

JLBC - Monthly Fiscal Highlights

July 2015

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*"As of today,
the JLBC Staff
estimates the
FY 2015 ending
balance at
\$266 million."*

This report has been
prepared for the Arizona
Legislature by the Joint
Legislative Budget
Committee Staff on
July 20, 2015.

Summary

State Fiscal Year 2015 ended on June 30th. June General Fund revenues exceeded the enacted budget forecast, continuing a trend that has occurred since December 2014.

Since year-end transactions are still being processed, the June results are preliminary. There is even more uncertainty over this year's book closing due to the implementation of the state's new accounting system on July 1, 2015.

Given the revenue and spending data received so far, the following summarizes the preliminary financial status of FY 2015:

- June revenue collections were \$58 million above forecast, mostly due to strong growth in the Individual and Corporate Income Tax categories.
- Overall, FY 2015 General Fund revenues were \$322 million above the enacted forecast.
- Year-to-date (YTD) General Fund net revenues were 5.4% above FY 2014.
- Total FY 2015 General Fund revenues were \$9.53 billion, which consisted of \$8.95 billion from current FY 2015 collections and a \$577 million beginning balance carried forward from FY 2014.
- Total FY 2015 General Fund spending is projected to be \$9.26 billion, an increase of 5.8% above FY 2014.
- FY 2015 General Fund spending is projected to be \$(76) million below the budgeted spending level. This savings is probably

overstated by \$30 million as certain FY 2015 transactions have been shifted to FY 2016 with the implementation of the state's new accounting system.

At the end of the Regular Session, FY 2015 was expected to have a \$(132) million shortfall. The gap was then to be filled with a transfer from the Budget Stabilization Fund (the Rainy Day Fund). Given the uncertainty of the \$(132) million estimate, however, the budget legislation did not authorize the transfer of a specific amount. Instead, the legislation allowed the amount of the transfer to fluctuate so as to produce a final FY 2015 ending balance of \$12 million.

Given both the higher than projected revenue level and lower than expected spending, a Rainy Day Fund transfer will no longer be needed to balance the FY 2015 budget. As a result, the Rainy Day Fund will remain at approximately \$460 million.

Since FY 2015 transactions continue to be processed, any ending balance estimate is subject to change. As of today, the JLBC Staff estimates the FY 2015 ending balance at \$266 million. That estimate reflects the original \$(132) million shortfall being offset by \$322 million in excess revenues and \$76 million in lower spending.

The official determination of the state's fiscal year ending balance will take several months. The General Appropriation Act

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Summary (Continued)

Table 1

Summary of FY 2015 Year-End Impacts

One - Time Ending Balance Resources (\$ in M)

	<u>FY 2015</u>	<u>FY 2016</u>
Budgeted	\$(132)	\$(35)
Preliminary Re-estimate	\$266	\$219

- Based on preliminary estimates, FY 2015 General Fund revenues were 5.4% above last year and are \$322 million above forecast (excluding the beginning balance). Spending was also lower than expected.
- Most of the revenue gains were from Individual Income capital gains tax receipts along with Corporate collections. Compared to these 2 volatile revenue sources, the state's core Sales and Withholding revenues grew much more modestly.
- While book closing normally takes 6 months, the early results are even more tentative this year due to implementation of the state's new accounting system on July 1.
- Given higher revenues and lower spending, a budgeted \$(132) million shortfall is now estimated to be a **\$266 million balance at the end FY 2015**. As a result, no Rainy Day Fund transfer will be needed.
- The FY 2015 results create a larger beginning balance for FY 2016. As a result, a budgeted \$(35) million FY 2016 shortfall turns into a **\$219 million balance by the end of FY 2016**. These are one-time monies and would not support permanent initiatives.
- The higher FY 2015 revenue base, however, is likely to result in higher FY 2016 collections and result in some permanent gain in state resources.
- Given the unstable sources of the revenue windfall, the potential ongoing gain is still being evaluated and will be addressed in more detail at the October Finance Advisory Committee meeting.
- While much further analysis is needed, at least \$200 million of the \$322 million overage is expected to continue into FY 2016 and beyond.
- In total, the FY 2015 results may lead to a one-time FY 2016 gain of \$219 million (via the ending balance) and at least \$200 million in ongoing revenues.
- A ruling in favor of the plaintiffs in the K-12 litigation, however, could add over \$250 million in new spending and offset the possible ongoing revenue gain.

requires the Executive Branch to provide a preliminary estimate of the FY 2015 ending balance by September 15, 2015. By law, the Department of Administration is required to publish its final FY 2015 accounting by December 1, 2015.

FY 2016 Potential Impacts

Based solely on the higher than budgeted carry-forward from FY 2015, the FY 2016 ending balance will be greater than anticipated. At the end of the Regular Session, the enacted FY 2016 budget had a projected shortfall of \$(35) million. With more monies in the beginning balance (\$266 million rather than \$12 million), the \$(35) million shortfall would become a \$219 million balance by the end of FY 2016.

Because this projected \$219 million balance is generated only due to the FY 2015 results, and not any change in FY 2016 revenue or spending factors, it should be viewed as a one-time resource. As discussed below, there are likely ongoing gains separate from these one-time funds.

Several other factors, however, may influence the actual FY 2016 ending balance:

A Higher FY 2016 Revenue Base

The higher FY 2015 revenue base will likely result in higher than expected FY 2016 revenues. The enacted budget assumed a base revenue growth rate of 3.8%. Given the level of FY 2015 collections, a base revenue growth rate of only 0.4% would be needed to meet the enacted FY 2016 forecast.

Some of the \$322 million in unexpected FY 2015 revenue gains, however, may not recur. As discussed in more detail below, the additional FY 2015 revenues appear to be primarily generated by Individual Income Tax capital gains receipts and a surprising 14.5% increase in Corporate Income Tax collections. These tax categories have both been historically volatile, which suggests that the FY 2015 advances may not be totally sustainable.

Summary (Continued)

In comparison, the state's more stable "core" revenue categories experienced much more modest FY 2015 growth. Sales Tax and Individual Income Tax withholding grew less than 4%. Based on historical experience, these 2 categories are more reflective of underlying growth in the economy.

The FY 2016 forecast will be updated as part of the October Finance Advisory Committee process. At that time, the state will have received the first estimated payments of the fiscal year for both Individual and Corporate Income Taxes in September. These first quarter results will provide some insight into the more permanent nature of the FY 2015 gains

Substantial analytical work remains in attempting to distinguish between ongoing and one-time gains. For planning purposes, however, we believe at least \$200 million of the revenue gain will continue into FY 2016.

K-12 Inflation Litigation

The FY 2016 ending balance may also be affected by the K-12 inflation litigation. While the case remains unresolved, a year ago the Maricopa Superior Court ruled that the state must "reset" the per pupil amount to adjust for forgone inflation in prior years. While the estimated FY 2016 cost of the reset was previously \$336 million, the Legislature did appropriate an additional \$74 million in inflation funding in the FY 2016 budget. If those monies are taken into account, the state would owe another \$262 million if the Superior Court ruling is eventually upheld. A ruling at this dollar level would eliminate the potential \$200 million FY 2016 ongoing gain produced by the FY 2015 results.

Delayed FY 2015 Expenditures

Typically, after the end of the fiscal year on June 30th, the state continues to process spending transactions during the next several weeks before closing the books in July (known as the "13th month").

According to preliminary information, end of the year revenue transactions will be processed and credited to FY 2015. In contrast, due to the implementation of the state's new accounting system, year-end spending transactions will not be attributed to the 13th month and will instead be applied against FY 2016.

In the past, these 13th month expenditures have averaged approximately \$30 million each year. The delay in processing will result in unexpected FY 2016 costs.

Operating Fund Balance

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 ending FY 2015 operating balance was \$2.5 billion, compared to \$2.8 billion a year earlier. Due to large rollover payments at the beginning of FY 2016, the balance has fallen to \$1.5 billion halfway into July 2015.

FY 2015 Revenue

FY 2015 net General Fund revenues were \$462 million, or 5.4% above FY 2014. Collections were higher than forecast in each of the state's 3 main revenue categories (Sales, Individual Income and Corporate Income Taxes). Of the total forecast overage of \$322 million, \$203 million was attributable to the Individual Income Tax, \$88 million to the Corporate Income Tax, and \$26 million to the Sales Tax. *Table 2* displays the performance of these revenue categories as compared to the enacted forecast.

Table 2

Growth Rates and Collections Compared to Enacted Forecast By Revenue Category

	<u>Budgeted</u>	<u>Prelim. Actual</u>	<u>Above Forecast</u>
Sales	3.1%	3.7%	\$26 M
Individual Income	2.3%	8.2%	\$203 M
Corporate Income	(0.8)%	14.5%	\$88 M

The strong overall 8.2% Individual Income Tax growth is likely due to a surge in April collections from capital gains income. Though final data is not yet available, this explanation is supported by the impressive average stock market growth of 19.2% and 17.5% in 2013 and 2014, respectively.

Additionally, FY 2015 collections from capital gains income may have grown off a "low" FY 2014 base. The potential as well as actual federal tax increases at the beginning of Tax Year 2013 (otherwise known as the "fiscal cliff") incentivized taxpayers to shift income into Tax Year 2012 and out of Tax Year 2013. As a result, the April 2014 final payments associated with Tax Year 2013 may have been lower than normal.

Capital gains collections are the most volatile component of the Individual Income Tax category, making them inherently difficult to forecast. At its peak, General Fund capital gains collections were \$721 million during FY 2006. Subsequently during the Great Recession, that number declined by (80)% to a level of \$142 million in FY 2010. Since that time, the revenue category has recovered with double-digit growth in 3 of the last 4 fiscal years.

Summary (Continued)

The second main contributor to FY 2015's higher revenues is the 14.5% gain in Corporate Individual Income Tax receipts. Collections were \$88 million above forecast. The reasons for this gain are difficult to determine without access to timely corporate tax return data. Possible explanations range from larger-than-expected corporate profits to less-than-expected use of corporate tax credits.

During the 2011 legislative session, the state enacted a number of corporate tax reductions that are phased in over several years, beginning in Tax Year 2014. While the first-year impact of the phased-in tax reductions was initially expected to occur in FY 2015, later research of corporate tax-filing behavior strongly suggests that most, and perhaps all, of the estimated \$(91) million first-year revenue loss may not occur until FY 2016. (See [April MFH](#) for more information.) The tax impact estimates will be revised as part of the Finance Advisory Committee (FAC) meeting in the fall of 2015.

The uncertainty regarding the FY 2015 results, and the precise timing of future tax law changes, will pose challenges for accurately forecasting Corporate Income Tax revenues during FY 2016. Because these collections comprised a significant portion of the forecast overage (\$88 million out of \$322 million), any evaluation of the ongoing nature of the FY 2015 revenue gains will depend on further Corporate

Income Tax results. In particular, first quarter data during the fall will help determine the overall trend for the category.

Corporate collections have also fluctuated widely over the last decade. Tax receipts reached \$986 million in FY 2007 before losing more than half their value and falling to \$413 million in FY 2010. In the past decade, the yearly percent change in Corporate was greater than plus or minus 10% in 9 of the years.

While some categories posted impressive growth rates, the state's core revenue categories of Sales Tax and Individual Income Tax withholding continue their trend of modest growth. During FY 2015, Sales Tax increased by 3.7%, while withholding grew by 3.1%.

FY 2015 Spending

Total FY 2015 General Fund spending is projected to be \$9.26 billion, which represents an increase of 5.8% above FY 2014. This spending level is \$(76) million below the amount assumed in the enacted budget.

Given available data, the long-term impact of the lower than projected FY 2015 spending is difficult to determine. Any ongoing savings would typically relate to lower enrollment in various caseload programs, however, this information for FY 2015 will not be finalized for several months.

June Revenues

Table 3

General Fund Revenues (\$ in Millions)			
	FY 2015 <u>Collections</u>	Difference From <u>Budget Forecast</u>	Difference <u>From FY 2014</u>
June	\$ 1,083.1	\$ 58.0	\$ 65.1
Year-to-Date	\$ 8,948.2	\$ 322.4	\$ 462.4

Sales Tax collections of \$307.4 million were 0.1% above June of last year and \$1.7 million above the forecast for the month. Year to date, collections have increased by 3.7% and are \$25.5 million above forecast. June collections reflect May activity.

Due to a delay in year-end processing, this month's issue of *Monthly Fiscal Highlights* does not include information on the major categories of sales tax collections,

Individual Income Tax net revenues were \$377.8 million in June, which was \$17.6 million above the prior year. Collections were \$32.0 million above the forecast for the month.

Total FY 2015 revenues have grown by 8.2% and are \$203.2 million above the forecast for the year. As indicated in *Table 4*, withholding increased by 4.4% in June. The monthly increase brings withholding tax collections for the fiscal year to 3.1% over the prior year. This amount is \$7.0 million above the forecast. FY 2015 is the fourth consecutive year that withholding collections have grown 3.5% or less compared to the prior year.

June estimated and final payments of \$126.1 million were 20.9% above last year, and were \$35.3 million above the forecast. Total FY 2015 payments were \$166.3 million above the forecast and 14.5% above FY 2014.

June Revenues (Continued)

June refunds of \$(41.4) million were 66.7% greater than last year. In total during FY 2015, refunds declined compared to the prior year, which has resulted in a gain of \$29.8 million compared to the enacted forecast.

Table 4
Individual Income Tax Growth Rates
Compared to Prior Year

	<u>June</u>	<u>YTD</u>
Withholding	4.4%	3.1%
Estimated +		
Final Payments	20.9%	14.5%
Refunds	66.7%	(0.9)%

Corporate Income Tax net collections were \$109.8 million in June, which was 13.2% higher than June 2014. Collections for the month were \$19.3 million above the enacted forecast. Total FY 2015 collections of \$658.8 million were 14.5% above the prior's amount and \$88.4 million above forecast.

Luxury Tax collections in total for FY 2015 were \$56.4 million, which is \$(2.3) million below the prior year. This decline was almost entirely due to tobacco tax collections, which fell by (8.6)% compared to FY 2014.

Insurance Premium Tax collections of \$85.5 million in June were 6.4% above the prior year, but \$(4.9) million below forecast. Total FY 2015 revenues are 9.4% above last year and are nearly equal to the forecast.

The **Lottery Commission** reports that June ticket sales were \$59.9 million, which is \$4.6 million, or 8.3%, above sales in the prior year. Total FY 2015 ticket sales were \$750.0 million, which is 3.6% above last year's sales. FY 2015 General Fund revenue from Lottery proceeds is estimated to be \$(1.6) million below prior year revenue, due partly to statutory increases for other distributions in FY 2015.

Disproportionate Share revenues totaled \$87.8 million in June and were \$12.5 million above last year. Disproportionate share hospital revenues are funds received from the federal government for hospitals that serve a disproportionate share of low-income and Medicaid patients. Revenues earned above a certain level are transferred to the General Fund. Growth in FY 2015 revenues primarily reflects a budgeted increase in the amount of federal funding that is transferred to the General Fund.

Highway User Revenue Fund (HURF) collections of \$110.2 million in June were up \$4.5 million, or 4.3% compared to June of last year. Total FY 2015 revenues were \$49.1 million above collections in the prior year and \$24.3 million above forecast. Above forecast HURF collections are likely the result of the decline in gas prices during FY 2015, which tends to increase gas consumption and collections of the state's fixed price-per-gallon gas tax.

Table 5

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

	Current Month					FY 2015 YTD (Twelve Months)				
	Actual June 2015	Change From		Budget Forecast		Actual June 2015	Change from		Budget Forecast	
		June 2014		Amount	Percent		June 2014		Amount	Percent
		Amount	Percent	Amount	Percent		Amount	Percent	Amount	Percent
<u>Taxes</u>										
Sales and Use	\$307,400,000	\$318,016	0.1 %	\$1,689,591	0.6 %	\$4,153,448,284	\$149,657,695	3.7 %	\$25,533,785	0.6 %
Income - Individual	377,800,000	17,589,812	4.9	31,984,764	9.2	3,745,110,422	282,728,426	8.2	203,154,322	5.7
- Corporate	109,800,000	12,800,433	13.2	19,333,353	21.4	658,798,558	83,618,337	14.5	88,423,259	15.5
Property	6,416,948	(805,344)	(11.2)	5,896,948	--	36,515,875	10,904,688	42.6	10,515,875	40.4
Luxury - Tobacco	1,983,565	(163,359)	(7.6)	0	0.0	23,607,881	(2,229,524)	(8.6)	212,681	0.9
- Liquor	2,390,365	(36,984)	(1.5)	0	0.0	32,830,933	(70,227)	(0.2)	(80,769)	(0.2)
Insurance Premium	85,488,282	5,125,592	6.4	(4,917,984)	(5.4)	450,587,257	38,826,572	9.4	(12,743)	(0.0)
Other Taxes	507,308	106,544	26.6	(189,037)	(27.1)	7,534,933	597,252	8.6	834,933	12.5
Sub-Total Taxes	\$891,786,467	\$34,934,709	4.1 %	\$53,797,634	6.4 %	\$9,108,434,144	\$564,033,220	6.6 %	\$328,581,343	3.7 %
<u>Other Revenue</u>										
Lottery	26,354,393	(826,808)	(3.0)	(3,885,907)	(12.9)	71,263,593	(1,617,733)	(2.2)	(4,303,307)	(5.7)
License, Fees and Permits	4,135,069	(343,101)	(7.7)	729,675	21.4	30,958,448	1,110,878	3.7	20,549	0.1
Interest	9,928,559	(3,887,026)	(28.1)	845,888	9.3	10,211,686	(3,609,678)	(26.1)	1,111,686	12.2
Sales and Services	12,267,480	(245,661)	(2.0)	1,093,336	9.8	38,189,007	382,758	1.0	(950,993)	(2.4)
Other Miscellaneous	67,820,812	7,487,949	12.4	10,561,934	18.4	75,509,938	(386,929)	(0.5)	(4,490,062)	(5.6)
Disproportionate Share	87,821,906	12,455,753	16.5	6	0.0	87,821,906	12,455,753	16.5	6	0.0
Transfers and Reimbursements	18,682,722	15,650,081	516.1	(5,125,877)	(21.5)	58,635,844	3,376,290	6.1	(4,764,157)	(7.5)
Sub-Total Other Revenue	\$227,010,940	\$30,291,186	15.4 %	\$4,219,054	1.9 %	\$372,590,422	\$11,711,339	3.2 %	(\$13,376,279)	(3.5) %
TOTAL BASE REVENUE	\$1,118,797,408	\$65,225,896	6.2 %	\$58,016,689	5.5 %	\$9,481,024,566	\$575,744,558	6.5 %	\$315,205,064	3.4 %
<u>Other Adjustments</u>										
Urban Revenue Sharing	(50,744,634)	(4,035,302)	8.6	0	0.0	(608,935,698)	(47,934,503)	8.5	0	0.0
One-Time Transfers	15,000,000	3,923,519	35.4	0	0.0	76,154,456	(65,386,644)	(46.2)	7,254,456	10.5
Sub-Total Other Adjustments	(35,744,634)	(111,783)	0.3 %	0	0.0 %	(532,781,242)	(113,321,147)	27.0 %	7,254,456	(1.3) %
TOTAL GENERAL FUND REVENUE	\$1,083,052,774	\$65,114,113	6.4 %	\$58,016,689	5.7 %	\$8,948,243,324	\$462,423,411	5.4 %	\$322,459,520	3.7 %
<u>Non-General Funds</u>										
Highway User Revenue Fund	\$110,237,646	\$4,526,259	4.3 %	\$2,412,031	2.2 %	\$1,290,438,783	\$49,106,296	4.0 %	\$24,279,646	1.9 %

Monthly Indicators

NATIONAL

According to the U.S. Department of Commerce Bureau of Economic Analysis, the **U.S. Real Gross Domestic Product (GDP)** decreased at an annual rate of (0.2)% in the first quarter of 2015. This estimate is a sharp decrease from the 2.2% growth in the fourth quarter of 2014. The decrease relative to the prior quarter's growth was primarily due to worsening of the trade deficit and decreases in nonresidential fixed investment and state and local government spending. Economists expect growth to resume in the second quarter and attribute the first quarter drop to unseasonably cold weather, disruptions at West Coast docks and a drop in oil and gas drilling.

The Conference Board's **U.S. Consumer Confidence Index** increased by 7.2% to 101.4 in June. The June increase completed a recovery from the (7.1) point drop in the index in April. The increase in June was widespread across components of the index. The index stands 17.4% above its level in June 2014.

The Conference Board's **U.S. Leading Economic Index** increased by 0.7% in May and 5.7% since May 2014. Of the index's 10 components, 6 made positive contributions while 4 were neutral during the month. Increased building permits and movement in interest rates were the largest positive contributors to the index. The nationwide increase in building permits was concentrated in multifamily units and may represent a temporary improvement.

According to the U.S. Department of Commerce Bureau of Economic Analysis, the **U.S. Personal Consumption Expenditure Price Index (PCEPI)** increased 0.3% in May, relative to April. The index's annual growth is 0.2%, which is well below the Federal Reserve Bank's 2% annual inflation target. While a (16.8)% year-over-year decrease in energy prices has drastically reduced the overall index, the year-over-year growth in the core index (all items except food and energy) stands at 1.2% in May.

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 2.7% compared to May 2014. Over the same time period, the U.S.

coincident index increased by 3.3%. Currently, Arizona's rate of annual coincident index growth is 31th in the nation. Last year at this time, Arizona's rate was 41st highest among states. *See Appendix A – Tracking Arizona's Recovery for additional historical information.*

Housing

The **median price of a single family home** was \$225,000 in June, a 2.3% increase from May. The price is 7.7% higher than June of last year.

Single family housing construction is increasing, while multi-family construction has peaked. Arizona's 12-month total of **single-family building permits** is 19,118, or 8.2% more than a year ago. The comparable single-family permit growth rate for the entire U.S. is 5.2%. *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 been declining. Arizona's total of 8,568 **multi-family building permits** is 6.0% above 2014. Arizona's rate of increase is now less than the comparable multi-family permit growth for the U.S. as a whole which is 12.0% above 2014.

Employment

The state lost a net total (46,800) **nonfarm jobs** from May to June. This loss, however, was not unsurprising since the end of school usually translates into job losses.

Compared to the same month in the prior year, Arizona added 53,600 net new jobs in June, which resulted in a year-over-year growth rate of 2.1%, the lowest percent increase since December 2014. June also marked the fourth consecutive month of slower job growth. After adding between 64,000 and 69,400, net new jobs during the first 3 months of 2015, the state has experienced smaller net gains in each of the ensuing months. The year-over-year job gains in June were concentrated to 3 industries: professional and business services (+15,800), education and health services (+14,700), and leisure and hospitality (+9,800). These are also the 3 sectors of the economy where most new jobs have been created so far this year.

While employment in most sectors of the economy is growing, government employment growth remains essentially flat. The manufacturing sector, especially durable goods manufacturing, continues to shed jobs in the state. Year over year, employment in computer and electronics parts manufacturing is down by (6.3)% whereas employment in aerospace manufacturing is down by (2.0)%.

Monthly Indicators (Continued)

The state's seasonally adjusted **unemployment rate** increased from 5.8% in May to 5.9% in June, the first such increase since May 2011. By contrast, the U.S. unemployment rate fell from 5.5% in May to 5.3% in June, which was the lowest reading since April 2008.

In May, the **Average Weekly Hours** worked by individuals in Arizona's private sector was 34.5 hours. This workload is 0.6% above the May 2014 level.

The **Average Hourly Earnings** received by these private sector workers was \$22.96, which is (0.3)% below the average in the prior month. The year-over-year growth rate reached 0.4% in May. In April, year-over-year growth became positive for the first time since May 2014.

The U.S. Department of Commerce Bureau of Economic Analysis quarterly releases estimates of annual **Personal Income** received in each state. This measure includes wages and salaries, proprietors' income, dividends, interest, rent, and various supplements to income while excluding capital gains, contributions for government social insurance, and pension benefit payments. In the first quarter of 2015, Arizona personal income increased at an annual rate of 4.2%, to \$261.3 billion.

Tourism

Revenue per available room reached \$66.80 in May, which was 8.1% above the amount in May 2014. Year-to-date, revenue per available room is 15.0% above the 2014 year-to-date amount through May.

State Agency Data

At the beginning of July 2015, the total **AHCCCS** caseload was 1.70 million members. Since the federal health care expansion in January 2014, the overall AHCCCS population has grown by 443,900 members. Total monthly enrollment increased 2.1% in during June, continuing the recent rebound from flat or decreasing enrollment during October through February. The slowdown in prior months may have been exacerbated by a change in the length of eligibility redetermination.

The overall June increase was concentrated primarily in the Traditional population of the lowest income parents and children. Enrollment in the Traditional population increased 35,000 during the month to a level of 1.04 million members. The June level represents an increase of 3.5% since last month and a 9.1% increase since last year. This growth was partly offset by the enrolled Proposition 204 Parents population, which saw enrollment decrease by (6.0)%, or (9,500) enrollees.

In January 2014, the state started accepting new enrollment to the Proposition 204 childless adults program. In June 2015, the childless adult population increased by 3,000, or 1.1%. Since January 2014, the childless adult population has increased by 214,300 to reach a level of 282,000. The state share of the Proposition 204 physical health cost is paid through a hospital assessment while the behavioral health costs are paid through the General Fund.

The state also opted to expand adult Medicaid coverage to 133% of FPL. The 100% - 133% enrollment increased by 3,900 in June and now totals 65,400 individuals enrolled since January 2014. The federal government is currently paying 100% of this cost.

There were 23,971 **TANF recipients** in the state in May, representing a (0.6)% decrease in monthly caseloads from April. The year-over-year TANF caseloads have declined by (18.5)%. 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 May, there were 993,797 food stamp recipients in the state, representing a 0.3% increase over April caseloads. Compared to the same month last year, however, food stamp participation has declined by (4.6)%.

As of June 30, 2015, the **total inmate population** was 42,688. From May, the inmate population increased by 0.5% from May with the addition of 230 inmates. Since last year, the population increased by 2.18%.

Table 6

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	June	5.9%	0.1%	(1.1)%
- Total Unemployment Rate (discouraged/underemployed)	1 st Q 2015	14.3%	(0.4)%	(1.8)%
- Initial Unemployment Insurance Claims	June	20,073	5.0%	(13.1)%
- Unemployment Insurance Recipients	June	35,261	(8.1)%	(16.2)%
- Non-Farm Employment - Total	June	2.57 million	(1.8)%	2.1%
Manufacturing	June	156,200	0.0%	(0.6)%
Construction	June	129,000	0.7%	2.5%
- Average Weekly Hours, Private Sector	May	34.50	(0.6)%	0.6%
- Average Hourly Earnings, Private Sector	May	\$22.96	(0.3)%	0.4%
<u>Sales</u>				
- Retail Taxable Sales				
Motor Vehicles/Misc. Auto	May	\$960.3 million	7.2%	(6.2)%
Furniture/Home Furnishings	May	\$314.5 million	5.9%	(7.2)%
Building Material/Lawn & Garden	May	\$444.3 million	26.4%	10.8%
<u>Building</u>				
- Residential Building Permits (12-month avg)				
Single-family	May	19,118	2.7%	8.2%
Multi-family	May	8,568	(2.9)%	6.0%
- Maricopa County/Other, Home Sales (ARMLS)				
Single-Family (Pending Sales)	June	6,511	5.2%	13.5%
- Maricopa County/Other, Median Home Price (ARMLS)				
Single-Family (Pending Sales)	June	\$225,000	2.3%	7.7%
- Phoenix S&P/C Home Price Index (2000 = 100)	April	150.39	0.8%	3.5%
- Maricopa Pending Foreclosures	June	5,048	(6.1)%	(22.1)%
- Greater Phoenix Total Housing Inventory, (ARMLS)	June	23,337	(5.1)%	(15.8)%
<u>Tourism</u>				
- Phoenix Sky Harbor Air Passengers	May	3.74 million	(1.1)%	4.2%
- National Park Visitors	May	1,100,424	(1.3)%	(14.2)%
- State Park Visitors	May	236,906	(9.0)%	18.0%
- Revenue Per Available Hotel Room	May	\$66.80	(16.1)%	8.1%
<u>General Measures</u>				
- Arizona Consumer Confidence Index (1985 = 100)	2nd Q 2015	79.1	0.0%	5.3%
- Arizona Coincident Index (July 1992 = 100)	May	191.28	0.2%	2.7%
- Arizona Leading Index -- 6 month projected growth	May	4.2%	(0.6)%	2.3%
- Arizona Personal Income	1 st Q 2015	\$261.3 billion	3.8%	4.2%
- Arizona Population	July 2014	6.73 million	N/A	1.5%
- State Debt Rating				
Standards & Poor's/Moody's	May 15	AA / Aa2	N/A	N/A
Outlook	May 15	Stable	N/A	N/A
<u>Agency Measures</u>				
- AHCCCS Recipients	July 1 st	1,702,072	2.1%	12.4%
Acute Care Traditional		1,041,011	3.5%	9.1%
Prop 204 Childless Adults		282,027	1.1%	19.8%
Other Prop 204		148,352	(6.0)%	(7.1)%
Adult Expansion		65,420	6.3%	166.4%
Kids Care I		1,005	(4.4)%	(50.0)%
Long-Term Care – Elderly & DD		57,074	0.0%	2.9%
Emergency Services		107,183	3.3%	30.3%
- Department of Child Safety (DCS)				
Annual Reports of Child Maltreatment (12-month total)	Feb. 2015	49,346	1.3%	11.4%
DCS Out-of-Home Children	February	17,565	1.7%	13.0%
Filled Caseworkers (1406 Budgeted)	April	1,448	52	205
- ADC Inmate Growth	June	42,688	0.5%	2.2%
- Department of Economic Security				
- TANF Recipients	May	23,971	(0.6)%	(18.5)%
- SNAP (Food Stamps) Recipients	May	995,797	0.3%	(4.6)%
- Judiciary Probation Caseload				
Non-Maricopa	April	18,169	(80)	628
Maricopa County	April	26,875	30	1,515
United States				
- Gross Domestic Product	1 st Q, 2015 (3 rd Estimate)	\$16.3 trillion	2.9%	(0.2)%
(Chained 2009 dollars, SAAR)				
- Consumer Confidence Index (1985 = 100)	June	101.4	7.2%	17.4%
- Leading Indicators Index (2010 = 100)	May	123.1	0.7%	5.7%
- Consumer Price Index, SA (1982-84 = 100)	June	237.8	0.3%	0.2%
- Personal Consumption Price Index (2009 = 100)	May	109.0	0.3%	0.2%

Summary of Recent Agency Reports

Arizona Department of Administration – Report on the Financial Status of the Special Employee Insurance Trust Fund – Pursuant to A.R.S. § 38-654G, the Arizona Department of Administration (ADOA) is submitting their required annual actuarial report on the financial status of the Health Insurance Trust Fund (HITF). The actuarial assumptions used to develop HITF projections include healthcare trends (cost, utilization, and severity of services), enrollment trends, and revenue projections including legislative fund transfers. The plan had an inflation and utilization trend of 2.8% in plan year (PY) 2014. ADOA reported that the plan is actuarial sound for PY 2014 and 2015. For PY 2015, ADOA assumes an inflation and utilization trend of 3.0% which consists of medical costs increasing by 0.8 %, pharmaceutical costs increasing by 9.5%, and enrollment increasing by 2.8%.

Compared to the FY 2014 balance of \$325.6 million, the projected HITF balance is \$347.1 million at the end of FY 2015 and \$391.6 million at the end of FY 2016. In addition, the FY 2016 General Appropriation Act requires a \$100.0 million transfer from HITF in FY 2017. ADOA's reserve strategy consists of fully funding incurred but not reported (IBNR) liabilities and funding a contingency reserve of approximately 15% of annual expenses. Although there is no industry standard for public employee plans, ADOA's reserve strategy is consistent with other state's practices. (Rebecca Perrera)

Arizona Department of Administration - Report on Performance Standards for Health and Dental Plans - Pursuant to A.R.S. § 38-658B, the Arizona Department of Administration (ADOA) submitted its reports on performance standards for health and dental plans during calendar year 2014. For 2014, health plans missed anywhere from 4 to 21 performance measures in at least 1 month and dental plans did not miss any performance measures. The number of performance measures varied by vendor. Vendors are required to submit corrective action plans after failing to meet performance standards. In total, vendors paid \$211,000 in penalties during 2015 for missed standards in 2014. In comparison, vendors paid \$301,000 in penalties last year. (Rebecca Perrera)

AHCCCS – Report on Graduate Medical Education Residency Positions – Pursuant to A.R.S. § 36-2903.01, the Arizona Health Care Cost Containment System (AHCCCS) has submitted its annual report on the number of residency positions funded by local, county, or tribal governments. The agency indicates that these contributions in FY 2014 provided partial funding for 1,536 residency positions at the following 11 hospitals: Maricopa Medical Center, Kingman Regional Medical Center, Banner Good Samaritan, Phoenix Children's Hospital, St. Joseph's, Scottsdale Healthcare-Osborne, Scottsdale Healthcare-Shea, Tucson Medical Center, University

Medical Center, University Medical Center-South Campus, and Yuma Regional Medical Center.

The positions were funded by local contributions of \$50.2 million and a federal match of \$101.2 million, resulting in \$151.4 million total funding. (Jon Stall)

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

This is the report for the quarter ending June 30, 2015 regarding AHCCCS' enrollment system, known as Health-e-Arizona Plus (HEAplus). As of June 30, 2015, AHCCCS reports that it continues to meet all requirements to obtain enhanced federal funding for their eligibility requirements.

Since the agency's last submission of a quarterly report (for the period July through September 2014), the following remaining implementation issues have been resolved:

1. The federal Centers for Medicare and Medicaid Services (CMS) approved, and AHCCCS and the Department of Economic Security implemented, a permanent program for security checks of state workers, community assisters, and state vendors. CMS initially planned to integrate security checks with the federal exchange, but was not able to develop a process to coordinate with Arizona.
2. CMS has developed and implemented a process for coordinating decision notices or eligibility appeals between the Federally-Facilitated Marketplace (FFM) and AHCCCS. (Jon Stall)

Department of Corrections – Report on Health Care Credits Taken Against Payments To Health Care Vendor – The state can seek Medicaid reimbursement for the costs of outside medical care for eligible inmates. To receive reimbursement, the care is paid by the Arizona Health Care Cost Containment System (AHCCCS). The Department of Corrections (ADC) pays the state match portion, and AHCCCS covers the federal portion. Since ADC already pays for all health care of inmates in state facilities in the inmate health care services contract, the total dollar amount of Medicaid expenditures is offset on subsequent invoices by the vendor. The savings to the department is the federal portion.

Summary of Recent Agency Reports (Continued)

Laws 2015, Chapter 17 revised A.R.S. § 35-142.01 to allow the department in the current fiscal year to take credit against payments for the total expenditures paid for hospitalization and outside medical care from the current fiscal year or previous years. The revised statute requires a report by July 1 for the credits taken for the previous fiscal year.

For FY 2015, the department took \$8.7 million in credits. The department paid \$1.5 million for the state match, and received \$7.2 million in savings. The credits were for \$3.3 million for reimbursement for services rendered in FY 2014, and \$5.4 million for services rendered in FY 2015. (Micaela Larkin)

Department of Economic Security - Report on Arizona Training Program at Coolidge (ATP-C) Campus and Other Placements - A footnote in the FY 2015 General Appropriation Act requires the Department of Economic Security (DES) to report on placements of developmentally-disabled (DD) clients into state-owned Intermediate Care Facilities for Persons with Intellectual Disabilities (ICF-IID) or at the ATP-C campus in FY 2015. DES reports that there were 2 new permanent placements into a state-operated ICF-IID in Phoenix in FY 2015. Private facilities did not respond to the request for placement for one of the members, and the other member was declined placement at a private facility due to multiple medical and behavioral challenges. There were no new placements into any other state-run ICF-IID or the ATP-C campus in FY 2015. (Tom Ritland)

Department of Education – Report on Empowerment Scholarship Accounts – Pursuant to A.R.S. § 15-2403G, the Arizona Department of Education (ADE) provided an estimate of how much it will cost to fund Empowerment Scholarship Accounts (ESAs) for FY 2016. In its report, ADE estimates that it will cost \$35.0 million to fund ESAs in FY 2016, which would be \$17.3 million above its current estimate for FY 2015. ADE likewise estimates that program enrollment will grow by 939 students in FY 2016, increasing from 1,311 students in FY 2015 to 2,250 in FY 2016. The net cost of the ESA program above what participating students would receive through Basic State Aid if they were not ESA participants is unknown because an unknown portion of ESA recipients would attend private schools rather than public schools apart from the program. Those students would not generate offsetting Basic State Aid costs for the program.

In its report, ADE notes that statute (A.R.S. 15-2402C) authorizes it to retain up to 4% of ESA funding (estimated at \$1.4 million for FY 2016) for ESA administrative costs, but that the FY 2016 budget gives it authority to spend

only \$400,000 of those monies. ADE indicates that it will need to spend more than \$400,000 on ESA administration in FY 2016 due to expanding caseloads, the need for an automated data system for accountability purposes, and a law that requires it to contract with an independent third-party to determine whether individual students are eligible to spend ESA monies on special education services. ADE's current ESA report therefore requests an increase in the amount of retained monies that are appropriated for use for ADE's ESA administrative costs for FY 2016. (Steve Schimpp)

Department of Education – Report on Federal Monies for English Learners – Pursuant to A.R.S. § 15-756.10, paragraph 3, the Department of Education (ADE) recently submitted a report that includes an itemized list of all federal monies received by the department for English language learners in FY 2015. ADE received \$15.2 million in federal Title III (Language Instruction for Limited English Proficient and Immigrant Students) funding for FY 2015. Of that amount, approximately \$14.3 million was distributed directly to school districts and charter schools. The remaining \$0.9 million was used for state administration, technical assistance, and to meet federal set-aside requirements for immigrant education. (Steve Schimpp)

Department of Health Services – Report on Arnold v. Sarn – Pursuant to a FY 2015 General Appropriation Act footnote, the Department of Health Services (DHS) has submitted the report for the third quarter of FY 2015 on implementing the *Arnold v. Sarn* joint agreement.

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 received court approval in February 2014, requires expansion of certain services by June 2016. These services include Assertive Community Treatment (ACT), Peer Support, Supported Employment, and Supported Housing.

The settlement establishes numerical requirements for the quantity of each service that must be provided to residents of Maricopa County. DHS is currently exceeding the *Arnold v. Sarn* numerical requirements in all 4 service categories. *Table 7* lists the numerical requirements by service category, along with the progress DHS has made in implementing each requirement.

Summary of Recent Agency Reports (Continued)

Table 7

Service Category	<i>Arnold v. Sam</i> Requirements	DHS Implementation of Requirements
Assertive Community Treatment	8 Teams	19 teams
Peer Support	1,500 Class Members	2,854 Class Members
Supported Employment	750 Class Members	1,185 Class Members
Supportive Housing	1,200 Class Members	3,686 Class Members

The settlement also requires continuous monitoring of service capacity and quality. An assessment to determine whether each service meets the Substance Abuse and Mental Health Services Administration's (SAMHSA) quality standards is ongoing.

Assertive Community Treatment (ACT): The joint agreement requires DHS to establish 8 new ACT teams. ACT teams include more than 10 specialized health care professionals that provide services, such as substance abuse treatment and supported employment, which are tailored to the client's needs. DHS added 1 team in the third quarter of FY 2015, and plans to add 1 more team by the end of FY 2015. DHS states that cost per team is approximately \$1.5 million. In total, the cost to establish all 8 teams is projected to be \$11.6 million (\$8.7 million General Fund and \$2.9 million Federal Funds).

Peer Support: The joint agreement requires DHS to provide peer support services to an additional 1,500 SMI clients. Peer support services are delivered in individual and group settings by individuals who have personal experience with mental illness, substance abuse or dependence, and recovery. DHS added 419 clients in the third quarter of FY 2015. DHS states that the cost per client is approximately \$1,100. In total, the cost to serve 1,500 SMI clients is projected to be \$1.6 million (\$1.2 million General Fund and \$411,000 Federal Funds).

Supported Employment: The joint agreement requires DHS to provide supported employment services to an additional 750 SMI clients. Supported employment services include assistance in attaining employment, job coaching, transportation, assistive technology, specialized job training and individually tailored supervision. DHS added 85 clients in the third quarter of FY 2015. DHS states that the cost per client is approximately \$1,600. In total, the cost to serve 750 SMI clients is projected to be \$1.2 million (\$922,500 General Fund and \$307,500 Federal Funds).

Supported Housing: The joint agreement requires DHS to provide supported housing services to an additional 1,200 SMI clients. Supported housing is permanent housing with support services. DHS states that the cost per client is approximately \$26,300. DHS added 838 clients in the third quarter of FY 2015. In total, the cost to serve 1,200 SMI clients is projected to be \$31.5 million (\$26.8 million General Fund and \$4.7 million Federal Funds). (Patrick Moran)

Ombudsman-Citizens Aide Office – Annual Report – Pursuant to A.R.S. § 41-1376, the Ombudsman-Citizens Aide Office is to submit an annual written report by January 1 summarizing their activities during the previous fiscal year, and semiannually present this report before Legislative Council. The Ombudsman-Citizens Aide issued an annual report for Calendar Year (CY) 2014 dated June 15, 2015. The CY 2014 annual report cites examples of cases in the office's 3 focus areas: general complaints about state agencies, Department of Child Safety cases, and public access cases. There were 5,242 total cases in CY 2014 including 3,572 involving coaching, 1,430 needing assistance, and 240 requesting investigations. Of the 240 requests for investigations, 213 were completed, 6 are ongoing, and the Ombudsman declined to investigate 21. (Bob Hull)

June Spending

June 2015 General Fund spending of \$545.4 million was \$13.0 million more than June 2014. Year to date, spending is \$9.26 billion, or \$505.2 million above last year. (See Tables 8 & 9).

- Year to date, the Department of Education has spent \$158.2 million more than the prior year, due to enrollment growth and inflation funding.
- Year to date, Department of Health Services spending has increased by \$72.8 million compared to the prior year. This increase is in part due to the restoration of childless adult Medicaid coverage, which is entirely paid for with General Fund monies in the Department of Health Services.
- During FY 2015, Department of Public Safety spending has increased by \$37.3 million compared to the prior year. This increase is mostly due to the shift of \$30.0 million of Highway Patrol funding from the Highway User Revenue Fund to the General Fund in the FY 2015 budget.

Table 8

	General Fund Spending (\$ in Millions)			
		Change From		YTD Change
	<u>June 15</u>	<u>June 14</u>	<u>Year-to-Date</u>	<u>from FY 14</u>
Agency				
AHCCCS	112.6	(28.8)	1,228.4	7.6
Corrections	98.2	13.6	978.2	21.6
Child Safety	59.4	59.4	300.9	300.9
Economic Security	(57.9)	(61.2)	539.0	(156.4)
Education	243.3	15.4	3,831.1	158.2
Health Services	11.8	17.3	614.8	72.8
Public Safety	1.1	(0.8)	87.8	37.3
School Facilities Board	(9.3)	(9.4)	179.7	(12.0)
Universities	45.5	1.3	771.4	35.9
Leaseback Debt Service	0.0	0.0	84.1	0.0
Other	<u>40.7</u>	<u>6.2</u>	<u>643.9</u>	<u>39.3</u>
Total	545.4	13.0	9,259.3	505.2

Table 9

General Fund Spending (\$ in Thousands)				
Agency	June 15	Change from June 14	Year-to-Date	YTD Change from FY 14
Dept. of Admin./Automation Projects Fund	6,344.6	2,430.1	73,790.9	9,030.8
ADOA – Sale/Leaseback Debt Service	-	-	84,123.7	3.9
Office of Administrative Hearings	54.1	(10.1)	862.5	0.3
Commission of African-American Affairs	11.4	11.4	40.4	40.4
Department of Agriculture	972.6	85.8	8,252.2	57.3
AHCCCS	112,604.6	(28,794.5)	1,228,356.6	7,643.0
Attorney General	3,228.2	1,519.2	23,401.9	1,389.3
State Board of Charter Schools	63.4	20.6	898.1	118.9
Department of Child Safety	59,393.3	59,393.3	300,889.1	300,889.1
AZ Commerce Authority	2,700.0	75.0	31,800.0	300.0
Community Colleges	-	-	72,058.9	2,545.5
Corporation Commission	57.5	15.4	610.4	99.4
Department of Corrections	98,200.9	13,637.6	978,162.9	21,573.0
County Funding	-	-	7,650.5	500.0
AZ State Schools for the Deaf & Blind	1,661.6	794.2	21,225.6	(796.4)
Department of Economic Security	(57,868.6)	(61,151.7)	539,021.4	(156,412.2)
State Board of Education	173.1	173.1	204.5	204.5
Department of Education	243,271.8	15,420.8	3,831,126.0	158,150.4
DEMA	254.6	(1,403.1)	8,085.2	(298.3)
DEQ – WQARF	-	-	7,000.0	-
Office of Equal Opportunity	54.9	50.2	188.3	(0.1)
State Board of Equalization	44.3	6.3	502.7	(6.1)
Board of Executive Clemency	77.3	20.9	909.5	100.5
Department of Financial Institutions	219.0	(65.2)	3,008.6	7.1
Department of Fire, Bldg and Life Safety	155.5	15.3	1,937.2	24.3
State Forester	1,848.4	1,636.8	8,763.6	1,414.5
Arizona Geological Survey	82.0	11.5	941.7	0.3
Governor/OSPB	1,057.8	401.4	11,691.7	2,865.9
Department of Health Services	11,750.5	17,313.1	614,849.7	72,814.5
Arizona Historical Society	182.2	(59.9)	3,155.7	3.3
Prescott Historical Society of AZ	57.7	(39.6)	809.9	51.6
Independent Redistricting Comm.	33.6	(32.6)	936.2	(363.1)
Commission of Indian Affairs	7.0	4.2	54.6	0.9
Department of Insurance	464.5	48.6	5,282.0	6.5
Judiciary				
Supreme/Superior Court	3,638.7	28.3	95,774.7	1,234.6
Court of Appeals	1,330.8	176.6	14,348.2	288.0
Department of Juvenile Corrections	4,007.8	224.0	40,910.0	1,362.6

Table 9 (Continued)

Agency	June 15	Change from June 14	Year-to-Date	YTD Change from FY 14
State Land Department	1,647.7	163.0	12,506.4	131.1
Legislature				
Auditor General	137.9	523.2	18,839.3	1,797.8
House of Representatives	943.1	33.6	13,342.7	841.9
Joint Legislative Budget Comm.	212.8	52.4	2,308.4	282.8
Legislative Council	389.8	(28.6)	7,851.2	1,494.1
Senate	592.5	(12.8)	8,686.3	356.0
Mine Inspector	95.9	(7.9)	1,152.1	(33.4)
Nav. Streams & Adjudication	21.1	(27.8)	188.9	(17.8)
Occupational Safety and Health Review	-	-	0.9	(1.4)
Phoenix Convention Center	-	-	20,449.0	-
Pioneers' Home	(3.9)	(4.3)	1,599.2	(5.9)
Comm. for Postsecondary Ed.	-	-	1,396.8	-
Department of Public Safety	1,095.6	(777.5)	87,795.9	37,311.4
Public Safety Personnel Retirement System	-	-	6,000.0	1,000.0
Arizona Department of Racing	82.8	81.6	2,014.4	29.3
Radiation Regulatory Agency	55.5	(10.6)	1,467.3	1.9
Real Estate Department	227.8	(120.2)	2,529.6	(57.5)
Department of Revenue	4,614.8	(120.2)	46,449.0	921.3
Rio Nuevo Distribution	-	-	9,000.0	9,000.0
School Facilities Board	(9,289.1)	(9,406.6)	179,680.7	(11,968.7)
Secretary of State	926.3	127.9	13,869.8	2,408.5
Tax Appeals Board	20.8	2.5	263.5	2.5
Office of Tourism	-	-	9,103.7	990.8
Universities				
Board of Regents	0.4	(320.4)	24,928.4	3,037.7
Arizona State University	21,557.1	1,918.0	349,283.7	23,024.6
Northern Arizona University	7,315.5	753.0	118,281.2	9,036.2
University of Arizona	16,666.4	(1,028.0)	278,926.5	840.2
Department of Veteran Services	646.4	294.8	5,217.1	76.3
Department of Water Resources	1,095.6	(946.2)	11,809.3	(87.4)
Water Infrastructure Finance Authority	-	-	3.8	3.8
Department of Weights & Measures	154.3	(3.2)	1,363.4	79.8
Other - JP Salaries Distribution	4.4	(154.6)	930.3	(70.5)
Other	23.1	20.4	257.1	(72.0)
Total	545,441.2	13,032.6	9,259,343.5	505,191.2

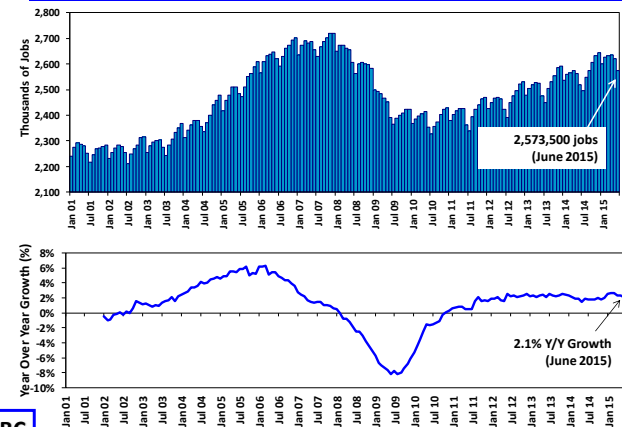
Tracking Arizona's Recovery

July 2015
Appendix A

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- 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

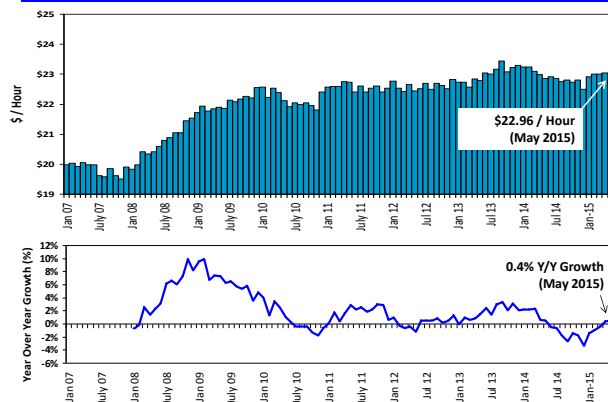
Total Non-Farm Employment



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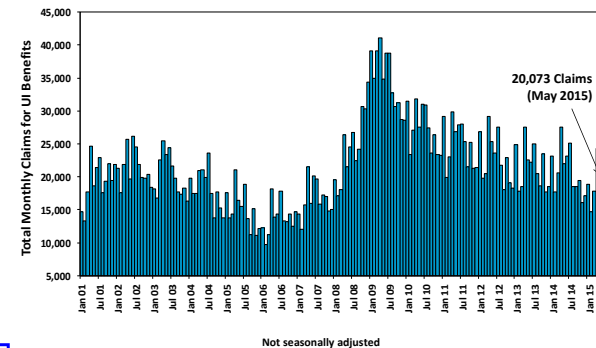
Average Hourly Earnings – Private Sector



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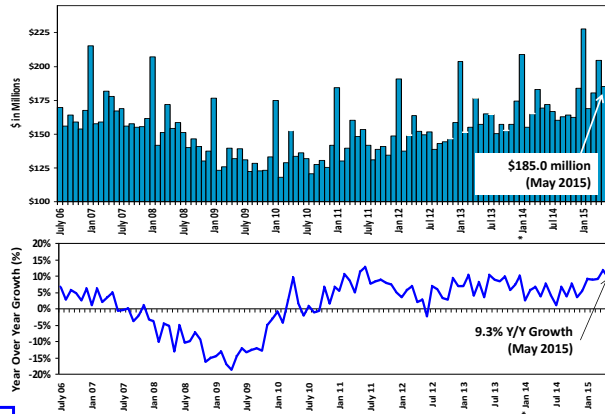
Initial Claims for Unemployment Insurance



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4

State Sales Tax Collections – Retail Category



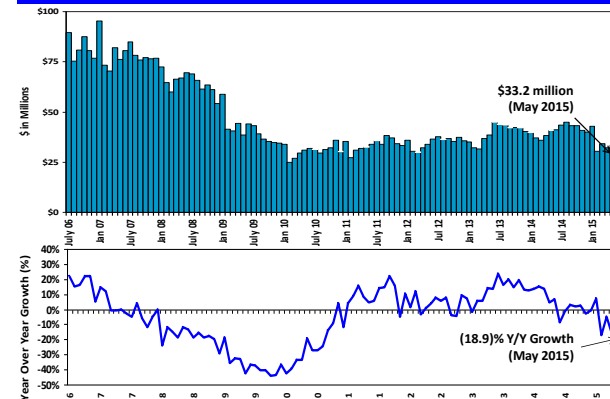
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Excludes temporary 1 ¢ sales tax

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

5

State Sales Tax Collections – Contracting Category

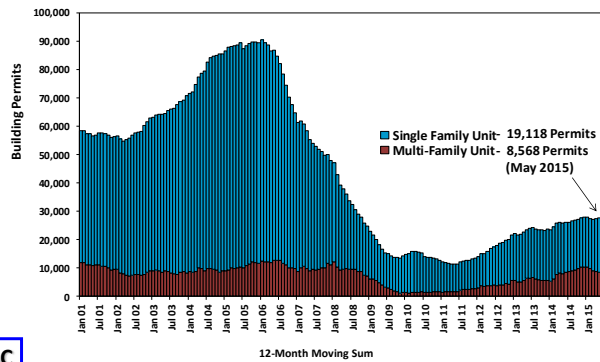


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Excludes temporary 1 ¢ sales tax

6

Residential Building Permits

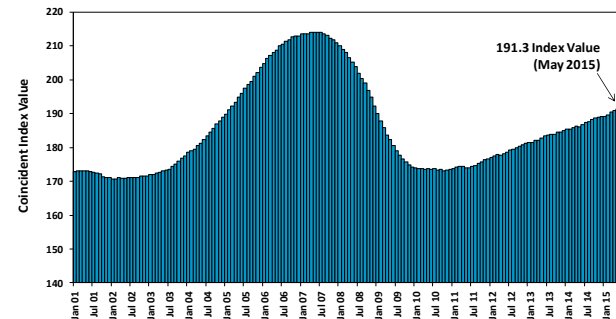


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12-Month Moving Sum

7

Economic Activity Index



JLBC

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

8