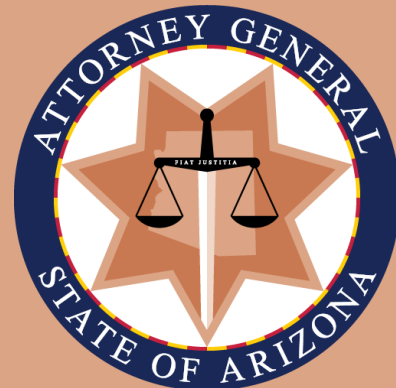


Arizona Attorney General Kris Mayes

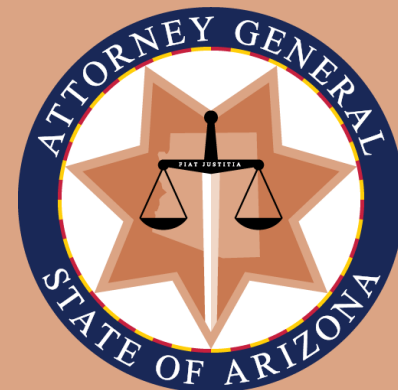
FY 2024 Budget Presentation
House Appropriations Subcommittee on
Fiscal Accountability

March 30, 2023



The Attorney General is an elected constitutional officer who oversees the largest law office in the State. The AG's office:

- represents the state in juvenile dependency matters,
- investigates and prosecutes criminal cases,
- enforces civil rights, environmental, consumer protection and anti-trust laws,
- provides legal counsel to state agencies,
- handles criminal appeals, and
- assists county attorneys



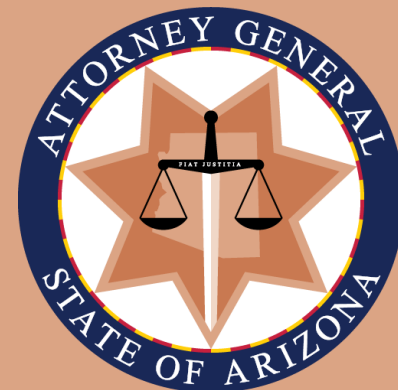
The Attorney General's Office is divided into:

- Child and Family Protection Division
- Criminal Division
- Civil Litigation Division
- Solicitor General's Office
- State Government Division
- Operations



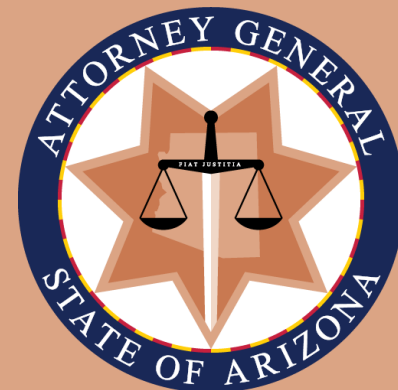
Arizona Attorney General Kris Mayes

FY24 Budget Detail by Division



Arizona Attorney General Kris Mayes

Child Family Protection Division



The Child Family Protection Division of the AGO provides legal representation through its Protective Services Section (PSS) to the Department of Child Safety (DCS)

Attorneys focus on representing DCS before the Juvenile Divisions of the Superior Court across Arizona's fifteen counties in:

- dependency matters,
- guardianship cases,
- parental rights severance actions

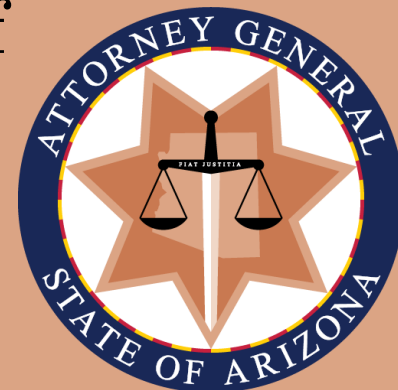
Attorneys also provide legal advice and training to DCS caseworkers and supervisors, among other duties.



The Attorney General's Office is requesting a **\$6,236,700** appropriation increase to the *Attorney General Legal Services Special Line Item* in the DCS budget to address three separate issues within PSS:

- high turnover rates
- high caseloads due to vacancies
- substantial pay disparity with Maricopa County

Case demands on PSS attorneys and legal support staff are significant, resulting in DCS hiring outside counsel starting in FY22.



Turnover has more than doubled in the last five years:

20% turnover in FY17 vs
42.44% turnover in FY22

ABA recommended ethical caseload is 60 cases per attorney;
PSS lawyers currently averaging ~135 cases

Entry level attorneys in Maricopa County with minimal
experience are paid 11% more than PSS attorneys

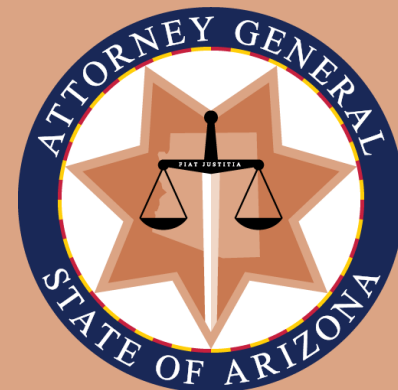
- Disparity increases as experience is gained
- After 5 years Maricopa County pays 30% more



In FY23, a 10% salary increase was approved for state employees, however funding was not provided to support the increases for PSS.

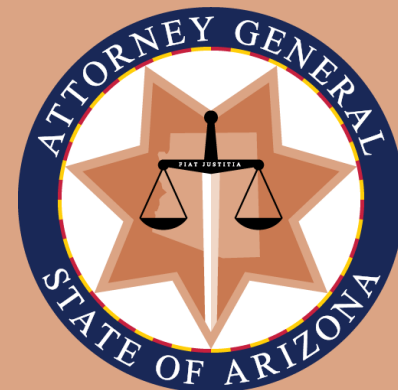
The AGO is requesting \$3,864,700 for a 15% increase across PSS as well as \$2,372,000 to back fill the 10% statewide salary increase

- The executive budget supports this request
- JLBC baseline did not include this request



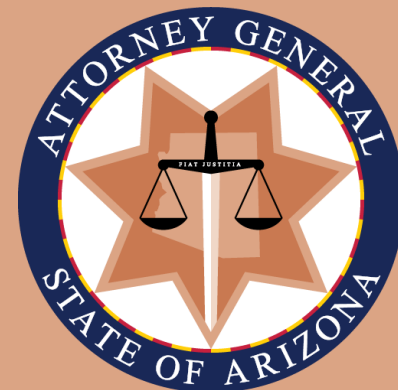
Arizona Attorney General Kris Mayes

Criminal Division



The Criminal Division's mission is to protect the citizens of Arizona by successfully investigating and prosecuting criminal cases within Arizona. It is comprised of seven sections:

- Drug & Racketeering Enforcement Section
- Financial Remedies
- Fraud & Special Prosecutions Section
- Healthcare Fraud & Abuse Section
- Office of Victim Services
- Southern Arizona White Collar and Enterprise Section
- Special Investigations



The Attorney General's Office is requesting **\$3,014,500** from the General Fund to replace a temporary appropriation from the Consumer Protection–Consumer Fraud Revolving Fund (CPRF) expiring end of FY23.

- Funds investigations and prosecutions and supports 18.5 FTE positions comprised of 12 special agents, 1.5 attorneys, and 5 support staff
- Amount is in excess of the current appropriation as a result of the 10% pay increase effective in July '22
- The Executive budget supported this request
- JLBC included the request in the baseline; however, has not provided the additional funding necessary for the previously approved 10% raise. Additionally JLBC continues this appropriation from the Consumer Protection Revolving Fund



AGO historically used monies in the Anti-Racketeering Revolving Fund (ARRF) to fund investigations and prosecutions for Racketeer Influenced Corrupt Organizations (RICO) offenses (see A.R.S. § 13–2314.01(F))

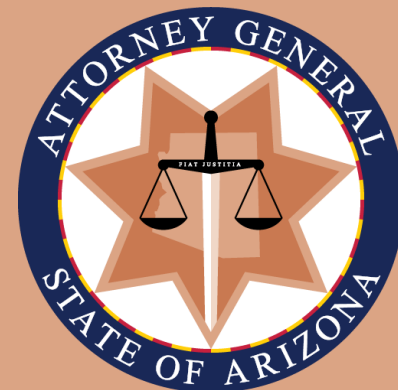
- Due to unstable and declining revenue in the ARRF, AGO received appropriations to backfill some of the ARRF
- Appropriations were solely to move existing FTE positions within the Criminal Division to more stable funding sources
- Accordingly, the AGO has used its existing FTE authority for these positions.



The AGO is also requesting **\$2,150,400** from the General Fund and additional FTE authority for 11.5 positions as statute governing ARRF was amended to prohibit AGO from paying salaries from and after August 27, 2024.

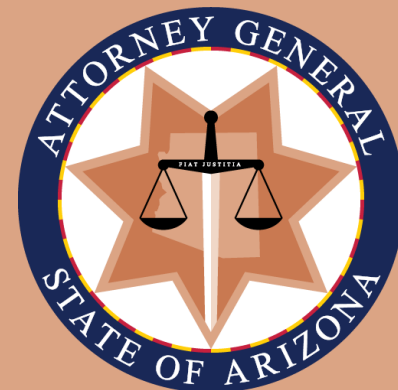
This request shifts existing positions to an allowable funding source to insure continued investigations/prosecution of:

- complex white-collar fraud
- drug trafficking criminal enterprises
- money laundering
- terrorism
- public corruption matters



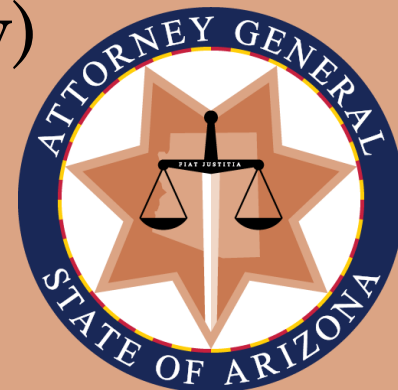
Arizona Attorney General Kris Mayes

Civil Litigation Division



The mission of the Civil Litigation Division (CLD) of the AGO is to enforce state and federal laws that protect consumers. The CLD consists of:

- Consumer Protection and Advocacy Section
 - The Consumer Litigation Unit (CLU)
 - Competition Innovation and Privacy Unit (CIPU) enforces anti-trust laws
 - Consumer Information and Complaints Unit (CIC) resolves complaints ranging from motor vehicle sales/repairs, telemarketing and texting scams, mortgage and real estate, insurance contracts/warranties
- Division of Civil Rights Section (addressed separately)

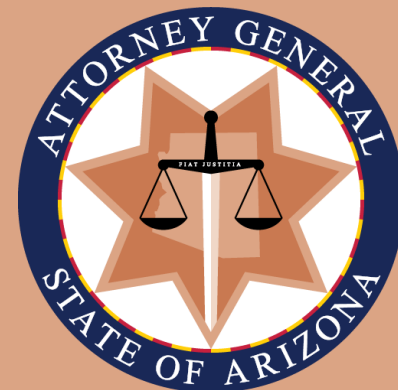


In 2012, Arizona entered into the National Mortgage Settlement (NMS) with loan servicers that engaged in fraudulent servicing and foreclosure practices. Arizona received a total of \$97,784,204:

\$50 million to the general fund

\$47 million to the AG with \$5 million allocated for enforcement and monitoring

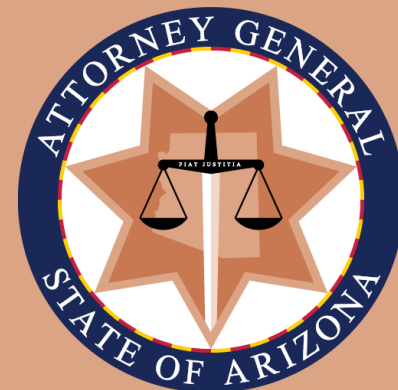
The AGO has used NMS funds to support 13 positions in the Consumer Protection and Advocacy Section. NMS will be depleted by FY24, affecting one third of CPA positions



The AGO requests **\$1,750,000** from the Consumer Protection - Consumer Fraud Revolving Fund and authority for **13 additional FTE positions**.

This will not result in new FTE positions; rather it will shift positions from a continuous appropriation.

- The executive budget supports this request
- JLBC baseline does not include this request



Arizona Attorney General Kris Mayes

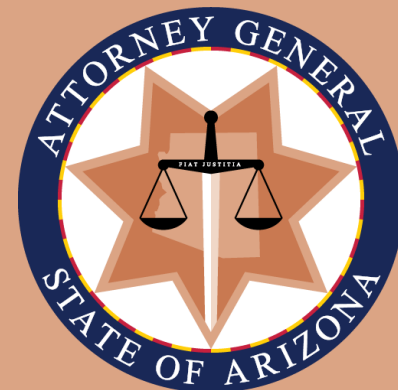
Division of Civil Rights Section



The mission of the Division of Civil Rights Section (DCRS) is to enforce state statutes that prohibit discrimination in:

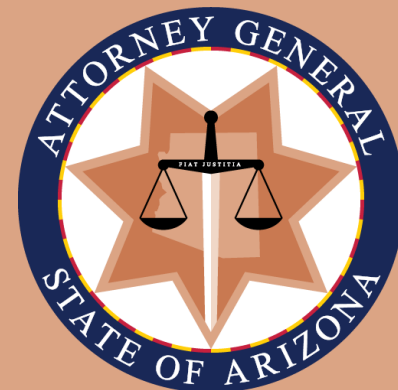
- **employment** (A.R.S. § 41-1481)
- **voting** (A.R.S. § 41-1471)
- **public accommodations** (A.R.S. § 41-1471)
- **disability** (A.R.S. § 41-1492.09)
- **housing** (A.R.S. § 41-1491.09)

DCRS also supports and administers the Arizona Civil Rights Advisory Board



The DCRS is the only state agency empowered by the legislature to eliminate discrimination and enforce the Arizona Civil Rights Act (ACRA)

- Investigators must complete investigations in a timely manner regardless of the number of cases filed
- The Division's statutory obligations are absolute; they do not bend due to an increase in the housing, voting, or employment needs of Arizonans or the state's financial burdens



The Attorney General's Office requests **10 FTE's** and **\$1,525,700** from the General Fund for the Division of Civil Rights Section to address three separate issues:

- substantial caseload growth
- pay inequity resulting in high turnover of staff
- structural deficit due to a decrease in federal funding

Executive budget addresses two of the three issues: added 3 new staff to manage caseloads and pay increases to reduce turnover; however, the executive did not address the structural deficit due to lack of federal funding.



Caseload Growth: 72% increase in number of intake complaints

Staff turnover: 68% turnover in FY22

Inadequate pay causing substantial turnover

Difficult to recruit qualified candidates despite 10% increase in July '22

Salaries not at market level

Inadequate Federal Funding:

AGO has relied on carry forward (cash) balances in the federal funds to offset deficit

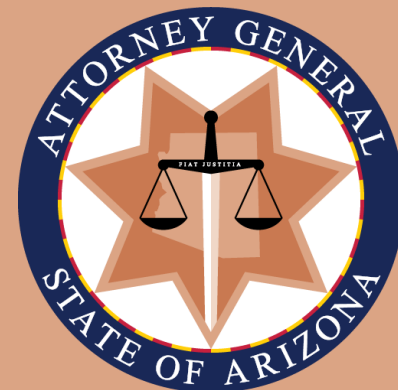
A structural deficit exists between available Federal Revenues and the amount needed to fund the DCRS

Existing funds will not adequately fund the program beyond FY24



Arizona Attorney General Kris Mayes

Additional FY24 Requests for Consideration



Opioid Abatement

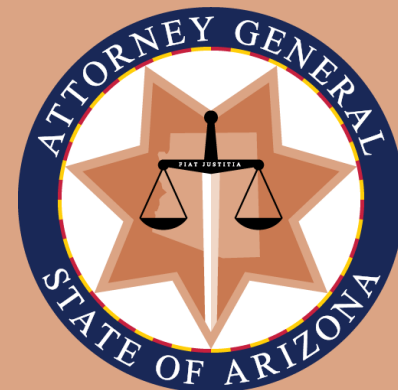
The FY23 budget included \$5M from the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund for a new Opioid Abatement line item.

Monies come from dollars deposited pursuant to a settlement with opioid distributors.



Attorney General Kris Mayes respectfully requests a **\$30M** appropriation in FY24 from the Fund to be spent in accordance with approved, nationally recognized strategies as outlined in the One Arizona Opioid Settlement MOU, including:

- treatment of opioid addiction
- support for individuals in treatment/at risk of addiction
- prevention
- education
- prison/jail opioid use and opioid interdiction
- opioid abatement on the southern border



Expert Witness and Outside Counsel

FY23 budget included \$2,000,000 from the CPCF Revolving Fund for the Expert Witness and Outside Counsel line item.

AGO respectfully requests \$2,000,000 be appropriated in FY24 from the CPCF Revolving Fund for the same line item.



Arizona Attorney General Kris Mayes

Thank you!

