

1716 W. Adams  
Phoenix, AZ 85007

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



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### *“Overall January*

#### *General Fund*

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## Summary

January General Fund revenue collections totaled \$819.1 million. Base revenues, which exclude one-time adjustments, were 0.1% above January 2013. The year-over-year change excludes the temporary 1-cent sales tax which expired at the end of May 2013.

The January forecast loss occurred in each of the state’s 3 main revenue categories (Sales, Individual Income, and Corporate Income Taxes). Each major category ended up approximately \$(5) million below forecast.

Beginning with the February report, the *Monthly Fiscal Highlights* compares actual revenue collections to the Baseline consensus forecast published last month. The Baseline forecast is based on estimates presented at the January Finance Advisory Committee meeting.

Overall January General Fund collections were \$(18.5) million below the Baseline forecast. Year-to-date, revenues are 2.7% higher than last year.

In comparison to revenue of \$819.1 million, January 2013 spending was \$613.7 million which is a decrease of \$(99.1) million from the prior year.

Fiscal year-to-date, General Fund revenues of \$5.08 billion have been offset by \$6.08 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 is at \$2.3 billion as of mid-February 2014. In addition, the state’s Budget Stabilization Fund has a balance of \$453.8 million.

### State Appropriations Limit Report

JLBC Staff is required to annually report by February 15 on how state spending compares to the constitutional appropriations limit. The Arizona Constitution limits the appropriation of certain state revenues to no more than 7.41% of Arizona personal income. Total FY 2014 state appropriations (both General and Other Funds) are \$14.55 billion, or 5.77% of personal income. Under the JLBC Baseline, projected FY 2015 spending is \$14.63 billion, which would be 5.54% of personal income.

### Truth in Taxation (TNT) Report

JLBC Staff recently reported the new Truth in Taxation (TNT) rates for FY 2015, as required by A.R.S. § 41-1276. Due to the growth in values for existing properties being significantly slower than expected, the JLBC Staff now estimates that the TNT decrease of the Qualifying Tax Rate (QTR) and State Equalization Tax Rate (SETR) will be smaller than assumed in the FY 2015 Baseline. The purpose of TNT is to offset the annual change in the value of existing property statewide with a proportional QTR and SETR changes.

Because the slower than expected property value growth is offset by higher than expected TNT rates this change is projected to have a minimal impact on the state budget.

## Table of Contents

### Summary

- State Appropriations Limit Report.....1
- Truth in Taxation (TNT) Report.....1

**January Revenues** .....2

**Economic Indicators** .....4

### Summary of Recent Agency Reports

- ADOA/Treasurer – Report on GF Balance .....7
- ADOA – Working Capital Surplus Report.....7
- AHCCCS – Health Insurance Exchange.....7

- AHCCCS – KidsCare II Distributions..... 8
- AHCCCS – Safety Net Care Pool Program ... 8
- DHS – Medical and Dental Program..... 8
- DHS – Report on Arnold v. Sarn..... 9
- DPS – Quarterly Report on the GIITEM Fund .. 9
- SOS - Election Systems Improvement Fund.... 9
- January Spending** ..... 10
- Tracking Arizona’s Recovery**..... Appendix A

This report has been prepared for the Arizona Legislature by the Joint Legislative Budget Committee Staff on February 20, 2014.

## January Revenues

|              | <u>FY 2014<br/>Collections</u> | <u>Difference From<br/>Budget Forecast</u> | <u>Difference<br/>From FY 2013</u> |
|--------------|--------------------------------|--|------------------------------------|
| January      | \$ 819.1                       | \$ (18.5)                                  | \$ (94.3)                          |
| Year-to-Date | \$ 5,076.7                     | \$ (18.5)                                  | \$ (332.7)                         |

**Sales Tax** collections of \$367.6 million were 2.7% above January 2013 and \$(4.8) million below the forecast for the month. The year-over-year change amounts exclude the temporary 1-cent sales tax which expired at the end of May 2013.

For the first 7 months of the fiscal year, sales tax collections are 6.0% above the prior year and are \$(4.8) million below forecast.

January sales tax collections reflect a \$40 million technical adjustment made by the Department of Revenue, which moved a portion of use tax collections from an extended period of time into the retail category for January. This adjustment artificially reduced January collections, since the state retains all of the use tax category, but only a portion of the retail category. Before this adjustment, January sales tax collections would have increased 5.6% over the prior year, rather than the 2.7% noted above.

Table 2 displays the January growth rates for the largest sales tax categories.

Retail and contracting together account for about 60% of all sales tax revenues. January retail, which reflects December sales, increased by 16.9%. Year-to-date, retail sales are up almost 10%.

As noted above, however, the January technical adjustment artificially increased the retail category. Prior to the adjustment, the retail category would have grown by only 2.4%, with a year-to-date increase of 7.2%

Contracting collections have generally been much more volatile than retail. However, contracting has shown double digit increases every month during the current fiscal year.

|                  | <u>January</u> | <u>YTD</u> |
|------------------|----------------|------------|
| Retail           | 16.9%          | 9.9%       |
| Contracting      | 13.4%          | 15.7%      |
| Use              | N/A            | (15.3)%    |
| Restaurant & Bar | 0.3%           | 3.3%       |

**Individual Income Tax** net revenues were \$434.3 million in January, which was (1.7)% below the prior year. Collections were \$(5.3) million below the forecast for the month. Year-to-date, revenue has grown 2.4% over the prior year.

As indicated in Table 3, withholding increased by 4.3% for the month. The January increase brings withholding tax collections for the fiscal year to 2.1% over the prior year. This amount is \$(9.3) million below the Baseline forecast.

January estimated and final payments were (17.8)% below last year. Year-to-date, payments are up 4.1% compared to the prior year, and are \$(11.8) million below the Baseline forecast.

January refunds were (58.7)% below last year, and were \$2.5 million below forecast. Year-to-date, refunds are 3.4% greater than the prior year.

|                               | <u>January</u> | <u>YTD</u> |
|-------------------------------|----------------|------------|
| Withholding                   | 4.3%           | 2.1%       |
| Estimated +<br>Final Payments | (17.8)%        | 4.1%       |
| Refunds                       | (58.7)%        | 3.4%       |

**Corporate Income Tax** net collections were \$16.3 million in January, which is \$(4.5) million less than January of the prior year. Year-to-date, collections are down (15.3)% compared to the prior year, and are \$(5.5) million below the Baseline forecast.

January Corporate Income Tax collections include a \$(9.5) million reduction due to a technical correction made by the Department of Revenue. Luxury tax collections were incorrectly coded as Corporate Income Tax revenue in a previous month, and the correcting adjustment was made in January.

The **Lottery Commission** reports that January ticket sales were \$60.1 million, which is \$4.7 million, or 8.5%, above sales in the prior year. Year-to-date ticket sales are \$409.6 million, which is 7.9% above last year's sales.

**Highway User Revenue Fund (HURF)** revenues consist of gasoline and use fuel (diesel) tax, motor carrier fees (commercial carriers), vehicle license tax and registration fees, and various other fees. HURF collections of \$107.2 million in January were up \$6.9 million, or 6.9%, compared to January of last year. Year-to-date revenues are 3.1% above collections in the prior year, and are \$14.9 million above the Baseline forecast.

Table 4

## General Fund Revenue: Change from Previous Year and January Baseline Forecast January 2014

|                                    | Current Month          |                             |                 |                       |                 | FY 2014 YTD (Seven Months) |                             |                 |                       |                |
|------------------------------------|------------------------|-----------------------------|-----------------|-----------------------|-----------------|----------------------------|-----------------------------|-----------------|-----------------------|----------------|
|                                    | Actual<br>January 2014 | Change From<br>January 2013 |                 | Baseline Forecast     |                 | Actual<br>January 2014     | Change from<br>January 2013 |                 | Baseline Forecast     |                |
|                                    |                        | Amount                      | Percent         | Amount                | Percent         |                            | Amount                      | Percent         | Amount                | Percent        |
| <b>Taxes</b>                       |                        |                             |                 |                       |                 |                            |                             |                 |                       |                |
| Sales and Use                      | \$367,609,390          | \$9,548,066                 | 2.7 %           | (\$4,774,387)         | (1.3) %         | \$2,353,032,347            | \$133,867,859               | 6.0 %           | (\$4,774,388)         | (0.2) %        |
| Income - Individual                | 434,280,367            | (7,333,476)                 | (1.7)           | (5,303,333)           | (1.2)           | 2,353,924,581              | 55,181,262                  | 2.4             | (5,303,333)           | (0.2)          |
| - Corporate                        | 16,281,881             | (4,544,837)                 | (21.8)          | (5,518,701)           | (25.3)          | 267,923,432                | (48,213,035)                | (15.3)          | (5,518,702)           | (2.0)          |
| Property                           | 913,717                | 325,904                     | 55.4            | 613,717               | 204.6           | 10,657,146                 | 2,459,051                   | 30.0            | 613,717               | 6.1            |
| Luxury - Tobacco                   | 2,677,256              | 1,218,308                   | 83.5            | 1,277,256             | 91.2            | 15,585,980                 | 1,024,205                   | 7.0             | 1,277,257             | 8.9            |
| - Liquor                           | 4,479,211              | 2,239,786                   | 100.0           | 1,979,211             | 79.2            | 19,892,204                 | 1,800,096                   | 9.9             | 1,979,211             | 11.0           |
| Insurance Premium                  | 22,108,090             | 4,754,751                   | 27.4            | (2,891,910)           | (11.6)          | 153,387,476                | 4,548,623                   | 3.1             | (2,891,910)           | (1.9)          |
| Estate                             | 0                      | 0                           | --              | 0                     | --              | 0                          | 0                           | --              | 0                     | --             |
| Other Taxes                        | 73,126                 | (3,301)                     | (4.3)           | (1,874)               | (2.5)           | 313,458                    | (3,416)                     | (1.1)           | (1,874)               | (0.6)          |
| <b>Sub-Total Taxes</b>             | <b>\$848,423,038</b>   | <b>\$6,205,201</b>          | <b>0.7 %</b>    | <b>(\$14,620,021)</b> | <b>(1.7) %</b>  | <b>\$5,174,716,625</b>     | <b>\$150,664,646</b>        | <b>3.0 %</b>    | <b>(\$14,620,021)</b> | <b>(0.3) %</b> |
| <b>Other Revenue</b>               |                        |                             |                 |                       |                 |                            |                             |                 |                       |                |
| Lottery                            | 11,434,750             | 6,864,610                   | 150.2           | 6,434,750             | 128.7           | 26,721,618                 | 5,103,278                   | 23.6            | 6,434,750             | 31.7           |
| License, Fees and Permits          | 2,594,880              | 14,835                      | 0.6             | (505,120)             | (16.3)          | 17,313,222                 | (622,886)                   | (3.5)           | (505,120)             | (2.8)          |
| Interest                           | 1,523                  | (4,890,347)                 | (100.0)         | (1,998,477)           | (99.9)          | 13,364                     | (4,891,151)                 | (99.7)          | (1,998,477)           | (99.3)         |
| Sales and Services                 | 1,524,000              | 147,085                     | 10.7            | (476,000)             | (23.8)          | 9,341,557                  | (206,850)                   | (2.2)           | (475,999)             | (4.8)          |
| Other Miscellaneous                | 1,443,631              | (1,710,791)                 | (54.2)          | (1,656,369)           | (53.4)          | 7,207,447                  | (10,008,133)                | (58.1)          | (1,656,369)           | (18.7)         |
| Disproportionate Share             | 0                      | 0                           | --              | 0                     | --              | 0                          | 0                           | --              | 0                     | --             |
| Transfers and Reimbursements       | 352,369                | (5,444,753)                 | (93.9)          | (5,647,631)           | (94.1)          | 15,501,122                 | (3,250,124)                 | (17.3)          | (5,647,631)           | (26.7)         |
| <b>Sub-Total Other Revenue</b>     | <b>\$17,351,153</b>    | <b>(\$5,019,361)</b>        | <b>(22.4) %</b> | <b>(\$3,848,847)</b>  | <b>(18.2) %</b> | <b>\$76,098,330</b>        | <b>(\$13,875,866)</b>       | <b>(15.4) %</b> | <b>(\$3,848,846)</b>  | <b>(4.8) %</b> |
| <b>TOTAL BASE REVENUE</b>          | <b>\$865,774,191</b>   | <b>\$1,185,840</b>          | <b>0.1 %</b>    | <b>(\$18,468,868)</b> | <b>(2.1) %</b>  | <b>\$5,250,814,955</b>     | <b>\$136,788,780</b>        | <b>2.7 %</b>    | <b>(\$18,468,867)</b> | <b>(0.4) %</b> |
| <b>Other Adjustments</b>           |                        |                             |                 |                       |                 |                            |                             |                 |                       |                |
| Urban Revenue Sharing              | (46,709,330)           | (3,910,660)                 | 9.1             | (0)                   | 0.0             | (327,454,543)              | (27,863,853)                | 9.3             | (0)                   | 0.0            |
| One-Time Transfers                 | 5,001                  | 5,001                       | --              | 5,001                 | --              | 150,696,562                | 114,696,562                 | 318.6           | 5,001                 | 0.0            |
| Sales Tax - 1¢ Increase            | 0                      | (91,603,569)                | (100.0)         | 0                     | --              | 2,611,367                  | (556,339,869)               | (99.5)          | 0                     | 0.0            |
| <b>Sub-Total Other Adjustments</b> | <b>(46,704,329)</b>    | <b>(95,509,228)</b>         | <b>-- %</b>     | <b>5,001</b>          | <b>(0.0) %</b>  | <b>(174,146,614)</b>       | <b>(469,507,160)</b>        | <b>-- %</b>     | <b>5,001</b>          | <b>(0.0) %</b> |
| <b>TOTAL GENERAL FUND REVENUE</b>  | <b>\$819,069,862</b>   | <b>(\$94,323,388)</b>       | <b>(10.3) %</b> | <b>(\$18,463,867)</b> | <b>(2.2) %</b>  | <b>\$5,076,668,341</b>     | <b>(\$332,718,380)</b>      | <b>(6.2) %</b>  | <b>(\$18,463,866)</b> | <b>(0.4) %</b> |
| <b>Non-General Funds</b>           |                        |                             |                 |                       |                 |                            |                             |                 |                       |                |
| Highway User Revenue Fund          | \$107,185,777          | \$6,895,545                 | 6.9 %           | \$5,892,643           | 5.8 %           | \$713,881,991              | \$21,796,488                | 3.1 %           | \$14,875,634          | 2.1 %          |

## Recent Economic 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 3.2% in the fourth quarter of 2013. This estimate represents a deceleration from the 4.1% growth in the third quarter. The deceleration was largely due to a slowdown in inventory accumulation and non-residential investment and decreases in federal government spending and residential investment. Accelerations in consumption expenditures and exports helped bolster growth in the quarter.

The Conference Board's **U.S. Consumer Confidence Index** increased 4.1% in January and 38.2% since January 2013. The growth over last year's reading represents the largest percentage increase experienced in 15 months. Some economists however, have attributed this large annual increase to the especially low levels of confidence in early 2013, following the expiration of the 2% payroll tax cut.

The Conference Board's **U.S. Leading Economic Index** modestly grew by 0.1% in December, following strong growth of 1% in November. Out of the index's 10 components, 5 improved during the month. During the month, improvement in several measures of financial markets more than offset negative contributions to the index from worsening consumer confidence, building permit creation, and orders of manufactured goods.

### 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.

In December, 41 out of 50 states had increases in their coincident indexes. Arizona's coincident index increased by 0.2% compared to the prior month. Year-over-year, the Arizona index is 2.4% above last year, which is the 33<sup>rd</sup> highest growth rate in the country. While this is a significant improvement, Arizona's index is still (8.7)% below its peak, which occurred in August 2007. See *Appendix A – Tracking Arizona's Recovery* for additional historical information.

The Federal Reserve Bank of Philadelphia also publishes a **leading index** for each state that forecasts economic conditions for the next 6 months. In addition to the coincident index, Arizona's leading index is based on Arizona housing permits, Arizona initial unemployment insurance claims, national manufacturing delivery times, and the interest rate spread between the 3-month and 10-year Treasury instruments.

Using a 3-month average, Arizona's leading index projects that state GDP will grow at an annualized rate of 3.2% over the next 6 months. This is higher than the revised 2.7% growth projection in November and higher than the 2.9% projection in December 2012.

### Housing

The number of Maricopa County **pending foreclosures** decreased from 5,974 in December to 5,698 in January. The January total is significantly below the peak in December 2009 (51,466). See *Appendix A – Tracking Arizona's Recovery*.

The total housing inventory in the Greater Phoenix area increased from 22,090 in January 2013 to 28,464 in January 2014, a 28.9% increase.

In the Metropolitan Phoenix area, the **median price of a single family home** was \$205,000 in December. This represents a 2.5% increase from November, and a 25.0% increase from December of last year.

Another measure of the health of the Arizona real estate market is permitting activity. For the 3-month period through December, a total of 1,303 **single-family building permits** had been issued statewide, a 12.8% increase from last year. While permitting activity has seen gains, the current level of permitting remains far below a more normal 3-month average of 3,000 to 4,000 permits. See *Appendix A – Tracking Arizona's Recovery*.

In the 3-month period ending in December, a total of 580 **multi-family building permits** were issued in the state. This figure remains well below the peak of activity in April 2007.

“(GDP) increased at an annual rate of 3.2% in the fourth quarter of 2013...a deceleration from 4.1% growth in the third quarter.”

## Recent Economic Indicators (Continued)

*“As part of Medicaid expansion and restoration that began January 1, 2014, the [childless adult] program again allowed new participants. Since the December MFH, the population has increased by 63,862 to reach a level of 131,632.”*

### Employment

Due to the annual revision of employment date (also known as “benchmarking”), January’s employment and unemployment figures will not be released until the second week of March. For this reason, this month’s issue of *Monthly Fiscal Highlights* does not include any updated employment statistics.

### State Agency Data

At the beginning of February, total **AHCCCS** caseloads increased to 1.28 million members. Overall, AHCCCS caseloads are currently 0.9% above February 2013 levels. The traditional acute care AHCCCS population, which consists primarily of lower income children and their parents, increased by 2.6% since last month while decreasing (0.5)% since last year. The total population in this program is approximately 877,000.

From July 2011 through December 2013, the childless adult program did not allow new participants. As part of Medicaid expansion and restoration that began January 1, 2014, the program again allowed new participants. Since the December MFH, the population has increased by 63,862 to reach a level of 131,632. As a whole, the Proposition 204 program has increased 35.9% compared to the prior month, and 56.4% from the prior year.

Medicaid expansion also resulted in the creation of a new member population consisting of adults from 100% to 133% of the Federal Poverty Level (FPL). At the beginning of February, 3,043 individuals had enrolled under this new population.

KidsCare I provides coverage for 2,290 children with incomes above those in the traditional population. Its enrollment has declined since a freeze was implemented in January 2010. On February 1, 2014, approximately 3,300 children on the KidsCare I program with family income up to 133% of the FPL were also transferred to the Traditional acute care program. Including that transfer of children, enrollment in the program declined (71.0)% from the prior year.

From May 1, 2012 to January 31, 2014, AHCCCS administered the KidsCare II program, in which state matching funds for

expanded coverage for children to 200% of the FPL were provided by voluntary payments from political subdivisions. On February 1, 2014, the approximately 23,000 children in the program with family income up to 133% of the FPL were transferred to the Traditional acute care program. Coverage was eliminated for the approximately 14,000 children with family income from 134% to 200% of the FPL.

There were 33,336 **TANF recipients** in the state in December, a monthly caseload decrease of (3.6)%. Year-over-year, the number of TANF recipients has declined by (19.0)%. The statutory lifetime limit on cash assistance is 24 months.

The appropriation for TANF cash assistance in the FY 2014 budget funds an average monthly caseload of approximately 34,346 recipients in FY 2014. The 33,336 TANF recipients includes 1,652 tribal recipients. These recipients belong to tribes that operate their own TANF program but contract with the state for program administration, meaning there were 31,684 state-funded TANF recipients in December.

The **Supplemental Nutrition Assistance Program (SNAP)**, formerly known as Food Stamps, provides assistance to low-income households to purchase food. In December, there were a total 1.1 million food stamp recipients in the state, a (1.9)% decrease over the prior month. Compared to the same month last year, food stamp participation was down by (5.3)%.

The 3-month average count of the Department of Corrections (ADC) inmate population increased to 41,126 inmates in January 2014. Relative to the prior 3-month period, the population has increased by 118 inmates. Compared to a year ago, the population has increased by 1,051 inmates.

## Recent Economic Indicators (Continued)

Table 5

### ECONOMIC INDICATORS

| <u>Indicator</u>  | <u>Time Period</u>                              | <u>Current Value</u> | <u>Change From<br/>Prior Period</u> | <u>Change From<br/>Prior Year</u> |
|---|---|----------------------|-------------------------------------|-----------------------------------|
| <b>Arizona</b>  |   |                      |                                     |                                   |
| - Unemployment Rate (SA)  | December  | 7.6%                 | (0.2) %                             | (0.3)%                            |
| - Initial Unemployment Insurance Claims                               | December  | 18,554               | 4.5%                                | 1.2%                              |
| - Unemployment Insurance Recipients                                   | December  | 34,824               | (1.0)%                              | (8.6)%                            |
| - Non-Farm Employment - Total   | December  | 2.57 million         | 0.3%                                | 2.0%                              |
| Manufacturing   | December  | 154,400              | (0.1)%                              | (1.6)%                            |
| Construction  | December  | 122,800              | (0.7)%                              | 4.2%                              |
| - Average Weekly Hours, Manufacturing                                 | December  | 41.0                 | 0.7%                                | 1.0%                              |
| - Contracting Tax Receipts (3-month average)                          | Oct-Dec   | \$40.7 million       | (2.0)%                              | 12.9%*                            |
| - Retail Sales Tax Receipts (3-month average)                         | Oct-Dec   | \$190.0 million      | 17.7%                               | 12.0%*                            |
| - Residential Building Permits (3-month moving average)               |   |                      |                                     |                                   |
| Single-family   | Oct-Dec   | 1,303                | 0.9%                                | 12.8%                             |
| Multi-unit  | Oct-Dec   | 580                  | 341.9%                              | (18.6)%                           |
| - Greater Phoenix Home Sales  |   |                      |                                     |                                   |
| Single-Family   | December  | 6,596                | 12.8%                               | (17.1)%                           |
| Townhouse/Condominium   | December  | 1,055                | 9.8%                                | (11.1)%                           |
| - Greater Phoenix Median Home Price                                   |   |                      |                                     |                                   |
| Single-Family   | December  | \$205,000            | 2.5%                                | 25.0%                             |
| Townhouse/Condominium   | December  | \$120,000            | 0.1%                                | 20.1%                             |
| - Greater Phoenix S&P/Case-Shiller Home Price Index (Jan. 2000 = 100) | November  | 144.86               | 0.3%                                | 16.7%                             |
| - Foreclosure Activity, Maricopa County                               | January   | 5,698                | (4.6)%                              | (48.8)%                           |
| Pending Foreclosures (Active Notices)                                 |   |                      |                                     |                                   |
| - Greater Phoenix Total Housing Inventory, (ARMLS)                    | January   | 28,464               | 12.2%                               | 28.9%                             |
| - Phoenix Sky Harbor Air Passengers                                   | November  | 3.22 million         | (2.7)%                              | (2.5)%                            |
| - Revenue Per Available Hotel Room                                    | December  | \$55.81              | (21.1)%                             | 9.7%                              |
| - Arizona Average Natural Gas Price (\$ per thousand cubic feet)      | November  | \$5.16               | 21.7%                               | (5.7)%                            |
| - Arizona Consumer Confidence Index (1985 = 100)                      | 1st Quarter 2014                                | 68.9                 | 3.0%                                | N/A                               |
| - Arizona Coincident Index (July 1992 = 100)                          | December  | 184.50               | 0.2%                                | 2.4%                              |
| - Arizona Leading Index -- 6 month projected growth rate              | Oct-Dec   | 3.2%                 | 0.5%                                | 0.3%                              |
| - Arizona Personal Income   | 3rd Quarter 2013                                | \$246.5 billion      | 0.9%                                | 4.5%                              |
| - Arizona Population  | July 1, 2013                                    | 6.63 million         | N/A                                 | 1.2%                              |
| - AHCCCS Recipients   | February  | 1,276,226            | 1.4%                                | 0.9%                              |
| Acute Care Traditional  |   | 877,018              | 2.6%                                | (0.5)%                            |
| Prop 204 Childless Adults   |   | 131,632              | 35.9%                               | 56.4%                             |
| Other Prop 204  |   | 143,389              | (0.4)%                              | (2.8)%                            |
| Adult Expansion   |   | 3,043                | 122.3%                              | N/A                               |
| Kids Care I   |   | 2,290                | (59.0)%                             | (71.0)%                           |
| Kids Care II  |   | -                    | (100.0)%                            | (100.0)%                          |
| Long-Term Care – Elderly & DD   |   | 54,652               | 0.2%                                | 2.6%                              |
| Emergency Services  |   | 64,202               | (1.1)%                              | 2.0%                              |
| - TANF Recipients   | December  | 33,336               | (3.6)%                              | (19.0)%                           |
| - SNAP (Food Stamps) Recipients                                       | December  | 1,064,596            | (1.9)%                              | (5.3)%                            |
| - ADC Inmate Growth (3-month average)                                 | Nov-Jan   | 41,126               | 118 inmates                         | 1,051 inmates                     |
| - Probation Caseload  |   |                      |                                     |                                   |
| Non-Maricopa  | December  | 17,502               | (33)                                | (481)                             |
| Maricopa County   | December  | 24,667               | 91                                  | (614)                             |
| <b>United States</b>  |   |                      |                                     |                                   |
| - Gross Domestic Product (Chained 2009 dollars, SAAR)                 | 4 <sup>th</sup> Quarter 2013 (Advance Estimate) | \$16.0 trillion      | 3.2%                                | 2.7%                              |
| - Consumer Confidence Index (1985 = 100)                              | January   | 80.7                 | 4.1%                                | 38.2%                             |
| - Leading Indicators Index (2004 = 100)                               | December  | 99.4                 | 0.1%                                | 5.4%                              |
| - U.S. Semiconductor Billings (3-month moving average)                | Oct.-Dec.                                       | \$5.8 billion        | (1.3)%                              | 17.3%                             |
| - Consumer Price Index, SA (1982-84 = 100)                            | January   | Rel. 2/20            | 0.3%                                | 1.5%                              |

\* Excludes the temporary 1¢ increase that expired at the end of May 2013.

## Summary of Recent Agency Reports

**ADOA/Treasurer – Report on Reconciliation of General Fund Balance for FY 2013** – Pursuant to A.R.S. § 41-172A and A.R.S. § 35-131F the Office of the State Treasurer and the Arizona Department of Administration (ADOA) are required to submit reports reconciling any difference between agencies in the year-end General Fund balance. ADOA and the Treasurer currently report FY 2013 year-end General Fund balances (including dedicated subaccounts and excluding claims payable) of \$1,015.6 million and \$1,015.2 million, respectively. The difference leaves an unreconciled General Fund balance of \$392,000. ADOA and the Treasurer report that they will continue to try to isolate the source of the difference. (Eric Billings)

**ADOA – Working Capital Surplus Report** – In January, the Arizona Department of Administration (ADOA) reported on the FY 2013 working capital surplus requirements for the \$1.45 billion of tax-exempt deficit financing entered into in FY 2010. The financing consisted of the sale/leaseback of state properties totaling \$1.0 billion and lottery revenue bonds totaling \$450 million.

Because the state used tax-exempt debt financing to eliminate a budget shortfall, the federal government requires that certain provisions be included in the official financing agreements. Under the current terms of the agreements, the state is essentially required to purchase tax-exempt securities if the year-end General Fund balance (or “working capital”) exceeds 5% prior to FY 2015.

Beginning with the FY 2015 ending balance, the current agreements would require the state to begin repayment of the deficit financing agreements if it were determined that working capital exceeded 5%. Working capital is defined as the fiscal year ending balance in the following funds: the state General Fund, the Budget Stabilization Fund, and any Department of Revenue clearing accounts.

In its report, ADOA calculates that the excess working capital surplus above the 5% level is \$995.4 million for FY 2013. ADOA has indicated that under the financing agreements, the state is allowed to monitor its cash balance on a monthly basis, and would only be required to purchase the securities if monthly cash surpluses were sustained through the fiscal year.

Given this monthly monitoring and the state’s typical cash flow throughout a given fiscal year, the process of purchasing tax-exempt securities in an effort to reach the \$995.4 million amount determined in the annual Working Capital Surplus report would likely begin within the next 2 to 3 months.

However, in order to avoid both the short-term requirements relating to the tax-exempt securities purchase and the longer-term mandatory repayment, the Executive has recently identified an alternative means of complying with the federal rules regarding tax exempt issuances.

While not currently contained in the 2010 agreements, this alternative would relieve the state of its short-term investment and long-term repayment requirements. The state would instead agree to limit the investment yield on a significant portion of its cash reserves to approximately 4%, which is the interest rate associated with the 2010 operating financing. Moving the state to the yield restriction mechanism would require the Executive to modify the existing financing agreement through a filing with the third party bond trustee. This modification would not require legislative approval.

**AHCCCS – Report on Health Insurance Exchange Interaction and Eligibility Modifications** – Pursuant to an FY 2014 General Appropriation Act footnote, AHCCCS submitted its second quarterly report on the required automation interaction with the health insurance exchange and eligibility modifications. The federal Affordable Care Act requires state agencies to make a number of changes to eligibility and enrollment in order to standardize eligibility across states, simplify and expedite enrollment, and share eligibility and enrollment information to and from the federal exchange. It further requires users to be able to use the same system to apply for other federal benefits including the Supplemental Nutrition Assistance Program (formerly known as food stamps), and cash assistance (TANF). AHCCCS has updated its previous enrollment system, titled Health-e-Arizona Plus (HEAplus) to meet these standards.

As of January 31, 2014 AHCCCS reports that the majority of the changes have already been implemented, and they have met the requirements to obtain enhanced federal funding for their eligibility requirements. Completed items are as follows:

1. Requiring first time users to prove their identity by answering a series of questions about themselves,
2. An additional security check for state workers, community assisters and state vendors,
3. Connecting with data from Homeland Security, the Social Security Administration, and Work Number (payroll information from certain employers) through the federal data hub. AHCCCS has declined to use IRS data due to the expense of securing the data, in combination with what they believe to be limited value of the data due to its age.
4. Transferring the accounts of applicants with incomes too high for AHCCCS to the federal exchange.

## Summary of Recent Agency Reports (Continued)

AHCCCS further reports that they are waiting on the federal government before completing the remaining changes. There are 2 main issues:

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.
2. The federal exchange is supposed to be able to transfer applicants to its system to AHCCCS if their income is low enough. Due to problems on the federal end, account transfers from the exchanges to AHCCCS have only been occurring on a limited basis since January 22, 2014.

(Jon Stall)

**AHCCCS – Report on KidsCare II Distributions** – Pursuant to an FY 2014 General Appropriation Act footnote, the Arizona Health Care Cost Containment System (AHCCCS) is required to notify the JLBC before expending any KidsCare II monies in excess of \$26.8 million in FY 2014. AHCCCS reports that they intend to distribute \$48.2 million in total funds in FY 2014. The original amount did not take into account monies from the Phoenix hospital assessment and additional spending to delay the program end date from December 31, 2013 to January 31, 2014. The KidsCare II program expanded KidsCare from May 1, 2012 to January 31, 2014. The program was funded by voluntary payments from political subdivisions and monies collected by a Phoenix hospital assessment. These payments received an approximate 3:1 match from the Federal government. (Jon Stall)

**AHCCCS – Report on Safety Net Care Pool Program** – Pursuant to an FY 2014 General Appropriation Act footnote, the Arizona Health Care Cost Containment System (AHCCCS) reported on the monies received from local government hospital assessments for the Safety Net Care Pool (SNCP) program through December 31, 2013. The SNCP program funds unreimbursed costs incurred by hospitals in caring for uninsured and AHCCCS recipients. Local governments or public universities provide the state match, and the voluntary contributions receive an approximate 2:1 match from the federal government. As a federal condition of participating in the program, some of the monies must be used for coverage expansion of the KidsCare and the childless adult population.

In April 2012, AHCCCS received federal approval to establish the SNCP program. The program was expanded a year later using monies collected from a City of Phoenix hospital assessment. The agency reports these payments resulted in an additional \$406.0 million in total fund distributions to hospitals plus \$50.3 million in total funds expended for coverage expansion through December 31, 2013. In December 2013, this resulted in

an additional 40,578 children covered through the KidsCare II program and 3,822 additional persons covered through the childless adult program. More detail on FY 2014 year-to-date payments and coverage is provided in the table below.

AHCCCS recently received approval to extend the SNCP program for the Phoenix Children’s Hospital, through December 31, 2014. The agency additionally received approval to extend the KidsCare II coverage expansion through January 31, 2014. The remainder of the SNCP program ended on January 1, 2014. (Jon Stall)

**Table 6**

**FY 2014 SNCP and Coverage Expansion**  
(YTD through December; \$ in Millions)

|  | <u>State</u><br><u>Match</u> | <u>Federal</u><br><u>Match</u> | <u>Total</u><br><u>Funds</u> |
|--|------------------------------|--------------------------------|------------------------------|
| Original SNCP Agreement                            | \$58.7                       | \$125.9                        | \$184.6                      |
| City of Phoenix SNCP Agreement                     | <u>74.5</u>                  | <u>146.9</u>                   | <u>221.4</u>                 |
| Sub-total SNCP Payments to Hospitals               | 133.2                        | 272.8                          | 406.0                        |
| KidsCare II and Childless Adult Coverage Expansion | <u>9.8</u>                   | <u>40.5</u>                    | <u>50.3</u>                  |
| <b>Grand Total</b>                                 | <b>\$143.0</b>               | <b>\$313.3</b>                 | <b>\$456.3</b>               |

**Department of Health Services - Quarterly Report on Individuals in the Comprehensive Medical and Dental Program (CMDP)** – Pursuant to Laws 2013, Chapter 220, the Arizona Department of Health Services (DHS) is required to report quarterly, through December 31, 2015, on financial and program accountability trends of CMDP, the foster care medical program. DHS states that between July 1 and September 30, 2013, 61%, or 9,134 of the 15,026 CMDP eligible members received behavioral health services. The service level ranged from 55% to 92% across the 6 geographic service areas. On average, 623 new behavioral health cases were opened each month, while an average of 8,369 behavioral health cases continued to remain open from the prior month. An average of 581 behavioral health cases were closed each month.

The most widely used services by CMDP members during the first quarter of FY 2014 were support services (including case management), treatment services, and medications. Of all members served, 97% used support services, 72% used treatment services, and 19% received medications. The most expensive service per capita was inpatient services. DHS states that 165 CMDP members, or 2% of the total CMDP population, received nearly \$3.3 million in inpatient services (\$19,800 per capita). Inpatient services consist of detoxification and treatment at hospitals and sub-acute facilities that provide 24-hour supervision, an intensive treatment program, and on-site medical services. (Matt Gress)

## Summary of Recent Agency Reports (Continued)

**Department of Health Services – Report on Arnold v. Sarn**  
– Pursuant to a FY 2014 General Appropriation Act footnote, the Department of Health Services (DHS) has submitted the first and second quarter report on settling the *Arnold v. Sarn* lawsuit.

The state has been a longstanding defendant in the *Arnold v. Sarn* litigation concerning the level of services provided to the Seriously Mentally Ill (SMI) population. In January 2014, both parties filed a joint agreement with the court to terminate the lawsuit. The agreement, which awaits court approval, requires expansion of certain services and continued monitoring of service capacity and quality. Prior to this proposed 2014 settlement, the parties had an interim agreement in place. The first and second quarter report addresses this interim agreement.

The interim agreement focuses on the conditions for admission and the length of stay for *Arnold* class members at the Arizona State Hospital (ASH). DHS and the Regional Behavioral Health Authorities (RBHAs) have continued to coordinate discharges to provide appropriate community support and services, in addition to ensuring that ASH has a census of 55 or fewer class members. DHS did not exceed this limit at any time during the first or second quarters.

As agreed upon by the parties, DHS has not provided funding for class members in supervisory care homes, as the department has secured alternative housing. During the second quarter, 23 additional class members received community based housing.

The interim agreement further provided that DHS develop a system of peer support services that are delivered in individual and group settings by individuals who have person experience with mental illness, substance abuse, and recovery to help SMI individuals develop skills to aid in their own recovery. At the end of the second quarter, DHS estimates there are approximately 800-1,200 individuals that are part of the peer support specialist workforce.

The interim agreement also focuses on employment support for class members. During the second quarter, DHS reports that the Maricopa County RBHA maintained an employment rate for class members of 14.7%, which is above the statewide rate of 13.4%. This RBHA trained 95 provider staff and 8 Behavioral Health Recipients on Social Security Work Incentives and Disability Benefits. This RBHA has also worked with other providers to implement a Substance Abuse and Mental Health Administration (SAMHSA) fidelity tool to monitor outcome measures. SAMHSA monitoring is a key feature of the 2014 proposed agreement.

The interim agreement further states that DHS will implement Quality Service Reviews (QSR) in order to evaluate network sufficiency, identify service gaps, and

maximize customer satisfaction. The August 2013 QSR concluded that services matched SMI individuals' needs 82% of the time, that SMI individuals reported 81% of services were provided within 30 days upon identification of need, and that service location and service times were convenient for approximately 86% of the SMI population. The QSR recommended areas for further monitoring that include better documenting individuals' needs, improving outcomes in employment and meaningful daily activities, and possibly expanding several services, including supported housing, supported employment, living skills, and family and peer support. (Matt Gress)

**Department of Public Safety – Quarterly Report on the GIITEM Fund** – Pursuant to A.R.S. § 41-1724, the Department of Public Safety (DPS) is required to report quarterly on Gang and Immigration Intelligence Team Enforcement Mission (GIITEM) Fund expenditures. In FY 2014, the GIITEM Fund was appropriated \$2.6 million in General Fund monies for grants to local law enforcement agencies to help with border security. During the second quarter of FY 2014 DPS expended \$650,900 in GIITEM Immigration Enforcement Grant monies bringing the year-to-date total to \$1.3 million. These monies were distributed to the Maricopa County Sheriff's Office per statute.

Additionally, the GIITEM Border Security and Law Enforcement Subaccount received \$575,607 in criminal fine and fee revenues in the second quarter of FY 2014 bringing the year-to-date total to \$1.1 million. DPS expended \$317,100 in the second quarter, which represents the total expenditures for the year. The monies were granted to 10 local law enforcement agencies and the Arizona Department of Corrections for border security purposes. (Eric Billings)

**Secretary of State - Report on the Election Systems Improvement Fund** – Pursuant to a General Appropriation Act footnote and A.R.S. § 41-129C, the Secretary of State submitted a report on the expenditures from the Election Systems Improvement Fund to implement the Help America Vote Act. The expenditures in FY 2013 were \$1.7 million and are projected to be \$2 million in FY 2014 and FY 2015. The Secretary of State reports that FY 2013 expenditures were used as follows: 59% for voter registration, 14% on voter accessibility 11% for administration, 10% for poll workers, 5% on voter education, and 1% for telecommunication and training. A similar distribution is expected to continue for FY 2014 and FY 2015. (Krista MacGahan)

## January Spending

January 2014 General Fund spending of \$613.7 million was \$(99.1) million lower than January 2013. Year-to-date, spending is \$6.1 billion, or \$(80.5) million below last year.

(See Tables 7 & 8).

- During January 2014, the Department of Education spent \$(76.8) million less than January 2013 due to technical timing issues, due in part to the schedule of adjustments made relating to the K-12 rollover.

- Department of Economic Security expenditures are \$55.2 million greater through January due to increased funding levels for the agency in FY 2014.

|                                      | <u>Jan 14</u> | Change From<br><u>Jan 13</u> | <u>Year-to-Date</u> | YTD Change<br><u>from FY 13</u> |
|--------------------------------------|---------------|------------------------------|---------------------|---------------------------------|
| <b>Agency</b>                        |               |                              |                     |                                 |
| AHCCCS                               | 102.1         | (11.2)                       | 788.1               | (9.2)                           |
| Corrections                          | 81.4          | 7.2                          | 550.8               | 20.6                            |
| Economic Security                    | 69.5          | (15.5)                       | 579.8               | 55.2                            |
| Education                            | 217.0         | (76.8)                       | 2,511.7             | 14.9                            |
| Health Services                      | 10.5          | (3.8)                        | 471.0               | (39.6)                          |
| Public Safety                        | 2.6           | 0.2                          | 19.9                | 1.2                             |
| School Facilities Board              | 30.6          | 1.0                          | 188.2               | 15.9                            |
| Universities                         | 48.8          | 2.5                          | 518.0               | 16.6                            |
| Leaseback Debt Service               | 0.0           | 0.0                          | 84.1                | 0.0                             |
| Other                                | <u>51.2</u>   | <u>(2.7)</u>                 | <u>368.3</u>        | <u>43.9</u>                     |
| <b>Total</b>                         | <b>613.7</b>  | <b>(99.1)</b>                | <b>6,079.9</b>      | <b>119.5</b>                    |
| Budget Stabilization<br>Fund Deposit | 0.0           | 0.0                          | 0.0                 | (200.0)                         |
| <b>Grand Total</b>                   | <b>613.7</b>  | <b>(99.1)</b>                | <b>6,079.9</b>      | <b>(80.5)</b>                   |

| <b>General Fund Spending</b>                  |               |                               |                     |                                  |
|---|---------------|-------------------------------|---------------------|----------------------------------|
| <b>(\$ in Thousands)</b>                      |               |                               |                     |                                  |
| <b>Agency</b>                                 | <b>Jan 14</b> | <b>Change from<br/>Jan 13</b> | <b>Year-to-Date</b> | <b>YTD Change<br/>from FY 13</b> |
| Dept. of Admin./Automation Projects Fund      | 907.7         | (137.7)                       | 25,424.6            | 9,801.4                          |
| ADOA – Sale/Leaseback Debt Service            | -             | -                             | 84,119.8            | -                                |
| Office of Administrative Hearings             | 70.1          | (31.3)                        | 518.4               | (13.5)                           |
| Department of Agriculture                     | 774.5         | 96.2                          | 5,076.3             | 538.2                            |
| AHCCCS  | 102,104.1     | (11,237.0)                    | 788,065.3           | (9,166.9)                        |
| Attorney General                              | 1,665.3       | (174.9)                       | 12,202.8            | (662.3)                          |
| AZ Capital Post Conviction Public<br>Defender | -             | -                             | -                   | (4.1)                            |
| State Board of Charter Schools                | 87.1          | 25.0                          | 519.3               | 61.8                             |
| AZ Commerce Authority                         | 2,625.0       | -                             | 18,375.0            | -                                |
| Community Colleges                            | 16,129.0      | (129.0)                       | 49,061.0            | (2,040.9)                        |
| Corporation Commission                        | 35.9          | (11.0)                        | 280.4               | (52.2)                           |
| Department of Corrections                     | 81,369.6      | 7,167.3                       | 550,800.9           | 20,570.3                         |
| County Funding                                | -             | -                             | 7,150.5             | 7,150.5                          |
| AZ State Schools for the Deaf & Blind         | 1,924.6       | 675.5                         | 13,490.2            | 90.3                             |
| Department of Economic Security               | 69,545.4      | (15,472.9)                    | 579,846.5           | 55,167.6                         |
| Department of Education                       | 216,993.0     | (76,768.9)                    | 2,511,692.2         | 14,870.5                         |
| DEMA  | 587.6         | (439.0)                       | 4,051.0             | (1,009.5)                        |
| DEQ – WQARF                                   | -             | -                             | 7,000.0             | -                                |
| Office of Equal Opportunity                   | 27.8          | 27.4                          | 125.8               | 70.2                             |
| State Board of Equalization                   | 39.1          | 18.9                          | 367.3               | 8.1                              |
| Board of Executive Clemency                   | 61.3          | (28.4)                        | 480.2               | 14.6                             |
| Department of Financial Institutions          | 216.6         | 15.6                          | 1,700.7             | 97.4                             |
| Department of Fire, Bldg and Life Safety      | 126.2         | (60.5)                        | 1,179.6             | 96.6                             |
| State Forester                                | 256.9         | (1,378.3)                     | 1,850.0             | (1,928.5)                        |
| Arizona Geological Survey                     | 50.4          | (72.6)                        | 406.0               | (182.0)                          |
| Governor/OSPB                                 | 482.5         | (202.9)                       | 5,830.8             | 1,104.6                          |
| Department of Health Services                 | 10,501.8      | (3,836.2)                     | 471,004.0           | (39,555.9)                       |
| Arizona Historical Society                    | 230.4         | (16.4)                        | 1,984.0             | (0.2)                            |
| Prescott Historical Society of AZ             | 49.3          | 4.5                           | 410.3               | 18.5                             |
| Independent Redistricting Comm.               | 55.7          | (269.0)                       | 860.2               | (199.9)                          |
| Commission of Indian Affairs                  | 3.9           | 0.9                           | 33.6                | 3.2                              |
| Department of Insurance                       | 393.1         | (7.3)                         | 3,182.2             | 279.3                            |
| Judiciary                                     |               |                               |                     |                                  |
| Supreme/Superior Court                        | 10,491.5      | 614.0                         | 56,518.8            | 1,507.3                          |
| Court of Appeals                              | 1,185.9       | 134.9                         | 8,120.0             | 229.7                            |
| Department of Juvenile Corrections            | 2,892.9       | (168.4)                       | 22,660.8            | (1,643.4)                        |

| Agency                                    | Jan 14           | Change from<br>Jan 13 | Year-to-Date       | YTD Change<br>from FY 13 |
|---|------------------|-----------------------|--------------------|--------------------------|
| State Land Department                     | 783.3            | 699.7                 | 6,812.1            | 6,180.1                  |
| Law Enforcement Merit System              | -                | (5.4)                 | -                  | (38.5)                   |
| Legislature                               |                  |                       |                    |                          |
| Auditor General                           | 1,487.5          | 187.2                 | 10,998.8           | 1,095.4                  |
| House of Representatives                  | 1,041.5          | 90.4                  | 6,956.9            | 625.5                    |
| Joint Legislative Budget Comm.            | 191.5            | 45.8                  | 1,187.6            | 131.0                    |
| Legislative Council                       | 564.3            | (24.2)                | 4,236.5            | (456.0)                  |
| Senate                                    | 748.1            | 100.2                 | 4,685.4            | 314.9                    |
| Mine Inspector                            | 83.1             | 13.7                  | 700.8              | 19.3                     |
| Nav. Streams & Adjudication               | 9.2              | 0.8                   | 68.8               | (2.3)                    |
| Occupational Safety and Health Review     | -                | -                     | 2.3                | 2.3                      |
| Phoenix Convention Center                 | -                | -                     | 20,449.0           | 14,854.0                 |
| Pioneers' Home                            | 367.9            | 339.4                 | 1,179.3            | 561.5                    |
| Comm. for Postsecondary Ed.               | 88.0             | -                     | 786.4              | -                        |
| Department of Public Safety               | 2,586.4          | 195.0                 | 19,862.1           | 1,168.6                  |
| Public Safety Personnel Retirement System | -                | -                     | 5,000.0            | 5,000.0                  |
| Arizona Department of Racing              | 85.0             | 1.4                   | 1,874.9            | 0.8                      |
| Radiation Regulatory Agency               | 229.1            | (12.2)                | 976.7              | 6.4                      |
| Real Estate Department                    | 200.8            | 44.6                  | 1,521.6            | 148.1                    |
| Department of Revenue                     | 1,208.9          | (2,000.7)             | 30,750.1           | 6,057.8                  |
| School Facilities Board                   | 30,630.9         | 991.0                 | 188,190.7          | 15,856.8                 |
| Secretary of State                        | 635.1            | (664.1)               | 7,335.5            | (4,783.9)                |
| Tax Appeals Board                         | 17.8             | 0.4                   | 162.3              | 3.9                      |
| Office of Tourism                         | 526.0            | 148.5                 | 3,451.8            | 412.2                    |
| Department of Transportation              | 1.4              | 1.4                   | 2.6                | (16.2)                   |
| Commission on Uniform State Laws          | -                | -                     | 55.7               | 55.7                     |
| Universities                              |                  |                       |                    |                          |
| Board of Regents                          | 6,021.2          | (1,126.5)             | 18,399.5           | (8,716.5)                |
| Arizona State University                  | 19,640.4         | 2,259.2               | 228,058.4          | 15,814.5                 |
| Northern Arizona University               | 6,562.5          | 638.3                 | 76,432.4           | 4,468.2                  |
| University of Arizona                     | 16,596.4         | 725.6                 | 195,104.4          | 5,079.4                  |
| Department of Veteran Services            | 414.8            | (212.8)               | 3,009.5            | (256.0)                  |
| Department of Water Resources             | 885.4            | 126.1                 | 6,025.8            | 764.2                    |
| Department of Weights & Measures          | 102.5            | (10.6)                | 694.6              | (108.9)                  |
| Other - JP Salaries Distribution          | 154.3            | 40.8                  | 526.1              | 31.6                     |
| Other                                     | -                | -                     | 0.4                | 0.4                      |
| <b>Total</b>                              | <b>613,747.4</b> | <b>(99,068.5)</b>     | <b>6,079,887.7</b> | <b>119,495.4</b>         |
| Budget Stabilization Fund Deposit         | -                | -                     | -                  | (200,000.0)              |
| <b>Grand Total</b>                        | <b>613,747.4</b> | <b>(99,068.5)</b>     | <b>6,079,887.7</b> | <b>(80,504.6)</b>        |

## Tracking Arizona's Recovery

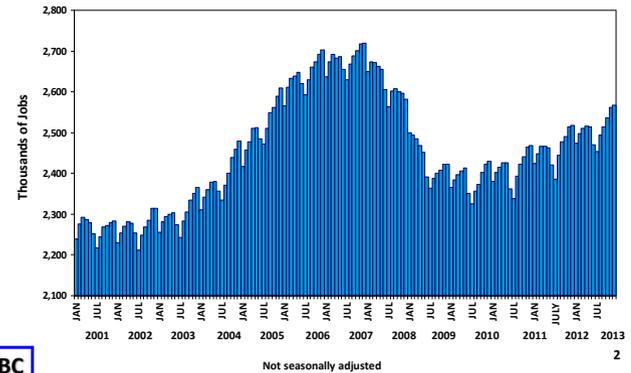
February 2014  
Appendix A

Slide:

- 2.....Total Non-Farm Employment
- 3.....Initial Claims for Unemployment Insurance
- 4.....State Sales Tax Collections – Retail Category
- 5.....State Sales Tax Collections – Contracting Category
- 6.....Single Family Building Permits
- 7.....Maricopa County Pending Foreclosures
- 8.....Coincident Index

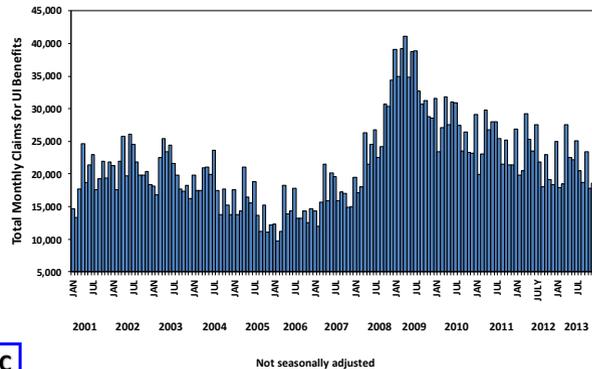
JLBC

## Total Non-Farm Employment



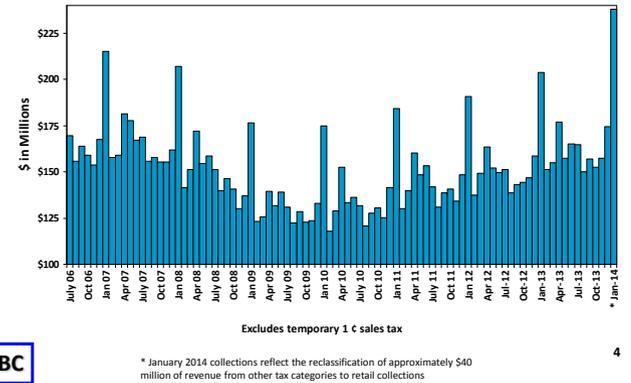
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## Initial Claims for Unemployment Insurance



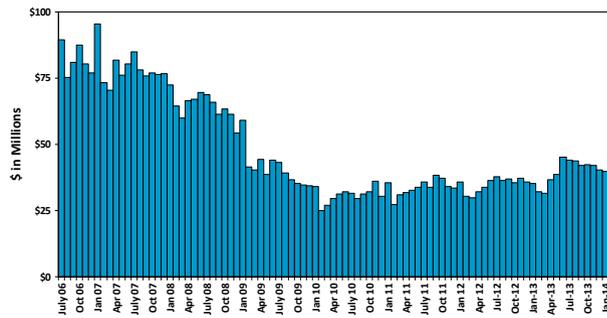
JLBC

## State Sales Tax Collections – Retail Category



JLBC

## State Sales Tax Collections – Contracting Category

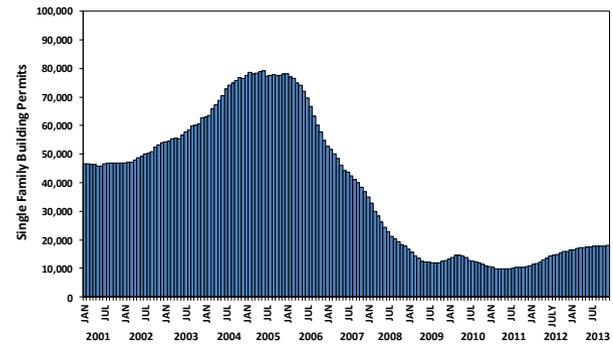


JLBC

Excludes temporary 1 c sales tax

5

## Single Family Building Permits

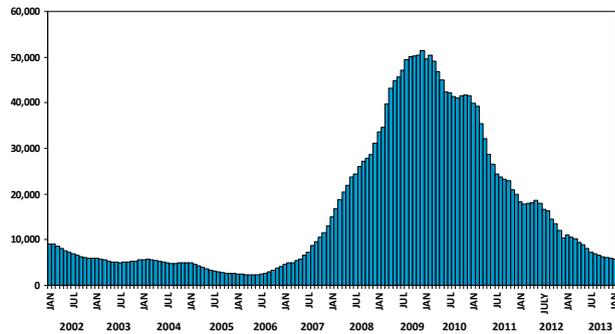


JLBC

12-Month Moving Sum

6

## Maricopa County Pending Foreclosures

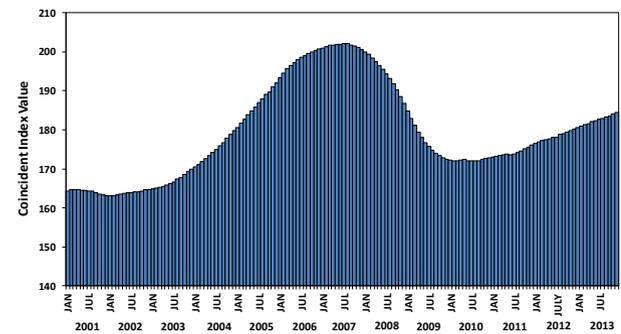


JLBC

An initial notice of trustee sale has been recorded but final sale has not yet occurred

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.

8