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**“Year-to-date, General Fund revenues are 3.0% above the prior year and are \$(91.9) million below the enacted budget forecast.”**

This report has been prepared for the Arizona Legislature by the Joint Legislative Budget Committee Staff on December 19, 2014.

## Summary

November marked the 8<sup>th</sup> consecutive month of revenue collections falling below the enacted budget forecast. November collections were \$(20.6) million below the forecast.

November General Fund revenues were \$592.5 million, which is an increase of 0.4% above November 2013. A 3.2% increase in Sales Tax collections was offset by reductions in several small tax categories.

Year-to-date, General Fund revenues are 3.0% above the prior year and are \$(91.9) million below the enacted budget forecast.

In comparison to revenue of \$592.5 million, November 2014 spending was \$479.0 million which is a decrease of \$(92.1) million from the prior year.

Fiscal year-to-date, General Fund revenues of \$3.47 billion have been offset by \$5.20 billion of expenditures.

The state's fiscal health can also be measured by the operating fund balance. The state pays its bill out of the operating fund balance, which consists of the General Fund and certain dedicated funds. The operating balance as of mid-November 2014 is \$1.4 billion. In addition, the state's Budget Stabilization Fund has a balance of \$455.7 million.

### JLBC Website Updates

JLBC Staff published the following documents in the last month:

- [Fiscal Impact of Recreational Marijuana](#) – Estimated to increase annual state revenues by \$48.3 million.
- [State Funds Report](#) – Annual report describing newly created state funds. In FY 2014, 10 new funds were established.
- [JLBC ATRA Presentation](#) – JLBC Staff presented to the Arizona Tax Research Association including information on budget solutions used to solve previous shortfalls.

### Monthly Child Safety Staff Report

There are 1,408 direct line child safety staff budgeted in DCS. The department first reached that filled position level in October and maintained it in November. Since January, the number of case-carrying caseworkers has grown from 983 in January to 1,022 in November, an increase of 39 staff. The most significant growth occurred in staff being trained, which grew from 137 in January to 312 in November.

For a summary of current child safety staff levels, see *Table 5* on page 5.

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## November Revenues

	<b>FY 2015 Collections</b>	<b>Difference From Budget Forecast</b>	<b>Difference From FY 2014</b>
November	\$ 592.5	\$ (20.6)	\$ (2.1)
Year-to-Date	\$ 3,474.0	\$ (91.9)	\$ (13.3)

**Sales Tax** collections of \$334.3 million were 3.2% above November of last year and \$(6.3) million below the forecast for the month. Year-to-date, collections have increased by 3.1% and are \$(31.7) million below forecast.

Retail is the largest sales tax category, comprising approximately 50% of sales tax collections. The latest retail category information provided by the Department of Revenue is from October 2014. *Table 2* below summarizes the recent change in the largest components of the retail category.

	<b>October</b>	<b>YTD</b>
Motor Vehicles	7.5%	4.2%
Furniture	10.0%	11.6%
Building Materials	3.7%	3.9%
Clothing	8.6%	4.2%
Gen. Merchandise	(0.8)%	(0.8)%

**Individual Income Tax** net revenues were \$284.0 million in November, which was 0.8%, or \$2.1 million more than the prior year. Collections were \$(16.4) million below the forecast for the month. Year-to-date, revenue has grown 1.6% over the prior year, and is \$(40.5) million below the budget forecast.

The large November decrease relative to the forecast was the net result of flat withholding tax collections, and more refunds than anticipated.

As indicated in *Table 3*, withholding held flat in November. The November collections bring withholding tax collections for the fiscal year to 2.1% over the prior year. This amount is \$(27.9) million below the budget forecast.

November estimated and final payments were 4.9% above last year, and were approximately equal to the forecast. Year-to-date, payments are \$3.3 million above the forecast.

November refunds were (8.5)% below last year but \$(4.0) million greater than the forecast. Year-to-date, refunds are \$(15.9) million greater than the forecast.

	<b>November</b>	<b>YTD</b>
Withholding	0.0%	2.1%
Estimated + Final Payments	4.9%	1.1%
Refunds	(8.5)%	5.7%

**Corporate Income Tax** net collections were \$3.4 million in November, which was \$2.4 million more than November 2013. Collections for the month were \$6.1 million above the forecast, as estimated collections in November 2014 were projected to be negative due to a higher amount of tax refunds that typically occur in that month.

Year-to-date, net collections are up 8.1% compared to the prior year, but are \$(14.7) million below the budgeted forecast. The decline in FY 2014 Corporate Income Tax collections resulted in a lower-than-expected revenue base for the tax category. Given this, significant percentage growth rates can still result in forecast shortfalls.

**Insurance Premium Tax** collections were \$316,700 in November. Due to timing issues, this amount is \$(5.7) million below the prior year. Collections for November were \$(2.0) million below forecast. Year-to-date collections are \$(1.5) million below the budget forecast.

The **Lottery Commission** reports that November ticket sales were \$57.2 million, which is \$3.5 million, or 6.5%, above sales in the prior year. Year-to-date ticket sales are \$276.4 million, which is (0.7)% below last year's sales.

**Highway User Revenue Fund (HURF)** collections of \$102.4 million in November were up \$4.2 million, or 4.2% compared to November of last year. Collections for the month were \$2.2 million above forecast. Year-to-date collections are 2.7% above FY 2014.

Table 4

## General Fund Revenue: Change from Previous Year and Budget Forecast November 2014

	Current Month					FY 2015 YTD (Five Months)				
	Actual November 2014	Change From November 2013		Budget Forecast		Actual November 2014	Change from November 2013		Budget Forecast	
		Amount	Percent	Amount	Percent		Amount	Percent	Amount	Percent
<b>Taxes</b>										
Sales and Use	\$334,326,797	\$10,393,794	3.2 %	(\$6,304,135)	(1.9) %	\$1,709,148,742	\$50,835,597	3.1 %	(\$31,651,332)	(1.8) %
Income - Individual	283,967,358	2,135,879	0.8	(16,422,203)	(5.5)	1,560,085,490	24,651,284	1.6	(40,514,672)	(2.5)
- Corporate	3,450,255	2,351,589	214.0	6,119,855	--	180,486,779	13,587,540	8.1	(14,673,958)	(7.5)
Property	2,495,245	(2,032,268)	(44.9)	(1,504,755)	(37.6)	6,038,577	(947,977)	(13.6)	(141,423)	(2.3)
Luxury - Tobacco	2,061,666	(172,285)	(7.7)	20,767	1.0	9,947,877	(1,727,052)	(14.8)	(313,408)	(3.1)
- Liquor	2,805,393	(688,800)	(19.7)	89,389	3.3	12,754,690	(703,702)	(5.2)	(45,346)	(0.4)
Insurance Premium	316,650	(5,720,950)	(94.8)	(2,028,684)	(86.5)	130,437,687	11,338,902	9.5	(1,520,234)	(1.2)
Other Taxes	412,787	13,453	3.4	277,787	205.8	2,446,731	1,514,855	162.6	1,771,731	262.5
<b>Sub-Total Taxes</b>	<b>\$629,836,152</b>	<b>\$6,280,413</b>	<b>1.0 %</b>	<b>(\$19,751,978)</b>	<b>(3.0) %</b>	<b>\$3,611,346,572</b>	<b>\$96,936,271</b>	<b>2.8 %</b>	<b>(\$87,088,643)</b>	<b>(2.4) %</b>
<b>Other Revenue</b>										
Lottery	0	(3,256,125)	(100.0)	(4,000,000)	(100.0)	10,664,600	(3,219,000)	(23.2)	(5,335,400)	(33.3)
License, Fees and Permits	2,239,749	(676,139)	(23.2)	(760,251)	(25.3)	12,250,869	(220,995)	(1.8)	(1,249,131)	(9.3)
Interest	1,274	(10,812)	(89.5)	1,274	--	12,933	2,627	25.5	12,933	--
Sales and Services	1,189,167	(76,620)	(6.1)	(310,833)	(20.7)	7,069,686	327,333	4.9	(930,314)	(11.6)
Other Miscellaneous	5,007,250	2,769,626	123.8	2,007,250	66.9	10,973,253	6,796,348	162.7	(26,747)	(0.2)
Disproportionate Share	0	0	--	0	--	0	0	--	0	--
Transfers and Reimbursements	4,962,426	(2,609,114)	(34.5)	2,212,426	80.5	20,922,729	7,273,076	53.3	2,072,729	11.0
<b>Sub-Total Other Revenue</b>	<b>\$13,399,866</b>	<b>(\$3,859,184)</b>	<b>(22.4) %</b>	<b>(\$850,134)</b>	<b>(6.0) %</b>	<b>\$61,894,071</b>	<b>\$10,959,390</b>	<b>21.5 %</b>	<b>(\$5,455,929)</b>	<b>(8.1) %</b>
<b>TOTAL BASE REVENUE</b>	<b>\$643,236,018</b>	<b>\$2,421,229</b>	<b>0.4 %</b>	<b>(\$20,602,112)</b>	<b>(3.1) %</b>	<b>\$3,673,240,643</b>	<b>\$107,895,661</b>	<b>3.0 %</b>	<b>(\$92,544,572)</b>	<b>(2.5) %</b>
<b>Other Adjustments</b>										
Urban Revenue Sharing	(50,744,642)	(4,035,312)	8.6	0	0.0	(253,723,212)	(19,687,329)	8.4	0	0.0
One-Time Transfers	0	0	--	0	--	53,900,000	(96,791,562)	(64.2)	0	0.0
Sales Tax - 1¢ Increase	0	(470,655)	(100.0)	0	--	619,724	(4,744,380)	(88.4)	619,724	--
<b>Sub-Total Other Adjustments</b>	<b>(50,744,642)</b>	<b>(4,505,967)</b>	<b>9.7 %</b>	<b>0</b>	<b>0.0 %</b>	<b>(199,203,488)</b>	<b>(121,223,271)</b>	<b>155.5 %</b>	<b>619,724</b>	<b>(0.3) %</b>
<b>TOTAL GENERAL FUND REVENUE</b>	<b>\$592,491,376</b>	<b>(\$2,084,738)</b>	<b>(0.4) %</b>	<b>(\$20,602,112)</b>	<b>(3.4) %</b>	<b>\$3,474,037,155</b>	<b>(\$13,327,610)</b>	<b>(0.4) %</b>	<b>(\$91,924,848)</b>	<b>(2.6) %</b>
<b>Non-General Funds</b>										
Highway User Revenue Fund	\$102,418,054	\$4,158,545	4.2 %	\$2,193,355	2.2 %	\$518,177,820	\$13,543,382	2.7 %	\$3,450,694	0.7 %

## Monthly Indicators

### NATIONAL

According to the U.S. Department of Commerce Bureau of Economic Analysis, the **U.S. Real Gross Domestic Product (GDP)** increased at an annual rate of 3.9% in the third quarter of 2014. This represents a slight deceleration from growth of 4.6% seen in the second quarter. The slowdown relative to second quarter growth was primarily due to a decrease in inventory investment and a deceleration in consumption, fixed investment, exports and state and local government spending. The prior quarter's high growth was primarily due to a temporary economic rebound following a harsh winter.

The Conference Board's **U.S. Consumer Confidence Index** decreased by (5.7)% in November, undoing the 5.7% monthly increase seen in October. Both the immediate and short-term outlook components in the forecast decreased. The index however, still stands at 23.2% above where it did in November 2013.

The Conference Board's **U.S. Leading Economic Index** increased by 0.9% in October and 6.8% since October 2013. This month marked the ninth consecutive period in which the index grew or remained unchanged. Of the index's 10 components, 9 improved while 1 decreased. A decrease in initial claims for unemployment and movement in interest rates were the largest positive contributors to the index while stock market performance was the only drag.

According to the U.S. Department of Commerce Bureau of Economic Analysis, the **U.S. Personal Consumption Expenditure Price Index (PCEPI)** increased by 0.1% in October from the prior month while growing 1.4% above October 2013 levels. While the year-over-year growth rate has dipped since reaching 1.7% in May, it is still well above the 1.0% rate in February. The PCEPI is the Federal Reserve Bank's preferred inflation measure for determining the pace at which monetary stimulus to the economy is reduced. The Bank generally aims to maintain annual inflation of 2% over the medium term. The Federal Reserve ended its purchase of bonds to stimulate the economy in October, but continues to issue short-term loans at nearly 0% interest rates.

### ARIZONA

The Federal Reserve Bank of Philadelphia's **coincident index** gauges current economic activity in each state. The index combines 4 indicators: employment, average hours worked in manufacturing, unemployment rate, and inflation-adjusted wages.

Arizona's coincident index increased by 3.2% compared to October 2013. Over the same time period, the U.S.

coincident index increased by 3.3%. Currently, Arizona's rate of annual coincident index growth is 33th in the nation. Last year at this time, Arizona's rate was weaker and was the 37th highest among states. See *Appendix A – Tracking Arizona's Recovery* for additional historical information.

### Housing

The total housing inventory in the Greater Phoenix area is 2.1% larger than November of last year, suggesting a slower market. This is evidenced by homes being listed longer before selling. In November 2013, homes were on the market an average of 64 days. In November 2014, homes were on the market an average of 88 days.

The **median price of a single family home** was \$205,900 in November, a 0.4% increase over October. The price is 8.4% higher than November of last year.

Single family housing construction continues to weaken, while multi-family construction continues to expand. Arizona's 12-month total of **single-family building permits** is 17,457, or (2.2)% less than a year ago. The comparable single-family permit growth rate for the entire U.S. is 1.4% above last year. See *Appendix A – Tracking Arizona's Recovery* for historical information.

In contrast, the 12-month total of multi-family building permits has increased significantly since last year. Arizona's total of 9,834 **multi-family building permits** is 74.2% above 2013. Arizona's rate of increase is greater than the comparable multi-family permit growth for the U.S. as a whole which is 10.4% above 2013.

### Employment

The state's regular **unemployment rate** remained unchanged at 6.8% in November. The jobless rate was 7.8% in November 2013. The U.S. unemployment rate was 5.8% in November, which was also unchanged from the prior month.

According to the latest employment report released by the Department of Administration, the state added 24,400 **Nonfarm jobs** in November compared to the prior month. This was 5,200 jobs above the average increase of 19,200 jobs for November in the prior 10 years. All of the major industry sectors added jobs in November except for the manufacturing and construction sectors, which lost (200) jobs and (900) jobs, respectively

Compared to the same month in the prior year, Arizona added 66,900 net new jobs in November. This represents a year-over-year job growth rate of 2.6%. Through the month of November, the state has added

## Monthly Indicators (Continued)

an average of 52,000 jobs compared to the same period in the prior year. All of these gains were private sector jobs. The largest year-over-year job gains in November came from the following industries: employment services, which include temporary staffing services (+17,500), health care (+12,900) and accommodation and food services (+9,400). The construction industry was the only sector with year-over-year losses in November (-4,300).

In October, the **Average Weekly Hours** worked by individuals in Arizona's private sector was 34.1 hours. This workload is (1.4)% below the October 2013 level. The **Average Hourly Earnings** received by these private sector workers was \$22.73, which is (1.5)% below the average in October 2013.

An average of 34,708 individuals received **Regular Unemployment Benefits** in October in Arizona. This amount was a (9.4)% decrease from the prior month and (9.1)% from October 2013. A qualifying individual may receive up to \$240 in regular unemployment benefits a week for up to 26 weeks. The average monthly amount of recipients was 38,470 from 2000 through 2006, prior to the Great Recession.

### State Agency Data

At the beginning of December, the total **AHCCCS** caseload was 1.6 million members. Since the federal health care expansion in January, the overall AHCCCS population has grown by 337,000 members. The enacted budget assumed the AHCCCS population would grow by 372,000 members through December 2014.

Following an enrollment decrease in November, due to a round of coverage redeterminations, total monthly enrollment increased 0.4% in December. New enrollment from the expansion appears to be gradually phasing down, which would continue to reduce the pace of monthly caseload increases. This month represents the first time since April 2014 that actual enrollment fell below the budgeted forecast.

The overall monthly increase was largely due to enrollment of the Proposition 204 childless adults. In January, the state started accepting new enrollment in this program. In December, the Childless Adult population increased by 5,500, or 2.0%. Since January, the childless adult population has increased by 209,000 to reach a level of 277,000. This is compared to a budgeted level of 239,000 for December. The state share of the Proposition 204 cost is paid through a hospital assessment and not the General Fund.

The state also opted to expand adult Medicaid coverage to 133% of FPL. The 100% - 133% enrollment increased by 1,600 in December and now totals 32,600 individuals enrolled since January 2014 (versus a budgeted caseload of 58,000). The federal government is currently paying 100% of this cost.

Enrollment of the Traditional AHCCCS population of lower income children and their parents partially offset these increases, falling (1,900) in December to a level of 970,300 (versus a budgeted caseload of 1,023,000). The December level represents a decrease of (0.2)% since last month and a 10.3% increase since last year. This population accounts for much of the enrollment shortfall from forecast.

Based on information the Department of Child Safety provided for September 2014, **reports of child maltreatment** totaled 47,394 over the last 12 months, an increase of 8.5% over the prior year. There were 16,990 **children in out-of-home care** as of September 2014, or 13.0% more than in September 2013. Compared to the prior month, the number of out-of-home children increased by 0.7%.

At the end of November 2014, the **Arizona Department of Corrections** reported a population of 42,099 inmates. Since last November, the number of inmates increased by 2.8%. Since the previous month, the population decreased by (0.3)%.

There were 30,103 **TANF recipients** in the state in October, representing a (0.4)% decrease in monthly caseloads from September. The year-over-year number of TANF recipients has declined by (15.8)%. The statutory lifetime limit on cash assistance is 24 months.

The **Supplemental Nutrition Assistance Program (SNAP)**, formerly known as Food Stamps, provides assistance to low-income households to purchase food. This October, there were 1.1 million food stamp recipients in the state, representing a 0.1% increase over September caseloads. Compared to October of last year, food stamp participation declined by (4.7)%.

Table 5

### Change in the Department of Child Safety Staff since January 2014

<b>Direct Line Staff</b>	<b>January</b>	<b>November</b>	<b>Change since January</b>
Caseworkers	983	1,022	39
Hotline Staff <sup>1/</sup>	70	74	4
Staff in Training	137	312	175
<b>Subtotal - Direct Line</b>	<b>1,190</b>	<b>1,408</b>	<b>218</b>
<b>Non-Direct Line Staff</b>			
Asst. Program Managers	36	37	1
Unit Supervisors	168	218	50
Case Aides	211	291	80
OCWI	33	58	25
Other Non-Direct Line Staff	613	621	2/
<b>Subtotal - Non-Direct Line</b>	<b>1,061</b>	<b>1,295</b>	<b>234</b>
<b>Grand Total</b>	<b>2,251</b>	<b>2,703</b>	<b>452</b>

<sup>1/</sup> Excludes 20 temporary staff.

<sup>2/</sup> There are an estimated 180 unit secretaries included in this figure.

Table 6

## MONTHLY INDICATORS

Indicator	Time Period	Current Value	Change From Prior Period	Change From Prior Year
<b>Arizona</b>				
<u>Employment</u>				
- Regular Unemployment Rate	November	6.8%	0.0%	(1.0)%
- Total Unemployment Rate (discouraged/underemployed)	3 <sup>rd</sup> Q 2014	15.1%	(0.8)%	(0.9)%
- Initial Unemployment Insurance Claims	October	19,501	5.3%	(16.9)%
- Unemployment Insurance Recipients	October	34,708	(9.4)%	(9.1)%
- Non-Farm Employment - Total	November	2.63 million	0.9%	2.6%
Manufacturing	November	155,000	(0.1)%	0.2%
Construction	November	120,300	(0.7)%	(3.5)%
- Average Weekly Hours, Private Sector	October	34.1	0.6%	(1.4)%
- Average Hourly Earnings, Private Sector	October	\$22.73	(0.4)%	(1.5)%
<u>Sales</u>				
- Retail Taxable Sales				
Motor Vehicles/Misc. Auto	October	\$833.2 million	(10.7)%	7.5%
Furniture/Home Furnishings	October	\$320.0 million	16.7%	10.0%
Building Material/Lawn & Garden	October	\$288.1 million	6.4%	3.7%
<u>Building</u>				
- Residential Building Permits (12-month avg)				
Single-family	October	17,457	(0.9)%	(2.2)%
Multi-family	October	9,834	5.4%	74.2%
- Maricopa County/Other, Home Sales (ARMLS)				
Single-Family (Pending Sales)	November	4,246	(6.1)%	(17.6)%
- Maricopa County/Other, Median Home Price (ARMLS)				
Single-Family (Pending Sales)	November	\$205,900	0.4%	8.4%
- Phoenix S&P/C Home Price Index (2000 = 100)	September	147.38	(0.1)%	3.0%
- Maricopa Pending Foreclosures	November	5,844	(4.1)%	(33.3)%
- Greater Phoenix Total Housing Inventory, (ARMLS)	November	27,422	(0.6)%	2.1%
<u>Tourism</u>				
- Phoenix Sky Harbor Air Passengers	September	2.99 million	(13.4)%	2.7%
- National Park Visitors	September	1,242,795	(27.6)%	6.3%
- State Park Visitors	August	162,081	(18.9)%	(8.2)%
- Revenue Per Available Hotel Room	October	\$67.85	21.2%	11.3%
<u>General Measures</u>				
- Arizona Consumer Confidence Index (1985 = 100)	3 <sup>rd</sup> Q 2014	71.6	(4.7)%	(1.2)%
- Arizona Coincident Index (July 1992 = 100)	October	191.22	0.4%	3.2%
- Arizona Leading Index -- 6 month projected growth	October	5.1%	0.2%	2.3%
- Arizona Personal Income	2 <sup>nd</sup> Q 2014	\$254.9 billion	5.7%	4.2%
- Arizona Population	July 2013	6.63 million	N/A	1.2%
- State Debt Rating				
Standards & Poor's/Moody's	Dec 09/July 10	AA- / Aa3	N/A	N/A
Outlook	Nov 13	Positive	N/A	N/A
<u>Agency Measures</u>				
- AHCCCS Recipients	December	1,595,008	0.4%	26.8%
Acute Care Traditional		970,259	(0.2)%	10.3%
Prop 204 Childless Adults		276,638	2.0%	308.2%
Other Prop 204		166,868	0.0%	17.0%
Adult Expansion		32,594	5.1%	-
Kids Care I		1,898	(0.7)%	(69.3)%
Kids Care II		0	0.0%	(100.0)%
Long-Term Care -- Elderly & DD		56,494	0.5%	3.6%
Emergency Services		90,257	1.4%	35.4%
- Department of Child Safety (DCS)				
Annual Reports of Child Maltreatment (12-month total)	Sept. 2014	47,394	2.2%	8.5%
DCS Out-of-Home Children	September	16,990	0.7%	13.0%
Filled Caseworkers (1406 Budgeted)	November	1,408	0	201
- ADC Inmate Growth	November	42,099	(0.3)%	2.8%
- Department of Economic Security				
- TANF Recipients	October	30,103	(0.4)%	(15.8)%
- SNAP (Food Stamps) Recipients	October	1,057,306	0.1%	(4.7)%
- Judiciary Probation Caseload				
Non-Maricopa	October	17,972	169	340
Maricopa County	October	26,100	160	1,075
<b>United States</b>				
- Gross Domestic Product (Chained 2009 dollars, SAAR)	3 <sup>rd</sup> Q, 2014	\$16.2 trillion	2.4%	3.9%
- Consumer Confidence Index (1985 = 100)	November	88.7	(5.7)%	23.2%
- Leading Indicators Index (2004 = 100)	October	105.2	0.9%	6.8%
- Consumer Price Index, SA (1982-84 = 100)	November	237.0	(0.3)%	1.3%
- Personal Consumption Price Index (2009 = 100)	October	109.2	0.1%	1.4%

## JLBC Meeting

At its December 17, 2014 meeting, the Joint Legislative Budget Committee considered the following issues:

**Arizona Department of Administration – Federal Reimbursement for Excess Balances** – The Committee recommended that, in order to reduce the level of federal reimbursements related to excess balances in funds, excess balances should be proportionately returned to the state and federal government.

**Arizona Department of Administration – Employer Sanctions Enforcement Distributions** – The Committee approved distributing \$231,400 of the \$513,200 FY 2015 appropriation to 9 county officers who requested funding for enforcement of immigration-related employer sanctions. The Committee requested more information on Pima County Sheriff's request for \$97,700.

**Arizona Department of Administration – ASET Projects (Automation Projects Fund)** – The Committee gave favorable review of the proposed FY 2014 expenditure plan of \$335,500 from the Automation Projects Fund (APF) for information technology (IT) projects at the State Data Center. The Committee added technical provisions to its favorable review.

**Arizona Department of Administration – Public Safety Broadband Report** – The Committee gave a favorable review of ADOA's annual report on expenditures from the federally funded State and Local Implementation Grant Program (SLIGP). Through September 2014, ADOA expected to spend \$824,000 of the \$2.9 million received for the SLIGP. However, ADOA's actual spending was significantly less, at \$379,600.

**Attorney General – Review of Quarterly Report on Legal Settlements** – The Committee gave a favorable review of the \$4.2 million allocation of legal settlements for the first quarter of FY 2015. Of the \$4.2 million total, \$4.0 million went to the Consumer Protection – Consumer Fraud (CPCF) Revolving Fund, \$264,800 to the Restitution Subaccount, and \$7,800 to the Remediation Subaccount.

**Department of Revenue – Data Capture Project** – The Committee gave favorable review of the \$1.1 million in proposed expenditures from the APF to improve the Department of Revenue's (DOR) ability to capture and analyze more tax return data electronically. The Committee did not review the \$565,800 contingency.

**Department of Revenue – Tax Data Analysis Expenditure Plan** – The Committee gave a favorable review of DOR's \$100,000 FY 2015 expenditure plan to fund 2 staff positions in order to improve tax analysis of data in conjunction with the prior agenda item.

**Department of Revenue – Electronic Tobacco Tax Filing** – The Committee gave a favorable review of \$1.0 million in proposed FY 2015 expenditures from the Automation Projects Fund for an electronic tobacco tax licensing system at DOR.

**JLBC Staff – School Facilities Board Construction Index** – The Committee approved a 0% adjustment in the cost-per-square-foot factors used in SFB funding formulas, based on the overall decline in construction costs since November 2008.

**Arizona Department of Education – Transwestern Settlement** – The Committee gave a favorable review of the Arizona Department of Education's plan to provide 26 school districts in 7 counties with \$3.0 million in corrected Basic State Aid funding due to a recent settlement in the Arizona Tax Court regarding property taxes paid in prior years by the Transwestern Pipeline Company.

**Department of Economic Security – Data Center** – The Committee gave a favorable review to \$2.5 million in one-time funding to begin moving the data center to private space.

**AHCCCS/Department of Health Services/Department of Economic Security – Revised Capitation Rate Changes** – The Committee gave a favorable review of AHCCCS' proposed revisions in capitation rate changes for the state's Medicaid system. The changes reflect adjustments for the nationwide health insurer fee.

## JCCR Meeting

**Arizona State University – Sun Devil Stadium Renovations** - The Committee gave a favorable review to ASU's \$60.0 million System Revenue Bond issuance (plus \$5.7 million of gift revenue) to fund construction of Phase I of renovations to Sun Devil Stadium. The entire project is expected to cost \$256.0 million. In the short run, annual debt service costs of \$5.0 will be paid from Sun Devil Athletic revenue sources, including revenue distributions from the Pac-12 television contract. In the long run, the annual debt service is expected to cost \$16.5 million and would be paid from University Athletic Facilities District revenues. These monies will be derived from assessment on commercial properties developed within the 330-acre district located in Tempe.

**Arizona State University – IT Infrastructure Projects** - The Committee gave a favorable review to the ASU's \$20.0 million system revenue bond issuance to fund installation of high speed broadband at all 3 of ASU's campuses. The annual debt service will cost \$1.5 million.

**Arizona Department of Corrections – Building Renewal Reallocation** - The Committee gave favorable review of the ADC proposal to allocate a total of \$227,000 of contingency monies to improvements to the wastewater treatment plant at Arizona State Prison Complex (ASPC)-Eyman, a telecommunications project at ASPC - Lewis, and inpatient care beds at ASPC-Tucson Rincon.

**Arizona State Lottery Commission – Review of FY 2015 Building Renewal Allocation Plan** - The Committee gave a favorable review of the State Lottery Commission's expenditure plan of \$97,400 from the State Lottery Fund to fund building renewal of the Commission's Phoenix facility. The renewal plan consists of repairs to fix 1 of 2 water towers associated with the facility cooling system, door hardware and stairway repairs.

## Summary of Recent Agency Reports

**AHCCCS – Report on Emergency Department Utilization** - Pursuant to an FY 2015 Health and Welfare Budget Reconciliation Bill (Laws 2014, Chapter 11) provision, AHCCCS submitted their report on emergency department (ED) utilization. Currently there is no national standard or code set that identifies whether an ED visit was the result of an emergency or non-emergency situation. Therefore, AHCCCS continues to use the American College of Emergency Physicians' facility coding for the state's Medicaid population which assigns visits into 1 of 5 categories. Level I represents conditions such as acute upper respiratory infection, removal of sutures, or cough. Conditions such as severe burns or toxic ingestions would be classified as a Level V visit, the most severe.

From FY 2012 to FY 2013, total ED visits decreased by (39,381), or (4.6)%, which resulted in a decrease of \$(35.7) million in total amounts paid for AHCCCS recipients receiving ED services. Although imperfect, AHCCCS believes the Level I-V classifications to be "reasonable" indicators of non-emergency use of ED utilization data. (Andrew Smith)

**AHCCCS – Report on Health Insurance Exchange Interaction and Eligibility Modifications** - Pursuant to an FY 2015 General Appropriation Act footnote, the Arizona Health Care Cost Containment System (AHCCCS) is required to report on the progress made on their automation interaction with the Federally-Facilitated Marketplace (health insurance exchange) and eligibility modifications as part of the Affordable Care Act (ACA).

This is the first quarterly report of FY 2015 regarding AHCCCS' enrollment system, known as Health-e-Arizona Plus (HEAplus). As of December 1, 2014, AHCCCS reports that it continues to meet all requirements to obtain enhanced federal funding for their eligibility requirements. In addition, AHCCCS reports that during the last quarter (August through October), it received 8,237 applicants from the health insurance exchange and that 7,985 applicants, or 96.9%, were approved for AHCCCS coverage. The remaining applicants were either denied coverage or previously enrolled.

AHCCCS continues to refine IT processes and are waiting on federal government coordination before completing remaining IT changes. To date, several known issues include:

1. The integration of the security check for state workers, community assisters, and state vendors has not yet been integrated with the federal exchange since the federal exchange has not made testing of the integration available. During the interim, AHCCCS and the Department of Economic Security are using an alternative process.
2. The federal Centers for Medicare and Medicaid Services (CMS) has not developed a process for the coordination of decision notices or eligibility appeals between the Federally-Facilitated Marketplace (FFM) and AHCCCS. Implementation is expected in 2015. (Andrew Smith)

## Summary of Recent Agency Reports (Continued)

**AHCCCS – Report on Safety Net Care Pool Distribution Notification** – A FY 2015 General Appropriation Act footnote allows the Arizona Health Care Cost Containment System (AHCCCS) Administration to spend above the appropriated level of \$68.5 million for the Safety Net Care Pool (SNCP) program in FY 2015, but requires AHCCCS to report if the distributions exceed that amount. On December 17, 2014, AHCCCS reported it would increase the expenditure authority to \$127.8 million for SNCP hospital funding, an increase of \$59.3 million from the original appropriation.

The SNCP program uses voluntary monies from political subdivisions to draw down Federal Funds at a 2:1 match. The funds are then distributed to participating hospitals. The SNCP program expired for all hospitals on January 1, 2014, except for Phoenix Children's Hospital (PCH), which was granted a special waiver to participate through December 31, 2014. Due to an unanticipated payment lag, AHCCCS did not post any payments in the second-half of Calendar Year (CY) 2014 in FY 2014. AHCCCS expects to expend all of these payments in FY 2015. (Andrew Smith)

**Arizona Community Colleges – Report on STEM Workforce Programs** – Pursuant to A.R.S. § 15-1464H the Arizona Community College Coordinating Council (ACCCC) recently reported on each Community College District's science, technology, engineering and mathematics (STEM) and workforce programs plan activities for FY 2014.

In FY 2014, the state budget included \$2.0 million from the General Fund to support STEM and workforce programs at rural community colleges. Maricopa and Pima did not receive funding. The monies were distributed based on each district's share of the total statewide Full-Time Student Equivalent (FTSE) enrollment.

The ACCCC report describes the activities supported by the appropriation in each district and provides a breakout of expenditures. The STEM and Workforce Program aid was required to be used for the following purposes:

- Partnerships with business and educational institutions.
- Additional faculty for improved and expanded classroom instruction and course offerings.
- Technology, equipment and technology infrastructure for the advanced teaching and learning in classrooms or laboratories.
- Student services such as assessment, advisement and counseling for new and expanded job opportunities.
- The purchase, lease or lease-purchase of real property, for construction, remodeling or repair of buildings or facilities on real property.

(Tom Ritland)

**Arizona Criminal Justice Commission – Report on Criminal Justice Enhancement Fund** – Pursuant to A.R.S. § 41-2401C, the Arizona Criminal Justice Commission (ACJC) has provided its annual report on Criminal Justice Enhancement Fund (CJEF) monies distributed to law enforcement agencies. CJEF consists of a 47% assessment on certain fines, penalties, and forfeitures imposed and collected by the courts. In FY 2014, CJEF revenues totaled \$40.4 million and the total funds available for the fiscal year, including the beginning balance and adjustments, was \$63.2 million. In FY 2014, CJEF revenues decreased by (1.7)% from FY 2013; CJEF expenditures totaled \$40.3 million, and fund transfers totaled \$317,900. (Krista MacGahan)

**Department of Economic Security – Report on Domestic Violence** – Pursuant to Laws 2014, 2<sup>nd</sup> Special Session, Chapter 2, Section 7, the Department of Economic Security reported the amount of state and federal monies available for domestic violence funding in FY 2014. Six agencies spent a total of \$23.4 million in domestic violence funding, a (0.5%) decline in spending from FY 2013. (Tom Ritland)

**Department of Education - Report on Education Learning and Accountability System** - Pursuant to a General Appropriation Act footnote, the Arizona Department of Education (ADE) must contract with an independent third-party vendor to provide additional oversight on the development of ADE's Education Learning and Accountability System (ELAS). The vendor is required to submit quarterly reports that evaluate and assess the project's feasibility, estimated expenditures, technology approach and scope throughout the life of the project. The vendor's most recent quarterly report was issued on October 15, 2014.

The new report concludes that ADE has developed ELAS to the extent that other states now seek ADE for guidance on developing their own student data systems. The vendor also observed that ADE continues to improve its technology approach and cost management system. Following feedback from an earlier performance report, ADE has engaged more education stakeholders, but the vendor notes that more outreach is needed.

The report notes several delays impeding ELAS. The teaching and learning components of ELAS, such as content management, learning management, and teacher observation tools, are not fully functional for district use. Further, ADE's content specialists are not ready to lead teacher in-service on how best to use ELAS for instructional purposes. Additionally, state testing data is available through ELAS, but short-term data, like weekly quizzes, is not. The report repeatedly refers to the lack of functionality and how it undermines ELAS's relevance to teachers.

## Summary of Recent Agency Reports (Continued)

The report also states that “the most disconcerting finding” threatening the success of ELAS is the uncertain go-live dates for replacing the Student Accountability Information System (SAIS). SAIS computes state financial aid payments to schools. Critical components of SAIS are behind schedule for a number of reasons. The component of SAIS that schools will use to submit data to ADE is unfinished because ADE has not completed the technical specifications for its uniform data standards. This delay prevents school-based Information Technology (IT) vendors from redesigning their own student information systems (SIS) that would allow schools to input student data, like daily student attendance counts, into SAIS.

There is also a delay in construction of the “middle section” of SAIS. This section would validate and load into SAIS the raw data submitted by schools from their student information systems. The funding formula would use the validated and loaded data to compute how much state funding a school should receive. The vendor warns that these delays “will likely erode confidence and support ELAS.” The vendor recommends ADE establish a “clear plan, schedule and communication strategy...as soon as possible to manage to the expectations of the districts.” SAIS was originally scheduled to go-live in June 2015. The vendor projects that date to now be June 2016. (Matt Gress)

**Board of Executive Clemency - Report on FY 2014 Caseload** - Pursuant to a footnote in the FY 2015 General Appropriation Act, the board is required to submit a report on its FY 2014 caseload by November 1, 2014. The board conducted 3,058 case hearings in FY 2014, as described below:

- Phases 1 and 2 Commutation (360): After reviewing an inmate’s request to have their sentence commuted, the board can decide to deny the request or allow the request to move to a Phase 2 Commutation hearing.
- Pardon (22): The board may recommend that the Governor pardon an offender.
- Absolute Discharge (24): The board can discharge a person from imprisonment or parole supervision prior to the sentence expiration date or prior to the expiration of parole.
- Modification (3): The board can recommend to the Governor that an inmate’s sentence be modified or commuted.
- Reprieve (2): The board can make a recommendation to the Governor to delay or temporarily suspend the carrying out of an inmate’s punishment.
- Parole (394): These hearings only apply to offenders sentenced prior to 1994. The board may place these offenders on parole or deny their

application for parole and return them to the Department of Corrections.

- Violator (2,253): These hearings are conducted when an offender has violated the terms of community supervision. (Krista MacGahan)

**Department of Health Services – Quarterly Report on Individuals in the Comprehensive Medical and Dental Program (CMDP)** - Pursuant to Laws 2013, Chapter 220, the Department of Health Services (DHS) is required to report on the financial and program accountability trends of CMDP, the foster care medical program. This report is required quarterly until December 31, 2015. DHS states that data issues have affected its ability to accurately report on service delivery claims, causing significant under-reporting of FY 2014 fourth quarter activity in Maricopa County. DHS plans to reissue this report once accurate claims information is available.

DHS administers behavioral health services for CMDP clients. In its fourth quarter FY 2014 report, DHS reports that 52%, or 9,660 of 18,679 children in CMDP, received behavioral health services, which represents a 7% decline from 59% in the third quarter of FY 2014. The service utilization level ranged between 41% and 74% across the 6 geographic service areas (GSAs), with Maricopa County service area experiencing the lowest rate of usage. From July 1, 2013 to June 30, 2014, almost 69% of all children in CMDP had received behavioral health services.

The most widely used services by CMDP members during the fourth quarter of FY 2014 were support services (including case management), treatment services, and pharmacy services. Of all members served, 95% used support services, 71% used treatment services, and 17% used pharmacy services. The most expensive service per capita was residential services. DHS states that 111 CMDP members received nearly \$1.1 million in residential services during the fourth quarter (\$10,100 per capita). Residential services consist of treatment at facilities that provide 24-hour supervision from an on-site or on-call behavioral health professional for CMDP members who do not require on-site medical services or who need protective oversight. (Matt Gress)

**JLBC Staff – FY 2014 Reports on Credit Card Transactions** – A.R.S. § 35-142 requires agencies that accept credit cards to annually report the number and dollar amount of those transactions, compared to the number and dollar amount of all transactions. Statute also requires information on the total dollar amounts of any discount, processing, or convenience fees paid. Lastly, each agency must issue a cost benefit report when its percentage of electronic transactions exceeds 30%. As in FY 2013, no agency issued a cost benefit report to accompany its FY 2014 transaction report.

## Summary of Recent Agency Reports (Continued)

Credit card transaction volumes varied widely among the agencies that submitted reports. In FY 2014, the total number of transactions processed by these agencies was 2.0 million, of which electronic transactions totaled 1.0 million, or 49.7%. The total dollar amount of all transactions was at least \$695.7 million. Electronic transactions accounted for at least \$539.7 million of that total. The amount of discount and processing fees were \$2.7 million. Convenience charges that totaled \$376,942 offset those fees. Discount fees totaled 0.43% of the amount of electronic transactions, processing fees totaled 0.07%, and convenience fees totaled 0.07%. (Josh Hope)

**Commission for Postsecondary Education – Report on Postsecondary Education Grant Program** – A.R.S. § 15-1855 requires the Commission for Postsecondary Education (ACPE) to report annually on its Postsecondary Education Grant (PEG) program.

The PEG program provides grants to students attending private postsecondary institutions. The program was launched in March 2007 and received funding through FY 2010. In FY 2010, a total of \$2.2 million was disbursed to 1,400 grantees representing 20 private postsecondary schools. Funding was eliminated after FY 2010 and the program continues to be suspended.

Since its inception, 4,084 students received a PEG loan. Of those recipients, 2,300 have already graduated with a baccalaureate degree. The remaining recipients are either currently enrolled and working on completing their degree or not enrolled or attending the last institution on file at the time of their last grant award. ACPE is currently searching to locate these students for inquiry regarding their enrollment or graduation status. Those who fail to meet the requirements of the forgivable loan must enter into the PEG repayment program. (Rebecca Perra)

**Commission for Postsecondary Education – Report on Math, Science, and Special Education Teacher Loan Forgiveness Program** – A.R.S. § 15-1782 requires the Commission for Postsecondary Education to report annually on its Math, Science, and Special Education Teacher Loan Forgiveness (MSSE) program.

The MSSE program provides forgivable loans to eligible students attending any regionally or nationally accredited institution in Arizona (public or private) that agree to a service commitment to teach in an Arizona public K-12 school. The program was created in 2007.

In FY 2014, the MSSE program had 37 applicants and disbursed 29 loans. This total includes 7 new loans and 22 renewals. The total disbursement was \$164,642. Of

the 29 recipients, 2 are studying mathematics, 2 are studying science, 20 are studying special education, and 5 are studying elementary education. Four recipients attend private postsecondary institutions and 25 attend public universities.

The commission is responsible for collecting retention data for loan recipients. At the conclusion of FY 2014, 236 students have participated in the MSSE program. Of those, 24 are still enrolled in a postsecondary institution, 14 are in the 12-month grace period, 37 are teaching in a public K-12 school in Arizona, 116 had their loan forgiven for completing their teaching service, 39 are in repayment, 5 have paid their loan balance in full, and 1 loan is in deferment. (Rebecca Perra)

**Department of Revenue – Report on Annual Enforcement Goals**– Pursuant to 2 General Appropriation Act footnotes, the Department of Revenue (DOR) is required to report on their FY 2015 revenue enforcement goals, and to provide an annual progress report to the Committee on the effectiveness of the department's overall enforcement and collections programs for FY 2014. In FY 2014, DOR's total enforcement goal was \$488.8 million but they actually collected \$554.8. DOR's FY 2015 goal for total enforcement collections totals \$491.3 million.

DOR's General Fund FY 2015 revenue enforcement goal is \$301.7 million, which is \$140.5 million, or 32.7% below FY 2014 actual collections. Compared to actual FY 2014 General Fund enforcement revenue, DOR's FY 2015 goals consist of:

- A decrease in audit revenue of \$(34.9) million, or 33.7%.
- A decrease in collections revenue of \$(74.1) million, or 31.9%.
- A decrease in accounts receivable revenue of \$(31.5) million, or 29.5%

Audit enforcement revenue includes revenue due to DOR's auditing of taxpayer returns, and finding and licensing unlicensed businesses. Accounts receivable revenue includes taxpayer accounts paid before they would have been moved to collections, which allows DOR's collectors to work on other accounts. After certain periods of time, unpaid taxpayer accounts are moved from accounts receivable to DOR's Collections section. (Jeremy Gunderson)

**School Facilities Board - Report on Costs for Current and Potential Litigation** – Pursuant to A.R.S. § 15-2041L, the School Facilities Board (SFB) is required to annually report on the costs associated with current and potential litigation against the agency. SFB is not

## Summary of Recent Agency Reports (Continued)

currently in litigation and does not expect there to be potential litigation in pursuing the recovery of damages for deficiencies corrections. The account currently has a zero balance. (Josh Hope)

**Supreme Court – Report on Adult Probation Services Fund and the Juvenile Probation Fund** – Pursuant to a General Appropriation Act footnote and A.R.S. § 12-262, the Administrative Office of the Courts (AOC) is required to report to the JLBC on the FY 2014 actual, FY 2015 estimated, and FY 2016 requested amounts of the following: 1) the number of authorized and filled case carrying and non-case carrying probation positions by county; 2) the total receipts and expenditures by county and fund source for each of the probation Special Line Items (SLI), including the Personal Services expended from each revenue source of each account; and 3) the amount of monies from the probation SLIs that the AOC does not distribute as direct aid to counties. The figures in this report are for all counties except Maricopa as the state does not pay any of the county's costs of probation.

### Adult Standard Probation

Adult Standard Probation county expenditures statewide for probation officers were \$34.9 million in FY 2014, of which \$11.7 million were General Fund monies and \$3.9 million were non-General Fund state expenditures. The remaining \$19.3 million were county expenditures. These monies funded 232.5 authorized case carrying positions and 389.2 authorized non-case carrying positions. Of these positions, 198 case carrying and 335.3 non-case carrying positions were filled. AOC estimates total expenditures of \$34.1 million in FY 2015 and \$36.0 million in FY 2016.

AOC reports Adult Standard Probation SLI expenditures of \$13.4 million in General Fund monies in FY 2014, of which \$2.1 million were for other services including \$811,700 for administration and \$588,200 for automation. The remaining \$11.4 million was distributed to counties. The AOC also reports expenditures of \$647,600 from the Interstate Compact SLI, of which \$371,700 was distributed to Yavapai and Pima Counties.

### Adult Intensive Probation

AOC reports statewide Adult Intensive Probation county expenditures for probation officers of \$10.0 million in FY 2014, of which \$8.3 million were General Fund monies and \$1.6 million were non-General Fund state expenditures. These monies funded 109.5 authorized case carrying positions and 64.4 authorized non-case carrying positions. Of these positions, 107.5 case carrying and 58.1 non-case carrying positions were filled. AOC estimates total expenditures of \$9.0 million in FY 2015 and \$9.4 million in FY 2016.

AOC reports Adult Intensive Probation SLI expenditures of \$10.6 million in General Fund monies in FY 2014, of which \$2.2 million were for other services including \$732,900 for administration and \$602,600 for automation. The remaining \$8.4 million was distributed to counties.

### Juvenile Standard Probation

The statewide total for Juvenile Standard Probation county expenditures for probation officers were \$17.2 million in FY 2014, of which \$3.9 million were General Fund monies. The remaining \$13.3 million were county expenditures. These monies funded 71.5 authorized case carrying positions and 238.7 authorized non-case carrying positions. Of these positions, 70 case carrying and 237.4 non-case carrying positions were filled. AOC estimates total expenditures of \$18.6 million in FY 2015 and \$19.3 million in FY 2016.

AOC reports Juvenile Standard Probation SLI expenditures of \$4.6 million in General Fund monies in FY 2014, of which \$596,500 were for other services including \$315,400 for administration and \$118,400 for centralized treatment probation services payments. The remaining \$4.0 million was distributed to counties.

### Juvenile Intensive Probation

AOC reports statewide Juvenile Intensive Probation county expenditures for probation officers of \$5.3 million in FY 2014, all of which were General Fund monies. These monies funded 55 authorized case carrying positions and 38.1 authorized non-case carrying positions. Of these positions, 53 case carrying and 32.3 non-case carrying positions were filled. AOC estimates total expenditures of \$5.5 million in FY 2015 and \$5.8 million in FY 2016.

AOC reports Juvenile Intensive Probation SLI General Fund expenditures of \$8.8 million in FY 2014. Of this amount, \$3.0 million were for other services including \$1.1 million for centralized treatment probation service payments and \$429,300 for administration. The remaining \$5.8 million was distributed to counties. (Eric Billings)

## November Spending

November 2014 General Fund spending of \$479.0 million was \$(92.1) million less than November 2013. Year-to-date, spending is \$5.20 billion, or \$267.4 million above last year. (See Tables 7 & 8).

- Due to the state accounting system, at this time Department of Economic Security and Department of Child Safety expenditures cannot be displayed separately.
- Year-to-date, the Department of Education has spent \$59.4 million more than the prior year.
- Year-to-date, Department of Health Services spending has increased by \$58.9 million compared to the prior year. This increase is in part due to the restoration of childless adult Medicaid coverage, which is entirely paid for with General Fund monies in the Department of Health Services.

**Table 7**

	General Fund Spending (\$ in Millions)			YTD Change from FY 14
	<u>Nov 14</u>	Change From <u>Nov 13</u>	<u>Year-to-Date</u>	
<b>Agency</b>				
AHCCCS	68.3	(44.2)	529.2	(31.8)
Corrections	73.4	3.7	417.3	21.4
Economic Security/Child Safety	4.7	2.5	589.6	88.9
Education	235.7	8.8	2,124.2	59.4
Health Services	12.5	(51.0)	505.3	58.9
Public Safety	1.6	0.0	37.3	20.8
School Facilities Board	0.1	0.0	155.9	(1.6)
Universities	46.1	3.7	443.2	18.0
Leaseback Debt Service	0.0	0.0	84.1	0.0
Other	<u>36.6</u>	<u>(15.6)</u>	<u>314.5</u>	<u>33.4</u>
<b>Total</b>	<b>479.0</b>	<b>(92.1)</b>	<b>5,200.6</b>	<b>267.4</b>

Table 8

<b>General Fund Spending</b> (\$ in Thousands)				
<b>Agency</b>	<b>Nov 14</b>	<b>Change from Nov 13</b>	<b>Year-to-Date</b>	<b>YTD Change from FY 14</b>
Dept. of Admin./Automation Projects Fund	4,138.8	1,970.5	35,637.2	16,736.9
ADOA – Sale/Leaseback Debt Service	-	-	84,123.7	3.9
Office of Administrative Hearings	64.9	1.8	405.8	13.4
Department of Agriculture	632.3	(8.4)	3,801.8	9.2
AHCCCS	68,297.3	(44,174.1)	529,150.0	(31,802.0)
Attorney General	1,445.0	26.8	9,050.8	(772.6)
State Board of Charter Schools	60.0	7.5	392.2	(8.8)
AZ Commerce Authority	2,625.0	-	13,125.0	-
Community Colleges	637.1	414.9	34,410.7	1,696.3
Corporation Commission	48.3	12.8	258.0	49.1
Department of Corrections	73,423.4	3,717.8	417,253.1	21,391.9
County Funding	-	(7,150.5)	7,650.5	500.0
AZ State Schools for the Deaf & Blind	2,223.2	1,765.0	10,803.7	(42.7)
Dept. of Econ. Security/Dept. of Child Safety	4,716.3	2,523.4	589,583.2	88,860.1
Department of Education	235,678.6	8,806.8	2,124,159.3	59,378.9
DEMA	218.9	(422.9)	2,183.4	(481.3)
DEQ – WQARF	-	(7,000.0)	7,000.0	-
Office of Equal Opportunity	8.3	(8.8)	61.5	(26.7)
State Board of Equalization	33.1	(17.1)	297.1	(27.2)
Board of Executive Clemency	71.0	33.7	438.5	64.1
Department of Financial Institutions	225.9	21.2	1,339.5	78.2
Department of Fire, Bldg and Life Safety	159.3	27.2	974.6	62.5
State Forester	220.9	(2.8)	1,518.1	122.0
Arizona Geological Survey	198.8	148.1	427.2	117.1
Governor/OSPB	1,090.1	346.4	4,642.3	(36.0)
Department of Health Services	12,529.3	(51,038.0)	505,338.1	58,895.3
Arizona Historical Society	218.4	6.9	1,617.3	46.7
Prescott Historical Society of AZ	48.7	(3.9)	292.7	(8.2)
Independent Redistricting Comm.	166.9	112.9	447.0	(250.0)
Commission of Indian Affairs	0.9	(1.6)	22.5	(5.5)
Department of Insurance	331.4	(48.9)	2,405.3	9.6
Judiciary				
Supreme/Superior Court	2,154.7	(8,095.9)	45,224.0	962.3
Court of Appeals	1,049.0	(34.5)	6,055.5	34.4
Department of Juvenile Corrections	2,869.5	63.6	17,236.2	360.0

Table 8 (Continued)

Agency	Nov 14	Change from Nov 13	Year-to-Date	YTD Change from FY 14
State Land Department	1,230.8	(163.4)	5,677.4	483.1
Legislature				
Auditor General	1,555.3	67.8	8,571.4	592.7
House of Representatives	897.4	(15.9)	5,060.8	70.8
Joint Legislative Budget Comm.	165.8	18.9	956.9	113.3
Legislative Council	764.6	208.5	4,118.6	877.1
Senate	621.7	(5.0)	3,338.8	(5.8)
Mine Inspector	79.4	(2.2)	534.7	(5.8)
Nav. Streams & Adjudication	9.9	1.2	78.5	27.0
Phoenix Convention Center	-	-	20,449.0	-
Pioneers' Home	268.2	263.3	823.7	383.1
Comm. for Postsecondary Ed.	-	-	698.4	-
Department of Public Safety	1,594.5	14.0	37,277.3	20,755.0
Arizona Department of Racing	-	-	1,789.7	(0.2)
Radiation Regulatory Agency	36.8	2.4	749.4	1.4
Real Estate Department	180.7	15.0	1,181.0	8.0
Department of Revenue	1,463.1	(3,445.9)	24,511.7	(493.5)
School Facilities Board	102.2	6.7	155,876.9	(1,585.3)
Secretary of State	729.4	(149.3)	6,821.1	790.6
Tax Appeals Board	17.1	(0.0)	128.2	0.9
Office of Tourism	-	(603.8)	6,972.6	4,532.1
Universities				
Board of Regents	593.3	976.1	15,538.5	4,336.0
Arizona State University	21,559.2	1,918.8	198,371.4	9,593.9
Northern Arizona University	7,315.5	753.0	67,072.5	3,765.1
University of Arizona	16,666.4	70.0	162,261.8	350.1
Department of Veteran Services	324.4	(71.4)	1,982.8	(231.2)
Department of Water Resources	859.7	53.2	4,436.0	56.5
Water Infrastructure Finance Authority	-	-	1,000.0	1,000.0
Department of Weights & Measures	115.3	14.9	574.4	66.0
Other - JP Salaries Distribution	225.1	17.6	421.4	49.5
Other	-	(0.4)	4.0	3.5
<b>Total</b>	<b>478,961.2</b>	<b>(92,056.8)</b>	<b>5,200,605.5</b>	<b>267,408.6</b>

## Tracking Arizona's Recovery

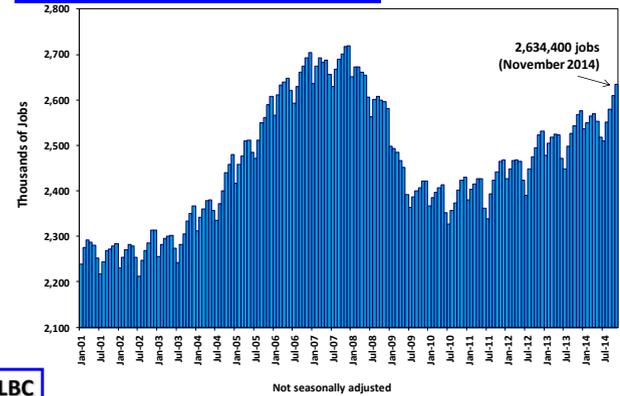
December 2014  
Appendix A

Slide:

- 2.....Total Non-Farm Employment
- 3.....Average Hourly Earnings – Private Sector
- 4.....Initial Claims for Unemployment Insurance
- 5.....State Sales Tax Collections – Retail Category
- 6.....State Sales Tax Collections – Contracting Category
- 7.....Residential Building Permits
- 8.....Economic Activity Index

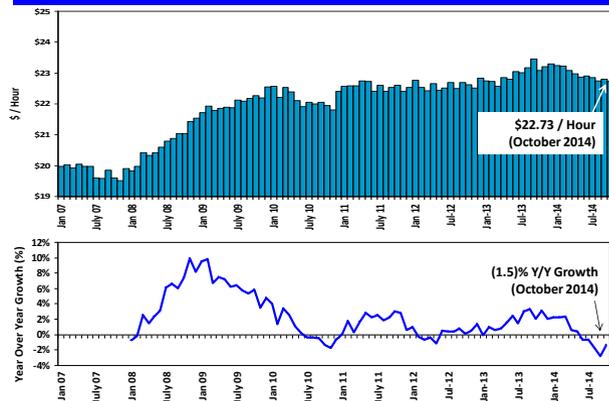
JLBC

## Total Non-Farm Employment



JLBC

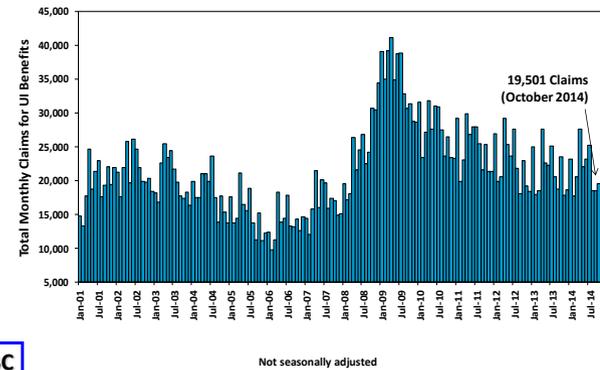
## Average Hourly Earnings – Private Sector



JLBC

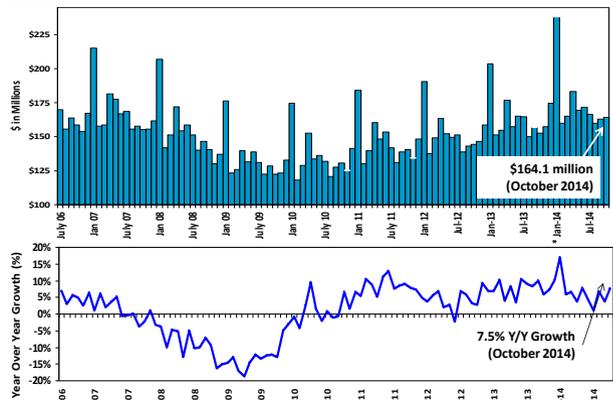
3

## Initial Claims for Unemployment Insurance



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## State Sales Tax Collections – Retail Category

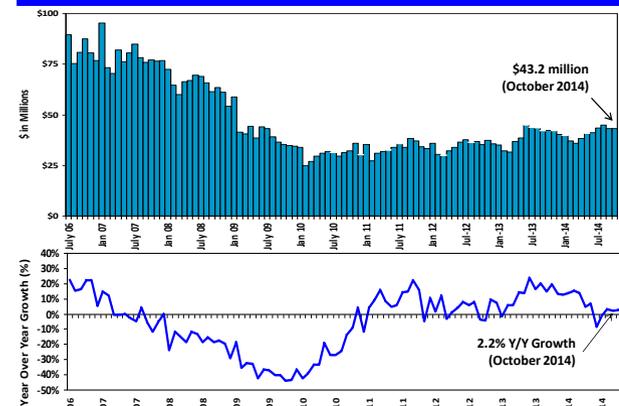


JLBC

Excludes temporary 1 ¢ sales tax \* January 2014 collections reflect the reclassification of approximately \$40 million of revenue from other tax categories to retail collections

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## State Sales Tax Collections – Contracting Category

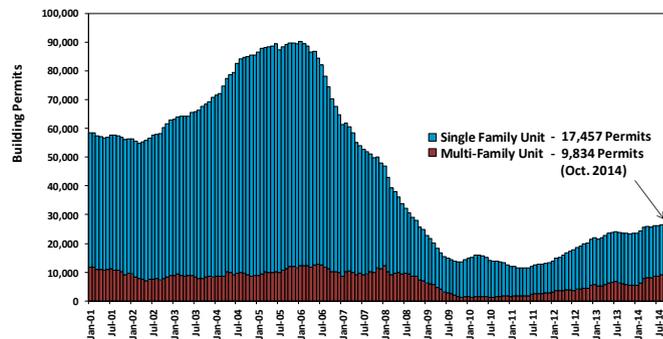


JLBC

Excludes temporary 1 ¢ sales tax

6

## Residential Building Permits

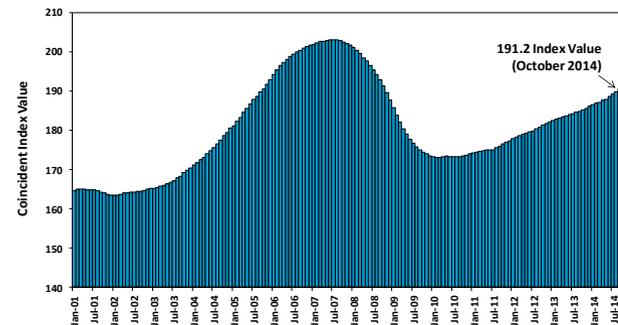


JLBC

12-Month Moving Sum

7

## Economic Activity Index



JLBC

Source: Coincident Index – Federal Reserve Bank of Philadelphia. Combines four state-level indicators (employment, average hours worked in manufacturing, the unemployment rate, and wage and salary disbursements) to summarize current economic conditions.

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