

**FY 2008**  
**JLBC Summary**

**January 2007**

**JLBC**

**FY 2008**  
**JLBC Summary**

Prepared By

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***SUMMARY***

## FY 2008 JLBC BASELINE

### Overview

The JLBC is providing General Fund Baseline revenue and spending estimates. The revenue projections reflect a consensus economic forecast while the spending estimates represent funding formula requirements and other obligations. The JLBC Baseline does not represent a budget proposal. The FY 2008 JLBC General Fund estimates do not generally include discretionary changes in either spending or tax policy. By providing an estimate of available resources after statutory requirements, however, the JLBC Baseline will help members of the Legislature evaluate the availability of resources for these discretionary adjustments. As such, the JLBC Baseline is only a starting point for discussion on the FY 2008 budget.

The FY 2008 JLBC Baseline calculations result in only a small available cash balance, which would be significantly less than the available level of resources in the FY 2007 budget for discretionary items. There are at least two primary factors for this change in resource availability since last year:

- The consensus revenue forecast reflects below average growth; and
- Previously enacted legislation already has committed \$380 million in new tax reductions and spending increases for FY 2008.

### FY 2007

As a first step in developing a FY 2008 budget, the enacted FY 2007 budget has been re-estimated. The General Fund balance being carried forward from FY 2006 to FY 2007 had originally been anticipated to be \$789 million. Due to strong revenue growth at the end of FY 2006 and technical re-estimates, the FY 2006 ending balance is \$1.05 billion.

The higher-than-expected revenue added \$138 million to the FY 2006 balance. In addition, the shift of two FY 2006 appropriations to FY 2007 has caused the FY 2006 ending balance to be higher than anticipated. As part of the enactment of the FY 2007 budget, the \$191 million repayment of the K-12 Rollover and the \$35 million deposit to the 21<sup>st</sup> Century Fund were appropriated as FY 2006 supplementals. Due to the effective dates of the legislation, these appropriations are being recorded in FY 2007.

During the first 6 months of FY 2007, General Fund revenue growth has continued to exceed expectations. The JLBC Staff now forecasts that the state will collect an added \$295 million in new ongoing General Fund revenues above the enacted FY 2007 budget. Total FY

2007 General Fund revenues are projected to be \$10.89 billion.

The JLBC Baseline does not include any FY 2007 supplemental estimates. While several agencies have reported potential shortfalls, the estimates are either subject to considerable change or require further analysis. *See FY 2007 Shortfall Estimates and Supplemental Requests section for more information.*

The original FY 2007 budget had a projected FY 2007 year-end General Fund balance of \$174 million. After adjusting for higher revenue, the year-end balance is now forecast to be \$550 million.

### FY 2008 Baseline Revenues

A FY 2008 General Fund Baseline revenue estimate was developed using a consensus forecasting process. This consensus averages the results of the following 4 forecasts:

- The projections of the Finance Advisory Committee (FAC), an independent 15-member group of public and private sector economists,
- The University of Arizona Economic and Business Research (EBR) General Fund baseline model,
- EBR's conservative forecast model, and
- The JLBC Staff forecast.

This four-sector consensus forecast yields a FY 2008 growth rate of 4.7%. This rate represents underlying growth in state revenues, excluding urban revenue sharing, previously-enacted tax law changes and one-time monies. Under urban revenue sharing, the state provides 15% of income tax collections to cities and towns. Due to strong prior year growth, urban revenue sharing will increase by \$133 million, or 24%. In addition, the state has already enacted additional tax law reductions of \$216 million for FY 2008. After adjusting for these factors, the projected increase in ongoing FY 2008 General Fund revenues is \$141 million, which would result in General Fund revenue of \$9.97 billion.

In combination with one-time monies remaining from FY 2007, total General Fund revenues in FY 2008 would equal \$10.47 billion. *See the General Fund Revenue section on page 59 for more information.*

### FY 2008 Baseline Spending

Statutory funding formulas and other obligations are expected to generate the following new FY 2008 General Fund costs:

- Department of Education: \$293 million;
- School Facilities Board: \$136 million;
- Health and Welfare programs: \$163 million;
- Prison operating expenses: \$20 million;
- Higher Education formulas: \$51 million; and
- State Employee Retirement and Health Insurance expenses: \$105 million. This amount includes a 2.5% state employee pay raise.

These issues are discussed in *JLBC Book I*.

Excluding one-time spending, the JLBC FY 2008 Baseline budget would increase total permanent ongoing spending by \$804 million, or 8.4%, to a level of \$10.38 billion.

The Baseline also includes a reduction of \$(719) million in one-time expenditures between FY 2007 and FY 2008. The major changes are:

- The completion of the Ladewig and Kerr lawsuit settlement payment in FY 2007 at a savings of \$(110) million.
- The elimination of the one-time deposit of \$(245) million from the General Fund to highway construction in FY 2007, pending further discussion of continuing this item in FY 2008.
- The elimination of the one-time \$(191) million payment of the K-12 Rollover and the \$(35) million deposit to the 21<sup>st</sup> Century Fund. As described earlier, these FY 2006 appropriations have been recorded in FY 2007.
- The savings of \$(68) million to reflect the one-time funding of certain initiatives in the FY 2007 budget.

The JLBC Baseline includes one-time FY 2008 expenditures of \$41 million for the Capital Outlay budget. This amount would include 26% funding of the University Building Renewal formula.

When adjusting for these one-time expenses, total FY 2008 General Fund Baseline spending would equal \$10.42 billion. This amount represents an increase of \$85 million, or 0.8% over FY 2007.

The Baseline does not address several discretionary issues:

- As noted above, the Baseline does not continue the \$245 million General Fund contribution to accelerate highway construction in FY 2007.
- The Legislature approved a \$133 million border enforcement initiative that was subsequently vetoed by the Governor. The Baseline does not include this funding for FY 2008.
- The main health and welfare agencies (AHCCCS, DES, and DHS) may lose \$60 million in federal and tobacco tax funding due to recent federal statutory and waiver changes and state ballot propositions. Each of

these issues requires further analysis and is described in more detail in the individual agency narrative.

### General Fund Balance

Given forecasted revenues of \$10.47 billion and a formula spending level of \$10.42 billion, the FY 2008 JLBC Baseline has a \$45 million balance.

Beyond its cash balance, a budget is also evaluated by the difference between ongoing revenues and expenditures. The state can have a cash balance but a deficit in ongoing funds through the use of one-time revenue and/or expenditure savings.

Under the FY 2008 JLBC Baseline, ongoing spending exceeds ongoing revenues by \$(408) million, or 4.0%. Unless these one-time items unexpectedly reoccur in FY 2009, the state would need to resolve this gap in preparing that year's budget.

The long term forecast through FY 2010 is comparable to FY 2008. The ongoing shortfall is projected to be in the \$(400) to \$(500) million range. These 3-year estimates, however, are very sensitive to small percent changes in revenue and spending growth. These estimates also assume the continuation of several provisions in the FY 2008 JLBC Baseline which do not have permanent authorization. If these provisions are not continued, the shortfall in ongoing funds would be \$(270) million in FY 2010. See *Long-Term General Fund Estimates section for more information*.

### Annual and Biennial Budgets

The state has both an annual and biennial budget process. Under state law, the annual budget process is limited to 17 large agencies, while the remainder of the state's 116 budget units have a 2-year appropriation cycle. In the first regular session of each legislative biennium, the Legislature adopts both the annual and the biennial budgets. The JLBC recommends complying with the list of statutory biennial agencies with the exception of 4 agencies that would receive only a FY 2008 annual budget: the Department of Public Safety, the Arizona Navigable Stream Adjudication Commission, the State Treasurer and the State Mine Inspector.

For the remaining biennial budget units, the FY 2009 JLBC General Fund Baseline includes funding of \$400 million.

### Other Funds

Besides the General Fund, the state has dedicated special revenue funds. Only a portion of these monies is subject to

legislative appropriation. The JLBC includes a FY 2008 Other Fund appropriated spending level of \$2.85 billion, or 1.8%, above FY 2007. For biennial budgets, the FY 2009 Other Funds Baseline includes funding of \$431 million.

The level of FY 2008 non-appropriated state funds is expected to be \$6.04 billion, while non-appropriated federal funds are forecasted to be \$7.94 billion. When all appropriated and non-appropriated fund sources are combined, total state spending would be \$27.3 billion in FY 2008.

<b>Other Information</b>
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This Summary volume also includes sections with information on the following topics:

- A Narrative Summary of JLBC Baseline Assumptions
- Number of State Employees
- Budget Reconciliation Bill provisions, which are statutory revisions associated with enacting a FY 2008 budget
- FY 2007 Shortfall Estimates and Supplemental Requests
- Performance Budgeting, including Strategic Program Area Reviews and Performance Measures, and
- Long-term General Fund projections.

In addition, *JLBC Book I* provides line item detail on individual agencies. A *JLBC Book II* will be published shortly and will include detailed comparisons with the Executive Budget proposal.

**STATEMENT OF GENERAL FUND REVENUES AND EXPENDITURES <sup>1/</sup>**  
**WITH ONE-TIME FINANCING SOURCES**

	<b>FY 2007</b> <b>Estimate <sup>2/</sup></b>	<b>FY 2008</b> <b>JLBC</b>
<b>REVENUES</b>		
Ongoing Revenues	\$10,383,440,400	\$10,873,544,300
Enacted Tax Law Changes	0	(215,910,000)
Urban Revenue Sharing	(551,315,800)	(684,538,900)
Revised On-going Revenues	9,832,124,600	9,973,095,400
One-time Revenues		
Balance Forward	1,053,935,000	549,958,000
Corporate Consolidated Returns	(4,000,000)	(55,500,000)
Revised June Estimated TPT Threshold	(55,200,000)	0
Other Bills - Revenue	450,000	0
Fund Transfers	60,080,500	0
Subtotal One-time Revenues	1,055,265,500	494,458,000
<b>Total Revenues</b>	<b>\$10,887,390,100</b>	<b>\$10,467,553,400</b>
<b>EXPENDITURES</b>		
Operating Budget Appropriations	9,616,414,200	10,431,924,100
Maximizing Federal Fund Savings	(5,000,000)	0
Administrative Adjustments	79,684,300	74,263,000
Revertments	(114,250,800)	(125,183,100)
Subtotal Ongoing Expenditures	9,576,847,700	10,381,004,000
One-time Expenditures		
Capital Outlay	325,354,200	41,234,400
Litigation Payments	109,800,100	0
K-12 Rollover Repayment	191,000,000	0
Budget Stabilization Fund Deposits	9,808,600	0
Other General Fund Transfers <sup>3/</sup>	56,350,000	0
Other One-time Expenditures <sup>3/</sup>	68,271,500	0
Subtotal One-time Expenditures	760,584,400	41,234,400
<b>Total Expenditures</b>	<b>\$10,337,432,100</b>	<b>\$10,422,238,400</b>
<b>Ending Balance <sup>4/</sup></b>	<b>\$549,958,000</b>	<b>\$45,315,000</b>
Ongoing Revenues and Expenditures <sup>5/</sup>	\$255,276,900	(\$407,908,600)

<sup>1/</sup> Significant one-time revenues and expenditures have been separately detailed so as to permit the calculation of ongoing revenues and expenditures.

<sup>2/</sup> Reflects the current status of FY 2007, including updated revenues.

<sup>3/</sup> Please see the Summary of One-time Operating Budget Items on page 9 for a detailed list.

<sup>4/</sup> This calculation reflects the difference between total revenues and total expenditures.

<sup>5/</sup> This calculation reflects the difference between ongoing revenues and expenditures.



## **SUMMARY OF FY 2008 JLBC BASELINE ASSUMPTIONS**

- The JLBC is providing General Fund Baseline revenue and spending estimates. The revenue projections reflect a consensus economic forecast while the spending estimates represent funding formula requirements and other obligations.
- The Baseline does not represent a budget proposal, as the estimates do not generally include discretionary changes in either spending or tax policy.
- In contrast to the General Fund Baseline, the JLBC includes discretionary adjustments for non-General Fund monies, like the small 90/10 boards.

### **General Fund Baseline Revenues**

- The FY 2008 General Fund revenue forecast is \$10.47 billion. This amount includes \$494 million in one-time revenues. Based on a consensus forecast, FY 2008 ongoing base revenues are projected to increase 4.7% over the current FY 2007 forecast. This growth rate reflects ongoing revenue prior to tax law changes. (*Page 59 – JLBC Summary*)
- Previously enacted tax law changes will reduce ongoing revenue by an estimated \$(216) million in FY 2008 relative to FY 2007. The major change is the second year of a phased-in 10% individual income tax reduction, which reduces collections by \$(178) million. These tax law changes are estimated to reduce the FY 2008 growth rate from 4.7% to 2.6%.
- Urban Revenue Sharing distributions, based on income tax collections 2 years prior, will be \$685 million in FY 2008. This amount is \$133 million, or 24% greater than the FY 2007 distribution, due to extraordinarily high income tax collections in FY 2006.

### **General Fund Baseline Spending**

- The FY 2008 General Fund JLBC Baseline spending would total \$10.42 billion. Of this amount, \$10.38 billion represents ongoing spending and another \$41 million reflects one-time adjustments. This spending reflects funding formula requirements and other obligations.
- FY 2008 Baseline General Fund spending would grow by \$85 million above FY 2007, an increase of 0.8%. Excluding \$761 million in one-time items in FY 2007, ongoing spending would grow by \$804 million, or 8.4%.
- The entire state budget, including both appropriated and non-appropriated funds, is projected to be \$27 billion.

### **General Fund Balances**

- Given the state's constitutional requirements, the state's budget must ultimately have a cash balance. The state's fiscal condition is also evaluated by the comparison between the state's permanent ongoing revenues and permanent ongoing spending.
- The state can have a balanced cash budget, but an ongoing budget deficit, if it uses one-time revenues and/or one-time spending reductions in its budget.
- In terms of FY 2008, the JLBC Baseline consensus revenue estimate is \$10.47 billion compared to Baseline spending of \$10.42 billion. The JLBC Baseline cash balance, prior to discretionary adjustments made by the full Legislature, would therefore be \$45 million. (*Page 2 – JLBC Summary*)
- The \$45 million cash balance includes \$494 million in one-time revenues. Given the use of these one-time monies, the initial FY 2008 JLBC Baseline estimates reflect a shortfall in ongoing funds. After adjustments for one-time spending, the JLBC Baseline has an ongoing funds deficit of \$(408) million.
- The long-term FY 2009 and FY 2010 shortfall in ongoing funds would be approximately \$(400) million to \$(500) million if current temporary statutory provisions remain in place. If these temporary provisions are not continued, the FY 2010 shortfall would be approximately \$(270) million. (*Page 65 – JLBC Summary*)

### **Budget Stabilization Fund**

- With deposits in FY 2006, the state's Budget Stabilization Fund balance reached \$650 million. This amount brought the fund to its statutorily capped level of 7% of General Fund revenues. (*Page 63 – JLBC Summary*)
- In FY 2007, the 7% cap increases to \$685 million, which will be reached through a combination of \$650 million in beginning balance, \$10 million in a General Fund appropriation, and \$25 million in interest earnings. In FY 2008, the 7% cap increases to \$694 million, which will be reached through interest earnings.

### **Education**

#### **Department of Education (*Page 193 – JLBC Book I*)**

- Direct state assistance to the operations and maintenance of K-12 schools would grow by \$293 million, or 7.3%, including:
  - ⇒ An increase of 34,500 students, or 3.3%, for a total of 1,070,000.
  - ⇒ An across-the-board 2.0% inflation adjustment in state assistance.
  - ⇒ \$80 million in additional kindergarten funding, as authorized by Laws 2006, Chapter 353.

- ⇒ \$34 million in Joint Technological Education District (JTED) spending to fully fund the permanent statutory formula and a new Pima County JTED. Laws 2006, Chapter 341 extended the current caps on district funding only through FY 2007.
- ⇒ \$(5.6) million to reflect one-time FY 2007 funding for E-Learning, Teach America, and the Physical Education pilot.

**School Facilities Board** (Page 463 – JLBC Book I)

- The JLBC Baseline provides \$370 million in cash for new schools in FY 2008, a \$120 million increase above the FY 2007 amount. This amount would fund 15 new school projects for 13,600 students, along with the continuation of 43 projects approved in prior years.
- School facility building renewal funding spending would increase by \$19 million to fund fully a revised formula at \$106 million.

**Universities** (Page 507 – JLBC Book I)

- The Universities’ General Fund spending would increase by \$51 million, or 5.3%. This amount includes:
  - ⇒ \$20.0 million to fund university enrollment growth, including a reduction for students who have over 150 credit hours.
  - ⇒ \$34.6 million to make the first lease-purchase payment for research infrastructure projects that were initially authorized in 2003. These payments will continue through FY 2031.
  - ⇒ \$(3.2) million to reflect one-time FY 2007 funding for water research, UA-South, and Barry Goldwater file archives.
- The Universities’ \$1.0 billion General Fund spending level would fund 110,300 full-time equivalent students in FY 2008.

**Community Colleges** (Page 99 – JLBC Book I)

- Community College General Fund spending would decrease by \$(185,800), or (0.1)%, to fund 100% of the statutory funding formula.
- This Baseline decrease adjusts for a loss of (1,600) full-time equivalent students and would reduce total enrollment to 119,000.
- The rural county Equalization Aid formula would cost an additional \$3.5 million, but would be offset by a reduction of \$(4.0) million for one-time spending.

**Health and Welfare**

**AHCCCS** (Page 37 – JLBC Book I)

- AHCCCS’ General Fund spending would increase by \$122 million, or 10.2%, to a level of \$1.3 billion. Of this amount, \$136 million is for caseload and inflation increases in Title 19 indigent health care services.
- Based on a consensus forecast model, caseloads are projected to increase 3%. Total caseload is estimated to be 1.1 million by June 2008. Healthcare provider payments would increase by 6% for inflation and utilization.
- The KidsCare Parents Program, would expire as required by statute. The General Fund cost to retain the program in FY 2008 would be \$11.2 million.
- The elimination of one-time expenditures saves an additional \$(5.3) million in FY 2008, \$(3.4) million of which is associated with one-time citizenship verification costs.

**Department of Health Services** (Page 269 – JLBC Book I)

- DHS’ General Fund spending would increase by \$16 million, or 3.0%. The JLBC Baseline includes \$33.4 million for Title 19 increases in the department’s Behavioral Health and Children’s Rehabilitative Services programs. Caseloads are projected to increase by 3% while provider rates would grow by 8% for inflation and utilization.
- The Baseline includes a General Fund decrease to reflect one-time funding of \$(7.1) million for autism research, \$(3.0) million for Alzheimer’s research, \$(3) million for methamphetamine grants, and \$(1) million for diabetes education and outreach. The Baseline also includes a decrease from the Tobacco Tax to reflect the expiration of the legislation authorizing \$5 million annually for Biotechnology Grants.

**Department of Economic Security** (Page 144 – JLBC Book I)

- DES funding would increase by \$25 million, or 3.5%. This amount includes:
  - ⇒ \$29 million for 1,113, or 5.7%, new clients in the Title 19 Developmental Disabilities Long Term Care program. Total caseload would equal 19,730.
  - ⇒ \$6 million for caseload growth in Permanent Guardianship and Adoption Services.
  - ⇒ \$(5) million due to TANF and General Assistance caseload declines. The TANF Program is projected to serve 89,100 individuals while General Assistance caseloads would be 2,440.
  - ⇒ \$(4) million to reflect one-time FY 2007 funding for CPS grandparent kinship placements, DD dental pilot program, and methamphetamine treatment.

## Criminal Justice

### **Attorney General** *(Page 71 – JLBC Book I)*

- The JLBC includes a General Fund decrease of \$(0.9) million to reflect one-time funding for IT projects started in FY 2005 and completed in FY 2007.

### **Department of Corrections** *(Page 113 – JLBC Book I)*

- ADC funding would increase by \$9.3 million General Fund, or 1.1%. This amount includes:
  - ⇒ \$9.4 million to annualize funding for 1,000 previously authorized private beds.
  - ⇒ \$6.8 million for inmate population growth.
  - ⇒ \$3.8 million for a 6% increase for health care inflation.
  - ⇒ \$(10.5) million for retirement rate rebasing and one-time AZNet and equipment reductions.
- The JLBC Baseline funds 160 net new inmates per month and a FY 2008 year-end inmate population of 38,851.
- ADC is expected to have a 5,541 bed shortfall by March 2008. To address this issue, the Legislature has already appropriated funding of \$11.2 million to ADOA to contract for 3,000 new beds to begin opening in April 2008.

### **Department of Juvenile Corrections** *(Page 340 – JLBC Book I)*

- DJC funding would decrease by \$(2.4) million General Fund, or (3.1)%, including:
  - ⇒ \$(918,000) for a reduced secure care population. These monies would fund a reduction of (32) beds for a total of 623 secure care beds. The current population is 603.
  - ⇒ \$(1.5) million for retirement rate rebasing, one-time AZNet reductions, and elimination of one-time suicide renovation monies.

### **Department of Public Safety** *(Page 425 – JLBC Book I)*

- DPS General Fund spending would decrease by a net of \$(1.8) million, or (1.1)%, including:
  - ⇒ \$(4.8) million for one-time equipment and rebasing retirement rates.
  - ⇒ \$2.2 million to complete the detailed design of the statewide interoperable communications system.
  - ⇒ Continuation of FY 2007 budget decision to comply with \$10 million statutory caps on use of Highway Funds and Highway User Revenue funds for DPS operating expenses, thereby freeing up \$98 million for highway construction.

### **Judiciary** *(Page 323 – JLBC Book I)*

- Judiciary funding would decrease by \$(461,200), or (0.4)%, including:
  - ⇒ \$1.0 million increase to annualize a January 2007 judges pay increase.
  - ⇒ \$416,500 for the state share of 5 new Superior Court judgeships.
  - ⇒ \$(850,000) for one-time FY 2007 family court funding.

## Natural Resources

### **Department of Environmental Quality** *(Page 223 – JLBC Book I)*

- DEQ General Fund spending would decrease by \$(950,000), or (2.9)%, including:
  - ⇒ Reductions for one-time FY 2007 funding of water permitting and small rural water systems.
  - ⇒ State funding of the clean-up of chemically contaminated sites, the Water Quality Assurance Revolving Fund (WQARF), would remain at the statutory amount of \$15 million.

### **State Land Department** *(Page 345 – JLBC Book I)*

- The JLBC includes \$(2.4) million of General Fund reductions, or (8.9)% to reflect one-time FY 2007 appropriations, including fire suppression.

### **Department of Water Resources** *(Page 551 – JLBC Book I)*

- DWR funding would decline by \$(2.9) million, or (13.9)% to reflect one-time funding, including:
  - ⇒ Assured and adequate water supply (\$1.7 million) and water rights adjudication (\$500,000).

### **Parks Board** *(Page 400 – JLBC Book I)*

- Parks Board funding would decline by \$(265,300) or (1.0)% to reflect one-time funding of the Arizona Trails System.

### **Transportation**

- ADOT operating funding would increase by \$7.9 million, or 1.8%, including \$7.5 million for highway maintenance. (*Page 485 – JLBC Book I*)
- The JLBC Baseline does not continue the \$245 million deposited from the General Fund to the Statewide Transportation Acceleration Needs (STAN) account in FY 2007 for highway construction.
  - ⇒ The JLBC Baseline does continue the \$10 million cap on Highway Fund and Highway User Revenue Fund for DPS operating costs, thereby freeing up \$98 million for state and local transportation projects.

### **Capital Outlay**

- The JLBC Baseline would fund \$41 million in General Fund capital projects including: (*Page 561 – JLBC Book I*)
  - ⇒ \$18.8 million for funding 26% of the University Building Renewal formula (plus \$7.3 million of rent changes for 26% funding of ADOA formula).
  - ⇒ \$8.5 million for lock and door replacement at the Department of Corrections.
  - ⇒ \$8 million in FY 2008 to complete construction of a new state Archives and History building. This amount has already been approved by the Legislature.

### **State Employee Issues**

- The JLBC Baseline would fund \$105 million from the General Fund for state employee issues. (*Page v – JLBC Book I*) The adjustments would be funded as a statewide lump sum for later distribution to the agencies. The increases include:
  - ⇒ \$58 million from the General Fund for a 2.5% state employee pay increase, as of July 1, 2007.
  - ⇒ \$31 million from the General Fund for a 12.8% increase in the cost of state employee health insurance. The employee share of premiums would not change.
  - ⇒ \$16 million from the General Fund for increases in the state employer share of employee retirement costs. Arizona State Retirement System (ASRS) employer and employee rates will each increase by 0.5%.
- FY 2007 non-ASRS retirement rates were overfunded and those monies are removed from individual agency budgets at a General Fund savings of \$(10.0) million.

### **FTE Positions** (*Page 32 – JLBC Summary*)

- The JLBC Baseline would fund an increase of 234 Full-Time Equivalent (FTE) Positions. This 0.5% increase would bring total appropriated FTEs to 51,146.

### **Other**

#### **One-Time Funding**

- One-time FY 2007 General Fund deposits are not continued in FY 2008: 21<sup>st</sup> Century Fund (\$35 million), Water Banking (\$13.5 million) and Commission for the Deaf (\$850,000).
- The FY 2008 JLBC Baseline removes \$(68.3) million from agency budgets for one-time FY 2007 funding. The adjustments include \$(6.2) million for support of the state's telecommunications system, AZNet.

#### **Performance Measures** (*Page 57 – JLBC Summary Book*)

- A total of 26 agencies did not measure some aspect of their performance as required in the General Appropriation Act.

## SUMMARY OF ONE-TIME FY 2007 OPERATING BUDGET ITEMS

<u>Agency</u>	<u>FY 2007</u>	
Administration, Arizona Department of	500,000	Employee Wellness Program
AHCCCS	350,000	Automation (standardize electronic data exchanges)
AHCCCS	200,000	Computer System Replacement
AHCCCS	3,400,000	Citizenship Verification
Attorney General - Department of Law	1,000,000	Case Management System
Auditor General	150,000	Homeland Security Audits
Commerce, Department of	250,000	Military Base Study
Community Colleges, Arizona	1,000,000	Out of County Tuition
Community Colleges, Arizona	3,000,000	Law Enforcement/Fire training facility
Corrections, State Department of	1,000,000	Equipment
Corrections, State Department of	1,500,000	Carpool vans
Corrections, State Department of	(2,238,600)	Delay Beds
Criminal Justice Commission, AZ	3,000,000	Meth Legislation - Increase Interdiction Efforts
Deaf and the Blind, Arizona State Schools for the	300,000	HVAC @ Tucson
Deaf and the Blind, Arizona State Schools for the	110,000	Assistive Technology
Economic Security, Department of	1,000,000	Kinship Program
Economic Security, Department of	1,000,000	DD Dental Services
Economic Security, Department of	2,000,000	Meth Legislation - Arizona Families FIRST
Education, Department of	2,000,000	Teach America
Education, Department of	3,000,000	E-Learning
Education, Department of	2,500,000	Info Technology (Contracted)
Education, Department of	600,000	Physical Education
Emergency and Military Affairs, Department of	500,000	Project Challenge (Queen Creek building)
Environmental Quality, Department of	750,000	Small, Rural Water Systems
Environmental Quality, Department of	200,000	Water quality permit contractors
Health Services, Department of	2,500,000	SMI Housing
Health Services, Department of	1,000,000	Diabetes Education
Health Services, Department of	3,000,000	Alzheimer's Research
Health Services, Department of	7,100,000	Autism Research
Health Services, Department of	30,000	Umbilical Cord Pamphlet
Health Services, Department of	2,500,000	Meth Legislation - Rural Detoxification
Health Services, Department of	500,000	Meth Legislation - Children Programs
Game and Fish Department, Arizona	3,500,000	Wildlife Habitat Development
Judiciary	63,500	Court of Appeals equipment
Judiciary	850,000	Integrated Family Courts
Land Department, State	500,000	Due Diligence Revolving Fund Deposit
Land Department, State	1,500,000	Fire suppression
Legislative Council	2,500,000	Arizona Centennial
Navigable Stream Adjudication Commission, AZ	92,000	Report Funding
Revenue, Department of	850,000	Small City Grants
Universities	1,500,000	Water Institute
Universities	1,200,000	U of A South
Universities	529,000	Barry Goldwater Papers
Veterans' Services, Department of	69,000	Pearl Harbor Memorial
Water Resources, Department of	1,700,000	Assured and Adequate Water Supply
Water Resources, Department of	500,000	Gila/Colorado River Adjudications
Weights and Measures, Department of	22,000	Laptops
Employee Health Insurance	3,000,000	Additional FY 2007 Funding
AZNET Telecommunications	6,194,600	Distributed to Agencies
<b>Subtotal FY 2007 One-time Expenditures</b>	<b>68,271,500</b>	
<u>Other General Fund Transfers</u>		
Arts Endowment Fund	7,000,000	
21st Century Fund	35,000,000	
Commission for the Deaf Fund	850,000	
Water Banking Fund	13,500,000	
<b>Subtotal FY 2007 Fund Transfers</b>	<b>56,350,000</b>	

***BUDGET NUMBERS BY AGENCY***

## FY 2008 AND FY 2009 GENERAL FUND SUMMARY BY AGENCY

	FY 2007 Estimate	FY 2008 JLBC	FY 2008 JLBC - FY 2007	FY 2009 JLBC	FY 2009 JLBC - FY 2007
<b>BUDGET UNITS</b>					
Administration, AZ Department of	\$27,559,700	\$40,121,800	\$12,562,100		
Administrative Hearings, Office of	1,214,600	1,213,900	(700)	1,213,900	(700)
Agriculture, AZ Department of	11,369,600	11,366,500	(3,100)	11,366,500	(3,100)
AHCCCS	1,199,768,000	1,321,806,100	122,038,100		
Arts, Arizona Commission on the	1,888,100 <u>1/</u>	1,888,100	0	1,888,100	0
Attorney General - Department of Law	22,495,500	21,598,600	(896,900)	21,094,900	(1,400,600)
Capital Postconviction Public Defender Ofc, State	220,000	481,600	261,600	481,600	261,600
Charter Schools, State Board for	785,100	783,800	(1,300)	783,800	(1,300)
Commerce, Department of	12,050,200 <u>2/</u>	11,798,000	(252,200)	11,798,000	(252,200)
Community Colleges, Arizona	165,536,600	165,350,800	(185,800)		
Corporation Commission	5,543,200	5,592,500	49,300	5,592,500	49,300
Corrections, State Department of	817,157,700	826,446,400	9,288,700		
Criminal Justice Commission, Arizona	4,302,000	1,302,000	(3,000,000)	1,302,000	(3,000,000)
Deaf and the Blind, Schools for the	21,260,900	20,412,800	(848,100)	20,520,800	(740,100)
Economic Security, Department of	718,950,200	743,873,800	24,923,600		
Education, Department of	4,028,165,600	4,321,312,700	293,147,100		
Emergency & Military Affairs, Dept of	14,394,100	13,205,300	(1,188,800)	13,205,300	(1,188,800)
Environmental Quality, Department of	32,295,700	31,345,700	(950,000)	31,345,700	(950,000)
Equal Opportunity, Governor's Office of	245,700	245,200	(500)	245,200	(500)
Equalization, State Board of	653,500	653,500	0	653,500	0
Executive Clemency, Board of	1,067,900	1,044,900	(23,000)	1,044,900	(23,000)
Financial Institutions, State Department of	3,733,900	3,679,700	(54,200)	3,604,700	(129,200)
Fire, Building and Life Safety, Department of	3,625,500	3,612,500	(13,000)	3,612,500	(13,000)
Game and Fish Department, AZ	3,500,000	0	(3,500,000)	0	(3,500,000)
Geological Survey, Arizona	1,106,100	1,073,900	(32,200)	1,073,900	(32,200)
Government Information Tech. Agency	1,500,000	1,500,000	0	1,500,000	0
Governor, Office of the	6,634,800	6,634,800	0	6,634,800	0
Gov's Ofc of Strategic Planning & Budgeting	2,211,100	2,209,900	(1,200)	2,209,900	(1,200)
Health Services, Department of	549,247,600	565,656,200	16,408,600		
Historical Society, Arizona	4,337,000	4,298,800	(38,200)	4,298,800	(38,200)
Historical Society, Prescott	750,400	734,000	(16,400)	734,000	(16,400)
Independent Redistricting Commission	0	0	0	0	0
Indian Affairs, AZ Commission of	224,400	223,300	(1,100)	223,300	(1,100)
Insurance, Department of	7,172,800	7,071,800	(101,000)	7,071,800	(101,000)
Judiciary					
Supreme Court	18,916,800	17,207,400	(1,709,400)		
Court of Appeals	13,556,500	13,529,400	(27,100)		
Superior Court	92,552,300	93,827,600	1,275,300		
SUBTOTAL - Judiciary	125,025,600	124,564,400	(461,200)		
Juvenile Corrections, Department of	79,848,300	77,401,400	(2,446,900)		
Land Department, State	26,435,400	24,081,200	(2,354,200)	24,300,900	(2,134,500)
Law Enforcement Merit System Council	76,400	74,200	(2,200)	74,200	(2,200)
Legislature					
Auditor General	17,891,900	17,741,900	(150,000)	17,741,900	(150,000)
House of Representatives	13,354,800	13,354,800	0	13,354,800	0
Joint Legislative Budget Committee	2,949,000	2,948,600	(400)	2,948,600	(400)
Legislative Council	8,076,200	5,576,100	(2,500,100)	5,576,100	(2,500,100)
Library, Archives & Public Records, AZ State	7,540,600	7,536,300	(4,300)	7,536,300	(4,300)
Senate	8,693,000	8,693,000	0	8,693,000	0
SUBTOTAL - Legislature	58,505,500	55,850,700	(2,654,800)	55,850,700	(2,654,800)
Liquor Licenses & Control, Department of	4,813,100	3,534,100	(1,279,000)	3,534,100	(1,279,000)
Medical Student Loans, Board of	1,500,000	1,500,000	0	1,500,000	0
Mine Inspector, State	1,226,700	1,221,400	(5,300)		
Mines & Mineral Resources, Department of	843,900	839,900	(4,000)	839,900	(4,000)
Navigable Stream Adjudication Commission	267,800	173,600	(94,200)		
Nursing, State Board of	166,000	166,000	0	166,000	0
Occupational Safety & Health Review Board	0	0	0	0	0
Parks Board, Arizona State	27,040,300	26,775,000	(265,300)	26,775,000	(265,300)
Personnel Board	358,100	357,900	(200)	357,900	(200)
Pioneers' Home, AZ	1,280,900	1,274,500	(6,400)	1,274,500	(6,400)
Postsecondary Education, Commission for	6,620,800	6,920,800	300,000	6,920,800	300,000
Public Safety, Department of	166,196,600	164,440,800	(1,755,800)		
Racing, Arizona Department of	2,750,700	2,747,900	(2,800)	2,747,900	(2,800)
Radiation Regulatory Agency	2,051,100	1,447,500	(603,600)	1,447,500	(603,600)
Rangers' Pensions, Arizona	13,000	13,400	400	13,700	700
Real Estate Department, State	3,986,700	3,949,300	(37,400)	3,949,300	(37,400)
Revenue, Department of	71,856,100	71,493,800	(362,300)	69,825,500	(2,030,600)

	FY 2007 Estimate	FY 2008 JLBC	FY 2008 JLBC - FY 2007	FY 2009 JLBC	FY 2009 JLBC - FY 2007
School Facilities Board	413,764,200	549,279,100	135,514,900		
Secretary of State	7,074,000	7,021,600	(52,400)	6,980,000	(94,000)
Tax Appeals, State Board of	307,500	305,200	(2,300)	305,200	(2,300)
Tourism, Office of	14,763,600 <sup>3/</sup>	15,649,400	885,800	16,622,200	1,858,600
Transportation, Department of	82,900	82,900	0		
Treasurer, State	5,769,300	6,236,800	467,500		
Uniform State Laws, Commission on	52,300	56,800	4,500	57,800	5,500
Universities					
Arizona State University - Main Campus	354,043,300 <sup>4/</sup>	377,265,100	23,221,800		
Arizona State University - East Campus	19,980,900 <sup>4/</sup>	24,695,500	4,714,600		
Arizona State University - West Campus	49,095,800 <sup>4/</sup>	50,719,500	1,623,700		
Arizona State University - Other	0	0	0		
Northern Arizona University	135,949,400	145,571,700	9,622,300		
Board of Regents	14,837,600 <sup>2/</sup>	14,837,600	0		
University of Arizona - Main Campus	320,798,100 <sup>5/</sup>	331,883,100	11,085,000		
University of Arizona - Health Sciences Center	69,098,500 <sup>5/</sup>	69,758,400	659,900		
University of Arizona - Other	0	0	0		
SUBTOTAL - Universities	963,803,600	1,014,730,900	50,927,300		
Veterans' Services, Department of	4,149,700	3,777,000	(372,700)	3,777,000	(372,700)
Water Resources, Department of	20,877,800	17,976,500	(2,901,300)	17,976,500	(2,901,300)
Weights and Measures, Department of	1,649,800	1,640,200	(9,600)	1,640,200	(9,600)
State Employee Pay - Unallocated	253,000	0	(253,000)		
State Employer Health Insurance - Unallocated	150,800	0	(150,800)		
State Employer Retirement - Unallocated	118,200	0	(118,200)		
Biennial Annualizations - Unallocated	9,800	0	(9,800)		
AZNet - Unallocated	26,100	0	(26,100)		
Attorney General Cost Allocation - Unallocated	2,600	0	(2,600)		
State Employee Pay - FY 08	0	58,000,000	58,000,000		
State Employer Health Insurance - FY 08	0	31,000,000	31,000,000		
State Employer Retirement - FY 08	0	16,000,000	16,000,000		
ADOA Rental Rates	0	2,801,000	2,801,000		
<b>OPERATING BUDGET TOTAL</b>	<b>9,684,685,700 <sup>6/</sup></b>	<b>10,431,924,100</b>	<b>747,238,400</b>	<b>400,437,200</b>	<b>(21,317,600)</b>
K-12 Rollover Repayment	191,000,000	0	(191,000,000)		
Litigation - Ladewig	94,800,100	0	(94,800,100)		
Litigation - Kerr	15,000,000	0	(15,000,000)		
Budget Stabilization Deposits	9,808,600	0	(9,808,600)		
GF Transfer - Arizona 21st Century Fund	35,000,000	0	(35,000,000)		
GF Transfer - Comm. for the Deaf Fund	850,000	0	(850,000)		
GF Transfer - Water Banking - Indian Firming	13,500,000	0	(13,500,000)		
GF Transfer - Arts Endowment Fund	7,000,000	0	(7,000,000)		
Capital - Non-Highway	80,354,200	41,234,400	(39,119,800)		
Capital - Highways	245,000,000	0	(245,000,000)		
Maximize Federal Funds	(5,000,000)	0	5,000,000		
Administrative Adjustments	79,684,300	74,263,000	(5,421,300)		
Revertments	(114,250,800)	(125,183,100)	(10,932,300)		
<b>GRAND TOTAL</b>	<b>\$10,337,432,100</b>	<b>\$10,422,238,400</b>	<b>\$84,806,300</b>	<b>\$400,437,200</b>	<b>(\$21,317,600)</b>

<sup>1/</sup> \$2 million Arts Endowment Fund Deposit reflected as one-time deposit below.

<sup>2/</sup> Laws 2005, Chapter 330 advance appropriated a proportional share of \$4 million from the General Fund to the Arizona University System and Arizona Community College System according to the number of nursing students who graduated from each system in FY 2005. The FY 2007 Appropriations Report included an estimated distribution of \$1,434,500 to ABOR for the universities and \$2,565,500 to the Department of Commerce for the Community Colleges. Based upon final agreement on FY 2005 nursing graduate numbers, the annual distribution is \$1,368,000 to ABOR for the universities and \$2,632,000 to the Department of Commerce for the Community Colleges.

<sup>3/</sup> Reflects revised Tourism funding formula forecast.

<sup>4/</sup> Of the \$10,600,000 appropriated from the General Fund in FY 2007 as a discretionary adjustment, \$10,080,000 is allocated to ASU-Main, \$176,200 is allocated to ASU-East, and \$343,800 is allocated to ASU-West. The \$10,600,000 appropriation was previously unallocated among campuses in the FY 2007 Appropriation Report.

<sup>5/</sup> Of the \$6,200,000 appropriated from the General Fund in FY 2007 as a discretionary adjustment, \$5,575,000 is allocated to UA-Main and \$625,000 is allocated to UA-HSC. The \$6,200,000 appropriation was previously unallocated between campuses in the FY 2007 Appropriation Report.

<sup>6/</sup> This amount includes \$68,271,500 in one-time expenditures that are separately delineated on the Statement of General Fund Revenues and Expenditures on page 4.



## FY 2008 AND FY 2009 OTHER APPROPRIATED FUNDS SUMMARY BY AGENCY

	FY 2007 Estimate	FY 2008 JLBC	FY 2008 JLBC - FY 2007	FY 2009 JLBC	FY 2009 JLBC - FY 2007
<b><u>BUDGET UNITS</u></b>					
Accountancy, State Board of					
Board of Accountancy Fund	\$2,287,400	\$2,289,500	\$2,100	\$2,290,200	\$2,800
Acupuncture Board of Examiners					
Acupuncture Board of Examiners Fund	106,900	125,500	18,600	125,500	18,600
Administration, AZ Department of					
Air Quality Fund	575,100	575,100	0		
Automation Operations Fund	24,289,400	23,729,200	(560,200)		
Capital Outlay Stabilization Fund	11,302,500	11,297,000	(5,500)		
Corrections Fund	717,000	716,700	(300)		
Highway User Revenue Fund	0	150,000	150,000		
Motor Vehicle Pool Revolving Fund	11,737,500	11,736,600	(900)		
Personnel Division Fund	17,057,800	17,215,900	158,100		
Risk Management Revolving Fund	88,627,900	89,934,500	1,306,600		
Special Employee Health Insurance Trust Fund	5,101,200	5,100,000	(1,200)		
State Surplus Materials Revolving Fund and Federal Surplus Materials Revolving Fund	4,652,900	4,651,700	(1,200)		
Telecommunications Fund	3,047,700	3,048,100	400		
Watercraft Licensing Fund	796,000	0	(796,000)		
Total - AZ Department of Administration	<u>167,905,000</u>	<u>168,154,800</u>	<u>249,800</u>		
Administrative Hearings, Office of					
Healthcare Group Fund	14,500	14,500	0	14,500	0
Agriculture, AZ Department of					
Aquaculture Fund	9,200	9,200	0	9,200	0
Egg Inspection Fund	721,300	869,800	148,500	866,700	145,400
Citrus, Fruit and Vegetable Revolving Fund	1,042,800	1,044,900	2,100	1,044,900	2,100
Commercial Feed Fund	291,300	291,800	500	291,800	500
Fertilizer Materials Fund	290,800	291,300	500	291,300	500
Livestock Custody Fund	79,400	79,400	0	79,400	0
Pesticide Fund	274,800	275,500	700	275,500	700
Agricultural Consulting and Training Fund	71,700	103,400	31,700	103,400	31,700
Dangerous Plants, Pests and Diseases Fund	21,400	40,000	18,600	40,000	18,600
Arizona Protected Native Plant Fund	186,100	186,500	400	186,500	400
Seed Law Fund	53,100	53,200	100	53,200	100
Total - AZ Department of Agriculture	<u>3,041,900</u>	<u>3,245,000</u>	<u>203,100</u>	<u>3,241,900</u>	<u>200,000</u>
AHCCCS					
Budget Neutrality Compliance Fund	2,531,900	2,686,800	154,900		
Children's Health Insurance Program Fund	123,185,900	97,423,700	(25,762,200)		
Healthcare Group Fund	3,811,800	3,802,800	(9,000)		
Temporary Medical Coverage Fund	1,151,800	1,976,400	824,600		
Tobacco Products Tax Fund					
Emergency Health Services Account	29,371,200	29,371,200	0		
Tobacco Tax and Health Care Fund					
Medically Needy Account	83,162,500	83,162,500	0		
Total - AHCCCS	<u>243,215,100</u>	<u>218,423,400</u>	<u>(24,791,700)</u>		
Appraisal, State Board of					
Board of Appraisal Fund	586,200	593,700	7,500	593,700	7,500
Attorney General - Department of Law					
Antitrust Enforcement Revolving Fund	232,400	232,200	(200)	232,200	(200)
Attorney Gen'l Legal Svcs Cost Allocation Fund	6,497,500	6,193,600	(303,900)	6,193,600	(303,900)
Collection Enforcement Revolving Fund	4,585,200	4,577,700	(7,500)	4,574,700	(10,500)
Consumer Fraud Revolving Fund	2,135,000	2,128,300	(6,700)	2,128,300	(6,700)
Interagency Service Agreements Fund	12,027,300	12,043,200	15,900	12,035,300	8,000
Risk Management Revolving Fund	9,214,200	9,226,800	12,600	9,189,700	(24,500)
Victims' Rights Fund	3,266,400	3,266,000	(400)	3,266,000	(400)
Total - Attorney General - Department of Law	<u>37,958,000</u>	<u>37,667,800</u>	<u>(290,200)</u>	<u>37,619,800</u>	<u>(338,200)</u>
Automobile Theft Authority					
Auto Theft Authority Fund	5,251,600	5,382,700	131,100	5,647,700	396,100
Barbers, Board of					
Board of Barbers Fund	300,500	334,700	34,200	318,100	17,600
Behavioral Health Examiners, Board of					
Board of Behavioral Health Examiners Fund	1,366,200	1,339,300	(26,900)	1,324,200	(42,000)
Chiropractic Examiners, State Board of					
Board of Chiropractic Examiners Fund	509,200	504,400	(4,800)	506,000	(3,200)
Commerce, Department of					
Bond Fund	139,200	139,500	300	139,500	300
CEDC Fund	3,028,600	3,026,700	(1,900)	3,026,700	(1,900)

	FY 2007 Estimate	FY 2008 JLBC	FY 2008 JLBC - FY 2007	FY 2009 JLBC	FY 2009 JLBC - FY 2007
Oil Overcharge Fund	175,600	176,000	400	176,000	400
State Lottery Fund	274,600	275,200	600	275,200	600
Total - Department of Commerce	3,618,000	3,617,400	(600)	3,617,400	(600)
Contractors, Registrar of					
Registrar of Contractors Fund	10,625,600	10,655,900	30,300	10,655,900	30,300
Corporation Commission					
Arizona Arts Trust Fund	48,600	48,300	(300)	48,300	(300)
Investment Management Regulatory and Enforcement Fund	893,900	889,700	(4,200)	889,700	(4,200)
Pipeline Safety Revolving Fund	0	55,400	55,400	0	0
Public Access Fund	3,817,300	4,261,200	443,900	4,332,600	515,300
Securities Regulatory and Enforcement Fund	3,714,900	3,705,900	(9,000)	3,705,900	(9,000)
Utility Regulation Revolving Fund	13,100,600	13,164,800	64,200	13,158,300	57,700
Total - Corporation Commission	21,575,300	22,125,300	550,000	22,134,800	559,500
Corrections, State Department of					
Alcohol Abuse Treatment Fund	599,300	599,300	0		
Corrections Fund	29,040,400	29,040,800	400		
Penitentiary Land Fund	869,200	869,200	0		
Prison Construction and Operations Fund	10,250,000	10,250,000	0		
State Charitable, Penal and Reformatory Institutions Land Fund	570,000	570,000	0		
State Education Fund for Correctional Education	1,609,900	1,102,500	(507,400)		
Transition Office Fund	180,000	180,000	0		
Transition Program Drug Treatment Fund	600,000	600,000	0		
Total - State Department of Corrections	43,718,800	43,211,800	(507,000)		
Cosmetology, Board of					
Board of Cosmetology Fund	1,673,600	1,797,100	123,500	1,705,400	31,800
Criminal Justice Commission, Arizona					
Criminal Justice Enhancement Fund	606,700	860,600	253,900	711,500	104,800
Victim Compensation and Assistance Fund	3,400,000	3,800,000	400,000	3,800,000	400,000
State Aid to County Attorneys Fund	877,500	1,052,500	175,000	1,052,500	175,000
State Aid to Indigent Defense Fund	833,200	833,200	0	833,200	0
Total - Arizona Criminal Justice Commission	5,717,400	6,546,300	828,900	6,397,200	679,800
Deaf and the Blind, AZ Schools for the					
Schools for the Deaf and the Blind Fund	13,816,900	13,263,500	(553,400)	13,641,300	(175,600)
Deaf and the Hard of Hearing, Comm. for the					
Telecommunication Fund for the Deaf	5,391,300	5,387,300	(4,000)	5,387,300	(4,000)
Dental Examiners, State Board of					
Dental Board Fund	1,026,500	1,106,800	80,300	1,072,600	46,100
Drug & Gang Prevention Resource Center					
Drug and Gang Prevention Resource Center Fund	295,900	295,800	(100)	295,800	(100)
Intergovernmental Agreements and Grants	320,700	320,600	(100)	320,600	(100)
Total - Drug & Gang Prevention Resource Center	616,600	616,400	(200)	616,400	(200)
Economic Security, Department of					
Child Abuse Prevention Fund	1,574,900	1,574,700	(200)		
Child Support Enforcement Administration Fund	14,287,200	14,190,900	(96,300)		
Children and Family Services Training Program Fund	209,600	209,600	0		
Domestic Violence Shelter Fund	1,700,000	1,700,000	0		
Federal Child Care and Development Fund Block Grant	117,114,900	117,080,400	(34,500)		
Federal Temporary Assistance for Needy Families Block Grant	232,894,600	232,831,300	(63,300)		
Homeless Trust Fund	850,000	0	(850,000)		
Long Term Care System Fund	21,897,200	21,896,800	(400)		
Public Assistance Collections Fund	502,600	501,200	(1,400)		
Risk Management Fund	271,500	271,500	0		
Special Administration Fund	2,193,600	2,192,300	(1,300)		
Spinal and Head Injuries Trust Fund	2,551,400	2,549,600	(1,800)		
Statewide Cost Allocation Plan Fund	1,000,000	1,000,000	0		
Tobacco Tax and Health Care Fund					
Medically Needy Account	200,000	0	(200,000)		
Utility Assistance Fund	500,000	500,000	0		
Workforce Investment Act Grant	55,871,400	55,864,800	(6,600)		
Total - Department of Economic Security	453,618,900	452,363,100	(1,255,800)		
Education, Department of					
Permanent State School Fund	45,220,700	45,220,700	0		
Proposition 301 Fund	7,000,000	7,000,000	0		
School Improvement Revenue Bond Debt Service Fund	1,865,400	0	(1,865,400)		
Teacher Certification Fund	2,134,700	2,330,500	195,800		

	FY 2007 Estimate	FY 2008 JLBC	FY 2008 JLBC - FY 2007	FY 2009 JLBC	FY 2009 JLBC - FY 2007
Total - Department of Education	56,220,800	54,551,200	(1,669,600)		
Emergency & Military Affairs, Dept of					
Emergency Response Fund	132,700	132,700	0	132,700	0
Environmental Quality, Department of					
Air Permits Administration Fund	5,816,200	5,890,300	74,100	5,890,300	74,100
Air Quality Fund	4,938,900	4,940,700	1,800	4,940,700	1,800
Emissions Inspection Fund	35,919,300	37,419,700	1,500,400	37,419,700	1,500,400
Hazardous Waste Management Fund	780,000	780,000	0	780,000	0
Indirect Cost Recovery Fund	10,485,700	10,531,100	45,400	10,531,000	45,300
Recycling Fund	2,169,500	2,169,600	100	2,169,600	100
Solid Waste Fee Fund	1,482,900	1,483,100	200	1,483,100	200
Underground Storage Tank Fund	22,000	22,000	0	22,000	0
Used Oil Fund	137,300	137,300	0	137,300	0
Water Quality Fee Fund	4,200,400	4,600,400	400,000	4,600,400	400,000
Total - Department of Environmental Quality	65,952,200	67,974,200	2,022,000	67,974,100	2,021,900
Exposition and State Fair Board, AZ					
Arizona Exposition and State Fair Fund	16,100,300	16,066,100	(34,200)	16,066,100	(34,200)
Funeral Directors and Embalmers, Board of					
Board of Funeral Directors & Embalmers Fund	333,100	340,600	7,500	340,600	7,500
Game and Fish Department, AZ					
Game and Fish Fund	27,409,800	28,421,900	1,012,100	28,336,600	926,800
Waterfowl Conservation Fund	43,400	43,400	0	43,400	0
Wildlife Endowment Fund	16,000	16,000	0	16,000	0
Watercraft Licensing Fund	3,176,300	4,269,600	1,093,300	4,169,600	993,300
Game, Nongame, Fish and Endangered					
Species Fund	328,200	323,200	(5,000)	323,200	(5,000)
Total - AZ Game and Fish Department	30,973,700	33,074,100	2,100,400	32,888,800	1,915,100
Gaming, Department of					
Tribal State Compact Fund	2,054,600	2,186,900	132,300	2,173,900	119,300
State Lottery Fund	300,000	300,000	0	300,000	0
Arizona Benefits Fund	9,512,800	12,671,900	3,159,100	14,232,400	4,719,600
Total - Department of Gaming	11,867,400	15,158,800	3,291,400	16,706,300	4,838,900
Government Information Tech. Agency					
Information Technology Fund	2,754,400	2,755,800	1,400	2,758,600	4,200
Health Services, Department of					
Arizona State Hospital Fund	7,964,600	7,972,900	8,300		
ASH Land Earnings Fund	350,000	350,000	0		
Capital Outlay Stabilization Fund	1,576,100	1,578,100	2,000		
Child Fatality Review Fund	100,000	100,000	0		
Emergency Medical Services Operating Fund	5,231,200	5,248,300	17,100		
Environmental Laboratory Licensure					
Revolving Fund	946,100	949,000	2,900		
Federal Child Care and Development Fund					
Block Grant	802,200	805,100	2,900		
Hearing and Speech Professionals Fund	329,800	331,100	1,300		
Indirect Cost Fund	7,705,300	7,763,300	58,000		
Newborn Screening Program Fund	6,076,500	6,086,800	10,300		
Nursing Care Institution Resident Protection					
Fund	166,500	38,000	(128,500)		
Substance Abuse Services Fund	2,500,000	2,500,000	0		
Tobacco Tax and Health Care Fund					
Health Research Account	6,500,000	1,500,000	(5,000,000)		
Tobacco Tax and Health Care Fund					
Medically Needy Account	37,924,800	33,624,800	(4,300,000)		
Vital Records Electronic System Fund	500,000	500,300	300		
Total - Department of Health Services	78,673,100	69,347,700	(9,325,400)		
Historical Society, Arizona					
Capital Outlay Stabilization Fund	193,700	193,200	(500)	193,700	0
Homeopathic Medical Examiners, Board of					
Bd of Homeopathic Medical Examiners Fund	87,800	93,200	5,400	91,500	3,700
Housing, Department of					
Housing Trust Fund	728,100	795,800	67,700	791,600	63,500
Industrial Commission of AZ					
Industrial Commission Administrative Fund	18,938,900	19,307,400	368,500	19,294,500	355,600
Insurance, Department of					
Captive Insurance Regulatory & Supervision Fund	25,000	25,000	0	25,000	0
Judiciary - Supreme Court					
Confidential Intermediary and Fiduciary Fund	477,500	470,600	(6,900)		
Court Appointed Special Advocate Fund	3,454,200	3,443,500	(10,700)		
Criminal Justice Enhancement Fund	3,065,100	3,061,600	(3,500)		
Defensive Driving School Fund	5,395,700	5,395,100	(600)		
Judicial Collection Enhancement Fund	12,062,800	12,049,800	(13,000)		
State Aid to the Courts Fund	2,444,700	2,444,700	0		
Total - Supreme Court	26,900,000	26,865,300	(34,700)		

	FY 2007 Estimate	FY 2008 JLBC	FY 2008 JLBC - FY 2007	FY 2009 JLBC	FY 2009 JLBC - FY 2007
Judiciary - Superior Court					
Criminal Justice Enhancement Fund	7,028,600	7,033,000	4,400		
Judicial Collection Enhancement Fund	2,723,800	2,723,800	0		
Drug Treatment and Education Fund	500,000	500,000	0		
Total - Superior Court	10,252,400	10,256,800	4,400		
SUBTOTAL - Judiciary	37,152,400	37,122,100	(30,300)	0	0
Juvenile Corrections, Department of					
ADOA Risk Management Fund	340,000	0	(340,000)		
Criminal Justice Enhancement Fund	685,300	685,200	(100)		
State Charitable, Penal and Reformatory Institutions Land Fund	1,094,900	1,094,700	(200)		
State Education Fund for Committed Youth	2,638,300	2,682,500	44,200		
Total - Department of Juvenile Corrections	4,758,500	4,462,400	(296,100)		
Land Department, State					
Due Diligence Fund	0	500,000	500,000	500,000	500,000
Environmental Special Plate Fund	220,000	220,000	0	220,000	0
ADOA Risk Management Fund	230,600	0	(230,600)	0	(230,600)
Total - State Land Department	450,600	720,000	269,400	720,000	269,400
Legislature					
Library, Archives & Public Records, AZ State Records Services Fund	661,800	662,500	700	662,500	700
Total - Legislature	661,800	662,500	700	662,500	700
Lottery Commission, AZ State					
State Lottery Fund	70,760,000 <u>2/</u>	69,325,000	(1,435,000)	69,926,700	(833,300)
Medical Board, Arizona					
Arizona Medical Board Fund	5,697,300	5,567,700	(129,600)	5,567,700	(129,600)
Medical Student Loans, Board of					
Medical Student Loan Fund	309,800	309,800	0	309,800	0
Mine Inspector, State					
Aggregate Mining Reclamation Fund	0	0	0		
Naturopathic Physician Examiners Board					
Naturopathic Physicians Board of Medical Examiners Fund	493,700	586,600	92,900	584,000	90,300
Nursing, State Board of					
Board of Nursing Fund	3,398,400	3,674,100	275,700	3,461,500	63,100
Nursing Care Institution Administrators Board					
Nursing Care Institution Administrators' Licensing & Assisted Living Facility Managers' Certification Fund	406,600	358,700	(47,900)	358,700	(47,900)
Occupational Therapy Examiners, Board of					
Occupational Therapy Fund	239,000	239,900	900	239,900	900
Opticians, State Board of Dispensing					
Board of Dispensing Opticians Fund	110,100	122,100	12,000	120,100	10,000
Optometry, State Board of					
Board of Optometry Fund	193,900	194,400	500	194,400	500
Osteopathic Examiners, AZ Board of					
Board of Osteopathic Examiners Fund	655,900	660,600	4,700	660,600	4,700
Parks Board, Arizona State					
State Parks Enhancement Fund	8,392,800	8,368,300	(24,500)	8,368,300	(24,500)
Law Enforcement and Boating Safety Fund	1,092,700	1,092,700	0	1,092,700	0
Reservation Surcharge Fund	522,800	522,100	(700)	522,100	(700)
Total - Arizona State Parks Board	10,008,300	9,983,100	(25,200)	9,983,100	(25,200)
Pharmacy, AZ State Board of					
Board of Pharmacy Fund	1,566,200	1,707,500	141,300	1,698,700	132,500
Physical Therapy Examiners, Board of					
Board of Physical Therapy Fund	293,700	379,800	86,100	349,600	55,900
Pioneers' Home, AZ					
Miners' Hospital Fund	1,664,700	1,680,000	15,300	1,680,000	15,300
State Charitable Fund	3,422,300	3,397,300	(25,000)	3,501,500	79,200
Total - AZ Pioneers' Home	5,087,000	5,077,300	(9,700)	5,181,500	94,500
Podiatry Examiners, State Board of					
Podiatry Fund	121,900	138,700	16,800	138,800	16,900
Postsecondary Education, Commission for					
Postsecondary Education Fund	2,930,800	2,927,600	(3,200)	2,927,600	(3,200)
Private Postsecondary Education, Board for					
Board for Private Postsecondary Education Fund	318,400	318,400	0	318,400	0
Psychologist Examiners, State Board of					
Board of Psychologist Examiners Fund	381,300	374,300	(7,000)	381,900	600
Public Safety, Department of					
Arizona Deoxyribonucleic Acid Identification Fund	2,753,300	3,670,200	916,900		
Arizona Highway Patrol Fund	21,514,100	20,425,900	(1,088,200)		

	FY 2007 Estimate	FY 2008 JLBC	FY 2008 JLBC - FY 2007	FY 2009 JLBC	FY 2009 JLBC - FY 2007
Automated Fingerprint Identification Fund	3,286,200	3,285,800	(400)		
Crime Laboratory Assessment Fund	5,282,400	5,480,200	197,800		
Criminal Justice Enhancement Fund	3,186,700	3,188,300	1,600		
Highway User Revenue Fund	10,000,000	10,000,000	0		
Motor Vehicle Liability Insurance Enf. Fund	1,512,000	0	(1,512,000)		
Motorcycle Safety Fund	205,000	205,000	0		
Parity Compensation Fund	2,768,100	3,236,000	467,900		
Risk Management Fund	296,200	296,200	0		
Safety Enforcement and Transportation Infrastructure Fund	0	1,481,000	1,481,000		
State Highway Fund	10,000,000	10,000,000	0		
Total - Department of Public Safety	60,804,000	61,268,600	464,600		
Racing, Arizona Department of County Fair Racing Fund	300,000	300,000	0	300,000	0
Racing Administration Fund	45,000	45,000	0	45,000	0
Total - Arizona Department of Racing	345,000	345,000	0	345,000	0
Radiation Regulatory Agency State Radiologic Technologist Certification Fund	281,800	281,900	100	281,900	100
Residential Utility Consumer Office Residential Utility Consumer Office Revolving Fund	1,275,400	1,273,900	(1,500)	1,273,900	(1,500)
Respiratory Care Examiners, Board of Board of Respiratory Care Examiners' Fund	209,100	238,500	29,400	236,800	27,700
Retirement System, Arizona State Long-Term Disability Administration Account State Retirement System Administration Account	2,897,700	2,800,000	(97,700)	2,800,000	(97,700)
Total - Arizona State Retirement System	18,228,300	18,102,700	(125,600)	18,074,700	(153,600)
Total - Arizona State Retirement System	21,126,000	20,902,700	(223,300)	20,874,700	(251,300)
Revenue, Department of Tobacco Tax and Health Care Fund	503,300	507,200	3,900	499,400	(3,900)
Estate and Unclaimed Property Fund	3,461,300	3,399,000	(62,300)	3,378,600	(82,700)
Liability Setoff Fund	416,800	419,600	2,800	413,800	(3,000)
Total - Department of Revenue	4,381,400	4,325,800	(55,600)	4,291,800	(89,600)
Secretary of State Election Systems Improvement Fund	20,000,000	15,000,000	(5,000,000)	4,000,000	(16,000,000)
Professional Employer Organization Fund	164,900	94,800	(70,100)	94,800	(70,100)
Total - Secretary of State	20,164,900	15,094,800	(5,070,100)	4,094,800	(16,070,100)
State Boards' Office Special Services Revolving Fund	180,800	260,000	79,200	260,000	79,200
Structural Pest Control Commission Structural Pest Control Commission Fund	2,253,500	2,495,600	242,100	2,451,400	197,900
Technical Registration, State Board of Technical Registration Fund	1,521,100	1,575,800	54,700	1,573,100	52,000
Transportation, Department of Air Quality Fund	68,600	68,600	0		
Driving Under the Influence Abatement Fund	136,800	136,900	100		
Highway User Revenue Fund	607,300	607,400	100		
Motor Vehicle Liability Insurance Enforcement Fund	4,029,000	2,383,900	(1,645,100)		
Safety Enforcement and Transportation Infrastructure Fund	558,700	2,143,500	1,584,800		
State Aviation Fund	2,188,800	2,589,600	400,800		
State Highway Fund	391,757,100	399,339,100	7,582,000		
Transportation Department Equipment Fund	38,526,800	38,534,200	7,400		
Vehicle Inspection & Title Enforcement Fund	1,534,100	1,521,500	(12,600)		
Total - Department of Transportation	439,407,200	447,324,700	7,917,500		
Treasurer, State State Treasurer's Management Fund	0	33,800	33,800		
Total - State Treasurer	0	33,800	33,800		
Universities Arizona State University - Main Campus University Collections Fund	217,845,000	225,004,500	7,159,500		
Tobacco Tax and Health Care Fund Medically Needy Account	0	0	0		
Total - Arizona State University - Main Campus	217,845,000	225,004,500	7,159,500		
Arizona State University - East Campus University Collections Fund	16,576,000	18,984,800	2,408,800		
Technology and Research Initiative Fund	2,000,000	2,000,000	0		
Total - Arizona State University - East Campus	18,576,000	20,984,800	2,408,800		
Arizona State University - West Campus University Collections Fund	20,845,400	21,852,100	1,006,700		
Technology and Research Initiative Fund	1,600,000	1,600,000	0		
Total - Arizona State University - West Campus	22,445,400	23,452,100	1,006,700		

	FY 2007 Estimate	FY 2008 JLBC	FY 2008 JLBC - FY 2007	FY 2009 JLBC	FY 2009 JLBC - FY 2007
Northern Arizona University					
University Collections Fund	42,706,800	45,284,400	2,577,600		
University of Arizona - Main Campus					
University Collections Fund	118,470,600 <sup>3/</sup>	117,667,200	(803,400)		
University of Arizona - Health Sciences Center					
University Collections Fund	13,890,200 <sup>3/</sup>	14,356,100	465,900		
SUBTOTAL - Universities	433,934,000	446,749,100	12,815,100		
Veterans' Services, Department of					
State Veterans' Conservatorship Fund	721,000	722,700	1,700	722,700	1,700
State Home for Veterans' Trust Fund	13,262,100	13,291,500	29,400	13,291,500	29,400
Total - Department of Veterans' Services	13,983,100	14,014,200	31,100	14,014,200	31,100
Veterinary Medical Examining Board					
Veterinary Medical Examining Board Fund	442,900	460,500	17,600	451,000	8,100
Water Resources, Department of					
Assured and Adequate Water Supply Admin Fund	1,100,000	1,100,400	400	1,100,400	400
Weights and Measures, Department of					
Air Quality Fund	1,445,800	1,472,600	26,800	1,491,700	45,900
Motor Vehicle Liability Insurance Enf. Fund	115,200	117,500	2,300	118,600	3,400
Total - Department of Weights and Measures	1,561,000	1,590,100	29,100	1,610,300	49,300
State Employee Pay - Unallocated	5,878,500	0	(5,878,500)		
State Employer Health Insurance - Unallocated	1,392,100	0	(1,392,100)		
State Employer Retirement - Unallocated	1,051,700	0	(1,051,700)		
AZNet - Unallocated	1,009,200	0	(1,009,200)		
Attorney Gen'l Legal Svcs Cost Allocation - Unallocated	67,600	0	(67,600)		
Biennial Annualizations - Unallocated	96,800	0	(96,800)		
ADOA Rental Rates	0	1,000,000	1,000,000		
State Employee Pay - FY 08	0	15,300,000	15,300,000		
State Employer Health Insurance - FY 08	0	10,750,000	10,750,000		
State Employer Retirement - FY 08	0	3,200,000	3,200,000		
<b>OPERATING BUDGET TOTAL</b>	<b>\$2,465,385,300</b>	<b>\$2,473,080,000</b>	<b>\$7,694,700</b>	<b>\$430,818,200</b>	<b>(\$5,663,400)</b>
Capital	330,681,700	373,479,200	42,797,500		
<b>GRAND TOTAL</b>	<b>\$2,796,067,000</b>	<b>\$2,846,559,200</b>	<b>\$50,492,200</b>	<b>\$430,818,200</b>	<b>(\$5,663,400)</b>

<sup>1/</sup> This amount reflects premium payments made by participants of the Temporary Medical Coverage Program and is not reflected in the General Appropriation Act for FY 2007.

<sup>2/</sup> Revised for Lottery forecast.

<sup>3/</sup> Reflects tuition collections receipts above the amount appropriated by the Legislature in FY 2007. A footnote in the FY 2007 General Appropriation Act appropriated any tuition collections receipts above the appropriated amount to the university.

## FY 2007 SHORTFALL ESTIMATES AND SUPPLEMENTAL REQUESTS

The JLBC Baseline does not include FY 2007 supplementals. While some agencies currently are projecting FY 2007 shortfalls or have requested supplemental funding, these issues require either additional analysis of the magnitude of the shortfall or consideration of possible policy changes by the full Legislature. The agencies having identified a shortfall or requested a supplemental are as follows:

- The Department of Education (ADE) currently projects a \$(9.7) million General Fund shortfall for FY 2007 based on revised FY 2006 student counts and very preliminary Average Daily Membership (ADM) growth estimates for FY 2007. (Basic State Aid costs for FY 2007 will be affected by ADM counts from both FY 2006 and FY 2007.) ADE's FY 2007 ADM growth estimates are not based on actual ADM data from the current school year, as they are not yet available. They, therefore, are subject to considerable further change once ADM counts for the first 100 days of the school year become available in February or March 2007. Pending receipt of this additional data, the JLBC Baseline does not include ADE supplemental funding.
- The Department of Corrections (ADC) currently projects a \$(8.7) million shortfall for FY 2007, primarily due to overtime costs. Earlier in the year, ADC had estimated the shortfall at \$(28.5) million and then revised it downward to \$(5.2) million before increasing the estimate to \$(8.7) million. Extrapolating the year-to-date ADC expenditure data to the full year does not yet demonstrate a supplemental need. As a result of the fluctuating estimates and the insufficient year-to-date data, the JLBC Baseline does not include an ADC supplemental.
- The Department of Economic Security (DES) is currently projecting a \$(20) million General Fund shortfall for FY 2007. Most of the shortfall is due to reduced federal matching funds for administrative costs for foster care placements.

The federal funding issue is explained in further detail on page 186 of *JLBC Book 1*. The JLBC Baseline has yet to address this issue pending additional analysis of possible program changes and input from the Legislature. In addition, the Executive's approach to this issue is not known at this time.

- The Department of Administration (ADOA) has requested a \$1.7 million General Fund supplemental for utility expenses for FY 2007. The projected shortfall is largely based on requested electricity rate increases from Arizona Public Service (APS). As the Corporation Commission has not yet approved the requested rate increases, it is unknown whether

ADOA will actually experience a current year shortfall for this issue. (*See page 17 of JLBC Book 1 for further details.*)

- The Administrative Office of the Courts has requested a \$613,300 General Fund supplemental for increased state grand jury costs in both FY 2006 and FY 2007. The JLBC Baseline does not include supplemental funding pending further analysis of the issue and a more detailed explanation on how the state grand jury process works, including precautions for making sure costs do not exceed appropriated levels. (*See page 327 of JLBC Book 1 for further details.*)

**SUMMARY OF FEDERAL AND OTHER NON-APPROPRIATED FUND EXPENDITURES  
For Fiscal Years 2006, 2007 and 2008 1/**

	FY 2006 Actual	FY 2007 Estimate	FY 2008 Estimate
<b>BUDGET UNITS</b>			
Department of Administration (ADA)			
Administration - AFIS II Collections (4203)	1,643,400	1,738,600	1,774,900
Americans with Disabilities Act, Arizona Office for (2001)	201,100	206,400	206,400
Certificate of Participation (5005)	32,720,000	33,573,800	37,551,800
Construction Insurance (4219)	2,447,300	1,571,200	1,381,800
Consumer Loss Recovery (2469)	80,400	101,300	80,000
Co-Op State Purchasing Agreement (4213)	206,000	278,300	278,300
Electronic Commerce (2482)	0	0	0
Emergency Telecommunication Services Revolving (2176)	21,231,100	28,136,900	28,136,900
Employee Related Expenditures/Benefits Admin (ITA3035)	32,389,300	33,100,000	33,100,000
Federal Grants (NA)	55,800	31,500	31,500
IGA & ISA Fund (2500)	10,392,400	6,644,700	6,644,700
Management Services Division Plan Deposits (3196)	0	0	0
Personnel Division (1107)	328,500	0	0
Privatized Lease to Own (5010)	11,124,600	10,776,700	11,249,500
Retiree Accumulated Sick Leave (YYA3200)	9,883,200	10,929,600	12,016,300
Special Employee Health Insurance Trust (ITA3015)	553,896,800	575,472,300	575,472,300
Special Events (2503)	200	26,400	26,400
Special Services Revolving (4208)	1,974,200	2,002,500	2,002,500
State Employee Suggestion Program Award (3190)	0	0	0
State Employee Travel Reduction (2261)	616,000	653,400	653,400
State Traffic and Parking Control (2453)	45,900	37,400	37,400
Statewide Donation (2025)	316,200	675,000	256,800
Department of Administration - Subtotal	\$679,552,400	\$705,956,000	\$710,900,900
Office of Administrative Hearings (HGA)			
IGA and ISA (2500)	\$1,484,200	\$1,546,200	\$1,546,200
Arizona Department of Agriculture (AHA)			
Administrative Support (2436)	31,600	36,800	36,800
Beef Council (2083)	633,300	620,000	620,000
Citrus Research Council (2299)	72,400	50,500	50,500
Commodity Promotion (2458)	4,400	1,900	1,900
Cotton Research and Protection Council Abatement (2013)	2,042,000	2,427,000	2,427,000
Designated (3011)	923,400	1,808,900	1,808,900
Equine Inspection (2489)	10,900	7,100	7,100
Federal (2000)	3,512,700	4,492,600	3,469,800
Federal-State Inspection, Arizona (2113)	2,784,700	2,917,200	2,917,200
Grain Research, Arizona (2201)	129,600	110,500	110,500
Iceberg Lettuce Research Council (2259)	108,500	112,000	112,000
Indirect Cost Recovery (9000)	100,900	215,300	215,300
Interagency Service Agreement (2500)	0	0	0
Livestock and Crop Conservation (2378)	1,356,500	1,980,000	1,980,000
Wine Promotional, Arizona (2205)	0	0	0
Arizona Department of Agriculture - Subtotal	\$11,710,900	\$14,779,800	\$13,757,000
AHCCCS (HCA)			
County Contributions (2120/2223)	281,373,800	290,060,000	301,603,200
Employee Recognition (2025)	28,100	29,000	29,000
Federal Funds (2120/2223)	3,162,810,100	3,495,396,000	3,731,501,500
Federal - Medicaid Direct Services (2120)	61,027,200	65,696,100	65,696,100
Federal Grants (2000)	2,326,300	1,453,500	1,453,500
Healthcare Group (3197)	43,586,000	87,128,600	87,128,600
Hospital Loan Residency (2532)	0	0	0
Intergovernmental Service (2438)	6,770,400	8,291,700	8,291,700
Proposition 202 - Trauma & Emergency Services (2494)	18,841,700	25,300,000	25,300,000
Third Party Collections (3791/3019)	0	194,700	194,700
Tobacco Litigation Settlement, Arizona (TRA2561)	86,364,800	86,301,200	86,301,200
Tobacco Products Tax Fund - Proposition 204 Protection Account	66,147,700	61,680,000	61,680,000
Tobacco Tax & Health Care - Medically Needy Account (1306)	89,100	0	0
Tobacco Tax & Health Care - Premium Sharing Demonstration Project (2151)	0	0	0



**SUMMARY OF FEDERAL AND OTHER NON-APPROPRIATED FUND EXPENDITURES  
For Fiscal Years 2006, 2007 and 2008 1/**

	FY 2006 Actual	FY 2007 Estimate	FY 2008 Estimate
AHCCCS - Subtotal	\$3,729,365,200	\$4,121,530,800	\$4,369,179,500
AZ Commission on the Arts (HUA)			
Arts Endowment (3106)	286,000	505,600	505,600
Arts Special Revenues (2116)	867,400	899,900	899,900
Arts Trust, Arizona (3014)	1,420,000	1,385,000	1,385,000
AZ Commission on the Arts - Subtotal	\$2,573,400	\$2,790,500	\$2,790,500
Attorney General - Department of Law (AGA)			
Anti-Racketeering Revolving (2131)	18,297,800	18,000,000	18,000,000
Attorney General Expendable Trust (3102)	0	0	0
CJEF Distribution to County Attorneys (2068)	3,930,200	4,048,100	4,048,100
Colorado River Land Claims Revolving (2430)	5,900	4,000	4,000
Court-Ordered Trust (3180)	600,900	660,000	660,000
Criminal Case Processing (2461)	117,600	45,700	45,700
Federal Funds (2117)	5,745,400	6,682,000	6,095,200
Intergovernmental Agreements (2500)	50,900	35,900	10,000
Motor Carrier Safety Revolving (2380)	1,700	0	0
Prosecuting Attorneys' Advisory Council Training (2057)	1,123,100	1,250,000	1,250,000
Street Gang Enforcement Revolving (1022)	105,100	111,000	111,000
Victim Witness (2228)	52,700	51,700	51,700
Attorney General - Department of Law - Subtotal	\$30,031,300	\$30,888,400	\$30,275,700
Automobile Theft Authority (ATA)			
Federal Grants (2000)	\$0	\$0	\$0
Citizens Clean Election Commission			
Citizens Clean Election Fund (2425)	\$3,773,100	\$2,637,200	\$2,637,200
Department of Commerce (EPA)			
Arizona Twenty-First Century Competitive Initiative (2524)	0	0	0
Commerce and Economic Development Commission (2245)	944,600	1,166,700	1,166,700
CEDC Local Communities (2498)	44,900	50,000	50,000
Community Workshops (2149)	202,700	249,500	249,500
Donations (3189)	411,400	410,900	410,900
Federal Funds (2000)	5,305,900	5,388,800	5,388,800
Greater AZ Development Authority Revolving (2311)	407,600	524,500	524,500
IGA/ISA (9500)	646,300	606,000	606,000
Indirect Cost Recovery (9000)	141,900	423,700	423,700
International Development Authority (NA)	0	0	0
Job Training (1237)	6,072,500	21,200,000	21,200,000
Military Installation (1010)	0	0	0
Nursing Education Demonstration Project (2514)	0	0	0
Oil Overcharge (3171)	522,200	766,300	766,300
Recycling (2289)	100,800	96,000	96,000
Department of Commerce - Subtotal	\$14,800,800	\$30,882,400	\$30,882,400
Arizona Community Colleges (CMA)			
Tribal Assistance (NA)	558,100	570,000	573,400
Workforce Development Accounts (varies by account)	18,322,200	19,255,200	20,231,700
Arizona Community Colleges - Subtotal	\$18,880,300	\$19,825,200	\$20,805,100
State Compensation Fund (TRA)			
State Compensation Fund (9002)	\$576,530,000	\$593,730,000	616,905,000
Registrar of Contractors (RGA)			
Residential Contractors' Recovery (3155)	\$4,080,600	\$8,111,700	6,106,700
Corporation Commission (CCA)			
Federal (2000)	203,500	350,700	350,700
Public Access - Money on Deposit Account (2334)	0	0	0
Statewide Donations (ADA2025)	55,300	54,500	54,500
Utility Siting (2076)	6,400	0	0
Corporation Commission - Subtotal	\$265,200	\$405,200	\$405,200
State Department of Corrections (DCA)			
Correctional Industries Revolving, Arizona (4002)	27,036,300	30,783,800	33,812,100
Corrections Donations (3147)	43,200	1,300	0
Criminal Justice Enhancement (2035)	4,914,300	5,167,500	5,418,700
Drug Treatment and Education Revolving (2277)	3,825,100	0	0
Federal (2000)	34,171,700	15,015,400	13,173,400
Indirect Cost Recovery (9000)	1,024,900	1,024,900	1,024,900
Inmate Store Proceeds (2505)	0	471,200	0
Interagency Service Agreement (2500)	555,800	710,000	0

**SUMMARY OF FEDERAL AND OTHER NON-APPROPRIATED FUND EXPENDITURES  
For Fiscal Years 2006, 2007 and 2008 1/**

	FY 2006 Actual	FY 2007 Estimate	FY 2008 Estimate
Penitentiary Land (3140)	0	0	0
Risk Management Insurance Reimbursement (3748)	2,917,800	280,000	0
Special Services (3187)	2,770,500	4,400,000	3,750,000
State Charitable, Penal, and Reformatory Institutions Land (3141)	237,000	1,075,000	1,075,000
State DOC Revolving (2515)	485,600	2,100,000	2,100,000
Statewide Employee Recognition Gifts/Donations (2449)	0	0	0
State Department of Corrections - Subtotal	<u>\$77,982,200</u>	<u>\$61,029,100</u>	<u>\$60,354,100</u>
Arizona Criminal Justice Commission (JCA)			
Driving Under the Influence Abatement (2422)	2,092,300	2,104,500	2,104,500
Drug & Gang Enforcement Account (2134)	5,529,800	7,421,600	7,421,600
Federal Grants (2000)	10,209,500	19,292,700	19,292,700
Resource Center (2280)	278,000	295,500	295,500
Arizona Criminal Justice Commission - Subtotal	<u>\$18,109,600</u>	<u>\$29,114,300</u>	<u>\$29,114,300</u>
Arizona State Schools for the Deaf and the Blind (SDA)			
Enterprise (4222)	177,600	144,600	144,600
Federal Grants (2000)	2,792,600	2,756,300	2,406,200
Instructional Improvement (2492)	309,900	222,500	222,500
Non-Federal Grants (2011)	808,700	1,137,900	1,137,900
Regional Cooperatives (4221)	13,438,800	16,939,500	16,939,500
ASDB Classroom Site (2486)	1,703,800	2,522,400	2,522,400
Trust (3148)	119,600	150,000	150,000
Arizona State Schools for the Deaf and the Blind - Subtotal	<u>\$19,351,000</u>	<u>\$23,873,200</u>	<u>\$23,523,100</u>
Commission for the Deaf and the Hard of Hearing (DFA)			
Federal Grants (2000)	0	0	0
Private Grants (2423)	100	21,300	0
Commission for the Deaf & the Hard of Hearing - Subtotal	<u>\$100</u>	<u>\$21,300</u>	<u>\$0</u>
Arizona Drug and Gang Prevention Resource Center (DPA)			
Federal Grants & Intergovernmental Agreements (9445)	1,026,700	1,337,400	1,337,400
Private and Non-Profit Grants (9446)	94,000	57,400	57,400
AZ Drug and Gang Prevention Resource Center - Subtotal	<u>\$1,120,700</u>	<u>\$1,394,800</u>	<u>\$1,394,800</u>
Arizona Early Childhood Development & Health Board			
Early Childhood Development & Health (NA)	\$0	\$109,814,700	\$188,253,800
Department of Economic Security (DEA)			
Capital Investment (2093)	5,900	5,900	5,900
Child Passenger Restraint (2192)	193,600	215,000	215,000
Child Protective Services Expedited Substance Abuse Treatment (2421)	0	0	0
Child Support Enforcement Administration (2091)	3,887,200	4,046,500	4,046,500
Community-Based Marriage and Communication Skills Program (2434)	0	0	0
DES Client Trust (3152)	1,542,700	1,682,700	1,682,700
Developmentally Disabled Client Services Trust (2019)	124,400	124,400	124,400
Economic Security Donations (3145)	133,000	131,100	131,100
Federal Grants (2000)	560,187,900	613,682,200	618,067,200
Homeless Trust (3026)	0	0	0
Industries for the Blind, Arizona (4003)	13,743,600	16,844,700	16,844,700
Joint Substance Abuse Treatment (2429)	0	0	0
Long Term Care System - Federal Matched (2225)	418,231,500	469,111,400	515,406,700
Mesa Land (3151)	0	0	0
Neighbors Helping Neighbors (2348)	20,100	20,700	20,700
Special Olympics Tax Refund (3207)	41,900	41,900	41,900
Unemployment Insurance Benefits (TRA9005)	206,834,800	206,000,000	206,000,000
Utility Assistance (3092)	534,100	1,200,000	1,200,000
Dept. of Economic Security - Subtotal	<u>\$1,205,480,700</u>	<u>\$1,313,106,500</u>	<u>\$1,363,786,800</u>
Department of Education (EDA)			
Academic Contest (1006)	0	0	0
Assistance for Education (2420)	0	75,000	75,000
Certificate of Participation (5005)	0	0	0
Character Education Special Plate (2522)	0	0	0
Charter Schools Stimulus (1007)	0	0	0
Classroom Site (2471)	402,224,600	406,900,600	458,904,600
Displaced Pupils Choice Grant (2533)	0	0	0
E-Learning (1020)	0	0	0

## SUMMARY OF FEDERAL AND OTHER NON-APPROPRIATED FUND EXPENDITURES For Fiscal Years 2006, 2007 and 2008 *1/*

	FY 2006 Actual	FY 2007 Estimate	FY 2008 Estimate
Education Commodity (4210)	132,300	67,300	67,300
Education Donations (2025)	1,077,200	1,237,000	1,237,000
English Learner Classroom Personnel Bonus (2485)	0	0	0
Extraordinary Special Education Needs (2483)	0	0	0
Failing Schools Tutoring (2470)	882,500	1,500,000	1,500,000
Federal (2000)	862,323,700	829,023,400	829,023,400
Full-Day Kindergarten (2507)	0	0	0
Golden Rule Special Plate (NA)	0	0	0
IGA and ISA (2500)	3,823,900	4,448,200	4,448,200
Indirect Cost Recovery (9000)	3,584,700	4,322,400	4,322,400
Instructional Improvement (2492)	22,476,700	45,000,000	45,000,000
Internal Services (4209)	1,627,600	2,464,300	2,464,300
Production Revolving (4211)	1,281,100	1,630,300	1,630,300
Proposition 301 (1014)	96,511,300	101,479,200	94,289,200
Research Based Reading Instruction & Reading Instruction Training (2413)	0	0	0
Scholarships for Pupils with Disabilities Program, AZ (2534)	0	0	0
Special Education (1009)	0	0	0
Statewide Compensatory Instruction (1018)	0	0	0
Structured English Immersion, Arizona (1002)	0	0	0
Youth Farm Loan, Arizona (2136)	0	35,000	35,000
Department of Education - Subtotal	<u>\$1,395,945,600</u>	<u>\$1,398,182,700</u>	<u>\$1,442,996,700</u>
Department of Emergency & Military Affairs (MAA)			
Camp Navajo (2106)	7,567,200	7,917,800	8,093,800
Emergency Management Registration Fees (2087)	0	0	0
Federal Funds - Emergency (2000)	59,448,600	95,832,100	17,534,900
Federal Funds - Military (2000)	33,591,400	32,855,900	32,543,200
Freedom Academy (2104)	0	0	0
Morale, Welfare and Recreation (2124)	73,200	67,700	67,700
National Guard (2140)	360,000	300,000	300,000
National Guard Relief (NA)	0	0	0
Nuclear Emergency Management (AEA2138)	0	0	0
State Armory Property (2146)	3,000	1,500,000	0
Department of Emergency & Military Affairs - Subtotal	<u>\$101,043,400</u>	<u>\$138,473,500</u>	<u>\$58,539,600</u>
Department of Environmental Quality (EVA)			
Air Quality - Clean Air Subaccount (2240)	1,384,000	3,177,000	3,177,000
Brownfields Cleanup Revolving Loan (2456)	0	0	0
Clean Air Fund Balance, Arizona (2240)	0	0	0
Clean Air, Arizona (1238)	10,900	0	0
Clean Water Revolving (2254)	123,408,500	133,841,600	133,841,600
Donations (2449)	6,800	3,000	3,000
Drinking Water Revolving (2307)	36,408,900	61,841,500	61,841,500
Federal (2000)	14,273,500	18,152,700	18,152,700
Greenfields Program (2309)	0	0	0
IGA & ISA (2500)	1,673,400	2,155,600	2,155,600
Institutional and Engineering Control (4240)	0	0	0
Intergovernmental Agreements (2180)	25,400	0	0
Monitoring Assistance (2308)	284,100	620,000	620,000
Small Water Systems (2225)	0	0	0
Specific Site Judgment (3006)	94,200	0	0
Technical Appeals Program (3411)	0	0	0
UST - Area A Assurance Account (2271)	10,532,700	21,193,800	21,193,800
UST - Cleanup Municipalities (2271)	0	0	0
UST - Grant Account (2271)	0	0	0
UST - Municipal Tank Closure & Corrective Action Program Account (2271)	296,400	470,000	470,000
UST - Non-Maricopa County Assurance Account (2271)	13,904,400	21,397,900	21,397,900
UST - Policy Commission (2271)	0	0	0
UST - Regulatory Account (2271)	1,007,900	1,050,500	1,050,500
UST - Technical Appeals (2271)	0	0	0
Voluntary Lawn & Garden Equipment Emissions Reduction (2306)	0	0	0
Voluntary Remediation (2564)	251,800	320,100	320,100
Voluntary Vehicle Repair & Retrofit (2365)	1,060,900	1,045,900	1,045,900

**SUMMARY OF FEDERAL AND OTHER NON-APPROPRIATED FUND EXPENDITURES  
For Fiscal Years 2006, 2007 and 2008 1/**

	FY 2006 Actual	FY 2007 Estimate	FY 2008 Estimate
Water Quality Assurance Revolving (2221)	23,117,600	19,758,100	19,758,100
Department of Environmental Quality - Subtotal	<u>\$227,741,400</u>	<u>\$285,027,700</u>	<u>\$285,027,700</u>
Equal Opportunity, Governor's Office of (AFA)			
Equal Employment & Economic Development (2000)	\$60,500	\$68,000	68,000
State Department of Financial Institutions (BDA)			
Escrow Recovery, Arizona (2341)	0	0	0
IGA and ISA Fund (2500)	210,300	244,000	244,000
Receivership Revolving (3023)	41,200	37,200	37,200
Revolving (2126)	457,200	548,900	548,900
State Department of Financial Institutions - Subtotal	<u>\$708,700</u>	<u>\$830,100</u>	<u>\$830,100</u>
Department of Fire, Building and Life Safety (MMA)			
Arson Detection Reward (2169)	0	0	0
Building and Fire Safety (2211)	100,600	88,100	88,100
Condominium and Planned Community Hearing Office (2537)	0	0	0
Consumer Recovery (3090)	66,400	72,300	72,300
Manufactured Housing Cash Bond (3722)	0	0	0
Mobile Home Relocation (2237)	558,800	417,200	417,200
Department of Fire, Building and Life Safety - Subtotal	<u>\$725,800</u>	<u>\$577,600</u>	<u>\$577,600</u>
Arizona Game & Fish Department (GFA)			
Conservation Development (2062)	404,400	2,504,500	2,504,500
Federal (2000)	0	0	0
Firearms Safety and Ranges (2442)	0	1,758,500	0
Game and Fish Big Game Permit (3712)	0	0	0
Game and Fish Federal Revolving (2028)	22,681,200	25,365,800	25,773,100
Game and Fish Heritage, AZ (2295)	13,117,300	13,242,700	12,645,600
Game and Fish Publications Revolving (4007)	219,500	231,300	231,300
Indirect Cost Recovery (9000)	1,752,200	1,860,000	1,860,000
Off Highway Vehicle Recreation (2253)	990,300	850,000	1,015,400
Trust (3111)	1,453,300	1,701,800	1,701,800
Wildlife Conservation, AZ (2497)	3,756,500	7,834,600	7,589,300
Wildlife Habitat Restoration & Enhancement (1234)	0	0	0
Wildlife Theft Prevention (2080)	144,500	178,800	178,800
Arizona Game & Fish Department - Subtotal	<u>\$44,519,200</u>	<u>\$55,528,000</u>	<u>\$53,499,800</u>
Arizona Geological Survey (GSA)			
Federal Grants (2000)	258,300	235,200	235,200
Geological Survey (3030)	379,400	434,300	441,300
Arizona Geological Survey - Subtotal	<u>\$637,700</u>	<u>\$669,500</u>	<u>\$676,500</u>
Office of the Governor (GVA)			
Arizona Fund (3021)	0	0	0
Border Governor's Conference (2026)	0	0	0
County Fairs Livestock & Agricultural Promotion (2037)	1,191,900	1,202,500	1,205,000
Energy Conservation, Arizona (3209)	0	0	0
Federal Grant (2000)	13,645,200	18,614,600	16,308,600
Governor's Arizona Promotional & Public Service (3207)	56,800	60,000	60,000
Governor's Domestic Violence Prevention (2025)	0	0	0
Governor's Endowment Partnership (3206)	500	2,000	2,000
Governor's Office for Children (3192)	0	0	0
Governor's Spirit of Excellence (3208)	0	0	0
Prevention of Child Abuse (2439)	579,600	681,400	630,000
Public Interest, Arizona (3016)	0	0	0
Office of the Governor - Subtotal	<u>\$15,474,000</u>	<u>\$20,560,500</u>	<u>\$18,205,600</u>
Department of Health Services (HSA)			
Addiction Reduction and Recovery (2523)	0	0	0
Agreements/IGA (2144/2500)	33,310,100	44,794,600	44,794,600
Arizona State Hospital Capital Construction (ADA2466)	0	0	0
Breast and Cervical Cancer Screening and Diagnostic Special Plate Fund (2513)	0	0	0
Children's Behavioral Health Tobacco Settlement (63021)	0	0	0
Disease Control Research (DIA2090)	4,793,500	4,355,400	4,355,400
Donations - DHS (3010/2025)	661,400	663,000	663,000
Donations - Statewide (2025)	20,300	14,600	14,600
Federal Grants (2000)	241,450,500	227,682,300	227,055,400
Indirect Cost Recovery (9000)	0	0	0

**SUMMARY OF FEDERAL AND OTHER NON-APPROPRIATED FUND EXPENDITURES**  
**For Fiscal Years 2006, 2007 and 2008 1/**

	FY 2006 Actual	FY 2007 Estimate	FY 2008 Estimate
Internal Services (4202)	0	0	0
Medical Services Enhancement (MSEF) (TRA2186)	0	0	0
Oral Health (2329)	190,200	190,200	190,200
Prescription Drug Advisory Council (3040)	0	0	0
Risk Assessment (2427)	41,900	41,900	41,900
Serious Mental Illness Services (2464)	0	0	0
Smoke-Free Arizona (NA)	0	2,350,000	4,700,000
Title XIX Services and County Contributions (2500)	607,445,400	637,726,200	692,905,700
Tobacco Tax & Health Care - Health Crisis Fund (2312)	396,100	1,000,000	1,000,000
Tobacco Tax & Health Care - Health Education Account (1308)	22,479,800	22,496,000	22,496,000
Tobacco Tax & Health Care - Health Research Fund (DSA2096)	12,874,100	13,813,400	13,813,400
Tobacco Tax & Health Care - Medically Needy Account (1306)	0	0	0
Vital Records Electronic Systems (3039)	231,100	0	0
Department of Health Services - Subtotal	<u>\$923,894,400</u>	<u>\$955,127,600</u>	<u>\$1,012,030,200</u>
Arizona Historical Society (HIA)			
Federal Grants (2000)	0	0	0
Permanent Arizona Historical Society Revolving (2900)	100,600	257,300	168,700
Preservation and Restoration (2125)	38,500	42,600	42,600
Private (9447)	676,400	638,800	638,800
Private Grants (9449)	55,300	46,500	46,500
Restricted (9448)	503,700	5,414,500	25,414,500
Trust (9450)	9,500	6,500	6,500
Arizona Historical Society - Subtotal	<u>\$1,384,000</u>	<u>\$6,406,200</u>	<u>\$26,317,600</u>
Prescott Historical Society of Arizona (PHA)			
Sharlot Hall Historical Society (9505)	\$910,900	\$852,500	\$853,400
Department of Homeland Security (HLA)			
Federal Funds (2000)	\$0	\$20,738,000	\$20,738,000
Arizona Department of Housing (HDA)			
Federal Funds (2000)	66,144,600	67,975,900	67,975,900
Housing Development (2313)	0	195,900	195,900
Housing Program (9600)	3,268,000	4,161,400	4,161,400
Housing Trust (2235)	20,723,200	24,009,600	24,009,600
IGA & ISA Fund (2500)	5,406,700	4,051,900	4,051,900
Arizona Department of Housing - Subtotal	<u>\$95,542,500</u>	<u>\$100,394,700</u>	<u>\$100,394,700</u>
Arizona Commission of Indian Affairs (IAA)			
IGA and ISA (2500)	0	0	0
Arizona Indian Town Hall (4014)	0	0	0
Publications (4013)	0	0	0
AZ Commission of Indian Affairs - Subtotal	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Industrial Commission of Arizona (ICA)			
Federal Grants (2000)	3,969,700	5,029,900	5,029,900
Revolving (2002)	208,100	217,400	217,400
Special (9003)	58,538,400	62,940,000	62,940,000
Industrial Commission of Arizona- Subtotal	<u>\$62,716,200</u>	<u>\$68,187,300</u>	<u>\$68,187,300</u>
Department of Insurance (IDA)			
Assessment Fund for Voluntary Plans (2316)	172,000	182,000	182,000
Captive Insurance Regulatory/Supervision (2377)	263,000	279,200	279,200
Financial Surveillance (2473)	273,600	308,800	308,800
Health Care Appeals (2467)	112,800	120,300	120,300
Insurance Examiners' Revolving (2034)	4,042,800	4,488,400	4,488,400
Life and Disability Insurance Guaranty (2154)	1,602,800	1,546,200	1,546,200
Property and Casualty Insurance Guaranty, AZ (2114)	2,349,600	4,141,900	4,141,900
Receivership Liquidation (3104)	178,500	108,000	108,000
Department of Insurance - Subtotal	<u>\$8,995,100</u>	<u>\$11,174,800</u>	<u>\$11,174,800</u>
Judiciary - Supreme Court (SPA)			
Alternative Dispute Resolution (3245)	122,200	173,600	173,600
Certified Reporters (2440)	146,400	164,600	164,500
Grants and Special Revenue (2084)	8,516,100	8,452,100	8,439,000
Lengthy Trial, Arizona (2382)	167,700	337,900	337,900
Public Defender Training (3013)	710,500	714,000	714,100

**SUMMARY OF FEDERAL AND OTHER NON-APPROPRIATED FUND EXPENDITURES  
For Fiscal Years 2006, 2007 and 2008 1/**

	FY 2006 Actual	FY 2007 Estimate	FY 2008 Estimate
Judiciary - Supreme Court - Subtotal	\$9,662,900	\$9,842,200	\$9,829,100
Judiciary - Superior Court (SPA)			
Community Punishment Program Fines (2119)	0	80,000	80,000
Criminal Justice Enhancement (2075)	2,244,600	1,838,100	1,838,100
Drug Enforcement Account (2075)	0	0	0
Drug Treatment and Education (2277)	3,866,100	4,315,000	4,315,000
Grants and Special Revenue (2084)	1,566,800	1,353,900	1,353,900
Juvenile Delinquent Reduction (2193)	0	0	0
State Aid to Detention (2141)	110,200	75,000	75,000
Judiciary - Superior Court - Subtotal	\$7,787,700	\$7,662,000	\$7,662,000
Department of Juvenile Corrections (DJA)			
Corrections (2088)	0	0	0
Federal (2000)	3,192,500	2,949,700	2,949,700
IGA and ISA Fund (2500)	639,100	336,700	336,700
Indirect Cost Recovery (9000)	16,700	87,900	87,900
Instructional Improvement (2492)	0	26,400	26,400
Juvenile Corrections (3024)	85,400	122,200	122,200
State Education System for Committed Youth Classroom Site (2487)	121,500	204,500	204,500
Statewide Employee Recognition Gifts/Donations (2025/2449)	3,600	0	0
Training Institute (2001)	5,800	0	0
Department of Juvenile Corrections - Subtotal	\$4,064,600	\$3,727,400	\$3,727,400
State Land Department (LDA)			
CAP Municipal & Industrial Repayment (2129)	58,900	0	0
Cooperative Forestry (2232)	5,512,800	4,825,500	4,820,700
Federal (2000)	9,300	11,500	0
Federal Reclamation Trust (2024)	4,000	4,000	4,000
Fire Suppression (2360)	7,350,000	5,588,200	5,588,200
Interagency Agreements (2212)	3,700	0	0
State Land Department (2451)	643,500	650,000	650,000
Military Airport Land Exchange (NA)	0	0	0
Resource Analysis Division Revolving (4009)	143,500	300,000	300,000
Riparian Acquisition Trust (3201)	0	0	0
Universities Timber Land Account (3134)	0	0	0
State Land Department - Subtotal	\$13,725,700	\$11,379,200	\$11,362,900
Legislature - Auditor General (AUA)			
Audit Services Revolving (2242)	\$1,276,100	\$1,276,100	\$1,276,100
Legislature - Dept. of Library, Archives & Public Records (LAA)			
Federal Grants (2000)	3,446,700	3,262,400	3,262,400
Gift Shop Revolving (4008)	69,400	69,400	69,400
State Library (2115)	973,800	273,000	273,000
Legislature - Dept. of Library, Archives & Pub. Rclds - Subtotal	\$4,489,900	\$3,604,800	\$3,604,800
Department of Liquor Licenses and Control (LLA)			
Anti-Racketeering Revolving (2131)	37,500	0	0
Audit Surcharge (3010)	121,400	165,700	165,700
Enforcement Surcharge - Enforcement Unit (3012)	229,200	384,500	384,500
Enforcement Surcharge - Multiple Complaints (3011)	279,200	421,200	421,200
Federal Grants (2000)	682,200	340,700	340,700
Liquor License Lottery (3015)	98,300	98,300	98,300
Department of Liquor Licenses & Control - Subtotal	\$1,447,800	\$1,410,400	\$1,410,400
Arizona State Lottery Commission (LAO)			
State Lottery (2122)	\$261,849,000	\$260,818,900	269,089,700
Local Transportation Assistance (NA)	23,000,000	23,000,000	23,000,000
County Assistance (NA)	7,650,000	7,650,000	7,650,000
MassTransit (LTAF II) (NA)	18,000,000	14,244,000	18,000,000
Arizona State Lottery Commission - Subtotal	\$310,499,000	\$305,712,900	\$317,739,700
Board of Medical Student Loans (MSA)			
Medical Student Scholarship (2512)	\$0	\$0	\$0
State Mine Inspector (MIA)			
Abandoned Mines Safety (2408)	0	0	0
Federal Grants (2000)	226,800	278,700	278,700
State Mine Inspector - Subtotal	\$226,800	\$278,700	\$278,700
Department of Mines & Mineral Resources (MNA)			

**SUMMARY OF FEDERAL AND OTHER NON-APPROPRIATED FUND EXPENDITURES  
For Fiscal Years 2006, 2007 and 2008 1/**

	FY 2006 Actual	FY 2007 Estimate	FY 2008 Estimate
Mines and Mineral Resources (3156)	\$194,100	\$193,700	\$193,700
State Board of Nursing (BNA)			
Nurse Aide Training & Registration (2000)	\$540,700	\$544,200	\$544,200
AZ Parents Commission on Drug Education & Prevention (PCA)			
Drug Treatment and Education (2277)	\$2,596,700	\$5,941,900	\$3,583,500
Arizona State Parks Board (PRA)			
Development Rights Retirement (NA)	0	0	0
Federal (2000)	4,941,500	3,974,600	3,915,400
Heritage, AZ State Parks Board (2296)	7,639,800	12,032,000	12,032,000
Land Conservation - Administration Account (2432)	148,000	400,000	400,000
Land Conservation - Donation Account (2432)	0	0	0
Land Conservation - Public Conservation Account (2432)	0	0	0
Off Highway Vehicle Recreation (2253)	1,360,500	1,912,100	1,912,100
Partnership (2448)	220,200	267,000	267,000
Publications and Souvenir Revolving (4010)	480,900	607,000	607,000
State Lake Improvement (2105)	8,067,800	9,115,300	9,115,300
State Parks Enhancement (2202)	378,300	430,500	430,500
State Parks Fund (3117)	241,900	275,000	275,000
Trail Fund, Arizona (2525)	0	0	0
Arizona State Parks Board - Subtotal	<u>\$23,478,900</u>	<u>\$29,013,500</u>	<u>\$28,954,300</u>
Arizona State Board of Pharmacy (PMA)			
Federal Grant (2000)	\$0	\$0	\$0
Arizona Pioneers' Home (PIA)			
IGA & ISA Fund (2500)	0	0	0
Pioneers' Home Fund (Cemetery Proceeds) (3144)	2,400	0	0
Pioneer's Home Fund (Donations) (3143)	12,900	0	0
Statewide Employee Recognition Gifts (2449)	9,500	0	0
Arizona Pioneers' Home - Subtotal	<u>\$24,800</u>	<u>\$0</u>	<u>\$0</u>
Commission for Postsecondary Education (PEA)			
Postsecondary Education Grant (2129)	0	0	0
Private Postsecondary Education Student Financial Assistance (2128)	0	0	0
Teachers Incentive Program, Arizona (2249)	0	0	0
Commission for Postsecondary Education - Subtotal	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Arizona Power Authority			
Hoover Uprating (NA)	26,846,900	29,516,400	29,516,400
Power Authority, Arizona (NA)	6,298,000	6,149,300	6,149,300
Arizona Power Authority - Subtotal	<u>\$33,144,900</u>	<u>\$35,665,700</u>	<u>\$35,665,700</u>
State Board for Private Postsecondary Education (PVA)			
Student Tuition Recovery (3027)	\$52,200	\$58,600	\$58,600
Department of Public Safety (PSA)			
Anti-Racketeering Revolving (3123)	6,030,300	7,828,600	4,062,800
Conferences, Workshops, and Other Education (2700)	35,600	37,100	37,000
Criminal Justice Enhancement (3702)	660,800	0	750,000
DPS Administration (2322)	1,263,900	666,100	564,700
DPS Licensing Fund (9590)	677,300	901,200	901,200
Driving Under the Influence Abatement (2422)	0	0	0
Families of Fallen Police Officers Special Plate Fund (NA)	0	0	0
Federal Grants and Reimbursements (2000)	33,298,300	44,214,700	39,443,200
Fingerprint Clearance Card (2433)	2,585,000	2,794,100	2,794,100
Fingerprinting Fund, Board of (2435)	259,400	390,900	390,900
IGA and ISA Fund (2500)	8,326,000	9,259,700	9,272,000
Indirect Cost Recovery (9000)	824,000	1,133,400	1,133,400
Motor Carrier Safety Revolving (2380)	600	900	900
Peace Officers' Training (2049)	7,559,000	7,947,700	8,230,800
Records Processing (2278)	6,646,700	7,056,900	7,056,900
Statewide Donations (2020)	5,500	9,000	9,000
State Highway Work Zone Safety (2480)	48,500	440,800	211,000
Department of Public Safety - Subtotal	<u>\$68,220,900</u>	<u>\$82,681,100</u>	<u>\$74,857,900</u>
Public Safety Personnel Retirement System (NA)			
Fire Fighter Cancer Insurance Policy Program			
Administrative Expenses (NA)	13,000	41,000	41,000
Investment and Administrative Expenses (NA)	4,944,300	5,142,100	5,467,100

**SUMMARY OF FEDERAL AND OTHER NON-APPROPRIATED FUND EXPENDITURES**  
**For Fiscal Years 2006, 2007 and 2008 1/**

	FY 2006 Actual	FY 2007 Estimate	FY 2008 Estimate
Public Safety Personnel Retirement System - Subtotal	\$4,957,300	\$5,183,100	\$5,508,100
Arizona Department of Racing (RCA)			
Breeders Award, Arizona (2206)	808,400	1,200,000	1,200,000
County Fairs Racing Betterment (2207)	826,600	1,200,000	1,200,000
Greyhound Adoption (2015)	1,500	3,400	3,400
Stallion Award, Arizona (2315)	37,400	60,000	60,000
Arizona Department of Racing - Subtotal	\$1,673,900	\$2,463,400	\$2,463,400
Radiation Regulatory Agency (AEA)			
Federal Grants (2000)	184,700	267,400	267,400
Nuclear Emergency Management (2138)	0	0	0
Radiation Regulatory Agency - Subtotal	\$184,700	\$267,400	\$267,400
State Real Estate Department (REA)			
Education Revolving (4011)	375,700	121,500	121,500
Recovery (3119)	139,500	110,600	110,600
State Real Estate Department - Subtotal	\$515,200	\$232,100	\$232,100
Arizona State Retirement System (RSA)			
Administration Account - Investment Expenses (1407)	\$35,021,900	\$51,647,000	\$55,246,500
Department of Revenue (RVA)			
Client County Equipment Capitalization (2457)	586,400	1,673,800	1,673,800
Escheated Estates (3745)	0	0	0
Estate and Unclaimed Property (1520)	17,693,700	17,693,700	17,693,700
Revenue Publications Revolving (2166)	178,600	196,800	196,800
Special Collections (2168)	0	0	0
Waste Tire (2356)	0	0	0
Department of Revenue - Subtotal	\$18,458,700	\$19,564,300	\$19,564,300
School Facilities Board (SFA)			
Building Renewal (2465)	0	0	0
Deficiencies Correction (2455)	0	4,048,600	0
Emergency Deficiencies Correction (2484)	6,593,300	1,359,000	500,000
Lease to Own Debt Service (2373)	0	0	0
New School Facilities (2460)	88,737,600	85,664,900	12,456,200
School Capital Equity (2273)	0	0	0
School Facilities Revenue Bond Debt Service (5010)	0	0	0
School Facilities Revenue Bond Proceeds (3325)	0	0	0
School Improvement Revenue Bond Debt Service (5020)	64,602,500	65,826,500	65,846,700
School Improvement Revenue Bond Proceeds (3335)	0	0	0
State Land Trust Bond Debt Service (5030)	25,431,400	25,433,800	25,434,500
State Land Trust Bond Proceeds (3339)	158,300	300	0
School Facilities Board - Subtotal	\$185,523,100	\$182,333,100	\$104,237,400
Secretary of State - Department of State (STA)			
Blue Book Revolving, Arizona (2006)	0	25,000	0
Data Processing Acquisition (2265)	146,600	120,000	120,000
Elections System Improvement (2357)	0	0	0
Election Training (2521)	0	0	0
Health Care Directives Registry (2508)	44,400	40,000	40,000
Standing Political Committee Administrative (2426)	0	0	0
Secretary of State - Department of State - Subtotal	\$191,000	\$185,000	\$160,000
Structural Pest Control Commission (SBA)			
Federal Certification and Enforcement Grant (2000)	\$109,500	\$109,500	\$109,500
Office of Tourism (TOA)			
Tourism (2236)	\$9,302,400	\$12,358,000	\$14,014,300
Department of Transportation (DTA)			
Highways Magazine, Arizona (2031)	7,713,600	7,717,000	7,718,500
Aviation Federal Funds (2267)	2,417,000	2,036,800	2,590,300
Cash Deposits (2266)	59,100	50,000	50,000
Contract Counsel (4212)	0	0	0
ADOT Donations (3080)	0	0	0
Federal Grants (2097)	3,196,700	4,274,800	4,274,800
Highway Expansion & Extension Loan Program (2417)	681,500	196,000	196,000
Local Agency Deposits (3701)	59,700	70,300	70,300
Maricopa Regional Area Road (2029)	39,671,500	56,422,000	56,422,000
Motor Carrier Safety Revolving (2380)	0	0	0
Professional Baseball Club Special Plates, AZ (2540)	0	0	0
Rental Tax and Bond Deposit (3737)	0	0	0



**SUMMARY OF FEDERAL AND OTHER NON-APPROPRIATED FUND EXPENDITURES  
For Fiscal Years 2006, 2007 and 2008 1/**

	FY 2006 Actual	FY 2007 Estimate	FY 2008 Estimate
Shared Location and Advertising Agreements Expense (2414)	0	30,000	30,000
Underground Storage Tank Revolving (3728)	0	0	0
Department of Transportation - Subtotal	<u>\$53,799,100</u>	<u>\$70,796,900</u>	<u>\$71,351,900</u>
Arizona Board of Regents (BRA)			
Federal (2000)	818,000	1,697,400	1,697,400
Nursing Education Demonstration Project (NA)	0	0	0
Regents Local (NA)	614,300	808,900	750,800
Technology and Research Initiative (2472)	1,199,400	5,994,000	4,372,800
Tobacco Litigation Settlement Fund, AZ (NA)	795,400	537,100	0
Trust Land (3131/3132/3134/3136)	2,218,200	2,144,100	2,125,000
Arizona Board of Regents - Subtotal	<u>\$5,645,300</u>	<u>\$11,181,500</u>	<u>\$8,946,000</u>
Arizona State University - Main Campus			
Auxiliary (NA)	97,270,500	103,106,700	109,293,100
Designated (NA)	233,675,700	262,551,100	273,053,200
Endowment and Life Income (NA)	0	0	0
Federal Grant (NA)	139,484,100	149,271,300	161,581,700
Federal Indirect Cost Recovery (NA)	230,900	254,000	279,400
Indirect Cost Recovery (Non-Federal) (NA)	27,200	29,900	32,900
Loan (NA)	225,800	234,800	244,200
Restricted (Excluding Federal Funds) (NA)	77,441,300	85,185,400	93,704,000
Arizona State University - Main Campus - Subtotal	<u>\$548,355,500</u>	<u>\$600,633,200</u>	<u>\$638,188,500</u>
Arizona State University - East Campus			
Auxiliary (NA)	679,500	706,600	734,900
Designated (NA)	3,301,000	5,014,900	5,215,500
Endowment and Life Income (NA)	0	0	0
Federal Grant (NA)	2,957,100	3,252,800	3,578,200
Federal Indirect Cost Recovery (NA)	4,900	5,400	5,900
Indirect Cost Recovery (Non-Federal) (NA)	3,500	3,900	4,300
Restricted (Excluding Federal Funds) (NA)	2,281,900	2,442,500	2,616,400
Arizona State University - East Campus - Subtotal	<u>\$9,227,900</u>	<u>\$11,426,100</u>	<u>\$12,155,200</u>
Arizona State University - West Campus			
Auxiliary (NA)	911,300	947,700	985,600
Designated (NA)	6,501,900	8,048,100	8,370,100
Endowment and Life Income (NA)	0	0	0
Federal Grant (NA)	3,652,500	4,021,300	4,423,600
Federal Indirect Cost Recovery (NA)	2,200	2,400	2,600
Indirect Cost Recovery (Non-Federal) (NA)	1,100	1,200	1,300
Loan (NA)	0	0	0
Restricted (Excluding Federal Funds) (NA)	1,463,800	1,610,300	1,771,500
Arizona State University - West Campus - Subtotal	<u>\$12,532,800</u>	<u>\$14,631,000</u>	<u>\$15,554,700</u>
Northern Arizona University			
Auxiliary (NA)	50,973,100	54,223,000	54,744,400
Designated (NA)	42,517,200	52,628,900	49,628,900
Endowment and Life Income (NA)	0	0	0
Federal Grant (NA)	40,041,300	43,470,300	44,339,400
Federal Indirect Cost Recovery (NA)	1,386,500	1,414,200	1,442,500
Indirect Cost Recovery (Non-Federal) (NA)	814,500	830,800	847,400
Loan (NA)	335,600	340,000	345,000
Restricted (Excluding Federal Funds) (NA)	22,848,500	23,305,400	23,771,600
Northern Arizona University - Subtotal	<u>\$158,916,700</u>	<u>\$176,212,600</u>	<u>\$175,119,200</u>
University of Arizona - Main Campus			
Auxiliary (NA)	202,844,800	210,684,200	214,494,700
Designated (NA)	219,490,400	223,220,000	227,752,900
Endowment and Life Income (NA)	0	0	0
Federal Grant (NA)	226,443,000	232,332,900	239,321,100
Loan (NA)	2,041,500	2,066,700	2,092,300
Restricted (Excluding Federal Funds) (NA)	103,162,700	103,545,700	102,991,400
University of Arizona - Main Campus - Subtotal	<u>\$753,982,400</u>	<u>\$771,849,500</u>	<u>\$786,652,400</u>
University of Arizona - Health Sciences Center			
Auxiliary (NA)	10,285,800	9,932,500	10,180,700
Designated (NA)	22,113,900	22,648,900	23,199,500
Endowment and Life Income (NA)	0	0	0

**SUMMARY OF FEDERAL AND OTHER NON-APPROPRIATED FUND EXPENDITURES**  
**For Fiscal Years 2006, 2007 and 2008 1/**

	FY 2006 Actual	FY 2007 Estimate	FY 2008 Estimate
Federal Grant (NA)	105,286,800	108,441,500	111,694,500
Restricted (Excluding Federal Funds) (NA)	50,747,500	51,053,800	51,359,500
Teratogen Information Program (NA)	0	0	0
University of Arizona - Health Sciences Ctr - Subtotal	<u>\$188,434,000</u>	<u>\$192,076,700</u>	<u>\$196,434,200</u>
Veterans' Services, Department of (VSA)			
Federal (2000)	375,200	415,000	415,000
Southern Arizona Veterans' Cemetery Trust (2498)	122,100	0	0
Statewide Employee Recognition Gifts (2449)	4,700	4,700	4,700
Veterans' Cemetery (2481)	10,000	0	0
Veterans' Donations (2441)	526,200	678,700	678,700
Department of Veterans' Services - Subtotal	<u>\$1,038,200</u>	<u>\$1,098,400</u>	<u>\$1,098,400</u>
Department of Water Resources (WCA)			
Administrative (3025)	0	0	0
Augmentation and Conservation Assistance (2213)	983,300	992,500	992,500
Dam Repair (2218)	1,230,600	200,000	200,000
Federal Grants (2000)	697,100	843,600	284,300
Flood Warning System (1021)	0	0	0
General Adjudications (2191)	24,100	1,800	1,800
Indirect Cost Recovery (9000)	889,500	1,961,300	1,961,300
Interagency Service Agreement (2500)	266,700	270,000	270,000
Production and Copying (2411)	52,400	55,000	55,000
Publications and Mailings (2410)	21,800	30,000	30,000
Purchase and Retirement Fund (2474)	0	0	0
State Water Storage (2287)	15,700	0	0
Statewide Donations (2025)	140,800	125,000	125,000
Water Banking, Arizona (2110)	16,947,300	58,919,600	29,919,600
Water Protection, Arizona (1302)	1,850,900	555,200	555,200
Water Quality, Arizona (2304)	508,000	730,700	730,700
Well Administration and Enforcement (2491)	614,600	911,300	911,300
Department of Water Resources - Subtotal	<u>\$24,242,800</u>	<u>\$65,596,000</u>	<u>\$36,036,700</u>
<b>OPERATING TOTAL - FEDERAL AND OTHER NON-APPROPRIATED FUND EXPENDITURES</b>	<u>\$11,768,937,200</u>	<u>\$12,823,073,200</u>	<u>\$13,216,825,100</u>
Subtotal - Other Funds	5,032,544,500	5,566,353,800	5,683,576,300
Subtotal - Federal Funds	6,736,392,700	7,256,719,400	7,533,248,800
<b>OPERATING TOTAL - FEDERAL AND OTHER NON-APPROPRIATED EXPENDITURES</b>	<u><u>\$11,768,937,200</u></u>	<u><u>\$12,823,073,200</u></u>	<u><u>\$13,216,825,100</u></u>
<b>CAPITAL - NON-APPROPRIATED</b>			
Aviation Federal Funds (2267)	3,362,000	2,959,000	3,233,000
Federal Grants (2097)	399,475,000	379,255,000	399,252,000
Economic Strength Project (2244)	996,000	1,100,000	1,100,000
Highway Expansion & Extension Loan Program (2417)	35,336,000	50,992,000	50,992,000
Local Agency Deposits (3701)	40,709,000	36,433,000	36,433,000
Maricopa Regional Area Road (2029)	227,601,000	265,253,000	265,253,000
<b>CAPITAL TOTAL - FEDERAL AND OTHER NON-APPROPRIATED FUND EXPENDITURES</b>	<u>\$707,479,000</u>	<u>\$735,992,000</u>	<u>\$756,263,000</u>
Subtotal - Other Funds	304,642,000	353,778,000	353,778,000
Subtotal - Federal Funds	402,837,000	382,214,000	402,485,000
<b>CAPITAL TOTAL - FEDERAL AND OTHER NON-APPROPRIATED FUND EXPENDITURES</b>	<u><u>\$707,479,000</u></u>	<u><u>\$735,992,000</u></u>	<u><u>\$756,263,000</u></u>
<b>GRAND TOTAL - FEDERAL AND OTHER NON-APPROPRIATED FUND EXPENDITURES</b>	<u>\$12,476,416,200</u>	<u>\$13,559,065,200</u>	<u>\$13,973,088,100</u>
Subtotal - Other Funds	5,337,186,500	5,920,131,800	6,037,354,300

**SUMMARY OF FEDERAL AND OTHER NON-APPROPRIATED FUND EXPENDITURES  
For Fiscal Years 2006, 2007 and 2008 1/**

	FY 2006 Actual	FY 2007 Estimate	FY 2008 Estimate
Subtotal - Federal Funds	7,139,229,700	7,638,933,400	7,935,733,800
<b>GRAND TOTAL - FEDERAL AND OTHER NON-APPROPRIATED FUND EXPENDITURES</b>	<b>\$12,476,416,200</b>	<b>\$13,559,065,200</b>	<b>\$13,973,088,100</b>

1/ If General Fund monies are deposited into a non-appropriated fund, the expenditures of these monies are not displayed in this chart to avoid double counting.

NA = No Fund Number

# STATE PERSONNEL SUMMARY

## By Full-Time Equivalent Positions for Fiscal Years 2007 and 2008 <sup>1/</sup>

	Fiscal Year 2007			Fiscal Year 2008		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
<b>BUDGET UNITS</b>						
Accountancy, State Board of	0.0	13.0	13.0	0.0	13.0	13.0
Acupuncture Board of Examiners	0.0	1.0	1.0	0.0	1.0	1.0
Administration, AZ Department of	301.3	559.4	860.7	301.3	562.4	863.7
Capital Outlay	0.0	5.0	5.0	0.0	5.0	5.0
Administrative Hearings, Office of	15.0	0.0	15.0	15.0	0.0	15.0
Agriculture, AZ Department of	183.7	50.5	234.2	183.7	53.5	237.2
AHCCCS 2/	1,480.8	136.5	1,617.3	1,480.8	136.5	1,617.3
Appraisal, State Board of	0.0	4.5	4.5	0.0	4.5	4.5
Arts, Arizona Commission on the	11.5	0.0	11.5	11.5	0.0	11.5
Attorney General - Department of Law	207.2	430.7	637.9	207.2	430.7	637.9
Automobile Theft Authority	0.0	6.0	6.0	0.0	6.0	6.0
Barbers, Board of	0.0	4.0	4.0	0.0	4.0	4.0
Capital Postconviction Public Defender Office, State	7.0	0.0	7.0	7.0	0.0	7.0
Behavioral Health Examiners, Board of	0.0	13.0	13.0	0.0	17.0	17.0
Charter Schools, State Board for	10.0	0.0	10.0	10.0	0.0	10.0
Chiropractic Examiners, State Board of	0.0	5.0	5.0	0.0	5.0	5.0
Commerce, Department of	56.9	18.0	74.9	56.9	18.0	74.9
Community Colleges, Arizona	0.0	0.0	0.0	0.0	0.0	0.0
Contractors, Registrar of	0.0	138.8	138.8	0.0	138.8	138.8
Corporation Commission	98.3	220.0	318.3	98.3	221.0	319.3
Corrections, State Department of	9,720.9	6.0	9,726.9	9,720.9	6.0	9,726.9
Cosmetology, Board of	0.0	24.5	24.5	0.0	24.5	24.5
Criminal Justice Commission, Arizona	0.0	7.0	7.0	0.0	7.0	7.0
Deaf and the Blind, AZ State Schools for the	303.0	284.2	587.2	303.0	274.1	577.1
Deaf and the Hard of Hearing, Commission for the	0.0	15.0	15.0	0.0	15.0	15.0
Dental Examiners, State Board of	0.0	10.0	10.0	0.0	11.0	11.0
Drug & Gang Prevention Resource Ctr.	0.0	6.3	6.3	0.0	6.3	6.3
Economic Security, Department of 3/	2,708.9	1,216.5	3,925.4	2,725.5	1,216.5	3,942.0
Education, Department of 4/	191.9	60.0	251.9	191.9	63.0	254.9
Emergency & Military Affairs, Department of 5.	95.6	0.0	95.6	95.6	0.0	95.6
Environmental Quality, Department of	162.7	265.7	428.4	162.7	265.7	428.4
Equal Opportunity, Governor's Office of	4.0	0.0	4.0	4.0	0.0	4.0
Equalization, State Board of	7.0	0.0	7.0	7.0	0.0	7.0
Executive Clemency, Board of	16.0	0.0	16.0	16.0	0.0	16.0
Exposition and State Fair Board, AZ	0.0	186.0	186.0	0.0	186.0	186.0
Financial Institutions, State Department of	55.1	0.0	55.1	55.1	0.0	55.1
Fire, Building and Life Safety, Department of	52.0	0.0	52.0	52.0	0.0	52.0
Funeral Directors and Embalmers, Board of	0.0	4.0	4.0	0.0	4.0	4.0
Game and Fish Department, AZ	0.0	274.5	274.5	0.0	274.5	274.5
Gaming, Department of	0.0	118.0	118.0	0.0	129.0	129.0
Geological Survey, Arizona	12.3	0.0	12.3	12.3	0.0	12.3
Government Information Technology Agency	0.0	21.0	21.0	0.0	21.0	21.0
Gov's Ofc. of Strategic Planning & Budgeting	26.0	0.0	26.0	26.0	0.0	26.0
Health Services, Department of 6/	1,512.0	177.2	1,689.2	1,512.0	177.2	1,689.2
Historical Society, Arizona	59.9	0.0	59.9	59.9	0.0	59.9
Historical Society, Prescott	16.0	0.0	16.0	16.0	0.0	16.0
Homeopathic Medical Examiners, Board of	0.0	1.0	1.0	0.0	1.0	1.0
Housing, Department of	0.0	9.0	9.0	0.0	10.0	10.0
Indian Affairs, AZ Commission of	3.0	0.0	3.0	3.0	0.0	3.0
Industrial Commission of AZ	0.0	285.0	285.0	0.0	291.0	291.0
Insurance, Department of	106.5	0.0	106.5	106.5	0.0	106.5
Judiciary						
Supreme Court	156.0	38.2	194.2	155.8	38.2	194.0
Court of Appeals	145.5	0.0	145.5	145.5	0.0	145.5
Superior Court	219.0	8.4	227.4	224.1	8.4	232.5
SUBTOTAL - Judiciary	520.5	46.6	567.1	525.4	46.6	572.0
Juvenile Corrections, Department of	1,115.7	68.0	1,183.7	1,095.7	68.0	1,163.7
Land Department, State	212.9	0.0	212.9	212.9	0.0	212.9
Law Enforcement Merit System Council	1.0	0.0	1.0	1.0	0.0	1.0
Legislature						
Auditor General	184.4	0.0	184.4	184.4	0.0	184.4
Joint Legislative Budget Committee	35.0	0.0	35.0	35.0	0.0	35.0
Legislative Council	49.8	0.0	49.8	49.8	0.0	49.8
Library, Archives and Public Records	107.8	8.0	115.8	107.8	8.0	115.8
SUBTOTAL - Legislature	377.0	8.0	385.0	377.0	8.0	385.0
Liquor Licenses & Control, Department of	47.2	0.0	47.2	47.2	0.0	47.2
Lottery Commission, AZ State	0.0	110.0	110.0	0.0	110.0	110.0
Medical Board, Arizona	0.0	58.5	58.5	0.0	58.5	58.5
Medical Student Loans, Board of	0.0	0.0	0.0	0.0	0.0	0.0
Mine Inspector, State	17.0	0.0	17.0	17.0	0.0	17.0
Mines & Mineral Resources, Department of	7.0	0.0	7.0	7.0	0.0	7.0
Naturopathic Physician Examiners Board	0.0	6.0	6.0	0.0	7.0	7.0
Navigable Stream Adjudication Commission	2.0	0.0	2.0	2.0	0.0	2.0
Nursing, State Board of	1.0	39.2	40.2	1.0	40.2	41.2

	Fiscal Year 2007			Fiscal Year 2008		
	General Fund	Other Funds	Total	General Fund	Other Funds	Total
Nursing Care Institution Administrators Board	0.0	5.0	5.0	0.0	5.0	5.0
Occupational Safety & Health Review Board	0.0	0.0	0.0	0.0	0.0	0.0
Occupational Therapy Examiners, Board of	0.0	3.0	3.0	0.0	3.0	3.0
Opticians, State Board of Dispensing	0.0	1.0	1.0	0.0	1.0	1.0
Optometry, State Board of	0.0	2.0	2.0	0.0	2.0	2.0
Osteopathic Examiners, AZ Board of	0.0	5.5	5.5	0.0	6.7	6.7
Parks Board, Arizona State	101.0	148.3	249.3	101.0	148.3	249.3
Personnel Board	3.0	0.0	3.0	3.0	0.0	3.0
Pharmacy, AZ State Board of	0.0	17.0	17.0	0.0	18.0	18.0
Physical Therapy Examiners, Board of	0.0	3.0	3.0	0.0	3.8	3.8
Pioneers' Home, AZ	0.0	115.8	115.8	0.0	115.8	115.8
Podiatry Examiners, State Board of	0.0	1.0	1.0	0.0	1.0	1.0
Postsecondary Education, Commission for	3.0	5.0	8.0	3.0	5.0	8.0
Private Postsecondary Education, Board for	0.0	4.0	4.0	0.0	4.0	4.0
Psychologist Examiners, State Board of	0.0	4.0	4.0	0.0	4.0	4.0
Public Safety, Department of	1,470.5	599.3	2,069.8	1,474.5	609.3	2,083.8
Racing, Arizona Department of	41.0	5.5	46.5	41.0	5.5	46.5
Radiation Regulatory Agency 5/	28.0	5.0	33.0	28.0	5.0	33.0
Rangers' Pensions, Arizona	0.0	0.0	0.0	0.0	0.0	0.0
Real Estate Department, State	65.4	0.0	65.4	65.4	0.0	65.4
Residential Utility Consumer Office	0.0	12.0	12.0	0.0	12.0	12.0
Respiratory Care Examiners, Board of	0.0	4.0	4.0	0.0	4.0	4.0
Retirement System, Arizona State	0.0	231.0	231.0	0.0	235.0	235.0
Revenue, Department of	1,118.0	30.0	1,148.0	1,118.0	30.0	1,148.0
School Facilities Board	18.0	0.0	18.0	18.0	0.0	18.0
Secretary of State	46.3	2.0	48.3	46.3	2.0	48.3
State Boards' Office	0.0	2.0	2.0	0.0	3.0	3.0
Structural Pest Control Commission	0.0	35.0	35.0	0.0	36.0	36.0
Tax Appeals, State Board of	4.0	0.0	4.0	4.0	0.0	4.0
Technical Registration, State Board of	0.0	19.0	19.0	0.0	20.0	20.0
Tourism, Office of 7/	36.0	0.0	36.0	36.0	0.0	36.0
Transportation, Department of	2.0	4,689.0	4,691.0	2.0	4,691.0	4,693.0
Treasurer, State	33.4	0.0	33.4	33.4	0.0	33.4
Uniform State Laws, Commission on	0.0	0.0	0.0	0.0	0.0	0.0
Universities 8/						
Board of Regents, Arizona	27.9	0.0	27.9	27.9	0.0	27.9
Arizona State University - Main Campus	6,838.6	0.0	6,838.6	6,950.6	0.0	6,950.6
Arizona State University - East Campus	491.0	0.0	491.0	532.5	0.0	532.5
Arizona State University - West Campus	816.0	0.0	816.0	833.9	0.0	833.9
Northern Arizona University	2,086.7	0.0	2,086.7	2,126.8	0.0	2,126.8
University of Arizona - Main Campus	5,591.7	0.0	5,591.7	5,572.8	0.0	5,572.8
University of Arizona - Health Sciences Ctr	920.3	0.0	920.3	927.7	0.0	927.7
SUBTOTAL - Universities	16,772.2	0.0	16,772.2	16,972.2	0.0	16,972.2
Veterans' Services, AZ Department of	83.3	241.0	324.3	83.3	241.0	324.3
Veterinary Medical Examining Board	0.0	5.5	5.5	0.0	5.5	5.5
Water Resources, Department of	200.7	12.0	212.7	182.7	12.0	194.7
Weights and Measures, Department of	23.4	17.0	40.4	23.4	17.0	40.4
<b>TOTAL APPROPRIATED FUNDS</b>	<b>39,775.0</b>	<b>11,136.5</b>	<b>50,911.5</b>	<b>39,962.5</b>	<b>11,183.4</b>	<b>51,145.9</b>

1/ FTE Positions shown for individual agencies include only those positions funded by appropriated funds. The detail for changes in FTE Positions that occurred between FY 2007 and FY 2008 can be found in the individual agency pages

2/ Excludes 1,542.1 FTE Positions in FY 2007 and 1,542.1 FTE Positions in FY 2008 that are Federally funded (Title XIX funds)

3/ Excludes 1,755.4 FTE Positions in FY 2007 and 1,787.8 FTE Positions in FY 2008 funded by the Long Term Care System Fund and Federal Funds for Child Support Enforcement.

4/ Laws 2004, Chapter 4 allowed the Department of Education to hire additional FTE Positions for English Language Learner Programs. These FTE amounts were undetermined at the time the FY 2007 Appropriations Report was published and were therefore not included in the FTE Position counts. The FY 2007 and FY 2008 amounts have been adjusted to reflect those additional positions.

5/ Includes 4.5 General Fund (GF) FTE Positions in the Department of Emergency and Military Affairs and 4 GF FTE Positions in the Radiation Regulatory Agency in FY 2007 and FY 2008. Separate legislation appropriated these FTE Positions for FY 2006 and FY 2007, however, they have been included in FY 2008 for comparison purposes.

6/ Excludes 82.7 FTE Positions in FY 2007 and 82.7 FTE Positions in FY 2008 that are Federally funded (Title XIX funds).

7/ The agency does not appear in the General Appropriation Act, therefore, the FTE Positions displayed are for informational purposes only.

8/ All university FTE Positions are attributed to the General Fund, although the universities fund these positions from Other Appropriated Funds, as well. The FY 2007 university amounts include 74.0 FTE Positions from Other Appropriated Funds above the appropriated FY 2007 amounts. A footnote in the FY 2007 General Appropriation Act appropriates any tuition receipts above the original appropriations to the universities. The same footnote is included for FY 2008.

***SPECIFIC SPENDING CHANGES BY AGENCY***

**General Fund**  
**Detailed List of FY 2008 and FY 2009 Changes Above/(Below) FY 2007 by Agency**

	FY 2007	JLBC GF <sup>1/</sup> FY 08 Changes	Pg.# <sup>2/</sup>	Comments	FY 2008	JLBC GF <sup>1/</sup> FY 09 Changes	Pg.# <sup>2/</sup>	Comments	FY 2009
<b>OPERATING SPENDING CHANGES</b>									
<b>DOA - Arizona Department of Administration</b>	\$27,559,700								
DOA - Standard/Technical		(47,700)	6						
DOA - AZNET Lease Decrease		(42,200)	21						
DOA - Employee Wellness Program		(500,000)	19						
DOA - Lease-Purchase		1,959,000	15	ENSCO Payment					
DOA - 3,000 Prison Beds		11,193,000	14						
					40,121,800				
<b>OAH - Office of Administrative Hearings</b>	1,214,600								
OAH - Standard/Technical		(700)	29			(700)	29		
					1,213,900				1,213,900
<b>AGR - Department of Agriculture</b>	11,369,600								
AGR - Standard/Technical		(3,100)	31			(3,100)	31		
					11,366,500				11,366,500
<b>AXS - AHCCCS</b>	1,199,768,000								
AXS - Standard/Technical		(78,600)	38						
AXS - Eliminate One-time Funding		(983,300)	38						
AXS - Enrollment & Inflation Growth		135,883,800	38						
AXS - Tobacco Settlement Offset		0	53						
AXS - Tobacco Tax Offset		0	39						
AXS - KidsCare Parents Statutory Expiration		(10,333,800)	59						
AXS - 211 One-time Funding		(900,000)	49						
AXS - Citizen Verification One-time Funding		(3,400,000)	47						
AXS - Temporary Medical Coverage Annualization		1,850,000	57						
					1,321,806,100				
<b>ART - Arizona Commission on the Arts</b>	1,888,100								
ART - Standard/Technical									
ART - Arts Endowment Fund Deposit Completion			69	\$2 M Savings Below			69		
					1,888,100				1,888,100
<b>ATT - Attorney General</b>	22,495,500								
ATT - Standard/Technical		(77,200)	72			(580,900)	72		
ATT - Eliminate One-time Equipment		(102,300)	73			(102,300)	73		
ATT - Case Management One-time Funding		(1,017,400)	73			(1,017,400)	73		
ATT - Pro Rata Backfill		300,000	72			300,000	72		
					21,598,600				21,094,900
<b>CPD - State Capital Postconviction Defender Office</b>	220,000								
CPD - Annualization		261,600	85			261,600	85		
					481,600				481,600
<b>CHA - State Board for Charter Schools</b>	785,100								
CHA - Standard/Technical		(1,300)	87			(1,300)	87		
					783,800				783,800
<b>COM - Department of Commerce</b>	12,050,200								
COM - Standard/Technical		(2,200)	92			(2,200)	92		
COM - Military Base Study One-time Funding		(250,000)	94			(250,000)	94		
					11,798,000				11,798,000
<b>CCO - Arizona Community Colleges</b>	165,536,600								
CCO - Operating State Aid Formula		574,700	100						
CCO - Capital Outlay State Aid Formula		(241,600)	100						
CCO - Equalization Aid Formula		3,481,100	101						
CCO - Out of County Tuition One-time Funding		(1,000,000)	102						

	FY 2007	JLBC GF <sup>1/</sup> FY 08 Changes	Pg.# <sup>2/</sup>	Comments	FY 2008	JLBC GF <sup>1/</sup> FY 09 Changes	Pg.# <sup>2/</sup>	Comments	FY 2009
CCO - Law/Fire Academy Capital		(3,000,000)	101		165,350,800				
<b>COR - Corporation Commission</b>	5,543,200								
COR - Standard/Technical		(50,700)	109			(50,700)	109		
COR - Commissioner Expenses		100,000	109			100,000	109		
					5,592,500				5,592,500
<b>DOC - Department of Corrections</b>	817,157,700								
DOC - Standard/Technical		(982,000)	114						
DOC - AZNet One-time Funding		(2,365,100)	115						
DOC - Leap Year Funding		833,800	115						
DOC - Annualize 1,000 Sex Offender Beds		9,409,500	116						
DOC - Population Growth		6,779,600	115						
DOC - Rebase Retirement		(6,654,300)	114						
DOC - Private Prison RFPs - 3,000 New Beds in '08				in ADOA at \$11.2M					
DOC - Health Care		3,767,200	115						
DOC - Van Pool One-time Funding		(1,500,000)	115						
DOC - Equipment One-time Funding		(1,000,000)	115						
DOC - Equipment		1,000,000	115						
					826,446,400				
<b>JUS - Arizona Criminal Justice Commission</b>	4,302,000								
JUS - Standard/Technical		0				0			
JUS - Meth Grants One-time Funding		(3,000,000)	126			(3,000,000)	126		
					1,302,000				1,302,000
<b>SDB - AZ State Schools for the Deaf and the Blind</b>	21,260,900								
SDB - Standard/Technical		(218,100)	132			(218,100)	132		
SDB - School Bus Replacement One-time Funding		(220,000)	133			(112,000)	133		
SDB - Assistive Technology One-time Funding		(110,000)	132			(110,000)	132		
SDB - Air Conditioning One-time Funding		(300,000)	132			(300,000)	132		
					20,412,800				20,520,800
<b>DES - Department of Economic Security</b>	718,950,200								
DES - Standard/Technical		(366,100)	145						
DES - AZNet One-time Funding		(1,117,300)	145						
DES - ADMINISTRATION									
DES - DEVELOPMENTAL DISABILITIES									
DES - DD Title 19 Long Term Care		29,365,000	145						
DES - DD Dental Services Pilot One-time Funding		(1,000,000)	159						
DES - Eliminate One-time Equipment		(94,700)	164						
DES - BENEFITS AND MEDICAL ELIGIBILITY									
DES - General Assistance Caseload		(1,200,000)	170						
DES - TANF Cash Benefits Caseloads		(3,796,400)	169						
DES - CHILD SUPPORT ENFORCEMENT									
DES - AGING AND COMMUNITY SERVICES									
DES - CHILDREN YOUTH & FAMILIES									
DES - Adoption Services		4,991,000	185						
DES - Permanent Guardianship Caseload		1,142,100	185						
DES - Meth Program One-time Funding		(2,000,000)	184						
DES - Kinship Program One-time Funding		(1,000,000)	183						
DES - JOBS/CHILD CARE									
					743,873,800				
<b>ADE - Arizona Department of Education</b>	4,028,165,600								
ADE - Standard/Technical		(15,000)	200						
ADE - BASIC STATE AID									
ADE - Basic State Aid and Other Formula Growth		187,262,100	203						
ADE - JTED Formula		34,000,000	205						
ADE - Kindergarten Weight Increase		80,000,000	204						







	JLBC GF <sup>1/</sup>			Comments	JLBC GF <sup>1/</sup>		
	FY 2007	FY 08 Changes	Pg.# <sup>2/</sup>		FY 09 Changes	Pg.# <sup>2/</sup>	FY 2009
AUD - Standard/Technical		0	352		0	352	
AUD - Special Audits One-time Funding		(150,000)	352		(150,000)	352	
							17,741,900
<b>HOU - House of Representatives</b>	13,354,800						
HOU - Standard/Technical		0	354		0	354	
							13,354,800
<b>JLBC - Joint Legislative Budget Committee</b>	2,949,000						
JLBC - Standard/Technical		(400)	355		(400)	355	
							2,948,600
<b>LEG - Legislative Council</b>	8,076,200						
LEG - Standard/Technical		(100)	358		(100)	358	
LEG - Arizona Centennial One-time Funding		(2,500,000)	358		(2,500,000)	358	
							5,576,100
<b>LIBR - AZ State Library, Archives &amp; Public Records</b>	7,540,600						
LIBR - Standard/Technical		(4,300)	360		(4,300)	360	
							7,536,300
<b>SEN - Senate</b>	8,693,000						
SEN - Standard/Technical		0	362		0	362	
							8,693,000
<b>LIQ - Department of Liquor Licenses &amp; Control</b>	4,813,100						
LIQ - Standard/Technical		(19,000)	363		(19,000)	363	
LIQ - Equipment Reduction		(10,000)	364		(10,000)	364	
LIQ - Data Processing One-time Funding		(1,250,000)	364		(1,250,000)	364	
							3,534,100
<b>MSL - Board of Medical Student Loans</b>	1,500,000						
MSL - Standard/Technical		0	374		0	374	
							1,500,000
<b>MIN - State Mine Inspector</b>	1,226,700						
MIN - Standard/Technical		(5,300)	377				
							1,221,400
<b>MMR - Department of Mines &amp; Mineral Resources</b>	843,900						
MMR - Standard/Technical		(4,000)	378		(4,000)	378	
							839,900
<b>NAV - AZ Navigable Steam Adjudication Commission</b>	267,800						
NAV - Standard/Technical		(2,200)	383				
NAV - One-Time Funding for Navigability Reports		(92,000)	383				
							173,600
<b>NUR - State Board of Nursing</b>	166,000						
NUR - Standard/Technical		0	386		0	386	
							166,000
<b>OSH - Occupational Safety &amp; Health Review Board</b>	0						
OSH - Standard/Technical		0	390		0	390	
							0
<b>SPB - Arizona State Parks Board</b>	27,040,300						
SPB - Standard/Technical		(15,300)	401		(15,300)	401	
SPB - Arizona Trails One-time Funding		(250,000)	401		(250,000)	401	
							26,775,000
<b>PER - Personnel Board</b>	358,100						
PER - Standard/Technical		(200)	406		(200)	406	
							357,900
<b>PIO - Arizona Pioneers' Home</b>	1,280,900						
PIO - Standard/Technical		(6,400)	412		(6,400)	412	
							1,274,500
<b>POS - Commission for Postsecondary Education</b>	6,620,800						
POS - Standard/Technical		0			0		



	FY 2007	JLBC GF <sup>1/</sup> FY 08 Changes	Pg.# <sup>2/</sup>	Comments	FY 2008	JLBC GF <sup>1/</sup> FY 09 Changes	Pg.# <sup>2/</sup>	Comments	FY 2009
TRE - Standard/Technical		(28,200)	504						
TRE - Justice of Peace Salaries		173,500	504						
TRE - Portfolio Order Management System		100,000	504						
TRE - Business Process Re-engineering		80,000	504						
TRE - IT Equipment Replacement Schedule		79,200	504						
TRE - Remote Journaling		63,000	504						
					6,236,800				
<b>USL - Commission on Uniform State Laws</b>	52,300								
USL - Standard/Technical									
USL - Dues/Commissioner		4,500	506			5,500	506		
					56,800				57,800
<b>UNI - Universities</b>									
<b>UNI - Arizona Board of Regents</b>	14,837,600								
UNI - Standard/Technical		0	507						
					14,837,600				
<b>UNI - ASU - Main Campus</b>	354,043,300								
UNI - Standard/Technical		(45,100)	515						
UNI - ASU Main Enrollment Formula		10,740,900	515						
UNI - ASU Barry Goldwater Papers One-time Funding		(529,000)	517						
UNI - ASU Water Institute One-time Funding		(500,000)	516						
UNI - ASU Research Facility Lease (03 law)		13,555,000	517						
					377,265,100				
<b>UNI - ASU - East Campus</b>	19,980,900								
UNI - Standard/Technical		(11,300)	522						
UNI - ASU East Research Facility Lease (03 law)		917,000	523						
UNI - ASU East Enrollment Formula		3,808,900	522						
					24,695,500				
<b>UNI - ASU - West Campus</b>	49,095,800								
UNI - Standard/Technical		(14,600)	527						
UNI - ASU West Enrollment Formula		1,638,300	527						
					50,719,500				
<b>UNI - Northern Arizona University</b>	135,949,400								
UNI - Standard/Technical		(217,100)	532						
UNI - NAU Water Institute One-time Funding		(500,000)	533						
UNI - NAU Enrollment Growth		4,439,400	532						
UNI - NAU Research Facility Lease (03 law)		5,900,000	533						
					145,571,700				
<b>UNI - UA - Main Campus</b>	320,798,100								
UNI - Standard/Technical		(185,000)	537						
UNI - UA Main Enrollment Formula		(1,283,000)	537						
UNI - UA Main South One-time Funding		(1,200,000)	539						
UNI - UA Main Water Institute One-time Funding		(500,000)	538						
UNI - UA Main Research Facility Lease (03 law)		14,253,000	538						
					331,883,100				
<b>UNI - UA - Health Sciences Center</b>	69,098,500								
UNI - Standard/Technical		(17,900)	542						
UNI - UA - HSC Enrollment Formula		677,800	542						
					69,758,400				
<b>VSC - Department of Veterans' Services</b>	4,149,700								
VSC - Standard/Technical		(30,000)	546			(30,000)	546		
VSC - Eliminate One-time Equipment		(91,000)	547			(91,000)	547		
VSC - Northern Arizona Veterans' Cemetery		(182,700)	546			(182,700)	546		
VSC - Pearl Harbor Memorial		(69,000)	546			(69,000)	546		

	JLBC GF <sup>1/</sup>				JLBC GF <sup>1/</sup>				
	FY 2007	FY 08 Changes	Pg.# <sup>2/</sup>	Comments	FY 2008	FY 09 Changes	Pg.# <sup>2/</sup>	Comments	FY 2009
					3,777,000				3,777,000
<b>WAT - Department of Water Resources</b>	20,877,800								
WAT - Standard/Technical		(201,300)	552			(201,300)	552		
WAT - Assured Fee Offset One-time Funding		(1,700,000)	553			(1,700,000)	553		
WAT - Rural Water Studies Reallocation		(500,000)	553			(500,000)	553		
WAT - Adjudication Support One-time Funding		(500,000)	552			(500,000)	552		
					17,976,500				17,976,500
<b>WEI - Department of Weights &amp; Measures</b>	1,649,800								
WEI - Standard/Technical		(9,600)	559			(9,600)	559		
WEI - One-time Equipment		(22,000)	559			(22,000)	559		
WEI - New Equipment		22,000	559			22,000	559		
					1,640,200				1,640,200
<b>OTH - Other</b>									
OTH - Unallocated '07 State Employee Health Insurance	150,800	(150,800)			0				0
OTH - Unallocated '07 Retirement Increase	118,200	(118,200)			0				0
OTH - Unallocated '07 State Employee Pay (Ch. 1)	253,000	(253,000)			0				0
OTH - Unallocated Biennial '06 Annualizations	9,800	(9,800)			0				0
OTH - Unallocated Attorney General Cost Allocation	2,600	(2,600)			0				0
OTH - Unallocated AZNet	26,100	(26,100)			0				0
OTH - '07 AZNet	0	0		Eliminate One-time Funding: (6,168,500)	0				0
OTH - '08 Retirement Increase	0	16,000,000	vi	0.50% ASRS + PSPRS	16,000,000				0
OTH - '08 State Employee Pay	0	58,000,000	vi	2.5% Increase	58,000,000				0
OTH - '08 Health Insurance Increase	0	31,000,000	vi	12.8% Inflation	31,000,000				0
OTH - ADOA Rental Rates	0	2,801,000	vii	\$4.00 Rent Increase	2,801,000				0
OTH - Ladewig Litigation	94,800,100	(94,800,100)	459		0				0
OTH - Kerr Litigation	15,000,000	(15,000,000)	459		0				0
OTH - Budget Stabilization Fund	9,808,600	(9,808,600)			0				0
OTH - 21st Century Fund Deposit	35,000,000	(35,000,000)			0				0
OTH - Comm. For Deaf Fund Deposit	850,000	(850,000)			0				0
OTH - Water Banking Deposit - Indian Farming	13,500,000	(13,500,000)			0				0
OTH - Arts Endowment Fund Payoff	7,000,000	(7,000,000)	69		0				0
OTH - K-12 Rollover Repayment	191,000,000	(191,000,000)			0				0
OTH - Maximize Federal Funds	(5,000,000)	5,000,000	x		0				0
OTH - Administrative Adjustments	79,684,300	(5,421,300)	x		74,263,000				0
OTH - Revertments	(114,250,800)	(10,932,300)	x		(125,183,100)				0
<b>TOTAL - OPERATING SPENDING CHANGES</b>	<b>\$10,012,077,900</b>	<b>\$368,926,100</b>			<b>\$10,381,004,000</b>	<b>(\$21,317,600)</b>			<b>\$400,437,200</b>
<b>CAPITAL SPENDING CHANGES (One-time)</b>									
ADOA Building Renewal	3,849,200	(3,849,200)		\$7.3 M from COSF	0				0
Universities Building Renewal	20,000,000	(1,179,600)	575	Fund at 26% (same as ADOA)	18,820,400				0
Renovate Old Health Lab for Ag Lab	0	4,414,000	565		4,414,000				0
Yuma Welcome Center	2,000,000	(2,000,000)			0				0
Library and Archives Building	15,000,000	(7,000,000)	565		8,000,000				0
Dept of Corrections Lock/Door Replacement	5,200,000	3,300,000	565		8,500,000				0
ASDB - Phoenix & Tucson Buildings	19,000,000	(19,000,000)			0				0
DES - Navajo Senior Centers	800,000	(800,000)			0				0
Prescott Historical Society	400,000	(400,000)			0				0
DPS Microwave Tower	1,500,000	0	565		1,500,000				0
Ch. 356 Veterans' Home	10,000,000	(10,000,000)			0				0
Highway Fund Deposit	245,000,000	(245,000,000)			0				0
Williams Gateway Grants	1,105,000	(1,105,000)			0				0
City of Williams Dam Repair	1,500,000	(1,500,000)			0				0
<b>TOTAL - CAPITAL SPENDING CHANGES</b>	<b>\$325,354,200</b>	<b>(\$284,119,800)</b>			<b>\$41,234,400</b>	<b>\$0</b>			<b>\$0</b>

	FY 2007	JLBC GF <sup>1/</sup> FY 08 Changes	Pg.# <sup>2/</sup>	Comments	FY 2008	JLBC GF <sup>1/</sup> FY 09 Changes	Pg.# <sup>2/</sup>	Comments	FY 2009
<b>TOTAL - ALL SPENDING CHANGES</b>	\$10,337,432,100	\$84,806,300			\$10,422,238,400	(\$21,317,600)			\$400,437,200
<b>REVENUE CHANGES</b>									
REV - Ongoing Revenue	9,832,124,600	140,970,800			9,973,095,400				0
REV - One-time Revenue	1,055,265,500	(560,807,500)			494,458,000				0
<b>TOTAL - REVENUE CHANGES</b>	\$10,887,390,100	(\$419,836,700)			\$10,467,553,400	\$0			\$0
<b>ENDING BALANCE</b>	\$549,958,000	(\$504,643,000)			\$45,315,000				

<sup>1/</sup> Represents JLBC Baseline Changes to FY 2007 budget.

<sup>2/</sup> JLBC Book I - Individual Agency Detail volume - page reference.

**Other Funds**  
**Detailed List of FY 2008 and FY 2009 Changes Above/(Below) FY 2007 by Agency**

	FY 2007	JLBC OF FY 08 Changes	Pg.# <sup>2/</sup>	Comments	FY 2008	JLBC OF FY 09 Changes	Pg.# <sup>2/</sup>	Comments	FY 2009
<b>OPERATING SPENDING CHANGES</b>									
<b>SBA - State Board of Accountancy</b>	2,287,400								
SBA - Standard/Technical		2,100	1			2,800	1		
					2,289,500				2,290,200
<b>ACU - Board of Acupuncture Examiners</b>	106,900								
ACU - Standard/Technical		600	3			600	3		
ACU - Joint Office Costs		9,300	3			9,300	3		
ACU - Salary Increase		8,700	4			8,700	4		
					125,500				125,500
<b>DOA - Arizona Department of Administration</b>	167,905,000								
DOA - Standard/Technical		19,200	6						
DOA - HRIS COP Debt Service Increase		162,100	19						
DOA - Risk Mgmt		(676,000)	26						
DOA - Risk Mgmt - ADOT Preventative Loss		150,000	26						
DOA - Workers' Comp		1,942,500	26						
DOA - One-time Telecomm Equipment		(302,000)	21						
DOA - Zuni Settlement Decrease		(796,000)	14						
DOA - Enterprise Data Storage Upgrade		(250,000)	21						
DOA - Health Insurance Auditors			19	\$256,800 for 3 FTE funded from Consultant P&O					
					168,154,800				
<b>OAH - Office of Administrative Hearings</b>	14,500								
OAH - Standard/Technical		0	29			0	29		
					14,500				14,500
<b>AGR - Department of Agriculture</b>	3,041,900								
AGR - Standard/Technical		6,300	31			6,300	31		
AGR - Nursery Certification Program		18,600	31			18,600	31		
AGR - Egg Inspection Program FTE Positions		146,700	32			143,600	32		
AGR - Pesticide Label Comprehension Courses		31,500	31			31,500	31		
					3,245,000				3,241,900
<b>AXS - AHCCCS</b>	243,215,100								
AXS - Standard/Technical		(9,000)	47						
AXS - Eliminate One-time HIPAA Compliance		(152,400)	48						
AXS - KidsCare Caseload and Capitation Rate Growth		10,801,200	59						
AXS - BNCF Statutory Adjustment		154,900	49						
AXS - KidsCare Parents Statutory Expiration		(36,411,000)	59						
AXS - Temporary Medical Coverage		824,600	57						
					218,423,400				
<b>APP - State Board of Appraisal</b>	586,200								
APP - Standard/Technical		400	67			400	67		
APP - Cost Increases		7,100	67			7,100	67		
					593,700				593,700
<b>ATT - Attorney General</b>	37,958,000								
ATT - Standard/Technical		9,800	72			(38,200)	72		
ATT - ISA Cost Allocation		(300,000)	72			(300,000)	72		
					37,667,800				37,619,800
<b>ATA - Automobile Theft Authority</b>	5,251,600								
ATA - Standard/Technical		(42,300)	79			(42,300)	79		



	FY 2007	JLBC OF <sup>1/</sup> FY 08 Changes	Pg.# <sup>2/</sup>	Comments	FY 2008	JLBC OF <sup>1/</sup> FY 09 Changes	Pg.# <sup>2/</sup>	Comments	FY 2009
ATA - Increased Expenditure Authority		173,400	79			438,400	79		
					5,382,700				5,647,700
<b>BAR - Board of Barbers</b>	300,500								
BAR - Standard/Technical		600	81			600	81		
BAR - Joint Office Costs		1,500	81			1,500	81		
BAR - Program Costs		32,100	82			15,500	82		
					334,700				318,100
<b>BHE - Board of Behavioral Health Examiners</b>	1,366,200								
BHE - Standard/Technical		(1,800)	83			(1,900)	83		
BHE - Eliminate One-time Investigator Costs		(200,000)	83			(200,000)	83		
BHE - New Staff		174,900	84			159,900	84		
					1,339,300				1,324,200
<b>BCE - State Board of Chiropractic Examiners</b>	509,200								
BCE - Standard/Technical		500	88			500	88		
BCE - Adjustments		(5,300)	88			(3,700)	88		
					504,400				506,000
<b>COM - Department of Commerce</b>	3,618,000								
COM - Standard/Technical		(600)	92			(600)	92		
					3,617,400				3,617,400
<b>ROC - Registrar of Contractors</b>	10,625,600								
ROC - Standard/Technical		30,300	107			30,300	107		
					10,655,900				10,655,900
<b>COR - Corporation Commission</b>	21,575,300								
COR - Standard/Technical		(65,000)	109			(65,000)	109		
COR - Administrative Law Staffing		109,300	109			102,800	109		
COR - Automation Update		450,300	110			521,700	110		
COR - Master Meter Equipment		55,400	109			0	109		
					22,125,300				22,134,800
<b>DOC - Department of Corrections</b>	43,718,800								
DOC - Standard/Technical		(21,200)	114						
DOC - Education Adjustment		(485,800)	115						
					43,211,800				
<b>COS - Board of Cosmetology</b>	1,673,600								
COS - Standard/Technical		2,600	123			2,600	123		
COS - IT Equipment		12,900	124			9,400	124		
COS - Operating Expense		19,000	124			19,800	124		
COS - File Document Management		89,000	123			0	123		
					1,797,100				1,705,400
<b>JUS - Arizona Criminal Justice Commission</b>	5,717,400								
JUS - Standard/Technical		3,900	126			4,800	126		
JUS - Grants Management System Improvements		225,000	126			100,000	126		
JUS - Arizona Youth Survey		25,000	126			0	126		
JUS - County Attorney Funding		175,000	127			175,000	127		
JUS - Crime Victim Assistance Program		400,000	127	One-time		400,000	127	One-time	
					6,546,300				6,397,200
<b>SDB - AZ State Schools for the Deaf and the Blind</b>	13,816,900								
SDB - Standard/Technical									
SDB - Voucher Increase		500,700	133			878,500	133		
SDB - Foundation for the Blind Children Preschool Program		(1,054,100)	133			(1,054,100)	133		
					13,263,500				13,641,300
<b>HEA - Commission for the Deaf &amp; the Hard of Hearing</b>	5,391,300								
HEA - Standard/Technical		(4,000)	137			(4,000)	137		

	FY 2007	JLBC OF <sup>1/</sup> FY 08 Changes	Pg.# <sup>2/</sup>	Comments	FY 2008	JLBC OF <sup>1/</sup> FY 09 Changes	Pg.# <sup>2/</sup>	Comments	FY 2009
					5,387,300				5,387,300
<b>DEN - Board of Dental Examiners</b>	1,026,500								
DEN - Standard/Technical		1,400	139			1,400	139		
DEN - Eliminate One-time Equipment		(4,400)	140			(10,700)	140		
DEN - Additional Staff		44,100	139			39,700	139		
DEN - Database Upgrades		23,500	140			0	140		
DEN - Attorney General Legal Services		15,700	140			15,700	140		
					1,106,800				1,072,600
<b>PRC - Drug &amp; Gang Prevention Resource Center</b>	616,600								
PRC - Standard/Technical		(200)	141			(200)	141		
					616,400				616,400
<b>DES - Department of Economic Security</b>	453,618,900								
DES - Standard/Technical		(205,800)	145						
DES - Autism One-time Funding		(200,000)	160						
DES - Homeless Trust Fund One-time Funding		(850,000)	178						
					452,363,100				
<b>ADE - Arizona Department of Education</b>	56,220,800								
ADE - Standard/Technical		700	214						
ADE - One-time Funding		(1,865,400)	207						
ADE - Teacher Certification		195,100	214						
					54,551,200				
<b>EMA - Department of Emergency &amp; Military Affairs</b>	132,700								
EMA - Standard/Technical		0	218			0	218		
					132,700				132,700
<b>DEQ - Department of Environmental Quality</b>	65,952,200								
DEQ - Standard/Technical		122,000	224			121,900	224		
DEQ - Water Permits		(200,000)	227			(200,000)	227		
DEQ - Emissions Control Contract		1,500,000	225			1,500,000	225		
DEQ - Expedited Water Quality Permits		600,000	227			600,000	227		
					67,974,200				67,974,100
<b>COL - Arizona Exposition and State Fair Board</b>	16,100,300								
COL - Standard/Technical		(34,200)	240			(34,200)	240		
					16,066,100				16,066,100
<b>EMB - Board of Funeral Directors and Embalmers</b>	333,100								
EMB - Standard/Technical		1,200	247			1,200	247		
EMB - Joint Office Costs		6,300	247			6,300	247		
					340,600				340,600
<b>FIS - Arizona Game and Fish Department</b>	30,973,700								
FIS - Standard/Technical		271,400	250			271,400	250		
FIS - One-time Allocations		(1,083,800)	250			(1,083,800)	250		
FIS - Rebase Retirement		(449,400)	250			(449,400)	250		
FIS - Motor Pool		1,337,200	251			1,251,900	251		
FIS - Shooting Range		500,000	251			500,000	251		
FIS - Watercraft Outreach		1,275,000	251			1,175,000	251		
FIS - Watercraft OUI		250,000	251			250,000	251		
					33,074,100				32,888,800
<b>GAM - Department of Gaming</b>	11,867,400								
GAM - Standard/Technical		10,400	257			10,400	257		
GAM - Enforcement Division Staffing		754,600	257			600,600	257		
GAM - Joint Monitoring System		1,188,100	258			2,442,100	258		
GAM - Eliminate One-time Fleet Vehicle Acquisitions		(12,000)	257			(12,000)	257		
GAM - Gaming Crimes Prosecution		296,600	257			296,600	257		

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	FY 2007	FY 08 Changes	Pg.# 2/	Comments	FY 2008	FY 09 Changes	Pg.# 2/	Comments	FY 2009
GAM - Certification Staffing		142,300	257			129,300	257		
GAM - Problem Gambling		911,400	258			1,371,900	258		
					15,158,800				16,706,300
<b>GTA - Government Information Technology Agency</b>	2,754,400								
GTA - Standard/Technical		1,400	263			4,200	263		
					2,755,800				2,758,600
<b>DHS - Department of Health Services</b>	78,673,100								
DHS - Standard/Technical		103,100	270						
DHS - Nursing Care Incentive Grants		(128,500)	280						
DHS - Autism Pilot One-time Funding		(2,300,000)	285						
DHS - Southern AZ Trauma Center One-time Funding		(2,000,000)	286						
DHS - Biotech Grants Expiring Authority		(5,000,000)	284						
					69,347,700				
<b>AZH - Arizona Historical Society</b>	193,700								
AZH - Standard/Technical		(500)	302			0	302		
					193,200				193,700
<b>HOM - Board of Homeopathic Medical Examiners</b>	87,800								
HOM - Standard/Technical		400	308			400	308		
HOM - Program Costs		5,000	309			3,300	309		
					93,200				91,500
<b>HOU - Department of Housing</b>	728,100								
HOU - Standard/Technical		1,200	311			1,200	311		
HOU - Compliance Inspectors		66,500	311			62,300	311		
					795,800				791,600
<b>IND - Industrial Commission</b>	18,938,900								
IND - Standard/Technical		6,000	317			9,900	317		
IND - Additional Staff		194,100	317			185,700	317		
IND - Elevator Inspectors		168,400	317			160,000	317		
					19,307,400				19,294,500
<b>INS - Department of Insurance</b>	25,000								
IND - Standard/Technical		0	320			0	320		
					25,000				25,000
<b>SPA - Judiciary - Supreme Court</b>	26,900,000								
SPA - Standard/Technical		(34,700)	324						
					26,865,300				
<b>SUP - Judiciary - Superior Court</b>	10,252,400								
SUP - Standard/Technical SLI		4,400	336						
					10,256,800				
<b>DJC - Department of Juvenile Corrections</b>	4,758,500								
DJC - Standard/Technical		(4,800)	341						
DJC - State Juvenile Education System Adjustment		48,700	341						
DJC - Adobe Mountain Well		(340,000)	342						
					4,462,400				
<b>LAN - State Land Department</b>	450,600								
LAN - Standard/Technical		0				0			
LAN - Eliminate One-time Increase for Dam Repair		(230,600)	346			(230,600)	346		
LAN - Due Diligence		500,000	347			500,000	347		
					720,000				720,000
<b>LIBR - AZ State Library, Archives &amp; Public Records</b>	661,800								
LIBR - Standard/Technical		700	360			700	360		
					662,500				662,500

	FY 2007	JLBC OF <sup>1/</sup> FY 08 Changes	Pg.# <sup>2/</sup>	Comments	FY 2008	JLBC OF <sup>1/</sup> FY 09 Changes	Pg.# <sup>2/</sup>	Comments	FY 2009
<b>LOT - Arizona State Lottery Commission</b>	70,760,000								
LOT - Standard/Technical		(24,300)	367			(24,300)	367		
LOT - Equipment		179,400	367			11,700	367		
LOT - Instant Ticket Staff		39,400	367			33,800	367		
LOT - Telecomm Savings		(2,160,000)	368			(2,160,000)	368		
LOT - Retailer Commissions		658,200	368			1,155,600	368		
LOT - Instant Tickets		161,500	367			242,200	367		
LOT - On-Line Vendor Fees		(289,200)	367			(92,300)	367		
					69,325,000				69,926,700
<b>MED - Arizona Medical Board</b>	5,697,300								
MED - Standard/Technical		22,900	372			22,900	372		
MED - Eliminate One-Time Equipment		(152,500)	373			(152,500)	373		
					5,567,700				5,567,700
<b>MSL - Board of Medical Student Loans</b>	309,800								
MSL - Standard/Technical		0	374			0	374		
					309,800				309,800
<b>MIN - State Mine Inspector</b>	0								
MIN - Standard/Technical		0	377						
					0				
<b>NAT - Naturopathic Physician Examiners Board</b>	493,700								
NAT - Standard/Technical		1,100	381			1,100	381		
NAT - Joint Office Costs		21,000	382			21,000	382		
NAT - Investigation Costs		42,600	382			40,000	382		
NAT - Program Costs		28,200	382			28,200	382		
					586,600				584,000
<b>NUR - State Board of Nursing</b>	3,398,400								
NUR - Standard/Technical		3,700	386			3,700	386		
NUR - IT Issues		177,500	386			16,000	386		
NUR - Equipment Replacement		73,600	386			0	386		
NUR - Private Rent Increase		20,900	386			43,400	386		
					3,674,100				3,461,500
<b>NCI - Nursing Care Inst. Administrators Board</b>	406,600								
NCI - Standard/Technical		10,900	388			10,900	388		
NCI - Expense Reduction		(58,800)	388			(58,800)	388		
					358,700				358,700
<b>OCC - Board of Occupational Therapy Examiners</b>	239,000								
OCC - Standard/Technical		900	391			900	391		
					239,900				239,900
<b>DIS - State Board of Dispensing Opticians</b>	110,100								
DIS - Standard/Technical		(300)	393			(300)	393		
DIS - Administrative Expenses		12,300	393			10,300	393		
					122,100				120,100
<b>OPT - State Board of Optometry</b>	193,900								
OPT - Standard/Technical		500	395			500	395		
					194,400				194,400
<b>OST - Arizona Board of Osteopathic Examiners</b>	655,900								
OST - Standard/Technical		8,000	397			8,000	397		
OST - Eliminate One-time Database Funding		(100,000)	397			(100,000)	397		
OST - Compliance Personnel		74,700	398	108,100		74,700	398	104,100	
OST - IT Improvements		22,000	398			22,000	398		
					660,600				660,600

	FY 2007	JLBC OF <sup>1/</sup> FY 08 Changes	Pg.# <sup>2/</sup>	Comments	FY 2008	JLBC OF <sup>1/</sup> FY 09 Changes	Pg.# <sup>2/</sup>	Comments	FY 2009
<b>SPB - Arizona State Parks Board</b>	10,008,300								
SPB - Standard/Technical		(25,200)	401			(25,200)	401		
					9,983,100				9,983,100
<b>PHA - Arizona State Board of Pharmacy</b>	1,566,200								
PHA - Standard/Technical		5,000	407			5,100	407		
PHA - New Compliance Officer		116,700	407			101,700	407		
PHA - Attorney General IGA		19,600	408			25,700	408		
					1,707,500				1,698,700
<b>PHY - Board of Physical Therapy Examiners</b>	293,700								
PHY - Standard/Technical		1,200	409			1,100	409		
PHY - Program Costs		84,900	410			54,800	410		
					379,800				349,600
<b>PIO - Arizona Pioneers' Home</b>	5,087,000								
PIO - Standard/Technical		200	412			200	412		
PIO - Equipment		13,000	412			13,000	412		
PIO - Prescription Drugs		(186,400)	412			(178,400)	412		
PIO - Health Insurance		75,700	412			75,700	412		
PIO - Nurse Pay Increase		87,800	412			184,000	412		
					5,077,300				5,181,500
<b>POD - State Board of Podiatry Examiners</b>	121,900								
POD - Standard/Technical		700	414			800	414		
POD - Salary/Clerical Support		15,400	414			15,400	414		
POD - Joint Office Costs		700	414			700	414		
					138,700				138,800
<b>POS - Commission for Postsecondary Education</b>	2,930,800								
POS - Standard/Technical		600	417			600	417		
POS - AMEPAC		(51,400)	417			(51,400)	417		
POS - 529 Plan		37,300	417			37,300	417		
POS - 12 Plus Partnership		10,300	418			10,300	418		
					2,927,600				2,927,600
<b>PRI - Board for Private Postsecondary Education</b>	318,400								
PRI - Standard/Technical		0	421			0	421		
					318,400				318,400
<b>PSY - State Board of Psychologist Examiners</b>	381,300								
PSY - Standard/Technical		600	423			600	423		
PSY - Equipment		(7,600)	423			0	423		
					374,300				381,900
<b>DPS - Department of Public Safety</b>	60,804,000								
DPS - Standard/Technical		(181,100)	426						
DPS - Rebase Retirement		(373,700)	426						
DPS - Sworn Pay Adjustment		672,900	427						
DPS - Helicopter Lease-Purchase Agreement Expiration		(764,900)	428						
DPS - Crime Lab Staff - 10 FTEs		978,300	427						
DPS - Crime Lab Equipment		133,100	427						
DPS - SETIF/MVLIE Backfill		0	426						
					61,268,600				
<b>RAC - Arizona Department of Racing</b>	345,000								
RAC - Standard/Technical		0	440			0	440		
					345,000				345,000
<b>RAD - Radiation Regulatory Agency</b>	281,800								
RAD - Standard/Technical		100	443			100	443		

	FY 2007	JLBC OF <sup>1/</sup> FY 08 Changes	Pg.# <sup>2/</sup>	Comments	FY 2008	JLBC OF <sup>1/</sup> FY 09 Changes	Pg.# <sup>2/</sup>	Comments	FY 2009
					281,900				281,900
<b>RUC - Residential Utility Consumer Office</b>	1,275,400								
RUC - Standard/Technical		(1,500)	448			(1,500)	448		
					1,273,900				1,273,900
<b>RES - Board of Respiratory Care Examiners</b>	209,100								
RES - Standard/Technical		300	450			300	450		
RES - Software		1,700	451			0	451		
RES - Additional Staff		13,400	450			13,400	450		
RES - ERE Adjustment		14,000	451			14,000	451		
					238,500				236,800
<b>RET - Arizona State Retirement System</b>	21,126,000								
RET - Standard/Technical		(1,300)	453			(1,300)	453		
RET - Records Management		130,300	453			109,300	453		
RET - Investment Management FTE		129,100	453			122,100	453		
RET - Long-Term Disability Administration		(97,700)	453			(97,700)	453		
RET - One-Time Costs		(383,700)	453			(383,700)	453		
					20,902,700				20,874,700
<b>REV - Department of Revenue</b>	4,381,400								
REV - Standard/Technical		16,900	457			(17,100)	457		
REV - One-time Costs		(72,500)	458			(72,500)	458		
					4,325,800				4,291,800
<b>SOS - Secretary of State</b>	20,164,900								
SOS - Standard/Technical		(100)	470			(100)	470		
SOS - HAVA Appropriation		(5,000,000)	471			(16,000,000)	471	Non-lapsing thru FY '09	
SOS - Professional Employer Organization FTE		(70,000)	470			(70,000)	470		
					15,094,800				4,094,800
<b>SBO - State Boards' Office</b>	180,800								
SBO - Standard/Technical									
SBO - Joint Office Cost Adjustment		79,200	474			79,200	474		
					260,000				260,000
<b>PES - Structural Pest Control Commission</b>	2,253,500								
PES - Standard/Technical		1,000	477			1,000	477		
PES - Information Technology Services		62,500	477			60,000	477		
PES - Additional Attorney General Resources		88,800	477			92,900	477		
PES - IT Equipment		81,800	477			36,000	477		
PES - Examination Consultant		8,000	477			8,000	477		
					2,495,600				2,451,400
<b>TEC - State Board of Technical Registration</b>	1,521,100								
TEC - Standard/Technical		100	480			1,100	480		
TEC - Home Inspector		54,600	480			50,900	480		
					1,575,800				1,573,100
<b>DOT - Department of Transportation</b>	439,407,200								
DOT - Standard/Technical		(163,200)	491						
DOT - One-Time Costs		(670,500)	497						
DOT - Third Party Workload		97,400	498						
DOT - SETIF - MVLIE Funding Shift			498	\$1.6 M Shift Not Continued					
DOT - Highway Maintenance Miles/Barriers/Cost Increases		7,464,300	494						
DOT - Customer Service Automation Equipment/VIN		789,500	497						
DOT - License Plate Inventory Limit			497	Use \$192 K for Fraud Staff					
DOT - Grand Canyon Airport Vehicles		147,000	502						
DOT - Grand Canyon Airport Equipment		253,000	501						

	FY 2007	JLBC OF <sup>1/</sup> FY 08 Changes	Pg.# <sup>2/</sup>	Comments	FY 2008	JLBC OF <sup>1/</sup> FY 09 Changes	Pg.# <sup>2/</sup>	Comments	FY 2009
TRE - State Treasurer	0				447,324,700				
TRE - Standard/Technical		0							
TRE - Remote Access		33,800	504		33,800				
UNI - Universities									
UNI - ASU - Main Campus	217,845,000								
UNI - Standard/Technical		0							
UNI - Enrollment Growth		7,159,500	515		225,004,500				
UNI - ASU - East Campus	18,576,000								
UNI - Standard/Technical		0							
UNI - Enrollment Growth		2,408,800	522		20,984,800				
UNI - ASU - West Campus	22,445,400								
UNI - Enrollment Growth		1,006,700	527		23,452,100				
UNI - Northern Arizona University	42,706,800								
UNI - Standard Changes		0	532						
UNI - Enrollment Growth		2,577,600	532		45,284,400				
UNI - UA - Main Campus	118,470,600								
UNI - Standard/Technical		0							
UNI - Enrollment Growth		(803,400)	537		117,667,200				
UNI - UA - Health Sciences Center	13,890,200								
UNI - Standard/Technical		0							
UNI - Enrollment Growth		465,900	542		14,356,100				
VSC - Department of Veterans' Services	13,983,100								
VSC - Standard/Technical		31,100	546		14,014,200	31,100	546		14,014,200
VME - Veterinary Medical Examining Board	442,900								
VME - Standard/Technical		1,700	549			1,700	549		
VME - Equipment Replacement		11,500	550			0	550		
VME - Professional and Outside Services		4,400	550		460,500	6,400	550		451,000
WAT - Department of Water Resources	1,100,000								
WAT - Standard/Technical		400	552		1,100,400	400	552		1,100,400
WEI - Department of Weights & Measures	1,561,000								
WEI - Standard/Technical		(700)	559			(700)	559		
WEI - Computer Equipment		(4,600)	559			15,600	559		
WEI - In-State Travel		13,600	559			13,600	559		
WEI - Ultra-Low Sulfur Diesel Testing		20,800	559		1,590,100	20,800	559		1,610,300
OTH - Other									
OTH - Unallocated Biennial '06 Annualizations	96,800	(96,800)			0				0
OTH - Unallocated '07 Retirement Increase	1,051,700	(1,051,700)			0				0
OTH - Unallocated '07 State Employee Health Insurance	1,392,100	(1,392,100)			0				0
OTH - Unallocated '07 State Employee Pay (Ch. 1)	5,878,500	(5,878,500)			0				0

	JLBC OF 1/				JLBC OF 1/				
	FY 2007	FY 08 Changes	Pg.# 2/	Comments	FY 2008	FY 09 Changes	Pg.# 2/	Comments	FY 2009
OTH - Unallocated Attorney General Cost Allocation	67,600	(67,600)			0				0
OTH - COSF/Rent Increase	0	1,000,000	vii		1,000,000				0
OTH - Unallocated AZNet	1,009,200	(1,009,200)			0				0
OTH - '08 Retirement Increase	0	3,200,000	vi		3,200,000				0
OTH - '08 State Employee Pay	0	15,300,000	vi		15,300,000				0
OTH - '08 Health Insurance Increase	0	10,750,000	vi		10,750,000				0
<b>TOTAL - OPERATING SPENDING CHANGES</b>	<b>\$2,465,385,300</b>	<b>\$7,694,700</b>			<b>\$2,473,080,000</b>	<b>(\$5,663,400)</b>			<b>\$430,818,200</b>
<b>CAPITAL SPENDING CHANGES</b>									
<u>Building Renewal</u>									
Arizona Department of Administration - '07	3,400,000	(3,400,000)			0				0
Arizona Department of Administration - '08	0	7,257,100	565	26%	7,257,100				0
Arizona Exposition and State Fair Board - '07	1,508,400	(1,508,400)			0				0
Arizona Exposition and State Fair Board - '08	0	1,631,800	565	100%	1,631,800				0
Game & Fish Department - '07	430,800	(430,800)			0				0
Game & Fish Department - '08	0	474,200	565	100%	474,200				0
Arizona Lottery Commission - '07	53,600	(53,600)			0				0
Arizona Lottery Commission - '08	0	60,000	565	100%	60,000				0
Arizona Department of Transportation - '07	3,702,900	(3,702,900)			0				0
Arizona Department of Transportation - '08	0	4,018,300	569	50% SHF	4,018,300				0
<u>New Projects</u>									
ADOT Statewide Highway Construction - '07	54,596,000	(54,596,000)			0				0
ADOT Statewide Highway Construction - '08	0	99,635,000	571		99,635,000				0
ADOT Highway Fund Deposit to STAN	62,000,000	(62,000,000)			0				0
ADOT Controlled Access Highways - '07	105,872,000	(105,872,000)			0				0
ADOT Controlled Access Highways - '08	0	111,785,000	570		111,785,000				0
ADOT Debt Service	65,805,000	37,522,000	571		103,327,000				0
ADOT Airport Planning & Development - '07	20,464,200	(20,464,200)			0				0
ADOT Airport Planning & Development - '08	0	25,306,000	571		25,306,000				0
ADOT Payson MVD Service Center		1,229,400	569	from HURF	1,229,400				0
ADOT Surprise MVD Service Center - '07	2,736,200	(2,736,200)			0				0
ADOT Surprise MVD Service Center - '08	0	6,152,000	570	from HURF	6,152,000				0
ADOT De-Icer Buildings	1,478,000	(1,478,000)			0				0
ADOT Oil/Asphalt Storage Tanks	1,587,600	(1,587,600)			0				0
ADOT Vehicle Wash		2,398,500	570		2,398,500				0
ADOT Far South East Valley Multi-Use		6,701,900	570		6,701,900				0
ADOT DPS Microwave Communications System - '07	826,000	0	570		826,000				0
ADOT Grand Canyon Airport Restrooms		330,000	570		330,000				0
ADOT Glendale Airport Civil Air Patrol Infra. Improvements	200,000	(200,000)			0				0
ADOT Grand Canyon Airport Modular Housing	2,500,000	(2,500,000)			0				0
DOC Yuma Prison Water Treatment Plant Upgrade	2,189,000	(2,189,000)			0				0
Game & Fish Black Canyon Dam Modifications	300,000	(300,000)			0				0
Game & Fish Migratory Waterfowl Habitat	100,000	(100,000)			0				0
Game & Fish Flood Warning System	350,000	(350,000)			0				0
Game & Fish House Rock Driveway Surfacing	25,000	(25,000)			0				0
Game & Fish Flagstaff Office Parking Gate	10,000	(10,000)			0				0
Game & Fish Yuma Storage Canopy	35,000	(35,000)			0				0
Game & Fish Yuma Office Security System	30,000	(30,000)			0				0
Game & Fish Yuma Office Fence	10,000	(10,000)			0				0
Game & Fish Yuma Cluff Ranch Access Improvements	50,000	(50,000)			0				0
Game & Fish Boat Shade Canopies		195,000	566		195,000				0



	FY 2007	JLBC OF <sup>1/</sup> FY 08 Changes	Pg.# <sup>2/</sup>	Comments	FY 2008	JLBC OF <sup>1/</sup> FY 09 Changes	Pg.# <sup>2/</sup>	Comments	FY 2009
Game & Fish Boat Registration Kiosks		240,000	566		240,000				0
Game & Fish Shooting Range Access - '07	200,000	(200,000)			0				0
Game & Fish Shooting Range Access - '08	0	150,000	566		150,000				0
Game & Fish Preventative Maintenance - '07	15,000	(15,000)			0				0
Game & Fish Preventative Maintenance - '08	0	30,000	566		30,000				0
Game & Fish Microwave Communications System - '07	207,000	(207,000)			0				0
Game & Fish Microwave Communications System - '08	0	207,000	566		207,000				0
Game & Fish Headquarters Construction		80,000	566		80,000				0
Game & Fish Becker Lake Facilities Improvements		120,000	566		120,000				0
Game & Fish Becker Lake Wildlife Area Bridge		52,000	566		52,000				0
Game & Fish Flagstaff Regional Office Remodel/Expansion		1,050,000	566		1,050,000				0
Game & Fish Seven Mile Shooting Range		48,000	567		48,000				0
Game & Fish Robbins Butte Levee		175,000	567		175,000				0
<b>TOTAL - CAPITAL SPENDING CHANGES</b>	<b>\$330,681,700</b>	<b>\$42,797,500</b>			<b>\$373,479,200</b>	<b>\$0</b>			<b>\$0</b>
<b>TOTAL - ALL OTHER FUND CHANGES</b>	<b>\$2,796,067,000</b>	<b>\$50,492,200</b>			<b>\$2,846,559,200</b>	<b>(\$5,663,400)</b>			<b>\$430,818,200</b>

<sup>1/</sup> Represents JLBC Baseline Changes to FY 2007 budget.

<sup>2/</sup> JLBC Book I - Individual Agency Detail volume - page reference.

***BUDGET RECONCILIATION BILL PROVISIONS***

## FY 2008 BUDGET RECONCILIATION BILL PROVISIONS

The JLBC would include the enactment of statutory changes associated with its funding amounts. The following provisions would be grouped by subject into Budget Reconciliation Bills (BRB's).

### Department of Administration

#### *Employee Health Insurance*

- As permanent law, require ADOA to report all changes to the type of employee health benefits for the upcoming plan year in their existing March 1 report.
- As session law, continue to prohibit ADOA from implementing a differentiated health insurance premium in FY 2008 based on the integrated or non-integrated status of the provider beginning October 1, 2007.

#### *Telecommunications Fund Infrastructure Investment Account*

- As permanent law, clarify that statute establishing the Telecommunications Fund appropriates all expenditures, including expenditures from sub-accounts or private accounts established by the agency, including the Infrastructure Investment Account.

### Department of Agriculture

#### *Livestock and Crop Conservation Fund*

- As permanent law, continue to set administrative cap for Fund at 10% instead of 5% in FY 2008 and FY 2009.

### AHCCCS

#### *County Acute Care Contributions*

- As session law, set the County Acute Care contribution at \$51,098,200. This amount includes an inflation indexing of the Maricopa County contribution as required by Laws 2005, Chapter 328.

#### *County ALTCS Contributions*

- As session law, set county ALTCS contributions at \$247,858,800.

#### *Disproportionate Share Hospitals (DSH) Withholding*

- As session law, establish FY 2008 withholding amounts from counties, and adjust county expenditure limit calculations.

#### *Disproportionate Share Uncompensated Care (DUC) Pool*

- As session law, continue the use of a total of \$2,646,200 in DUC pool contributions in AHCCCS for all counties other than Maricopa.

#### *Healthcare Group*

- As permanent law, clarify the definition of appropriated administrative expenses to include those incurred by the Preferred Provider Organization program.

#### *Redetermination*

- As permanent law, continue redetermination period of 6 months for Temporary Assistance for Needy Families Cash Benefit clients age 21 or older. Require AHCCCS to report to President of the Senate, Speaker of the House, and the Joint Legislative Budget Committee by February 10, 2008 on the results of the redetermination change.

#### *Temporary Medical Coverage Fund Double Appropriation*

- As permanent law, allow General Fund monies appropriated to the Temporary Medical Coverage Fund to be expended from the fund without a second appropriation.

### Attorney General

#### *Collection Enforcement Revolving Fund*

- As session law, continue to allow use of the Collection Enforcement Revolving Fund for operating expenses in FY 2008 and FY 2009.

### Community Colleges

#### *JLBC Dual Enrollment Ad Hoc Committee*

- As permanent law, repeal the existing mandatory requirement for the JLBC Ad Hoc Committee on Dual Enrollment to convene every 2 years, and instead make formation of the committee optional.

### Department of Corrections

#### *Budget Structure*

- As session law, require the Department of Corrections to report actual FY 2007, estimated FY 2008, and requested FY 2009 expenditures as delineated in the FY 2008 General Appropriation Act when the department submits the FY 2009 budget request pursuant to A.R.S. § 35-133.

## **Department of Economic Security**

### *Child Care Income Eligibility*

- As session law, continue to permit DES to reduce income eligibility levels for all child care programs. Require report to JLBC within 15 days of change in levels.

## **Arizona Department of Education**

### *2% Inflation Adjustment*

- As permanent law, increase by 2% the formula funding “base level” in A.R.S. § 15-901(B2), the charter school “Additional Assistance” amounts per pupil in A.R.S. § 15-185(B4) and the transportation funding amounts per route mile in A.R.S. § 15-945.

### *Desegregation Cap*

- As session law, continue through FY 2008 a “soft cap” that allows desegregation expenditures to increase for enrollment growth and inflation.

### *Rapid Decline Formula*

- As session law, continue to fund Rapid Decline at 50% for FY 2008.

### *Shorter School Year*

- As permanent law, continue to allow a shorter than 36-week school year using longer days.

### *Tax Rates*

- As session law, specify the official K-12 QTR for FY 2008, as adjusted for compliance with the Truth in Taxation law (A.R.S. § 41-1276) and the business property tax changes instituted by Laws 2005, Chapter 302.

### *ADM Audits*

- As session law, continue to authorize the Department of Education or Auditor General to conduct Average Daily Membership audits of school districts and charter schools.

## **Department of Environmental Quality**

### *Underground Storage Tank Fund*

- As session law, continue to set administrative cap at \$6,331,000 in FY 2008 and FY 2009.

## **Government Information Technology Agency**

### *Web Portal*

- As session law, require GITA, after executing but before implementing any new web portal contract in FY 2008, to submit the fiscal provisions of the contract to JLBC for its review.
- As permanent law, require Information Technology Authorization Committee approval of project changes and contract amendments with associated costs that exceed \$1,000,000.

## **Department of Health Services**

### *Restoration to Competency Cost Sharing*

- As session law, continue to require Maricopa and Pima Counties and all cities to pay 86% of cost of Restoration to Competency treatment in FY 2008.

## **Department of Insurance**

### *Fee Range Suspension*

- As session law, continue to suspend the 95%-110% fee revenue requirement in FY 2008 and FY 2009.

## **Board of Medical Student Loans**

### *Medical Student Loan Fund Double Appropriation*

- As permanent law, allow General Fund monies appropriated to the Medical Student Loan Fund to be expended from the fund without a second appropriation.

## **Navigable Stream Adjudication Commission**

### *Non-Lapsing FY 2006 Appropriation*

- As session law, extend the non-lapsing of \$50,000 from the FY 2006 General Fund appropriation from June 30, 2007 to June 30, 2008.

## **State Parks Board**

### *State Parks Enhancement Fund*

- As session law, continue to allow appropriated State Parks Enhancement Fund monies to be used for the operation of state parks or for capital needs as approved by the Joint Committee on Capital Review in FY 2008 and FY 2009.

- As session law, continue to allow the use of \$692,100 from the Off-Highway Vehicle Recreation Fund for agency operating costs in FY 2008 and FY 2009.

## **Department of Public Safety**

### *Redirect CJEF Revenues*

- As session law, continue to redirect 9% of CJEF revenues, formerly deposited into the General Fund, to DPS to fund the department's crime lab operations in FY 2008.

### *Safety Enforcement Transportation Infrastructure Fund Uses*

- As permanent law, repeal the provisions of Laws 2006, Chapter 205 to again allow the use of SETIF monies for DPS and ADOT enforcement of vehicle safety requirements and maintenance of transportation facilities within 25 miles of the Arizona-Mexico border.

## **Real Estate Department**

### *Fee Range Suspension*

- As session law, continue to suspend 95%-110% fee revenue requirement in FY 2008 and FY 2009.

## **Arizona State Retirement System**

### *Information Technology Appropriation Lapsing Extension*

- As session law, amend FY 2005 and FY 2006 General Appropriation Acts to extend the lapsing date of the Information Technology Plan appropriations from June 30, 2007 to June 30, 2008. Retroactive to June 30, 2007.

## **Department of Revenue**

### *Business Reengineering/Integrated Tax System (BRITS)*

- As session law, continue to require the full Legislature to authorize in legislation any BRITS contract extensions or modifications that increase the contractor's share of gain-sharing proceeds from state revenues.

## **School Facilities Board**

### *Building Renewal Formula*

- As permanent law starting in FY 2008, make the following changes to the Building Renewal formula: 1) Limit the age of a building to 30 years; 2) Eliminate separate funding formula for portable buildings; 3) Use square foot per student requirements from minimum adequacy guidelines rather than from new construction guidelines; and 4) Use "replacement cost" per square foot rather than new construction cost per square foot in the formula.

## **Arizona Department of Transportation**

### *Safety Enforcement Transportation Infrastructure Fund Uses*

- As permanent law, repeal the provisions of Laws 2006, Chapter 205 to again allow the use of SETIF monies for ADOT and DPS enforcement of vehicle safety requirements and maintenance of transportation facilities within 25 miles of the Arizona-Mexico border.

## **State Treasurer**

### *Justice of the Peace Salaries*

- As session law, continue to fund state share of Justice of the Peace salaries at 38.5% in FY 2008.

## **Universities/Board of Regents**

### *Indirect and Third-Party Capital Financing*

- As permanent law, require JCCR review of capital projects that may eventually become a state asset. In addition, clarify that a ground lease with a private firm or non-profit entity is subject to JCCR review.

### *Public Posting of Employment Opportunities*

- As permanent law, continue to require all public higher education institutions to publicly post all employment openings.

## **ASU-Main**

### *Downtown Phoenix Campus Plan Review*

- As session law, continue to require ABOR and ASU to submit for JLBC review by October 1, 2007 detailed operational and capital plans for the development of the downtown campus.

## **Department of Water Resources**

### *Water Protection Fund*

- As session law, continue to suspend the requirement for a \$5,000,000 General Fund appropriation to the Water Protection Fund in FY 2008 and FY 2009.

**Other***Federal Funds*

- As session law, continue to require unrestricted federal funds received between May 1, 2007 and June 30, 2008 to be deposited in the General Fund for the payment of essential government services. Retroactive to April 30, 2007.

*Financial Reporting*

- Add provision requiring the Arizona Department of Administration to reconcile the General Fund reporting in the Consolidated Annual Financial Report to the Annual Financial Report.

***PERFORMANCE BUDGETING***

## PERFORMANCE BUDGETING

### Strategic Program Area Reviews (SPARs)

A.R.S. § 41-1275 establishes the Strategic Program Area Review (SPAR) process. The SPARs provide an opportunity for the Governor and the Legislature to evaluate the effectiveness and efficiency of programs crossing state agency lines. These reviews by JLBC Staff and the Governor’s Office of Strategic Planning and Budgeting (OSPB) are a permanent part of the biennial budget process and result in decisions to retain, eliminate, or modify particular programs. At its December 18, 2006 meeting, the Joint Legislative Budget Committee approved the following two SPARs for the upcoming cycle:

- **Substance Abuse:** This SPAR would update a 1998 Program Area Review which found that 13 different state agencies provided substance abuse services at a cost of \$60 million. Besides updating the list of which state agencies provide substance abuse services and at what funding level, the SPAR would also examine the coordination and evaluation of substance abuse services to determine the progress that has been made since the initial review 8 years ago.
- **Debt and Third-Party Financing:** This SPAR would provide a review of the sources and uses of, as well as the outstanding obligations associated with, debt and third party financing agreements used by state agencies.

Agencies are required to submit their self-assessments to OSPB and JLBC Staff by June 1, 2007. Statute requires JLBC Staff and OSPB to “jointly produce a report of their findings and recommendations for whether to retain, eliminate or modify funding and related statutory references for the programs” and submit that report to the President of the Senate, the Speaker of the House of Representatives, and the Governor by January 1, 2008.

### Performance Measures

The General Appropriation Act has included performance measure targets for most agencies since FY 2002. Agencies have been expected to report results for these targets as part of their budget and strategic plan submittals.

A provision in the FY 2007 General Appropriation Act required agencies to submit FY 2006 results for performance measures in the General Appropriation Act as part of their FY 2008 budget request. If an agency failed to submit this information, they were required to submit a report in their FY 2008 request explaining why the agency failed to submit the results.

Table 2 lists the agencies and the 42 specific performance measures for which the agency did not provide a result as part of the budget request. Of the 42 measures, 37 involve some measure of customer or client satisfaction. Further details on these measures, as well as on other measures, can be found in each agency’s narrative.

**Table 1**  
**Agencies with Incomplete Performance Measures**

<u>Agency</u>	<u># of Incomplete Measures</u>
Acupuncture Board of Examiners	1
Arizona Department of Administration	11
Arizona Department of Agriculture	1
AZ Health Care Cost Containment System	1
Arizona Community Colleges	2
State Board of Dental Examiners	1
Department of Economic Security	2
Dept. of Emergency and Military Affairs	1
State Board of Equalization	3
Board of Executive Clemency	1
State Bd. of Funeral Directors and Embalmers	1
Arizona Game and Fish Department	2
Government Information Technology Agency	1
Department of Health Services	1
Prescott Historical Society	1
Board of Homeopathic Medical Examiners	1
Arizona Commission of Indian Affairs	1
Board of Medical Student Loans	1
State Mine Inspector	1
Board of Examiners of Nursing Care Institution Administrators and Assisted Living Facility Managers	1
State Board of Optometry	1
Board of Physical Therapy Examiners	1
State Board of Podiatry Examiners	1
Structural Pest Control Commission	1
State Board of Tax Appeals	2
State Board of Technical Registration	1



**Table 2**

**Unreported Performance Measure Results**

**Agency / Cost Center**

**Performance Measure**

Acupuncture Board of Examiners	Customer satisfaction rating (Scale 1-8)
ADOA - Summary	% of ADOA services receiving a good (6) or better rating from customers, based on annual survey (Scale 1-8)
ADOA - Financial Services	Customer satisfaction with establishing contracts (Scale 1-8)
ADOA - Financial Services	Customer satisfaction with administering contracts (Scale 1-8)
ADOA - Facilities Management	Customer satisfaction rating for building maintenance (Scale 1-8)
ADOA - Human Resources	Customer satisfaction with employee training (Scale 1-8)
ADOA - Human Resources	Customer satisfaction with benefit plans (Scale 1-8)
ADOA - Information Technology Svcs	Customer satisfaction rating for the Wide Area Network (MAGNET) (Scale 1-8)
ADOA - Information Technology Svcs	Customer satisfaction rating for Statewide Telecommunications Management Contract services (Scale 1-8)
ADOA - Information Technology Svcs	Customer satisfaction rating for mainframe services based on annual survey (Scale 1-8)
ADOA - Support Services	Customer satisfaction with all Travel Reduction services (Scale 1-8)
ADOA - Risk Management	Customer satisfaction with self-insurance (Scale 1-8)
Arizona Department of Agriculture	% of industry stakeholders rating the department's quality of communication excellent or good
AHCCCS - Administration	Customer satisfaction rating for eligibility determination clients (Scale 1-8)
Arizona Community Colleges	% of students who transfer to AZ public universities without loss of credits
Arizona Community Colleges	No. of applied Baccalaureate programs collaboratively developed with universities
State Board of Dental Examiners	Customer satisfaction rating (Scale 1-8)
DES-Developmental Disabilities	% of families of children under 18 who are satisfied with services and supports
DES-Developmental Disabilities	% of families or individuals 18 years or older, who do not live at home with family, who are satisfied with services and supports
Dept. of Emergency and Military Affairs	Customer satisfaction rating for communities served during disasters (Scale 1-8)
State Board of Equalization	Average calendar days to process a property tax appeal from receipt to issuance
State Board of Equalization	% of rules upheld in tax courts
State Board of Equalization	Customer satisfaction rating (Scale 1-8)
Board of Executive Clemency	Customer satisfaction rating for victims (Scale 1-8)
St. Bd. of Funeral Directors/Embalmers	Customer satisfaction rating (Scale 1-8)
Arizona Game and Fish Department	% of public satisfaction w/ off-highway vehicle and watercraft information products and services
Arizona Game and Fish Department	% of anglers rating their experience as "excellent," or greater than equal to 9, on a scale of 1 to 10
Govt. Information Technology Agency	% of agency IT managers rating GITA performance as excellent
DHS - Behavioral Health	% of RBHA Title XIX clients satisfied with services
Prescott Historical Society	Customer satisfaction rating (Scale 1-8)
Homeopath Medical Examiners, Bd. of	Customer satisfaction rating (Scale 1-8)
Arizona Comm. of Indian Affairs	% of customer surveys rating overall satisfaction as "good", "better", or "excellent"
Board of Medical Student Loans	Customer satisfaction rating (Scale 1-8)
State Mine Inspector	Customer satisfaction rating for mines (Scale 1-8)
Nursing Care Institution Administrators	Customer satisfaction rating (Scale 1-8)
State Board of Optometry	Customer satisfaction rating (Scale 1-8)
Board of Physical Therapy Examiners	Customer satisfaction rating (Scale 1-8)
State Board of Podiatry Examiners	Customer satisfaction rating (Scale 1-8)
Structural Pest Control Commission	Customer satisfaction rating (Scale 1-8)
State Board of Tax Appeals	% of rulings upheld in tax courts
State Board of Tax Appeals	Customer satisfaction rating (Scale 1-8)
State Bd. of Technical Registration	Customer satisfaction rating (Scale 1-8)

***REVENUE FORECAST***

## GENERAL FUND REVENUE

### FY 2007

FY 2007 General Fund total resources are projected to be \$10.89 billion. This amount consists of \$9.83 billion of FY 2007 revenue plus a \$1.05 billion balance forward from FY 2006. As indicated in *Table 1* below, the revised FY 2007 revenue estimate is \$355.6 million higher than the estimate from the FY 2007 budget enacted in the spring of 2006.

**Table 1**

#### FY 2007 Revenue Forecast (\$ in Millions)

Adopted FY 2007 Revenue Estimate	\$9,477.9
Revised Revenue Forecast	355.6
Revised FY 2007 Revenue Estimate	\$9,833.5

The revised FY 2007 estimate assumes an increase of 7.1% in ongoing revenues (excluding Urban Revenue Sharing) compared to the prior year. Through November, year-to-date ongoing revenues are 9.3% above the same period in FY 2006. The revenue growth is expected to slow in the second half of the fiscal year as enacted tax law changes take effect. Through November, year-to-date revenues are \$87.1 million above the original budget forecast.

As described below in the FY 2008 section, the JLBC Staff has used a consensus forecasting process to develop its FY 2008 General Fund revenue estimates. The JLBC Staff used the forecast consensus as a guide in its FY 2007 revenue projection, but did not conform strictly to the consensus. With 5 months of the fiscal year completed as of this writing, the FY 2007 estimates rely as heavily on the year-to-date results as they do on a forecast projection. The JLBC Staff forecast incorporates the latest year-to-date information, while the other forecast components are based on 1 or 2 fewer months of actual data. *Table 2* below provides the FY 2007 consensus estimates and the rates used by the JLBC Staff in its forecast. These estimates reflect on-going revenue estimates prior to tax law changes.

**Table 2**

#### FY 2007 Quartile Forecast Percentages

	FAC	UA Low	UA Base	JLBC <sup>1/</sup>	Avg.
Sales Tax	7.9%	4.9%	5.6%	8.8%	6.8%
Individual Income Tax	7.9%	4.2%	8.1%	9.1%	7.3%
Corporate Income Tax	8.1%	23.4%	27.9%	15.0%	18.6%

<sup>1/</sup> JLBC estimate used in FY 2007 revenue estimate.

The individual revenue detail for FY 2007 is found in *Table 4* at the end of this section. The FY 2007 forecast in *Table 4* reflects the JLBC Staff forecast, adjusted for tax law changes.

The FY 2007 General Fund total resource estimate of \$10.89 billion includes permanent revenues of \$9.83 billion and one-time revenues of \$1.06 billion. FY 2007 one-time revenues include a balance forward from FY 2006 of \$1.05 billion, \$(55.2) million from the revised Transactions Privilege Tax (TPT) threshold, \$(4.0) million in credits to corporations filing consolidated tax returns, a \$60.1 million transfer of SFB building renewal funds to the General Fund, and a \$450,000 transfer of liquor license fees to the General Fund. See *One-Time Revenues discussion below for more information.*

### FY 2008

Projected FY 2008 General Fund total resources are \$10.47 billion. This amount includes \$10.19 billion of FY 2008 revenues, a balance forward amount of \$550.0 million from FY 2007, a \$(55.5) million impact from the corporate consolidated credit, and an impact of \$(24.8) million and \$(191.1) million from tax law changes enacted in FY 2006 and FY 2007, respectively. Total projected resources are (3.9)% less than FY 2007, including all of the factors cited above. After adjusting for these effects, ongoing revenues are expected to increase by 4.7% over FY 2007 collections (excluding Urban Revenue Sharing and enacted tax law changes).

The JLBC FY 2008 estimated growth rates for the “Big 3” ongoing revenue categories (sales tax, individual income tax and corporate income tax) were developed through a consensus process. The JLBC revenue estimate is based on averaging the results of the following 4 forecasts:

- Finance Advisory Committee panel forecast of December 12, 2006. This independent panel consists of 15 public and private sector economists that meets 3 times a year to provide the Legislature with guidance on the status of the Arizona economy.
- The University of Arizona Economic and Business Research (EBR) General Fund baseline model. The model is a simultaneous-equation model consisting of more than 100 equations which are updated on a regular basis to reflect changes in the economy. The model uses more than 200 variables related to Arizona’s economy and is updated quarterly.
- EBR’s conservative forecast model, and
- JLBC Staff projections.

The growth rates from each sector of the forecast are detailed in *Table 3* below.

	<u>FAC</u>	UA <u>Low</u>	UA <u>Base</u>	<u>JLBC</u>	<u>Avg</u>
Sales Tax	5.8%	0.3%	3.8%	8.5%	4.6%
Individual Income Tax	5.1%	2.7%	6.2%	8.9%	5.7%
Corporate Income Tax	1.0%	(7.0)%	6.2%	8.0%	2.1%

In FY 2008, sales tax revenue is projected to increase by 4.6%, while individual and corporate income tax collections are forecast to increase by 5.7% and 2.1%, respectively.

The FY 2008 forecast for the remaining categories, which constitute about 5% of the total, was based on JLBC Staff estimates. Following is a discussion of some of these categories as well as the impact of enacted tax law changes.

Estate Tax – Federal legislation enacted in FY 2002 phased out the federal estate tax over a period of years, and also reduced the states’ death tax credit by 25% a year beginning in FY 2002. The final year of the phase-out was FY 2005. The FY 2007 estimate represents the anticipated residual final estate tax collections from estates that began settlement in previous fiscal years. There are no anticipated estate taxes remaining to be collected in FY 2008.

Tax Law Changes – Several tax law changes enacted in 2005 and 2006 will either take effect or be further phased-in during FY 2008. The combined incremental impact of these changes is estimated to be \$(215.9) million compared to FY 2007. Overall, the tax law changes are estimated to reduce FY 2008 revenue growth from 4.7% to 2.6%.

The incremental FY 2008 revenue impact of tax law changes enacted in 2006 is estimated to be \$(191.1) million. These changes included:

- Individual Income Tax Rate Reduction – Laws 2006, Chapter 354 reduced individual income tax rates by 5% for tax year 2006 and 10% for tax year 2007. These rate reductions are estimated to reduce General Fund revenues incrementally by \$(177.9) million in FY 2008.
- Military Active Duty Pay – Laws 2006, Chapter 342 made the active duty military pay exemption enacted in 2005 permanent and expanded the exemption to include active National Guard or Reserves. The estimated incremental FY 2008 impact of this provision is \$(12.2) million.

- IRS Conformity – Laws 2006, Chapter 357 conformed the Arizona statutory definition of the Internal Revenue Code (IRC) for tax year 2006 to the United States IRC in effect as of January 1, 2006, excluding those provisions where Arizona did not previously conform to federal tax law changes (bonus depreciation and business expensing). These changes are estimated to incrementally increase FY 2008 individual income tax revenue by \$1.1 million while reducing corporate income tax revenue incrementally by \$(100,000).
- School Tuition Tax Credit – Laws 2006, Chapter 14 established a corporate income tax credit for contributions made to a school tuition organization that provides education scholarships and tuition grants to children of low-income families. Chapter 325 established a cap of \$10 million per year and provides that the cap will increase by 20% annually beginning in FY 2008. The incremental FY 2008 impact is estimated to be \$(2.0) million.

The incremental FY 2008 revenue impact of tax law changes enacted in 2005 is estimated to be \$(24.8) million. These changes included:

- IRS Conformity – The provisions contained in Laws 2005, Chapter 196 conformed the Arizona statutory definition of the IRC for tax year 2005 to the United States IRC in effect as of January 1, 2005, excluding those provisions where Arizona did not previously conform to federal tax law changes. These changes are estimated to incrementally reduce FY 2008 individual income tax revenue by \$(2.9) million and increase corporate income tax revenue incrementally by \$4.2 million.
- Standard Deduction Indexing – Laws 2005, Chapter 334 required the standard deduction for individual income tax filers to be indexed for annual cost of living changes. The estimated incremental FY 2008 impact of this provision is \$(2.4) million.
- Military Active Duty Pay – Laws 2005, Chapter 303 exempted military active duty pay from individual income tax during tax year 2006. The elimination of this one-time exemption would have had an incremental impact on FY 2008 revenue of \$10.3 million. However, as noted in the previous section, Laws 2006, Chapter 342 made this exemption permanent and extended it to National Guard and Reserve Pay.
- Graywater Tax Credit – Laws 2005, Chapter 292 created individual and corporate income tax credits for the installation of water conservation system plumbing stub-outs to encourage the reuse of “graywater,” or waste water. The credit takes effect in tax year 2007, and is estimated to reduce individual income tax

revenue by \$(250,000) and corporate income tax revenue by \$(500,000) in FY 2008.

- **Corporate Sales Factor** – Laws 2005, Chapter 289 allows a multi-state corporation to elect an enhanced sales factor formula to compute its Arizona income tax liability. This new tax calculation takes effect in tax year 2007, and is estimated to reduce revenue by \$(32.0) million in FY 2008. By its full phase-in in FY 2011, the revenue impact is projected to be \$(120) million on a static basis.
- **Motion Picture Production Tax Incentives** – Laws 2005, Chapter 317 provided sales tax exemptions and individual and corporate income tax credits to encourage motion picture production in the state. The credit was capped at \$30 million in 2006, increasing by \$10 million per year to \$70 million in 2010. The incremental FY 2008 revenue impact is estimated to be a reduction of \$(100,000) in sales tax collections and a decrease of \$(1.2) million in income tax collections.

None of these estimates account for any offsetting tax collections generated by new economic activity associated with the tax reductions. These “dynamic” impacts usually occur over several years.

**Urban Revenue Sharing** – A portion of state individual and corporate income tax collections is shared with incorporated cities and towns within the state through Urban Revenue Sharing. The distribution is based on collections 2 years prior. The FY 2008 distribution of \$684.5 million is \$133.2 million or 24.2% greater than the FY 2007 distribution of \$551.3 million due to extraordinarily high income tax collections by the state during FY 2006.

### **One-Time Revenues**

**Corporate Consolidated Credit** – Prior to 1994, the Department of Revenue (DOR) generally required corporations desiring to file a combined corporate income tax return to file a return that was often different than the federal consolidated return for the same corporations, in order to more accurately reflect income derived from Arizona sources. Legislation enacted in 1994 (Laws 1994, Chapter 41) provided that a group of corporations could elect to file a consolidated Arizona return for the same corporations that filed a federal income tax return. The 1994 legislation allowed amended returns to be filed for tax years 1986 through 1993, beginning in tax year 1994. The legislation provided a tax credit totaling an estimated \$115 million for these amended returns, which was to be spread over 10 years. In the 11<sup>th</sup> year, DOR is required to refund any unused credit. The FY 2007 impact of this legislation is estimated to be \$(4.0) million. In FY 2008, which is the final, or 11<sup>th</sup> year, the impact is estimated to be \$(55.5) million.

Other than the corporate consolidated credit noted above, FY 2008 revenue estimates do not include the continuation of several one-time revenue impacts from the prior fiscal year. FY 2007 one-time revenues include:

**Revised Estimated Payment Threshold** – Laws 2006, Chapter 351 increases the cap over which businesses are required to make a June estimated TPT payment from \$100,000 to \$1.0 million. This will result in an estimated one-time loss of \$(55.2) million in FY 2007.

**Liquor License Fees** – Laws 2006, Chapter 383 provides for a one-time increase of an estimated \$450,000 in certain liquor license fees for restaurants in order to fund additional auditor staff for Liquor Licenses and Control.

**Building Renewal Fund Transfer** – In FY 2006, the School Facilities Board (SFB) requested \$130.1 million be transferred to the SFB for building renewal funding. Subsequently, the Legislature approved a building renewal amount for FY 2006 of \$70.0 million. The \$60.1 million difference was to be transferred back into the General Fund. However, the General Accounting Office did not complete this transfer until July 2006, so the \$60.1 million appears as a one-time fund transfer in FY 2007.

The individual revenue detail for FY 2008 is found in *Table 4* at the end of this section.

Table 4

## GENERAL FUND REVENUE - FY 2007 - FY 2008

FORECAST REVENUE GROWTH								
(\$ in Thousands)								
	ACTUAL FY 2006	% CHANGE PRIOR YR	FY 2007 ADJUSTED			FY 2008 BASELINE		
			FORECAST FY 2007	% CHANGE PRIOR YR	\$ CHANGE ACTUAL	FORECAST FY 2008	% CHANGE PRIOR YR	\$ CHANGE FORECAST
<b>Taxes:</b>								
Sales and Use	4,273,358.4	16.7%	4,647,735.3	8.8%	374,376.9	4,861,531.0	4.6%	213,795.7
Income	3,689,373.4	27.3%	3,849,016.1	4.3%	159,642.7	4,068,410.0	5.7%	219,393.9
-Individual								
-Corporate	874,219.5	24.6%	994,362.4	13.7%	120,142.9	1,015,244.0	2.1%	20,881.6
Property	24,998.8	-1.0%	28,000.0	12.0%	3,001.2	30,000.0	7.1%	2,000.0
Luxury	66,732.5	3.5%	67,500.0	1.2%	767.5	71,000.0	5.2%	3,500.0
Insurance Premium	373,703.8	4.2%	394,356.2	5.5%	20,652.4	414,356.2	5.1%	20,000.0
Estate	11,683.6	-62.6%	200.0	-98.3%	(11,483.6)	0.0	-100.0%	(200.0)
Other Taxes	1,249.9	-51.6%	781.5	-37.5%	(468.4)	781.5	0.0%	0.0
Sub-Total - Taxes	9,315,319.9	20.3%	9,981,951.5	7.2%	666,631.6	10,461,322.7	4.8%	479,371.2
<b>Other Non-Tax Revenues:</b>								
Lottery	45,690.3	26.7%	46,959.1	2.8%	1,268.8	45,691.8	-2.7%	(1,267.3)
Licenses, Fees and Permits	33,947.4	15.1%	39,859.0	17.4%	5,911.6	41,859.0	5.0%	2,000.0
Interest	74,315.2	148.7%	81,000.0	9.0%	6,684.8	86,000.0	6.2%	5,000.0
Sales and Services	59,683.3	21.9%	63,775.0	6.9%	4,091.7	66,775.0	4.7%	3,000.0
Other Miscellaneous	37,280.0	-31.7%	36,255.4	-2.7%	(1,024.6)	38,255.4	5.5%	2,000.0
Transfers and Reimbursements	33,152.8	-12.7%	20,513.1	-38.1%	(12,639.7)	20,513.1	0.0%	0.0
Disproportionate Share Revenue	91,841.5	-18.0%	113,127.3	23.2%	21,285.8	113,127.3	0.0%	0.0
Sub-Total - Non-Tax	375,910.5	7.7%	401,488.9	6.8%	25,578.4	412,221.6	2.7%	10,732.7
<b>Subtotal</b>	<b>9,691,230.4</b>	<b>19.8%</b>	<b>10,383,440.4</b>	<b>7.1%</b>	<b>692,210.0</b>	<b>10,873,544.3</b>	<b>4.7%</b>	<b>490,103.9</b>
FY 2006 Tax Law Changes	0.0	N/A	0.0	N/A	0.0	(24,810.0)	N/A	(24,810.0)
FY 2007 Tax Law Changes	0.0	N/A	0.0	N/A	0.0	(191,100.0)	N/A	(191,100.0)
<b>Subtotal w/Tax Law Changes</b>	<b>9,691,230.4</b>	<b>19.8%</b>	<b>10,383,440.4</b>	<b>7.1%</b>	<b>692,210.0</b>	<b>10,657,634.3</b>	<b>2.6%</b>	<b>274,193.9</b>
Urban Revenue Sharing (URS)	(425,228.9)	14.0%	(551,315.8)	29.7%	(126,086.9)	(684,538.9)	24.2%	(133,223.1)
<b>Subtotal w/Tax Law Changes/URS</b>	<b>9,266,001.5</b>	<b>20.0%</b>	<b>9,832,124.6</b>	<b>6.1%</b>	<b>566,123.1</b>	<b>9,973,095.4</b>	<b>1.4%</b>	<b>140,970.8</b>
<b>One-Time Financing Sources:</b>								
Balance Forward	638,989.0	N/A	1,053,935.0	64.9%	414,946.0	549,958.0	-47.8%	(503,977.0)
FY 2006 Disproportionate Share Revenue	16,162.9	N/A	0.0	-100.0%	(16,162.9)	0.0	N/A	0.0
FY 2006 In-Lieu Fee Transfer	10,000.0	N/A	0.0	-100.0%	(10,000.0)	0.0	N/A	0.0
FY 2007 Liquor License Fees	0.0	N/A	450.0	N/A	450.0	0.0	-100.0%	(450.0)
FY 2007 Revised TPT Threshold	0.0	N/A	(55,200.0)	N/A	(55,200.0)	0.0	-100.0%	55,200.0
FY 2007 Corporate Consolidated Credit	0.0	N/A	(4,000.0)	N/A	(4,000.0)	(55,500.0)	1287.5%	(51,500.0)
FY 2007 Fund Transfers	0.0	N/A	60,080.5	N/A	60,080.5	0.0	-100.0%	(60,080.5)
Sub-Total - One-Time Financing Sources	665,151.9	N/A	1,055,265.5	58.7%	390,113.6	494,458.0	-53.1%	(560,807.5)
<b>Total Adjusted Revenue</b>	<b>9,931,153.4</b>	<b>28.7%</b>	<b>10,887,390.1</b>	<b>9.6%</b>	<b>956,236.7</b>	<b>10,467,553.4</b>	<b>-3.9%</b>	<b>(419,836.7)</b>

## BUDGET STABILIZATION FUND

### Background

The Budget Stabilization Fund (BSF) for Arizona was enacted in 1990 (A.R.S. § 35-144). The fund is administered by the State Treasurer, who is responsible for transferring General Fund money into and out of the BSF as required by law. The BSF is designed to set revenue aside during times of above-trend economic growth and to utilize this revenue during times of below-trend growth.

### The Formula

There is a statutory formula to calculate the amount to be appropriated to (deposit) or transferred out (withdrawal) of the BSF. The formula is based on total annual Arizona personal income (excluding transfer payments) adjusted for inflation.

The January Budget documents of the JLBC and the Governor are to include estimates of the amounts to be appropriated to or transferred from the BSF for the upcoming budget year. The final determination of the amount to be appropriated or transferred is based on calculations from the Arizona Economic Estimates Commission (EEC). This final calculation is not made until June 1 of the budget year. The EEC determines the annual growth rate of inflation-adjusted total state personal income, the trend growth rate over the past 7 years, and the calculated appropriation to or transfer from the BSF. The EEC calculations however, do not result in any automatic deposits or withdrawals, as they must be authorized by legislative action. In practice, the formula has only served as a general guideline and has infrequently been used to determine the actual deposit or withdrawal.

Key features of the BSF can be summarized as follows:

- The deposit into or withdrawal from the BSF for a given fiscal year is determined by comparing the annual growth rate of inflation adjusted Arizona Personal Income (AZPI) for the calendar year ending in the fiscal year to the trend growth rate of inflation adjusted AZPI for the most recent 7 years.
- Adjusted personal income in the BSF formula is defined as total Arizona personal income less transfer payments, adjusted by the gross domestic product price deflator index.
- If the annual growth rate exceeds the trend growth rate, the excess multiplied by General Fund revenue of the prior fiscal year would equal the amount to be deposited into the BSF.
- If the annual growth rate of Arizona personal income is both less than 2% and less than the trend growth rate, the deficiency when multiplied by the General

Fund revenue of the prior year would equal the amount to be withdrawn from the BSF. This 2% floor avoids withdrawing monies from the BSF when economic conditions are slowing but there is not a recession.

- By a two-thirds majority, the Legislature, with the concurrence of the Governor, can decrease a deposit or increase a withdrawal.
- The BSF's total balance cannot be larger than 7.0% of the current year's General Fund revenues, excluding the beginning balance.
- In addition to the fixed income investments available to the Treasurer, the 1998 Legislature allowed the Treasurer to invest up to 25% of the BSF in equity securities (Laws 1998, Chapter 266).

### Alternative Uses

Laws 2000, 7th Special Session, Chapter 1 required that the refund payments for alternative fuel vehicle tax credits and Consumer Loss Recovery Fund liabilities would be funded by the Budget Stabilization Fund up to \$200 million. Between FY 2001 and FY 2006, an amount of \$118.8 million was paid from the BSF for alternative fuel costs. It is estimated that total costs will be about \$122 million. For this reason, about \$3.2 million remains in reserve.

### Deposits/Withdrawals

In FY 2006, Arizona real adjusted personal income grew by 6.74%, with a trend growth rate of 4.25%. Since annual income growth was 2.49% above the trend, the BSF formula recommended a deposit of \$190.9 million. However, the Legislature did not appropriate such monies from the General Fund since the formula recommendation was effectively superseded by Laws 2005, Chapter 286.

Laws 2005, Chapter 286 required General Fund revenues above the original enacted FY 2006 revenue forecast to be deposited into the BSF. Prior to Chapter 286, the fund balance was \$168.6 million. The excess revenues, which were calculated for the first and second half of FY 2006, resulted in 2 separate BSF deposits of \$333.0 million and \$148.0 million, respectively, for a total of \$481.0 million. These deposits brought the total fund balance to \$649.6 million.

The fund balance prior to the second Chapter 286 deposit was \$501.6 million. This amount included the beginning balance (\$160.8 million), the first Chapter 286 deposit (\$333.0 million), interest earnings (\$7.9 million), and alternative fuel tax credit payments (\$0.1 million). The magnitude of the second Chapter 286 deposit was limited

by the statutory cap on the BSF balance. The fund balance cannot exceed 7% of current year General Fund revenue. At the time of the calculation of the second deposit in August 2006, 7% of General Fund revenue was \$649.6 million (if it were calculated now, the cap would be \$650.5 million). Without the cap, the second deposit would have been \$1.05 billion rather than \$148 million. The difference of \$907 million was retained in the General Fund in FY 2006.

Laws 2006, Chapter 344 provided a FY 2007 appropriation of \$9.8 million to the BSF. This appropriation was based on a 2006 mid-session estimate of the dollar amount required to bring the FY 2007 fund balance up to the cap.

The FY 2007 maximum fund balance is currently projected to be \$688.3 million (7% of \$9.83 billion). The projected ending balance is \$685.4 million, which includes an estimated

beginning balance of \$649.6 million, the Chapter 344 deposit of \$9.8 million, and projected interest earnings of \$26.0 million. This amount is \$2.9 million below the maximum allowable fund balance.

The maximum fund balance for FY 2008 is projected to be \$694.2 million (7% of \$9.92 billion). With an estimated beginning balance of \$685.4 million and expected interest earnings of \$30.8 million, the FY 2008 ending balance is projected to be \$22.0 million above the cap. This amount will therefore be transferred to the General Fund as excess interest earnings.

As indicated in the table below, the BSF formula would result in deposits of \$254.6 million in FY 2007 and \$81.6 million in FY 2008. However, these formula calculations cannot be implemented because of the 7% fund cap.

**Table 1**

**Budget Stabilization Fund  
(\$ in Thousands)**

	Actual FY 2005	Actual FY 2006	Estimate FY 2007	Estimate FY 2008
<u>General Fund Revenues</u>				
Adjusted Revenues	\$7,950,117.6	\$9,292,164.4	\$9,833,455.1	\$9,917,595.4
Statutory Limit of Revenues	7.0%	7.0%	7.0%	7.0%
Maximum Balance	556,508.2	650,451.5	688,341.9	694,231.7
<u>Arizona Personal Income in Prior CY</u>				
Real Adjusted Annual Income Growth	5.53%	6.74%	7.10%	4.73%
7-Year Average Income Growth	4.68%	4.25%	4.36%	3.90%
Annual Difference	0.85%	2.49%	2.74%	0.83%
<u>BSF Transactions</u>				
Beginning BSF Balance	13,524.8	160,834.5	649,613.1	685,406.2
BSF Formula Recommendation	56,813.9	190,912.8	254,605.3	81,617.7
<u>Actual Transfer In</u>				
Conditional Appropriations - L'04, Ch. 275 <sup>1/</sup>	156,490.5	0.0	0.0	0.0
Conditional Appropriation - L'05, Ch. 286, Part 1 <sup>2/</sup>	0.0	332,957.6	0.0	0.0
Conditional Appropriation - L'05, Ch. 286, Part 2 <sup>3/</sup>	0.0	148,000.3	0.0	0.0
Actual Appropriation - L'06, Ch. 344	<u>0.0</u>	<u>0.0</u>	<u>9,808.6</u>	<u>0.0</u>
SUBTOTAL	156,490.5	480,957.9	9,808.6	0.0
<u>Actual Transfer Out</u>				
Payment of Alternative Fuel Credits <sup>4/</sup>	(1,485.6)	(80.9)	0.0	0.0
BSF Transfer to GF - L'04, Ch. 275 <sup>5/</sup>	(8,000.0)	0.0	0.0	0.0
BSF Transfer to GF - Due to Excess Interest Earnings	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>(22,017.8)</u>
SUBTOTAL	(9,485.6)	(80.9)	0.0	(22,017.8)
Balance	160,529.7	641,711.5	659,421.7	663,388.4
Interest Earnings & Equity Gains/Losses <sup>6/</sup>	304.8	7,901.7	25,984.5	30,843.3
<b>Ending BSF Balance</b>	<b>\$160,834.5</b>	<b>\$649,613.1</b>	<b>\$685,406.2</b>	<b>\$694,231.7</b>
<b>Percent of Revenues</b>	<b>2.0%</b>	<b>7.0%</b>	<b>7.0%</b>	<b>7.0%</b>

<sup>1/</sup> Actual FY 2004 and FY 2005 revenues were above budget forecasts and for this reason triggered 3 separate FY 2005 appropriations to the BSF that totaled \$156.5 million.

<sup>2/</sup> Actual revenues exceeded the budget forecast for the first 6 months of FY 2006, which triggered an appropriation of \$333.0 million to the BSF.

<sup>3/</sup> Actual revenues exceeded the budget forecast for the last 6 months of FY 2006, which triggered an appropriation of \$148.0 million to the BSF.

<sup>4/</sup> The alternative fuel credit payout of BSF money was \$(118.8) million between FY 2001 and FY 2006. It is estimated that the ultimate total could be \$(122) million. For this reason, the BSF balance includes \$3.2 million in reserve monies.

<sup>5/</sup> The alternative fuel credit payout was originally estimated to be \$130 million. This estimate was later reduced to \$122 million. As a result, \$8 million was transferred from the BSF to the General Fund in FY 2005.

<sup>6/</sup> Assumes a rate of return of 4.0% in FY 2007 and 4.5% in FY 2008.



***FY 2008 - FY 2010 PROJECTIONS***

## LONG-TERM GENERAL FUND ESTIMATES

The JLBC Staff has developed General Fund Baseline estimates through FY 2010 to assist the Legislature in evaluating the state's long-run fiscal condition. Given the multiple years involved in these calculations, long-run estimates are especially sensitive to small percent changes in revenue and spending growth. For example, a 1% change in the growth rate of either revenue or spending in FY 2008 through FY 2010 would change the ending balance calculations by almost \$600 million. As a result, the following projections are subject to considerable change.

### Baseline Revenues

The JLBC Baseline revenue estimates are based on a consensus forecasting process. As with FY 2008 revenues, the long-run estimates are based on the average of 4 different forecasts. This process is described in more detail in the *General Fund Revenue* section.

The projected overall ongoing General Fund growth is 4.8% in FY 2009 and 6.1% in FY 2010. *Table 1* includes the individual forecast components. These estimates are cautious in FY 2009, with one estimate reflecting a recession. However, the estimates reflect economic expansion during FY 2010. These growth rates reflect revenue growth prior to tax law changes and Urban Revenue Sharing.

In FY 2009, enacted tax law changes will reduce revenue growth by \$35 million relative to FY 2008. In FY 2010, there is an additional \$34 million in reductions relative to FY 2009. The primary reason for these adjustments is the continued phase in of the change in the Corporate Sales Factor as required in A.R.S. § 43-1139, which reduces revenue by \$30 million in FY 2009 and an additional \$29 million in FY 2010. The enacted tax law changes also include the impact of Laws 2003, Chapter 266 which requires the state to contribute to the expansion and renovation of the Phoenix Civic Plaza. The state's obligation for this project is to pay the debt service on \$300 million of construction bonds, beginning with \$5 million the first year after construction is completed. This obligation increases over a period of years to a maximum of \$30 million per year. It is currently anticipated that this first \$5 million payment will occur in FY 2009, and increase by an additional \$5 million (for a total of \$10 million) in FY 2010.

The projected level of General Fund revenue is \$10.46 billion in FY 2009 and \$11.05 billion in FY 2010. These estimates assume that any prior year shortfall is eliminated before the beginning of the following fiscal year.

<b>Table 1</b>					
<b>Consensus Forecast Percentages</b>					
	<u>FAC</u>	<u>UA Low</u>	<u>UA Base</u>	<u>JLBC</u>	<u>Avg</u>
<b><u>FY 2009</u></b>					
Sales Tax	5.3%	1.4%	4.8%	8.2%	4.9%
Individual					
Income Tax	5.8%	4.4%	6.6%	8.3%	6.3%
Corporate					
Income Tax	3.7%	(13.3)%	0.0%	5.0%	(1.2)%
Wgt Avg					4.8%
<b><u>FY 2010</u></b>					
Sales Tax	6.2%	4.5%	6.5%	7.0%	6.1%
Individual					
Income Tax	6.8%	6.9%	7.7%	7.0%	7.1%
Corporate					
Income Tax	7.7%	(4.6)%	1.7%	2.5%	1.8%
Wgt Avg					6.1%

### Baseline Spending

The long-term General Fund expenditures reflect the requirements of existing statutory funding formulas and other obligations. Excluding one-time items, permanent ongoing baseline spending is projected to increase 5.3% in FY 2009 and 4.8% in FY 2010. In addition to normal rates of statutory formula growth, the long-term projections include:

- \$18.9 million in FY 2010 for a deposit to the Budget Stabilization Fund. In combination with interest earnings, these adjustments would keep the BSF at its statutory cap of 7% of General Fund revenues. (*Please see the Budget Stabilization Fund section*)
- \$10.5 million in FY 2009 for an additional Urban Revenue Sharing payment. Laws 2006, Chapter 351 appropriated this amount for urban revenue to cities and towns above the normal distribution. This amount was intended to compensate for prior years when the state shared less than 15% of income tax revenue, which has been the local historical share of revenue sharing. In addition, the \$717 million regular urban revenue sharing distribution for FY 2009 has been appropriated in advance. Urban revenue sharing is statutorily based on 15% of individual and corporate income tax collection from the second prior year. Laws 2006, Chapter 351 based the FY 2009 payment on the projected collection level, rather an actual amount.
- An additional \$25.2 million in FY 2009 for a 9.6% increase and an additional \$27.7 million in FY 2010

for a 10.0% increase for state employer health insurance expenses.

- \$56 million in FY 2009 to annualize funding for 3,000 new private prison beds that would open in FY 2008.

Overall spending, including one-time adjustments, would be \$10.95 billion in FY 2009 and \$11.48 billion in FY 2010. *See page 68 for the projected spending levels of major agencies.*

These estimates may be conservative as they do not include any potential discretionary funding increases.

### **Ending Balance and Ongoing Revenue and Spending**

The projected FY 2009 and FY 2010 ending balances is a product of both baseline revenue and spending projections for those 2 years as well as legislative decisions. Given the projected revenue and spending assumptions, the projected ending cash balance in FY 2009 is a \$(484) million shortfall. This difference would decline slightly to \$(432) million in FY 2010. In comparison, the projected ending cash balance is \$45 million in FY 2008. *See page 67 for a Statement of General Fund Revenues and Expenditures.*

The difference between ongoing revenue and ongoing spending differs slightly from the projected ending balance due to one-time spending in both FY 2009 and FY 2010. The difference between ongoing revenue and ongoing spending is a \$(519) million deficit in FY 2009. This difference would decline slightly to \$(413) million in FY 2010. In comparison, the projected difference between ongoing revenue and ongoing spending is \$(408) million in FY 2008.

The FY 2009 and FY 2010 spending projections assume the continuation of several provisions in the FY 2008 JLBC Baseline which do not have permanent authorization. The two most significant examples are the revised School Facilities Board (SFB) Building Renewal Formula and the suspension of the State Equalization Assistance Property Tax.

The long-term estimates assume enactment of the proposal in the FY 2008 JLBC Baseline to revise the SFB Building Renewal Formula. If this provision was not enacted, it would increase General Fund expenditures by about \$94 million each year.

The cost estimates also assume that the temporary suspension of the State Equalization Assistance Property Tax is continued. This tax generated funding for the Department of Education Basic State Aid Formula. When it was suspended, the tax proceeds were replaced by General Fund monies. The temporary suspension of the tax is set to expire after FY 2009. If this provision was not continued and the tax came back into effect, the General

Fund cost would decline \$255 million in FY 2010 compared to FY 2009.

Including other minor provisions, the total net affect of not continuing the temporary provisions results in a General Fund savings of \$143 million in FY 2010. As a result of ending these provisions, the difference between ongoing revenue and ongoing expenditures would become \$(270) million in FY 2010 rather than \$(413) million.

As noted above, a 1% change in growth rates between FY 2008 and FY 2010 would change these estimates by almost \$600 million.

**STATEMENT OF GENERAL FUND REVENUES AND EXPENDITURES <sup>1/</sup>**  
**WITH ONE-TIME FINANCING SOURCES**

	FY 2007 Estimate <sup>2/</sup>	FY 2008 JLBC	FY 2009 JLBC Forecast	FY 2010 JLBC Forecast
<b>REVENUES</b>				
Ongoing Revenues	\$10,383,440,400	\$10,873,544,300	\$11,169,200,700	\$11,813,386,900
Enacted Tax Law Changes	0	(215,910,000)	(35,000,000)	(34,000,000)
Urban Revenue Sharing	(551,315,800)	(684,538,900)	(717,127,600)	(730,491,600)
Revised On-going Revenues	9,832,124,600	9,973,095,400	10,417,073,100	11,048,895,300
One-time Revenues				
Balance Forward	1,053,935,000	549,958,000	45,315,000	0
Corporate Consolidated Returns	(4,000,000)	(55,500,000)	0	0
Revised June Estimated TPT Threshold	(55,200,000)	0	0	0
Other Bills - Revenue	450,000	0	0	0
Fund Transfers	60,080,500	0	0	0
Subtotal One-time Revenues	1,055,265,500	494,458,000	45,315,000	0
<b>Total Revenues</b>	<b>\$10,887,390,100</b>	<b>\$10,467,553,400</b>	<b>\$10,462,388,100</b>	<b>\$11,048,895,300</b>
<b>EXPENDITURES</b>				
Operating Budget Appropriations	9,616,414,200	10,431,924,100	10,986,420,400	11,514,464,200
Maximizing Federal Fund Savings	(5,000,000)	0	0	0
Administrative Adjustments	79,684,300	74,263,000	81,369,000	85,694,100
Reversions	(114,250,800)	(125,183,100)	(131,837,000)	(138,173,600)
Subtotal Ongoing Expenditures	9,576,847,700	10,381,004,000	10,935,952,400	11,461,984,700
One-time Expenditures				
Capital Outlay	325,354,200	41,234,400	0	0
Litigation Payments	109,800,100	0	0	0
K-12 Rollover Repayment	191,000,000	0	0	0
Urban Revenue Sharing Payment	0	0	10,549,800	0
Budget Stabilization Fund Deposits	9,808,600	0	0	18,931,700
Other General Fund Transfers <sup>3/</sup>	56,350,000	0	0	0
Other One-time Expenditures <sup>3/</sup>	68,271,500	0	0	0
Subtotal One-time Expenditures	760,584,400	41,234,400	10,549,800	18,931,700
<b>Total Expenditures</b>	<b>\$10,337,432,100</b>	<b>\$10,422,238,400</b>	<b>\$10,946,502,200</b>	<b>\$11,480,916,400</b>
<b>Ending Balance <sup>4/</sup></b>	<b>\$549,958,000</b>	<b>\$45,315,000</b>	<b>(\$484,114,100)</b>	<b>(\$432,021,100)</b>
Ongoing Revenues and Expenditures: <sup>5/ 6/</sup>	\$255,276,900	(\$407,908,600)	(\$518,879,300)	(\$413,089,400)

<sup>1/</sup> Significant one-time revenues and expenditures have been separately detailed so as to permit the calculation of ongoing revenues and expenditures.

<sup>2/</sup> Reflects the current status of FY 2007, including updated revenues.

<sup>3/</sup> Please see the Summary of One-time Operating Budget Items on page 9 for a detailed list.

<sup>4/</sup> This calculation reflects the difference between total revenues and total expenditures.

<sup>5/</sup> This calculation reflects the difference between ongoing revenues and expenditures.

<sup>6/</sup> The FY 2009 and FY 2010 spending projections assume the continuation of several provisions in the FY 2008 JLBC Baseline which do not have permanent authorization. Without the continuation of these provisions, the ongoing shortfall in FY 2010 would be \$(270) million rather than \$(413) million.

## MAJOR BUDGET UNITS

<b>EXPENDITURES</b>	<b>FY 2007 Estimate</b>	<b>FY 2008 JLBC</b>	<b>\$ Above FY 07</b>	<b>FY 2009 JLBC Forecast</b>	<b>\$ Above FY 08</b>	<b>FY 2010 JLBC Forecast</b>	<b>\$ Above FY 09</b>
<b>Operating Budget</b>							
-- Department of Administration	27,559,700	40,121,800	12,562,100	40,121,800	0	40,121,800	0
-- AHCCCS	1,199,768,000	1,321,806,100	122,038,100	1,440,768,600	118,962,500	1,570,437,800	129,669,200
-- Attorney General	22,495,500	21,598,600	(896,900)	21,094,900	(503,700)	21,094,900	0
-- Department of Commerce	12,050,200	11,798,000	(252,200)	11,798,000	0	11,798,000	0
-- Community Colleges	165,536,600	165,350,800	(185,800)	170,342,300	4,991,500	177,929,900	7,587,600
-- Department of Corrections	817,157,700	826,446,400	9,288,700	889,375,500	62,929,100	896,155,100	6,779,600
-- Department of Economic Security	718,950,200	743,873,800	24,923,600	769,661,400	25,787,600	796,343,000	26,681,600
-- Department of Education	4,028,165,600	4,321,312,700	293,147,100	4,557,921,200	236,608,500	4,801,120,900	243,199,700
-- Department of Environmental Quality	32,295,700	31,345,700	(950,000)	31,345,700	0	31,345,700	0
-- Department of Health Services	549,247,600	565,656,200	16,408,600	597,265,100	31,608,900	630,640,300	33,375,200
-- Judiciary	125,025,600	124,564,400	(461,200)	124,564,400	0	124,564,400	0
-- Department of Juvenile Corrections	79,848,300	77,401,400	(2,446,900)	77,401,400	0	77,401,400	0
-- State Land Department	26,435,400	24,081,200	(2,354,200)	24,300,900	219,700	24,300,900	0
-- State Parks Board	27,040,300	26,775,000	(265,300)	26,775,000	0	26,775,000	0
-- Department of Public Safety	166,196,600	164,440,800	(1,755,800)	164,440,800	0	164,440,800	0
-- Department of Revenue	71,856,100	71,493,800	(362,300)	69,825,500	(1,668,300)	69,825,500	0
-- School Facilities Board	413,764,200	549,279,100	135,514,900	575,956,900	26,677,800	604,402,600	28,445,700
-- Office of Tourism	14,763,600	15,649,400	885,800	16,622,200	972,800	17,453,300	831,100
-- Universities	963,803,600	1,014,730,900	50,927,300	1,033,948,100	19,217,200	1,054,222,200	20,274,100
-- Department of Water Resources	20,877,800	17,976,500	(2,901,300)	17,976,500	0	17,976,500	0
-- All Other Budgets	201,286,900	188,420,500	(12,866,400)	188,413,200	(7,300)	188,413,200	0
-- Unallocated Adjustments	560,500	0	(560,500)	0	0	0	0
-- FY 08 Employer Retirement Increases	0	16,000,000	16,000,000	19,500,000	3,500,000	23,000,000	3,500,000
-- FY 2008 State Employee Pay	0	58,000,000	58,000,000	58,000,000	0	58,000,000	0
-- FY 08 State Employee Health Insurance	0	31,000,000	31,000,000	56,200,000	25,200,000	83,900,000	27,700,000
-- ADOA Rental Rates	0	2,801,000	2,801,000	2,801,000	0	2,801,000	0
-- One time Spending	(68,271,500)	0	68,271,500	0	0	0	0
<b>Total - Operating Budget</b>	<b>9,616,414,200</b>	<b>10,431,924,100</b>	<b>815,509,900</b>	<b>10,986,420,400</b>	<b>554,496,300</b>	<b>11,514,464,200</b>	<b>528,043,800</b>
<b>Capital Outlay</b>							
-- Capital Outlay	80,354,200	41,234,400	(39,119,800)	0	(41,234,400)	0	0
-- Ladewig Set-aside	94,800,100	0	(94,800,100)	0	0	0	0
-- Budget Stabilization Fund	9,808,600	0	(9,808,600)	0	0	18,931,700	18,931,700
-- Maximizing Federal Funds	(5,000,000)	0	5,000,000	0	0	0	0
-- Administrative Adjustments	79,684,300	74,263,000	(5,421,300)	81,369,000	7,106,000	85,694,100	4,325,100
-- Revertments	(114,250,800)	(125,183,100)	(10,932,300)	(131,837,000)	(6,653,900)	(138,173,600)	(6,336,600)
-- Kerr Lawsuit	15,000,000	0	(15,000,000)	0	0	0	0
-- K-12 Rollover Repayment	191,000,000	0	(191,000,000)	0	0	0	0
-- Highway Fund Deposit	245,000,000	0	(245,000,000)	0	0	0	0
-- Urban Revenue Sharing Backfill	0	0	0	10,549,800	10,549,800	0	(10,549,800)
-- One-time Fund Transfers	56,350,000	0	(56,350,000)	0	0	0	0
-- New One-time Expenditures	68,271,500	0	(68,271,500)	0	0	0	0
<b>Total Spending</b>	<b>10,337,432,100</b>	<b>10,422,238,400</b>	<b>84,806,300</b>	<b>10,946,502,200</b>	<b>524,263,800</b>	<b>11,480,916,400</b>	<b>534,414,200</b>

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