

1716 W. Adams
Phoenix, AZ 85007

Phone:
(602) 926-5491



www.azleg.gov/jlbc.htm

**“November
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This report has been prepared for the Arizona Legislature by the Joint Legislative Budget Committee Staff on December 20, 2019.

Summary

November General Fund revenue collections totaled \$816.6 million and were 11.5% above November 2018. Collections for the month were \$44.0 million above the enacted budget forecast.

Of the state's larger revenue categories, Sales Tax and Individual Income Tax posted significant growth during November.

Sales Tax collections grew by 9.5% and were \$25.1 million above forecast. This growth was the result of several factors:

- Underlying Economic Conditions – Overall Sales Tax collections have generally grown at a rate of 6% or more each month since the beginning of Calendar Year 2019, reflecting the state's current strong economic conditions.
- Remote Sales Tax Collections – Legislation requiring remote online sellers to collect Sales Tax became effective in early October (resulting in Sales Tax deposits in November).
- Technical Adjustments – Since the October revenue results were published, DOR has reclassified certain revenue collections, and these adjustments were implemented in November.

Individual Income Tax (IIT) revenues increased 13.8% and ended up \$18.0 million above the budget forecast. These gains were also the result of several factors:

- Job/Wage Growth – Recent IIT collections have been boosted by consistently strong withholding gains, due to healthy job and wage growth. According to the most recent nationwide data (2nd Quarter 2019), total wage disbursements increased by 6.7% in Arizona compared to 5.4% for the U.S. This was the highest total wage growth rate in Arizona since the 1st quarter of 2007.
- IIT Payment Growth – During November, IIT tax payments grew by 41.0%. While this impressive growth helped boost the overall November IIT growth rate, the literal dollar amount collected for November payments tends to be smaller than other months. The upcoming months of December and January are much more significant months for IIT payments.

In terms of other large revenue categories, November Corporate Income Tax (CIT) collections actually posted a net revenue loss due to a technical correction made by DOR.

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Even absent this issue, November is typically a small payment month for CIT, and the category can see fluctuations between net revenue amounts (minor losses or gains) depending on the level of November CIT refunds in a given year.

Operating Balance/BSF Information

The operating fund balance consists of the General Fund and certain dedicated funds. The operating balance as of mid-December 2019 is \$2.38 billion. In addition, the state Budget Stabilization Fund (BSF) currently has a balance of \$1.01 billion.

Year-to-Date Results

Year-to-date, excluding Urban Revenue Sharing and fund transfers, FY 2020 General Fund revenues are 10.1% above the prior year and are \$293.5 million above the enacted budget forecast.

As noted in prior *Monthly Fiscal Highlights*, the significant year-to-date forecast gain should be viewed in the context of potential trends for the second half of FY 2020. As part of addressing federal tax conformity, substantial tax reductions were enacted for FY 2020. These changes are likely to start impacting state revenues during tax filing season in the spring of 2020, and forecasting revenue performance through the end of FY 2020 is made more difficult by the significant magnitude of the tax changes.

November Revenues

	<u>FY 2020 Collections</u>	<u>Difference From Budget Forecast</u>	<u>Difference From FY 2019</u>
November	\$ 816.6	\$ 44.0	\$ 84.4
Year-to-Date	\$ 4,631.5	\$ 293.5	\$ 324.6

Sales Tax collections of \$452.3 million were 9.5% above November of last year and \$25.1 million above the forecast for the month. Year to date, collections are up by 7.3% and exceed the enacted budget forecast by \$63.4 million.

Sales tax collections by category for November are shown in *Table 2*. The 5 major categories of the state's sales tax shown in the table account for approximately 90% of total collections.

As shown in *Table 2* below, in November, the contracting category continued to outperform the other sales tax categories with a year-over-year growth rate of 19.3%. Year to date, the contracting tax is up by 17.3%.

	<u>November</u>	<u>YTD</u>
Retail	8.8%	6.6%
Contracting	19.3%	17.3%
Use	(2.9)%	10.2%
Restaurant & Bar	6.4%	6.9%
Utilities	(4.9)%	(2.8)%

Individual Income Tax net revenue of \$380.7 million in November was 13.8% above the prior year and \$18.0 million above the enacted revenue forecast. Year to date, net revenue is up by 11.5% and is \$129.3 million above forecast.

As indicated in *Table 3*, November withholding revenues of \$379.3 million were 10.3% above last year and \$8.6 million above the forecast.

November Revenues (Continued)

November estimated and final payments of \$31.1 million were 41.0% above the prior year and \$3.3 million above forecast.

The amount of refunds in November totaled \$(29.7) million, which is a decrease from the \$(31.5) million amount last year. With a forecasted refund level of \$(35.8) million, the lower level of actual refunds produced a forecast gain of \$6.0 million.

Table 3

**Individual Income Tax Growth Rates
Compared to Prior Year**

	<u>November</u>	<u>YTD</u>
Withholding	10.3%	8.3%
Estimated/Final Payments	41.0%	23.5%
Refunds	(5.6)%	0.0%

Corporate Income Tax net revenue was \$(6.0) million in November. The reason for the net loss of corporate income tax revenue in November is that approximately \$15 million in collections were incorrectly credited to the corporate income tax category in the prior month. According to the Department of Revenue, these monies should have been credited to the sales tax category instead.

Therefore, absent these technical corrections, corporate income tax revenue would have been approximately \$9 million in November. Year to date, net collections are up by 18.8% compared to the same period in the prior year, and \$60.5 million above forecast.

Insurance Premium Tax net collections were \$6.8 million in November, which was 21.5% higher than last year and was \$4.4 million above forecast. Year to date through November, insurance premium tax revenue is up by 3.9% and \$7.3 million above forecast.

In November, **tobacco tax** revenues were \$1.8 million. This amount is about even with the prior year and \$0.3 million above forecast. Year-to-date, tobacco tax collections have declined (1.3)%, but are \$0.8 million above forecast.

Liquor collections during the month were \$3.1 million. This amount is \$(0.4) million below November 2018 and \$(0.2) million below forecast. Year-to-date liquor collections are 0.5% above FY 2019, and are essentially at the forecasted dollar level.

The **Lottery Commission** reports that November ticket sales were \$81.8 million, which is \$5.7 million, or 7.6% above sales in November 2018. Year-to-date, ticket sales are \$393.4 million, which is (10.5)% below sales in the prior year. General Fund distributions were \$18.5 million in November, \$8.5 million higher than the forecast.

Highway User Revenue Fund (HURF) collections of \$129.9 million in November were up by 5.4% compared to same month in the prior year and were \$5.5 million above forecast. Year to date, collections have increased by 1.1% above the prior year and are \$(0.2) million below forecast.

Due to delays in reporting final October income tax revenues, there were **technical adjustments** to prior month collection figures. For October, income tax revenue was increased by \$7,337,500 and the adjustment has been included in the reported year-to-date results.

Table 4

General Fund Revenue: Change from Previous Year and Budget Forecast November 2019

	Current Month					FY 2020 YTD (Five Months)				
	Actual November 2019	Change From November 2018		Enacted Forecast		Actual November 2019	Change from November 2018		Enacted Forecast	
		Amount	Percent	Amount	Percent		Amount	Percent	Amount	Percent
<u>Taxes</u>										
Sales and Use	\$452,255,877	\$39,179,514	9.5 %	\$25,050,688	5.9 %	\$2,204,021,917	\$149,661,706	7.3 %	\$63,410,056	3.0 %
Income - Individual	380,667,306	46,256,092	13.8	17,975,770	5.0	2,184,221,877	225,320,199	11.5	129,319,368	6.3
- Corporate	(6,000,118)	(11,637,953)	--	(16,683,928)	--	215,784,500	34,153,371	18.8	60,522,147	39.0
Property	854,129	(4,856,057)	(85.0)	(5,479,665)	(86.5)	10,307,305	(2,945,165)	(22.2)	1,092,213	11.9
Luxury - Tobacco	1,787,251	41,067	2.4	261,229	17.1	8,922,051	(115,642)	(1.3)	828,832	10.2
- Liquor	3,106,762	(395,391)	(11.3)	(197,223)	(6.0)	14,395,428	74,816	0.5	(41,469)	(0.3)
Insurance Premium	6,754,620	1,193,766	21.5	4,432,397	190.9	164,245,370	6,166,817	3.9	7,329,136	4.7
Other Taxes	711,599	(278,792)	(28.1)	(129,607)	(15.4)	3,728,232	(398,473)	(9.7)	(186,138)	(4.8)
Sub-Total Taxes	\$840,137,426	\$69,502,245	9.0 %	\$25,229,661	3.1 %	\$4,805,626,681	\$411,917,628	9.4 %	\$262,274,144	5.8 %
<u>Other Revenue</u>										
Lottery	18,466,619	12,552,820	212.3	8,466,619	84.7	57,956,414	16,573,237	40.0	100,452	0.2
License, Fees and Permits	3,353,280	(20,141)	(0.6)	555,006	19.8	15,780,269	549,562	3.6	3,073,851	24.2
Interest	(12,214)	(16,145)	--	(39,265)	--	(11,467)	(1,583,987)	(100.7)	(313,670)	(103.8)
Sales and Services	1,628,369	(1,602,574)	(49.6)	(832,845)	(33.8)	8,934,362	(859,200)	(8.8)	(517,992)	(5.5)
Other Miscellaneous	9,905,054	8,373,375	546.7	8,135,996	459.9	17,583,270	12,399,165	239.2	12,321,177	234.1
Disproportionate Share	0	0	--	0	--	0	0	--	0	--
Transfers and Reimbursements	2,482,440	2,531,448	--	2,482,440	--	23,647,696	12,009,106	103.2	16,554,131	233.4
Sub-Total Other Revenue	\$35,823,548	\$21,818,783	155.8 %	\$18,767,951	110.0 %	\$123,890,544	\$39,087,883	46.1 %	\$31,217,950	33.7 %
TOTAL BASE REVENUE	\$875,960,975	\$91,321,029	11.6 %	\$43,997,612	5.3 %	\$4,929,517,225	\$451,005,511	10.1 %	\$293,492,094	6.3 %
<u>Other Adjustments</u>										
Urban Revenue Sharing	(61,463,432)	(5,229,729)	9.3	(0)	0.0	(307,317,159)	(26,148,644)	9.3	(0)	0.0
One-Time Transfers	0	0	--	0	--	846,800	(93,311,256)	(99.1)	0	0.0
Public Safety Transfers	2,122,109	(1,729,209)	(44.9)	(0)	(0.0)	8,488,436	(6,916,836)	(44.9)	(0)	(0.0)
Sub-Total Other Adjustments	(59,341,323)	(6,958,938)	13.3 %	(0)	0.0 %	(297,981,923)	(126,376,736)	73.6 %	(0)	0.0 %
TOTAL GENERAL FUND REVENUE	\$816,619,652	\$84,362,091	11.5 %	\$43,997,612	5.7 %	\$4,631,535,302	\$324,628,775	7.5 %	\$293,492,094	6.8 %
<u>Non-General Funds</u>										
Highway User Revenue Fund	129,928,145	6,667,771	5.4 %	5,530,758	4.4 %	630,926,184	7,130,860	1.1 %	(218,526)	(0.0) %

Monthly Indicators

NATIONAL

According to the U.S. Department of Commerce Bureau of Economic Analysis' second estimate, the **U.S. Real Gross Domestic Product (GDP)** increased at a seasonally adjusted annual rate of 2.1% in the third quarter of 2019. This revised growth rate is 0.2 percentage points above the advance estimate. This was caused by fewer final sales, larger inventory investment, and an upward revision to growth of nonresidential fixed investments.

The Conference Board's **U.S. Consumer Confidence Index**, which is based on consumers' perceptions of current conditions, as well as their expectations 6 months into the future, decreased by (0.5)%, or (0.6) points, from October's revised 126.1 to 125.5 in November. Consumers expressed concerns about business and employment conditions. The labor index, which is calculated as the percentage of respondents who think that jobs are plentiful minus the percentage who think that jobs are difficult to find, decreased by 4.0 percentage points in November to a net value of 32.1. Both the overall and labor indexes are at 5-month lows.

According to the U.S. Department of Commerce Bureau of Economic Analysis, the **U.S. Personal Consumption Expenditure (PCE) Price Index** increased by 0.1% from September to October. Compared to October 2018, the overall price index is up by 1.3%. The "core" PCE price index excludes food and energy prices and is the Federal Reserve's (Fed) preferred inflation measure. The core index increased year over year by 1.6% in October, which remains below the Fed's inflation target of 2.0%.

Consumer prices, which are measured by the U.S. Bureau of Labor Statistics **Consumer Price Index (CPI)**, increased by 0.3% in November. Much of November's CPI increase was due to rising shelter and energy prices. Compared to November 2018, the general price level is up by 2.0%. Core inflation (all items less food and energy) rose by 0.2% for the month, and compared to November 2018, the core CPI is up by 2.3%. Year over year, core inflation has remained above 2% in each of the last 6 months.

The Conference Board's **U.S. Leading Economic Index** decreased to 111.7 in October from 111.8 in September. The reading is 0.3% above October 2018. The decline was the result of weaknesses in new orders for manufacturing, average weekly hours of manufacturing, and unemployment insurance claims. The Board reports a softening labor market and a bleak outlook for manufacturing. It suggests that the economy is expected to end the year on a weak note of below 2% growth.

Housing

Single-family housing construction is increasing. There has been a noticeable increase in Arizona and U.S. permitting activity in September and October. In October, Arizona's 12-month total of **single-family building permits** was 32,619, or 6.5% more than a year ago. The comparable single-family permit growth rate for the entire U.S. was a decrease of (2.4)%.

The 12-month total of multi-family building permits has been up and down. In October, Arizona's total of 10,849 **multi-family building permits** was 2.4% more than in 2018. Nationwide multi-family permits were 11.0% more than in 2018.

Tourism

Revenue per available room was \$88.18 in October, 0.5% above the same month in the prior year.

Ridership through Phoenix Sky Harbor Airport during October increased 3.2% above the prior year.

Employment

According to the latest employment report released by the Office of Economic Opportunity (OEO), the state added 34,200 **nonfarm jobs** in November over the prior month. This was more than the 10-year average job gain of 26,400 for the month of November.

Compared to the same month in the prior year, Arizona added 71,700 net new jobs in November, which is a year-over-year increase of 2.4%. The largest year-over-year job gains in November occurred in the following industries: Education and Health Services (+18,500), Trade, Transportation and Utilities (+13,500), and Construction (+11,400).

In November, the state's regular **unemployment rate** decreased from 4.8% to 4.7%, the lowest reading since July 2018. In November 2018, the jobless rate was 4.9%. The U.S. unemployment rate decreased from 3.6% in October to 3.5% in November, the lowest jobless rate in 50 years.

According to OEO, the state had a total of 18,323 **claimants receiving unemployment insurance benefits** in November, a decrease of (11.0)% from October. This figure is (7.0)% below the November 2018 level.

OEO reported that 13,905 **initial claims for unemployment insurance** were filed in November, an increase of 0.8% compared to the same month last year.

Monthly Indicators (Continued)

Average Hourly Earnings

The **Average Hourly Earnings** received by private sector workers in October was \$26.92, which was 0.1% above the average in the prior month. Year-over-year change in earnings decreased from 4.4% in September to 4.1% in October.

State Agency Data

At the beginning of December 2019, the total **AHCCCS caseload** was 1.83 million members. Total monthly enrollment declined by (0.2)% for December and was 1.1% higher than a year ago. Parent and child enrollment in the Traditional population declined by (0.1)% for December and was (0.2)% lower than a year ago.

Enrollment in KidsCare is 35,837 for December, which represents 0.3% growth compared to November and is 10.7% above last year.

For December 2019, the childless adult population remained flat compared to last month. At 330,936, this population is 5.6% higher than a year ago.

In the adult Medicaid expansion program up to 133% of the Federal Poverty Level, enrollment declined (0.4)% for December and totals 76,311 individuals. Enrollment is (0.9)% lower than a year ago.

Based on information the Department of Child Safety provided for October 2019, **reports of child maltreatment** totaled 46,097 over the last 12 months, a decrease of (2.2)% over the prior year. There were 14,229 **children in out-of-home care** as of September 2019, or 0.4% more than in September 2018. Compared to the prior month, the number of out-of-home children decreased (0.1)%.

The Arizona Department of Correction's **inmate population** was 42,562 as of November 30, 2019. This was a decrease of (0.4)% since October 31, 2019 and a 1.1% increase since November 2018.

There were 13,254 **TANF Cash Assistance recipients** in the state in October, representing no monthly caseload change from September. The year-over-year number of TANF Cash Assistance recipients has declined by (9.4)%. 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. In October, 819,478 people received food stamp assistance in the state, representing a 0.1% increase above September caseloads. Compared to October 2018, the level of food stamp participation has declined by (3.0)%.

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>
Arizona				
<u>Employment</u>				
- Regular Unemployment Rate	November	4.7%	(0.1)%	(0.2)%
- Total Unemployment Rate (discouraged/underemployed)	3rd Q 2019	9.1%	(0.1)%	(0.2)%
- Initial Unemployment Insurance Claims	November	13,905	(19.2)%	0.8%
- Unemployment Insurance Recipients	November	18,323	(11.0)%	(7.0)%
- Non-Farm Employment - Total	November	3,008,200	1.1%	2.4%
Manufacturing	November	179,900	0.0%	3.7%
Construction	November	178,000	0.1%	6.8%
- Average Hourly Earnings, Private Sector	October	\$26.92	0.1%	4.1%
<u>Building</u>				
- Residential Building Permits (12-month avg) Single-family	October	32,619	1.8%	6.5%
Multi-family	October	10,849	2.7%	2.4%
- Maricopa County/Other, Home Sales (ARMLS) Single-Family (Pending Sales)	October	5,577	(3.1)%	24.8%
- Maricopa County/Other, Median Home Price (ARMLS) Single-Family (Pending Sales)	October	\$299,990	0.0%	5.3%
- Phoenix S&P/C Home Price Index (2000 = 100)	September	196.64	0.5%	6.0%
- Maricopa Pending Foreclosures	October	2,274	(1.6)%	(13.4)%
- Greater Phoenix Total Housing Inventory, (ARMLS)	October	18,443	3.7%	(15.2)%
<u>Tourism</u>				
- Phoenix Sky Harbor Air Passengers	October	3,912,653	13.3%	3.2%
- State Park Visitors	August	227,538	(27.2)%	9.2%
- Revenue Per Available Hotel Room	October	\$88.18	20.9%	0.5%
<u>General Measures</u>				
- Arizona Leading Index – 6-month projected growth	October	6.0%	2.4%	3.6%
- Arizona Personal Income, SAAR	2nd Q 2019	\$335.1 billion	6.3%	6.3%
- Arizona Population	July 2018	7,171,646	N/A	1.7%
- State Debt Rating				
Standards & Poor's/Moody's Rating	May 2015/Nov 2019	AA / Aa1	N/A	N/A
Standards & Poor's/Moody's Outlook	May 2015/Nov 2019	Stable	N/A	N/A
<u>Agency Measures</u>				
- AHCCCS Recipients	December 1st	1,834,861	(0.2)%	1.1%
Acute Care Traditional		1,029,293	(0.1)%	(0.2)%
Prop 204 Childless Adults		330,936	0.0%	5.6%
Other Prop 204		184,271	(1.0)%	(0.7)%
Adult Expansion		76,311	(0.4)%	(0.9)%
KidsCare		35,837	0.3%	10.7%
Long-Term Care – Elderly & DD		66,584	0.3%	4.5%
Emergency Services		111,629	(0.3)%	(0.7)%
- Department of Child Safety (DCS)				
Reports of Child Maltreatment (12-month total)	October	46,097	(0.3)%	(2.2)%
DCS Out-of-Home Children	September	14,229	(0.1)%	0.4%
Filled Caseworkers (1406 Budgeted)	October	1,331	2	4
- ADC Inmate Growth	November	42,562	(0.4)%	1.1%
- Department of Economic Security				
- TANF Cash Assistance Recipients	October	13,254	0%	(9.4)%
- SNAP (Food Stamps) Recipients	October	819,478	0.1%	(3.0)%
- Judiciary Probation Caseload				
Non-Maricopa	July	19,488	205	303
Maricopa County	July	27,910	85	(424)
United States				
- Gross Domestic Product (Chained 2012 dollars, SAAR)	3rd Q, 2019 (2nd Estimate)	\$19.1 trillion	2.1%	2.1%
- Consumer Confidence Index (1985 = 100)	November	125.5	(0.5)%	(0.9)%
- Leading Economic Index (2016 = 100)	October	111.7	(0.1)%	0.3%
- Consumer Price Index, SA (1982-84 = 100)	November	257.9	0.3%	2.0%
- Personal Consumption Expenditure Price Index (2012 = 100)	October	110.1	0.1%	1.3%

JLBC Meeting Summary

At its December 2019 meeting, the Joint Legislative Budget Committee considered the following issues:

Executive Session

Arizona Department of Administration – Risk Management Services – Consideration of Proposed Settlements – The Committee approved several settlements under Rule 14, which requires Committee approval of Risk Management settlements above \$250,000 pursuant to A.R.S. § 41-621(N).

Regular Agenda

JLBC Staff – Consider Approval of Index for School Facilities Board Construction Costs – The Committee approved a 5.29% adjustment in the cost-per-square foot factors used in SFB funding formulas, based on the overall change in construction costs since the last adjustment in December 2018.

Arizona Department of Corrections – Review of FY 2020 Second Quarter Correctional Officer Staffing Report – ADC submitted the department's second quarterly staffing report and additional information required in the September 2019 JLBC provisions. The Committee received the report, along with the additional information, without comment. By June 2020, ADC has a goal of adding 812 net additional correctional officer positions above June 2019. At the September meeting, ADC had lost (92) correctional officers. The loss has since been reduced to (40) compared to June 2019.

Arizona Department of Corrections – Review of FY 2020 Proposed Bed Capacity Changes – The Committee gave a favorable review of ADC's revised changes to its September 2019 report. Since that time, the female general population has exceeded current capacity. To address this, ADC's revised plan would reopen the Papago Unit at Douglas Prison to add 250 permanent beds and 90 temporary beds for female inmates.

Attorney General – Review of Consumer Restitution and Remediation Revolving Fund – Consumer Remediation Subaccount Expenditure Plan – JLBC gave a favorable review of the AG's expenditure plan to spend \$125,000 from 2 settlements to support expenses associated with the Missing and Murdered Indigenous Women and Girls Study Committee (MMIWG). The favorable review included the following provision: \$30,000 is intended to be immediately available, with the MMIWG Study Committee to provide a report to JLBC, and up to the remaining \$95,000 will be considered for further JLBC guidance at future JLBC meetings.

Arizona Department of Administration/ Arizona Department of Education – Review of APOR/CHAR Replacement Project (Automation Projects Fund) – The Committee gave a favorable review of ADOA's and ADE's \$3.0 million FY 2020 expenditure plan from the Automation Projects Fund to replace the state aid calculation component of ADE's 20-year old information technology system. This phase would replace CHAR, which calculates charter school payments. ADE estimates an additional \$6.0 million is needed to replace APOR (for school districts) and its related budget component in future years. The favorable review included additional provisions.

Consent Agenda

Department of Economic Security – Review of Plan for the Arizona Training Program at Coolidge – The Committee gave a favorable review of DES' plan, which would close the 5 existing housing units for 16 individuals at their Coolidge Development Disabilities program due to federal requirements. All the clients would transfer to another part of the Coolidge Campus.

JCCR Meeting Summary

At its December 2019 meeting, the Joint Committee on Capital Review considered the following issues:

Regular Agenda

Arizona Department of Administration – Consider Recommending Secretary of State Rent Exemption – The Committee recommended a full rent exemption of \$407,200 for the Secretary of State in FY 2020. The favorable review included a provision with reporting requirements.

Arizona Department of Transportation – Review of Kingman Materials Testing Lab Project – The Committee gave a favorable review of the Arizona Department of Transportation's (ADOT) \$2.25 million FY 2019 Capital Outlay Bill appropriation to construct a new materials testing lab in Kingman. The favorable review included a provision with reporting requirements.

Arizona Department of Transportation – Review of Seligman and Williams Maintenance Buildings Project – The Committee gave a favorable review of ADOT's \$2.3 million FY 2020 Capital Outlay Bill appropriation to construct new maintenance buildings in Seligman and Williams. The favorable review included a provision with reporting requirements.

Arizona Department of Corrections – Review of Updated Expenditures for Locking and Fire Safety Projects – The Committee gave a favorable review of the Arizona Department of Corrections request for \$6.3 million from non-appropriated funds in FY 2020 to replace locks and fire alarm suppression systems in the Buckley Unit in Lewis and HVAC replacement in the Rast Unit in Lewis. The favorable review included provisions with reporting requirements and a provision requiring the department to comply with American Correctional Association (ACA) standards for locks being purchased and installed for this project.

Consent Agenda

Arizona Department of Administration – Consider Recommending FY 2020 Partial Rent Exemptions – The Committee recommended partial rent exemptions for the Office of Administrative Hearings, Board of Behavioral Health Examiners, State Board of Cosmetology, Board of Dental Examiners, Board of Nursing, and Veterinary Medical Examining Board ranging from \$2,600 to \$37,900. Recommended rent exemptions total \$109,900.

Arizona Department of Administration – Review of Reallocation of FY 2019 Building Renewal Appropriation – The Committee gave a favorable review of a

\$400,000 reallocation of FY 2019 building renewal monies for the Arizona Department of Administration (ADOA). ADOA plans to reallocate \$275,000 for Personal Services for project management and \$125,000 for major building services projects. The favorable review included provisions with reporting requirements.

Arizona State Lottery Commission – Review of FY 2019 and FY 2020 Building Renewal Allocation Plans – The Committee gave a favorable review of \$134,100 for the Arizona State Lottery Commission's FY 2020 building renewal allocation plan and a \$17,000 reallocation of FY 2019 building renewal monies. The favorable review included a provision with reporting requirements.

Arizona Pioneers' Home – Review of FY 2020 Capital Improvement Projects – The Committee gave a favorable review of \$414,000 from the Miners' Hospital for Miners with Disabilities Land Fund for 3 capital improvement plans for the Arizona Pioneers' Home. The favorable review included provisions with reporting requirements.

University of Arizona – Review of Deferred Maintenance Projects – The Committee gave a favorable review of a \$10.0 million cash expenditure plan for campus-wide deferred maintenance projects. The favorable review included standard university financing provisions.

Summary of Recent Agency Reports

Arizona Department of Administration – Report on Repayment of State Debt and Obligations – Pursuant to A.R.S. § 41-726, the Arizona Department of Administration (ADOA) is required to report on the amount of potential savings if the state repays the balance of any outstanding long-term General Fund financing obligations, under the following repayment scenarios: \$50 million, \$100 million, \$150 million, and \$200 million. ADOA's report only listed debt obligations that are eligible for early retirement (also known as "callable") before the debt's final maturity date. Under this more limited standard, ADOA only identified \$71 million of debt obligations available for repayment, so ADOA only provided a repayment scenario for \$50 million. The repayment of \$50 million of state debt under this scenario would have a net lifetime savings in debt service payments of \$8.8 million. (Josh Hope)

AHCCCS – Report on Emergency Department Utilization – Pursuant to A.R.S. § 36-2903.11, AHCCCS reported on Arizona emergency department (ED) utilization. Currently there is no national standard for identifying whether an ED visit was the result of an emergency or non-emergency situation. Therefore, AHCCCS continues to analyze the state's Medicaid population using the American College of Emergency Physicians' coding, which assigns visits to 1 of 5 categories. Level I represents minor problems requiring minimal medical intervention, such as acute upper respiratory infection, removal of sutures, or cough. More severe conditions, such as severe burns or toxic ingestions, are classified as a Level V visit.

In FY 2018, total ED visits decreased from FY 2017 by 41,671, or (3.6)%, and cost a total of \$569.7 million. Compared to the prior year, this amount represents a decrease of \$(12.3) million, or (2.1)%, in total payments for AHCCCS recipients receiving ED services. Although imperfect, AHCCCS believes the Level I-III

classifications (totaling \$140.5 million) to be "reasonable" indicators of non-emergency use of ED utilization data. *Table 6* below provides a breakout by AHCCCS recipient and total amounts paid. (Maggie Rocker)

AHCCCS – Report on Suicide Prevention Progress – Pursuant to an FY 2019 General Appropriation Act footnote, the Arizona Health Care Cost Containment System (AHCCCS) submitted a report on AHCCCS staff's suicide prevention accomplishments in FY 2019.

AHCCCS finalized the Arizona Suicide Prevention Strategic Plan in March 2019 with the help of community partners. Under the direction of the suicide prevention coordinator, AHCCCS used this plan to:

- Update the Suicide Prevention website with community resources by county for each priority population, as well as best practice tools.
- Provide 100 suicide prevention trainings in 2018-2019, reaching approximately 4,000 individuals.
- Secure an additional \$10,000 for printing Local Outreach to Suicide Survivors (LOSS) materials.
- Fund the PAX Good Behavior Game (GBG), a set of evidence-based behavioral health strategies for teachers and students, in FFY 2020.
- Reach out directly to 1,500 Arizonans during suicide prevention month.

Moving forward, AHCCCS plans to continue working closely with the Arizona Department of

Table 6

**FY 2018 Emergency Department Utilization
By AHCCCS Recipients ^{1/}**

<u>Level</u>	<u>FY 2018 # Visits</u>	<u>FY 2018 % Total Visits</u>	<u>% Change From 2017</u>	<u>FY 2018 Amount Paid (\$ in Millions)</u>	<u>FY 2018 % Paid Amount</u>	<u>Difference in Amount Paid from FY 2017 (\$ in Millions)</u>
I	28,849	2.6%	(6.2)%	\$ 2.8	0.5%	\$ (0.2)
II	156,726	14.0	14.0	25.3	4.4	2.5
III	372,355	33.2	0.2	112.5	19.7	2.3
IV	351,024	31.3	(7.9)	198.0	35.0	(5.9)
V	<u>213,350</u>	<u>19.0</u>	<u>(12.2)</u>	<u>231.1</u>	<u>41.6</u>	<u>(11.0)</u>
Total	1,122,304	100.0%	(12.1)%	569.7	100.0%	\$(12.3)

^{1/} Numbers may not add due to rounding.

Summary of Recent Agency Reports (Continued)

Health Services to implement the joint Arizona Suicide Prevention Strategic Plan. (Maggie Rocker)

Arizona Community Colleges – Annual Report – Pursuant to A.R.S. § 15-1427, the Arizona Community Colleges are required to report by December 1 of each year on their progress during the previous year. They recently submitted their FY 2019 report, which includes the following summary information on the state system:

- 273,537 students (headcount) were enrolled for credit, resulting in a Full-Time Student Equivalent (FTSE) count of 109,597.
- 90% of enrolled students resided within the district, while 10.0% did not reside within the district.
- Total number of instructors employed was 8,328, of which 2,401, or (29%) were full-time and 5,927, or (71%) were part-time.
- Total operating revenues were \$1.6 billion (this amount excludes bond proceeds and fund balance which total \$142.0 million).
- Total expenditures were \$1.7 billion.

(Geoffrey Paulsen)

Arizona Community Colleges – Report on Dual Enrollment Threshold – Pursuant to A.R.S. § 15-1821.01, the Arizona Community Colleges are required to report by December 1 of each year if dual enrollment by high school freshman and sophomore students at a community college are in excess of 25% of the high school students enrolled in dual enrollment at that college. For FY 2019, the community colleges did not exceed the 25% cap. The status of the dual enrollment threshold for Central Arizona College in Pinal County was unclear, as they do not currently collect grade level data. (Geoffrey Paulsen)

Office of Economic Opportunity – Small Drinking Water Systems Fund Annual Report – Pursuant to the FY 2020 General Appropriation Act, the Water Infrastructure Finance Authority of Arizona, which is established under the Office of Economic Opportunity, submitted its FY 2019 annual report on the Small Drinking Water Systems Fund.

The fund provides grants to owners or operators to repair, replace, or upgrade water infrastructure. Eligible infrastructure projects must be used to deliver drinking water to 10,000 or fewer people. The fund was created in FY 2017 and received an initial deposit of \$500,000. The fund received another \$500,000 in FY 2020.

Since its inception, there have been a total of 8 recipients with initial grants totaling \$574,400. Of that amount, a total of \$203,100 was expended in FY 2017 and FY 2018, \$283,200 was expended in FY 2019, and \$4,900 has been expended in FY 2020 thus far. Disbursed

grants currently total \$491,200. Other projects that would be funded by the FY 2020 appropriation are currently being identified. (Elliot Chau)

Department of Economic Security – Report on Domestic Violence – Pursuant to an FY 2020 General Appropriation Act footnote, the Department of Economic Security reported the amount of state and federal monies available for domestic violence funding in FY 2019. Five agencies spent a total of \$40.0 million in domestic violence funding, a 22.6% increase from FY 2018. Virtually the entire change came from an additional \$7.5 million in Federal Funds. (Elizabeth Dagle)

Department of Education – Report on Teacher Salaries – Pursuant to A.R.S. § 15-189.05C and 15-903I the Arizona Department of Education (ADE) recently submitted a report on changes in average teacher salaries reported by individual school districts and charter schools for FY 2020. The report indicates that school districts, on average, reported a 5.5% increase in their average teacher salaries for FY 2020 and charter schools, on average, reported an 5.3% increase. The statewide average reported increase for districts and charters combined was 5.3%.

Teacher salary increases for FY 2020 are being funded primarily through an additional \$111.16 (2.81%) "base level" increase provided in the Basic State Aid funding formula for public schools for FY 2020. That increase is generating approximately \$165 million in additional public-school funding for FY 2020, which is the estimated state cost for increasing the average statewide teacher salary by 5% for FY 2020. Base level funding is unrestricted, so can be used for any purpose. The 5.3% average statewide teacher salary increase reported for FY 2020, however, suggests that school districts and charter schools generally used funding from the additional \$111.16 base level increase for FY 2020 to increase teacher salaries. (Patrick Moran)

Department of Education – Report on the College Credit by Examination Incentive Program – Pursuant to A.R.S. § 15-249.06 the Arizona Department of Education (ADE) submitted a report on the College Credit by Examination Incentive Program (CCEIP), which provides incentive bonuses to school districts and charter schools for students who obtain a passing score on a qualifying examination for college credit while in high school. Qualifying exams include Advanced Placement (AP), Cambridge International Exams and International Baccalaureate Exams

ADE reported the following information on the program for FY 2019:

Summary of Recent Agency Reports (Continued)

- There were 36,347 students that took a qualifying examination in FY 2019.
- 13,028, or 35.8%, of students taking a qualifying examination received a passing score in FY 2019.
- There were 22,296 CCEIP bonus awards, of which 21,194, or 95%, were associated with AP exams.
- A total of \$4,990,200 in bonus awards were distributed for FY 2019, of which \$4,106,300 went to schools with less than 50% of students eligible for free or reduced-price lunch (FRPL), with the remaining \$883,900 for schools with greater than 50% FRPL eligibility.
- The average award per qualifying examination was \$210.60 for schools with less than 50% FRPL eligibility (statute allows up to \$300) and \$315.90 for schools with greater than 50% FRPL eligibility (statute allows up to \$450). Pursuant to A.R.S. § 15-249.06C, ADE reduced the award amounts proportionally in relation to the statutory awards, as the cost of the program would have otherwise exceeded the \$5 million appropriation for the program. (Patrick Moran)

JLBC Staff – Report on FY 2019 Travel and Relocation Expenses – A.R.S. § 35-196.01 requires agencies to annually report relocation expenses for their employees. As of December 1, 2019, 9 agencies reported spending a total of \$43,583 on these purposes in FY 2019. See *Table 7*. (Jordan Johnston)

Agency	FY 2019 Travel Expense
Administration, Arizona Department of Attorney General's Office	\$5,415
Corrections, State Department of Criminal Justice Commission, Arizona	127
Environmental Quality, Arizona Department of Game and Fish Department, Arizona	9,241
Parks Board, Arizona State Public Safety, Department of Public Safety Personnel Retirement System	1,780
	2,331
	2,006
	5,000
	5,787
Total	11,896
	\$43,583

State Mine Inspector – Report on Abandoned Mines Safety Fund Expenditures and Contributions – The State Mine Inspector is required by A.R.S. § 27-131 to establish a program to address public safety hazards at abandoned mines. A.R.S. § 27-131 created the Abandoned Mines Safety Fund (AMSF) to fund the program. The Mine Inspector submitted its annual report

detailing the contributions to the AMSF and the expenditures by the fund during FY 2019.

The State Mine Inspector reports that the AMSF received no new revenue in FY 2019. The State Mine Inspector closed 95 mine sites during FY 2019, none of which were closed using AMSF monies or General Fund monies. Of the 95 mine sites closed in FY 2019, only 1 was located on state trust land. The AMSF's carry-forward balance totaled \$134,800 at the end of FY 2019. The Mine Inspector has completed preliminary planning for closure of 19 mine sites in FY 2020, at an estimated cost of \$19,000. In addition to the AMSF, the State Mine Inspector also receives a General Fund appropriation (\$194,700 in FY 2019) for the same purpose. (Henry Furtick)

Commission for Postsecondary Education – Report on the Arizona Teacher Student Loan Program – A.R.S. § 15-1782 requires the Commission for Postsecondary Education to report annually on the Arizona Teacher Student Loan (ATSL) program, formerly the Math, Science, and Special Education Teacher Loan Forgiveness (MSSE) program.

Since 2007, the MSSE program has provided forgivable loans to eligible students attending any regionally or nationally accredited institution in Arizona (public or private) who agree to a service commitment to teach in an Arizona public K-12 school. Laws 2017, Chapter 244 changed the name of the program to the ATSL program and expanded the program to also include non-MSSE teachers practicing in rural, low-income, and tribal schools.

In FY 2019, the ATSL program had 115 applicants and disbursed 81 loans. This total includes 50 new loans and 31 renewals. The total disbursement was \$411,625. Sixteen recipients attend private postsecondary institutions, 63 attend public universities and 2 attended public community colleges.

The commission is responsible for collecting retention data for loan recipients. At the conclusion of FY 2019, 388 students have participated in the ATSL program. Of those, 47 are still enrolled in a postsecondary institution, 52 are in the 12-month grace period, 25 are teaching in a public K-12 school in Arizona, 203 had their loan forgiven for completing their teaching service, 17 are currently in repayment, 19 have paid their loan balance in full, and 25 have had their loans referred to the Attorney General. (Alexis Pagel)

Summary of Recent Agency Reports (Continued)

Arizona Board of Regents/Arizona Community Colleges – Report on Articulation – Pursuant to A.R.S. § 15-1824, the Arizona Board of Regents (ABOR) and the community colleges are required to submit an annual report by December 15 of their progress on both articulation and meeting statewide postsecondary education needs.

This year’s progress in implementing the transfer model and support systems include:

- During the 2018-2019 academic year, 10,355 community college students transferred to the public university system. This is a decrease of 0.01% from the 2013-2014 academic year.
- 52.5% of new transfer students had 60 or more credit hours transferred to a university in 2018-2019 versus 54.3% in 2013-2014.
- 56% of transfer students completed an associate’s degree prior to transfer in 2017-2018 versus 54.9% in 2013-2014.
- 46.3% of minority students in 2018-2019 were new community college transfers.
(Alexis Pagel)

Arizona Board of Regents – Report on University System’s Financial Aid – Pursuant to A.R.S. § 15-1650, the Arizona Board of Regents has submitted its annual report on financial aid. Highlights from the FY 2019 report include:

- Approximately \$2.9 billion in total financial aid was provided to students.
- Of this amount, \$1.2 billion (41.4%) came from federal sources, \$1.1 billion (37.9%) came from tuition and other sources, \$602.8 million (20.8%) came from private sources and the Arizona Financial Aid Trust (AFAT) (AFAT distributed \$25.9 million of both state General Fund and institutional monies in FY 2019), and \$1.1 million (0.04%) came from state scholarships, grants and loans.
- A total of 177,713 students received aid, including 150,329 undergraduate students and 27,384 graduate students.
- Of the undergraduate students receiving aid, 15,558 received non-need-based gift aid, 75,693 received need-based gift aid, and 54,912 were awarded need-based self-help aid. Some students received multiple types of aid.
- The average aid package for undergraduate students was \$13,695, which includes both need and non-need-based aid.
- Across the 3 universities, 54.9% of undergraduate students and 52.8% of graduate students have debt. Of those students with debt, the average undergraduate student debt was \$24,270 upon graduation, while the average graduate student debt was \$50,716. (Alexis Pagel)

Arizona State University – Report on University Campuses – Pursuant to A.R.S. § 15-1601 Arizona State University (ASU) has reported required financial and operational information for each of the university’s campuses.

- Total capital expenditures in FY 2018 and FY 2019 (in millions):

	FY 2018	FY 2019
Tempe	\$227.2	\$216.6
Downtown	4.1	25.5
West	10.0	3.4
East	4.2	13.2
Multiple Campuses	7.5	3.7
TOTAL	\$253.0	\$262.4

- 21st day Full-time Equivalent (FTE) student and a head count of students enrolled in one or more courses by campus:

	FTEs	Headcount
Tempe	72,866	94,621
Downtown	21,470	38,255
West	8,639	20,285
East	7,565	16,575
TOTAL	110,540	169,736

- Revenues: \$1.0 billion (ASU excluded all non-appropriated revenues, including the non-appropriated share of tuition revenues, from the reported amounts). ASU did not allocate this amount by campus.
- ASU is also required to report any long-term capital or expansion plans for each campus. The university has made available its [Campus Master Plans](#) and highlighted the following targets for FTE enrollment growth at each campus:
 - Tempe: 63,803
 - Downtown: 15,930
 - West: 6,194
 - East: 7,417
 - Other Statewide Locations: 632
 - Online: 48,724 (Morgan Dorcheus)

November Spending

November 2019 General Fund spending was \$723.3 million, which is an increase of \$53.0 million above November 2018. Year-to-date, General Fund spending of \$5.93 billion is an increase of \$502.6 million above the prior year. (See Tables 8 & 9).

- Year-to-date, Department of Education (ADE) spending has increased by \$229.5 million compared to the prior year. The FY 2020 budget added funding for: 1) a 5% teacher salary increase, which is the second year of a phased in 20% increase; 2) \$136 million to continue the restoration of K-12 "Additional Assistance" funding.
- Year-to-date, Department of Economic Security (DES) spending has decreased by \$(56.7) million compared to the prior year. This decline is related to the technical timing of Medicaid spending.
- State spending has increased due to the deposit of General Fund monies into the Budget Stabilization Fund (BSF). The enacted budget authorized 2 deposits from the state General Fund to the Budget Stabilization Fund: \$271 million in FY 2019 (which was made in June 2019) and \$271 million in FY 2020. As of mid-August the entire FY 2020 deposit was completed.

Agency	<u>November 19</u>	<u>Change From November 18</u>	<u>Year-to-Date</u>	<u>YTD Change from FY 19</u>
AHCCCS	160.4	(3.6)	753.7	(36.7)
Corrections	76.8	(18.4)	554.4	6.0
Child Safety	7.3	(20.1)	128.7	(17.3)
Economic Security	7.8	(2.1)	478.1	(56.7)
Education	357.7	78.9	2,678.0	229.5
Health Services	6.3	0.3	42.6	2.2
Public Safety	4.7	2.6	47.6	(34.5)
School Facilities Board	0.1	(0.1)	194.8	(6.7)
Universities	60.5	2.8	320.7	16.4
Leaseback Debt Service	0.0	0.0	77.7	(6.4)
Budget Stabilization Fund Deposit	0.0	0.0	271.1	271.1
Other	<u>41.7</u>	<u>12.7</u>	<u>385.2</u>	<u>135.7</u>
Total	723.3	53.0	5,932.6	502.6

General Fund Spending				
(\$ in Thousands)				
Agency	November 19	Change from November 18	Year-to-Date	YTD Change from FY 19
Dept. of Admin./Automation Projects Fund	11,173.5	10,546.7	27,497.7	19,012.3
ADOA – Sale/Leaseback Debt Service	-	-	77,709.3	(6,402.7)
Office of Administrative Hearings	31.8	(26.3)	438.8	9.0
Commission of African-American Affairs	9.0	1.4	54.5	10.8
Department of Agriculture	804.8	67.5	4,509.3	(151.1)
AHCCCS	160,444.1	(3,595.6)	753,726.3	(36,692.6)
Arts, AZ Commission on the	-	-	1,200.0	1,200.0
Attorney General	1,572.9	(120.8)	10,830.8	(71.3)
State Board of Charter Schools	86.4	5.9	657.1	172.4
Department of Child Safety	7,337.9	(20,148.2)	128,700.7	(17,324.0)
AZ Commerce Authority	1,360.5	68.8	8,346.0	1,812.5
Community Colleges	-	-	45,656.5	19,474.4
Corporation Commission	47.5	13.5	260.8	(822.1)
Department of Corrections	76,838.7	(18,421.4)	554,397.2	6,020.9
County Funding	-	-	-	-
AZ State Schools for the Deaf & Blind	1,786.5	(556.4)	12,653.3	2,460.3
Office of Economic Opportunity	37.1	3.6	450.1	265.7
Department of Economic Security	7,754.9	(2,104.4)	478,108.5	(56,675.2)
State Board of Education	64.7	19.6	491.8	200.0
Department of Education	357,731.4	78,858.7	2,678,016.6	229,491.5
DEMA	831.9	351.6	6,356.5	3,600.9
DEQ – WQARF	-	-	-	-
Office of Equal Opportunity	-	-	-	(0.1)
State Board of Equalization	45.6	15.2	332.8	73.9
Board of Executive Clemency	64.9	5.3	368.9	(88.9)
Department of Financial Institutions	78.9	(41.4)	1,050.3	286.9
Department of Forestry and Fire Management	1,623.1	1,078.5	6,262.9	2,336.3
Department of Gaming	-	-	2,509.5	730.0
Governor/OSPB	1,120.9	1.1	4,668.8	(281.1)
Department of Health Services	6,302.5	339.1	42,586.9	2,178.4
Arizona Historical Society	192.0	8.9	1,491.3	455.2
Prescott Historical Society of AZ	59.2	(46.4)	382.2	(14.7)
Department of Housing	-	-	7,500.0	7,500.0
Independent Redistricting Comm.	-	-	-	-
Department of Insurance	339.4	(11.0)	2,319.7	(68.1)
Judiciary				
Supreme/Superior Court	4,220.8	1,828.3	53,316.7	6,132.6
Court of Appeals	1,136.6	(18.9)	6,600.1	(138.2)
Department of Juvenile Corrections	2,659.9	331.7	15,831.4	5,208.8

Table 9 (Continued)

Agency	November 19	Change from November 18	Year-to-Date	YTD Change from FY 19
State Land Department	1,558.5	248.3	6,082.4	1,067.0
Legislature				
Auditor General	2,161.8	520.2	9,692.9	914.7
House of Representatives	1,147.4	159.9	6,264.6	594.7
Joint Legislative Budget Comm.	152.2	(20.0)	975.9	(31.4)
Legislative Council	432.2	(2.8)	2,707.0	12.3
Senate	777.6	97.7	4,159.4	236.9
Mine Inspector	74.9	(6.8)	546.7	26.1
Nav. Streams & Adjudication	8.9	0.8	45.5	(11.1)
Phoenix Convention Center	-	-	23,500.0	503.7
Comm. for Postsecondary Ed.	-	-	841.1	17.7
Department of Public Safety	4,677.6	2,589.6	47,646.0	(34,480.2)
Public Safety Personnel Retirement System	-	-	6,000.0	(1,000.0)
Real Estate Department	151.9	(29.8)	1,075.2	(65.0)
Department of Revenue	1,842.1	228.9	14,734.9	2,337.9
Rio Nuevo Distribution	-	-	-	-
School Facilities Board	120.6	(60.6)	194,819.5	(6,688.3)
Secretary of State	591.6	(396.5)	4,060.5	(2,160.6)
Tax Appeals Board	17.9	0.1	135.9	1.0
Office of Tourism	1,778.0	213.4	3,556.0	(142.2)
Department of Transportation	-	(1,956.9)	29,030.2	23,340.7
Governor's Office on Tribal Relations	1.9	(0.4)	31.8	(0.2)
Universities				
Board of Regents	177.2	(360.6)	5,161.9	268.1
Arizona State University	27,479.2	1,504.0	143,479.2	7,639.0
Northern Arizona University	9,386.6	410.1	49,238.8	2,240.3
University of Arizona	23,495.3	1,230.1	122,858.0	6,256.1
Department of Veteran Services	498.1	52.6	2,631.5	113.3
Department of Water Resources	1,055.9	89.3	46,512.0	40,668.2
Other - State Treasurer/JP Salaries	-	(1.6)	461.4	(43.5)
Other - Budget Stabilization Fund Deposit	-	-	271,107.0	271,107.0
Other	-	-	-	-
Total	723,344.8	52,963.1	5,932,638.7	502,624.8

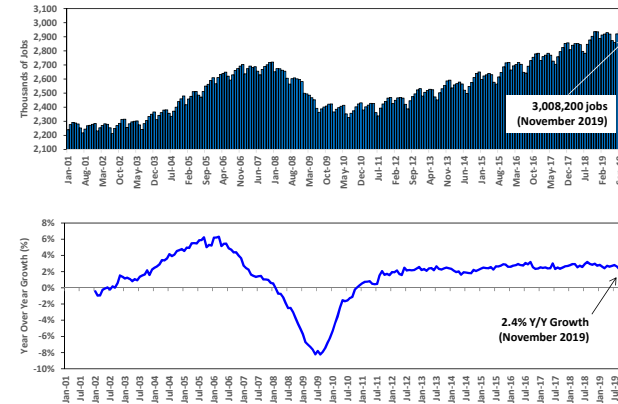
Arizona Economic Trends

December 2019
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

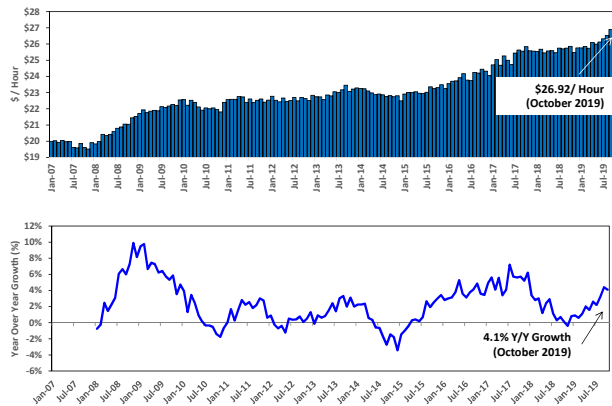
Total Non-Farm Employment



JLBC

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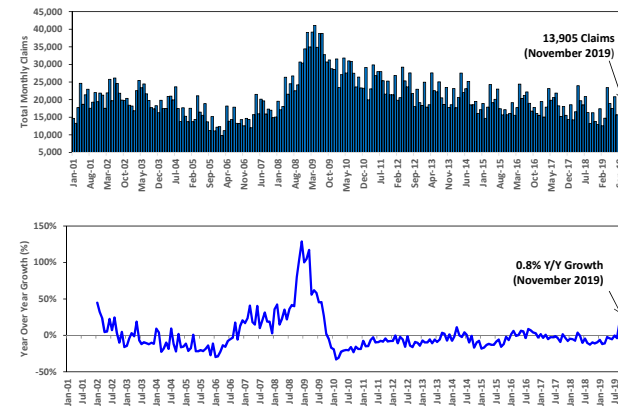
Average Hourly Earnings – Private Sector



JLBC

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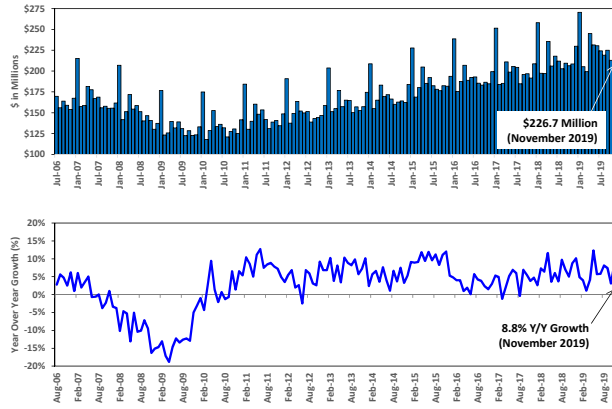
Initial Claims for Unemployment Insurance



JLBC

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State Sales Tax Collections – Retail Category



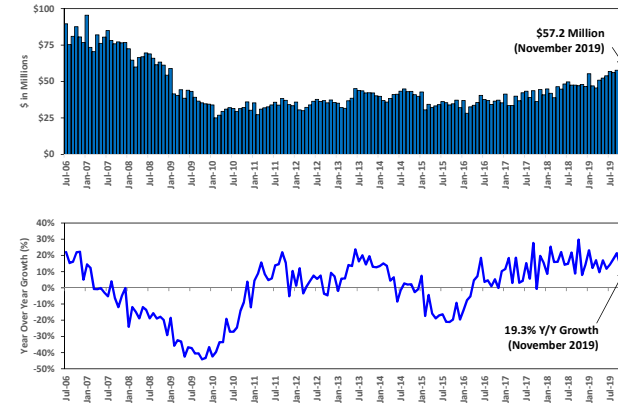
JLBC

Excludes temporary 1-cent sales tax

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

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State Sales Tax Collections – Contracting Category

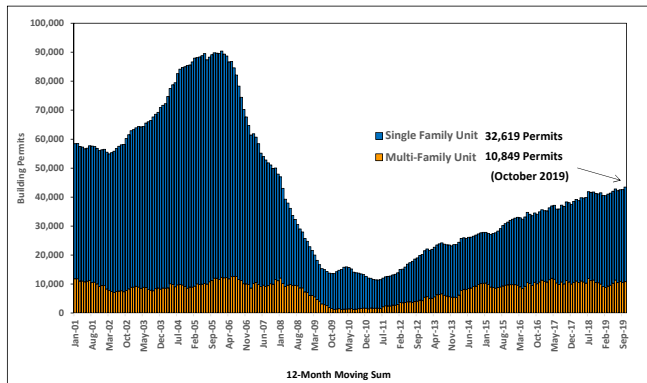


JLBC

Excludes temporary 1-cent sales tax

6

Residential Building Permits



JLBC

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