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"February collections were... \$(73.3) million below the January revised budget forecast".

This report has been prepared for the Arizona Legislature by the Joint Legislative Budget Committee Staff on March 31, 2009.

Summary



February General Fund revenue collections were \$403.4 million. This amount included \$176.2 million in budgeted fund transfers from the January Special Session. Excluding these transfers and Urban Revenue Sharing, February collections were (33.4)% below the prior year, and \$(73.3) million below the January revised budget forecast.

The February decrease of (33.4)%, is somewhat misleading. February is a low individual income tax collection month due to the initial issuance of tax season refunds. Due to a decline in withholding, individual income taxes decreased from \$39 million in February 2008 to \$(41) million this year, a reduction of (207)%.

Sales taxes and individual income tax withholding are the 2 main sources of revenue collections. Given the sales tax decrease of (17.9)%, and the withholding tax decrease of (19.2)%, the revenue loss effectively appears closer to (19)%. In comparison, January 2009 revenues fell (21.3)% relative to the prior year.

For the first 8 months of FY 2009, General Fund collections are down (13.5)% when compared to last year (excluding Urban Revenue Sharing and one-time transfers). The combined January and February shortfall is \$(155.5) million below the January revised budget forecast. (See Table 1 and page 2 for more information)

The February sales tax decline marked the 14th consecutive month of year-over-year reductions. The February results, which represent January sales, reflect the fourth consecutive month of double digit declines in sales tax collections compared to the previous year.

FY 2009 Revenue Projections

The Legislature enacted a revised FY 2009 budget during the 1st Special Session in the last week of January. These revisions resolved a projected \$1.6 billion budget shortfall primarily due to lower than expected revenue collections. This shortfall was based on the January 4-sector consensus revenue estimate, including input from the Finance Advisory Committee (FAC), two University of Arizona econometric models, and the JLBC Staff forecast.

This January base revenue estimate was \$8.54 billion, excluding Urban Revenue Sharing and one-time financing sources. This amount would be a (9.7)% reduction in base revenues compared to FY 2008. In comparison, the December year-to-date revenue loss was (10.2)%. The January and February results, however, have pushed the year-to-date decline to (13.5)%.

The FAC met on March 31st and a new 4-sector forecast was released. The forecast now projects a (13.0)% decline in FY 2009. Given that year-to-date revenues have already declined (13.5)% and the approximately (20)% loss in January and February, the 4-sector forecast may be too optimistic. As a result, the JLBC Staff has recommended that the budget forecast be based on a (14.5)% decline in FY 2009 revenues. This would equate to General Fund base revenues of \$8.05 billion, excluding fund transfers and Urban Revenue Sharing.

These estimates do not include the loss of revenues associated with the change in federal withholding rates. The new \$400/\$800

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Summary (continued)

tax cut included in the enacted federal stimulus plan is implemented through a reduction in federal withholding rates. Since state withholding is a percentage of federal withholding, these changes will result in a reduction in state withholding. The estimated impact is \$(73) million in FY 2009, and \$(37) million in FY 2010.

After all adjustments including one-time transfers, Urban Revenue Sharing, and the withholding loss, total FY 2009 General Fund revenues are projected to equal \$8.55 billion.

FY 2009 Shortfall

With the recent March adjustments to the January Special Session, the state had a projected FY 2009 ending balance of \$50 million. Reducing the revenue forecast to (14.5)% will lower collections by \$(487) million. After adjusting for the \$50 million ending balance and the \$(73) million withholding loss, the net shortfall is now estimated at \$(510) million.

Given the recent declines and general economic uncertainty, revenues could fall even faster than projected. As a result, JLBC Staff has recommended that the Legislature should seek FY 2009 deficit reduction solutions of \$650 million to provide for a margin of error and to ensure that the state has a positive cash balance at the end of June. This \$140 million reserve (\$650 million of solutions less the \$510 million shortfall) could be used as a carry-forward balance in the FY 2010 budget.

FY 2010 Shortfall

The January 4-sector consensus assumed FY 2010 base revenues of \$8.29 billion, a (2.8)% reduction from FY 2009, excluding fund transfers and Urban Revenue Sharing. The new March estimates have increased slightly, with the new consensus being a (2.1)% revenue decline in FY 2010. With the lower FY 2009 base, however, FY 2010 base revenues are now forecasted to be \$7.88 billion.

After all adjustments including one-time transfers, Urban Revenue Sharing, and the withholding loss, total FY 2010 General Fund revenues are projected to equal \$7.22 billion

The original FY 2010 JLBC January Baseline shortfall was \$(3.0) billion. If the net budget reductions from the January and March

adjustments are presumed to be on-going, the revised 4-sector estimates would result in a FY 2010 shortfall of \$(2.93) billion.

Economic Indicators – The most recent release of economic data indicates that the state's economy continues to deteriorate. February's employment report released by the Arizona Department of Commerce shows that the state has lost (173,000) jobs or (6.5%) of its workforce in the last 12 months. This is the largest percentage decline since April 1946. The state's unemployment rate rose to 7.4% in the same month, a level not seen since September 1992. A new report from the federal Bureau of Economic Analysis (BEA) reveals that Arizona's personal income growth of 2.7% in 2008 was the lowest annual growth rate since 1949. When measured on a quarter over quarter basis, personal income declined in the last two quarters of 2008, the only back-to-back decline since at least 1948. (BEA's quarterly state personal income series starts in the first quarter of 1948.)

JLBC/JCCR Meetings – There were no JLBC or JCCR meetings in March.

February Revenues

Table 1

	General Fund Revenues Compared to Forecast and FY 2008 Collections (\$ in Millions)			
	<u>FY 2009 Collections</u>	<u>Difference From June '08 Forecast</u> ^{1/}	<u>Difference From Jan '09 Forecast</u> ^{2/}	<u>Difference From FY 2008</u>
February	\$ 403.4	\$ (163.5)	\$ (73.3)	\$ 28.2
Year-to-Date	\$ 5,194.2	\$ (1,140.6)	\$ (155.5)	\$ (455.0)

^{1/} Enacted FY 2009 budget (June 2008).

^{2/} Revised JLBC Baseline

“Sales Tax collections were...down (17.9)% compared to last February, and were down \$(34.4) million below the budget forecast”.

Sales Tax collections were \$280.7 million in February. These revenues were down (17.9)% compared to last February, and were \$(34.4) million below the budget forecast. *Table 2* displays the February growth rates for the largest categories.

Table 2

	Sales Tax Growth Rates Compared to Prior Year	
	<u>Feb</u>	<u>YTD</u>
Retail	(11.7)%	(11.1)%
Contracting	(35.8)%	(21.6)%
Utilities	(10.0)%	2.7%
Use	(22.3)%	(7.6)%
Restaurant & Bar	(6.9)%	(5.1)%

As noted in previous months, retail and contracting together account for two-thirds of all sales tax revenues. The retail sector decreased by (11.7)% and contracting fell by (35.8)%.

As noted in the table above, through February, taxable sales in the retail category are down (11.1)% from the prior fiscal year. The largest subcategory within retail is the General Merchandise and Miscellaneous Retail

category, which is down (6.0)%. The largest subcategory decline is in Motor Vehicles, which represents 21.0% of the total, and is down (32.4)% compared to the prior year.

Individual Income Tax net revenues were \$(41.9) million in February as a result of refunds exceeding total payments. February net collections were \$(66.5) million less than the budget forecast. *Table 4* displays February and year-to-date growth rates for individual categories.

Table 4

	Individual Income Tax Growth Rates Compared to Prior Year	
	<u>February</u>	<u>YTD</u>
Withholding	(19.2)%	(5.9)%
Estimated + Final Payments	2.7%	(24.9)%
Refunds	9.2	14.4%

February's (19.2)% reduction in withholding collections was the sharpest decline in 25 years. Year-to-date, withholding is down by (5.9)%. The state has only experienced a steeper decline in withholding growth for the same period (first 8 months of the fiscal year)

Table 3

YTD (8-Month) Taxable Retail Sales by Subcategory		
	<u>% of Total Sales</u>	<u>% Change Over FY 2008</u>
General/Misc. Merchandise	30.4%	(6.0)%
Motor Vehicles/Misc. Auto.	21.0%	(32.4)%
Bldg Materials and Supplies	7.5%	(14.8)%
Food and Liquor Stores	7.4%	(2.9)%
Furniture, Home Furnishings	6.9%	(14.4)%
Clothing and Accessories	5.8%	(12.3)%
Manufacturing	5.6%	(10.2)%
Other Subcategories	<u>15.4%</u>	<u>4.6%</u>
Total	100.0%	(11.1)%

February Revenues (Continued)

twice in the last 47 years (February 1964 and 1983).

Estimated and final payments increased year-over-year by 2.7% in February, the first such increase since July 2008. However, since February collections typically represent no more than 1.5% of year-total payments, the small positive growth rate had only a marginal impact on overall net revenues.

Refunds were \$297.9 million in February, an increase of 9.2% over the same month in the prior year. Year to date, refunds were up by 14.4% or \$44.6 million higher than forecasted. (Hans Olofsson)

Corporate Income Tax collections were \$34.3 million in February, or 60.5% above last year. Collections were \$29.3 million above forecast

for the month. While February collections were significantly above forecast, February is a small collection month for corporate income tax. Year-to-date, collections are (20.3)% below last year. Final results for the fiscal year will be largely determined by April and June collections.

The **Lottery Commission** reports that ticket sales for the month of February were \$46.5 million, which was \$2.5 million higher than sales in February 2008. Year-to-date, ticket sales are up 2.1% compared to last year. Through February, a total of \$26.9 million in lottery revenues has been deposited into the General Fund.

“Sales of semiconductors in the U.S. are now at their lowest level since June 2003.”

Economic Indicators

NATIONAL

The Conference Board’s **U.S. Consumer Confidence Index** increased from a revised reading of 25.3 in February to 26.0 in March. While this was a marginal improvement from the prior month, consumer confidence in March remained at the second lowest level since the index was started in 1967.

According to the Conference Board, the pessimistic outlook for the economy in general and the labor market in particular “continues to weigh heavily on consumers’ attitudes.”

The Semiconductor Industry Association (SIA) reported that **Semiconductor Billings** (3-month moving average) in the U.S. fell by (5.3)% between December and January, from \$2.70 billion to \$2.55 billion. Sales of semiconductors in the U.S. are now at their lowest level since June 2003. SIA attributes the large decline in recent months to “a continuing erosion of consumer confidence and the effects of the global economic recession.”

The Conference Board’s **U.S. Index of Leading Economic Indicators** decreased by (0.4)% in February. Year-over-year, the index is down by (3.7)%. While 6 of the 10 components that the

index is comprised of advanced during the month, only one of them – the interest rate spread – made a large positive contribution to the indicator. This increase, however, was inflated by the Fed’s ongoing efforts to increase liquidity in financial markets. The largest negative contributions to the index came from surging jobless claims, falling stock prices, and souring consumer expectations.

The **U.S. Consumer Price Index** increased by 0.4% in February, the second consecutive increase after several months of price declines. The CPI increase in February was primarily due to a 3.3% increase in energy prices (8.3% price increase for gasoline alone). Compared to the same month last year, the CPI is up by 0.1 %.

ARIZONA

The most recent release of economic data suggests that the state’s already deteriorating economy continues to contract. What first started as a slowdown in the housing industry has now developed into a deep and protracted recession affecting all sectors of the Arizona economy. The broad based impact on the economy is evident from a host of economic measures such as employment, personal income, consumer

Economic Indicators (Continued)

“Since the height of the construction boom in June of 2006, the industry has shed (101,100) jobs or (41%) of its workforce.”

confidence, caseload and real estate data.

According to the Commerce Department’s most recent *Workforce Report*, **nonfarm payroll employment** in February declined by (6.5)% when compared to the same month in the prior year. This was the largest reduction (in percentage terms) of the Arizona workforce since April 1946. This figure translates into a net loss of (173,000) jobs over the last 12 months. Job losses in the 4 previous recessions pale in comparison. For example, during the recession in the mid-1970s, job loss never exceeded (34,600) or (4.6)%.

Comparable figures during subsequent recessions were: 1981/82, (24,700 or -2.4%); 1990/1991 (3,100 or -0.2%); and 2001 (30,000 or -1.3%).

The month of February marked the 18th consecutive month with job losses in the **construction sector**. Year-over-year, construction employment decreased by (26.4%) in February. This means that the construction industry has shed (52,400) jobs over the last 12 months. With a total workforce of 146,400 individuals, the construction sector is now employing about the same number of workers as in April 1998. Since the height of the construction boom in June of 2006, the industry has shed (101,100) jobs or (41%) of its workforce.

With the exception for the aerospace industry, the **manufacturing sector** is also experiencing significant job losses. In the month of February, the industry lost (1,200) jobs and employed (10,900) fewer workers than a year ago. The manufacturing sector has incurred job losses in 28 of the last 36 months. The current workforce of 166,500 employees is the smallest since February 1993. The state’s **unemployment rate** increased from 7.0% in January to 7.4% in February, a level not seen since September 1992. The state had reportedly 232,400 unemployed individuals in February, an 80% increase from a year ago. This is the largest number of unemployed individuals on record. (The Arizona unemployment series provided by the federal Bureau of Labor Statistics (BLS) starts in January 1976.)

The Department of Commerce reported that 34,958 **initial claims for unemployment insurance** were filed in February, an increase

of 104.8% over last year. A complimentary measure of unemployment data is the number of continued claims for jobless benefits. According to BLS, for the week ending on March 14, about 93,700 individuals who had previously filed for UI benefits continued to do so that week. The comparable figure during the same week last year was 35,400, which is an increase of 166%. The number of continued claims in the week ending on March 14 is the highest on record. (The starting date for the BLS series is 1/3/1987.)

The federal Bureau of Economic Analysis (BEA) has recently released state **personal income** statistics for the 4th quarter of 2008. According to BEA, Arizona personal income grew by 2.7% in calendar year 2008, the slowest rate of growth since 1949. Only 3 states in the nation grew more slowly (in terms of personal income) than Arizona in 2008. Arizona’s per capita personal income growth of 0.4% was the lowest in the nation. From the 3rd to the 4th quarter of 2008, Arizona personal income fell by (0.7)%, the largest quarter-over-quarter decline in 50 years.

According to the U.S. Census Bureau, an average of 623 **single-family residential building permits** were issued between November 2008 and January 2009. In percentage terms, single-family permitting activity fell by (57.7)% from the same 3 month period a year ago. In August 2004, the number of single-family building permits hit a high of 7,648. **Multi-family permits**, on average, also fell over the last three months to a total of 216, or (79.9)% below levels a year ago.

Declining prices, a large inventory of homes, and a significant increase in loan modification programs appear to be attracting potential buyers to the market. For example, including existing **single-family homes and townhouse/condominium** sales, ASU’s most recent real estate report indicates a total of 9,450 transactions occurred in February, an increase of 76% over the prior year. Of this amount, however, 50.6% (or 4,780) were foreclosures, and 49.4% (or 4,670) transactions were traditional sales. In February 2008, foreclosed sales were 39.7% of total sales while traditional sales accounted for 60.3% of all sales. Based on the report, however,

Economic Indicators (Continued)



continuing concerns remained given “...an extremely weak economy is leading to mounting job losses that could severely impact the ability of a troubled household to have the needed income to qualify for one of the [mortgage modification] programs or even have the needed income to maintain ownership.”

In February, the Greater Phoenix **single-family median resale home price** was \$133,000 for traditional homes and \$164,470 for foreclosed properties. These figures represent a year-over-year price decline of (2.2)% and 21.8%, respectively. It appears that the relatively high resale price for foreclosed transactions in February is at least attributed to two factors: 1) a large increase in more expensive homes being foreclosed on and sold, and 2) previously foreclosed homes that were purchased being resold at an average loss of 15%-- weighing down the average price of traditional sales.

The **S&P/Case-Shiller Home Price Index** measures the change in housing prices based on repeat sales. In January, home prices in Phoenix fell (5.5)% from December 2008 levels. Compared to last year, housing prices are down by (35.0)%-- the greatest drop among all 20 metropolitan areas tracked.

For the third straight month, MLS data suggests the **month's supply of housing** remained at 8.8 months. There are positive signs behind the recent stability in the indicator. Specifically, the number of single family home listings fell to a 23 month low, and the seasonally adjusted number of homes sold was at its second highest level in 33 months. These facts, however, may be undermined given this measure may be currently understated due to the large number of foreclosed homes not included in the MLS database.

In February, **AHCCCS caseloads** increased to a total of 1,175,599 members, a 0.9% increase over the prior month. At current levels, the AHCCCS caseloads are 7.8% above February 2008 levels. The revised FY 2009 budget funded a projected caseload growth of 7.8%, or a total of 1,234,901 members.

There were a reported 86,761 **TANF recipients** in the state in January, a decrease of (0.2)%

from the prior month. Year-over-year, caseload is up by 8.4%. The FY 2009 budget assumes the TANF caseload will grow by 2.5%.

The **Supplemental Nutrition Assistance Program (SNAP)**, formerly known as Food Stamps, provides assistance to low-income households to purchase food. In January, there were a total 773,530 food stamp recipients in the state, an increase of 0.6% over the prior month. Compared to the same month last year, food stamp participation was up by 25.6%.

Between December 2008 and February 2009, the **Department of Correction's (ADC) inmate population** increased by an average of 118 inmates per month. ADC now has an average population of 39,690 inmates, or 1,774 more inmates than in the same period last year. (Hans Olofsson, Martin Lorenzo)

Economic Indicators (Continued)

Table 5

ECONOMIC INDICATORS				
Indicator	Time Period	Current Value	Change From Prior Period	Change From Prior Year
Arizona				
- Unemployment Rate	February	7.4%	0.4%	2.9%
- Initial Unemployment Insurance Claims	February	34,958	(10.5)%	104.8%
- Non-Farm Employment – Total	February	2.49 million	0.1%	(6.5)%
Manufacturing	February	166,500	(0.7)%	(6.1)%
Construction	February	146,400	(3.6)%	(26.4)%
- Contracting Tax Receipts (3-month average)	Dec-Feb	\$51.6 million	(11.4)%	(27.6)%
- Retail Sales Tax Receipts (3-month average)	Dec-Feb	\$147.6 million	(1.5)%	(13.2)%
- Residential Building Permits (3-month moving average)				
Single-unit	Nov-Jan	623	(13.7)%	(57.7)%
Multi-unit	Nov-Jan	216	(26.3)%	(79.9)%
- Greater Phoenix Existing Home Sales				
Single-Family, Traditional Sales	February	4,215	17.4%	56.7%
Single-Family, Foreclosed Sales	February	4,295	27.4%	116.4%
Townhouse/Condominium, Traditional Sales	February	455	35.8%	(17.3)%
Townhouse/Condominium, Foreclosed Sales	February	485	73.2%	223.3%
- Greater Phoenix Median Home Sales Price				
Single-Family, Traditional Sales	February	\$133,000	(2.2)%	(42.2)%
Single-Family, Foreclosed Sales	February	\$164,470	21.8%	(15.0)%
Townhouse/Condominium, Traditional Sales	February	\$121,000	(3.2)%	(28.8)%
Townhouse/Condominium, Foreclosed Sales	February	\$128,395	22.6%	(14.3)%
S&P/Case-Shiller Home Price Index (Jan. 2000 = 100)	January	117.11	(5.5)%	(35.0)%
- Months Supply of Housing, (ARMLS)	February	8.8 months	(0.0) months	(5.4) months
- Phoenix Sky Harbor Air Passengers	January	3.0 million	(5.9)%	(9.7)%
- Arizona Average Natural Gas Price (\$ per thousand cubic feet)	December	\$8.27	4.0%	5.2%
- Consumer Confidence Index (1985 = 100)	1st Quarter 2009	44.2	N/A	(58.4)%
- Business Leaders Confidence Index	1 st Quarter 2009	32.1	(24.3)%	(20.5)%
- Arizona Personal Income	4 th Quarter 2008	\$213.4 billion	(0.7)%	1.0%
- Arizona Population	July 1, 2008	6.50 million	146,759	2.3%
- AHCCCS Recipients	February	1,175,599	0.9%	7.8%
- TANF Recipients	January	86,761	(0.2)%	8.4%
- SNAP (Food Stamps) Recipients	January	773,530	0.6%	25.6%
- DOC Inmate Growth (3-month average)	Dec-Feb	39,853	118 inmates	1,774 inmates
United States				
- Real Gross Domestic Product (seasonally adjusted annual growth rate)	4 th Quarter 2008	\$11.5 trillion	(6.3)%	(0.8)%
- Consumer Confidence Index (1985 = 100)	March	26.0	2.8%	(60.5)%
- Leading Indicators Index (2004 = 100)	February	98.5	(0.4)%	(3.7)%
- U.S. Semiconductor Billings (3-month moving average)	Nov-Jan	\$2.55 billion	(5.3)%	(25.9)%
- Consumer Price Index, SA (1982-84 = 100)	February	213.007	0.4%	0.1%

Summary of Recent Agency Reports

ADOA/Treasurer – Report on Reconciliation of General Fund Balance for FY 2008 – 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 2008 year-end General Fund balances of \$90.7 million and \$100.6 million, respectively. The difference leaves an unreconciled General Fund balance of \$9.9 million. The Treasurer reports that they will continue to try to isolate the source of the \$9.9 million difference. (Eric Billings)

AHCCCS – Report on Preliminary Actuarial Estimates of the Capitation Rate Increases for the Following Fiscal Year – Pursuant to a FY 2009 General Appropriation Act footnote, AHCCCS has submitted preliminary actuarial estimates of the capitation rate increases for FY 2010.

AHCCCS has indicated that, in recognition of the state's fiscal challenges, they are working toward a goal of 0% growth in capitation rates while maintaining actuarial soundness. The preliminary review of the capitation rates for contract year 2010 allows for funding medical utilization increases, holding provider costs flat with up to 5% reductions in some service categories, and reducing contractors' administrative and contingency components. The FY 2010 JLBC Baseline assumed capitation rate growth of 0% for both the Acute Care program and ALTCS program. (Amy Upston)

DES – Report on Preliminary Actuarial Estimates of the Long Term Care Developmental Disabilities Capitation Rate Increases for the Following Fiscal Year – Pursuant to a FY 2009 General Appropriation Act footnote, the Department of Economic Security (DES) has submitted preliminary actuarial estimates of the FY 2010 capitation

rate increases for its Title XIX Long Term Care Developmental Disabilities program.

The FY 2010 JLBC Baseline assumed capitation rate growth of 0% for the Developmental Disabilities Long Term Care program. DES has indicated that they expect an overall flat growth for capitation rate for contract year 2010. The rate would allow for funding medical utilization increases, continuing all or part of the 10% provider rate reductions that DES announced as part of its implementation of the FY 2009 budget revisions, and reducing contractors' administrative and contingency components. Currently, the Maricopa County Superior Court has issued a preliminary injunction prohibiting DES from reducing provider rates. DES' request to stay the preliminary injunction is pending in the Court of Appeals. (Jay Chilton)

DES – Report on State-Funded Food Distribution – Pursuant to a FY 2009 General Appropriation Act footnote, the Department of Economic Security (DES) is reporting on food distribution efforts funded through the Coordinated Hunger Special Line Item. For the last 6 months of calendar year 2008, there were 4 regional food banks that distributed 43.5 million pounds of food, a 15.6% increase when compared to the same time period during the previous year. DES has attributed the growth to an increase in the availability of USDA commodities as well as a 42% increase in the demand for emergency food reported by the regional food banks.

Additionally, the footnote required DES to include letters from each participating regional food bank stating its satisfaction with the distribution process. This year the participating regional food banks submitted letters indicating they were satisfied with the distribution process. (Jay Chilton)

Department of Health Services – Report on Preliminary Actuarial Estimates of the Capitation Rate Increases for the Following Fiscal Year – Pursuant to a FY 2009 General Appropriation Act footnote, the Department of Health Services (DHS) has submitted preliminary actuarial estimates of the capitation rate increases for FY 2010.

DHS has indicated that, in recognition of the state's fiscal challenges, they are working toward a goal of 0% growth in capitation rates while maintaining actuarial soundness. The preliminary review of the capitation rates for contract year 2010 allows for funding medical utilization increases, holding provider costs flat with up to 5% reductions in some service categories, and reducing contractors' administrative and contingency components. The FY 2010 JLBC Baseline assumed capitation rate growth of 0% for both the Behavioral Health program and the Children's Rehabilitative Services program. (Art Smith)

Arizona Department of Transportation – Quarterly Report on Motor Vehicle Division Wait Times – A FY 2009 General Appropriation Act footnote requires the Arizona Department of Transportation (ADOT) to report to the Legislature quarterly on customer wait times in Motor Vehicle Division (MVD) field offices and vehicle registration renewal by mail turnaround times. Customer wait time from receiving a ticket until arriving at the counter decreased from 13.0 minutes in the first quarter of FY 2009 to 11.6 minutes in the second quarter. Customer wait times in metropolitan areas ranged from 5.3 minutes in the Surprise office to 23.2 minutes in the Chandler office. (Juan Beltran)

State of Arizona

General Fund Revenue:

Change from Previous Year and January Baseline Forecast February 2009

	Current Month					FY 2009 YTD (Eight Months)				
	Actual February 2009	Change From February 2008		Forecast		Actual February 2009	Change from February 2008		Forecast	
		Amount	Percent	Amount	Percent		Amount	Percent	Amount	Percent
Taxes										
Sales and Use	280,674,594	(\$61,386,695)	(17.9) %	(\$34,377,506)	(10.9) %	\$2,639,751,748	(\$337,572,221)	(11.3) %	(\$45,675,072)	(1.7) %
Income - Individual	(41,919,800)	(80,963,696)	--	(66,527,375)	--	1,944,723,951	(344,704,925)	(15.1)	(124,208,844)	(6.0)
- Corporate	34,330,849	12,939,143	60.5	29,275,049	579.0	335,529,759	(85,430,023)	(20.3)	12,377,234	3.8
Property	291,181	(361,376)	(55.4)	(271,819)	(48.3)	10,980,318	(856,713)	(7.2)	396,932	3.8
Luxury - Tobacco	1,820,092	(1,154,594)	(38.8)	(688,100)	(27.4)	20,175,549	(1,858,732)	(8.4)	(330,466)	(1.6)
- Liquor	2,083,067	(297,548)	(12.5)	(378,333)	(15.4)	19,146,131	(213,900)	(1.1)	(596,679)	(3.0)
Insurance Premium	166,483	(6,542,031)	(97.5)	166,483	--	163,891,811	4,751,134	3.0	476,146	0.3
Estate	0	0	--	0	--	125,333	(142,789)	(53.3)	21,020	20.2
Other Taxes	30,728	(15,735)	(33.9)	(16,272)	(34.6)	386,703	(10,483)	(2.6)	25,594	7.1
Sub-Total Taxes	\$277,477,194	(\$137,782,532)	(33.2) %	(\$72,817,873)	(20.8) %	\$5,134,711,303	(\$766,038,652)	(13.0) %	(\$157,514,135)	(3.0) %
Other Revenue										
Lottery	1,724,000	(931,800)	(35.1)	0	0.0	26,934,000	4,934,581	22.4	0	0.0
License, Fees and Permits	1,929,086	(1,362,877)	(41.4)	(966,514)	(33.4)	21,595,532	(2,505,976)	(10.4)	(1,198,369)	(5.3)
Interest	250,323	(5,337,001)	(95.5)	(1,316,077)	(84.0)	9,796,042	(60,100,058)	(86.0)	(2,910,143)	(22.9)
Sales and Services	3,175,490	(134,445)	(4.1)	762,690	31.6	30,560,148	(3,229,201)	(9.6)	1,620,174	5.6
Other Miscellaneous	306,634	(1,839,741)	(85.7)	(932,066)	(75.2)	25,272,669	5,552,600	28.2	243,307	1.0
Disproportionate Share	0	0	--	0	--	0	0	--	0	--
Transfers and Reimbursements	2,964,922	2,979,413	--	1,964,922	196.5	28,311,863	(3,143,140)	(10.0)	4,269,398	17.8
Sub-Total Other Revenue	10,350,455	(6,626,451)	(39.0) %	(487,045)	(4.5) %	142,470,254	(58,491,194)	(29.1) %	2,024,367	1.4 %
TOTAL BASE REVENUE	\$287,827,649	(\$144,408,983)	(33.4) %	(\$73,304,918)	(20.3) %	\$5,277,181,557	(\$824,529,846)	(13.5) %	(\$155,489,768)	(2.9) %
Other Adjustments										
Urban Revenue Sharing	(60,639,783)	(3,594,872)	6.3	0	0.0	(485,118,266)	(28,758,981)	6.3	0	0.0
'09 Budget Plan Transfers	851,399	851,399	--	0	0.0	226,773,191	222,897,012	--	0	0.0
'09 Budget Revision Transfers	175,380,276	175,380,276	--	0	0.0	175,380,276	175,380,276	--	0	0.0
Sub-Total Other Adjustments	115,591,892	172,636,803	-- %	0	0.0 %	(82,964,799)	369,518,307	-- %	0	0.0 %
TOTAL REVENUE	\$403,419,541	\$28,227,820	7.5 %	(\$73,304,918)	(15.4) %	\$5,194,216,758	(\$455,011,539)	(8.1) %	(\$155,489,768)	(2.9) %