 | 4,703,400 | 4,493,300 |
| Institutional Voucher Fund | | | |
| Endowment Earnings and Out-of-State Tuition | 296,100 | 290,000 | 275,000 |
| TOTAL APPROPRIATIONS | 18,439,200 | 20,127,400 | 20,032,000 ^{3/} |

(Continued)

- ^{1/} It is the intent of the Legislature that the Schools for the Deaf and the Blind report quarterly all Travel - Out of State expenditures to the Joint Legislative Budget Committee. (General Appropriation Act footnote)
- ^{2/} FY 1994 is the first year that Voucher Funds have been appropriated. Prior to FY 1994, voucher funds were used as a deduct from the total appropriation. The FY 1992 Actuals and FY 1993 Estimates have been adjusted for comparability.
- ^{3/} Represents General Appropriation Act funds. Appropriated as a modified lump sum for each program. The line items within "All Other Operating Expenditures" are shown for information only.

ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Agency Description - *The Arizona State Schools for the Deaf and the Blind (ASDB) provides comprehensive educational programs for visually and hearing impaired students. ASDB has 2 campuses, a day school in Phoenix and a residential campus in Tucson. System wide, ASDB serves approximately 511 students at the schools.*

Personal Services - The approved amount includes an additional \$403,700 in General Fund monies to annualize the inequity salary adjustments made in FY 1993 to all positions at the Arizona State Schools for the Deaf and Blind (ASDB) as required by Laws 1988, Chapter 237. The FY 1993 adjustment provided a 6.7% salary increase which was funded in midyear. The annual inequity adjustment is based upon a comparison of ASDB's salaries, by educational level, with similar personnel in 3 school districts (Tucson Unified, Mesa Unified and Washington Elementary) providing significant programs for sensory impaired children. Chapter 237 provided that the Department of Administration shall conduct salary inequity studies and that the Joint Legislative Budget Committee (JLBC) shall use the results in making its recommendation for funding Personal Services 1 year in arrears. For FY 1994, ASDB will not receive additional inequity funding because the 3 school districts used in the study did not provide salary increases in FY 1993.

Employee Related Expenditures - The approved amount includes: a) an additional \$48,900 from the General Fund to annualize the cost of the inequity salary adjustment, and b) a reduction of \$41,000 from the General Fund as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$848,700 from the General Fund and \$361,300 from Voucher Funds for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

ADDITIONAL LEGISLATION

Omnibus ASDB Bill - Chapter 204 (H.B. 2081) - Legislative intent is to allow ASDB to implement the recommendations made in the Auditor General report issued in October 1992 and the budget recommendation of the JLBC Staff for FY 1994, including a recommended reduction in force limited to management and supervisory personnel and clerical and other staff that support management and supervisory personnel. Specifically, the bill does the following:

- Creates an Enterprise Fund in which retained fees, rentals and other charges received for the use of school facilities for non-school events will be deposited. Monies in the Enterprise Fund may be used only to pay costs associated with operating facilities for the purpose for which the monies were received;
- allows the schools to invest monies donated to the schools through a contract with an investment specialist;
- changes the starting age for which students are eligible to receive an education at the schools from age 6 to age 3. Also, requires the referring district of residence to determine whether a pupil is a resident of the state and eligible for an education without charge;
- revises the personnel system. Allows the Board of Directors to appoint a superintendent for a 1, 2 or 3 year contract. The superintendent, with approval of the board, shall issue 1, 2 or 3 year contracts for positions designated by the board. Requires the board to establish a system for evaluation of the performance of the superintendent and, in turn, the superintendent must establish a system to evaluate the performance of persons contracted. Enables the superintendent to reduce salaries or eliminate permanent employees in order to effectuate economies in the operation of the schools or to improve the efficient conduct and administration of the schools;
- states that a person whose position is eliminated does not have a preferred right to employment in a different employee classification except when a vacancy exists in a teaching position and no teacher who is currently employed at any of the schools applies for the position. A managerial or supervisory position has a preferred right to employment as a teacher provided that the person is qualified for the teaching position;

(Continued)

ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

- requires the board on or before 30 days after the effective date of the act to give written notification to the Superintendent of the board's intention to offer or not to offer an employment contract to the Superintendent. In addition, on or before 30 days after the effective date of this act, the Superintendent shall give written notice to a person in a supervisory or management position the board's intention to offer or not to offer the person an employment contract;
- a person whose position is eliminated and who is transferred to a different position in a lower grade does not have a preferred right to a continued salary based on the former position or any particular salary level at a lower grade;
- terminates the Board of Directors of the schools on July 1, 2003.

**ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND -
PHOENIX DAY SCHOOL**

A.R.S. § 15-1361

Dr. Ralph Bartley, Superintendent

JLBC Analyst: Fusak

**GENERAL FUND AND PERMANENT
SPECIAL EDUCATION INSTITUTIONAL
VOUCHER FUND**

**FY 1992
Actual**

**FY 1993
Estimate**

**FY 1994
Approved**

| | | | |
|---|------------------|------------------|----------------------------------|
| FTE Positions | 116.5 | 125.5 | 122.1 |
| Personal Services | 3,120,800 | 3,317,100 | 3,293,100 |
| Employee Related Expenditures | 753,600 | 771,500 | 698,200 |
| Professional & Outside Services | 49,600 | 41,800 | 50,100 |
| Travel - In State | 2,900 | 3,000 | 3,000 |
| Other Operating Expenditures | 486,500 | 429,800 | 381,600 |
| Food | 30,000 | 34,600 | 34,600 |
| Equipment | 34,700 | 65,700 | 32,200 |
| All Other Operating Expenditures | 603,700 | 574,900 | 501,500 |
| TOTAL APPROPRIATIONS | 4,478,100 | 4,663,500 | 4,492,800 |
| <u>Fund Summary</u> | | | |
| General Fund | 2,542,500 | 2,743,400 | 2,800,700 |
| Permanent Special Education Institutional Voucher Fund | 1,935,600 | 1,920,100 | 1,692,100 ^{1/} |
| TOTAL APPROPRIATIONS | 4,478,100 | 4,663,500 | 4,492,800 ^{2/3/} |

Program Description - The Phoenix Day School for the Deaf (PDSD) provides a comprehensive educational program for hearing impaired students. PDSD currently serves 205 students in the following categories: 177 hearing impaired, 20 multiply disabled and 8 multiply disabled with severe sensory impairments.

FTE Positions - The approved amount includes a net decrease of 3.4 FTE positions due to declining enrollment.

Personal Services - The approved amount continues a 1% vacancy factor and includes \$19,300 in vacancy savings from the General Fund and \$13,700 from Voucher Funds. The General Fund vacancy savings has increased by \$2,900 and Voucher Fund vacancy savings has decreased by \$800 from the prior year.

(Continued)

- ^{1/} Prior to the expenditure of any Voucher Funds in excess of the \$1,692,100 shown above, the Schools for the Deaf and the Blind shall report the intended use of the funds to the Joint Legislative Budget Committee. (General Appropriation Act footnote)
- ^{2/} Represents General Appropriation Act funds. Appropriated as a modified lump sum for the program. The line items within "All Other Operating Expenditures" are shown for information only.
- ^{3/} The narrative below discusses General Fund and Other Appropriated Fund changes for Personal Services and Employee Related Expenditures. All other adjustments discussed are General Fund changes unless otherwise noted.

ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND - PHOENIX DAY SCHOOL (Cont'd)
GENERAL FUND AND PERMANENT SPECIAL EDUCATION INSTITUTIONAL VOUCHER FUND

The approved amount includes an additional \$101,800 in General Fund monies to annualize the inequity salary adjustment provided to all positions at the Arizona State Schools for the Deaf and Blind (ASDB) for FY 1993 as required by Laws 1988, Chapter 237. The approved amount includes a reduction of \$171,800 in voucher funding and 5 FTE positions due to declining enrollment as well as a shift in students from the Multiple Disabilities with Severe Sensory Impairments (MDSSI) category to other categories. The Phoenix Day School for the Deaf (PDSD) had a decrease of 14 students in FY 1993, 12 of which were MDSSI students. MDSSI students generate the largest dollar per student funding due to the special requirements necessary to provide educational services for these students. The approved amount includes an increase of \$48,100 in General Fund monies and 1.6 FTE positions to offset the loss in voucher funding associated with the shift in categories. The funding will be used to maintain class size and teacher-to-student ratios for these students.

Employee Related Expenditures - The approved amount includes: a) an additional \$12,400 from the General Fund to annualize the cost of the inequity salary adjustment; and b) a reduction of \$8,600 from the General Fund as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$169,200 from the General Fund and \$134,300 from Voucher Funds for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

All Other Operating Expenditures - The approved amount includes a reduction of \$53,500 in Other Operating Expenditures to reflect the completion of a vehicle lease-purchase for 5 preschool buses. The approved amount continues non-capitalized replacement equipment funding at \$16,900.

The approved amount includes a reduction of \$33,500 in capitalized equipment. The capitalized equipment appropriation includes $\frac{2}{3}$ ths funding for specialized educational replacement equipment and $\frac{1}{3}$ rd funding for non-educational replacement equipment.

The approved amount includes an increase of \$8,300 in Professional and Outside Services and an increase of \$2,000 in Other Operating Expenditures for mainstreaming. The mainstreaming funding will be used to pay tuition to public schools for each mainstreamed student as well as interpreter services.

The approved amount also includes an increase of \$3,300 associated with the increase of 1.6 FTE positions.

**ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND -
ARIZONA DIAGNOSTIC TREATMENT AND EDUCATION CENTER**

A.R.S. § 15-1301

Dr. Ralph Bartley, Superintendent

JLBC Analyst: Fusak

**GENERAL FUND AND PERMANENT
SPECIAL EDUCATION INSTITUTIONAL
VOUCHER FUND**

| | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|---------------------------|-----------------------------|----------------------------------|
| FTE Positions | 58.5 | 58.5 | 60.4 |
| Personal Services | 1,250,600 | 1,253,300 | 1,288,700 |
| Employee Related Expenditures | 311,100 | 310,800 | 304,000 |
| Professional & Outside Services | 38,000 | 44,800 | 44,800 |
| Travel - In State | 800 | 800 | 800 |
| Other Operating Expenditures | 20,200 | 22,600 | 17,400 |
| All Other Operating Expenditures | 59,000 | 68,200 | 63,000 |
| TOTAL APPROPRIATIONS | 1,620,700 | 1,632,300 | 1,655,700 |
| <u>Fund Summary</u> | | | |
| General Fund | 1,126,700 | 1,184,100 | 1,077,500 |
| Permanent Special Education | | | |
| Institutional Voucher Fund | 494,000 | 448,200 | 578,200 ^{1/} |
| TOTAL APPROPRIATIONS | 1,620,700 | 1,632,300 | 1,655,700 ^{2/3/} |

Program Description - The Arizona Diagnostic Testing and Education Center (ADTEC) provides diagnostic evaluation and educational programming for Multiple Disabilities with Severe Sensory Impairments (MDSSI) students as referred by school districts throughout the state. ADTEC currently serves 49 students in the following categories: 44 MDSSI, 4 multiple disabilities and 1 visually impaired student.

FTE Positions - The approved count includes an increase of 4.4 FTE positions due to increasing enrollment, as well as a decrease of 2.5 FTE positions based on the October 1992 Auditor General's Report.

Personal Services - The approved amount continues a 1% vacancy factor and includes \$8,300 in vacancy savings from the General Fund and \$4,700 in savings from Voucher Funds. The General Fund vacancy savings has decreased by \$400 and Voucher Fund vacancy savings has increased by \$1,100 from the prior year.

(Continued)

- ^{1/} Prior to the expenditure of any Voucher Funds in excess of the \$578,200 shown above, the Schools for the Deaf and the Blind shall report the intended use of the funds to the Joint Legislative Budget Committee. (General Appropriation Act footnote)
- ^{2/} Represents General Appropriation Act funds. Appropriated as a modified lump sum for the program. The line items within "All Other Operating Expenditures" are shown for information only.
- ^{3/} The narrative below discusses General Fund and Other Appropriated Fund changes for Personal Services and Employee Related Expenditures. All other adjustments discussed are General Fund changes unless otherwise noted.

**ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND -
ARIZONA DIAGNOSTIC TREATMENT AND EDUCATION CENTER (Cont'd)
GENERAL FUND AND PERMANENT SPECIAL EDUCATION INSTITUTIONAL VOUCHER FUND**

The approved amount includes an additional \$39,100 in General Fund monies to annualize inequity salary adjustments provided to all positions at the Arizona State Schools for the Deaf and Blind (ASDB) for FY 1993 as required by Laws 1988, Chapter 237.

The approved amount includes: a) a net increase of \$104,100 in voucher funding and 5.0 FTE positions due to an increase in enrollment. ADTEC had an increase of 12 students in FY 1993, 8 of which were MDSSI. The increase in voucher funding was slightly offset due to a shift in students from the Multiple Disabilities with Severe Sensory Impairments (MDSSI) category to other categories. MDSSI students generate the largest dollar per student funding due to the special requirements necessary to provide educational services to these students; b) an increase of \$8,600 in General Fund monies and a .4 FTE position to offset the loss in voucher funding associated with the shift in categories. The funding will be used to maintain class size and teacher-to-student ratios for these students; c) a reduction of \$28,800 in General Fund monies and 1 FTE position which leaves the school a net total of 4 new FTE positions to fund 1 MDSSI class at Catalina High School and 1 MDSSI classroom at ADTEC. ASDB has an agreement with the Tucson Unified School District (TUSD) to jointly operate a MDSSI program at Catalina High School. TUSD provides the classroom, equipment, site trainers and a job developer while ASDB provides the teachers, instructional aids and support positions; d) a reduction of \$86,900 in General Fund monies and 2.5 FTE positions (1 Director FTE position and 1.5 Administrative Secretary FTE positions) based on the October 1992 Auditor General Performance Audit Report. The Auditor General Performance Audit found that the school's administrative structure was "top-heavy."

Employee Related Expenditures - The approved amount includes: a) an additional \$4,700 from the General Fund to annualize the cost of the inequity salary adjustment, and b) a reduction of \$3,700 from the General Fund as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$95,400 from the General Fund and \$54,700 from Voucher Funds for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes a reduction of \$5,200 related to the Auditor General FTE reduction.

**ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND -
TUCSON CAMPUS**

A.R.S. § 15-1301

Dr. Ralph Bartley, Superintendent

JLBC Analyst: Fusak

**GENERAL FUND, PERMANENT SPECIAL
EDUCATION INSTITUTIONAL VOUCHER
FUND AND ENDOWMENT FUND
EARNINGS**

| | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|---------------------------|-----------------------------|-----------------------------------|
| FTE Positions | 305.7 | 306.2 | 304.3 |
| Personal Services | 7,838,400 | 8,144,600 | 8,199,000 |
| Employee Related Expenditures | 1,789,900 | 1,881,900 | 1,727,200 |
| Professional & Outside Services | 174,300 | 171,000 | 196,800 |
| Travel - In State | 44,700 | 45,700 | 48,900 |
| Travel - Out of State | 100 | -0- | -0- |
| Other Operating Expenditures | 2,253,100 | 3,383,000 | 3,492,000 |
| Food | 103,200 | 100,000 | 100,000 |
| Equipment | 136,700 | 105,400 | 119,600 |
| All Other Operating Expenditures | 2,712,100 | 3,805,100 | 3,957,300 |
| TOTAL APPROPRIATIONS | 12,340,400 | 13,831,600 | 13,883,500 |
| <u>Fund Summary</u> | | | |
| General Fund | 9,541,500 | 11,206,500 | 11,385,500 |
| Permanent Special Education | | | |
| Institutional Voucher Fund | 2,502,800 | 2,335,100 | 2,223,000 ^{1/} |
| Endowment Earnings and | | | |
| Out-of-State Tuition | 296,100 | 290,000 | 275,000 |
| TOTAL APPROPRIATIONS | 12,340,400 | 13,831,600 | 13,883,500 ^{2/3/} |

Program Description - The Tucson Campus provides a comprehensive residential educational program for visually and hearing impaired students. The school currently serves 257 students in the following categories: 163 hearing impaired, 66 visually impaired, 15 multiple disabilities with severe sensory impairments and 13 multiple disabilities students.

(Continued)

- ^{1/} Prior to the expenditure of any Voucher Funds in excess of the \$2,223,000 shown above, the Schools for the Deaf and the Blind shall report the intended use of the funds to the Joint Legislative Budget Committee. (General Appropriation Act footnote)
- ^{2/} Represents General Appropriation Act funds. Appropriated as a modified lump sum for the program. The line items within "All Other Operating Expenditures" are shown for information only.
- ^{3/} The narrative below discusses General Fund and Other Appropriated Fund changes for Personal Services and Employee Related Expenditures. All other adjustments discussed are General Fund changes unless otherwise noted.

ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND - TUCSON CAMPUS (Cont'd)
GENERAL FUND, PERMANENT SPECIAL EDUCATION INSTITUTIONAL VOUCHER FUND AND
ENDOWMENT FUND EARNINGS

FTE Positions - The approved count includes the following changes:

- A decrease of a net 0.4 FTE position due to declining enrollment;
- a decrease of 7.5 FTE positions based on the October 1992 Auditor General's Report;
- an increase of 2 Security FTE positions and;
- an increase of 4 FTE positions to expand the Regional Cooperative Program to include the southeast and southwest regions.

Personal Services - The approved amount continues a 1% vacancy factor and includes \$64,200 in vacancy savings from the General Fund and \$18,000 from Voucher Funds. The General Fund vacancy savings has increased by \$3,500 and Voucher Fund vacancy savings has decreased by \$100 from the prior year.

The approved amount includes : a) an additional \$262,800 in General Fund monies to annualize inequity salary adjustments provided to all positions at the Arizona State Schools for the Deaf and the Blind (ASDB) in FY 1993 as required by Laws 1988, Chapter 237; b) a decrease of \$59,200 in voucher funding and 1 FTE position due to declining enrollment as well as a shift in students from the Multiple Disabilities with Severe Sensory Impairments (MDSSI) category to other categories. The Tucson Campus had a net decrease of 9 students in FY 1993, with a loss of 11 MDSSI students. MDSSI students generate the largest dollar per student funding due to the special requirements necessary to provide educational services for these students; c) an increase of \$21,200 in General Fund monies and a 0.6 FTE position to offset the loss in voucher funding associated with the shift in categories. The funding will be used to maintain class size and teacher-to-student ratios for these students; d) a decrease of \$318,400 in General Fund monies and 7.5 FTE positions (1 Associate Superintendent for Curriculum and Instruction FTE position, 1 High School Principal FTE position, 1.5 Administrative Secretary FTE position and 4 unspecified administrative FTE positions) based on the October 1992 Auditor General Performance Audit Report. The Auditor General Performance Audit found that the school's administrative structure was "top-heavy;" e) an increase of \$36,800 in General Fund monies and 2 Security FTE positions. The Tucson Campus has experienced increased problems with unauthorized individuals walking through campus; f) an increase of \$114,600 in General Fund monies and 4 FTE positions to expand the Regional Cooperative Program to include the Southeast and Southwest Regional Cooperatives. Laws 1987, Chapter 363, established the pilot program consisting of 3 regional cooperatives (North Central, Southeast and Southwest) to provide educational services for children throughout the state. The North Central region has been in operation since FY 1989 and currently serves approximately 99 students.

Employee Related Expenditures - The approved amount includes: a) an additional \$31,800 from the General Fund to annualize the cost of the inequity salary adjustment, and b) a reduction of \$28,700 from the General Fund as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$584,100 from the General Fund and \$172,500 from Voucher Funds for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

All Other Operating Expenditures - The approved amount includes: a) a total of \$236,000 for the payment of risk management premiums, which reflects an additional \$137,200 authorized by Section 104 of the General Appropriation Act. The approved amount includes an increase of \$60,000 for lease-purchase payments for the ASDB High School, auditorium, elementary school, middle school, learning center, food services buildings and modular buildings. The approved amount includes the following base reductions to Other Operating Expenditures: \$34,300 for telecommunications non-capitalized equipment; \$15,000 due to savings from the school's telephone system; \$61,800 to reflect the completion of a vehicle lease-purchase payment for 6 buses and \$5,100 for miscellaneous adjustments.

The approved amount includes a net increase of \$19,000 in Other Operating Expenditures associated with the change in FTE positions.

(Continued)

ARIZONA STATE SCHOOLS FOR THE DEAF AND THE BLIND - TUCSON CAMPUS (Cont'd)
GENERAL FUND, PERMANENT SPECIAL EDUCATION INSTITUTIONAL VOUCHER FUND AND
ENDOWMENT FUND EARNINGS

The approved amount includes an increase of \$13,100 in Professional & Outside Services and an increase of \$3,200 in Travel - In State for the Regional Cooperative Program. The approved amount includes an increase of \$12,700 in Professional and Outside Services and \$9,000 in Other Operating Expenditures for mainstreaming. The mainstreaming funding will be used to pay tuition to public schools for each mainstreamed student as well as interpreter services.

The approved amount also includes an increase of \$14,200 in Capitalized Equipment. The appropriation includes $\frac{3}{4}$ th funding for specialized educational replacement equipment and $\frac{1}{4}$ rd funding for non-educational replacement equipment.

DEPARTMENT OF EDUCATION - SUMMARY

A.R.S. § 15-201

The Honorable C. Diane Bishop, Superintendent

JLBC Analyst: Fusak

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|----------------------|------------------------------------|------------------------------------|
| <u>Program Summary</u> | | | |
| State Board of Education | 130,900 | 135,900 | 139,000 |
| General Services Administration | 6,954,200 | 8,235,400 | 8,594,400 |
| Assistance to Schools | 1,304,327,900 | 1,376,599,300 | 1,434,162,500 |
| Vocational Education | 1,168,700 | 1,279,300 | 1,279,300 |
| TOTAL APPROPRIATIONS | 1,312,581,700 | 1,386,249,900 | 1,444,175,200 |
| <u>Expenditure Detail</u> | | | |
| FTE Positions ^{1/} | 217.9 | 231.6 | 224.7 |
| Personal Services | 5,032,800 | 5,132,900 | 5,225,400 |
| Employee Related Expenditures | 1,116,700 | 1,139,700 | 1,083,100 |
| Professional & Outside Services | 379,700 | 157,200 | 160,200 |
| Travel - In State | 87,000 | 110,200 | 110,200 |
| Travel - Out of State | 8,500 | 32,700 | 27,500 |
| Other Operating Expenditures | 982,400 | 1,506,300 | 1,756,500 |
| Equipment | 121,400 | -0- | -0- |
| All Other Operating Expenditures | 1,579,000 | 1,806,400 | 2,054,400 |
| OPERATING SUBTOTAL | 7,728,500 | 8,079,000 | 8,362,900 |
| Special Line Items ^{2/} | 1,304,853,200 | 1,378,170,900 | 1,435,812,300 |
| TOTAL APPROPRIATIONS | 1,312,581,700 | 1,386,249,900 ^{3/} | 1,444,175,200 ^{4/} |

Agency Description - The Department of Education is headed by the Superintendent of Public Instruction, an elected constitutional officer. The department oversees 227 school districts in their provision of public education from pre-school through 12th grade.

Personal Services - The approved amount includes an additional \$132,100 to annualize the cost of the April 1993 general salary adjustment.

(Continued)

- ^{1/} For FY 1992, FY 1993 and FY 1994, the total number of FTE positions includes 48.6, 48.8 and 48.6 in special line items respectively.
- ^{2/} Details for the Special Line Items are included on the individual program pages.
- ^{3/} The expenditure detail for FY 1993 includes a supplemental appropriation of \$14,740,500 authorized by Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session.
- ^{4/} Represents General Appropriation Act funds. Appropriated as a lump sum for certain programs and as a modified lump sum for other programs.

DEPARTMENT OF EDUCATION - SUMMARY (Cont'd)
GENERAL FUND

Employee Related Expenditures - The approved amount includes: a) an additional \$16,200 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$19,200 in the operating budget and \$5,700 in special line items as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$549,800 (\$436,500 in the operating budget and \$113,300 in the special line items) for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

SUMMARY OF CHANGES

The following summarizes the major factors behind the change in the FY 1994 General Fund operating budget from the revised FY 1993 estimate:

| | <u>Millions</u> |
|---|-----------------|
| • New Students - 15,577 New K-8 Students (3.5% Growth) 5,599 New 9-12 (3.5%); 210 New Preschool Disabled (25%) | \$76.9 |
| • Annualize FY 1993 0.5% Deflator | 7.1 |
| • Reduce Cash Balance Reversion - 27% to 18% | 7.0 |
| • 0.5% Assessed Valuation Decline | 4.2 |
| • Sudden Growth - Increase from 64% to 75% | 3.1 |
| • Rapid Decline - New Tiered Structure | (1.4) |
| • Base Adjustments - FY 93 Shortfall | (3.5) |
| • Retirement Recapture 3.59% to 3.14% | (6.7) |
| • Career Ladders - Fund 1/3 on Higher QTR, Fully Fund Through Higher QTR over 3 Years | (7.0) |
| • Capital Levy Revenue Limit (CLRL) \$15 Reduction per Student | (9.4) |
| • Reduced "Homeowners' Rebate" Buydown - 40% to 35% | (10.3) |
| • Other Adjustments | (2.1) |
| Total Change from Revised FY 1993 | \$57.9 |

Most of these changes are discussed in more detail in the Assistance to Schools section.

DEPARTMENT OF EDUCATION - STATE BOARD OF EDUCATION

A.R.S. § 15-201

The Honorable C. Diane Bishop, Superintendent

JLBC Analyst: Fusak

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|---------------------------|-----------------------------|------------------------------|
| FTE Positions ^{1/} | 2.5 | 2.5 | 2.0 |
| Personal Services | 44,200 | 49,000 | 53,300 |
| Employee Related Expenditures | 12,100 | 12,700 | 11,500 |
| Professional & Outside Services | 28,800 | 10,500 | 23,500 |
| Travel - In State | 100 | 700 | 700 |
| Travel - Out of State | -0- | 5,200 | -0- |
| Other Operating Expenditures | 45,700 | 57,800 | 50,000 |
| All Other Operating Expenditures | 74,600 | 74,200 | 74,200 |
| TOTAL APPROPRIATIONS | 130,900 | 135,900 | 139,000 ^{2/} |

Program Description: *The 9-member State Board of Education establishes programs, initiates policies and enforces laws and regulations relating to schools and the educational development of the individual child as provided in A.R.S. § 15-203. The board members are appointed by the Governor (other than the Superintendent of Public Instruction) for 4 year terms.*

FTE Positions - The approved amount eliminates a vacant 0.5 FTE position.

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$1,500 to annualize the cost of the April 1993 general salary adjustment. The approved amount also includes an increase of \$2,800 to reflect actual Personal Services requirements.

Employee Related Expenditures - The approved amount includes: a) an additional \$200 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$200 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$5,000 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

All Other Operating Expenditures - The approved amount for Professional and Outside Services includes an increase of \$13,000 to better reflect actual expenditures. The approved amount for Travel - Out of State includes a reduction of \$5,200 to better reflect actual expenditures. The approved amount for Other Operating Expenditures includes a reduction of \$7,800 to better reflect actual expenditures.

(Continued)

^{1/} The number of FTE positions does not include the 9 members of the State Board of Education.

^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the program. The line items are shown for information only.

**DEPARTMENT OF EDUCATION - GENERAL SERVICES
ADMINISTRATION**

A.R.S. § 15-231

The Honorable C. Diane Bishop, Superintendent

JLBC Analyst: Fusak

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|------------------------------------|-------------------|---------------------|--------------------------------|
| FTE Positions ^{1/} | 146.0 | 159.8 | 153.3 |
| Personal Services | 4,161,700 | 4,169,500 | 4,268,200 |
| Employee Related Expenditures | 924,400 | 933,000 | 867,100 |
| Professional & Outside Services | 279,100 | 67,000 | 57,000 |
| Travel - In State | 68,700 | 88,100 | 88,100 |
| Travel - Out of State | 8,500 | 27,500 | 27,500 |
| Other Operating Expenditures | 865,100 | 1,378,700 | 1,636,700 |
| Equipment | 121,400 | -0- | -0- |
| All Other Operating Expenditures | 1,342,800 | 1,561,300 | 1,809,300 |
| OPERATING SUBTOTAL | 6,428,900 | 6,663,800 | 6,944,600 |
| Achievement Testing | 192,500 | 1,163,000 | 1,279,900 |
| Education Commission of the States | 43,100 | 45,000 | 45,000 |
| School Restructuring | 66,200 | 100,000 | 100,000 |
| SLIAG Administration | 14,300 | 22,600 | 5,600 ^{2/} |
| SLIAG Outreach | 1,300 | 24,400 | -0- |
| Special Education Audit | 207,900 | 216,600 | 219,300 |
| TOTAL APPROPRIATIONS | 6,954,200 | 8,235,400 | 8,594,400 ^{3/} |

Program Description: *The General Services Administration program is divided into a number of units including, School Finance, Data Processing, Career Ladders, Teacher Certification and Special Education, which provide for the ongoing operation of the Department of Education. The State Superintendent for Public Instruction is funded through this cost center.*

(Continued)

- ^{1/} For FY 1992, FY 1993 and FY 1994, the FTE positions total includes 5.5, 5.75 and 5.5 FTE positions funded in special line items respectively. In FY 1994, this specifically includes 5 FTE positions which are funded in the Special Education Audit line item and a 0.5 FTE position which is funded in the SLIAG Administration line item.
- ^{2/} The \$5,600 appropriation for State Legalization Impact Assistance Administration shall be available to the extent that the General Fund will be reimbursed for these expenditures by the State Legalization Impact Assistance Grants, authorized by section 204 of P.L. 99-603, the Immigration Reform and Control Act of 1986. It is the intent of the Legislature that the General Fund be fully reimbursed for this appropriation. (General Appropriation Act footnote)
- ^{3/} Represents General Appropriation Act funds. Appropriated as a modified lump sum for the program, with special line items. The line items within "All Other Operating Expenditures" are shown for information only.

DEPARTMENT OF EDUCATION - GENERAL SERVICES ADMINISTRATION (Cont'd)
GENERAL FUND

FTE Positions - The approved amount includes a reduction of 6.2 FTE positions to bring the program's current vacancy factor in line with the standard vacancy factor for a program with this number of FTE positions.

Personal Services - The approved amount is based upon a 2% vacancy factor and \$87,100 in vacancy savings. The approved amount also includes an additional \$110,800 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$13,600 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$19,000 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$366,000 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes: a) a total of \$239,600 for the payment of risk management premiums, which reflects an increase of \$228,000 authorized by Section 104 of the General Appropriation Act, and b) a total of \$396,600 for rent of state-owned space, \$31,800 for the Tucson State Office Building and \$73,300 (an increase of \$26,200) for the Supreme Court Building. The approved amount also includes a reduction of \$10,000 in Professional and Outside Services for data processing to better reflect actual expenditures.

Achievement Testing - The approved amount includes funding for nationally standardized norm-referenced testing and criterion based essential skills testing which is specifically referred to as the Arizona Student Assessment Plan (ASAP). Norm referenced testing compares student achievement in Arizona to students in the same grade nationwide. Essential skills testing is designed to determine whether a student is meeting standards set by state board appointed committees and by local school districts. The approved amount includes a decrease of \$107,000 for a total of \$161,800 for the test materials, scoring, and cumulative match for the testing of 3 grades, which will be designated by the State Board of Education, for nationally standardized norm-referenced achievement tests. The reduction better reflects the true costs of testing 3 grades. The Iowa Tests of Basic Skills will be used for elementary grades and the Tests of Achievement and Proficiency will be used for secondary grades. Laws 1992, Chapter 288 (S.B. 1361) allows the State Board of Education to provide norm referenced achievement test services to school districts which request assistance in testing pupils in additional grades if sufficient monies are appropriated. The approved amount includes an increase of \$223,900 for a total of \$1,118,100 to administer the ASAP essential skills testing. The increase in ASAP funding is primarily due to an increase in development costs. ASAP will be used to test grades 3, 8 and 12 in reading, writing and mathematics with the option to test social studies and science. Of the total amount approved for ASAP, \$437,800 will be used for development costs to establish an ASAP inventory so that tests may be rotated from year to year.

Education Commission of the States (ECS) - The \$45,000 appropriation represents the dues for the state's membership in the ECS. The State Commission consists of 7 members. Four of the members are from the Legislature, with 2 members appointed by the President of the Senate and 2 selected by the Speaker of the House of Representatives. The remaining 3 members are appointed by the Governor.

School Restructuring - The approved amount provides funding for the evaluation of the school restructuring program. Laws 1990, Chapter 357 (S.B. 1552) established a Joint Legislative Committee on School Restructuring Incentives. Schools wishing to participate in the program were required to submit program proposals to the committee by October 15, 1990. No more than 16 schools could be approved for participation by the Committee. Program proposals were required to include documentation demonstrating that the restructuring plans were developed in conjunction with teachers and parents as well as objectives and goals that were to be achieved through participation in the program. Schools that received approval to participate in the program were allowed to increase their Base Support Levels (BSL) by up to \$40,000, depending on their student count.

SLIAG (State Legalization Impact Assistance Grants) Administration - The approved amount represents funding required for the administrative costs associated with the SLIAG grant monies (see Assistance to Schools program). The state General Fund will be reimbursed by the federal SLIAG grants for this "up-front" funding. The SLIAG grant monies are provided to applying states which provide educational services to certain illegal aliens who have become legal residents of the United States under the amnesty program established by Congress in 1986. All payments for educational services, whether provided

(Continued)

DEPARTMENT OF EDUCATION - GENERAL SERVICES ADMINISTRATION (Cont'd)
GENERAL FUND

by state and local education agencies or by private non-profit organizations, must go through the state Department of Education. The approved amount is based on 1.5 % of the Assistance to Schools appropriation for SLIAG Adult Education. As a result of the federal program coming to an end in FY 1994, the SLIAG Adult Education budget was reduced from \$1,500,300 to \$375,800 for FY 1994 and therefore a corresponding base reduction of \$17,000 was made to SLIAG Administration.

SLIAG (State Legalization Impact Assistance Grants) Outreach - The approved amount reflects the phase-out of the Outreach Program as the SLIAG program will be coming to an end on September 30, 1993. The approved amount includes the elimination of a 0.25 FTE position associated with the program.

Special Education Audit - A.R.S. § 15-236 provides that the Department of Education shall annually request a separate line item appropriation for program and fiscal audits of special education programs. The audits are designed to determine the degree of school district compliance with existing statutes and regulations and to ensure the appropriate placement of students in special education programs. The approved amount is based on the following objects of expenditure:

| | |
|-----------------------------------|------------------|
| FTE Positions | <u>5.0</u> |
| Personal Services | \$152,600 |
| Employee Related Expenditures | 32,100 |
| Professional and Outside Services | 200 |
| Travel - In State | 20,000 |
| Travel - Out of State | -0- |
| Other Operating Expenditures | 14,400 |
| Equipment | <u>-0-</u> |
| TOTAL | <u>\$219,300</u> |

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$3,800 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$500 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$700 as a result of lowering the employer contribution to the State Retirement System from 3.59 % to 3.14 %, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$12,600 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS

A.R.S. § 15-231

The Honorable C. Diane Bishop, Superintendent

JLBC Analyst: Fusak

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|---------------------------|-------------------------------------|--|
| FTE Positions ^{1/} | 43.1 | 43.1 | 43.1 |
| <u>Statutory Formula Programs</u> | | | |
| Basic State Aid | 989,258,700 | 1,062,553,400 | 1,131,142,800 ^{2/3/} |
| Prior Year State Aid | 143,196,400 ^{4/} | 143,196,400 ^{5/} | 143,196,400 ^{6/} |
| Additional State Aid | 130,027,900 | 126,746,000 | 117,349,300 ^{7/} |
| Assistance to School Districts | 470,000 | 509,600 | 520,000 |
| Certificates of Educational Convenience | 8,259,600 | 9,130,300 | 9,298,900 |
| Permanent Education Voucher Fund | 2,827,400 | 2,995,500 | 3,071,600 |
| Permanent Special Education Institutional Voucher Fund | 5,050,200 | 5,091,000 | 5,311,400 |
| Subtotal | 1,279,090,200 | 1,350,222,200 | 1,409,890,400 |
| <u>Non-Formula Programs</u> | | | |
| Academic Contest Fund | 75,000 | 75,000 | 50,000 |
| Academic Decathlon | 80,100 | 101,300 | 81,900 |
| Adult Education Assistance | 3,034,000 | 3,042,600 | 3,045,600 ^{8/} |
| Arizona Humanities Council | 40,000 | 40,000 | 40,000 |
| Arizona Principals' Academy | 25,200 | 25,200 | 25,200 |
| AZ Teacher Evaluation Program | 392,600 | 392,500 | 395,100 |
| ASSET | 234,000 | 234,000 | 234,000 |
| Chemical Abuse | 814,600 | 832,100 | 835,700 ^{9/} |
| Dropout Prevention | 2,305,400 | 2,182,600 | 2,183,400 |
| Extended School Year | 477,700 | 500,000 | 500,000 |
| Full-Day Kindergarten | 1,398,700 | 1,402,000 | 1,402,900 |
| Gifted Support | 993,800 | 1,001,100 | 1,002,200 ^{9/} |
| K-3 Support | 5,449,600 | 5,452,500 | 5,453,700 |
| Preschool Disabilities | 1,908,600 | 955,500 | -0- |
| Preschool Disabilities Support | 385,800 | -0- | -0- ^{9/10/} |
| Preschool At-Risk Program | 1,128,000 | 2,601,700 | 2,602,600 |
| Residential Placement | 100,000 | 100,000 | 100,000 |
| School Breakfast Program | 98,200 | -0- | -0- ^{11/} |
| SLIAG Adult Education | 618,900 | 1,500,300 | 375,800 |
| Tuition Fund | 100,000 | 100,000 | 100,000 |
| Vocational Education Assistance | 2,704,400 | 2,835,000 | 2,835,000 |
| Vocational Educational Program Support | 957,400 | 1,003,700 | 1,009,000 |
| Vocational and Technological Education | 1,915,700 | 2,000,000 | 2,000,000 |
| Subtotal | 25,237,700 | 26,377,100 | 24,272,100 |
| TOTAL APPROPRIATIONS | 1,304,327,900 | 1,376,599,300 ^{12/} | 1,434,162,500 ^{13/14/} |

Program Description - Assistance to Schools includes 7 formula programs and 20 non-formula programs listed above. The largest line item is Basic State Aid which provides the state's share of equalization assistance to school districts based on a funding formula set in statute.

(Continued)

DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)
GENERAL FUND

- 1/ For FY 1992, FY 1993 and FY 1994, the FTE positions total includes 2 FTE positions associated with the Career Ladder program and 1 FTE position which works on Federal Impact Aid issues.
- 2/ The approved amount includes a reduction of \$142,500,000 to reflect FY 1994 Basic State Aid payments deferred to FY 1995. Laws 1993, Chapter 1, 2nd Special Session appropriates \$142,500,000 in FY 1995 for the FY 1994 apportionment reduction, with the funds to be disbursed on July 1, 1994 in amounts equal to the reductions taken in Basic State Aid and Additional State Aid. The bill also appropriates \$696,400 in FY 1995 to the State Board of Education for distribution, on July 1, 1994, to school districts incurring expenses associated with the reduction.
- 3/ The approved amount includes a reduction of \$28,210,000 for estimated savings in employer contributions to the State Retirement System for school district personnel. Laws 1990, Chapter 310 provides that if the employer contribution rate to the State Retirement Plan is less than 5.09%, for the current year, school district expenditures and State Aid shall be reduced. The law provides that each school district shall report to the State Board of Education by October 1, the estimated savings based on a rate reduction from 5.09% to the rate for the current year. Before May 1, each district shall calculate the actual amount of savings and before May 15, each school district shall decrease its Revenue Control Limit (RCL) and District Support Level (DSL) by the actual amount of employer contribution savings. Equalization assistance shall be determined on the adjusted RCL and DSL. School districts not qualifying for equalization assistance shall have their Additional State Aid reduced. The State Board may begin reducing State Aid apportionment payments beginning with the October payment. The salary base upon which the savings is computed shall not include salaries paid from funds other than maintenance and operation or Capital Outlay or from items exempt from the RCL or Capital Outlay Revenue Limit (CURL), and which are limited to specific purposes. The salary base shall also be adjusted so as not to include salaries paid from maintenance and operation overrides or PL 81-874 funds allocated for disabled children and children with specific learning disabilities. The general authority for this "Retirement Recapture" is contained in Section 75 of the General Appropriation Act. The Department of Education appropriation already reflected \$21,700,000 of the \$28,210,000 reduction, based upon a 3.59% retirement rate. Laws 1993, Chapter 3, 2nd Special Session reduced that rate to 3.14%. Under the authority of Section 103 of the General Appropriation Act, the Basic State Aid appropriation was reduced by another \$6,510,000 to reflect this change.
- 4/ Laws 1991, Chapter 1, 1st Special Session required the State Board of Education to reduce, on a pro rata basis, the June 1991 apportionment of Basic State Aid and Additional State Aid by \$142,500,000. Laws 1990, Chapter 1, 3rd Special Session, appropriated \$142,500,000 in FY 1992, with the funds to be disbursed on July 1, 1991. Chapter 1 also appropriated \$696,400 to the State Board for distribution to school districts incurring expenses associated with the FY 1991 State Aid reduction.
- 5/ Laws 1991, Chapter 288 required the State Board to reduce, on a pro rata basis, the June 1992 apportionment of Basic State Aid and Additional State Aid by \$142,500,000. Laws 1991, Chapter 287 appropriated \$142,500,000 in FY 1993, with the funds to be disbursed on July 1, 1992. Chapter 287 also appropriated \$696,400 to the State Board of Education for distribution to school districts incurring expenses associated with the FY 1992 State Aid reduction.
- 6/ Laws 1992, Chapter 288 required the State Board to reduce, on a pro rata basis, the June 1993 apportionment of Basic State Aid and Additional State Aid by \$142,500,000. Laws 1992, Chapter 1 appropriated \$142,500,000 in FY 1994, with the funds to be disbursed on July 1, 1993. Chapter 1 also appropriated \$696,400 to the State Board of Education for distribution to school districts incurring expenses associated with the FY 1993 State Aid reduction.
- 7/ The approved amount includes a reduction of \$910,100 (which is above the \$28,210,000 reduction discussed under footnote 3) for estimated savings in employer contributions to the State Retirement System for school district personnel in districts which do not receive Basic State Aid.
- 8/ It is the intent of the Legislature that no more than 10% of the appropriation for adult education assistance be used by the Department of Education for operating the Division of Adult Education. It is also the intent of the Legislature that the greatest possible proportion of monies appropriated for adult education programs be devoted to instructional, rather than administrative, aspects of the programs. (General Appropriation Act footnote)
- 9/ This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations.
- 10/ The appropriation for preschool pilots includes funding for phase one, phase two and for technical assistance, training, monitoring and evaluation of at-risk preschool pilot projects. (General Appropriation Act footnote)
- 11/ The \$375,800 appropriation for State Legalization Impact Assistance - Adult Education shall be available to the extent that the General Fund will be reimbursed for these expenditures by the State Legalization Impact Assistance Grants, authorized by Section 204 of P.L. 99-603, the Immigration Reform and Control Act of 1986. It is the intent of the Legislature that the General Fund be fully reimbursed for this appropriation. (General Appropriation Act footnote)

DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)
GENERAL FUND

STATUTORY FORMULA PROGRAMS

Basic State Aid Entitlement - The General Fund appropriation, (when combined with the General Fund appropriation made pursuant to Laws 1992, Chapter 1, 9th Special Session) reflects the major portion of the estimated \$1,329,284,100 total requirement for basic state support aid. The difference between the estimated total amount required and the General Fund amount appropriated will be funded by expendable income derived from the Permanent State Common School Fund together with receipts derived from any other source and will be expended, whenever possible, prior to expenditure of General Fund monies. The General Fund appropriation, when combined with other monies in the State School Fund, provides basic state support to school districts for maintenance and operation, transportation and capital outlay funding as provided by A.R.S. § 15-973. This aid is based upon a weighted student count and the level of local resources which is determined by a qualifying tax rate on the assessed valuation of the districts.

The legislature chose not to fund any of the GDP Implicit Price Deflator adjustment for FY 1994 of 2.6%. By law (Laws 1993, Chapter 8, 2nd Special Session), the Legislature determined that the Base Level of support would continue at the FY 1993 level of \$2,410.26. The approved amount is based on an FY 1993 estimated student count of 648,214 (1,535 Preschool Disabilities Average Daily Membership (ADM), 474,808 elementary ADM and 171,871 secondary ADM) and a .5% decline in 1993 overall assessed valuation. The approved amount is based on the following computation:

| | |
|--|------------------------|
| FY 1994 Base Equalization Requirement | \$1,473,390,700 |
| Add: | |
| Career Ladder Expansion | 807,000 |
| Student Loss (A.R.S. §15-902) | 700,000 |
| Tuition Loss (A.R.S. §15-954) | 800,000 |
| Financial/Compliance Audits (A.R.S. §15-914) | 1,100,000 |
| Restructuring (A.R.S. §15-901) | <u>4,327,600</u> |
| Subtotal | \$4,327,600 |
| Add: | |
| Education System Committed Youth | 1,953,700 |
| Sudden Growth | 10,875,000 |
| CEC's and Transportation - | |
| Unorganized Districts | <u>1,300,000</u> |
| Subtotal | 14,128,700 |
| Total Equalization Requirement | 1,491,847,000 |
| Deduct: | |
| County Equalization | (116,352,900) |
| 18% of District Ending Cash Balances | (18,000,000) |
| Endowments | <u>(55,641,300)</u> |
| Subtotal | (189,994,200) |
| Required Funding | 1,301,852,800 |
| Less: | |
| "Rollover" | (142,500,000) |
| "Retirement Recapture" | <u>(28,210,000)</u> |
| Subtotal | (170,710,000) |
| FY 1994 General Fund Appropriation | <u>\$1,131,142,800</u> |

(Continued)

(Footnotes Continued From Previous Page)

- 12/ The expenditure detail for FY 1993 includes a supplemental appropriation of \$14,740,500 authorized by Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session.
- 13/ All monies received during the fiscal year from national forests, interest collected on deferred payments on the purchase of state lands, the income from the investment of permanent funds as prescribed by the enabling act and the Constitution and all monies received by the Superintendent of Public Instruction from whatever source, except that monies received pursuant to A.R.S. § 15-237, when paid into the state treasury are hereby appropriated for apportionment to the various counties in accordance with law. No expenditures shall be made except as specifically authorized above. (General Appropriation Act footnote)
- 14/ Represents General Appropriation Act funds. Appropriated as a lump sum for the program, with special line items.

DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)
GENERAL FUND

The Education Budget Reconciliation Bill - Chapter 8 (H.B. 2004) amends several statutory sections affecting school finance to:

- 1) Require Career Ladder (CL) school district governing boards to have a separate affirmative vote when considering CL funding. The Career Ladder Program is a teacher performance compensation program, which allows participating districts to increase their Base Level by percentages set in statute (A.R.S. § 15-918) depending on the implementation phase the district is in. There are 6 phases with corresponding percentage increases as follows: Development Phase - 0.5% increase; Evaluation Phase - 1% increase; Placement Phase I - 2.5% increase; Placement Phase II - 4% increase; Effective Career Ladder Phase I - 5% increase, and the Effective Career Ladder Phase II - 5.5% increase. School districts that choose to participate in the CL program will increase their Qualifying Tax Rate (QTR) by a percentage set in statute per each percentage increase in the Base Level (based on the phase of the program the district is in). The full cost of the CL program will be transferred from the state to the local QTR over a 3 year period. First year savings will be \$8,116,800 in Basic State Aid. For FY 1994, districts will increase the QTR by 2% per each percentage increase in the base level, depending on the Career Ladder Phase, for a high school or common school district within a high school district that does not offer instruction in high school subjects or 4% per each percentage increase for unified districts or common school districts within a high school district that offers instruction in high school subjects. The following table illustrates the percentage increases by fiscal year as well as the dollar increases by phase:

| | QTR Increase | | |
|---|--------------|---------|---------|
| | FY 1994 | FY 1995 | FY 1996 |
| % increase for high school/elementary districts | 2% | 4% | 6% |
| % increase for unified districts | 4% | 8% | 12% |
| \$ increase for Effective Phase (5.5%) | 11¢/22¢ | 22¢/44¢ | 33¢/66¢ |
| \$ increase for Previous Effective Phase (5%) | 10¢/20¢ | 20¢/40¢ | 30¢/60¢ |
| \$ increase of Placement Phase II (4%) | 8¢/16¢ | 16¢/32¢ | 24¢/48¢ |
| \$ increase for Placement Phase I (2.5%) | 5¢/10¢ | 10¢/20¢ | 15¢/30¢ |
| \$ increase for Evaluation Phase (1%) | 2¢/4¢ | 4¢/8¢ | 6¢/12¢ |
| \$ increase for Development Phase (.5%) | 1¢/2¢ | 2¢/4¢ | 3¢/6¢ |

- 2) Create a tiered structure for Rapid Decline, which provides assistance to districts with declining enrollments. Under prior law, Rapid Decline was based on A.R.S. § 15-942 which provided that if a school district's elementary or high school student count or adjusted student count declined by 5% or more, the district could use 95% of the current year student count or adjusted count in determining its budget for the following year. In FY 1993, districts received 64% of their statutory formula funding. Under the new funding structure in FY 1994, assistance for schools with the highest loss of students will be phased out more quickly. For example, if a school district has a decline of 25% in their student count, the district may use 87% of the current year or adjusted count in determining its budget for the following year. The new formula is structured as follows:

| <u>% Decline in Student Count</u> | <u>Eligible %</u> |
|-----------------------------------|-------------------|
| At Least 5% but Less than 9% | = 95% |
| At Least 9% but Less than 13% | = 93% |
| At Least 13% but Less than 20% | = 90% |
| At Least 20% but Less than 30% | = 87% |
| 30% or More | = 85% |

Estimated savings for FY 1994 due to the new structure are \$1,360,000.

The Education Budget Reconciliation Bill, through session law, also:

- 1) sets the base level support adjustment at 0% for FY 1994, instead of the GDP deflator of 2.6%;
- 2) limits Sudden Growth funding for FY 1994 to 75% of the requirement at a total cost of approximately \$3,075,000;
- 3) reduces the Capital Levy Revenue Limit (CLRL) by \$15 per student for an estimated savings of \$9,355,700;
- 4) enables the Department of Education to annually review pilot at-risk reapproval applications to determine if the programs are in compliance with the provisions of the laws establishing the projects;
- 5) continues the rollover at \$142,500,000.

DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)
GENERAL FUND

Additional State Aid to Schools - The appropriation is made to enable the state to carry out the requirements of A.R.S. § 15-972. This program is also known as the "homeowners' rebate" program. The Additional State Aid for education provided by this appropriation shall be apportioned as provided in A.R.S. § 15-973.

The approved amount is based on an increase of 1% in Class Five (residential) assessed valuation in 1993, an average increase of 3% in school district tax rates and a reduction in the "buydown" rate from 40% to 35%. Laws 1990, Chapter 3, 3rd Special Session provided that the reduction rate shall be 50% in tax year 1990, and shall decline by 5% every year until it reaches 0% in tax year 2000. Laws 1988, Chapter 271 amended A.R.S. § 15-972 to provide that the maximum state reduction in property taxes for any residential parcel shall not exceed \$500. The approved amount includes a reduction of \$910,100 for estimated savings in employer contributions to the State Retirement System for school district personnel in districts which do not receive Basic State Aid. In these cases, the "recapture" will be made in Additional State Aid. The approved amount also includes an increase of \$1,134,400 due to the Career Ladder/QTR issue which is discussed under Basic State Aid.

Assistance to Public School Districts for Children of State Employees - The appropriation provides assistance to school districts for educating a small number of children of certain state employees as prescribed by A.R.S. § 15-976. The approved amount represents the full cost of tuition for eligible students.

The approved amount is based on the following estimated student counts and estimated FY 1994 average costs per ADM:

| | <u>ADM</u> | <u>Average Cost</u> |
|--------------|------------|---------------------|
| Bonita | 31.5 | \$8,321 |
| Solomonville | 0.6 | 3,484 |
| Florence | 48.9 | 4,297 |
| Coolidge | 5.2 | 3,491 |
| Willcox | 4.5 | 3,946 |
| Safford | 2.1 | 3,032 |

Certificates of Educational Convenience - The appropriation provides reimbursement to school districts that have students enrolled on Certificates of Educational Convenience as provided by A.R.S. § 15-825. The approved amount represents the full cost of tuition for eligible students placed in 1) a state rehabilitation or corrective institution, 2) a foster home or child care agency licensed by the Department of Economic Security (DES), 3) a residential facility operated by DES, or 4) a residence pursuant to the Interstate Compact on Juveniles.

The approved amount is based on the following estimated student counts and estimated FY 1994 average costs per ADM:

| | <u>ADM</u> | <u>Average Cost</u> |
|-------------------|------------|---------------------|
| Regular | 907 | \$3,739 |
| Special Education | 514 | 10,583 |

Permanent Education Voucher Fund - The appropriation is for the education costs of students placed in private institutions by the Department of Economic Security (DES), Department of Corrections (DOC), the Department of Youth Treatment and Rehabilitation (DYTR), Department of Health Services (DHS) or the Juvenile Courts, as provided by A.R.S. § 15-1182. Laws 1990, Chapter 164 established a new Permanent Education Voucher Fund and appropriated \$500,000 to the Department of Education (ADE) for FY 1991 for additional voucher costs associated with the fund and \$60,000 to ADE for administering the provisions of the law. Chapter 164 changed the Permanent Special Education Voucher Fund to the Permanent Education Voucher Fund to allow funding to be provided for children with behavioral problems and special education children whose parents retain custody of the children. Chapter 164 also added DHS as a "placing agency."

(Continued)

DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)
GENERAL FUND

The approved amount is based on the following estimated student counts and FY 1994 rates per ADM:

| | K-8 | | 9-12 | |
|--------------------------------|------------|-------------|------------|-------------|
| | <u>ADM</u> | <u>Rate</u> | <u>ADM</u> | <u>Rate</u> |
| Group A | 61.8 | \$5,113.42 | -0- | -0- |
| Emotional Disabilities | 175.9 | 6,793.37 | 215.6 | \$7,058.50 |
| Multiple Disabilities | -0- | -0- | 2.0 | 9,348.25 |
| Specific Learning Disabilities | -0- | -0- | 6.0 | 3,356.34 |

Permanent Special Education Institutional Voucher Fund - The appropriation is for the special education costs of students attending the Arizona State Schools for the Deaf and the Blind (ASDB) and developmentally disabled programs operated by the Department of Economic Security, in accordance with A.R.S. § 15-1202.

The approved amount is based on the following estimated student counts and FY 1994 rates per ADM:

| | <u>ADM</u> | <u>Rate</u> |
|-----------------------------------|------------|-------------|
| Visual Impairments | 85.7 | \$9,617.50 |
| Hearing Impairments | 397.2 | 8,231.60 |
| Multiple Disabilities | 44.3 | 8,559.40 |
| Multiple Disabilities with Severe | | |
| Sensory Impairment | 66.2 | 12,391.71 |
| Orthopedic Impairments | 2.0 | 9,014.94 |

NON-FORMULA PROGRAMS

Academic Contest Fund - The Academic Contest Fund was established by Laws 1988, Chapter 308. As specified in A.R.S. § 15-1241, monies in the fund are to be used to send state level winners of academic contests and their chaperons to the national levels of the contests. The approved amount includes a reduction of \$25,000 to reflect the one-time costs associated with sending state level winners of the National Bicentennial Competition on the Constitution and Bill of Rights to the national competition.

Academic Decathlon - The appropriation provides funding for administrative and material costs incurred in support of the Academic Decathlon and other academic events. The appropriation is based on the following objects of expenditure:

| | |
|---------------------------------|-----------------|
| FTE Positions | <u>1.0</u> |
| Personal Services | \$19,700 |
| Employee Related Expenditures | 5,000 |
| Professional & Outside Services | -0- |
| Travel - In State | 700 |
| Travel - Out of State | 1,000 |
| Other Operating Expenditures | <u>5,000</u> |
| Operating Subtotal | 31,400 |
| Assistance to School Districts | <u>50,500</u> |
| TOTAL | <u>\$81,900</u> |

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$800 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$100 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$100 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

(Continued)

DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)
GENERAL FUND

The approved amount also includes a total of \$2,500 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

All Other Operating Expenditures - The approved amount includes a reduction of \$1,200 in Travel - In State and an increase of \$100 in Travel - Out of State.

Assistance to School Districts - The approved amount includes an increase of \$1,100 as well as a base reduction of \$20,000 to reflect the one-time costs associated with Arizona hosting the 1993 national final of the Academic Decathlon.

Adult Education Assistance - The appropriation provides funding for classes in adult basic education, general education development and citizenship, on a statewide basis. A.R.S. § 15-232 establishes the Division of Adult Education within the Department of Education. A.R.S. § 15-234 provides that the appropriation for adult education may be expended for operating the division and for providing assistance to school districts and counties offering adult education programs. The approved amount will be distributed by the Department of Education based on a formula which allocates funding based on hours of instruction. The appropriation is based on the following objects of expenditure:

| | |
|---------------------------------|--------------------|
| FTE Positions | <u>5.7</u> |
| Personal Services | \$174,900 |
| Employee Related Expenditures | 37,100 |
| Professional & Outside Services | 26,100 |
| Travel - In State | 4,700 |
| Other Operating Expenditures | 40,700 |
| Equipment | -0- |
| Operating Subtotal | 283,500 |
| Program Assistance | <u>2,762,100</u> |
| TOTAL | <u>\$3,045,600</u> |

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$4,300 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$600 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$800 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$14,400 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Arizona Humanities Council - The approved amount provides assistance to the Arizona Humanities Council for educational outreach services to Arizona school districts.

Arizona Principals' Academy - The approved amount continues funding in support of the Academy as established by Laws 1984, Chapter 348. As specified in A.R.S. § 15-562, the Academy may be an educational program of 2 weeks' duration, offered during the summer for at least 300 participants. Monies are to be used for the costs of administering the Principals' Academy and for the instructional or program costs of the Academy.

Arizona Teacher Evaluation Program - The approved amount provides funding for administering the Arizona Teacher Proficiency Examination (ATPE) and the Arizona Teacher Residency Program. A.R.S. § 15-533 requires entrants into teacher training programs and nonresidents seeking teaching certificates to pass a reading, grammar, and mathematics

(Continued)

DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)
GENERAL FUND

proficiency examination. The Residency Program is a comprehensive, skill-based program of on-the-job training and observation for graduates of colleges of education. The appropriation is based on the following objects of expenditure:

| | |
|---------------------------------|------------------|
| FTE Positions | <u>5.0</u> |
| Personal Services | \$151,600 |
| Employee Related Expenditures | 31,900 |
| Professional & Outside Services | 17,100 |
| Travel - In State | 5,000 |
| Travel - Out of State | 900 |
| Other Operating Expenditures | <u>46,400</u> |
| Operating Subtotal | 252,900 |
| Assistance to School Districts | <u>142,200</u> |
| TOTAL | <u>\$395,100</u> |

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$3,800 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$500 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$700 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$12,600 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

ASSET (Arizona School Services through Educational Technology) - The appropriation provides funding to assist districts in enhancing educational instruction through television course work. The approved amount provides approximately \$160,000 for the payment of transmission costs and approximately \$74,000 for the shipping and distribution of printed materials.

Chemical Abuse - The approved amount continues funding in support of the Chemical Abuse program as established by Laws 1985, Chapter 242. As specified in A.R.S. § 15-712, monies are to be used to assist school districts with the costs of programs designed to prevent chemical abuse by pupils in kindergarten programs and grades 1 through 12. The appropriation is based on the following objects of expenditure:

| | |
|---------------------------------|------------------|
| FTE Positions | <u>6.6</u> |
| Personal Services | \$202,200 |
| Employee Related Expenditures | 42,500 |
| Professional & Outside Services | 24,600 |
| Travel - In State | 12,000 |
| Other Operating Expenditures | <u>78,100</u> |
| Operating Subtotal | 359,400 |
| Assistance to School Districts | <u>476,300</u> |
| TOTAL | <u>\$835,700</u> |

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$5,000 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$700 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$900 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

(Continued)

DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)
GENERAL FUND

The approved amount also includes a total of \$16,600 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount includes a reduction of \$1,500 in Professional and Outside Services.

Assistance to School Districts - The approved amount includes an increase of \$1,500.

Dropout Prevention (7-12 At-Risk) - Laws 1988, Chapter 308 established a 4-year pilot project of grants to school districts having large percentages of pupils in grades 7 through 12 who are at risk of dropping out of school prior to completing high school graduation requirements. Laws 1992, Chapter 305 extended the program until such time that sufficient funding is provided through additional Group B weights in the funding formula. The appropriation is based on the following objects of expenditure:

| | |
|---------------------------------|--------------------|
| FTE Positions | <u>1.5</u> |
| Personal Services | \$30,600 |
| Employee Related Expenditures | 7,700 |
| Professional & Outside Services | 29,100 |
| Travel - In State | 3,500 |
| Travel - Out of State | 1,000 |
| Other Operating Expenditures | <u>7,000</u> |
| Operating Subtotal | 78,900 |
| Assistance to School Districts | <u>2,104,500</u> |
| TOTAL | <u>\$2,183,400</u> |

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$1,100 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$100 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$100 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$3,800 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

All Other Operating Expenditures - The approved amount includes a reduction of \$104,300 in Professional and Outside Services, an increase of \$1,600 in Travel - In State and an increase of \$5,900 in Other Operating Expenditures.

Assistance to School Districts - The approved amount includes an increase of \$96,800.

Extended School Year - Laws 1990, Chapter 322 required school districts to provide extended school year programs for disabled students and appropriated \$500,000 to the Department of Education (ADE) for the purpose of supplying supplemental monies to districts that required additional monies to provide such programs. Chapter 322 required all school districts to provide an extended school year program for disabled pupils if such a program is necessary to prevent harm to the pupils' ability to maintain identified skills or to accommodate critical learning periods for pupils who are unlikely to receive other opportunities to learn targeted skills or behavior. Chapter 322 required the State Board of Education to prescribe rules for use by school districts in establishing extended school year programs and in determining eligibility for the programs. Chapter 322 also prescribed the method for computing the base support levels and transportation support level for extended school year programs and added a new Group B weight in the State Aid formula for Seriously Emotionally

(Continued)

DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)
GENERAL FUND

Handicapped (SEH), Educable Mentally Handicapped (EMH), Learning Disabled (LD), Speech Handicapped (SH), and Other Health Impaired (OHI) children. Laws 1992, Chapter 172 makes changes in terminology and program definitions to meet the federal Individuals with Disabilities Education Act (IDEA). The approved amount continues funding at the FY 1993 level.

Full-Day Kindergarten for At-Risk Pupils - Laws 1990, Chapter 392 established a program for the disbursement of additional monies to schools providing kindergarten programs serving large numbers of at-risk pupils and appropriated \$1,400,000 for FY 1991 to the State Board of Education for allocation to qualifying schools. Of the total appropriation, \$100,000 was to be used by the Department of Education to provide technical assistance to schools receiving additional monies. The appropriation is based on the following objects of expenditure:

| | |
|---------------------------------|--------------------|
| FTE Positions | <u>1.8</u> |
| Personal Services | \$38,800 |
| Employee Related Expenditures | 9,500 |
| Professional & Outside Services | 10,000 |
| Travel - In State | 1,500 |
| Travel - Out of State | 1,500 |
| Other Operating Expenditures | <u>15,400</u> |
| Operating Subtotal | 76,700 |
| Assistance to School Districts | <u>1,326,200</u> |
| TOTAL | <u>\$1,402,900</u> |

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$1,400 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$200 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$200 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$4,500 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

All Other Operating Expenditures - The approved amount includes a reduction of \$13,100 in Professional and Outside Services and a reduction of \$12,100 in Other Operating Expenditures.

Assistance to School Districts - The approved amount includes an increase of \$25,200.

Gifted Support - Laws 1989, Chapter 273 provided for the establishment of a program of grants for additional services to meet the educational needs of gifted pupils and to establish school district gifted demonstration and training sites. Chapter 273 provided that a school district which complies with the statutory provisions relating to programs for gifted students may apply to the State Board of Education for additional funding equal to \$55 per pupil for 3% of its student count, or \$1,000, whichever is more. Chapter 273 appropriated \$1,000,000 for gifted support and provided that \$900,000 of the appropriation shall be allocated for direct grants to school districts, \$50,000 shall be utilized to establish gifted demonstration and training

(Continued)

DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)
GENERAL FUND

sites and \$50,000 shall be used by the Department of Education to provide staff for technical assistance and support to school districts. The appropriation is based on the following objects of expenditure:

| | |
|---------------------------------|--------------------|
| FTE Positions | <u>2.0</u> |
| Personal Services | \$38,100 |
| Employee Related Expenditures | 9,900 |
| Professional & Outside Services | 100 |
| Travel - In State | 2,000 |
| Travel - Out of State | 1,500 |
| Other Operating Expenditures | <u>5,600</u> |
| Operating Subtotal | 57,200 |
| Assistance to School Districts | <u>945,000</u> |
| TOTAL | <u>\$1,002,200</u> |

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$1,500 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$200 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$200 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$5,000 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

All Other Operating Expenditures - The approved amount includes a reduction of \$1,100 in Travel - In State, an increase of \$1,500 in Travel - Out of State and a reduction of \$400 in Other Operating Expenditures.

K-3 Support - Laws 1988, Chapter 308 established a 4-year pilot project of grants to school districts having large percentages of pupils in kindergarten programs and grades 1 through 3 who are at risk of not succeeding in the educational system. Laws 1989, Chapter 273 established a second phase of the K-3 at-risk pilot project, for fiscal years 1990 through 1992. Of the additional \$2,500,000 approved by the Legislature for K-3 support for FY 1990, \$500,000 was allocated to strengthen and expand first phase projects, \$100,000 was allocated by the Department of Education for technical assistance and evaluation, and \$1,900,000 was provided to fund new second phase projects. Laws 1992, Chapter 305 extended the program until such time that sufficient funding is provided through additional Group B weights in the funding formula. The appropriation is based on the following objects of expenditure:

| | |
|---------------------------------|--------------------|
| FTE Positions | <u>3.3</u> |
| Personal Services | \$105,300 |
| Employee Related Expenditures | 21,900 |
| Professional & Outside Services | 15,100 |
| Travel - In State | 7,500 |
| Travel - Out of State | 3,000 |
| Other Operating Expenditures | <u>35,100</u> |
| Operating Subtotal | 187,900 |
| Assistance to School Districts | <u>5,265,800</u> |
| TOTAL | <u>\$5,453,700</u> |

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$2,600 to annualize the cost of the April 1993 general salary adjustment. The approved amount also includes an increase of \$8,100 to reflect actual Personal Service requirements.

(Continued)

DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)
GENERAL FUND

Employee Related Expenditures - The approved amount includes: a) an additional \$300 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$500 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount includes a total of \$8,300 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

All Other Operating Expenditures - The approved amount includes a reduction of \$172,900 in Professional and Outside Services and a reduction of \$28,000 in Other Operating Expenditures.

Assistance to School Districts - The approved amount includes an increase of \$191,000.

Preschool Disabilities - Laws 1989, Chapter 96 established a special education advisory committee to oversee the transition of educational services for disabled preschool children from the Department of Economic Security (DES) to the Department of Education (ADE) to ensure that ADE is the single state agency responsible for all educational services for children with special needs. The transition of services was in response to federal legislation (Public Law 99-457) which mandated that the state set standards for disabled preschool services by the 1991-92 school year. The funding transferred to ADE was used to contract back with DES to continue to provide educational services to the children served by DES. The approved amount for FY 1994 includes a reduction of \$955,500. The children served by DES have "aged out" and therefore the funding for this line item will not be required.

Preschool Disabilities Support - Laws 1988, Chapter 281 provided for the voluntary inclusion of disabled preschool children, age 3 to 5, in the Group A support level category in the State Aid formula and allowed school districts to begin budgeting for such pupils in FY 1990. Laws 1990, Chapter 258 required school districts to provide educational programs for disabled preschool children and appropriated \$900,000 to the Department of Education (ADE) to assist districts that must increase enrollment in existing programs or establish new programs for such children. Chapter 258 required school districts to provide educational programs for 4-year-old disabled preschool children, who are not already receiving services through the Department of Education or the Department of Economic Security (DES), beginning in the 1990-1991 school year. Chapter 258 also required the State Board of Education to develop rules for use by school districts in providing services for disabled children and prescribed the children that may be counted as disabled for purposes of calculating Average Daily Membership (ADM). Chapter 258 added a new Group B weight in the State Aid formula for Preschool Disabled Severely Developmentally Delayed (PSH-SDD) children. No funding was approved in FY 1993 or FY 1994 since all preschool children with disabilities are now counted in school district ADM.

Preschool At-Risk Program - Laws 1990, Chapter 345 established a 4-year pilot project of preschool grants to school districts for FY 1991-FY 1994 and appropriated \$500,000 to the State Board of Education for grants for at-risk preschool pilot projects and \$100,000 to the Department of Education (ADE) for providing technical assistance, training, monitoring, and evaluation of the projects. The \$500,000 appropriation was subject to receiving matching funds of at least \$500,000 from private industry. The grants were to be disbursed by the State Board to school districts to be used in individual schools to provide preschool services to at-risk children who have reached the age of 4. Schools were to be selected for grants based on the percentage of at-risk children in their kindergarten through third grade populations and on the quality of their programs. Chapter 345 established a Joint Legislative Committee on Preschool Programs and required the committee to study the role of the public schools in providing preschool education to at-risk pupils. The committee is to develop a written report containing its findings and recommendations and submit a final report to the President of the Senate and the Speaker of the House by December 31, 1994.

Laws 1991, Chapter 251 provided that the Department of Education shall conduct an evaluation of selected participants in both phases of the program and the State Board of Education shall appoint a State Early Childhood Advisory Council to advise the department on early childhood education and the at-risk preschool pilot project. Chapter 251 also provided that monies appropriated to ADE for funding at-risk preschool pilot programs shall be deposited in the At-Risk Preschool Pilot Program Fund. Monies in the fund are exempt from A.R.S. § 35-190, relating to lapsing of appropriations. Laws 1992, Chapter 4, 7th Special Session removed the matching requirement for "phase 1" monies. Laws 1992, Chapter 305 removed

(Continued)

DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)
GENERAL FUND

the "pilot" state of the preschool at-risk program. The FY 1993 appropriation included an increase of \$1,000,000 for additional phase 2 projects. The appropriation is based on the following objects of expenditure:

| | |
|---------------------------------|--------------------|
| FTE Positions | <u>1.8</u> |
| Personal Services | \$39,900 |
| Employee Related Expenditures | 9,600 |
| Professional & Outside Services | 37,300 |
| Travel - In State | 2,700 |
| Travel - Out of State | -0- |
| Other Operating Expenditures | <u>13,100</u> |
| Operating Subtotal | 102,600 |
| Assistance to School Districts | <u>2,500,000</u> |
| TOTAL | <u>\$2,602,600</u> |

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$1,400 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$200 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$200 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$4,500 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Residential Placement - Laws 1991, Chapter 173 clarified the statutes relating to residential placement of special education students. The approved amount includes funding to provide training to school districts in identifying students requiring residential placement and to establish a "Residential Emergency Fund" for use when the Department of Economic Security (DES) or the Department of Health Services (DHS) lacks funds to place students.

SLIAG (State Legalization Impact Assistance Grants) Adult Education - The appropriated amount for this line item represents funding required for the adult education costs associated with the SLIAG grant monies. The state General Fund will be reimbursed by the federal SLIAG grants for this "up front" funding. The SLIAG grant monies are provided to applying states which provide educational services to certain illegal aliens who have become legal residents of the United States under the amnesty program established by Congress in 1986. All payments for educational services, whether provided by state and local education agencies or by private non-profit organizations, must go through the state Department of Education. The appropriation is based on the following objects of expenditure:

| | |
|---------------------------------|------------------|
| FTE Positions | <u>1.3</u> |
| Personal Services | \$26,600 |
| Employee Related Expenditures | 6,700 |
| Professional & Outside Services | -0- |
| Other Operating Expenditures | <u>700</u> |
| Operating Subtotal | 34,000 |
| Program Assistance | <u>341,800</u> |
| TOTAL | <u>\$375,800</u> |

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$1,000 to annualize the cost of the April 1993 general salary adjustment.

(Continued)

DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)
GENERAL FUND

Employee Related Expenditures - The approved amount includes: a) an additional \$100 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$100 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$3,300 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

All Other Operating Expenditures - The approved amount includes a reduction of \$500 in Professional and Outside Services as well as a reduction of \$100 in Other Operating Expenditures.

Program Assistance - The approved amount includes a reduction of \$1,124,700 to reflect the phase out of the program on September 30, 1993.

Tuition Fund - Laws 1990, Chapter 348 appropriated \$100,000 to the Department of Education (ADE) for FY 1991 to establish a new tuition fund to facilitate the most appropriate placement of sensory impaired pupils. Monies in the fund are to be distributed through an application and approval process to pay or supplement tuition costs for:

- part-time attendance at a regular public school by a pupil enrolled in a regional cooperative program;
- part-time or full-time attendance at a program of a cooperative if the school district of residence is unable to pay the full tuition;
- part-time or full-time attendance of a pupil from a school district in a special program at another school district, if the resident school district is unable to pay the full tuition;
- part-time attendance at a regular public school by an Arizona Schools for the Deaf and the Blind (ASDB) special purpose pupil.

The approved amount represents continuation of funding at the FY 1993 level.

Vocational Education Assistance - The appropriation provides assistance to school districts offering vocational education programs as specified in A.R.S. § 15-787. To be eligible to receive state funds, districts must meet the minimum standards and requirements established by the State Board of Vocational and Technological Education. Funding is allocated to school districts offering vocational training programs emphasizing "high-demand" occupations. The State Vocational Education Funding Model priority listing of vocations serves as the basis for funding allocation.

Vocational Education Program Support - The approved amount is in addition to the \$2,835,000 in state assistance for vocational education programs. These monies shall be available to local school districts with an emphasis on entry-level skill preparation, and based upon established standards of program quality. The funding is allocated to school districts offering vocational training programs requiring extensive vocational education equipment. Laws 1991, Chapter 218 allows the State Board of Vocational and Technological Education to authorize expenditures for the personnel and operating costs of providing state level coordination and leadership for vocational student organizations from this appropriation. The appropriation is based on the following objects of expenditure:

| | |
|---------------------------------|--------------------|
| FTE Positions | <u>10.0</u> |
| Personal Services | \$274,200 |
| Employee Related Expenditures | 60,200 |
| Professional & Outside Services | 29,600 |
| Travel - In State | 10,000 |
| Travel - Out of State | 7,500 |
| Other Operating Expenditures | <u>107,500</u> |
| Operating Subtotal | 489,000 |
| Assistance to School Districts | <u>520,000</u> |
| TOTAL | <u>\$1,009,000</u> |

DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)
GENERAL FUND

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$7,500 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$1,000 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$1,200 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$25,200 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

All Other Operating Expenditure - The approved amount includes a reduction of \$7,500 in Travel - In State and an increase of \$7,500 in Travel - Out of State.

Vocational and Technological Education - Laws 1990, Chapter 330 established the State Board for Vocational and Technological Education to provide program evaluation services and to integrate the vocational and technological education programs being offered by the state's grade schools and community colleges. Chapter 322 replaced the State Board for Vocational and Technical Education with a new expanded member State Board for Vocational and Technological Education and appropriated \$2,000,000 to the board for FY 1991 to expand existing vocational education pilot programs and to provide training in vocational and technological education for teachers. The appropriation was also to be used to develop comprehensive legislation regarding statewide vocational education programs, to provide staffing to the board to develop an integrated plan for statewide vocational and technological education, and to develop a proposal for the establishment of a tax on employers as a new source of funding for vocational education programs. Chapter 330 also established a Vocational and Technological Education Advisory Committee and expanded the grade levels for vocational and technological education programs from 9 through 12 to 7 through 12. The approved amount continues funding at the FY 1993 level.

ADDITIONAL LEGISLATION

Reservation Schools: Interstate Compacts - Chapter 24 (H.B. 2016) - Allows the Superintendent of Public Instruction to negotiate a tuition rate for pupils attending schools in Arizona pursuant to an interstate compact. A tuition rate or other form of compensation shall be negotiated when significantly more pupils from an adjacent state are to be admitted to schools in Arizona than pupils in Arizona are to be admitted to the adjacent state pursuant to an interstate compact.

Accommodation Schools - Chapter 28 (H.B. 2021) - Adds accommodation schools to the definition of districts classified as 02 (unified district) or 04 (elementary district) for the purposes of calculating the support level for academic, vocational and technological education and athletic trips.

Home Schooling - Chapter 83 (H.B. 2262) - Repeals A.R.S. § 15-310 which required the County School Superintendent to annually review the nationally standardized norm-referenced achievement tests to determine whether a child being instructed at home is progressing academically. Requires the home school to provide one of the following on the first school year of a pupil's home school program that occurs after age 8 and at least once every 3 years:

1. Nationally Standardized Norm-Referenced Achievement Test
2. An Alternative Nationally Standardized Norm-Referenced Test
3. An academic evaluation.

Pest Management at Schools: Notification - Chapter 102 (H.B. 2135) - Requires the governing board of each school district, in consultation with teachers, parents, guardians, administrators, members of the public, a certified applicator and at least one health professional, to develop a policy to provide pupils and employees with at least 48 hours notice before pesticides are applied on school property.

Gross Domestic Product Price Deflator - Chapter 112 (S.B. 1278) - Changes the implicit price deflator from the Gross National Product (GNP) to the Gross Domestic Product (GDP) for purposes of calculating state aid.

DEPARTMENT OF EDUCATION - ASSISTANCE TO SCHOOLS (Cont'd)
GENERAL FUND

Special Education; Disability Categories - Chapter 189 (S.B. 1038) - Makes changes in terminology and program definitions to meet the federal Individuals with Disabilities Education Act (IDEA). Changes the instructional time requirements for kindergarten or ungraded programs.

Small School District Adjustment - Chapter 219 (H.B. 2303) - Changes the small school district budget override calculation. Provides a phase-down reduction factor for small districts with special budget overrides and student counts of less than 154 in K-8 or student counts of less than 176 in 9-12. Excludes the primary tax rate set to fund the small school district adjustment from the computation of Additional State Aid.

State Board of Education; Revisions - Chapter 202 (H.B. 2017) - The bill does the following through statutory changes:

- eliminates the requirement that the Superintendent of Public Instruction estimate the annual expenses of each county in developing and encouraging patriotic exercises in the schools and eliminates the requirement that the State Board of Education approve the estimate and pay each county for that expense;
- enables the governing board to prescribe rules for the assessment of reasonable fees for students to use district provided parking facilities. The fees are to be applied by the district solely against costs incurred in operating or securing the parking facilities. Fee waivers shall be provided in appropriate cases of need or economic hardship;
- expands and defines the recipients of adult education funding. "Adult Education Provider" includes school districts, community college districts, correctional facilities, community based organizations, institutions serving educationally disadvantaged adults and any other institution that receives public funds to provide adult education services;
- requires the Auditor General to prescribe specific statewide procedures for districts regarding the apportionment of revenue, including capital outlay and maintenance and operations revenue;
- deletes the requirements that the State Board of Education prescribe certification standards for career exploration teachers;
- allows school districts to collect state funding for out-of-state tuition through certificates for educational convenience. Provides a formula to limit the excess tuition and exempts the excess tuition from the Revenue Control Limit;
- repeals statutes requiring part-time schools or classes in districts in which 15 or more children are employed;

The bill does the following through session law:

- establishes a 3 year pilot program for school performance incentives limited to 2 school districts and creates a 6 member Joint Legislative Oversight Committee which will review and approve applications for the pilot program. To budget for a performance incentive program, a school district may increase the Base Level up to 3.5% on a separate affirmative vote of the governing board. Participating elementary or high school districts shall increase the Qualifying Tax Rate (QTR) by 6¢ for each percentage increase in the Base Level. Participating unified districts shall increase the QTR by 12¢ for each percentage increase in the Base Level. The Oversight Committee shall select districts so that the total cost of State Aid and Additional State Aid does not exceed \$50,000;
- makes technical corrections and forgives a number of districts for various funding related errors;
- allows a school district governing board to budget for excess insurance costs that are specifically exempt from the revenue control limit for FY 1994;
- exempts appropriations to the at-risk pilot projects from lapsing for FY 1993 and FY 1994;
- requires districts which received housing facility loans prior to the repeal of the Housing Facilities Fund to continue to repay the loans;
- allows districts formed by a subdivision of an existing district after June 30, 1989, but before June 30, 1992, to use small school weights. Exempts such districts from having to adjust for incorrectly applying those small district weights in FY 1992 and FY 1993.

Education Budget Reconciliation Bill - Chapter 8 (H.B. 2004), 2nd Special Session - See the Basic State Aid section for description of provisions.

DEPARTMENT OF EDUCATION - VOCATIONAL EDUCATION

A.R.S. § 15-231

The Honorable C. Diane Bishop, Superintendent

JLBC Analyst: Fusak

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|------------------------------------|
| FTE Positions | 26.3 | 26.3 | 26.3 |
| Personal Services | 826,900 | 914,400 | 903,900 |
| Employee Related Expenditures | 180,200 | 194,000 | 204,500 |
| Professional & Outside Services | 71,800 | 79,700 | 79,700 |
| Travel - In State | 18,200 | 21,400 | 21,400 |
| Other Operating Expenditures | 71,600 | 69,800 | 69,800 |
| All Other Operating Expenditures | 161,600 | 170,900 | 170,900 |
| TOTAL APPROPRIATIONS | 1,168,700 | 1,279,300 | 1,279,300 ^{1/2/3/} |

Program Description: *The Vocational Education Program provides technical assistance and resources to educational and training providers. This program has a federal maintenance of effort requirement as well as a "hold harmless" match which requires the department to spend at least the same amount as was spent in the previous year. This requirement applies to the Assistance to Schools Vocational Education Programs.*

Personal Services - The approved amount continues a 1% vacancy factor and includes \$9,100 in vacancy savings. The approved amount includes an additional \$19,800 to annualize the cost of the April 1993 general salary adjustment. The approved amount also includes a reduction of \$30,500 due to a program reorganization.

Employee Related Expenditures - The approved amount includes: a) an additional \$2,400 to annualize the cost of the April 1993 general salary adjustment.

The approved amount also includes a total of \$65,500 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

- ^{1/} The above appropriation is made to enable the state to cooperate with the federal government in carrying out the provisions of an act of Congress approved February 23, 1917 and acts amendatory and supplementary thereto, providing for the promotion and development of cooperative vocational education. (General Appropriation Act footnote)
- ^{2/} The appropriation represents the state funding requirement for administrative costs associated with the Vocational Education Program, which is required to be funded by the State of Arizona under Public Law 94-482.
- ^{3/} Represents General Appropriation Act funds. Appropriated as a modified lump sum for the program. The line items within "All Other Operating Expenditures" are shown for information only.

ARIZONA HISTORICAL SOCIETY

Dr. Michael F. Weber, Director

A.R.S. § 41-821

JLBC Analyst: Cawley

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|--------------------------------|
| FTE Positions | 49.5 | 49.5 | 48.5 |
| Personal Services | 1,216,400 | 1,202,900 | 1,222,600 |
| Employee Related Expenditures | 276,200 | 286,300 | 255,600 |
| Professional & Outside Services | 74,500 | 31,300 | 31,300 |
| Travel - In State | 12,500 | 9,100 | 9,100 |
| Other Operating Expenditures | 1,584,500 | 1,666,200 | 1,727,100 |
| Equipment | 7,900 | 17,000 | -0- |
| All Other Operating Expenditures | 1,679,400 | 1,723,600 | 1,767,500 |
| OPERATING SUBTOTAL | 3,172,000 | 3,212,800 | 3,245,700 |
| Journal of Arizona History | 5,000 | 5,000 | 5,000 |
| Historical Society Grants | 30,000 | 30,000 | 30,000 |
| Library Acquisitions | 1,500 | 1,500 | 1,500 |
| TOTAL APPROPRIATIONS | 3,208,500 | 3,249,300 | 3,282,200 ^{1/} |

Agency Description - The Arizona Historical Society acquires, preserves, maintains, and publicly exhibits archival and museum objects pertaining to the history of Arizona, the West, and the Indian tribes inhabiting the state. The Society's major museums are in Yuma, Flagstaff, Tucson, Phoenix and Tempe.

FTE Positions - The approved amount reflects the elimination of 1 Clerk Typist position and \$20,400.

Personal Services - The approved amount is based upon a 3% vacancy factor and \$37,800 in vacancy savings. The approved amount also includes an additional \$36,400 to annualize the cost of the April 1993 general salary adjustment. The appropriation includes a \$16,100 reduction associated with the elimination of the Clerk Typist position.

Employee Related Expenditures - The approved amount includes: a) an additional \$4,600 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$5,500 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. The appropriation also includes a \$4,300 reduction associated with the elimination of the Clerk Typist position.

The approved amount also includes a total of \$106,400 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

(Continued)

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.

ARIZONA HISTORICAL SOCIETY (Cont'd)
GENERAL FUND

Other Operating Expenditures - The approved amount includes: a) a total of \$36,900 for the payment of risk management premiums, which reflects a reduction of \$26,000 authorized by Section 104 of the General Appropriation Act, and b) a total of \$1,203,900 for the lease-purchase payment of the Papago Park/Kemper Marley Museum (Tempe), which reflects an increase of \$86,900.

Equipment - The approved amount includes a decrease of \$17,000, which reflects the one-time purchase of a passenger van in FY 1993.

Journal of Arizona History - The appropriation provides for the publishing of the Journal as required pursuant to A.R.S. § 41-824A. The Journal is published quarterly.

Historical Society Grants - The approved amount provides for contracts to a certified county or local historical society within each county for services to be performed for the benefit of the state, as allowed pursuant to A.R.S. § 41-821H & I. To qualify as a certified historical society, the society must be nonprofit and have a functioning program of historical value. Certification and contract agreements are reviewed annually.

Library Acquisitions - The appropriation provides for the purchase of rare manuscripts for placement in the permanent library collection.

PRESCOTT HISTORICAL SOCIETY OF ARIZONA

A.R.S. § 41-831

Mac R. Harris, Director

JLBC Analyst: Cawley

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|------------------------------|
| FTE Positions | 15.5 | 15.5 | 15.5 |
| Personal Services | 327,000 | 353,000 | 364,600 |
| Employee Related Expenditures | 82,400 | 89,800 | 113,300 |
| Professional & Outside Services | 3,500 | 3,800 | 3,800 |
| Travel - In State | 400 | 400 | 400 |
| Other Operating Expenditures | 85,400 | 62,400 | 61,600 |
| Equipment | 18,700 | -0- | -0- |
| All Other Operating Expenditures | 108,000 | 66,600 | 65,800 |
| TOTAL APPROPRIATIONS | 517,400 | 509,400 | 543,700 ^{1/} |

Agency Description - The Prescott Historical Society preserves and maintains the Old Governor's Mansion, together with the other buildings and properties of the Sharlot Hall Museum located in Prescott. The Society is responsible for acquiring, preserving and publicly exhibiting archival and museum objects pertaining to the history, geological and anthropological life of Arizona and the West.

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount also includes an additional \$11,600 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$1,500 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$1,600 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$66,500 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes: a) a total of \$7,400 for the payment of risk management premiums, which reflects a reduction of \$800 authorized by Section 104 of the General Appropriation Act.

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.

BOARD OF MEDICAL STUDENT LOANS

A.R.S. § 15-1723

Christopher A. Leadem, Ph.D., Chairman

JLBC Analyst: Lee

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|----------------------|----------------------|----------------------------|
| Medical Student Loans | <u>1,000</u> | <u>1,000</u> | <u>1,000</u> ^{1/} |
| RECEIPTS, EXPENDITURES AND BALANCES FORWARD | | | |
| Balance Beg. of Fiscal Year | 83,100 | 98,700 | 83,300 |
| Add: Loan Collections | 86,600 | 96,500 | 38,200 |
| General Fund | <u>1,000</u> | <u>1,000</u> | <u>1,000</u> |
| TOTAL FUNDS AVAILABLE | 170,700 | 196,200 | 122,500 |
| Medical Student Loans | <u>72,000</u> | <u>112,900</u> | <u>122,500</u> |
| BALANCE END OF FISCAL YEAR | <u>98,700</u> | <u>83,300</u> | <u>-0-</u> |

Agency Description - The board is authorized to grant loans to students of the University of Arizona College of Medicine, makes a full investigation of the ability, character and qualification of each loan applicant, and administers the loan program.

Medical Student Loans - The amount appropriated to the board shall be deposited in the Medical Student Loan Fund as prescribed by A.R.S. § 15-1725. The appropriated amount, along with the available student loan fund, may be used to grant loans to qualified applicants.

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency.

**ARIZONA BOARD OF REGENTS - REGENTS, STAFF AND WESTERN
INTERSTATE COMMISSION FOR HIGHER EDUCATION (WICHE),
AND COMMISSION FOR POSTSECONDARY EDUCATION**

A.R.S. § 15-1621

Frank Besnette, Ph.D., Executive Director

JLBC Analyst: Lee

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|-------------------------|---------------------|------------------------------------|
| FTE Positions | 32.6 | 28.1 | 28.1 |
| Personal Services | 1,318,600 | 1,161,100 | 1,161,100 |
| Employee Related Expenditures | 277,600 | 212,200 | 207,000 |
| Professional & Outside Services | 22,200 | 5,400 | 5,400 |
| Travel - In State | 6,100 | 11,500 | 11,500 |
| Other Operating Expenditures | 224,700 | 217,000 | 319,500 |
| Equipment | 2,400 | -0- | -0- |
| All Other Operating Expenditures | 255,400 | 233,900 | 336,400 |
| OPERATING SUBTOTAL | 1,851,600 | 1,607,200 | 1,704,500 |
| Western Interstate Commission Office | 71,500 | 75,000 | 75,000 |
| WICHE Student Subsidies | 1,799,000 ^{1/} | 1,992,400 | 1,992,400 |
| Course Equivalency Guide | 13,000 | 13,200 | 13,200 |
| Student Financial Aid Trust Fund | 1,058,900 | 1,166,800 | 1,166,800 |
| State Student Incentive Grant | 1,201,400 | 1,220,800 | 1,220,800 ^{2/} |
| Teacher Loan Forgiveness Fund for Deaf & Blind | 95,000 | 95,000 | 95,000 |
| Area Health Education Centers | 486,800 | 887,700 | 887,700 |
| TOTAL APPROPRIATIONS | 6,577,200 | 7,058,100 | 7,155,400 ^{3/4/5/} |

Agency Description - The board governs the 3 State universities, appoints presidents of the universities, sets the tuition and fees, establishes curricula, awards degrees, prescribes qualifications for admission of all students to the universities. The board also adopts personnel rules and controls the university finances and expenditures including bonding, budget and all non-appropriated funds.

(Continued)

^{1/} An additional \$85,900 was expended from the Collections Revolving Fund.

^{2/} The \$1,220,800 appropriated for State Student Incentive Grant is to be used to make grants under the Arizona State Student Incentive Grant program administered by the Arizona Commission for Postsecondary Education. Grants may be made according to the provisions of applicable federal and state laws and regulations relating to this program to Arizona residents who demonstrate financial need and who are attending, on at least a half-time basis, an approved program at a properly accredited Arizona postsecondary educational institution.

Each participating institution, public or private, in order to be eligible to receive state matching funds under the State Student Incentive Grant program for grants to students, shall provide an amount of institutional matching funds which shall be equal to the amount of funds provided by the state to the institution for the State Student Incentive Grant program. Administrative expenses incurred by the Board of Regents shall be paid from institutional matching funds and shall not exceed 13 % of the funds. (General Appropriation Act footnote)

(Footnotes Continued on Following Page)

ARIZONA BOARD OF REGENTS - REGENTS, STAFF AND WESTERN INTERSTATE COMMISSION FOR HIGHER EDUCATION (WICHE), AND COMMISSION FOR POSTSECONDARY EDUCATION (Cont'd)
GENERAL FUND

Personal Services - The approved amount maintains the FY 1993 funding level, and it is based upon a 0% vacancy factor.

Employee Related Expenditures - The approved amount includes a reduction of \$5,200 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. The approved amount also includes \$81,500 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes a total of \$110,900 for payment of risk management premiums, which reflects an additional \$102,500 authorized by Section 104 of the General Appropriation Act. The approved amount also includes \$149,200 for commercial lease of office space.

Western Interstate Commission Office - The appropriated amount provides for Arizona's annual pro rata share of administrative expenses for the Western Interstate Commission for Higher Education.

(Continued)

(Footnotes Continued From Previous Page)

- 3/ Represents General Appropriation Act funds. Appropriated as a lump sum for the agency with special line items. The line items within "All Other Operating Expenditures" are shown for information only.
- 4/ The Auditor General shall conduct a performance audit, as defined in A.R.S. § 41-1278, of the functions of the universities. The Auditor General shall develop and present, in consultation with the Chairman of the House Education Committee, Chairman of the House Appropriations Committee, Speaker of the House of Representatives, Chairman of the Senate Education Committee, Chairman of the Senate Appropriations Committee and President of the Senate, the scope of the performance audit to the Joint Legislative Audit Committee on or before July 1, 1993. The Auditor General shall present a report of the performance audit to the Governor, Speaker of the House of Representatives and President of the Senate no later than January 1, 1995.
- 5/ In addition to the General Fund amount shown, it is anticipated that \$735,200 will be available for operating expenditures from local funds, which includes no more than \$395,000 from indirect cost revenues contributed by the 3 universities, \$303,200 from postsecondary funds and \$37,000 from federal funds. Including the pass-through transfers and grants of \$3,205,400, the total local fund budget is based upon the following objects of expenditures:

| | <u>Indirect Cost Revenues</u> | <u>Postsecondary Funds</u> | <u>Federal Funds</u> | <u>Total</u> |
|--------------------------|-----------------------------------|--------------------------------|--------------------------|--------------------|
| FTE Positions | 3.0 | 5.7 | 0.0 | 8.7 |
| Personal Services | \$129,000 | \$ 192,600 | 5,100 | \$ 326,700 |
| Employee Related Exp. | 26,800 | 38,700 | 1,100 | 66,600 |
| All Other Operating Exp. | <u>239,200</u> | <u>71,900</u> | <u>30,800</u> | <u>341,900</u> |
| OPERATION SUB-TOTAL | 395,000 | 303,200 | 37,000 | 735,200 |
| SSIG Institutional Match | -0- | 1,062,100 | -0- | 1,062,100 |
| SSIG Federal Match | -0- | -0- | 1,220,800 | 1,220,800 |
| All Other Federal Funds | <u>-0-</u> | <u>-0-</u> | <u>922,500</u> | <u>922,500</u> |
| TOTAL | <u>\$395,000</u> | <u>\$1,365,300</u> | <u>\$2,180,300</u> | <u>\$3,940,600</u> |

ARIZONA BOARD OF REGENTS - REGENTS, STAFF AND WESTERN INTERSTATE COMMISSION FOR HIGHER EDUCATION (WICHE), AND COMMISSION FOR POSTSECONDARY EDUCATION (Cont'd)
GENERAL FUND

WICHE Student Subsidies - The approved amount provides funding for subsidies to 99 continuing WICHE students and 32 new WICHE students in the fields of study shown below:

| <u>Field of Study</u> | <u>Continuing Students</u> | <u>New Students</u> | <u>Amount</u> |
|-----------------------|----------------------------|---------------------|--------------------|
| Osteopathy | 6 | 2 | \$ 92,000 |
| Dentistry | 27 | 9 | 490,200 |
| Veterinary Medicine | 53 | 18 | 1,306,400 |
| Occupational Therapy | 6 | 2 | 47,000 |
| Optometry | 7 | 1 | 56,800 |
| TOTAL | <u>99</u> | <u>32</u> | <u>\$1,992,400</u> |

Course Equivalency Guide - The approved amount provides funding for the publishing of the Course Equivalency Guide to help community college students become familiar with courses and identify transfer requirements to 4-year institutions.

Student Financial Aid Trust Fund - The approved amount provides funds to the Universities for the purposes of providing immediate aid to students with verifiable financial need and creating an endowment for future financial aid. Laws 1989, Chapter 123 (H.B. 2144) authorized the Board of Regents to establish such a fund.

State Student Incentive Grant Program - The approved amount is to match federal funds for scholarships to students who attend accredited post-secondary educational institutions in the state and who demonstrate financial need.

Teacher Loan Forgiveness Fund for the Deaf and the Blind - The approved amount provides funding for a loan program to persons in teacher training programs in the areas of the deaf and the blind within the College of Education at the University of Arizona. The allocation of \$95,000 should be the same as the original intent of H.B. 2225 (Laws 1990, Chapter 340) which authorized a \$50,000 distribution to 10 students in the form of loans in equal amounts of \$5,000 per student and a \$45,000 distribution to the College of Education at the University of Arizona for instructional support of the teacher training program in the areas of the deaf and the blind.

Area Health Education Centers - The approved amount provides funding for Arizona Area Health Education program associated with 3 centers; Southeast Area Health Education Center in Nogales, Western Area Health Education Center in Yuma, and Northern Area Health Education Center in Flagstaff.

CAPITAL OUTLAY

Capital Outlay Bill - Chapter 2 (H.B. 2002), 2nd Special Session - Section 1 (B) of the Capital Outlay Bill appropriates \$3,051,700 from the General Fund to the Board of Regents for allocation to the universities for the maintenance and repair of university buildings in accordance with A.R.S. § 41-790 and § 41-793.01. The appropriation represents 17% support of the Building Renewal Formula as established by A.R.S. § 41-793.01. The Board shall require each university to establish a major maintenance and repair account to deposit monies allocated from this appropriation. Amounts deposited in the account shall be audited annually by the Board, and the approved monies may be used only for facilities on the statewide building inventory approved by the Joint Committee on Capital Review. Appropriated monies may not be spent on infrastructure replacement or repairs, nor for maintenance contracts on building components and equipment.

(Continued)

ARIZONA BOARD OF REGENTS - REGENTS, STAFF AND WESTERN INTERSTATE COMMISSION FOR HIGHER EDUCATION (WICHE), AND COMMISSION FOR POSTSECONDARY EDUCATION (Cont'd)
GENERAL FUND

ADDITIONAL LEGISLATION

Statewide Guaranteed Tuition Program - Chapter 89 (S.B. 1222) - The act authorizes the Arizona Commission for Postsecondary Education to study the feasibility of establishing a statewide guaranteed tuition program for low income and middle income high achieving students. The study shall include the development of one or more possible programs and shall consider the following as program components:

- The establishment of an agency or corporation that would receive contributions and coordinate existing scholarship and loan programs.
- The development of a contract with young pupils that would guarantee full or partial tuition for higher education or vocational and technological training.
- The implementation of a support system for at-risk pupils who sign a contract.
- Any program components that might be required to receive federal monies.

The study shall include cost analyses of program alternatives and possible sources of funding, and the Commission for Postsecondary Education shall submit a report of its findings and recommendations to the President of the Senate and the Speaker of the House of Representatives by November 1, 1993.

Omnibus Education Reconciliation - Chapter 8 (H.B. 2004), 2nd Special Session - This act provides the following changes of the general administrative powers of the board relating to the "decoupling" of tuition and fee revenue:

- All tuition and fee revenue shall be retained by each university for expenditure as approved by the board.
- The board shall submit a budget request for each institution that includes the estimated tuition and fee revenue available to support the programs of the institution as described in the budget request. The estimated available tuition and fee revenue shall be based on the estimate of tuition and fee revenue that was available the year before the year for which the budget request is submitted with adjustments for projected changes in enrollment as provided by the board.

ARIZONA STATE UNIVERSITY - MAIN CAMPUS

Lattie F. Coor, Ph.D., President

A.R.S. § 15-1601

JLBC Analyst: Lee

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|----------------------------------|----------------------------------|------------------------------------|
| FTE Positions | 3,668.4 | 3,791.5 | 3,838.8 ^{1/} |
| Personal Services | 119,045,800 | 121,038,000 | 122,811,200 |
| Employee Related Expenditures | 23,382,800 | 24,144,500 | 24,263,500 |
| Professional & Outside Services | 1,746,600 | 945,900 | 989,100 |
| Travel - In State | 86,500 | 265,700 | 273,800 |
| Travel - Out of State | 951,200 | 582,100 | 609,100 |
| Other Operating Expenditures | 24,002,000 | 23,328,200 | 23,658,200 |
| Library Acquisitions | 3,729,000 | 3,765,400 | 3,765,400 |
| Equipment | 5,135,900 | 7,708,800 | 7,954,500 |
| All Other Operating Expenditures | 35,651,200 | 36,596,100 | 37,250,100 |
| OPERATING SUBTOTAL | 178,079,800 | 181,778,600 | 184,324,800 |
| Minority Recruitment and Retention ^{2/} | -- | -- | -- |
| TOTAL APPROPRIATIONS | 178,079,800 ^{3/} | 181,778,600 ^{4/} | 184,324,800 ^{5/6/} |

Agency Description - Established in 1885, Arizona State University is one of the 3 State universities governed by the Arizona Board of Regents. Arizona State University - Main Campus offers over 250 degree programs to approximately 40,000 students in 13 colleges and schools, and also provides academic courses at the Downtown Center in Phoenix.

FTE Positions - The approved amount includes 47.3 new FTE positions to accommodate an additional 600 FTE students, based upon a 3-year rolling weighted average.

Personal Services - The approved amount is based upon a 3% vacancy factor and \$3,828,700 in vacancy savings. The approved amount also includes funding for the student enrollment growth as noted in FTE Positions above.

(Continued)

- ^{1/} Represents the General Fund full-time equivalent positions. In addition, there are 1,061.5 FTE positions funded from collections fund (university tuition, fees and other funds) for a total of 4,900.3 FTE positions.
- ^{2/} Amounts are included in the Operating Subtotal.
- ^{3/} The FTE positions and line items represent the General Fund prorata share of the state operating budget of \$233,199,900 with 4,803.8 FTE positions.
- ^{4/} The FTE positions and line items represent the General Fund prorata share of the state operating budget of \$232,673,400 with 4,853 FTE positions.
- ^{5/} Represents General Appropriation Act funds. Appropriated as a General Fund lump sum for the agency. The line items are shown for information only as estimates and for comparative funding information. The Arizona Board of Regents will approve estimates of tuition, fees, and other revenues available to establish the state operating budget, pursuant to Laws 1993, Chapter 8 (H.B. 2004), 2nd Special Session, relating to the "decoupling" of such revenues.
- ^{6/} The appropriated monies are not to be used for scholarships. (General Appropriation Act footnote)

ARIZONA STATE UNIVERSITY - MAIN CAMPUS (Cont'd)
GENERAL FUND

Employee Related Expenditures - The approved amount includes a reduction of \$247,900 as a result of lowering the employee contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$8,553,100 for the state share of employee medical and dental insurance payments, which may be transferred to the Health Insurance Trust Fund. (From FY 1991 through FY 1993, the Director of the Department of Administration elected to exempt the universities from the health insurance sweep provision pursuant to A.R.S. § 38-654C.) In May of 1993, the Director of the Department of Administration extended FY 1994 exemption for the universities.

Other Operating Expenditures - The approved amount includes a total of \$1,185,200 from the General Fund for the payment of risk management premiums, which reflects an additional \$244,900 authorized by Section 104 of the General Appropriation Act.

Minority Recruitment and Retention - Provides for an on-going and comprehensive plan to facilitate student recruitment and retention programs directed at economically disadvantaged, minority and underrepresented student populations. Funded within the "Operating Subtotal."

Student Enrollment - Enrollment funding of \$2,549,200 is based upon a 3-year rolling weighted average enrollment of 34,272 full-time equivalent students during the following fall semesters:

| | | | | | FY 1993 Weighted Average | Change |
|------------------------|---|---------|----------|---------------|-----------------------------|------------|
| | | | | FY 1994 | | |
| Fall 1991 (Actual) | - | 34,057; | at 25% = | 8,388 | 8,514 (Fall 1990) | (126) |
| Fall 1992 (Estimate) | - | 33,552; | at 50% = | 17,090 | 16,776 (Fall 1991) | 314 |
| Fall 1993 (Projection) | - | 33,528; | at 25% = | 8,794 | 8,382 (Fall 1992) | 412 |
| Total | | | | <u>34,272</u> | <u>33,672</u> | <u>600</u> |

The full-time equivalent student counts are calculated by using 15 student credit hours for lower division undergraduates, 12 student credit hours for upper division undergraduates, and 10 student credit hours for graduate students per semester.

ARIZONA STATE UNIVERSITY - WEST

Lattie F. Coor, Ph.D., President

A.R.S. § 15-1601

JLBC Analyst: Lee

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|---------------------------------|---------------------------------|-----------------------------------|
| FTE Positions | 474.4 | 477.7 | 527.2 ^{1/} |
| Personal Services | 11,790,300 | 13,928,700 | 15,880,700 |
| Employee Related Expenditures | 2,379,800 | 2,957,100 | 3,315,900 |
| Professional & Outside Services | 732,500 | 345,800 | 397,000 |
| Travel - In State | 27,600 | 77,000 | 86,600 |
| Travel - Out of State | 147,900 | 157,100 | 189,100 |
| Other Operating Expenditures | 8,106,800 | 6,672,800 | 6,806,500 |
| Library Acquisitions | 1,419,800 | 1,420,000 | 1,420,000 |
| Equipment | 2,341,900 | 1,216,500 | 1,507,000 |
| All Other Operating Expenditures | 12,776,500 | 9,889,200 | 10,406,200 |
| TOTAL APPROPRIATIONS | 26,946,600 ^{2/} | 26,775,000 ^{3/} | 29,602,800 ^{4/5/} |

Agency Description - Established as a separate budget unit in 1984, Arizona State University - West Campus offers upper division baccalaureate and selective masters' programs to approximately 5,000 students at the 300 acre site in northwestern Phoenix.

FTE Positions - The approved amount includes 49.5 new FTE positions for academic program development.

Personal Services - The approved amount is based upon a 3% vacancy factor and \$436,600 in vacancy savings. The approved amount also includes funding for academic program development as noted in FTE Positions above.

Employee Related Expenditures - The approved amount includes a reduction of \$36,100 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. The approved amount also includes a total of \$1,174,700 for the state share of employee medical and dental payments, which may be transferred to the Health Insurance Trust Fund. (From FY 1991 through FY 1993, the Director of the Department of Administration elected to exempt the universities from the health insurance sweep provision pursuant to A.R.S. § 38-654C.) In May of 1993, the Director of the Department of Administration extended FY 1994 exemption for the universities.

Student Enrollment - FY 1994 enrollment is estimated at 3,244 FTE students, which represents an increase of 873 from the FY 1993 budgeted enrollment of 2,371 FTE students.

- ^{1/} Represents the General Fund full-time equivalent positions. In addition, there are 68.6 FTE positions funded from collections fund (university tuition, fees and other funds) for a total of 595.8 FTE positions.
- ^{2/} The FTE positions and line items represent the General Fund prorata share of the state operating budget of \$30,408,600 with 535.3 FTE positions.
- ^{3/} The FTE positions and line items represent the General Fund prorata share of the state operating budget of \$30,618,100 with 546.3 FTE positions.
- ^{4/} Represents General Appropriation Act funds. Appropriated as a General Fund lump sum for the agency. The line items are shown for information only as estimates and for comparative funding information. The Arizona Board of Regents will approve estimates of tuition, fees, and other revenues available to establish the state operating budget, pursuant to Laws 1993, Chapter 8 (H.B. 2004), 2nd Special Session, relating to the "decoupling" of such revenues.
- ^{5/} The appropriated monies are not to be used for scholarships. (General Appropriation Act footnote)

NORTHERN ARIZONA UNIVERSITY

A.R.S. § 15-1601

Eugene M. Hughes, Ph.D., President

JLBC Analyst: Lee

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|---------------------------------|---------------------------------|-----------------------------------|
| FTE Positions | 1,541.6 | 1,597.5 | 1,637.8 ^{1/} |
| Personal Services | 45,471,800 | 46,875,900 | 47,589,900 |
| Employee Related Expenditure | 10,613,100 | 10,555,400 | 10,649,100 |
| Professional & Outside Services | 538,000 | 396,600 | 402,400 |
| Travel - In State | 286,000 | 347,500 | 332,900 |
| Travel - Out of State | 261,500 | 274,900 | 292,400 |
| Other Operating Expenditures | 9,460,500 | 11,563,800 | 11,436,900 |
| Library Acquisitions | 1,381,800 | 1,479,800 | 1,429,800 |
| Equipment | 2,069,800 | 1,548,100 | 1,642,400 |
| All Other Operating Expenditures | 13,997,600 | 15,610,700 | 15,536,800 |
| OPERATING SUBTOTAL | 70,082,500 | 73,042,000 | 73,775,800 |
| Minority Recruitment & Retention | 420,600 | 447,200 | 402,900 |
| NAU-Yuma | -0- ^{2/} | -0- ^{2/} | 1,352,500 |
| TOTAL APPROPRIATIONS | 70,503,100 ^{3/} | 73,489,200 ^{4/} | 75,531,200 ^{5/6/} |

Agency Description - Established in 1899, Northern Arizona University is one of 3 State universities governed by the Arizona Board of Regents. The university offers 137 degree programs to approximately 18,500 students in 9 colleges, schools and 1 center, and provides academic programs at many instructional sites throughout the state and at an off-campus center in Yuma.

FTE Positions - The approved amount includes 40.3 new FTE positions to accommodate an additional 506 FTE students, based upon a 3-year rolling weighted average.

(Continued)

- ^{1/} Represents the General Fund full-time equivalent positions. In addition, there are 409.2 FTE positions funded from collections fund (university tuition, fees and other funds) for a total of 2,047 FTE positions.
- ^{2/} Amounts are included in the Operating Subtotal.
- ^{3/} The FTE positions and line items represent the General Fund prorata share of the state operating budget of \$88,778,900 with 1,942 FTE positions.
- ^{4/} The FTE positions and line items represent the General Fund prorata share of the state operating budget of \$92,312,000 with 2,006.7 FTE positions.
- ^{5/} Represents General Appropriation Act funds. Appropriated as a General Fund lump sum for the agency. The line items are shown for information only as estimates and for comparative funding information. The Arizona Board of Regents will approve estimates of tuition, fees, and other revenues available to establish the state operating budget, pursuant to Laws 1993, Chapter 8 (H.B. 2004), 2nd Special Session, relating to the "decoupling" of such revenues.
- ^{6/} The appropriated monies are not to be used for scholarships. (General Appropriation Act footnote)

NORTHERN ARIZONA UNIVERSITY (Cont'd)
GENERAL FUND

Personal Services - The approved amount is based upon a 3% vacancy factor and \$1,495,000 in vacancy savings, which includes \$25,400 for NAU-Yuma. The approved amount also includes funding for the student enrollment growth as noted in FTE Positions above.

Employee Related Expenditures - The approved amount includes a reduction of \$96,700 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$3,580,800 for the state share of employee medical and dental insurance payments, which may be transferred to the Health Insurance Trust Fund. (From FY 1991 through FY 1993, the Director of the Department of Administration elected to exempt the universities from the health insurance sweep provision pursuant to A.R.S. § 38-654C.) In addition, the approved amount for NAU-Yuma includes \$58,900 for the insurance payments. In May of 1993, the Director of the Department of Administration extended FY 1994 exemption for the universities.

Other Operating Expenditures - The approved amount includes a total of \$487,000 for the payment of risk management premiums, which reflects a reduction of \$86,400 authorized by Section 104 of the General Appropriation Act.

Minority Recruitment and Retention - Provides for an on-going and comprehensive plan to facilitate student recruitment and retention programs directed at economically disadvantaged, minority and underrepresented student populations.

The approved amount reflects a \$43,200 transfer to NAU-Yuma and a \$1,100 reduction as a result of lowering the employer contribution to the State Retirement System.

NAU-Yuma - The approved amount provides operating expenditures for the NAU-Yuma program as shown below:

| | <u>FY 1993</u> <u>Estimate</u> | <u>FY 1994</u> <u>Approved</u> |
|------------------------------------|-----------------------------------|-----------------------------------|
| FTE | <u>26.5</u> | <u>26.5</u> |
| Personal Services | \$796,500 | \$796,500 |
| Employee Related Expenditures | 178,400 | 176,800 |
| All Other Operating Expenditures | 336,000 | 336,000 |
| Minority Recruitment and Retention | <u>43,200</u> | <u>43,200</u> |
| Total | <u>\$1,354,100</u> | <u>\$1,352,500</u> |

The approved amount represents total spending authority for NAU-Yuma. Therefore, an estimated collections amount of \$490,600 from NAU-Yuma should be used for the university operating budget not including NAU-Yuma.

The approved amount includes a reduction of \$1,600 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$58,900 for the state share of employee medical and dental insurance payments, which may be transferred to the Health Insurance Trust Fund. (From FY 1991 through FY 1993, the Director of the Department of Administration elected to exempt the universities from the health insurance sweep provision pursuant to A.R.S. § 38-654C.) In May of 1993, the Director of the Department of Administration extended FY 1994 exemption for the universities.

(Continued)

NORTHERN ARIZONA UNIVERSITY (Cont'd)
GENERAL FUND

Student Enrollment - The enrollment funding of \$2,227,800 is based upon a 3-year rolling weighted average enrollment of 16,383 full-time equivalent students during the following fall semesters:

| | | | | <u>FY 1994</u> | <u>FY 1993</u> <u>Weighted Average</u> | <u>Change</u> |
|------------------------|---|---------|----------|----------------|---|---------------|
| Fall 1991 (Actual) | - | 15,987; | at 25% = | 3,997 | 3,752 (Fall 1990) | 245 |
| Fall 1992 (Estimate) | - | 16,378; | at 50% = | 8,189 | 8,017 (Fall 1991) | 172 |
| Fall 1993 (Projection) | - | 16,787; | at 25% = | <u>4,197</u> | <u>4,108</u> (Fall 1992) | <u>89</u> |
| Total | | | | <u>16,383</u> | <u>15,877</u> | <u>506</u> |

The full-time equivalent student counts are calculated by using 15 student credit hours for lower division undergraduates, 12 student credit hours for upper division undergraduates, and 10 student credit hours for graduate students per semester.

UNIVERSITY OF ARIZONA - MAIN CAMPUS

A.R.S. § 15-1601

Manuel T. Pacheco, Ph.D., President

JLBC Analyst: Lee

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|----------------------------------|----------------------------------|------------------------------------|
| FTE Positions ^{1/} | 4,127.4 | 4,170.9 | 4,168.9 ^{2/} |
| Personal Services | 116,582,400 | 114,783,300 | 114,684,500 |
| Employee Related Expenditures | 21,055,200 | 21,330,200 | 20,978,300 |
| Professional & Outside Services | 815,900 | 831,400 | 831,400 |
| Travel - In State | 194,700 | 320,600 | 320,600 |
| Travel - Out of State | 406,600 | 347,200 | 347,200 |
| Other Operating Expenditures | 18,198,500 | 19,838,300 | 19,989,600 |
| Library Acquisitions | 4,273,100 | 4,360,600 | 4,360,600 |
| Equipment | 2,883,400 | 5,028,300 | 5,028,300 |
| All Other Operating Expenditures | 26,772,200 | 30,726,400 | 30,877,700 |
| OPERATING SUBTOTAL | 164,409,800 | 166,839,900 | 166,540,500 |
| Minority Recruitment & Retention | 855,700 | 869,500 | 867,000 |
| Agriculture | 31,331,000 | 31,626,600 | 31,560,500 |
| TOTAL APPROPRIATIONS | 196,596,500 ^{3/} | 199,336,000 ^{4/} | 198,968,000 ^{5/6/} |

Agency Description - Established in 1885 as a land grant institution, the University of Arizona is one of the 3 State universities governed by the Arizona Board of Regents. As a land grant Research I institution, the university offers 377 degree programs to approximately 37,000 students in 15 colleges, schools and divisions, and provides academic programs at Sierra Vista Off-Campus Center.

FTE Positions - The approved amount reflects a reduction of 2 FTE positions associated with enrollment decline of 254 FTE students, based upon a 3-year rolling weighted average.

(Continued)

- ^{1/} The FTE Positions total includes 682.6 FTE positions for FY 1992, 695.6 FTE positions for FY 1993, and 695.6 FTE positions for FY 1994, funded in the Agriculture special line item.
- ^{2/} Represents the General Fund full-time equivalent positions. In addition, there are 1,193.3 FTE positions funded from collections fund (university tuition, fees and other funds) for a total of 5,362.2 FTE positions.
- ^{3/} The FTE positions and line items represent the General Fund prorata share of the state operating budget of \$256,498,700 with 5,381.6 FTE positions.
- ^{4/} The FTE positions and line items represent the General Fund prorata share of the state operating budget of \$256,566,900 with 5,364.2 FTE positions.
- ^{5/} Represents General Appropriation Act funds. Appropriated as a General Fund lump sum for the agency, with a special line for Agriculture. The line items are shown for information only as estimates and for comparative funding information. The Arizona Board of Regents will approve estimates of tuition, fees, and other revenues available to establish the state operating budget, pursuant to Laws 1993, Chapter 8 (H.B. 2004), 2nd Special Session, relating to the "decoupling" of such revenues.
- ^{6/} The appropriated monies are not to be used for scholarships. (General Appropriation Act footnote)

UNIVERSITY OF ARIZONA - MAIN CAMPUS (Cont'd)
GENERAL FUND

Personal Services - The approved amount is based upon a 3% vacancy factor and \$3,616,200 in vacancy savings. The approved amount also includes a funding reduction for the student enrollment decline as noted in the FTE Positions above.

Employee Related Expenditures - The approved amount includes a reduction of \$331,300 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$8,220,600 for the state share of employee medical and dental insurance payments, which may be transferred to the Health Insurance Trust Fund. (From FY 1991 through FY 1993, the Director of the Department of Administration elected to exempt the universities from the health insurance sweep provision pursuant to A.R.S. § 38-654C.) In addition, the state share of the Agriculture program is \$1,646,300 for the insurance payments. In May of 1993, the Director of the Department of Administration extended FY 1994 exemption for the universities.

Other Operating Expenditures - The approved amount includes a total of \$1,337,700 for the payment of risk management premiums, which reflects an additional \$151,300 authorized by Section 104 of the General Appropriation Act.

Minority Recruitment and Retention - Provides for an on-going and comprehensive plan to facilitate student recruitment and retention programs directed at economically disadvantaged, minority and under-represented student populations. The approved amount includes a reduction of \$2,500 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

Agriculture - The approved amount for the College of Agriculture as a special line appropriation was based upon the following line item allocation:

| | |
|----------------------------------|---------------------|
| FTE Positions | <u>695.6</u> |
| Personal Services | \$22,885,900 |
| Employee Related Expenditures | 4,251,400 |
| Prof. & Outside Services | 216,800 |
| Travel - In State | 500,700 |
| Travel - Out of State | 104,700 |
| Other Operating Expenditures | 2,662,800 |
| Equipment | <u>938,200</u> |
| All Other Operating Expenditures | <u>4,423,200</u> |
| TOTAL | <u>\$31,560,500</u> |

The approved amount is based upon a 3% vacancy factor and \$717,200 in vacancy savings. The approved amount includes a reduction of \$66,100 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. The approved amount also includes a total of \$1,646,300 for the state share of employee medical and dental insurance payments, which may be transferred to the Health Insurance Trust Fund. (From FY 1991 through FY 1993, the Director of the Department of Administration elected to exempt the universities from the health insurance sweep provision pursuant to A.R.S. § 38-654C.) In May of 1993, the Director of the Department of Administration extended FY 1994 exemption for the universities.

(Continued)

UNIVERSITY OF ARIZONA - MAIN CAMPUS (Cont'd)
GENERAL FUND

Student Enrollment - The enrollment funding reduction of \$119,400 is based upon a 3-year rolling weighted average enrollment of 30,765 full-time equivalent students during the following fall semesters:

| | | | | <u>FY 1994</u> | <u>FY 1993</u> <u>Weighted Average</u> | <u>Change</u> |
|------------------------|---|---------|-----------|----------------|---|---------------|
| Fall 1991 (Actual) | - | 31,172; | at 25 % = | 7,793 | 7,879 (Fall 1990) | (86) |
| Fall 1992 (Estimate) | - | 30,888; | at 50 % = | 15,444 | 15,586 (Fall 1991) | (142) |
| Fall 1993 (Projection) | - | 30,110; | at 25 % = | <u>7,528</u> | <u>7,554</u> (Fall 1992) | <u>(26)</u> |
| Total | | | | <u>30,765</u> | <u>31,019</u> | <u>(254)</u> |

The full-time equivalent student counts are calculated by using 15 student credit hours for lower division undergraduates, 12 student credit hours for upper division undergraduates, and 10 student credit hours for graduate students per semester.

UNIVERSITY OF ARIZONA - COLLEGE OF MEDICINE

A.R.S. § 15-1601

Manuel T. Pacheco, Ph.D., President

JLBC Analyst: Lee

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|---------------------------------|---------------------------------|---------------------------------|
| FTE Positions ^{1/} | 594.5 | 604.4 | 604.4 ^{2/} |
| Personal Services | 24,727,100 | 24,843,400 | 24,843,400 |
| Employee Related Expenditures | 3,939,100 | 3,785,300 | 3,730,600 |
| Professional & Outside Services | 129,000 | 114,500 | 114,500 |
| Travel - In State | 30,000 | 70,000 | 70,000 |
| Travel - Out of State | 21,100 | 14,700 | 14,700 |
| Other Operating Expenditures | 6,446,000 | 6,408,000 | 6,650,700 |
| Library Acquisitions | 616,300 | 601,800 | 601,800 |
| Equipment | 214,600 | 703,300 | 703,300 |
| All Other Operating Expenditures | 7,457,000 | 7,912,300 | 8,155,000 |
| OPERATING SUBTOTAL | 36,123,200 | 36,541,000 | 36,729,000 |
| Clinical Teaching Support | 8,438,000 | 8,009,200 | 8,009,200 |
| TOTAL APPROPRIATIONS | 44,561,200 ^{3/} | 44,550,200 ^{4/} | 44,738,200 ^{5/} |

Agency Description - Authorized in 1961 by the Arizona Board of Regents, the College of Medicine offers a professional program leading to the M.D. degree for 362 medical students and graduate programs leading to the Ph.D. degree in certain medical sciences for 392 graduate students. As a separate budget unit of the University of Arizona, the College of Medicine is governed by the Arizona Board of Regents.

Personal Services - The approved amount is based upon a 3% vacancy factor and \$790,200 in vacancy savings.

Employee Related Expenditures - The approved amount includes a reduction of \$54,700 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

(Continued)

- ^{1/} Does not include FTE positions within the Clinical Teaching Support expenditure category.
- ^{2/} Represents the General Fund full-time equivalent positions. In addition, there are 30.5 FTE positions funded from collections fund (university tuition, fees and other funds) for a total of 634.9 FTE positions.
- ^{3/} The FTE positions and line items represent the General Fund prorata share of the state operating budget of \$46,609,100 with 621.8 FTE positions.
- ^{4/} The FTE positions and line items represent the General Fund prorata share of the state operating budget of \$46,796,100 with 634.9 FTE positions.
- ^{5/} Represents General Appropriation Act funds. Appropriated as a General Fund lump sum for the agency. The line items are shown for information only as estimates and for comparative funding information. The Arizona Board of Regents will approve estimates of tuition, fees, and other revenues available to establish the state operating budget, pursuant to Laws 1993, Chapter 8 (H.B. 2004), 2nd Special Session, relating to the "decoupling" of such revenues.

STATE DEPARTMENT OF CORRECTIONS - SUMMARY

A.R.S. § 41-1602

Samuel A. Lewis, Director

JLBC Analyst: Morris/Martinez

| GENERAL FUND AND OTHER APPROPRIATED FUNDS | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|--------------------|----------------------------------|--------------------------------------|
| <u>Program Summary</u> | | | |
| Adult Institutions | 195,436,500 | 208,101,000 | 227,227,900 |
| Human Resources & Development | 35,525,200 | 41,036,100 | 44,592,700 |
| Administration | 10,846,500 | 13,862,000 | 18,112,200 |
| Community Corrections | 8,907,500 | 7,845,900 | 13,757,900 |
| TOTAL APPROPRIATIONS | 250,715,700 | 270,845,000 | 303,690,700 |
| <u>Expenditure Detail</u> | | | |
| FTE Positions | 6,062.4 | 6,465.4 | 6,812.4 |
| Personal Services | 132,470,400 | 141,525,100 | 150,833,700 |
| Employee Related Expenditures | 39,471,900 | 42,253,700 | 46,033,000 |
| Professional & Outside Services | 18,316,000 | 21,745,800 | 22,628,500 |
| Travel - In State | 377,000 | 451,200 | 475,200 |
| Travel - Out of State | 90,400 | 85,300 | 82,400 |
| Other Operating Expenditures | 36,700,000 | 40,126,600 | 47,760,900 |
| Equipment | 3,325,900 | 2,536,700 | 3,278,800 |
| All Other Operating Expenditures | 58,809,300 | 64,945,600 | 74,225,800 |
| OPERATING SUBTOTAL | 230,751,600 | 248,724,400 ^{1/} | 271,092,500 |
| Food | 16,006,800 | 17,269,800 | 19,672,800 |
| Work Incentive Pay Plan | 3,761,000 | 4,143,200 | 4,491,100 |
| Discharge Expense | 196,300 | 291,600 | 364,300 |
| Community Provider Beds | -0- | 416,000 | 6,570,000 |
| Correctional Service Officer Series Pay Plan | -0- | -0- | 1,500,000 |
| TOTAL APPROPRIATIONS | 250,715,700 | 270,845,000 | 303,690,700 ^{2/3/4/} |
| <u>Fund Summary</u> | | | |
| General Fund | 249,785,800 | 253,797,000 | 283,298,200 |
| Corrections Fund | -0- | 16,111,600 | 19,392,500 |
| Penitentiary Land Earnings Fund | 929,900 | 936,400 | 1,000,000 |
| TOTAL APPROPRIATIONS | 250,715,700 | 270,845,000 | 303,690,700 |

(Continued)

^{1/} Reflects transfers approved by the Department of Administration, pursuant to A.R.S. § 35-173.

(Footnotes Continued on Following Page)

STATE DEPARTMENT OF CORRECTIONS - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Agency Description - The Department of Corrections maintains and administers a statewide system of prisons for the effective custody, control, correction, treatment and rehabilitation of all adult offenders legally committed to the department. Educational and treatment programs are provided for offenders so they will have opportunities to learn more responsible behaviors and increase their chance of returning to society as law abiding citizens. The department is also responsible for the supervision of offenders on parole or other prison release mechanisms, as specified by law.

Major Budget Issues and Changes for FY 1994 - The approved amount includes increases of \$32,845,700, of which \$3,280,900 is from the Corrections Fund, \$63,600 is from the Penitentiary Land Earnings Fund and the balance, \$29,501,200 is from the General Fund. Table 1 summarizes the major issues and other changes funded by these increases.

Table 1

| | <u>FTE</u> | <u>Amount</u> |
|--|----------------|----------------------|
| FY 1993 - Estimate - Total Funds | 6,465.4 | \$270,845,000 |
| • FY 1993 General Salary Adjustment | -- | 5,582,500 |
| • Opening New Prisons | | |
| -- Manzanita-Tucson - 250 beds | 135.0 | 4,046,100 |
| -- Meadows - Eyman Complex - 400 beds | 197.0 | 4,650,500 |
| • 1,050 New Prisoners - 6.5% Growth | -- | 3,295,000 |
| • Annualization of 1993 Prison Openings | -- | 3,329,400 |
| • Annualization - Community Treatment Facilities | -- | 4,760,000 |
| • Risk Management Premiums | -- | 4,565,400 |
| • Special Pay Package - Correctional Officers | -- | 1,500,000 |
| • FY 1993 Prison Construction Lease-Purchase | -- | 786,700 |
| • Eyman Complex Staff | 16.0 | 545,000 |
| • Bloodborne Pathogens | 4.0 | 503,400 |
| • All Other Changes | (5.0) | (718,300) |
| Subtotal - Total Funds | 6,812.4 | \$303,690,700 |
| • Less Other Funds | | |
| -- Corrections Fund | -- | 19,392,500 |
| -- Penitentiary Land Earning Fund | -- | 1,000,000 |
| FY 1994 General Fund | <u>6,812.4</u> | <u>\$283,298,200</u> |

(Continued)

(Footnotes Continued From Previous Page)

- 2/ Twenty-five percent of land earnings and interest from the State Charitable, Penal and Reformatories Land Fund shall be distributed to the Department of Corrections in compliance with Section 25 of the Enabling Act and the Constitution to be used for the support of state penal institutions. (General Appropriation Act footnote)
- 3/ One hundred percent of land earnings and interest from the Penitentiary Land Fund shall be distributed to the Department of Corrections in compliance with Section 25 of the Enabling Act and the Constitution to be used for the support of state penal institutions. (General Appropriation Act footnote)
- 4/ Represents General Appropriation Act funds. Appropriated as a modified lump sum for the agency. The program and line item detail within "All Other Operating Expenditures" is shown for information only.

STATE DEPARTMENT OF CORRECTIONS - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Personal Services - The approved amount is based upon a 4% vacancy factor and \$6,306,500 in vacancy savings. The approved amount includes an additional \$4,763,900 to annualize the cost of the April 1993 general salary adjustment. Table 2 summarizes the changes in the approved amount.

Table 2

| | <u>Regular Positions</u> | <u>Overtime</u> | <u>Hazardous Duty Pay</u> | <u>Total</u> |
|-------------------------|------------------------------|------------------|-------------------------------|----------------------|
| Estimate FY 1993 | \$140,007,100 | \$493,800 | \$1,024,200 | \$141,525,100 |
| Add: FY 93 Salary Adj. | 4,763,900 | -0- | -0- | 4,763,900 |
| Annualization | 2,192,100 | 6,600 | 20,400 | 2,219,100 |
| Manzanita-Tucson | 1,828,100 | 6,400 | 19,200 | 1,853,700 |
| Meadows-Eyman | 1,988,900 | 9,000 | 18,900 | 2,016,800 |
| Eyman Complex | 330,900 | 1,400 | 3,000 | 335,300 |
| Bloodborne Pathogens | 117,400 | -0- | -0- | 117,400 |
| Subtotal | 151,228,400 | 517,200 | 1,085,700 | 152,831,300 |
| Less Change in Vac Svg. | (415,200) | -0- | -0- | (415,200) |
| Other Adjustments | (1,582,400) | -0- | -0- | (1,582,400) |
| FY 1994 Approved | <u>\$149,230,800</u> | <u>\$517,200</u> | <u>\$1,085,700</u> | <u>\$150,833,700</u> |

"Other Adjustments" represents the elimination of amounts transferred to Personal Services in FY 1993, from other programs or line items. Overtime is authorized, by A.R.S. § 23-391 and 392, for emergencies, on call or call out duty and unscheduled or extra hours of work. Hazardous Duty pay is extra compensation for employees exposed to dangerous inmates and/or dangerous situations. Authorized employees are paid \$60 per month for hazardous duty assignments.

Employee Related Expenditures - The approved amount includes: a) an additional \$818,600 to annualize the cost of the April 1993 general salary adjustment, b) a reduction of \$110,800 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act, and c) \$2,062,700 for Correctional Service Officer uniform allowances.

The approved amount also includes a total of \$18,104,600 for the state share of employee medical and dental insurance payments which will be transferred to the Health Insurance Trust Fund.

Corrections Fund - This fund is for the construction, major maintenance, purchase or lease of correctional or state operated juvenile facilities. The Legislature may also appropriate monies in this fund for the operation and minor maintenance of correctional facilities or state operated juvenile facilities. Revenues deposited to the fund are from luxury taxes on alcohol and tobacco products. In FY 1993, \$18,605,800 is appropriated to the Department of Corrections for operation of correctional facilities. Also appropriated is \$786,700 for the lease-purchase payment of prisons being constructed at ASPC-Tucson and at the Eyman Complex in Florence.

Table 3 shows expenditures of \$1,500,000 in both FY 1993 and FY 1994 for architecture and engineering fees. These fees are for prisons authorized in FY 1993 and FY 1994 and in both cases these amounts will be reimbursed from the sale of Certificates of Participation (COP). The reimbursements are shown as estimated revenues from "A & E (Architectural and Engineering) Fee Reimbursement." COP's are sold to raise money for the cost of constructing new prisons. These COP's are repaid by appropriations from the Corrections Fund.

Appropriations to the Department of Administration are for supervision and management of construction and maintenance projects at correctional facilities and state operated juvenile facilities.

(Continued)

STATE DEPARTMENT OF CORRECTIONS - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

State of Arizona
 Corrections Fund
 Estimated Revenue and Expenditure Projections

Table 3

| | <u>FY 1993</u> | <u>FY 1994</u> | <u>FY 1995</u> | <u>FY 1996</u> | <u>FY 1997</u> | <u>FY 1998</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Beginning Balance | \$10,960,558 | \$1,433,911 | \$2,924,800 | \$6,859,300 | \$5,426,600 | \$ 4,020,100 |
| Add Estimated Revenues | \$21,572,000 | 21,776,789 | 21,500,000 | 21,500,000 | 21,500,000 | 21,500,000 |
| A & E Fee Reimbursement | <u>1,500,000</u> | <u>1,500,000</u> | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> |
| Estimated Funds Available | <u>\$34,032,558</u> | <u>\$24,710,700</u> | <u>\$24,424,800</u> | <u>\$28,359,300</u> | <u>\$26,926,600</u> | <u>\$25,520,100</u> |
| Deduct: | | | | | | |
| Appropriations and Authorized Payments | | | | | | |
| Dept. of Corrections Operating Budget | \$16,111,600 | \$18,605,800 | \$ -0- | \$ -0- | \$ -0- | \$ -0- |
| Department of Administration | 346,000 | 273,400 | -0- | -0- | -0- | -0- |
| Dept of Youth Treatment - Repairs | 500,000 | -0- | -0- | -0- | -0- | -0- |
| Apache County Prison, Laws 93, Ch. 230 | -0- | 620,000 | -0- | -0- | -0- | -0- |
| Architecture & Engineering Fees | 1,500,000 | 1,500,000 | -0- | -0- | -0- | -0- |
| Lease-Purchase, 1,450 Beds, 1993, 3.6% | -0- | 786,700 | 12,078,300 | 12,057,000 | 12,030,800 | 12,005,400 |
| Lease-Purchase, 786 Beds, 1994, 4.5% | -0- | -0- | 5,487,200 | 10,875,700 | 10,875,700 | 10,875,700 |
| Prior Year Unexpended Appropriations | <u>14,141,047</u> | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> |
| Total Deductions | <u>\$32,598,647</u> | <u>\$21,785,900</u> | <u>\$17,565,500</u> | <u>\$22,932,700</u> | <u>\$22,906,500</u> | <u>\$22,881,100</u> |
| Estimated Ending Balance | <u>\$ 1,433,911</u> | <u>\$ 2,924,800</u> | <u>\$ 6,859,300</u> | <u>\$ 5,426,600</u> | <u>\$ 4,020,100</u> | <u>\$ 2,639,000</u> |

Land Endowment Earnings Fund - The approved amount includes \$1,000,000 appropriated from the Penitentiary Land Earnings Fund. Revenues for this fund are from use fees on lands granted to the State of Arizona pursuant to Section 25 of the Enabling Act and interest earned on the investment of the permanent Penitentiary Land Fund. Penitentiary land earnings include payments by the Department of Youth Treatment and Rehabilitation for the lease of land where the Adobe Mountain and Black Canyon Juvenile Institutions are located. These lease payments are estimated to be \$880,600 in FY 1994.

Additional Prison Capacity - The approved amount provides funding to open 2 new prisons in FY 1994. The opening of these 2 prisons will add 650 beds to the current prison system. If the prison population continues to grow at the rate of 95 additional inmates per month, as projected, the department's bed shortage, in FY 1994, will range from a low of 845 to a high of 1,565. Table 4 presents a comparison of the month end prison population, the number of beds expressed, as the Operational Capacity, and the Projected Bed Shortage during FY 1994.

State of Arizona
 Projected Prison Population
 July 1993 to June 30, 1994

Table 4

| Month | Year | Population Projection ^{1/} | Additional Prison Beds | Operational Capacity | Bed Shortage |
|-----------|------|-------------------------------------|--------------------------------|----------------------|--------------|
| July | 1993 | 17,250 | | | |
| August | 1993 | 17,345 | | 15,970 | (1,280) |
| September | 1993 | 17,440 | | 15,970 | (1,375) |
| October | 1993 | 17,535 | | 15,970 | (1,470) |
| November | 1993 | 17,630 | | 15,970 | (1,565) |
| December | 1993 | 17,725 | + 450 Community Provider Beds | 16,420 | (1,210) |
| January | 1994 | 17,820 | | 16,420 | (1,305) |
| February | 1994 | 17,915 | + 250 Female Manzanita, Tucson | 16,670 | (1,150) |
| March | 1994 | 18,010 | + 400 Meadows Unit, Level III | 17,070 | (845) |
| April | 1994 | 18,105 | | 17,070 | (940) |
| May | 1994 | 18,200 | | 17,070 | (1,035) |
| June | 1994 | 18,295 | | 17,070 | (1,130) |
| | | | | 17,070 | (1,225) |

^{1/} Based on 95 additional inmates per month.

STATE DEPARTMENT OF CORRECTIONS - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

- Community Provider Beds - Last year, the Legislature authorized the Department of Corrections to contract for 450 community provider beds. A 350 bed treatment facility for males and a 100 bed treatment facility for women has been sited in Marana (North of Tucson, along I-10). Inmates assigned to these facilities will receive alcohol and substance abuse intervention. The Department of Corrections is now developing contracts for the operation of these 2 facilities, which are expected to become operational in November of 1993.
- Manzanita Unit - This 250 bed prison for women is expected to begin accepting inmates in January of 1994. It is being constructed at the Arizona State Prison Complex (ASPC)-Tucson. The cost of construction is financed from the 1993 sale of Certificates of Participation.
- Meadows Prison - This is an 800 bed, medium security (Level III), prison being constructed at the Eyman Complex in Florence. The construction cost of this prison is also financed through the 1993 sale of Certificates of Participation. The first 400 beds of this prison are expected to open in February of 1994. The second 400 bed phase is expected to be completed in March or April of 1994, but will not open until FY 1995.
- Winchester Prison - This is a Level III, medium security prison, now being constructed at ASPC-Tucson. It is a 400 bed treatment facility, that will be operated by the Department of Corrections. Although construction of this prison is expected to be completed in March or April of 1994, it will not open nor begin to accept inmates until FY 1995.
- Apache County Prison - A new 250 bed, minimum security prison, is being constructed and financed by Apache County, with assistance from the Department of Administration and the Department of Corrections. The Legislature has authorized the Department of Corrections to lease and operate this facility when construction is completed. The Apache County Prison will be located between Springerville and St. Johns. It is anticipated that this new facility will begin to accept inmates in FY 1995.

Average Daily Prison Population - The actual growth of the average daily prison population from FY 1985 to FY 1992, including estimates for FY 1993 and FY 1994 is shown below. The "Average Daily Population" represents the average number of inmates managed by the Department of Corrections on a daily basis during the year.

**Average Daily Prison Population
 For FY 1985 to FY 1992
 (with projections for FY 1993 and FY 1994)**

Table 5

| <u>Fiscal Year</u> | <u>Average Daily Population</u> | |
|--------------------|---------------------------------|--------------------------|
| | <u>Prisons</u> | <u>CRC</u> ^{1/} |
| 1985 | 7,583 | 201 |
| 1986 | 8,270 | 205 |
| 1987 | 9,508 | 209 |
| 1988 | 10,705 | 222 |
| 1989 | 11,935 | 240 |
| 1990 | 13,066 | 253 |
| 1991 | 13,911 | 258 |
| 1992 | 15,041 | 282 |
| 1993 ^{2/} | 16,081 | 144 |
| 1994 ^{2/} | 17,131 | 144 |

^{1/} Correctional Release Centers.
^{2/} Estimated

(Continued)

STATE DEPARTMENT OF CORRECTIONS - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

CAPITAL OUTLAY

Capital Outlay Bill - Chapter 2 (H.B. 2002), 2nd Special Session - Section 2D appropriates \$290,100 from the Penitentiary Land Fund and \$500,000 from the Charitable, Penal and Reformatories Fund to the Department of Administration, for the following projects:

- | | |
|--|----------------|
| a) ASPC-Tucson, Rincon Unit, Doors and Locks | |
| Replacement of wiring and equipment to permit cell doors to be opened and closed from a remote site. | \$237,600 |
| b) ASPC-Florence, Picacho Unit, Fire Alarms | |
| Installation of a Class A fire alarm system to comply with fire codes. | 52,500 |
| c) ASPC-Douglas, Gila Unit, Electrical Upgrade | |
| Renovation of electrical system to comply with fire codes. | 300,000 |
| d) Statewide Building Maintenance | |
| Funding for emergency maintenance projects and projects that do not qualify for building renewal. | <u>200,000</u> |

TOTAL, DEPARTMENT OF CORRECTIONS

\$790,100

Correctional and Treatment Facilities - Chapter 230 (S.B. 1104) - Sites a private secure community treatment facility for 100 female inmates and 350 male inmates in the town of Marana, at a location approved by the town council. Appropriates \$1.5 million from the Corrections Fund in FY 1994 to the Department of Administration (DOA) to purchase land and architecture and engineering services for the design of a 768 bed, Level 5 (maximum security) prison to be located at a third prison complex in Florence. Approves lease-purchase financing of \$43 million for the construction of the 768 bed prison. The \$1.5 million appropriated for land and architecture fees is to be repaid from the proceeds of the lease-purchase financing arrangement, which shall not exceed 5 years. Directs DOA and the Department of Corrections (DOC) to assist Apache County in devising methods and procedures to reduce the cost of constructing and financing a 250 bed prison. Also appropriates \$620,000 from the Corrections Fund in FY 1994 to DOA for use by the Apache County Board of Supervisors for site security fencing and road paving required for the Apache County prison construction. The expenditure plans for the \$1.5 million and the \$620,000 appropriations are subject to review by the Joint Committee on Capital Review (JCCR). DOC is authorized to lease and operate this 250 bed prison from Apache County when construction is completed. The terms of the lease are subject to mutually acceptable negotiations but must be for a guaranteed period of 15 to 20 years.

This legislation also provides that the Legislature shall conduct a study to determine the feasibility of siting a correctional facility in Yuma, or expanding the existing facility. The findings of the feasibility study, along with recommendations, are to be reported to the Speaker of the House of Representatives and the President of the Senate by December 31, 1993.

ADDITIONAL LEGISLATION

Prisoners: Discharge Money - Chapter 242 (H.B. 2019) - This act requires that wage earning prisoners deposit a percentage, as determined by the director, of their wages into a dedicated discharge account until a balance of \$50 is reached. The percentage deposited cannot exceed 30% of an inmate's wages. The department will continue to provide \$50 in discharge monies to nonwage earning prisoners upon parole or discharge. The department is directed to use \$75,000 of the savings to purchase computer aided instruction equipment for prisoner functional literacy programs.

Prisoner Functional Literacy Program - Chapter 250 (H.B. 2225) - Effective January 1, 1994, the department is to establish and administer a functional literacy program in each correctional institution. The department is to give a standardized assessment test and evaluate each inmate's educational level on commitment. Inmates who fail to score the equivalent of a 6th grade literacy level and have a sentence greater than 6 months shall participate in the functional literacy program for a minimum of 120 days, unless released or functional literacy is demonstrated. Pending the appropriation of additional funding for educational resources, a 7th grade functional literacy level will be set for inmates committed after September 30, 1994, and an 8th grade functional literacy level will be set for inmates committed for September 30, 1995.

(Continued)

STATE DEPARTMENT OF CORRECTIONS - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Omnibus Criminal Code Revisions - Chapter 255 (S.B. 1049) - This law revises the state's criminal code in order to promote truth and accountability in sentencing and to ensure that punishment for a criminal offense is proportionate to the seriousness of the offense. It redefines the term of sentences for criminal convictions and requires a mandatory period of community supervision upon release from prison. All persons sentenced must serve the prison term imposed by the court, with the exception of earned release credits. Eligible offenders may be awarded earned release credits by the Department of Corrections for up to 15% of their sentence. Parole, home arrest, work furlough, and all other statutory prison release mechanisms, except temporary releases are repealed. The Board of Executive Clemency replaces the Board of Pardons and Paroles. Community Supervision services will be transferred from the Department of Corrections to the Courts prior to January 1, 1996. This act, with specified exceptions, becomes effective January 1, 1994, and only applies to persons committing felony offenses after the effective date. The Department of Corrections is projecting that the changes in this law will result in a 6.2% decrease of the prison population over the long run. Those projections reflect a decrease of 1,206 prisoners by January 1, 2000. This estimate indicates that the average monthly inmate growth will decline from the current level of 95 per month to approximately 79.5.

STATE DEPARTMENT OF CORRECTIONS - ADULT INSTITUTIONS

A.R.S. § 41-1602

Samuel A. Lewis, Director

JLBC Analyst: Morris/Martinez

| GENERAL FUND AND OTHER APPROPRIATED FUNDS | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|--------------------|----------------------------------|----------------------------------|
| FTE Positions | 5,164.4 | 5,536.9 | 5,849.9 |
| Personal Services | 106,947,000 | 115,095,800 | 121,852,400 |
| Employee Related Expenditures | 33,233,700 | 35,590,100 | 38,850,200 |
| Professional & Outside Services | 4,165,000 | 3,920,800 | 4,119,300 |
| Travel - In State | 255,900 | 276,500 | 307,900 |
| Travel - Out of State | 74,700 | 54,500 | 54,500 |
| Other Operating Expenditures | 28,293,200 | 29,938,600 | 33,269,000 |
| Equipment | 2,884,600 | 1,726,600 | 2,944,600 |
| All Other Operating Expenditures | 35,673,400 | 35,917,000 | 40,695,300 |
| OPERATING SUBTOTAL | 175,854,100 | 186,602,900 ^{1/} | 201,397,900 |
| Food | 15,705,300 | 17,137,900 ^{1/} | 19,511,400 |
| Work Incentive Pay Plan | 3,680,800 | 4,068,600 ^{1/} | 4,454,300 |
| Discharge Expense | 196,300 | 291,600 ^{1/} | 364,300 |
| Correctional Service Officer Series Pay Plan | -0- | -0- | 1,500,000 ^{2/} |
| TOTAL APPROPRIATIONS | 195,436,500 | 208,101,000 | 227,227,900 ^{2/} |
| <u>Fund Summary</u> | | | |
| General Fund | 194,506,600 | 191,053,000 | 206,835,400 |
| Corrections Fund | -0- | 16,111,600 | 19,392,500 |
| Penitentiary Land Earnings Fund | 929,900 | 936,400 | 1,000,000 |
| TOTAL APPROPRIATIONS | 195,436,500 | 208,101,000 | 227,227,900 |

(Continued)

^{1/} Reflects transfers approved by the Department of Administration, pursuant to A.R.S. § 35-173.

^{2/} The amount appropriated for the Correctional Service Officer series pay plan is to be used to increase salaries paid to employees classified within the Correctional Service Officer series. The funds appropriated are specifically designated by the Legislature to increase entry level salaries, and to provide salary enhancements in recognition of continued service with the Arizona Department of Corrections in a position classified within the Correctional Service Officer series. The amount appropriated for the Correctional Service Officer series pay plan shall not become available for expenditure until a proposed salary plan has been reviewed by the Joint Legislative Budget Committee to ensure compliance with this footnote. (General Appropriation Act footnote)

^{3/} Represents General Appropriation Act funds. Appropriated as a modified lump sum for the agency. The program and line item detail is shown for information only.

STATE DEPARTMENT OF CORRECTIONS - ADULT INSTITUTIONS (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Program Description - The Adult Institutions Division provides care and custody for all adult offenders committed to the Department of Corrections by the courts of Arizona. Within the division, offenders are classified relative to their risk to the institution and public safety. The division offers inmate educational and vocational classes, library services, work opportunities, treatment programs, and family assistance services. The division is responsible for the operation of 8 prison complexes located in Phoenix, Perryville, Douglas, Tucson, Winslow, Safford, and Florence which has 2 complexes (Florence and Eyman); as well as 4 stand alone prisons located in Yuma, Globe, Fort Grant, and a new prison to be located near St. Johns. The division operates the Bureau of Offender Services, which maintains inmate records, computes the length of time an inmate must serve in prison, operates the inmate classification system, and administers special services for the Interstate Corrections Compact.

FTE Positions - The approved amount includes 313 new FTE positions. The allocation and general classification of these new positions is shown in Table 1.

Table 1

| <u>Classification</u> | <u>Manzanita-Tucson 250 Bed Female</u> | <u>Meadows - Florence 400 Bed Male</u> | <u>Eyman Complex Staff</u> | <u>Total New Positions</u> |
|----------------------------|--|--|--------------------------------|--------------------------------|
| Deputy Warden | 1.0 | 1.0 | 0.0 | 2.0 |
| Corr Svc Captain | 1.0 | 1.0 | 0.0 | 2.0 |
| Corr Svc Lieutenant | 4.0 | 4.0 | 0.0 | 8.0 |
| Corr Svc Sergeant | 6.0 | 6.0 | 0.0 | 12.0 |
| Corr Svc Officer | 78.0 | 145.0 | 3.0 | 226.0 |
| Fire/Safety Specialist | 0.0 | 0.0 | 1.0 | 1.0 |
| Correctional Programs | 7.0 | 8.0 | 0.0 | 15.0 |
| Food Service | 4.0 | 7.0 | 0.0 | 11.0 |
| Education & Library | 3.0 | 3.0 | 0.0 | 6.0 |
| Chaplain | 1.0 | 1.0 | 2.0 | 4.0 |
| Administration & Clerical | 9.0 | 3.0 | 4.0 | 16.0 |
| Maintenance & Storage | 3.0 | 1.0 | 6.0 | 10.0 |
| Total FTE Positions | 117.0 | 180.0 | 16.0 | 313.0 |

Personal Services - The approved amount is based upon a 3.8% vacancy factor and \$4,750,700 in vacancy savings. The vacancy savings has increased by \$300,000 from the prior year. The approved amount also includes an additional \$4,077,900 to annualize the cost of the April 1993 general salary adjustment. The changes in Personal Services, as approved, are summarized in Table 2 below.

Table 2

| | <u>Regular Positions</u> | <u>Overtime</u> | <u>Hazardous Duty Pay</u> | <u>Total</u> |
|-------------------------|------------------------------|------------------|-------------------------------|----------------------|
| Estimate FY 1993 | \$113,589,600 | \$482,000 | \$1,024,200 | \$115,095,800 |
| Add: FY 93 Salary Adj. | 4,077,900 | -0- | -0- | 4,077,900 |
| Annualization | 1,931,400 | 6,600 | 20,400 | 1,958,400 |
| Manzanita-Tucson | 1,485,600 | 6,400 | 19,200 | 1,511,200 |
| Meadows-Eyman | 1,988,900 | 9,000 | 18,900 | 2,016,800 |
| Eyman Complex | 330,900 | 1,400 | 3,000 | 335,300 |
| Subtotal | 123,404,300 | 505,400 | 1,085,700 | 124,995,400 |
| Less Change in Vac Svg. | (300,000) | -0- | -0- | (300,000) |
| Other Adjustments | (2,843,000) | -0- | -0- | (2,843,000) |
| FY 1994 Approved | \$120,261,300 | \$505,400 | \$1,085,700 | \$121,852,400 |

(Continued)

STATE DEPARTMENT OF CORRECTIONS - ADULT INSTITUTIONS (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

The Manzanita Unit, at the Arizona State Prison Complex (ASPC) - Tucson, is scheduled to open in January of 1994. The approved amount, for this 250 bed female prison, is for an 8 month period. The amount approved for the first 400 bed phase of the Meadows Prison is for a 7 month period. The Meadows Prison is an 800 bed, medium security (Level III) male prison, to be constructed in the Eyman Complex at Florence. The first 400 bed phase is expected to open in February of 1994. Funding for the staff of new prisons is provided 2 months prior to opening to allow for recruiting and training of the new employees. The approved amount for new positions, at the 2 new prisons, is based upon the entry level salary rates established by the Department of Administration. "Other Adjustments" represents the elimination of amounts transferred to Personal Services in FY 1993, from other programs or line items. Overtime is authorized, by A.R.S. § 23-391 and 392, for emergencies, on call or call out duty and unscheduled or extra hours of work. Hazardous Duty pay is extra compensation for employees exposed to dangerous inmates and/or dangerous situations. Authorized employees are paid \$60 per month for hazardous duty assignments.

Employee Related Expenditures - The approved amount includes: a) an additional \$708,700 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$47,800 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$15,566,000 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Included in the approved amount is \$2,045,400 for Correctional Service Officer uniform allowances. This amount includes an increase of \$76,700. The increase provides \$43,700 for the officers allocated to the Meadows Prison, \$28,500 for officers allocated to the Manzanita Prison, \$1,400 for officers assigned to the Eyman Complex and \$3,100 to annualize amounts partially funded in FY 1993. The approved amounts for the Meadows and the Manzanita Prisons are only partially funded in FY 1994, and will require annualization next year.

Professional and Outside Services - The approved amount includes \$1,466,600 to house prisoners in county jails prior to being transferred to the state correctional system. Funding is for an average daily population of 100 inmates in county jails, at an estimated cost of \$40.18 per day. In addition, \$2,292,200 is approved for contracts with community colleges that provide educational opportunities for inmates. There is also \$138,500 for medical and hospital services, including psychiatric and psychological testing, \$177,000 for religious services, and \$45,000 for inmate related costs and other operational items. An increase of \$163,500 is included for the projected increase in the average daily prison population.

Travel - In State - The approved amount includes \$8,100 to annualize costs associated with the Cook Unit, a new 800 bed prison opened in FY 1993. In addition, \$3,200 is added for the Manzanita Prison and \$4,000 is added for the first 400 bed phase of the Meadows Prison at the Eyman Complex in Florence. The Manzanita and the Meadows prisons are scheduled to open in FY 1994, and therefore, the approved amounts will require annualization next year. Approved also is an increase of \$900 for the Eyman Complex.

Other Operating Expenditures - The approved amount includes \$786,700, from the Corrections Fund, for the 1993 prison construction lease-purchase payment. Also appropriated, from the Corrections Fund, is an additional \$5,800 for the payment of statewide accounting system charges, as authorized under Section 102 of the General Appropriation Act. There is \$658,000 approved to annualize the cost of operating the Cook Prison which opened in FY 1993, and \$504,000 is added for the projected increase in the prison population. The approved amount includes \$994,700 for operational costs of the 2 new prisons scheduled to open in FY 1994. Of that amount \$436,200 is for the Manzanita Prison at ASPC-Tucson. The amount funded for the Manzanita Prison includes \$202,200 for one-time start-up costs and ongoing operating expenditures of \$234,000 for a 6 month period. There is also \$558,500 for the first 400 bed phase of the Meadows Prison at the Eyman Complex in Florence. This provides \$307,600 for start-up expenses and the remaining \$250,900 is for ongoing operational expenses during the last 5 months of the fiscal year. Approved also is an increase of \$79,300 for operation of the Eyman Complex administrative office.

Included in the approved amount is \$789,800 for land and facility rentals. This represents an increase of \$76,900 over the estimated expenditures for FY 1993. State trust lands leased for prison sites are estimated to cost \$291,400 in FY 1994. In addition, the Department of Corrections will pay the Department of Health Services (DHS) \$454,000 for rental of buildings at the Arizona State Hospital which are used for prisons. The remaining amount, \$44,400, is for rental of private buildings and other movable facilities.

STATE DEPARTMENT OF CORRECTIONS - ADULT INSTITUTIONS (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Other major items included in the approved amount are operating supplies, including vehicle operating costs, of \$11,913,500, utilities \$8,965,100, repair and maintenance \$6,830,400, and communication and telecommunication expenses of \$1,202,500.

Equipment - The approved amount includes \$1,084,100 to equip the new Manzanita Prison at ASPC-Tucson and \$919,500 for movable equipment for the first 400 bed phase of the Meadows Prison. Funding for the Meadows Prison includes \$300,000 for a centralized laundry facility. Also approved is \$41,000 for equipment associated with the Eyman Complex administrative offices, and \$900,000 for replacement equipment.

Food - Included in the approved amount is an increase of \$1,107,900 for the projected increase in the average daily prison population.

Work Incentive Pay Plan - Funds payments to inmates who perform work assignments within the prisons. The approved amounts provides an increase of \$274,600 for the projected increase in the average daily prison population.

Discharge Expense - This represents the cost of transportation, clothing and a \$50 payment for inmates when they are released from prison. Such expenditures are authorized by A.R.S. § 31-228. The approved amount includes an increase of \$22,500 for the projected increase in the average daily prison population. Legislation enacted during the session requires inmates to save \$50 of their earnings, while in prison, for discharge expenses. (See Additional Legislation in the Summary Section of the Department of Corrections). If the amount required for Discharge expenses declines in FY 1994, as the result of inmate savings, up to \$75,000 may be used to purchase computed aided instruction equipment for prisoner functional literacy programs.

Correctional Service Officer Series Pay Plan - The approved amount is for the design and implementation of a plan to increase salaries paid to employees classified within the Correctional Service Officer Series. The approved amount may be augmented, or increased, by any savings accruing from reduced recruiting or training costs. The reduction in recruiting and training costs are expected as employee retention improves. This appropriation does not become effective until a proposed pay plan is reviewed by the Joint Legislative Budget Committee to ensure compliance with the footnote contained in the General Appropriation Act.

OTHER ISSUES

Population - The approved amount for FY 1994 is based upon an estimated average daily population of 17,131 adult inmates. One hundred of these inmates are expected to be housed in county jails.

STATE DEPARTMENT OF CORRECTIONS - HUMAN RESOURCES AND DEVELOPMENT

A.R.S. § 41-1602

Samuel A. Lewis, Director

JLBC Analyst: Morris/Martinez

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|---------------------------------|
| FTE Positions | 505.5 | 581.5 | 618.5 |
| Personal Services | 15,415,100 | 16,957,400 | 19,589,300 |
| Employee Related Expenditures | 3,686,000 | 4,237,900 | 4,725,300 |
| Professional & Outside Services | 12,795,800 | 15,115,400 | 15,558,400 |
| Travel - In State | 69,300 | 98,400 | 93,400 |
| Travel - Out of State | 4,000 | 8,000 | 5,000 |
| Other Operating Expenditures | 3,363,000 | 4,303,000 | 4,356,300 |
| Equipment | 192,000 | 316,000 | 265,000 |
| All Other Operating Expenditures | 16,424,100 | 19,840,800 | 20,278,100 |
| TOTAL APPROPRIATIONS | 35,525,200 | 41,036,100 | 44,592,700 ^{1/} |

Program Description - The division provides organizational planning, personnel administration, staff development, training, and inmate health services, which include routine and emergency medical care, nursing care, routine and essential dental care, mental health services, pharmacy services, and medical records maintenance.

The division has recently been reorganized to include only organizational planning, personnel administration, and staff development and training. A new division of health services will assume the responsibility for inmate health services.

FTE Positions - The approved amount includes an increase of 37 FTE positions for the following:

- **Manzanita Unit** - Provides 17 FTE positions to open the 250 female beds at the Manzanita Unit at ASPC-Tucson in January 1994.
- **Meadows Unit** - Provides 16 FTE positions to open the first 400 male beds at the Meadows Unit in the Eyman Complex located at Florence in February 1994.
- **Bloodborne Pathogen Standard** - Provides 4 FTE positions to develop, coordinate, and implement an infection control program, as required by federal OSHA bloodborne pathogen standards, for staff who are at risk of exposure.

| Classification | Manzanita-Tucson 250 bed Female | Meadows-Florence 400 Bed Male | OSHA Bloodborne Pathogen Standard | Total New Positions |
|---|------------------------------------|----------------------------------|--------------------------------------|------------------------|
| Physician | 1.0 | 1.0 | 0.0 | 2.0 |
| Prison Dentist | 1.0 | 1.0 | 0.0 | 2.0 |
| Psychologist | 1.0 | 1.0 | 0.0 | 2.0 |
| Nurses (Registered, Psychiatric, Supervisors)- | 7.0 | 6.0 | 3.0 | 16.0 |
| Ancillary Assistants & Technicians | 5.0 | 5.0 | 1.0 | 11.0 |
| Medical Records Librarian | 1.0 | 1.0 | 0.0 | 2.0 |
| Administration & Clerical | 1.0 | 1.0 | 0.0 | 2.0 |
| Total FTE Positions | 17.0 | 16.0 | 4.0 | 37.0 |

(Continued)

^{1/} Represents General Appropriation Act funds. Appropriated as a modified lump sum for the agency. The program and line item detail are shown for information only.

STATE DEPARTMENT OF CORRECTIONS - HUMAN RESOURCES AND DEVELOPMENT (Cont'd)
GENERAL FUND

Personal Services - The approved amount is based upon a 6.24% vacancy factor and a total of \$1,303,200 in vacancy savings. The approved amount also includes an additional \$429,900 to annualize the cost of the April 1993 general salary adjustment, and the restoration of \$1.3 million that the department transferred from Personal Services in FY 1993 to other programs or line items.

- Manzanita Unit - The amount includes \$287,900 in Personal Services and \$19,200 in vacancy savings to open the 250 female bed unit at ASPC-Tucson in January 1994.
- Meadows Unit - The amount includes \$243,500 in Personal Services and \$16,200 in vacancy savings to open the first 400 male beds in the Eyman Complex located at Florence in February 1994.
- Bloodborne Pathogen Standard - The amount includes \$110,100 in Personal Services and \$7,300 in vacancy savings to implement an infection control program as required by federal OSHA standards.
- Annualization - The amount includes \$242,900 in Personal Services to annualize the cost of opening the Cook Unit at ASPC-Florence in FY 1993.

Employee Related Expenditures - The approved amount includes: a) an additional \$68,400 to annualize the cost of the April 1993 general salary adjustment, b) a reduction of \$42,300 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act, and c) \$6,300 for Correctional Service Officer uniform allowances.

The approved amount also includes a total of \$1,596,100 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount provides \$3,233,300 for medical services, \$11,227,300 for hospitalization, and \$1,097,800 for other items such as temporary professional services, an interagency agreement with the Department of Public Safety for operation of the Correction Officer Training Academy in Tucson, pre-employment medical and psychological testing, and the employee psychological assistance program. Included in the approved amount is an increase of \$911,900 for the anticipated growth in the prison population and \$22,200 for implementation of the Bloodborne Pathogen Standard program. The department transferred \$491,100 to Professional and Outside Services in FY 1993 from other programs or line items. This amount is not included in FY 1994.

Other Operating Expenditures - The approved amount includes a total of \$57,000, a net increase of \$5,500, for the Tucson State Office Building lease-purchase payment and an additional increase of \$754,600 for the following:

- Manzanita Unit - \$122,100 to open the 250 female beds at the Manzanita Unit at ASPC-Tucson in January 1994.
- Meadows Unit - \$113,800 to open the first 400 male beds at the Meadows Unit in the Eyman Complex located at Florence in February 1994.
- Bloodborne Pathogen Standard - \$332,800 to implement an infection control program, as required by federal OSHA bloodborne pathogen standards, for staff who are at risk of exposure.
- Population Growth - \$185,900 for the anticipated growth in the prison population.

The department transferred \$706,800 to Other Operating Expenditures in FY 1993 from other programs or line items. This amount is not included in FY 1994.

Equipment - The approved amount provides \$184,900 for replacement equipment, \$41,800 for the Meadows Unit, \$31,100 for the Manzanita Unit, and \$7,200 for the Bloodborne Pathogen Standard program.

STATE DEPARTMENT OF CORRECTIONS - ADMINISTRATION

A.R.S. § 41-1602

Samuel A. Lewis, Director

JLBC Analyst: Morris/Martinez

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|---------------------------------|
| FTE Positions | 191.0 | 194.0 | 191.0 |
| Personal Services | 5,028,900 | 5,406,700 | 5,237,200 |
| Employee Related Expenditures | 1,171,300 | 1,281,000 | 1,323,900 |
| Professional & Outside Services | 1,047,900 | 2,220,200 | 2,440,700 |
| Travel - In State | 35,900 | 54,000 | 51,800 |
| Travel - Out of State | 7,600 | 17,500 | 17,900 |
| Other Operating Expenditures | 3,310,200 | 4,498,500 | 8,971,500 |
| Equipment | 244,700 | 384,100 | 69,200 |
| All Other Operating Expenditures | 4,646,300 | 7,174,300 | 11,551,100 |
| TOTAL APPROPRIATIONS | 10,846,500 | 13,862,000 | 18,112,200 ^{1/} |

Program Description - The Administration Division consists of the Director, his personal staff, the Inspections and Investigations Division, the Bureau of Management and Budget, the Business and Finance Bureau, Facility Management, Information Services, and the Office of Communications Administration. The Administration Division is responsible for the overall operation and management of the department through the Office of the Director, and provides direct financial and logistical support to all operating elements. The Inspections and Investigations Division conducts criminal investigations, investigates employee misconduct, gathers criminal intelligence, and is responsible for the inspection of facilities and performs internal audits. There is an Intergovernmental Liaison Officer to coordinate with county attorneys and sheriffs. This position supervises the distribution of the Criminal Justice Enhancement Fund for county jail operations.

FTE Positions - The approved amount reflects the addition of 2 FTE positions and the elimination of 5 FTE positions:

- **Opening New Prisons** - Two additional Investigator III positions are authorized. One FTE position is to be assigned to the new 250 bed Manzanita Unit, for women, being constructed at the Arizona State Prison Complex (ASPC)-Tucson. The other is to be assigned to the first 400 bed phase of the Meadows Unit which is being built at the Eyman Complex in Florence.
- **Facilities Management** - Based upon a recommendation by Project SLIM (Statewide Long-Term Improved Management), 4 FTE positions were eliminated from the Facilities Management section. The reduction includes 1 Correctional Facilities Construction Supervisor, 1 Administrative Services Officer II, 1 Building Plans Coordinator I, and 1 Clerk Typist II. Work previously assigned to these positions is being transferred to the Department of Administration, that has statutory responsibility for correctional facilities construction and major maintenance projects.

(Continued)

^{1/} Represents General Appropriation Act funds. Appropriated as a modified lump sum for the agency. The program and line item detail are shown for information only.

STATE DEPARTMENT OF CORRECTIONS - ADMINISTRATION (Cont'd)
GENERAL FUND

- Food Service - As recommended by Project SLIM, the Correctional Food Service Administrator was eliminated. According to the Project SLIM report, the majority of work assigned to this position, such as establishing "menus, food costs and other assignments" has been completed. Any additional assignments will be handled by an outside consultant. This action eliminates the Central Food Service Operation section.

Personal Services - The approved amount is based upon a 2.4% vacancy factor and \$128,600 in vacancy savings. The vacancy savings has increased by \$1,400 from the prior fiscal year. The approved amount also includes an additional \$141,200 to annualize the cost of the April 1993 general salary adjustment. Also reflected in the approved amount is partial year funding of \$23,200 for the 2 additional FTE positions, and \$17,800 to annualize the cost of positions approved in FY 1993. The approved amount for new positions is based on entry level salary rates as established by the Department of Administration. Included in the approved amount is \$4,600 for overtime. In FY 1993, the department transferred \$350,300 from other programs and line items. These transfers were not known at the time the approved amount was developed and consequently, are not included in FY 1994.

Employee Related Expenditures - The approved amount includes: a) an additional \$21,900 to annualize the cost of the April 1993 general salary adjustment, b) a reduction of \$16,600 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act, and c) \$2,400 for Correctional Service Officer uniform allowances.

The approved amount also includes a total of \$523,300 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Professional and Outside Services - The approved amount includes \$1,961,400 for data processing services. This amount includes an increase of \$122,400 for the projected increase in the average daily inmate population. Other approved amounts include \$419,000 for legal services, \$46,500 for financial services and other special management studies, and \$13,800 for temporary legal secretarial support.

Other Operating Expenditures - The approved amount includes: a) a total of \$6,924,400 for the payment of risk management premiums, which reflects an addition of \$4,565,400 authorized by Section 104 of the General Appropriation Act, and b) a total of \$827,600 for rent of state-owned space, and \$9,700 for rent of privately-owned space. Other items included in the approved amount are: postage and communication expenses \$403,900, lease/rental-vehicles \$241,300, repairs and maintenance \$264,400, operating supplies \$177,500, and all other items \$117,200. The approved amount provides \$4,700 for start up and other operating costs for the 2 new prisons to be opened in FY 1994 and \$800 to annualize the cost of operating the new prison opened in FY 1993.

Equipment - The approved amount provides \$35,200 for purchase of the equipment to support the 2 additional FTE positions authorized for the Manzanita Prison and the first phase of Meadows Prison. Approved, also, was \$34,000 for the purchase of replacement equipment.

**STATE DEPARTMENT OF CORRECTIONS -
COMMUNITY CORRECTIONS**

A.R.S. § 41-1602

Samuel A. Lewis, Director

JLBC Analyst: Morris/Martinez

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|-----------------------|---------------------------------|
| FTE Positions | 201.5 | 153.0 | 153.0 |
| Personal Services | 5,079,400 | 4,065,200 | 4,154,800 |
| Employee Related Expenditures | 1,380,900 | 1,144,700 | 1,133,600 |
| Professional & Outside Services | 307,300 | 489,400 | 510,100 |
| Travel - In State | 15,900 | 22,300 | 22,100 |
| Travel - Out of State | 4,100 | 5,300 | 5,000 |
| Other Operating Expenditures | 1,733,600 | 1,386,500 | 1,164,100 |
| Equipment | 4,600 | 110,000 | -0- |
| All Other Operating Expenditures | 2,065,500 | 2,013,500 | 1,701,300 |
| OPERATING SUBTOTAL | 8,525,800 | 7,223,400 | 6,989,700 |
| Community Provider Beds | -0- | 416,000 ^{1/} | 6,570,000 |
| Food | 301,500 | 131,900 ^{1/} | 161,400 |
| Work Incentive Pay Plan | 80,200 | 74,600 | 36,800 |
| TOTAL APPROPRIATIONS | 8,907,500 | 7,845,900 | 13,757,900 ^{2/} |

Program Description - The Community Corrections Division provides supervision of all adult offenders on parole or other statutory prison release programs. This includes Home Arrest that uses electronic surveillance and intensive case management to confine offenders to their residences, except for approved activities such as employment and treatment. The division is responsible for the operation of the Correctional Release Centers and supervises the residential community treatment facilities. It is the coordinating authority for interstate parole and probation transfers and administers the Interstate Agreement on Detainers. There is also a Fugitive Services Section that tracks information on offenders who are charged with violations of their release status or new crimes.

Personal Services - The approved amount is based upon a 2.9% vacancy factor and \$124,000 in vacancy savings. The vacancy savings has increased \$7,100 from the prior year. The approved amount also includes an additional \$114,900 to annualize the cost of the April 1993 general salary adjustment. In FY 1993, the department transferred \$18,200 from other line items. These transfers were not known when the approved amount was developed, and therefore are not included in FY 1994.

Employee Related Expenditures - The approved amount includes: a) an additional \$19,600 to annualize the cost of the April 1993 general salary adjustment, b) a reduction of \$4,100 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act, and c) \$8,600 for Correctional Service Officer uniform allowances.

The approved amount also includes a total of \$419,200 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

(Continued)

^{1/} Reflects transfers approved by the Department of Administration, pursuant to A.R.S. § 35-173.

^{2/} Represents General Appropriation Act funds. Appropriated as a modified lump sum for the agency. The program and line item detail are shown for information only.

STATE DEPARTMENT OF CORRECTIONS - COMMUNITY CORRECTIONS (Cont'd)
GENERAL FUND

Professional and Outside Services - The approved amount includes \$209,300 for psychiatric and psychological services for individuals on parole, or work furlough and other statutory prison release programs. In addition, \$175,800 is for substance abuse testing. The remaining amount, \$125,000, is for counseling services, delivery services to Maricopa and Pima County Parole Offices, and temporary secretarial services.

Other Operating Expenditures - The approved amount provides \$290,000 for office space rented from the private sector in various locations throughout the state. These are parole offices. Included, also, is \$217,100 for equipment rent, of which a major portion is for the electronic monitors used by the Home Arrest program. Other items included in the approved amount are: operating supplies \$206,300; communication expenses \$182,100; repairs and maintenance \$122,700; utilities \$100,600; and all other items \$45,300.

Community Provider Beds - The Department of Corrections was authorized, by Laws 1992, Chapter 2, 8th Special Session, to contract for 450 private community treatment beds. These private facilities are to provide treatment for male and female inmates who demonstrate the need for substance or alcohol abuse intervention. At the present time, the department is reviewing a proposal for a 350 bed facility for males and a 100 bed facility for females. The Legislature has sited both facilities in Marana. Last year, it was anticipated that these facilities would begin accepting inmates in the latter half of FY 1993. Latest estimates indicate that these new facilities will open in November 1993.

The FY 1993 appropriation was based on partial year funding and \$4,760,000 was added in FY 1994 to annualize the cost of these facilities. The approved amount is based on a daily rate of \$40 per day for the fiscal year. The approved amount includes the restoration of \$1,394,000 transferred in FY 1993 to other department programs, and line items.

Food - The approved amount is for food to be served to inmates and Correctional Service Officers assigned to the Southern Arizona Correctional Release Center (SACRC) in Tucson.

Work Incentive Pay Plan - Funds payments to residents of the Southern Arizona Correctional Release Center who perform work assignments at the Center.

Population - The population served by the Community Corrections Division includes:

| | FY 1992 <u>Actual</u> | FY 1993 <u>Estimate</u> | FY 1994 <u>Approved</u> |
|--|--------------------------|----------------------------|----------------------------|
| <u>Correction Release Centers</u> | | | |
| Southern Arizona ^{1/} | 124 | 144 | 144 |
| Northern Arizona ^{1/2/} | 129 | -0- | -0- |
| New Dawn (Female) ^{1/2/} | 54 | -0- | -0- |
| Total | <u>307</u> | <u>144</u> | <u>144</u> |
| <u>Adult Parole Services</u> | | | |
| Arizona Parolees ^{3/} | 1,525 | 1,550 | 1,560 |
| Work Furloughs ^{3/} | 175 | 165 | 170 |
| Department of Corrections Releases ^{3/} | 1,250 | 1,300 | 1,450 |
| Interstate Compact Supervision Cases ^{3/} | 1,300 | 1,325 | 1,450 |
| Home Arrest ^{1/} | 295 | 365 | 400 |
| Total | <u>4,545</u> | <u>4,705</u> | <u>5,030</u> |
| Community Provider Beds ^{1/4/} | <u>--</u> | <u>-0-</u> | <u>298</u> |

^{1/} Average Daily Population.

^{2/} Closed July 1, 1992 as authorized by Laws of 1992, Chapter 2, 8th Special Session.

^{3/} Average number per month.

^{4/} Based on an opening date of November 1, 1993.

ARIZONA CRIMINAL JUSTICE COMMISSION

A.R.S. § 41-2404

Rex Holgerson, Executive Director

JLBC Analyst: Martinez

| GENERAL FUND AND OTHER APPROPRIATED FUNDS | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|-------------------|-------------------------|--------------------------------|
| FTE Positions | 6.0 | 6.0 | 6.0 |
| Personal Services | 172,200 | 199,800 | 206,500 |
| Employee Related Expenditures | 28,300 | 41,600 | 37,900 |
| Professional & Outside Services | 7,600 | 500 | -0- |
| Travel - In State | 7,200 | 7,000 | 7,400 |
| Travel - Out of State | 1,900 | 3,000 | -0- |
| Other Operating Expenditures | 82,500 | 60,100 | 68,400 |
| Equipment | 10,000 | -0- | -0- |
| All Other Operating Expenditures | 109,200 | 70,600 | 75,800 |
| OPERATING SUBTOTAL | 309,700 | 312,000 | 320,200 |
| Drug Enforcement Account | 2,500,000 | 2,000,000 | 1,000,000 ^{1/} |
| Drug Prevention Resource Center | 160,000 | 200,000 | 200,000 |
| Substance Abuse Surveys | 25,000 | -0- | 25,000 |
| TOTAL APPROPRIATIONS | 2,994,700 | 2,512,000 | 1,545,200 ^{2/} |
| <u>Fund Summary</u> | | | |
| Criminal Justice Enhancement Fund | 334,700 | 312,000 | 345,200 |
| Drug Enforcement Account | 160,000 | 200,000 | 200,000 |
| General Fund | 2,500,000 | 2,000,000 ^{3/} | 1,000,000 |
| TOTAL APPROPRIATIONS | 2,994,700 | 2,512,000 | 1,545,200 |
| ARIZONA COMMISSION ON CRIMINAL JUSTICE FUND | | | |
| RECEIPTS, EXPENDITURES AND BALANCES FORWARD | | | |
| Balance Beg. of Fiscal Year | 179,900 | 156,200 | 161,000 |
| Add Revenues | 311,000 | 316,800 | 276,000 |
| TOTAL FUNDS AVAILABLE | 490,900 | 473,000 | 437,000 |
| Expenditures | 334,700 | 312,000 | 345,200 |
| BALANCE END OF FISCAL YEAR | 156,200 | 161,000 | 91,800 |

ARIZONA CRIMINAL JUSTICE COMMISSION (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Agency Description - *The commission was created to enhance the effectiveness and the coordination of the criminal justice system in Arizona; to monitor the criminal justice system and the progress and implementation of new and continuing criminal justice legislation; to identify needed revisions in the system or legislation; to make appropriate reports on the system and legislation; and to administer special funds for the enhancement of designated criminal justice system programs and activities in the state of Arizona.*

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount also includes an additional \$4,500 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$600 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$900 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$13,100 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes: a) a total of \$400 for the payment of risk management premiums, which reflects a reduction of \$100 authorized by Section 104 of the General Appropriations Act, and b) a total of \$37,100 for Capitol Center Building lease-purchase payment. The remaining \$45,300 of the payment is paid with federal funds.

Drug Enforcement Account - The appropriation of \$1,000,000 from the General Fund was made to aid cash flow since the date of receipt of federal funds for the Drug Control and System Improvement program is unknown. Federal grant monies are distributed to local, county, and state agencies as prescribed by the Commission. Funds are used to aid in apprehension, drug education, prosecution, detention, and adjudication efforts by law enforcement agencies. The \$1,000,000 will revert to the General Fund upon receipt of federal funds (see footnote 1).

Drug Prevention Resource Center - The Arizona Drug Prevention Resource Center was established to decrease the incidence of drug and alcohol abuse by children and youths. A.R.S. § 12-284(C) requires 2% of all Superior Court filing fees to be deposited into the Drug Enforcement Account and to be appropriated to the Drug Prevention Resource Center. The amount appropriated is an estimate of the funds that will be available.

Substance Abuse Surveys - The approved amount provides funding for the commission to conduct the school portion (elementary, junior and senior high schools, and universities) of drug and gang surveys as authorized by A.R.S. § 41-2416. The results of these surveys are used by educators, federal grant applicants, and the criminal justice community in determining funding requests and prioritizing resources.

ADDITIONAL LEGISLATION

Penalty Assessments; Fund Deposits; Distribution - Chapter 243 (H.B. 2088) - Except as noted, the provisions of the legislation take effect on January 1, 1994. The legislation does the following:

- Consolidates 8 current surcharge assessments into 2 funds: the Criminal Justice Enhancement Fund (CJEF) and the Medical Services Enhancement Fund (MSEF).

(Continued)

- ^{1/} The sum of \$1,000,000 shall revert to the General Fund upon receipt of Federal Funds granted for Federal Fiscal Year 1994 under the Drug Control and System Improvement Grant Program (as authorized by the Omnibus Drug Initiative Act of 1988), but no later than June 30, 1994. (General Appropriation Act footnote)
- ^{2/} Represents General Appropriation Act funds. Appropriated by detailed line item and by fund for the agency.
- ^{3/} The FY 1993 General Appropriation Act appropriated \$2,000,000 to the Commission. Upon receipt of federal funds, \$2,000,000 reverted to the General Fund.

ARIZONA CRIMINAL JUSTICE COMMISSION (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

- Increases the current 40% CJEF penalty assessment to 46% on the same current assessments. The 46% assessment will now fund the Crime Laboratory Assessment Fund, the Victims' Rights Implementation Fund, and the Victim Compensation Fund, in addition to the funds that currently receive CJEF disbursements.
- Consolidates the Emergency Medical Services Fund, Alcohol Abuse Treatment Fund, Spinal and Head Injuries Trust Fund, and an allocation to the Department of Health Services into a new 11% MSEF surcharge on all violations the CJEF penalties are currently applied to.
- Effective December 31, 1993, repeals assessments that will be consolidated into the CJEF and MSEF surcharges on January 1, 1994: A.R.S. § 13-812 (Victims' Rights Implementation and Victim Compensation), A.R.S. § 13-813 (Crime Lab), A.R.S. § 28-1076.01 (Spinal & Head Injuries Trust), A.R.S. § 36-2219 (Emergency Medical Services and Alcohol Abuse Treatment), and A.R.S. § 41-2403 (CJEF).
- The table that follows shows the new CJEF and MSEF structures.

The legislation also creates the Deoxyribonucleic Acid (DNA) Identification System Fund to be used for testing of sexual offenders, and increases the Judicial Collection Enhancement Fund (JCEF) time payment fee from \$8 to \$12 in order to implement the statewide automation of the courts.

| | Funding Source | | | |
|---|---------------------|--------|--------------|--------|
| | Before 1/1/94 | | After 1/1/94 | |
| CRIMINAL JUSTICE ENHANCEMENT FUND (CJEF) | | | | |
| Fingerprint Identification System Fund* | CJEF | 7.50% | CJEF | 6.60% |
| Department of Youth Treatment and Rehabilitation* | CJEF | 1.85% | CJEF | 1.65% |
| Peace Officers' Training Fund | CJEF | 19.49% | CJEF | 17.00% |
| Arizona Prosecuting Attorneys Advisory Council | CJEF | 3.54% | CJEF | 3.10% |
| Department of Health Services | CJEF | 3.08% | See MSEF | |
| Supreme Court - Juvenile Crime | CJEF | 10.88% | CJEF | 9.55% |
| Supreme Court - Case Processing | CJEF | 6.98% | CJEF | 6.15% |
| Department of Public Safety | CJEF | 9.97% | CJEF | 8.75% |
| Attorney General - County Attorneys | CJEF | 10.88% | CJEF | 9.55% |
| Department of Corrections - County Sheriffs | CJEF | 13.60% | CJEF | 11.95% |
| Criminal Justice Commission* | CJEF | 1.81% | CJEF | 1.60% |
| General Fund* | CJEF | 10.42% | CJEF | 9.20% |
| Crime Lab Assessment Fund | A.R.S. § 13-813 | | CJEF | 2.35% |
| Victims' Rights Implementation Fund* | A.R.S. § 13-812 | | CJEF | 7.85% |
| Victim Compensation Fund | A.R.S. § 13-812 | | CJEF | 4.70% |
| MEDICAL SERVICES ENHANCEMENT FUND (MSEF) | | | | |
| Alcohol Abuse Treatment Fund | A.R.S. § 36-2219 | | MSEF | 16.90% |
| Emergency Medical Services Operating Fund* | A.R.S. § 36-2219 | | MSEF | 58.10% |
| Spinal and Head Injuries Trust Fund | A.R.S. § 28-1076.01 | | MSEF | 7.30% |
| Department of Health Services | See CJEF | | MSEF | 11.20% |
| General Fund* | A.R.S. § 36-2219 | | MSEF | 6.50% |

* Subject to Legislative appropriation.

DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS - SUMMARY

A.R.S. § 26-101

Donald Owens, The Adjutant General

JLBC Analyst: Martinez

| GENERAL FUND AND OTHER APPROPRIATED FUNDS | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|-------------------|-----------------------|--------------------------------|
| <u>Program Summary</u> | | | |
| Emergency Services | 944,000 | 2,421,300 | 4,384,700 |
| Military Affairs | 3,211,700 | 3,340,900 | 3,600,700 |
| TOTAL APPROPRIATIONS | 4,155,700 | 5,762,200 | 7,985,400 |
| <u>Expenditure Detail</u> | | | |
| FTE Positions | 67.5 | 62.5 | 62.5 |
| Personal Services | 1,404,600 | 1,502,900 | 1,534,400 |
| Employee Related Expenditures | 353,100 | 391,900 | 375,400 |
| Professional & Outside Services | 36,900 | 22,300 | 22,300 |
| Travel - In State | 26,500 | 26,500 | 25,800 |
| Travel - Out of State | 7,400 | 8,200 | 8,200 |
| Other Operating Expenditures | 1,056,200 | 1,116,700 | 1,403,400 |
| Equipment | 22,100 | 2,000 | -0- |
| All Other Operating Expenditures | 1,149,100 | 1,175,700 | 1,459,700 |
| OPERATING SUBTOTAL | 2,906,800 | 3,070,500 | 3,369,500 |
| Special Line Items ^{1/} | 1,248,900 | 1,001,500 | 1,115,900 |
| Additional Appropriations ^{1/} | -0- | 1,690,200 | 3,500,000 |
| TOTAL APPROPRIATIONS | 4,155,700 | 5,762,200 | 7,985,400 ^{2/} |
| <u>Fund Summary</u> | | | |
| General Fund | 3,916,600 | 5,322,000 | 7,854,400 |
| Nuclear Emergency Management Fund | 239,100 | 440,200 ^{3/} | -0- |
| Emergency Response Fund | -0- | -0- | 131,000 |
| TOTAL APPROPRIATIONS | 4,155,700 | 5,762,200 | 7,985,400 |

(Continued)

- ^{1/} Details for the Special Line Items and Additional Appropriations are included on the individual program pages.
- ^{2/} Represents General Appropriation Act Funds. Appropriated as a lump sum by program. The line items are shown for information only.
- ^{3/} Laws 1993, Chapter 182 appropriated \$440,182 from the General Fund to the Nuclear Emergency Management Fund, to be expended primarily in FY 1994. The appropriation is shown in FY 1993 due to enactment with an emergency clause. The department has a July 1, 1992 carry forward of \$204,500 also available for expenditure in FY 1993.

DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Agency Description - *The department is made up of the Emergency Services Division and the Military Affairs Division. The Emergency Services Division prepares and coordinates emergency response plans for the state. The Military Affairs Division operates the Arizona National Guard.*

Personal Services - The approved amount is based upon a 1% vacancy factor and \$1,200 in vacancy savings for the Military Affairs program. The approved amount also includes an additional \$47,000 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$6,700 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$6,900 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$167,900 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes a total of \$216,000 for the payment of risk management premiums, which reflects an additional \$197,800 authorized by Section 104 of the General Appropriation Act.

CAPITAL OUTLAY

Capital Outlay Bill - Chapter 2 (H.B. 2002), 2nd Special Session - Section 2B, Subsection 3 appropriates \$27,500 from the General Fund for construction of a road access to the Tucson Valencia Armory.

**DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS -
EMERGENCY SERVICES**

A.R.S. § 26-101

Donald Owens, The Adjutant General

JLBC Analyst: Martinez

| GENERAL FUND AND OTHER APPROPRIATED FUNDS | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|---------------------------|-----------------------------|-----------------------------|
| FTE Positions | 20.0 | 15.0 | 15.0 |
| Personal Services | 401,700 | 421,300 | 428,800 |
| Employee Related Expenditures | 92,300 | 99,800 | 95,500 |
| Professional & Outside Services | 22,300 | 20,000 | 20,000 |
| Travel - In State | 4,000 | 4,700 | 4,000 |
| Travel - Out of State | 6,400 | 6,200 | 6,200 |
| Other Operating Expenditures | 75,400 | 81,200 | 117,900 |
| Equipment | 5,800 | -0- | -0- |
| All Other Operating Expenditures | 113,900 | 112,100 | 148,100 |
| OPERATING SUBTOTAL | 607,900 | 633,200 | 672,400 |
| Nuclear Emergency Management | 239,100 | -0- | -0- |
| Civil Air Patrol | 78,100 | 78,100 | 61,500 |
| Emergency Response Commission | 18,900 | 19,800 | 19,800 |
| Emergency Response Grants | -0- | -0- | 131,000 |
| TOTAL | 944,000 | 731,100 | 884,700 |
| Additional Appropriations - 41st Leg., 1st Reg. Session | | | |
| Flood Relief, Ch. 122 | -- | 1,250,000 | 3,500,000 |
| Nuclear Emergency Mgmt., Ch. 182 | -- | 440,200 | -- |
| TOTAL APPROPRIATIONS | 944,000 | 2,421,300 | 4,384,700 |
| <u>Fund Summary</u> | | | |
| General Fund | 704,900 | 1,981,100 | 4,253,700 |
| Nuclear Emergency Management Fund | 239,100 | 440,200 | -0- |
| Emergency Response Fund | -0- | -0- | 131,000 |
| TOTAL APPROPRIATIONS | 944,000 | 2,421,300 | 4,384,700 |

(Continued)

- ^{1/} Laws 1993, Chapter 182 appropriated \$440,182 from the General Fund to the Nuclear Emergency Management Fund, to be expended primarily in FY 1994. The appropriation is shown in FY 1993 due to enactment with an emergency clause. The department has a July 1, 1992 carry forward of \$204,500 also available for expenditures in FY 1993.
- ^{2/} Of this amount, \$61,500 is to be used for the Civil Air Patrol and \$19,800 is to be used for the Emergency Response Commission. Any funds not used for these purposes shall revert to the General Fund. (General Appropriation Act footnote)

(Footnotes Continued on Following Page)

DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS - EMERGENCY SERVICES (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Program Description - *The division coordinates emergency services with other state agencies, political subdivisions and the federal government to reduce the impact of natural and other disasters.*

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount also includes an additional \$11,300 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$1,500 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$1,900 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$40,600 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes a total of \$44,100 for the payment of risk management premiums, which reflects an additional \$42,400 authorized by Section 104 of the General Appropriation Act.

Civil Air Patrol - The approved amount partially offsets required maintenance and operating costs of aircraft used by volunteers to aid in search and rescue and other emergency missions.

Emergency Response Commission - The appropriation provides funding for the Emergency Response Commission which plans and coordinates with local agencies to provide adequate response to possible emergency situations in Arizona.

Emergency Response Grants - The appropriation provides funding for staffing local emergency planning committees and equipping local fire departments, fire districts, and public safety agencies for the development of hazardous materials emergency response teams. (See footnote 2)

CAPITAL OUTLAY

Appropriation: Clifton Flood Control - Chapter 67 (H.B. 2020) - The bill appropriates \$4.2 million from the General Fund in FY 1994 for the completion of the Clifton Flood Control Project.

ADDITIONAL APPROPRIATIONS

Appropriation: Flood Relief - Chapter 122 (H.B. 2317) - The bill appropriates \$1 million from the General Fund in FY 1993 to provide matching monies for public assistance and individual and family grants for flood relief, and \$250,000 for the development of temporary mobile home park sites. The bill also appropriates \$3 million in FY 1994 from the General Fund to provide matching monies for public assistance and individual and family grants for flood relief, and \$500,000 to provide matching monies for the buy out of flooded residences. Any monies remaining unencumbered or unexpended on June 30, 1996 revert to the General Fund.

Nuclear Emergency Appropriation and Assessment - Chapter 182 (H.B. 2024) - Appropriates \$833,000 from the State General Fund to the Nuclear Emergency Management Fund, pursuant to A.R.S. § 26-306.1, for administering and enforcing the state plan for off-site response to an emergency caused by an accident at a commercial nuclear generating station. Of that amount, \$440,200 is appropriated to the Department of Emergency and Military Affairs, of which \$180,600 is disbursed to departments and agencies of Maricopa County. Of the \$833,000, \$392,800 is appropriated to the Radiation Regulatory Agency. Monies appropriated to the Nuclear Emergency Management Fund are exempt from A.R.S. § 35-190, relating to

(Footnotes Continued From Previous Page)

(Continued)

3/ The \$131,000 appropriated from the Emergency Response Fund is made pursuant to A.R.S. § 49-927C. (General Appropriation Act footnote)

4/ Represents General Appropriation Act funds. Appropriated as a lump sum for the program. The line items are shown for information only.

DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS - EMERGENCY SERVICES (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

lapping of appropriations. An amount of \$833,000, plus interest at the rate of 10% per year, is assessed against each consortium constructing or operating a commercial nuclear generating station in this state. The assessment shall be deposited into the General Fund. In this way, the industry reimburses the state for all costs associated with planning and response for commercial nuclear generating site emergencies.

Specifically, the following amounts are appropriated:

| | |
|--|------------------|
| 1. Division of Emergency Services, Department of Emergency and Military Affairs | \$259,598 |
| 2. For disbursement by the Division of Emergency Services, Department of Emergency and Military Affairs, to departments and agencies of Maricopa County that are assigned responsibilities under the state off-site nuclear emergency response plan. | <u>\$180,584</u> |
| SUBTOTAL - Emergency Services | \$440,182 |
| 3. Radiation Regulatory Agency | <u>\$392,818</u> |
| TOTAL | <u>\$833,000</u> |

**DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS -
MILITARY AFFAIRS**

A.R.S. § 26-101

Donald Owens, The Adjutant General

JLBC Analyst: Martinez

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|---------------------------|-----------------------------|----------------------------------|
| FTE Positions | 47.5 | 47.5 | 47.5 |
| Personal Services | 1,002,900 | 1,081,600 | 1,105,600 |
| Employee Related Expenditures | 260,800 | 292,100 | 279,900 |
| Professional & Outside Services | 14,600 | 2,300 | 2,300 |
| Travel - In State | 22,500 | 21,800 | 21,800 |
| Travel - Out of State | 1,000 | 2,000 | 2,000 |
| Other Operating Expenditures | 980,800 | 1,035,500 | 1,285,500 |
| Equipment | 16,300 | 2,000 | -0- |
| All Other Operating Expenditures | 1,035,200 | 1,063,600 | 1,311,600 |
| OPERATING SUBTOTAL | 2,298,900 | 2,437,300 | 2,697,100 |
| Service Contracts | 819,400 | 852,300 | 852,300 |
| Education Reimbursement | 38,200 | 43,000 | 43,000 |
| Guardsmen - State Active Duty | 3,800 | 5,300 | 5,300 |
| Uniform Allowance | 600 | 3,000 | 3,000 |
| Unit Allowance | 10,000 | -0- | -0- |
| Reimbursable State Active Duty | 40,800 | -0- | -0- |
| TOTAL APPROPRIATIONS | 3,211,700 | 3,340,900 | 3,600,700 ^{1/2/} |

Program Description - *The division manages and operates the National Guard of Arizona, which includes the Army and Air National Guard.*

Personal Services - The approved amount is based upon a 1% vacancy factor and \$11,200 in vacancy savings. The approved amount also includes an additional \$35,700 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$5,200 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$5,000 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

(Continued)

- ^{1/} Of this amount, \$852,300 is intended for Service Contracts and is exempt from A.R.S. § 35-190 relating to lapsing of appropriations, except that all monies remaining unexpended and unencumbered on October 31, 1994 shall revert to the state General Fund. (General Appropriation Act footnote)
- ^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the program. The line items are shown for information only.

DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS - MILITARY AFFAIRS (Cont'd)
GENERAL FUND

The approved amount also includes a total of \$127,300 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes a total of \$171,900 for the payment of risk management premiums, which reflects an additional \$155,400 authorized by Section 104 of the General Appropriation Act.

Service Contracts - These funds are used to provide the state matching share for federal contracts. The matching share varies from 0% to 25% of costs. These contracts fund activities such as the operations, maintenance and security agreements for the Air National Guard, the Army Training Sites, and the Navajo Army Depot.

Education Reimbursements - The approved amount is for reimbursement of a portion of education costs of guard members.

Guardsmen - State Active Duty - These funds are for payment of guard members called to active duty by the state government.

Uniform Allowance - The appropriation provides a subsidy for the purchase of required uniforms and safety equipment by eligible guard members.

ADDITIONAL LEGISLATION

National Guard: Camp Navajo Fund - Chapter 54 (S.B. 1004) - The bill creates the Camp Navajo Fund which will consist of fees from federal and other government sources for storage of government commodities and services. Monies in the fund are to be used for the operation, maintenance, capital improvements, and personal services necessary to operate a regional training site and storage facility at Bellemont. Monies in the fund are continuously appropriated to the National Guard.

BOARD OF PARDONS AND PAROLES

A.R.S. § 31-401

Robert L. Tucker, Chairman

JLBC Analyst: Martinez

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|--------------------------------|
| FTE Positions | 43.0 | 43.0 | 39.0 |
| Personal Services | 1,063,600 | 1,160,700 | 1,107,600 |
| Employee Related Expenditures | 244,100 | 265,400 | 231,600 |
| Professional & Outside Services | 59,400 | 69,700 | 65,900 |
| Travel - In State | 28,200 | 37,800 | 37,800 |
| Travel - Out of State | 700 | 2,200 | 1,400 |
| Other Operating Expenditures | 468,300 | 549,800 | 443,800 |
| Equipment | 13,000 | 3,800 | 2,500 |
| All Other Operating Expenditures | 569,600 | 663,300 | 551,400 |
| TOTAL APPROPRIATIONS | 1,877,300 | 2,089,400 | 1,890,600 ^{1/} |

Agency Description - The board consists of 7 full-time members. The board conducts hearings at all adult prison institutions to determine if a prisoner should be released into home arrest, parole, or work furlough. The board also considers executive clemency actions such as pardons, commutations and absolute discharges.

FTE Positions - The approved amount eliminates 4 vacant FTE positions that are no longer required due to reorganization efficiencies and reduced workloads in victim notifications.

Personal Services - The approved amount is based upon a 1% vacancy factor and \$11,200 in vacancy savings. The approved amount also includes an additional \$28,500 to annualize the cost of the April 1993 general salary adjustment. The net reduction from FY 1993 is the result of eliminating the 4 funded vacant FTE positions and reclassifying 3 FTE positions.

Employee Related Expenditures - The approved amount includes: a) an additional \$3,700 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$5,000 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$93,700 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes: a) a total of \$236,900 for the payment of risk management premiums, which reflects a reduction of \$120,600 authorized by Section 104 of the General Appropriation Act, and b) a total of \$106,100 for rent of state-owned space.

(Continued)

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.

BOARD OF PARDONS AND PAROLES (Cont'd)
GENERAL FUND

ADDITIONAL LEGISLATION

Omnibus Criminal Code Revisions - Chapter 255 (S.B. 1049) - Effective January 1, 1994, the Board of Executive Clemency replaces the Board of Pardons and Paroles. The board will continue to pass upon and recommend reprieves, commutations, paroles and pardons for all persons who committed felony offenses before the effective date of the act. The board will review and make recommendations on commutation of sentences for all persons who committed felony offenses after the effective date of the act. The board will also establish and modify the terms and conditions of community supervision for each offender on release from confinement. The act repeals parole, home arrest, work furlough, and all other statutory prison release mechanisms, except temporary release. See Department of Corrections for more details on this act.

DEPARTMENT OF PUBLIC SAFETY - SUMMARY

A.R.S. § 41-1711

Colonel F.J. "Rick" Ayars, Director

JLBC Analyst: Bradley

| GENERAL FUND AND OTHER APPROPRIATED FUNDS | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|-------------------|---------------------------------|-------------------------------------|
| <u>Program Summary</u> | | | |
| Criminal Investigation Bureau | 11,468,000 | 10,706,900 | 15,298,600 |
| Highway Patrol Bureau | 31,493,500 | 31,983,600 | 32,962,400 |
| Administration (Service Bureau) | 18,062,500 | 18,340,000 | 36,052,400 |
| Criminal Justice Support Bureau | 9,206,000 | 8,732,000 | -0- |
| Telecommunications Bureau | 13,303,200 | 15,240,500 | -0- |
| TOTAL APPROPRIATIONS | 83,533,200 | 85,003,000 | 84,313,400 |
| <u>Expenditure Detail</u> | | | |
| FTE Positions | 1,617.0 | 1,617.0 | 1,515.0 |
| Personal Services | 55,620,000 | 53,702,400 | 53,657,000 |
| Employee Related Expenditures | 10,049,100 | 11,661,100 ^{1/} | 11,172,600 |
| Professional & Outside Services | 207,200 | 317,500 | 343,500 |
| Travel - In State | 461,000 | 513,800 | 518,800 |
| Travel - Out of State | 158,300 | 148,700 | 148,700 |
| Other Operating Expenditures | 13,882,000 | 13,537,800 | 12,924,600 |
| Equipment | 2,706,500 | 2,833,100 | 3,095,900 |
| All Other Operating Expenditures | 17,415,000 | 17,350,900 | 17,031,500 |
| OPERATING SUBTOTAL | 83,084,100 | 82,714,400 | 81,861,100 |
| Special Line Items ^{2/} | 449,100 | 2,288,600 | 2,452,300 |
| TOTAL APPROPRIATIONS | 83,533,200 | 85,003,000 ^{3/} | 84,313,400 ^{4/5/6/} |
| <u>Fund Summary</u> | | | |
| General Fund | 38,317,000 | 36,375,700 | 34,148,200 |
| Arizona Highway Patrol Fund | 3,571,000 | 3,600,000 | 4,251,300 |
| State Highway Fund | 28,852,300 | 18,690,700 | 18,336,900 |
| Criminal Justice Enhancement Fund | 449,100 | 1,452,300 | 2,452,300 |
| Highway User Revenue Fund | 12,343,800 | 24,445,800 | 24,924,700 |
| RICO Fund | -0- | 238,500 | -0- |
| Crime Lab Assessment Fund | -0- | 200,000 | 200,000 |
| TOTAL APPROPRIATIONS | 83,533,200 | 85,003,000 | 84,313,400 |

(See Footnotes on Following Page)

DEPARTMENT OF PUBLIC SAFETY - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Agency Description - *The Department of Public Safety (DPS) is responsible for the enforcement of state laws and traffic regulations. In addition to the Highway Patrol, DPS operates and maintains statewide communications systems, state crime laboratories and an automated fingerprint identification network, and performs aviation missions, special investigations, and other law enforcement activities.*

Major Changes from FY 1993 to FY 1994 - The following table shows the major changes to the department's total appropriated funds budget from FY 1993 to FY 1994.

| | |
|--|---------------------------|
| • Department of Public Safety - Total Change | <u>\$(689,600)</u> |
| • Project SLIM Implementation | (1,651,400) ^{1/} |
| • Elimination of Unfilled Positions | (1,047,600) |
| • Lower Risk Management Costs | (805,700) |
| • Reduced Retirement Rate Costs | (79,500) |
| • DPS Pay Plan (9 months funding) | 1,650,000 |
| • Annualization of Pay Adjustment | 1,260,300 |
| • All Other Changes | (15,700) |

^{1/} The amount shown equals approximately \$4.6 million of Project SLIM savings, less \$2,948,600 already reflected in the FY 1993 amount due to a mid-year transfer of savings (see front page Footnote #3).

Personal Services - The approved amount is based upon a 2% vacancy factor and \$469,600 in vacancy savings from the General Fund and \$625,400 in vacancy savings from Other Appropriated Funds. The approved amount also includes \$483,600 from the General Fund and \$654,100 from Other Appropriated Funds to annualize the cost of the April 1993 statewide general salary adjustment.

(Continued)

- ^{1/} Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$1,037,300 from the State Highway Fund for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.
- ^{2/} Details for the Special Line Items are included on the individual program pages.
- ^{3/} In accordance with Laws 1992, Chapter 312, this amount reflects the transfer of \$2,948,600 from the original FY 1993 appropriation to the Statewide Long-Term Improved Management (SLIM) Fund. This transfer represents savings associated with the implementation of Project SLIM recommendations.
- ^{4/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The program and line item detail are shown for information only.
- ^{5/} In addition to the amount appropriated above, any balance and receipts received under A.R.S. § 28-891, are appropriated to the Department of Public Safety. (General Appropriation Act footnote)
- ^{6/} Any monies remaining in the Department of Public Safety Joint Account on June 30, 1994 shall revert to the funds from which they were appropriated. The reverted monies shall be returned in direct proportion to the amounts appropriated. (General Appropriation Act footnote)

DEPARTMENT OF PUBLIC SAFETY - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Employee Related Expenditures - The approved amount includes: a) an additional \$46,100 from the General Fund and \$62,200 from Other Appropriated Funds to annualize the cost of the April 1993 statewide general salary adjustment, and b) a reduction of \$72,800 from the General Fund and \$6,700 from Other Appropriated Funds as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$1,072,600 from the General Fund and \$2,926,900 from Other Appropriated Funds for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes \$1,007,000 from the General Fund and \$1,878,300 from Other Appropriated Funds for the payment of risk management premiums. These amounts reflect a reduction of \$1,051,500 from the General Fund and an increase of \$245,800 to Other Appropriated Funds, as authorized under Section 104 of the General Appropriation Act.

The approved amount also includes an additional \$35,600 from Other Appropriated Funds for the payment of statewide accounting system charges, as authorized under Section 102 of the General Appropriation Act.

Project SLIM Implementation and Reorganization - As a result of an agreement between the department and the Project SLIM team, the department reorganized from 5 bureaus, down to 3 bureaus. The Department of Public Safety (DPS) also eliminated many unfilled positions and supervisory positions. This was accomplished without a reduction in force (RIF) through utilization of early retirement incentives and other normal turnover. For FY 1993, the department transferred \$2,948,600 of savings (see Footnote #3), which are also reflected in the FY 1994 figures. In total, 72 FTE positions and approximately \$4.6 million were eliminated due to Project SLIM implementation. Another 22 FTE positions and \$1,047,600 was eliminated by remaining positions that had been held vacant in prior years.

DPS Special Pay Plan - The appropriated amounts include a total of \$1,650,000 for the DPS Special Pay Plan effective October 1, 1993. This includes \$341,800 from the General Fund (\$310,100 Personal Services, \$31,700 Employee Related Expenditures) and \$1,308,200 from Other Appropriated Funds (\$1,186,900 Personal Services, \$121,300 Employee Related Expenditures). These amounts reflect 9 months of funding. The approved DPS Special Pay Plan creates a new classification of Officer III, and institutes a pay progression system for Officer I, II and III positions. The largest salary increases will go to officers with more than 6 years of service. The sworn officer classifications above Officer III, and all non-sworn department personnel, are unaffected by the pay plan.

Highway User Revenue Fund (HURF)/Highway Fund - HURF funds are distributed to the counties, cities and the state. After the distribution is completed, the state's only portion is referred to as the Highway Fund. Therefore, expenditures for DPS from HURF funds reduce funding to the counties, cities and the state, while expenditures from the Highway Fund reduce state funding for roads on a dollar for dollar basis. For a complete description of these funds, please see the pages for the Arizona Department of Transportation.

Article 9 § 14 of the Constitution states in part: "No monies derived . . . shall be expended for other than . . . expenses of state enforcement of traffic laws and state administration of traffic safety programs . . ." This constitutional provision has been interpreted to include both direct and indirect expenses associated with the Highway Patrol Bureau.

For FY 1993, the appropriation made to the department maximized the offset available from Highway and HURF by funding all of the Highway Patrol Bureau and all associated indirect costs from these 2 funds. For FY 1994, the Legislature reversed the policy of maximizing the use of these funds as an offset and chose to begin decreasing reliance on HURF and Highway Funds. If the offset had been maximized, HURF and Highway funding would have been over \$500,000 higher than the approved amounts. The Legislature enacted this policy, of reducing HURF and Highway Fund reliance, into law with Laws 1993, Chapter 249, (H.B. 2191) as described below under Additional Legislation.

(Continued)

DEPARTMENT OF PUBLIC SAFETY - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Highway Patrol Fund - The Highway Patrol Fund is used as an offset to the department's budget, primarily for Employee Related Expenditures. The Highway Patrol Fund receives income from 2 sources, excess insurance premium tax revenues and sales of assets and other revenues. A portion of the insurance premium tax revenues go to the department. These funds must first be used to pay the state share of the contribution for the Public Safety Retirement System (PSRS). After that requirement is met, the remaining amount is deposited into the Highway Patrol Fund as revenue, and is then available for use as an offset to the department's operating cost. The following table illustrates the projected use of Highway Patrol Funds for FY 1994:

FY 1994 Highway Patrol Fund

| | | |
|--|--------------------|---------------|
| Estimated Insurance Premium Tax Revenue | \$6,700,000 | |
| Less: PSRS State Contribution | <u>(2,696,100)</u> | ^{1/} |
| Surplus Deposited to Highway Patrol Fund | \$4,003,900 | |
| Other Revenues to Highway Patrol Fund | <u>300,000</u> | |
| Total Funds Available | \$4,303,900 | |
| Less: Amount Used as Operating Budget Offset | <u>(4,251,300)</u> | |
| Net Change to Fund Ending Balance | <u>\$ 52,600</u> | |

^{1/} Based on an estimated \$35,995,400 of Personal Services paid to employees enrolled in the PSRS, multiplied by the state contribution at the actuarial established rate of 7.49%.

ADDITIONAL LEGISLATION

Highway Funds: DPS Distribution Limitation - Chapter 249 (H.B. 2191) - The legislation places limits on the amount of Highway User Revenue Fund (HURF) and Highway Fund monies that can be used as an offset to the cost of DPS operations. The table below shows the current FY 1994 appropriation to DPS from these funds and the spending caps placed on the funds by this act.

Maximum DPS HURF and Highway Fund Usage ^{1/}

| | <u>HURF</u> | <u>HIGHWAY</u> | <u>TOTAL</u> |
|--------------------|--------------|----------------|--------------|
| FY 1994 | \$24,924,700 | \$18,336,900 | \$43,261,600 |
| FY 1995 | \$20,000,000 | \$20,000,000 | \$40,000,000 |
| FY 1996 | \$17,500,000 | \$17,500,000 | \$35,000,000 |
| FY 1997 | \$15,000,000 | \$15,000,000 | \$30,000,000 |
| FY 1998 | \$12,500,000 | \$12,500,000 | \$25,000,000 |
| FY 1999 and beyond | \$10,000,000 | \$10,000,000 | \$20,000,000 |

^{1/} The amounts for FY 1994 reflect the current appropriation, all subsequent years reflect the limits established by the legislation.

The reduction in reliance on HURF and Highway Funds will, all other factors held equal, increase the requirement for the General Fund on a dollar for dollar basis. It should also be pointed out that the bill placed maximum amounts only, and the reduction of fund usage could be accelerated if the Legislature so chooses.

Penalty Assessment: Fund Deposits: Distribution - Chapter 243 (H.B. 2088) - The legislation consolidated many funds and penalties in order to simplify existing codes and collection procedures. The goal of the act was to increase the ability of the Courts to manage, collect and distribute fines and fees for citations and criminal convictions, while either holding harmless all fund recipients or increasing their revenue.

(Continued)

DEPARTMENT OF PUBLIC SAFETY - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

The legislation affects the source and distribution of funding for DPS. The funds affected are the Criminal Justice Enforcement Funds (CJEF) for the Automated Fingerprint Identification Network (AFIN) and the Arizona Criminal Justice Information System (ACJIS), as well as the Crime Lab Assessment Fund (CLAF). The legislation identified that the CJEF/AFIN money is to be subject to legislative appropriation, while the CJEF/Pass-Through Funds that are used for ACJIS and the CLAF are changed to non-appropriated funds. For FY 1994, \$452,300 is appropriated for ACJIS, and \$200,000 is appropriated from the CLAF for crime lab costs. The department has agreed to comply with the intent of these appropriations.

The act also creates the Arizona Deoxyribonucleic Acid (DNA) Identification System Fund. The DNA Fund will receive revenue from surcharges on citations and criminal offenses and be used by DPS to implement, operate, administer and maintain a DNA testing system.

DEPARTMENT OF PUBLIC SAFETY - CRIMINAL INVESTIGATION

A.R.S. § 41-1711

Colonel F.J. "Rick" Ayars, Director

JLBC Analyst: Bradley

| GENERAL FUND AND OTHER APPROPRIATED FUNDS | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|-------------------|---------------------------------|---------------------------------|
| FTE Positions | 251.0 | 251.0 | 293.0 |
| Personal Services | 9,580,900 | 9,505,500 | 11,780,900 |
| Employee Related Expenditures | 1,640,500 | 1,734,700 | 2,253,200 |
| Professional & Outside Services | 1,800 | 2,000 | 10,000 |
| Travel - In State | 91,100 | 100,400 | 113,400 |
| Travel - Out of State | 19,400 | 26,700 | 37,600 |
| Other Operating Expenditures | 107,000 | 140,000 | 661,400 |
| Equipment | 27,300 | -0- | 442,100 |
| All Other Operating Expenditures | 246,600 | 269,100 | 1,264,500 |
| OPERATING SUBTOTAL | 11,468,000 | 11,509,300 | 15,298,600 |
| Project SLIM Reduction | -0- | (802,400) | -0- |
| TOTAL APPROPRIATIONS | 11,468,000 | 10,706,900 ^{1/} | 15,298,600 ^{2/} |
| <u>Fund Summary</u> | | | |
| General Fund | 10,006,600 | 9,232,600 | 13,110,000 |
| Highway Patrol Fund | 1,461,400 | 1,474,300 | 1,588,600 |
| Highway User Revenue Fund | -0- | -0- | 400,000 |
| Crime Lab Assessment Fund | -0- | -0- | 200,000 |
| TOTAL APPROPRIATIONS | 11,468,000 | 10,706,900 | 15,298,600 |

Program Description - The Criminal Investigation Bureau operates 4 crime laboratories, investigates narcotics and organized crime, performs various specialized investigations, provides support to local law enforcement agencies, and performs several intergovernmental staff functions.

FTE Positions - The approved number of FTE positions includes: a) the elimination of 4 previously unfunded FTE positions; b) the elimination of 17 FTE positions as a result of Project SLIM implementation; and c) an additional 63 FTE positions transferred from the former Criminal Justice Support Bureau.

(Continued)

- 1/ In accordance with Laws 1992, Chapter 312, this amount reflects the transfer of \$802,400 from the original FY 1993 appropriation to the Statewide Long-Term Improvement Management (SLIM) Fund. This transfer represents savings associated with the implementation of Project SLIM recommendations.
- 2/ Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The program and line item detail are shown for information only.

DEPARTMENT OF PUBLIC SAFETY - CRIMINAL INVESTIGATION (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Personal Services - The approved amount is based upon a 2% vacancy factor and \$240,400 of General Fund vacancy savings. The approved amount includes \$220,000 from the General Fund to annualize the cost of the April 1993 statewide general salary adjustment.

The approved amount also includes an additional \$248,200 from the General Fund for the DPS Special Pay Plan which becomes effective October 1, 1993. This amount reflects 9 months of funding.

Also included in the appropriated amount is a total of \$529,000 for overtime costs.

Employee Related Expenditures - The approved amount includes: a) an additional \$21,100 from the General Fund to annualize the cost of the April 1993 statewide general salary adjustment, and b) a reduction of \$16,200 from the General Fund as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount includes an additional \$25,400 from the General Fund for the DPS Special Pay Plan which becomes effective October 1, 1993. This amount reflects 9 months of funding.

The approved amount also includes \$268,400 from the General Fund and \$626,200 from the Highway Patrol Fund for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund. The approved amount also includes a total of \$60,900 for the payment of uniform allowances.

Equipment - The appropriated amount includes \$172,700 for the replacement of 14 vehicles (10 sedans, 2 cargo vans, and 2 pickup trucks), and \$269,400 for lab equipment (3 gas chromatographs, \$208,000; microscopes, balances, serology equipment and related lab items, \$61,400).

Project SLIM Implementation and Other Major Issues - As a result of implementing Project SLIM recommendations, 17 FTE positions and \$888,500 was eliminated. An additional 4 FTE positions and \$220,700 was eliminated by removing positions which had been held open in prior years. The reorganization of the department also resulted in a transfer from the Criminal Justice Support Bureau of 63 FTE positions and \$3,708,000.

DEPARTMENT OF PUBLIC SAFETY - HIGHWAY PATROL

A.R.S. § 41-1711

Colonel F.J. "Rick" Ayars, Director

JLBC Analyst: Bradley

| OTHER APPROPRIATED FUNDS | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------------------|---------------------------------|
| FTE Positions | 719.0 | 719.0 | 695.0 |
| Personal Services | 24,741,800 | 25,142,500 | 25,015,600 |
| Employee Related Expenditures | 4,496,800 | 5,091,500 | 5,181,500 |
| Professional & Outside Services | 32,700 | 23,700 | 23,700 |
| Travel - In State | 190,100 | 227,400 | 227,400 |
| Travel - Out of State | 34,400 | 22,200 | 22,200 |
| Other Operating Expenditures | 209,900 | 295,200 | 194,000 |
| Equipment | 1,787,800 | 2,270,100 | 2,298,000 |
| All Other Operating Expenditures | 2,254,900 | 2,838,600 | 2,765,300 |
| OPERATING SUBTOTAL | 31,493,500 | 33,072,600 | 32,962,400 |
| Project SLIM Reduction | -0- | (1,089,000) | -0- |
| TOTAL APPROPRIATIONS | 31,493,500 | 31,983,600 ^{1/} | 32,962,400 ^{2/} |
| <u>Fund Summary</u> | | | |
| Highway Patrol Fund | 295,900 | 300,000 | 300,000 |
| State Highway Fund | 28,852,300 | 17,653,400 | 18,056,800 |
| Highway User Revenue Fund | 2,345,300 | 14,030,200 | 14,605,600 |
| TOTAL APPROPRIATIONS | 31,493,500 | 31,983,600 | 32,962,400 |

Program Description - The Highway Patrol Bureau is responsible for enforcing public traffic laws in order to maintain highway safety, aiding stranded motorists, responding to accidents, to hazardous material spills and other highway emergencies, and providing added enforcement of all other state laws.

FTE Positions - The approved number of FTE positions reflects the elimination of 24 FTE positions as a result of Project SLIM implementation and relocation of resources under the department's lump sum appropriation.

(Continued)

- ^{1/} In accordance with Laws 1992, Chapter 312, this amount reflects the transfer of \$1,089,000 from the original FY 1993 appropriation to the Statewide Long-Term Improved Management (SLIM) Fund. This transfer represents savings associated with the implementation of Project SLIM recommendations.
- ^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The program and line item detail are shown for information only.

DEPARTMENT OF PUBLIC SAFETY - HIGHWAY PATROL (Cont'd)
OTHER APPROPRIATED FUNDS

Personal Services - The approved amount is based upon a 2% vacancy factor and \$510,500 in vacancy savings. The approved amount also includes an additional \$521,900 to annualize the cost of the April 1993 statewide general salary adjustment.

The approved amount includes an additional \$1,186,900 for the DPS Special Pay Plan which becomes effective October 1, 1993. This amount reflects 9 months of funding.

The approved amount also includes a total of \$837,600 for the payment of overtime costs.

Employee Related Expenditures - The approved amount includes: a) an additional \$49,600 to annualize the cost of the April 1993 statewide general salary adjustment, and b) a reduction of \$6,700 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount includes \$121,300 for the DPS Special Pay Plan which becomes effective October 1, 1993. This amount reflects 9 months funding.

The approved amount also includes a total of \$2,122,700 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The approved amount also includes a total of \$463,200 for the payment of uniform allowances.

Equipment - The approved amount includes \$2,085,000 for the replacement of 150 vehicles, \$144,000 for the purchase of extended warranties, and \$69,000 for the installation of light bars and push bumpers.

Project SLIM Implementation - The appropriation reflects the elimination of 24 FTE positions and \$1,227,200 as a result of implementing Project SLIM recommendations.

**DEPARTMENT OF PUBLIC SAFETY -
ADMINISTRATION (SERVICE BUREAU)**

A.R.S. § 41-1711

Colonel F.J. "Rick" Ayars, Director

JLBC Analyst: Bradley

| GENERAL FUND AND OTHER APPROPRIATED FUNDS | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|---------------------------|---------------------------------|---------------------------------|
| FTE Positions | 209.0 | 212.0 | 527.0 |
| Personal Services | 7,000,900 | 6,719,000 | 16,860,500 |
| Employee Related Expenditures | 1,168,000 | 2,372,200 ^{1/} | 3,737,900 |
| Professional & Outside Services | 91,300 | 155,500 | 309,800 |
| Travel - In State | 69,700 | 80,500 | 178,000 |
| Travel - Out of State | 66,300 | 40,900 | 88,900 |
| Other Operating Expenditures | 9,552,300 | 9,605,700 | 12,069,200 |
| Equipment | 114,000 | 11,000 | 355,800 |
| All Other Operating Expenditures | 9,893,600 | 9,893,600 | 13,001,700 |
| OPERATING SUBTOTAL | 18,062,500 | 18,984,800 | 33,600,100 |
| ACJIS | -0- | -0- | 452,300 |
| AFIN | -0- | -0- | 2,000,000 |
| Project SLIM Reduction | -0- | (644,800) | -0- |
| TOTAL APPROPRIATIONS | 18,062,500 | 18,340,000 ^{2/} | 36,052,400 ^{3/} |
| <u>Fund Summary</u> | | | |
| General Fund | 12,879,600 | 11,838,300 | 21,038,200 |
| Highway User Revenue Fund | 4,276,800 | 4,551,600 | 9,919,100 |
| Highway Fund | -0- | 1,037,300 | 280,100 |
| Highway Patrol Fund | 906,100 | 912,800 | 2,362,700 |
| Criminal Justice Enhancement Fund | -0- | -0- | 2,452,300 |
| TOTAL APPROPRIATIONS | 18,062,500 | 18,340,000 | 36,052,400 |

(Continued)

- ^{1/} Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$1,037,300 from the State Highway Fund for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.
- ^{2/} In accordance with Laws 1992, Chapter 312, this amount reflects the transfer of \$644,800 from the original FY 1993 appropriation to the Statewide Long-Term Improved Management (SLIM) Fund. This transfer represents savings associated with the implementation of Project SLIM recommendations.
- ^{3/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The program and line item detail are shown for information only.

DEPARTMENT OF PUBLIC SAFETY - ADMINISTRATION (SERVICE BUREAU) (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Program Description - *The Administration Bureau, now called the Service Bureau, encompasses all centralized management of the department, telecommunications, fleet maintenance, aviation, law enforcement training, information systems, executive security, and all other programs not assigned to the Highway Patrol Bureau or the Criminal Investigations Bureau.*

FTE Positions - The approved number of FTE positions reflects: a) the elimination of 18 FTE positions that had been held open in prior years; b) the elimination of 31 FTE positions as a result of Project SLIM implementation; c) the addition of 279 FTE positions transferred from the Telecommunications Bureau; and d) the addition of 85 FTE positions transferred from the Criminal Justice Support Bureau.

Personal Services - The approved amount is based upon a 2% vacancy factor and \$229,200 vacancy savings from the General Fund and \$114,900 vacancy savings from Other Appropriated Funds. The approved amount also includes \$263,600 from the General Fund and \$132,200 from Other Appropriated Funds to annualize the cost of the April 1993 statewide general salary adjustment.

The approved amount also includes an additional \$61,900 from the General Fund for the DPS Special Pay Plan which becomes effective October 1, 1993. This amount reflects 9 months of funding.

The approved amount also includes a total of \$380,500 for overtime costs.

Employee Related Expenditures - The approved amount includes: a) an additional \$25,000 from the General Fund and \$12,600 from Other Appropriated Funds to annualize the cost of the April 1993 statewide general salary adjustment; and b) a reduction of \$56,600 from the General Fund as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes an additional \$6,300 from the General Fund for the DPS Special Pay Plan which becomes effective October 1, 1993. This amount reflects 9 months funding.

The approved amount also includes \$804,200 from the General Fund and \$804,200 from Other Appropriated Funds for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The appropriation also includes a total of \$78,100 for the payment of uniform allowances.

Other Operating Expenditures - The approved amount includes \$1,007,000 from the General Fund and \$1,878,300 from Other Appropriated Funds for the payment of risk management premiums. These amounts reflect a reduction of \$1,051,500 from the General Fund and an increase of \$245,800 to Other Appropriated Funds, as authorized under Section 104 of the General Appropriation Act.

The approved amount includes an additional \$35,600 from Other Appropriated Funds (\$34,300 from the State Highway Fund, \$1,300 from the Highway Patrol Fund) for the payment of statewide accounting system charges, as authorized under Section 102 of the General Appropriation Act.

Equipment - The approved amount includes \$57,300 for the replacement of 3 utility trucks, \$7,200 for 2 elevator hydraulic valves, and \$291,300 in replacement telecommunications equipment.

ACJIS - This line item provides funding for the Arizona Criminal Justice Information System (ACJIS). The ACJIS is a statewide system operated by the department and used by many law enforcement agencies. ACJIS is used to enhance criminal investigations through the use of a consolidated investigations database. Monies are appropriated from the Criminal Justice Enhancement Fund (CJEF) Pass-Through Funds for all ACJIS costs.

(Continued)

DEPARTMENT OF PUBLIC SAFETY - ADMINISTRATION (SERVICE BUREAU) (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

AFIN - The Automated Fingerprint Identification Network (AFIN) is funded for FY 1994 entirely from CJEF Funds. In addition to the \$2 million shown, an estimated \$1 million is also available in the CJEF/AFIN Fund balance to pay for AFIN costs. Of this \$3 million in total funding, \$2 million is intended for the first lease-purchase payment for the installation and purchase of the system, and \$1 million is for first year operating costs. Current plans are to modify the existing City of Phoenix AFIN system to provide statewide services.

Project SLIM Implementation and Other Major Changes - The appropriation reflects the elimination of 31 FTE positions and around \$2.5 million as a result of implementing Project SLIM recommendations and the elimination of 18 FTE positions and \$826,900 by remaining positions that were previously held open.

In addition, the appropriation reflects the transfer in of 279 FTE positions and \$15,375,800 from the Telecommunications Bureau and the transfer in of 85 FTE positions and \$5,301,100 from the Criminal Justice Support Bureau.

DEPARTMENT OF PUBLIC SAFETY - CRIMINAL JUSTICE SUPPORT A.R.S. § 41-1711

Colonel F.J. "Rick" Ayars, Director

JLBC Analyst: Bradley

| GENERAL FUND AND OTHER APPROPRIATED FUNDS | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|---------------------------|--------------------------------|-----------------------------|
| FTE Positions | 156.0 | 153.0 | 0.0 |
| Personal Services | 6,092,500 | 6,064,100 | -0- |
| Employee Related Expenditures | 1,075,200 | 1,147,200 | -0- |
| Professional & Outside Services | 49,500 | 42,000 | -0- |
| Travel - In State | 29,700 | 30,000 | -0- |
| Travel - Out of State | 28,900 | 49,400 | -0- |
| Other Operating Expenditures | 1,816,500 | 1,626,400 | -0- |
| Equipment | 113,700 | 50,000 | -0- |
| All Other Operating Expenditures | 2,038,300 | 1,797,800 | -0- |
| OPERATING SUBTOTAL | 9,206,000 | 9,009,100 | -0- |
| Project SLIM Reduction | -0- | (277,100) | -0- |
| TOTAL APPROPRIATIONS | 9,206,000 | 8,732,000 ^{1/} | -0- |
| <u>Fund Summary</u> | | | |
| General Fund | 7,452,900 | 6,530,100 | -0- |
| Highway User Revenue Fund | 845,500 | 850,500 | -0- |
| Highway Patrol Fund | 907,600 | 912,900 | -0- |
| RICO Fund | -0- | 238,500 | -0- |
| Crime Lab Assessment Fund | -0- | 200,000 | -0- |
| TOTAL APPROPRIATIONS | 9,206,000 | 8,732,000 | -0- |

Program Description - The Criminal Justice Support Bureau was eliminated when the department reorganized as a result of implementing Project SLIM recommendations. All programs were transferred to the Administration Bureau, with the exception of the Scientific Analysis Division, which was transferred to the Criminal Investigations Bureau.

^{1/} In accordance with Laws 1992, Chapter 312, this amount reflects the transfer of \$277,100 from the original FY 1993 appropriation to the Statewide Long-Term Improved Management (SLIM) Fund. This transfer represents savings associated with the implementation of Project SLIM recommendations.

DEPARTMENT OF PUBLIC SAFETY - TELECOMMUNICATIONS

A.R.S. § 41-1711

Colonel F.J. "Rick" Ayars, Director

JLBC Analyst: Bradley

| GENERAL FUND AND OTHER APPROPRIATED FUNDS | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|-------------------|---------------------------------|---------------------|
| FTE Positions | 282.0 | 282.0 | 0.0 |
| Personal Services | 8,203,900 | 6,271,300 | -0- |
| Employee Related Expenditures | 1,668,600 | 1,315,500 | -0- |
| Professional & Outside Services | 31,900 | 94,300 | -0- |
| Travel - In State | 80,400 | 75,500 | -0- |
| Travel - Out of State | 9,300 | 9,500 | -0- |
| Other Operating Expenditures | 2,196,300 | 1,870,500 | -0- |
| Equipment | 663,700 | 502,000 | -0- |
| All Other Operating Expenditures | 2,981,600 | 2,551,800 | -0- |
| OPERATING SUBTOTAL | 12,854,100 | 10,138,600 | -0- |
| ACJIS | 449,100 | 452,300 | -0- |
| AFIN | -0- | 2,000,000 | -0- |
| Flagstaff Dispatch Center | -0- | 833,000 | -0- |
| Phoenix Dispatch Center | -0- | 1,199,800 | -0- |
| Tucson Dispatch Center | -0- | 752,100 | -0- |
| Project SLIM Reduction | -0- | (135,300) | -0- |
| TOTAL APPROPRIATIONS | 13,303,200 | 15,240,500 ^{1/} | -0- |
| <u>Fund Summary</u> | | | |
| General Fund | 7,977,900 | 8,774,700 | -0- |
| Criminal Justice Enhancement Fund | 449,100 | 1,452,300 | -0- |
| Highway User Revenue Fund | 4,876,200 | 5,013,500 | -0- |
| TOTAL APPROPRIATIONS | 13,303,200 | 15,240,500 | -0- |

Program Description - The Telecommunications Bureau was eliminated when the department reorganized as a result of implementing Project SLIM recommendations. All programs were transferred to the Administration Bureau.

^{1/} In accordance with Laws 1992, Chapter 312, this amount reflects the transfer of \$135,300 from the original FY 1993 appropriation to the Statewide Long-Term Improved Management (SLIM) Fund. This transfer represents savings associated with the implementation of Project SLIM recommendations.

DEPARTMENT OF YOUTH TREATMENT & REHABILITATION - SUMMARY

A.R.S. § 41-2802

John Arredondo, Director

JLBC Analyst: Bradley/Bock

| GENERAL FUND AND OTHER APPROPRIATED FUNDS | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|-------------------|---------------------|-----------------------------------|
| <u>Program Summary</u> | | | |
| Administration | 2,862,800 | 3,027,500 | 3,176,700 |
| Secure Care | 19,433,300 | 16,607,600 | 18,636,700 |
| Community Care | 6,490,800 | 9,786,600 | 9,966,000 |
| Education | 2,531,300 | 2,218,900 | 2,104,800 |
| TOTAL APPROPRIATIONS | 31,318,200 | 31,640,600 | 33,884,200 |
| FTE Positions ^{1/} | 655.0 | 651.0 | 658.0 |
| Personal Services | 15,424,600 | 15,335,500 | 15,832,100 |
| Employee Related Expenditures | 4,231,800 | 4,251,000 | 4,996,100 |
| Professional & Outside Services | 676,700 | 451,900 | 762,600 |
| Travel - In State | 336,300 | 415,900 | 390,600 |
| Travel - Out of State | 21,300 | 11,200 | 11,200 |
| Other Operating Expenditures | 4,369,200 | 4,096,500 | 4,954,100 |
| Equipment | 634,300 | 41,100 | 38,600 |
| All Other Operating Expenditures | 6,037,800 | 5,016,600 | 6,157,100 |
| OPERATING SUBTOTAL | 25,694,200 | 24,603,100 | 26,985,300 |
| Special Line Items ^{2/} | 5,624,000 | 6,927,200 | 6,898,900 |
| Additional Appropriations ^{2/} | -- | 110,300 | -- |
| TOTAL APPROPRIATIONS | 31,318,200 | 31,640,600 | 33,884,200 ^{3/4/} |
| <u>Fund Summary</u> | | | |
| General Fund | 28,055,300 | 28,521,700 | 31,147,900 |
| Juvenile Education Fund | 2,531,300 | 2,218,900 | 1,986,300 |
| Land Endowment Funds | 339,200 | 500,000 | 300,000 |
| Criminal Justice Enhancement Fund | 321,500 | 300,000 | 400,000 |
| Parental Assessment & Restitution Fund | 70,900 | 100,000 | 50,000 |
| TOTAL APPROPRIATIONS | 31,318,200 | 31,640,600 | 33,884,200 |

(Continued)

- ^{1/} The FTE Positions total includes 2 FTE positions funded in special line items in FY 1992 and FY 1993.
^{2/} Details for the Additional Appropriations and Special Line Items are included on the individual program pages.

(Footnotes Continued on Following Page)

DEPARTMENT OF YOUTH TREATMENT & REHABILITATION - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Agency Description - The Department of Youth Treatment and Rehabilitation (DYTR) is responsible for the care and treatment of youth offenders adjudicated to be delinquent by the Courts and remanded to the custody of the department. DYTR has jurisdiction of youths until they reach age 18 or are released from custody.

Personal Services - The approved amount is based upon a 1.6% vacancy factor and \$376,800 in vacancy savings from the General Fund and \$30,000 in vacancy savings from Other Appropriated Funds. The approved amount also includes an additional \$452,400 from the General Fund and \$41,300 from Other Appropriated Funds to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$92,000 from the General Fund and \$8,200 from Other Appropriated Funds to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$18,200 from the General Fund and \$3,800 from Other Appropriated Funds as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$1,563,800 from the General Fund and \$141,500 from Other Appropriated Funds for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes \$737,100 from the General Fund for the payment of risk management premiums. These amounts reflect an additional \$231,300 from the General Fund as authorized under Section 104 of the General Appropriations Act. The approved amount also includes an total of \$247,000 for rent of state-owned space and \$1,204,800 for the state land leases for juvenile institutions.

Johnson vs. Upchurch - The department has been involved in a federal class action lawsuit since 1987 referred to as the Johnson vs. Upchurch case. Johnson vs. Upchurch involves federal and state constitutional and statutory requirements and interpretations. The lawsuit addressed issues of education, health care, due process, population, discipline, and treatment services. In response to the issues raised by the litigation, for FY 1994 the Legislature appropriated \$1 million in new funding to the department for capital improvements, new staffing, treatment, and other programs. The appropriation was decided prior to an agreement being reached on a consent decree.

The department signed a consent decree to resolve this litigation shortly after the adjournment of the Legislature. A panel of 3 court monitors will oversee implementation of the consent decree. The decree requires most improvements to capital, staffing, training, and treatment to be made within 18 months of signing the decree, or by around October of 1994. Due to the imposition of an 18 month deadline for most of the changes, it is possible that the \$1 million already included in the approved amount will be insufficient, and a supplemental appropriation may be required. The consent decree requires a staffing ratio of treatment staff to students of 1:12 on morning and evening shifts, and 1:8 on swing shifts. The decree also places population caps on existing facilities which are shown in the table below, under "Population". In order to comply with the decree, the department will have to reallocate its resources from the Secure Care program to Purchase of Care in the Community Care program in order to move students from secure care institutions to community placements. This is allowed under the department's lump sum appropriation with special line items.

(Continued)

(Footnotes Continued From Previous Page)

- 3/ Twenty-five percent of land earnings and interest from the State Charitable, Penal and Reformatories Land Fund shall be distributed to the Department of Youth Treatment and Rehabilitation in compliance with Section 25 of the Enabling Act and the Constitution to be used for the support of state juvenile institutions and reformatories. (General Appropriation Act footnote)
- 4/ Represents General Appropriation Act funds. Appropriated as a lump sum for the agency, with special line items. The program detail and line items within the "Operating Subtotal" are shown for information only.

DEPARTMENT OF YOUTH TREATMENT & REHABILITATION - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Population - The FY 1994 appropriation is based upon funding for a maximum capacity of 550 in secure care state facilities (with an estimated actual Average Daily Population [ADP] of 500 youth offenders), 30 ADP for community secure care residential treatment for female youth, 98 ADP for community residential treatment, and 412 ADP for non-residential community treatment. There will also be an estimated 510 ADP on conditional liberty and interstate supervision without specific contract services.

The original design capacity, the funded capacity for FY 1994, and the Johnson vs. Upchurch capped capacity for each state operated facility is shown below:

| | <u>ORIGINAL DESIGN CAPACITY</u> | <u>FY 1994 FUNDED CAPACITY</u> | <u>JOHNSON VS. UPCHURCH MAX. CAPACITY</u> |
|--------------------------|---|--|---|
| Adobe Mountain School | 376 | 330 | 240 |
| Catalina Mountain School | 168 | 130 | 110 |
| Black Canyon School | <u>120</u> | <u>90</u> | <u>60^{1/}</u> |
| TOTAL | <u>664</u> | <u>550</u> | <u>410</u> |

^{1/} One-half of the Black Canyon School (treatment) is capped at 30 beds maximum, the other half (diagnostic) is not capped, but is essentially the same size. Therefore, the cap has been used in the table above as a guideline.

State Charitable, Penal and Reformatory Land Endowment Fund - The Department of Youth Treatment and Rehabilitation is to receive 25% of the land earnings and interest from the State Charitable, Penal and Reformatory Land Endowment Earnings Fund.

CAPITAL OUTLAY

Capital Outlay Appropriations - Chapter 2 (H.B. 2002), 2nd Special Session - Section 2B of the Capital Outlay Bill appropriates \$228,300 from the General Fund to the Department of Youth Treatment and Rehabilitation to correct life-safety conditions at the Adobe Mountain Juvenile Institution and the Catalina Mountain Juvenile Institution.

**DEPARTMENT OF YOUTH TREATMENT & REHABILITATION -
ADMINISTRATION**

A.R.S. § 41-2802

John Arredondo, Director

JLBC Analyst: Bradley/Bock

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|--------------------------------|
| FTE Positions ^{1/} | 63.0 | 71.0 | 70.0 |
| Personal Services | 1,870,500 | 1,891,200 | 1,997,900 |
| Employee Related Expenditures | 464,200 | 468,100 | 627,900 |
| Professional & Outside Services | 59,000 | 37,800 | 7,900 |
| Travel - In State | 38,500 | 37,100 | 37,400 |
| Travel - Out of State | 21,300 | 11,200 | 11,200 |
| Other Operating Expenditures | 256,300 | 469,900 | 494,400 |
| Equipment | 44,800 | -0- | -0- |
| All Other Operating Expenditures | 419,900 | 556,000 | 550,900 |
| OPERATING TOTAL | 2,754,600 | 2,915,300 | 3,176,700 |
| Governor's Task Force | 108,200 | 112,200 | -0- |
| TOTAL APPROPRIATIONS | 2,862,800 | 3,027,500 | 3,176,700 ^{2/} |

Program Description - This Administration program encompasses the Director's Office, all business functions, data processing, training and all other centralized operations of the department.

FTE Positions - The approved amount reflects the elimination of 2 FTE positions associated with the Governor's Task Force, and the addition of 1 FTE position as Grants Coordinator, as discussed below.

Personal Services - The approved amount is based upon a 1.5% vacancy factor and \$30,400 in vacancy savings. The approved amount also includes an additional \$58,100 to annualize the cost of the April 1993 general salary adjustment.

(Continued)

- ^{1/} The FTE Positions total includes 2 FTE positions funded in the Governor's Task Force on Juvenile Corrections' special line items for FY 1992 and FY 1993.
- ^{2/} Represents General Appropriations Act funds. Appropriated as a lump sum for the agency, with special line items. The line items within "Operating Subtotal" are shown for information only.

DEPARTMENT OF YOUTH TREATMENT & REHABILITATION - ADMINISTRATION (Cont'd)
GENERAL FUND

The approved amount includes the addition of 1 FTE position and \$30,000 for a Grants Coordinator. The Department of Youth Treatment & Rehabilitation (DYTR) is eligible for grants from several federal and non-profit agencies. The Grants Coordinator position will be responsible for securing such additional program funding. The amount appropriated for this position is to be "recovered" through new grants and funding received as a result of the position being added. While the appropriation has not formally been adjusted to reflect this offset, the department has agreed to revert a total of \$40,000 to the General Fund at the end of the fiscal year. This amount represents the Personal Services, Employee Related Expenditures and Other Operating Expenditures associated with this new position.

In addition to the changes discussed above, the department has reallocated some resources between line items and programs as allowed under their lump sum appropriation.

Employee Related Expenditures - The approved amount includes: a) an additional \$9,700 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$7,800 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$175,900 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes: a) a total of \$117,700 for the payment of risk management premiums, which reflects an additional \$23,900 authorized by Section 104 of the General Appropriation Act, and b) a total of \$247,000 for rent of state-owned space.

The approved amount includes \$90,000 for court-appointed monitors to monitor the agency's compliance with the Johnson vs. Upchurch consent decree.

Governor's Task Force on Juvenile Corrections - This group has completed its work of reviewing the Arizona juvenile corrections system and its funding is eliminated for FY 1994.

**DEPARTMENT OF YOUTH TREATMENT & REHABILITATION -
SECURE CARE**

A.R.S. § 41-2802

John Arredondo, Director

JLBC Analyst: Bradley/Bock

| GENERAL FUND AND OTHER APPROPRIATED FUNDS | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|---------------------------|-----------------------------|---------------------------------|
| FTE Positions | 509.0 | 445.0 | 453.0 |
| Personal Services | 11,334,000 | 9,755,300 | 10,070,800 |
| Employee Related Expenditures | 3,236,500 | 2,792,700 | 3,284,000 |
| Professional & Outside Services | 506,500 | 376,000 | 692,300 |
| Travel - In State | 193,100 | 227,400 | 225,600 |
| Other Operating Expenditures | 3,504,300 | 3,062,400 | 3,888,800 |
| Equipment | 317,800 | 41,100 | 38,600 |
| All Other Operating Expenditures | 4,521,700 | 3,706,900 | 4,845,300 |
| OPERATING SUBTOTAL | 19,092,200 | 16,254,900 | 18,200,100 |
| Food | 286,500 | 291,900 | 375,800 |
| Work Incentive Pay Plan | 54,600 | 60,800 | 60,800 |
| TOTAL APPROPRIATIONS | 19,433,300 | 16,607,600 | 18,636,700 ^{1/} |
| <u>Fund Summary</u> | | | |
| General Fund | 19,023,200 | 16,007,600 | 18,286,700 |
| State Charitable, Penal and Reformatories Land Fund | 339,200 | 500,000 | 300,000 |
| Parental Assessment and Restitution Fund | 70,900 | 100,000 | 50,000 |
| TOTAL APPROPRIATIONS | 19,433,300 | 16,607,600 | 18,636,700 |

Program Description - The Secure Care program includes all costs associated with youth in state-operated facilities with the exception of educational services. The program includes health care, diagnostic, treatment, security, maintenance and other costs. The department currently operates 3 facilities: Adobe Mountain School, Black Canyon School and Catalina Mountain School.

FTE Positions - The approved amount includes an increase of 8 FTE positions which reflects additional program staff added to the department to comply with staffing ratio issues raised in the Johnson vs. Upchurch litigation. For a more detailed description of this issue, please refer to the Summary pages.

(Continued)

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency, with special line items. The line items within "Operating Subtotal" are shown for information only.

DEPARTMENT OF YOUTH TREATMENT & REHABILITATION - SECURE CARE (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Personal Services - The approved amount is based upon a 1.5% vacancy factor and \$311,500 in vacancy savings. The approved amount also includes an additional \$334,200 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$69,800 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$8,100 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$1,177,000 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes: a) a total of \$521,200 from the General Fund for the payment of risk management premiums, which reflects an additional \$179,300 authorized by Section 104 of the General Appropriation Act, and a total of \$1,204,800 from the General Fund for leasing permanent endowment land at Adobe Mountain and Catalina Mountain juvenile institutions.

Food - The approved amount of \$375,800 represents the General Fund portion of raw food costs for the secure care juvenile offender population. An additional \$221,000 is available from the National School Breakfast and Lunch Program for a total of \$596,800. This amount is based on \$1.09 per meal for 547,500 meals. (500 estimated average daily population x 3 meals per day x 365 days per year.)

Work Incentive Pay Plan - The Work Incentive Pay Plan (WIPP) provides wages of 25 to 75 cents per hour to youth offenders who are assigned to various work details.

State Charitable, Penal and Reformatory Land Funds - The department receives a portion of this fund's revenue pursuant to Section 25 of the Enabling Act and the Constitution. For FY 1993, the appropriation included "spending down" excess ending balances. Since these balances have now been expended, the FY 1994 amount reflects a decrease to the amount of projected revenue, without any benefit of excess balances.

Parental Assessment and Restitution Fund - The department receives funds from parents for the support of their children in the institutions when such assessments have been ordered by the Court. As with the State Charitable Penal and Reformatory Land Funds above, the amount for FY 1993 included the "spending down" of excess fund balances. Therefore, the FY 1994 appropriation is lower since it includes only annual revenues.

**DEPARTMENT OF YOUTH TREATMENT & REHABILITATION -
COMMUNITY CARE**

A.R.S. § 41-2802

John Arredondo, Director

JLBC Analyst: Bradley/Bock

| GENERAL FUND AND CRIMINAL JUSTICE ENHANCEMENT FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|---|---------------------------|-----------------------------|--------------------------------|
| FTE Positions | 28.0 | 80.0 | 80.0 |
| Personal Services | 656,100 | 2,233,400 | 2,292,800 |
| Employee Related Expenditures | 163,400 | 629,600 | 721,100 |
| Professional & Outside Services | 61,600 | 11,200 | 26,200 |
| Travel - In State | 95,900 | 144,200 | 121,600 |
| Other Operating Expenditures | 205,100 | 305,900 | 342,000 |
| Equipment | 134,000 | -0- | -0- |
| All Other Operating Expenditures | 496,600 | 461,300 | 489,800 |
| OPERATING SUBTOTAL | 1,316,100 | 3,324,300 | 3,503,700 |
| Purchase of Care | 5,174,700 | 6,462,300 | 6,462,300 ^{1/} |
| TOTAL APPROPRIATIONS | 6,490,800 | 9,786,600 | 9,966,000 ^{2/} |
| <u>Fund Summary</u> | | | |
| General Fund | 6,169,300 | 9,486,600 | 9,566,000 |
| Criminal Justice Enhancement Fund | 321,500 | 300,000 | 400,000 |
| TOTAL APPROPRIATIONS | 6,490,800 | 9,786,600 | 9,966,000 |

Program Description - The Community Care program is responsible for the treatment and supervision of all committed youth that are not in a state-operated facility. This encompasses contracts with community providers, conditional liberty supervision (parole) provided by agency case managers and outside contracts, and other community services.

Personal Services - The approved amount is based upon a 1.5% vacancy factor and \$34,900 in vacancy savings. The approved amount also includes an additional \$60,100 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$12,500 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$2,300 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

(Continued)

- ^{1/} The \$6,462,300 appropriated for Purchase of Care is to be used for treatment programs for juvenile offenders under the jurisdiction of the Department of Youth Treatment & Rehabilitation and shall be provided by community contractors. (General Appropriation Act footnote)
- ^{2/} Represents General Appropriations Act funds. Appropriated as a lump sum for the agency, with special line items. The line items within "Operating Subtotal" are shown for information only.

DEPARTMENT OF YOUTH TREATMENT & REHABILITATION - COMMUNITY CARE (Cont'd)
GENERAL FUND AND CRIMINAL JUSTICE ENHANCEMENT FUND

The approved amount also includes a total of \$210,900 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes \$98,200 for the payment of risk management premiums, which reflects an additional \$28,100 authorized by Section 104 of the General Appropriation Act.

Purchase of Care - The approved amount provides funding for outside contracts with community providers for treatment and supervision of youth offenders. The amount is based upon 98 average daily placements (ADP) for community residential treatment and 412 ADP for non-residential community treatment.

Criminal Justice Enhancement Fund - The department receives a portion of the Criminal Justice Enhancement Fund (CJEF) for community drug abuse treatment. The annual receipts average around \$300,000. The approved amount for FY 1994 includes "spending down" the fund's excess balance, and is therefore higher than in previous years.

**DEPARTMENT OF YOUTH TREATMENT & REHABILITATION -
EDUCATION**

A.R.S. § 41-2802

John Arredondo, Director

JLBC Analyst: Bradley/Bock

| GENERAL FUND AND JUVENILE EDUCATION FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|---------------------------|-----------------------------|---------------------------------|
| FTE Positions | 55.0 | 55.0 | 55.0 |
| Personal Services | 1,564,000 | 1,455,600 | 1,470,600 |
| Employee Related Expenditures | 367,700 | 360,600 | 363,100 |
| Professional & Outside Services | 49,600 | 26,900 | 36,200 |
| Travel - In State | 8,800 | 7,200 | 6,000 |
| Other Operating Expenditures | 403,500 | 258,300 | 228,900 |
| Equipment | 137,700 | -0- | -0- |
| All Other Operating Expenditures | 599,600 | 292,400 | 271,100 |
| OPERATING SUBTOTAL | 2,531,300 | 2,108,600 | 2,104,800 ^{1/2} |
| Additional Appropriations - 41st Leg., 1st Reg. Session | | | |
| State Board of Education; Revisions, Ch. 202 | -- | 110,300 | -- |
| TOTAL APPROPRIATIONS | 2,531,300 | 2,218,900 | 2,104,800 |
| <u>Fund Summary</u> | | | |
| General Fund | -0- | -0- | 118,500 |
| Juvenile Education Fund | 2,531,300 | 2,218,900 | 1,986,300 |
| TOTAL APPROPRIATIONS | 2,531,300 | 2,218,900 | 2,104,800 |

Program Description - The Education program is responsible for providing general education, special education, and other educational programs for youth in secure care and for youth in state-operated community educational programs. As a result of legislation that organized this program into a special school district, the program receives equalization assistance from the Department of Education (DOE) and is overseen by a special school board.

(Continued)

- ^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency, with special line items. The line items within this program are shown for information only.
- ^{2/} Prior to the expenditure of any Juvenile Education Fund receipts in excess of the appropriated amount shown above, the Department of Youth Treatment and Rehabilitation shall report the intended use of the monies to the Joint Legislative Budget Committee. (General Appropriation Act Footnote)

DEPARTMENT OF YOUTH TREATMENT & REHABILITATION - EDUCATION (Cont'd)
GENERAL FUND AND JUVENILE EDUCATION FUND

Personal Services - The approved amount is based upon a 2% vacancy factor and \$30,000 in vacancy savings. The approved amount also includes an additional \$41,300 to annualize the cost of the April 1993 general salary adjustment.

In addition to the charges discussed above, the department has reallocated some resources between line items and programs as allowed under this lump sum appropriation.

Employee Related Expenditures - The approved amount includes: a) an additional \$8,200 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$3,800 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$141,500 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Juvenile Education Fund - The Juvenile Education Fund consists primarily of monies received by the department in the form of equalization assistance from the DOE. The actual amount of equalization assistance received by the department will vary based upon actual student counts. As allowed by the footnote which has been added for FY 1994, if the amount exceeds the appropriation, the department may use the excess but must report planned expenditures to the Joint Legislative Budget Committee.

Due to the issues of teacher parity, accreditation, and educational programming raised during the Johnson vs. Upchurch litigation, the Legislature chose to supplement Juvenile Education Fund monies with \$118,500 from the General Fund. Since the secure care student population is expected to continue to decrease, this extra funding will allow the department to maintain current staffing patterns and class schedules. The Johnson vs. Upchurch consent decree will also result in additional resources for this program, as discussed in the Summary pages.

ADDITIONAL LEGISLATION

State Board of Education: Revisions - Chapter 202 (H.B. 2017) - The DOE received a supplemental appropriation for statewide equalization assistance for FY 1993. This had the effect of raising pass-through funds which go from DOE to the Department of Youth Treatment and Rehabilitation (DYTR) for deposit into the Juvenile Education Fund. However, the expenditures from the Juvenile Education Fund were limited to the original appropriation. This legislation allows the department to expend an estimated \$110,300 of additional Juvenile Education Fund revenue during FY 1993. As stated in the description of this fund above, a footnote was added to the FY 1994 appropriation that will preclude the need for this type of legislation in the future.

TRANSPORTATION

DEPARTMENT OF TRANSPORTATION - SUMMARY

A.R.S. § 28-101

Larry S. Bonine, Director

JLBC Analyst: Hull

| GENERAL FUND AND OTHER APPROPRIATED FUNDS | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|--------------------|--------------------------|----------------------------------|
| <u>Program Summary</u> | | | |
| Director's Staff | 431,000 | 3,260,700 | 3,249,700 |
| Transportation Planning Division | 4,205,400 | 4,342,200 | 4,682,700 |
| Administrative Services Division | 33,797,500 | 38,875,300 | 41,722,800 |
| Special Support Group | 3,790,900 | 2,863,800 | 2,818,000 |
| Highways | 107,589,900 | 114,121,100 | 111,427,200 |
| Aeronautics | 1,572,700 | 1,530,100 | 1,509,100 |
| Motor Vehicle Division | 30,218,900 | 29,526,100 | 28,051,500 |
| Public Transit | 97,000 | 108,900 | 109,000 |
| TOTAL APPROPRIATIONS | 181,703,300 | 194,628,200 | 193,570,000 |
| <u>Expenditure Detail</u> | | | |
| FTE Positions ^{1/} | 3,300.0 | 3,316.0 | 3,184.5 |
| Personal Services | 62,261,800 | 60,352,200 | 61,253,000 |
| Employee Related Expenditures | 14,068,400 | 15,950,900 ^{2/} | 14,730,500 |
| Professional & Outside Services | 3,093,200 | 1,754,600 | 1,679,600 |
| Travel - In State | 1,175,100 | 1,664,400 | 1,664,400 |
| Travel - Out of State | 143,700 | 130,100 | 130,100 |
| Other Operating Expenditures | 23,341,700 | 23,911,500 | 24,017,600 ^{3/} |
| Equipment | 1,447,700 | 1,310,100 | 1,216,200 |
| All Other Operating Expenditures | 29,201,400 | 28,770,700 | 28,707,900 |
| OPERATING SUBTOTAL | 105,531,600 | 105,073,800 | 104,691,400 |
| Special Line Items ^{4/} | 6,171,700 | 89,554,400 | 88,378,600 |
| Additional Appropriations ^{4/} | -- | -- | 500,000 |
| TOTAL APPROPRIATIONS | 111,703,300 | 194,628,200 | 193,570,000 ^{5/} |
| <u>Fund Summary</u> | | | |
| State Highway Fund | 178,763,800 | 191,502,700 | 191,171,700 |
| State Aviation Fund | 1,572,700 | 1,530,100 | 1,509,100 |
| General Fund | 64,100 | 69,700 | 69,600 |
| Air Quality Fund | 55,500 | 70,000 | 71,000 |
| Highway User Revenue Fund | 1,128,800 | 1,219,100 | 525,100 |
| Abandoned Vehicle Administration Fund | 74,900 | 45,800 | 45,800 |
| Dealer Enforcement Fund | 43,500 | 190,800 | 177,700 |
| TOTAL APPROPRIATIONS | 181,703,300 | 194,628,200 | 193,570,000 |

DEPARTMENT OF TRANSPORTATION - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Agency Description - *The Department of Transportation has jurisdiction over state highways, other state roads, state airports and all state-owned transportation systems. The department is statutorily organized into 6 divisions: motor vehicle; transportation planning; highways; aeronautics; public transit; and administrative services. The responsibilities of the department include the following: register motor vehicles and aircraft; license drivers; collect revenues; enforce motor vehicle and aviation statutes; do multi-modal state transportation planning and investigate new transportation systems in cooperation with local governments; establish an annually updated priority program for transportation capital improvements; design, construct and maintain state highways, airports and public transportation systems; and administer transportation safety systems.*

Personal Services - The approved amount is based upon a 2.85% vacancy factor and \$1,797,800 in vacancy savings from Other Appropriated Funds. The approved amount also includes an additional \$1,500 from the General Fund and \$1,683,800 from Other Appropriated Funds to annualize the cost of the April 1993 general salary adjustment, and reductions of \$276,100 from Other Appropriated Funds in the total salary requirement and \$540,400 from the state Highway Fund for the elimination of 21 FTE positions in the right-of-way section of the Highways Division.

Employee Related Expenditures - The approved amount includes: a) an additional \$200 from the General Fund and \$233,300 from Other Appropriated Funds to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$200 from the General Fund and \$275,200 from Other Appropriated Funds as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$5,800 from the General Fund and \$6,345,200 from Other Appropriated Funds for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

The approved amount for workers' compensation insurance uses a single department-wide factor of 1.33% instead of using different factors for various organizational elements as occurred for FY 1993.

(Continued)

- ^{1/} Includes the following FTE positions funded in Special Line Items: 896 in FY 1992, 954 in FY 1993 and 940.5 in FY 1994.
- ^{2/} Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$1,868,700 from the State Highway Fund and \$10,300 from the State Aviation Fund for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.
- ^{3/} The approved amount includes an additional \$262,100 from Other Appropriated Funds (\$258,500 from the State Highway Fund and \$3,600 from the State Aviation Fund) for the payment of statewide accounting system charges, as authorized under Section 102 of the General Appropriation Act.
- ^{4/} Details for the Special Line Items and Additional Appropriations are included on the individual program pages.
- ^{5/} Represents General Appropriation Act funds. Appropriated as a modified lump sum for the agency. The line items within "All Other Operating Expenditures" are shown for information only.

DEPARTMENT OF TRANSPORTATION - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Highway User Revenue Fund (HURF) - The following chart summarizes HURF distributions:

HIGHWAY USER REVENUE FUND ANALYSIS
(Thousands)

| | FY 1992 ACTUAL | FY 1993 ESTIMATE | FY 1994 ESTIMATE |
|---|-------------------|---------------------|---------------------|
| Estimated Total HURF Collections | \$675,195 | \$707,800 | \$732,800 |
| Less: Economic Strength Fund | 1,000 | 1,000 | 1,000 |
| Transfer from HURF to DPS | 12,453 | 24,928 | 25,171 |
| Mandatory Insurance | 1,129 | 1,219 | 525 |
| Net to State Highway Fund | \$660,613 | \$680,653 | \$706,104 |
| Less: Cities | 201,394 | 208,028 | 216,231 |
| Counties | 119,068 | 123,017 | 127,897 |
| Controlled Access, 15% Funds | 50,815 | 52,358 | 54,285 |
| Net State Highway Fund (Discretionary) | \$289,336 | \$297,250 | \$307,691 |
| Plus: Interest Income (State Highway Fund) | 3,256 | 3,000 | 3,000 |
| Less: Operating Budget - ADOT | 178,764 | 191,503 | 191,172 |
| Capital Outlay - ADOT | 3,392 | 6,333 | 6,538 |
| Building Renewal - ADOT | 953 | 1,004 | 1,019 |
| Transfer from Highway Fund to DPS | 29,255 | 18,260 | 18,091 |
| Capital Outlay - DPS | 184,459 | -0- | 509 |
| Debt Service | 30,139 | 37,147 | 35,721 |
| Transfer to Health Insurance Trust Fund - ADOT | -0- | 1,869 | -0- |
| Transfer to Health Insurance Trust Fund - DPS | -0- | 1,037 | -0- |
| Net Highway Fund Available for Statewide Highway Construction (5-Year Plan) | \$50,089 | \$43,097 | \$57,641 |

NOTE: Net Highway Fund Available for Statewide Highway Construction excludes Maricopa County and Pima County 15% funds, bond funds, federal funds, carryover funds, and miscellaneous funds available for construction.

CAPITAL OUTLAY

Capital Outlay Bill - Chapter 2 (H.B. 2002), 2nd Special Session - Appropriates \$149,872,600 from the State Highway Fund and \$9,735,200 from the Aviation Fund to the Department of Transportation, as follows:

- a) Section 1D provides funding from the Highway Fund for building renewal \$1,019,400
- b) Section 2G makes appropriations totalling \$6,538,200 from Highway Fund, for the following projects:
 - 1) Globe and Safford Equipment Shops - Vehicle Emissions Equipment \$ 48,400
 - 2) Headquarters Security System 140,000
 - 3) Americans with Disabilities Act Modifications 400,000
 - 4) Statewide Fuel Storage Tanks Upgrade 550,000
 - 5) Motor Vehicle Division Facilities Modifications 200,000
 - 6) Materials Laboratory Demolition 160,000
 - 7) Flagstaff Motor Vehicle Division Building Addition 309,000
 - 8) Chandler Driver License Facility 1,147,600
 - 9) Casa Grande Regional Service Center 1,375,500
 - 10) Durango Yard Master Plan 100,000

DEPARTMENT OF TRANSPORTATION - SUMMARY (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

| | |
|--|----------------------|
| 11) Page Maintenance Yard Sewer System | 270,000 |
| 12) Tucson Paint Warehouse | 140,000 |
| 13) Statewide Sand & Salt Sheds | 100,000 |
| 14) Tucson Truck Wash | 111,200 |
| 15) Statewide Asphalt Storage Tanks | 196,000 |
| 16) Headquarters Parking Lot Development | 160,000 |
| 17) Prescott Valley Site Development | 62,000 |
| 18) Prescott Valley Equipment Shop | <u>1,068,500</u> |
| Subtotal, Section 2G | \$ 6,538,200 |
| c) Section 2H provides funding from the Highway Fund for planning and construction of state highways | <u>\$142,315,000</u> |
| Subtotal, Highway Fund | \$149,872,600 |
| d) Section 1I provides funding from the Aviation Fund for building renewal | \$ 24,200 |
| e) Section 2I provides funding from the Aviation Fund for airport development | <u>9,711,000</u> |
| Subtotal, Aviation Fund | \$ 9,735,200 |
| Total, ADOT | <u>\$159,607,800</u> |

ADDITIONAL LEGISLATION

Highway Funds: DPS Distribution Limitation, Chapter 249 (H.B. 2191) - Limits the amount of funds distributed from the Highway User Revenue Fund to the Department of Public Safety for funding a portion of highway patrol costs to \$20,000,000 for FY 1995, \$17,500,000 for FY 1996, \$15,000,000 for FY 1997, \$12,500,000 for FY 1998 and \$10,000,000 for FY 1999 and for all subsequent fiscal years. Also limits the amount of funds distributed from the State Highway Fund to the Department of Public Safety for funding a portion of highway patrol costs to \$20,000,000 for FY 1995, \$17,500,000 for FY 1996, \$15,000,000 for FY 1997, \$12,500,000 for FY 1998 and \$10,000,000 for FY 1999 and for all subsequent fiscal years.

DEPARTMENT OF TRANSPORTATION - DIRECTOR'S STAFF

A.R.S. § 28-101

Larry S. Bonine, Director

JLBC Analyst: Hull

| STATE HIGHWAY FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|----------------------|--------------------------------|
| FTE Positions | 6.0 | 6.0 | 6.0 |
| Personal Services | 328,800 | 365,900 | 364,400 |
| Employee Related Expenditures | 49,600 | 56,200 ^{1/} | 72,100 |
| Professional & Outside Services | 5,700 | -0- | -0- |
| Travel - In State | 11,000 | 19,500 | 19,500 |
| Travel - Out of State | 15,800 | 9,600 | 9,600 |
| Other Operating Expenditures | 20,100 | 24,900 | 24,900 |
| All Other Operating Expenditures | 52,600 | 54,000 | 54,000 |
| OPERATING SUBTOTAL | 431,000 | 476,100 | 490,500 |
| Reorganization | -0- | 2,784,600 | 2,784,600 |
| Lump Sum Reduction | -0- | -0- | (25,400) |
| TOTAL APPROPRIATIONS | 431,000 | 3,260,700 | 3,249,700 ^{2/} |

Program Description - The Director's Staff establishes and provides policy, guidance and overall direction to the department.

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount also includes an additional \$4,500 to annualize the cost of the April 1993 general salary adjustment and a reduction of \$6,000 in the total salary requirement.

Employee Related Expenditures - The approved amount includes: a) an additional \$700 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$1,600 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$17,500 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Reorganization - This appropriation was first provided in FY 1993 to allow the director maximum flexibility to streamline, privatize and reorganize the department to improve efficiency and effectiveness. The approved amount provides continued funding at the FY 1993 level costs associated with implementing Project SLIM recommendations and other issues.

Lump Sum Reduction - The approved amount reflects the absorption by the department within its base of the cost of the annualization of the April 1993 general salary adjustment and the rate changes for Employee Related Expenditures.

^{1/} Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$2,500 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.

^{2/} Represents General Appropriation Act funds. Appropriated as a modified lump sum for the agency. The program and line item detail are shown for information only.

**DEPARTMENT OF TRANSPORTATION -
TRANSPORTATION PLANNING DIVISION**

A.R.S. § 28-101

Larry S. Bonine, Director

JLBC Analyst: Hull

| STATE HIGHWAY FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|-------------------|-----------------------|--------------------------------|
| FTE Positions | 99.0 | 99.0 | 99.0 |
| Personal Services | 2,905,300 | 2,974,300 | 3,029,200 |
| Employee Related Expenditures | 608,500 | 672,800 ^{1/} | 688,700 |
| Professional & Outside Services | 8,500 | -0- | -0- |
| Travel - In State | 79,500 | 113,300 | 113,300 |
| Travel - Out of State | 28,400 | 14,900 | 14,900 |
| Other Operating Expenditures | 423,600 | 416,900 | 414,600 |
| Equipment | 151,600 | 150,000 | 68,800 |
| All Other Operating Expenditures | 691,600 | 695,100 | 611,600 |
| OPERATING SUBTOTAL | 4,205,400 | 4,342,200 | 4,329,500 |
| Lump Sum Reduction | -0- | -0- | (146,800) |
| TOTAL | 4,205,400 | 4,342,200 | 4,182,700 |
| Additional Appropriations - 41st Leg., 1st Reg. Session | | | |
| Highway Funds; DPS Distribution Limitation, Ch. 249 | -- | -- | 500,000 ^{2/} |
| TOTAL APPROPRIATIONS | 4,205,400 | 4,342,200 | 4,682,700 ^{3/} |

Program Description - *The Transportation Planning Division plans the statewide transportation system, including highways and airports.*

Personal Services - The approved amount is based upon a 1.5% vacancy factor and \$46,100 in vacancy savings. The approved amount also includes an additional \$74,300 to annualize the cost of the April 1993 general salary adjustment and a reduction of \$18,600 in the total salary requirement.

(Continued)

- ^{1/} Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$36,000 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.
- ^{2/} This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations. (Laws 1993, Chapter 249 (H.B. 2191), 1st Regular Session)
- ^{3/} Represents General Appropriation Act funds. Appropriated as a modified lump sum for the agency. The program and line item detail are shown for information only.

DEPARTMENT OF TRANSPORTATION - TRANSPORTATION PLANNING DIVISION (Cont'd)
STATE HIGHWAY FUND

Employee Related Expenditures - The approved amount includes: a) an additional \$10,200 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$13,600 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$284,000 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

All Other Operating Expenditures - The approved amount includes \$500 for non-capitalized equipment, which reflects a reduction of \$100. The approved amount also includes reductions of \$81,200 for capitalized equipment and \$2,200 in copier lease/rental payments.

Lump Sum Reduction - The approved amount reflects the absorption by the department within its base of the cost of the annualization of the April 1993 general salary adjustment and the rate changes for Employee Related Expenditures.

ADDITIONAL APPROPRIATIONS

Highway Funds; DPS Distribution Limitation, Chapter 249 (H.B. 2191) - Appropriates \$500,000 from the State Highway Fund for border area transportation projects in counties, cities and towns which are located along Arizona's southern border. The projects are to be on highways expected to support increased traffic volumes if a free trade agreement between the United States and Mexico is officially adopted.

**DEPARTMENT OF TRANSPORTATION -
ADMINISTRATIVE SERVICES DIVISION**

A.R.S. § 28-101

Larry S. Bonine, Director

JLBC Analyst: Hull

| STATE HIGHWAY FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|-------------------------|---------------------------------|
| FTE Positions | 325.0 | 355.0 | 355.0 |
| Personal Services | 8,722,100 | 9,723,000 | 9,963,900 |
| Employee Related Expenditures | 1,878,300 | 2,269,200 ^{1/} | 2,341,600 |
| Professional & Outside Services | 2,263,300 | 1,155,800 | 1,080,800 |
| Travel - In State | 16,100 | 40,400 | 40,400 |
| Travel - Out of State | 16,600 | 16,200 | 16,200 |
| Other Operating Expenditures | 10,644,800 | 11,751,500 | 11,938,900 |
| Equipment | 238,400 | 266,400 | 266,400 |
| All Other Operating Expenditures | 13,179,200 | 13,230,300 | 13,342,700 |
| OPERATING SUBTOTAL | 23,779,600 | 25,222,500 | 25,648,200 |
| Risk Management Premium | 10,017,900 | 12,930,500 | 15,889,300 |
| Education and Training | -0- | 15,800 | 15,800 |
| Regional Area Road Fund Rent | -0- | 706,500 | 676,500 |
| Lump Sum Reduction | -0- | -0- | (507,000) |
| TOTAL APPROPRIATIONS | 33,797,500 | 38,875,300 | 41,722,800 ^{2/} |

Program Description - *The Administrative Services Division provides financial, data processing and administrative support for the department.*

Personal Services - The approved amount is based upon a 3% vacancy factor and \$308,200 in vacancy savings. The approved amount also includes an additional \$266,600 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$36,900 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$44,800 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$1,003,200 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

All Other Operating Expenditures - The approved amount includes \$1,700 for non-capitalized equipment, which is an increase of \$800. The approved amount also includes a reduction of \$146,900 for completion of the automated procurement system.

(Continued)

^{1/} Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$88,500 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.

^{2/} Represents General Appropriation Act funds. Appropriated as a modified lump sum for the agency. The program and line item detail are shown for information only.

DEPARTMENT OF TRANSPORTATION - ADMINISTRATIVE SERVICES DIVISION (Cont'd)
STATE HIGHWAY FUND

The approved amount also includes an additional \$258,500 for the payment of statewide accounting system charges, as authorized under Section 102 of the General Appropriation Act.

Risk Management Premium - The approved amount includes a total of \$15,889,300 for the payment of risk management premiums, which reflects an additional \$2,958,800 authorized by Section 104 of the General Appropriation Act.

Education and Training - The approved amount provides funds for education and training purposes for the entire department.

Regional Area Road Fund Rent - The approved amount provides rent to pay the Regional Area Road Fund (RARF) for RARF-owned space being used by the department.

Lump Sum Reduction - The approved amount reflects the absorption by the department within its base of the cost of the annualization of the April 1993 general salary adjustment and the rate changes for Employee Related Expenditures.

ADDITIONAL LEGISLATION

Tax Exemptions and Deductions, Chapter 9 (H.B. 2008), 2nd Special Session - Suspends for FY 1994 the "Usdane Shift" which requires vehicle license tax receipts be deposited into the Highway User Revenue Fund (HURF) rather than the General Fund if vehicle registrations increase by 7%.

DEPARTMENT OF TRANSPORTATION - SPECIAL SUPPORT GROUP

A.R.S. § 28-101

Larry S. Bonine, Director

JLBC Analyst: Hull

| STATE HIGHWAY FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|-----------------------|--------------------------------|
| FTE Positions | 84.0 | 54.0 | 54.0 |
| Personal Services | 2,762,500 | 2,012,500 | 2,053,300 |
| Employee Related Expenditures | 543,100 | 442,200 ^{1/} | 452,200 |
| Professional & Outside Services | 151,000 | 185,400 | 185,400 |
| Travel - In State | 27,500 | 23,200 | 23,200 |
| Travel - Out of State | 15,700 | 14,700 | 14,700 |
| Other Operating Expenditures | 256,700 | 170,700 | 181,500 |
| Equipment | 19,400 | 15,100 | 2,400 |
| All Other Operating Expenditures | 470,300 | 409,100 | 407,200 |
| OPERATING SUBTOTAL | 3,775,900 | 2,863,800 | 2,912,700 |
| Education and Training | 15,000 | -0- | -0- |
| Lump Sum Reduction | -0- | -0- | (94,700) |
| TOTAL APPROPRIATIONS | 3,790,900 | 2,863,800 | 2,818,000 ^{2/} |

Program Description - The Special Support Group includes the following functions: audit and analysis, community relations, affirmative action, and legal assistance.

Personal Services - The approved amount is based upon a 1.5% vacancy factor and \$31,300 in vacancy savings. The approved amount also includes an additional \$40,600 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$6,000 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$9,200 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$155,000 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

All Other Operating Expenditures - The approved amount includes \$4,200 for non-capitalized equipment, which reflects a reduction of \$1,900. The approved amount also includes a transfer of \$12,700 from capitalized equipment to Other Operating Expenditures to buy updates of publications for the law library.

(Continued)

^{1/} Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$32,600 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.

^{2/} Represents General Appropriation Act funds. Appropriated as a modified lump sum for the agency. The program and line item detail are shown for information only.

DEPARTMENT OF TRANSPORTATION - SPECIAL SUPPORT GROUP (Cont'd)
STATE HIGHWAY FUND

Education and Training -- This special line item provides funds for education and training purposes for the entire department. It was transferred to the Administrative Services Division in FY 1993.

Lump Sum Reduction - The approved amount reflects the absorption by the department within its base of the cost of the annualization of the April 1993 general salary adjustment and the rate changes for Employee Related Expenditures.

DEPARTMENT OF TRANSPORTATION - HIGHWAYS DIVISION

A.R.S. § 28-101

Larry S. Bonine, Director

JLBC Analyst: Hull

| STATE HIGHWAY FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-----------------------|--------------------------|----------------------------------|
| FTE Positions | 1,878.0 ^{1/} | 1,894.0 ^{2/} | 1,873.0 ^{2/} |
| Personal Services | 29,290,600 | 28,779,100 | 28,883,600 |
| Employee Related Expenditures | 6,214,100 | 7,144,200 ^{3/} | 6,577,300 |
| Professional & Outside Services | 22,900 | 6,500 | 6,500 |
| Travel - In State | 791,300 | 1,109,900 | 1,109,900 |
| Travel - Out of State | 39,600 | 49,500 | 49,500 |
| Other Operating Expenditures | 7,618,400 | 7,081,200 | 7,010,700 |
| Equipment | 783,800 | 828,600 | 828,600 |
| All Other Operating Expenditures | 9,256,000 | 9,075,700 | 9,005,200 |
| OPERATING SUBTOTAL | 44,760,700 | 44,999,000 | 44,466,100 |
| Highway Maintenance | 62,413,100 | 68,705,000 ^{4/} | 67,675,900 ^{5/} |
| Radio Communications | 416,100 | 417,100 | 417,100 |
| Lump Sum Reduction | -0- | -0- | (1,131,900) |
| TOTAL APPROPRIATIONS | 107,589,900 | 114,121,100 | 111,427,200 ^{6/} |

Program Description - The Highways Division is responsible for the location, design, right-of-way acquisition and construction of new highways for the state highway system. The division is also responsible for the management and maintenance of the existing state highway system.

FTE Positions - The approved amount includes the elimination of 21 FTE positions in the right-of-way section.

Personal Services - The approved amount is based upon a 3% vacancy factor and \$910,000 in vacancy savings. The approved amount also includes an additional \$710,400 to annualize the cost of the April 1993 general salary adjustment, and reductions of \$81,200 in the total salary requirement and \$540,400 for the elimination of 21 FTE positions in the right-of-way section.

(Continued)

- ^{1/} The FTE Positions total includes 869 FTE positions funded in the Highway Maintenance special line item.
- ^{2/} The FTE Positions total includes 927 FTE positions funded in the Highway Maintenance special line item.
- ^{3/} Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$627,700 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.
- ^{4/} Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$939,300 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.
- ^{5/} This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations. (General Appropriation Act footnote)
- ^{6/} Represents General Appropriation Act funds. Appropriated as a modified lump sum for the agency. The program and line item detail are shown for information only.

DEPARTMENT OF TRANSPORTATION - HIGHWAYS DIVISION (Cont'd)
STATE HIGHWAY FUND

Employee Related Expenditures - The approved amount includes: a) an additional \$99,000 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$130,000 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$2,673,000 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

All Other Operating Expenditures - The approved amount includes \$93,200 for non-capitalized equipment which reflects a reduction of \$32,500. The approved amount also includes a reduction of \$38,000 for the lease/rental of equipment.

Highway Maintenance - The approved amount provides for statewide maintenance of highways. The approved amount is based upon the following line items, which are shown for information only.

| | |
|-----------------------------------|----------------------------|
| FTE Positions | <u>927.0</u> |
| Personal Services | \$19,960,300 |
| Employee Related Expenditures | 5,351,200 |
| Professional and Outside Services | 68,000 |
| Travel - In State | 339,100 |
| Other Operating Expenditures | 1,774,700 |
| Equipment | <u>90,000</u> |
| All Other Operating Expenditures | <u>2,271,800</u> |
| OPERATING SUBTOTAL | 27,583,300 |
| Central Maintenance | 1,558,200 |
| Contract Maintenance | 9,474,800 |
| Materials | 13,545,400 |
| Equipment Rentals | 15,990,500 |
| Lump Sum Reduction | <u>(476,300)</u> |
| TOTAL APPROPRIATIONS | <u>\$67,675,900</u> |

The approved amount is based upon a 0% vacancy factor. The approved amount includes: a) an additional \$791,400 to annualize the cost of the April 1993 general salary adjustment, (\$696,200 in Personal Services and \$95,200 in Employee Related Expenditures), and b) a reduction of \$89,800 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. The approved amount includes a total of \$2,700,400 for the share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund. The lump sum reduction reflects the absorption by the department within its base of the cost of the annualization of the April 1993 general salary adjustment and the rate changes for Employee Related Expenditures.

Radio Communications - The approved amount provides for all department mobile radios. It maintains and upgrades radio station consoles in the districts and radio tower stations located on mountaintops throughout the state.

Lump Sum Reduction - The approved amount reflects the absorption by the department within its base of the cost of the annualization of the April 1993 general salary adjustment and the rate changes for Employee Related Expenditures.

DEPARTMENT OF TRANSPORTATION - AERONAUTICS DIVISION

A.R.S. § 28-170

Larry S. Bonine, Director

JLBC Analyst: Hull

| STATE AVIATION FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|-----------------------|--------------------------------|
| FTE Positions | 33.0 | 33.0 | 33.0 |
| Personal Services | 689,800 | 777,000 | 787,100 |
| Employee Related Expenditures | 168,300 | 204,500 ^{1/} | 199,700 |
| Professional & Outside Services | 158,200 | 58,600 | 58,600 |
| Travel - In State | 29,800 | 29,900 | 29,900 |
| Travel - Out of State | 8,700 | 14,400 | 14,400 |
| Other Operating Expenditures | 342,800 | 405,700 | 416,200 |
| Equipment | 139,100 | -0- | -0- |
| All Other Operating Expenditures | 678,600 | 508,600 | 519,100 |
| OPERATING SUBTOTAL | 1,536,700 | 1,490,100 | 1,505,900 |
| Reimbursement to Highway Fund | 36,000 | 40,000 | 40,000 |
| Lump Sum Reduction | -0- | -0- | (36,800) |
| TOTAL APPROPRIATIONS | 1,572,700 | 1,530,100 | 1,509,100 ^{2/} |

Program Description - The Aeronautics Division registers and licenses all general aviation aircraft in the state, administers the airports development grant and airports loan programs, and operates the Grand Canyon National Park Airport.

Personal Services - The approved amount is based upon a 1% vacancy factor and \$8,000 in vacancy savings. The approved amount also includes an additional \$24,800 to annualize the cost of the April 1993 general salary adjustment and a reduction of \$14,600 in the total salary requirement.

Employee Related Expenditures - The approved amount includes: a) an additional \$3,400 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$3,500 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$95,300 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

All Other Operating Expenditures - The approved amount includes a total of \$32,000 for the payment of risk management premiums, which reflects an additional \$6,900 authorized by Section 104 of the General Appropriation Act.

(Continued)

^{1/} Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$10,300 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.

^{2/} Represents General Appropriation Act funds. Appropriated as a modified lump sum for the agency. The program and line item detail are shown for information only.

DEPARTMENT OF TRANSPORTATION - AERONAUTICS DIVISION (Cont'd)
STATE AVIATION FUND

The approved amount also includes an additional \$3,600 for the payment of statewide accounting system charges, as authorized under Section 102 of the General Appropriation Act.

Reimbursement to Highway Fund - The approved amount provides reimbursement to the Highway Fund from the Aviation Fund for services including site inspection, audits, data processing and airport planning rendered by Highway-Funded divisions.

Lump Sum Reduction - The approved amount reflects the absorption by the department within its base of the cost of the annualization of the April 1993 general salary adjustment and the rate changes for Employee Related Expenditures.

DEPARTMENT OF TRANSPORTATION - MOTOR VEHICLE DIVISION

A.R.S. § 28-101

Larry S. Bonine, Director

JLBC Analyst: Hull

| OTHER APPROPRIATED FUNDS | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|----------------------|-------------------------|-----------------------------------|
| FTE Positions | 872.0 | 872.0 ^{1/} | 761.5 ^{2/} |
| Personal Services | 17,498,300 | 15,649,800 | 16,098,600 |
| Employee Related Expenditures | 4,590,100 | 4,204,800 ^{3/} | 4,380,500 |
| Professional & Outside Services | 483,600 | 348,300 | 348,300 |
| Travel - In State | 219,900 | 327,300 | 327,300 |
| Travel - Out of State | 18,900 | 10,000 | 10,000 |
| Other Operating Expenditures | 4,033,900 | 4,058,500 | 4,028,300 |
| Equipment | 115,400 | 50,000 | 50,000 |
| All Other Operating Expenditures | 4,871,700 | 4,794,100 | 4,763,900 |
| OPERATING SUBTOTAL | 26,960,100 | 24,648,700 | 25,243,000 |
| License Plates and Tabs | 1,231,200 | 1,275,300 | 1,275,300 |
| Medical Advisory Board | 76,000 | 87,200 | 87,000 |
| Drivers License/Title (Enterprise Project) | 690,300 | 2,200,000 | 2,200,000 ^{4/5/} |
| Special & Hazardous Waste | 14,100 | -0- | -0- |
| Mandatory Insurance Enforcement | 1,128,800 | 1,219,100 | 525,100 ^{6/} |
| Abandoned Vehicle Fund | 74,900 | 45,800 | 45,800 |
| Dealer Enforcement Fund | 43,500 ^{7/} | -0- | -0- |
| Traffic Ticket Enforcement | -0- | 50,000 | -0- |
| Lump Sum Reduction | -0- | -0- | (1,324,700) |
| TOTAL APPROPRIATIONS | 30,218,900 | 29,526,100 | 28,051,500 ^{8/9/} |
| Fund Summary | | | |
| State Highway Fund | 28,949,100 | 28,039,600 | 27,271,300 |
| Highway User Revenue Fund | 1,128,800 | 1,219,100 | 525,100 |
| Air Quality Fund | 22,600 | 30,800 | 31,600 |
| Abandoned Vehicle Administration Fund | 74,900 | 45,800 | 45,800 |
| Dealer Enforcement Fund | 43,500 | 190,800 | 177,700 |
| TOTAL APPROPRIATIONS | 30,218,900 | 29,526,100 | 28,051,500 |

Program Description - The Motor Vehicle Division regulates vehicular operations within the state through the issuance and control of various permits, registrations and licenses.

(Continued)

^{1/} Includes 25 FTE positions funded in the Mandatory Insurance Enforcement special line item and 2 FTE positions funded in the Medical Advisory Board special line item.

DEPARTMENT OF TRANSPORTATION - MOTOR VEHICLE DIVISION (Cont'd)
OTHER APPROPRIATED FUNDS

FTE Positions - The approved number of FTE positions was reduced by 110.5, including 97 due to Project SLIM and 13.5 in the Mandatory Insurance Enforcement special line item.

Personal Services - The approved amount is based upon a 3% vacancy factor and \$494,200 in vacancy savings. The approved amount also includes an additional \$561,800 (\$555,700 from the State Highway Fund, \$2,300 from the Air Quality Fund and \$3,800 from the Dealer Enforcement Fund) to annualize the cost of the April 1993 general salary adjustment and a reduction of \$163,700 (\$151,200 from the State Highway Fund and \$12,500 from the Dealer Enforcement Fund) in the total salary requirement.

Employee Related Expenditures - The approved amount includes: a) an additional \$77,000 (\$76,200 from the State Highway Fund, \$300 from the Air Quality Fund and \$500 from the Dealer Enforcement Fund) to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$72,400 (\$71,900 from the State Highway Fund, \$100 from the Air Quality Fund and \$400 from the Dealer Enforcement Fund) as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$2,114,300 (\$2,091,000 from the State Highway Fund, \$8,700 from the Air Quality Fund and \$14,600 from the Dealer Enforcement Fund) for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes a total of \$2,400 (\$900 from the Air Quality Fund and \$1,500 from the Dealer Enforcement Fund) for the payment of risk management premiums, which reflects an additional \$2,400 (\$900 from the Air Quality Fund and \$1,500 from the Dealer Enforcement Fund) authorized by Section 104 of the General Appropriation Act. The approved amount includes \$1,600 for non-capitalized equipment which reflects no change. The approved amount also includes a reduction of \$32,600 for the lease/rental of equipment.

License Plates and Tabs - The approved amount provides for the purchase of license plates from Arizona Correctional Industries (Department of Corrections) and tabs from the private sector.

(Continued)

(Footnotes Continued From Previous Page)

- 2/ Includes 11.5 FTE positions funded in the Mandatory Insurance Enforcement special line item and 2 FTE positions funded in the Medical Advisory Board special line item.
- 3/ Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$142,100 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.
- 4/ It is the intent of the Legislature that all future costs of the Enterprise Project be funded through project-related savings retained by the department. Future appropriations will only be made if shown to be clearly offset by savings that do not accrue to the department or increased revenues attributable to the project. (General Appropriation Act footnote)
- 5/ This appropriation is exempt from A.R.S. § 35-190, relating to lapsing of appropriations. (General Appropriation Act footnote)
- 6/ If the Mandatory Motor Vehicle Insurance Program is repealed on January 1, 1994 as specified under current law, the 11.5 appropriated FTE positions in the Mandatory Insurance Enforcement special line item shall be eliminated and all remaining unexpended and unencumbered appropriated funds shall revert to the Highway User Revenue Fund. It is the intent of the Legislature that the department spend the non-appropriated funds from the Motor Vehicle Liability Insurance Enforcement Fund before spending those appropriated funds. (General Appropriation Act footnote)
- 7/ Appropriated from the Dealer Enforcement Fund to the Department of Transportation through Laws 1991, Chapter 317, (H.B. 2406). The 5 FTE positions and funding are included in the operating budget beginning with FY 1993.
- 8/ Represents General Appropriation Act funds. Appropriated as a modified lump sum for the agency. The program and line item detail are shown for information only.
- 9/ It is the intent of the Legislature that, in FY 1994, the Arizona Department of Transportation furnish space and utility service free of charge at up to 4 ports of entry for the Arizona Department of Agriculture border inspection staff stationed at Arizona Department of Transportation facilities.

DEPARTMENT OF TRANSPORTATION - MOTOR VEHICLE DIVISION (Cont'd)
OTHER APPROPRIATED FUNDS

Medical Advisory Board - The board consists of 9 medical experts, who help the department formulate standards for mental and physiological limitations relative to drivers licensing. The board has a staff of 2 FTE positions. The approved amount is based upon a 0% vacancy factor. The approved amount includes: a) an additional \$1,700 to annualize the cost of the April 1993 general salary adjustment, b) a reduction of \$300 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act, and c) a lump sum reduction of \$500 reflecting the absorption by the department within its base of the cost of the annualization of the April 1993 general salary adjustment and the rate changes for Employee Related Expenditures. The approved amount includes: a) a total of \$5,800 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund, and b) a total of \$600 for the payment of risk management premiums, which reflects an additional \$100 authorized by Section 104 of the General Appropriation Act.

Drivers License/Title (Enterprise Project) - The scope of this special line item has been expanded under the Enterprise Project to include the re-design and integration of the data systems for drivers license, title and registration, and revenue. The approved amount provides the fifth year of funding for this project.

Special Hazardous Waste - The actual amount was used to license carriers of hazardous materials.

Mandatory Insurance Enforcement - The approved amount, in combination with the non-appropriated Motor Vehicle Liability Insurance Enforcement Fund, is used to administer the Mandatory Vehicle Liability Insurance program. Under current law this program expires January 1, 1994. The approved amount, however, reflects full year funding in the event that the program is retained. The approved amount includes reductions of 2 FTE positions and \$172,900 due to Project SLIM, and 11.5 FTE positions and \$523,100 due to the availability of funding from the non-appropriated Motor Vehicle Liability Insurance Enforcement Fund. If the program expires January 1, 1994, the 11.5 appropriated FTE positions in the Mandatory Insurance Enforcement special line item shall be eliminated and all remaining unexpended and unencumbered appropriated funds shall revert to the Highway User Revenue Fund. The approved amount is based upon a 0% vacancy factor. The approved amount includes: a) an additional \$9,800 to annualize the cost of the April 1993 general salary adjustment, b) a reduction of \$1,400 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act, and c) a lump sum reduction of \$19,500 reflecting the absorption by the department within its base of the cost of the annualization of the April 1993 general salary adjustment and the rate changes for Employee Related Expenditures. The approved amount includes: a) a total of \$33,500 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund, and b) a total of \$3,400 for the payment of risk management premiums, which reflects an additional \$3,400 authorized by Section 104 of the General Appropriation Act.

Abandoned Vehicle Fund - This special line item provides funds to administer the provisions of the fund, including maintaining records of abandoned vehicles, paying towing fees for vehicles on public land, and conducting sales.

Dealer Enforcement Fund - This special line item provides funds to administer the licensing and permit procedures for auto recyclers, dealers, distributors, wholesalers, brokers, and franchisees. The 5 FTE positions and funding are included in the operating budget for FY 1993 and FY 1994.

Traffic Ticket Enforcement - The estimated amount was provided to the Motor Vehicle Division (MVD) to establish procedures and to implement a program to assist courts and political subdivisions of this state to collect delinquent sanctions, fines and penalties imposed for civil and criminal traffic violations. The \$50,000 was appropriated one-time from the State Highway Fund for implementing the program. The courts and/or political subdivisions are required to repay the \$50,000 from fees collected pursuant to A.R.S. § 28-331. Once MVD collects enough money after costs to reimburse the \$50,000, this sum shall be transmitted to the State Treasurer for deposit in the State Highway Fund. This appropriation is exempt from the provision of A.R.S. § 35-190, relating to lapsing of appropriations.

Lump Sum Reduction - The approved amount reflects the absorption by the department within its base of the cost of the annualization of the April 1993 general salary adjustment and the rate changes for Employee Related Expenditures. It includes lump sum reductions of \$1,309,500 from the State Highway Fund, \$6,600 from the Dealer Enforcement Fund and \$8,600 from the Air Quality Fund.

DEPARTMENT OF TRANSPORTATION - MOTOR VEHICLE DIVISION (Cont'd)
OTHER APPROPRIATED FUNDS

ADDITIONAL LEGISLATION

Driver's Licenses' Omnibus Revisions, Chapter 178 (S.B. 1295) - Establishes a new driver's license which, with certain exceptions, will be valid until the applicant's 60th birthday along with a schedule of fees for the new license. Also adds Title 28, Chapter 8, Article 9 authorizing third party agents to perform certain title and registration functions, and establishes a Joint Legislative Review Committee to review and report by June 30, 1995 on various aspects of the newly authorized third party motor vehicle registration program.

School Bus Advisory Council: Membership, Chapter 58 (S.B. 1131) - Transfers the school bus safety program from the Department of Transportation to the Department of Public Safety. The 2 departments are to implement the law using an interagency agreement for FY 1994. Any budgetary impact is to be handled as a budget issue for FY 1995.

DEPARTMENT OF TRANSPORTATION - PUBLIC TRANSIT DIVISION

A.R.S. § 28-101

Larry S. Bonine, Director

JLBC Analyst: Hull

| GENERAL FUND AND AIR QUALITY FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--------------------------------------|-------------------|---------------------|------------------------------|
| FTE Positions | 3.0 | 3.0 | 3.0 |
| Personal Services | 64,400 | 70,600 | 72,900 |
| Employee Related Expenditures | 16,400 | 17,700 | 18,400 |
| Travel - In State | -0- | 900 | 900 |
| Travel - Out of State | -0- | 800 | 800 |
| Other Operating Expenditures | 1,400 | 2,100 | 2,500 |
| All Other Operating Expenditures | 1,400 | 3,800 | 4,200 |
| OPERATING SUBTOTAL | 82,200 | 92,100 | 95,500 |
| Other Transit Planning | 14,800 | 16,800 | 16,800 |
| Lump Sum Reduction | -0- | -0- | (3,300) |
| TOTAL APPROPRIATIONS | 97,000 | 108,900 | 109,000 ^{1/} |
| <u>Fund Summary</u> | | | |
| General Fund ^{2/} | 64,100 | 69,700 | 69,600 |
| Air Quality Fund | 32,900 | 39,200 | 39,400 |
| TOTAL APPROPRIATIONS | 97,000 | 108,900 | 109,000 |

Program Description - The Public Transit Division coordinates a variety of services on a statewide basis. Included are Federal Section 18 funds for general public transit services in rural areas; Federal Section 16(b)(2) funds for elderly and handicapped transportation; technical transit planning and training to rural public bodies and social service agencies; and urban transit projects demonstrating potential air quality benefits.

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount also includes an additional \$1,500 from the General Fund and \$800 from Other Appropriated Funds to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$200 from the General Fund and \$100 from Other Appropriated Funds to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$200 from the General Fund and \$100 from Other Appropriated Funds as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

(Continued)

- ^{1/} Represents General Appropriation Act funds. Appropriated as a modified lump sum for the agency. The program and line item detail are shown for information only.
- ^{2/} Excluding matching fund requirements, any reimbursement for expenditure of the General Fund monies shall be deposited in the State General Fund. (General Appropriation Act footnote)

DEPARTMENT OF TRANSPORTATION - PUBLIC TRANSIT DIVISION (Cont'd)
GENERAL FUND AND AIR QUALITY FUND

The approved amount also includes a total of \$5,800 from the General Fund and \$2,900 from Other Appropriated Funds for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes \$600 from the General Fund and \$300 from Other Appropriated Funds for the payment of risk management premiums. These amounts reflect an additional \$100 from the General Fund and \$300 from Other Appropriated Funds, as authorized under Section 104 of the General Appropriation Act.

Other Transit Planning - The approved amount is the state's matching share for federal funds at a 4:1 ratio. It provides for the costs of non-highway public transit planning assistance to all government units in the state, specifically non-metro area transit plans, and technical assistance for implementing transit plans. The federal grant is obtained from the Federal Transit Administration. Also included is the Rail Planning program. The federal grant is obtained from the Federal Railroad Administration.

Lump Sum Reduction - The approved amount reflects the absorption by the department within its base of the cost of the annualization of the April 1993 general salary adjustment and the rate changes for Employee Related Expenditures.

NATURAL RESOURCES

COMMISSION ON THE ARIZONA ENVIRONMENT

A.R.S. § 41-121

Charlene Ledet, Executive Director

JLBC Analyst: Bock

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|-----------------------------|
| FTE Positions | 3.0 | 3.0 | 3.0 |
| Personal Services | 60,300 | 70,600 | 54,100 |
| Employee Related Expenditures | 15,400 | 17,100 | 10,300 |
| Professional & Outside Services | 3,100 | 700 | 400 |
| Travel - In State | 100 | 600 | 600 |
| Other Operating Expenditures | 15,500 | 17,800 | 17,500 |
| Equipment | 5,600 | -0- | 7,000 |
| All Other Operating Expenditures | 24,300 | 19,100 | 25,500 |
| TOTAL APPROPRIATIONS | 100,000 | 106,800 | 89,900 ^{1/} |

Agency Description - This 11-member commission, with its 100-member advisory council, recommends policy options to state policy-makers on environment-related issues. Supported by its staff, the commission sponsors workshops and educational programs, and other activities.

Personal Services - The approved amount is based upon \$18,800 in vacancy savings. Heretofore, full funding has been authorized for all 3 FTE staff positions. For FY 1994, the Legislature appropriated General Fund monies sufficient for 2 FTE positions, but authorized 3 FTE positions in the event that the agency is able to provide for its non-staff-related operating expenses from its Revolving Fund. If so, the General Fund appropriation may be used for the third staff position. The approved amount also includes an additional \$2,300 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$300 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$200 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$3,600 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes: a) a total of \$700 for the payment of risk management premiums, which reflects an additional \$200 authorized by Section 104 of the General Appropriation Act, and b) a total of \$12,100 for rent of state-owned space. Other Operating Expenditures is reduced by \$500 for contract maintenance and by \$300 for printing. These savings will result from the purchase of a new photocopier.

Equipment - The \$7,000 is for a replacement photocopier, which will enable the commission to produce more of its publications in house.

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.

ARIZONA GAME AND FISH DEPARTMENT - SUMMARY

A.R.S. § 17-201

Duane Shroufe, Director

JLBC Analyst: Headley

| OTHER APPROPRIATED FUNDS | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|---|-------------------|-------------------------|---------------------------------|
| <u>Program Summary</u> | | | |
| Administrative & Field Services | 14,084,600 | 14,906,600 | 15,103,100 |
| Watercraft | 1,447,900 | 1,406,400 | 1,350,200 |
| Non-game Wildlife | 206,100 | 267,000 | 265,500 |
| TOTAL APPROPRIATIONS | 15,738,600 | 16,580,000 | 16,718,800 |
| <u>Expenditure Detail</u> | | | |
| FTE Positions | 271.5 | 271.5 | 271.5 |
| Personal Services | 6,754,800 | 6,890,300 | 7,085,100 |
| Employee Related Expenditures | 2,086,300 | 2,565,600 ^{1/} | 2,312,500 |
| Professional & Outside Services | 238,600 | 234,600 | 234,600 |
| Travel - In State | 259,800 | 267,500 | 267,500 |
| Travel - Out of State | 26,000 | 25,500 | 25,500 |
| Other Operating Expenditures | 3,314,800 | 3,478,400 | 3,566,100 |
| Equipment | 859,000 | 753,600 | 720,000 |
| All Other Operating Expenditures | 4,698,200 | 4,759,600 | 4,813,700 |
| OPERATING SUBTOTAL | 13,539,300 | 14,215,500 | 14,211,300 |
| Special Line Items | 2,199,300 | 2,364,500 | 2,507,500 |
| TOTAL APPROPRIATIONS | 15,738,600 | 16,580,000 | 16,718,800 ^{2/} |
| <u>Fund Summary</u> | | | |
| Game and Fish Fund | 13,844,800 | 14,626,200 | 14,802,200 |
| Watercraft Licensing Fund | 1,447,900 | 1,406,400 | 1,350,200 |
| Game, Non-Game, Fish and Endangered Species Fund | 206,100 | 267,000 | 265,500 |
| Waterfowl Conservation Fund | 3,300 | 43,400 | 43,500 |
| Capital Improvement Fund | 236,500 | 237,000 | 257,400 |
| TOTAL APPROPRIATIONS | 15,738,600 | 16,580,000 | 16,718,800 |

(Continued)

- ^{1/} Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$279,700 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.
- ^{2/} Represents General Appropriation Act funds. Appropriated as a modified lump sum for certain programs and as a lump sum for other programs.

ARIZONA GAME AND FISH DEPARTMENT - SUMMARY (Cont'd)
GAME AND FISH FUND AND OTHER APPROPRIATED FUNDS

Agency Description - The Game and Fish Department manages Arizona wildlife populations through the operation of hunting and fishing license programs, enforcement actions for the unlawful taking of game, and wildlife habitat protection and development. The department is also responsible for watercraft registration and boater safety programs. A 5 member board appointed by the Governor oversees department operations and provides policy direction for the director. Other functions of the department include the operation of fish hatcheries, conducting the annual lottery draw for hunting tags, and implementing the off-highway vehicle program.

Personal Services - The approved amount includes an additional \$203,900 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$41,500 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$18,000 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$767,000 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes a total of \$178,400 for the payment of risk management premiums, which reflects an additional \$200 authorized by Section 104 of the General Appropriation Act.

The approved amount also includes an additional \$36,900 for the payment of statewide accounting system charges, as authorized under Section 102 of the General Appropriation Act.

CAPITAL OUTLAY

Capital Outlay Bill - Chapter 2 (H.B. 2002), 2nd Special Session - Makes appropriations to the department totalling \$733,600 for the following purposes:

| | |
|--|----------------|
| a) Section 1G provides funding for building renewal from the Game & Fish Fund; | \$ 98,600 |
| b) Section 2E provides funding as follows: | |
| 1) Hatchery Renovations from the Capital Improvement Fund | \$100,000 |
| 2) Facilities Repair & Maintenance from the Game & Fish Fund | 30,000 |
| 3) Shooting Range Development from the Game & Fish Fund | 5,000 |
| 4) Waterfowl Habitat Acquisition from the Waterfowl Conservation Fund | <u>500,000</u> |
| Subtotal, Section 2E | \$635,000 |
| Total, Game & Fish Department | \$733,600 |

OTHER ISSUES

Game and Fish Heritage Fund - Proposition 200, passed by Arizona voters in November 1990, directs \$10,000,000 annually from State Lottery revenues to the Game and Fish Department for the following purposes:

| | |
|--|---------------------|
| Acquisition and Management of Wildlife Habitat | \$6,000,000 |
| Habitat Protection | 1,500,000 |
| Urban Wildlife Protection | 1,500,000 |
| Public Access Property Acquisition | 500,000 |
| Environmental Education | <u>500,000</u> |
| Total | <u>\$10,000,000</u> |

These funds are not subject to legislative appropriation; interest accrued by investing these funds will be used by the Game and Fish Department for administrative expenses.

**ARIZONA GAME AND FISH DEPARTMENT - ADMINISTRATIVE AND
FIELD SERVICES**
A.R.S. § 17-201

Duane Shroufe, Director

JLBC Analyst: Headley

| GAME AND FISH FUND AND OTHER APPROPRIATED FUNDS | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|---------------------------|-----------------------------|---------------------------------|
| FTE Positions | 241.5 | 241.5 | 241.5 |
| Personal Services | 6,216,500 | 6,324,600 | 6,501,400 |
| Employee Related Expenditures | 1,900,200 | 2,368,900 ^{1/} | 2,143,600 |
| Professional & Outside Services | 165,500 | 160,000 | 160,000 |
| Travel - State | 239,100 | 240,200 | 240,200 |
| Travel - Out of State | 20,600 | 18,000 | 18,000 |
| Other Operating Expenditures | 2,967,800 | 3,058,300 | 3,143,100 |
| Equipment | 735,100 | 741,100 | 720,000 |
| All Other Operating Expenditures | 4,128,100 | 4,217,600 | 4,281,300 |
| OPERATING SUBTOTAL | 12,244,800 | 12,911,100 | 12,926,300 |
| Cooperative Research Projects | -0- | 30,000 | 40,000 ^{2/} |
| Pittman-Robertson | 910,000 | 918,000 | -0- |
| Dingell-Johnson | 690,000 | 767,100 | -0- |
| Pittman-Robertson/Dingell-Johnson Act | -0- | -0- | 1,835,900 ^{2/} |
| Regional Field Offices Lease-Purchase | 236,500 | 237,000 | 257,400 |
| Waterfowl Conservation | 3,300 | 43,400 | 43,500 |
| TOTAL APPROPRIATIONS | 14,084,600 | 14,906,600 | 15,103,100 ^{3/} |
| Fund Summary | | | |
| Game and Fish Fund | 13,844,800 | 14,626,200 | 14,802,200 |
| Capital Improvement Fund | 236,500 | 237,000 | 257,400 |
| Waterfowl Conservation Fund | 3,300 | 43,400 | 43,500 |
| TOTAL APPROPRIATIONS | 14,084,600 | 14,906,600 | 15,103,100 |

(Continued)

^{1/} Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$242,000 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.

^{2/} Any part of this appropriation of \$40,000 for cooperative wildlife and fish research and \$1,835,900 for Pittman-Robertson/Dingell-Johnson Act may be used for the purchase of matching federal and apportionment funds. (General Appropriation Act footnote)

^{3/} Represents General Appropriation Act funds. Appropriated as a modified lump sum for the program. The line items within "All Other Operating Expenditures" are shown for information only.

ARIZONA GAME AND FISH DEPARTMENT - ADMINISTRATIVE AND FIELD SERVICES (Cont'd)
GAME AND FISH FUND AND OTHER APPROPRIATED FUNDS

Program Description - *The Administrative and Field Service program encompasses the major Game and Fish Department functions, such as wildlife management, wildlife law enforcement, habitat development and protection, and general agency administration. This program also supports 6 regional Game and Fish offices. Other activities include the production of a variety of wildlife publications, operation of fish hatcheries, and wildlife research.*

Personal Services - The approved amount is based upon a 2% vacancy factor and \$132,700 in vacancy savings. The approved amount also includes an additional \$181,400 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$38,400 to annualize the cost of the April 1993 general salary adjustment, b) a reduction of \$15,400 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act, and c) an additional \$39,100 for increased uniform allowances for employees required to wear uniforms.

The approved amount also includes a total of \$681,400 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes a total of \$178,400 for the payment of risk management premiums, which reflects an additional \$200 authorized by Section 104 of the General Appropriation Act.

The approved amount also includes an additional \$84,600 for the payment of statewide accounting system charges, as authorized under Section 102 of the General Appropriation Act.

Cooperative Research Projects - This appropriation provides funding for ongoing wildlife and conservation research projects conducted with the University of Arizona.

Pittman-Robertson/Dingell-Johnson Act - These funds provide the state's 25% match for federal wildlife restoration projects. These line items were combined for FY 1994 since amounts appropriated separately in the past were allowed to be combined for purposes of matching federal funds.

Regional Field Offices Lease-Purchase - This appropriation provides the department's lease-purchase payment for regional field offices in Kingman, Yuma, and Flagstaff. The approved amount includes an additional \$100 for the payment of statewide accounting system charges, as authorized under Section 102 of the General Appropriation Act.

Waterfowl Conservation - This appropriation is used to facilitate purchases of waterfowl habitat with Waterfowl Conservation Fund monies. The approved amount also includes \$40,000 to permit the Game and Fish Department to contract with an artist to provide art work for the annual duck stamp, and to market this art work. The approved amount includes an additional \$100 for the payment of statewide accounting system charges, as authorized under Section 102 of the General Appropriation Act.

ADDITIONAL LEGISLATION

Game and Fish In Lieu Payments - Chapter 192 (S.B. 1156) - Allows the Game and Fish Commission to make voluntary contributions in lieu of property taxes to taxing jurisdictions in which property purchased by the Commission is located. Such payments may be made from any source of funding available to the Commission, including appropriated and non-appropriated funds. The contribution amount shall be based on current tax rates and assessed value. Provides that lands purchased for fish hatcheries, game farms, firing ranges, reservoir sites, administrative sites, and rights of way to fishing waters are excluded for purposes of in-lieu contributions.

ARIZONA GAME AND FISH DEPARTMENT - WATERCRAFT

A.R.S. § 17-201

Duane Shroufe, Director

JLBC Analyst: Headley

| WATERCRAFT LICENSING FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|-----------------------------------|-------------------|-----------------------|--------------------------------|
| FTE Positions | 26.0 | 26.0 | 26.0 |
| Personal Services | 445,000 | 462,300 | 477,000 |
| Employee Related Expenditures | 161,300 | 164,200 ^{1/} | 141,700 |
| Professional & Outside Services | 43,500 | 44,600 | 44,600 |
| Travel - In State | 16,200 | 19,900 | 19,900 |
| Travel - Out of State | 2,500 | 4,500 | 4,500 |
| Other Operating Expenditures | 297,000 | 339,400 | 341,800 |
| Equipment | 122,900 | 12,500 | -0- |
| All Other Operating Expenditures | 482,100 | 420,900 | 410,800 |
| OPERATING SUBTOTAL | 1,088,400 | 1,047,400 | 1,029,500 |
| Cost Transfer to Game & Fish Fund | 359,500 | 359,000 | 320,700 |
| TOTAL APPROPRIATIONS | 1,447,900 | 1,406,400 | 1,350,200 ^{2/} |

Program Description - *The Watercraft program is responsible for boat registration and the enforcement of boating safety laws.*

Personal Services - The approved amount is based upon a 1 % vacancy factor and \$4,800 in vacancy savings. The approved amount also includes an additional \$19,500 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$2,700 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$2,100 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$74,100 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes an additional \$2,400 for the payment of statewide accounting system charges, as authorized under Section 102 of the General Appropriation Act.

Cost Transfer - The approved amount is used to reimburse the Game & Fish Fund for functions performed by the Administrative and Field Services program on behalf of the Watercraft program.

^{1/} Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$30,000 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.

^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the program, with special line items. The line items within the "Operating Subtotal" are shown for information only.

ARIZONA GAME AND FISH DEPARTMENT - NON-GAME WILDLIFE**A.R.S. § 17-201**

Duane Shroufe, Director

JLBC Analyst: Headley

| GAME, NON-GAME, FISH AND ENDANGERED SPECIES FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|---|---------------------------|-----------------------------|------------------------------|
| FTE Positions | 4.0 | 4.0 | 4.0 |
| Personal Services | 93,300 | 103,400 | 106,700 |
| Employee Related Expenditures | 24,800 | 32,500 ^{1/} | 27,200 |
| Professional & Outside Services | 29,600 | 30,000 | 30,000 |
| Travel - In State | 4,500 | 7,400 | 7,400 |
| Travel - Out of State | 2,900 | 3,000 | 3,000 |
| Other Operating Expenditures | 50,000 | 80,700 | 81,200 |
| Equipment | 1,000 | -0- | -0- |
| All Other Operating Expenditures | 88,000 | 121,100 | 121,600 |
| OPERATING SUBTOTAL | 206,100 | 257,000 | 255,500 |
| Cost Transfer to Game & Fish Fund | -0- | 10,000 | 10,000 |
| TOTAL APPROPRIATIONS | 206,100 | 267,000 | 265,500 ^{2/} |

Program Description - *The Non-Game Wildlife program conducts research on non-game wildlife, endangered species, and related habitat for use in the department's management plan for these wildlife.*

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$3,000 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$400 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$500 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$11,500 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes an additional \$800 for the payment of statewide accounting system charges, as authorized under Section 102 of the General Appropriation Act.

Cost Transfer - This appropriation is used to reimburse the Game and Fish Fund for functions performed by the Administrative and Field Services program on behalf of the Non-Game Wildlife program.

^{1/} Laws 1993, Chapter 7 (H.B. 2009), 2nd Special Session appropriated \$7,700 for the cost of health insurance in excess of amounts originally appropriated for FY 1992 and FY 1993.

^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the program, with special line items. The line items within the "Operating Subtotal" are shown for information only.

ARIZONA GEOLOGICAL SURVEY**A.R.S. § 27-151**

Larry D. Fellows, State Geologist

JLBC Analyst: Brainard

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|---------------------------|-----------------------------|------------------------------|
| FTE Positions | 14.3 | 14.3 | 13.3 |
| Personal Services | 372,200 | 396,300 | 380,400 |
| Employee Related Expenditures | 80,200 | 90,400 | 89,300 |
| Travel - In State | 10,400 | 12,400 | 12,400 |
| Travel - Out of State | 2,300 | 2,000 | 2,000 |
| Other Operating Expenditures | 128,200 | 122,800 | 126,000 |
| Equipment | 15,600 | -0- | 3,100 |
| All Other Operating Expenditures | 156,500 | 137,200 | 143,500 |
| TOTAL APPROPRIATIONS | 608,900 | 623,900 | 613,200 ^{1/} |

Agency Description - The Geological Survey investigates Arizona's geology and regulates the drilling and production of oil, gas, and other energy resources. The Survey also provides technical advice and assistance to state and local government agencies, industry, and other members of the public concerning the geologic environment and the development and use of mineral resources in Arizona.

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount includes an additional \$10,000 to annualize the cost of the April 1993 general salary adjustment. The approved amount also includes a reduction of \$25,900 as a result of eliminating the agency's Public Information Officer III position.

Employee Related Expenditures - The approved amount includes: a) an additional \$1,300 to annualize the cost of the April 1993 general salary adjustment, b) a reduction of \$1,700 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act, and c) a reduction of \$6,200 as a result of eliminating the agency's Public Information Officer III position.

Other Operating Expenditures - The approved amount includes: a) a total of \$2,200 for the payment of risk management premiums, which reflects a reduction of \$2,100 authorized by Section 104 of the General Appropriation Act, and b) a total of \$80,900 for rent of private office and storage space.

Equipment - The approved amount is for the purchase of 1 copy machine.

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.

STATE LAND DEPARTMENT
A.R.S. § 37-102

M. J. Hassell, Land Commissioner

JLBC Analyst: Reddy

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|---------------------------|--------------------------------|--------------------------------|
| FTE Positions ^{1/} | 164.0 | 157.0 | 154.0 |
| Personal Services | 4,470,300 | 4,373,900 | 4,415,700 |
| Employee Related Expenditures | 976,300 | 1,001,900 | 915,200 |
| Professional & Outside Services | 615,700 | 441,600 | 476,600 |
| Travel - In State | 198,700 | 206,100 | 201,000 |
| Travel - Out of State | 7,600 | 2,200 | 2,200 |
| Other Operating Expenditures | 1,231,500 | 1,334,000 | 2,407,500 |
| Equipment | 186,300 | 71,500 | 63,800 |
| All Other Operating Expenditures | 2,239,800 | 2,055,400 | 3,151,100 |
| OPERATING SUBTOTAL | 7,686,400 | 7,431,200 | 8,482,000 |
| Streambed Ownership | -0- | 200,000 | 193,200 |
| Litigation Expenses | 29,800 | 20,000 | 20,000 |
| Legal Advertising | 9,700 | 30,000 | 30,000 |
| CAP User Fees | 78,000 | 78,100 | 78,100 |
| Water Rights Filing Fees | 12,100 | 33,600 | 6,500 |
| Water Litigation | 36,200 | 26,500 | 27,600 |
| Illegal Dump Supervision | 14,800 | 15,000 | 50,000 |
| Natural Resource Conservation Districts | 127,000 | 128,000 | 150,000 |
| Conservation Education | 30,000 | 30,000 | 30,000 |
| Board of Appeals | 10,900 | 16,900 | 16,400 |
| TOTAL | 8,034,900 | 8,009,300 ^{2/} | 9,083,800 ^{3/} |
| Additional Appropriations - 41st Leg., 1st Reg. Session | | | |
| Performance and Restoration Bonds, Ch. 169 | -- | -- | 1,800,000 |
| State Land Department; Appropriations, Ch. 186 | -- | 697,900 | -- |
| TOTAL APPROPRIATIONS | 8,034,900 | 8,707,200 | 10,883,800 |

(Continued)

- ^{1/} The FTE Positions total includes 3 FTE positions funded in special line items in FY 1992, 3 in FY 1993 and 2 in FY 1994.
- ^{2/} In accordance with Laws 1992, Chapter 312, this amount reflects the transfer of \$215,300 from the original FY 1993 appropriation to the Statewide Long-Term Improved Management (SLIM) fund. This transfer represents savings associated with the implementation of the Project SLIM recommendation.
- ^{3/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.

STATE LAND DEPARTMENT (Cont'd)
GENERAL FUND

Agency Description - *The agency manages the state's 9.5 million acres of trust land on behalf of its 14 beneficiaries. In order to generate revenue, the agency plans, leases, and sells trust land. The agency also generates revenue by collecting royalties from the operators of 2 copper mines on state land.*

FTE Positions - The approved amount includes a decrease of 3 FTE positions:

- **Land Sales** - Includes 2 Natural Resource Manager FTE positions and \$65,100 (Personal Services, \$53,300; Employee Related Expenditures, \$11,800) in order to address a backlog of 180 land sales applications.
- **Project SLIM** - Eliminates 5 FTE positions, including 2 Urban Planners, 2 Information Processing Specialists, and 1 Water Resources Manager and \$160,200.

Personal Services - The approved amount is based upon a 2% vacancy factor and \$89,000 in vacancy savings. The approved amount includes \$115,700 to annualize the cost of the April 1993 general salary adjustment. The approved amount also includes: a) a reduction of \$130,800 to reflect the Project SLIM recommendations, and b) an additional \$53,300 to fund the Natural Resource Manager positions.

Employee Related Expenditures - The approved amount includes: a) an additional \$14,700 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$19,900 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$375,000 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund. The approved amount also includes a reduction of \$29,400 to reflect the Project SLIM recommendations.

Professional and Outside Services - The approved amount includes: a) a decrease of \$25,000 to reflect the completion of the database and data processing system, and b) an increase of \$60,000 to process the anticipated increase in appraisal requests.

Travel - In State - The approved amount includes decreases of \$7,500 to reflect the Project SLIM recommendations and \$600 to reflect actual mileage reimbursement rates. The approved amount also includes an increase of \$3,000 for the new land sales FTE positions.

Other Operating Expenditures - The approved amount includes: a) a total of \$1,074,300 for the payment of risk management premiums, which reflects an additional \$1,025,800 authorized by Section 104 of the General Appropriation Act, and b) a total of \$383,000 for the agency's share of the 1616 West Adams lease-purchase payment and \$133,800 for lease payments for agency regional offices (a \$33,600 increase). The approved amount also includes an increase of \$21,600 for non-capitalized equipment and a decrease of \$7,500 to reflect the Project SLIM recommendations.

Equipment - The approved amount includes the following replacement equipment: 6 computers, 3 printers, 1 pick-up truck, 1 map cabinet system, and a mail machine.

Streambed Ownership - This appropriation provides funding for 1 Water Resources Engineer to research and determine ownership of streambeds and watercourses in Arizona. The approved amount includes: a) a reduction of \$200 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act, and b) a reduction of \$700 for an Employee Related Expenditures rate change.

The approved amount includes a total of \$2,500 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund. The approved amount also includes a \$5,900 reduction in Other Operating Expenditures and Equipment.

Litigation Expenses - This appropriation funds expenses related to State Land Department litigation, including attorneys' fees, expert witnesses, and travel expenses.

(Continued)

STATE LAND DEPARTMENT (Cont'd)

GENERAL FUND

Legal Advertising - The State Land Department is required to advertise sales of long-term leases of Trust property. These advertising costs are paid by the successful bidder. This appropriation pays advertising expenses when a sale or lease fails to attract a successful bidder.

CAP User Fees - These monies provide Trust Lands' Central Arizona Project water user fees.

Water Rights Filing Fees - The appropriation funds the costs of filing and claiming water sources on newly acquired state land. The approved amount also includes the reduction of 1 temporary position and \$27,100 (Personal Services, \$21,800; Employee Related Expenditures, \$5,300).

Water Litigation - This appropriation funds 1 Water Resources Specialist position to research and file Trust Land water rights. The approved amount is based upon a 0% vacancy factor. The approved amount includes: a) an additional \$900 (Personal Services, \$800; Employee Related Expenditures, \$100) for the April 1993 general salary adjustment, b) a reduction of \$100 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act, and c) an increase of \$300 for an Employee Related Expenditures rate change.

The approved amount also includes a total of \$2,500 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Illegal Dump Supervision - The State Land Department uses this appropriation to clear Trust Lands of unsightly or dangerous material. The approved amount includes an increase of \$35,000 to respond to the numerous complaints from the community and local governments about the condition of 5 of its properties, all located in the Phoenix area.

Natural Resource Conservation Districts (NRCs) - 32 NRCs serve as vehicles to provide technical assistance by the U.S. Soil Conservation Service primarily for farmers and ranchers. The approved amount provides approximately \$4,700 for each district (an increase of \$700) to be used for clerical support and board per diem expenses.

Conservation Education - The approved amount provides \$6,000 to each of 5 Conservation Education Centers in Arizona for conservation instruction. This appropriation may be matched by school districts and other sources.

Board of Appeals - The 5 members of this board, appointed by the Governor, approve land sales and long-term leases of Trust Lands and hear appeals of appraisals. The approved amount provides board per diem, travel expenses, and contract appraisals. The approved amount includes a reduction of \$4,100 in Travel - In State to reflect actual expenditures and an increase of \$3,600 for board expenses transferred from the Personal Services line item.

ADDITIONAL APPROPRIATIONS

State Lands; Performance and Restoration Bonds - Chapter 169 (S.B. 1091) - Appropriates \$1,800,000 from the General Fund to the State Land Department for payment of state-guaranteed delinquent irrigation district assessments to the Reclamation Trust Fund.

State Land Department; Appropriation - Chapter 186 (H.B. 2246) - Appropriates a total of \$697,600 from the state General Fund to the State Land Department for lawsuit settlement costs. The Arizona Court of Appeals ruled that the State Land Department must pay: 1) \$601,900 to the Arizona Motor Speedway for the cost of improvements made to state land and attorney fees and costs, and 2) \$96,000 to the Center for Law in the Public Interest for attorney fees and costs associated with streambed litigation.

ADDITIONAL LEGISLATION

Omnibus State Land Code Revisions - Chapter 168 (S.B. 1097) - Allows a buyer, within 2 years, to rescind a sale based on the State Land Department's failure to comply with the Enabling Act, the Constitution of Arizona, or the statutes by filing an action in Superior Court.

DEPARTMENT OF MINES AND MINERAL RESOURCES

A.R.S. § 27-101

Leroy E. Kissinger, Director

JLBC Analyst: Cawley

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|------------------------------|
| FTE Positions | 8.0 | 7.0 | 7.0 |
| Personal Services | 257,000 | 219,900 | 225,200 |
| Employee Related Expenditures | 53,600 | 47,600 | 44,600 |
| Travel - In State | 4,400 | 4,300 | 4,300 |
| Travel - Out of State | 300 | -0- | -0- |
| Other Operating Expenditures | 23,500 | 337,600 | 333,500 |
| All Other Operating Expenditures | 28,200 | 341,900 | 337,800 |
| TOTAL APPROPRIATIONS | 338,800 | 609,400 | 607,600 ^{1/} |

Agency Description - The department promotes the development of the state's mineral resources by providing technical and educational assistance and information to the mining and mineral industry and the general public. In addition, the department operates the Mining and Mineral Museum, which is the official repository for the identification, cataloging and displaying of mineral specimens, ores, gemstones and lapidary material found in the state.

Personal Services - The approved amount is based upon a 0% vacancy factor. The approved amount also includes an additional \$5,300 to annualize the cost of the April 1993 general salary adjustment.

Employee Related Expenditures - The approved amount includes: a) an additional \$700 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$1,000 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$16,100 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes: a) a total of \$2,900 for the payment of risk management premiums, which reflects a reduction of \$1,800 authorized by Section 104 of the General Appropriation Act, and b) a total of \$318,000 for rent of state-owned space, which is \$2,300 lower than in FY 1993.

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency. The line items are shown for information only.

ARIZONA STATE PARKS BOARD
A.R.S. § 41-511

Ken Travous, Executive Director

JLBC Analyst: Headley

| GENERAL FUND AND OTHER APPROPRIATED FUNDS | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|--|---------------------------|-----------------------------|--------------------------------|
| FTE Positions | 172.5 | 179.5 | 178.5 ^{1/} |
| Personal Services | 3,540,300 | 3,777,900 | 3,957,700 |
| Employee Related Expenditures | 933,800 | 1,041,000 | 1,030,700 |
| Professional & Outside Service | 12,700 | 5,000 | 5,000 |
| Travel - In State | 78,700 | 73,300 | 73,300 |
| Travel - Out of State | 4,100 | 4,100 | 4,100 |
| Other Operating Expenditures | 1,398,200 | 1,759,300 | 1,853,800 |
| Equipment | 200,000 | 153,800 | 132,200 |
| All Other Operating Expenditures | 1,693,700 | 1,995,500 | 2,068,400 |
| OPERATING SUBTOTAL | 6,167,800 | 6,814,400 | 7,056,800 |
| LEBSF Projects | 559,400 | 600,000 | 600,000 ^{2/} |
| Arizona Conservation Corps | 275,000 | 276,100 | 240,400 ^{3/} |
| State Trust Land Leases | 148,700 | 156,800 | 164,600 |
| Fool Hollow State Park | 165,900 | -0- | -0- |
| Tonto Revolving Fund | 50,000 | -0- | -0- |
| TOTAL APPROPRIATIONS | 7,366,800 | 7,847,300 | 8,061,800 ^{4/} |
| <u>Fund Summary</u> | | | |
| General Fund | 4,565,500 | 4,563,600 | 4,642,500 |
| State Parks Enhancement Fund | 1,242,600 | 1,501,300 | 1,588,100 ^{5/6/} |
| State Lake Improvement Fund | 999,300 | 1,182,400 | 1,231,200 |
| Law Enforcement and Boating Safety Fund | 559,400 | 600,000 | 600,000 |
| TOTAL APPROPRIATIONS | 7,366,800 | 7,847,300 | 8,061,800 |

(Continued)

- ^{1/} The FTE positions total includes 4 FTE positions funded in the Arizona Conservation Corps special line item in FY 1992 and FY 1993, and 3 FTE positions in FY 1994.
- ^{2/} The appropriation for Law Enforcement and Boating Safety Projects is an estimate only. All monies distributed to this fund during FY 1994 in excess of the appropriated amount are appropriated to the State Parks Board for the purposes established in A.R.S. § 5-383. (General Appropriation Act footnote)
- ^{3/} Monies appropriated for the Arizona Conservation Corps (ACC) program shall be placed in the ACC Fund authorized by A.R.S. § 41-519.05. Expenditures from the ACC Fund may be reimbursed by federal, state, local, and other sources to accomplish the ACC program objectives stated in A.R.S. § 41-519. (General Appropriation Act footnote)
- ^{4/} Represents General Appropriation Act funds. Appropriated as a modified lump sum for the agency, with special line items. The items within "All Other Operating Expenditures" are shown for information only.

(Footnotes Continued on Following Page)

ARIZONA STATE PARKS BOARD (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

Agency Description - *The State Parks Board is responsible for managing the state parks system, which include recreational parks, historical parks, and natural areas. The Parks Board consists of 7 members appointed by the Governor. Major functions of the Parks Board, through its staff, include the maintenance and development of existing parks, new parks acquisitions, statewide recreational planning, historic preservation, and the administration of the Heritage Fund grants program and other grants programs providing funds for local and regional projects.*

Personal Services - The approved amount is based upon a 1.9% vacancy factor and \$61,400 in vacancy savings from the General Fund and \$15,800 in vacancy savings from Other Appropriated Funds. The approved amount includes an additional \$76,900 from the General Fund and \$54,800 from Other Appropriated Funds to annualize the cost of the April 1993 general salary adjustment. The approved amount also includes \$56,400 from Other Appropriated Funds for a Classification Maintenance Review of parks operations positions.

Employee Related Expenditures - The approved amount includes: a) an additional \$11,000 from the General Fund and \$7,900 from Other Appropriated Funds to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$10,800 from the General Fund and \$7,000 from Other Appropriated Funds as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$251,200 from the General Fund and \$169,600 from Other Appropriated Funds for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes \$135,400 from the General Fund and \$85,100 from Other Appropriated Funds for the payment of risk management premiums. These amounts reflect an additional \$36,200 from the General Fund and \$22,300 from Other Appropriated Funds, as authorized under Section 104 of the General Appropriation Act. The approved amount also includes an total of \$87,400 from the General Fund and \$4,600 from Other Appropriated Funds for rent of state-owned space.

The approved amount includes an additional \$10,100 from Other Appropriated Funds for the payment of statewide accounting system changes, as authorized under Section 102 of the General Appropriation Act.

LEBSF Projects - Provides grants awarded by the Arizona Outdoor Recreation Coordinating Committee to county governments for boating safety personnel and boating law enforcement.

Arizona Conservation Corps - Provides young adults with employment opportunities in resource conservation and community service. Local governments, private businesses, and other groups develop projects and provide matching funds. The approved amount reflects a reduction of 1 FTE position and \$37,800. The approved amount includes an additional \$2,600 to annualize the cost of the April 1993 general salary adjustment, and a reduction of \$500 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act. The approved amount also includes \$8,400 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

(Continued)

(Footnotes Continued From Previous Page)

- 5/ The appropriation from the State Parks Enhancement Fund is an estimate only. One-half of all receipts deposited into this fund during FY 1994 are appropriated to the State Parks Board for the purposes prescribed in A.R.S. § 41-511.11, Subsection B. (General Appropriation Act footnote)
- 6/ The appropriation from the State Parks Enhancement Fund is based on the assumption that \$64,600 will be used to fund a Classification Maintenance Review (CMR) of park operations positions in FY 1994, pending approval of the CMR by the Department of Administration Personnel Division.

ARIZONA STATE PARKS BOARD (Cont'd)
GENERAL FUND AND OTHER APPROPRIATED FUNDS

State Trust Land Leases - This appropriation provides lease payments as determined by the State Land Department for the following state parks located on State Trust Lands: Buckskin, Homolovi, Lyman Lake, Patagonia, and Picacho.

OTHER ISSUES

State Parks Heritage Fund - Proposition 200, passed by Arizona voters in November 1990, directs \$10,000,000 annually from State Lottery revenues to the State Parks Board and the Arizona Outdoor Recreation and Coordinating Commission (AORCC) for the following purposes:

| | |
|--|---------------------|
| Local and Regional Parks Acquisition and Development | \$3,500,000 |
| State Park Acquisition and Development | 1,700,000 |
| Historic Preservation | 1,700,000 |
| Acquisition of Natural Areas | 1,700,000 |
| Management of Natural Areas | 400,000 |
| State Trails System Development | 500,000 |
| Environmental Education | 500,000 |
| TOTAL | <u>\$10,000,000</u> |

These funds are not subject to legislative appropriation; interest earned by investing these funds accrues to the State Parks Board and will be used for administrative expenses.

ADDITIONAL LEGISLATION

State Parks Board; Souvenir Fund - Chapter 82 (H.B. 2215) - Changes the name of the State Parks Board Publications Revolving Fund to the State Parks Board Publications and Souvenir Revolving Fund. Allows the Parks Board to use fund monies for the purchase of souvenirs and sundry items and the operation of concessions at state parks. Revenues from concessions are deposited into the fund. Fund balances in excess of \$25,000 at the end of the fiscal year will be transferred to the State Parks Enhancement Fund.

State Parks Board; Surcharge Fees - Chapter 214 (H.B. 2219) - Creates a State Parks Board Reservation Surcharge Revolving Fund, subject to legislative appropriation. Allows the Parks Board to collect a surcharge on parks fees for use in planning and administering a parks visitor reservation system. The Parks Boards determines the surcharge amount, but that amount may not exceed \$5. Fund balances at the end of the fiscal year in excess of \$12,500 revert to the General Fund.

DEPARTMENT OF WATER RESOURCES - SUMMARY

A.R.S. § 45-102

Rita Pearson, Director

JLBC Analyst: Bock

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------------------|---------------------------------|
| <u>Program Summary</u> | | | |
| Administration | 3,758,500 | 3,950,300 | 4,112,800 |
| Engineering | 4,312,200 | 4,483,700 | 4,574,900 |
| Water Management | 2,968,500 | 3,057,500 | 2,974,800 |
| TOTAL APPROPRIATIONS | 11,039,200 | 11,491,500 | 11,662,500 |
| <u>Expenditure Detail</u> | | | |
| FTE Positions | 214.7 | 210.7 | 210.7 |
| Personal Services | 6,194,400 | 6,213,000 | 6,468,200 |
| Employee Related Expenditures | 1,405,000 | 1,396,800 | 1,376,100 |
| Professional & Outside Services | 205,700 | 370,800 | 384,700 |
| Travel - In State | 214,100 | 257,700 | 250,400 |
| Travel - Out of State | 34,200 | 39,700 | 39,700 |
| Other Operating Expenditures | 2,270,300 | 2,541,600 | 2,671,500 |
| Equipment | 291,000 | 9,000 | 9,000 |
| All Other Operating Expenditures | 3,015,300 | 3,218,800 | 3,355,300 |
| OPERATING SUBTOTAL | 10,614,700 | 10,828,600 | 11,199,600 |
| Special Line Items ^{1/} | 424,500 | 662,900 | 462,900 |
| TOTAL APPROPRIATIONS | 11,039,200 | 11,491,500 ^{2/} | 11,662,500 ^{3/} |

Agency Description - The department administers and enforces Arizona's groundwater code, administers surface water rights laws, and represents Arizona's water rights with the federal government. These activities are to assure a long-term dependable water supply in the state. The department also inspects dams and participates in flood control planning to prevent property damage, personal injury, and loss of life. In support of these activities, it collects and analyzes base data on water levels and on water-quality characteristics.

(Continued)

^{1/} Details for the Special Line Items are included on the individual program pages.

^{2/} In accordance with Laws 1992, Chapter 312, this amount reflects the transfer of \$122,300 from the original FY 1993 appropriation to the Statewide Long-term Improved Management (SLIM) fund. This transfer represents savings associated with the implementation of Project SLIM recommendations. Four FTE positions were also eliminated.

^{3/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency, with special line items. The program detail and the line items within the "Operating Subtotal" are shown for information only.

DEPARTMENT OF WATER RESOURCES - SUMMARY (Cont'd)
GENERAL FUND

Personal Services - The approved amount is based upon a 1.4% vacancy factor and \$91,100 in vacancy savings. The approved amount also includes an additional \$161,200 to annualize the cost of the April 1993 general salary adjustment. The amount also adjusts Personal Services by \$162,200 to reflect actual salaries. (This amount is offset by \$176,400 in reductions to All Other Operating Expenditures.) Personal Services is also reduced by a net \$64,500 to annualize the Project SLIM reductions and is reduced by \$3,700 for other adjustments.

Employee Related Expenditures - The approved amount includes: a) an additional \$20,300 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$29,200 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$513,700 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes: a) a total of \$242,800 for the payment of risk management premiums, which reflects an additional \$226,700 authorized by Section 104 of the General Appropriation Act, and b) totals of \$86,900 for the Tucson State Office Building and \$878,100 for the Capital Center Building lease-purchase payments.

Project SLIM - Relative to the FY 1993 revised estimate, the approved amounts for Personal Services and Employee Related Expenditures combined are reduced by \$87,000, and Travel - In State and Other Operating Expenditures are reduced by \$1,300, to annualize the Project SLIM recommendations. However, \$78,900 is added to Professional and Outside Services, resulting in a net reduction in FY 1994 of \$9,400.

DEPARTMENT OF WATER RESOURCES - ADMINISTRATION

A.R.S. § 45-102

Rita Pearson, Director

JLBC Analyst: Bock

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|--------------------------------|--------------------------------|
| FTE Positions | 43.5 | 43.5 | 43.5 |
| Personal Services | 1,359,200 | 1,421,900 | 1,437,100 |
| Employee Related Expenditures | 297,200 | 296,600 | 297,200 |
| Professional & Outside Services | 19,300 | 112,000 | 112,000 |
| Travel - In State | 10,500 | 14,500 | 14,500 |
| Travel - Out of State | 9,600 | 12,000 | 12,000 |
| Other Operating Expenditures | 1,920,800 | 2,093,300 | 2,240,000 |
| Equipment | 141,900 | -0- | -0- |
| All Other Operating Expenditures | 2,102,100 | 2,231,800 | 2,378,500 |
| TOTAL APPROPRIATIONS | 3,758,500 | 3,950,300 ^{1/} | 4,112,800 ^{2/} |

Program Description - This division includes the department's executive management and central business functions. It also operates the department's computer system, and it includes a legal staff to support the department's water rights allocation and water law enforcement activities.

Personal Services - The approved amount is based upon a 1% vacancy factor and \$14,500 in vacancy savings. The approved amount includes an additional \$33,400 to annualize the cost of the April 1993 general salary adjustment. Personal Services was decreased by \$5,200 to reflect actual salaries, but this change was offset by adjustments to other operating line items in this and other programs. Also, the FY 1994 annualization of FY 1993 Project SLIM recommendations resulted in a net decrease of \$12,600.

Employee Related Expenditures - The approved amount includes: a) an additional \$4,600 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$6,500 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$106,500 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

Other Operating Expenditures - The approved amount includes: a) a total of \$242,800 for the payment of risk management premiums, which reflects an additional \$226,700 authorized by Section 104 of the General Appropriation Act, and b) a total of \$878,100 for the Capitol Center Building lease-purchase payment.

^{1/} In accordance with Laws 1992, Chapter 312, this amount reflects the transfer of \$23,900 from the original FY 1993 appropriation to the Statewide Long-term Improved Management (SLIM) fund. This transfer represents savings associated with the implementation of Project SLIM recommendations. One FTE position was eliminated.

^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency, with special line items. The program detail and the line items within the "Operating Subtotal" are shown for information only.

DEPARTMENT OF WATER RESOURCES - ENGINEERING

A.R.S. § 45-102

Rita Pearson, Director

JLBC Analyst: Bock

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|---------------------|--------------------------------|
| FTE Positions | 92.0 | 92.0 | 92.0 |
| Personal Services | 2,760,200 | 2,843,300 | 2,930,700 |
| Employee Related Expenditures | 628,700 | 631,100 | 616,800 |
| Professional & Outside Services | 80,800 | 128,400 | 162,900 |
| Travel - In State | 157,600 | 196,400 | 194,400 |
| Travel - Out of State | 18,100 | 20,000 | 20,000 |
| Other Operating Expenditures | 155,500 | 242,600 | 228,200 |
| Equipment | 87,800 | 9,000 | 9,000 |
| All Other Operating Expenditures | 499,800 | 596,400 | 614,500 |
| OPERATING SUBTOTAL | 3,888,700 | 4,070,800 | 4,162,000 |
| USGS Cooperative Agreement | 264,900 | 272,900 | 272,900 |
| Early Flood Warning System | 89,900 | 90,000 | 90,000 |
| Flood Control Development | 50,000 | 50,000 | 50,000 |
| Apache Flood Controls | 18,700 | -0- | -0- |
| TOTAL APPROPRIATIONS | 4,312,200 | 4,483,700 | 4,574,900 ^{1/} |

Program Description - This division includes flood plain management and dam safety programs. The division collects and analyzes basic data on both surface and ground water levels as well as on water quality, and currently, it also provides technical assistance to the statewide general water rights adjudication.

Personal Services - The approved amount is based upon a 1.5% vacancy factor and \$44,600 in vacancy savings. The approved amount also includes an additional \$69,100 to annualize the cost of the April 1993 general salary adjustment. Personal Services was increased by \$62,900 to reflect actual salaries, but this change was offset by adjustments to the other operating line items in this and other programs.

Employee Related Expenditures - The approved amount includes: a) an additional \$9,500 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$13,200 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$224,000 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

(Continued)

^{1/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency with special line items. The program detail and the line items within the "Operating Subtotal" are shown for information only.

DEPARTMENT OF WATER RESOURCES - ENGINEERING (Cont'd)
GENERAL FUND

Professional and Outside Services - The approved amount includes an additional \$39,500, which is part of the \$78,900 offset to Project SLIM-recommended reductions to Personal Services and Employee Related Expenditures.

USGS Cooperative Agreement - Through this line item, Arizona supports the maintenance and monitoring of groundwater gauges throughout the state. For its part, the U.S. Geological Survey maintains and monitors surface water gauges. The data are shared and used in various water policy planning applications.

Early Flood Warning System - About two thirds of the amount supports stream gauges for advance notice of flooding. The remainder is for establishing warning systems that link gauges with emergency personnel via satellite.

Flood Control Development - The Department of Water Resources uses this amount to provide seed money to counties for developing flood control systems.

DEPARTMENT OF WATER RESOURCES - WATER MANAGEMENT

A.R.S. § 45-102

Rita Pearson, Director

JLBC Analyst: Bock

| GENERAL FUND | FY 1992 Actual | FY 1993 Estimate | FY 1994 Approved |
|----------------------------------|-------------------|--------------------------------|--------------------------------|
| FTE Positions | 79.2 | 75.2 | 75.2 |
| Personal Services | 2,075,000 | 1,947,800 | 2,100,400 |
| Employee Related Expenditures | 479,100 | 469,100 | 462,100 |
| Professional & Outside Services | 105,600 | 130,400 | 109,800 |
| Travel - In State | 46,000 | 46,800 | 41,500 |
| Travel - Out of State | 6,500 | 7,700 | 7,700 |
| Other Operating Expenditures | 194,000 | 205,700 | 203,300 |
| Equipment | 61,300 | -0- | -0- |
| All Other Operating Expenditures | 413,400 | 390,600 | 362,300 |
| OPERATING SUBTOTAL | 2,967,500 | 2,807,500 | 2,924,800 |
| Groundwater Replenishment | 1,000 | -0- | -0- |
| Riparian Issues | -0- | 250,000 | -0- |
| Colorado/CAP Study | -0- | -0- | 50,000 |
| TOTAL APPROPRIATIONS | 2,968,500 | 3,057,500 ^{1/} | 2,974,800 ^{2/} |

Program Description - This division administers and enforces the groundwater code, administers both surface water and groundwater rights, and develops and implements water conservation and water supply augmentation plans.

Personal Services - The approved amount is based upon a 1.5% vacancy factor and \$32,000 in vacancy savings. The approved amount also includes an additional \$58,700 to annualize the cost of the April 1993 general salary adjustment. Personal Services was increased by \$147,200 to reflect actual salaries, but this change was offset by adjustments to other operating line items in this and other programs. Also, the FY 1994 annualization of FY 1993 Project SLIM recommendations resulted in a net decrease of \$51,900.

Employee Related Expenditures - The approved amount includes: a) an additional \$8,100 to annualize the cost of the April 1993 general salary adjustment, and b) a reduction of \$9,500 as a result of lowering the employer contribution to the State Retirement System from 3.59% to 3.14%, as authorized by Section 103 of the General Appropriation Act.

The approved amount also includes a total of \$183,200 for the state share of employee medical and dental insurance payments, which will be transferred to the Health Insurance Trust Fund.

(Continued)

^{1/} In accordance with Laws 1992, Chapter 312, this amount reflects the transfer of \$98,400 from the original FY 1993 appropriation to the Statewide Long-term Improved Management (SLIM) fund. This transfer represents savings associated with the implementation of Project SLIM recommendations.

^{2/} Represents General Appropriation Act funds. Appropriated as a lump sum for the agency, with special line items. The program detail and the line items within the "Operating Subtotal" are shown for information only.

DEPARTMENT OF WATER RESOURCES - WATER MANAGEMENT (Cont'd)
GENERAL FUND

Professional and Outside Services - The approved amount includes an additional \$39,400, which is part of the \$78,900 offset to Project SLIM-recommended reductions to Personal Services and Employee Related Expenditures.

All Other Operating - The approved amount includes \$86,900 for the Tucson State Office Building lease-purchase payment.

Colorado/CAP Studies - The approved amount includes \$50,000 to partially defray the costs of studies related to Colorado River water allocation planning and Central Arizona Project water usage and financial matters.

Riparian Issues - This amount was approved for one-time studies for a report on riparian areas and groundwater management. The department is proceeding to study the effects on riparian areas of lowered water tables, and is also analyzing satellite imagery. It has spent about \$95,000 of the FY 1993 appropriation, which will lapse at the end of FY 1994.

ADDITIONAL LEGISLATION

County Water Augmentation Authority - Chapter 121 (S.B. 1260) - This act authorizes the creation of a county augmentation authority to assist local water providers in developing water resources other than groundwater. The act affects the non-appropriated Augmentation and Conservation Assistance Fund. Heretofore, the augmentation and conservation portion of the groundwater withdrawal fees have been deposited to the Augmentation and Conservation Assistance Fund. Now, half of these revenues collected from the Pinal active management area will be transferred to the new augmentation authority.

The authority may assess fees, such as extraction fees, development impact fees, connection fees, user fees, replenishment fees and administrative fees for services it provides such as developing equivalent water supplies. Last year, the Legislature appropriated \$500,000 to the Department of Water Resources for certain water management studies. This act extends the deadline for completion of these studies by one year, to June 30, 1994, after which the unexpended and encumbered portion of this appropriation will revert to the General Fund.

Groundwater Replenishment District; Central Arizona - Chapter 200 (S.B. 1425) - Creates the Central Arizona Groundwater Replenishment District, which will be operated by the Central Arizona Water Conservation District. This new district is to compensate for district water users' excess groundwater withdrawal by replenishing aquifers with water from renewable supplies. The district's operating needs will be met through a new special tax levied on district members. Membership is voluntary.

**GENERAL FUND
HEALTH INSURANCE
RETIREMENT REDUCTION, AND
RISK MANAGEMENT ADJUSTMENTS
FISCAL YEAR 1994 1/**

| | Health & Dental Amounts | Section 103 Retirement Reduction | Section 104 Risk Management | Total Section 103 & 104 Adjustments |
|---|----------------------------|-------------------------------------|--------------------------------|--|
| GENERAL GOVERNMENT | | | | |
| Administration, Department of | | | | |
| Central Operations | \$374,000 | (\$17,800) | \$0 | (\$17,800) |
| AFIS II* | 0 | 0 | 0 | 0 |
| GRCC* | 5,300 | (300) | 0 | (300) |
| Finance | 109,700 | (4,800) | 0 | (4,800) |
| SLIAG* | 15,800 | (600) | 0 | (600) |
| GAAP* | 44,800 | (1,700) | 0 | (1,700) |
| Cost Recovery/Cash Management* | 7,900 | (400) | 0 | (400) |
| General Services | 504,000 | (16,400) | 0 | (16,400) |
| Chapter 124 | 2,600 | 0 | 0 | 0 |
| Total - Dept of Administration | \$1,064,100 | (\$42,000) | \$0 | (\$42,000) |
| Affirmative Action, Governor's Office of | 9,100 | (700) | (300) | (1,000) |
| Attorney General | | | | |
| Administration | 151,800 | (8,500) | 6,200 | (2,300) |
| Civil | 285,500 | (21,100) | 55,200 | 34,100 |
| Human Services | 74,700 | (4,100) | 6,100 | 2,000 |
| Criminal | 328,200 | (20,000) | 55,200 | 35,200 |
| Total - Attorney General | \$840,200 | (\$53,700) | \$122,700 | \$69,000 |
| Commerce, Department of | 142,300 | (8,100) | 3,500 | (4,600) |
| Motion Picture Office* | 12,000 | (900) | 0 | (900) |
| Total - Dept of Commerce | \$154,300 | (\$9,000) | \$3,500 | (\$5,500) |
| Courts | | | | |
| Court of Appeals | 246,300 | (10,600) | (200) | (10,800) |
| Division I | 90,800 | (4,800) | (1,400) | (6,200) |
| Division II | 4,400 | (400) | 0 | (400) |
| Commission on Judicial Conduct | 245,600 | 0 | 66,700 | 66,700 |
| Superior Court | 2,000 | (5,900) | 0 | (5,900) |
| Probation State Aid* | 11,800 | (43,600) | 0 | (43,600) |
| Probation Enhancement* | 15,800 | (33,300) | 0 | (33,300) |
| Adult Intensive Probation* | 13,800 | (12,900) | 0 | (12,900) |
| Juvenile Intensive Probation* | 23,700 | (11,900) | 0 | (11,900) |
| Juvenile Probation Services* | 5,900 | (5,200) | 0 | (5,200) |
| Community Punishment* | 3,900 | (200) | 0 | (200) |
| Child Support Enforcement* | 256,600 | (15,100) | 137,400 | 122,300 |
| Supreme Court | 6,700 | (500) | 0 | (500) |
| Judicial Performance Review* | 20,000 | (800) | 0 | (800) |
| Law Library* | 63,700 | (3,600) | 0 | (3,600) |
| Foster Care Review Board | \$1,011,000 | (\$148,800) | \$202,500 | \$53,700 |
| Total - Courts | | | | |
| Governor, Office of the | 123,800 | (10,100) | 47,300 | 37,200 |
| Office of the Governor | 39,000 | (3,600) | 0 | (3,600) |
| Office for Excellence* | \$162,800 | (\$13,700) | \$47,300 | \$33,600 |
| Total - Governor | 59,900 | (4,100) | 100 | (4,000) |
| Gov's Ofc of Strategic Planning and Budgeting | 1,800 | (100) | 200 | 100 |
| Law Enforcement Merit System Council | | | | |
| Legislature | | | | |
| Auditor General | 354,700 | (23,300) | 90,500 | 67,200 |
| House of Representatives | 422,900 | (16,800) | 900 | (15,900) |
| Joint Legislative Budget Committee | 94,800 | (5,800) | (1,200) | (7,000) |
| Chapter 258 | 6,000 | 0 | 0 | 0 |
| Legislative Council | 87,500 | (5,800) | (8,100) | (13,900) |

| | Health & Dental Amounts | Section 103 Retirement Reduction | Section 104 Risk Management | Total Section 103 & 104 Adjustments |
|--|----------------------------|-------------------------------------|--------------------------------|--|
| Senate | \$346,900 | | | |
| Lib, Archives & Public Rec, Department of | 236,700 | (\$14,300) | (\$2,300) | (\$16,600) |
| Total - Legislature | \$1,549,500 | (10,700) | (5,000) | (15,700) |
| Personnel Board | 5,500 | (\$76,700) | \$74,800 | (\$1,900) |
| Revenue, Department of | | (300) | 1,300 | 1,000 |
| Director's Office | \$19,800 | | | |
| Administrative Services | 256,800 | (\$1,800) | \$0 | (\$1,800) |
| Property Valuation | 187,000 | (10,600) | (27,400) | (38,000) |
| Fiscal Services | 0 | (9,900) | 0 | (9,900) |
| Special Support | 115,000 | 0 | 0 | 0 |
| Tax Enforcement | 1,385,800 | (6,300) | 0 | (6,300) |
| Taxpayer Support | 365,800 | (58,900) | 0 | (58,900) |
| Data Management | 584,100 | (13,100) | 0 | (13,100) |
| Total - Dept of Revenue | \$2,914,300 | (24,100) | 0 | (24,100) |
| Secretary of State | 76,200 | (\$124,700) | (\$27,400) | (\$152,100) |
| Elections Expenses* | 0 | (2,800) | (5,500) | (8,300) |
| Proposition 200* | 11,300 | (100) | 0 | (100) |
| Total - Secretary of State | \$87,500 | (600) | 0 | (600) |
| Tax Appeals, Board of | 30,600 | (\$3,500) | (\$5,500) | (\$9,000) |
| Tourism, Office of | 42,400 | (1,300) | (400) | (1,700) |
| Treasurer | 92,400 | (2,500) | (1,300) | (3,800) |
| Uniform State Laws, Commission on | 0 | (4,500) | (1,700) | (6,200) |
| TOTAL - GENERAL GOVERNMENT | \$8,025,400 | 0 | 400 | 400 |
| | | (\$485,600) | \$416,200 | (\$69,400) |
| HEALTH AND WELFARE | | | | |
| Arizona Health Care Cost Containment System | | | | |
| Administration | 1,199,400 | | | |
| Indian Advisory Council* | 5,400 | (48,900) | 599,700 | 550,800 |
| DES-AHCCCS | 1,293,400 | (200) | 0 | (200) |
| DES DDSA* | 3,200 | (43,500) | 0 | (43,500) |
| DES PASARR* | 1,900 | (300) | 0 | (300) |
| DES Program to Maximize Federal Funding* | 42,800 | (100) | 0 | (100) |
| MEDICS | 22,700 | (1,400) | 0 | (1,400) |
| DHS-AHCCCS | 32,100 | (1,000) | 0 | (1,000) |
| DHS PASARR* | 1,900 | (1,200) | 0 | (1,200) |
| Total - AHCCCS | \$2,602,800 | (100) | 0 | (100) |
| Economic Security, Department of | | (\$96,700) | \$599,700 | \$503,000 |
| Administration | 677,300 | | | |
| Developmental Disabilities | 1,197,200 | (37,600) | 554,100 | 516,500 |
| Long Term Care | 566,500 | (46,900) | 0 | (46,900) |
| Benefits & Medical Eligibility | 1,953,100 | (22,100) | 0 | (22,100) |
| Aging & Community Services | 178,000 | (72,800) | 0 | (72,800) |
| Children & Family Services | 1,337,400 | (9,800) | 0 | (9,800) |
| Video Taping* | 7,800 | (70,100) | 0 | (70,100) |
| LTC Ombudsman* | 1,300 | (400) | 0 | (400) |
| Child Support Enforcement | 224,800 | (100) | 0 | (100) |
| Employment and Rehabilitation Services | 250,800 | (7,500) | 0 | (7,500) |
| Total - Dept of Economic Security | \$6,394,200 | (10,500) | 0 | (10,500) |
| Environmental Quality, Department of | 518,100 | (\$277,800) | \$554,100 | \$276,300 |
| Aquifer Protection Permits* | 20,400 | (27,400) | 87,700 | 60,300 |
| Total - Dept of Environmental Quality | \$538,500 | (1,200) | 4,600 | 3,400 |
| Health Services, Department of | | (\$28,600) | \$92,300 | \$63,700 |
| Office of the Director | 458,400 | | | |
| EMS/Health Care Facilities | 272,100 | (23,100) | (725,300) | (748,400) |
| Disease Prevention | 161,600 | (12,600) | 0 | (12,600) |
| Family Health | 200,000 | (8,100) | 0 | (8,100) |
| Behavioral Health | 2,607,000 | (10,200) | 0 | (10,200) |
| Laboratory Services | 140,100 | (113,300) | 0 | (113,300) |
| Total - Dept of Health Services | \$3,839,200 | (6,800) | 0 | (6,800) |
| | | (\$174,100) | (\$725,300) | (\$899,400) |

| | Health & Dental Amounts | Section 103 Retirement Reduction | Section 104 Risk Management | Total Section 103 & 104 Adjustments |
|---|----------------------------|-------------------------------------|--------------------------------|--|
| Hearing Impaired, Council for the | \$17,800 | (\$600) | \$1,000 | \$400 |
| Indian Affairs, Commission on | 12,300 | (500) | 200 | (300) |
| Pioneer's Home | 174,200 | (5,400) | 0 | (5,400) |
| Veterans' Service Commission | | | | 0 |
| Veterans' Affairs | 58,800 | (2,200) | 2,300 | 100 |
| TOTAL - HEALTH AND WELFARE | \$13,637,800 | (\$585,900) | \$524,300 | (\$61,600) |
| INSPECTION AND REGULATION | | | | |
| Agricultural Employment Relations Board - Ch. 139 | 2,500 | 0 | 0 | 0 |
| Agriculture, Department of | | | | |
| Administration | 71,200 | (3,200) | 30,300 | 27,100 |
| Animal Services | 252,900 | (9,500) | 104,200 | 94,700 |
| Plant Industries | 260,200 | (9,500) | 103,100 | 93,600 |
| Chemical/Environmental | 32,200 | (1,100) | 13,900 | 12,800 |
| Agriculture Worker Safety* | 8,800 | (400) | 4,300 | 3,900 |
| Agriculture Lab | 41,000 | (1,600) | 16,800 | 15,200 |
| Total - Dept of Agriculture | \$666,300 | (\$25,300) | \$272,600 | \$247,300 |
| Banking Department | 127,400 | (6,500) | (10,400) | (16,900) |
| Receiverships* | 13,100 | (600) | 0 | (600) |
| Total - Banking Department | \$140,500 | (\$7,100) | (\$10,400) | (\$17,500) |
| Building & Fire Safety, Department of | 210,400 | (8,200) | (1,900) | (10,100) |
| Contractors, Registrar of | 264,800 | (11,300) | 36,800 | 25,500 |
| Corporation Commission | | | | |
| Administration | 71,700 | (3,700) | (28,500) | (32,200) |
| Corporations | 101,300 | (3,400) | 0 | (3,400) |
| Securities | 96,400 | (5,900) | 0 | (5,900) |
| Railroad Safety | 20,000 | (1,100) | 0 | (1,100) |
| Total - Corporation Commission | \$289,400 | (\$14,100) | (\$28,500) | (\$42,600) |
| Insurance, Department of | 203,300 | (9,400) | 104,100 | 94,700 |
| Liquor Licenses & Control, Department of | 136,300 | (5,200) | (6,000) | (11,200) |
| Mine Inspector | 28,600 | (1,300) | (67,500) | (68,800) |
| Racing, Department of | | | | |
| Commercial Racing | 148,800 | (6,100) | (72,300) | (78,400) |
| Radiation Regulatory Agency | | | | |
| Evaluation and Compliance | 56,100 | (2,800) | (1,900) | (4,700) |
| Real Estate Department | 170,400 | (7,700) | 43,600 | 35,900 |
| Weights and Measures, Department of | 108,600 | (4,400) | 40,100 | 35,700 |
| Boxing Commission | 4,400 | (200) | 0 | (200) |
| TOTAL - INSPECTION AND REG | \$2,430,400 | (\$103,100) | \$308,700 | \$205,600 |
| EDUCATION | | | | |
| Arts, Commission on the | 24,600 | (1,400) | (8,300) | (9,700) |
| Community Colleges | 28,400 | (2,100) | 2,400 | 300 |
| Deaf and Blind, School for the | | | | |
| Phoenix Day School | 169,200 | (8,600) | 0 | (8,600) |
| ADTEC | 95,400 | (3,700) | 0 | (3,700) |
| Tucson Campus | 584,100 | (28,700) | 137,200 | 108,500 |
| Total - School for the Deaf and Blind | \$848,700 | (\$41,000) | \$137,200 | \$96,200 |
| Education, Department of | | | | |
| State Board | 5,000 | (200) | 0 | (200) |
| General Services Administration | 366,000 | (19,000) | 228,000 | 209,000 |
| Special Education Audit* | 12,600 | (700) | 0 | (700) |
| Assistance to Schools | | | | |
| Basic State Aid | 0 | (6,510,000) | 0 | (6,510,000) |
| Additional State Aid | 0 | (210,100) | 0 | (210,100) |
| SLIAG Adult Education* | 3,300 | (100) | 0 | (100) |
| Vocational Education* | 25,200 | (1,200) | 0 | (1,200) |
| Academic Decathlon* | 2,500 | (100) | 0 | (100) |
| Adult Education* | 14,400 | (800) | 0 | (800) |

| | Health & Dental Amounts | Section 103 Retirement Reduction | Section 104 Risk Management | Total Section 103 & 104 Adjustments |
|---|----------------------------|-------------------------------------|--------------------------------|--|
| Teacher Evaluation* | \$12,600 | (\$700) | \$0 | (\$700) |
| Chemical Abuse* | 16,600 | (900) | 0 | (900) |
| Dropout Prevention* | 3,800 | (100) | 0 | (100) |
| Full-Day Kindergarten* | 4,500 | (200) | 0 | (200) |
| Gifted Support* | 5,000 | (200) | 0 | (200) |
| K-3 Support* | 8,300 | (500) | 0 | (500) |
| Preschool Pilot Program* | 4,500 | (200) | 0 | (200) |
| Vocational Education Support | 65,500 | 0 | 0 | 0 |
| Total - Department of Education | \$549,800 | (\$6,745,000) | \$228,000 | (\$6,517,000) |
| Historical Society, Arizona | 106,400 | (5,500) | (26,000) | (31,500) |
| Historical Society, Prescott | 66,500 | (1,600) | (800) | (2,400) |
| Universities/Board of Regents | | | | |
| Board of Regents | 81,500 | (5,200) | 102,500 | 97,300 |
| ASU-Main Campus | 8,553,100 | (247,900) | 244,900 | (3,000) |
| ASU-West Campus | 1,174,700 | (36,100) | 0 | (36,100) |
| Northern Arizona University | 3,580,800 | (97,800) | (86,400) | (184,200) |
| Yuma* | 58,900 | (1,600) | 0 | (1,600) |
| University of Arizona | 8,220,600 | (333,800) | 151,300 | (182,500) |
| Agriculture | 1,646,300 | (66,100) | 0 | (66,100) |
| U of A College of Medicine | 1,430,600 | (54,700) | 242,700 | 188,000 |
| Total - Universities/Regents | \$24,746,500 | (\$843,200) | \$655,000 | (\$188,200) |
| TOTAL - EDUCATION | \$26,370,900 | (\$7,639,800) | \$987,500 | (\$6,652,300) |
| PROTECTION AND SAFETY | | | | |
| Corrections, Department of | | | | |
| Adult Institutions | 15,566,000 | (47,800) | 0 | (47,800) |
| Human Resources | 1,596,100 | (42,300) | 0 | (42,300) |
| Administration | 523,300 | (16,600) | 4,565,400 | 4,548,800 |
| Community Corrections | 419,200 | (4,100) | 0 | (4,100) |
| Total - Dept of Corrections | \$18,104,600 | (\$110,800) | \$4,565,400 | \$4,454,600 |
| Emergency and Military Affairs, Department of | | | | |
| Military Affairs | 127,300 | (5,000) | 155,400 | 150,400 |
| Emergency Services | 40,600 | (1,900) | 42,400 | 40,500 |
| Total - Dept of Emergency & Military Affairs | \$167,900 | (\$6,900) | \$197,800 | \$190,900 |
| Pardons and Paroles, Board of | 93,700 | (5,000) | (120,600) | (125,600) |
| Public Safety, Department of | | | | |
| Criminal Investigation Bureau | 268,400 | (16,200) | 0 | (16,200) |
| Support Bureau (Administration) | 804,200 | (56,600) | (1,051,500) | (1,108,100) |
| Total - Dept of Public Safety | \$1,072,600 | (\$72,800) | (\$1,051,500) | (\$1,124,300) |
| Youth Treatment & Rehabilitation, Department of | | | | |
| Administration | 175,900 | (7,800) | 23,900 | 16,100 |
| Community Care | 210,900 | (2,300) | 28,100 | 25,800 |
| Secure Care | 1,177,000 | (8,100) | 179,300 | 171,200 |
| Total - Dept of Youth Treatment & Rehab | \$1,563,800 | (\$18,200) | \$231,300 | \$213,100 |
| TOTAL - PROTECTION AND SAFETY | \$21,002,600 | (\$213,700) | \$3,822,400 | \$3,608,700 |
| TRANSPORTATION | | | | |
| Transportation, Department of | | | | |
| Public Transit Division | 5,800 | (200) | 100 | (100) |
| NATURAL RESOURCES | | | | |
| Environment, Commission on the | 3,600 | (200) | 200 | 0 |
| Geological Survey | 40,300 | (1,700) | (2,100) | (3,800) |
| Land Department | 375,000 | (19,900) | 1,025,800 | 1,005,900 |
| Streambed Ownership* | 2,500 | (200) | 0 | (200) |
| Water Litigation* | 2,500 | (100) | 0 | (100) |
| Total - Land Department | \$380,000 | (\$20,200) | \$1,025,800 | \$1,005,600 |
| Mines and Mineral Resources, Department of | 16,100 | (1,000) | (1,800) | (2,800) |
| State Parks Board | 251,200 | (10,800) | 36,200 | 25,400 |

| | Health & Dental Amounts | Section 103 Retirement Reduction | Section 104 Risk Management | Total Section 103 & 104 Adjustments |
|---------------------------------|----------------------------|-------------------------------------|--------------------------------|--|
| Arizona Conservation Corps* | 8,400 | (500) | 0 | (500) |
| Total - State Parks Board | \$259,600 | (\$11,300) | \$36,200 | \$24,900 |
| Water Resources, Department of | | | | |
| Administration | 106,500 | (6,500) | 226,700 | 220,200 |
| Engineering | 224,000 | (13,200) | 0 | (13,200) |
| Water Management | 183,200 | (9,500) | 0 | (9,500) |
| Total - Dept of Water Resources | \$513,700 | (\$29,200) | \$226,700 | \$197,500 |
| TOTAL - NATURAL RESOURCES | \$1,213,300 | (\$63,600) | \$1,285,000 | \$1,221,400 |
| ADJUSTMENTS - SUBTOTAL | \$72,686,200 | (\$9,091,900) | \$7,344,200 | (\$1,747,700) |
| Unallocated Amounts | | | 97,400 | 97,400 |
| TOTAL ADJUSTMENTS | \$72,686,200 | (\$9,091,900) | \$7,441,600 | (\$1,650,300) |

* Denotes special line item.

1/ This table identifies the dollar amounts appropriated in the FY 1994 General Appropriation Act for the state share of employee health insurance. The Act also requires the JLBC Staff to compute the reduction associated with a 3.14% employee contribution rate to the State Retirement Fund (Section 103) and to determine the dollar amounts for additional risk management premiums (Section 104).

**OTHER FUNDS
HEALTH INSURANCE
AFIS II CHARGES,
RETIREMENT REDUCTION, AND
RISK MANAGEMENT ADJUSTMENTS
FISCAL YEAR 1994 1/**

| | Health & Dental Amounts | Section 102 AFIS Charges | Section 103 Retirement Reduction | Section 104 Risk Management | Total Sec 102 - 104 Adjustments |
|--|----------------------------|-----------------------------|-------------------------------------|--------------------------------|------------------------------------|
| GENERAL GOVERNMENT | | | | | |
| Administration, Department of | | | | | |
| Risk Management | \$145,500 | \$13,500 | (\$7,000) | \$4,100 | \$10,600 |
| Data Management | 458,100 | 4,200 | (23,000) | 6,600 | (12,200) |
| Workers' Compensation | 39,500 | 500 | (1,500) | 200 | (800) |
| Personnel | 308,700 | 2,900 | (16,000) | 5,500 | (7,600) |
| Facilities Management | 33,000 | 3,100 | (2,200) | 1,700 | 2,600 |
| Total - Dept of Administration | \$984,800 | \$24,200 | (\$49,700) | \$18,100 | (\$7,400) |
| Attorney General | | | | | |
| Civil | | | | | |
| Collection Enforcement* | 25,900 | 1,700 | (1,300) | 0 | 400 |
| Criminal | | | | | |
| Victims' Rights Implementation* | 2,600 | 0 | (200) | 0 | (200) |
| Total - Attorney General | \$28,500 | \$1,700 | (\$1,500) | \$0 | \$200 |
| Coliseum and Exposition Center | 171,700 | 0 | 0 | 0 | 0 |
| Commerce, Department of | 31,300 | 2,200 | (1,800) | 1,600 | 2,000 |
| Indian Economic Development* | 2,400 | 0 | (100) | 0 | (100) |
| Oil Overcharge* | 4,800 | 0 | (300) | 0 | (300) |
| Total - Dept of Commerce | \$38,500 | \$2,200 | (\$2,200) | \$1,600 | \$1,600 |
| Superior Court | | | | | |
| Court Appointed Special Advocate* | 9,900 | 0 | (1,900) | 0 | (1,900) |
| Lottery | 337,300 | 4,100 | (15,600) | 19,000 | 7,500 |
| Retirement System | 213,900 | 0 | (9,800) | 900 | (8,900) |
| TOTAL - GENERAL GOVERNMENT | \$1,784,600 | \$32,200 | (\$80,700) | \$39,600 | (\$8,900) |
| HEALTH AND WELFARE | | | | | |
| Economic Security, Department of | | | | | |
| Public Assistance Collection Fund* | 16,700 | 0 | (600) | 0 | (600) |
| Children Protective Services Training* | 18,200 | 200 | (1,000) | 0 | (800) |
| Total - Dept of Economic Security | \$34,900 | \$200 | (\$1,600) | \$0 | (\$1,400) |
| Environmental Quality, Department of | | | | | |
| Pollution Prevention* | 36,000 | 5,200 | (1,900) | 7,400 | 10,700 |
| Aquifer Protection Permits* | 56,100 | 7,300 | (2,700) | 10,500 | 15,100 |
| Special Waste* | 7,700 | 1,300 | (500) | 1,900 | 2,700 |
| Air Permits Administration* | 137,000 | 0 | 0 | 0 | 0 |
| Air Quality* | 7,700 | 1,100 | (400) | 1,600 | 2,300 |
| Used Oil* | 5,100 | 600 | (200) | 900 | 1,300 |
| Total - Dept of Environmental Quality | \$249,600 | \$15,500 | (\$5,700) | \$22,300 | \$32,100 |
| Health Services, Department of | | | | | |
| EMS* | 62,600 | 0 | (3,100) | (17,200) | (20,300) |
| Pioneer's Home | 131,600 | 0 | (4,100) | 0 | (4,100) |
| Veterans' Service Commission | | | | | |
| Veterans Conservatorship | 38,100 | 0 | (1,200) | 2,700 | 1,500 |
| TOTAL - HEALTH AND WELFARE | \$516,800 | \$15,700 | (\$15,700) | \$7,800 | \$7,800 |

| | Health & Dental Amounts | Section 102 AFIS Charges | Section 103 Retirement Reduction | Section 104 Risk Management | Total Sec 102 - 104 Adjustments |
|---|----------------------------|-----------------------------|-------------------------------------|--------------------------------|------------------------------------|
| INSPECTION AND REGULATION | | | | | |
| Agriculture, Department of | | | | | |
| Animal Services | | | | | |
| Egg Control* | \$19,300 | \$0 | (\$700) | \$9,400 | \$8,700 |
| Aquaculture* | 1,200 | 0 | 0 | 700 | 700 |
| Plant Industries | | | | | |
| Citrus/Fruits/Vegetables* | 64,500 | 0 | (2,100) | 30,900 | 28,800 |
| Chemical/Environmental | | | | | |
| Commercial Feed* | 9,700 | 0 | (400) | 4,700 | 4,300 |
| Pesticide* | 12,600 | 0 | (500) | 5,000 | 4,500 |
| Fertilizer Maintenance* | 10,000 | 0 | (400) | 4,600 | 4,200 |
| Total - Dept of Agriculture | \$117,300 | \$0 | (\$4,100) | \$55,300 | \$51,200 |
| Corporation Commission | | | | | |
| Arts Trust Fund Administration* | 2,500 | 0 | (100) | 0 | (100) |
| Utilities | 214,900 | 3,600 | (12,100) | (62,900) | (71,400) |
| Legal | 41,200 | 0 | (3,000) | 0 | (3,000) |
| Total - Corporation Commission | \$258,600 | \$3,600 | (\$15,200) | (\$62,900) | (\$74,500) |
| Industrial Commission | | | | | |
| Administration | 98,100 | 19,000 | (4,600) | 22,200 | 36,600 |
| Claims | 193,000 | 0 | (6,600) | 0 | (6,600) |
| Administrative Law Judge | 125,500 | 0 | (8,600) | 0 | (8,600) |
| Labor | 33,000 | 0 | (1,300) | 0 | (1,300) |
| Special Fund | 35,400 | 0 | (1,400) | 0 | (1,400) |
| OSHA | 88,700 | 0 | (4,900) | 0 | (4,900) |
| Legal | 35,400 | 0 | (1,900) | 0 | (1,900) |
| Total - Industrial Commission | \$609,100 | \$19,000 | (\$29,300) | \$22,200 | \$11,900 |
| Racing, Department of | | | | | |
| County Fair Racing | 19,900 | 0 | (700) | (10,200) | (10,900) |
| State Gaming Agency | 42,800 | 0 | (1,500) | | (1,500) |
| Total - Dept of Racing | \$62,700 | \$0 | (\$2,200) | (\$10,200) | (\$12,400) |
| Radiation Regulatory Agency | | | | | |
| MRTBE | 5,800 | 0 | (200) | (100) | (300) |
| Residential Utility Consumer Office | 31,400 | 0 | (2,000) | (1,400) | (3,400) |
| Weights and Measures, Department of | | | | | |
| Air Quality | 34,000 | 0 | (1,400) | 7,400 | 6,000 |
| Used Oil | 27,000 | 0 | (800) | 3,800 | 3,000 |
| Total - Dept of Weights and Measures | \$61,000 | \$0 | (\$2,200) | \$11,200 | \$9,000 |
| Accountancy, Board of | 27,800 | | (900) | (1,700) | (2,600) |
| Appraisal, Board of | 11,000 | 0 | (500) | 300 | (200) |
| Barber Examiners Board | 6,000 | | (400) | (800) | (1,200) |
| Behavioral Health Examiners, Board of | 17,200 | | (600) | 400 | (200) |
| Chiropractic Examiners Board | 9,900 | | (500) | (500) | (1,000) |
| Cosmetology, Board of | 37,300 | | (1,400) | (2,000) | (3,400) |
| Dental Examiners Board | 14,600 | | (1,100) | (1,100) | (2,200) |
| Funeral Directors and Embalmers Board | 8,500 | 0 | (400) | 600 | 200 |
| State Boards Office Contribution | 600 | 0 | 0 | 0 | 0 |
| Total - Funeral Directors Board | \$9,100 | \$0 | (\$400) | \$600 | \$200 |
| Homeopathic Medical Examiners Board | 200 | 0 | 0 | 400 | 400 |
| State Boards Office Contribution | 500 | 0 | 0 | 0 | 0 |
| Total - Homeopathic Board | \$700 | \$0 | \$0 | \$400 | \$400 |
| Medical Examiners, Board of | 102,600 | 2,900 | (5,300) | (11,100) | (13,500) |
| Naturopathic Physician Examiners Board | 0 | 0 | (100) | 2,400 | 2,300 |
| State Boards Office Contribution | 500 | 0 | 0 | 0 | 0 |
| Total - Naturopathic Board | \$500 | \$0 | (\$100) | \$2,400 | \$2,300 |
| Nursing Board | 47,900 | 0 | (2,700) | 6,200 | 3,500 |
| Nursing Care Institution Administrators Board | 2,900 | 0 | (100) | 200 | 100 |
| State Boards Office Contribution | 500 | 0 | 0 | 0 | 0 |

| | Health & Dental Amounts | Section 102 AFIS Charges | Section 103 Retirement Reduction | Section 104 Risk Management | Total Sec 102 - 104 Adjustments |
|---|----------------------------|-----------------------------|-------------------------------------|--------------------------------|------------------------------------|
| Total - Nursing Care Administrators Bd | \$3,400 | \$0 | (\$100) | \$200 | \$100 |
| Occupational Therapy Examiners, Board of | 7,500 | 0 | (200) | 400 | 200 |
| Dispensing Opticians, Board of | 1,500 | 0 | (100) | 0 | (100) |
| State Boards Office Contribution | 500 | 0 | 0 | 0 | 0 |
| Total - Dispensing Opticians Board | \$2,000 | \$0 | (\$100) | \$0 | (\$100) |
| Optometry, Board of | 1,800 | 0 | (200) | (100) | (300) |
| State Boards Office Contribution | 500 | 0 | 0 | 0 | 0 |
| Total - Optometry Board | \$2,300 | \$0 | (\$200) | (\$100) | (\$300) |
| Osteopathic Examiners Board | 16,000 | 0 | (700) | (1,700) | (2,400) |
| Pharmacy Board | 35,200 | 0 | (1,800) | (2,200) | (4,000) |
| Physical Therapy Examiners Board | 1,800 | 0 | (100) | 200 | 100 |
| State Boards Office Contribution | 500 | 0 | 0 | 0 | 0 |
| Total - Physical Therapy Board | \$2,300 | \$0 | (\$100) | \$200 | \$100 |
| Podiatry Examiners Board | 1,800 | 0 | (100) | 400 | 300 |
| State Boards Office Contribution | 500 | 0 | 0 | 0 | 0 |
| Total - Podiatry Board | \$2,300 | \$0 | (\$100) | \$400 | \$300 |
| Private Postsecondary Education, Board of | 7,900 | 0 | (300) | 600 | 300 |
| Psychologist Examiners Board | 7,300 | 0 | (300) | (100) | (400) |
| State Boards Office Contribution | 600 | 0 | 0 | 0 | 0 |
| Total - Psychologist Board | \$7,900 | \$0 | (\$300) | (\$100) | (\$400) |
| Respiratory Care Examiners, Board of | 4,200 | 0 | (300) | 400 | 100 |
| Structural Pest Control Commission | 63,800 | 0 | (2,600) | 2,400 | (200) |
| Technical Registration, Board of | 39,400 | 0 | (1,400) | (6,100) | (7,500) |
| Veterinary Medical Examining Board | 10,100 | 0 | (300) | (200) | (500) |
| State Boards Office Contribution | 600 | 0 | 0 | 0 | 0 |
| Total - Veterinary Board | \$10,700 | \$0 | (\$300) | (\$200) | (\$500) |
| TOTAL - INSPECTION AND REG | \$1,635,400 | \$25,500 | (\$77,600) | \$1,400 | (\$50,700) |
| EDUCATION | | | | | |
| Deaf and Blind, School for the | | | | | |
| Phoenix Day School | 134,300 | 0 | 0 | 0 | 0 |
| ADTEC | 54,700 | 0 | 0 | 0 | 0 |
| Tucson Campus | 172,500 | 0 | 0 | 0 | 0 |
| Total - School for the Deaf and Blind | \$361,500 | \$0 | \$0 | \$0 | \$0 |
| TOTAL - EDUCATION | \$361,500 | \$0 | \$0 | \$0 | \$0 |
| PROTECTION AND SAFETY | | | | | |
| Corrections, Department of | | | | | |
| Adult Institutions | 0 | 5,800 | 0 | 0 | 5,800 |
| Criminal Justice Commission | 13,100 | 0 | (900) | (100) | (1,000) |
| Public Safety, Department of | | | | | |
| Criminal Investigations Bureau | 626,200 | 0 | 0 | 0 | 0 |
| Highway Patrol Bureau | 2,122,700 | 0 | (6,700) | 0 | (6,700) |
| Support Bureau (Administration) | 804,200 | 35,600 | 0 | 245,800 | 281,400 |
| Total - Dept of Public Safety | \$3,553,100 | \$35,600 | (\$6,700) | \$245,800 | \$274,700 |
| Youth Treatment and Rehabilitation, Department of | | | | | |
| Education | 141,500 | 0 | (3,800) | 0 | (3,800) |
| TOTAL - PROTECTION AND SAFETY | \$3,707,700 | \$41,400 | (\$11,400) | \$245,700 | \$275,700 |
| TRANSPORTATION | | | | | |
| Transportation, Department of | | | | | |
| Director's Staff | 17,500 | 0 | (1,600) | 0 | (1,600) |
| Transportation Planning Division | 284,000 | 0 | (13,600) | 0 | (13,600) |
| Administrative Services Division | 1,003,200 | 258,500 | (44,800) | 2,958,800 | 3,172,500 |
| Special Support Group | 155,000 | 0 | (9,200) | 0 | (9,200) |
| Motor Vehicle Division | 2,091,000 | 0 | (71,900) | 0 | (71,900) |
| Dealer Enforcement | 14,600 | 0 | (400) | 1,500 | 1,100 |

| | Health & Dental Amounts | Section 102 AFIS Charges | Section 103 Retirement Reduction | Section 104 Risk Management | Total Sec 102 - 104 Adjustments |
|--|----------------------------|-----------------------------|-------------------------------------|--------------------------------|------------------------------------|
| Air Quality | \$8,700 | \$0 | (\$100) | \$900 | \$800 |
| Medical Advisory Board* | 5,800 | 0 | (300) | 100 | (200) |
| Mandatory Insurance* | 33,500 | 0 | (1,400) | 3,400 | 2,000 |
| Highways Division | 2,673,000 | 0 | (130,000) | 0 | (130,000) |
| Highway Maintenance* | 2,700,400 | 0 | (89,800) | 0 | (89,800) |
| Aeronautics Division | 95,300 | 3,600 | (3,500) | 6,900 | 7,000 |
| Public Transit Division | 2,900 | 0 | (100) | 300 | 200 |
| TOTAL - TRANSPORTATION | \$9,084,900 | \$262,100 | (\$366,700) | \$2,971,900 | \$2,867,300 |
| <u>NATURAL RESOURCES</u> | | | | | |
| Game and Fish Department | | | | | |
| Administrative and Field Services | 681,400 | 84,800 | (15,400) | 200 | 69,600 |
| Watercraft Licensing | 74,100 | 2,400 | (2,100) | 0 | 300 |
| Game, Non-game, Fish, Endangered Species | 11,500 | 800 | (500) | 0 | 300 |
| Total - Game and Fish Department | \$767,000 | \$88,000 | (\$18,000) | \$200 | \$70,200 |
| State Parks Board | 169,600 | 10,100 | (7,000) | 22,300 | 25,400 |
| TOTAL - NATURAL RESOURCES | \$936,600 | \$98,100 | (\$25,000) | \$22,500 | \$95,600 |
| ADJUSTMENTS - SUBTOTAL | \$18,027,500 | \$475,000 | (\$577,100) | \$3,288,900 | \$3,186,800 |
| Unallocated Amounts | | 287,600 | | 476,700 | 764,300 |
| TOTAL ADJUSTMENTS | \$18,027,500 | \$762,600 | (\$577,100) | \$3,765,600 | \$3,951,100 |

* Denotes special line item.

1/ This table identifies the dollar amounts appropriated in the FY 1994 General Appropriation Act for the state share of employee health insurance. The Act also requires the JLBC Staff to determine the dollar amounts for additional statewide accounting system payments (Section 102), compute the appropriation reduction associated with a 3.14% employee contribution rate to the State Retirement Fund (Section 103), and determine the dollar amounts for additional risk management premiums (Section 104).

STATE OF ARIZONA
SALARY ADJUSTMENT FOR STATE EMPLOYEES SINCE FY 1984 1/
(Shown in Nominal Dollars)

| Fiscal Year | Dollars Appropriated | Effective Date | Annualized Cost | % Salary Adjustment | % Performance Adjustment |
|--------------------|---------------------------------|---------------------------|----------------------------|--------------------------------|-------------------------------------|
| FY 1984 | \$18,861,300 | Jan. 1 | \$37,722,600 | 5.00 % | 0.00 % |
| FY 1985 | \$29,572,300 | Jan. 1 | \$59,144,600 | 5.00 % | 2.50 % |
| FY 1986 | \$24,952,000 | Jan. 1 | \$49,904,000 | 4.00 % | 1.25 % |
| FY 1987 | \$27,000,000 | Jan. 1 | \$54,000,000 | 3.00 % | 3.00 % |
| FY 1988 | \$15,200,000 | July 1 | \$15,200,000 | 1.50 % | 0.00 % |
| FY 1989 | \$30,556,600 | July 1 | \$30,556,600 | 3.50 % | 0.00 % |
| FY 1990 | \$12,600,000 | July 1 | \$12,600,000 | 0.00 % | 1.25 % |
| FY 1991 | \$45,550,000 | July 1 | \$45,550,000 | 4.50 % | 0.00 % |
| FY 1992 | \$0 | NA | \$0 | 0.00 % | 0.00 % |
| FY 1993 | \$9,100,000 | April 1 | \$36,400,000 | \$1,000/FTE pos. | 0.00 % |
| FY 1994 | \$0 | NA | \$0 | 0.00 % | 0.00 % |

1/ Represent original General Fund appropriations.

STATE OF ARIZONA
ELECTED OFFICIAL SALARIES FOR FY 1994
(Shown in Nominal Dollars)

| | <u>Salary</u> |
|--------------------------------------|----------------------|
| Governor | \$75,000 |
| Secretary of State | \$54,600 |
| Treasurer | \$54,600 |
| Attorney General | \$76,400 |
| Superintendent of Public Instruction | \$54,600 |
| Corporation Commissioners | \$54,600 |
| Mine Inspector | \$38,200 |
| Supreme Court Chief Justice | \$93,900 |
| Other Supreme Court Justices | \$91,700 |
| Appellate Judges | \$89,600 |
| Superior Court Judges (50 % share) | \$43,700 |
| Legislators | \$15,000 |

ECONOMIC AND REVENUE FORECAST

THE U. S. ECONOMY

FY 1993 In Review - Still Modest Growth

FY 1993, ending June 30, 1993, is expected to show 4 quarters of positive real growth for the national economy, following barely positive growth in FY 1992. Annualized quarterly growth rates were 2.1% in the first quarter of FY 1993 and a surprising 4.7% in the second quarter. This pace, which was higher than the growth of personal incomes, would not be sustained, and the third quarter (January-March) of FY 1993 showed only a 0.9% increase. Real inflation adjusted Gross Domestic Product (GDP) should grow about 2.4% during this 12-month period, compared to a 0.8% decline in FY 1991 and a meager 0.5% increase in FY 1992. The pattern of slow recovery from the shallow but prolonged recession of 1990-1991 continued this year.

A recent worry has been that inflation may be returning after years of decline to the lowest level in almost 20 years. While unemployment has stayed about 7% throughout FY 1993 and personal incomes grew very slowly, causing consumers to be nervous about buying big ticket items, inflation, as measured by the Consumer Price Index (CPI), rose at an annual 4.3% annual rate through May. This compares to 2.9% for all of calendar year 1992. Poor weather in agricultural areas that caused vegetable prices to surge in the spring, was blamed for most of the increase. Other special factors included: a) import restrictions on foreign steel, which has allowed domestic producers to increase prices, b) a brief but strong surge in lumber prices, and c) increases in Japanese product prices in response to the strengthening of the yen against the dollar. The concern is that a sustained increase in inflation would cause the Federal Reserve to increase short-term interest rates, which could slow the economy further.

Concerns about inflation are very real. A stable inflation rate promotes growth in several ways. First, it makes planning easier in a more predictable environment compared to the greater uncertainty of prices in times of high inflation. If inflation is rising at a rapid rate, people don't know how to allocate resources. Second, expectations of low inflation could allow real interest rates (the difference between nominal interest rates and expected inflation) to decline. This lowers the real cost of capital for all borrowers. Third, low inflation can often improve business cash flow and allow businesses to take a longer planning horizon. During periods of high inflation and higher interest rates, businesses must invest in projects which bring a fast short-term return, since these returns are compared to the cost of putting the same investments into deposits. Lower interest rates reduce cash outflow for borrowing and increase the number of projects which appear viable.

The factors weighing against a continued increase in the rate of inflation are persuasive. Labor costs are barely increasing, less than the increase in the CPI, because of weak hiring. The unemployment rate of 7% is still above the level usually associated with rising wage inflation. Industrial production is only about 81% of capacity, and labor markets are still very soft. Indexes of commodity prices, including energy prices which have been stable, have not increased significantly. These factors usually account for any sustained increases in the inflation rate. As a result, productivity rose sharply in the last year and per unit labor costs have been falling. The general expectation is that inflation, as measured by the CPI, will increase by 2.4% in FY 1993 and then rise to 3.1% in FY 1994 as excess capacity in the economy is reduced.

The last few years of weak U.S. economic growth have been unprecedented in the post-WWII period. Growth rates in the current recovery from the 1990-91 recession are about half of those seen at the time in previous upturns. The 0.5% growth rate of GDP in FY 1992 was the slowest "first-year-of-recovery" growth rate in the last 40 years or more, with the main reason being that U.S. business is now in a much more internationally competitive environment. Many sectors of the economy that could previously get away with less than fully competitive pricing or market dominance are shrinking fast. Defense contractors, union contracts with major industries, and the "Big 3" auto makers in Detroit are examples where pricing has become more competitive. There will be no return to sheltered domestic U.S. markets in the future. Competition in the auto, steel, electronics, banking, chemicals, and many other industries has never been greater.

Some of the typical features of an average post-WWII recession recovery cycle have changed in the latest upturn, which started in June of 1991. In prior business cycles, events such as lower interest rates or a fiscal stimulus from the federal government sparked an increase in spending. This set off a cycle of higher demand, leading to higher output, which led to increased hiring. Hiring led to increased total incomes, which then led to higher spending. This time, however, business has broken the typical cycle. Their volume of sales is not increasing as fast because of greater competition. Auto sales, for example, are still at a comparably low level. Businesses are not able to increase prices by much, if at all, because of

keener competition. As a result, they are very intent on controlling costs and have been very reluctant to start hiring again. *In fact, most of the large corporations on the "Fortune 1,000" list are still reducing their work force even though the economy is growing and profits have been rising.*

The increased competition from abroad and domestically is the result of structural changes to companies and their markets. Companies must now compete internationally, as well as domestically. Exports and imports account for about 22% of the GDP. Inside the U.S., deregulation of several industries such as airlines and banking have caused upheavals; and there has been a more "hands off" attitude by the federal government toward corporate restructuring, which has led to hundreds of thousands of layoffs.

The current expansion, which some have named the "jobless recovery", has not done much to reduce unemployment, although recent reports indicate there may be some resurgence of hiring in the first 2 quarters of FY 1994. While unemployment is causing pain in many regions of the U.S., it was not enough for President Clinton to win support from political opposition for his initial \$16 billion summer jobs package this year.

Normally at this stage of recovery, some labor, material and building markets would start to tighten, giving an upward boost to prices and inflation. This has not happened. Without strong volume increases or price inflation to give boosts to sales and profits, the only way to increase profits is through cost control. Labor costs, which account for about 60% of corporate revenues, have borne the burden of cost control. One way of doing this has been to retire or lay off older, more expensive workers, while working the remaining employees harder and hiring younger workers. One very good side of the slack in product and labor markets is that the overall inflation rate has remained low. The increase in the CPI should only be 3.1% in FY 1993, about the same as in FY 1992.

Because consumers have remained nervous about their jobs and incomes during this recovery, they are still somewhat cautious about spending. Their attitudes are logical from their point of view, but this is a classic case of what is good for the individual is not necessarily good for the economy as a whole in the short run. Consumer confidence has remained low. Consumers have been paying down debts during this recovery instead of adding to overall debts month after month as in past recoveries. Consumer spending did rise above the slow trend in the fourth quarter of 1992, but it fell sharply in the following quarter. Some analysts have looked to the pay down of debt as the cause of slow growth, but in the new environment it is the consequence of anxiety about economic weakness, not the cause of it.

Although they are nervous, consumers, who account for about 68% of spending in the economy, have been the source of the recent turnaround. The increases in real consumer spending have been caused by lower interest rates and mortgage refinancing, putting more money into people's pockets. This source of added income cannot be expected to continue. While it is estimated that over 30% of homeowners have refinanced over the past couple of years, replacing 30-year home mortgages with 15-year terms, which is not reducing their monthly payments. Overall, once consumer balance sheets have recovered from the "debt propelled" period and there is a more complete recovery in confidence, spending will increase at a more sustainable rate.

Overall, FY 1993 has shown modest improvement, with GDP up about 2.4% and inflation and interest rates at their lowest levels in years. Some improvement in labor markets will cause the employment picture to start to brighten a little.

The Outlook for FY 1994 - Better but Still Modest Growth

The outlook for FY 1994 is for continued but comparatively modest growth. Uncertainty will increase in the first 2 quarters as debate continues about the estimated impacts of the "Clinton package", which will be debated in Congress during that time. After the summer recess, Congress will be trying to overhaul the entire structure and regulation of health care (13% of the economy), enact the most sweeping changes to the tax code since 1986, attempt to make a substantial (\$496 billion) reduction in the federal deficit over 5 years, enact a 5-year, \$165 billion "investment" package in education, infrastructure and public jobs, and pass the North America Free Trade Agreement. *All this will happen before Christmas, if the administration's plans are successful.*

Several parts of the President's package give reason for uncertainty. The still unveiled health care reform package is one. Health care costs have doubled from 7.4% of total GDP in 1970 to 14% in 1992; and they are expected to account for 19% or almost 1/5 of the economy by 2000. The program is expected to be financed by a mandatory employer paid tax per employee and various "sin taxes" on alcohol and tobacco products. Insurance coverage will be available through state or

regional health insurance purchasing cooperatives (HIPCs), which will standardize insurance coverage and determine the maximum fees that can be charged for basic services. But the costs of employer coverage, the tax status of their payments (now deductible), the amounts that employees will have to pay from after-tax dollars, and the impact on health care providers and insurance companies that will make up the HIPCs, are all yet unknown. The program is certain to be complicated. A widely held view is that many small companies that currently cannot afford health care for employees but will be mandated to provide it under the new plan will go out of business as a result.

Table 1 shows the sectors of the economy that are expected to contribute to growth. Table 2 on the next page shows the percentage increases expected for FY 1993 and FY 1994, as well as historical results starting with FY 1988.

| <p style="text-align: right;">Table 1</p> <p style="text-align: center;">SOURCES OF REAL GROSS DOMESTIC PRODUCT GROWTH (Billions of 1987 \$)</p> | | | | |
|---|----------------|----------------|----------------|----------------------------|
| | <u>FY 1991</u> | <u>FY 1992</u> | <u>FY 1993</u> | Forecast <u>FY 1994</u> |
| Consumption - Services | \$27.0 | \$27.0 | \$45.0 | \$54.0 |
| - Nondurables | (7.0) | (6.0) | 23.0 | 24.0 |
| - Durable Goods | (23.0) | 2.0 | 31.0 | 35.0 |
| Nonresidential Fixed Investment | (34.0) | 8.0 | 20.0 | 25.0 |
| Residential Fixed Investment | (19.0) | (21.0) | 33.0 | 38.0 |
| Change in Business Inventories | (35.0) | 15.0 | 13.0 | 3.0 |
| Federal Government Purchases | 6.0 | (10.0) | (5.0) | (19.0) |
| State/Local Government Purchases | 11.0 | 8.0 | 8.0 | 15.0 |
| Net Exports | <u>33.0</u> | <u>3.0</u> | <u>(24.0)</u> | <u>(14.0)</u> |
| Change in GDP (1987 \$) | <u>\$41.0</u> | <u>\$26.0</u> | <u>\$144.0</u> | <u>\$161.0</u> |

Other recommendations include increased taxes on the "wealthy", retroactive to January 1, 1993; an increase in the top corporate tax rate to 36%; and the imposition of a new energy tax based on the heat content of the energy source, a "BTU tax", which is expected to be opposed by several legislators from energy producing and Western states.

Selling the President's program to Congress, especially the Senate, will not be easy. It is proposing to tax first and cut spending later. The scheme of the plan is that during 1994-95, 2/3 of its program to reduce the deficit will be paid for by higher taxes, while spending cuts are "expected" to come by 1996-97. This timing incurs the risk, which has already surfaced, that some members of Congress may try to emphasize spending cuts more than taxes in the first years. The result will almost certainly be that there will be no fiscal policy boost from the federal government in FY 1994. The thrust of the Clinton economic plan, including investment tax credits and accelerated spending on public works such as roads, bridges and airports, will not have an effect on the economy that year due to timing delays. In fact, while there will probably be no federal stimulus in FY 1994, there may be a "shock" to the economy next April due to the proposed tax increases retroactive to January 1, 1993.

President Clinton also remains in favor of the North American Free Trade Agreement (NAFTA); but may want to look closer into such areas as pollution standards in Mexico and the impact on U.S. workers in some industries. The true impact of NAFTA on the U.S. economy probably cannot be known in advance, although most analysts think the effect will be positive for U.S. exports and businesses over time. There will certainly be dislocations in some U.S. industries though. Otherwise, net U.S. exports, which have been the strongest area in an otherwise weak economy for the past several years, will actually provide a small drag on the U.S. economy in FY 1994 because U.S. imports are rising faster than exports to the currently soft Japanese and European economies.

The Clinton Administration will probably remain cautious in implementing policy. The plans proposed by Mr. Clinton are modest compared to other federal spending programs in the post-WWII period. The jobs training, tax credits and infrastructure plans described so far would add only about 0.5% to the GDP in FY 1995, depending on when (and if) they are passed. There are still some people who suggest that the slowly improving economy may not need much of a boost, especially by the time a plan could be implemented.

Assuming that inflation remains low, it appears as though the Federal Reserve will continue to be able to accommodate President Clinton. With so much slack in labor markets, there will probably be no need for any tightening of monetary policy until FY 1995. This will be fortunate because the administration has started to borrow its money in currently less expensive, shorter maturities of 3 months to 3 years instead of staggering its maturing debt equally from 3 months to 30 years as in the past. Any increase in short-term interest rates cause the new (and untested) Treasury strategy to backfire.

Table 2

KEY U.S. ECONOMIC INDICATORS

| | Actual FY 1988 | Actual FY 1989 | Actual FY 1990 | Actual FY 1991 | Actual FY 1992 | Forecast FY 1993 | Forecast FY 1994 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
| Real Gross Domestic Product ^{1/} | 4.1% | 3.3% | 1.7% | (0.8)% | 0.5% | 2.4% | 3.1% |
| GDP Deflator ^{1/} | 3.4 | 4.5 | 4.2 | 4.4 | 3.2 | 2.8 | 2.8 |
| Consumer Price Index ^{1/} | 4.1 | 4.6 | 4.7 | 5.5 | 3.2 | 3.1 | 3.7 |
| Industrial Production ^{1/} | 6.1 | 4.3 | 1.0 | (0.7) | 0.1 | 2.8 | 4.2 |
| Three Month T-Bill ^{2/} | 6.0 | 7.9 | 7.8 | 6.5 | 4.4 | 3.1 | 3.8 |
| Aaa Corporate Bonds ^{2/} | 9.8 | 9.7 | 9.1 | 9.1 | 8.4 | 7.9 | 8.2 |
| Wage and Salary Employment ^{1/} | 3.2 | 3.2 | 2.1 | (0.3) | (0.7) | 1.0 | 2.2 |
| Manufacturing Employment ^{1/} | 1.6 | 1.3 | (0.7) | (3.0) | (2.2) | 0.1 | 2.7 |
| Unemployment Rate ^{2/} | 5.8 | 5.3 | 5.3 | 6.2 | 7.1 | 7.5 | 6.7 |

^{1/} Annual Percent Change

^{2/} Average Rate for Year

There is a strong chance for continued gains in personal income, consumption, and consumer confidence. (See [Charts 1-4](#) at the end of this section). Consumer and business balance sheets have been improving steadily, and the pent-up demand for housing and autos is expected to continue to surge. The cost of debt has declined, improving cash flow in most parts of the economy.

The probability of strong growth in real GDP in FY 1994 in the 4% to 6% range is low; quarterly rates between 2.5% and 3% appear more likely during FY 1994. An overall growth rate of 3.1% is predicted for the year. Several obstacles still seem to be in the way of a boom.

Consumers are not expected to take on debt at the same rate they did in the past. For example, the surge in the fourth quarter of 1992 was followed by the subsequent retrenchment in the first quarter of calendar 1993. Businesses have been paying down debt, often replacing it with equity in the current high stock market. Capital expansion in fixed investment in the U.S. has been a bright spot recently, but it is not expected to be unusually strong. Commercial construction, which probably finally reached the bottom, is expected to remain flat or even continue to decline slightly over the near term because of the over expansion left from the 1980's.

Commercial banks are looking to add loans, but commercial demand is low and credit standards are high. Despite encouragement from the administration and the Federal Reserve Board, bank credit has barely grown for several years now. Banks have been taking advantage of lower interest rates to earn a large, almost risk free spread between the cost of their funds and rates available on investments in U.S. Treasury and mortgage bonds.

It will also remain to be seen whether employment will increase sharply because of 1) the need to restock inventory in an expanding economy, and 2) improved confidence. Incomes will improve in the economy, but high paying jobs are hard to find. Manufacturing employment, typically one of the highest paying sectors, is expected to come back a little in FY 1994. Most large U.S. corporations will continue to reduce well-paid, middle management. It's difficult for these employees, now numbering in the millions, to find comparable jobs. And the health care reforms now under discussion will only add to the costs of employment.

Overall, FY 1994 should see a slight improvement in growth in a continued low inflation environment, which should set the foundation for a continued economic expansion of modest proportions.

Risks to the Forecast

Positive Alternative - Stronger Growth Than Anticipated

Looking at FY 1994, the higher growth alternative would depend on a strong rebound in hiring due to increased business and consumer confidence and higher business investment. This is more likely if hiring improves and confidence returns. There could be a sharp reduction in unemployment as employers see that the recovery is stronger than anticipated. Fixed business investments would be higher than anticipated and manufacturing would also rebound faster than anticipated. Growth in Europe and Japan in the second half of the year would also give a renewed boost to exports.

Negative Alternative - Too Much Too Fast and the Clinton Package Creates Confusion

The Clinton package of tax increases, "investment programs", health care reform and financing, and NAFTA become locked in debate in the Senate, creating a high degree of uncertainty during the first half of FY 1994 about its prudence or implementation. This could reduce consumer confidence. Inventory restocking and business fixed investment will not take off as expected because of lower sales forecasts.

GROSS DOMESTIC PRODUCT 1987 DOLLARS

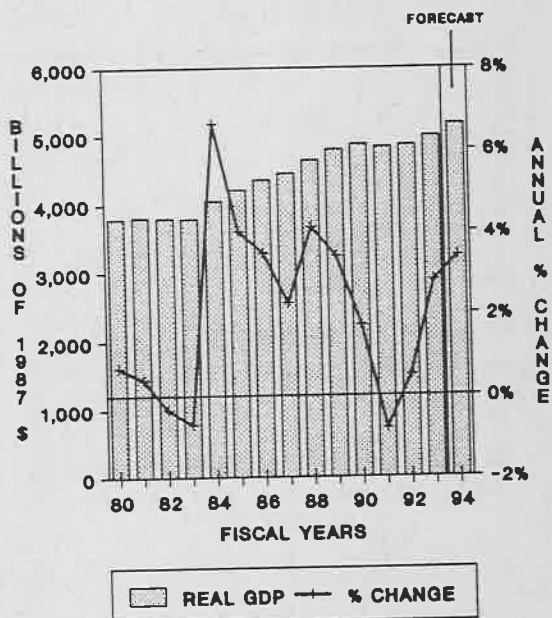


CHART 1

REAL PERSONAL INCOME 1987 DOLLARS

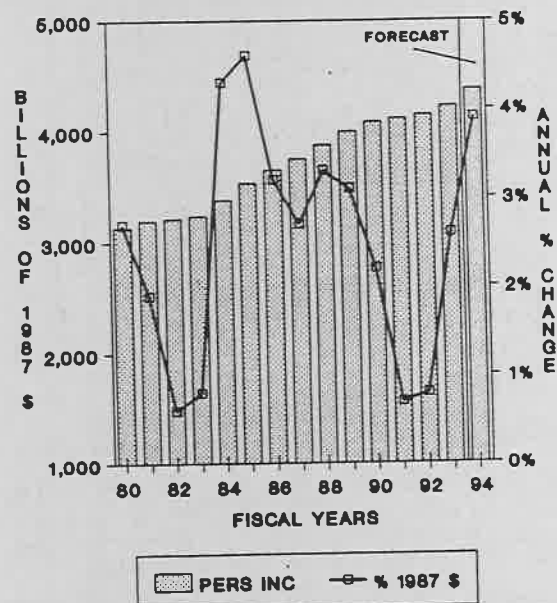


CHART 2

TOTAL CONSUMPTION 1987 DOLLARS

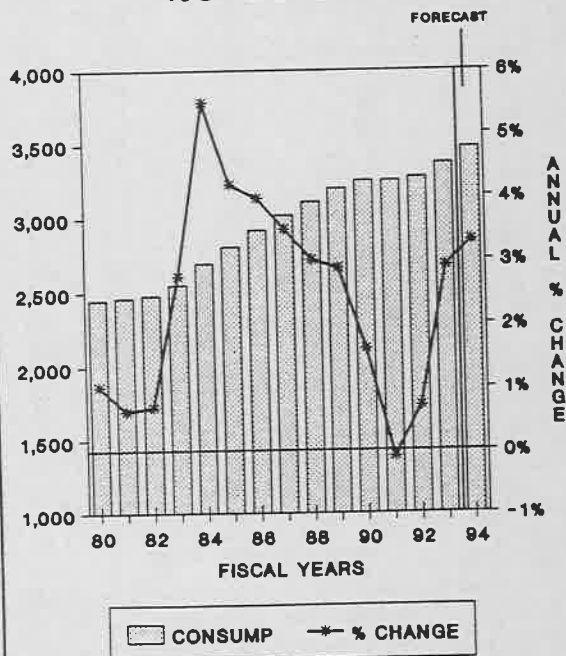


CHART 3

CONSUMER CONFIDENCE INDEX

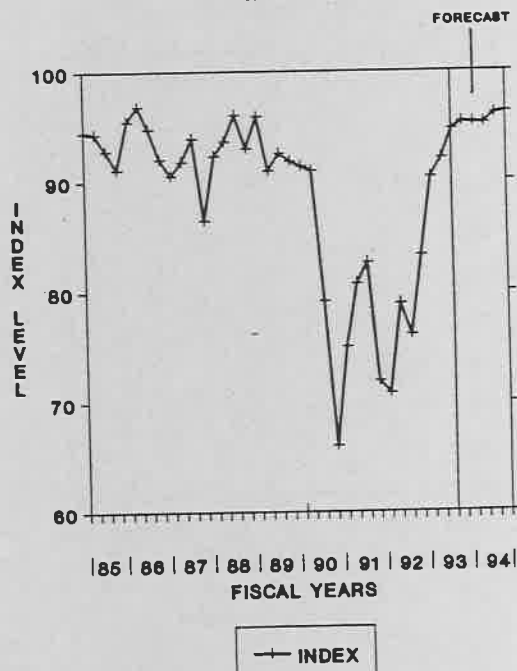


CHART 4

SOURCE: U. OF MICHIGAN

U.S. MONEY SUPPLY GROWTH

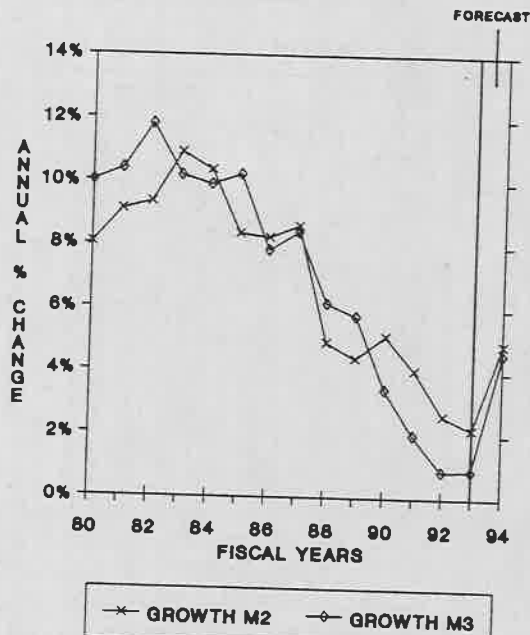


CHART 5

KEY INTEREST RATES

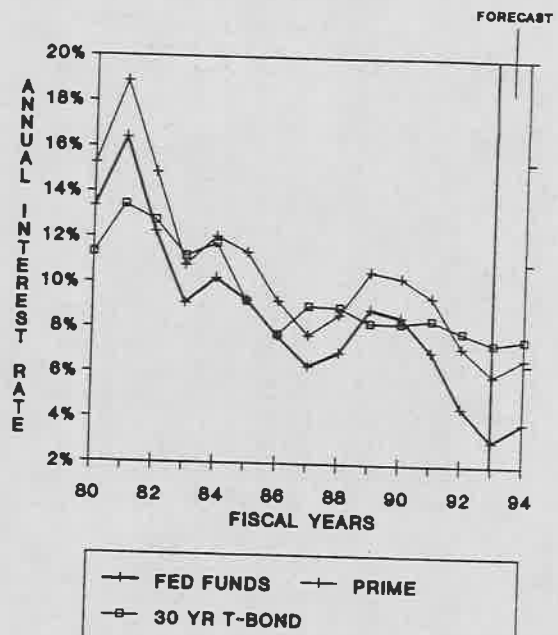


CHART 6

CONSUMER & PRODUCER PRICE INDEX CHANGES

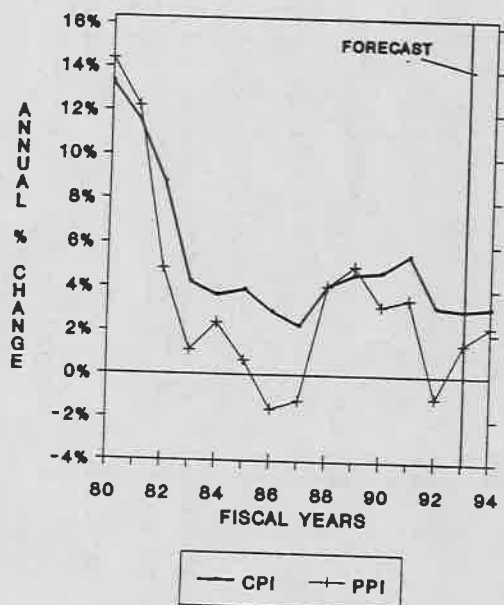


CHART 7

INDUSTRIAL PRODUCTION INDEX AND PERCENT CHANGE

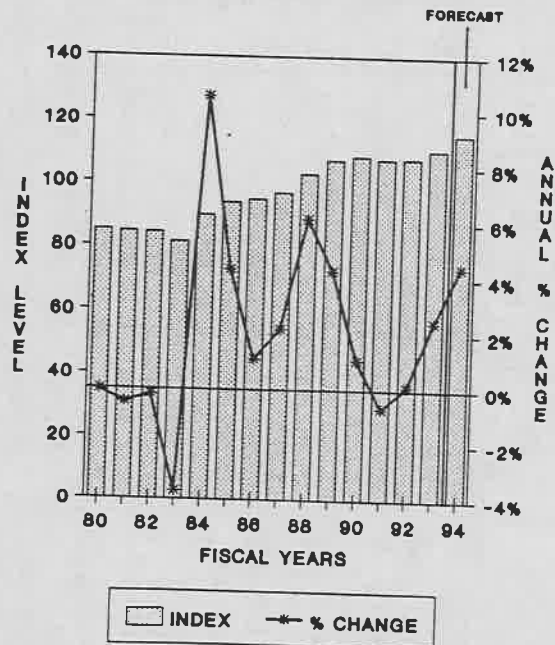


CHART 8

UNEMPLOYMENT RATE

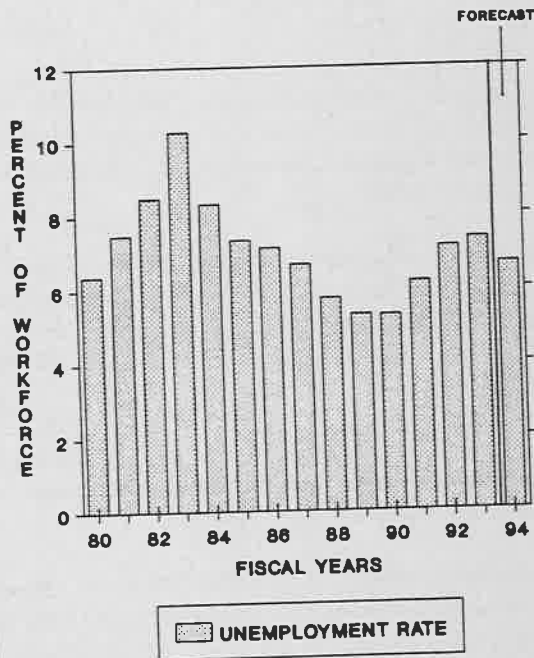


CHART 9

SAVINGS AS A PERCENT OF DISPOSABLE INCOME

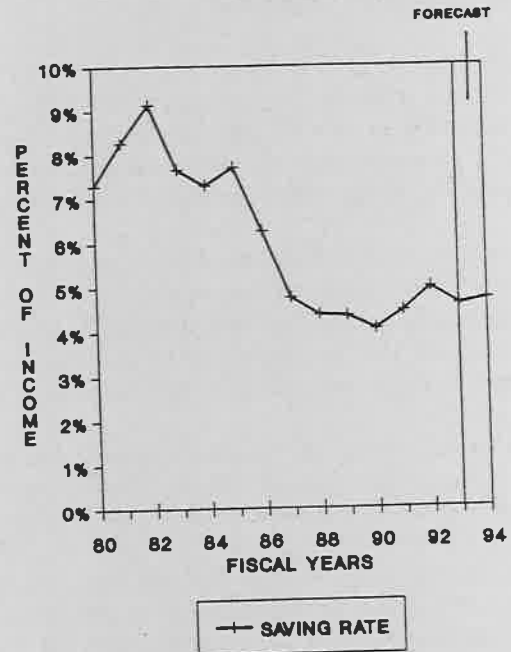


CHART 10

CHANGE IN TOTAL HOUSES SOLD: SINGLE FAMILY AND MULTI-UNIT

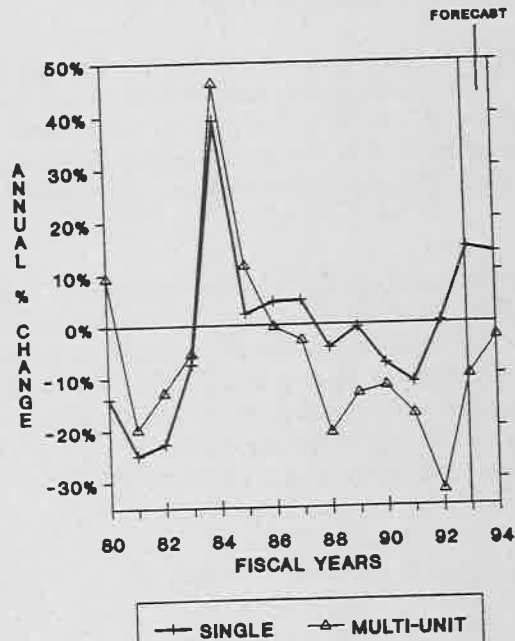


CHART 11

ANNUAL PERCENT CHANGE IN CAR SALES

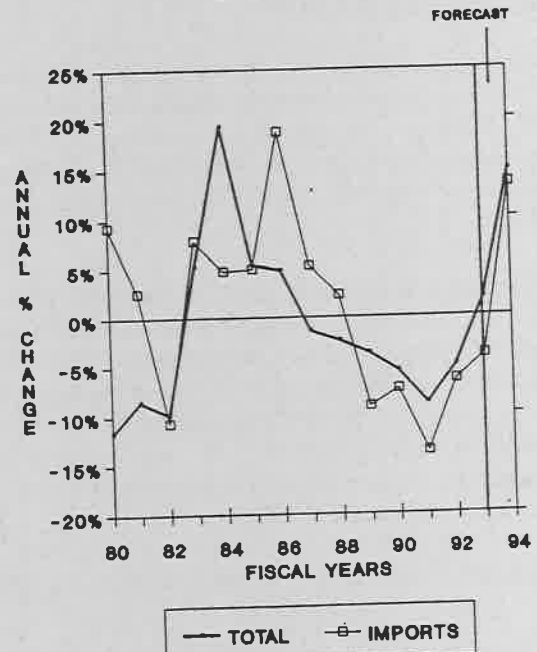


CHART 12

THE ARIZONA ECONOMY

The Situation in FY 1993

Like the U.S. economy, the Arizona economy has been suffering from a creeping expansion; and while we will show improvement over FY 1992, the improvement will fall considerably short of what would be expected, based on earlier Arizona expansions. While the expansion is not as fast as we would like, we are, in fact, expanding, and we view FY 1993 as a transition period to a higher growth plane in FY 1994.

Apart from the overall slowness of the Arizona economy, certain sectors stand out as varying from the norm, both above and below. Manufacturing employment, which has been in the doldrums since FY 1985 and has actually been declining since FY 1988, has been slammed by continuing defense cutbacks. Manufacturing employment declined by 4.8% in FY 1992 and we expect an additional decline of 2.5% in FY 1993. Between FY 1988, the last year showing positive growth, and FY 1993, some 20,000 manufacturing jobs have been lost.

Unlike Manufacturing, the Construction sector has been showing improvement since early in 1992, led by single family home construction. While the Construction sector is some distance from total recovery, employment has bottomed out and should show positive growth of 9.9%, the first positive growth since FY 1986.

Most economists accept Arizona Personal Income as one of the most important indicators of the state of the Arizona economy. We expect Arizona Personal Income to increase by 6.3% in FY 1993 and more importantly, (1) inflation adjusted Arizona Personal Income will be up 3.8% compared with a 1.5% increase in FY 1992, and (2) per capita inflation adjusted Arizona Personal Income will be up 1.5% compared with a decrease of 0.9% in FY 1992.

Table 3, ARIZONA WAGE AND SALARY EMPLOYMENT PERCENT GROWTH OVER PRIOR YEAR, RECENT HISTORY, shows employment growth from FY 1986 through FY 1992.

The Outlook for FY 1994

Within our forecast period, the basic engine of growth will be the U.S. economy and, since the national economy will continue to grow, Arizona should show growth through FY 1994, continuing the improvement started in FY 1993. However, the outlook for Arizona is more optimistic than for the U.S. for two reasons, 1) Arizona entered into recession sooner and got out earlier, and 2) Arizona is now in the midst of an improved economic development climate (e.g. business friendly legislation and Governor's Strategic Partnership for Economic Development - GSPED).

FY 1994 should see a resurgence in the Goods Producing ^{1/} sectors. Manufacturing, a sector which should be the bedrock of a stable, growing Arizona, has been a source of weakness in recent years. The defense industry will continue to shrink, but at a slower pace. The recent moves by the Legislature to attract consolidating defense related firms and the subsequent move of one large contractor is encouraging. Arizona ranks highly for firms that want to move from areas with uncompetitive state regulation, taxes and costs of living, and one might expect our relative ranking to improve. We are modestly optimistic for the Goods Producing Sector in general and Manufacturing in particular. Employment in Manufacturing is expected to increase by 1.2% in FY 1994, the first positive growth since FY 1988.

Mining sector employment should grow by 4.2% in FY 1994, up from 0% growth in FY 1993.

^{1/} Manufacturing, Construction, and Mining

TABLE 3

**ARIZONA WAGE AND SALARY EMPLOYMENT
PERCENT GROWTH OVER PRIOR YEAR
RECENT HISTORY**
(Based on Average Employment)

| | <u>FY 1986</u> | <u>FY 1987</u> | <u>FY 1988</u> | <u>FY 1989</u> | <u>FY 1990</u> | <u>FY 1991</u> | <u>FY 1992</u> |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <u>Goods Producing</u> | | | | | | | |
| Manufacturing | 2.1% | 2.2% | 1.0% | (0.1)% | (0.7)% | (2.9)% | (4.8)% |
| Mining | (7.9) | (2.7) | 5.9 | 3.1 | 1.7 | 6.5 | (0.8) |
| Construction | 8.9 | (5.9) | (9.1) | (8.6) | (6.6) | 4.4 | (2.7) |
| Total Goods Producing | 4.1 | (1.0) | (2.4) | (2.7) | (2.4) | (2.9) | (4.0) |
| <u>Service Producing</u> | | | | | | | |
| Transportation/Communication & Public Utilities | 4.6 | 7.3 | 6.7 | 2.4 | 6.1 | 2.6 | 1.3 |
| Trade | 6.0 | 4.7 | 3.8 | 3.7 | 2.1 | 0.8 | 0.9 |
| Finance/Insurance/Real Estate | 12.4 | 7.5 | 3.7 | (2.7) | 1.0 | (0.3) | (0.4) |
| Services | 9.8 | 6.1 | 7.3 | 5.9 | 4.6 | 2.4 | 2.6 |
| Government | 4.1 | 3.0 | 3.1 | 2.7 | 4.3 | 5.4 | 3.3 |
| Total Services Producing | 7.2 | 5.2 | 4.9 | 3.6 | 3.6 | 2.4 | 1.7 |
| <u>Total Wage/Salary Employment</u> | <u>6.4%</u> | <u>3.7%</u> | <u>3.3%</u> | <u>2.2%</u> | <u>2.4%</u> | <u>1.3%</u> | <u>0.7%</u> |

The Construction sector will not show a total return to health during our forecast period, given that over 30,000 jobs were lost between 1986 and 1991, but employment has picked up and we expect growth of 8.3% in FY 1994 after growth of 9.9% in FY 1993. Thus, nearly 2/3 of the job losses will be recovered over this 2-year period.

In FY 1985, the Service Producing^{1/} sectors accounted for 75.9% of the employment in Arizona. Today, despite a generally declining growth rate, the Service Producing sectors account for over 82% of the employment in Arizona. Weakness in the Goods Producing sectors accounts for the increased share of the Service Providing sectors. Over time, the share will probably move back below 80%, but not during our forecast period.

Our forecast is for the Service Producing sectors to account for approximately 82% of Arizona employment in FY 1994. The relative weakness of the Goods Producing group may be partially to blame for our poor revenue picture in recent years. While the Service Producing group generates more jobs (i.e., more labor intensive) than the Goods Producing group, on average, it pays lower wages.

Table 4, ARIZONA WAGE AND SALARY EMPLOYMENT, PERCENT GROWTH OVER PRIOR YEAR, shows anticipated employment growth for the forecast years of FY 1993 and FY 1994, together with actual growth in FY 1992.

Table 5, KEY ARIZONA ECONOMIC INDICATORS, shows the JLBC Staff forecast for 9 key Arizona economic variables. We expect growth in Arizona Personal Income to be at 6.3% for FY 1993 and 7.3% for FY 1994 in current dollar terms, with growth in constant dollar (inflation-adjusted) terms at 3.8% in FY 1993 and 4.5% in FY 1994. Per Capita Arizona Personal Income in constant dollar terms is expected to be 1.5% in FY 1993 and 2.0% in FY 1994.

^{1/} Transportation, Communications, Public Utilities (TCPU); Trade; Finance, Insurance, Real Estate (FIRE); Services; and Government.

Chart 13 is a line chart showing employment for FY 1980 through FY 1994 for the Service Providing and Goods Producing sectors together with Total Wage and Salary Employment. Of particular note is the declining number of jobs in the Goods Producing sector since FY 1986.

Chart 14 is a bar chart which compares U.S. and Arizona growth rates for Constant Dollar Per Capita Personal Income. In recent years, Arizona growth has shown a substantial slowing relative to the U.S., and our forecast indicates that this will continue. In general, this chart shows that the Arizona economy is dependent upon population growth. Actually, much of Arizona's publicized strong growth is illusory, in that it reflects our strong population growth. Per capita income in Arizona is a surprising 13% below the U.S. average.

Chart 15 is a line chart showing, for the period FY 1986 through FY 1994, the percentage change each year over the preceding year for:

- Arizona Personal Income - Current Dollars
- Arizona Personal Income - Constant Dollars (Inflation Adjusted)
- Per Capita Arizona Personal Income - Constant Dollars

ARIZONA WAGE AND SALARY EMPLOYMENT
PERCENT CHANGE FROM PRIOR YEAR
 (Based on Average Employment)

TABLE 4

| | <u>FY 1992</u> | <u>Forecast</u> | |
|---|----------------|-----------------|----------------|
| | | <u>FY 1993</u> | <u>FY 1994</u> |
| <u>Goods Producing</u> | | | |
| Manufacturing | (4.8)% | (2.5)% | 1.2% |
| Mining | (0.8) | 0.0 | 4.2 |
| Construction | (2.7) | 9.9 | 8.3 |
| Total Goods Producing | (4.0) | 1.3 | 3.6 |
| <u>Service Producing</u> | | | |
| Transportation, Communication and Public Utilities | 1.3 | 1.4 | 3.8 |
| Trade | 0.9 | 1.9 | 4.2 |
| Finance, Insurance, Real Estate | (0.4) | 2.0 | 2.5 |
| Services | 2.6 | 3.5 | 5.5 |
| Government | 3.3 | 2.5 | 2.4 |
| Total Services Producing | 1.7 | 2.6 | 4.1 |
| <u>Total Wage and Salary Employment</u> | <u>0.7%</u> | <u>2.3%</u> | <u>4.0%</u> |

TABLE 5

KEY ARIZONA ECONOMIC INDICATORS

| | Actual FY 1988 | Actual FY 1989 | Actual FY 1990 | Actual FY 1991 | Actual FY 1992 | Forecast FY 1993 | Forecast FY 1994 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
| Personal Income - Current Dollars ^{1/} | 7.5% | 6.6% | 5.7% | 5.5% | 4.7% | 6.3% | 7.3% |
| - Constant Dollars ^{1/} | 4.0 | 2.0 | 1.4 | 1.0 | 1.5 | 3.8 | 4.5 |
| - Per Capita Constant Dollars ^{1/} | 0.3 | (0.3) | (0.6) | (1.1) | (0.9) | 1.5 | 2.0 |
| Retail Sales ^{1/2/} | 4.8 | 5.7 | 4.2 | 2.6 | 5.0 | 7.0 | 5.9 |
| Population ^{1/} | 3.7 | 2.2 | 2.0 | 2.1 | 2.4 | 2.3 | 2.5 |
| Wage and Salary Employment ^{1/} | 3.3 | 2.2 | 2.4 | 1.3 | 0.7 | 2.3 | 4.0 |
| Manufacturing Employment ^{1/} | 1.0 | (0.1) | (0.7) | (2.9) | (4.8) | (2.5) | 1.2 |
| Construction Employment ^{1/} | (9.1) | (8.6) | (6.6) | (4.4) | (2.7) | 9.9 | 8.3 |
| Unemployment Rate ^{3/} | 5.9 | 5.9 | 5.2 | 5.0 | 7.2 | 6.8 | 6.1 |

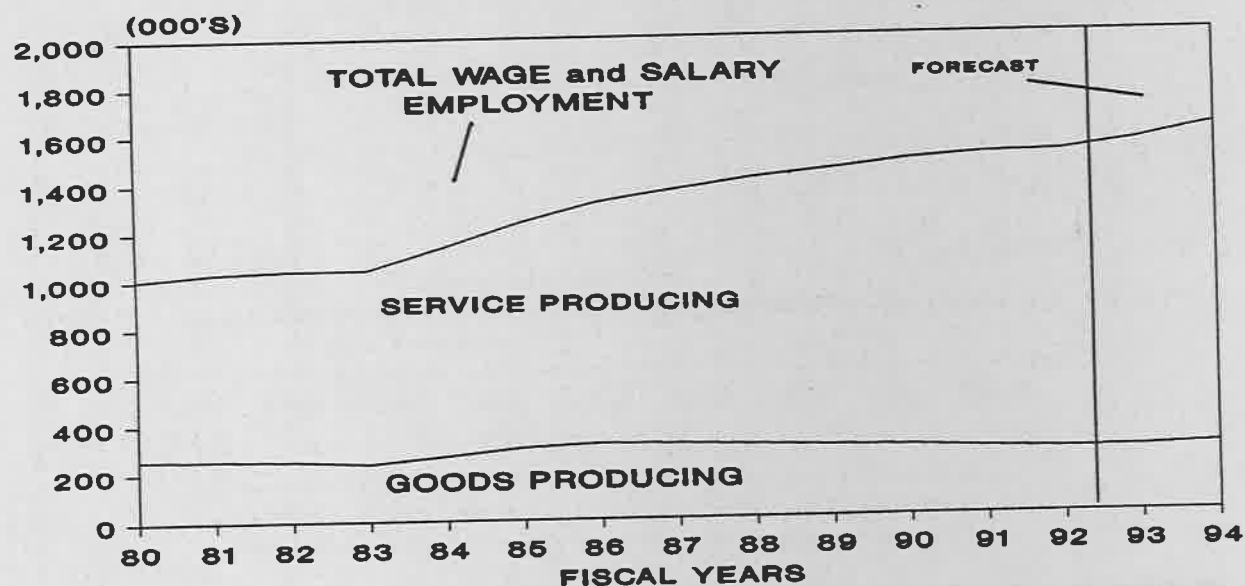
^{1/} Annual Percent Change^{2/} Based on Department of Revenue definition of Retail Sales^{3/} Average Rate for Year**MAJOR SECTORS OF ARIZONA EMPLOYMENT**

CHART 13

U.S. and ARIZONA REAL PER CAPITA INCOME

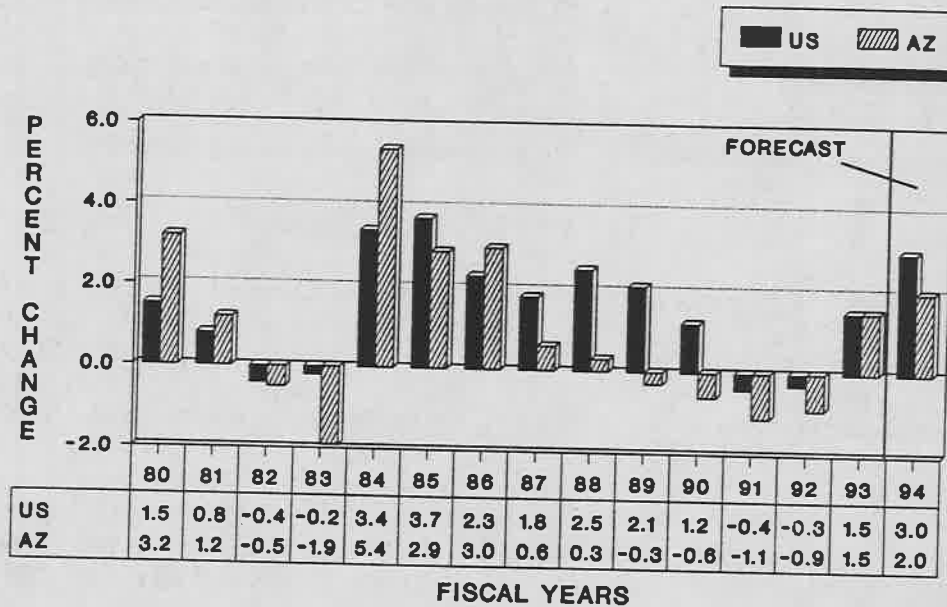


CHART 14

ARIZONA PERSONAL INCOME FY 1986 TO FY 1994

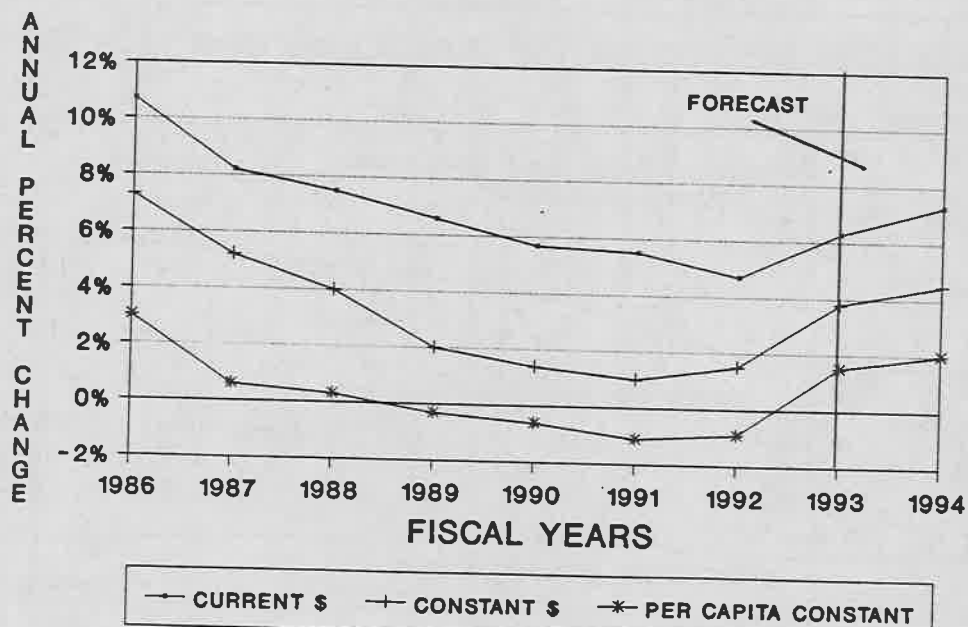


CHART 15

GENERAL FUND REVENUE

NOTE

The JLBC revenue forecasts presented below are the forecasts provided to the Legislature at the close of the legislative session. They are included here in order to depict the fiscal outlook as it was at that time. Consequently, these will not be the JLBC revenue estimates at the time of publication of this report (June 1993) as revenue collections continue to exceed our forecast.

FY 1993 Forecast

Table 6 shows the JLBC General Fund revenue forecast for FY 1993 and FY 1994 as of the end of the session. Our forecast calls for a FY 1993 increase of 6.7% over FY 1992, which includes an increase in Taxes of 7.1% and a decline in Other Non-Tax Revenue of 7.5%. By the standards of recent years, FY 1993 gives promise of being a strong revenue year, and we now expect actual collections for the year exceed the JLBC forecast. Table 7 compares the OSPB and the JLBC forecasts for FY 1993 at June 1992 (prior to the close of last year's legislative session) and shows the JLBC forecasts for FY 1993 at January and April, 1993.

Sales Tax collections have been relatively strong this year, led by *Retail and Construction*. In February, collections slowed dramatically, largely as the result of the January rains. We believe that the February decline was but a one-shot non-recurring event and that growth will be resumed. Our forecast is for an increase of 7.8%, which may be conservative.

The *Individual Income Tax* has been strong all year, and at the end of February we were above the forecast by \$33.2 million, mostly in withholding. Our forecast is for an increase of 7.5%, and there are indications that this is a conservative forecast.

The *Corporation Income Tax*, too, has been doing well. Our forecast is for an increase of 4.4% and we expect this to be realized.

Our *Property Tax* forecast for FY 1993 is for an increase of 11.2%. Although assessed valuation declined in FY 1993, two factors contributed significantly in generating an increase: 1) an increase of approximately \$10.0 million in Qualifying Tax Rate (QTR) collections, and 2) receipt of a delinquent payment of \$7.5 million from El Paso Electric Company.

Insurance Premium Taxes are forecast to decline by 11.3% in FY 1993. Recent legislation, which adjusted the deductibility of tax credits by raising the deductibility percent in later years, saved revenue in FY 1992; but we will now start paying a higher and higher price for this "bailout" in the form of reduced premium taxes for the next several years.

Interest collections to the General Fund are expected to be 34.7% below last year, primarily because of declining interest rates, but also because of unusually low investable balances during the first half of this year.

Motor Vehicle License Tax collections are forecast to increase by 2.2%, and actual collections appear to be consistent with our forecast. However, the Department of Revenue has reported retail sales by motor vehicle dealers to be up 10.0% for the first eight months of FY 1993, and we are having some difficulty explaining why collections from the Motor Vehicle License Tax do not appear to reflect this surge.

Transfers and Reimbursements include \$7.5 million for the reversion to the General Fund from the Industrial Commission of excess administration monies - Chapter 3 (H.B. 2003).

Chart 16 shows the improved level of Retail Sales collected by the Department of Revenue in recent quarters. For the ten months year-to-date of FY 1993, the Retail Sales category is 7.0% ahead of the same period last year.

Chart 17 shows Restaurants and Bars Sales growth as collection by the Department of Revenue. Restaurants and Bars Sales are also doing reasonably well with an increase of 8.2% for the ten months year-to-date in FY 1993.

Chart 18 shows Hotel/Motel Sales collected by the Department of Revenue. For the ten months year-to-date in FY 1993, we are up a strong 11.2%.

Chart 19 shows the improved level of Contracting Sales collected by the Department of Revenue. For the ten months year-to-date of FY 1993, Contracting is above the same period last year by 9.3%.

FY 1994 Forecast

While Arizona will continue on its upward growth path, Arizona economic growth will be modest by historic standards and the JLBC revenue forecast reflects this. Total Base Revenue is expected to increase by 3.8%, down from the growth of 6.7% in FY 1993. Details of the JLBC FY 1994 General Fund revenue forecast are shown in Table 6. Table 8 compares the OSPB and the JLBC General Fund forecasts for FY 1994 at the beginning of the recent legislative session (January 1993). Also shown is the revised JLBC forecast (end of session) and the details of the \$58.1 million by which it exceeds the OSPB forecast, unchanged from the beginning of the session forecast. In order to take a conservative approach to the budget, the Legislature elected to adopt the lower OSPB forecast.

It should be noted that the FY 1994 forecasts shown in Table 6 and Table 8 do not include the revenue impact of bills passed during the recent session. The effect of including the revenue impact of the bills is shown in Table 9. See Table 10 for a detailed listing of these bills. The total revenue loss for FY 1994 is shown in Table 10 to be \$21.7 million. Although a further review must be made, it now appears that the aggregate revenue loss over the five year period FY 1994 through FY 1998 will be \$453.4 million. Details by year (in thousands) are shown below:

| <u>Fiscal Year</u> | <u>Revenue Loss</u> |
|--------------------|---------------------|
| 1994 | \$21,725.2 |
| 1995 | 50,242.7 |
| 1996 | 93,896.1 |
| 1997 | 130,411.8 |
| 1998 | <u>157,079.7</u> |
| 5-year Total | <u>\$453,355.5</u> |

Sales and Use Tax collections are expected to increase by 6.0%, down from the 7.8% growth expected in FY 1993. The decline is largely due to 1) county property tax relief aggregating \$10.0 million, which was not taken from the *Sales Tax* in FY 1993, and 2) lower growth rates in certain sectors, where we felt the FY 1993 increases, were not sustainable in FY 1994.

Individual Income Tax collections are expected to increase by 6.0%, down slightly from growth of 7.5% in FY 1994.

Corporation Income Tax collections are expected to show a slight decline of 0.2% in FY 1994. Corporation profits are expected to be about the same as in the prior year, but tax credits to Hughes Aircraft and other firms benefiting from the defense restructuring program are scheduled to take effect in FY 1994 and reduce collections.

Property Tax collections are forecast to increase by 0.3% in FY 1994. Our forecast assumes a 1.0% decline in growth in assessed valuation for calendar year 1993.

Insurance Premium Taxes are forecast to decline by 7.9% in FY 1994. This is a continuation of the process which adjusted the deductibility of tax credits by raising the deductibility percents in years after FY 1992.

Chart 20 shows, for 16 fiscal years, dollars of General Fund Base Revenue as a bar chart and percent change as a line graph. In terms of percent change, Arizona has had very strong years and also some years which exhibited much lower growth. It should be noted that FY 1979 through FY 1982 were years when the Consumer Price Index was near or at double digit inflation. Also shown are "underlying growth rates" (after elimination of enhancements) for FY 1989 through FY 1994.

Chart 21 shows as a line chart, General Fund Base Revenue collections for major tax sources for period FY 1971 through FY 1994.

Chart 22 shows, for FY 1994, major categories of General Fund Revenue as a percent of total General Fund Base Revenue.

Chart 23 shows, in graphic form, the percent and dollar growth in FY 1994 over FY 1993 for significant categories of General Fund Revenue based on JLBC Staff estimates.

Chart 24 shows major General Fund tax sources as a percent of total General Fund Base Revenue.

RETAIL SALES: 1983Q1 TO 1993Q1 QUARTER VS. SAME QUARTER-PRIOR YEAR

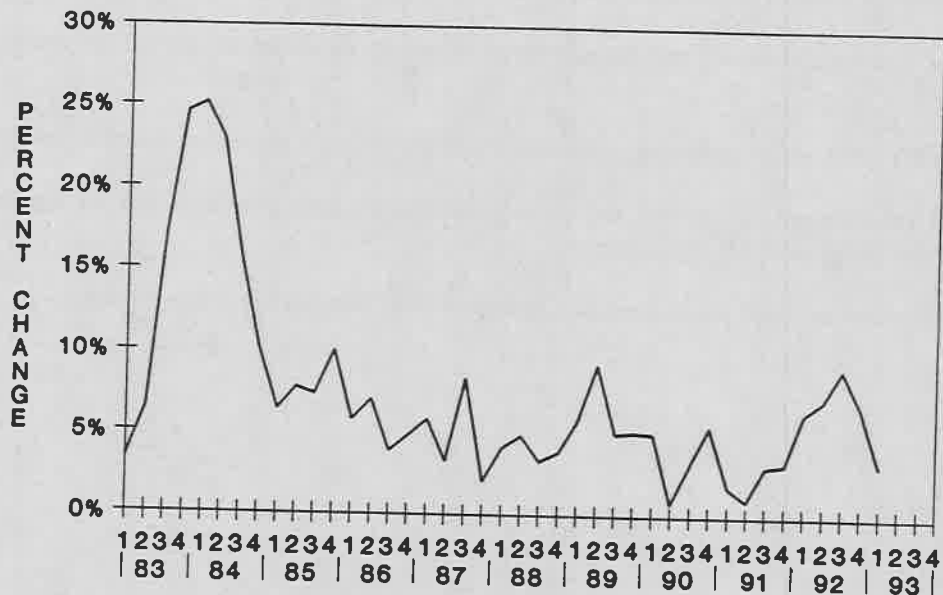
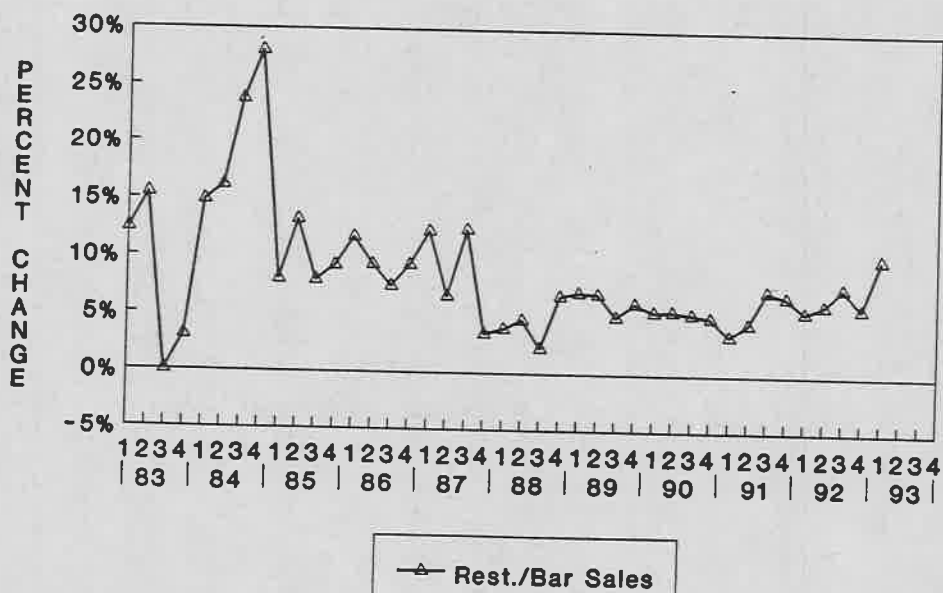


CHART 16

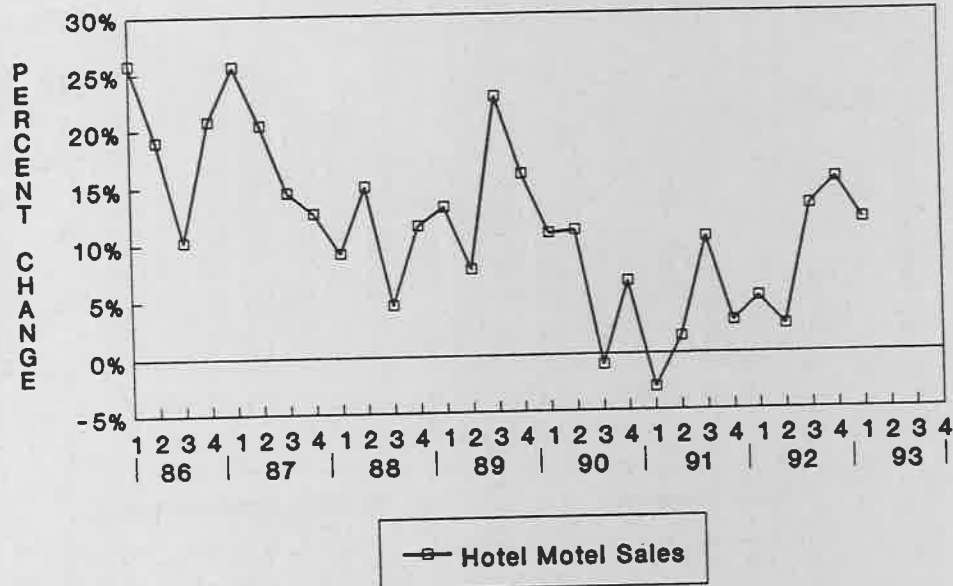
RESTAURANTS AND BARS SALES GROWTH 1983-Q1 TO 1993-Q1



QUARTER VS. QUARTER IN THE PREVIOUS YEAR

CHART 17

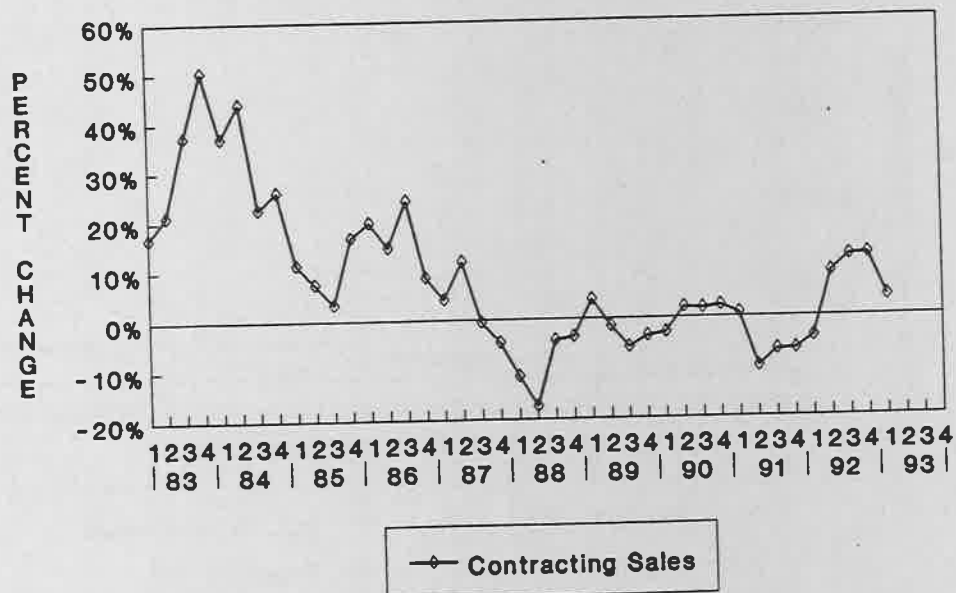
HOTEL AND MOTEL SALES GROWTH 1986-Q1 TO 1993-Q1



QUARTER VS. QUARTER IN THE PREVIOUS YEAR

CHART 18

CONTRACTING INDUSTRY SALES GROWTH 1983-Q1 TO 1993-Q1



QUARTER VS. QUARTER IN THE PREVIOUS YEAR

CHART 19

GENERAL FUND BASE REVENUE COLLECTIONS

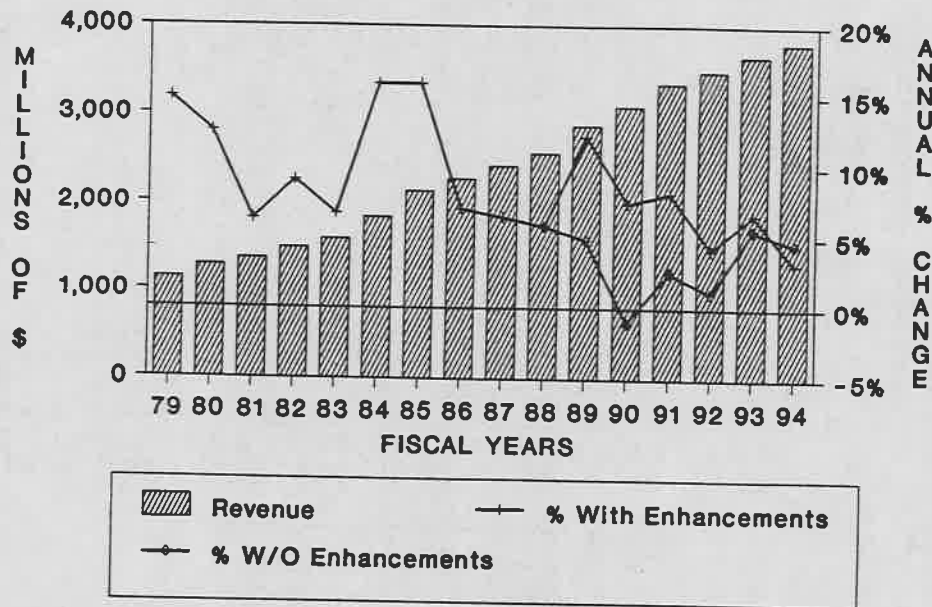


CHART 20

MAJOR GENERAL FUND TAX SOURCES COLLECTIONS

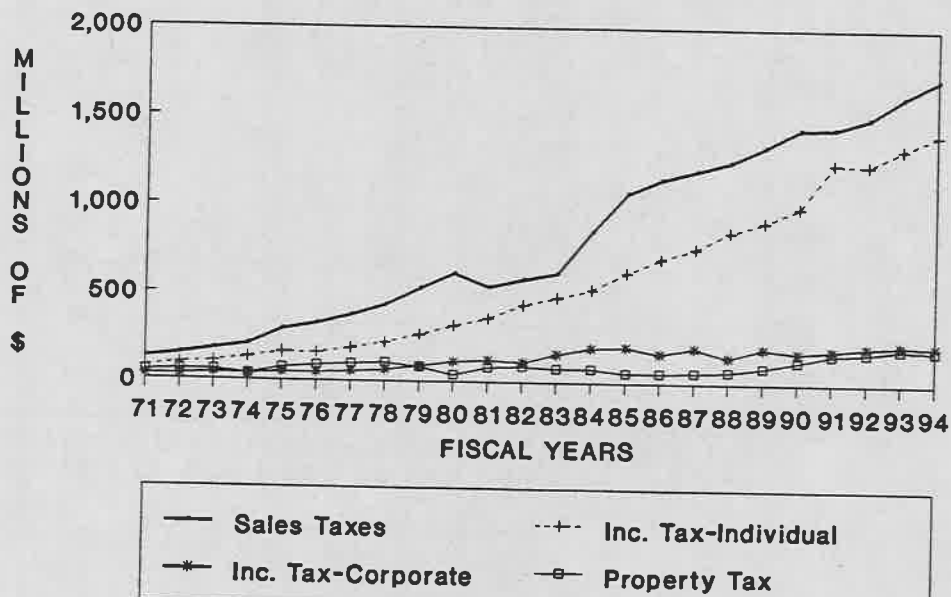
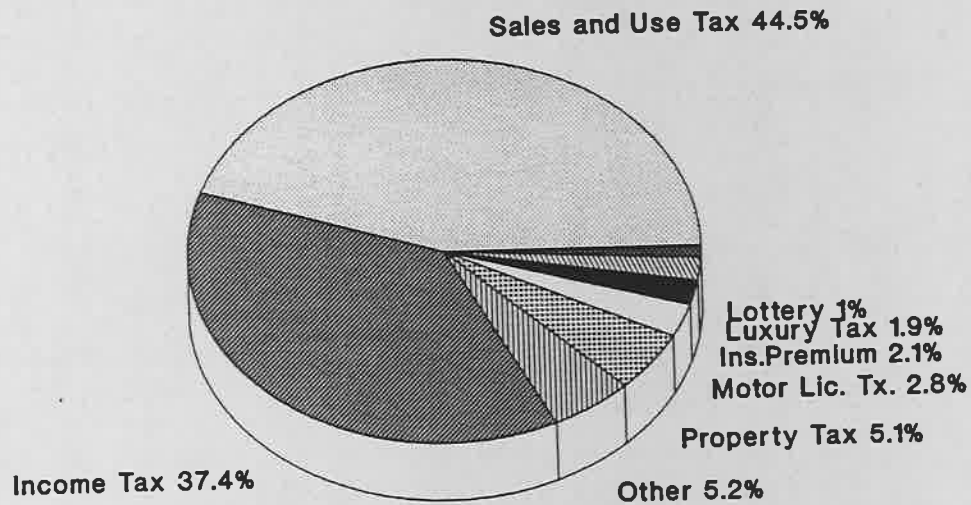


CHART 21

GENERAL FUND REVENUE SOURCES AS A PERCENT OF TOTAL BASE REVENUE



FY 1994

CHART 22

FY 1994 MAJOR REVENUE SOURCES DOLLAR AND PERCENT CHANGE FROM FY 1993

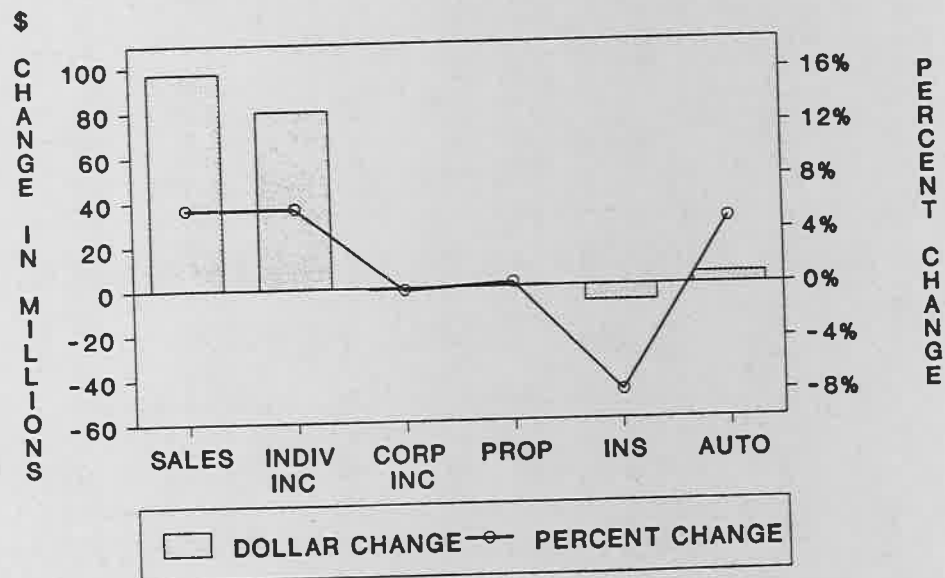


CHART 23

MAJOR TAX SOURCES AS A % OF GENERAL FUND BASE REVENUE

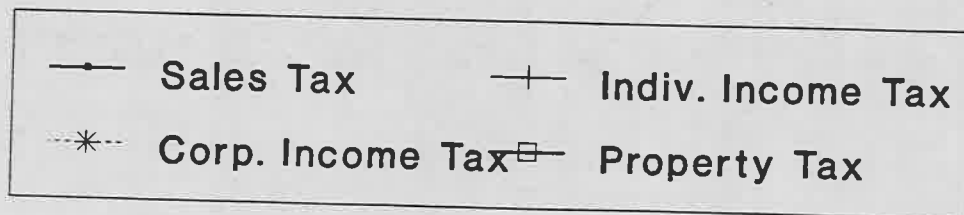
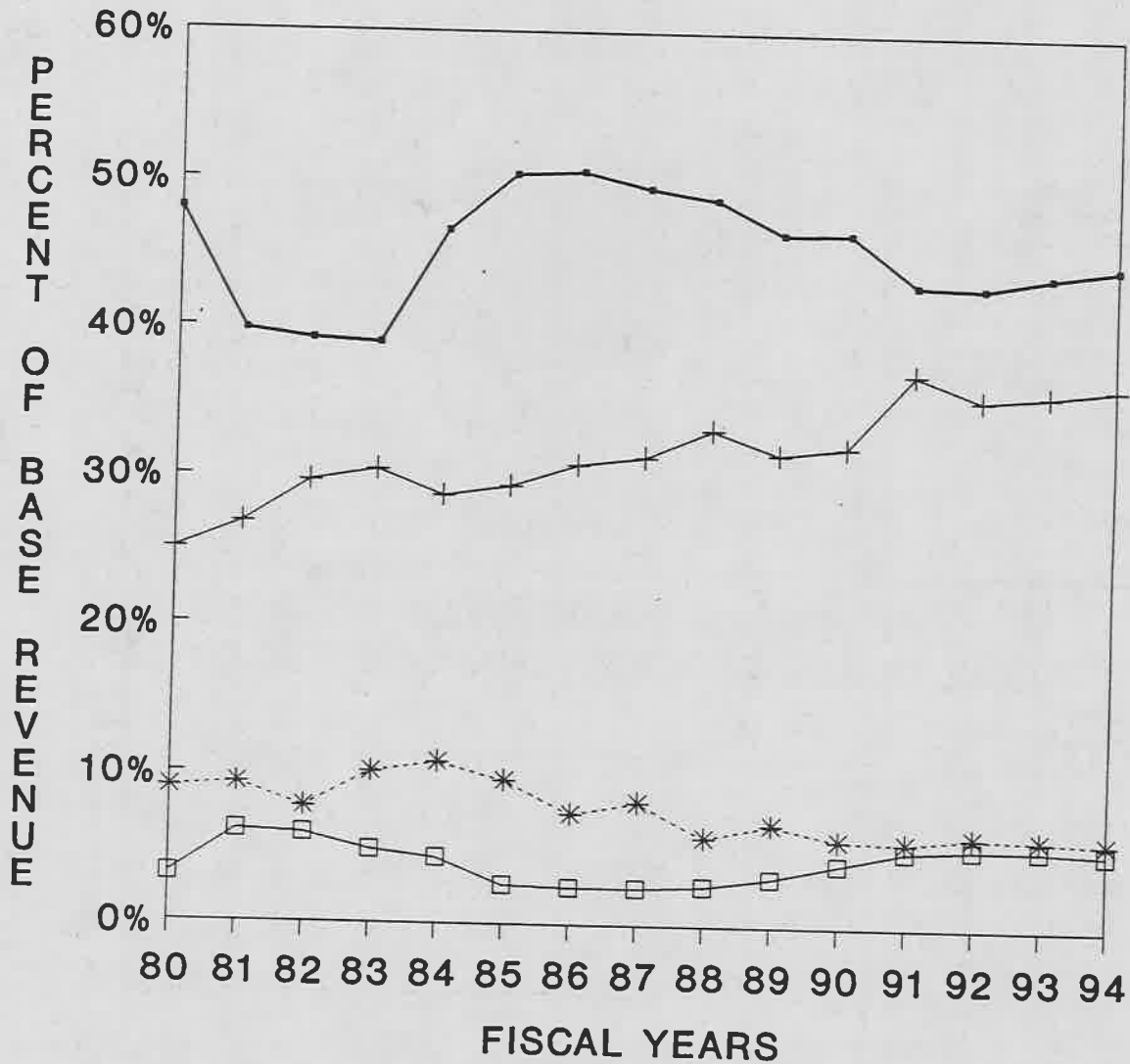


CHART 24

TABLE 6

**STATE OF ARIZONA
GENERAL FUND
STATEMENT OF ESTIMATED BASE REVENUE
JLBC STAFF ESTIMATE
(000's)**

| | <u>Actual FY 1992</u> | | <u>Forecast FY 1993 ^{1/}</u> | | <u>Forecast FY 1994 ^{1/}</u> | |
|-------------------------------------|-----------------------|-----------------|---------------------------------------|-----------------|---------------------------------------|-----------------|
| | <u>Amount</u> | <u>% Change</u> | <u>Amount</u> | <u>% Change</u> | <u>Amount</u> | <u>% Change</u> |
| <u>Taxes</u> | | | | | | |
| Sales and Use | \$1,503,124.5 | 4.0% | \$1,620,000.0 | 7.8% | \$1,721,600.0 | 6.0% |
| Income - Individual | 1,237,033.2 | (0.5) | 1,330,000.0 | 7.5 | 1,410,000.0 | 6.0 |
| - Corporation | 211,445.5 | 10.3 | 220,800.0 | 4.4 | 220,400.0 | (0.2) |
| - Urban Revenue Sharing | (176,087.2) | 5.5 | (183,670.0) | 4.3 | (185,400.0) | 0.9 |
| Property | 179,858.2 | 6.3 | 200,000.0 | 11.2 | 195,000.0 | 0.3 |
| Luxury | 72,258.5 | 2.6 | 72,800.0 | 0.8 | 73,000.0 | 0.0 |
| Insurance Premium | 100,543.6 | 8.7 | 89,200.0 | (11.3) | 81,200.0 | (7.9) |
| Motor Vehicle Lic. - Regular | 99,849.7 | (5.1) | 102,000.0 | 2.2 | 107,000.0 | 4.9 |
| - HURF Transfer | 0.0 | | 0.0 | | 0.0 | |
| Pari Mutuel | 4,932.0 | 1.8 | 5,100.0 | 3.1 | 5,500.0 | 7.8 |
| Estate | 25,652.4 | (11.5) | 33,000.0 | 28.6 | 27,000.0 | (3.6) |
| Other Taxes | <u>1,786.2</u> | 6.6 | <u>1,860.0</u> | 4.1 | <u>1,960.0</u> | 5.4 |
| Sub-Total - Taxes | <u>3,260,396.6</u> | 2.8 | <u>3,491,090.0</u> | 7.1 | <u>3,657,260.0</u> | 5.0 |
| <u>Other Non-Tax Revenue</u> | | | | | | |
| Lottery | 35,196.1 | (17.7) | 37,200.0 | 5.7 | 38,082.0 | 2.4 |
| Licenses, Fees and Permits | 36,271.6 | 3.9 | 37,900.0 | 4.5 | 39,000.0 | 2.9 |
| Interest | 15,700.0 | (34.1) | 10,250.0 | (34.7) | 13,500.0 | 31.7 |
| Sales and Services | 3,942.1 | (7.5) | 4,100.0 | 4.0 | 4,100.0 | 0.0 |
| Other Miscellaneous | 42,100.7 | (6.4) | 36,200.0 | (14.0) | 35,100.0 | (3.0) |
| Transfers and Reimbursements | <u>53,479.1</u> | 113.0 | <u>47,000.0</u> | (12.1) | <u>19,000.0</u> | (59.6) |
| Sub-Total - Other Revenue | <u>186,689.6</u> | 6.1 | <u>172,650.0</u> | (7.5) | <u>148,782.0</u> | (13.8) |
| <u>Initial Base Revenue</u> | <u>3,447,086.2</u> | 3.0 | <u>3,663,740.0</u> | 6.3 | <u>3,806,042.0</u> | 3.9 |
| Disproportionate Share Revenue | <u>41,129.1</u> | — | <u>58,685.2</u> | 42.7 | <u>58,219.7</u> | (0.8) |
| <u>Total Base Revenue</u> | <u>\$3,488,215.3</u> | <u>4.2%</u> | <u>\$3,722,425.2</u> | <u>6.7%</u> | <u>\$3,864,261.7^{2/}</u> | <u>3.8%</u> |

^{1/} Forecasts at April 1993.

^{2/} Does not include the revenue impact of bills passed during sessions of the Forty-First Legislature. See Table 9 and Table 10 for a summary of the revenue impact of these bills.

STATE OF ARIZONA
GENERAL FUND
FY 1993
STATEMENT OF ESTIMATED BASE REVENUE
(000's)

TABLE 7

| | Prior to Enactment | | | Mid-Year Revisions | |
|-------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|----------------------|
| | OSP ^{1/} | JLBC Staff | Consensus | JLBC Staff Forecast | |
| | Forecast | Forecast | Forecast | January | April |
| <u>Taxes</u> | | | | | |
| Sales and Use | \$1,600,999.9 | \$1,605,399.9 | \$1,603,199.9 | \$1,622,500.0 | \$1,620,000.0 |
| Income - Individual | 1,327,900.0 | 1,347,900.0 | 1,332,900.0 | 1,315,000.0 | 1,330,000.0 |
| - Corporation | 203,000.0 | 207,000.0 | 205,000.0 | 220,800.0 | 220,800.0 |
| - Urban Revenue Sharing | (183,700.0) | (183,700.0) | (183,700.0) | (183,670.0) | (183,670.0) |
| Property | 190,957.0 | 193,257.0 | 192,107.0 | 194,500.0 | 200,000.0 |
| Luxury | 69,900.0 | 69,800.0 | 69,850.0 | 70,780.0 | 72,800.0 |
| Insurance Premium | 89,300.0 | 90,300.0 | 89,800.0 | 85,100.0 | 89,200.0 |
| Motor Vehicle Lic. - Regular | 106,700.0 | 107,100.0 | 106,900.0 | 102,000.0 | 102,000.0 |
| - HURF Transfer | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Pari Mutuel | 5,300.0 | 5,100.0 | 5,200.0 | 5,100.0 | 5,100.0 |
| Estate | 26,000.0 | 28,000.0 | 27,000.0 | 29,000.0 | 33,000.0 |
| Other Taxes | <u>1,704.5</u> | <u>1,904.5</u> | <u>1,804.5</u> | <u>1,900.0</u> | <u>1,860.0</u> |
| Sub-Total - Taxes | <u>3,438,061.4</u> | <u>3,472,061.4</u> | <u>3,450,061.4</u> | <u>3,463,010.0</u> | <u>3,491,090.0</u> |
| <u>Other Non-Tax Revenue</u> | | | | | |
| Lottery | 37,082.0 | 37,502.0 | 37,292.0 | 37,200.0 | 37,200.0 |
| Licenses, Fees and Permits | 37,822.5 | 37,922.5 | 37,872.5 | 37,900.0 | 37,900.0 |
| Interest | 17,200.0 | 16,300.0 | 16,750.0 | 10,500.0 | 10,250.0 |
| Sales and Services | 5,600.0 | 3,200.0 | 4,400.0 | 4,100.0 | 4,100.0 |
| Other Miscellaneous | 37,000.0 | 35,800.0 | 36,400.0 | 35,800.0 | 36,200.0 |
| Transfers and Reimbursements | <u>19,711.0</u> | <u>20,211.0</u> | <u>19,961.0</u> | <u>19,000.0</u> | <u>47,000.0</u> |
| Sub-Total - Other Revenue | <u>154,415.5</u> | <u>150,935.5</u> | <u>152,675.5</u> | <u>144,500.0</u> | <u>172,650.0</u> |
| <u>Initial Base Revenue</u> | 3,592,476.9 | 3,622,996.9 | 3,602,736.9 | 3,607,510.0 | 3,663,740.0 |
| Disproportionate Share Revenue | <u>58,685.2^{2/}</u> | <u>58,685.2^{2/}</u> | <u>58,685.2^{2/}</u> | <u>58,685.2^{2/}</u> | <u>58,685.2</u> |
| <u>Total Base Revenue</u> | <u>\$3,651,162.1</u> | <u>\$3,681,682.1</u> | <u>\$3,661,422.1</u> | <u>\$3,666,195.2</u> | <u>\$3,722,425.2</u> |

^{1/} Governor's Office of Strategic Planning & Budget (OSPGB)

^{2/} For comparative purposes, additional Disproportionate Share revenue of \$6,625.1 million is included in these forecasts, although it was not expected at the time.

TABLE 8

STATE OF ARIZONA
GENERAL FUND
FY 1994
STATEMENT OF ESTIMATED BASE REVENUE
(000's)

| | <u>Beginning of Session Forecasts for FY 1994</u> | | | <u>End of Session Forecast for FY 1994</u> | |
|-------------------------------------|--|--|--|--|--|
| | <u>OSPB ^{1/}</u> <u>Forecast</u> | <u>JLBC Staff</u> <u>Forecast</u> | <u>Difference ^{2/}</u> | <u>JLBC Staff</u> <u>Forecast</u> | <u>Difference ^{2/}</u> |
| <u>Taxes</u> | | | | | |
| Sales and Use | \$1,700,000.0 | \$1,715,000.0 | \$15,000.0 | \$1,721,600.0 | \$21,600.0 |
| Income - Individual | 1,400,000.0 | 1,400,000.0 | 0.0 | 1,410,000.0 | 10,000.0 |
| - Corporation | 205,000.0 | 215,400.0 | 10,400.0 | 220,400.0 | 15,400.0 |
| - Urban Revenue Sharing | (185,400.0) | (185,400.0) | 0.0 | (185,400.0) | 0.0 |
| Property | 193,510.0 | 195,500.0 | 1,990.0 | 195,000.0 | 1,490.0 |
| Luxury | 70,000.0 | 68,540.0 | (1,460.0) | 73,000.0 | 3,000.0 |
| Insurance Premium | 78,000.0 | 80,100.0 | 2,100.0 | 81,200.0 | 3,200.0 |
| Motor Vehicle Lic. - Regular | 104,000.0 | 100,500.0 | (3,500.0) | 107,000.0 | 3,000.0 |
| - HURF Transfer | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Pari Mutuel | 5,200.0 | 5,500.0 | 300.0 | 5,500.0 | 300.0 |
| Estate | 25,000.0 | 27,000.0 | 2,000.0 | 27,000.0 | 2,000.0 |
| Other Taxes | <u>1,800.0</u> | <u>1,980.0</u> | <u>180.0</u> | <u>1,960.0</u> | <u>160.0</u> |
| Sub-Total - Taxes | <u>3,597,110.0</u> | <u>3,624,120.0</u> | <u>27,010.0</u> | <u>3,657,260.0</u> | <u>60,150.0</u> |
| <u>Other Non-Tax Revenue</u> | | | | | |
| Lottery | 40,000.0 | 38,182.0 | (1,818.0) | 38,082.0 | (1,918.0) |
| Licenses, Fees and Permits | 36,900.0 | 39,000.0 | 2,100.0 | 39,000.0 | 2,100.0 |
| Interest | 12,600.0 | 13,500.0 | 900.0 | 13,500.0 | 900.0 |
| Sales and Services | 8,600.0 | 4,100.0 | (4,500.0) | 4,100.0 | (4,500.0) |
| Other Miscellaneous | 34,200.0 | 36,100.0 | 1,900.0 | 35,100.0 | 900.0 |
| Transfers and Reimbursements | <u>18,500.0</u> | <u>19,000.0</u> | <u>500.0</u> | <u>19,000.0</u> | <u>500.0</u> |
| Sub-Total - Other Revenue | <u>150,800.0</u> | <u>149,882.0</u> | <u>(918.0)</u> | <u>148,782.0</u> | <u>(2,018.0)</u> |
| <u>Initial Base Revenue</u> | <u>3,747,910.0</u> | <u>3,774,002.0</u> | <u>26,092.0</u> | <u>3,806,042.0</u> | <u>58,132.0</u> |
| Disproportionate Share Revenue | <u>58,219.7</u> | <u>58,219.7</u> | <u>0.0</u> | <u>58,219.7</u> | <u>0.0</u> |
| <u>Total Base Revenue</u> | <u>\$3,806,129.7^{3/}</u> | <u>\$3,832,221.7^{3/}</u> | <u>\$26,092.0</u> | <u>\$3,864,261.7^{3/}</u> | <u>\$58,132.0</u> |

- 1/ Governor's Office of Strategic Planning & Budget (OSP). The Legislature chose to use the lower OSPB revenue estimate throughout the legislative session for purposes of calculating a projected General Fund ending balance.
- 2/ Difference from OSPB Forecast.
- 3/ Does not include the revenue impact of bills passed during sessions of the Forty-First Legislature. See Table 9 and Table 10 for the revenue impact of these bills.

TABLE 9

STATE OF ARIZONA
GENERAL FUND
FY 1994
STATEMENT OF ESTIMATED BASE REVENUE
AFTER LEGISLATIVE CHANGES
(000's)

| | <u>Total Base Revenue</u> | <u>Legislative ^{1/} Changes</u> | <u>Base Revenue After Changes</u> |
|-------------------------------------|-------------------------------|--|---------------------------------------|
| <u>Taxes</u> | | | |
| Sales and Use | \$1,721,600.0 | | |
| Income - Individual | 1,410,000.0 | \$(12,463.5) | \$1,709,136.5 |
| - Corporation | 220,400.0 | (10,306.0) | 1,399,694.0 |
| - Urban Revenue Sharing | (185,400.0) | 1,850.0 | 222,250.0 |
| Property | 195,000.0 | | (185,400.0) |
| Luxury | 73,000.0 | (600.0) | 194,400.0 |
| Insurance Premium | 81,200.0 | | 73,000.0 |
| Motor Vehicle Lic. - Regular | 107,000.0 | | 81,200.0 |
| - HURF Transfer | 0.0 | | 107,000.0 |
| Pari Mutuel | 5,500.0 | | 0.0 |
| Estate | 27,000.0 | | 5,500.0 |
| Other Taxes | <u>1,960.0</u> | | 27,000.0 |
| | | | <u>1,960.0</u> |
| Sub-Total - Taxes | <u>3,657,260.0</u> | <u>(21,519.5)</u> | <u>3,635,740.5</u> |
| <u>Other Non-Tax Revenue</u> | | | |
| Lottery | 38,082.0 | | 38,082.0 |
| Licenses, Fees and Permits | 39,000.0 | (1,005.7) | 37,994.3 |
| Interest | 13,500.0 | | 13,500.0 |
| Sales and Services | 4,100.0 | | 4,100.0 |
| Other Miscellaneous | 35,100.0 | 800.0 | 35,900.0 |
| Transfers and Reimbursements | <u>19,000.0</u> | | <u>19,000.0</u> |
| Sub-Total - Other Revenue | <u>148,782.0</u> | <u>(205.7)</u> | <u>148,576.3</u> |
| <u>Initial Base Revenue</u> | 3,806,042.0 | (21,725.2) | 3,784,316.8 |
| Disproportionate Share Revenue | <u>58,219.7</u> | | <u>58,219.7</u> |
| <u>Total Base Revenue</u> | <u>\$3,864,261.7</u> | <u>\$(21,725.2)</u> | <u>\$3,842,536.5</u> |

^{1/} See Table 10 for further details.

Table 10

FORTY-FIRST LEGISLATURE
FIRST REGULAR SESSION AND SECOND SPECIAL SESSION
BILLS HAVING A SIGNIFICANT FY 1994 GENERAL FUND REVENUE IMPACT
(000's)
[Effective Dates]

| | <u>Property</u> | <u>Sales & Use</u> | <u>Individual Income</u> | <u>Corporate Income</u> | <u>Vehicle License</u> | <u>Insurance</u> | <u>Other</u> | <u>Total</u> |
|---|-----------------|----------------------------|------------------------------|-----------------------------|----------------------------|------------------|------------------|---------------------|
| <u>OMNIBUS RECONCILIATION BILLS</u> | | | | | | | | |
| Ch. 3 (H.B. 2003) Public Finance | | | | | | | | |
| A. Lottery; Reduced CAF Distribution [6/15/93] ^{1/} | | | | | | | -0- | -0- |
| B. Vapor Recovery Fees; Deposit into Air Quality Fund Instead of General Fund [6/15/93] ^{2/} | | | | | | | (150.0) | (150.0) |
| C. Industrial Commission; Revert Excess Admin. Monies to General Fund [6/30/93] ^{2/} | | | | | | | See Footnote | -0- |
| Ch. 6 (H.B. 2007) Health | | | | | | | | |
| A. Dispro Share; Raise Sales Tax Distribution Withheld [6/15/93] ^{1/} | | | | | | | -0- | -0- |
| Ch. 9 (H.B. 2008) Taxation | | | | | | | | |
| A. Sales Tax; Commercial Lease Tax Phase Out [7/1/93] ^{4/} | | (8,100.0) | | | | | | (8,100.0) |
| B. Individual Income Tax; Raise Dependent Exemption from \$2,100 to \$2,300 [1/1/93] | | | (5,600.0) | | | | | (5,600.0) |
| C. Indiv. Income Tax; Raise Elderly Exemption from \$1,750 to \$2,100 [1/1/93] | | | (2,700.0) | | | | | (2,700.0) |
| D. Individual Income Tax; Accelerate Medical Deductions [1/1/93] | | | (2,300.0) | | | | | (2,300.0) |
| E. Personal Property Tax; Nonassessment of Construction in Progress [1/1/94] ^{5/} | | -0- | | | | | | -0- |
| F. Personal Property Tax; Accelerated Depreciation for Class 3 [1/1/94] ^{6/} | Unknown | | | | | | | -0- |
| SUBTOTAL -- ORBS | <u>\$ -0-</u> | <u>\$(8,100.0)</u> | <u>\$(10,600.0)</u> | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$(150.0)</u> | <u>\$(18,850.0)</u> |

^{1/} The General Fund revenue gain from this provision is incorporated into the JLBC Staff base revenue estimate.

^{2/} The fees were implemented by a new program started in FY 1993. Fees collected in FY 1993 are estimated at \$150,000.

^{3/} At least \$7.5 million will revert to the General Fund on 6/30/93 to be credited to FY 1993. However, due to a legislated reduction in workers' compensation premium tax rate, a reversion to the General Fund is not forecast for FY 1994.

^{4/} This is a 5-year phase out. For FY 1994, the tax rate will drop from 4.5% to 4%. Beginning in FY 1995, the tax rate will decrease 1% each year until reaching zero in FY 1998.

^{5/} Based on information by the Department of Revenue, the initial General Fund loss is estimated at \$1.8 million for FY 1995. For FY 1996 through FY 1998, the revenue loss is \$3.6 million, \$5.5 million, and \$7.3 million, respectively.

^{6/} The first fiscal year impact will occur in FY 1995. Depreciation is accelerated for the first four years of ownership.

BILLS HAVING A SIGNIFICANT FY 1994 GENERAL FUND REVENUE IMPACT (CONT.)

(000's)

[Effective Dates]

| <u>ILBC RECOMMENDED POLICY ISSUES [6/15/93]</u> | <u>Property</u> | <u>Sales & Use</u> | <u>Individual Income</u> | <u>Corporate Income</u> | <u>Vehicle License</u> | <u>Insurance</u> | <u>Other</u> | <u>Total</u> |
|--|-----------------|----------------------------|------------------------------|-----------------------------|----------------------------|------------------|---------------------|---------------------|
| A. Treasurer's Investment Management Fee Increase | | | | | | | 500.0 | 500.0 |
| B. Registrar of Contractors Testing | | | | | | | 158.0 | 158.0 |
| C. Registrar of Contractors; New Lake Havasu Office | | | | | | | 92.0 | 92.0 |
| D. Land Department Increase in Sales and Leases | | | | | | | 300.0 | 300.0 |
| E. Industrial Commission; Higher OSHA Fees | | | | | | | 127.3 | 127.3 |
| F. SLIM Revenues from DOR | | 780.0 | 770.0 | 1,950.0 | | | | 3,500.0 |
| SUBTOTAL - POLICY ISSUES | \$ -0- | \$ 780.0 | \$ 770.0 | \$ 1,950.0 | \$ -0- | \$ -0- | \$ 1,177.3 | \$ 4,677.3 |
| <u>OTHER BILLS</u> | | | | | | | | |
| Ch. 40 (S.B. 1188) Az. Wine Commission; Fees [7/17/93] | | | | | | | (33.0) | (33.0) |
| Ch. 64 (S.B. 1253) Feed Lots; Sales Tax Exemption [1/1/93] | | (331.8) | | | | | | (331.8) |
| Ch. 103 (H.B. 2189) Residential Care Homes; Use Tax Exemption [1/1/82] | | (1,300.0) | | | | | | (1,300.0) |
| Ch. 104 (H.B. 2270) Motion Picture Sales Tax Refund [7/17/93] | | (20.4) | | | | | | (20.4) |
| Ch. 105 (H.B. 2302) Trade Show Booths [7/1/86] | | -0- | | | | | | -0- |
| Ch. 116 (S.B. 1157) Registrar of Contractors; Fees [7/1/94] 7/ | | | | | | | -0- | -0- |
| Ch. 132 (S.B. 1226) Retail Classification; [7/17/93] | | (138.3) | | | | | | (138.3) |
| Ch. 133 (S.B. 1313) License Fees to Dept. of Liquor Licenses [7/17/93] | | | | | | | (1,200.0) | (1,200.0) |
| Ch. 160 (H.B. 2095) Alternative Fuel Vehicles; Income Tax Credits [1/1/94] | | | (176.0) | | | | | (176.0) |
| Ch. 199 (S.B. 1417) Health Care Centers; Sales Tax Exemption [1/1/91] | | (227.0) | | | | | | (227.0) |
| Ch. 206 (H.B. 2133) Alternative Use Fuel; Sales Tax Exemption [7/17/93] | | (50.0) | | | | | | (50.0) |
| Ch. 212 (H.B. 2186) Nursing Care; Commercial Lease Tax Exemption [1/1/86] | | (976.0) | | | | | | (976.0) |
| Ch. 239 (S.B. 1337) Indiv. Income Tax; Increase Research Tax Credit [1/1/94] 8/ | | | -0- | | | | | -0- |
| Ch. 240 (S.B. 1345) Sales Tax Deductions; Telecomm. Charges [1/1/84] | | (1,100.0) | | | | | | (1,100.0) |
| SUBTOTAL - OTHER BILLS | \$ -0- | \$ (4,143.5) | \$ (176.0) | \$ -0- | \$ -0- | \$ -0- | \$ (1,233.0) | \$ (5,552.5) |

7/ Contractor fees will be distributed to the Registrar of Contractors Fund and the state General Fund in the following proportions: 70% & 30% in FY 1995, 80% & 20% in FY 1996, and 90% & 10% in FY 1997 and thereafter. Estimated General Fund revenue losses are \$1.2 million, \$1.5 million, and \$2.3 million, respectively.

8/ Raised maximum amounts for research tax credits. Revenue losses will be \$1 million in FY 1995, \$8 million in FY 1996, \$16.25 million in FY 1997, and \$14 million in FY 1998.

BILLS HAVING A SIGNIFICANT FY 1994 GENERAL FUND REVENUE IMPACT (CONT.)

(000's)

[Effective Dates]

| | <u>Property</u> | <u>Sales & Use</u> | <u>Individual Income</u> | <u>Corporate Income</u> | <u>Vehicle License</u> | <u>Insurance</u> | <u>Other</u> | <u>Total</u> |
|--|------------------|----------------------------|------------------------------|-----------------------------|----------------------------|------------------|------------------|---------------------|
| <u>BILLS WITH MINIMAL OR UNKNOWN IMPACT</u> | | | | | | | | |
| Ch. 12 (H.B. 2124) Sales Tax Exemption; Vehicle Donations[1/1/93] | | | | | | | | |
| Ch. 19 (S.B. 1083) Estimated Income Tax Modified [7/17/93] | | | | | | | | |
| Ch. 22 (S.B. 1141) Sales Tax Deductions; Incomplete Info. Penalty [7/17/93] | | | | | | | | |
| Ch. 48 (H.B. 2152) Sales Tax Exemption; Nonprofit Purchases [7/17/93] | | | | | | | | |
| Ch. 56 (S.B. 1045) Sales Tax Exemption for Disabled Purchases [10/1/93] | | | | | | | | |
| Ch. 65 (S.B. 1348) Income Tax; Charitable Crop Contributions [1/1/93] | | | | | | | | |
| Ch. 85 (H.B. 2353) Commercial Lease Tax; Agriculture Exemption [7/17/93] | | | | | | | | |
| Ch. 100 (H.B. 2007) Agricultural Reclassification [4/14/93] | | | | | | | | |
| Ch. 118 (S.B. 1288) Sales Tax Exemption; Foreign Shipments [7/17/93] | | | | | | | | |
| Ch. 177 (S.B. 1294) Sales Tax Exemption; Used Manufactured Bldgs.[9/30/88] | | | | | | | | |
| Ch. 190 (S.B. 1047) Property Tax; Community Organization [7/17/93] | | | | | | | | |
| Ch. 191 (S.B. 1153) Possessory Interest Tax [7/17/93] | | | | | | | | |
| Ch. 248 (H.B. 2188) Class 8 Property; Enterprise Zones [7/17/93] | | | | | | | | |
| Ch. 258 (S.B. 1421) Environmental Technology Incentives [7/17/93] | | | | | | | | |
| SUBTOTAL -- MINIMAL OR UNKNOWN IMPACTS ^{2/} | <u>\$(600.0)</u> | <u>\$(1,000.0)</u> | <u>\$(300.0)</u> | <u>\$(100.0)</u> | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$(2,000.0)</u> |
| SUMMARY - FY 1994 IMPACTS | | | | | | | | |
| Omnibus Reconciliation Bills | \$ -0- | \$ (8,100.0) | \$(10,600.0) | \$ -0- | \$ -0- | \$ -0- | \$ (150.0) | \$(18,850.0) |
| Policy Issues | \$ -0- | \$ 780.0 | \$ 770.0 | \$1,950.0 | \$ -0- | \$ -0- | \$ 1,177.3 | \$ 4,677.3 |
| Other Bills | \$ -0- | \$ (4,143.5) | \$ (176.0) | \$ -0- | \$ -0- | \$ -0- | \$(1,233.0) | \$(5,552.5) |
| Minimal or Unknown Impacts | <u>\$(600.0)</u> | <u>\$(1,000.0)</u> | <u>\$(300.0)</u> | <u>\$(100.0)</u> | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$(2,000.0)</u> |
| TOTALS | <u>\$(600.0)</u> | <u>\$(12,463.5)</u> | <u>\$(10,306.0)</u> | <u>\$1,850.0</u> | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$(205.7)</u> | <u>\$(21,725.2)</u> |

9/ House Majority Research Staff estimated an aggregate \$2 million FY 1994 loss to the General Fund for all bills with minimal or unknown impacts. The breakdown of the revenue loss into the various tax categories was made by JLBC.

**FY 1993
GENERAL FUND ADJUSTMENTS**

FY 1993 GENERAL FUND ADJUSTMENTS

| | Original Forecast 1/ | Change | Revised Estimate |
|---|-------------------------|---------------|---------------------|
| REVENUES | | | |
| -Balance Forward | \$9,694,600 | (\$4,468,600) | \$5,226,000 |
| -Base Revenue | 3,654,797,000 | 67,628,200 | 3,722,425,200 |
| TOTAL REVENUES | \$3,664,491,600 | \$63,159,600 | \$3,727,651,200 |
| EXPENDITURES | | | |
| -Original Operating Appropriations | 3,668,276,400 | 0 | 3,668,276,400 |
| -Supplementals: | | | |
| -Department of Education | 3,000,000 | 11,740,500 | 14,740,500 |
| -DEQ-WQARF | 2,900,000 | (2,900,000) | 0 |
| -AHCCCS | 0 | 16,202,700 | 16,202,700 |
| -Department of Agriculture | 0 | 100,000 | 100,000 |
| -SLIM Savings | (3,500,000) | (322,500) | (3,822,500) |
| -Other Bills | 0 | 11,542,700 | 11,542,700 2/ |
| SUBTOTAL-REVISED OPERATING | 3,670,676,400 | 36,363,400 | 3,707,039,800 |
| -Capital Appropriations | 7,335,700 | 0 | 7,335,700 |
| -Administrative Adjustments and Emergencies | 21,000,000 | 2,600,000 | 23,600,000 |
| -Change in Continuing Appropriations | 0 | 12,800,000 | 12,800,000 |
| -Revertments Due to C.O.P. Refinancing | (4,107,500) | 0 | (4,107,500) |
| -Revertments | (41,800,000) | 11,800,000 | (30,000,000) |
| TOTAL EXPENDITURES | \$3,653,104,600 | \$63,563,400 | \$3,716,668,000 |
| ENDING BALANCE | \$11,387,000 | (\$403,800) | \$10,983,200 |

1/ As appeared in the FY 1993 Appropriations Report.

2/ See table of Additional Appropriations for individual amounts and agencies receiving appropriations.

FY 1993 GENERAL FUND ADJUSTMENTS

For the first time since FY 1986, the General Fund budget did not require mid-year revenue increases, expenditure reductions or fund transfers to remain balanced. The budget, however, did require supplemental appropriations. In the 2nd Special Session, the Legislature approved General Fund supplementals of \$31.0 million, including:

- \$14.7 million for the Department of Education, as the result of lower than expected endowment earnings and assessed valuation;
- \$16.2 million for AHCCCS, due to the failure of anticipated savings from certain "federal funds initiatives" to materialize and higher-than-expected expenditures in the Fee for Service and Reinsurance line items; and
- \$100,000 for the Department of Agriculture, to permit continued field inspections around the state.

Laws 1992, Chapter 290 required an annual \$2.9 million General Fund appropriation to the Water Quality Assurance Revolving Fund (WQARF), but no other legislation actually appropriated these monies. While the original forecast had anticipated a supplemental of this amount, such an appropriation was not requested by the department under the belief that third-party recoveries would produce a sufficient WQARF balance.

Beyond the \$31.0 million in the 2nd Special Session supplemental, the Legislature approved \$11.5 million of additional FY 1993 spending during the 1993 regular session. Of this amount, \$6.8 million related to additional state match for the federal Title XIX Disproportionate Share Hospital program, which was largely offset by additional FY 1993 disproportionate share-related revenue deposited to the state General Fund.

Furthermore, the categories of "revertments" (unspent appropriations) and "continuing appropriations" (which are treated as revertments for book-closing purposes) have both been marked down at a cost of nearly \$25 million to the General Fund.

All of this additional FY 1993 spending was entirely financed by higher-than-anticipated revenue growth, especially in Sales and Corporate Income Tax and Transfers and Reimbursements. Indeed, by March 1993, the JLBC Staff forecast of base revenue was revised to a level some \$67.6 million above the consensus used when the FY 1993 budget was enacted. This strength has continued, and as of this writing, the JLBC Staff forecast for FY 1993 revenue is undergoing a further, substantial upward revision.

**FY 1993 OPERATING BUDGET
REVISIONS TO AGENCY SPENDING AUTHORITY 1/**

| | General Fund | | | Other Funds | | |
|---|---------------------------|---------------------|------------------------|---------------------------|--------------------|------------------------|
| | Original Appropriation | Revision | Final Appropriation | Original Appropriation | Revision | Final Appropriation |
| GENERAL GOVERNMENT | | | | | | |
| Administration, Department of | \$21,970,600 | \$0 | \$21,970,600 | \$78,065,000 | \$1,125,700 | \$79,190,700 |
| Affirmative Action, Governor's Office of | 240,600 | 0 | 240,600 | 0 | 0 | 0 |
| Attorney General | 18,612,800 | 0 | 18,612,800 | 3,274,600 | 0 | 3,274,600 |
| Coliseum and Exposition Center | 0 | 0 | 0 | 13,101,900 | 0 | 13,101,900 |
| Commerce, Department of | 3,641,800 | 0 | 3,641,800 | 1,952,600 | 6,600 | 1,959,200 |
| Compensation Fund | 0 | 0 | 0 | 0 | 0 | 0 |
| Courts | | | | | | |
| Court of Appeals | 8,055,200 | 0 | 8,055,200 | 0 | 0 | 0 |
| Comm on Appellate and Trial Court Appts | 3,500 | 0 | 3,500 | 0 | 0 | 0 |
| Commission on Judicial Conduct | 139,400 | 0 | 139,400 | 0 | 0 | 0 |
| Superior Court | 59,915,700 | 0 | 59,915,700 | 639,500 | 0 | 639,500 |
| Supreme Court | 10,740,200 | 0 | 10,740,200 | 0 | 0 | 0 |
| SUBTOTAL - Courts | \$78,854,000 | \$0 | \$78,854,000 | \$639,500 | \$0 | \$639,500 |
| Governor, Office of the 2/ | 6,772,200 | (700,000) | 6,072,200 | 1,501,700 | 0 | 1,501,700 |
| Gov's Ofc of Strategic Planning & Budgeting | 2,494,500 | 0 | 2,494,500 | 0 | 0 | 0 |
| Law Enforcement Merit System Council | 41,000 | 0 | 41,000 | 0 | 0 | 0 |
| Legislature | | | | | | |
| Auditor General | 7,204,300 | 0 | 7,204,300 | 0 | 0 | 0 |
| House of Representatives | 7,146,900 | 0 | 7,146,900 | 0 | 0 | 0 |
| Joint Legislative Budget Committee | 1,726,400 | 0 | 1,726,400 | 0 | 0 | 0 |
| Legislative Council | 4,044,900 | 0 | 4,044,900 | 0 | 0 | 0 |
| Lib, Archives, and Public Rec, Dept of | 4,775,000 | 0 | 4,775,000 | 0 | 0 | 0 |
| Senate | 5,751,800 | 0 | 5,751,800 | 0 | 0 | 0 |
| SUBTOTAL - Legislature | \$30,649,300 | \$0 | \$30,649,300 | \$0 | \$0 | \$0 |
| Lottery Commission | 0 | 0 | 0 | 36,960,500 | 0 | 36,960,500 |
| Personnel Board | 228,900 | 0 | 228,900 | 0 | 0 | 0 |
| Redistricting Commission | 25,000 | 0 | 25,000 | 0 | 0 | 0 |
| Retirement System | 0 | 0 | 0 | 4,981,300 | 62,400 | 5,043,700 |
| Revenue, Department of 2/ | 47,351,400 | (245,300) | 47,106,100 | 0 | 0 | 0 |
| Secretary of State | 4,373,300 | 0 | 4,373,300 | 0 | 0 | 0 |
| Tax Appeals, Board of | 681,700 | 0 | 681,700 | 0 | 0 | 0 |
| Tourism, Office of | 5,629,700 | 0 | 5,629,700 | 0 | 0 | 0 |
| Treasurer | 6,967,600 | 0 | 6,967,600 | 0 | 0 | 0 |
| Uniform State Laws, Commission on | 23,400 | 0 | 23,400 | 0 | 0 | 0 |
| TOTAL - GENERAL GOVERNMENT | \$228,557,800 | (\$945,300) | \$227,612,500 | \$140,477,100 | \$1,194,700 | \$141,671,800 |
| HEALTH AND WELFARE | | | | | | |
| Ariz Health Care Cost Containment System 3/ | 455,859,800 | 15,522,700 | 471,382,500 | 0 | 0 | 0 |
| Economic Security, Department of | 366,550,700 | 0 | 366,550,700 | 812,800 | 0 | 812,800 |
| Environmental Quality, Department of | 10,063,900 | 0 | 10,063,900 | 1,912,900 | 21,200 | 1,934,100 |
| Health Services, Department of 4/ | 200,255,400 | 0 | 200,255,400 | 14,641,400 | 0 | 14,641,400 |
| Hearing Impaired, Council for the | 198,800 | 0 | 198,800 | 0 | 0 | 0 |
| Indian Affairs, Commission on | 155,900 | 0 | 155,900 | 0 | 0 | 0 |
| Pioneers' Home | 2,625,700 | 0 | 2,625,700 | 0 | 0 | 0 |
| Arizona Ranger's Pension | 9,500 | 0 | 9,500 | 0 | 0 | 0 |
| Veteran's Services Commission | 750,600 | 0 | 750,600 | 391,000 | 0 | 391,000 |
| TOTAL - HEALTH AND WELFARE | \$1,036,470,300 | \$15,522,700 | \$1,051,993,000 | \$17,758,100 | \$21,200 | \$17,779,300 |
| INSPECTION AND REGULATION | | | | | | |
| Agricultural Employment Relations Board | 166,300 | 0 | 166,300 | 0 | 0 | 0 |
| Agriculture, Department of | 9,161,500 | 100,000 | 9,261,500 | 1,749,200 | 16,500 | 1,765,700 |
| Banking Department | 2,400,300 | 0 | 2,400,300 | 0 | 0 | 0 |
| Building & Fire Safety, Dept of | 2,787,000 | 0 | 2,787,000 | 0 | 0 | 0 |
| Contractors, Registrar of | 3,729,900 | 0 | 3,729,900 | 0 | 0 | 0 |
| Corporation Commission | 4,941,800 | 0 | 4,941,800 | 5,684,200 | 53,600 | 5,737,800 |
| Industrial Commission | 0 | 0 | 0 | 12,318,500 | 31,600 | 12,350,100 |
| Insurance, Department of | 3,081,900 | 0 | 3,081,900 | 0 | 0 | 0 |
| Liquor Licenses & Control, Dept of | 1,933,700 | 0 | 1,933,700 | 0 | 0 | 0 |

| | General Fund | | | Other Funds | | |
|---|---------------------------|---------------------|------------------------|---------------------------|------------------|------------------------|
| | Original Appropriation | Revision | Final Appropriation | Original Appropriation | Revision | Final Appropriation |
| Mine Inspector | \$618,100 | \$0 | \$618,100 | \$0 | \$0 | \$0 |
| Occupational Safety and Health Review Board | 9,000 | 0 | 9,000 | 0 | 0 | 0 |
| Racing, Department of | 2,466,400 | 0 | 2,466,400 | 348,400 | 0 | 348,400 |
| Radiation Regulatory Agency | 912,600 | 0 | 912,600 | 91,100 | 5,200 | 96,300 |
| Real Estate Department | 2,741,100 | 0 | 2,741,100 | 0 | 0 | 0 |
| Residential Utility Consumer Office | 0 | 0 | 0 | 1,018,400 | 0 | 1,018,400 |
| Dept of Weights and Measures | 1,941,500 | 0 | 1,941,500 | 618,300 | 4,300 | 622,600 |
| Ninety-Ten Agencies | | | | | | |
| Accountancy, Board of | 0 | 0 | 0 | 789,800 | 0 | 789,800 |
| Appraisal, Board of | 0 | 0 | 0 | 221,100 | 0 | 221,100 |
| Barber Examiners Board | 0 | 0 | 0 | 139,900 | 900 | 140,800 |
| Behavioral Health Examiners, Board of | 0 | 0 | 0 | 251,200 | 1,500 | 252,700 |
| Boxing Commission | 51,600 | 0 | 51,600 | 0 | 0 | 0 |
| Chiropractic Examiners Board | 0 | 0 | 0 | 228,400 | 900 | 229,300 |
| Cosmetology, Board of | 0 | 0 | 0 | 596,800 | 4,500 | 601,300 |
| Dental Examiners Board | 0 | 0 | 0 | 467,300 | 32,700 | 500,000 |
| Funeral Directors and Embalmers Board | 0 | 0 | 0 | 169,400 | 0 | 169,400 |
| Homeopathic Medical Examiners Board | 0 | 0 | 0 | 18,600 | 0 | 18,600 |
| Medical Examiners, Board of | 0 | 0 | 0 | 2,370,600 | 8,200 | 2,378,800 |
| Naturopathic Physician Examiners Board | 0 | 0 | 0 | 26,200 | 0 | 26,200 |
| Nursing Board | 0 | 0 | 0 | 1,060,200 | 3,400 | 1,063,600 |
| Nursing Care Institution Administrators Bd | 0 | 0 | 0 | 61,900 | 0 | 61,900 |
| Occupational Therapy Examiners, Board of | 0 | 0 | 0 | 53,700 | 100 | 53,800 |
| Opticians, Board of Dispensing | 0 | 0 | 0 | 60,200 | 0 | 60,200 |
| Optometry, Board of | 0 | 0 | 0 | 97,300 | 0 | 97,300 |
| Osteopathic Examiners Board | 0 | 0 | 0 | 256,600 | 8,400 | 265,000 |
| Pharmacy Board | 0 | 0 | 0 | 623,900 | 30,800 | 654,700 |
| Physical Therapy Examiners Board | 0 | 0 | 0 | 66,500 | 0 | 66,500 |
| Podiatry Examiners Board | 0 | 0 | 0 | 44,400 | 0 | 44,400 |
| Private Postsecondary Education, Board for | 0 | 0 | 0 | 135,700 | 800 | 136,500 |
| Psychologist Examiners Board | 0 | 0 | 0 | 174,400 | 0 | 174,400 |
| Respiratory Care Examiners, Board of | 0 | 0 | 0 | 118,000 | 0 | 118,000 |
| Structural Pest Control Commission | 0 | 0 | 0 | 976,900 | 0 | 976,900 |
| Technical Registration, Board of | 0 | 0 | 0 | 867,200 | 5,500 | 872,700 |
| Veterinary Medical Examining Board | 0 | 0 | 0 | 158,400 | 0 | 158,400 |
| Subtotal - Ninety-Ten Agencies | \$51,600 | \$0 | \$51,600 | \$10,034,600 | \$97,700 | \$10,132,300 |
| TOTAL - INSPECTION AND REG | \$36,942,700 | \$100,000 | \$37,042,700 | \$31,862,700 | \$208,900 | \$32,071,600 |
| EDUCATION | | | | | | |
| Arts, Commission on the | 1,305,300 | 0 | 1,305,300 | 0 | 0 | 0 |
| Community Colleges | 86,266,500 | 0 | 86,266,500 | 0 | 0 | 0 |
| Deaf and Blind, School for | 15,134,000 | 0 | 15,134,000 | 4,993,400 | 0 | 4,993,400 |
| Education, Department of | 1,371,509,400 | 14,740,500 | 1,386,249,900 | 0 | 0 | 0 |
| Historical Society, Arizona | 3,249,300 | 0 | 3,249,300 | 0 | 0 | 0 |
| Historical Society, Prescott | 509,400 | 0 | 509,400 | 0 | 0 | 0 |
| Medical Student Loans Board | 1,000 | 0 | 1,000 | 0 | 0 | 0 |
| Universities/Board of Regents | | | | | | |
| Board of Regents | 7,058,100 | 0 | 7,058,100 | 0 | 0 | 0 |
| Arizona State University - Main | 181,778,600 | 0 | 181,778,600 | 0 | 0 | 0 |
| Arizona State University - West | 26,775,000 | 0 | 26,775,000 | 0 | 0 | 0 |
| Northern Arizona University | 73,489,200 | 0 | 73,489,200 | 0 | 0 | 0 |
| University of Arizona - Main | 199,336,000 | 0 | 199,336,000 | 0 | 0 | 0 |
| University of Arizona - College of Medicine | 44,550,200 | 0 | 44,550,200 | 0 | 0 | 0 |
| SUBTOTAL - Universities/Board of Regents | \$532,987,100 | \$0 | \$532,987,100 | \$0 | \$0 | \$0 |
| TOTAL - EDUCATION | \$2,010,962,000 | \$14,740,500 | \$2,025,702,500 | \$4,993,400 | \$0 | \$4,993,400 |
| PROTECTION AND SAFETY | | | | | | |
| Corrections, Department of | 253,797,000 | 0 | 253,797,000 | 17,048,000 | 0 | 17,048,000 |
| Criminal Justice Commission | 2,000,000 | 0 | 2,000,000 | 512,000 | 0 | 512,000 |
| Emergency and Military Affairs, Dept of | 4,072,000 | 0 | 4,072,000 | 0 | 0 | 0 |
| Pardons and Paroles, Board of | 2,089,400 | 0 | 2,089,400 | 0 | 0 | 0 |

| | General Fund | | | Other Funds | | |
|---|---------------------------|----------------------|------------------------|---------------------------|--------------------|------------------------|
| | Original Appropriation | Revision | Final Appropriation | Original Appropriation | Revision | Final Appropriation |
| Public Safety, Department of 5/ | \$38,235,300 | (\$1,859,600) | \$36,375,700 | \$48,679,000 | (\$51,700) | \$48,627,300 |
| Youth Treatment and Rehabilitation, Dept of | 28,521,700 | 0 | 28,521,700 | 3,008,600 | | 3,008,600 |
| TOTAL - PROTECTION AND SAFETY | \$328,715,400 | (\$1,859,600) | \$326,855,800 | \$69,247,600 | (\$51,700) | \$69,195,900 |
| TRANSPORTATION | | | | | | |
| Transportation, Department of | \$69,700 | 0 | \$69,700 | \$192,679,500 | \$1,879,000 | \$194,558,500 |
| NATURAL RESOURCES | | | | | | |
| Environment, Commission on the | 106,800 | 0 | 106,800 | 0 | 0 | 0 |
| Game and Fish Department | 0 | 0 | 0 | 16,300,300 | 279,700 | 16,580,000 |
| Geological Survey | 623,900 | 0 | 623,900 | 0 | 0 | 0 |
| Land Department 2/ | 8,224,600 | (215,300) | 8,009,300 | 0 | 0 | 0 |
| Mines and Mineral Resources, Dept of | 609,400 | 0 | 609,400 | 0 | 0 | 0 |
| State Parks Board | 4,563,600 | 0 | 4,563,600 | 3,283,700 | 0 | 3,283,700 |
| Water Resources, Department of 2/ | 11,613,800 | (122,300) | 11,491,500 | 0 | 0 | 0 |
| TOTAL - NATURAL RESOURCES | \$25,742,100 | (\$337,600) | \$25,404,500 | \$19,584,000 | \$279,700 | \$19,863,700 |
| Health Insurance Trust Fund | 808,000 | 0 | 808,000 | 158,900 | 0 | 158,900 |
| Unallocated Salary Adjustments | 8,400 | 0 | 8,400 | 1,020,000 | 0 | 1,020,000 |
| GRAND TOTAL 6/ | \$3,668,276,400 | \$27,220,700 | \$3,695,497,100 | \$477,781,300 | \$3,531,800 | \$481,313,100 |

- 1/ The estimates generally include revisions from Laws 1993, Chapter 7, 1st Special Session, but do not include carry-forward balances, revertsments required by the original FY 1993 General Appropriation Act, nor any supplemental appropriations beyond those approved in the 1st Special Session.
- 2/ The General Fund Revision reflects a transfer to the Statewide Long Term Improvement Management (SLIM) Fund, as authorized by Laws 192, Chapter 312. SLIM transfers are based on savings resulting from the implementation of SLIM recommendations and are used to fund SLIM administrative costs.
- 3/ The General Fund Revision reflects a supplemental appropriation of \$16,202,700 and a transfer of \$680,000 to the SLIM Fund.
- 4/ The General Fund Original Appropriation includes \$1,942,000 for the state matching requirement for disproportionate share payments to the Arizona State Hospital (ASH). The General Fund appropriation was to be deposited into the ASH Disproportionate Share Payment Fund and again appropriated with federal matching funds to ASH for operating expenses. Laws 1993, Chapter 6, 2nd Special Session eliminated this General Fund appropriation, consolidating all General Fund disproportionate share appropriations with AHCCCS, thus eliminating the situation of twice reflecting the same General Fund amount in the DHS budget.
- 5/ The General Fund Revision reflects a transfer to the SLIM Fund. The Other Funds Revision reflects \$1,037,300 for increased employee health insurance costs and a transfer of \$1,089,000 to the SLIM Fund.
- 6/ The Total General Fund Revision reflects supplemental appropriations of \$31,043,200 and SLIM transfers of \$3,822,500. The Total Other Funds Revision reflects supplemental appropriations of \$1,158,400, SLIM transfers of \$1,089,000, and \$3,462,400 for increased employee health insurance costs.

RECENT JOINT LEGISLATIVE BUDGET COMMITTEE STAFF REPORTS

- Automated Fingerprint Identification Systems, February 1988
- A Report on the Organization and Staffing of the Arizona Department of Corrections, prepared for the House Subcommittee on Prison Staffing, April 1990
- State of Arizona Agency Print Shops, April 1990
- State of Arizona Light Duty Vehicles, June 1990
- 1991 FI\$CAL FACTS, November 1990
- State of Arizona Drug Enforcement, Treatment and Education FY 1989, March 1991
- A Preliminary Evaluation of the Community Punishment Program in Arizona, June 1991
- Final Evaluation of Arizona's Community Punishment Program, December 1991
- Funding Review on Clinical Teaching Support for the College of Medicine of the University of Arizona, January 1992
- Higher Education Enrollment Growth in Arizona, June 1992
- Lower Division Cost of Education at Arizona's Universities and Community Colleges, August 1992
- 1993 FI\$CAL FACTS, October 1992
- Legislative Orientation on the State Budget, December 1992

Annual Reports

- Annual Budget, Analysis and Recommendations, January
- Joint Appropriations Committee Book, March
- Appropriations Report, June
- Tax Handbook and Annual Updates, October

Periodic Reports

- Budget Status Report

Monthly/Bi-Monthly Reports

- Economic Review
- Monthly Revenue Highlights