This annual Appropriations Report provides detailed information on FY 2009 appropriations, as provided in the General Appropriation Act (Laws 2008, Chapter 285 [H.B. 2209]) and other legislative acts. The Report also includes the economic and state revenue forecast upon which the budget was based. This Report provides information relative to the legislative intent of appropriations.

TABLE OF CONTENTS

BUDGET HIGHLIGHTS

- FY 2009 .................................................................................................................................................................. BH-2
- FY 1999 - FY 2009 “Then and Now” Comparisons.................................................................................................BH-14

BUDGET DETAIL

- Summary of Appropriations by Individual Chapter - Fiscal Years 2008 and 2009 ................................................... BD-2
- Summary of Appropriated Funds by Agency for Fiscal Years 2008 and 2009 .......................................................... BD-5
- Summary of the Capital Outlay Appropriations (Laws 2008, Chapter 289) .............................................................. BD-7
- Summary of Additional Operating Appropriations .................................................................................................... BD-9
- Summary of Total Spending Authority (Appropriated and Non-Appropriated Funds) for Fiscal Years 2008 and 2009......................................................................................................................... BD-10
- State Personnel Summary by Full-Time Equivalent Positions for Fiscal Years 2008 and 2009 .............................. BD-12

BUDGET UNITS (see Specific Agency Pages) ........................................................................................................... 1

CAPITAL OUTLAY

- Capital Outlay ............................................................................................................................................................. 452
- Summary of Rent Charges ........................................................................................................................................... 466
- Lease-Purchase Appropriations ..................................................................................................................................... 470
- Privatized Lease-to-Own Appropriations .......................................................................................................................... 472

ECONOMIC AND REVENUE FORECAST

- General Fund Revenue .................................................................................................................................................. 474
- Budget Stabilization Fund ................................................................................................................................................ 483

GENERAL PROVISIONS OF THE GENERAL APPROPRIATION ACT, OTHER OVERALL ISSUES, AND GENERAL LEGISLATION

- General Provisions of the General Appropriation Act and Other Overall Issues ..................................................... 488
- FY 2008 and FY 2009 General Fund Hiring Freeze Allocation.......................................................................................... 494
- FY 2008 and FY 2009 Other Funds Hiring Freeze Allocation ............................................................................................ 496
- Salary Adjustments for State Employees Since FY 1999 and Elected Official Salaries .................................................. 501
- Budget Cycle .................................................................................................................................................................. 502
- Strategic Program Area Reviews .................................................................................................................................. 503
- FY 2009 Budget Reconciliation Bills (BRB) .................................................................................................................. 505
- Crosswalk of General Appropriation Act to Appropriations Report Totals ................................................................... 514
- Biennial Annualizations .................................................................................................................................................... 522
- Detailed List of FY 2008 and FY 2009 Changes by Agency ............................................................................................ 529
- Summary of Risk Management Charges ........................................................................................................................ 550
- Health and Dental Insurance Allocations ...................................................................................................................... 552

FY 2008 GENERAL FUND ADJUSTMENTS .................................................................................................................. 562
The Joint Legislative Budget Committee was established in 1966, pursuant to Laws 1966, Chapter 96. The primary powers and duties of the JLBC relate to ascertaining facts and making recommendations to the Legislature regarding all facets of the state budget, state revenues and expenditures, future fiscal needs, and the organization and functions of state government. The following members serve on the Committee during the 48th Legislature:

Representative Russell K. Pearce  Senator Robert L. Burns  
Chairman 2007  Chairman 2008  
Representative Kirk Adams  Senator Paul Aboud  
Representative Andy Biggs  Senator Amanda Aquirre  
Representative Tom Boone  Senator Jake Flake  
Representative Olivia Cajero Bedford  Senator Jorge Luis Garcia  
Representative Linda J. Lopez  Senator Jack W. Harper  
Representative Pete Rios  Senator Thayer Verschoor  
Representative Steve Yarbrough  Senator Jim Waring

The objectives and major products of the staff of the JLBC are:

- Analysis and recommendations for the state budget, which is presented in January of each year;
- Technical, analytical, and preparatory support in the development of appropriations bills considered by the Legislature;
- Periodic economic and state revenue forecasts;
- Preparation of fiscal notes on legislation and ballot propositions that have a fiscal impact on the state or any of its political subdivisions;
- An annual Appropriations Report, which is published shortly after the budget is completed and provides detail on the budget along with an explanation of legislative intent;
- Strategic Program Area Reviews to evaluate the efficiency and effectiveness of state government programs;
- Support to the JLBC with respect to recommendations on business items placed on the committee's agenda such as transfers of appropriations pursuant to A.R.S. § 35-173;
- Support to the Joint Committee on Capital Review (JCCR) with respect to all capital outlay issues including land acquisition, new construction, and building renewal projects;
- Analyze the state tax structure, tax burdens on individuals and businesses and tax incentives for businesses pursuant to A.R.S. § 41-1272A4.
JOINT COMMITTEE ON CAPITAL REVIEW

The Joint Committee on Capital Review (JCCR) was first established on April 11, 1986, pursuant to Laws 1986, Chapter 85. The primary powers and duties of the Joint Committee on Capital Review relate to ascertaining facts and making recommendations to the Legislature regarding state expenditures for land, buildings and improvements. This portion of the state budget is known as "capital outlay". The following members serve on the Committee during the 48th Legislature:

<table>
<thead>
<tr>
<th>Senator/Representative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Robert L. Burns</td>
</tr>
<tr>
<td>(Chairman 2007)</td>
</tr>
<tr>
<td>Paula Aboud</td>
</tr>
<tr>
<td>Linda Aguirre</td>
</tr>
<tr>
<td>Marsha Arzberger</td>
</tr>
<tr>
<td>Karen S. Johnson</td>
</tr>
<tr>
<td>Thayer Verschoor</td>
</tr>
<tr>
<td>Jim Waring</td>
</tr>
</tbody>
</table>

The JCCR is staffed by the JLBC Staff. The objectives and major products of the JCCR are:

- Recommend capital appropriations to the Legislature.
- Approve capital transfers within a budget unit.
- Review the scope, purpose and cost of projects before releasing appropriations.
- Develop "Building Renewal Formula."
- Approve the use of Renewal funds for infrastructure repair.
- Approve lease-purchase agreements.
- Approve corrections facilities expenditures from the Corrections Fund.
- Review the issuance of revenue bonds by the Board of Regents.
- Approve DOA land and building purchases and condemnations.
- Review "Capital Improvement Plans."
- Determine rental rates for buildings owned by or leased to the state.
- Review Community College District bond projects.
- Review School Facilities Board assumptions for new school construction.
- Review School Facilities Board lease-to-own agreements.
- Review School Facilities Board building renewal calculations.
APPROPRIATIONS COMMITTEE MEMBERS
Forty-eighth Legislature
Second Regular Session

SENATE
Robert “Bob” Burns, Chairman
Carolyn S. Allen, Vice-Chairman
Paula Aboud
Amanda Aguirre
Jake Flake
Jorge Luis Garcia
Albert A. Hale
Jack W. Harper
John Huppenthal
Karen S. Johnson
Tom O’Halleran
Jim Waring

Senator Tom O’Halleran replaced Senator Jake Flake upon his passing.

HOUSE
Russell K. Pearce, Chairman
Trish Groe, Vice-Chairman
Kirk Adams
Andy Biggs
Judy M. Burges
Olivia Cajero Bedford
Cloves Campbell
Doug Clark
John Kavanagh
Phil Lopes
Linda J. Lopez
David Lujan
Nancy McClain
Rick Murphy
Pete Rios

Stefan Shepherd
Stefan Shepherd

STAFF OF THE
JOINT LEGISLATIVE BUDGET COMMITTEE

- Director ....................................................................................................................... Richard Stavneak
- Office Manager ........................................................................................................... Linda Monsanto
- Deputy Directors ........................................................................................................... Steve Schimpf
- Assistant Directors ................................................................................................... Stefan Shepherd
- Assistant Director ...................................................................................................... Tim Everill
- Chief Economist ......................................................................................................... Hans Olofsson
- Principal Fiscal Analysts ......................................................................................... Bob Hull
- Principal Fiscal Analysts ......................................................................................... Kim Cordes-Sween
- Senior Fiscal Analysts .............................................................................................. Eric Jorgensen
- Senior Fiscal Analysts .............................................................................................. Martin Lorenzo
- Senior Fiscal Analysts .............................................................................................. Leatta McLaughlin
- Senior Fiscal Analysts .............................................................................................. Leah Ruggieri
- Fiscal Analysts ........................................................................................................... Juan Beltran
- Fiscal Analysts ........................................................................................................... Eric Billings
- Fiscal Analysts ........................................................................................................... Jack Brown
- Fiscal Analysts ........................................................................................................... Jay Chilton
- Fiscal Analysts ........................................................................................................... Jenna Goad
- Fiscal Analysts ........................................................................................................... Steve Grunig
- Fiscal Analysts ........................................................................................................... Dan Hunting
- Fiscal Analysts ........................................................................................................... Leah Kritzer
- Fiscal Analysts ........................................................................................................... Art Smith
- Fiscal Analysts ........................................................................................................... Amy Upston
- Assistant Fiscal Analysts .......................................................................................... Caitlin Acker
- Assistant Fiscal Analysts .......................................................................................... Jon McAvoy
- Assistant Fiscal Analysts .......................................................................................... Marge Zylla
- Staff Intern ................................................................................................................ Blake Riley
- Senior Administrative Assistant ............................................................................... Sharon Savage
- Administrative Assistant/JCCR Clerk ........................................................................ Cheryl Kestner
- Administrative Assistant/JLBC Clerk ......................................................................... Sandy Schumacher