

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. There were 2 SPARs in this year’s process, with participating agencies as noted in *Table 1* below.

A.R.S. § 41-1275 establishes the process for the Legislature to review the SPARs. The President of the Senate and the Speaker of the House of Representatives are required to assign these SPARs to the Appropriations Committees and may additionally assign the SPARs to an appropriate standing committee. The assigned standing committees or the Appropriations Committees shall hold at least 1 public hearing to receive public input and to develop recommendations whether to retain, eliminate, or modify the program subject to the SPAR process.

No action was taken by the Legislature on the SPAR findings and recommendations in the 2008 session.

Substance Abuse

This 2007 SPAR updates 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 also examines the coordination and evaluation of substance abuse services to determine the progress that has been made since the initial review 8 years ago.

In FY 2007, 12 agencies received public finding for substance abuse programs, and the state spent an estimated \$172.0 million on substance abuse efforts. Of this amount, \$58.4 million (34%) came from the state General Fund and \$84.9 million (49%) came from federal monies.

JLBC Staff Key Findings and Recommendations

- The framework for coordination has improved in the past decade due to the receipt of a federal grant and the formation of Arizona Substance Abuse Partnership (ASAP). Anecdotal information suggests that actual coordination efforts may have improved, but it remains difficult to quantify these efforts.
- There is no set of “best practices” available for state substance abuse coordination efforts.
- Additional measures establishing the effectiveness of substance abuse programs are still needed, but progress has been made since the last program review in 1998.
- The Drug and Gang Prevention Resource Center should be responsible for compiling an ongoing annual report which includes substance use-related data, resources, and strategies for both substance abuse prevention and treatment.

Debt and Third Party Financing

This 2007 SPAR provides a review of the debt and third party financing agreements used by state agencies.

In total, 8 state agencies and bonding authorities issue state debt. According to the Arizona Department of Revenue’s most recent annual Report of Indebtedness, state agencies’ level of debt was \$5.2 billion in FY 2006. Beyond these obligations, outstanding debt associated with state authorities that can issue debt on behalf of local

Table 1	
SPAR Programs/Agencies	
<p><u>Substance Abuse</u></p> <ul style="list-style-type: none"> Department of Corrections Administrative Office of the Courts Arizona Criminal Justice Commission Drug and Gang Prevention Resource Center Department of Economic Security Department of Education Governor’s Office Department of Health Services Department of Juvenile Corrections Arizona Medical Board Arizona State Board of Pharmacy Department of Public Safety 	<p><u>Debt and Third Party Financing</u></p> <ul style="list-style-type: none"> Arizona Department of Administration Department of Commerce Greater Arizona Development Authority Arizona Health Facilities Authority Arizona Department of Housing Arizona Housing Finance Authority Arizona School Facilities Board Arizona Department of Transportation Arizona Board of Regents Arizona State University Northern Arizona University University of Arizona Water Infrastructure Finance Authority

governments or other entities was \$3 billion in FY 2006.

JLBC Staff Key Findings and Recommendations

- The state could benefit from having a third party review of debt-related financial transactions that come before the Joint Committee on Capital Review.
- The Legislature may wish to consider requiring a Debt Affordability Report (DAR).