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Summary

In December, the state took action to reduce its General Fund budget shortfall, but also had its credit rating downgraded. In addition, the November General Fund financial statement continued to show monthly General Fund spending in excess of revenues.

General Fund spending exceeded revenues by \$264 million in November. Fiscal year-to-date, General Fund revenues are \$2.68 billion compared to spending of \$4.60 billion, for a 5-month deficit of \$(1.92) billion.

November was another poor revenue collection month. November General Fund revenue collections were \$422.1 million. Excluding budgeted transfers and Urban Revenue Sharing, November collections were (15.7)% below the prior year, and \$(81.0) million below the budget forecast. (See *Table 1 below and Table 6 on page 6* for more information.)

Year-to-date, revenues are (17.6)% below the prior year, and \$(459.5) million below the budget forecast.

In comparison, November 2009 General Fund spending was \$685.9 million. November expenditures were higher than the prior year due to a \$353.9 million monthly K-12 payment by the Arizona Department of Education (ADE) which was not made in November 2008. Year-to-date spending is \$(146) million less than the prior year.

The net November shortfall continued to increase the level of daily borrowing. The state pays its bills out of the operating fund



balance, which consists of General Fund and certain dedicated funds. To cover last year's \$480 million shortfall and this year's \$1.9 billion shortfall in the General Fund, the state has already effectively borrowed all of the state's approximately \$1.6 billion in dedicated funds in the operating balance. Having exhausted that source, the state literally borrowed as much as \$546 million in November.

December cashflow declined further from November. The highest daily borrowing was \$905 million on December 14th and the average daily balance was \$(747) million. The \$905 million was a new record high in borrowing.

Beyond the operating fund borrowing, the initial source of borrowing is \$700 million in overnight commercial lending. If that amount is insufficient, the Treasurer's current capacity to borrow against the Pool 3 interest-bearing accounts is approximately \$550 million. (See the November Monthly Fiscal Highlights for further details.)

These lending costs increased when Moody's downgraded the state's credit rating from Aa3 to A1 on December 23rd. Standard & Poor's rating also fell from AA to AA-minus. This downgrading automatically increased the interest rate paid under the existing commercial lending contract by as much as 15 basis points (0.15%). On an annual basis, this increase would cost up to an additional \$1 million in interest on commercial borrowing. The other likely General Fund impact will be a higher borrowing cost for the state's

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Summary (continued)

Table 1

**General Fund Revenues
Compared to Forecast and FY 2009 Collections
(\$ in Millions)**

November Year-to-Date	<u>FY 2010 Collections</u>	<u>Difference From Budget Forecast</u>	<u>Difference From FY 2009</u>
	\$ 422.1	\$ (81.0)	\$ (70.7)
	\$ 2,681.0	\$ (459.5)	\$ (695.1)

"The (15.9)% decline in November revenues reflects the 16th consecutive month of double-digit declines in General Fund revenue collections compared to the prior year.

forthcoming \$735 million asset lease-back issuance.

In downgrading the rating, Moody's noted that "the rating outlook for the State of Arizona is negative. The state is experiencing a serious economic slowdown which, together with tax reductions implemented in 2007 and various spending mandates, has resulted in ongoing, significant fiscal stress and tightening liquidity. While Arizona is acting to stabilize its fiscal situation, the size of the structural budget imbalance faced by the state, diminished state resources, economic uncertainty, and inflexibility related to spending mandates and revenue raising requirements pose considerable challenges to a return to fiscal stability."

Standard & Poor's stated that its lower rating was based on their opinion of the "state's structurally imbalanced budgets, which are partly due to what we consider a lack of sufficient budget action. Additionally, the rating action reflects the state's tightening liquidity position, even though it has received additional outside liquidity in recent months."

The ratings downgrade occurred just after the

Legislature reduced the budget shortfall by \$(193) million in the 5th Special Session. Prior to that time, the estimated year-end shortfall was \$(1.6) billion. The Special Session reduced the year-end shortfall estimate to \$(1.4) billion. The continuing weakness in revenues, however, may result in the shortfall once again increasing.

FY 2010 Revenues

The (15.9)% decline in November revenues reflects the 16th consecutive month of double-digit declines in General Fund revenue collections compared to the prior year. Among the major revenue categories:

- November sales tax collections were down (13.1)% compared to November 2008, and were \$(35.1) million short of the monthly forecast. Year-to-date, sales tax collections are down (16.4)% from the prior year, and are \$(149.4) million below forecast. The good news is that the retail category was only down (5)% compared to last year. The bad news is that the contracting category was down over (43)%.
- November individual income tax collections were 15.6% greater than November 2008, and were \$26.9 million

Table 2

General Fund Spending (\$ in Millions)

Agency	Nov 09	Change from Nov 08	Year to Date	YTD Change from FY 09
AHCCCS	98.6	(35.9)	615.9	(60.9)
Corrections	58.5	(5.2)	341.5	(23.5)
Economic Security	34.9	24.2	443.9	(103.6)
Education	373.2	302.9	1,965.9	398.9
Health Services	11.4	(13.4)	284.7	(195.4)
Public Safety	1.8	0.6	40.1	15.8
School Facilities Board	0.8	(32.9)	82.1	(118.0)
Universities	78.3	(8.1)	482.2	27.5
Other	28.4	(5.6)	342.0	(86.8)
Total	685.9	226.6	4,598.3	(146.0)

Summary (continued)

"Given the ongoing weakness in receipts, the \$(1.4) billion General Fund shortfall estimate may rise again by January when the revenue estimates are updated."

above forecast. Withholding tax collections and estimated and final payments were about equal to last year. However refunds were about half of November 2008 refunds, resulting in the net increase for the month.

- November corporate income tax collections were \$(72.5) million below the forecast for the month. The decrease was due to several large unanticipated corporate refunds. Year-to-date, corporate collections are down (74.5)% from the prior year, and are \$(128.0) million below forecast.

FY 2010 Spending

November 2009 spending of \$685.9 million was \$226.6 million above November 2008. For the year-to-date, spending of \$4.60 billion is \$(146.0) million below 2009 (See Table 2 above). The main highlights were:

- The Arizona Department of Education (ADE) has spent \$1.97 billion year-to-date in FY 2010, or \$399 million more than the prior year. In November, ADE spending was \$302.9 million higher than the prior year. This increase was due to a monthly payment of \$353.9 million, which was not made in November of last year. The year-to-date increase over last year is primarily due to having made one more payment to districts at this point in FY 2010.
- Spending in AHCCCS and DHS is a combined \$(49.3) million less in November than in 2009. This is generally consistent with the FY 2010 budget assumption that caseload growth in Medicaid spending in those agencies would be offset by the enhanced federal match from the federal stimulus legislation.
- School Facilities Board (SFB) spending in November was \$(32.9) million less than in November 2008. Year-to-date SFB spending is \$(118.0) million below FY 2009. These reductions are due to technical revisions and do not accurately reflect SFB spending.

FY 2010 Status

In last month's MFH, the size of the FY 2010 budget shortfall was estimated at \$(1.6) billion.

The recently-completed 5th Special Session legislation had a total fiscal impact of \$193 million, which includes:

- \$75 million in a 7.5% General Fund lump sum reduction of non-entitlement spending in most agencies.
- \$46 million in a 7.5% Other Fund lump sum reduction of non-entitlement spending in most agencies. The savings from these reduced expenditures would be transferred to the General Fund.
- \$54 million in fund transfers from agency fund balances. These amounts typically reflected 33% of expected FY 2010 ending balances.
- \$11 million from redirecting prison construction savings to debt service.
- \$8 million from redirecting full day kindergarten capital proceeds to regular School Facilities Board debt service.

For more information see:

<http://www.azleg.gov/jlbc/5thspsessonsavingssenateengrossed.pdf>.

Given the ongoing weakness in receipts, the \$(1.4) billion General Fund shortfall estimate may rise again by January when the revenue estimates are updated. The current shortfall estimate is based on a projected (8.2)% reduction in overall ongoing FY 2010 revenues. If this forecast is to be met, revenues can only fall by (0.5)% in the remaining 7 months after the (17.6)% decline through the first 5 months of the fiscal year.

Given that revenue began to decline dramatically in the second half of FY 2009, we do not anticipate that the double digit declines will continue past January. At the same time, however, limiting the revenue decline to (0.5)% seems too optimistic.

"The November [sales tax] decline marked the 22nd consecutive month of year-over-year reductions, and the 13th consecutive month of double digit declines compared to the previous year. Table 3 displays the November growth rates for the largest categories.

November Revenues

Sales Tax collections were \$276.0 million in November. These revenues were down (13.1)% compared to last November, and were \$(35.1) million below the budget forecast. The November decline marked the 22nd consecutive month of year-over-year reductions, and the 13th consecutive month of double digit declines compared to the previous year. *Table 3* displays the November growth rates for the largest categories.

Table 3

Sales Tax Growth Rates Compared to Prior Year

	<u>Nov</u>	<u>YTD</u>
Retail	(5.0)%	(11.0)%
Contracting	(43.4)%	(41.1)%
Utilities	1.7%	0.1%
Use	(16.7)%	(23.6)%
Restaurant & Bar	(3.5)%	(4.6)%

As noted in previous months, retail and contracting together account for about 30% of all sales tax revenues. The one relatively positive news is that the retail sector decreased by only (5.0)% in November, after 12 consecutive months of double-digit year over year declines in that category. However, contracting continued its poor performance, with a (43.4)% decrease for the month.

As noted in *Table 4* below, October taxable sales (latest available data) in the retail category were down (12.4)% from October of the prior year. The largest subcategory within retail is the General Merchandise and Miscellaneous Retail category, which is down (7.3)%. Motor Vehicles, which represents 20.4% of the total, is down (13.9)% compared to October of the prior year.

Individual Income Tax net revenues were \$231.6 million in November. Collections were up 15.6% compared to the prior year, and were \$26.9 million above the budget forecast. Year-to-date collections are down by (13.6)% and are \$(178.3) million off the forecast amount. *Table 5* displays November growth rates for individual categories.

As indicated in *Table 5* below, withholding tax payments declined by (0.6)% in November, the 14th consecutive month of year-over-year declines. The state has not suffered that many months of year-over-year declines since at least 1960.

Table 5

Individual Income Tax Growth Rates Compared to Prior Year

	<u>November</u>	<u>YTD</u>
Withholding	(0.6)%	(6.0)%
Estimated + Final Payments	8.9%	(32.3)%
Refunds	(50.2)%	13.1%

November payments in the individual income tax category were 8.9% above last year, and \$1.8 million above the forecast for the month. However, November is a small payment month, and year-to-date, payments are (32.3)% below last year, and \$(64.6) million below the forecast.

November refunds totaled \$(31.4) million, which was (50.2)% below the prior year. It is possible that decreased refunds in November were the result of differences in processing timing this year compared to last. Combining October and November, current year refunds of \$(141.1) million are 8.2% greater than the

Table 4

October Taxable Retail Sales by Subcategory

	<u>% of Total Sales</u>	<u>% Change Over FY 2009</u>
General/Misc. Merchandise	30.8%	(7.3)%
Motor Vehicles/Misc. Auto.	20.4%	(13.9)%
Bldg Materials and Supplies	7.5%	(13.2)%
Food and Liquor Stores	7.4%	(7.4)%
Furniture, Home Furnishings	6.9%	(24.6)%
Clothing and Accessories	5.8%	(8.0)%
Manufacturing	5.5%	(22.3)%
Other Subcategories	<u>15.7%</u>	<u>(15.0)%</u>
Total	100.0%	(12.4)%

November Revenues

(Continued)

total of \$(130.4) million for the same period last year.

Corporate Income Tax net collections were \$(77.1) million in November, which was \$(72.5) million below forecast for the month. Corporate refunds for November totaled almost \$(94) million, which is the largest refund month on record (since FY 1994). Year-to-date, corporate collections are (74.5)% below last year, and \$(128.0) million below the budget forecast.

The **Lottery Commission** reports that ticket sales for the month of November were \$42.7 million, which was \$8.4 million above sales in November 2008, an increase of 24.5%. Year-to-date, ticket sales of \$209.8 million are \$34.5 million or 19.7% above last year.

While ticket sales have increased \$34.5 million above last year at this time, distributions to state beneficiaries are down \$(3.0) million. As we noted last month, it appears that sales have increased as prize payouts have increased. Statute requires the Lottery Commission to deposit at least 50% of ticket sales into the fund used for prize payouts. Prior to FY 2009, the percentage used for payouts was about 56%. Currently, prize payouts represent about 60% of ticket sales.

Higher prize payouts, however, result in reduced distributions to state beneficiaries. The percentage of ticket sales distributed to beneficiaries has dropped from 30% prior to FY 2009 to approximately 22% so far in FY 2010. The Lottery Commission notes that by the end of the fiscal year, the percentage of ticket sales distributed to beneficiaries will equal 26%.

Tobacco Tax revenues were \$28.4 million in November. Collections were down (12.1)% compared to the prior year, and were \$(4.9) million below the budget estimate for the month. Year-to-date collections are down by (15.0)% and are down by \$(29.4) million below the budget estimate.

Less than 10% of tobacco taxes are deposited directly into the General Fund. The remainder primarily goes to AHCCCS and the Department of Health Services to defray the General Fund cost of operating those programs.

Non-General Funds

Highway User Revenue Fund (HURF) revenues consist of gasoline and use fuel (diesel) tax, motor carrier fees (commercial carriers), vehicle license tax and registration fees, and various other fees.

HURF collections of \$95.3 million in November were down \$(5.0) million or (5.0)% compared to November of last year. Year-to-date, total HURF collections of \$484.5 million are down \$(44.1) million or (8.3)% compared to the prior year.

Table 6

State of Arizona

General Fund Revenue:

Change from Previous Year and Budget Forecast

November 2009

	Current Month					FY 2010 YTD (Five Months)				
	Actual November 2009	Change From				Actual November 2009	Change from			
		November 2008 Amount	Percent	Forecast Amount	Percent		November 2008 Amount	Percent	Forecast Amount	Percent
Taxes										
Sales and Use	\$275,994,428	(\$41,479,661)	(13.1) %	(\$35,080,888)	(11.3) %	\$1,419,965,694	(\$278,529,499)	(16.4) %	(\$149,448,582)	(9.5) %
Income - Individual	231,605,948	31,270,769	15.6	26,936,587	13.2	1,135,035,718	(178,374,456)	(13.6)	(178,348,462)	(13.6)
- Corporate	(77,052,866)	(74,564,472)	--	(72,513,266)	--	49,202,539	(143,999,664)	(74.5)	(127,971,561)	(72.2)
Property	4,403,827	951,207	27.6	549,827	14.3	6,228,345	461,479	8.0	746,345	13.6
Luxury - Tobacco	2,615,000	69,841	2.7	0	0.0	12,121,982	(851,639)	(6.6)	(1,045,018)	(7.9)
- Liquor	2,680,000	10,201	0.4	0	0.0	10,955,840	(697,919)	(6.0)	(1,024,160)	(8.5)
Insurance Premium	152,609	(74,346)	(32.8)	52,609	52.6	132,868,520	5,713,198	4.5	143,520	0.1
Estate	39,278	(60,839)	(60.8)	39,278	--	333,384	229,071	219.6	333,384	--
Other Taxes	39,162	203	0.5	(13,338)	(25.4)	260,274	35,208	15.6	(2,226)	(0.8)
Sub-Total Taxes	\$440,477,386	(\$83,877,097)	(16.0) %	(\$80,029,191)	(15.4) %	\$2,766,972,296	(\$596,014,221)	(17.7) %	(\$456,616,760)	(14.2) %
Other Revenue										
Lottery	3,059,400	(\$5,072,900)	(62.4)	(40,600)	(1.3)	12,306,300	(10,212,400)	(45.4)	(93,700)	(0.8)
License, Fees and Permits	2,030,212	(1,244,793)	(38.0)	(219,788)	(37.5)	10,858,459	(3,795,510)	(25.9)	(5,521,541)	(33.7)
Interest	31,568	(1,344,768)	(97.7)	31,568	--	1,140,716	(6,825,939)	(85.7)	1,140,716	--
Sales and Services	937,392	(2,337,269)	(71.4)	(2,832,608)	(75.1)	10,782,709	(4,607,321)	(29.9)	(6,577,291)	(37.9)
Other Miscellaneous	3,820,719	4,138,924	--	1,820,719	91.0	20,799,947	1,367,391	7.0	799,947	4.0
Disproportionate Share	0	0	--	0	--	0	0	--	0	--
Transfers and Reimbursements	15,908,282	2,624,084	19.8	1,303,282	8.9	31,549,096	10,714,331	51.4	7,344,096	30.3
Sub-Total Other Revenue	25,787,573	(3,236,722)	(11.2) %	(937,427)	(3.5) %	87,437,227	(13,359,448)	(13.3) %	(2,907,773)	(3.2) %
TOTAL BASE REVENUE	\$466,264,959	(\$87,113,819)	(15.7) %	(\$80,966,618)	(14.8) %	\$2,854,409,523	(\$609,373,669)	(17.6) %	(\$459,524,533)	(13.9) %
Other Adjustments										
Urban Revenue Sharing	(52,387,052)	8,252,731	--	0	0.0	(261,935,261)	41,263,655	--	0	0.0
Budget Plan Transfers	3,413,926	3,413,926	--	0	0.0	81,357,003	(134,189,789)	(62.3)	0	0.0
Other Revenue	4,796,734	4,796,734	--	0	0.0	7,195,100	7,195,100	--	0	0.0
Sub-Total Other Adjustments	(44,176,392)	16,463,391	-- %	0	0.0 %	(173,383,158)	(85,731,034)	97.8 %	0	0.0 %
TOTAL GENERAL FUND REVENUE	\$422,088,567	(\$70,650,428)	(14.3) %	(\$80,966,618)	(16.1) %	\$2,681,026,365	(\$695,104,703)	(20.6) %	(\$459,524,533)	(14.6) %
Non-General Funds										
Highway User Revenue Fund	\$95,267,000	(\$5,007,000)	(5.0) %	(\$4,074,000)	(4.1) %	\$484,503,000	(\$44,088,000)	(8.3) %	(\$19,255,000)	(3.8) %
Tobacco Tax (All Funds Total)	\$28,436,889	(\$3,927,562)	(12.1) %	(\$4,902,924)	(14.7) %	\$138,420,711	(\$24,496,284)	(15.0) %	(\$29,406,088)	(17.5) %

Economic Indicators

NATIONAL

According to the third and final estimate of the **U.S. Real Gross Domestic Product** (GDP) for the 3rd quarter of 2009, the nation's economy grew at an annual rate of 2.2% down from the previous estimate of 2.8% released last month. The advance estimate released in October indicated a real GDP growth of 3.5%. The latest GDP revision was primarily due to less consumer and business spending than previously estimated. Additionally, inventories contributed less to overall GDP growth than first believed. The nation's economic recovery, which started in the 3rd quarter of the current calendar year, has proven to be weaker than first assumed.

In December, the Conference Board's **U.S. Consumer Confidence Index** was 52.9, up 2.3 points from the revised November level of 50.6. The measure is up 37.0% from the December 2008 level. The report indicates that although consumers' views of their present situations fell to the lowest level since 1983, this decline was more than offset by a surge in expectations for the economy 6 months from now.

The Conference Board's **U.S. Index of Leading Economic Indicators** rose for the eighth consecutive month in November, with a month-over-month increase of 0.9%. The index, which is designed to anticipate economic activity 3 to 6 months in advance, indicates that the national economy has started its recovery. Six of the 10 components that make up the index improved in November, most notably those related to the labor and bond markets.

Consumer prices, as measured by the **U.S. Consumer Price Index (CPI)**, increased by 0.4% in November. The relatively large CPI increase was mainly due to higher costs for energy, medical care, and transportation. The November CPI was 1.9% above last year's level, which represented the first year-over-year increase since February. The core CPI, which excludes food and energy prices, remained unchanged in November. The core CPI has risen by 1.7% over the last 12 months.

The Semiconductor Industry Association (SIA) reported that **Semiconductor Billings** (3-month moving average) in the U.S. totaled \$3.66 billion in October, the largest amount since

November 2007. October was the eighth month in a row with monthly increases in semiconductor sales. Year over year, sales increased by 14.1% in October. The Semiconductor Industry Association's most recent forecast points towards an increase in worldwide sales of 10.2% in 2010 and 8.4% in 2011.

ARIZONA

As this year draws to a close, it will undoubtedly be remembered as one of the worst in decades for Arizona as evident from a host of economic measures. The average annual percentage decline in nonfarm employment is expected to be the worst on record (data is available from 1939). State personal income is expected to decrease for the first time since 1944. Arizona's population grew by the slowest rate since 1945. The issuance of single-family building permits is on track to be lowest since the late 1960s. Arizona consumer confidence index reached a record low in the first quarter of 2009.

The good news is that the many indicators now suggest that the bottom of the business cycle is within sight as most of these measures are either declining at a slower rate than previously or even growing modestly. For example, on a year-over-year basis, nonfarm employment was down by (5.6)% in November, the lowest decline in 2009. Also, after adjusting for seasonal job patterns, the state added more than 8,500 jobs in October and November, which was the best performance since the recession started at the end of 2007. Other evidence can be found in single family permitting activity, which increased, year over year, in October and November for the first time since January 2006.

The pace of the state's economic recovery will likely hinge on the performance of its housing market. Quarterly data from ASU's Realty Studies Group suggests that the volume of existing home sales in the Greater Phoenix area is on track to reach its highest level since the record-year of 2005. New home sales, however, are expected to be lowest on record by a large margin. Existing home prices appear to have bottomed out in the second quarter of 2009 whereas new home prices are still falling.

"The nation's economic recovery, which started in the 3rd quarter of the current calendar year, has proven to be weaker than first assumed."

Economic Indicators (Continued)

"This was the first month-over-month increase of the [state coincident] index since August 2007."

Some analysts have cautioned that the increase in existing home sales here and elsewhere in the country have been artificially boosted by the federal tax credit for first-time home buyers. The same analysts believe that this credit has primarily served to shift home sales from 2010 to 2009. Some of this shift in sales, however, could be offset by the federal government's recent decision to extend the credit (and expand it as well to include not only first-time home buyers) through April of 2010. Again, this may only serve to shift sales from the second to first half of 2010. If this is true, then existing home sales may fall in future years.

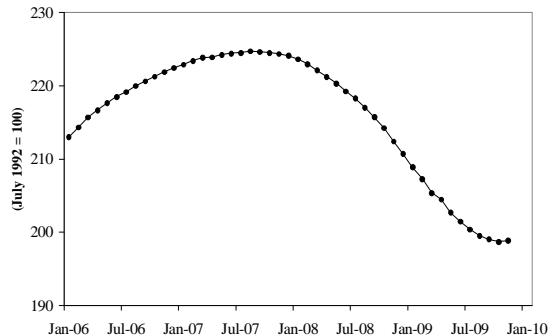
This potential shift of sales due to the credit coupled with a large inventory of foreclosed homes for sale make it difficult to gauge the current state of the housing market. The weak job market with near double-digit unemployment rate could also result in a new wave of foreclosures next year. Thus, the prospect of the housing sector of the economy remains uncertain.

As reported in recent issues of *Monthly Fiscal Highlights*, the Federal Reserve Bank's coincident index is a relatively new measure designed to gauge current economic activity in the nation's 50 states, including Arizona. The index combines four state-level indicators into a single statistic: nonfarm payroll employment, average hours worked in manufacturing, unemployment rate, and inflation-adjusted wages.

The November **state coincident index** for Arizona increased by 0.1% over the prior month's reading. This was the first month-over-month increase of the index since August 2007. The index was (6.4)% below the reading in November 2008 and (11.5)% below its peak in August 2007. By way of comparison, the national index rose by 0.1% in November and was (2.7)% below last year's level. The Fed reported that the index increased in 26 states, decreased in 16 states, and remained unchanged in the remaining 8 states last month.

The graph below shows the history of the Arizona coincident index.

Arizona Coincident Economic Activity Index



The federal Bureau of Economic Analysis (BEA) recently reported that **Arizona personal income** was \$217.7 billion in the 3rd quarter of 2009. While personal income remained essentially unchanged from the 2nd quarter, it was (2.6)% below the same quarter in the prior year. On a calendar year basis, Arizona personal income is expected to decrease in 2009, which would make it the first such decline in more than 60 years.

Personal income net of transfer payments is arguably a better measure of ongoing economic activity than the total personal income figure. This is because transfer payments (which consist primarily of social security, medical, and income maintenance benefits, such as cash payments and food stamps, and unemployment insurance compensation) reflect benefits received by persons who are not directly involved in the production of goods and services.

Under this alternative measure of economic activity, personal income adjusted for transfer payments has decreased for an unprecedented 7 consecutive quarters. (Detailed personal income data is available from the 1st quarter of 1969.) Year over year, personal income net of transfer payments was down by (6.3)% in the 3rd quarter of 2009. By way of comparison, this measure never declined (in nominal terms) in any of the prior 5 recessions.

The composition of personal income has also changed since the recession started in the last quarter of 2007. Before this time, transfer payments made up about 15% of personal income compared to 20% today. Unemployment insurance compensation comprised 1%



"The state has shed (10.2)% of its workforce, or (276,500) jobs, since the recession started in December 2007."

Economic Indicators (Continued)

of total transfer payments compared to almost 5% currently. Over the same period, net earnings (wages, other labor income, and small business income) as a share of personal income fell from 65.3% to 62.1%, the lowest percentage in 40 years.

The U.S. Census Bureau has released new population estimates for each of the nation's 50 states. According to this release, the **Arizona population** as of July 1, 2009 was estimated to be 6,595,778. This was an increase of 96,400 persons, or 1.5%, over last year, the slowest rate of growth since 1945. In spite of such slow population growth, Arizona still ranked 7th in nation. Wyoming's population grew by 2.1%, the highest growth rate in the nation. The Census data also showed that most of Arizona's growth (56%) last year resulted from a natural increase (number of births minus number of deaths) of the state's population. The remaining 44% of the population increase was attributable to net migration. This was in stark contrast to the population trend observed for most of the decade when more than two-thirds of Arizona's population increase was due to net migration.

It should be noted that a recent study by the Urban Land Institute (ULI) has called into question the accuracy of the population estimates provided by the U.S. Census Bureau. By basing its population estimates on alternative measures such as employment, school enrollment, utility customers, and housing vacancy, ULI has reached the conclusion that the population in metropolitan Phoenix has been unchanged between 2007 and 2009. Since the population in the metro-Phoenix area accounts for about 70% of the statewide population, the ULI's no-growth estimate may also be applicable to the state as a whole. We will have to wait until the early release of Census 2010 data in December 2010 before the accuracy of the various population estimates can be evaluated.

According to new figures released by the Arizona Department of Commerce, the state added 12,800 **nonfarm payroll jobs** in November. Year over year, total nonfarm employment was down by (5.6%). This translates into a year-over-year loss of (143,800) jobs, the lowest such figure since November 2008. The state has shed (10.2)% of its workforce, or (276,500) jobs, since the recession started in December 2007.

November marked the fourth straight month with monthly increases in total payroll employment. A total of 54,900 jobs have been added to the payrolls over this period (August through November). However, most of these job gains are seasonal in nature and as such do not reflect the underlying performance of the state's economy. To control for such seasonal fluctuations, the federal Bureau of Labor Statistics (BLS) produces a seasonally adjusted time series for Arizona nonfarm employment. This data paints a different picture as the seasonally adjusted series suggests that the state actually shed jobs in both August and September. However, on a bright note, the same data also indicates that the state's economy still produced some small job gains in both October (+4,200) and November (+4,300). While these were modest job gains by historical standards, they still represented the largest improvement since August 2007, according to the BLS.

The **construction sector** shed (5,500) jobs in November. The industry now employs (37,200) or (22.0)% fewer workers than a year ago. As of November, the construction sector had 131,800 workers on the payroll, the lowest number since April 1996. During the peak of the housing boom in the summer of 2006, the industry employed close to 250,000 construction workers.

The **manufacturing sector** added 800 jobs in November. This was the first time since 2005 that this industry had month-over-month job gains in November. Year over year, manufacturing employment is down by (6.7)%. The only segment of the manufacturing industry that has expanded its workforce over the last 12 months is the aerospace products and parts sector, which has grown by 3.6%.

The **average weekly hours** of production workers in manufacturing industries is a leading indicator since "factory hours" tends to lead the business cycle as employers usually adjust work hours before increasing or decreasing the size of their workforce. According to the Department of Commerce, average weekly hours in November remained unchanged at 38.7 hours. The long-run average for the manufacturing industry in Arizona is 40.3 hours. Year over year, average weekly hours are down by (4.7)%.

Economic Indicators

(Continued)

"At its current level, the median (single-family) resale price is down (46.3)% from its high of \$267,000 in June 2006."

The state's **unemployment rate** in November fell from 9.3% to 8.9%, the lowest reading since June. The reason for the relatively large and unexpected drop in the unemployment rate is unclear. One explanation that is gaining traction is that Arizona has a disproportionate share of mobile workers (especially those that are tied to the construction industry) that have opted to leave the state after losing their jobs in order to search for employment elsewhere. Such individuals will not be included in the state's unemployment statistics.

The Department of Commerce reported that 28,764 **initial claims for unemployment insurance** were filed in November, the lowest figure since September 2008. Year over year, jobless claims decreased by (5.3)%, the first such decline since October 2006. Claims for initial unemployment insurance appear to have peaked in April when more than 41,000 individuals filed for benefits. For the week ending on December 5, a total of 97,266 Arizona residents filed for continued claims for jobless benefits. While this was an increase of 4.5% over the prior week, it was still (16.6)% below the peak reached in the first week of August earlier this year.

According to data released by the U.S. Census Bureau, an average of 1,093 building permits were issued each month for the period between September and November 2009. This amount includes an average of 1,035 **single-family residential building permits** and 58 **multi-family permits**. Compared to the prior 3-month period, the number of single-family permits issued decreased (7.6)% while the number of multi-family permits increased 25.4%. Compared to the same period in the prior year, activity in the single family segment increased 21.0%, while permits in the multi-family segment was down by (88.4)%.

Based on ASU's November real estate report, the **single-family median resale home** price was \$143,500 while the number of **single-family existing home sales** totaled 8,335. The November median sales price was 0.3% higher than the prior month but (10.3)% below the sales price reported a year ago. At its current level, the median resale price is down (46.3)% from its high of \$267,000 in June 2006. The 8,335 transactions are (16.3)% below October 2009 levels but 28.9% above the number of transactions in a year ago. Sales activity reached a high of 11,820 in June 2009.

In the multi-family segment, ASU's report indicates there were 1,170 **townhouse-condominium median** transactions with a **median sales price** of \$105,900. The total number of units bought and sold represents a decrease of (15.8)% below October 2009 levels, while the median resale price increased slightly by 0.3%. The median resale price reached a high of \$189,990 in May 2007.

The **S&P/Case-Shiller Home Price Index** measures housing prices based on repeat sales. Based on the most recent 3-month moving average calculation, the October index for the Phoenix metropolitan area increased on a month-over-month basis for the fifth straight month to a level of 110.71. At its current level, the index, increased 1.3% relative to the prior month (September) but was down (18.1)% on a year-over-year basis. Relative to peak in June 2006 (227.42), the index is down (51.3)%.

According to seasonally adjusted MLS data, the **month's supply of housing** indicator increased by 0.2 months between October and November. The measure currently suggests that it would take 5.6 months to deplete the current inventory of unsold homes. At this level, the supply of housing is (5.6) months less than it was a year ago and (11.0) months below the September 2007 high of 16.6 months.

Although this measure has improved considerably since the start of this calendar year, it remains unclear whether it is truly a reliable gauge of the state's housing supply. The main reason is that it is not known to what extent bank-owned properties are represented on the MLS. This so-called "shadow inventory," which consists largely of foreclosed homes owned by banks and not listed with realtors, is difficult to measure. For this reason, some analysts prefer to use the Census Bureau's homeowner vacancy rate as a means to gauge this shadow inventory. The vacancy rate measures the number of homes that are vacant and for sale at the end of each quarter, and which includes the "shadow homes." While this measure is based on a relatively small sample size for Arizona, it nonetheless suggests that the shadow inventory may be sizeable as the state's homeowner vacancy rate at the end of the 3rd quarter of 2009 was almost 40% above the

Economic Indicators

(Continued)

"AHCCCS caseloads are currently 18.6% above December 2008 levels."

long-run average for the period that ended right before the state's housing bubble burst.

Additionally, of the foreclosed homes that are listed on the MLS, there is anecdotal information that suggests that many of these properties are being purchased by investors and then quickly turned around and sold. As a result, the month's supply of housing may be understated.

The sharpest and longest recession in post-World War II history has not only resulted in record-large declines in tax receipts but also led to a surge in the demand for state health and welfare services. This explains why caseload growth is near or has exceeded the budget estimates for June 2010 as outlined below.

In December, **AHCCCS caseloads** increased to a total of 1,367,199 members, 0.9% above the number of recipients in the previous month. AHCCCS caseloads are currently 18.6% above December 2008 levels. The FY 2010 budget funded a projected June caseload growth of 10.7%, for a total of 1,388,147 members.

There were a reported 87,652 **TANF recipients** in the state in October, which represented a monthly caseload increase of 1.4%. October's year-over-year increase was 4.7%. The FY 2010 budget assumed that the June 2010 TANF caseload would be 84,287.

The **Supplemental Nutrition Assistance Program (SNAP)**, formerly known as Food Stamps, provides assistance to low-income households to purchase food. In October, there were a total 987,068 food stamp recipients in the state, an increase of 1.4% over the prior month. Compared to the same month last year, food stamp participation was up by 34.4%. The number of food stamp recipients began increasing steadily in July 2007, after several years in the 550,000 to 575,000 range.

The **Department of Correction's (ADC) inmate population** increased to a 3-month average count of 40,686 inmates between September and November 2010. This equates to an average monthly increase of 32 inmates and a year over year increase of 1,260 inmates. In FY 2010, the department was funded for growth of 151 inmates per month. Fiscal year-to-date, monthly population growth has ranged from a decrease of (76) inmates to an increase of 165 inmates.

With the exception of Maricopa County (who funds all of their probation programs) the state and counties share the costs of **adult and juvenile probation programs**. Based on adult and juvenile probation data from August and October, respectively, the non-Maricopa probation caseload was 19,916 individuals - 105 fewer probationers than the prior month and 181 probationers fewer than a year ago. In Maricopa County, there were 29,795 probationers during the period, 263 fewer than the prior month and 402 more than a year ago.

Economic Indicators (Continued)

Table 7

ECONOMIC INDICATORS

<u>Indicator</u>	<u>Time Period</u>	<u>Current Value</u>	<u>Change From Prior Period</u>	<u>Change From Prior Year</u>
Arizona				
- Unemployment Rate	November	8.9%	0.4%	2.5%
- Initial Unemployment Insurance Claims	November	28,764	(8.0)%	(5.3)%
- Non-Farm Employment – Total	November	2.44 million	0.5%	(5.6)%
Manufacturing	November	160,800	0.5%	(6.7)%
Construction	November	131,800	(4.0)%	(22.0)%
- Average Weekly Hours, Manufacturing	November	38.7	0.0%	(4.7)%
- Contracting Tax Receipts (3-month average)	Sep-Nov	\$35.5 million	(4.0)%	(42.7)%
- Retail Sales Tax Receipts (3-month average)	Sep-Nov	\$126.8 million	0.3%	(10.1)%
- Residential Building Permits (3-month moving average)				
Single-unit	Sep-Nov	1,035	(7.6)%	21.0%
Multi-unit	Sep-Nov	58	25.4%	(88.4)%
- Greater Phoenix Existing Home Sales				
Single-Family	November	8,335	(16.3)%	28.9%
Townhouse/Condominium	November	1,170	(15.8)%	105.3%
- Greater Phoenix Median Home Sales Price				
Single-Family	November	\$143,500	2.4%	(14.5)%
Townhouse/Condominium	November	\$105,900	0.3%	(10.3)%
S&P/Case-Shiller Home Price Index (Jan. 2000 = 100)	October	110.71	1.3%	(18.1)%
- Months Supply of Housing, (ARMLS)	November	5.6 months	0.2 months	(5.6) months
- Phoenix Sky Harbor Air Passengers	August	3.17 million	(5.9)%	(4.3)%
- Arizona Average Natural Gas Price (\$ per thousand cubic feet)	September	\$5.90	(5.4)%	(9.2)%
- Arizona Consumer Confidence Index (1985 = 100)	3 rd Quarter 2009	60.2	26.6%	NA
- Arizona Coincident Index (July 1992 = 100)	November	198.88	0.1%	(6.4)%
- Arizona Personal Income	3 rd Quarter 2009	\$217.7 billion	0.0%	(2.6)%
- Arizona Population	July 1, 2009	6.60 million	N/A	1.5%
- AHCCCS Recipients	December	1,367,199	0.9%	18.6%
- TANF Recipients	October	87,652	1.4%	4.7%
- SNAP (Food Stamps) Recipients	October	987,068	1.4%	34.4%
- ADC Inmate Growth (3-month average)	Sep-Nov	40,686	56 inmates	1,260 inmates
- Probation Caseload (Adult/Juvenile)				
Non-Maricopa	August/October	19,916	(105)	(181)
Maricopa County	August/October	29,795	(263)	402
United States				
- Gross Domestic Product (Chained 2005 dollars, SAAR)	3 rd Quarter 2009 (3 rd Estimate)	\$13.0 trillion	2.2%	(2.6)%
- Consumer Confidence Index (1985 = 100)	December	52.9	4.5%	37.0%
- Leading Indicators Index (2004 = 100)	November	104.9	0.9%	6.0%
- U.S. Semiconductor Billings (3-month moving average)	Aug-Oct	\$3.66 billion	5.9%	14.1%
- Consumer Price Index, SA (1982-84 = 100)	November	217.25	0.4%	1.9%

Summary of Recent Agency Reports

AHCCCS – Semi-Annual Report on Healthcare Group – Pursuant to A.R.S. § 36-2912, the Arizona Health Care Cost Containment System (AHCCCS) submitted its semi-annual report on the number and types of businesses participating in Healthcare Group (HCG). AHCCCS reports that, as of October 2009, total statewide HCG medical plan enrollment was 12,680 down by (10,764) from 3 years prior and down (1,213) from August 1, 2009. (Aaron Galeener)

ADOA/GITA – Quarterly Report on AZNet Implementation – In December 2004, the Joint Committee on Capital Review requested the Arizona Department of Administration (ADOA) and the Government Information Technology Agency (GITA) to report quarterly on the Arizona Network (AZNet), as created by the Statewide Telecommunications Management Contract. In the first quarter of FY 2010, an outbound dialing call center program was launched that notifies Department of Economic Security unemployment benefit customers about their claim status. The FY 2008 annual AZNet Customer Satisfaction Management Survey received an overall score of 5.77 (scale of 1 to 8) with a response rate of 36%, which was very similar to the FY 2008 survey that received an overall score of 5.78 with a 34% response rate. ADOA Staff continue to work with the contractor to resolve issues regarding billing and support for Virtual Office Systems, which allow state workers to access state computers from remote locations. (Leatta McLaughlin)

Department of Economic Security – Report on Available State and Federal Domestic Violence Funding – Pursuant to a General Appropriation Act Footnote, the Department of Economic Security (DES) is submitting its annual report on state and federal domestic violence funds. There is a total of \$23.9 million currently used by 6 state entities for domestic violence services, a decrease of \$(2.2) million, or (8.4)%, from FY 2008. (Jay Chilton)

Department of Education – Budget Status Report – Pursuant to A.R.S. § 35-131D and a footnote in the FY 2010 General Appropriation Act, the Arizona Department of Education (ADE) recently provided an update regarding its budget status for FY 2010. In that report, ADE estimates that it will experience a \$(55.0) million net funding shortfall for formula programs for FY 2010. This figure is preliminary

in nature, as current year data on enrollment counts are not yet available. The final budget status for ADE for FY 2010 will depend on 100th Day Average Daily Membership (ADM) counts from public schools for the current year, which will not become available until late spring 2010. ADE also reports an estimated \$(0.4) million non-formula shortfall for English Language Learner testing costs for FY 2010. (Steve Schimpp)

Department of Environmental Quality – Report on Particulate Enforcement – Pursuant to Laws 2007, Chapter 292, Section 23, Maricopa County and cities within the county are required to report on efforts to reduce particulate pollution. The county and 10 of 23 cities have submitted reports to JLBC as of December 21. Reports were not received from Apache Junction, Carefree, El Mirage, Fountain Hills, Gilbert, Goodyear, Guadalupe, Litchfield Park, Paradise Valley, Peoria, Queen Creek, Scottsdale, Tolleson, and Youngtown. The submissions show that a total of 5 miles of streets and 18 miles of alleys have been paved or stabilized since the last reports were issued in June. There were a total of 5,025 violations. (Dan Hunting)

State Mine Inspector – Report on Abandoned Mines Safety Fund Expenditures and Contributions – The State Mine Inspector is required by A.R.S. § 27-131 to establish a program to locate, inventory, classify, and eliminate public safety hazards at abandoned mines. A.R.S. § 27-131 created the Abandoned Mines Safety Fund (AMSF) to fund the program. The Mine Inspector must submit an annual report to JLBC on or before December 1 detailing the contributions to the AMSF and the expenditures by the fund during the preceding fiscal year.

For FY 2009, the State Mine Inspector has recently reported that the AMSF had revenues of \$50,000, all coming from its appropriation. The State Mine Inspector secured 264 mines covering 47 mine sites during FY 2009, at a total cost of \$31,900. The Mine Inspector has completed preliminary planning for an additional 84 projects across 17 mine sites, with an estimated cost of \$94,500. (Ted Nelson)

Arizona Board of Regents/Arizona Community Colleges – Report on Articulation – Pursuant to A.R.S. § 15-1824, the Arizona Board of Regents

Summary of Recent Agency Reports

(Continued)

and the community colleges are required to submit an annual report by December 15 of their progress on both articulation and meeting statewide postsecondary education needs.

This year's progress in implementing the transfer model and support systems include:

- More than 6,100 community college students completed the Arizona General Education Curriculum, which satisfies lower division general education requirements at the universities. This is a 17% increase over last year and a 200% increase over 2002 (when tracking first began).
- A new statewide website was launched in August 2008, which is reported to have a new look, clearer information on transfer and articulation, and easier navigation. Redesigning the website was one of the recommendations in the study of Arizona's articulation system completed in 2007. Since the redesign of the website, web usage has increased by 24%.
- In November 2009, Arizona was awarded a \$1.5 million grant under the Making Opportunity Affordable Initiative. This grant will be used to address accessibility and affordability through new institutional models and enhanced online student advising tools.

(Kim Cordes-Sween)

Arizona Board of Regents – Report on Credit Hour Threshold FTE Student Counts – Pursuant to A.R.S. § 15-1626, the Arizona Board of Regents (ABOR) is required to report by October 15 on the number of students that met or exceeded the undergraduate credit hour threshold. ABOR reports that 289.2 full-time equivalent (FTE) students were over the 145 credit hour threshold in the fall 2009 semester. This represents a decrease of (13.1) FTE students over the fall 2008 semester. (Kim Cordes-Sween)

Arizona Board of Regents – Report on University System's Financial Aid

– Pursuant to A.R.S. § 15-1650, the Arizona Board of Regents is required to submit an annual report on financial aid. Highlights from the FY 2009 report include:

- Approximately \$1.3 billion in total financial aid was provided to students.
- Of this amount, \$589.5 million (46.7%) came from federal sources, \$432.9 million (34.3%) came from state institutional sources, \$224.7 million (17.8%) came from private sources, and \$15.1 million (1.2%) came from state scholarships, grants and loans.
- A total of 107,027 students received aid, including 77,933 undergraduate students and 23,094 graduate students.
- Of the undergraduate students receiving aid, 21,062 received non-need-based gift aid, 35,679 received need-based gift aid, and 31,547 were awarded miscellaneous types of non-gift aid (i.e. work study). Some students received multiple types of aid.
- The average aid package was \$9,265, which includes both need and non-need-based aid.
- 50.3% of undergraduate students and 50.1% of graduate students have debt.
- Upon graduation, the average undergraduate student debt was \$19,110, while the average graduate student debt was \$36,190.

(Kim Cordes_Sween)

Arizona Board of Regents – Report on Loan Forgiveness Program

– Pursuant to A.R.S. § 15-1782, the Arizona Board of Regents (ABOR) recently reported on the progress of the Mathematics, Science, and Special Education (MSSE) Teacher Loan Forgiveness Program. The program allows ABOR to grant up to 5-year loans to eligible in-state students who agree to a service commitment to teach in a public school.

For 2008-2009 academic year, there were 115 recipients. This total includes 41 loan renewals, 55 new fall 2008 recipients, and 19 new spring 2009 recipients. Of the MSSE recipients, 48 are studying mathematics, 21 are studying science, and 46 are studying special education. Teacher retention data is not yet applicable, since the program began in spring 2008.

A total of \$527,332 was dispersed to students under the loan forgiveness program in FY 2009. (Kim Cordes-Sween)

School Facilities Board – Report on Funding Estimates – Pursuant to A.R.S. § 15-2002, the School Facilities Board (SFB) is required to report the estimated amounts necessary in FY 2011 and FY 2012 for the New School Facilities, Building Renewal, and Emergency Deficiencies Correction Programs.

In FY 2011, SFB estimates a total funding requirement of \$347,378,200, including \$112,662,800 for the New School Facilities Program and \$234,715,400 for the Building Renewal Program. The new construction estimate assumes the current building moratorium is lifted in FY 2011. The Building Renewal amount is based on the current statutory formula, which was suspended in FY 2010 in favor of a \$3,000,000 discretionary grant program.

For FY 2012, the board estimates it will need funding in the amount of \$470,186,900. Of this total, \$212,000,000 is for the New School Facilities Program and \$258,186,900 is for the Building Renewal Program. SFB did not request to transfer any monies from the New School Facilities Fund to the Emergency Deficiencies Correction Fund in FY 2011 or FY 2012 due to insufficient monies in the New School Facilities Fund. (Jack Brown)

Table 8

Agency	General Fund Spending (\$ in Thousands)			YTD Change from FY '09
	Nov 09	Change from Nov 08	Year-to-Date	
Department of Administration	1,665.1	(2,418.6)	9,243.5	(9,748.4)
Office of Administrative Hearings	48.3	(9.1)	513.8	(163.4)
Department of Agriculture	522.6	(1,711.4)	4,888.4	(1,284.1)
AHCCCS	98,589.4	(35,938.5)	615,861.0	(60,910.0)
Arizona Commission on the Arts	62.6	(77.0)	332.3	(242.2)
Attorney General	927.4	994.4	9,931.1	(2,526.4)
AZ Capital Post Conviction Public Defender	75.6	14.6	301.8	(70.2)
State Board of Charter Schools	35.3	(41.3)	377.6	(93.7)
State Bd. of Chiropractic Exam.	-	-	148.0	148.0
Department of Commerce	1,090.4	(21,723.5)	1,625.5	(23,064.8)
Community Colleges	-	-	66,213.2	(6,404.8)
Corporation Commission	32.2	(328.7)	222.7	(2,256.2)
Department of Corrections	58,453.2	(5,210.2)	341,502.6	(23,499.6)
AZ Criminal Justice Commission	-	(64.5)	(4.6)	(786.2)
AZ State Board of Cosmetology	252.0	252.0	252.0	252.0
AZ St. Schools for the Deaf & Blind	357.7	514.9	9,617.2	(659.9)
Dept. of Economic Security	34,905.9	24,216.6	443,874.8	(103,575.3)
Department of Education	373,247.2	302,942.0	1,965,908.5	398,928.5
DEMA	757.8	(21.9)	4,067.8	(556.7)
Dept. of Environmental Quality	349.4	1,044.1	2,558.4	(73.8)
DEQ-WQARF	-	-	7,000.0	(6,000.0)
Office of Equal Opportunity	27.3	24.2	110.5	(1.7)
State Board of Equalization	46.5	(2.4)	336.7	(91.4)
Board of Executive Clemency	47.7	(9.8)	550.5	(38.7)
Dept. of Financial Institutions	183.4	(81.6)	1,751.1	(204.7)
Department of Fire, Life, Bldg Safety	20.6	(173.8)	1,216.0	(448.9)
State Board of Funeral Directors	-	-	100.0	100.0
Arizona Geological Survey	42.7	(10.3)	396.5	16.8
Government Information Tech.	32.4	(168.5)	219.8	(335.6)
Governor	1,322.7	938.8	4,735.2	230.9
Department of Health Services	11,140.4	(13,418.2)	284,676.6	(195,391.5)
Arizona Historical Society	139.7	(69.2)	2,365.7	(472.8)
Prescott Historical Society of AZ	32.4	(10.4)	264.4	(108.3)
Independent Redistricting Comm.	0.7	(43.6)	25.5	(98.6)
AZ Commission of Indian Affairs	46.6	30.4	58.1	(32.4)
Department of Insurance	313.6	(236.3)	3,056.4	(710.1)
Judiciary				
Supreme Court	2,815.2	220.5	50,412.4	(2,961.2)
Court of Appeals	1,835.4	910.8	6,872.7	469.3
Dept. of Juvenile Corrections	4,511.1	(382.6)	34,265.1	(1,144.6)
State Land Department	993.7	194.4	7,432.0	(1,739.8)
Law Enforcement Merit System	5.5	(1.0)	37.2	1.1
Legislature				
Auditor General	1,110.5	(14.5)	7,329.2	(944.6)
House of Representatives	717.0	(29.9)	5,806.8	225.2
Joint Legislative Budget Comm.	152.4	(6.7)	1,126.9	(74.3)

Legislative Council	272.3	(1,034.5)	2,667.4	(5,337.5)
AZ Library and Archives	583.0	(105.2)	2,834.1	(1,157.9)
Senate	517.9	(5.8)	4,125.2	220.9
Dpt. of Liquor Licenses	76.1	(107.6)	736.0	(1,515.6)
Board of Medical Student Loans	49.1	30.3	432.2	(177.3)
Mine Inspector	71.8	(30.8)	633.5	(107.6)
Dpt. of Mines & Mineral Resources	37.1	(36.0)	372.9	119.3
Nav. Streams & Adjudication	5.1	(21.4)	79.8	(50.5)
State Board of Nursing	-	(10.0)	-	(62.0)
OSHA	-	-	4.0	4.0
Board of Osteopathic Examiners	-	-	100.0	100.0
Arizona State Parks Board	-	(553.9)	21,900.3	(2,188.7)
Personnel Board	-	(19.8)	-	(177.4)
Arizona Pioneers Home	-	-	-	(4.0)
Comm. for Postsecondary Ed.	81.8	81.1	887.9	(2,467.3)
State Board of Psychologist Exam.	-	-	300.0	300.0
Department of Public Safety	1,805.7	634.3	40,120.2	15,804.6
Arizona Department of Racing	124.0	(50.1)	3,257.8	1,968.0
Radiation Regulatory Agency	(27.3)	(32.0)	771.3	(199.0)
Arizona Rangers Pension	1.2	-	5.8	0.1
Real Estate Department	200.5	(68.5)	1,871.6	(347.4)
Department of Revenue	1,003.6	(3,659.7)	18,061.3	(16,135.7)
School Facilities Board	77.2	(32.9)	82,096.2	(118,041.5)
Secretary of State	522.0	279.3	1,411.2	(702.5)
Tax Appeals Board	16.3	0.4	132.1	(7.1)
Office of Tourism	-	-	200.0	200.0
Department of Transportation	-	(3.4)	32.8	(1.3)
State Treasurer	117.8	-	1,296.0	8.5
Universities				
Board of Regents	3,832.2	3,586.9	14,255.3	1,212.2
Arizona State University	33,696.4	(11,144.1)	211,929.7	11,847.4
Northern Arizona University	11,375.7	(2,087.6)	71,341.9	4,025.2
University of Arizona	29,403.9	1,520.0	184,667.8	10,370.6
Department of Veteran Services	1,199.4	732.1	3,609.5	17.7
AZ State Veterinary Medical Examining Board	-	-	250.0	250.0
Department of Water Resources	1,081.4	74.7	7,856.8	2,297.8
Dept. of Weights & Measures	79.8	(19.7)	622.3	(103.7)
Other	2,767.1	(11,394.2)	21,823.7	385.2
Grand Total	685,880.4	226,617.2	4,598,267.1	(146,012.4)