

1716 W. Adams
Phoenix, AZ 85007

Phone:
(602) 926-5491
Fax:
(602) 926-5416



www.azleg.gov/jlbc.htm

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Summary

November 2015 General Fund collections of \$729.5 million were 23.2% above the prior year, and were \$84.4 million above the enacted budget forecast. The significant overall revenue growth rate was in part driven by one-time fund transfers, however, base November revenues (excluding Urban Revenue Sharing and Fund Transfers) also posted a strong increase of 12.2% above the prior year.

The November forecast gains happened almost entirely in the state’s “Big 3” revenue categories (Sales, Individual Income and Corporate Income Tax).

Individual Income Tax collections were helped by a large growth in withholding collections, which were 14.2% above last year. The surge in withholding receipts is mostly due to an additional processing day that occurred this November – recent withholding results have suggested a more typical growth rate is in the 2-3% range.

November Corporate Income Tax revenues grew by \$17.1 million above last year. The forecast actually assumed a decline in collections for the month. This projected decline was due to corporate tax reductions that are being phased in over several years.

While TY 2014 Corporate returns would typically be filed in April 2015 (FY 2015), it was assumed that most large Corporate filers would receive 6-month extensions and file returns during October 2015. As these returns were processed in November 2015, the state would then realize a portion of the revenue loss from the tax reductions.

Given the growth in collections: 1) corporations are not filing returns using the lower tax rate; or 2) corporate profitability is much higher than expected. At this time, there is minimal data to support either scenario.

Sales Tax had a growth rate of 7.3% during November, which is a rate much higher than in prior months during FY 2016. However, due to a lack of data on sales tax categories (such as broad components of retail purchases) it is difficult to determine the cause of this month’s increase.

Year-to-date, base General Fund revenues are 4.8% above the prior year, and are \$207.2 million above forecast. Excluding the one-time tax amnesty, year-to-date revenues are \$180.2 million above forecast. (See the November issue of the *Monthly Fiscal Highlights* for more information.)

In comparison to revenue collections of \$729.5 million, November 2015 spending was \$532.5 million, which is an increase of \$53.6 million from the prior year.

Fiscal year-to-date, General Fund revenues of \$3.66 billion have been offset by \$5.15 billion of expenditures.

The state’s fiscal health can also be measured by the operating fund balance. The state pays its bills out of the operating fund balance, which consists of the General Fund and certain dedicated funds. The operating balance as of mid-December 2015 is \$1.5 billion. In addition, the state’s Budget Stabilization Fund has a balance of \$459.1 million.

Table of Contents

Summary

November Revenues.....2

Monthly Indicators4

JLBC Meeting7

JCCR Meeting.....8

Summary of Recent Agency Reports

• ADOA – Investment Yield Restriction8

• AHCCCS – Emergency Department Report ..8

• AHCCCS – Uncompensated Care Report9

• Comm. Colleges – Annual Report9

• Commerce Authority – Competes Fund9

• ACJC – Report on CJEF11

• DES – Domestic Violence Report 11

• DEQ – E-Licensing Project Report 11

• DHS – IGA/ISA Funds Report 11

• Mine Inspector – Abandoned Mines 12

• Postsecondary Ed. – Grant Program 12

• Postsecondary Ed. – Teacher Loans 12

• SFB – Child Removal Process 12

• SFB – Funding Estimates 12

• ADOT – MVD Wait Times..... 13

November Spending 13

Tracking Arizona’s Recovery Appendix A

November Revenues

	<u>FY 2016 Collections</u>	<u>Difference From Budget Forecast</u>	<u>Difference From FY 2015</u>
November	\$ 729.5	\$ 84.4	\$ 137.3
Year-to-Date	\$ 3,655.6	\$ 207.2	\$ 181.9

Sales Tax collections of \$358.4 million were 7.3% above November of last year and 4.4% above forecast for the month. Year to date, sales tax collections are up by 3.5% compared to last year and \$11.2 million below forecast.

Table 2 below includes the major categories of the state's sales tax, which together account for approximately 90% of total collections.

Among the major categories, retail, along with the restaurant and bar category performed well in November. The retail sales tax increased by 11.7%, year over year, whereas the restaurant and bar sales tax grew by 12.2%. Prime contracting decreased by (9.3)%, the smallest decline since March 2015.

As has been discussed in prior months, the retail growth and contracting decline appears to be related to "TPT Simplification" legislation enacted in 2013. Beginning in 2015, the tax base for building materials changed from contracting to retail.

	<u>November</u>	<u>YTD</u>
Retail	11.7%	10.2%
Contracting	(9.3)%	(17.6)%
Use	9.1%	(1.3)%
Restaurant & Bar	12.2%	5.4%
Utilities	5.8%	1.6%

Individual Income Tax net revenues were \$323.6 million in November, which were \$39.6 million above the prior year and \$37.6 million above forecast for the month. Year-to-date, revenue has grown 6.9% over the prior year to a level that is \$135.2 million above forecast.

As indicated in Table 3, withholding increased by 14.2% for the month and was \$35.5 million above the forecast. The strong month was likely the result of an additional major processing day compared to November of 2014. Year-to-date withholding collections are 3.7% above FY 2015 and \$58.6 million above the forecast.

November estimated and final payments of \$22.2 million were 26.3% above last year and \$7.2 million above the forecast. Year-to-date, payments are \$60.9 million above the budget forecast.

November Individual Income Tax refunds totaled \$(18.7) million – this compares to \$(14.0) million in November 2014 and a forecasted amount of \$(13.6) million. Year-to-date, lower-than-expected refunds have led to a \$15.7 million gain compared to the enacted forecast.

	<u>November</u>	<u>YTD</u>
Withholding	14.2%	3.7%
Estimated/Final Payments	26.3%	16.3%
Refunds	33.8%	(11.4)%

Corporate Income Tax net collections were \$20.6 million in November, which was \$17.2 million more than the prior year. Collections for the month were \$33.9 million above the forecast. Year to date, collections are \$65.4 million above forecast.

Lottery General Fund collections year-to-date have increased by 21.3% compared to the prior year and are \$2.3 million above the forecast. Information regarding ticket sales during FY 2016 is not available at this time.

Insurance Premium Tax collections of \$50,000 in November were \$(0.3) million below the prior year and \$(1.2) million below forecast. Year-to-date, collections are \$5.2 million above forecast.

Highway User Revenue Fund (HURF) collections of \$108.4 million in November were up 5.8% compared to November of last year and were \$4.9 million above forecast while year-to-date collections are \$18.4 million above forecast and 6.1% above last year.

Other Miscellaneous collections of \$3.7 million in November were \$(1.3) million below last year and \$0.9 million above forecast. Year-to-date collections are \$(0.9) million below forecast. During the month of October the Department of Revenue (DOR) made a significant positive transaction under this category, and a corresponding negative transaction occurred in November. The October and November issues of the *Monthly Fiscal Highlights* have excluded these transactions to more accurately represent the General Fund revenue results in both months.

Due to the implementation of a new accounting system, DOR has made **technical adjustments** to prior month collection figures. For November, DOR has deducted \$(1.6) million from prior General Fund revenue collections, and the adjustment has been included in the reported year-to-date results.

Table 4

General Fund Revenue: Change from Previous Year and Budget Forecast November 2015

	Current Month					FY 2016 YTD (Five Months)				
	Actual November 2015	Change From November 2014		Budget Forecast		Actual November 2015	Change from November 2014		Budget Forecast	
		Amount	Percent	Amount	Percent		Amount	Percent	Amount	Percent
<u>Taxes</u>										
Sales and Use	\$358,438,490	\$24,379,706	7.3 %	\$15,003,489	4.4 %	\$1,768,554,473	\$59,054,020	3.5 %	\$7,904,065	0.4 %
Income - Individual	323,581,752	39,614,394	14.0	37,595,499	13.1	1,667,970,033	107,884,543	6.9	135,198,221	8.8
- Corporate	20,601,844	17,151,589	497.1	33,911,547	--	189,352,161	8,865,382	4.9	65,397,316	52.8
Property	4,649,544	2,154,298	86.3	224,921	5.1	13,179,687	7,141,109	118.3	5,313,405	67.5
Luxury - Tobacco	2,392,025	330,359	16.0	0	0.0	10,561,105	613,229	6.2	847,286	8.7
- Liquor	2,813,925	8,532	0.3	0	0.0	12,717,447	(37,244)	(0.3)	(362,022)	(2.8)
Insurance Premium	48,839	(267,811)	(84.6)	(1,222,548)	(96.2)	138,779,785	8,342,098	6.4	4,020,046	3.0
Other Taxes	2,167,103	1,754,316	425.0	1,779,519	459.1	2,335,692	(111,038)	(4.5)	(50,200)	(2.1)
Sub-Total Taxes	\$714,693,522	\$85,125,383	13.5 %	\$87,292,427	13.9 %	\$3,803,450,383	\$191,752,101	5.3 %	\$218,268,119	6.1 %
<u>Other Revenue</u>										
Lottery	0	0	--	0	--	12,931,475	2,266,875	21.3	2,294,285	21.6
License, Fees and Permits	2,505,337	265,588	11.9	100,023	4.2	12,168,000	(82,869)	(0.7)	(250,846)	(2.0)
Interest	1,524	250	19.6	(38,811)	(96.2)	9,501	(3,432)	(26.5)	(1,684,569)	(99.4)
Sales and Services	1,439,657	250,490	21.1	(115,467)	(7.4)	4,582,292	(2,487,395)	(35.2)	(2,991,376)	(39.5)
Other Miscellaneous	3,746,055	(1,261,195)	(25.2)	925,339	32.8	8,985,213	(1,988,041)	(18.1)	(908,436)	(9.2)
Disproportionate Share	0	0	--	0	--	0	0	--	0	--
Transfers and Reimbursements	(797,555)	(5,759,981)	--	(3,797,555)	--	7,462,425	(11,491,257)	(60.6)	(7,537,575)	(50.3)
Sub-Total Other Revenue	\$6,895,019	(\$6,504,847)	(48.5) %	(\$2,926,471)	(29.8) %	\$46,138,905	(\$13,786,119)	(23.0) %	(\$11,078,517)	(19.4) %
TOTAL BASE REVENUE	\$721,588,541	\$78,620,536	12.2 %	\$84,365,956	13.2 %	\$3,849,589,288	\$177,965,981	4.8 %	\$207,189,602	5.7 %
<u>Other Adjustments</u>										
Urban Revenue Sharing	(50,469,528)	275,114	--	(3)	0.0	(252,347,639)	1,375,576	--	(14)	0.0
One-Time Transfers	58,382,000	58,382,000	--	0	0.0	58,382,000	2,512,953	4.5	0	0.0
Sub-Total Other Adjustments	7,912,472	58,657,114	-- %	(3)	(0.0) %	(193,965,639)	3,888,529	-- %	(13)	0.0 %
TOTAL GENERAL FUND REVENUE	\$729,501,013	\$137,277,650	23.2 %	\$84,365,953	13.1 %	\$3,655,623,649	\$181,854,510	5.2 %	\$207,189,588	6.0 %
<u>Non-General Funds</u>										
Highway User Revenue Fund	\$108,351,314	\$5,933,260	5.8 %	\$4,919,425	4.8 %	\$549,601,379	\$31,423,559	6.1 %	\$18,402,984	3.5 %

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 2.1% in the third quarter of 2015. This estimate represents a slowdown from the 3.9% growth in the second quarter of 2015. The deceleration was primarily due to a reduction in inventory investment and slower growth in consumption, state and local government spending, residential and non-residential investment and exports. Declining performance in these categories was partly offset by deceleration in imports.

The Conference Board's **U.S. Consumer Confidence Index** fell (8.7) points, to 90.4 in November. Year-over-year growth dropped to (0.7)%, the first negative annual percentage change since October 2013. The decrease was the result of widespread pessimism over both present economic conditions and the 6-month outlook. Declining sentiment over the labor market was the leading driver of the negative change. The index's November results have surprised economists, given the largely positive jobs report released during the time of the study.

The Conference Board's **U.S. Leading Economic Index** increased by 0.6% in October, following 3 months of flat or declining readings. The index stands 3.5% above its October 2014 reading. Of the index's 10 components, 9 made positive contributions and 1 made a negative contribution. Movement in interest rates was once again the largest positive contributor to the index. The 1 negative contribution came from a decline in manufacturing orders.

According to the U.S. Department of Commerce Bureau of Economic Analysis, the **U.S. Personal Consumption Expenditure Price Index (PCEPI)** increased 0.1% in October, relative to September. The measure stands at just 0.2% above the October 2014 level. The index's annual growth has been pulled well below the Federal Reserve Bank's (Fed) 2% annual inflation target, largely due to a (18.4)% year-over-year decrease in energy prices. Annual growth in the core index (all items except food and energy), however, has grown by a steadier 1.3% through October. The Fed's recent announcement that it will begin increasing short-term interest rates before the end of 2015 suggests that the bank is focusing on the measure of core inflation.

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 3.5% compared to October 2014. Over the same time period, the U.S. coincident index increased by 3.2%. Currently, Arizona's rate of annual coincident index growth is 23rd in the nation. Last year at this time, Arizona's rate was 33rd highest among states. *See Appendix A – Tracking Arizona's Recovery for additional historical information.*

Housing

Single-family housing construction is accelerating, while multi-family construction has peaked. Arizona's 12-month total of **single-family building permits** is 21,691, or 24.3% more than a year ago. The comparable single-family permit growth rate for the entire U.S. is 8.2%. *See Appendix A – Tracking Arizona's Recovery for historical information.*

The 12-month total of multi-family building permits was increasing strongly compared to last year, but has recently leveled off. Arizona's total of 9,721 **multi-family building permits** is (1.1)% below 2014. Arizona's rate of increase is now significantly less than the comparable multi-family permit growth for the U.S. as a whole, which is 16.5% above 2014.

Employment

The state added a net total 29,800 **nonfarm jobs** from October to November. The comparable 10-year average net job increase is 20,600.

Compared to the same month in the prior year, Arizona added 65,400 net new jobs in November, which resulted in a year-over-year growth rate of 2.5%. The year-over-year job gains in November were concentrated to the following 3 sectors of the economy: education and health services (+13,800), leisure and hospitality (+10,900) and trade, transportation, and utilities (+10,800).

The state's seasonally adjusted **unemployment rate** declined from 6.1% in October to 6.0% in November, the lowest jobless rate since April. Compared to the same month last year, the state unemployment rate is down by (0.6)%. The U.S. jobless rate was unchanged at 5.0% in November.

Monthly Indicators (Continued)

In October, the **Average Weekly Hours** worked by individuals in Arizona's private sector was 34.4 hours. This workload is 0.8% above the October 2014 level.

The **Average Hourly Earnings** received by these private sector workers was \$23.37, which is 0.5% above the average in the prior month. October earnings were 2.8% above the average in October 2014. This marks 7 consecutive months of positive year-over-year increases in average wages.

Tourism

Revenue per available room reached \$72.93 in October, which was 8.7% above the amount in October 2014. Year to date, revenue per available room is 12.5% above the 2014 year-to-date amount through October. Ridership during October through Phoenix Sky Harbor Airport increased 5.8% above the level in October 2014.

State Agency Data

At the beginning of December 2015, the total **AHCCCS** caseload was 1.81 million members. Since the federal health care expansion in January 2014, the overall AHCCCS population has grown by 548,115 members. Total monthly enrollment increased 1.1% during November.

Population growth during the month was spread evenly across categories. Enrollment in the Traditional population of the lowest income parents and children increased 4,800 to a level of 1.06 million members. The November level represents an increase of 0.5% since last month and an 8.8% increase since last year. This growth was accompanied by an enrollment increase of 3.1%, or 5,700 members of the Proposition 204 Parents population.

In January 2014, the state started accepting new enrollment to the Proposition 204 childless adults program. In November 2015, the childless adult population increased by 5,300, or 1.7%. At 308,600, this population is 11.5% higher than a year ago.

The state also opted to expand adult Medicaid coverage to 133% of FPL. Their enrollment increased by 2,300 in November and now totals 78,700 individuals. Enrollment is 141.6% higher than a year ago. The federal government is currently paying 100% of this cost.

Based on information the Department of Child Safety provided for September 2015, **reports of child maltreatment** totaled 51,207 over the last 12 months, an increase of 8.0% over the prior year. There were 18,822 **children in out-of-home care** as of September 2015, or

10.8% more than in September 2014. Compared to the prior month, the number of out-of-home children increased by 2.1%.

There were 24,130 **TANF recipients** in the state in October, representing a (0.6)% decrease in monthly caseloads from September. The year-over-year number of TANF recipients has declined by (19.8)%. 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 1,004,425 food stamp recipients in the state, representing a (0.6)% decrease from September caseloads. Compared to October of last year, food stamp participation declined by (5.0)%.

The Arizona Department of Corrections reported an inmate population of 42,794. The population decreased (0.2)% since October. This is a 1.7% increase since November 2014.

Table 5

MONTHLY 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				
<u>Employment</u>				
- Regular Unemployment Rate	November	6.0%	(0.0)%	(0.6)%
- Total Unemployment Rate (discouraged/underemployed)	3 rd Q 2015	13.6%	(0.2)%	(1.5)%
- Initial Unemployment Insurance Claims	October	17,117	9.6%	(12.2)%
- Unemployment Insurance Recipients	August	29,157	(23.0)%	(32.2)%
- Non-Farm Employment - Total	November	2.70 million	1.1%	2.5%
Manufacturing	November	157,000	0.6%	0.4%
Construction	November	133,300	1.2%	5.5%
- Average Weekly Hours, Private Sector	October	34.40	0.0%	0.8%
- Average Hourly Earnings, Private Sector	October	\$23.37	0.5%	2.8%
<u>Sales</u>				
- Retail Taxable Sales				
Motor Vehicles/Misc. Auto	July	\$945.5 million	(6.6)%	11.1%
Furniture/Home Furnishings	July	\$328.6 million	1.3%	(1.8)%
Building Material/Lawn & Garden	July	\$393.6 million	5.5%	26.5%
<u>Building</u>				
- Residential Building Permits (12-month avg)				
Single-family	October	21,691	2.5%	24.3%
Multi-family	October	9,721	0.6%	(1.1)%
- Maricopa County/Other, Home Sales (ARMLS)				
Single-Family (Pending Sales)	October	4,588	(13.2)%	1.5%
- Maricopa County/Other, Median Home Price (ARMLS)				
Single-Family (Pending Sales)	October	\$225,000	0.0%	9.8%
- Phoenix S&P/C Home Price Index (2000 = 100)	September	155.23	0.2%	5.3%
- Maricopa Pending Foreclosures	October	4,494	(2.6)%	(26.3)%
- Greater Phoenix Total Housing Inventory, (ARMLS)	October	24,652	5.8%	(10.7)%
<u>Tourism</u>				
- Phoenix Sky Harbor Air Passengers	October	3.71 million	14.4%	5.8%
- National Park Visitors	September	1,256,306	(18.7)%	2.1%
- State Park Visitors	August	194,241	(24.0)%	10.0%
- Revenue Per Available Hotel Room	October	\$72.93	21.6%	8.7%
<u>General Measures</u>				
- Arizona Consumer Confidence Index (1985 = 100)	3 rd Q 2015	84.3	6.6%	17.7%
- Arizona Coincident Index (July 1992 = 100)	October	220.57	0.8%	3.5%
- Arizona Leading Index -- 6 month projected growth	October	6.5%	3.8%	2.0%
- Arizona Personal Income	2 nd Q 2015	\$264.8 billion	4.4%	4.2%
- Arizona Population	July 2014	6.73 million	N/A	1.5%
- State Debt Rating				
Standards & Poor's/Moody's	May	AA / Aa2	N/A	N/A
Outlook	May	Stable	N/A	N/A
<u>Agency Measures</u>				
- AHCCCS Recipients	December 1 st	1,806,257	1.1%	13.2%
Acute Care Traditional		1,056,024	0.5%	8.8%
Prop 204 Childless Adults		308,564	1.7%	11.5%
Other Prop 204		187,447	3.1%	12.3%
Adult Expansion		78,747	3.1%	141.6%
Kids Care I		826	(2.5)%	(56.5)%
Long-Term Care – Elderly & DD		57,643	0.0%	2.0%
Emergency Services		117,006	0.7%	29.6%
- Department of Child Safety (DCS)				
Annual Reports of Child Maltreatment (12-month total)	September	51,207	(0.3)%	8.0%
DCS Out-of-Home Children	September	18,822	2.1%	10.8%
Filled Caseworkers (1406 Budgeted)	December	1,279	N/A	(65)
- ADC Inmate Growth	November	42,794	(0.2)%	1.7%
- Department of Economic Security				
- TANF Recipients	October	24,130	(0.6)%	(19.8)%
- SNAP (Food Stamps) Recipients	October	1,004,425	(0.6)%	(5.0)%
- Judiciary Probation Caseload				
Non-Maricopa	October	18,474	177	502
Maricopa County	October	27,394	130	1,294
United States				
- Gross Domestic Product	3 rd Q, 2015	\$16.4 trillion	2.1%	2.2%
(Chained 2009 dollars, SAAR)	(2 nd Estimate)			
- Consumer Confidence Index (1985 = 100)	November	90.4	(8.8)%	(0.7)%
- Leading Indicators Index (2010 = 100)	October	124.1	0.6%	3.5%
- Consumer Price Index, SA (1982-84 = 100)	November	238.1	0.0%	0.4%
- Personal Consumption Price Index (2009 = 100)	October	109.7	0.1%	0.2%

JLBC Meeting

At its December 15, 2015 meeting, the Joint Legislative Budget Committee considered the following issues:

Arizona Board of Regents – Review of FY 2016 Tuition Revenues – The Committee gave a favorable review of the expenditure plan for tuition revenue amounts greater than the amounts appropriated by the Legislature and all non-appropriated tuition and fee revenue expenditures for the current fiscal year. The Committee added a provision requiring ABOR to report by January 31, 2016 on the major changes in combined General Fund and Tuition and Fees budget in FY 2015 and FY 2016.

Arizona Department of Administration – Review of Public Safety Broadband – The Committee gave a favorable review of the annual report on expenditures for the State and Local Government Grant program (SLIGP). These monies are part of the nationwide planning effort associated with a public safety broadband effort. The Committee added a provision requiring ADOA to report to the JLBC Staff when they receive Phase 2 funding from the federal government and their expenditure plans for the funds.

Arizona Department of Administration – Review of Automation Projects Fund Expenditure Reallocation – The Committee gave a favorable review of the reallocation of the ADOA Arizona Strategic Enterprise Technology (ASET) Office's FY 2015 Automation Projects Fund (APF) appropriation relating to the replacement of the mainframe at the State Data Center.

Arizona Department of Administration – Review of Health Impact Program Update – The Committee gave a favorable review of ADOA's health incentives program for state employees.

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

AHCCCS/Department of Health Service/Department of Economic Security – Review of 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 proposed rate changes would reimburse Medicaid health insurers for costs of paying a federal health insurer fee in 2015.

Department of Child Safety – Review of FY 2016 First Quarter Benchmarks - The Committee gave an unfavorable review of the first quarter report on the progress in increasing the number of FTE Positions and in reducing the number of backlog cases.

Arizona Department of Administration – Review of Emergency Telecommunication Services Revolving Fund Expenditure Plan - The Committee gave a favorable review of the \$6,147,100 wireless services portion of ADOA's Emergency Telecommunications Services Revolving Fund (ETSF) expenditure plan. The Committee added a provision requiring ADOA to report to the Committee on the results of the text-to-911 network proposal upon the completion of its review.

JCCR Meeting

At its December 15, 2015 meeting, the Joint Committee on Capital Review considered the following issues:

Cochise Community College District – Review of Revenue Bond Project – The Committee gave a favorable review of the \$15.2 million Cochise County Community College District bond project. The project would finance the renovation of the Sierra Vista Regional Health Center in order to establish a Nursing and Allied Health Center on the district's Sierra Vista Campus. The project would be financed with the \$7.9 million revenue bond issuance, \$1.0 million in donations, and \$6.3 million from district reserve funds.

Arizona State University – Review of Student Pavilion – The Committee gave a favorable review of \$39.9 million in system revenue bond issuances over the next year to fund the construction of the Student Pavilion, which will be located on ASU's Tempe Campus. The bond debt service would be paid from a combination of ASU's existing Student Service Facility Fee and tuition. The Committee added standard university financing provisions.

Arizona Department of Corrections – Review of FY 2014, FY 2015, and FY 2016 Building Renewal Allocation Plans – The Committee gave a favorable review of ADC's FY 2014, FY 2015, and FY 2016 Building Renewal Reallocation Plans. The changes to the FY 2014 Building Renewal Plan are to account for the actual costs and bids that ADC encountered for the projects. With the FY 2015 and FY 2016 Building Renewal Plans, a significant number of the proposed reallocations are to account for increased costs for air conditioning conversions. The Committee added a standard provision requiring

review if there is significant change of scope in the reallocation.

Arizona Lottery Commission – Review of FY 2015 and FY 2016 Building Renewal Allocation Plans - The Committee gave a favorable review of the Arizona State Lottery Commission's building renewal allocation plans of \$97,400 in FY 2015 and \$103,600 in FY 2016 out of the State Lottery Fund. The Committee added a standard provision requiring review if there is significant change of scope in the reallocation.

Arizona Department of Administration – Consider Recommending FY 2016 Full and Partial Rent Exemptions - The Committee recommended full and partial rent exemptions: the Secretary of State (SOS) was granted a rent exemption of \$238,500 for the Talking Book Library facility; the Arizona Department of Education was granted a \$32,500 rent exemption due to the State Board of Education beginning to pay for conference room space; and SOS and the Independent Redistricting Commission were granted a partial exemptions of \$13,700 and \$14,100, respectively, in light of the State Parks Board taking over a portion of their office space.

Summary of Recent Agency Reports

Arizona Department of Administration – Report on Investment Yield Restriction – Pursuant to A.R.S. 41-707, the Arizona Department of Administration (ADOA) is required to annually report by October 1 of each year any costs associated with the Investment Yield Restriction requirement for the tax-exempt deficit financing used to solve the FY 2010 budget shortfall. This restriction limits the investment return on the state's operating balance to the interest rate paid on the outstanding tax-exempt financing. The state is required to restrict the yield on investments with a value equal to the current level of outstanding financing. This requirement replaced the Working Capital Surplus limitation in May 2014, which placed limits on the state's total cash reserves.

ADOA reported that there were no costs associated with meeting the Investment Yield Restriction requirements. ADOA stated the requirements have not reduced the yield of investments and there have been no penalties paid to the federal government. (Josh Hope)

AHCCCS – Report on Emergency Department Utilization – Pursuant to an FY 2016 Health and Welfare Budget Reconciliation Bill (Laws 2015, Chapter 14) 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

Summary of Recent Agency Reports (Continued)

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 2013 to FY 2014, total ED visits increased by 46,076, or 5.6%, which resulted in an increase of \$47.8 million in total amounts paid for AHCCCS recipients receiving ED services. Level I ED visits, however, declined by (14.8)% from FY 2013. Although imperfect, AHCCCS believes the Level I-V classifications to be "reasonable" indicators of non-emergency use of ED utilization data. *Table 6* below provides a breakout by AHCCCS recipient and total amounts paid.

(Jon Stall)

AHCCCS – Report on Uncompensated Hospital Costs and Hospital Profitability – Pursuant to A.R.S. § 36-2903.08, AHCCCS is required to report on the uncompensated hospital costs and hospital profitability for Arizona hospitals for the previous fiscal year. AHCCCS used data from the 2013 and 2014 Uniform Accounting Reports (UAR), statutorily required audited financial statements.

From 2013 to 2014, total uncompensated care costs decreased by \$(217.6) million, from \$743.9 million to \$526.3 million (29.3% decrease). The average uncompensated care costs per hospital decreased from \$7.6 million to \$5.4 million during this time. Uncompensated care is expected to further decline in 2015, due to increased enrollment from the Medicaid expansion program.

Total net operating profitability grew by \$56.3 million, from \$729.6 million in 2013 to \$785.9 million in 2014 (7.7% increase). The reduction in uncompensated care did

not result in a commensurate increase in profitability, which was largely due to a coinciding \$(246) million reduction in Safety Net Care Pool payments made to hospitals during this time. Figures above exclude impacts to the publicly operated Maricopa Medical Center. (Jon Stall)

Arizona Community Colleges – Annual Report – Pursuant to A.R.S. § 15-1427, the Arizona Community Colleges are required to report by December 1 of each year on their progress during the previous year. They have just submitted their FY 2014 report, which includes the following summary information on the state system:

- 319,941 students (headcount) were enrolled for credit, resulting in a Full-Time Student Equivalent count of 129,692.
- 91.0% of enrolled students resided within the district, while 9.0% did not reside within the district.
- Total number of instructors employed was 10,879, of which 2,623 (24.1%) were full-time and 8,256 (75.9%) were part-time.
- Total operating revenues were \$1.6 billion (this amount excludes bond proceeds and fund balance which total \$190.4 million).
- Total expenditures were \$1.8 billion. (Tom Ritland)

Arizona Commerce Authority – Annual Report on Arizona Competes Fund – Pursuant to A.R.S. § 41-1545.04, the Arizona Commerce Authority (ACA) is required to report annually on grants from the previous fiscal year and other projects currently funded from the Arizona Competes Fund and performance measures for the recipients including job creation, capital investment and median wages.

ACA awards 3 types of grants from the Arizona Competes Fund: business attraction and retention grants, Rural Economic Development Grants (REDG), and Arizona Innovation Challenge (AIC) grants. The business attraction and retention grants are awarded to businesses for the purpose of retaining businesses in Arizona or to encourage a business to expand to the

Table 6

**FY 2014 Emergency Department Utilization
By AHCCCS Recipients**

Level	FY 2014 # Visits	FY 2014 % Total Visits	% Change From 2013	FY 2014 Amount Paid (\$ in Millions)	FY 2014 % Paid Amount	Difference in Amount Paid from FY 2013 (\$ in Millions)
I	37,270	4.3%	(14.8)%	\$ 3.5	0.9%	\$ (0.4)
II	116,455	13.2	(6.6)	20.5	5.2	(0.2)
III	319,294	36.5	1.8	93.2	23.6	1.8
IV	282,037	32.2	12.2	151.8	38.4	17.0
V	120,654	13.8	25.4	126.0	31.9	29.6
Total	875,710	100.0%	5.6%	\$395.0	100.0%	\$47.8

Summary of Recent Agency Reports (Continued)

state. In FY 2015, ACA awarded 2 grants for this purpose. Grantees are statutorily required to pay average compensation that exceeds 100% of the median wage in the respective county, pay at least 65% of the health insurance premium for employees, and demonstrate by third-party analysis that the estimated tax and fee revenue to the state and local governments in Arizona will exceed the grant amount. Additionally, the contracts that ACA develops for the grantee include agreed-upon metrics for job creation, salary, and capital investment. Grantees have 3 years from the time that the grant is awarded to complete the agreed-upon job creation and capital investments.

Although some business attraction and retention grants awarded in FY 2012 provided funding up front, all subsequent grants only release funding once certain performance milestones are achieved. One of the FY 2012 grantees which was provided funding up front has not accomplished their performance metrics within the agreed-upon 3-year timeframe.

The REDG program provides funding to local government and economic development entities to help rural communities enhance economic development programs. In FY 2015, 7 local government and economic development entities

received funds as part of this program. Additionally, the AIC grant program helps fund the start-up costs of small businesses. In FY 2015, ACA awarded AIC grants to 12 recipients. Grants for both the REDG and AIC grant programs provide funding once contractually agreed-upon performance milestones are reached. Grant recipients have 1 year to meet their performance metrics.

In total, ACA has awarded \$35.3 million from the Arizona Competes Fund from FY 2012 through FY 2015. *Table 7* below displays the award amounts as well as the performance commitments and actuals for the 3 grant categories.

The Arizona Competes Fund received an annual \$21.5 million deposit of income tax withholding monies and \$3.5 million in state lottery revenues from FY 2012 – FY 2015. Laws 2015, Chapter 12 reduced the General Fund deposit to \$16.5 million in FY 2016 and \$11.5 million in FY 2017 and each year thereafter for an ongoing total of \$15.0 million yearly. The monies are used to retain, attract, and expand businesses in Arizona through the provision of grants and loans. As of June 30, 2015, the Arizona Competes Fund had a balance of \$89.9 million, although the FY 2016 General Appropriation Act (Laws 2015, Chapter 8) sweeps \$75.0 million from the Arizona Competes Fund in FY 2016. (Eric Billings)

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
Business Attraction Grants					
Amount Awarded	\$ 5,200,000	\$ 3,500,000	\$ 4,300,000	\$ 5,500,000	\$ 18,500,000
Job Commitments	956	741	2,217	2,300	6,214
Jobs Created	619	618	682	620 ^{1/}	2,539
Average Annual Wage of Jobs Committed	\$ 55,800	\$62,000	\$ 66,200	\$ 68,700	\$ 65,000
Average Annual Wage of Jobs Created	\$ 67,500	\$65,200	\$ 78,000	\$ 46,500 ^{2/}	\$ 64,600
Capital Investment Commitment	\$17,680,000	\$ 46,520,000	\$ 30,538,300	\$ 39,000,000	\$133,738,300
Capital Investment Made	\$19,272,500	\$117,732,993	\$ 1,611,540	N/A	\$158,617,033
REDG and AIC Grants					
Amount Awarded	\$ 1,897,100	\$ 4,453,000	\$ 5,729,200	\$ 4,680,100	\$ 16,759,400
Job Commitments	106	843	981	960	2,890
Jobs Created	155	941	124	7	1,227
Average Annual Wage of Jobs Committed ^{3/}	\$ 39,800	\$ 31,200	\$ 31,500	\$ 42,300	\$ 35,300
Average Annual Wage of Jobs Created	\$ 52,600	\$ 32,300	\$ 48,100	N/A ^{3/}	\$ 36,400 ^{4/}
Capital Investment Commitment ^{5/}	N/A ^{6/}	\$77,126,200	\$182,140,000	\$124,500,000	\$383,766,200
Capital Investment Made	\$ 5,508,900	\$99,846,100	\$ 18,290,600	\$ 366,700	\$124,012,300

^{1/} One of the grantees was not required to provide performance metrics in FY 2015.
^{2/} Average wage commitment information was only provided for the REDG category.
^{3/} No salary information was provided for either grant category in FY 2015 due to confidentiality concerns.
^{4/} Salary information for 19 total jobs across both grant categories was not included due to confidentiality concerns.
^{5/} AIC grant recipients did not make a capital investment commitment; however, they did provide actual figures for capital investments made.
^{6/} No capital investment commitments were made for REDG or AIC grants in FY 2012.

Summary of Recent Agency Reports (Continued)

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 2015, CJEF revenues totaled \$36.3 million and the total funds available for the fiscal year, including the beginning balance and adjustments, was \$59.9 million. In FY 2015, CJEF revenues decreased by (10.1)% from FY 2014 and CJEF expenditures totaled \$39.3 million. (Krista MacGahan)

Department of Economic Security – Report on Domestic Violence – Pursuant to an FY 2016 General Appropriation Act footnote, the Department of Economic Security reported the amount of state and federal monies available for domestic violence funding in FY 2015. Six agencies spent a total of \$24.1 million in domestic violence funding, a 3.0% increase in spending from FY 2014. (Tom Ritland)

Department of Environmental Quality – Third-Party Report on E-Licensing Project – Pursuant to a FY 2015 General Appropriation Act footnote and a provision of the Committee's favorable review of the initial E-Licensing proposal in June 2014, the Department of Environmental Quality (DEQ) has provided a quarterly update of the E-Licensing project. In the report, the vendor reiterated its prior positive evaluations of DEQ's approach. The report stated that "the view of the credible path to [project] success is much clearer." The vendor gave an overall favorable evaluation of DEQ's progress in incorporating recommendations from the previous third-party report.

The report attributed earlier delays in Phase 2 deliverables to a number of factors, including changes in scope, changing project strategies, turnover of DEQ management as well as ADOA-ASET senior IT management, and changes in consulting partnerships. The report also provided 12 recommendations for the project, such as implementing a long-term budget and staffing plan, quantifying long-term operational costs, and establishing greater collaboration and alignment of strategies between DEQ and state IT agencies. No foreseeable end date to the project was provided. (Josh Hope)

Department of Health Services – Annual Report on Intergovernmental Agreement/Interagency Service Agreement Funds – Pursuant to the FY 2016 General Appropriation Act (Laws 2015, Chapter 8, Section 50) and A.R.S. § 36-108.01E, DHS is required to report annually on the fund balances, revenues, and expenditures of its 4 Intergovernmental and Interagency Service Agreement (IGA/ISA) funds. These

funds include monies that DHS receives from federal, state, and local public agencies to deliver behavioral health services, nutrition education in schools, and teenage pregnancy prevention programs, among other services.

Prior to FY 2016, all monies that DHS received from IGAs and ISAs were included in a single fund. The FY 2016 Health Budget Reconciliation Bill (Laws 2015, Chapter 14) split the IGA/ISA Fund into 4 separate funds to improve the transparency of IGA/ISA revenues and expenditures. The 4 funds include the Health Services Lottery Fund, the IGA/ISA Fund, the ISA for Behavioral Health Services Fund, and the County IGA for Behavioral Health Services Fund.

The Health Services Lottery Fund consists of revenues from the state lottery for teenage pregnancy prevention, the Health Start program, and the Women, Infants, and Children (WIC) program. DHS estimates that the fund will have revenues and expenditures equal to \$7.1 million in FY 2016, and an ending balance of \$11.7 million. DHS projects that revenues, expenditures, and the ending balance in FY 2017 for the fund will be unchanged from FY 2016.

The IGA/ISA Fund primarily consists of monies from an ISA between DHS and the Department of Economic Security (DES) that requires DHS to provide nutrition education in public schools using funds from the Supplemental Nutrition Assistance Program (SNAP). Due to delays in payment from DES, the fund had a negative balance of \$(5.7) million at the beginning of FY 2016. DHS states that in FY 2016 this fund is estimated to have \$17.7 million in revenues and \$11.9 million in expenditures, and have an ending balance of \$0. FY 2017 revenues and expenditures are estimated to be \$17.1 million.

The ISA for Behavioral Health Services Fund consists of state and federal monies that DHS receives from the Arizona Health Care Cost Containment System (AHCCCS) for the delivery of Medicaid-funded behavioral health services. DHS estimates that in FY 2016 this fund will have \$1.68 billion in revenues and expenditures, and will carry a balance forward of \$70.6 million. This fund will have no revenues or expenditures in FY 2017 because behavioral health services are being transferred to AHCCCS.

The IGA for County Behavioral Health Services Fund consists of monies received from Maricopa County and Pima County for the delivery of behavioral health services to individuals with a serious mental illness. DHS estimates that this fund will have \$59.9 million in revenues and expenditures in FY 2016, along with a balance forward of \$945,000. These funds will be shifted to AHCCCS following the transfer of behavioral health services. (Patrick Moran)

Summary of Recent Agency Reports (Continued)

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 address 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 2015, the State Mine Inspector reports that the AMSF received no new revenue. The State Mine Inspector located, inventoried, and evaluated mine sites during FY 2015 but did not close any of those sites using AMSF monies. The Mine Inspector has completed preliminary planning for closure of 21 mine sites in FY 2016, at an estimated cost of \$43,100. The Mine Inspector financed these activities through the fund's carry-forward balance. (Krista MacGahan)

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, approximately 2,800 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.

The FY 2016 Higher Education Budget Reconciliation Bill (BRB) (Laws 2015, Chapter 16), allows the commission to contract with a third-party vendor to collect outstanding PEG debt. The BRB also allows the commission to use Postsecondary Education Student Financial Assistance funds to administer PEG collections. The commission has not yet selected a third-party vendor to collect debt, but plans to once it identifies students who did not meet loan forgiveness requirements. Those who fail to meet the requirements of the forgivable loan must enter into the PEG repayment program. (Rebecca Perrera)

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 2015, the MSSE program had 46 applicants and disbursed 32 loans. This total includes 18 new loans and 14 renewals. The total disbursement was \$165,100. Of the 32 recipients, 5 are studying mathematics, 3 are studying science, 18 are studying special education, and 6 are studying elementary education. Eight recipients attend private postsecondary institutions and 24 attend public universities.

The commission is responsible for collecting retention data for loan recipients. At the conclusion of FY 2015, 254 students have participated in the MSSE program. Of those, 23 are still enrolled in a postsecondary institution, 19 are in the 12-month grace period, 24 are teaching in a public K-12 school in Arizona, 134 had their loan forgiven for completing their teaching service, 33 are in repayment, 8 have paid their loan balance in full, 1 loan is in deferment and 12 have had their loans referred to the Attorney General. (Rebecca Perrera)

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. The litigation account was created to pay for attorney fees, expert witness fees and other costs associated with litigation in which SFB pursues the recovery of damages for alleged construction or design defects that SFB believes caused the failure of a school building to conform to the building adequacy requirements.

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

School Facilities Board – Report on Funding Estimates – Pursuant to A.R.S. § 15-2002A10, the School Facilities Board (SFB) is required to report by December 1 on the estimated amounts necessary in FY 2017, FY 2018, and FY 2019 for the Emergency Deficiencies Correction and New School Facilities Programs.

SFB estimates no funds will be available for the Emergency Deficiencies Correction Program in FY 2017, FY 2018, and FY 2019.

In FY 2017, SFB estimates total project costs of \$35.7 million for 2 projects (Agua Fria Union High School District and

Summary of Recent Agency Reports (Continued)

Chandler Unified School District) expended over several years. In addition, an amount of \$1.2 million has already been budgeted for additional space in Benson Unified School District in FY 2017. In FY 2018, SFB estimates total project costs of \$32.7 million for 2 projects expended over 2 years. In FY 2019, SFB estimates total project costs of \$50.4 million for 2 projects expended over several years. SFB capital plans are subject to change.

SFB estimates that the Lease-to-Own Debt Service will be \$170.0 million, \$169.8 million, and \$134.3 million in FY 2017, FY 2018, and FY 2019, respectively. (Josh Hope)

Arizona Department of Transportation – Annual Report on Motor Vehicle Division Wait Times – A FY 2015 General Appropriation Act footnote requires the Arizona Department of Transportation to report to the Legislature annually on customer wait times in Motor Vehicle Division (MVD) field offices and

vehicle registration renewal by mail turnaround times. In metropolitan areas, the average customer wait time from receiving a ticket until arriving at the counter increased from 25.3 minutes in FY 2014 to 35.6 minutes in FY 2015. Average customer wait times in metropolitan areas ranged from 19.1 minutes in the Apache Junction office to 48.2 minutes in the Glendale office in FY 2015. These same offices were the low and the high in FY 2014.

In non-metropolitan areas, the average customer wait time decreased from 16.5 minutes in FY 2014 to 7.8 minutes in FY 2015.

Fewer customers visited MVD field offices last year, declining by (3.6)% from 4.1 million customer visits in FY 2014 to 3.9 million in FY 2015.

The average turnaround time for vehicle registration renewal by mail increased by 136% from 1.3 days in FY 2014 to 3.1 in FY 2015. (Ben Beutler)

November Spending

November 2015 General Fund spending of \$532.5 million was \$53.6 million more than November 2014. Year to date, spending is \$5.15 billion, or \$(53.1) million below last year. (See Tables 8 & 9).

- Year to date, the Department of Education has spent \$75.4 million more than the prior year.
- Due to technical reporting issues with the newly-created Department of Child Safety (DCS) in FY 2015, the figures reported below for DCS and the Department of Economic Security do not accurately reflect changes in spending levels from the prior year.
- Even after accounting for issues relating to DCS, the significant decline in DES spending year-to-date is due to technical timing issues relating to the disbursement of Medicaid matching funds.
- During FY 2016, Universities spending has declined by \$(48.3) million. This is related to changes enacted in the FY 2016 budget, which contained a \$(99.0) million spending reduction for the Universities system.

Agency	Change From			YTD Change from FY 15
	Nov 15	Nov 14	Year-to-Date	
AHCCCS	72.5	4.2	498.9	(30.3)
Corrections	78.2	4.8	454.7	37.4
Child Safety	24.0	24.0	157.1	157.1
Economic Security	6.2	1.5	394.5	(195.1)
Education	259.4	23.7	2,199.5	75.4
Health Services	19.2	6.7	502.2	(3.1)
Public Safety	1.6	0.0	38.2	0.9
School Facilities Board	0.1	(0.0)	161.8	5.9
Universities	41.7	(4.5)	394.9	(48.3)
Leaseback Debt Service	0.0	0.0	84.1	(0.0)
Other	<u>29.6</u>	<u>(6.8)</u>	<u>261.6</u>	<u>(53.0)</u>
Total	532.5	53.6	5,147.5	(53.1)

Table 9

General Fund Spending (\$ in Thousands)				
Agency	Nov 15	Change from Nov 14	Year-to-Date	YTD Change from FY 15
Dept. of Admin./Automation Projects Fund	1,401.1	(2,737.7)	10,841.4	(24,797.8)
ADOA – Sale/Leaseback Debt Service	-	-	84,114.6	(7.1)
Office of Administrative Hearings	71.2	6.4	385.4	(20.3)
Commission of African-American Affairs	7.0	7.0	46.1	46.1
Department of Agriculture	466.8	(165.5)	3,675.0	(126.8)
AHCCCS	72,517.9	4,220.5	498,891.7	(30,258.4)
Attorney General	1,580.2	135.2	8,753.6	(297.2)
State Board of Charter Schools	76.7	16.7	483.3	91.1
Department of Child Safety	24,000.2	24,000.2	157,064.4	157,064.4
AZ Commerce Authority	2,625.0	-	13,125.0	-
Community Colleges	252.3	(384.8)	25,705.7	(8,705.1)
Corporation Commission	22.6	(25.7)	238.9	(19.1)
Department of Corrections	78,215.3	4,791.8	454,695.1	37,442.1
County Funding	6,000.5	6,000.5	6,000.5	(1,650.0)
AZ State Schools for the Deaf & Blind	1,028.6	(1,194.6)	12,815.0	2,011.3
Department of Economic Security	6,211.7	1,495.4	394,487.7	(195,095.5)
State Board of Education	105.0	105.0	512.0	512.0
Department of Education	259,386.3	23,707.7	2,199,522.1	75,362.8
DEMA	350.5	131.6	3,728.7	1,545.3
DEQ – WQARF	-	-	-	(7,000.0)
Office of Equal Opportunity	18.3	10.0	67.7	6.2
State Board of Equalization	47.5	14.4	307.1	10.0
Board of Executive Clemency	57.9	(13.1)	431.5	(7.0)
Department of Financial Institutions	218.3	(7.7)	1,318.6	(20.8)
Department of Fire, Bldg and Life Safety	121.6	(37.7)	878.5	(96.1)
State Forester	272.1	51.2	2,380.9	862.8
Department of Gaming	-	-	1,794.4	1,794.4
Arizona Geological Survey	83.4	(115.4)	366.8	(60.5)
Governor/OSPB	594.9	(495.2)	3,820.8	(821.5)
Department of Health Services	19,244.5	6,715.2	502,238.1	(3,099.9)
Arizona Historical Society	208.8	(9.6)	1,660.0	42.7
Prescott Historical Society of AZ	55.5	6.8	374.3	81.6
Independent Redistricting Comm.	167.1	0.2	446.7	(0.3)
Commission of Indian Affairs	2.2	1.3	17.6	(4.9)
Department of Insurance	324.4	(7.0)	2,311.0	(94.3)
Judiciary				
Supreme/Superior Court	2,087.5	(67.1)	42,773.5	(2,450.5)
Court of Appeals	1,072.2	23.2	6,115.9	60.4
Department of Juvenile Corrections	1,649.9	(1,219.5)	12,268.4	(4,967.9)

Table 9 (Continued)

Agency	Nov 15	Change from Nov 14	Year-to-Date	YTD Change from FY 15
State Land Department	1,815.3	584.4	5,064.6	(612.9)
Legislature				
Auditor General	1,941.2	385.9	8,556.3	(15.2)
House of Representatives	919.7	22.3	5,757.0	696.3
Joint Legislative Budget Comm.	181.1	15.2	976.2	19.3
Legislative Council	468.4	(296.2)	2,785.5	(1,333.1)
Senate	519.7	(102.0)	3,129.6	(209.2)
Mine Inspector	67.2	(12.2)	509.7	(25.1)
Nav. Streams & Adjudication	7.3	(2.6)	54.2	(24.3)
Occupational Safety and Health Review	-	-	1.6	0.7
Arizona State Parks Board	2.5	2.5	275.3	275.3
Phoenix Convention Center	-	-	20,449.0	-
Pioneers' Home	-	(268.2)	-	(823.7)
Comm. for Postsecondary Ed.	-	-	698.4	-
Department of Public Safety	1,634.5	40.0	38,218.7	941.4
Public Safety Personnel Retirement System	-	(6,000.0)	6,000.0	-
Arizona Department of Racing	-	-	-	(1,789.7)
Radiation Regulatory Agency	59.1	22.3	815.3	65.8
Real Estate Department	180.1	(0.6)	1,183.8	2.7
Department of Revenue	132.4	(1,330.7)	24,237.0	(274.6)
Rio Nuevo Distribution	-	-	-	-
School Facilities Board	91.1	(11.1)	161,792.0	5,915.2
Secretary of State	873.3	144.0	4,619.5	(2,201.6)
Tax Appeals Board	16.9	(0.3)	128.1	(0.1)
Office of Tourism	-	-	4,977.3	(1,995.3)
Department of Transportation	-	-	-	-
Universities				
Board of Regents	5,131.4	4,538.1	12,248.1	(3,290.4)
Arizona State University	16,627.6	(4,931.6)	173,713.2	(24,658.2)
Northern Arizona University	5,826.9	(1,488.6)	59,629.3	(7,443.2)
University of Arizona	14,080.3	(2,586.1)	149,331.1	(12,930.7)
Department of Veteran Services	421.4	97.0	2,205.9	223.1
Department of Water Resources	774.0	(85.7)	4,414.3	(21.7)
Water Infrastructure Finance Authority	-	-	-	(1,000.0)
Department of Weights & Measures	159.5	44.2	539.6	(34.8)
Other - JP Salaries Distribution	66.8	(158.3)	503.9	82.5
Other	-	-	25.7	21.7
Total	532,542.6	53,581.4	5,147,498.2	(53,107.4)

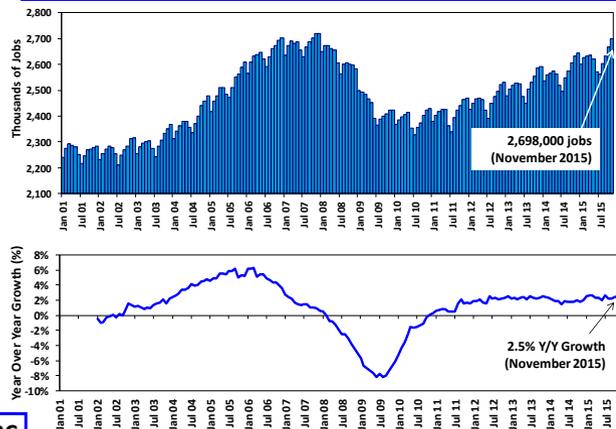
Tracking Arizona's Recovery

December 2015
Appendix A

Page:

- 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

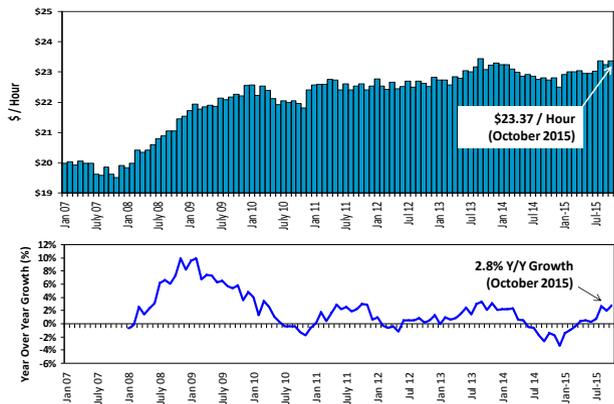
Total Non-Farm Employment



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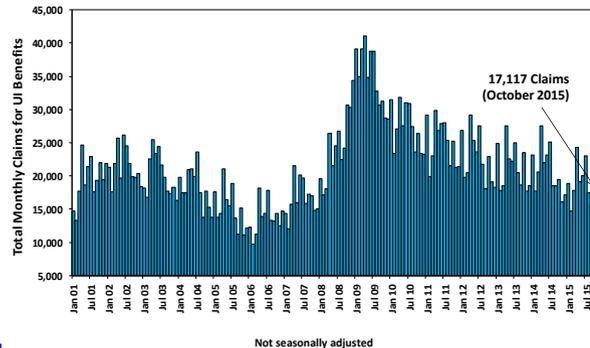
Average Hourly Earnings – Private Sector



JLBC

3

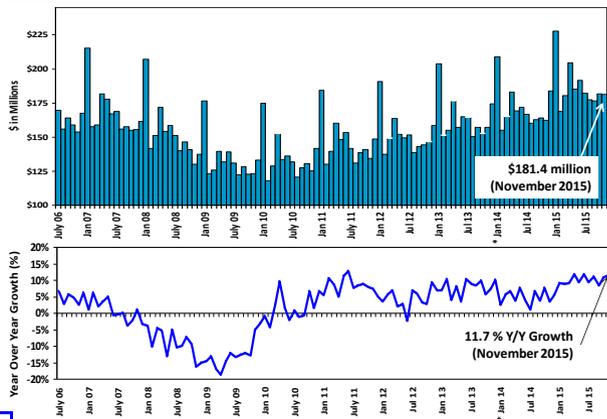
Initial Claims for Unemployment Insurance



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4

State Sales Tax Collections – Retail Category



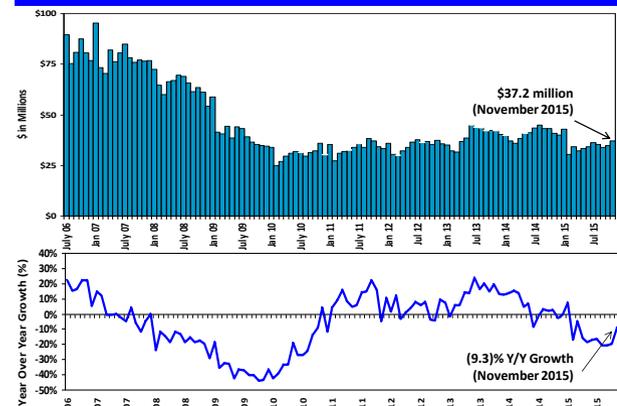
JLBC

Excludes temporary 1 ¢ sales tax

* January 2014 estimate adjusted downward by \$30 million to reflect one-time category shift.

5

State Sales Tax Collections – Contracting Category

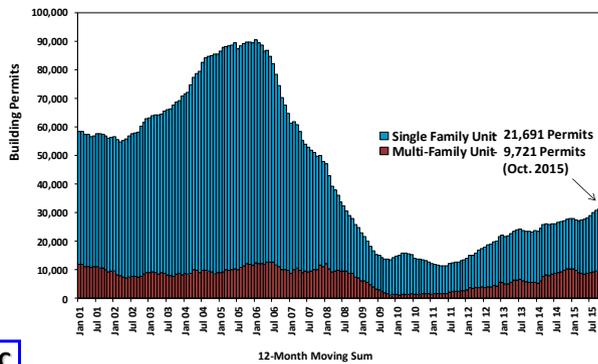


JLBC

Excludes temporary 1 ¢ sales tax

6

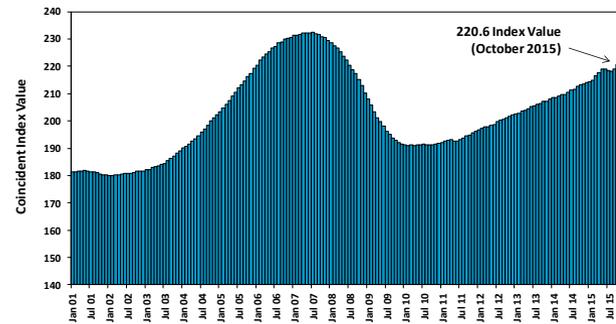
Residential Building Permits



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7

Economic Activity Index



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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.

8