

1716 W. Adams  
Phoenix, AZ 85007

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



[www.azleg.gov/jlbc.htm](http://www.azleg.gov/jlbc.htm)

*"Year-to-date,  
base General  
Fund  
revenues...are  
3.3% above  
the prior year,  
and are \$124.4  
million above  
forecast."*

## Summary

October 2015 collections of \$721.8 million were 1.4% above the prior year, and were \$66.1 million above the enacted budget forecast.

The forecast gains occurred mostly in the Individual and Corporate Income Tax categories, which together comprised \$51 million of the \$66 million overage. The majority of these Income Tax gains were likely due to the recent tax amnesty program.

The enacted budget required the Department of Revenue (DOR) to establish a tax amnesty program during September and October 2015. During this time period, taxpayers with outstanding tax liabilities were allowed to pay DOR the amount of unpaid tax and have any civil penalties and interest waived. The tax amnesty program applied to: Sales Tax, Individual Income Tax (excluding withholding), Corporate Income Tax, along with certain other miscellaneous tax categories.

The budget forecast assumed the amnesty program would generate \$15 million in General Fund revenue during FY 2016. DOR has reported a preliminary estimate that the amnesty program generated \$46 million, however this amount has yet to be finalized.

The October results can also be explained by the strong FY 2015 revenue performance. Because of the unexpected gains seen last year, low growth rates (such as this month's 1.4%) are still able to post significant gains above the enacted budget forecast.

Continuing a trend seen during the last few months, the state's "core" revenues – Withholding and Sales Tax – had disappointing results in October. These categories tend to be more "real time" measures of the economy by reflecting current job/income growth and consumption patterns.

Withholding declined by (5.5)% compared to October 2014, the second straight month of decline. Sales Tax had a growth rate of 2.0% for the month. This category has grown less than 3.0% each month during FY 2016.

Year-to-date, base General Fund revenues (excluding Urban Revenue Sharing and Fund Transfers) are 3.3% above the prior year, and are \$124.4 million above forecast. Excluding the one-time tax amnesty, year-to-date revenues are \$93.4 million above forecast.

In comparison to revenue collections of \$721.8 million, October 2015 spending was \$665.0 million, which is a decrease of \$(114.4) million from the prior year.

Fiscal year-to-date, General Fund revenues of \$2.93 billion have been offset by \$4.59 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-November 2015 is \$1.5 billion. In addition, the state's Budget Stabilization Fund has a balance of \$458.8 million.

## Table of Contents

<b>Summary</b>	
<b>October Revenues</b> .....	2
<b>Monthly Indicators</b> .....	4
<b>Summary of Recent Agency Reports</b>	
• ADOA – Report on Motor Vehicle Fleet .....	7
• Attorney General – Interagency Funds.....	7
• Attorney General – Legal Settlements .....	7
• DCS – Backlog Vendor Procurement .....	8
• Corrections – Transition Release Program .....	8
• County Attorneys – Deferred Prosecution .....	8
• ADE – Data System Report .....	9
• DEQ – Water Quality Revolving Fund .....	9
• Executive Clemency – FY 2015 Caseload ...	10
• DHS – Medical and Dental Program.....	10
• JLBC Staff – Travel and Relocation Report ..	10
• Auditor General – Child Removal Process...	11
• DPS – Quarterly GIITEM Report .....	11
• Supreme Court – Probation Report .....	11
• Veterans' Services – Capital Projects .....	12
<b>October Spending</b> .....	13
<b>Tracking Arizona's Recovery</b> .....	Appendix A

## October Revenues

Table 1

General Fund Revenues (\$ in Millions)			
	<u>FY 2016 Collections</u>	<u>Difference From Budget Forecast</u>	<u>Difference From FY 2015</u>
October	\$ 721.8	\$ 66.1	\$ 9.8
Year-to-Date	\$ 2,927.7	\$ 124.4	\$ 46.2

**Sales Tax** collections of \$353.2 million were 2.0% above October of last year and (1.5)% below forecast for the month. Year to date, sales tax collections are up by 2.5% compared to last year and \$(7.1) million below forecast.

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

Retail was the only major TPT category that performed well in October with a year-over-year growth of 10.7%. October marked the second consecutive month of weak growth in the restaurant and bar category with a year-over-year growth of 2.4%. Prime contracting had another month of double-digit year-over-year decline (7<sup>th</sup> month in a row).

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

Table 2

Sales Tax Growth Rates Compared to Prior Year		
	<u>October</u>	<u>YTD</u>
Retail	10.7%	9.8%
Contracting	(19.7)%	(19.5)%
Use	(15.6)%	(3.7)%
Restaurant & Bar	2.4%	3.7%
Utilities	4.0%	0.8%

**Individual Income Tax** net revenues were an estimated \$319.0 million in October, which were \$19.1 million above the prior year and \$20.3 million above the forecast for the month. Year-to-date, revenue has grown 5.3% over the prior year to a level that is \$97.6 million above the budget forecast. The precise impact of the tax amnesty on Individual Income Tax collections is yet to be determined.

As indicated in Table 3, withholding decreased by (5.5)% for the month and was \$(17.1) million below the forecast. Year-to-date withholding collections are 1.2% above FY 2015 and \$23.1 million above the forecast.

October estimated and final payments of \$76.7 million were 27.6% above last year and \$18.3 million above the forecast. Year-to-date, payments are \$53.7 million above the budget forecast.

October Individual Income Tax refunds totaled \$(60.5) million – this compares to \$(80.5) million in October 2014 and a forecasted amount of \$(79.7) million. Year-to-date, lower-than-expected refunds have led to a \$20.8 million gain compared to the enacted forecast.

The October results of higher payments and lower refunds continues the trend that was seen during the April 2015 tax filing season. Taxpayers that received a 6-month extension have filed their final tax return in October 2015, and likely experienced the same surge in tax liability that occurred with April filers.

Table 3

Individual Income Tax Growth Rates  
Compared to Prior Year

	<u>October</u>	<u>YTD</u>
Withholding	(5.5)%	1.2%
Estimated +		
Final Payments	27.6%	15.5%
Refunds	(24.9)%	(16.5)%

**Corporate Income Tax** net collections were estimated to be \$45.4 million in October, which was \$12.5 million more than October of the prior year. Collections for the month were \$30.6 million above the forecast. Year to date, net collections are \$31.5 million above the forecast. The precise impact of the tax amnesty on Corporate Income Tax collections is yet to be determined.

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

**Insurance Premium Tax** collections of \$9.8 million in October were \$8.7 million above the prior year and \$8.6 million above forecast. Year-to-date, collections are \$5.2 million above forecast.

**Highway User Revenue Fund (HURF)** collections of \$110.2 million in October were up \$8.3 million, or 8.1% compared to October of last year. October collections were \$5.5 million above forecast while year-to-date collections are \$13.5 million above forecast and 6.1% above last year.

Table 4

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

	Current Month					FY 2016 YTD (Four Months)				
	Actual October 2015	Change From				Actual October 2015	Change from			
		October 2014		Budget Forecast			October 2014		Budget Forecast	
		Amount	Percent	Amount	Percent		Amount	Percent	Amount	Percent
<b><u>Taxes</u></b>										
Sales and Use	\$353,208,449	\$6,822,490	2.0 %	(\$5,392,307)	(1.5) %	\$1,410,115,983	\$34,674,314	2.5 %	(\$7,099,424)	(0.5) %
Income - Individual	319,034,350	19,123,634	6.4	20,320,293	6.8	1,344,388,281	68,270,149	5.3	97,602,722	7.8
- Corporate	45,382,975	12,523,307	38.1	30,601,942	207.0	168,750,318	(8,286,206)	(4.7)	31,485,770	22.9
Property	7,842,897	4,594,625	141.4	4,821,510	159.6	8,530,144	4,986,812	140.7	5,088,485	147.8
Luxury - Tobacco	1,171,176	(707,952)	(37.7)	0	0.0	7,203,962	(682,248)	(8.7)	(117,832)	(1.6)
- Liquor	2,780,724	(45,050)	(1.6)	0	0.0	10,079,173	129,876	1.3	(186,371)	(1.8)
Insurance Premium	9,770,153	8,711,276	822.7	8,583,837	723.6	138,733,337	8,612,301	6.6	5,244,986	3.9
Other Taxes	49,785	(421,453)	(89.4)	(370,338)	(88.1)	168,589	(1,865,354)	(91.7)	(1,829,719)	(91.6)
<b>Sub-Total Taxes</b>	<b>\$739,240,509</b>	<b>\$50,600,876</b>	<b>7.3 %</b>	<b>\$58,564,936</b>	<b>8.6 %</b>	<b>\$3,087,969,785</b>	<b>\$105,839,642</b>	<b>3.5 %</b>	<b>\$130,188,618</b>	<b>4.4 %</b>
<b><u>Other Revenue</u></b>										
Lottery	12,931,475	9,292,175	255.3	2,294,285	21.6	12,931,475	2,266,875	21.3	2,294,285	21.6
License, Fees and Permits	2,604,593	(908,326)	(25.9)	(104,427)	(3.9)	10,142,584	131,462	1.3	129,052	1.3
Interest	3,499	288	9.0	(36,836)	(91.3)	55,457	43,798	375.7	(1,598,278)	(96.6)
Sales and Services	632,419	(895,096)	(58.6)	(843,354)	(57.1)	3,130,459	(2,750,060)	(46.8)	(2,888,084)	(48.0)
Other Miscellaneous	1,677,934	1,950,779	--	0	0.0	7,072,933	1,106,929	18.6	0	0.0
Disproportionate Share	0	0	--	0	--	0	0	--	0	--
Transfers and Reimbursements	15,181,601	3,406,703	28.9	6,181,601	68.7	8,313,044	(5,678,213)	(40.6)	(3,686,956)	(30.7)
<b>Sub-Total Other Revenue</b>	<b>\$33,031,521</b>	<b>\$12,846,523</b>	<b>63.6 %</b>	<b>\$7,491,268</b>	<b>29.3 %</b>	<b>\$41,645,951</b>	<b>(\$4,879,208)</b>	<b>(10.5) %</b>	<b>(\$5,749,982)</b>	<b>(12.1) %</b>
<b>TOTAL BASE REVENUE</b>	<b>\$772,272,030</b>	<b>\$63,447,399</b>	<b>9.0 %</b>	<b>\$66,056,204</b>	<b>9.4 %</b>	<b>\$3,129,615,736</b>	<b>\$100,960,434</b>	<b>3.3 %</b>	<b>\$124,438,635</b>	<b>4.1 %</b>
<b><u>Other Adjustments</u></b>										
Urban Revenue Sharing	(50,469,528)	275,114	--	(3)	0.0	(201,878,111)	1,100,461	--	(11)	0.0
One-Time Transfers	0	(53,900,000)	(100.0)	0	--	0	(55,869,047)	(100.0)	0	--
<b>Sub-Total Other Adjustments</b>	<b>(50,469,528)</b>	<b>(53,624,886)</b>	<b>-- %</b>	<b>(3)</b>	<b>0.0 %</b>	<b>(201,878,111)</b>	<b>(54,768,585)</b>	<b>37.2 %</b>	<b>(11)</b>	<b>0.0 %</b>
<b>TOTAL GENERAL FUND REVENUE</b>	<b>\$721,802,502</b>	<b>\$9,822,514</b>	<b>1.4 %</b>	<b>\$66,056,201</b>	<b>10.1 %</b>	<b>\$2,927,737,625</b>	<b>\$46,191,849</b>	<b>1.6 %</b>	<b>\$124,438,624</b>	<b>4.4 %</b>
<b><u>Non-General Funds</u></b>										
Highway User Revenue Fund	\$110,198,876	\$8,268,232	8.1 %	\$5,487,754	5.2 %	\$441,250,065	\$25,490,299	6.1 %	\$13,483,559	3.2 %

## Monthly Indicators

### NATIONAL

According to the U.S. Department of Commerce Bureau of Economic Analysis, the **U.S. Real Gross Domestic Product (GDP)** increased at an annual rate of 1.5% in the third quarter of 2015. This estimate represents a slowdown from the 3.9% growth in the second quarter of 2015. The deceleration was primarily due to a reduction in inventory investment and slower growth in consumption, state and local government spending, residential and non-residential investment and exports. Declining performance in these categories was partly offset by deceleration in imports.

The Conference Board's **U.S. Consumer Confidence Index** fell to 97.6 in October, reversing some of the large gains experienced in August and September. The primary driver of the decrease was pessimism over the current job market, consistent with disappointing national jobs reports in past months. However, the index's latest reading was taken prior to the release of the much-improved figures in the October jobs report.

The Conference Board's **U.S. Leading Economic Index** decreased by (0.2)% in September after flat growth in July and August. The index stands 3.4% above its September 2014 reading. Of the index's 10 components, 6 made positive contributions and 4 made negative contributions. Movement in interest rates was once again the largest positive contributor to the index. Reductions in building permits, manufacturing hours worked, new orders and stock market performance provided the majority of drag on the index.

According to the U.S. Department of Commerce Bureau of Economic Analysis, the **U.S. Personal Consumption Expenditure Price Index (PCEPI)** decreased (0.1)% in September, relative to August. The measure stands at just 0.2% above the September 2014 level. The index's annual growth has been pulled well below the Federal Reserve Bank's 2% annual inflation target, largely due to a (19.6)% year-over-year decrease in energy prices. Annual growth in the core index (all items except food and energy), however, has grown by a steadier 1.3% through September.

### 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 2.8% compared to September 2014. Over the same time period, the U.S. coincident index increased by 3.2%. Currently, Arizona's rate of annual coincident index growth is 34<sup>th</sup> in the nation. Last year at this time, Arizona's rate was 35<sup>th</sup> highest among states. *See Appendix A – Tracking Arizona's Recovery for additional historical information.*

#### Housing

Single-family housing construction is accelerating, while multi-family construction has peaked. Arizona's 12-month total of **single-family building permits** is 21,155, or 20.1% more than a year ago. The comparable single-family permit growth rate for the entire U.S. is 8.2%. *See Appendix A – Tracking Arizona's Recovery for historical information.*

The 12-month total of multi-family building permits was increasing strongly compared to last year, but has recently leveled off. Arizona's total of 9,659 **multi-family building permits** is 3.5% 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 17.1% above 2014.

#### Employment

The state added a net total 33,800 **nonfarm jobs** from September to October. The comparable 10-year average net job increase is 15,700.

Compared to the same month in the prior year, Arizona added 60,300 net new jobs in October, which resulted in a year-over-year growth rate of 2.3%. The year-over-year job gains in October were concentrated to the following 3 sectors of the economy: education and health services (+11,300), professional and business services (+11,200) and trade, transportation, and utilities (+10,000).

The state's seasonally adjusted **unemployment rate** declined from 6.3% in September to 6.1% in October. Compared to the same month last year, the unemployment rate is down by (0.5)%. The U.S. jobless rate was 5.0% in October, the lowest rate since April 2008.

In September, the **Average Weekly Hours** worked by individuals in Arizona's private sector was 34.5 hours. This workload is 1.8% above the September 2014 level. The **Average Hourly Earnings** received by these private sector workers was \$23.20, which is (0.7)% below the average in the prior month. September earnings were 1.7% above the average in September 2014.

## Monthly Indicators (Continued)

The U.S. Bureau of Labor Statistics releases estimates quarterly for a broader measure of labor underutilization called the total unemployment rate. Besides the “regularly” unemployed, the measure also includes persons who are available to work but stopped looking for a job (“discouraged workers”), and persons who had to settle for part-time employment (“underemployed workers”). The Arizona rate averaged 13.6% for the third quarter of 2014 through the third quarter of 2015. This rate is (0.2)% below the reading issued for the prior quarter. The state’s total unemployment rate reading of 13.6% was the second highest of any state. The national average for the measure was 10.8% during the quarter.

### Tourism

**Revenue per available room** reached \$59.98 in September, which was 8.5% above the amount in September 2014. Year to date, revenue per available room is 12.9% above the 2014 year-to-date amount through September. Ridership during September through Phoenix Sky Harbor Airport increased 8.1% above the level in September 2014.

### State Agency Data

At the beginning of November 2015, the total **AHCCCS** caseload was 1.79 million members. Since the federal health care expansion in January 2014, the overall AHCCCS population has grown by 529,300 members. Total monthly enrollment increased 0.9% during October.

The majority of the overall October increase occurred in the Traditional population of the lowest income parents and children. Enrollment in the Traditional population increased 8,600 during the month to a level of 1.05 million members. The October level represents an increase of 0.8% since last month and an 8.1% increase since last year. This growth was partly offset by the enrolled Proposition 204 Parents population, which saw enrollment decrease by (1.3)%, or (2,400) members.

In January 2014, the state started accepting new enrollment to the Proposition 204 childless adults program. In October 2015, the childless adult population increased by 4,500, or 1.5%. At 303,300, this population is 11.9% higher than a year ago.

The state also opted to expand adult Medicaid coverage to 133% of FPL. Their enrollment increased by 3,100 in October and now totals 76,400 individuals. Enrollment is 146.3% higher than a year ago. The federal government is currently paying 100% of this cost.

There were 24,282 **TANF recipients** in the state in October, representing a (0.1)% decrease in monthly caseloads from September. The year-over-year number of TANF recipients has declined by (19.7)%. The statutory lifetime limit on cash assistance is 24 months.

The **Supplemental Nutrition Assistance Program (SNAP)**, formerly known as Food Stamps, provides assistance to low-income households to purchase food. This October, there were 1,010,021 food stamp recipients in the state, representing a 0.03% increase over September caseloads. Compared to October of last year, food stamp participation declined by (4.3)%.

On October 31, 2015, the Arizona Department of Corrections reported an **inmate population** of 42,900. The population increased 0.2% since September and 1.6% since October 2014.



Table 5

## MONTHLY INDICATORS

<u>Indicator</u>	<u>Time Period</u>	<u>Current Value</u>	<u>Change From Prior Period</u>	<u>Change From Prior Year</u>
<b>Arizona</b>				
<u>Employment</u>				
- Regular Unemployment Rate	October	6.1%	(0.2)%	(0.5)%
- Total Unemployment Rate (discouraged/underemployed)	3 <sup>rd</sup> Q 2015	13.6%	(0.2)%	(1.5)%
- Initial Unemployment Insurance Claims	September	15,620	(10.3)%	(15.7)%
- Unemployment Insurance Recipients	August	29,157	(23.0)%	(32.2)%
- Non-Farm Employment - Total	October	2.67 million	1.3%	2.3%
Manufacturing	October	156,000	0.5%	(0.1)%
Construction	October	131,400	0.1%	3.7%
- Average Weekly Hours, Private Sector	September	34.50	(1.7)%	1.8%
- Average Hourly Earnings, Private Sector	September	\$23.20	(0.7)%	1.7%
<u>Sales</u>				
- Retail Taxable Sales				
Motor Vehicles/Misc. Auto	July	\$945.5 million	(6.6)%	11.1%
Furniture/Home Furnishings	July	\$328.6 million	1.3%	(1.8)%
Building Material/Lawn & Garden	July	\$393.6 million	5.5%	26.5%
<u>Building</u>				
- Residential Building Permits (12-month avg)				
Single-family	September	21,155	1.8%	20.1%
Multi-family	September	9,659	2.9%	3.5%
- Maricopa County/Other, Home Sales (ARMLS)				
Single-Family (Pending Sales)	September	5,287	(2.1)%	10.6%
- Maricopa County/Other, Median Home Price (ARMLS)				
Single-Family (Pending Sales)	September	\$224,900	0.4%	12.5%
- Phoenix S&P/C Home Price Index (2000 = 100)	August	154.86	0.6%	4.9%
- Maricopa Pending Foreclosures	September	4,616	(0.4)%	(25.4)%
- Greater Phoenix Total Housing Inventory, (ARMLS)	September	23,308	3.9%	(11.6)%
<u>Tourism</u>				
- Phoenix Sky Harbor Air Passengers	September	3.24 million	(11.6)%	8.1%
- National Park Visitors	August	1,544,983	(0.2)%	(8.3)%
- State Park Visitors	August	194,241	(24.0)%	10.0%
- Revenue Per Available Hotel Room	September	\$59.98	16.7%	8.5%
<u>General Measures</u>				
- Arizona Consumer Confidence Index (1985 = 100)	3 <sup>rd</sup> Q 2015	84.3	6.6%	17.7%
- Arizona Coincident Index (July 1992 = 100)	September	218.60	0.4%	2.8%
- Arizona Leading Index -- 6 month projected growth	September	2.9%	2.3%	(2.0)%
- Arizona Personal Income	2 <sup>nd</sup> Q 2015	\$264.7 billion	4.4%	4.2%
- Arizona Population	July 2014	6.73 million	N/A	1.5%
- State Debt Rating				
Standards & Poor's/Moody's	May '15	AA / Aa2	N/A	N/A
Outlook	May '15	Stable	N/A	N/A
<u>Agency Measures</u>				
- AHCCCS Recipients	November 1 <sup>st</sup>	1,787,437	0.9%	12.5%
Acute Care Traditional		1,051,260	0.8%	8.1%
Prop 204 Childless Adults		303,277	1.5%	11.9%
Other Prop 204		181,776	(1.3)%	8.9%
Adult Expansion		76,399	4.3%	146.3%
Kids Care I		847	(4.0)%	(55.7)%
Long-Term Care – Elderly & DD		57,646	0.2%	2.5%
Emergency Services		116,232	1.0%	30.5%
- Department of Child Safety (DCS)				
Annual Reports of Child Maltreatment (12-month total)	June 2015	51,073	0.6%	12.6%
DCS Out-of-Home Children	June	18,059	1.2%	9.1%
Filled Caseworkers (1406 Budgeted)	September	1,255	(31)	(54)
- ADC Inmate Growth	October	42,900	0.2%	1.6%
- Department of Economic Security				
- TANF Recipients	September	24,282	(0.1)%	(19.7)%
- SNAP (Food Stamps) Recipients	September	1,010,021	0.03%	(4.3)%
- Judiciary Probation Caseload				
Non-Maricopa	August	18,317	(74)	554
Maricopa County	August	26,043	(1,071)	223
<b>United States</b>				
- Gross Domestic Product	3 <sup>rd</sup> Q, 2015 (1 <sup>st</sup> Estimate)	\$16.4 trillion	1.5%	2.0%
(Chained 2009 dollars, SAAR)				
- Consumer Confidence Index (1985 = 100)	October	97.6	(4.9)%	3.7%
- Leading Indicators Index (2010 = 100)	September	123.3	(0.2)%	3.4%
- Consumer Price Index, SA (1982-84 = 100)	September	237.6	(0.2)%	0.0%
- Personal Consumption Price Index (2009 = 100)	September	109.7	(0.1)%	0.2%

## Summary of Recent Agency Reports

**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 2015 year-end inventory of state-owned alternative fuel vehicles. Of the 12,659 state vehicles, 4,839 or 38.2% are subject to the alternative fuel vehicle requirements. (Law enforcement and certain other vehicles are exempt.)

Of the 4,839 state vehicles subject to the alternative fuel vehicle requirements, 3,437, or 71.0% are alternative fuel vehicles. This is a decrease of (5.0)% from the prior year but 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 83.6% of its Maricopa County vehicles are alternative fuel vehicles. This is a decrease of (5.6)% 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 226 eligible vehicles purchased in these counties in 2015, 95.4% were capable of using alternative fuels.

Notwithstanding the number of vehicles capable of using alternative fuel, only 2.0% of the state fleet's fuel budget was spent on alternative fuels. (Rebecca Perrera)

**Attorney General – Report on Interagency Service Agreements Fund Reserve Appropriation Expenditure Notification** – The FY 2016 General Appropriation Act (Laws 2015, Chapter 8) appropriates \$14.8 million from the Interagency Service Agreements (ISA) Fund to the Attorney General in FY 2016 to provide contracted legal services to state agencies and political subdivisions. A budget footnote appropriates an additional \$800,000 and 11 FTE Positions in FY 2016 for new or expanded ISAs that exceed the initial appropriation. The Attorney General must report to JLBC when the additional amounts are used.

Pursuant to the footnote, the Attorney General reports that in FY 2016 it will:

- Establish 2 new ISAs with the Department of Child Safety for a total prorated cost of \$500,000 and 5 FTE Positions (the full-year cost would be \$795,700);
- Expand its existing ISA with the Game and Fish Department for a total prorated cost of \$200,000 and 2 FTE Positions (the full-year cost would be \$263,500); and
- Expand its ISA with the Arizona Health Care Cost Containment System for a total prorated cost of \$100,000 and 1.75 FTE Positions (the full-year cost would be \$382,000). (Matt Gress)

**Attorney General – Quarterly Reports on Legal Settlements** – A.R.S. § 41-192J, 44-1531.01D, and 44-1531.02D require the Attorney General (AG) to report quarterly to the JLBC on the receipts to and disbursements from the Consumer Protection - Consumer Fraud (CPCF) Revolving Fund and the Consumer Restitution and Remediation Revolving Fund (including its 2 subaccounts), as well as deposits made to the General Fund. The intent of these statutes is to evaluate the AG's allocation of legal settlements among the various funds. Between FY 2013 and FY 2015, the reports were reviewed by the JLBC. The FY 2016 General Appropriation Act (Laws 2015, Chapter 8) eliminated the review requirement but kept in place the quarterly reporting. Chapter 8 did not affect A.R.S. § 44-1531.02C, which still requires JLBC review of monies in the Remediation Subaccount prior to expenditure.

In the first quarter of FY 2016, the AG deposited a total of \$3.8 million into various consumer accounts. Of that amount, \$915,200 was deposited to the CPCF Revolving Fund, \$30,300 to the Restitution Subaccount, and \$2.9 million to the Remediation Subaccount. No monies from legal settlements were deposited to the General Fund. Only the \$2.9 million deposit to the Remediation Subaccount requires JLBC review prior to expenditure.

### Deposits to the CPCF Revolving Fund

The AG deposited \$915,200 to the CPCF Revolving Fund in the first quarter of FY 2015. Of that amount, \$453,400 was a settlement with Verizon and Sprint and \$200,000 was from a settlement with Chase (*please see the Chase Bank section below*). The remaining \$261,800 resulted from a series of smaller legal settlements.

### *Verizon and Sprint*

The AG sued Verizon and Sprint, as did several other states and the federal government, for engaging in deceptive practices in connection with text message subscription services. Both companies denied wrongdoing but reached a settlement agreement with the AG. This agreement requires Verizon and Sprint to pay the state \$259,100 and \$194,300, respectively. The AG deposited these monies into the CPCF Revolving Fund, which may be used for any purpose permitted by statute.

### Deposits to the Consumer Restitution Subaccount

The AG deposited \$30,300 in the first quarter of FY 2015 to the Restitution Subaccount to compensate specific entities for economic loss resulting from consumer fraud. Of that amount \$27,600 came from legal settlements and the remainder came from interest income.

### Deposits to the Consumer Remediation Subaccount

The AG deposited \$2.9 million in the first quarter of FY

## Summary of Recent Agency Reports (Continued)

2015 to the Remediation Subaccount to rectify violations of consumer protection laws. Of that amount, \$2,900,100 was a settlement with Chase Bank and the remaining \$9,800 resulted from interest income. An expenditure plan must be reviewed by the JLBC before any funds are spent from this account.

### *Chase Bank*

Arizona, 47 other states, Washington, D.C., and the federal government sued Chase for collecting debts on certain accounts that were inaccurate, settled, discharged in bankruptcy, not owed by the consumer, or otherwise uncollectible. The AG alleges that Chase filed collection lawsuits and obtained judgments using deceptive affidavits and other documents prepared without the personal knowledge of the consumer. The lawsuit further accuses Chase in making errors when calculating pre- and post-judgment fees and interests related to lawsuits. The settlement indemnified Chase while requiring the bank to pay the state \$3.1 million (\$2.9 million to Remediation Subaccount and \$200,000 to the CPCF Revolving Fund). The settlement also requires changes to certain banking practices of Chase. (Matt Gress)

**Department of Child Safety – Report on Backlog Request for Information** – Pursuant to Laws 2015, Chapter 257, the Department of Child Safety (DCS) issued a request for information (RFI) to interested vendors on using private entities to address the backlog of non-active cases. “Backlog” means non-active cases for which documentation has not been entered in the child welfare automated system (CHILDS) for at least 60 days and for which services have not been authorized for at least 60 days. There were 14,525 backlog cases on October 10, 2015. Most of these non-active cases are in the investigation phase, rather than the case management phase, according to the report.

The RFI asked child welfare vendors if they were capable of 3 types of activities: (1) case assessment, (2) assistance with investigations, and (3) case management. Of the 12 vendors that responded to the RFI, 10 were interested in providing all 3 services.

DCS believes that it cannot legally authorize private entities to conduct child safety assessments. DCS did, however, determine that private vendors could assist DCS in a support capacity but ultimately decided against utilizing private child welfare vendors to address the backlog. Instead, the department is exploring (1) the possibility of employing a temporary staffing service, and (2) the use of other state agency administrative support staff.

DCS plans to primarily resolve the backlog using a dedicated team of existing staff who will receive overtime and stipend pay to work 8 additional hours a week. In addition to the dedicated team, regional offices have developed plans to close backlog cases as well. (Ben Beutler)

**Department of Corrections – Report on Transition Release Program** – Pursuant to A.R.S. § 31-285, the Arizona Department of Corrections (ADC) has submitted its annual report that details the cost reductions to the department from an inmate early release Transition Program and the number of participants who did not receive an early release under the Transition Program. Statute requires ADC to contract with a private or nonprofit entity to provide eligible drug offenders with transition services. The ADC Transition Release Program allows eligible inmates in the Transition Program to be released 3 months earlier than the inmate's earliest release date.

In FY 2015, the department reports that 839 participants successfully completed the Transition Program and their term of community supervision while an additional 468 participants completed the Transition Program and continued their term of community supervision. A total of 109 participants failed to complete the early transition release by violating their conditions of supervision. In total, the program is responsible for 59,489 bed days saved which translates into a savings of \$1,011,313 at the statutorily-mandated rate of \$17 per day.

The department measured the recidivism rate of those participants who had a full 3-year follow-up as of June 30, 2015. ADC reported that 33.3% of the participants returned to ADC for any reason (abscond, technical violation, new crime). About half of the 33.3%, or 16.4% returned to ADC with a new felony conviction. (Micaela Larkin)

**County Attorneys - Report on Deferred Prosecution** - Pursuant to A.R.S. § 11-362, each county attorney that oversees an established Deferred Prosecution Program shall submit an annual evaluation of their respective program that includes the following metrics:

- The number of persons who were enrolled in deferred prosecution programs during the previous fiscal year.
- The number of persons who successfully completed deferred prosecution programs during the previous fiscal year.
- If available, the number of persons who were enrolled in deferred prosecution programs during



## Summary of Recent Agency Reports (Continued)

the previous fiscal year and who were subsequently convicted of a new felony offense.

Nine counties submitted reports which indicated a total of at least 6,544 individuals were placed in a deferred prosecution program in FY 2015. Of these individuals and those already enrolled, 4,829 successfully completed the program during FY 2015. No counties submitted information on the number of participants in FY 2014 that were subsequently convicted of a new felony offense.

Deferred prosecution allows individuals who commit non-dangerous, non-serious crimes to avoid prosecution through the completion of a program that may involve restitution, community service, substance abuse treatment, counseling, or other means by which the individual can make amends for their crime. After the completion of the program, the charges are dismissed. (Eric Billings)

**Department of Education – Report on Education Learning and Accountability System** – Pursuant to a General Appropriation Act footnote, the Arizona Department of Education (ADE) must contract with an independent third-party vendor to provide additional oversight on the development of ADE's Education Learning and Accountability System (ELAS). The vendor is required to submit quarterly reports that evaluate and assess the project's feasibility, estimated expenditures, technology approach and scope throughout the life of the project. The vendor's most recent quarterly review was issued on October 19, 2015.

As described in the prior review, delays in vendor certification and the development process have led ADE to pursue a "dual system," in which the new Arizona Education Data Standards (AzEDS) platform runs parallel to the existing SAIS framework, which will continue to make school payments in FY 2016.

The October review states that "ADE has made significant progress on the dual option approach despite resource constraints" and "appears to be close to proving the viability of the AzEDS data collection." It notes that "the API data submission process has been turned on for 34 districts and seems to be functioning as designed." It adds, however, that "the dates for the deliverables have slipped," and that final user testing "will not finish until November" and "may slip further into 2016."

The June review had cautioned that "the return on investment in the original business case for AELAS is

now questionable because the opt-in systems are being delayed or cancelled for other systems beyond the SIS, such as the Learning Management System (LMS)." The October review similarly finds that "AELAS funding for FY 2016 has been reduced to include only 4 major efforts: Program Support and Production Services, School Finance (SAIS), AzEDS, and Opt-in SSIS. This is a scaled-back scope from the original business case."

The report states that "funding to adequately sustain the components of AELAS beyond this fiscal year seems to be in question" and could lead to "another round of insufficiently supported systems (as with SAIS) and low customer (school district) satisfaction with ADE services."

The review observes that inadequate help desk and second tier support available for the rollout of the Opt-in SSIS project has prompted a slowdown of its deployment, but that "ADE has begun a process improvement effort to address" these concerns.

The review cautions that the "915 process" (prior year budget changes) remains unclear, noting that "time remains before this becomes a critical issue next year, but it does need to be addressed."

The report commends ADE for moving forward with data governance and "engaging business partners through the Education Transformation group . . . to address current and emerging needs through collaborative decision making." At the same time, it highlights the need to shift the role of communications from information technology to a specialized team better suited to address questions from districts, particularly as ADM and financials are potentially impacted by new AzEDS reports.

The report recommends exploring options for a non-profit services organization that would focus on "supporting and further developing AELAS components to address the local district and school needs."

The review summarizes that "the work so far has laid an excellent foundation upon which to construct additional functions and services," but "strongly urge[s] ADE to work with external advisors to develop and implement a sustainability plan." (Matt Beienburg)

**Arizona Department of Environmental Quality (ADEQ) - Report on Progress of Water Quality Assurance Revolving Fund Sites** - Pursuant to a FY 2016 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 potential steps in the WQARF process. At the end of

## Summary of Recent Agency Reports (Continued)

FY 2015, DEQ reports 34 WQARF sites. Early Response Actions were conducted at 4 sites and work will be continued on these sites in FY 2016. No sites were removed from the WQARF registry in FY 2015. One out of 6 of the FY 2015 Remedial Investigation sites are expected to be completed and advance to the Feasibility Study stage in FY 2016.

By the end of FY 2016, DEQ anticipates 35 WQARF sites, including 2 sites being added to and 1 site being removed from the registry. At least 13 sites are planned for stage completion or advancement to the next stage of the WQARF process in FY 2016. (Josh Hope)

**Board of Executive Clemency - Report on FY 2015 Caseload** - Pursuant to a footnote in the FY 2016 General Appropriation Act, the board is required to submit a report on its FY 2015 caseload by November 1, 2015. The board conducted 2,988 case hearings in FY 2015, as described below:

- Phases 1 and 2 Commutation (222): 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 (21): The board may recommend that the Governor pardon an offender.
- Absolute Discharge (7): 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 (390): 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 (2,347): These hearings are conducted when an offender has violated the terms of community supervision.

(Krista MacGahan)

**Department of Health Services – Quarterly Report on the Comprehensive Medical and Dental Program (CMDP)** - Pursuant to Laws 2013, Chapter 220, the Department of Health Services (DHS) is required to report on the financial and program accountability trends of CMDP, the foster care medical program. This

report is required quarterly until December 31, 2015.

DHS administers behavioral health services for CMDP enrollees. In the fourth quarter of FY 2015, 59% of foster care children received behavioral health services, a (2)% decrease compared to the third quarter of FY 2015. The percent of members served varied by region from a low of 52% in Maricopa County (GSA 6) to a high of 78% in GSA 3, which includes Cochise, Graham, Greenlee, and Santa Cruz Counties. Maricopa County and GSA 3 were also the lowest and highest service users in the third quarter of FY 2015.

The services most highly utilized by CMDP enrollees in the fourth quarter of FY 2015 included support services, treatment services, and rehabilitation services, with 98% receiving support services, 73% receiving treatment services, and 17% receiving rehabilitation services. Support services for foster children include case management, peer support, and transportation to appointments. Treatment services include individual and group counseling as well as behavioral health diagnostic evaluations. Rehabilitation services include living skills training, cognitive rehabilitation (such as memory training or anger management), and behavioral health education and prevention activities. Together, these 3 service categories represent 77% of CMDP behavioral health spending. Support services represented the largest spending category, accounting for 43% of total CMDP behavioral health spending.

Residential services cost \$10,500 per capita, the highest per capita cost of all service categories, but it was only the fourth highest spending category due to relatively low utilization. Only 1% of foster children received residential services in the fourth quarter.

Between the third and fourth quarter of FY 2015, the total cost of behavioral health services for CMDP decreased by (4.3)% (\$22.6 million to \$21.6 million). The cost decrease reflects a (4.3)% decline in costs per capita since the third quarter. (Patrick Moran)

**JLBC Staff - Report on FY 2015 Travel and Relocation Expenses** - A.R.S. § 35-196.01 requires agencies to annually report transportation expenses related to bringing prospective employment candidates to the state. As of November 2, 2015, 8 agencies reported spending a total of \$45,033 on these purposes in FY 2015. A total of 27 agencies have not reported. See Table 6. (Rebecca Perrera)

## Summary of Recent Agency Reports (Continued)

Table 6

<u>Agency</u>	<u>FY 2015 Travel Expense</u>
Administration, Arizona Department of	\$ 3,072
Attorney General	3,111
Corrections, State Department of	14,603
Game and Fish Department, Arizona	1,153
Geological Survey, Arizona	739
Governor, Office of the	2,221
Public Safety, Department of	15,134
Supreme Court	5,000
<b>Total</b>	<b>\$ 45,033</b>

**Auditor General – Report on Child Removal Processes** – Pursuant to the FY 2016 Human Services Budget Reconciliation Bill (Laws 2015, Chapter 18), the Auditor General has reported on the Department of Child Safety's (DCS) risk assessment practices.

After receiving a report of child abuse or neglect, the primary responsibility of DCS is to assess whether (a) the child has been maltreated as defined in statute and (b) the child is unsafe and at risk of future maltreatment in their home. DCS' decision about whether to place a child in state care is based on the latter criterion.

### Findings

Currently, DCS caseworkers use a risk assessment tool to document child safety and risk when investigating a report of child abuse or neglect. Rather than guiding caseworkers through a structured assessment that lists potential threats and risk factors, DCS' risk assessment tool is narrative-based and requires caseworkers to use a story style of reporting. The Auditor General indicates that the lack of structure in DCS' risk assessment tool contributes to subjective assessments of child safety and risk.

If an investigation indicates that the removal of a child may be merited, DCS uses a Team Decision Making (TDM) process to determine whether to remove a child from their home. During the TDM meeting, caseworkers, family members, and other stakeholders discuss the safety and placement of the child, but the DCS caseworker and supervisor ultimately decide whether the child should be removed. Some caseworkers, however, make their decision about child removal prior to the TDM meeting. The Auditor General believes making removal determinations prior to the TDM meeting and the lack of available in-home services for families may be contributing to unnecessary child removals.

### Recommendations

The report recommends that DCS should (1) review other states' child welfare agencies' efforts to improve safety and risk assessments and determine whether these actions would improve its practices; (2) continue efforts to modify or replace its risk assessment tool; (3) analyze risk assessment data to identify trends; (4) reduce waitlists for in-home family services to improve safety planning; and (5) ensure caseworkers and supervisors have adequate training and mentoring. (Ben Beutler)

**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 2016, 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 2016 DPS expended no monies for GIITEM Immigration Enforcement Grants as DPS is in the process of finalizing agreements with recipient agencies.

Additionally, the GIITEM Border Security and Law Enforcement Subaccount received \$555,300 in criminal fine and fee revenues in the first quarter of FY 2016. DPS expended \$84,300 in the first quarter for grants to 6 local law enforcement agencies and the Arizona Department of Corrections for detention liaison officer and GIITEM Border District positions. (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 2015 actual, FY 2016 estimated, and FY 2017 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 \$36.4 million in FY 2015, of which \$11.8 million were General Fund monies and \$3.7 million were non-General Fund state expenditures. The remaining \$20.9 million were county expenditures. These monies funded 230 authorized case carrying positions and 398.0 authorized non-case carrying positions. Of these positions, 202.0 case carrying and 337.3 non-case

## Summary of Recent Agency Reports (Continued)

carrying positions were filled. AOC estimates total expenditures of \$37.2 million in FY 2016 and \$38.9 million in FY 2017.

AOC reports Adult Standard Probation SLI expenditures of \$17.7 million in FY 2015 which included \$13.5 million in General Fund and \$4.2 million in other appropriated funds. Of these amounts, \$15.6 million was distributed to county probation departments with the remaining \$2.1 million being retained by AOC for administrative costs and centrally paid services. AOC also reports expenditures of \$748,600 from the Interstate Compact SLI, of which \$469,300 was distributed to Yavapai and Pima Counties.

### Adult Intensive Probation

AOC reports statewide Adult Intensive Probation county expenditures for probation officers of \$10.0 million in FY 2015, of which \$8.5 million were General Fund monies and \$1.4 million were non-General Fund state expenditures (numbers do not add due to rounding). These monies funded 109.5 authorized case carrying positions and 64.4 authorized non-case carrying positions. Of these positions, 105.0 case carrying and 52.8 non-case carrying positions were filled. AOC estimates total expenditures of \$10.4 million in both FY 2016 and FY 2017.

AOC reports Adult Intensive Probation SLI expenditures of \$12.2 million in FY 2015, of which \$10.7 million were General Fund monies and \$1.5 million were other appropriated funds. Of these amounts, \$10.6 million was distributed to county probation departments with the remaining \$1.6 million being retained by AOC for administrative costs and centrally paid services.

### Juvenile Standard Probation

The statewide total for Juvenile Standard Probation county expenditures for probation officers was \$16.9 million in FY 2015, of which \$3.5 million were General Fund monies. The remaining \$13.4 million were county expenditures. These monies funded 65.3 authorized case carrying positions and 360.5 authorized non-case carrying positions. Of these positions, 60.3 case carrying and 358.2 non-case carrying positions were filled. AOC estimates total expenditures of \$18.7 million in FY 2016 and \$19.4 million in FY 2017.

AOC reports Juvenile Standard Probation SLI expenditures of \$4.6 million in General Fund monies and \$19,200 in other appropriated funds in FY 2015. Of these amounts, \$4.2 million was distributed to county probation departments while the remaining \$460,600 was retained by AOC for administrative costs and centrally paid services.

### Juvenile Intensive Probation

AOC reports statewide Juvenile Intensive Probation county expenditures for probation officers of \$5.1 million in FY 2015, all of which were General Fund monies. These monies funded 50.25 authorized case carrying positions and 38.3 authorized non-case carrying positions. Of these positions, 46.8 case carrying and 29.5 non-case carrying positions were filled. AOC estimates total expenditures of \$5.1 million in FY 2016 and \$5.4 million in FY 2017.

AOC reports Juvenile Intensive Probation SLI General Fund expenditures of \$8.5 million in FY 2015. Of this amount, \$7.3 million was distributed to county probation departments while the remaining \$1.2 million was retained by AOC for administrative costs and centrally paid services. (Eric Billings)

**Department of Veterans' Services - Report on Capital Projects** - Pursuant to A.R.S. § 41-610, 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 it has been awarded monies for 2 projects which are continued from last year. Specifically:

- The department has been awarded \$6.3 million in Federal Funds for the construction of a new state veterans' cemetery in Flagstaff. The department began construction in March 2014 and expects to conclude by December 2015. The department estimates that they will need an annual appropriation of \$472,700 from the General Fund to pay for ongoing operational costs. The FY 2016 budget appropriated \$326,900 for 9 months of operating costs in FY 2016.
- The department has been awarded \$8.9 million in Federal Funds for the construction of a new state veterans' cemetery in Marana. The department began construction in August 2014 and expects to conclude by December 2015. The department estimates that they will need an annual appropriation of \$472,700 from the General Fund to pay for ongoing operational costs. The FY 2016 budget appropriated \$326,900 for 9 months of operating costs in FY 2016.

As reported last year, in addition to these projects, the department had applied for monies for a veterans' home in Yuma. The department has not yet received these monies. The state is responsible for paying the ongoing operational costs of cemeteries and 35% of the construction costs of veterans' homes. The FY 2015 budget appropriated \$9.2 million from the General Fund in non-lapsing monies for the state's share of construction costs for the Yuma home. Although not included in the report, the department has requested General Fund monies for 2 additional veterans' homes in their FY 2017 budget request. (Rebecca Perrera)

## October Spending

October 2015 General Fund spending of \$665.0 million was \$(114.4) million less than October 2014. Year to date, spending is \$4.59 billion, or \$(136.5) million below last year. (See Tables 7 & 8).

- Year to date, the Department of Education has spent \$51.7 million more than the prior year.
- Due to technical reporting issues with the newly-created Department of Child Safety (DCS) in FY 2015, the figures reported below for DCS and the Department of Economic Security do not accurately reflect changes in spending levels from the prior year.
- Even after accounting for issues relating to DCS, the significant decline in DES spending during October is due to technical timing issues relating to the disbursement of Medicaid matching funds.
- During FY 2016, Universities spending has declined by \$(43.9) million. This is related to changes enacted in the FY 2016 budget, which contained a \$(99.0) million spending reduction for the Universities system.

**Table 7**

	General Fund Spending (\$ in Millions)			
	<u>Oct 15</u>	<u>Change From Oct 14</u>	<u>Year-to-Date</u>	<u>YTD Change from FY 15</u>
<b>Agency</b>				
AHCCCS	119.7	(6.3)	426.4	(34.5)
Corrections	85.0	(17.7)	376.5	32.7
Child Safety	33.3	33.3	111.6	111.6
Economic Security	16.1	(79.9)	379.8	(205.0)
Education	268.0	2.3	1,940.1	51.7
Health Services	21.0	3.8	483.0	(9.8)
Public Safety	8.7	(0.4)	36.6	0.9
School Facilities Board	0.2	(4.4)	161.7	5.9
Universities	37.0	(13.9)	353.3	(43.9)
Leaseback Debt Service	0.0	0.0	84.1	(0.0)
Other	<u>76.0</u>	<u>(31.2)</u>	<u>232.1</u>	<u>(46.1)</u>
<b>Total</b>	<b>665.0</b>	<b>(114.4)</b>	<b>4,585.2</b>	<b>(136.5)</b>



**Table 8**

<b>General Fund Spending (\$ in Thousands)</b>				
<b>Agency</b>	<b>Oct 15</b>	<b>Change from Oct 14</b>	<b>Year-to-Date</b>	<b>YTD Change from FY 15</b>
Dept. of Admin./Automation Projects Fund	6,398.3	(23,263.1)	9,584.1	(29,566.8)
ADOA – Sale/Leaseback Debt Service	-	-	84,114.6	(7.1)
Office of Administrative Hearings	70.4	(30.3)	314.2	(26.7)
Commission of African-American Affairs	6.9	6.9	39.2	39.2
Department of Agriculture	1,004.0	70.2	3,208.2	38.7
AHCCCS	119,703.2	(6,255.1)	426,373.8	(34,478.9)
Attorney General	1,569.6	(622.8)	7,173.5	(432.4)
State Board of Charter Schools	144.0	68.7	406.6	74.3
Department of Child Safety	33,315.8	33,315.8	111,578.4	111,578.4
AZ Commerce Authority	2,625.0	-	10,500.0	-
Community Colleges	12,961.4	(3,611.0)	25,453.4	(8,320.2)
Corporation Commission	52.8	(22.5)	216.3	6.5
Department of Corrections	85,034.3	(17,693.5)	376,479.8	32,650.2
County Funding	-	-	-	-
AZ State Schools for the Deaf & Blind	4,262.9	1,856.1	11,786.4	3,205.9
Department of Economic Security	16,078.5	(79,870.8)	379,817.3	(205,049.6)
State Board of Education	80.4	80.4	407.0	407.0
Department of Education	268,002.8	2,346.3	1,940,135.8	51,655.1
DEMA	2,413.0	1,959.8	3,378.2	1,413.7
DEQ – WQARF	-	-	-	(7,000.0)
Office of Equal Opportunity	16.4	6.6	49.4	(3.9)
State Board of Equalization	55.7	(21.8)	259.6	(4.4)
Board of Executive Clemency	145.9	49.9	373.6	6.1
Department of Financial Institutions	221.3	(110.3)	1,100.4	(13.2)
Department of Fire, Bldg and Life Safety	147.0	(42.4)	756.9	(58.4)
State Forester	542.2	152.0	2,108.8	811.6
Department of Gaming	-	-	1,794.4	1,794.4
Arizona Geological Survey	84.9	2.0	283.4	54.9
Governor/OSPB	622.3	(362.9)	3,225.9	(326.4)
Department of Health Services	21,031.9	3,840.2	482,993.6	(9,815.2)
Arizona Historical Society	664.3	342.7	1,451.3	52.3
Prescott Historical Society of AZ	64.7	5.2	318.8	74.8
Independent Redistricting Comm.	88.5	(3.4)	279.6	(0.5)
Commission of Indian Affairs	11.4	5.1	15.4	(6.2)
Department of Insurance	690.5	(183.8)	1,986.6	(87.3)
Judiciary				
Supreme/Superior Court	19,432.7	(107.4)	40,686.0	(2,383.3)
Court of Appeals	1,421.7	(134.6)	5,043.8	37.2
Department of Juvenile Corrections	2,165.3	(2,515.3)	10,618.4	(3,748.3)

Table 8 (Continued)

Agency	Oct 15	Change from Oct 14	Year-to-Date	YTD Change from FY 15
State Land Department	751.1	(474.7)	3,249.3	(1,197.3)
Legislature				
Auditor General	1,481.0	(1,119.7)	6,615.1	(401.1)
House of Representatives	1,310.1	(64.1)	4,837.3	674.0
Joint Legislative Budget Comm.	165.4	(82.9)	795.1	4.1
Legislative Council	589.5	(617.6)	2,317.1	(1,036.9)
Senate	487.0	(379.2)	2,610.0	(107.2)
Mine Inspector	181.8	56.9	442.5	(12.9)
Nav. Streams & Adjudication	18.5	5.3	46.9	(21.8)
Occupational Safety and Health Review	-	-	1.6	0.7
Arizona State Parks Board	-	-	272.8	272.8
Phoenix Convention Center	-	-	20,449.0	-
Pioneers' Home	-	(76.0)	-	(555.5)
Comm. for Postsecondary Ed.	-	-	698.4	-
Department of Public Safety	8,680.5	(407.9)	36,584.1	901.4
Public Safety Personnel Retirement System	-	-	6,000.0	6,000.0
Arizona Department of Racing	-	(10.2)	-	(1,789.7)
Radiation Regulatory Agency	320.1	9.3	756.2	43.5
Real Estate Department	398.4	155.9	1,003.7	3.3
Department of Revenue	7,122.8	(1,774.8)	24,104.6	1,056.1
Rio Nuevo Distribution	-	-	-	-
School Facilities Board	165.0	(4,435.9)	161,700.9	5,926.3
Secretary of State	1,123.6	(283.4)	3,746.2	(2,345.5)
Tax Appeals Board	25.3	(0.6)	111.3	0.1
Office of Tourism	2,488.6	2.3	4,977.3	(1,995.3)
Department of Transportation	-	-	-	-
Universities				
Board of Regents	430.0	(4,846.8)	7,116.7	(7,828.5)
Arizona State University	16,627.6	(4,931.6)	157,085.7	(19,726.5)
Northern Arizona University	5,826.9	(1,488.6)	53,802.4	(5,954.5)
University of Arizona	14,080.3	(2,586.1)	135,250.8	(10,344.5)
Department of Veteran Services	420.2	(120.6)	1,784.5	126.1
Department of Water Resources	935.7	(230.0)	3,640.3	64.0
Water Infrastructure Finance Authority	-	-	-	(1,000.0)
Department of Weights & Measures	89.3	(127.8)	380.1	(79.1)
Other - JP Salaries Distribution	162.7	148.1	437.1	240.8
Other	25.7	25.7	25.7	21.7
<b>Total</b>	<b>665,036.7</b>	<b>(114,398.2)</b>	<b>4,585,154.9</b>	<b>(136,489.5)</b>

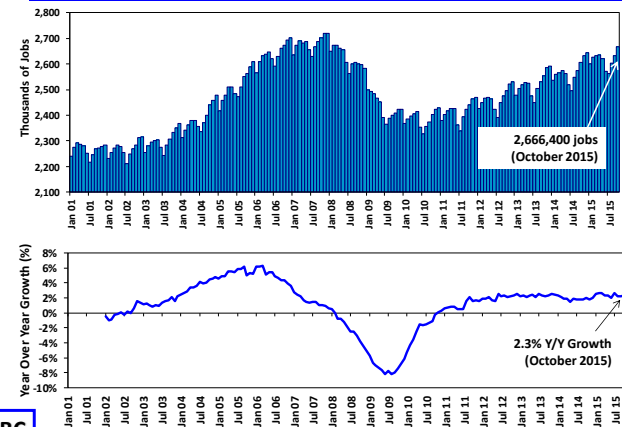
## Tracking Arizona's Recovery

November 2015  
Appendix A

Page:

- 2.....Total Non-Farm Employment
- 3.....Average Hourly Earnings – Private Sector
- 4.....Initial Claims for Unemployment Insurance
- 5.....State Sales Tax Collections – Retail Category
- 6.....State Sales Tax Collections – Contracting Category
- 7.....Residential Building Permits
- 8.....Economic Activity Index

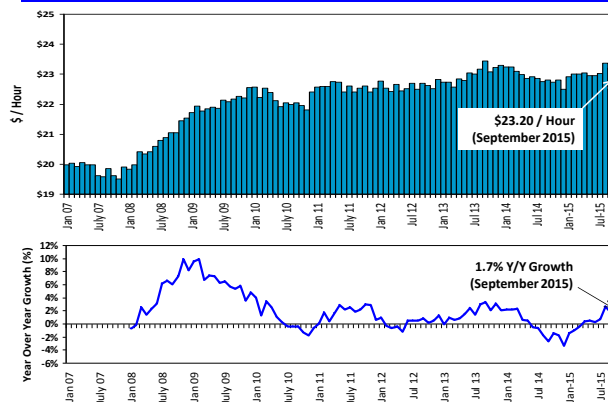
## Total Non-Farm Employment



JLBC

2

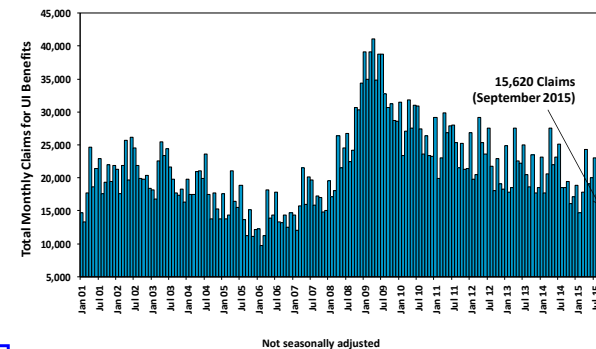
## Average Hourly Earnings – Private Sector



JLBC

3

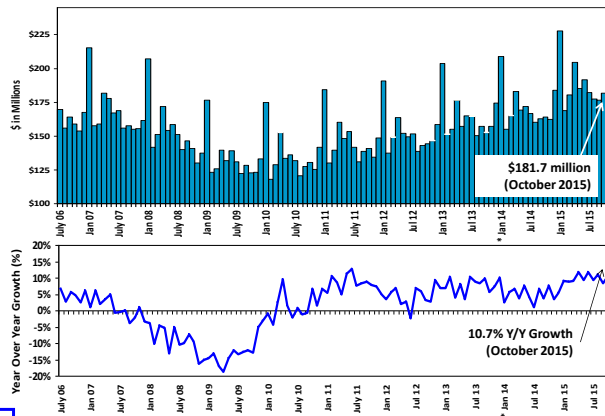
## Initial Claims for Unemployment Insurance



JLBC

4

## State Sales Tax Collections – Retail Category



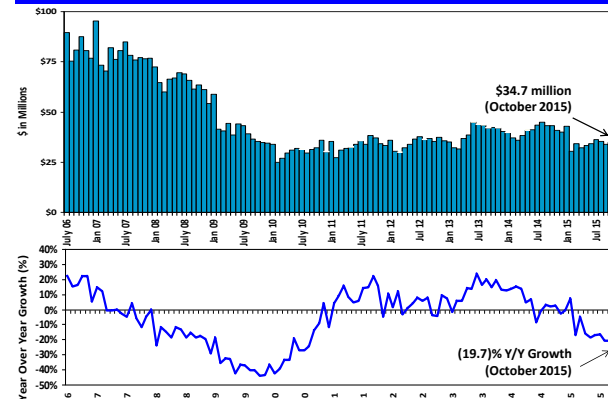
JLBC

Excludes temporary 1 ¢ sales tax

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

5

## State Sales Tax Collections – Contracting Category

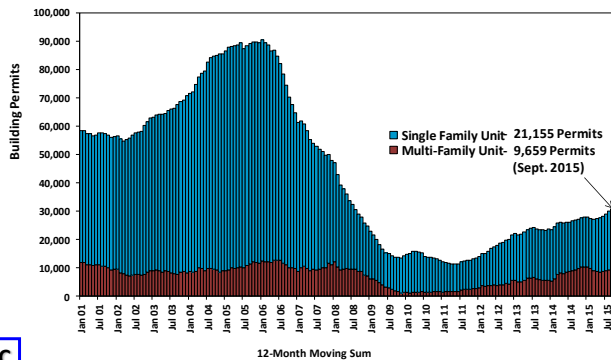


JLBC

Excludes temporary 1 ¢ sales tax

6

## Residential Building Permits

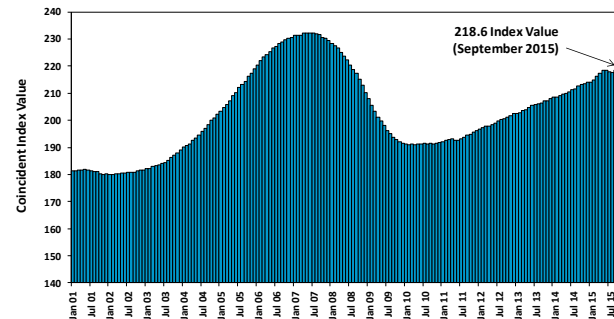


JLBC

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