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"[Year-to-date, General Fund revenues] are \$7.3 million above forecast. While year-to-date collections are near forecast, performance in each revenue category show a more mixed picture..."

This report has been prepared for the Arizona Legislature by the Joint Legislative Budget Committee Staff on November 20, 2013.

Summary

October General Fund revenue collections totaled \$698.3 million. Base revenues, which exclude one-time adjustments, were 7.6% above October 2012. The revenue gains in October occurred across each of the 3 main tax categories. This year-over-year change excludes the temporary 1-cent sales tax which expired at the end of May 2013.

October revenues were higher than projected, with collections exceeding the enacted budget forecast by \$24.9 million. This was mostly the result of \$19.2 million of "reconciliation payments" from AHCCCS health care plans, which occur when the plans' profits exceed the statutory limit of 3%.

Year-to-date, General Fund revenues are 4.6% above the prior year and are \$7.3 million above forecast. While year-to-date collections are near forecast, performance in each revenue category show a more mixed picture:

- Sales tax collections have grown at a strong 7.3% rate. The contracting category has shown 6 months of double digit increases along with healthy 8.1% growth in the retail category.
- Individual Income Tax collections have also increased more than 7%. This trend probably reflects payments made by taxpayers granted a 6-month filing

extension. Fueled by the Federal tax cliff in December 2012, tax payments increased significantly in April 2013. Extended filers are now paying the same bill.

- In contrast, Individual Income Tax withholding has increased only 3.6% year-to-date, which represents modest job and wage growth
- Corporate Income Tax collections have declined (18.5)% compared to last year, due in part to increased tax credit activity, along with overall lower tax liabilities.
- Insurance Premium tax collections are (9.5)% below forecast, which may be due to technical timing issues.

In comparison to revenue of \$698.3 million, October 2013 spending was \$632.0 million which is an increase of \$131.1 million from the prior year. Fiscal year-to-date, General Fund revenues of \$2.89 billion have been offset by \$4.36 billion of expenditures.

The state's fiscal health can also be measured by the operating fund balance. The state pays its bills out of the operating fund balance, which consists of the General Fund and certain dedicated funds. The operating balance as of mid-October 2013 is \$1.8 billion. In addition, the state's Budget Stabilization Fund has a balance of \$454.4 million.

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October Revenues

	<u>FY 2014 Collections</u>	<u>Difference From Budget Forecast</u>	<u>Difference From FY 2013</u>
October	\$ 698.3	\$ 24.9	\$ 35.8
Year-to-Date	\$ 2,888.2	\$ 7.3	\$ (77.7)

Sales Tax collections of \$328.9 million were 8.0% above October 2012 and \$2.6 million above 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 4 months of the fiscal year, sales tax collections are 7.3% above the prior year and are \$15.7 million above forecast.

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

Retail and contracting together account for about 60% of all sales tax revenues. October retail, which reflects September sales, increased by 5.7%. October results broke the string of 4 consecutive months exceeding 8% growth in the retail category.

Contracting collections have generally been much more volatile than retail. However, the October increase of 19.5% represents the sixth consecutive month of double-digit increases compared to the prior year.

	<u>October</u>	<u>YTD</u>
Retail	5.7%	8.1%
Contracting	19.5%	17.7%
Use	31.3%	11.8%
Restaurant & Bar	4.0%	2.3%

Individual Income Tax net revenues were \$300.7 million in October, which was 9.0% greater than the prior year. Collections were \$7.5 million above the forecast for the month. Year-to-date, revenue has grown 7.2% over the prior year, and is \$21.5 million above the budget forecast.

As indicated in Table 3, withholding was down (1.9)% for the month. This compares to the 11.1% increase in September. The October decrease compared to last year was mainly due to variances in processing days between the 2 months. The October decrease brings withholding tax collections for the fiscal year to a modest 3.6% over the prior year. This amount is \$(44.3) million below the budget forecast.

October estimated and final payments were 43.0% above last year, and were \$17.1 million above forecast.

Year-to-date, payments are \$20.4 million above the forecast.

October refunds were (13.5)% below last year, and were \$24.7 million below forecast. Year-to-date, refunds are \$45.3 million below forecast.

The large increase in October payments and decrease in refunds compared to the prior year is due in part to the filing of tax returns by those taxpayers requesting a 6-month extension. These growth rates are similar to those seen in April of last fiscal year, when the majority of taxpayers filed their returns for tax year 2012.

	<u>October</u>	<u>YTD</u>
Withholding	(1.9)%	3.6%
Estimated + Final Payments	43.0%	23.8%
Refunds	(13.5)%	(2.5)%

Corporate Income Tax net collections were \$32.3 million in October, which is \$4.9 million more than October of the prior year. Collections were \$2.5 million above the budget forecast.

Year-to-date, collections are down (18.5)% compared to the prior year, and are \$(41.0) million below the budget forecast.

The **Lottery Commission** reports that October ticket sales were \$52.8 million, which is \$5.5 million, or 11.6%, greater than sales in the prior year. Year-to-date ticket sales are \$224.5 million, which is 12.9% 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 \$99.5 million in October were up \$4.8 million, or 5.1%, compared to October of last year. Year-to-date revenues are 3.2% above collections in the prior year, and are \$8.8 million above the budget forecast.

One-Time Transfers were \$69.2 million in October. These transfers were \$19.2 million above the forecast, entirely due to "reconciliation payments" from AHCCCS health care plans, which occur when the plans' profits exceed the statutory limit of 3%.

Table 4

General Fund Revenue: Change from Previous Year and FY 2014 Enacted Budget Forecast October 2013

	Current Month					FY 2014 YTD (Four Months)				
	Actual October 2013	Change From October 2012		Enacted Forecast		Actual October 2013	Change from October 2012		Enacted Forecast	
		Amount	Percent	Amount	Percent		Amount	Percent	Amount	Percent
Taxes										
Sales and Use	\$328,875,700	\$24,485,373	8.0 %	\$2,555,451	0.8 %	\$1,334,380,142	\$90,645,515	7.3 %	\$15,652,041	1.2 %
Income - Individual	300,662,203	24,765,634	9.0	7,482,872	2.6	1,253,602,727	84,462,825	7.2	21,530,739	1.7
- Corporate	32,266,053	4,906,529	17.9	2,546,771	8.6	165,800,573	(37,675,846)	(18.5)	(41,018,466)	(19.8)
Property	2,208,338	311,000	16.4	208,338	10.4	2,459,041	247,528	11.2	59,041	2.5
Luxury - Tobacco	1,960,000	62,662	3.3	0	0.0	8,605,177	338,761	4.1	335,177	4.1
- Liquor	2,770,000	452,332	19.5	0	0.0	10,164,918	737,802	7.8	114,918	1.1
Insurance Premium	1,093,890	(205,042)	(15.8)	(915,110)	(45.6)	113,061,185	(2,231,143)	(1.9)	(11,822,115)	(9.5)
Estate	0	0	--	0	--	0	0	--	0	--
Other Taxes	58,637	2,545	4.5	(16,363)	(21.8)	351,146	181,129	106.5	51,146	17.0
Sub-Total Taxes	\$669,894,821	\$54,781,033	8.9 %	\$11,861,959	1.8 %	\$2,888,424,908	\$136,706,570	5.0 %	(\$15,097,520)	(0.5) %
Other Revenue										
Lottery	3,459,525	818,785	31.0	459,525	15.3	10,747,289	2,047,169	23.5	1,247,289	13.1
License, Fees and Permits	2,285,717	(360,915)	(13.6)	(314,283)	(12.1)	9,555,976	(510,436)	(5.1)	(344,024)	(3.5)
Interest	(5,990)	(9,761)	--	(5,990)	--	(1,780)	(10,112)	--	(1,780)	--
Sales and Services	1,329,684	(26,986)	(2.0)	(170,316)	(11.4)	5,476,566	(156,718)	(2.8)	(1,023,434)	(15.7)
Other Miscellaneous	(1,142,587)	(3,796,165)	--	(3,142,587)	--	1,939,281	(6,087,762)	(75.8)	(3,760,719)	(66.0)
Disproportionate Share	0	0	--	0	--	0	0	--	0	--
Transfers and Reimbursements	64,834	(3,946,407)	(98.4)	(2,935,166)	(97.8)	1,832,788	(3,438,961)	(65.2)	(2,667,212)	(59.3)
Sub-Total Other Revenue	\$5,991,183	(\$7,321,449)	(55.0) %	(\$6,108,817)	(50.5) %	\$29,550,120	(\$8,156,820)	(21.6) %	(\$6,549,880)	(18.1) %
TOTAL BASE REVENUE	\$675,886,004	\$47,459,584	7.6 %	\$5,753,142	0.9 %	\$2,917,975,028	\$128,549,750	4.6 %	(\$21,647,400)	(0.7) %
Other Adjustments										
Urban Revenue Sharing	(46,709,330)	(3,910,660)	9.1	40,770	(0.1)	(187,326,553)	(16,131,873)	9.4	(326,153)	0.2
One-Time Transfers	69,150,414	69,150,414	--	19,150,414	38.3	154,936,887	118,936,887	330.4	26,691,562	20.8
Sales Tax - 1¢ Increase	0	(76,905,196)	(100.0)	0	--	2,611,367	(309,025,243)	(99.2)	2,611,367	--
Sub-Total Other Adjustments	22,441,084	(11,665,442)	(34.2) %	19,191,184	590.5 %	(29,778,300)	(206,220,230)	-- %	28,976,775	(49.3) %
TOTAL GENERAL FUND REVENUE	\$698,327,088	\$35,794,142	5.4 %	\$24,944,326	3.7 %	\$2,888,196,728	(\$77,670,480)	(2.6) %	\$7,329,375	0.3 %
Non-General Funds										
Highway User Revenue Fund	\$99,474,770	\$4,843,180	5.1 %	\$3,896,865	4.1 %	\$406,374,929	\$12,702,050	3.2 %	\$8,765,322	2.2 %

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 2.8% in the third quarter of 2013. This represented an unexpected increase from the 2.5% rate of growth in the second quarter. The acceleration was largely due to increases in inventory investment and state and local government spending. During this time, consumption expenditures decelerated, limiting overall improvement in the economy.

The Conference Board's **U.S. Consumer Confidence Index** decreased (11.2)% in October, to its lowest level since September 2012. The survey for the index was conducted during the government shutdown, which likely caused most of the index's drop. The consumer's assessment of current conditions declined moderately while their economic outlook 6 months into the future dropped sharply. For example, those anticipating better business conditions in the next 6 months fell from 20% to 16%.

The Conference Board's **U.S. Leading Economic Index** grew by 0.7% in September, following August's equally strong 0.7% monthly growth. Of the index's 10 components, 8 improved in September with financial market conditions and a drop in jobless claims contributing the most to the overall increase.

Consumer prices, as measured by the **U.S. Consumer Price Index (CPI)**, increased 0.2% in September and 1.2% above September 2012 prices. Increases in energy prices drove approximately half of the growth, as gasoline prices rose 0.8% during the month. Core inflation (all items except food and energy) grew by 0.1%, comprising much of the remainder of growth.

ARIZONA

Housing

The number of Maricopa County **pending foreclosures** decreased from 6,526 in September to 6,199 in October. The September 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 22,702 in October 2012 to 26,170 in October 2013, a 15.3% increase.

In the Metropolitan Phoenix area, the **median price of a single family home** was \$199,000 in September. This represents a 3.6% increase from August, and a 32.7% increase from September of last year.

State Agency Data

At the beginning of November, total **AHCCCS** caseloads remained at 1.27 million members. Overall, AHCCCS caseloads are currently 0.3% above October 2013 levels. The traditional acute care AHCCCS population, which consists primarily of lower income children and their parents, decreased by (0.1)% since last month while remaining the same from a year ago. The total population in this program is almost 900,000.

The childless adult program has not allowed new participants since July 2011 but will allow new participants again beginning on January 1, 2014. Since July 2011, the population has declined (154,914) to 69,578. As a whole, the Proposition 204 program has declined (0.8)% compared to the prior month, and (10.3)% from the prior year.

KidsCare I provides coverage for 6,462 children with incomes above those in the traditional population. Its enrollment has declined since a freeze was implemented in January 2010. Enrollment declined (24.7)% from the prior year.

Beginning on May 1, 2012, AHCCCS began a new program, entitled KidsCare II. The state match is provided by voluntary payments from political subdivisions. As of the beginning of November, 42,289 children were enrolled in KidsCare II. KidsCare II expires on December 31, 2013. At that time, children in both KidsCare I and KidsCare II up to 133% of the Federal Poverty Level will transfer to the traditional acute care program.

There were 37,492 **TANF recipients** in the state in September, a monthly caseload decrease of (0.6)%. Year-over-year, the number of TANF recipients has declined by (8.8)%. The statutory lifetime limit on cash assistance is 24 months.

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Recent Economic Indicators (Continued)

“In September, there were a total of 1.1 million food stamp recipients in the state, a (0.5)% decrease over the prior month.”

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 37,492 TANF recipients includes 1,676 tribal recipients. These recipients belong to tribes that operate their own TANF program but contract with the state for program administration, meaning there were 35,816 state-funded TANF recipients in September.

The **Supplemental Nutrition Assistance Program (SNAP)**, formerly known as Food Stamps, provides assistance to low-income households to purchase food. In September, there were a total of 1.1 million food stamp recipients in the state, a (0.5)% decrease over the prior month. Compared to the same month last year, food stamp participation was down by (0.7)%. The number of SNAP recipients began increasing steadily in July 2007, after several years in the 550,000 to 575,000 range.

The 3-month average count of the **Department of Corrections (ADC) inmate population** increased to 40,860 inmates in October 2013. Relative to the prior 3-month period, the population has increased by 126 inmates. Compared to a year ago, the population has increased by 885 inmates.

Recent Economic Indicators (Continued)

Table 5

ECONOMIC 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				
- Unemployment Rate (SA)	August	8.3%	0.3 %	0.0%
- Initial Unemployment Insurance Claims	September	18,652	(9.0)%	3.5%
- Unemployment Insurance Recipients	September	40,828	(8.7)%	(13.6)%
- Non-Farm Employment - Total	August	2.49 million	1.6%	2.0%
Manufacturing	August	154,900	(1.1)%	(0.8)%
Construction	August	125,200	(1.5)%	4.7%
- Average Weekly Hours, Manufacturing	August	41.7	1.0%	1.7%
- Contracting Tax Receipts (3-month average)	Aug-Oct	\$42.3 million	(1.2)%	18.2%*
- Retail Sales Tax Receipts (3-month average)	Aug-Oct	\$153.3 million	(2.6)%	7.9%*
- Residential Building Permits (3-month moving average)				
Single-family	Jun-Aug	1,700	(4.7)%	9.8%
Multi-unit	Jun-Aug	352	(39.3)%	14.5%
- Greater Phoenix Home Sales				
Single-Family	September	7,143	(12.0)%	(8.6)%
Townhouse/Condominium	September	1,094	(7.9)%	(0.5)%
- Greater Phoenix Median Home Price				
Single-Family	September	\$199,000	3.6%	32.7%
Townhouse/Condominium	September	\$117,000	(0.8)%	30.0%
- Greater Phoenix S&P/Case-Shiller Home Price Index (Jan. 2000 = 100)	August	141.47	1.5%	18.6%
- Foreclosure Activity, Maricopa County	October	6,199	(5.0)%	(53.9)%
Pending Foreclosures (Active Notices)				
- Greater Phoenix Total Housing Inventory, (ARMLS)	October	26,170	11.9%	15.3%
- Phoenix Sky Harbor Air Passengers	September	2.92 million	(11.8)%	(1.1)%
- Revenue Per Available Hotel Room	August	\$52.05	13.9%	5.8%
- Arizona Average Natural Gas Price (\$ per thousand cubic feet)	August	\$4.47	0.2%	2.8%
- Arizona Consumer Confidence Index (1985 = 100)	3rd Quarter 2013	72.5	4.2%	N/A
- Arizona Coincident Index (July 1992 = 100)	August	182.38	0.2%	2.3%
- Arizona Leading Index -- 6 month projected growth rate	June-Aug	3.4%	0.2%	0.8%
- Arizona Personal Income	2nd Quarter 2013	\$243.1 billion	1.5%	2.6%
- Arizona Population	July 1, 2012	6.55 million	N/A	1.3%
- AHCCCS Recipients	November	1,274,274	0.0%	0.3%
Acute Care Traditional		887,906	(0.9)%	(0.7)%
Prop 204 Childless Adults		69,578	(1.8)%	(25.2)%
Other Prop 204		147,570	(0.3)%	(1.2)%
Kids Care I		6,462	**	(24.7)%
Kids Care II		42,289	5.5%	143.9%
Long-Term Care – Elderly & DD		54,385	0.3%	2.4%
Emergency Services		67,033	(0.4)%	6.7%
- TANF Recipients	September	37,492	(0.6)%	(8.8)%
- SNAP (Food Stamps) Recipients	September	1,113,294	(0.5)%	(0.7)%
- ADC Inmate Growth (3-month average)	Aug-Oct	40,860	126 inmates	885 inmates
- Probation Caseload				
Non-Maricopa	September	17,586	(122)	(392)
Maricopa County	September	25,014	(94)	(380)
United States				
- Gross Domestic Product (Chained 2009 dollars, SAAR)	3 rd Quarter 2013 (1 st Estimate)	\$15.8 trillion	2.8%	1.6%
- Consumer Confidence Index (1985 = 100)	October	71.2	(11.2)%	(2.6)%
- Leading Indicators Index (2004 = 100)	September	97.1	0.7%	4.2%
- U.S. Semiconductor Billings (3-month moving average)	July-September	\$5.5 billion	5.7%	24.3%
- Consumer Price Index, SA (1982-84 = 100)	September	233.9	0.2%	1.2%

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

**Data unavailable from prior period.

JLBC Meeting

At its October 29, 2013 meeting, the Joint Legislative Budget Committee considered the following issues:

Arizona Department of Administration – Review of the Arizona Public Safety Communication Advisory Commission – The Committee gave a favorable review of ADOA's FY 2013 annual report regarding the expenditures and progress for the statewide interoperability design project that will allow public safety personnel from one agency to communicate, via mobile radio, with personnel from other agencies.

The favorable review stipulated ADOA update the Committee by March 28, 2014 on the status of this initiative and the spending of \$3.0 million in federal grant monies. The grant was awarded to Arizona in August 2013 to assist in preparing for the implementation of the National Public Safety Broadband Network initiative, which will create a nationwide, standards-based, high-speed data network for public safety officials. ADOA plans to spend the grant in two phases: \$1.5 million for education and outreach over a 2.5-year period and \$1.5 million for data collection. The Committee also requested that ADOA submit quarterly reports to the JLBC Staff on the progress of the interoperability design project.

Arizona Department of Administration – Review of Automation Projects Fund – The Committee gave a favorable review to ADOA's \$18.8 million expenditure plan that funds the following information technology projects:

- **Arizona Strategic Enterprise Technology Initiatives** – These projects totaling \$3.5 million will enhance the state's IT infrastructure. They include web portal transition; security, privacy, and risk upgrades; project management and oversight; and enterprise architecture.
- **DOR Information Technology Projects** – These projects totaling \$6.6 million will upgrade DOR's computer system that collects and processes tax data and improve encryption of certain private and confidential taxpayer information in accordance with state and federal security standards.
- **Department of Environmental Quality Phase 1 Project** – This project totaling \$5.0 million is the first step in designing a web portal that will automate most of DEQ's permitting and compliance processes and allow online billing and payment. Phase 1, known as "my

DEQ", will add 27 business processes to the department's web portal.

- **Arizona Education Learning and Accountability System (AELAS) Projects** – These projects totaling \$3.7 million allow the Arizona Department of Education (ADE) to establish the Student Longitudinal Data System to track student and local education agency (LEA) performance, pilot a statewide Student Information System that LEAs can use, and upgrade security measures to protect student data that is exported and imported from LEAs to ADE's systems.

The review included provisions stipulated by the Information Technology Authorization Committee (ITAC) along with other project review requirements.

AHCCCS/Department of Economic Security/Department of Health Services – Review of Proposed Capitation Rate Changes – The Committee gave a favorable review of AHCCCS's proposed capitation rate changes for the state's Medicaid system. The proposed rates are expected to cost less than the budgeted amounts for rate adjustments.

Automobile Theft Authority – Review of Proposed Expenditures from the Reimbursable Programs Special Line Item – The Committee gave a favorable review of the Automobile Theft Authority's proposal to expend a \$10,000 donation from the National Insurance Crime Bureau to support an ongoing investigation.

Department of Public Safety – Review of Expenditure Plan for the Gang and Immigration Intelligence Team Enforcement Mission (GIITEM) Fund Border Security and Law Enforcement Subaccount – The Committee gave a favorable review of DPS' proposal to distribute \$2,390,000 among county sheriffs and other local law enforcement agencies to fund border security programs, personnel, and safety equipment.

JLBC Staff – Review of Agency Legal Services Charges – The Committee gave a favorable review of the fund source reports for the Attorney General legal services charges.

JCCR Meeting

At its October 29, 2013 meeting, the Joint Committee on Capital Review considered the following issues:

Arizona Department of Administration – Consider Recommending FY 2014 Partial Rent Exemptions – The Committee recommended a technical rent exemption for the State Board of Psychologist Examiners.

School Facilities Board – Review of Lease-Purchase Refinancing – The Committee gave a favorable review of the School Facilities Board's (SFB) refinancing agreement that reduces the board's lease-purchase

payments in FY 2014 and FY 2015 by a combined total of at least \$4.0 million. The favorable review stipulated that SFB submit a final debt service schedule associated with the refinancing agreement to the JLBC Staff.

Arizona Department of Transportation – Review of FY 2014 Building Renewal Allocation Plan – The Committee gave a favorable review of ADOT's \$3,188,200 FY 2014 Building Renewal Allocation Plan with the stipulation that ADOT shall report any project reallocations above \$100,000.

Summary of Recent Agency Reports

Arizona Department of Administration – Report on County Employer Sanctions Enforcement – Pursuant to a footnote in the FY 2014 General Appropriation Act (Laws 2013, 1st Special Session, Chapter 1), the Arizona Department of Administration (ADOA) is required to submit a report on the use of funds appropriated for the County Attorney Immigration Enforcement Special Line Item. Funds are to be used for the enforcement of Arizona Revised Statutes Title 23, Chapter 2, Article 2, related to employer sanctions. In FY 2013, a total of \$1.2 million was distributed to the 30 County Sheriffs' and Attorneys' Offices, with \$700,000 going to Maricopa County and the remaining \$513,200 distributed to all other counties proportionately based on population. ADOA reports that FY 2013 funds were used primarily for 4 different purposes, as follows:

1. 16 County Sheriffs' and Attorneys' offices, for a total amount of \$169,500, either did not spend the funds or returned them to ADOA due to a lack of complaints regarding employer sanctions violations.
2. 11 offices, for a total amount of \$901,400, spent the funds investigating and enforcing employer sanctions laws, primarily by funding personal services, employee benefits, travel expenses and other related costs.
3. 2 offices, for a total amount of \$135,100, will or have used the funds to purchase technological equipment such as new computers, tracking equipment and communication tools.
4. 1 office, for a total amount of \$7,100, spent the funds to educate local businesses and community members about employer sanctions laws.
(Ben Henderson)

Arizona Department of Administration – Report on Motor Vehicle Fleet – Pursuant to A.R.S. § 41-803R, the Arizona Department of Administration reported on the FY 2013 year-end inventory of state-owned alternative fuel vehicles. Of the 11,588 state vehicles, 4,762, or 41.1% are subject to the alternative fuel vehicle requirements. (Law enforcement and certain other vehicles are exempt.)

Of the 4,762 state vehicles subject to the alternative fuel vehicle requirements, 3,578, or 75.1% are alternative fuel vehicles. This is an increase of 2.7% from the prior year and exceeds the 40% target established by statute. Statute also requires 90% of the state vehicles in Maricopa County to be capable of using alternative fuels. The state reports that 86.9% of its Maricopa County vehicles are alternative fuel vehicles. This is an increase of 2.3% from the prior year.

A.R.S. § 41-803G additionally requires that 75% of new vehicle purchases in Maricopa and Pima Counties be capable of using alternative fuels for models year 2001 or later. Of the 373 eligible vehicles purchased in these counties in 2013, 93.6% were capable of using alternative fuels.

Notwithstanding the number of vehicles capable of using alternative fuel, only 2.7% of the fuel budget for the 6 largest state fleets was spent on alternative fuels.
(Ben Henderson)

Arizona Department of Administration – Report on the Telecommunications Program Office – Pursuant to A.R.S. § 41-712, the Arizona Department of Administration (ADOA) is submitting their annual report on the Telecommunication Program Office (TPO), including the current rate structure of telecommunications charges, and payments made by all AZNet 2 participants for FY 2012 and FY 2013. AZNet 2 participants pay a variety of fees for different purposes, including a 3rd party vendor to operate and maintain the system, a separate 3rd party vendor who aggregates an agency's bills and manages expenses, as well as an amount paid to TPO for their administration of the system as a whole. In FY 2012, total charges paid by all entities were \$32.4 million. In FY 2013, total charges paid by all entities were \$39.0 million.

Pursuant to A.R.S. § 41-713, ADOA is additionally submitting their annual report on the

Summary of Recent Agency Reports (Continued)

Telecommunication Fund, which includes the sources and uses of received monies, for FY 2012 and FY 2013, as well as estimates for FY 2014. The Telecommunication Fund primarily consists of monies paid by agencies, as well as other AZNet 2 participants, to TPO to administer the system as a whole. In FY 2012, the Telecommunication Fund received \$1.9 million from AZNet 2 participants to administer the system. In FY 2013, the Telecommunication Fund received \$1.9 million from AZNet 2 participants to administer the system. In FY 2014, the Telecommunication Fund is estimated to receive \$1.3 million from AZNet 2 participants to administer the system. (Ben Henderson)

AHCCCS – Report on Systematic Alien Verification for Entitlements Program – Pursuant to A.R.S. § 36-2903.03, the Arizona Health Care Cost Containment System (AHCCCS) provided its latest report on the collection and verification of documentation associated with the Systematic Alien Verification for Entitlements (SAVE) program.

AHCCCS, in conjunction with the Department of Economic Security (DES), verified the immigration status of 49,929 individuals in FY 2013. During this period, AHCCCS and DES referred 17 citizens for prosecution for fraudulent schemes, prohibited acts, theft, or forgery. (Amy Upston)

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 \$42.6 million in total funds in FY 2014. The original amount did not take into account monies from the Phoenix hospital assessment. The KidsCare II program expands KidsCare from May 1, 2012 to December 31, 2013. The program is funded by voluntary payments from political subdivisions and monies collected by a Phoenix hospital assessment. These payments receive an approximate 3:1 match from the Federal government. (Amy Upston)

AHCCCS – Report on Health Insurance Exchange Interaction and Eligibility Modifications – Pursuant to an FY 2014 General Appropriation Act footnote, AHCCCS submitted its first 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 October 30, 2013 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.

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. HEAplus is supposed to be able to transfer the accounts of applicants with incomes too high for AHCCCS to the federal exchange. In addition, 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, these transfers are not yet occurring. (Amy Upston)

AHCCCS - Report on Healthcare Group - Pursuant to A.R.S. § 36-2912Z, the Arizona Health Care Cost Containment System (AHCCCS) reports that, as of September 2013, total statewide Healthcare Group (HCG) medical plan enrollment was 6,037, with participating members from 1,976 employers. This is a decline of (856) participating members (12.4% decline) and (380) employers (16.1% decline) from a year ago. The FY 2014 Health and Welfare Budget Reconciliation Bill (Laws 2013, 1st Special Session, Chapter 10) prohibited AHCCCS from enrolling new members or businesses in HCG after July 31, 2013 and repeals the program on January 1, 2014. AHCCCS expects that members who are enrolled in HCG will shift to the new federal healthcare exchange.

Pursuant to A.R.S. § 36-2912AA, AHCCCS submitted its financial report for HCG for FY 2013. The agency reports that HCG's operating income was \$4.1 million for FY 2013. HCG began FY 2013 with total unpaid prior year obligations and other liabilities of \$2.8 million. By the end of FY 2013, the balance was paid in full. While HCG ends on December 31, 2013, the HCG Fund will remain

Summary of Recent Agency Reports (Continued)

in effect until December 31, 2014 to process any outstanding payments and/or recoveries. At that time, AHCCCS projects that the HCG Fund will have a balance of approximately \$6 million. (Amy Upston)

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 September 30, 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 \$259.2 million in total fund distributions to hospitals and \$18.0 million in total funds expended for coverage expansion, through September 30, 2013. In September 2013, this resulted in an additional 39,303 children covered through KidsCare II program and 3,214 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.

In addition to the Phoenix hospital assessment, 4 other cities (Casa Grande, Globe, Mesa, and Tucson) have requested to expand the SNCP program using state match monies from a hospital assessment. At the time of this writing, AHCCCS is still awaiting approval from the federal government to expand the program using additional assessment monies. (Jon Stall)

Table 6

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

	<u>State Match</u>	<u>Federal Match</u>	<u>Total Funds</u>
Original SNCP Agreement	\$25.2	\$48.2	\$73.5
City of Phoenix SNCP Agreement	<u>43.7</u>	<u>142.0</u>	<u>185.7</u>
Sub-total SNCP Payments to Hospitals	68.9	190.3	259.2
KidsCare II and Childless Adult Coverage Expansion	<u>4.4</u>	<u>13.6</u>	<u>18.0</u>
Grand Total	\$73.3	\$203.9	\$277.2

Corporation Commission/Department of Administration – Report on Utilities Audits, Studies, Investigations, and Hearings Special Line Item – Pursuant to an FY 2014 General Appropriation Act footnote, the Arizona Corporation Commission and the General Accounting Office are required to report to the JLBC and OSPB on the expenditures from the Utilities Audits, Studies, Investigations and Hearings Special Line Item (SLI) since FY 2007. The report was also to include the remaining amount of non-lapsing funds along with recommendations to improve the consistency of SLI expenditures reporting. ADOA reports expenditures from this SLI between FY 2007 and FY 2013 totaled \$3,029,618. The remaining spending authority from this SLI at the end of FY 2013 was \$1,520,000, and the remaining spending authority as of October 31 was \$1,718,432. ADOA recommends that consistency in SLI expenditure reporting from both the Corporation Commission and General Accounting Office could be improved by using the same appropriation accounting code for each SLI appropriation. (Matt Gress)

Department of Education – Budget Status Report – Pursuant to A.R.S. § 35-131D, the Arizona Department of Education (ADE) recently provided an update regarding its budget status for FY 2014. In that report, ADE estimates that it will experience a \$(20.5) million net funding shortfall for formula programs for FY 2014. The estimated shortfall includes a \$(30.7) million Basic State Aid shortfall and \$10.2 million Homeowner's Rebate surplus. ADE's final formula costs for FY 2014 will not be known until later in the year due to ongoing data updates and corrections. (Steve Schimpp)

Arizona Department of Environmental Quality (ADEQ) – Report on Progress of Water Quality Assurance Revolving Fund Sites – Pursuant to a FY 2014 General Appropriation Act footnote, ADEQ is required to report the progress of each site listed on the Water Quality Assurance Revolving Fund (WQARF) registry. There are 10 steps in the WQARF process. In FY 2012 and 2013, DEQ reports 38 WQARF sites. In FY 2012, work was completed at 8 out of 13 planned site projects, and 1 site progressed to the next stage of remediation. In FY 2013, work was completed at 15 out of 19 planned sites projects, and 3 sites progressed to the next stage of remediation including 1 site that was removed from the registry. For FY 2014, DEQ reports 37 WQARF sites. For FY 2014, there are 29 planned site projects, and 5 actions already completed as of October 22, 2013. (Micaela Larkin)

Board of Executive Clemency – FY 2013 Caseload Report – Pursuant to a footnote in the FY 2014 General Appropriation Act, the board is required to submit a report on its FY 2013 caseload by November 1, 2013. The board conducted 3,306 case hearings in FY 2013, as described below.

Summary of Recent Agency Reports (Continued)

- Phases 1 and 2 Commutation (1,262): After reviewing an inmate's request to have their sentence commuted, the board can decide to deny the request or allow the request to move to a Phase 2 Commutation hearing.
- Pardon (41): The board may recommend that the Governor pardon an offender.
- Absolute Discharge (20): The board can discharge a person from imprisonment or parole supervision prior to the sentence expiration date or prior to the expiration of parole.
- Modification (0): The board can recommend to the Governor that an inmate's sentence be modified or commuted.
- Reprieve (1): The board can make a recommendation to the Governor to delay or temporarily suspend the carrying out of an inmate's punishment.
- Parole (355): These hearings only apply to offenders sentenced prior to 1994. The board may place these offenders on parole or deny their application for parole and return them to the Department of Corrections.
- Violator (1,627): These hearings are conducted when an offender has violated the terms of community supervision. (Micaela Larkin)

JLBC Staff - County Flexible Revenue Report - The FY 2014 Revenue Budget Reconciliation Bill (BRB) (Laws 2013, 1st Special Session, Chapter 9) permits counties with a population of under 200,000 to meet any FY 2014 fiscal obligation from any source of county revenue, including countywide special taxing jurisdictions. Chapter 9 requires counties to report on their use of this provision.

Of the 10 under 200,000 persons, 3 reported using the flexibility:

- Apache County: \$500,000 from 3 special taxing districts to the General Fund.
- Navajo County: \$580,300 from the Public Health Services District to the General Fund.
- Yuma County: \$9,201 from the Library District and \$46,821 from the Spousal Maintenance Enforcement program to the General Fund.

The following 7 counties did not utilize this provision: Cochise, Coconino, Gila, Graham, Greenlee, La Paz, and Santa Cruz Counties. (Ben Beutler)

Department of Public Safety (DPS) – Report on DPS Proposal to Consolidate the Arizona Counter Terrorism Center – Pursuant to a General Appropriation Act footnote, DPS is required to submit a report to the JLBC on a plan to consolidate the Arizona Counter Terrorism Center (ACTIC) with another governmental entity beginning in FY 2015. The report was required to include an estimate of savings to the state as a result of the consolidation.

Currently, ACTIC operations are housed in a 60,000 square foot building in north Phoenix. However, ACTIC operations only utilize 40,000 square feet as the other 20,000 was recently vacated by the Federal Bureau of Investigation (FBI). The DPS report provided 3 options for consolidation, including moving ACTIC to another governmental building, purchasing the current ACTIC building, and staying in the current facility with the current lease. DPS recommends remaining in its current space and maintaining their lease. (Eric Billings)

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 first quarter of FY 2014 DPS expended \$650,900 in GIITEM Immigration Enforcement Grant monies. These monies were distributed to the Maricopa County Sheriff's Office per statute.

Additionally, the GIITEM Border Security and Law Enforcement Subaccount received \$543,700 in criminal fine and fee revenues in the first quarter of FY 2014. None of these monies were expended as DPS was required to receive approval of their FY 2014 GIITEM Border Security and Law Enforcement Subaccount expenditure plan prior to the expenditure of any monies. JLBC favorably reviewed the DPS expenditure plan at the October 29, 2013 meeting. (Eric Billings)

Supreme Court – Report on Adult Probation Services Fund and the Juvenile Probation Fund – Pursuant to a General Appropriation Act footnote and A.R.S. § 12-262, the Administrative Office of the Courts (AOC) is required to report to the JLBC on the FY 2013 actual, FY 2014 estimated, and FY 2015 requested amounts of the following: 1) the number of authorized and filled case carrying and non-case carrying probation positions by county; 2) the total receipts and expenditures by county and fund source for each of the probation Special Line Items (SLI), including the Personal Services expended from each revenue source of each account; and 3) the amount of monies from the probation SLIs that the AOC does not distribute as direct aid to counties. The figures in this report are for all counties except Maricopa as the state does not pay any of the county's costs of probation.

Adult Standard Probation

Adult Standard Probation county expenditures statewide for probation officers were \$34.0 million in FY 2013, of which \$11.9 million were General Fund monies and \$4.5 million were non-General Fund state expenditures. The remaining \$17.6 million were county expenditures. These monies funded 240 authorized case carrying positions and 390.8 authorized non-case

Summary of Recent Agency Reports (Continued)

carrying positions. Of these positions, 207 case carrying and 332.5 non-case carrying positions were filled. AOC estimates total expenditures of \$34.5 million in FY 2014 and \$35.7 million in FY 2015.

AOC reports Adult Standard Probation SLI expenditures of \$13.5 million in General Fund monies in FY 2013, of which \$1.9 million were for other services including \$837,407 for administration. The remaining \$11.6 million was distributed to counties. The AOC also reports expenditures of \$645,400 from the Interstate Compact SLI, of which \$359,000 was distributed to Yavapai and Pima Counties. The total General Fund amount distributed by AOC to the counties is higher than actual General Fund expenditures since the counties did not expend all of the monies they received from the state by the end of the fiscal year.

Adult Intensive Probation

AOC reports statewide Adult Intensive Probation county expenditures for probation officers of \$9.4 million in FY 2013, of which \$8.6 million were General Fund monies and \$732,111 were non-General Fund state expenditures. These monies funded 110.5 authorized case carrying positions and 64.7 authorized non-case carrying positions. Of these positions, 108 case carrying and 54.1 non-case carrying positions were filled. AOC estimates total expenditures of \$9.7 million in FY 2014 and \$10.0 million in FY 2015.

AOC reports Adult Intensive Probation SLI expenditures of \$10.8 million in General Fund monies in FY 2013, of which \$2.1 million were for other services including \$771,186 for administration and \$420,396 for centralized state motor vehicle payments. The remaining \$8.7 million was distributed to counties.

Juvenile Standard Probation

The statewide total for Juvenile Standard Probation county expenditures for probation officers were \$19.5 million in FY 2013, of which \$3.9 million were General Fund monies and \$2.9 million were non-General Fund state expenditures. The remaining \$12.7 million were county expenditures. These monies funded 77.1 authorized case carrying positions and 358.4 authorized non-case carrying positions. Of these positions, 75.2 case carrying and 353.9 non-case carrying positions were filled. AOC estimates total expenditures of \$21.3 million in FY 2014 and \$22.2 million in FY 2015.

AOC reports Juvenile Standard Probation SLI expenditures of \$4.6 million in General Fund monies in FY 2013, of which \$524,484 were for other services including \$276,245 for administration and \$92,709 for centralized state motor vehicle payments. The remaining \$4.1 million was distributed to counties.

Juvenile Intensive Probation

AOC reports statewide Juvenile Intensive Probation county expenditures for probation officers of \$5.2 million in FY 2013, all of which were General Fund monies. These monies funded 54 authorized case carrying positions and 38 authorized non-case carrying positions. Of these positions, 51.5 case carrying and 31.8 non-case carrying positions were filled. AOC estimates total expenditures of \$5.2 million in FY 2014 and \$5.6 million in FY 2015.

AOC reports Juvenile Intensive Probation SLI General Fund expenditures of \$8.7 million in FY 2013. Of this amount, \$2.9 million were for other services including \$1.5 million for centralized treatment probation service payments and \$549,037 for administration. The remaining \$5.8 million was distributed to counties. (Eric Billings)

Universities – Report on University Research Infrastructure Income

Pursuant to A.R.S. § 15-1670, Arizona State University (ASU), Northern Arizona University (NAU), and the University of Arizona (UA) are required to submit an annual report on the amount of the previous year's income from licensure and royalty payments and the sale or transfer of intellectual property developed by the university, and to deposit a portion of that income into the state General Fund. ASU, NAU and UA reported that no deposits were made in FY 2013, as they believe that their income is net of expenses instead of gross income.

ASU, NAU and UA reported no net income from licensure and royalty payments, or the sale or transfer of intellectual property in FY 2013. In terms of FY 2013 gross income, ASU reported \$2.2 million of licensing and royalty revenues, NAU reported \$25,500 of licensing and royalty revenues and UA reported \$926,000 of licensure, royalty and assignment revenue. (Art Smith)

Department of Veterans Services – Report on Capital Projects

Pursuant to A.R.S. § 41-610, as added by the FY 2014 Government Budget Reconciliation Bill (Laws 2013, 1st Special Session, Chapter 2), the Department of Veterans' Services is required to submit an annual report on capital projects for which they have requested federal monies in the past 12 months. The department reports that they have been awarded or conditionally awarded monies for 3 projects. For conditional awards, the department must complete a specified list of items by the date set by the federal government.

- The department was awarded \$1.7 million in Federal Funds for the Southern Arizona Veterans' Memorial expansion. The project was completed in October 2013. The department estimates that the expansion will result in annual operational expenses of \$1,250 which will be paid for from the Southern Arizona Veterans' Cemetery Trust Fund.
- The department has been conditionally awarded

Summary of Recent Agency Reports (Continued)

\$833,700 in Federal Funds to renovate the nurse call system, security fence, and heating, ventilation and air conditioning at the Phoenix Veterans' Home. The remaining \$448,800 will be paid for from the State Home for Veterans' Trust Fund. The project is expected to begin in February 2014 and be completed by June 2014.

- The department has been conditionally awarded \$6.8 million in Federal Funds for the construction of a new state veterans' cemetery in Flagstaff. The department projects that construction will begin in March 2014 and conclude by September 2015. The department estimates that they will need an annual appropriation of \$472,700 from the General Fund to pay for ongoing operational costs beginning in FY 2016.

In addition to these projects, the department applied for but did not receive monies for 3 veterans' cemeteries (Marana, Yuma, and Kingman) and a veterans' home (Flagstaff). The state is responsible for paying the ongoing operational costs of cemeteries and 35% of the construction costs of veterans' homes. Although not included in the report, the department has requested General Fund monies for 3 veterans' homes in their budget request. (Amy Upston)

October Spending

October 2013 General Fund spending of \$632.0 million was \$131.1 million greater than October 2012. Year-to-date, spending is \$4.4 billion, or \$16.9 million above last year.

(See Tables 7 & 8).

- The Department of Education spent \$188.6 million more year-to-date due to increased per-student funding for the agency as part of the FY 2014 budget.
- Department of Economic Security expenditures are \$64.8 million greater through September due to increased funding levels for the agency in FY 2014.

Agency	Change From			YTD Change from FY 13
	<u>Oct 13</u>	<u>Oct 12</u>	<u>Year-to-Date</u>	
AHCCCS	125.3	4.9	448.5	(9.8)
Corrections	98.2	7.7	326.2	19.4
Economic Security	78.9	28.1	498.5	64.8
Education	235.5	142.9	1,837.9	188.6
Health Services	(31.9)	(49.1)	382.9	(85.2)
Public Safety	3.0	0.3	14.9	1.5
School Facilities	4.6	4.4	157.4	15.6
Board				
Universities	52.0	2.1	382.8	10.0
Leaseback Debt	0.0	0.0	84.1	0.0
Service				
Other	<u>66.4</u>	<u>(10.2)</u>	<u>226.4</u>	<u>12.0</u>
Total	632.0	131.1	4,359.6	216.9
Budget Stabilization				
Fund Deposit	0.0	0.0	0.0	(200.0)
Grand Total	632.0	131.1	4,359.6	16.9

General Fund Spending				
(\$ in Thousands)				
Agency	Oct 13	Change from Oct 12	Year-to-Date	YTD Change from FY 13
Department of Administration	2,773.9	(2,372.7)	16,732.0	4,792.6
ADOA Sale/Leaseback Debt Service	-	-	84,119.8	-
Office of Administrative Hearings	90.5	(33.1)	329.3	(13.2)
Department of Agriculture	938.9	1.5	3,151.9	136.5
AHCCCS	125,261.1	4,882.0	448,480.6	(9,844.9)
Arts, AZ Commission on the	-	-	-	-
Attorney General	1,955.7	468.1	8,405.2	1,303.6
AZ Capital Post Conviction Public Defender	-	-	-	(4.1)
State Board of Charter Schools	98.2	14.8	348.5	57.0
AZ Commerce Authority	2,625.0	-	7,875.0	-
Community Colleges	16,153.7	(137.6)	32,492.2	(361.1)
Corporation Commission	52.5	(16.2)	173.4	(16.7)
Department of Corrections	98,246.4	7,668.7	326,155.6	19,446.9
AZ State Schools for the Deaf & Blind	4,982.2	1,691.4	10,388.2	634.5
Department of Economic Security	78,939.0	28,076.3	498,530.2	64,785.2
Department of Education	235,496.4	142,861.5	1,837,908.6	188,586.7
DEMA	385.6	(1,473.5)	2,022.8	(1,013.5)
DEQ – WQARF	-	-	-	(7,000.0)
Office of Equal Opportunity	24.2	17.9	71.1	16.1
State Board of Equalization	83.5	2.3	274.1	(8.6)
Board of Executive Clemency	99.3	51.1	337.0	77.9
Department of Financial Institutions	178.4	(154.2)	1,056.6	70.1
Department of Fire, Bldg and Life Safety	217.3	(131.1)	779.9	(78.3)
State Forester	378.3	(183.0)	1,172.4	(385.1)
Arizona Geological Survey	78.4	(12.8)	259.4	(11.2)
Governor/OSPB	1,884.8	857.7	3,934.7	1,110.8
Department of Health Services	(31,875.3)	(49,052.5)	382,875.5	(85,206.2)
Arizona Historical Society	282.2	(37.5)	1,359.1	20.6
Prescott Historical Society of AZ	80.7	9.7	248.3	(4.2)
Independent Redistricting Comm.	124.8	(27.5)	643.1	142.2
Commission of Indian Affairs	15.3	7.0	25.5	3.0
Department of Insurance	564.8	25.5	2,015.4	190.8
Judiciary				
Supreme/Superior Court	10,693.3	(7,965.9)	34,011.1	(6,908.3)
Court of Appeals	1,535.3	48.3	4,937.7	120.6
Department of Juvenile Corrections	4,503.4	(33.1)	14,070.3	(979.1)

Agency	Oct 13	Change from Oct 12	Year-to-Date	YTD Change from FY 13
State Land Department	1,371.8	1,022.4	3,800.0	3,313.4
Law Enforcement Merit System	-	(7.5)	-	(22.5)
Legislature				
Auditor General	2,047.3	43.0	6,491.2	544.6
House of Representatives	1,384.3	130.3	4,076.6	385.5
Joint Legislative Budget Comm.	220.9	9.6	696.6	64.9
Legislative Council	603.2	(1,313.3)	2,685.4	(662.8)
Senate	926.3	88.9	2,718.0	282.9
Mine Inspector	114.1	9.6	459.0	30.6
Nav. Streams & Adjudication	15.3	3.5	42.9	(4.0)
Phoenix Convention Center	-	-	20,449.0	14,854.0
Pioneers' Home	(1.8)	(19.9)	435.7	(64.0)
Comm. for Postsecondary Ed.	654.4	44.0	698.4	-
Department of Public Safety	3,027.2	250.3	14,941.8	1,504.1
Arizona Department of Racing	10.3	(0.7)	1,789.8	(0.7)
Radiation Regulatory Agency	309.6	44.9	713.7	109.8
Real Estate Department	237.9	(221.9)	1,007.4	94.6
Department of Revenue	3,512.1	(634.7)	20,096.1	3,735.8
School Facilities Board	4,559.5	4,405.4	157,366.7	15,621.4
Secretary of State	926.6	(693.7)	5,151.8	(3,063.6)
Tax Appeals Board	25.5	0.4	110.2	4.0
Office of Tourism	1,351.2	926.2	1,836.7	104.1
Department of Transportation	0.2	(2.8)	0.7	(15.2)
Commission on Uniform State Laws	-	-	55.7	55.7
Universities				
Board of Regents	5,561.0	(5,176.8)	11,585.3	(4,460.0)
Arizona State University	23,258.4	5,877.2	169,137.1	9,036.8
Northern Arizona University	6,562.5	636.7	56,744.9	2,546.7
University of Arizona	16,596.4	725.6	145,315.3	2,902.5
Department of Veteran Services	526.2	(306.9)	1,818.2	(206.4)
Department of Water Resources	1,149.5	169.8	3,572.9	536.3
Department of Weights & Measures	129.5	(36.6)	408.0	(49.2)
Other - JP Salaries Distribution	78.7	39.2	164.3	16.6
Other	-	-	-	-
Total	632,026.0	131,065.2	4,359,553.9	216,856.5
Budget Stabilization Fund Deposit	-	-	-	(200,000.0)
Grand Total	632,026.0	131,065.2	4,359,553.9	16,856.5

Tracking Arizona's Recovery

November 2013
Appendix A

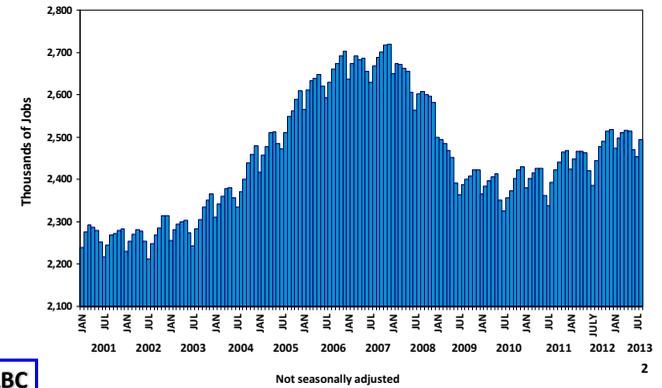
Slide:

- 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*

* Due to unavailability of data resulting from the federal government shutdown, these slides have not been updated since the October Monthly Fiscal Highlights.

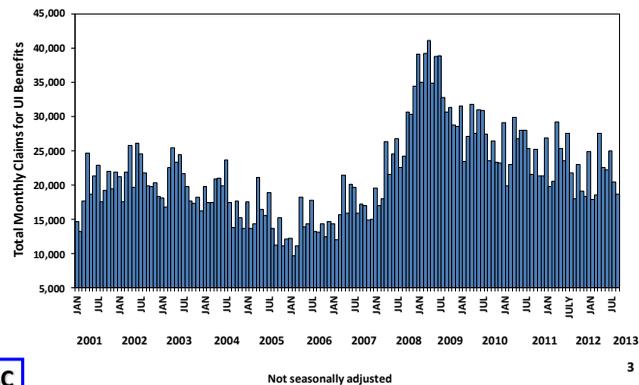
JLBC

Total Non-Farm Employment



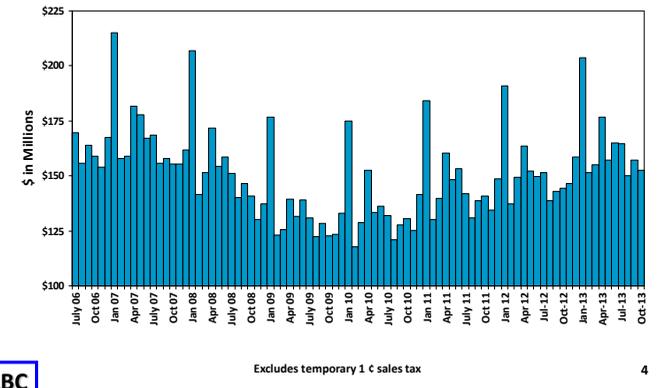
JLBC

Initial Claims for Unemployment Insurance



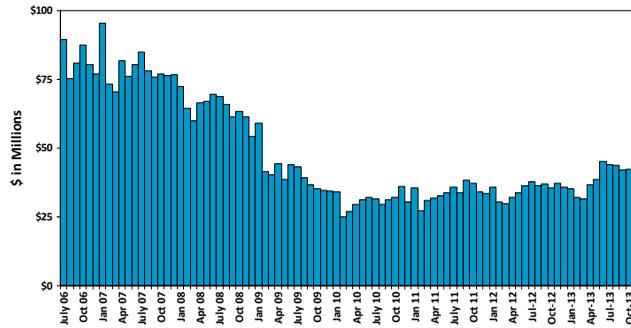
JLBC

State Sales Tax Collections – Retail Category



JLBC

State Sales Tax Collections – Contracting Category

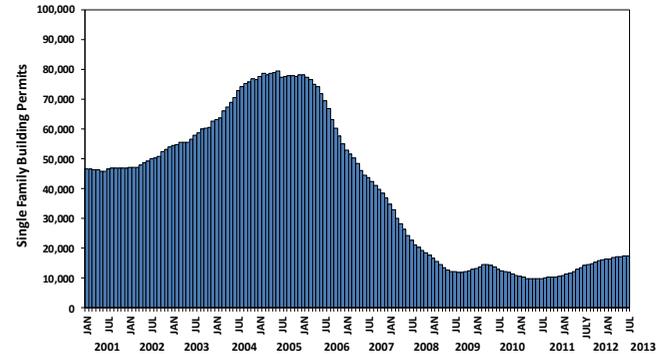


JLBC

Excludes temporary 1 ¢ sales tax

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Single Family Building Permits

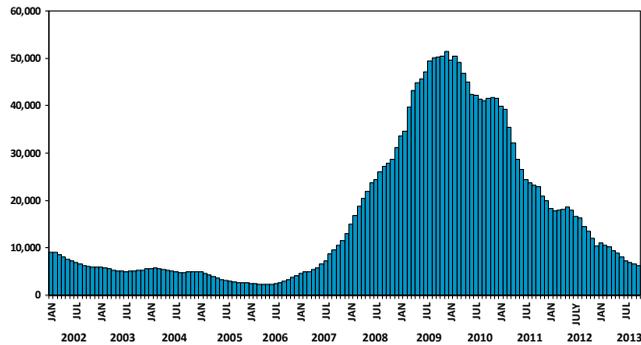


JLBC

12-Month Moving Sum

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Maricopa County Pending Foreclosures

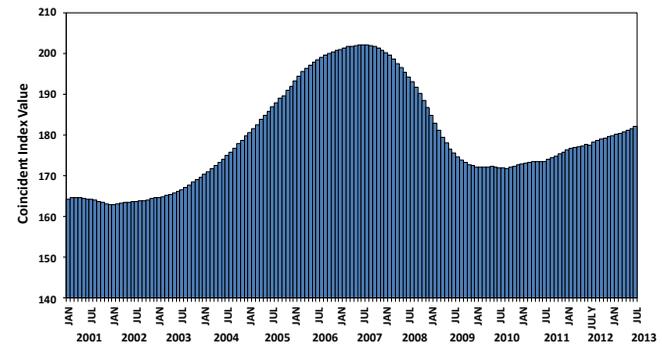


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An initial notice of trustee sale has been recorded but final sale has not yet occurred

7

Economic Activity Index



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

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