### IN MEMORY

The JLBC Staff dedicates this book to the memory of Jack Neisent, our friend and associate. Jack was our Principal Fiscal Analyst for the Department of Education budget. Jack had been with our office for nearly 12 years and was known not only for his knowledge and skill as a fiscal analyst, but also for his "calm under fire" and friendly demeanor. We will miss him greatly.

**JLBC** 

## ANNUAL BUDGET

## FY 1994

## **ANALYSIS AND RECOMMENDATIONS**

# **JLBC**

Prepared By:

THE STAFF OF THE

JOINT LEGISLATIVE BUDGET COMMITTEE

**STATE OF ARIZONA** 

JANUARY 11, 1993

# ALPHABETICAL INDEX OF STATE AGENCIES WITH DEPARTMENT NUMBER REFERENCE

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This document is designed to be used in conjunction with the <u>Summary of Recommendations and Economic and Revenue Forecast.</u>

Information presented in the Summary volume has not been repeated in this document.

#### HOUSE APPROPRIATIONS COMMITTEE ROBERT "BOB" BURNS - Chairman Subcommittee Assignments - 41st Legislature

CRIMINAL JUSTICE KEEGAN, Chairman Members: Verkamp, Eden, Burns	HEALTH/WELFARE EDENS, Chairman Members: Hershberger, Rosenbaum, Horton, Burns	GENERAL GOVERNMENT GROSCOST, Chairman Members: Patterson, Cummiskey, Hubbard, Burns	EDUCATION GRAHAM, Chairman Members: Johnson, Smith, McLendor Cajero, Burns
*Accountancy, Bd. of AGRICULTURE, DEPT. OF ATTORNEY GENERAL Boxing Commission *Chiropractic Exam. Bd. Corporation Commission CORRECTIONS, DEPT. OF COURTS Appellate/Trial Court Court of Appeals Jud. Conduct, Comm. on Superior Courts Supreme Court Criminal Justice Comm. Law Enforce. Merit Syst. Liquor Licenses & Control Pardons & Paroles, Bd. of *Pharmacy Board PUBLIC SAFETY, DEPT. OF Radiation Reg. Agency Residential Util. Cnsmr. Ofc. *Structural Pest Control Bd. *Technical Registration, Bd of YOUTH TRTMNT & REHAB., DEP	Agricultural Employment Relations Bd. AHCCCS *Behav. Hlth. Exm., Bd. of Bldg. & Fire Sfty. Coliseum & Expo. Ctr. Contractors, Registrar of *Dental Exam. Bd. ECONOMIC SECURITY, DEPT. OF Emer. & Mil. Affrs, Dept. of Environment, Comm. on AZ. ENVIRONMENTAL QUAL., DEPT OF Game & Fish Department HEALTH SERVICES, DEPT. OF Hearing Impaired, Council Indian Affairs, Comm. of Industrial Commission Occup. Sfty & Hlth Rev. Bd. *Occup. Therapy Ex., Bd. of Pioneers' Home Rangers' Pension Tax Appeals Board Weights & Measures, Dept. of	ADMINISTRATION, DEPT. OF  *DOA - Central Board Svcs.  Affirmative Action, Gov's. Ofc. of  *Appraisal, St. Bd. of Auditor General Banking Department  *Barber Exam. Bd. Commerce, Dept. of  *Cosmetology, Bd. of Governor, Office of the Gov's Ofc. of Strat. Plng & Budtg Insurance, Dept. of Joint Legislative Bud. Cmte. Legislative Council Library, Archives & Pub. Rec Lottery Commission  *Medical Exam., Bd. of  *Osteopathic Exam. Bd. Personnel Board Racing, Dept. of Real Estate Department Retirement System REVENUE, DEPT. OF Secretary of State Senate/House Tourism, Office of TRANSPORTATION, DEPT. OF Treasurer Uniform State Laws, Comm. on Veterans' Services Comm.	Arts, Comm. on the COMMUNITY COLLEGES DEAF & BLIND, SCHOOL FOR EDUCATION, DEPT. OF (K-12) Geological Survey Historical Society, AZ Historical Society, Prescott Land Department Medical Student Loans Bd. Mine Inspector Mines & Mineral Res., Dept. *Nursing Board Parks Board Parks Board *Private Postsecond. Ed. *Respiratory Care Exam. Bd. UNIVERSITIES ASU ASU-West NAU Regents, Bd. of U of A U of A/Medical College WATER RESOURCES, DEPT. OF

<sup>\*</sup> FY 1994 and 1995 budgets will be appropriated during 1st Regular Session. Other agencies may be added to this list.

Revised 1/12/93

Board of Funeral Directors & Embalmers, Homeopathic Medical Examiners Board, Naturopathic Physicians Examiners Board, Nursing Care Institution Administrators Board, Dispensing Opticians Board, Board of Optometry, Physical Therapy Examiners Board, Board of Podiatry Examiners, Board of Psychologist Examiners, Veterinary Medical Examining Board.

## SENATE APPROPRIATIONS COMMITTEE CAROL SPRINGER - Chairman

Subcommittee Assignments - 41st Legislature

CRIMINAL JUSTICE TURNER, Chairman Members: Noland, Hardt, Kennedy, Springer	HEALTH/WELFARE HUPPENTHAL, Chairman Members: Day, Alston, Springer	GENERAL GOVERNMENT CHESLEY, Chairman Members: Wettaw, Furman, Soltero, Springer	EDUCATION HERMON, Chairman Members: Salmon, Arzberger, Springe
*Accountancy, Bd. of AGRICULTURE, DEPT. OF ATTORNEY GENERAL Boxing Commission *Chiropractic Exam. Bd. Corporation Commission CORRECTIONS, DEPT. OF COURTS Appellate/Trial Court Court of Appeals Jud. Conduct, Comm. on Superior Courts Supreme Court Criminal Justice Comm. Law Enforce. Merit Syst. Liquor Licenses & Control Pardons & Paroles, Bd. of *Pharmacy Board PUBLIC SAFETY, DEPT. OF Radiation Reg. Agency Residential Util. Cnsmr Ofc. *Structural Pest Control Bd. *Technical Registration, Bd of YOUTH TRTMNT & REHAB., DEPT OF	Agricultural Employment Relations Bd. AHCCCS *Behav. Hlth. Exm., Bd. of Bldg. & Fire Sfty. Coliseum & Expo. Ctr. Contractors, Registrar of *Dental Exam. Bd. ECONOMIC SECURITY, DEPT. OF Emer. & Mil. Affrs, Dept. of Environment, Comm. on AZ. ENVIRONMENTAL QUAL., DEPT OF Game & Fish Department HEALTH SERVICES, DEPT. OF Hearing Impaired, Council Indian Affairs, Comm. of Industrial Commission Occup. Sfty & Hlth Rev. Bd. *Occup. Therapy Ex., Bd. of Pioneers' Home Rangers' Pension Tax Appeals Board Weights & Measures, Dept. of	ADMINISTRATION, DEPT. OF *DOA - Central Board Svcs. 4 Affirmative Action, Gov's. Ofc. of *Appraisal, St. Bd. of Auditor General Banking Department *Barber Exam. Bd. Commerce, Dept. of *Cosmetology, Bd. of Governor, Office of the Gov's Ofc. of Strat. Plng & Budtg Insurance, Dept. of Joint Legislative Bud. Cmte. Legislative Council Library, Archives & Pub. Rec Lottery Commission *Medical Exam., Bd. of *Osteopathic Exam. Bd. Personnel Board Racing, Dept. of Real Estate Department Retirement System REVENUE, DEPT. OF Secretary of State Senate/House Tourism, Office of TRANSPORTATION, DEPT. OF	Arts, Comm. on the COMMUNITY COLLEGES DEAF & BLIND, SCHOOL FOR EDUCATION, DEPT. OF (K-12) Geological Survey Historical Society, AZ Historical Society, Prescott Land Department Medical Student Loans Bd. Mine Inspector Mines & Mineral Res., Dept. *Nursing Board Parks Board *Private Postsecond. Ed. *Respiratory Care Exam. Bd. UNIVERSITIES ASU ASU-West NAU Regents, Bd. of U of A U of A/Medical College WATER RESOURCES, DEPT. OF
* FY 1994 and 1995 budgets will Other agencies may be added to	be appropriated during 1st Regular Session. this list.	Uniform State Laws, Comm. on Veterans' Services Comm.	

Board of Funeral Directors & Embalmers, Homeopathic Medical Examiners Board, Naturopathic Physicians Examiners Board, Nursing Care Institution Administrators Board, Dispensing Opticians Board, Board of Optometry, Physical Therapy Examiners Board, Board of Podiatry Examiners, Board of Psychologist Examiners, Veterinary Medical Examining Board.

Revised 1/12/93

## DIRECTORY OF JLBC ANALYSTS AND AGENCY/DEPARTMENT HEADS

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A CENOW/DENT (DUDGET AREA	JLBC ANALYST	AGENCY/DEPARTMENT HEADS	<u>TELEPHONE</u> NUMBER
AGENCY/DEPT./BUDGET AREA Accountancy, State Board of	Gita Reddy	Ruth R. Lee	255-3648
Administration, Department of	Keith Brainard	Elliott Hibbs	542-1500
Affirmative Action, Governor's Office of	Lynne Smith	Victor Melendez	542-3711
Agricultural Employment Relations Board	Karen Bock	Maxine McCarthy	542-5989
Agriculture, Arizona Department of	Karen Bock	Keith Kelly	542-0998
Agriculture, Arizona Department of	Materi Book	Total Isolly	5.2 0,70
Arizona Health Care Cost Containment System	Monty Headley	Leonard Kirschner	234-3655
Appellate & Trial Court Appointments, Comm. on	Marge Cawley	Honorable Stanley D. Feldman	542-4532
Appraisal, State Board of	Michelle Fusak	Adriane Brown-White	542-1539
Arizona State University	John Lee	Lattie Coor	965-5606
Arts, Arizona Commission on the	Gita Reddy	Shelley Cohn	255-5882
Attorney General - Department of Law	Lorenzo Martinez	Honorable Grant Woods	542-4266
Auditor General	Dick Morris	Douglas R. Norton	255-4385
Banking Department, State	Lynne Smith	Richard Houseworth	255-4421
Barbers, Board of	Karen Bock	Mario Herrera	542-2701
Behavioral Health Examiners, Board of	Lynne Smith	David Oake	542-1882
Boxing Commission, Arizona State	Lorenzo Martinez	John Montano	542-1417
Building & Fire Safety, Department of	Gita Reddy	Eric Borg	255-4072
Chiropractic Examiners, State Board of	Gita Reddy	Elaine Le Tarte	255-1444
Coliseum & Exposition Center Board, Arizona	Lorenzo Martinez	Gary D. Montgomery	252-6771
Commerce, Department of	Mark Siegwarth	James E. Marsh	280-1306
Community Colleges, State Board of Directors for	Michelle Fusak	Don Puyear, Ph.D.	255-4037
Contractors, Registrar of	Gita Reddy	Michael P. Goldwater	542-1525
Corporation Commission	Monty Headley	Honorable Renz D. Jennings	542-4140
Corrections, State Department of	Dick Morris (1)	Samuel A. Lewis	542-5497
,	Lorenzo Martinez (2)	•	
Cosmetology, Board of	Karen Bock	Sue Sansom	542-5301
Court of Appeals, Division I	Marge Cawley	Honorable Noel Fidel	542-1478
Court of Appeals, Division II	Marge Cawley	Honorable Joseph M. Livermore	628-6945
Criminal Justice Commission, Arizona	Lorenzo Martinez	Rex Holgerson	542-1928
Deaf and the Blind, Arizona State School for the	Michelle Fusak	Ralph Bartley	628-5261
Dental Examiners, State Board of	Gita Reddy	Mark K. Steinberg	255-3696
Economic Security, Department of	Marge Cawley	Charles E. Cowan	542-5678
, <u></u>	Mark Siegwarth		
Education, Department of	Michelle Fusak	Honorable C. Diane Bishop	542-4361
Emergency and Military Affairs, Department of	Lorenzo Martinez	Donald Owens	267-2710
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			<b>TELEPHONE</b>
AGENCY/DEPT./BUDGET AREA	JLBC ANALYST	AGENCY/DEPARTMENT HEADS	NUMBER
Environment, Commission on the Arizona	Karen Bock	Charlene Ledet	542-2102
Environmental Quality, Department of	Karen Bock	Edward Z. Fox	207-2203
Funeral Directors & Embalmers, State Board of	Lynne Smith	Jean Elizey	542-3095
Game and Fish Department, Arizona	Monty Headley	Duane Schroufe	942-3000
Geological Survey, Arizona	Keith Brainard	Larry D. Fellows	882-4795
Governor - Office of the	Dick Morris	Honorable Fife Symington	542-4331
Governor's Office of Strategic Planning & Budgeting	Dick Morris	Peter Burns	542-5381
Health Services, Department of	Michael Bradley	Alethea Caldwell	542-1025
Hearing Impaired, Arizona Council for the	Gita Reddy	Stuart Brackney	542-3323
Historical Society, Arizona	Marge Cawley	Michael F. Weber	628-5774
Historical Society of Arizona, Prescott	Marge Cawley	Mac R. Harris	445-3122
Homeopathic Medical Examiners, Board of	Lynne Smith	John C. Reed	542-3095
House of Representatives	Dick Morris	Honorable Mark W. Killian	542-5729
Indian Affairs, Arizona Commission of	Gita Reddy	Tony Machukay	542-3123
Industrial Commission of Arizona	Michelle Fusak	Larry Etchechury	542-4411
Insurance, Department of	Lynne Smith	Susan Gallinger	255-1987
Joint Legislative Budget Committee	Dick Morris	Ted Ferris	542-5491
Judicial Conduct, Commission on	Marge Cawley	Honorable Bernardo P. Velasco	542-5200
Land Department, State	Gita Reddy	M. J. Hassell	542-4621
Law Enforcement Merit System Council	Gary Thompson	Jerry Spencer	223-2286
Legislative Council	Dick Morris	David M. Thomas	542-4236
Library, Archives and Public Records, Dept. of	Marge Cawley	Sharon Womack	542-4035
Liquor Licenses & Control, Department of	Lorenzo Martinez	Howard Adams	542-5141
Lottery Commission, Arizona State	Michael Bradley	J. Bruce Mayberry	921-4514
Medical Examiners, Board of	Gita Reddy	Douglas N. Cerf	255-3751
Medical Student Loans, Board of	John Lee	Christopher A. Lesdem	626-6216
Mine Inspector, State	Keith Brainard	Honorable Douglas K. Martin	542-5971
Mines & Mineral Resources, Department of	Marge Cawley	Leroy Kissinger	255-3791
Naturopathic Physicians Board of Examiners, State	Lynne Smith	Glenn T. Ozalan	542-3095
Northern Arizona University	John Lee	Eugene M. Hughes	523-3232
Nursing, State Board of	Gita Reddy	Fran Roberts	255-5092
Nursing Care Institution Administrators & Adult Care Home Managers, Bd. of Examiners of	Lynne Smith	Christine Springer	542-3095
Occupational Safety & Health Review Board	Michelle Fusak	Jack Duncan	864-0893
Occupational Therapy Exam., Board of	Lorenzo Martinez	Kenneth D. Fink	542-6784
Opticians, State Board of Dispensing	Lynne Smith	Careen J. Heinze	542-3095
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ACENICY/DEBT /DIDCET ADEA	JLBC ANALYST	AGENCY/DEPARTMENT HEADS	NUMBER
AGENCY/DEPT./BUDGET AREA Optometry, State Board of	Lynne Smith	Florence Moore	542-3095
Osteopathic Examiners, Arizona Board of	Gita Reddy	Robert J. Miller	255-1747
Pardons and Paroles, Board of	Lorenzo Martinez	Robert L. Tucker	542-5656
Parks Board, Arizona State	Monty Headley	Ken Travous	542-4174
Personnel Board	Keith Brainard	Judy Henkel	542-3888
Letworker posts		•	
Pharmacy, Arizona State Board of	Gita Reddy	Llyn Lloyd	255-5125
Physical Therapy Examiners, Board of	Lynne Smith	Patricia Plack	542-3095
Pioneers' Home, Arizona	Marge Cawley	Doris Martowe	445-2181
Podiatry Examiners, State Board of	Lynne Smith	Michael Kates	542-3095
Private Postsecondary Education, State Board of	Richard Stavneak	Dona Markley	542-5709
<b>1.1.1.1</b>			
Psychologist Examiners, State Board of	Lynne Smith	Terry L. Scritchlow	542-3095
Public Safety, Department of	Michael Bradley	F. J. "Rick" Ayars	223-2359
Racing, Arizona Department of	Lorenzo Martinez	William Linton	542-5151
Radiation Regulatory Agency	Lynne Smith	Aubrey V. Godwin	255-4845
Rangers' Pensions, Arizona	Gita Reddy	See Governor's Office	542-4331
Real Estate Department, State	Lynne Smith	Jerry Holt	279-2909
Regents, Arizona Board of	John Lee	Frank Besnette	229-2500
Residential Utility Consumer Office	Monty Headley	Ron Mathis	542-3733
Respiratory Care Examiners, Board of	Lynne Smith	Ann Marie Toshner	542-5995
Retirement System, Arizona State	Keith Brainard	David S. Hunt	240-2000
			540 2570
Revenue, Department of	Bob Hull	Paul Waddell	542-3572
Secretary of State - Department of State	Lorenzo Martinez	Honorable Richard D. Mahoney	542-4285
Senate	Dick Morris	Honorable John Greene	542-4233 255-3664
Structural Pest Control Commission	Gita Reddy	Jack Root	
Superior Court	Marge Cawley	William L. McDonald	542-9301
	Marra Camlan	Honorable Stanley G. Feldman	542-4532
Supreme Court	Marge Cawley	Jeanette Schmidt (Division I)	542-7070
Tax Appeals, State Board of	Michelle Fusak	Edsil Allred (Division II)	542-3288
	Cita Badda	Ronald Dalrymple	255-4053
Technical Registration, State Board of	Gita Reddy Mark Siegwarth	Frank Plencher	542-4764
Tourism, Office of	Bob Hull	Jim Creedon	255-7226
Transportation, Department of	Bob Hull	Jilli Creedoli	233-1220
Treasurer, State	Lorenzo Martinez	Honorable Tony West	542-1463
Uniform State Laws, Commission on	Michelle Fusak	James M. Bush	257-5767
University of Arizona	John Lee	Manuel Pacheco	621-5511
Veterans' Service Commission, Arizona	Mark Siegwarth	Norman O. Gallion	255-3373
Veterinary Medical Examining Board, Arizona State	Lynne Smith	Louise Battaglia	542-3095
veterinary received Examining Doubt, Arthona State	-J. 111		

AGENCY/DEPT./BUDGET AREA Water Resources, Department of Weights & Measures, Department of Youth Treatment & Rehabilitation, Department of	JLBC ANALYST Karen Bock Lynne Smith Michael Bradley (1) Karen Bock (2)	AGENCY/DEPARTMENT HEADS Betsy Rieke John Hays John Arredondo
OTHER ASSIGNMENTS		
Capital Review	Keith Brainard	
Data Processing	Gary Thompson	
Economic & Revenue Forecast	Hank Reardon	
	Kent Ennis	
	Frank Chow	
Federal Funds	Richard Stavneak	
Fiscal Note Manager	Richard Stavneak	

John Lee Bob Hull

Mark Siegwarth

Higher Education Research

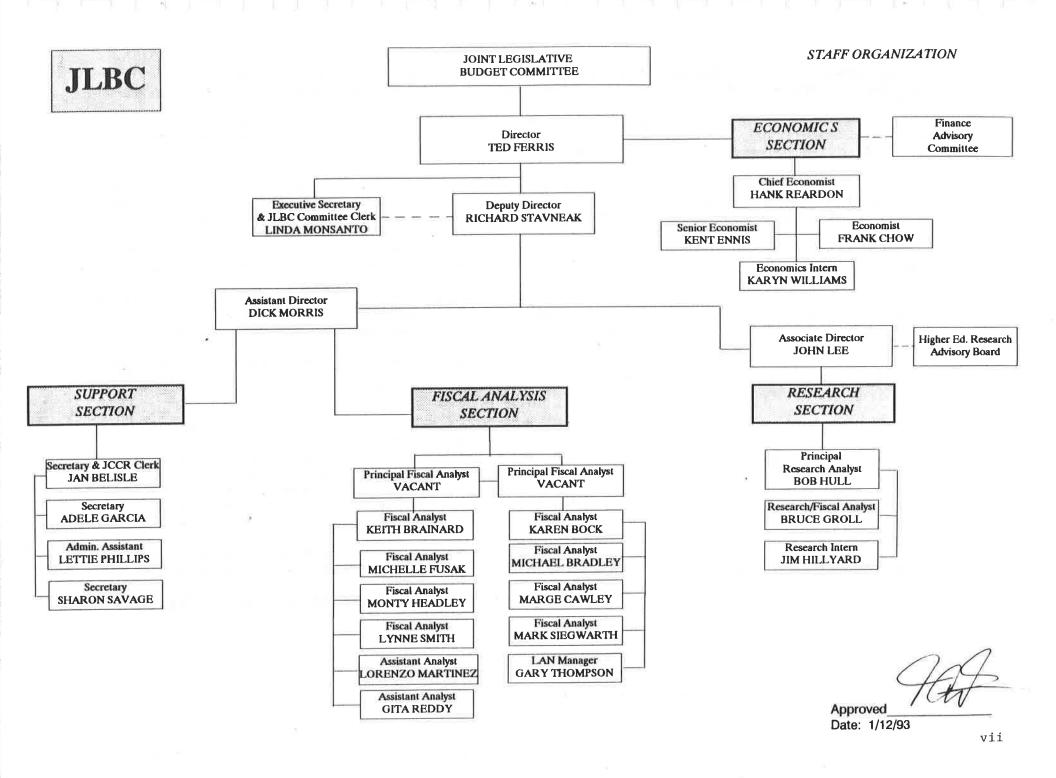
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TELEPHONE <u>NUMBER</u> 542-1540 255-5211 542-3987

Oil Overcharge Funds

<sup>(1)</sup> Lead Assignment

<sup>(2)</sup> Secondary Assignment



### FY 1994 JLBC STAFF RECOMMENDATION DESCRIPTION OF METHODOLOGY AND MAJOR TECHNICAL ISSUES

#### JLBC Staff Recommended Changes from FY 1993

In developing its FY 1994 budget recommendation, the JLBC Staff has reviewed the current year's appropriation (FY 1993) as well as each agency's FY 1994 budget request, and has made adjustments for:

- One-time appropriations (decrease)
- Annualization of any items funded for a partial year, such as the \$1,000 salary increase for state employees on April 1, 1993 (increase)
- Specific cost considerations, such as the cost of employee benefits (increase or decrease)
- Demographic changes, such as population served (increase or decrease)
- Statutory programmatic requirements, including scheduled start-ups, decreases, increases, or elimination of programs (increases or decreases)
- Vacancy savings, based upon recent trends (increase or decrease)
- Other policy issues (increases or decreases)

The individual agency descriptions in the Analysis and Recommendations book provide further narrative detail on these changes, which are explained in a section entitled, "JLBC Staff Recommended Changes from FY 1993." In addition, the book provides the line item detail of the Staff's recommendations for each individual agency budget. The major technical issues with regard to each of these line items are described below.

FY 1993 Adjusted Appropriations - This dollar amount represents the FY 1993 appropriations from the General Appropriation Act as well as appropriations from other legislation. We have adjusted the General Appropriation Act estimates for the distribution of the state employee pay adjustment, which was not allocated to individual agencies at the time of the bill's passage.

FTE Positions - The number of FTE positions reflects both personnel funded from Personal Services as well as special line items. The FY 1993 FTE position estimates have also been adjusted to include any new staff funded through separate appropriation bills.

Personal Services - Annualization of Pay Adjustment - In the FY 1993 General Appropriation Act, the Legislature authorized a \$1,000 annual salary increase for each state employee on April 1, 1993. For FY 1993, only 25% of the cost of the pay adjustment had to be budgeted. For FY 1994, the JLBC Staff and the Executive have recommended the remaining 75% of the cost of the adjustment.

Personal Services - Vacancy Savings - This amount represents an agency's unexpended Personal Services. Agencies typically do not spend 100% of Personal Services for a number of reasons. For example, employee turnover will normally result in positions being vacant for some period of time. In addition, the departure of long term employees will often result in savings as they are replaced by less-experienced, lower-paid personnel.

FY 1994, JLBC Staff has generally recommended the elimination of unfunded General fund positions to bring an agency's existing vacancy rate in line with standard vacancy rates. For example, the standard vacancy rate for an agency with more than 250 employees is 3%. If such an agency currently has

a vacancy rate of 5%, the Staff has proposed eliminating 2% of positions to conform the actual vacancy factor with the standard rate. The standard vacancy rates are:

Authorized FTE Positions	Vacancy Factor
0-25	0.0%
26-50	1.0%
51-100	1.5%
100-250	2.0%
251 and over	3.0%

The vacancy savings will be found under the heading "Personal Services/ERE adjustments" in the individual agency narratives. In most circumstances, the Executive recommends retaining the FY 1993 vacancy rates.

Employee Related Expenditures (ERE) - This category represents the state cost of employee benefits. The ERE calculations have been based upon the following assumptions. The Executive concurs with these assumptions unless otherwise noted.

Disability Insurance: 0.53% of Personal Services for non-State Retirement System employees. The cost of disability insurance for State Retirement System employees is incorporated in the overall retirement contribution rate (See Below).

Federal Insurance Contributions Act (FICA) - As required by federal law, a) Social Security taxes were applied at a rate of 6.2% up to \$58,800 in income and b) Medicare taxes were applied at a rate of 1.45% up to \$130,800 in income. The Executive recommendation applies the 7.65% rate only to salaries up to \$58,800.

Health and Dental Insurance - Each individual agency budget includes funding for the employer share of health insurance costs. The JLBC Staff recommendation is based upon each individual agency's actual average cost per employee in FY 1993 for health and dental insurance. The actual average FY 1993 cost, which is based upon November 1992 enrollment data, is at least 5% below the FY 1993 budgeted cost. With certain non-General Fund exceptions, the Executive retains the FY 1993 budgeted rates for its FY 1994 recommendation.

As the result of actual health insurance costs falling below budgeted levels, the Health Insurance Trust Fund has accumulated an unobligated balance. With the exception of the Universities, the Department of Administration transfers health insurance appropriations from the individual agencies to the Health Insurance Trust Fund. The JLBC Staff recommends funding any FY 1994 health insurance rate increases from the balance in the Trust Fund. The Governor recommends an additional appropriation of \$3 million from the General Fund and \$1.6 million from Other Appropriated funds for the rate increase.

Life Insurance - \$13 per employee per year.

Personnel Division - 0.8% of Personal Services. The Department of Administration's Personnel Division budget is funded from an assessment on the payroll of all state agencies. Laws 1991, Chapter 265, requires this pro rata share to increase from 0.70% in FY 1992 in increments of 0.05% each year until reaching 1.0% in FY 1998.

Retirement - The rates as a percent of Personal Services are as follows for the different retirement systems:

Retirement System	JLBC Rate	Executive Rate
State Retirement	3.59	3.59
Correctional Officers	5.89	6.32
Elected Officials	5.50	5.50
Dept. of Public Safety	0.00	0.00
NAU Police	2.93	3.86
U of A Police	1.52	1.47
ASU Police	6.21	8.50
Game and Fish	18.09	18.32
DEMA Firefighters	5.20	5.10

In each individual agency recommendation, the State Retirement System contribution is funded at 3.59%, the same level as in FY 1993. The JLBC Staff is recommending, however, that the rate actually be funded at 3.14%, based on prior year actuarial assumptions. The <u>Summary of Recommendations</u> further explains this issue. Given that each agency budget recommendation contains funding at the 3.59% level, the savings resulting from the 3.14% contribution rate are reflected as a reduction in expenditures on the overall balance sheet. The rates recommended by the Executive are the same as those used in FY 1993, and do not reflect the most recent actuarial valuations of the various retirement systems.

Unemployment Insurance - 0.30% of Personal Services, compared to 0.20% in FY 1993.

Workers' Compensation - The rates vary by individual agency. Overall, workers' compensation rates are not increasing over FY 1993.

Other Operating Expenditures

Inflation - The JLBC Staff recommends no adjustment for inflation. The Executive also recommends no inflation adjustment.

Rent - The JLBC Staff recommendation includes rent for all agencies occupying space in buildings located on the Governmental Mall in Phoenix and in the 2 large state-owned buildings in Tucson. The funding will be transferred to the Capital Outlay Stabilization Fund and used to finance the Department of Administration Utilities appropriation, facilities management office, and a portion of the DOA Building Renewal appropriation. In addition to providing a dedicated source of revenue for costs associated with operating these buildings, charging agencies for their office space is intended to increase legislative oversight of state-owned space by requiring them to be budgeted for this space prior to absorbing added square footage. JLBC Staff recommends the following rent items:

State-owned Space: In both General Fund and non-General Fund agencies, the Staff recommends charging \$11.00 per square foot for office space and \$4.50 per square foot for storage space. The Executive concurs with these recommended rates.

Lease-Purchase Buildings: Full funding is included in budgets for all agencies housed in buildings being acquired by lease-purchase, including buildings acquired as part of the state's RTC/Distressed Property program. DOA will collect these amounts from the agencies to make the state's required payments during FY 1994. One exception to this policy is the Sun States Savings Building. Due to uncertainties regarding prospective tenants, the JLBC Staff recommends that all funding for the costs associated with acquiring and operating this building be included in the DOA budget. The Executive also recommends full funding for agencies occupying buildings being acquired by lease-purchase.

Risk Management - Individual agency budgets include the FY 1993 risk management rates billed by the Department of Administration Risk Management Division (DOA). These rates are estimated to result in total revenues of \$39.6 million, of which \$16.8 million is from the General Fund and \$22.8 million from Other Appropriated and Non-Appropriated funds.

In addition, the JLBC Staff recommends setting aside an additional lump sum of \$20.2 million for projected risk management loss increases over FY 1993, for a total of \$59.8 million in agency premiums. These funds would subsequently be allocated to individual agencies, and those amounts would be detailed in the JLBC Staff Appropriations Report.

The JLBC Staff recommends distributing the projected \$20.2 million increase across fund sources correspondent with actuarial experience. This proposal would cost the General Fund \$10.8 million, Other Appropriated Funds, \$6.4 million, and Non-Appropriated Funds, \$2.9 million. The Executive concurs with the JLBC Staff recommendation.

#### Other Issues for Legislative Consideration

Arizona Revised Statutes Section 41-1273(D) requires the Legislative Budget Analyst (JLBC) to "... prepare for distribution an analysis of the Governor's budget as soon after the budget is presented to the legislature as is possible. The analysis, among other things, shall include recommendations of the budget analyst for revisions in expenditures."

We have highlighted in our analysis the differences between the JLBC Staff and the Executive recommendation for each agency. Any policy issues recommended by the Governor and not addressed under the "JLBC Staff Recommended Changes from FY 1993" section are addressed under the heading "Other Issues for Legislative Consideration."

### Auditor General Performance Audit

The narrative section of the Analysis and Recommendations book also addresses recommendations from the Auditor General's Performance Audits, published in calendar 1992, that have a fiscal impact. The calendar year 1992 audits include:

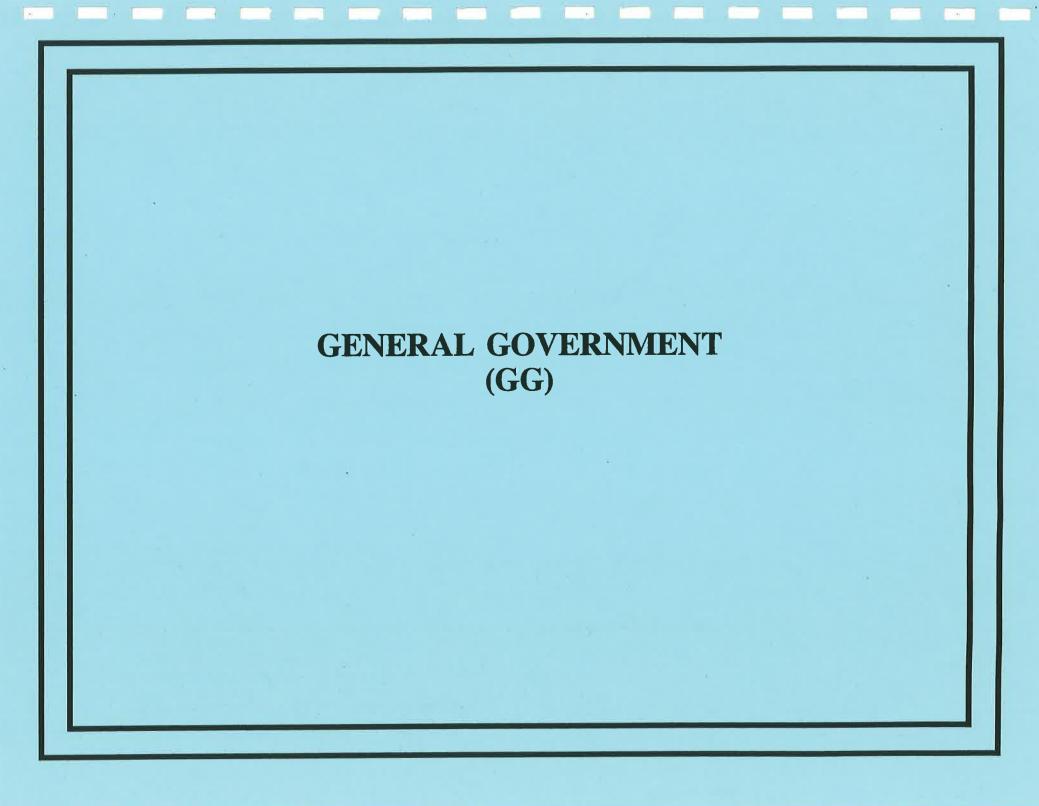
- Arizona School for the Deaf and the Blind
- Board of Dental Examiners
- Department of Economic Security Child Support Enforcement

- Department of Health Services Administrative Entity System
- State Land Department Mineral Leasing Program
   Department of Public Safety Criminal Investigations Bureau
- Department of Weights and Measures

The narrative explains whether the Auditor General findings have been incorporated into the JLBC Staff recommendation.

#### Project SLIM

The narrative section also includes information as to how the findings of Project Statewide Long-term Improved Management (SLIM) have been incorporated into the JLBC Staff recommendations.



DEPARTMENT: Department of Administration Agency Summary	n	JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	576.0	616.0	817.3	807.3	804.0	
BY PROGRAM/ORGANIZATION	g *					
Central Operations	8,894,100	11,575,400	8,732,100	6,941,500	8,369,300	
Finance	3,525,000	4,102,600	11,128,600	10,884,500	8,535,600	s
General Services	11,590,600	11,914,700	14,436,400	12,551,300	13,116,000	: <del>-</del>
Facilities Management	1,591,200	1,481,200	1,343,300	1,279,400	1,109,100	s
Data Management	0	0	15,533,800	14,873,300	14,753,800	
Risk Management	0	50,916,400	66,666,600	66,002,000	66,326,600	
Workers' Compensation	0	14,221,900	16,260,600	18,565,000	15,998,500	
Personnel	4,522,500	5,323,400	5,948,100	5,651,600	5,565,800	
AGENCY TOTAL	30,123,400	99,535,600	140,049,500	136,748,600	133,774,700	
OPERATING BUDGET						
Personal Services	12,247,600	14,091,200	21,559,800	19,936,200	19,851,200	
Employee Related Expenditures	3,064,200	3,544,600	6,482,200	4,732,600	4,628,300	

DEPARTMENT: Department of Administration Agency Summary		JLBC ANALYST: Brainard OSPB ANALYST: Cockerham		HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:		Groscost Chesley	
		FY 1993	FY 1994	FY 1994	FY 1994	LEGISLATIVE	
	FY 1992	ADJUSTED	AGENCY	EXECUTIVE	JLBC STAFF	WORK	
DESCRIPTION	ACTUAL	APPROPRIATIONS	REQUEST	RECOMMENDATION	RECOMMENDATION	SPACE	
Professional/Outside Services	2,409,500	2,613,400	3,506,700	2,861,900	2,932,300		
Travel - In State	131,800	165,500	201,100	180,600	177,000		
Travel - Out of State	12,300	22,700	43,900	42,500	36,200		
Other Operating Expenditures	2,524,100	3,020,800	12,039,200	11,413,300	11,319,700	-	
Equipment	234,200	63,800	1,009,000	216,100	223,800	4	
All Other Operating Subtotal	5,311,900	5,886,200	16,799,900	14,714,400	14,689,000		
OPERATING SUBTOTAL	20,623,700	23,522,000	44,841,900	39,383,200	39,168,500		
SPECIAL LINE ITEMS							
ENSCO COP	0	3,782,800	4,582,600	4,582,600	4,582,600		
Statewide Acct System	1,213,800	850,000	2,226,200	2,021,800	1,200,000		
Utilities	5,949,200	6,122,100	6,988,200	6,310,100	6,180,000		
Workers' Comp Payments	0	11,044,000	13,140,000	13,140,000	13,140,000		
Claim Management Fees	0	1,250,000	506,600	533,000	506,600		
Reinsurance Premiums	0	400,000	400,000	0	400,000		
Premium Tax	0	725,000	725,000	725,000	725,000		
Liab & Prop Loss/Rel Exp	0	40,200,000	54,862,000	54,862,000	54,862,000		
Hearing Office	35,000	35,700	65,200	35,700	35,700		
Attorney General Defense	0	0	0	60,000	60,000		
Atty. Gen Ins. Defense	0	4,100,000	4,163,800	4,100,000	4,163,800		
Insurance Premiums	0	3,500,000	4,428,500	4,428,500	4,428,500		
Loss Control Grants	0	500,000	500,000	0	250,000		
Univ Stud Hlth Work Prog	0	159,500	159,500	159,500	159,500		
Transfers Out: Loss Control	0	150,000	150,000	0	100,000		

DEPARTMENT: Department of Administrat Agency Summary	ion	JLBC ANALYST OSPB ANALYST			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
SLIAG Regulation Review Comm	216,100 0	301,200 0	304,800 0	305,300 34,200	306,500 44,800	
Lease-Purchase Rent COSA Rent	599,200	626,700 748,800	464,400 797,600	427,000 816,700	427,000	
GAAP Special Recruitment	589,400 49,100	602,800 43,500	0 43,500	613,500 43,500	621,700	
Relocation	266,200	0	0	206,800	120,000	
Agency Close-Out Personnel Automation Proj Cost Recovery/Cash Mgmt	13,700 0 0	175,000 130,800	175,000 113,400	175,000 133,300	175,000	
Reduction-In-Force Costs Reloc/Non-West Tower	0	50,000 367,200	50,000 186,100	0	0	
Relocation-West Tower Tucson State Office Bldg	0 519,000	40,800 107,700	20,700 154,500	94,700	107,900	
Courts Building RTC/Distressed Property	49,000 0	0 0 0	0	0 507,200 3,050,000	1,088,600	
Transfer to Risk Management Fu	· ·	v	95,207,600	97,365,400		
Special Item Subtotal	9,499,700	76,013,600				
AGENCY TOTAL	30,123,400	99,535,600	140,049,500	136,748,600	=======================================	
BY FUND SOURCE						
General Fund Other Funds Other Non-Appropriated Funds	25,344,500 4,778,900 271,059,700	21,470,600 78,065,000 211,278,000	27,308,900 112,740,600 219,312,200	23,710,900 113,037,700	110,283,800	
AGENCY TOTAL - ALL SOURCES	301,183,100	310,813,600	359,361,700	136,748,600	353,086,900	
2 <u>.</u>						

**DEPARTMENT:** 

Department of Administration

Agency Summary

The JLBC Staff recommends a total appropriation of \$133,774,700 -- a net increase of \$34,249,100, or 34.4%, to the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$23,490,900, an increase of \$2,020,300 or 9.4%, to the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$110,283,800 -- a net increase of \$32,218,800 or 41.3%, to the FY 1993 recommendation.

#### JLBC Staff Recommended Changes from FY 1993

•	Annualization of FY 1993 Pay Adjustment		\$354,700 GF 320,900 OF
•	Personal Services/ERE Rate Adjustments	2	2,000 GF (130,500) OF
•	ERE Rate Changes		(186,600) GF 9,000 OF
•	RTC/Distressed Property Management This increase is offset by a reduction to other agencies' budgets of \$820,000.		1,088,600 GF
•	AFIS II Net Adjustment		350,000 OF
•	ENSCO Lease-Purchase Payment Annualization	ï	799,800 GF
•	Risk Management Adjustments		15,410,200 OF
•	Workers Compensation Adjustments		1,776,600 OF
•	Transfer of Data Management Program to Appropriated Status		14,753,800 OF
•	All Other Changes		(38,200) GF (271,200) OF

#### Other Issues for Legislative Consideration

Project SLIM

Project SLIM has made a number of recommendations regarding DOA's organizational structure, procedures, and statutes. The latest DOA reorganization, effective January 1993, is based largely on these recommendations. The JLBC Staff analysis addresses this reorganization in each cost center. While many of Project SLIM's recommendations may result in operational efficiencies and savings, no direct savings from implementation of these recommendations are included in either the OSPB or JLBC Staff recommendations.

DEPARTMENT: Department of Administration PROGRAM: Central Operations	n	JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions =	150.0	146.0	150.0	147.0	147.0	
OPERATING BUDGET						
Personal Services	3,800,800	3,797,800	4,321,200	3,907,300	3,907,400	
Employee Related Expenditures	881,100	873,100	1,201,500	908,400	900,300	
Professional/Outside Service Travel - In State Travel - Out of State Other Operating Expenditures Equipment	2,261,100 45,300 8,700 639,400 8,900	1,479,700 41,000 4,500 710,800	1,804,900 41,000 5,900 805,800 486,600	1,260,100 41,000 4,500 717,600 32,700	1,479,700 41,000 3,900 723,000 33,500	
All Other Operating Subtotal	2,963,400	2,236,000	3,144,200	2,055,900	2,281,100	
OPERATING SUBTOTAL	7,645,300	6,906,900	8,666,900	6,871,600	7,088,800	
SPECIAL LINE ITEMS						
ENSCO COP Statewide Acct System Hearing Office Regulation Review Comm	1,213,800 35,000 0	3,782,800 850,000 35,700 0	0 0 65,200 0	0 0 35,700 34,200	1,200,000 35,700 44,800	
Special Item Subtotal	1,248,800	4,668,500	65,200	69,900		
PROGRAM TOTAL	8,894,100	11,575,400 ====	8,732,100	6,941,500		

DEPARTMENT: Department of Administra PROGRAM: Central Operations	ation	JLBC ANALYST			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
General Fund Other Funds Other Non-Appropriated Funds	8,894,100 0 41,500	11,575,400 0 46,700	8,732,100 0 45,000	6,941,500 0	8,019,300 350,000 45,000	
PROGRAM TOTAL - ALL SOURCES	8,935,600	11,622,100	8,777,100	6,941,500	8,414,300	

The JLBC Staff recommends a total appropriation of \$8,369,300, -- a net decrease of \$(3,206,100), or (27.7)%, from the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$8,019,300 -- a net decrease of \$(3,556,100), or (30.7)%, from the FY 1993 appropriation. The Other Fund portion of the recommendation is \$350,000 -- a net increase of \$350,000 to the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

•	Annualization of FY 1993 Pay Adjustment	\$123,900	GF
•	Personal Services/ERE Adjustments Includes a vacancy factor of 3.8%. The Executive recommends a vacancy factor of 3.5%.	(100)	GF
•	ERE Rate Changes	13,000	GF
•	Capitalized and Non-Capitalized Equipment Adjustment  The amount recommended by both the OSPB and the JLBC Staff for capitalized equipment would fund 13 replacement computers and one replacement printer.	38,900	GF
•	Out-of-State Travel Adjustment	(600)	GF

#### AFIS II

350,000 OF

The JLBC Staff recommends retaining the \$850,000 General Fund appropriation for AFIS II development. Staff also recommends supplementing this amount with \$350,000 from the Data Management Fund, for a total of \$1.2 million. Combined with \$1,449,000 that is recommended in the Central Operations Professional & Outside Services line for Data Management charges, the total JLBC Staff recommendation for AFIS II is \$2,649,000.

Initial funding for AFIS II was provided in FY 1991, when the new system was conceived as a 2 year, \$1.5 million project. While total development costs have remained consistent with anticipated levels, a major component of the system has not been developed. State agencies that rely on the system have experienced difficulty gaining access to the system, and computer run times have substantially exceeded both those of the previous system and expectations for this new system. DOA contends that many of these run times could be reduced with program revisions and enhancements. Because DOA's General Fund budget is appropriated as a lump sum, DOA may expend all monies appropriated for AFIS II either for development or Data Center charges. DOA does not intend to add any AFIS II programs in the coming fiscal year.

The JLBC Staff recognizes that our recommendation of \$2.65 million may be insufficient to cover the costs of Data Center charges and necessary program revisions: DOA has estimated that the total cost of further AIFS II development and operation may be as much as \$5.7 million in FY 1994. Between this cost center and DOA Finance, the Executive has recommended a total of \$3.25 million, or approximately \$600,000 more than the JLBC Staff, for costs related to AFIS II development, operation, and security. The JLBC Staff believes that, prior to legislative completion of the General Appropriations Act, DOA should clarify its intentions with respect to AFIS II, including development of: 1) a firmer estimate of the system's annual cost; 2) a prioritized list of program revisions and enhancements that, in light of likely funding limitations, optimizes computer run time expenses, 3) a cost estimate and timetable for the completion of AFIS II programs and program revisions, and 4) a summary of the current status of AFIS II in terms of capability, adequacy, and undeveloped components.

The Legislature may wish to consider increasing the Data Management Fund appropriation for AFIS II operation and development. If the Fund's balance is insufficient to cover the costs associated with a higher appropriation, DOA may increase charges to state agencies, resulting in a distribution of AFIS II costs among agencies that rely on the system.

Transfer of ENSCO Lease-Purchase Payment

(3,782,800) GF

In response to DOA's request, both OSPB and the JLBC Staff recommend that the ENSCO lease-purchase payment, which will increase to \$4,582,600 in FY 1994, be transferred to the agency's Finance Division cost center.

• Transfer of Governor's Regulatory Review Council Funding

44.800 GF

The JLBC Staff concurs with the Executive recommendation to transfer funding for the Governor's Regulatory Review Council from the Office of Strategic Planning & Budgeting to DOA. A corresponding decrease is included in both office's recommendations for the OSPB.

Hepatitis Vaccinations

6,800 GF

The JLBC Staff concurs with the Executive recommendation to provide funding for hepatitis vaccinations for members of the Capitol Police force.

#### Other Issues for Legislative Consideration

• Reorganization

The following DOA divisions comprise the Central Operations cost center: the Director's Office, Management Services, Information Services & Planning, the State Procurement Office, and Capitol Police. As a result of the latest DOA reorganization, effective January 1, 1993, these programs have been separated into one of five newly created divisions. Some functions of the Director's Office, as well as Management Services, have become parts of the larger Management Services Division. The State Procurement Office has been coupled with the General Accounting Office and the Risk Management Division, and the Capitol Police report directly to the Director. Other features of this reorganization are discussed elsewhere in the JLBC Staff recommendation for DOA.

DEPARTMENT: Department of Administration PROGRAM: Finance		JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	46.0	71.0	76.0	71.0	66.2	
OPERATING BUDGET	0					
Personal Services	1,011,300	1,040,600	1,598,000	1,133,900	1,074,000	
Employee Related Expenditures	246,800	260,100	422,000	281,000	257,500	
Professional/Outside Service Travel - In State Travel - Out of State Other Operating Expenditures Equipment	116,700 100 0 163,700 0	134,000 0 0 99,900 0	100,000 200 2,700 274,000 38,200	0 200 2,700 273,400 47,500	0 2,700 240,000 38,200	
All Other Operating Subtotal	280,500	233,900	415,100	323,800	280,900	
OPERATING SUBTOTAL	1,538,600	1,534,600	2,435,100	1,738,700	1,612,400	
SPECIAL LINE ITEMS						
ENSCO COP Statewide Acct System SLIAG Lease-Purchase Rent COSA Rent GAAP	0 0 216,100 599,200 0 589,400	0 0 301,200 626,700 748,800 602,800	4,582,600 2,226,200 304,800 464,400 797,600 0	4,582,600 2,021,800 305,300 427,000 816,700 613,500	427,000 748,800	

DEPARTMENT: Department of Administr PROGRAM: Finance	ation	JLBC ANALYST OSPB ANALYST			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Agency Close-Out Cost Recovery/Cash Mgmt Reduction-In-Force Costs Tucson State Office Bldg Courts Building RTC/Distressed Property	13,700 0 0 519,000 49,000 0	130,800 50,000 107,700	0 113,400 50,000 154,500 0	0 133,300 0 94,700 0 150,900	128,700 0 107,900 0	
Special Item Subtotal PROGRAM TOTAL	1,986,400 3,525,000		8,693,500 11,128,600	9,145,800		7
BY FUND SOURCE  General Fund  PROGRAM TOTAL - ALL SOURCES	3,525,000	4,102,600 4,102,600	11,128,600 11,128,600	10,884,500 10,884,500		

The JLBC Staff recommends a total General Fund (GF) appropriation of \$8,535,600, an increase of \$4,433,000 or 108.1%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

•	FTE Positions Adjustment  Eliminates 4.8 FTE positions to bring the program's current vacancy factor in line with the standard vacancy factor for a program with this number of FTE positions. See Personal Services/ERE Adjustments bullet for further information. Eliminating these unfunded positions makes permanent the portion of the FY 1993 lump sum reduction that was achieved through higher vacancy savings.	\$	-0-	GF
•	Annualization of FY 1993 Pay Adjustment	38,2	200	GF
•	Personal Services/ERE Adjustments Includes a vacancy factor of 1.6%. The Executive recommends a vacancy factor of 1.5%.	7,6	00	GF

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•	ERE Rate Changes	(15,000) GF
•	Out-of-State Travel Adjustment The Executive and the JLBC Staff each recommend funding for 3 trips to attend professional association conferences.	2,700 GF
•	Capitalized and Non-Capitalized Equipment Adjustment  The amount recommended by both OSPB and the JLBC Staff would provide funding for 4 new computers and additional shelving in the General Accounting Office file room, and several chairs and calculators.	44,300 GF
•	Transfer and Adjustment of ENSCO Lease-Purchase Payment  DOA has requested that this special line be transferred from the Central Operations program to Finance. The recommended amount reflects the first full year of this lease-purchase payment, including an increase over the FY 1993 payment of \$799,800.	4,582,600 GF
•	SLIAG Adjustments  The recommended amount includes increases of \$5,100 to annualize the FY 1993 pay adjustment and \$1,300 for ERE rate adjustments, and a Personal Services adjustment of \$(1,100). This special line funds 6 FTE positions.	5,300 GF
•	GAAP Adjustments Includes increases of \$14,500 to annualize the FY 1993 pay adjustment and \$4,400 for ERE rate changes. This special line funds 17 FTE positions.	18,900 GF
•	Indirect Cost Recovery Adjustments Includes an increase of \$2,600 to annualize the FY 1993 pay adjustment, and a reduction of \$(4,700) for ERE rate adjustments. This special line funds 3 FTE positions.	(2,100) GF
•	Lease-Purchase Rent Adjustment This adjustment reflects the decreased lease-purchase payment for the 16th Avenue Parking Garage, and a recalculated space allocation in the Old Comp Fund Building.	(199,700) GF
•	Tucson State Office Building Lease-Purchase Payment Adjustment This adjustment excludes \$23,700 billed to DOA for a vacant office in the building. The JLBC Staff suggests that DOA identify and relocate a tenant for this space.	200 GF

#### Other Issues for Legislative Consideration

• RTC/Distressed Property Lease-Purchase Payments

As part of the RTC/Distressed Property program, the state issued Certificates of Participation in the amount of \$15 million for as many as nine identified properties. A building in Yuma previously contemplated for acquisition as part of this program probably will not be purchased. However, the state has borrowed monies for this building, and is required to make a lease-purchase payment for it in the coming fiscal year. The Executive recommends \$150,900 for this payment, to be made from the Capital Outlay Stabilization Fund. The JLBC Staff recommends no funding for this issue. The terms of the

RTC/Distressed Property lease-purchase issuance permit the state to apply unused monies borrowed for property acquisition to annual lease-purchase payments. If the state does not purchase the designated property in Yuma, the JLBC Staff recommends that DOA apply the required amount from this source to make the FY 1994 lease-purchase payment for the Yuma property.

The Executive also recommends \$56,700 from the Capital Outlay Stabilization Fund to supplement amounts included in the budgets of state agencies that are scheduled to occupy the building in Kingman intended for acquisition as part of the RTC/Distressed Property program. Because the Department of Economic Security will be the primary occupant of this building, the JLBC Staff has included an additional \$51,600 in the DES budget to cover the difference between amounts budgeted for private lease payments and the total estimated cost of the Kingman building. If the state does not acquire the Kingman building, the JLBC Staff recommends the FY 1994 lease-purchase payment be made from the same source and in the same manner as discussed above regarding a building in Yuma.

#### Reorganization

As part of DOA's reorganization effective January 1993, the Finance Division will be consolidated into a larger Financial Services section that also includes the Risk Management Division and the State Procurement Office.

DEPARTMENT: Department of Administration PROGRAM: General Services		JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	202.5	200.5	202.5	200.5	201.0	
OPERATING BUDGET						
Personal Services	3,228,800	3,509,000	4,098,000	3,650,700	3,653,600	
Employee Related Expenditures	1,041,700	1,151,500	1,535,200	1,027,600	986,200	
Professional/Outside Service Travel - In State Travel - Out of State Other Operating Expenditures Equipment	10,300 30,400 0 1,179,400 150,800	5,000 41,900 1,000 1,050,100 34,100	17,000 62,700 1,000 1,680,700 53,600	17,000 41,900 1,000 1,113,000 33,700	1,114,000	
All Other Operating Subtotal	1,370,900	1,132,100	1,815,000	1,206,600	1,207,600	<u> </u>
OPERATING SUBTOTAL	5,641,400	5,792,600	7,448,200	5,884,900	5,847,400	
SPECIAL LINE ITEMS						
Utilities RTC/Distressed Property	5,949,200 0	6,122,100 0	6,988,200 0	6,310,100 356,300	6,180,000 1,088,600	
Special Item Subtotal	5,949,200	6,122,100	6,988,200	6,666,400	7,268,600	2
PROGRAM TOTAL	11,590,600	11,914,700	14,436,400	12,551,300	13,116,000	

DEPARTMENT: Department of Administration PROGRAM: General Services	on	JLBC ANALYST: OSPB ANALYST:		110012	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE	19					(4)
General Fund Other Funds Other Non-Appropriated Funds	11,590,600 0 9,953,000	5,792,600 6,122,100 9,781,300	7,448,200 6,988,200 9,763,300	5,884,900 6,666,400	6,936,000 6,180,000 9,763,300	
PROGRAM TOTAL - ALL SOURCES	21,543,600	21,696,000	24,199,700	12,551,300	22,879,300	

The JLBC Staff recommends a total appropriation of \$13,116,000 -- a net increase of \$1,201,300, or 10.0%, to the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$6,936,000, an increase of \$1,143,400 or 19.7%, to the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$6,180,000 -- a net increase of \$57,900, or 0.9%, to the FY 1993 recommendation.

#### JLBC Staff Recommended Changes from FY 1993

•	Annualization of FY 1993 Pay Adjustment	\$170,400	GF
•	Personal Services/ERE Adjustments Includes a vacancy factor of 5.0%. The Executive recommends a vacancy factor of 5.0%.	(5,500)	GF
•	ERE Rate Changes	(185,600)	GF
•	Capitalized and Non-Capitalized Equipment Adjustment	6,100	GF .
•	Tucson Office Building Service Contracts  The one year warranty on the Tucson Office Building expires in early 1993. The recommended amount would provide funding for DOA to contract with a private maintenance firm to service and repair the elevators and HVAC system in the building, and to provide pest control services. The recommended amount is based on bids provided by vendors. The Executive recommends \$62,900 for this issue.	57,400	GF
•	Hepatitis Vaccinations  The JLBC Staff concurs with the Executive recommendation for \$12,000 for hepatitis vaccinations for maintenance & janitorial staff who may be exposed to this virus. The recommended amount would vaccinate 100 staff at \$120 per vaccination.	12,000	GF

Utilities Adjustment

57,900 OF

The JLBC Staff believes the recommended amount of \$6,180,000 will be adequate to pay utilities expenses, provided that the Department of Administration is appropriated Oil Overcharge monies, for energy improvement projects in state buildings. The JLBC Staff Capital Outlay Recommendation includes \$1.7 million in Oil Overcharge Funds to be applied to energy efficiency projects in state buildings. If the average energy improvement project has a simple payback of 2.5 years, and one-half of the available monies (\$850,000) is used to fund projects that are completed by October 1, DOA should realize Utilities savings of \$255,000, or 4% of the FY 1993 Utilities appropriation.

In addition to these potential savings, DOA may charge agencies for utilities demands during evenings, early mornings, and weekends. The Executive recommends \$6,310,100 for Utilities, an increase of \$188,000, or about 3%.

RTC/Distressed Property Acquisition

1,088,600 GF

As part of the RTC/Distressed Property program, the state acquired a total of 8 facilities, including the Sun States Savings Building, located at 44th Street & Thomas in Phoenix. This building is 3 stories, about 100,000 square feet, and includes a parking garage. Four state agencies are scheduled to relocate from private leases to this building - the Departments of Real Estate, Banking, and Insurance, and the Auditor General. A total of \$820,000 has been eliminated from these agencies' budgets for FY 1994, and the entire estimated cost of this building has been included in DOA's operating budget. The recommended amount of \$1,088,600 is based on the FY 1994 lease-purchase payment of \$756,900, plus \$423,300 for operating expenses based on \$4.15 per square foot. This total is offset by \$91,600, which represents anticipated collections from leasing a portion of the building to the RTC for one-half of the fiscal year and to an unidentified state agency for one month of the fiscal year. The net cost to the state in FY 1994 of acquiring this facility will be \$268,600, equal to the difference between the recommended amount (\$1,088,600) and amounts removed from agencies budgets (\$820,000). This amount should be reduced in FY 1995, as a fifth state agency occupies the building for the entire fiscal year. Furthermore, the lease-purchase payment will be essentially fixed for 10 years, after which time the state will own the building. On the other hand, private sector space can be expected to grow by about 4% annually over this period. Thus, while the initial trade-off from rented space to newly acquired space may appear costly, the state will enjoy a substantial savings in the long run.

The Executive recommends retaining funding for private lease payments in the individual budgets of agencies that are scheduled to occupy the building. These amounts would then be collected by DOA to make the lease-purchase payment and to cover operating expenses. The additional cost to operate the building above amounts included in individual agency budgets, is estimated by the OSPB to be \$299,600. This assumes operating expenses will be \$4.25 per square foot. The Executive has included this additional amount in their DOA recommendation. Overall, the JLBC Staff recommendation for the Sun States Savings Building is \$(31,000) less than the Executive.

#### Other Issues for Legislative Consideration

Reorganization

The General Services Program includes building management services, including maintenance and janitorial, landscaping, tenant services, and the mail room. As a result of the latest DOA reorganization, General Services will become a larger division encompassing the following areas: Building, Special, and Tenant Services; Surplus Property, the Print Shop, DOA Office Supplies, the state Motor Pool, and the Mail Room. This new division will include the functions that previously were performed by the Facilities Management Division.

DEPARTMENT: Department of Administration PROGRAM: Facilities Management		JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	61.0	21.0	21.0	21.0	21.0	
OPERATING BUDGET						
Personal Services	988,700	725,500	743,400	741,300	677,800	
Employee Related Expenditures	214,100	156,900	205,400	154,300	144,000	
Professional/Outside Service Travel - In State Travel - Out of State Other Operating Expenditures Equipment	11,100 44,800 0 45,500 20,800	11,200 48,500 1,500 129,600	8,100 48,500 1,500 129,600	8,100 48,500 1,500 118,900	47,800	
All Other Operating Subtotal	122,200	190,800	187,700	177,000	167,300	
OPERATING SUBTOTAL	1,325,000	1,073,200	1,136,500	1,072,600	989,100	
SPECIAL LINE ITEMS				#/		
Relocation Reloc/Non-West Tower Relocation-West Tower	266,200 0 0	0 367,200 40,800	0 186,100 20,700	206,800 0 0	120,000	
Special Item Subtotal	266,200	408,000	206,800	206,800	120,000	
PROGRAM TOTAL	1,591,200	1,481,200	1,343,300	1,279,400	1,109,100	

DEPARTMENT: Department of Administration PROGRAM: Facilities Management		JLBC ANALYST: OSPB ANALYST:		HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:		Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
General Fund Other Funds	1,334,800 256,400	0 1,481,200	0 1,343,300	0 1,279,400	1,109,100	-
PROGRAM TOTAL - ALL SOURCES	1,591,200	1,481,200	1,343,300	1,279,400	1,109,100	

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$1,109,100 -- a net decrease of \$(372,100) or (25.1)%, from the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

•	Annualization of FY 1993 Pay Adjustment	\$17,800	OF
		φ17,000	OI.
•	ERE Rate Changes	(6,600)	OF
•	Professional & Outside Services Adjustment	(3,100)	OF
•	Out-of-State Travel Adjustment	(1,500)	OF
•	Non-Capitalized Equipment Adjustment The recommended amount of \$5,000 would fund various office furniture and equipment.	(10,700)	OF
•	Completion of Corrections Projects  The Corrections Fund supports 8.5 FTE positions to manage and provide accounting services for construction of the 1,450 prison beds authorized by Laws 1992, Chapter 2, Eighth Special Session. Construction of these beds is expected to be complete by the end of March 1994. The recommended amount provides funding for these FTE positions only for nine months of the fiscal year, through March 1994. The Executive recommends full-year funding for these positions, in anticipation of Legislative approval of the construction of additional prison beds. The JLBC Staff believes that the cost of these positions beyond March 1994 should be considered in conjunction with legislation that authorizes additional prison beds.	(80,000)	OF

Relocation Funding Adjustment

(288,000) OF

Monies appropriated for relocation are intended to provide moving expenses for agencies being relocated to state-owned space. Vacant state-owned office space exists in the 2 older office buildings in Tucson, 1400 West Washington, the East Annex, and the West Wing. The Executive recommends \$206,800 for this issue. The JLBC Staff believes that its recommendation of \$120,000 is adequate to address all expected moves during FY 1994.

### Other Issues for Legislative Consideration

Reorganization

As part of DOA's reorganization effective January 1993, the Facilities Management Division will be consolidated into a larger General Services section.

DEPARTMENT: Department of Administrative PROGRAM: Data Management	ation	JLBC ANALYST OSPB ANALYST			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	0.0	0.0	177.3	177.3	177.3	
OPERATING BUDGET	*				= = = = = = = = = = = = = = = = = = = =	
Personal Services	0	0	5,205,700	5,103,800	5,104,000	
Employee Related Expenditures	0	0	1,723,300	1,145,000		
Professional/Outside Service Travel - In State Travel - Out of State Other Operating Expenditures Equipment	0 0 0 0	0 0 0 0 0	547,500 12,600 17,300 7,990,400 37,000	547,500 12,600 17,300 8,010,100 37,000	10,900 13,100 7,980,500	
All Other Operating Subtotal	0	0	8,604,800	8,624,500	8,519,800	
PROGRAM TOTAL	0	0	15,533,800	14,873,300	14,753,800	
BY FUND SOURCE						0
Other Funds Other Non-Appropriated Funds	28,770,300	0 34,236,000	15,533,800 17,968,100	14,873,300	14,753,800 17,968,100	
PROGRAM TOTAL - ALL SOURCES	28,770,300	34,236,000	33,501,900	14,873,300	32,721,900	

DEPARTMENT:

Department of Administration

PROGRAM:

Data Management

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$14,753,800, a net decrease of \$(161,600), or (1.1)% from the estimated FY 1993 budget. FY 1994 will be the first year that funding for this program will be appropriated.

#### **JLBC Staff Recommendations**

Annualization of FY 1993 Pay Adjustment

\$ 150,700 OF

Personal Services/ERE Adjustments

Includes a vacancy factor of 2%. The Executive recommends a vacancy factor of 2%.

(127,300) OF

(69,200) OF

Professional & Outside Services Adjustment

Adjusted to reflect actual FY 1992 training costs, plus 10%. The recommended amount includes \$161,800 for costs associated with outside trainers, \$156,000 to complete development of a disaster recovery system, \$100,000 for continued migration and development of Systems Managed Storage, and \$60,500 for other miscellaneous services.

• Travel - In State Adjustment

(1,700) OF

This adjustment returns this line-item to its FY 1992 level.

• Travel - Out of State Adjustment

(4,200) OF

Lease-Purchase Adjustment

(9,900) OF

A total of \$375,900 is recommended for the agency's occupancy expenses. This includes \$224,500 for the Data Center that will be deposited into the Capital Outlay Stabilization Fund (COSF), and \$151,400 for the Old Comp Fund building lease-purchase payment.

• Equipment Adjustment

(100,000) OF

The amount recommended by both budget offices would provide funding for 5 personal computers and data entry equipment.

#### Other Issues for Legislative Consideration

Reorganization

As part of the DOA reorganization effective January 1993, Data Management will be combined with the Information Services & Planning section, currently in the Central Operations cost center, to form a new Information Services Division.

**DEPARTMENT:** Department of Administration JLBC ANALYST: Brainard HOUSE SUBCOMMITTEE CHAIR: Groscost PROGRAM: Risk Management OSPB ANALYST: Cockerham SENATE SUBCOMMITTEE CHAIR: Chesley FY 1993 FY 1994 FY 1994 FY 1994 **LEGISLATIVE** FY 1992 **ADJUSTED AGENCY EXECUTIVE** JLBC STAFF WORK DESCRIPTION ACTUAL APPROPRIATIONS **REOUEST** RECOMMENDATION RECOMMENDATION **SPACE** Full Time Equivalent Positions 0.0 56.0 56.0 56.0 56.0 **OPERATING BUDGET** Personal Services 0 1,509,300 1,597,800 1,550,200 1,550,300 Employee Related Expenditures 0 340,400 405,400 355,900 348,900 \_\_\_\_\_ Professional/Outside Service 310,000 \_\_\_\_\_ 0 354,700 310,000 310,000 Travel - In State 0 20,100 20,100 20.100 20,100 Travel - Out of State 0 10,000 10,000 10,000 10,000 Other Operating Expenditures 357,800 365,000 363,800 379,000 \_\_\_\_\_ 4,000 Equipment 24,100 4,000 1,500 723,100 All Other Operating Subtotal 766,700 709,100 705,400 OPERATING SUBTOTAL 0 2,616,400 2,712,300 2,611,500 2,622,300 SPECIAL LINE ITEMS Liab & Prop Loss/Rel Exp 0 40,200,000 54,862,000 54,862,000 54,862,000 \_\_\_\_\_ Atty. Gen. - Ins. Defense 4,163,800 \_\_\_\_\_ 4,100,000 4,163,800 4,100,000 4,428,500 \_\_\_\_\_ Insurance Premiums 3,500,000 0 4,428,500 4,428,500 Loss Control Grants 500,000 500,000 250,000 Special Item Subtotal 0 48,300,000 63,954,300 63,390,500 63,704,300 66,326,600 PROGRAM TOTAL 50,916,400 66,666,600 66,002,000

DEPARTMENT: Department of Administration PROGRAM: Risk Management	n	JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
Other Funds Other Non-Appropriated Funds	0 45,337,300	50,916,400 0	66,666,600 0	66,002,000	66,326,600	
PROGRAM TOTAL - ALL SOURCES	45,337,300	50,916,400	66,666,600	66,002,000	66,326,600	

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$66,326,600 -- a net increase of \$15,410,200, or 30.3%, to the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

•	Annualization of FY 1993 Pay Adjustment	\$ 47,600	OF
•	Personal Services/ERE Rate Adjustments	(1,200)	OF
•	ERE Rate Changes	3,100	OF
٠	Professional & Outside Services Reduction  The Risk Management Division will phase out some financial services as a result of the development of the new statewide accounting system.	(44,700)	OF
•	Tucson Office Building Lease-Purchase Payment This payment is adjusted upward to reflect actual occupancy in the new Tucson Office Building.	15,300	OF
٠	Capitalized and Non-Capitalized Equipment Adjustment	(14,200)	OF
•	Liability & Property Loss Payments Adjustment This increase is intended to fund the state's expected losses at a 50% confidence level. This increase is discussed below, under Other Issues for Legislative Consideration.	14,662,000	OF

Attorney General Insurance Defense Adjustment

63,800 OF

Reflects annualization of the FY 1993 pay adjustment for Attorney General staff who provide Risk Management legal services.

Insurance Premiums Adjustment

928,500 OF

Provides the increased cost of premiums purchased to minimize the state's exposure in selected areas of coverage.

Loss Control Grants

(250,000) OF

In order to reduce collections from other state agencies, the JLBC Staff recommends that funding for Loss Control grants be reduced by one-half, or \$(250,000). The Executive recommends eliminating all funding for this item.

#### Other Issues for Legislative Consideration

Risk Management Charges

The actuary retained by the Risk Management Division has estimated the state's property and loss liability in FY 1994 to be \$54,862,000. This represents an increase of \$14,662,000, or 36.5%, over FY 1993. FY 1993 budgeted amounts for individual state agencies were retained at the same level as in FY 1992, and the Risk Management Fund balance forward of \$11.6 million was applied to make up the shortfall. If the Legislature chooses to fund the projected FY 1994 increase, actual FY 1994 risk management charges to state agencies would grow from \$39.6 million to \$66.2 million, or 67%, over FY 1993. These charges include costs for Attorney General legal services, insurance premiums, and other expenses. This increase appears to be a result of 3 main factors: 1) the need to offset the loss of balance forward funding used in FY 1993; 2) an increase in the numbers of filed claims, and 3) the estimate of the potential severity of medical malpractice claims. One or more of these factors are reflected in the substantially increased charges proposed for the following agencies: the University of Arizona (College of Medicine), AHCCCS, DES, the School for the Deaf & Blind, Courts, the Department of Corrections, and the Department of Youth Treatment & Rehabilitation. These agencies' charges are proposed to increase by a weighted average of 112% over their FY 1993 charge.

The OSPB and the JLBC Staff recommend reducing collections required to cover FY 1994 Risk Management losses by eliminating the \$5 million carryforward requested by DOA. Both budget offices also are recommending these charges be offset by \$3.3 million in anticipation of a court settlement, and \$3 million from a transfer from the Workers' Compensation Fund. If the Legislature accepts these recommendations, the total estimated General Fund increase for Risk Management would be \$10.8 million. This additional funding is included in the FY 1994 balance sheets of both the OSPB and the JLBC Staff, and would be distributed to state agency budgets through the General Appropriations Act.

The following table summarizes Risk Management Fund receipts and expenditures:

	Actual	Estimated	Estimated
Receipts	FY 1992	FY 1993	FY 1994
Balance Forward	\$20,179,800	\$11,603,400	\$ 466,600
Collections	36,663,800	39,779,600	59,817,300
Transfer from Workers' Comp Fund	0	0	3,050,000
Yuma Case Settlement	<u>O</u>	0	3,300,000
Total Available	\$56,993,600	\$51,383,000	\$66,633,900
Expenditures			
Total Expenditures	\$43,390,200	\$51,383,000	<u>\$66,326,600</u>
Balance Forward	<u>\$11,603,400</u>	\$ 466,600	\$ 307,300

### • Reorganization

As part of the DOA reorganization effective January 1993, the Risk Management Division will join the General Accounting and State Procurement Offices to form a new Financial Services division.

DEPARTMENT: Department of Administration PROGRAM: Workers' Compensation	i.	JLBC ANALYST: OSPB ANALYST:		HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:		Groscost Chesley	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE	
Full Time Equivalent Positions	0.0	4.0	16.0	16.0	16.0	-	
OPERATING BUDGET							
Personal Services	. 0	113,300	414,400	339,300	339,100	·	
Employee Related Expenditures	0	25,200	105,100	77,100	86,900	<del></del> 3	
Professional/Outside Service	0	309,000	319,400	319,400	319 400		
Travel - In State	0	2,600	3,900	3,900	3.900		
Travel - Out of State	0	1,200	1,000	1,000	1.000	~~~	
Other Operating Expenditures	0	36,500	96,100	93,100	84.500		
Equipment	0	5,600	239,600	63,700	72,600		
All Other Operating Subtotal	0	354,900	660,000	481,100	481,400		
OPERATING SUBTOTAL	0	493,400	1,179,500	897,500	907,400		
SPECIAL LINE ITEMS							
Workers' Comp Payments	0	11,044,000	13,140,000	13,140,000	13.140.000		
Claim Management Fees	0	1,250,000	506,600	533,000	506,600		
Reinsurance Premiums	0	400,000	400,000	0	400,000		
Premium Tax	0	725,000	725,000	725,000	725,000		
Attorney General Defense	0	0	0	60,000	60,000		
Univ Stud Hlth Work Prog	0	159,500	159,500	159,500			

DEPARTMENT: Department of Administration PROGRAM: Workers' Compensation		JLBC ANALYST: Brainard OSPB ANALYST: Cockerham		HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:		Groscost Chesley	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE	
Transfers Out: Loss Control Transfer to Risk Management	0	150,000 0	150,000 0	0 3,050,000	100,000		
Special Item Subtotal	0	13,728,500	15,081,100	17,667,500	15,091,100		
PROGRAM TOTAL	0	<u>14,221,900</u>	16,260,600	18,565,000	15,998,500		
BY FUND SOURCE					¥ .		
Other Funds Other Non-Appropriated Funds	0 12,911,600	14,221,900 0	16,260,600 0	18,565,000	15,998,500	1	
PROGRAM TOTAL - ALL SOURCES	12,911,600	14,221,900	16,260,600	18,565,000	15,998,500		

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$15,998,500 -- a net increase of \$1,776,600, or 12.4%, to the FY 1993 appropriation.

# JLBC Staff Recommended Changes from FY 1993

•	Annualization of FY 1993 Pay Adjustment	\$ 3,400	OF
•	ERE Rate Changes	300	OF
•	Capitalized Equipment Adjustment	(5,600)	OF
•	Travel - Out of State Adjustment	(200)	OF

#### Workers' Compensation Payments

2,096,000 OF

The DOA Workers' Compensation Division actuary estimates at a 50% confidence level that FY 1994 payments will be \$13,140,000, or \$2,096,000 above the estimated FY 1993 level. This represents an increase of 19.0%. Total FY 1994 charges, which are determined by pro rata payroll rates, are estimated to equal total FY 1993 charges; the Workers' Compensation Division proposes funding the increase in payments with a portion of the surplus in the Workers' Compensation Fund. The Executive recommends the same increase as the JLBC Staff.

#### • Transfer of Claims Administration In-House

(267,300) OF

A feasibility study performed by an independent consultant has concluded that the state could save \$700,000 annually in workers' compensation claim management fees by transferring its claims processing and management functions from the State Compensation Fund to DOA. The reduced cost of claims management fees is partially offset by an increase of 12 FTE positions, associated expenses, and fees for Attorney General services. Both the Executive and the JLBC Staff have included in their Capital Outlay recommendations \$167,000 from the Worker's Compensation Fund for an addition to the Risk Management Building that would house the additional staff associated with this transfer.

The OSPB recommends this transfer, and a reduced level of spending of \$(248,300). This difference is primarily due to a higher Executive recommendation for Claims Management Fees. If this proposal is recommended by the Legislature, and when one-time costs for equipment and a building addition are eliminated and these functions are performed in-house for an entire fiscal year, annual savings are expected to exceed \$700,000.

#### Loss Control Grants

(50,000) OF

The JLBC Staff recommends reducing the program's Loss Control Grants appropriation by \$(50,000). The Workers' Compensation Division has the authority to expend any amount within its appropriation for Loss Control Grants; the JLBC Staff recommendation of \$100,000 for this purpose is intended to convey Staff's support of such grants, despite being reduced. The Executive recommends eliminating this appropriation entirely.

#### Other Issues for Legislative Consideration

#### Reinsurance Premiums

The Workers' Compensation Division traditionally has been appropriated funding to purchase insurance that would cover the state from catastrophic claims. However, in FY 1992 and so far in FY 1993, insurance companies have not offered cost effective alternatives for the state to acquire such insurance. The JLBC Staff recommends continuation of the \$400,000 appropriation for this purpose, with the understanding that DOA would purchase this insurance only if DOA determines that it is cost effective. The Executive recommends eliminating funding for this insurance.

## Risk Management Fund Transfer

The JLBC Staff concurs with the Executive recommendation to transfer \$3,050,000 from the Workers' Compensation Fund to the Risk Management Fund to offset a portion of the increase in FY 1994 Risk Management charges. However, the JLBC Staff believes this transfer should occur through legislation, and not administratively. Based on information provided by DOA and the funding level recommended by the JLBC Staff, this transfer would reduce the Workers' Compensation Fund estimated FY 1994 ending balance to \$633,500. The following table summarizes Workers' Compensation Fund receipts and expenditures:

	Actual	Estimated	Estimated
Receipts	FY 1992	FY 1993	FY 1994
Balance Forward	\$44,530,800	\$ 6,104,700	\$ 5,779,000
Collections	14,645,700	13,896,200	13,903,000
Total Available	\$19,176,500	\$20,000,900	\$19,682,000
	19		
Expenditures			
Total Expenditures	13,071,800	14,221,900	15,998,500
Transfer to Risk Mgt Fund	0	0	3,050,000
Balance Forward	\$6,104,700	\$ 5,779,000	\$ 633,500

#### Reorganization

As part of the DOA reorganization effective January 1993, the Workers' Compensation Division will join the General Accounting and State Procurement Offices to create a new Financial Services division.

DEPARTMENT: Department of Administration PROGRAM: Personnel		JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	116.5	117.5	118.5	118.5	119.5	
OPERATING BUDGET	v					
Personal Services	3,218,000	3,395,700	3,581,300	3,509,700	3,545,000	
Employee Related Expenditures	680,500	737,400	884,300	783,300	774,500	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	10,300 11,200 3,600 496,100 53,700	319,800 11,400 4,500 636,100 0	399,800 12,100 4,500 697,600 150,000	399,800 12,400 4,500 723,400 0	11,400 4,500 687,300	
All Other Operating Subtotal	574,900	971,800	1,264,000	1,140,100	1,027,800	
OPERATING SUBTOTAL	4,473,400	5,104,900	5,729,600	5,433,100	5,347,300	
SPECIAL LINE ITEMS						
Special Recruitment Personnel Automation Proj	49,100 0	43,500 175,000	43,500 175,000	43,500 175,000	43,500 175,000	
Special Item Subtotal	49,100	218,500	218,500	218,500	218,500	
PROGRAM TOTAL	4,522,500	5,323,400 ====	5,948,100	5,651,600	5,565,800	H

DEPARTMENT: Department of Administr PROGRAM: Personnel	ation	JLBC ANALYST: Brainard OSPB ANALYST: Cockerham		HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:		Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE		Ref.				
Other Funds Other Non-Appropriated Funds	4,522,500 174,046,000		5,948,100 191,535,800	i i	5,565,800 191,535,800	
PROGRAM TOTAL - ALL SOURCES	178,568,500	172,537,400	197,483,900	5,651,600	197,101,600	

The JLBC Staff recommends a total appropriation of \$5,565,800 -- a net increase of \$242,400, or 4.6%, to the FY 1993 appropriation.

## JLBC Staff Recommended Changes from FY 1993

•	Annualization of FY 1993 Pay Adjustment	\$101,400	OF
•	Personal Services/ERE Rate Adjustments Includes a vacancy factor of 2%. The Executive recommends a vacancy factor of 2%.	(4,000)	OF
•	ERE Rate Changes	12,200	OF
•	Non-Capitalized Equipment Adjustment	6,300	OF
•	Lease-Purchase Payment Adjustment Adjusted to reflect occupancy in the Tucson Office Building and the Old Comp Fund Building.	36,300	OF
•	State-Owned Building Rent Adjustment A total of \$249,800 is recommended for the Division's space occupancy in the Personnel Building, the Wayland Complex, and the West Wing. This amount will be deposited into the Capital Outlay Stabilization Fund (COSF).	4,600	OF
	Ethics Training  Laws 1992, Chapter 134 requires DOA to provide ethics training to all elected and appointed state officials, and all state employees. The JLBC Staff concurs with the Executive recommendation to add 1 Training Specialist position to supplement the existing training staff. The recommended amount includes \$31,600 for salary, \$6,900 for related benefits, and \$4,400 for a computer, supplies, and travel expenses.	42,800	OF
	recommended amount nictudes \$51,000 for salary, \$0,500 for related benefits, and \$4,400 for a computer, supplies, and traver expenses.		

Americans with Disabilities Act Personnel Specialist

42,800 OF

Among other provisions, the Americans with Disabilities Act requires that all individuals share equal access to employment opportunities, regardless of disability. The DOA Personnel Division has requested, and the JLBC Staff recommends, funding for 1 Personnel Specialist position to ensure that the state's position descriptions and employment classifications are not discriminatory, and to assist other state agencies in accommodating employees with disabilities. Staff also recommends that this position be established as temporary, for a 2-year period. The Executive recommends \$80,000 to fund an ADA consultant for this issue.

DEPARTMENT: Attorney General - Agency Summary	Department of Law	JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	355.0	365.0	391.0	376.0	349.5	
BY PROGRAM/ORGANIZATION						
Administration	2,054,600	3,895,700	4,398,100	3,751,000	3,738,500	
Civil	7,073,500	8,515,300	9,977,700	9,025,000	8,661,400	
Human Services	959,400	1,191,100	1,767,500	1,233,800	1,213,500	
Criminal	7,986,200	8,285,300	10,550,800	9,215,500	8,916,700	
AGENCY TOTAL	18,073,700	21,887,400	26,694,100	23,225,300	22,530,100	
OPERATING BUDGET						
Personal Services	12,579,100	12,621,900	15,589,900	13,324,000	12,853,400	
Employee Related Expenditures	2,377,000	2,466,600	3,510,000	2,798,300	2,626,900	
Professional/Outside Service Travel - In State Travel - Out of State Other Operating Expenditures Equipment	105,400 167,300 37,700 1,733,300 83,800	68,800 153,200 38,900 2,881,000 84,100	76,200 164,200 50,700 3,117,800 180,200		153,000 38,900 2,608,600	
All Other Operating Subtotal	2,127,500	3,226,000	3,589,100	3,104,500	2,928,100	
OPERATING SUBTOTAL	17,083,600	18,314,500	22,689,000	19,226,800	18,408,400	

DEPARTMENT: Attorney General Agency Summary	Department of Law	JLBC ANALYST: OSPB ANALYST:	Martinez Betlach		BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
SPECIAL LINE ITEMS						
Grand Jury Special & Hazardous Waste Victims Rights Implementation Centex-Rodgers Property Tax Appeals Collection Enforcement Rent  Special Item Subtotal  A G E N C Y T O T A L	150,000 16,900 326,500 349,100 147,600 0 990,100 18,073,700	150,000 0 1,080,600 0 148,300 2,194,000 0 3,572,900 21,887,400	150,000 0 1,500,000 0 152,000 2,203,100 0 4,005,100 26,694,100	150,000 0 1,499,900 0 150,900 2,197,700 3,998,500 23,225,300	1,500,900 0	
BY FUND SOURCE		<del></del>		3		
General Fund Other Funds Federal Funds Other Non-Appropriated Funds AGENCY TOTAL - ALL SOURCES	17,398,100 675,600 2,525,100 9,913,400 30,512,200	18,612,800 3,274,600 3,032,400 10,171,800 35,091,600	22,991,000 3,703,100 2,620,000 10,691,700 40,005,800	19,527,700 3,697,600 	2,620,000 10,691,700	

**DEPARTMENT:** 

Attorney General Agency Summary

The JLBC Staff recommends a total appropriation of \$22,530,100 -- a net increase of \$642,700, or 2.9%, to the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$18,572,200 -- a net decrease of \$(40,600), or (0.2)%, to the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$3,957,900 -- a net increase of \$683,300 or 20.9%, to the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

•	FTE Positions Adjustment Eliminates 14.5 unfunded FTE positions to bring the agency's current vacancy factor to 4.3%. Eliminating these unfunded positions makes permanent the portion of the FY 1993 lump sum reduction that was achieved through higher vacancy savings.	\$	-0-	GF
•	Annualization of FY 1993 Pay Adjustment		,700 ,100	
•	Personal Services/ERE Adjustments  Includes an overall agency vacancy factor of 4.3%. The Executive recommends a vacancy factor of 3%.		,300) (600)	
•	Personal Services/ERE Fund Shift  The amount represents the recommended funding shift from the General Fund to the RICO Fund. See Criminal Division. The Executive does not address this recommendation.	(175, 175,	,100) ,100	
•	ERE Rate Changes	11,	,400	GF
•	Public Safety Retirement System Contribution  The amount of \$119,500 is included in ERE to fund an additional annual contribution that the Attorney General's Office will have to make to pay for the accumulated difference between the Arizona State Retirement System and the Public Safety Retirement System employer contribution that has occurred over the employment period of investigators who elect to transfer from the ASRS to the PSRS as allowed by Laws 1992, Chapter 341 (H.B. 2245), 2nd Regular Session. The Other Funds amount represents the recommended RICO Fund portion. The Executive recommends \$119,500 from the General Fund.		,600 ,900	
•	Professional and Outside Services	(2,	100)	GF

• Travel - In State

(11,300) GF 11,100 OF

Includes the recommended fund shift from the General Fund to the RICO Fund. See Criminal Division.

Other Operating Expenditures

(119,600) GF 52,100 OF

The amount includes a \$(51,100) reduction for the Administration Division, a \$(5,000) reduction for the Civil Division, a \$(3,400) reduction for the Human Services Division, and an \$(8,000) reduction for the Criminal Division. The amounts also reflect the recommended fund shift of \$52,100 from the General Fund to the RICO Fund.

Rent

(85,000) GF

The amount reduces rent for the Tucson Office Building by \$(105,100) due to revised space figures.

The amount reduces rent for the Department of Law Building by \$(69,400) due to revised space figures and \$(79,700) which is the rent that will be paid by the Department of Transportation for space in the building.

The amount increases rent for the lease-purchase payment of the Capitol Centre by \$49,300. The increase is the result of using the Department of Transportation's payment for the Department of Law Building.

The amount adds \$119,900 as a special line item in the Administration Division for other rent costs. Of that amount, \$71,500 is to be used for a rent payment only after a move to the State Office Building located at 1400 West Washington. The \$71,500 represents 3 months of rent payments. The remaining \$48,400 is to be used for continuation of a private lease in Tucson which expired July 1, 1992, or can be made available to the Department of Administration for relocating the Attorney General's Office into the Tucson Office Building. The Executive recommends a rent adjustment of \$(121,500).

Equipment

(23,200) GF

The recommendation provides \$60,900 for replacement equipment, compared to \$84,100 in FY 1993.

Special Line Items

6,300 GF 422,600 OF

The General Fund portion includes ERE rate changes and pay adjustment increases for the Property Tax Appeals line item in the Civil Division. The Other Funds portion includes a \$2,300 increase for Collection Enforcement in the Civil Division and a \$420,300 increase for Victims' Rights Implementation in the Criminal Division.

#### Other Issues for Legislative Consideration

Executive Recommendation

The Governor is recommending a 10% increase in attorney salaries as requested by the Attorney General. The Executive recommends the agency's request of \$717,000.

DEPARTMENT: Attorney General - Department of Law PROGRAM: Administration	JLBC ANAI OSPB ANAI		HOUSE SUBCOMMITTEE CHAIR: Keegan SENATE SUBCOMMITTEE CHAIR: Turner			
DESCRIPTION FY ACT	FY 1993 1992 ADJUSTED UAL APPROPRIATIONS	FY 1994 AGENCY S REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE	
Full Time Equivalent Positions	60.5	63.5	60.5	59.5		
OPERATING BUDGET						
Personal Services 1,42	9,400 1,924,600	2,114,500	1,924,800	1,968,000		
Employee Related Expenditures 26	4,600 395,700	487,500	411,500	409,300		
Travel - In State 1 Travel - Out of State 1 Other Operating Expenditures 25	5,200     27,200       2,500     13,200       0,500     10,400       3,100     1,471,000       3,300     53,600		27,200 13,200 10,400 1,310,300 53,600	13,000 10,400 1,165,700		
All Other Operating Subtotal 36	1,575,400	1,796,100	1,414,700	1,241,300		
OPERATING SUBTOTAL 2,05	3,895,700	4,398,100	3,751,000	3,618,600		
SPECIAL LINE ITEMS						
Rent	0 0	0		119,900		
Special Item Subtotal	0 0	0	0	119,900		
PROGRAM TOTAL ,2,05	4,600 3,895,700	4,398,100	3,751,000	3,738,500		

DEPARTMENT: Attorney General - Department of Law PROGRAM: Administration		JLBC ANALYST: Martinez OSPB ANALYST: Betlach		HOUSE SUI SENATE SUI	Keegan Turner	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE	,					
General Fund Federal Funds Other Non-Appropriated Funds	2,054,600 2,510,100 2,644,300	3,895,700 3,017,400 2,615,600	4,398,100 2,605,000 2,749,000	3,751,000	3,738,500 2,605,000 2,749,000	
PROGRAM TOTAL - ALL SOURCES	7,209,000	9,528,700	9,752,100	3,751,000	9,092,500	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$3,738,500 -- a net decrease of \$(157,200), or (4.0)%, from the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

•	FTE Positions Adjustment  Eliminates 1 unfunded FTE position to bring the program's current vacancy factor in line with the standard vacancy factor for a program with this number of FTE positions. See Personal Services/ERE Adjustments bullet for further information.	\$	-0-	GF
•	Annualization of FY 1993 Pay Adjustment	50,	500	GF
•	Personal Services/ERE Adjustments Includes a new vacancy factor of 1.5%, which is the standard rate applied to programs with this number of FTE positions. The FY 1993 vacancy factor was 2.9%. The Executive recommends a vacancy factor of 3%.	(1,	400)	GF
•	ERE Rate Changes	7,9	900	GF
•	Professional and Outside Services Reduces funding for data processing.	(6,0	000)	GF
•	Travel - In State	(2	200)	GF

Other Operating Expenditures

(51,100) GF

The amount reduces funding for supplies by \$(5,000), Non-Capitalized Equipment by \$(17,000), and eliminates \$(25,100) for building maintenance. Building maintenance services are to be provided by the Department of Administration. Other miscellaneous adjustments total \$(4,000).

Rent

(134,300) GF

The amount reduces rent for the Tucson Office Building by \$(105,100) as a result of revised space allocation figures.

The amount reduces rent for the Department of Law Building by \$(69,400) as a result of revised space allocation figures. The amount further reduces rent by \$(79,700) which represents the rent that will be paid by the Department of Transportation for space in the building.

The amount adds \$119,900 as a special line item for other rent costs. Of that amount, \$71,500 is to be used for rent payment only after move-in to the State Office Building located at 1400 West Washington. The \$71,500 represents 3 month's of rent payments for 26,000 square feet. The annualized rent payment will be \$286,000. The remaining \$48,400 is to be used for continuation of a private lease in Tucson which expired July 31, 1992 or can be made available to the Department of Administration for relocating the Attorney General's Office into the Tucson Office Building.

The following details the change from FY 1993.

FY 1993 Rent Appropriation	\$1,221,400
FY 1994 Rent Requirement Revised Space Allocations ADOT Rent Payment Special Line Item Rent	\$1,046,900 (79,700) 
Subtotal	\$1,087,100
Net Change from FY 1993	\$ (134,300)

Equipment

(22,600) GF

The recommendation provides \$31,000 for replacement equipment.

DEPARTMENT: Attorney General - PROGRAM: Civil	JLBC ANALYST: OSPB ANALYST:		HOUSE SUI SENATE SUI	Keegan Turner		
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	121.5	131.5	138.5	141.5	126.5	
OPERATING BUDGET	-1					
Personal Services	4,802,600	4,480,800	5,586,800	4,835,900	4,558,400	
Employee Related Expenditures	887,400	856,300	1,165,300	965,400	872,100	
Professional/Outside Service Travel - In State Travel - Out of State Other Operating Expenditures Equipment	59,200 6,000 4,600 805,900 11,100	20,300 3,000 4,600 796,900 11,100	20,300 4,900 5,600 802,500 37,200	20,300 3,000 4,600 836,100 11,100	3,000	
All Other Operating Subtotal	886,800	835,900	870,500	875,100	880,000	
OPERATING SUBTOTAL	6,576,800	6,173,000	7,622,600	6,676,400	6,310,500	
SPECIAL LINE ITEMS						
Centex-Rodgers Property Tax Appeals Collection Enforcement	349,100 147,600	0 148,300 2,194,000	0 152,000 2,203,100	150,900 2,197,700	0 154,600 2,196,300	
Special Item Subtotal	496,700	2,342,300	2,355,100	2,348,600	2,350,900	
PROGRAM TOTAL	7,073,500	8,515,300	9,977,700	9,025,000	8,661,400	

DEPARTMENT: Attorney General - Department of Law PROGRAM: Civil		JLBC ANALYST OSPB ANALYST			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
General Fund Other Funds Other Non-Appropriated Funds	6,724,400 349,100 3,429,400	6,321,300 2,194,000 2,962,500	7,774,600 2,203,100 2,952,100		6,465,100 2,196,300 2,952,100	
PROGRAM TOTAL - ALL SOURCES	10,502,900	11,477,800	12,929,800	9,025,000	11,613,500	

The JLBC Staff recommends a total appropriation of \$8,661,400 -- a net increase of \$146,100, or 1.7%, to the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$6,465,100 -- a net increase of \$143,800, or 2.3%, to the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$2,196,300 -- a net increase of \$2,300 or 0.1%, to the FY 1993 appropriation.

## JLBC Staff Recommended Changes from FY 1993

•	FTE Positions Adjustment Eliminates 5 unfunded FTE positions to bring the program's current vacancy factor to 5% from 9.1%. Eliminating these unfunded positions makes permanent the portion of the FY 1993 lump sum reduction that was achieved through higher vacancy savings.	\$ -0-	GF
•	Annualization of FY 1993 Pay Adjustment	96,300	GF
•	Personal Services/ERE Adjustments Includes a new vacancy factor of 5%. The FY 1993 vacancy factor was 9.1%. Only 5 of the calculated 8.5 unfunded positions are recommended to be eliminated, as the agency is unable to provide an accurate count of actual vacant positions. The Executive recommends a vacancy factor of 3%.	(9,300)	GF
•	ERE Rate Changes	6,400	GF
•	Other Operating Expenditures  The amount includes a \$(1,300) reduction in non-capitalized equipment, a \$(2,800) reduction for telecommunications, and a \$(900) reduction for postage.	(5,000)	GF

• Equipment

(200) GF

The recommendation provides \$10,900 for replacement equipment.

Rent

49,300 GF

Represents the increased portion of the lease-purchase payment on the Capital Centre that resulted from the transfer of the Department of Transportation rent payment of \$(79,700). The Department of Transportation will continue to make this rent payment, however, the payment will be used for rent on the Department of Law building.

The Capital Centre lease-purchase payment from the Attorney General's Office is allocated as follows:

Attorney General's Office \$414,500
Dept. of Economic Security 251,700
Dept. of Administration-Insurance Defense Section TOTAL \$796,600

Property Tax Appeals

6,300 GF

Maintains a vacancy factor of 0%. The Executive recommends a vacancy factor of 0%. The increase includes \$2,600 for the FY 1993 pay adjustment and \$3,700 for ERE rate changes.

Collection Enforcement

2,300 OF

Maintains a vacancy factor of 0%. The Executive recommends a vacancy factor of 0%. The increase includes \$8,500 for the FY 1993 pay adjustment and a reduction of \$(6,200) for ERE rate changes.

#### Other Issues For Legislative Consideration

Executive Recommendation

The Governor is recommending a 10% increase in attorney salaries as requested by the Attorney General. The Executive recommends the agency's request of \$346,200.

DEPARTMENT: Attorney General PROGRAM: Human Services	Department of Law	JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	30.5	30.5	40.5	30.5	29.5	
OPERATING BUDGET						
Personal Services	700,900	889,300	1,305,600	919,400	910,300	
Employee Related Expenditures	133,900	188,100	299,700	200,700	193,300	
Professional/Outside Service Travel - In State Travel - Out of State Other Operating Expenditures Equipment	6,400 17,300 4,700 90,400 5,800	6,400 12,000 5,300 84,200 5,800	6,400 19,700 6,300 92,200 37,600	6,400 12,000 5,300 84,200 5,800	12,000 5,300 80,800	
All Other Operating Subtotal	124,600	113,700	162,200	113,700	109,900	
PROGRAM TOTAL	959,400	1,191,100	1,767,500	1,233,800	1,213,500	
BY FUND SOURCE						
General Fund	959,400	1,191,100	1,767,500	1,233,800	1,213,500	
PROGRAM TOTAL - ALL SOURCE	959,400	1,191,100	1,767,500	1,233,800	1,213,500	

**DEPARTMENT:** 

Attorney General - Department of Law

PROGRAM:

**Human Services** 

The JLBC Staff recommends a total General Fund (GF) appropriation of \$1,213,500 -- a net increase of \$22,400, or 1.9%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

• FTE Positions Adjustment

Eliminates 1 unfunded FTE position to bring the program's current vacancy factor to 2% from 5.3%. Eliminating this unfunded position makes permanent the portion of the FY 1993 lump sum reduction that was achieved through higher vacancy savings.

Annualization of FY 1993 Pay Adjustment

25,100 GF

Personal Services/ERE Adjustments

Includes a new vacancy factor of 2%. The FY 1993 vacancy factor was 5.3%. The Executive recommends a vacancy factor of 3%.

(1,400) GF

ERE Rate Changes

2,500 GF

Other Operating Expenditures

(3,400) GF

The amount includes a \$(2,200) reduction for capitalized equipment and a \$(1,200) reduction for telecommunications and equipment maintenance.

• Equipment

(400) **GF** 

The recommendation provides \$5,400 for replacement equipment.

#### Other Issues for Legislative Consideration

Executive Recommendation

The Governor is recommending a 10% increase in attorney salaries as requested by the Attorney General. The Executive recommends the agency's request of \$29,900.

DEPARTMENT: Attorney General - Department of Law PROGRAM: Criminal		JLBC ANALYST: Martinez OSPB ANALYST: Betlach		HOUSE SUBCOMMITTEE CHAIR: Keegan SENATE SUBCOMMITTEE CHAIR: Turner		
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	142.5	142.5	148.5	143.5	134.0	
OPERATING BUDGET						
Personal Services	5,646,200	5,327,200	6,583,000	5,643,900	5,416,700	
Employee Related Expenditures	1,091,100	1,026,500	1,557,500	1,220,700	1,152,200	P
Professional/Outside Service Travel - In State Travel - Out of State Other Operating Expenditures Equipment	13,600 131,500 17,900 578,900 13,600	14,900 125,000 18,600 528,900 13,600	22,300 126,400 28,400 540,700 42,500	14,900 125,000 18,600 528,900 13,600	125,000 18,600 520,900	
All Other Operating Subtotal	755,500	701,000	760,300	701,000	696,900	
OPERATING SUBTOTAL	7,492,800	7,054,700	8,900,800	7,565,600	7,265,800	
SPECIAL LINE ITEMS						
Grand Jury Special & Hazardous Waste Victims Rights Implementation	150,000 16,900 326,500	150,000 0 1,080,600	150,000 0 1,500,000	150,000 0 1,499,900	150,000 0 1,500,900	
Special Item Subtotal	493,400	1,230,600	1,650,000	1,649,900	1,650,900	
PROGRAM TOTAL	7,986,200	8,285,300	10,550,800	9,215,500	8,916,700	

DEPARTMENT: Attorney General - Department of Law PROGRAM: Criminal		JLBC ANALYST: Martinez OSPB ANALYST: Betlach		HOUSE SUI SENATE SUI	Keegan Turner	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE				11		
General Fund Other Funds Federal Funds Other Non-Appropriated Funds	7,659,700 326,500 15,000 3,839,700	7,204,700 1,080,600 15,000 4,593,700	9,050,800 1,500,000 15,000 4,990,600	7,715,600 1,499,900	7,155,100 1,761,600 15,000 4,990,600	
PROGRAM TOTAL - ALL SOURCES	11,840,900	12,894,000	15,556,400	9,215,500	13,922,300	

The JLBC Staff recommends a total appropriation of \$8,916,700 -- a net increase of \$631,400, or 7.6%, to the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$7,155,100 -- a net decrease of \$(49,600), or (0.7)%, from the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$1,761,600 -- a net increase of \$681,000, or 63.0%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

FTE Positions Adjustment

\$ -0- GF

Eliminates 7.5 unfunded FTE positions to bring the program's current vacancy factor to 5% from 10.3%. Eliminating these unfunded positions makes permanent the portion of the FY 1993 lump sum reduction that was achieved through higher vacancy savings.

RICO Fund Shift

A.R.S. § 13-2314.01 allows the use of the Anti-Racketeering Revolving (RICO) Fund for the investigation and prosecution of any offense defined as racketeering pursuant to A.R.S. § 13-2301 (D)(4) or 13-2312, including civil enforcement. The Attorney General's Office is currently using RICO funds to provide Attorney General investigators with a uniform allowance of \$1,000 each. The JLBC Staff recommends that 15% of investigators' salaries, 10% of non-public transportation expenses, and 10% of other operating expenditures be funded from the RICO Fund. The JLBC Staff also recommends that 15% of the increased contribution rate to the Public Safety Retirement System be funded from the RICO Fund. The total recommended amount to be shifted from the General Fund to the RICO Fund is \$260,700. The following narratives identify the individual funding shifts.

Annualization of FY 1993 Pay Adjustment

107,800 GF 5,100 OF

The Other Fund portion represents the amount that is recommended to be funded from the RICO Fund for 15% of investigator salaries.

(11,200) GF Personal Services/ERE Adjustments (600) OF Includes a new vacancy factor of 5%. The FY 1993 vacancy factor was 10.3%. Only 7.5 of the calculated 12 unfunded positions are recommended to be eliminated, as the agency is unable to provide an accurate count of actual vacant positions. The Executive recommends a vacancy factor of 3%. The \$(600) in Other Funds represents vacancy savings from the investigator salaries that are recommended to be funded out of the RICO Fund. (175,100) GF Personal Services/ERE Fund Shift 175,100 OF The amounts represent the recommended funding shift from the General Fund to the RICO Fund. The amounts reflect 15% of investigator position salaries. The Personal Services amount is \$141,100 and the ERE amount is \$34,000. (5,400) GF **ERE Rate Changes** 101,600 GF Increased Contribution Rate to Public Safety Retirement System 17,900 OF Laws 1992, Chapter 341 (H.B. 2245), 2nd Regular Session, allowed State Attorney General investigators, who are certified peace officers, to participate in the Public Safety Retirement System. The Attorney General's Office is responsible for payment of the difference between the Arizona State Retirement System and the Public Safety Retirement System employer contribution that has accumulated over the employment period. Rather than a one-time payment, the Public Safety Retirement System will increase the annual contribution rate so that additional amounts are paid annually until the debt is eliminated. The amount represents an additional contribution rate of 12.34% applied to the General Fund Personal Services base of \$968,200 for eligible investigators. The recommended General Fund portion is \$101,600. The recommended RICO Fund portion is \$17,900. (11,100) GF Travel - In State Fund Shift 11,100 OF The amount represents the recommended funding shift from the General Fund to the RICO Fund for 10% of non-public transportation expenses. These expenses represent motor pool charges or mileage reimbursement for investigator travel. 3,900 GF Professional and Outside Services The amount includes a \$(1,100) reduction for legal expenses and a mandatory fee of \$5,000 for Public Safety Retirement System Local Board counsel. (60,100) GF Other Operating Expenditures 52,100 OF The amount includes reductions for postage, telecommunications, and other miscellaneous adjustments totalling \$(8,000). The amount also includes the recommended shift of \$52,100 from the General Fund to the RICO Fund. This represents 10% of the total recommended

amount for Other Operating Expenditures.

Victims' Rights Implementation

420,300 OF

The amount includes \$900 for the FY 1993 Pay Adjustment, an increase of \$1,000 for ERE Rate Changes, and an increase of \$418,400 in anticipated grants. An FTE position is also eliminated to reconcile authorized FTE positions to the agency's request. This line item is funded from the Victims' Rights Implementation Revolving Fund.

#### Other Issues for Legislative Consideration

Executive Recommendation

The Governor is recommending a 10% increase in attorney salaries as requested by the Attorney General. The Executive recommends the agency's request of \$340,900.

DEPARTMENT: Arizona Coliseum & Exposition Center Board		JLBC ANALYST: OSPB ANALYST:		HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:		Edens Huppenthal
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	327.0	278.0	278.0	278.0	278.0	
OPERATING BUDGET						
Personal Services	5,152,300	4,660,200	4,660,200	4,724,800	4,724,800	
Employee Related Expenditures	926,900	723,300	723,300	823,800	760,100	77
Professional/Outside Service Travel - In State Travel - Out of State Other Operating Expenditures Equipment	2,121,300 14,800 39,100 5,795,300 0	1,837,700 11,700 37,000 5,732,000 100,000	1,927,700 12,500 39,300 5,925,900 100,000	12,500 39,300 5,760,800	12,500 39,300 5,824,500	
All Other Operating Subtotal	7,970,500	7,718,400	8,005,400	7,840,300	7,904,000	
AGENCY TOTAL	14,049,700	13,101,900	13,388,900	13,388,900		
BY FUND SOURCE		55 				
Other Funds Other Non-Appropriated Funds	14,049,700 123,000	13,101,900 2,653,600	13,388,900 4,949,000		13,388,900 4,949,000	
AGENCY TOTAL - ALL SOURCES	14,172,700	15,755,500	18,337,900	13,388,900	18,337,900	

**DEPARTMENT:** 

Arizona Coliseum & Exposition Center Board

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$13,388,900 -- a net increase of \$287,000, or 2.2%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment
 The Salary Adjustment is calculated using 86 regular FTE positions. The remainder of FTE positions shown are temporary/seasonal positions, and are not eligible for the pay adjustment.

Personal Services/ERE Adjustments

Maintains a vacancy factor of 0%. The Executive recommends a vacancy factor of 0%.

-0- OF

• ERE Rate Changes

28,800 OF

Professional and Outside Services

90,000 OF

The amount represents 5% inflation increase associated primarily with state fair entertainer fees. The Executive also recommends this increase.

• Travel

3,100 OF

The amount includes \$800 for Travel - In State and \$2,300 for Travel - Out of State. The loss of the Phoenix Suns basketball team requires the coliseum to actively pursue bookings for vacant dates.

• Other Operating Expenses

92,500 OF

The amount includes increased advertising expenses and miscellaneous operating expenses. The Executive recommends an increase of \$28,800.

By statute, all monies received by the Arizona Coliseum and Exposition Center Board are under full control of the board. The JLBC Staff recommendation is for the Coliseum and Exposition Center to be appropriated 100% of its receipts. The above adjustments are made at the discretion of the Board and are shown for information only. The Executive concurs.

DEPARTMENT: Department of Commerce		JLBC ANALYST: Siegwarth OSPB ANALYST: Betlach		HOUSE SUI SENATE SUI	Groscost Chesley	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	67.0	67.0	81.8	73.0	69.0	
OPERATING BUDGET	a					
Personal Services	1,819,100	1,877,700	2,424,400	2,132,100	1,993,400	
Employee Related Expenditures	377,000	398,800	591,400	448,400	398,200	
Professional/Outside Service	197,000	206,400	291,400	206,400	151,400	*
Travel - In State	69,200	62,900	67,900	62,900	62,900	
Travel - Out of State	44,000	91,800	100,800	91,800	91,800	
Other Operating Expenditures	710,100	684,500	822,200	684,500	684,500	
Equipment	97,600	9,700	169,400	9,700	9,700	
All Other Operating Subtotal	1,117,900	1,055,300	1,451,700	1,055,300	1,000,300	
OPERATING SUBTOTAL	3,314,000	3,331,800	4,467,500	3,635,800	3,391,900	93
SPECIAL LINE ITEMS						
Econ Devt Matching Funds	60,000	60,000	104,000	104,000		
CEDC Commission	199,700	200,000	200,000	200,000		
Advertising & Promotion	445,100	495,200	495,200	495,200	495,200	
Asian Pacific Trade Office	157,700	120,000	169,900	169,900	169,900	
Mexico Trade Office	62,500	200,000	306,100	300,100	300,100	
REDI Matching Grants	70,000	89,000	54,600	45,000	45,000	

DEPARTMENT: Department of Commercial	JLBC ANALYST OSPB ANALYST		HOUSE SUBCOMMITTEE CHAIR: Groscost SENATE SUBCOMMITTEE CHAIR: Chesley			
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Motion Picture Development OFTD Legal Center Indian Economic Development Oil Overcharge Admin. Japan Trade/Tourism	476,800 0 54,300 86,800 0	480,400 150,000 64,000 124,000 280,000	491,000 0 65,900 129,100 280,000	0 64,900 125,700	64,700 122,900	
Special Item Subtotal	1,612,900	2,262,600	2,295,800	2,269,300	2,262,900	
AGENCY TOTAL  BY FUND SOURCE	4,926,900	5,594,400 ===	6,763,300	5,905,100	5,654,800	
General Fund Other Funds Federal Funds Other Non-Appropriated Funds	3,503,800 1,423,100 8,473,700 8,584,800	3,641,800 1,952,600 13,189,100 23,800,200	4,681,600 2,081,700 12,919,100 24,196,900	2,038,000	1,964,800 12,919,100	
AGENCY TOTAL - ALL SOURCES	21,985,400	42,583,700	43,879,300	5,905,100		

The JLBC Staff recommends a total appropriation of \$5,654,800 -- a net increase of \$60,400, or 1.1%, to the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$3,690,000 -- a net increase of \$48,200, or 1.3%, to the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$1,964,800 -- a net increase of \$12,200, or 0.6%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$ 39,800 GF 10,100 OF

•	Personal Services/ERE Adjustments	(1,000) GF 6,500 OF
	Maintains a General Fund vacancy factor of 1.5%, which is the standard rate applied to agencies with this number of FTE positions. The Other Fund FTE positions were exempted from a vacancy factor as the standard rate would be 0% if these funds were treated as separate programs. The Executive recommends a vacancy factor of 1.5% for the General Fund and CEDC Fund only.	
•	ERE Rate Changes	(16,000) GF (4,000) OF
•	Base Adjustment	-0- OF
	The agency transferred \$44,000 (OF) from Rural Economic Development Initiative (REDI) Matching Grants to Economic Development Matching Funds in FY 1993. The Executive concurs.	
•	International Trade & Investment FTE Positions	79,700 GF
	Provides 2 FTE positions to meet the increased workload associated with the foreign trade offices. Requests for information have tripled in FY 1993. The recommended amount will fund a trade representative specializing in Mexico and an administrative assistant to provide accounting, coordination and communication support for the various offices. The Executive concurs.	
•	Professional and Outside Services	(55,000) GF
	The recommended amount eliminates funding for contracts with private design firms and special issue consultants associated with the Main Street program.	
•	Organization of Free Trade and Development (OFTD) Legal Center Funding for FY 1993 was for one-time start-up costs only. The Executive concurs.	(150,000) GF

Asian Pacific Trade Office Represents full funding of the trade office. Reduced funding in FY 1993 had a negative impact on the operations of the office. The office

49,900 GF

was unable to hold trade promotion events or host trade delegations. The Executive concurs.

Mexico Trade Office 100,100 GF Represents full funding of the trade office as private sector donations are not available to offset the cost of the office. The Executive

concurs.

Motion Picture Office

700 GF

The increase represents \$4,300 for annualization of the FY 1993 Pay Adjustment and \$(3,600) for ERE adjustments.

Indian Economic Development

700 OF

The increase represents \$900 for annualization of the FY 1993 Pay Adjustment and \$(200) for ERE adjustments.

Oil Overcharge Administration

(1,100) OF

The increase represents \$1,700 for annualization of the FY 1993 Pay Adjustment and \$(2,800) for ERE adjustments.

#### Other Issues for Legislative Consideration

**Executive Recommendation** 

The Executive recommends 4 FTE positions and \$179,200 (GF), in addition to the 2 FTE positions recommended for International Trade. The positions include 2 national marketing representatives, a communications and research planner, and a Director of Strategic Planning and Budgeting. The Executive recommendation represents an 11.3% increase in General Fund FTE positions.

The Executive also recommends a transfer of 1 FTE position from the General Fund to the Housing Trust Fund. By increasing the amount of Housing Trust Fund monies that can be used for administration from 5% to 10%, the Housing Trust Fund can offset the \$72,100 in General Fund support for this FTE position. These funds provide the state match for the federal Community Development Block Grant (CDBG) program. The CDBG program is to encourage the creation of jobs and to administer funds to community development programs. As the CDBG funds may be used for a wide range of activities, the JLBC Staff does not recommend the use the Housing Trust Fund monies for the state match. The Housing Trust Fund is more narrowly defined to address only housing needs and, therefore, is an inappropriate match for all CDBG programs. In addition, the purpose of the Housing Trust Fund is to provide services, not administrative dollars.

DEPARTMENT: Supreme Court Agency Summary		JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	154.3	155.3	162.3	146.3	155.3	
BY PROGRAM/ORGANIZATION						
Foster Care Review Board	1,190,400	1,223,300	1,340,100	1,199,000	1,228,700	
Supreme Court	9,210,100	9,516,900	10,794,900	9,256,900	9,395,700	1
AGENCY TOTAL	10,400,500	10,740,200	12,135,000	10,455,900	10,624,400	
OPERATING BUDGET					*	
Personal Services	4,511,400	4,829,600	5,371,900	4,935,600	4,932,200	
Employee Related Expenditures	888,800	1,010,000	1,164,800	1,013,300	870,100	
Professional/Outside Service Travel - In State Other Operating Expenditures Equipment	34,600 82,700 4,042,300 192,700	96,500 125,200 3,938,000 36,700	105,000 131,300 3,928,700 347,500	96,500 125,200 4,019,000 36,700	114,200 3,773,800	×
All Other Operating Subtotal	4,352,300	4,196,400	4,512,500	4,277,400	4,020,200	
OPERATING SUBTOTAL	9,752,500	10,036,000	11,049,200	10,226,300	9,822,500	

DEPARTMENT: Supreme Court Agency Summary		JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
SPECIAL LINE ITEMS						
Bldg Tenant Imprmnt/Enhmt Judicial Assistance Judicial Education Law Library Grand Jury Judicial Performance Review Lump Sum Reduction  Special Item Subtotal A G E N C Y T O T A L	0 15,600 194,900 290,500 147,000 0 0 648,000 10,400,500	0 0 208,700 296,700 148,800 50,000 0 704,200	50,000 87,400 250,000 298,900 150,000 249,500 0 1,085,800 12,135,000	0 0 208,700 304,300 148,800 50,000 -482,200 229,600	307,000 148,800 50,000 0	
BY FUND SOURCE				11	-	
General Fund Other Funds Other Non-Appropriated Funds	10,400,500 0 10,639,400	10,740,200 0 12,776,600	12,085,000 50,000 10,932,400	10,455,900		
AGENCY TOTAL - ALL SOURCES	21,039,900	23,516,800	23,067,400	10,455,900	21,556,800	

**DEPARTMENT:** 

Supreme Court Agency Summary

The JLBC Staff recommends a total General Fund (GF) appropriation of \$10,624,400 -- a net decrease of \$(115,800), or (1.1)%, from the FY 1993 appropriation.

•	Annualization of FY 1993 Pay Adjustment	\$ 126,000 GF
•	Personal Services/ERE Adjustments	(4,300) GF
•	ERE Rate Changes	(148,700) GF
•	Travel - In State Reduction	(11, <b>000</b> ) GF
•	Lease-Purchase Adjustment - State Courts Building	
•	Lease-Purchase Adjustment - Tucson State Office Building	8,200 GF
•	Equipment Adjustment	(1,000) GF
•	Judicial Assistance	87,400 GF

DEPARTMENT: Supreme Court PROGRAM: Supreme Court		JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	125.3	126.3	133.3	117.3	126.3	
OPERATING BUDGET						5
Personal Services	3,799,600	4,057,400	4,550,800	4,141,600	4,138,800	
Employee Related Expenditures	722,200	839,500	972,500	833,400	711,600	
Professional/Outside Service	17,100	80,000	82,500	80,000	80.000	
Travel - In State	49,600	68,400	74,500	68,400	68.400	
Other Operating Expenditures	3,819,800	3,736,700	3,686,300	3,807,800	3.564.300	
Equipment	153,800	30,700	342,500	30,700	30,700	
All Other Operating Subtotal	4,040,300	3,915,800	4,185,800	3,986,900		
OPERATING SUBTOTAL	8,562,100	8,812,700	9,709,100	8,961,900	8,593,800	·
SPECIAL LINE ITEMS						
Bldg Tenant Imprmnt/Enhmt	0	0	50,000	0	÷ 0	
Judicial Assistance	15,600	0	87,400	0	87.400	
Judicial Education	194,900	208,700	250,000	208,700	208.700	
Law Library	290,500	296,700	298,900	304,300	307,000	
Grand Jury	147,000	148,800	150,000	148,800	148,800	
Judicial Performance Review	0	50,000	249,500	50,000	50,000	
Lump Sum Reduction	0	0	0	-416,800	0	
Special Item Subtotal	648,000	704,200	1,085,800	295,000	801,900	
PROGRAM TOTAL	9,210,100	9,516,900	10,794,900	9,256,900	9,395,700	
				·		

DEPARTMENT: Supreme Court PROGRAM: Supreme Court		JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
General Fund Other Funds Other Non-Appropriated Funds	9,210,100 0 10,639,400	9,516,900 0 12,776,600	10,744,900 50,000 10,932,400	9,256,900 0	9,395,700 0 10,932,400	1 0
PROGRAM TOTAL - ALL SOURCES	19,849,500	22,293,500	21,727,300	9,256,900	20,328,100	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$9,395,700 -- a net decrease of \$(121,200), or (1.3)%, from the FY 1993 appropriation.

•	Annualization of FY 1993 Pay Adjustment	\$ 93,900	GF
•	Personal Services/ERE Adjustments  Maintains a vacancy factor of 1.5% for non-elected positions, which is the standard rate applied to agencies with this number of FTE positions.	(3,600)	GF
•	ERE Rate Changes	(136,800)	GF
•	Lease-Purchase Adjustment	(172,400)	GF
٠	Judicial Assistance  The JLBC Staff recommends funding equivalent to the salary level of 1 full-time Superior Court judgeship to provide for expenses associated with judges pro tempore and retired judges called to serve in the Superior and Appellate Courts as required by A.R.S. § 12-143, 38-803, and the Arizona Constitution, Article VI, Sections 19 and 20.	87,400	GF
	Law Library Funds the annualization of FY 1993 pay adjustment for 9 FTE positions, \$7,700, and an ERE rate change of \$2,600.	10,300	GF

### Other Issues for Legislative Consideration

Executive Recommendation

Pursuant to A.R.S. § 35-116(B), the Judiciary and the Legislature shall not be subject to the control of the Governor in the preparation and submission of budgets. However, the Executive provides a target FY 1994 budget which reflects the annualization of the FY 1993 Pay Adjustment, ERE Rate Changes, and an approximate 4% lump sum reduction of \$(416,800).

Appellate Salary Plan

This plan was originally approved and funded by the Legislature in 1991 as a three year phase-in program for funding salary increases for Appellate Court personnel. The plan has not been funded since the initial year. The amount of \$42,600 would fully fund the plan for Personal Services and Employee Related Expenditures.

AOC Staff Salary Equity Package

The Supreme Court is requesting \$44,100 to provide for full implementation of a salary equity package. Due to a high turnover rate, the AOC undertook an evaluation of its compensation package for all positions in the organization. As a result of the review, target salary levels were established for all positions. The AOC implemented the package in FY 1993 through savings achieved in its all Other Operating Expenditures.

Judicial Performance Review

The Court requests an additional \$199,500 for staff and operating expenses necessary for providing the public dissemination of accurate and useful information on judges' performance for use in retention elections, to facilitate judicial improvement, and to promote efficient assignment for judges within their court. The request includes the fiscal impact of the increased workload due to the passage of Proposition 109.

Courts Building Tenant Improvements/Enhancements

The Court requests \$50,000 from the Legislative, Executive and Judicial Public Buildings Land Earnings Fund, established in Section 25 of the Enabling Act to the Arizona Constitution. The monies will provide for a freon recovery system to comply with anticipated EPA standards, continuation of the energy management system into non-judicial tenant areas, upgrading the Honeywell HVAC Central System to maximize energy conservation, and periodic engineering reviews of the HVAC system to ensure operational efficiency. The Court requests that this appropriation be exempt from the provisions of A.R.S. § 35-190.

Move Law Library Funding to the Department of Library, Archives and Public Records (DLAPR)
 Both the Courts and the DLAPR recommend that the Law Library funding, \$307,000, and associated 9 FTE positions, be moved from the Courts' appropriation and placed in DLAPR's budget. Currently, the Supreme Court and the DLAPR enter into an intergovernmental agreement through which the funding is

transferred to DLAPR, which operates the Law Library in the Courts' Building.

HOUSE SUBCOMMITTEE CHAIR: Keegan JLBC ANALYST: Cawley **DEPARTMENT: Supreme Court** SENATE SUBCOMMITTEE CHAIR: **OSPB ANALYST:** Alyeshmerni Turner Foster Care Review Board PROGRAM: **LEGISLATIVE** FY 1994 FY 1994 FY 1993 FY 1994 JLBC STAFF WORK **AGENCY EXECUTIVE** FY 1992 **ADJUSTED** ACTUAL APPROPRIATIONS REQUEST RECOMMENDATION RECOMMENDATION **SPACE** DESCRIPTION 29.0 29.0 29.0 29.0 Full Time Equivalent Positions 29.0 **OPERATING BUDGET** 793,400 Personal Services 711,800 772,200 821,100 794,000 158,500 179,900 170,500 192,300 Employee Related Expenditures 166,600 16,500 22,500 16,500 16,500 17,500 Professional/Outside Service 45,800 56,800 56,800 Travel - In State 33,100 56,800 Other Operating Expenditures 242,400 211,200 209,500 \_\_\_\_ 222,500 201,300 6,000 5,000 6,000 5.000 38,900 Equipment 280,600 326,700 290,500 276,800 All Other Operating Subtotal 312,000 1,228,700 1,340,100 1,264,400 1,190,400 1,223,300 OPERATING SUBTOTAL SPECIAL LINE ITEMS 0 -65,4000 0 Lump Sum Reduction 0 0 -65,400Special Item Subtotal 0 1,340,100 1,199,000 1,228,700 PROGRAM TOTAL 1,190,400 1,223,300

DEPARTMENT: Supreme Court PROGRAM: Foster Care Review Boa	rd	JLBC ANALYST: OSPB ANALYST:	•		BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
General Fund	1,190,400	1,223,300	1,340,100	1,199,000	1,228,700	
PROGRAM TOTAL - ALL SOURCES	1,190,400	1,223,300	1,340,100	1,199,000	1,228,700	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$1,228,700 -- a net increase of \$5,400, or 0.4%, to the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

•	Annualization of FY 1993 Pay Adjustment	\$24,400	GF
•	Personal Services/ERE Adjustments  Maintains a vacancy factor of 1%, which is the standard rate applied to programs with this number of FTE positions.	(700)	GF
•	ERE Rate Changes	(14,500)	GF
•	Travel - In State  This reduction could limit the amount of training provided to the local Foster Care Review Board volunteers.	(11,000)	GF
•	Tucson State Office Building Lease-Purchase Payment Adjustment	8,200	GF
•	One-Time Equipment Adjustment	(1,000)	GF

### Other Issues for Legislative Consideration

• Executive Recommendation

Pursuant to A.R.S. § 35-116(B), the Judiciary and the Legislature shall not be subject to the control of the Governor in the preparation and submission of budgets. However, the Executive provides a target FY 1994 budget which reflects the annualization of the FY 1993 Pay Adjustment, ERE Rate Changes, and an approximate 4% lump sum reduction of \$(65,400).

Foster Care Review Board (FCRB) Staff Salary Equity Package

The Supreme Court is requesting \$19,600 to provide for full implementation of a salary equity package. Due to a high turnover rate, the AOC undertook an evaluation of its compensation package for all positions in the organization. As a result of this review, target salary levels were established for all positions. The FCRB implemented the package in FY 1993 through savings achieved in its all Other Operating Expenditures.

DEPARTMENT: Court of Appeals Agency Summary		JLBC ANALYST: OSPB ANALYST:	•		BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	130.5	134.0	142.0	134.0	128.5	SFACE
BY PROGRAM/ORGANIZATION						<del></del>
Court of Appeals (Div. I)	5,299,900	5,453,800	6,093,700	5,359,500	5,144,200	
Court of Appeals (Div. II)	2,469,300	2,601,400	3,083,900	2,544,100	2,760,500	
AGENCY TOTAL	7,769,200	8,055,200	9,177,600	7,903,600	7,904,700	
OPERATING BUDGET						
Personal Services	5,582,400	5,864,800	6,659,300	6,002,700	5,837,800	
Employee Related Expenditures	877,500	1,073,000	1,217,700	1,112,800	1,018,300	
Professional/Outside Service Travel - In State Other Operating Expenditures Equipment	40,100 93,100 1,081,300 94,800	1,800 100,300 962,500 52,800	2,000 104,700 1,129,000 64,900	1,800 100,300 962,500 52,800	992,700	*
All Other Operating Subtotal	1,309,300	1,117,400	1,300,600	1,117,400	1,113,100	
OPERATING SUBTOTAL	7,769,200	8,055,200	9,177,600	8,232,900	7,969,200	

DEPARTMENT: Court of Appeals Agency Summary		JLBC ANALYS' OSPB ANALYS'			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
SPECIAL LINE ITEMS	7					24)
Lump Sum Reduction	0	0	0	-329,300	-64,500	
Special Item Subtotal	0	0	0	-329,300	-64,500	
AGENCY TOTAL	7,769,200	8,055,200	9,177,600	7,903,600	7,904,700	
BY FUND SOURCE	;	**************************************		LT =	1 .	
General Fund Federal Funds	7,769,200 92,400	8,055,200 17,700	9,177,600 0	7,903,600	7,904,700	
AGENCY TOTAL - ALL SOURCES	7,861,600	8,072,900	9,177,600	7,903,600	7,904,700	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$7,904,700 -- a net decrease of \$(150,500), or (1.9)%, from the FY 1993 appropriation.

•	Annualization of FY 1993 Pay Adjustment	\$ 95,000	GF
•	Personal Services/ERE Adjustments	81,000	GF
•	ERE Rate Changes	(39,400)	GF
•	Lease-Purchase - Tucson State Office Building	44,500	GF
•	Annualization	20,500	GF
•	One-time Equipment Adjustment	(42,800)	GF
•	Law Clerk Parity Among the 2 Divisions	(244,800)	GF
•	Restore FY 1993 Lump Sum Reduction	(64,500)	GF

**DEPARTMENT:** Court of Appeals JLBC ANALYST: Cawley HOUSE SUBCOMMITTEE CHAIR: Keegan PROGRAM: Court of Appeals (Div. I) OSPB ANALYST: Alyeshmerni SENATE SUBCOMMITTEE CHAIR: Turner FY 1993 FY 1994 FY 1994 FY 1994 **LEGISLATIVE** FY 1992 ADJUSTED **AGENCY EXECUTIVE** JLBC STAFF WORK DESCRIPTION ACTUAL APPROPRIATIONS REQUEST RECOMMENDATION RECOMMENDATION SPACE Full Time Equivalent Positions 97.5 98.0 102.0 98.0 90.5 **OPERATING BUDGET** Personal Services 4,123,400 4,296,400 4,751,900 4,395,900 4,125,200 \_\_\_\_\_ Employee Related Expenditures 653,700 790,600 874,500 814,100 715,800 Professional/Outside Service 800 1,000 800 800 Travel - In State 65,600 63,900 68,300 63,900 63,900 Other Operating Expenditures 445,500 292,100 365,500 292,100 272,600 Equipment 11,700 10,000 32,500 10,000 10,000 All Other Operating Subtotal 522,800 366,800 467,300 366,800 347,300 \_\_\_\_\_ OPERATING SUBTOTAL 5,299,900 5,453,800 6,093,700 5,576,800 5,188,300 SPECIAL LINE ITEMS Lump Sum Reduction 0 0 0 -217,300 -44,100 Special Item Subtotal 0 0 0 -217,300 -44,100 PROGRAM TOTAL 5,299,900 5,453,800 5,144,200 6,093,700 5,359,500

DEPARTMENT: Court of Appeals PROGRAM: Court of Appeals (Div. I)		JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR;	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
General Fund Federal Funds	5,299,900 92,400	5,453,800 17,700	6,093,700 0	5,359,500	5,144,200	
PROGRAM TOTAL - ALL SOURCES	5,392,300	5,471,500	6,093,700	5,359,500	5,144,200	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$5,144,200 -- a net decrease of \$(309,600), or (5.7)%, from the FY 1993 appropriation.

•	Annualization of FY 1993 Pay Adjustment	\$ 69,700 GF
•	Personal Services/ERE Adjustments  Maintains a vacancy factor of 1.5% for non-elected positions, which is the standard rate applied to agencies with this number of FTE positions. The increase reflects the adding back of \$44,100 which was deducted for the FY 1993 lump sum reduction. This amount reflects vacancy savings related to the retirement of 2 judges who took advantage of the elected officials retirement package which expired November 1, 1992. No judges are anticipated to retire in FY 1994, thereby requiring the funds to be added back.	47,100 GF
•	ERE Rate Changes	(36,700) GF
•	Restore FY 1993 Lump Sum Reduction  A lump sum reduction of \$(44,100) was applied in FY 1993. Division I took the reduction in vacancy savings related to retirement of 2 judges. Since no judges are anticipated to retire in FY 1994, the vacancy savings were added back. However, since the FY 1993 lump sum reduction was to be permanent, it is being restored for FY 1994.	(44,100) GF
•	Law Clerk Parity Among the 2 Divisions Division I (Phoenix) has 2 Law Clerks per judge. Division II (Tucson) has 1 Law Clerk per judge. The JLBC Staff recommends establishing 1.5 Law Clerks per judge for both divisions. This recommendation will lower Division I's number of FTE positions by 7.5 and reduce its funding level by \$(345,600), which includes \$(274,500), Personal Services; \$(51,600), Employee Related Expenditures; and \$(19,500), Other Operating Expenditures.	(345,600) GF

### Other Issues for Legislative Consideration

#### Executive Recommendation

Pursuant to A.R.S. § 35-116(B), the Judiciary and the Legislature shall not be subject to the control of the Governor in the preparation and submission of budgets. However, the Executive provides a target FY 1994 budget which reflects the annualization of the FY 1993 Pay Adjustment, ERE Rate Changes, and an approximate 4% lump sum reduction of \$(217,300). The Executive does not address the law clerk parity issue.

### Appellate Salary Plan

This plan was originally approved and funded by the Legislature in 1991 as a three year phase-in program for funding salary increases for court personnel. The plan has not been funded since the initial year. The amount of \$213,000 would fully fund the plan for Personal Services and Employee Related Expenditures.

HOUSE SUBCOMMITTEE CHAIR: Keegan JLBC ANALYST: Cawley **DEPARTMENT:** Court of Appeals SENATE SUBCOMMITTEE CHAIR: **OSPB ANALYST:** Alyeshmerni Turner Court of Appeals (Div. II) PROGRAM: FY 1993 FY 1994 FY 1994 FY 1994 **LEGISLATIVE** FY 1992 **ADJUSTED AGENCY EXECUTIVE** JLBC STAFF WORK **SPACE** RECOMMENDATION DESCRIPTION ACTUAL APPROPRIATIONS REQUEST RECOMMENDATION 36.0 40.0 36.0 38.0 Full Time Equivalent Positions 33.0 **OPERATING BUDGET** 1,712,600 1,568,400 1,907,400 1,606,800 Personal Services 1,459,000 302,500 Employee Related Expenditures 223,800 282,400 343,200 298,700 1,000 1,000 1.000 Professional/Outside Service 40,100 1,000 36,400 36,400 36,400 36,400 27,500 Travel - In State 670,400 763,500 670,400 720,100 635,800 Other Operating Expenditures 83,100 42,800 32,400 42,800 8,300 Equipment 786,500 750,600 833,300 750,600 765,800 All Other Operating Subtotal 3,083,900 2,656,100 2,780,900 **OPERATING SUBTOTAL** 2,469,300 2,601,400 SPECIAL LINE ITEMS 0 0 -112,000 -20,400 Lump Sum Reduction -20,400 0 -112,000 Special Item Subtotal 3,083,900 2,544,100 2,760,500 PROGRAM TOTAL 2,469,300 2,601,400

DEPARTMENT: Court of Appeals PROGRAM: Court of Appeals (Div. II)		JLBC ANALYST: OSPB ANALYST:	•		BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE		4				*
General Fund	2,469,300	2,601,400	3,083,900	2,544,100	2,760,500	
PROGRAM TOTAL - ALL SOURCES	2,469,300	2,601,400	3,083,900	2,544,100	2,760,500	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$2,760,500 -- a net increase of \$159,100, or 6.1%, to the FY 1993 appropriation.

•	Annualization of FY 1993 Pay Adjustment	\$ 25,300	GF
•	Personal Services/ERE Adjustments  Maintains a vacancy factor of 1% for non-elected positions, which is the standard rate applied to agencies with this number of FTE positions. The increase reflects the adding back of \$20,400, which was deducted for the FY 1993 lump sum reduction. This amount reflects vacancy savings related to the retirement of a judge who took advantage of the elected officials retirement package which expired November 1, 1992. No judges are anticipated to retire in FY 1994, thereby requiring the funds to be added back.	33,900	GF
•	ERE Rate Changes	(2,700)	GF
•	Annualization of 1 FTE Position  Provides funds for the annualization of 1 of 3 FTE positions partially funded in FY 1993. This amount will provide full-year funding for 1 Appellate Systems Manager position. The Deputy Clerk position will remain at 6 months' funding and the Staff Attorney position will continue to receive 3 months' funding.	20,500	GF
•	One-Time Equipment Adjustment	(42,800)	GF
•	Tucson State-Office Building Lease-Purchase Increase	44,500	GF

Restore FY 1993 Lump Sum Reduction

(20,400) GF

A lump sum reduction of \$(20,400) was applied in FY 1993. Division II took the reduction in vacancy savings related to retirement of a judge. Since no judges are anticipated to retire in FY 1994, the vacancy savings were added back. However, since the FY 1993 lump sum reduction was to be permanent, it is being restored for FY 1994.

Law Clerk Parity Among the 2 Divisions

100,800 GF

Division II has 1 Law Clerk per judge. Division I has 2 Law Clerks per judge. The JLBC Staff recommends establishing 1.5 Law Clerks per judge for both divisions. This recommendation will increase Division II's number of FTE positions by 2 and increase its funding level by \$100,800, which includes \$73,200, Personal Services; \$14,100, Employee Related Expenditures; \$5,200, Other Operating Expenditures; and \$8,300, Equipment.

### Other Issues for Legislative Consideration

Executive Recommendation

Pursuant to A.R.S. § 35-116(B), the Judiciary and the Legislature shall not be subject to the control of the Governor in the preparation and submission of budgets. However, the Executive provides a target FY 1994 budget which reflects the annualization of the FY 1993 Pay Adjustment, ERE Rate Changes, and an approximate 4% lump sum reduction of \$(112,000). The Executive does not address the law clerk parity issue.

Appellate Salary Plan

This plan was originally approved and funded by the Legislature in 1991 as a three year phase-in program for funding salary increases for court personnel. The plan has not been funded since the initial year. The amount of \$71,900 would fully fund the plan for Personnel Services and Employee Related Expenditures.

DEPARTMENT: Superior Court		JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	162.0	168.0	172.0	168.0	169.0	
OPERATING BUDGET						
Personal Services	4,998,800	5,370,900	5,593,500	5,418,800	5,435,200	<del></del>
Employee Related Expenditures	669,100	620,800	646,600	816,800	665,700	
Other Operating Expenditures	583,400	583,400	583,400	583,400	583,400	· · · · · · · · · · · · · · · · · · ·
All Other Operating Subtotal	583,400	583,400	583,400	583,400	583,400	
OPERATING SUBTOTAL	6,251,300	6,575,100	6,823,500	6,819,000	6,684,300	
SPECIAL LINE ITEMS						4
Family Counseling Juvenile Probation State Aid Adult Probation Enhancement Intensive Probation - Adult Intensive Probation - Juvenile Juvenile Probation Service Ct. Appoint. Sp. Advocate Community Punishment Child Support Enforcement Lump Sum Reduction	346,400 1,599,400 10,710,300 8,977,100 4,557,300 19,171,900 369,800 2,388,700 47,000 0	427,900 1,659,600 12,115,800 11,135,600 4,985,900 20,475,400 639,500 2,492,100 48,300 0	465,600 2,189,800 15,838,900 13,993,400 5,567,300 22,424,200 726,900 3,569,500 50,400 0	427,900 1,698,000 12,444,700 11,380,400 5,068,400 20,553,000 652,600 2,530,100 49,900 -2,423,800	13,692,200 13,128,700 5,364,800 21,339,600 751,900 2,532,600	
Special Item Subtotal	48,167,900	53,980,100	64,826,000	52,381,200	59,022,200	
AGENCY TOTAL	54,419,200	60,555,200	71,649,500	59,200,200	65,706,500	

DEPARTMENT: Superior Court		JLBC ANALYST: OSPB ANALYST:	•		BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE		#35				
General Fund Other Funds	54,419,200 0	59,915,700 639,500	70,922,600 726,900	, ,	64,954,600 751,900	
AGENCY TOTAL - ALL SOURCES	54,419,200	60,555,200	71,649,500	59,200,200	65,706,500	

The JLBC Staff recommends a total appropriation of \$65,706,500 -- a net increase of \$5,151,300, or 8.5%, to the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$64,954,600 -- a net increase of \$5,038,900, or 8.4%, to the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$751,900 -- a net increase of \$112,400, or 17.6%, to the FY 1993 appropriation.

•	Annualization of FY 1993 Pay Adjustment  No FTE positions above the line qualify as 124 FTE positions are judges who are elected officials. Elected officials did not receive a pay adjustment for FY 1994. The other 44 FTE positions are funded through special line items. The pay adjustment for these positions are discussed in the special line item narrative.	\$	-0- GF
•	Personal Services/ERE Adjustments Includes a new vacancy factor of 0.5%. In the past, a vacancy factor has not been applied. The increase reflects the adding back of \$51,600, which was deducted for the FY 1993 lump sum reduction. This amount reflects vacancy savings related to the retirement of 7 judges who took advantage of the elected officials retirement package which expired November 1, 1992. Fewer judges are anticipated to retire in FY 1994, thereby requiring the lower vacancy factor.	21	,000 GF
•	ERE Rate Changes	39	,100 GF
•	New Judge Funds the state's 50% share for 1 judgeship established in FY 1993 in Mohave County, pursuant to A.R.S. § 12-128. Maricopa County may establish 3 new judgeships in FY 1994, pursuant to A.R.S. § 12-121. If established, the state will fund its 50% share in FY 1995.	49	,100 GF

### Family Counseling

34,200 GF

Funds a caseload increase of 8.2%. The funding provides for prevention of delinquency and incorrigibility and to strengthen family relationships of juvenile offenders.

#### Juvenile Probation State Aid

40,300 GF

Funds the annualization of the FY 1993 pay adjustment for 1 state FTE position and 46 county-hired positions. In this special line item and the others that follow, the state shares in the counties' costs to meet the special line item program requirements. This particular line item provides for probation services to nearly 2,000 juveniles annually. Legislation requires that the funds be primarily used for the salaries of supervising probation officers. The Courts project a 10% increase in petition filings. However, no additional funding is recommended for caseload growth.

#### Adult Probation Enhancement

1,576,400 GF

An increase of \$344,800 funds the annualization of the FY 1993 pay adjustment for 6 state FTE positions and 392 county-hired positions. Since 1983, when this program was established, the state has provided funds to counties for probation officers in order to maintain a 1:60 statutory average of probation officers to probationers. The JLBC Staff recommends \$1,231,600 for annualization of FY 1993 funding of 51 probation officers and 1.5 supervisors. The JLBC Staff recommends that the Legislature change A.R.S. § 12-251, which establishes a mandated number of probationers to probation officers, from 1:60 to 1:70. If not changed, additional funding of \$856,000 will be required to maintain the 1:60 ratio.

#### Adult Intensive Probation

1.993,100 GF

An increase of \$257,700 funds the annualization of the FY 1993 pay adjustment for 8 state FTE positions and 292 county-hired positions. The JLBC Staff recommends \$813,300 for annualization of FY 1993 funding of 20 teams (40 probation officers). In order to help contain the growth of our prison population, the JLBC Staff is recommending \$922,100 for 6 months phase-in funding for 12 teams and 9 support positions to increase the caseload capacity by 300 to 2,850. This program was created to divert serious, non-violent adult offenders from prison.

#### Juvenile Intensive Probation

378,900 GF

An increase of \$88,000 funds the annualization of the FY 1993 pay adjustment for 7 state FTE positions and 94 county-hired positions. The JLBC Staff recommends \$290,900 for annualization of FY 1993 funding of 5 teams. This program was created to divert serious, non-violent juvenile offenders from incarceration or residential care and to provide intensive supervision for high risk offenders already on probation. Current program capacity of 950 slots will accommodate anticipated caseload growth through FY 1994; therefore, no additional funding is required.

#### Juvenile Probation Services

864,200 GF

An increase of \$84,200 funds the annualization of the FY 1993 pay adjustment for 12 state FTE positions and 83 county-hired positions. The JLBC Staff also recommends the addition of \$780,000 for treatment services, which is a 4% increase. This funding allows the Juvenile Courts to meet the requirements of A.R.S. § 8-230.01 and § 8-230.02, and to provide services to children referred for incorrigibility or delinquency and placed in foster care, day treatment programs, residential treatment centers, counseling, shelter use and other programs.

• Court Appointed Special Advocate (CASA)

112,400 OF

An increase of \$13,600 funds the annualization of the FY 1993 pay adjustment for 5 state FTE positions and 16 county-hired positions. The JLBC Staff recommends \$25,000 for polygraph expenditures. Due to the expansion of the number of volunteers in the CASA program, local law enforcement offices are charging CASA for polygraphing of all volunteers as required by administrative order. In addition, \$73,800 is recommended for increasing 4 support field positions from 1/4 to 1/2 time. The CASA Fund receives revenue from 30% of unclaimed lottery money. The Court projects the fund will have enough monies to cover the additional cost. The CASA program trains community volunteers appointed by a judge to advocate for abused and neglected children in Juvenile Court proceedings.

Community Punishment

40.500 GF

Funds the annualization of the FY 1993 pay adjustment for 3 state FTE positions and 43.5 county-hired positions. This program was established to provide probation departments with behavioral treatment, and allows for intensive supervision, such as electronic monitoring and specialized probation caseloads. The program is intended to divert offenders from prison and jail, as well as enhance probation programs.

• Child Support Enforcement

2,100 GF

Funds the annualization of the FY 1993 pay adjustment for 2 state FTE positions. The appropriation provides for a secretarial position, operating costs, and a 10% match of federal funds anticipated through the Department of Economic Security (DES). The state and federal funds provide for 3 FTE positions to coordinate automation implementation at the local level (court clerks), to serve as liaisons between the local courts and DES, and to refine and maintain child support program hardware and software at each court site.

### Other Issues for Legislative Consideration

Executive Recommendation

Pursuant to A.R.S. § 35-116(B), the Judiciary and the Legislature shall not be subject to the control of the Governor in the preparation and submission of budgets. However, the Executive provides a target FY 1994 budget which reflects the annualization of the FY 1993 Pay Adjustment, ERE Rate Changes, and an approximate 4% lump sum reduction of \$(2,423,800). The Executive recommendation for the special line items provides only for the annualization of the FY 1993 Pay Adjustment. The Executive does not recommend annualization for positions receiving 6 months funding in FY 1993 nor does the Executive recommendation address caseload growth in these programs.

Adult System Automation Project

The Court requests \$500,000 for initial funding for project development of an automated adult probation system. The Adult System Automation Project (ASAP) will provide integrated caseload management, data collection, and an accounting (fines, fees and restitution) system.

Funding Need for Equity with Local Counties' Salary Schedules

The Court requests \$1,183,300 for salary increases to provide equity with the local counties' salary schedules. This additional money would be distributed among state funded positions in the following special line items: \$693,200, Probation Enhancement; \$324,400, Adult Intensive Probation Services; and \$165,700, Juvenile Probation Services. The JLBC Staff feels that the state's pay package provided in FY 1993 and annualized in FY 1994 moves toward equity. However, if the counties continue to increase salaries at a faster pace than does the state, under current budget restraints the state will not be able to match the counties' salary schedule.

DEPARTMENT: Commission On Judicial Conduct		JLBC ANALYST: OSPB ANALYST:	•		BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	2.0	2.0	2.0	2.0	2.0	
OPERATING BUDGET						
Personal Services	86,400	86,200	86,200	87,700	87,700	W
Employee Related Expenditures	13,900	15,000	15,000	16,200	14,600	
Professional/Outside Service Travel - In State Other Operating Expenditures Equipment	11,800 7,100 13,200 3,400	16,700 9,300 12,200 0	27,400 9,300 12,200 0	16,700 9,300 5,600 0	27,400 9,300 12,200 0	
All Other Operating Subtotal	35,500	38,200	48,900	31,600	48,900	
AGENCY TOTAL	135,800	139,400	150,100	135,500	151,200	
BY FUND SOURCE						
General Fund	135,800	139,400	150,100	135,500	151,200	
AGENCY TOTAL - ALL SOURCES	135,800	139,400	150,100	135,500	151,200	

**DEPARTMENT:** 

Commission on Judicial Conduct

The JLBC Staff recommends a total General Fund (GF) appropriation of \$151,200 -- a net increase of \$11,800, or 8.5%, to the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

• Annualization of FY 1993 Pay Adjustment

\$1,700 GF

• Personal Services/ERE Adjustments

-0- GF

Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions.

• ERE Rate Changes

(600) GF

Professional and Outside Services

10,700 GF

The number of judicial misconduct inquiries and complaints have increased over the past 7 years by 232% without additional help being hired. The sustained growth over the past 2 years has outstripped the commission's clerical resources. The \$10,700 would allow the commission to contract for a part-time secretary to meet the clerical tasks associated with the increase in caseload.

### Other Issues for Legislative Consideration

Executive Recommendation.

Pursuant to A.R.S. § 35-116(B), the Judiciary and the Legislature shall not be subject to the control of the Governor in the preparation and submission of budgets. However, the Executive provides a target FY 1994 budget which reflects the annualization of the FY 1993 Pay Adjustment, and an approximate 4%, \$(6,600), overall budget reduction applied in the Other Operating Expenditures line.

DEPARTMENT: Commission on Appelate & Trial Court Appts JLBC ANALYST: Cawley HOUSE SUBCOMMITTEE CHAIR: OSPB ANALYST: Alyeshmerni SENATE SUBCOMMITTEE CHAIR: Turner FY 1993 FY 1994 FY 1994 FY 1994 **LEGISLATIVE** FY 1992 **ADJUSTED AGENCY EXECUTIVE** JLBC STAFF WORK DESCRIPTION ACTUAL **APPROPRIATIONS REQUEST** RECOMMENDATION RECOMMENDATION **SPACE** Full Time Equivalent Positions 0.0 0.0 0.0 0.0 0.0 **OPERATING BUDGET** Other Operating Expenditures 3,200 3,500 10,000 3,400 10,000 \_\_\_\_\_ All Other Operating Subtotal 3,200 3,500 10,000 3,400 10,000 AGENCY TOTAL 3,500 3,200 10,000 3,400 10,000 **BY FUND SOURCE** General Fund 3,200 3,500 10,000 3,400 10,000 AGENCY TOTAL - ALL SOURCES 3,200 3,500 10,000 3,400

The JLBC Staff recommends a total General Fund (GF) appropriation of \$10,000 -- a net increase of \$6,500, or 185.7%, to the FY 1993 appropriation.

•	Annualization of FY 1993 Pay Adjustment There are no FTE positions funded in this budget.	\$ -0- GF
•	Personal Services/ERE Adjustments	-0- GF
•	ERE Rate Changes	-0- GF

Other Operating Expenditures

6,500 GF

Passage of Proposition 109 increases the number of members appointed to the Commission on Appellate Court Appointments, which increases the commission's operating and travel expenses. In FY 1992, the commission did not have adequate funding to reimburse commission members' travel expenses or expenses related to investigating applicants. In addition to the \$3,200 expended in this budget, \$4,600 was paid through the Supreme Court budget.

### Other Issues for Legislative Consideration

• Executive Recommendation

Pursuant to A.R. S. § 35-116(B), the Judiciary and the Legislature shall not be subject to the control of the Governor in the preparation and submission of budgets. However, the Executive provides a target FY 1994 budget which reflects a 4%, \$(100), reduction to this budget.

DEPARTMENT: Office of the Governor		JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions		0.0	0.0	0.0	0.0	
SPECIAL LINE ITEMS						
Lump Sum Appropriation Governor's Educ Task Force SLIM Office for Excellence in Govt Special Item Subtotal	3,464,900 124,100 0 0 3,589,000	3,769,200 0 4,504,700 0 8,273,900	3,956,000 0 0 1,850,000 5,806,000	3,956,000 0 0 1,850,000 5,806,000	1,850,000	
AGENCY TOTAL	3,589,000	8,273,900	5,806,000	5,806,000	5,806,000	
BY FUND SOURCE						
General Fund Other Funds Federal Funds Other Non-Appropriated Funds	3,183,100 405,900 3,469,200 911,300	6,772,200 1,501,700 3,406,000 1,057,500	5,806,000 0 3,275,800 1,054,100	5,806,000	1,054,100	
AGENCY TOTAL - ALL SOURCES	7,969,500	12,737,400	10,135,900	5,806,000	10,135,900	

**DEPARTMENT:** 

Office of the Governor

The JLBC Staff recommends a total appropriation of \$5,806,000 -- a net decrease of \$(2,467,900), or (29.8)%, from the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$5,806,000 -- a net decrease of \$(966,200), or (14.3)%, from the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$0 -- a net decrease of \$(1,501,700), or (100.0)%, from the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

Office of the Governor - Lump Sum

\$ 186,800 GF

The additional funds shown include increases for annualization of the FY 1993 pay adjustment, ERE rate changes, and rent for office space in Phoenix and the new Tucson Office Building. Also included is an increase of \$66,000, which is the total cost of the Arizona State Office in Sonora, Mexico. The cost of the Sonora Office was to be shared between the Governor's Office and the Legislature in FY 1993.

• Office for Excellence in Government

1,850,000 GF

The Governor created the Office for Excellence in Government (OEG) by executive order, as the successor to the Statewide Long-term Improved Management (SLIM) project. OEG is responsible for the Institute for Excellence in Government and conducting programs to continually improve organizational effectiveness, administrative systems, operational methods, productivity and the quality of state services.

The Governor has requested \$1,850,000 in FY 1994. The line item detail provided by the OEG is shown below. Included in Professional and Outside Services is \$300,000 for the operation of the Institute for Excellence in Government, and \$400,000 for specialized consulting services to conduct and implement a variety of special studies.

FTE Positions	17.0
Personal Services Employee Related Expenditures	\$ 811,000 170,300
Professional & Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	700,000 12,100 1,600 125,000 30,000
All Other Operating Subtotal	868,700
OPERATING TOTAL	<u>\$1,850,000</u>

Project SLIM

(3,003,000) GF (1,501,700) OF

Eliminates nonrecurring appropriations for the Statewide Long-term Improved Management project, which has been replaced by the Office for Excellence in Government.

DEPARTMENT: Governor's Office of Affirmative Action		JLBC ANALYST: OSPB ANALYST:		HOUSE SUBCOMMITTEE CHAIR: Groscost SENATE SUBCOMMITTEE CHAIR: Chesley		
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	5.0	5.0	5.0	5.0	5.0	
OPERATING BUDGET	o.					
Personal Services	143,100	160,500	164,200	164,300	159,300	
Employee Related Expenditures	29,900	32,900	33,900	33,200	29,300	
Professional/Outside Service Travel - In State Travel - Out of State Other Operating Expenditures	25,500 1,500 1,900 14,400	5,400 2,000 1,800 38,000	5,400 2,000 1,800 49,100	5,400 2,000 1,800 38,000	2,000 1,500	
All Other Operating Subtotal	43,300	47,200	58,300	47,200	50,900	
AGENCY TOTAL	216,300	240,600	256,400	244,700	239,500	
BY FUND SOURCE						
General Fund Federal Funds	216,300 43,900		256,400 41,000	244,700	239,500 41,000	
AGENCY TOTAL - ALL SOURCES	260,200	281,600	297,400	244,700	280,500	

**DEPARTMENT:** 

Governor's Office of Affirmative Action

The JLBC Staff recommends a total General Fund (GF) appropriation of \$239,500 -- a net decrease of \$(1,100), or (0.5)%, from the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$4,300 GF

(5,600) GF

Personal Services/ERE Adjustments

Maintains a vacancy factor of 0%. The Executive recommends a vacancy factor of 0%. The recommendation includes a Personal Services adjustment of \$(5,000). The reduced amount reflects full funding of current positions plus \$34,300 in unallocated Personal Services funding to allow for changes within the department. The Executive recommendation does not include an adjustment in Personal Services.

ERE Rate Changes

(3,500) GF

(300) GF

• Travel - Out of State

Reflects attendance of 1, rather than 2, Affirmative Action employees at an out-of-state conference. The Executive recommendation does not include this decrease.

4,000 GF

Other Operating Expenses

Reflects a rent increase due to increased space allocated to the department by DOA. The Executive recommendation does not include this

DEPARTMENT: Governor's Office of Strat	lgeting JLBC ANALYST: OSPB ANALYST:	Morris Boncoskey	HOUSE SUBCOMMITTEE CHAIR: Groscost SENATE SUBCOMMITTEE CHAIR: Chesley			
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	23.0	23.0	22.0	0.0		
SPECIAL LINE ITEMS					129	
Lump Sum Appropriation Regulation Review Council SLIM	1,116,600 11,600 1,220,700	1,200,600 43,900 1,250,000	1,304,600 0 0	1,256,600 0 0	1,256,600 0	
Special Item Subtotal	2,348,900	2,494,500	1,304,600	1,256,600	1,256,600	
AGENCY TOTAL	2,348,900	2,494,500	1,304,600	1,256,600	1,256,600	
BY FUND SOURCE			*0			
General Fund	2,348,900	2,494,500	1,304,600	1,256,600	1,256,600	
AGENCY TOTAL - ALL SOURCES	2,348,900	2,494,500	1,304,600	1,256,600	1,256,600	

**DEPARTMENT:** 

Governor's Office of Strategic Planning & Budgeting

The JLBC Staff recommends a total General Fund (GF) appropriation of \$1,256,600 -- a net decrease of \$(1,237,900) or (49.6)%, from the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

19,500 GF

• Personal Services/ERE Adjustments

23,500 GF

Includes a new vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The FY 1993 vacancy factor was 1%. The Executive recommends a vacancy factor of 0%.

• ERE Rate Changes

13,000 GF

• Transfer of the Governors Regulatory Review Council

(43,900) GF

Administrative responsibilities for the Governors Regulatory Review Council are being transferred to the Department of Administration. This transfer will enhance the functional oversight and administration of the Regulatory Review Council as the Director of the Department of Administration is, by statute, the chairman of the council.

SLIM

(1,250,000) GF

Eliminates an appropriation for the Statewide Long-term Improve Management (SLIM) project contained in Laws 1991, Chapter 287. The appropriation is no longer necessary as Project SLIM was transferred to the Office of the Governor in FY 1993. See Office of the Governor for additional information.

DEPARTMENT: Law Enforcement Merit System Council		JLBC ANALYST: OSPB ANALYST:		HOUSE SUBCOMMITTEE CHAIR: Keegan SENATE SUBCOMMITTEE CHAIR: Turner		
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	1.0	1.0	1.0	1.0	1.0	-
OPERATING BUDGET						
Personal Services	24,600	25,000	26,000	25,800	25,800	
Employee Related Expenditures	4,800	4,900	6,600	5,800	5,000	
Professional/Outside Service Travel - In State Other Operating Expenditures Equipment	900 500 6,600 900	4,000 2,200 4,900 0	4,000 2,200 5,300 0	4,000 2,200 4,900 0	4,000 2,000 4,400 0	
All Other Operating Subtotal	8,900	11,100	11,500	11,100	10,400	
AGENCY TOTAL	38,300	41,000	44,100	42,700	41,200 =	
BY FUND SOURCE						
General Fund	38,300	41,000	44,100	42,700	41,200	-
AGENCY TOTAL - ALL SOURCES	38,300	41,000	44,100	42,700	41,200	,

**DEPARTMENT:** 

Law Enforcement Merit System Council

The JLBC Staff recommends a total General Fund (GF) appropriation of \$41,200 -- a net increase of \$200, or 0.5%, to the FY 1993 appropriation.

•	Annualization of FY 1993 Pay Adjustment	\$ 900	GF
•	Personal Services/ERE Adjustments Includes a vacancy factor of 0%. The Executive recommends a vacancy factor of 0%.	-0-	GF
•	ERE Rate Changes	-0-	GF
•	General Inflation	-0-	GF
•	Travel - In State Adjustments The agency identified a \$200 reduction in travel expenses.	(200)	GF
•	OOE Adjustments The amount is a \$500 reduction in Metro Mobile and pager costs.	(500)	GF

DEPARTMENT: Legislature PROGRAM: Senate	JLBC ANALYST: Morris/Cawley OSPB ANALYST: Cockerham		HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:		Groscost Chesley	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	0.0	0.0	0.0	0.0	0.0	
SPECIAL LINE ITEMS						
Lump Sum Appropriation	6,710,200	5,751,800	6,367,500	5,751,800	5,751,800	<u> </u>
Special Item Subtotal	6,710,200	5,751,800	6,367,500	5,751,800	5,751,800	
PROGRAM TOTAL	6,710,200	5,751,800	6,367,500	5,751,800	5,751,800	
BY FUND SOURCE				8		
General Fund	6,710,200	5,751,800	6,367,500	5,751,800	5,751,800	
PROGRAM TOTAL - ALL SOURCES	6,710,200	5,751,800	6,367,500	5,751,800	5,751,800	

The JLBC Staff recommends a total General Fund appropriation of \$5,751,800 -- no change to the FY 1993 appropriation.

DEPARTMENT: Legislature PROGRAM: House of Representative	s	JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	0.0	0.0	0.0	0.0	0.0	
SPECIAL LINE ITEMS						
Lump Sum Appropriation	7,639,200	7,146,900	7,146,900	7,146,900	7,146,900	
Special Item Subtotal	7,639,200	7,146,900	7,146,900	7,146,900	7,146,900	
PROGRAM TOTAL	7,639,200	7,146,900	7,146,900	7,146,900	7,146,900	
BY FUND SOURCE						
General Fund Other Funds	7,439,200 200,000	7,146,900 0	7,146,900 0	7,146,900 0	7,146,900	
PROGRAM TOTAL - ALL SOURCES	7,639,200	7,146,900	7,146,900	7,146,900	7,146,900	ži.

The JLBC Staff recommends a total General Fund appropriation of \$7,146,900 -- no change from the FY 1993 appropriation.

DEPARTMENT: Legislature PROGRAM: Legislative Council	JLBC ANALYST: OSPB ANALYST:		ey HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:		Groscost Chesley	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	0.0		0.0	0.0	0.0	
SPECIAL LINE ITEMS						
Lump Sum Appropriation	2,552,900	4,044,900	2,544,900	2,544,900	2,519,900	¥1
Special Item Subtotal	2,552,900	4,044,900	2,544,900	2,544,900	2,519,900	*
PROGRAM TOTAL	2,552,900	4,044,900	2,544,900	2,544,900	2,519,900	=====
	*			<del>}</del>	S	
BY FUND SOURCE						
General Fund	2,552,900	4,044,900	2,544,900	2,544,900	2,519,900	
PROGRAM TOTAL - ALL SOURCES	2,552,900	4,044,900	2,544,900	2,544,900	2,519,900	

The JLBC Staff recommends a total General Fund appropriation of \$2,519,900 -- a net decrease of \$(1,525,000), or (37.7)% from the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

• Reapportionment Expenses

The elimination of nonrecurring expenses associated with Arizona's decennial reapportionment legislation.

\$(1,500,000) GF

Security Position Transfer
The Legislative Council has proposed that a museum security guard be transferred to the Department of Library, Archives and Public Records. The position has been vacant since mid 1992. The JLBC Staff recommends that the position be eliminated and that the Legislature cooperate with the Department of Public Safety and the Capitol Police to more efficiently and effectively meet the security needs of not only the Department of Library, Archives and Public Records, but all legislative agencies as well.

(25,000) GF

DEPARTMENT: Legislature PROGRAM: Jt Legislative Budget Comm	ittee	JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	0.0	0.0	0.0	0.0	0.0	
SPECIAL LINE ITEMS						*
Lump Sum Appropriation	1,712,600	1,726,400	1,812,500	1,726,400	1,774,500	
Special Item Subtotal	1,712,600	1,726,400	1,812,500	1,726,400	1,774,500	
PROGRAM TOTAL	1,712,600	1,726,400	1,812,500	1,726,400	1,774,500	
BY FUND SOURCE						
General Fund	1,712,600	1,726,400	1,812,500	1,726,400	1,774,500	
PROGRAM TOTAL - ALL SOURCES =	1,712,600	1,726,400	1,812,500	1,726,400	1,774,500	

The JLBC Staff recommends a total General Fund appropriation of \$1,774,500 -- a net increase of \$48,100, or 2.8% to the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

•	Annualization of FY 1993 Pay Adjustment	\$ 20,000	GF
•	Personal Services/ERE Adjustments  Maintains a vacancy factor of 1% which is the standard rate applied to agencies with this number of FTE positions.	9,400	GF
•	ERE Rate Changes	9,300	GF

Data Processing System Replacements

15,000 GF

The JLBC Staff operates a local area, personal computer, network that serves all members of the staff. The network software is technologically obsolete and is no longer maintained by the manufacturer, who is now out of business. New versions of essential word processing, spreadsheet, graphics, and database programs will not operate with the existing network software. One of the 2 file servers that provides centralized data storage for the office, not only lacks adequate storage capacity for daily operations, but will only operate with the current network software. The recommended increase provides for the replacement of a file server, with increased storage capabilities, and the network software.

Other Changes

(5,600) GF

Reflects the elimination of nonrecurring consulting contracts.

DEPARTMENT: Legislature PROGRAM: Auditor General		JLBC ANALYST: OSPB ANALYST:	Morris/Cawl Cockerham	•	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	0.0	0.0	0.0	0.0	0.0	
SPECIAL LINE ITEMS						
Lump Sum Appropriation	7,052,000	7,204,300	8,039,600	7,204,300	7,078,100	
Special Item Subtotal	7,052,000	7,204,300	8,039,600	7,204,300	7,078,100	
PROGRAM TOTAL	7,052,000	7,204,300	8,039,600	7,204,300	7,078,100	
BY FUND SOURCE						
General Fund Other Non-Appropriated Funds	7,052,000 866,700	7,204,300 850,400	8,039,600 789,500	7,204,300	7,078,100 789,500	
PROGRAM TOTAL - ALL SOURCES	7,918,700	8,054,700	8,829,100	7,204,300	7,867,600	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$7,078,100 -- a net decrease of \$(126,200), or (1.8)%, from the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

•	Annualization of FY 1993 Pay Adjustment	\$ 123,300	GF
•	Personal Services/ERE Adjustments Includes a new vacancy factor of 2%, which is the standard rate applied to agencies with this number of FTE positions. The FY 1993 vacancy factor was 0%.	(126,200)	GF
•	ERE Rate Changes	36,700	GF
•	Replacement Equipment	74,500	GF

• Rent - Tucson State Office Building

The JLBC Staff recommends funding for the cost of the space occupied by the Auditor General in the new Tucson Office Building.

30,500 GF

Elimination of Private Lease Funding

(265,000) GF

The Auditor General is 1 of 4 agencies scheduled to relocate to the Sun States Savings Building, located at 44th and Thomas Streets, in Phoenix. This building was acquired as part of the state's RTC/Distressed Properties program. Because the allocation of space in this building, as well as its operating costs are unknown, the lease-purchase payment and all estimated operating costs associated with the building have been included in the Department of Administration's (DOA) budget. As a result, the Auditor General's private lease payment is eliminated. The JLBC Staff recommends that a footnote be added to DOA's operating budget indicating that DOA is responsible for the appropriate pro rata share of the Auditor General's private lease payment if the agency is not relocated to the Sun States Savings building by July 1, 1993. It is anticipated that funding for the Auditor General's Phoenix Office will be restored to this budget next fiscal year, after space allocations are completed.

DEPARTMENT: Legislature
PROGRAM: Library, Arch & Public Records

JLBC ANALYST: Morris/Cawley
OSPB ANALYST: Cockerham

HOUSE SUBCOMMITTEE CHAIR: Groscost
SENATE SUBCOMMITTEE CHAIR: Chesley

				DELITIE DOBOONINITIES OF THE			
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE	
Full Time Equivalent Positions	112.5	112.5	112.5	0.0	109.1		
OPERATING BUDGET		· · · · · · · · · · · · · · · · · · ·		•	#1	*	
Personal Services	2,229,600	2,238,700	2,427,900	0	2,386,800	6	
Employee Related Expenditures	548,600	574,700	623,300	0	541,900		
Professional/Outside Service Travel - In State	54,600 14,100	45,000 13,800	85,000 13,800	0	4,000	*	
Travel - Out of State Other Operating Expenditures	9,400	5,300	5,300	0	5,300		
Equipment Expenditures	870,600 46,000	835,000 40,000	909,900 80,000	0	20,000		
All Other Operating Subtotal	994,700	939,100	1,094,000	0	861,700		
OPERATING SUBTOTAL	3,772,900	3,752,500	4,145,200	0	3,790,400		
SPECIAL LINE ITEMS							
Acquisitions Grants-In-Aid	380,000	380,000	380,000	0	330,000		
Museum Furnishings	300,000 700	482,000 9,000	502,200	0	502,200		
Radio Reading	45,000	60,000	9,000 60,000	0	60,000		
Lump Sum Appropriation	45,000	00,000	00,000	4,775,000	60,000		
Talking Book Program	88,000	91,500	0	4,773,000	0 =		
Special Item Subtotal	813,700	1,022,500	951,200	4,775,000	892,200		
PROGRAM TOTAL	4,586,600	4,775,000	5,096,400	4,775,000	4,682,600		

DEPARTMENT: Legislature PROGRAM: Library, Arch & Public Records		JLBC ANALYST: OSPB ANALYST:		,	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE	(8)					
General Fund Federal Funds Other Non-Appropriated Funds	4,586,600 1,544,700 146,600	808,600	5,096,400 0 229,100	4,775,000	4,682,600 0 229,100	
PROGRAM TOTAL - ALL SOURCES	6,277,900	5,753,300	5,325,500	4,775,000	4,911,700	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$4,682,600 -- a net decrease of \$(92,400), or (1.9)%, from the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

•	FTE Positions Adjustment Eliminates 3.4 unfunded FTE positions to bring the agency's current vacancy factor in line with the standard vacancy factor for an agency with this number of FTE positions. See Personal Services/ERE Adjustments bullet for further information. Eliminating these unfunded positions makes permanent the portion of the FY 1993 lump sum reduction that was achieved through higher vacancy savings.	\$ -0-	· GF	
•	Annualization of FY 1993 Pay Adjustment	95,200	GF	
•	Personal Services/ERE Adjustments Includes a new vacancy factor of 2%, which is the standard rate applied to agencies with this number of FTE positions. The FY 1993 vacancy factor was 5%.	(9,000	) GF	
•	ERE Rate Changes	(59,400	) GF	
•	Professional and Outside Services Reflects a decrease for funds used for exhibits at the Hall of Fame and Capitol museums.	(41,000	) GF	
٠	Other Operating Expenditures Includes a \$600 increase in lease-purchase payments for the Library for the Blind and the Records Management Center. Also included is \$10,000 for risk management, which in the past has been funded through federal monies. The agency will not receive these federal monies for FY 1994. In addition, a \$30,000 decrease is applied. This decrease could limit the number of educational materials, training books and operating supplies that the agency will be able to purchase.	(19,400	) GF	

Equipment

(20,000) GF

This decrease will delay replacement equipment purchases, such as a microfilm camera; a microfilm reader/printer; a cargo van; a copier; a microfiche reader/printer; and computer network upgrades.

Acquisitions

(50,000) GF

The decrease will force the agency to reduce its funding for acquiring various library materials. To ease this decrease in funding, the Courts, the Attorney General's Office, and other state offices utilizing law library materials should consider more cooperative efforts in adding books and other resources to the state law library.

Grants-In-Aid

20,200 GF

Reflects the amount needed to satisfy a federal maintenance-of-effort requirement for receipt of Library Services and Construction Act monies.

• Museum Furnishings

(9,000) GF

This decrease will eliminate General Fund monies for the acquisition of museum furnishings. This appropriation is exempt from A.R.S. § 35-190, relating to the lapsing of appropriations. Museum Furnishings had a FY 1993 carry-forward balance of \$16,400 and will have an anticipated FY 1994 carry-forward of \$5,000.

Talking Book Program

-0- GF

The monies for the 3 FTE positions funded in this special line item have been moved into the appropriate lines in the operating budget (\$71,300, Personal Services; \$17,200, Employee Related Expenditures; and \$3,000, Other Operating Expenditures).

#### Other Issues for Legislative Consideration

Move Security Position from Legislative Council

Legislative Council and Library, Archives and Public Records have agreed to moving 1 FTE position from Legislative Council's budget to Library, Archives and Public Records' budget. This position, at a cost of \$27,300, is for a security staff person who would provide security services for both agencies. In light of current fiscal conditions, the JLBC Staff recommends that the Legislature cooperate with the Department of Public Safety and the Capitol Police to more efficiently and effectively meet the security needs of all its legislative agencies without the development of our own security detail.

DEPARTMENT: Arizona State Lottery Commission		JLBC ANALYST: Bradley OSPB ANALYST: Boncoskey		HOUSE SUBCOMMITTEE CHAIR: Groscost SENATE SUBCOMMITTEE CHAIR: Chesley		
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	131.3	132.3	135.3	129.3	131.3	
OPERATING BUDGET						
Personal Services	3,149,400	3,433,000	3,670,900	3,623,300	3,471,300	
Employee Related Expenditures	743,300	795,400	959,700	837,000	794,400	<del></del>
Professional/Outside Service Travel - In State Travel - Out of State Other Operating Expenditures Equipment All Other Operating Subtotal OPERATING SUBTOTAL SPECIAL LINE ITEMS	420,100 193,400 14,900 2,435,900 10,200 3,074,500 6,967,200	145,600 180,100 9,900 2,520,500 0 2,856,100 7,084,500	165,600 54,400 34,700 3,632,600 954,000 4,841,300 9,471,900	140,600 195,600 15,100 2,687,300 526,100 3,564,700 8,025,000	3,268,200	
Instant Tickets Advertising On-Line Vendor Fees Retailer Commissions Instant Tckt Barcode Sys Sales Incentive Program	900,500 8,578,200 5,581,700 13,066,700 0	1,116,000 9,080,000 5,610,000 13,620,000 450,000	1,609,300 11,260,000 6,450,000 16,890,000 0	1,375,000 10,200,000 6,150,000 15,300,000 0 650,000	9,520,000 5,940,000 14,280,000	
Special Item Subtotal	28,127,100	29,876,000	36,209,300	33,675,000	31,349,300	
AGENCY TOTAL	35,094,300	36,960,500 ===	45,681,200	41,700,000	38,883,200	

DEPARTMENT: Arizona State Lottery Commission		JLBC ANALYST OSPB ANALYST	_	HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:			
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE	
BY FUND SOURCE							
Other Funds Other Non-Appropriated Funds	35,094,300 121,455,300	36,960,500 123,788,800	45,681,200 142,822,100	41,700,000	38,883,200 142,822,100		
AGENCY TOTAL - ALL SOURCES	156,549,600	160,749,300	188,503,300	41,700,000	181,705,300		

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$38,883,200 -- a net increase of \$1,922,700, or 5.2%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

•	Annualization of FY 1993 Pay Adjustment	\$ 112,400	OF
•	Personal Services/ERE Adjustments  Maintains a vacancy factor of 2%, which is the standard rate applied to agencies with this number of FTE positions. The Execut recommends a vacancy factor of 0%.	(2,700)	OF
•	ERE Rate Changes	(3,400)	OF
•	Increased Travel - Out of State Expenses  Due to the increased number of instant ticket games offered each year, more ticket printing days are required. The Arizona Lottery ser  1 person to the ticket manufacturer to oversee this printing process. Since there will be more printing days, the cost of Travel - Out  State will be slightly higher. The Executive recommends an increase of \$5,200.	3,100 ads of	OF
•	Decreased Non-Capitalized Equipment The Arizona Lottery did not request any Non-Capitalized Equipment for FY 1994, which results in a reduction from FY 1993.	(27,500)	OF
•	Reduced Other Professional and Outside Service The amount shown eliminates one-time costs. The Executive recommends an equal decrease.	(25,000)	OF

Equipment

137,200 OF

The \$137,200 increase in replacement equipment costs will fund the following:

- -- A freestanding fireproof safe for storage of cash at the Tucson Office, \$2,200.
- -- Replacement of the existing lottery machine used for drawings, \$100,000. The current machine is over 10-years old and has had breakdowns and failures when tested. If the machine broke during a drawing, adverse publicity and decline in sales would likely occur.
- -- A computer memory board for the mainframe computer system, needed to handle additional processing and storage requirements due to increased instant ticket games and the operation of Fantasy Five, \$35,000.
- One-Time Instant Ticket Barcoding Cost

(450,000) OF

The FY 1993 appropriation contained funds for the purchase and installation of an instant ticket cross-verification barcoding system. The system has been purchased; and, therefore, this one-time cost has been removed.

Sales Related Adjustments

The following changes are based upon an estimate of sales of the following:

Lotto	\$170,000,000
Fantasy Five	28,000,000
Instant Tickets	40,000,000
TOTAL	\$238,000,000

The 4 line items shown below are appropriated as a percentage of sales by formula and, therefore, will vary up or down according to the actual revenue. If the revenue estimates are modified, the JLBC Staff will provide the Legislature with updated estimates for these sales-based line items.

• Instant Tickets

Appropriated at the rate of \$22 per 1,000 tickets purchased. The amount shown funds the purchase of 73,150,000 instant tickets. The Executive recommends funding to purchase 62,500,000 instant tickets.

493,300 OF

Advertising
 The amount shown reflects an appropriation of 4% of sales, which is the maximum allowed by statute. This maintains the 4% level that the Arizona Lottery was appropriated for the current fiscal year. The Executive also recommends this level of funding.

440,000 OF

• On-Line Vendor Fees
On-Line Vendor Fees are paid to contractors that provide the terminals for Lotto and Fantasy Five. These contract costs average 3% of gross on-line sales. The Executive also recommends a 3% appropriation.

330,000 OF

Retailer Commissions

660,000 OF

Retailers are paid 6% of gross ticket sales for carrying Arizona Lottery products. The Executive also recommends a 6% appropriation.

Purchase of Instant Ticket Vending Machines

215,000 OF

The amount shown will fund the purchase of 50 instant ticket vending machines at a cost of \$4,000 each, \$200,000; and the cost of operating and maintenance, estimated to be \$25 per month, \$15,000. Some industry studies have shown that vending machines can increase sales in some locations by as much as 63% to 80%. The Arizona Lottery plans to install these vending machines in selected high volume retailers. In order to have a pay-back period of 1 year, sales at these locations would need to increase by 12.1%. The Executive also recommends this policy issue.

Communications Consultant

20.000 OF

The Arizona Lottery has over 2,000 retailer locations connected by data transmission lines. In FY 1993, the agency will spend \$1,706,400 in telecommunications line charges, or over \$800 per retailer. A preliminary review of the telecommunications network shows the potential for large savings. The communication consultant would study the existing network and recommend an alternative system which would maximize savings to the state. Savings of only 1.2% could result in a pay-back period of less than 1 year. The Executive recommends this policy issue. The Executive also recommends an increase of \$121,200 for telecommunications charges. The JLBC Staff does not recommend an increase above current levels, because savings should be realized prior to the end of FY 1994 from implementation of the consultant's recommendations.

Purchase of Sales Vehicles

89,300 OF

The Arizona Lottery employs 31 FTE positions to deliver tickets, supplies, and marketing materials and to provide services to retailers. As a result, these employees have been using their own personal vehicles for these tasks and have averaged over 19,800 miles each per year. The employees have had to replace their vehicles with greater frequency, and morale and retention are poor. This policy issue would provide funds to purchase 10 vehicles for staff that have averaged over 20,000 miles per year. Actual mileage for these 10 staff varied between 20,884 to 54,525 miles per person in FY 1992. The one-time cost to purchase the vehicles is \$107,800. Mileage costs and other charges from the Department of Administration will be \$74,100 per year. However, savings of \$84,500 from reduced employee travel reimbursement will result in net savings of \$10,400 per year after the first year. The Executive also recommends this policy issue.

Eliminate 2 Data Processing FTE Positions

(93,800) OF

The data processing division at the Arizona Lottery is divided into 3 sections; Programming/Analysis, Operations, and Support. The JLBC Staff has determined that these 3 sections are not properly staffed at this time. The Programming/Analysis section has an excess of staff, the Support section is not large enough to justify a separate section and supervisor, and the Operations section is understaffed. These inequities are addressed in this issue and the following policy issue.

Although much of the data processing is contracted for through vendors, the Arizona Lottery has 6 FTE positions for programming and analysis. Because this is a higher level of staffing than is necessary for efficient operations, the JLBC Staff recommends eliminating 1 Programmer Analyst II position, grade 19. The remaining programming and analysis staff is sufficient for the workload.

The Support section consists of 4 FTE positions, grades 20 through 22, supervised by a Planning Analyst II, grade 22 position. These 4 staff do not justify a separate section and supervisor. The Support section should be combined with the Programming/Analysis section, and the grade 22, Planning Analyst II supervisory position should be eliminated. This will not result in exceeding a reasonable span of supervision. It should also be pointed out that in addition to the section supervisors, the division is supervised by an Assistant Director, grade 24, with 2 assistants.

Add 1 ADP Operator FTE Position

Due to the recent increase in the number of instant ticket games and the additional operation of the Fantasy Five, the mainframe computer system has been operating on a 24-hour basis. In the past, the Operations section had only been staffed for 16-hour operations. As a result, the Operations section averages over 50 hours of overtime per week. The addition of 1 ADP Operator would correct the understaffing of this area and eliminate the costly overtime expenditures. The Executive adds 2 FTE positions and a net increase of \$29,400 after changes made to overtime funding.

24,800 OF

#### Other Issues for Legislative Consideration

Position Reductions

In lieu of a vacancy factor, the Executive recommends eliminating 5 FTE positions but does not reduce funding. This results in an increase in funding of \$85,900 due to the restoration of the 2% vacancy factor applied in FY 1993. The JLBC Staff recommendation eliminates 2 FTE positions and \$(93,800), and also imposes a 2% vacancy factor, as discussed above.

Equipment Purchases

In addition to the equipment items recommended by the JLBC Staff, the Executive recommends \$11,500 for first-year costs to lease-purchase 2 new copiers and \$75,000 for office automation equipment. The JLBC Staff recommendation funds only replacement equipment and does not provide for enhancements to existing operations.

Miscellaneous Adjustments

The Executive provides miscellaneous increases in utilities, rent, and software contracts which total \$39,300. The JLBC Staff did not recommend funding for these items due to a statewide policy of funding no general inflation related increases.

Retailer Incentive Program

The Executive recommends \$650,000 to establish a retailer incentive program. This would be in addition to the 6% retailer commission estimated at \$14,280,000 for FY 1994. This increase amounts to less than \$300 per retailer per year, or less than \$25 per month. Since the funding would be paid to the retailer employees for selling lottery tickets, a retailer with 2 clerks per shift, and 2 shifts, would average less than 25 cents per clerk, per day, in incentives. In order to be cost effective, this incentive program would have to increase sales by a minimum of \$1.8 million. Based upon the current plan and the low incentive provided, the JLBC Staff does not believe this program would produce a sufficient increase to be justified.

DEPARTMENT: Personnel Board		JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	3.0	3.0	3.0	3.0	3.0	
OPERATING BUDGET						
Personal Services	68,400	70,700	72,900	72,900	72,900	
Employee Related Expenditures	14,500	16,800	19,500	17,400	14,500	
Professional/Outside Service Travel - In State Other Operating Expenditures Equipment	95,000 2,000 17,600 7,100	99,400 1,600 35,100 5,300	99,400 2,000 35,600 4,400	99,400 2,000 35,600 4,400	1.600	
All Other Operating Subtotal	121,700	141,400	141,400	141,400	142,600	
AGENCY TOTAL	204,600	228,900	233,800	231,700		
BY FUND SOURCE						
General Fund	204,600	228,900	233,800	231,700	230,000	
AGENCY TOTAL - ALL SOURCES	204,600	228,900	233,800	231,700	230,000	

The JLBC Staff recommends a total General Fund appropriation of \$230,000 -- a net increase of \$1,100, or 0.1%, to the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$ 2,500 GF

ERE Rate Changes

(2,600) GF

• Rent Adjustment 200 GF

• Capitalized and Non-Capitalized Equipment Adjustment 1,000 GF

DEPARTMENT: Arizona State Retirement System		JLBC ANALYST: Brainard OSPB ANALYST: Kearns		HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:		Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	'FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	85.0	87.0	105.0	96.0	93.0	
OPERATING BUDGET						8
Personal Services	1,897,500	1,991,200	2,700,300	2,323,400	2,220,100	s
Employee Related Expenditures	446,800	484,200	745,300	558,400	511,300	
Professional/Outside Service Travel - In State Travel - Out of State Other Operating Expenditures Equipment	178,200 14,600 8,200 396,200 63,100	177,500 10,000 13,600 436,900 47,400	73,600 19,100 29,900 506,100 58,000	177,500 10,000 13,600 442,900 50,900	107,500 10,000 6,800 431,000 18,000	
All Other Operating Subtotal	660,300	685,400	686,700	694,900		
OPERATING SUBTOTAL	3,004,600	3,160,800	4,132,300	3,576,700	3,304,700	
SPECIAL LINE ITEMS						
Auto Facilities Develop. Attorney General IGA Image System	1,785,500 0 0	1,785,500 35,000 0	357,000 0 475,000	0 35,000 475,000	0 0 	
Special Item Subtotal	1,785,500	1,820,500	832,000	510,000		
AGENCY TOTAL	4,790,100	4,981,300	4,964,300	4,086,700	3,304,700	

DEPARTMENT: Arizona State Retirement Syste	em	JLBC ANALYST OSPB ANALYST		110000	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE	250					
Other Funds Other Non-Appropriated Funds	4,790,100 10,131,600		4,964,300 12,124,500	, ,	3,304,700 12,124,500	
AGENCY TOTAL - ALL SOURCES	14,921,700	17,105,800	17,088,800	4,086,700	15,429,200	

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$3,304,700 -- a net decrease of \$(1,676,600), or (33.7)%, from the FY 1993 appropriation.

LBC	Staff Recommended Changes from FY 1993			
•	Annualization of FY 1993 Pay Adjustment	\$ 7	3,500	OF
•	Personal Services/ERE Adjustments  Maintains a vacancy factor of 1.5%, which is the standard rate applied to agencies with this number of FTE positions. The Executive also recommends a vacancy factor of 1.5%. Also included is elimination of a one-time appropriation of \$(34,500), for temporary help to assist with the workload created by the retirement incentive offered between July 1 and October 31, 1992.	•	(0,800	OF
•	ERE Rate Changes	(1	6,700)	OF
•	Professional & Outside Services Adjustment The Legislature appropriated an additional \$70,000 in the agency's FY 1993 budget for actuarial services provided in response to legislative and executive requests preceding and during the 1992 legislative session.		70,000)	OF
•	Travel - Out of State Adjustment	(	(6,800)	OF
•	Other Operating Expenses Adjustment Reduces funding for books and training materials.	(	(9,000)	OF
•	Capitalized and Non-Capitalized Equipment Adjustment  The recommended amount includes funding for 2 microfiche viewers-printers, 1 copier, and various minor office equipment.	2	9,300	OF

Attorney General IGA

(35,000) OF

The State Retirement System received authority to hire and fund an attorney outside of the legislative appropriations process. The \$35,000 appropriated in the current fiscal year is no longer needed.

Automated Facilities Development

(1,785,500) OF

This project is scheduled to be completed by June 1993. A total of nearly \$4 million was appropriated to design and develop this system since FY 1991. The State Retirement System estimates that \$500,000 of the FY 1993 appropriation will not be needed and will revert to the Retirement Fund. Staffing for the system is discussed below.

Automated System Staffing

217,700 OF

With completion of the automated system discussed above, the State Retirement System has requested permanent status for 9 technical staff who are currently developing the system. The Executive recommends 7 additional staff. The JLBC Staff recommends 5 additional staff as follows:

- -- 1 EDP Manager, Grade 25
- -- 1 EDP Programmer Analyst III, Grade 20
- -- 2 EDP Programmer Analysts II, Grade 19
- -- 1 EDP Computer Operator III, Grade 15

International Trade Staff

25,300 OF

The Retirement Fund is increasingly invested in international securities, and the Investment Advisory Council recently increased the number of managers retained for international investment. The JLBC Staff concurs with the Executive's recommendation for funding of 1 additional position to address the workload resulting from this increased activity.

#### Other Issues for Legislative Consideration

Image Management System

The State Retirement System has requested and the Executive recommends \$475,000 as first year funding of a 5-year project to design and implement an Image Management System. The system's total estimated cost is \$1.75 million. Currently, much of the State Retirement System's database is in the form of hard copies on file. Image Management Systems are particularly useful to process large quantities of information contained on paper. The JLBC Staff is not necessarily opposed to an imaging system for the State Retirement System; in fact, we believe that the State Retirement System may be an appropriate candidate to determine the value and usefulness to state government of imaging technology. However, the JLBC Staff believes the costs, benefits and potential savings of an image management system have not been fully explored. In addition, the agency's basic computer system is not expected to be complete until June 1993. We believe that this system should be on-line, fully operational, and proven before monies are expended for additional automated technology. The Legislature may wish to consider appropriating funding to address the feasibility and usefulness of imaging technology to the State Retirement System and the system's potential interface with the automated system currently being developed.

Accounting and Budgeting

The Executive recommends \$32,500 and 1 additional FTE to oversee the agency's accounting and budgeting functions. The JLBC Staff believes the agency's existing staffing level is adequate to address these activities.

DEPARTMENT: Department of Revenue Agency Summary		JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	1,277.8	1,236.0	1,236.0	1,236.0	1,210.0	
BY PROGRAM/ORGANIZATION						
Director's Office	528,300	624,300	639,300	631,800	641,400	
Administrative Services	3,291,100	9,539,400	9,686,900	9,564,700	9,546,800	
Property Valuation	4,430,200	3,287,300	3,412,500	3,292,600	3,270,000	
Fiscal Services & Analysis	9,377,100	0	0	0	0	
Special Support	1,121,000	1,727,000	1,807,500	1,775,600	1,769,800	
Tax Enforcement	17,092,500	17,169,700	18,125,300	17,631,800	17,362,400	
Tax Payer Support	2,823,400	3,877,600	4,148,200	3,999,100	3,972,200	
Data Management	10,722,300	10,880,800	11,435,000	11,104,400	11,009,000	
AGENCY TOTAL	49,385,900	47,106,100	49,254,700	48,000,000	47,571,600	
OPERATING BUDGET				10 111 11		
Personal Services	26,565,800	26,891,700	27,750,900	27,743,900	27,732,500	
Employee Related Expenditures	6,553,100	6,793,800	8,110,900	6,894,500	6,491,400	

DEPARTMENT: Department of Revenue Agency Summary		JLBC ANALYST: Hull OSPB ANALYST: Boncoskey		HOUSE SUBCOMMITTEE CHAIR: Groscost SENATE SUBCOMMITTEE CHAIR: Chesley		
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Professional/Outside Service Travel - In State Travel - Out of State Other Operating Expenditures Equipment	1,884,700 505,100 385,000 11,769,100 1,494,200	2,029,700 504,600 433,700 9,769,200 683,400	2,029,700 504,600 463,700 10,394,900 0	2,029,700 504,600 433,700 10,393,600 0	504,600 433,700	
All Other Operating Subtotal	16,038,100	13,420,600	13,392,900	13,361,600	13,347,700	<del></del>
OPERATING SUBTOTAL	49,157,000	47,106,100	49,254,700	48,000,000	47,571,600	
SPECIAL LINE ITEMS						
SB1170 - Hazardous Prod	228,900	0	0	0	0	
Special Item Subtotal	228,900	0	0	0	0	<del></del>
AGENCY TOTAL	49,385,900	47,106,100	49,254,700	48,000,000	47,571,600	
BY FUND SOURCE						
General Fund Other Non-Appropriated Funds	49,385,900 578,200	47,106,100 3,467,700	49,254,700 4,366,700	48,000,000	47,571,600 4,366,700	
AGENCY TOTAL - ALL SOURCES	49,964,100	50,573,800	53,621,400	48,000,000	51,938,300	

**DEPARTMENT:** 

Department of Revenue

Agency Summary

The JLBC Staff recommends a total General Fund (GF) appropriation of \$47,571,600 -- a net increase of \$465,500, or 1%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

•	FTE Positions Adjustment \$	-0- GF
	The JLBC Staff recommends eliminating a total of (26) unfunded vacant positions, (1) from Property Valuation, (18) from Tax	_
	Enforcement, and (7) from Data Management, to bring the existing vacancy rates for these divisions into line with the standard rates for	
	programs with their respective numbers of FTE positions.	**

•	Annualization of FY 1993 Pay Adjustment	1,025,100 GF
	D 10 ' (FDF 41' )	(00.200), GE

•	Personal Services/ERE Adjustments	(90,300) GF
	Includes a vacancy factor of 2.6%. The Executive recommends a vacancy factor of 4.4%.	

•	ERE Rate Changes	(396,400)	3F
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• R		(53,200) G
• R		(53,200)

•	Non-Capitalized Equipment		3,500) GF
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•	One-Time Capitalized Equipment Adjustment		9,400) (	GF
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• Other Base Adjustments (6,800) GF

#### Other Issues for Legislative Consideration

Project SLIM Changes

During FY 1993, the department implemented Project SLIM recommendations which transferred the functions, 82 FTE positions, and associated funding from Fiscal Services and Analysis to Administrative Services, Special Support, and Taxpayer Support. Subsequent restructuring due to this and other Project SLIM recommendations resulted in the elimination of a net (6) FTE positions and a net savings of \$(245,300), which was transferred from the department to the SLIM fund during FY 1993.

Table 1 shows the evolution of the department's FY 1993 appropriation beginning with the approved FY 1993 appropriation in the first column. The second column spreads the \$(473,500) lump sum reduction over the divisions. The implementation of SLIM recommendations is shown in the third and fourth columns. The third column eliminates and distributes Fiscal Services and Analysis funding to other divisions while the fourth column shows increased and decreased costs due to further SLIM recommendations. The fifth column shows the department's final adjusted FY 1993 appropriation, which is used in our recommendation.

**TABLE 1: FY 1993 APPROPRIATION** 

	Approved Amount	Adjusted for Lump Sum Reduction	Distribution of Fiscal Services & Analysis	Adjusted for Fiscal Services & Analysis	Further SLIM Changes	Final Adjusted Amount
Director's Office	\$ 555,900	\$ 571,500	\$ (2,200)	\$ 569,300	\$ 55,000	\$ 624,300
Administrative Services	3,328,600	3,356,000	6,277,800	9,633,800	(94,400)	9,539,400
Property Valuation	3,290,100	3,340,100	(52,800)	3,287,300	` ′ 0′	3,287,300
Fiscal Services & Analysis	7,697,600	7,682,400	(7,682,400)	0	0	0
Special Support	1,259,800	1,241,800	684,700	1,926,500	(199,500)	1,727,000
Tax Enforcement	17,492,400	17,115,400	63,800	17,179,200	(9,500)	17,169,700
Tax Payer Support	3,026,600	3,000,700	873,800	3,874,500	3,100	3,877,600
Data Management	11,173,900	11,043,500	(162,700)	10,880,800	0	10,880,800
Lump Sum Reduction	(473,500)	0	0	0	0	. 0
TOTAL	\$47,351,400	\$47,351,400	\$0	\$47,351,400	\$(245,300)	\$47,106,100

In addition, Project SLIM estimates \$5,416,000 in increased revenue, with \$1,980,000 due to contracting with the Attorney General's office for an additional lawyer to handle the current case backlog. The \$3,436,000 remainder is due to the more efficient use of tax enforcement types of positions. DOR, the Executive and the JLBC Staff have agreed to assume that the sum of \$3,500,000 will be realized in FY 1994. Tables 2, 3 and 4 show the FTE position and expenditure changes, along with SLIM'S estimates for increased revenues by division within the department.

TABLE 2: SLIM FTE POSITION CHANGES IN FY 1993

	Beginning FTE Positions	Transferred FTE Positions	Subsequent Changes	Net FTE Positions Remaining
Fiscal Services & Analysis	82	(82)		0
Administrative Services	71	38	(3)	106
Special Support	33	18	(4)	47
Tax Payer Support	125	26		151
Tax Enforcement 1/	<b>5</b> 96		1	597
Data Management !/	249			249
Property Valuation	78			78
Director's Office DEPARTMENT TOTAL	$\frac{8}{1,242}$	<u> </u>	(6)	$\frac{8}{1,236}$

<sup>1/</sup> The department added 1 FTE position in Tax Enforcement and deleted 1 FTE position in Data Management during FY 1993 in changes unrelated to SLIM.

TABLE 3: DISTRIBUTION OF \$245,300 OF NET SLIM SAVINGS

	DIRECTOR'S OFFICE	ADMINISTRATIVE SERVICES	SPECIAL SUPPORT	TAX ENFORCEMENT	TAXPAYER SUPPORT	TOTAL
FTE Positions	0			1	0	-6
Personal Services Employee Related Expenditures Professional & Outside Services Travel - In State Travel - Out of State Other Operating Expenditures All Other Operating	\$ 0 0 55,000 0 0 0 55,000	\$(76,700) (22,500) 0 0 	\$(159,600) (37,900) 0 0 (2,000) (2,000)	\$ 15,500 4,500 0 0 (30,000) $\frac{500}{(29,500)}$	\$(1,400) (500) 0 5,000 0 	\$(222,200) (56,400) 55,000 5,000 (30,000) 33,300
TOTAL	<u>\$55,000</u>	<u>\$(94,400)</u>	<u>\$(199,500)</u>	<u>\$(9,500)</u>	<u>\$3,100</u>	<u>\$(245,300)</u>

NOTE: Negative numbers are SLIM savings.
Positive numbers are SLIM increased costs.

TABLE 4: INCREASED REVENUE ESTIMATED BY PROJECT SLIM

	DIRECTOR'S OFFICE	TAX <u>ENFORCEMENT</u>	TAXPAYER SUPPORT	TOTAL
Due to Additional Attorney Due to more DOR Tax Enforcement	\$1,980,000	\$ 0	\$ 0	\$1,980,000
	0	3,076,000	360,000	<u>3,436,000</u>
	\$1,980,000	\$3,076,000	\$360,000	\$5,416,000

DEPARTMENT: Department of Revenue PROGRAM: Director's Office		JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	8.0	8.0	8.0	8.0	8.0	
OPERATING BUDGET						
Personal Services	384,700	403,000	409,000	409,000	409,000	
Employee Related Expenditures	60,300	69,700	78,700	71,200	80,800	
Professional/Outside Service	60,000	125,000	125,000	125,000	125,000	
Travel - In State	1,300	1,600	1,600	1,600	1.600	
Travel - Out of State	5,000	5,000	5,000	5,000	5,000	
Other Operating Expenditures	17,000	20,000	20,000	20,000	20,000	
All Other Operating Subtotal	83,300	151,600	151,600	151,600	151,600	
PROGRAM TOTAL	528,300	624,300	639,300	631,800	641,400	
BY FUND SOURCE						
General Fund	528,300	624,300	639,300	631,800	641,400	
PROGRAM TOTAL - ALL SOURCES	528,300	624,300	639,300	631,800	641,400	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$641,400 -- a net increase of \$17,100, or 2.7%, to the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$ 6,900 GF

• Personal Services/ERE Adjustments

Maintains a vacancy factor of 0%, which is the standard rate applied to programs with this number of FTE positions. The Executive recommends a vacancy factor of 0%.

-0- GF

• ERE Rate Changes

10,200 GF

#### Other Issues for Legislative Consideration

Project SLIM Changes

FY 1993 estimated expenditures were decreased by \$(2,200) in the elimination and distribution of Fiscal Services and Analysis funding and increased by \$55,000 for the department to contract with the Attorney General's office for an additional lawyer to handle the current case backlog. The final adjusted FY 1993 appropriation was \$624,300.

DEPARTMENT: Department of Revenue PROGRAM: Administrative Services		JLBC ANALYS OSPB ANALYS			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	71.0	106.0	106.0	106.0	106.0	
OPERATING BUDGET						
Personal Services	1,285,500	2,271,700	2,346,800	2,332,400	2,346,800	(%)
Employee Related Expenditures	346,600	577,500	690,400	582,800	564,000	
Professional/Outside Service Travel - In State Travel - Out of State Other Operating Expenditures Equipment	142,800 23,500 2,200 1,444,000 39,700	202,000 26,000 3,700 6,458,500 0	202,000 26,000 3,700 6,418,000 0	202,000 26,000 3,700 6,417,800 0	$\frac{26,000}{3,700} = $	
All Other Operating Subtotal	1,652,200	6,690,200	6,649,700	6,649,500	6,636,000	
OPERATING SUBTOTAL	3,284,300	9,539,400	9,686,900	9,564,700	9,546,800	
SPECIAL LINE ITEMS						
SB1170 - Hazardous Prod	6,800	0	0	0	0	
Special Item Subtotal	6,800	0	0	0	0 -	
PROGRAM TOTAL	3,291,100	9,539,400	9,686,900	9,564,700	9,546,800	

DEPARTMENT: Department of Revenue PROGRAM: Administrative Services		JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE	76:					
General Fund Other Non-Appropriated Funds	3,291,100 476,200	9,539,400 3,359,000	9,686,900 4,255,300		9,546,800 4,255,300	
PROGRAM TOTAL - ALL SOURCES	3,767,300	12,898,400	13,942,200	9,564,700	13,802,100	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$9,546,800 -- a net increase of \$7,400, or 0.1%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

\$ 90,000 GF Annualization of FY 1993 Pay Adjustment

Personal Services/ERE Adjustments Includes a new vacancy factor of 2%, which is the standard rate applied to programs with this number of FTE positions. The FY 1993

vacancy factor was 1.5%. The Executive recommends a vacancy factor of 1.5%.

(53,200) GF Rent

Reflects a \$(53,200) decrease in lease-purchase and Tucson Office Building rent to the Department of Administration.

Other Base Adjustments Reflects a \$(1,000) decrease for one-time expense of cabling phones for 5 positions.

#### Other Services for Legislative Consideration

Project SLIM Changes

ERE Rate Changes

FY 1993 estimated expenditures were increased by \$6,277,800 in the elimination and distribution of Fiscal Services and Analysis funding and decreased by a net \$(94,400) due to SLIM recommendations. The final adjusted FY 1993 appropriation was \$9,539,400. Of the 38 FTE positions transferred from Fiscal Services and Analysis to Administrative Services, (3) FTE positions were subsequently eliminated leaving Administrative Services with a final total of 106 FTE positions for FY 1993.

(10,300) GF

(18,100) GF

(1.000) GF

DEPARTMENT: Department of Revenue PROGRAM: Property Valuation		JLBC ANALYST OSPB ANALYST			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	119.0	78.0	78.0	78.0	77.0	
OPERATING BUDGET						
Personal Services	2,895,000	2,154,000	2,210,700	2,210,700	2,210,000	
Employee Related Expenditures	670,000	533,500	614,400	494,500	472,600	
Professional/Outside Service Travel - In State Travel - Out of State Other Operating Expenditures Equipment	486,400 229,200 4,600 116,200 28,800	355,500 158,500 19,000 57,400 9,400	355,500 158,500 19,000 54,400	355,500 158,500 19,000 54,400 0	355,500 158,500 19,000 54,400	
All Other Operating Subtotal	865,200	599,800	587,400	587,400		
PROGRAM TOTAL	4,430,200	3,287,300	3,412,500	3,292,600	3,270,000	
BY FUND SOURCE						
General Fund	4,430,200	3,287,300	3,412,500	3,292,600	3,270,000	
PROGRAM TOTAL - ALL SOURCES	4,430,200	3,287,300	3,412,500	3,292,600	3,270,000	

DEPARTMENT: PROGRAM:

Department of Revenue Property Valuation

The JLBC Staff recommends a total General Fund (GF) appropriation of \$3,270,000 -- a net decrease of \$(17,300), or (0.5)%, from the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

• FTE Positions Adjustment

Eliminates (1) unfunded FTE position to bring the program's current vacancy factor in line with the standard vacancy factor for a program with this number of FTE positions. See Personal Services/ERE Adjustments bullet for further information.

Annualization of FY 1993 Pay Adjustment

65,200 GF

Personal Services/ERE Adjustments
 Includes a new vacancy factor of 1.5%, which is the standard rate applied to programs with this number of FTE positions. The FY 1993
 vacancy factor was 3%. The Executive recommends a vacancy factor of 3%.

(2,000) GF

ERE Rate Changes

(68,100) GF

Non-Capitalized Equipment
 This amount reflects a decrease of \$(3,000) for purchase of non-capitalized equipment.

(3,000) GF

• One-Time Capitalized Equipment Adjustment
This amount reflects a decrease of \$(9,400) for one-time expenses associated with 2 FTE auditor positions.

(9,400) GF

#### Other Issues for Legislative Consideration

Project SLIM Changes

FY 1993 estimated expenditures were decreased by \$(52,800) in the elimination and distribution of Fiscal Services and Analysis funding. The final adjusted FY 1993 appropriation was \$3,287,300.

DEPARTMENT: Department of Revenue
PROGRAM: Fiscal Services & Analysis

JLBC ANALYST: Hull
HOUSE SUBCOMMITTEE CHAIR: Groscost
SENATE SUBCOMMITTEE CHAIR: Chesley

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DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	82.0	0.0	0.0	0.0	0.0	
OPERATING BUDGET						
Personal Services	1,989,000	0	0	0	0	
Employee Related Expenditures	411,100	0	0	0	0	
Professional/Outside Service Travel - In State Travel - Out of State Other Operating Expenditures Equipment	26,300 7,800 2,600 6,734,200 125,900	0 0 0 0	0 0 0 0	0 0 0 0	0	
All Other Operating Subtotal	6,896,800	0	0	0	0	
OPERATING SUBTOTAL SPECIAL LINE ITEMS	9,296,900	0	0	0	0	
SB1170 - Hazardous Prod	80,200	0	. 0	0	0	
Special Item Subtotal	80,200	0	0	0	0	
PROGRAM TOTAL	9,377,100	0	0	0	0	

DEPARTMENT: Department of Revenue PROGRAM: Fiscal Services & Analysi	s	JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
General Fund	9,377,100	0	0	0	0	
PROGRAM TOTAL - ALL SOURCES	9,377,100		0	0		

The JLBC Staff recommends a total General Fund (GF) appropriation of \$0 -- a net change of \$0 from the FY 1993 appropriation.

#### Other Issues for Legislative Consideration

• Project Slim Changes

During FY 1993, the department implemented Project SLIM recommendations which eliminated the Division of Fiscal Services and Analysis by transferring its functions and 82 FTE positions to: Administrative Services, 38 FTE positions; Special Support, 18 FTE positions; and Taxpayer Support, 26 FTE positions. The \$7,682,400 funding for Fiscal Services and Analysis was distributed in the department's subsequent restructuring as follows:

 Administrative Services	\$6,277,800
 Special Support	684,700
 Taxpayer Support	873,800
 Director's Office	(2,200)
 Property Valuation	(52,800)
 Tax Enforcement	63,800
 Data Management	(162,700)
TOTAL	\$7,682,400

DEPARTMENT: Department of Revenue PROGRAM: Special Support		JLBC ANALYST OSPB ANALYST			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	32.8	47.0	47.0	47.0	47.0	
OPERATING BUDGET	V					
Personal Services	859,400	1,367,700	1,405,000	1,405,000	1,405,000	
Employee Related Expenditures	183,000	292,300	333,500	303,600	297,800	
Professional/Outside Service Travel - In State Travel - Out of State Other Operating Expenditures Equipment	7,100 1,600 2,100 45,900 21,900	7,000 13,000 6,000 41,000 0	7,000 13,000 6,000 43,000 0	7,000 13,000 6,000 41,000 0	41,000	
All Other Operating Subtotal	78,600	67,000	69,000	67,000	67,000	
PROGRAM TOTAL	1,121,000	1,727,000	1,807,500	1,775,600	1,769,800	
BY FUND SOURCE						
General Fund	1,121,000	1,727,000	1,807,500	1,775,600	1,769,800	
PROGRAM TOTAL - ALL SOURCES	1,121,000	1,727,000	1,807,500	1,775,600	1,769,800	7

DEPARTMENT:

Department of Revenue

PROGRAM:

Special Support

The JLBC Staff recommends a total General Fund (GF) appropriation of \$1,769,800 -- a net increase of \$42,800, or 2.5%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$ 39,900 GF

• Personal Services/ERE Adjustments

1,100 GF

Maintains a vacancy factor of 1%, which is the standard rate applied to programs with this number of FTE positions. The Executive recommends a vacancy factor of 1%.

• ERE Rate Changes

1,800 GF

#### Other Issues for Legislative Consideration

• Project SLIM Changes

FY 1993 estimated expenditures were increased by \$684,700 in the elimination and distribution of Fiscal Services and Analysis funding and decreased by a net \$(199,500) due to further SLIM recommendations. The final adjusted FY 1993 appropriation was \$1,727,000. Of the 18 FTE positions transferred from Fiscal Services and Analysis to Special Support, (4) FTE positions were subsequently eliminated leaving Special Support with a final total of 47 FTE positions for FY 1993.

DEPARTMENT: Department of Revenue PROGRAM: Tax Enforcement		JLBC ANALYST: OSPB ANALYST:		HOUSE SUBCOMMITTEE CHAIR: Groscost SENATE SUBCOMMITTEE CHAIR: Chesley		
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	595.0	597.0	597.0	597.0	579.0	
OPERATING BUDGET		·		•		
Personal Services	12,216,700	12,709,400	13,104,800	13,124,200	13,092,100	
Employee Related Expenditures	3,071,900	3,251,300	3,782,000	3,298,600	3,061,300	
Professional/Outside Service Travel - In State Travel - Out of State Other Operating Expenditures Equipment	39,700 230,200 364,300 708,000 461,700	138,000 275,000 395,500 400,500 0	138,000 275,000 425,500 400,000 0	138,000 275,000 395,500 400,500 0	138,000 275,000 395,500 400,500 0	(2)
All Other Operating Subtotal	1,803,900	1,209,000	1,238,500	1,209,000	1,209,000	
PROGRAM TOTAL	17,092,500	17,169,700	18,125,300	17,631,800		
BY FUND SOURCE						
General Fund	17,092,500	17,169,700	18,125,300	17,631,800	17,362,400	
PROGRAM TOTAL - ALL SOURCES	17,092,500	17,169,700	18,125,300	17,631,800	17,362,400	

DEPARTMENT:

Department of Revenue

PROGRAM:

Tax Enforcement

The JLBC Staff recommends a total General Fund (GF) appropriation of \$17,362,400 -- a net increase of \$192,700, or 1.1%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

• FTE Positions Adjustment
Eliminates (18) unfunded FTE positions to bring the program's current vacancy factor in line with the standard vacancy factor for a program with this number of FTE positions. See Personal Services/ERE Adjustments bullet for further information.

Annualization of FY 1993 Pay Adjustment

490,200 GF

(58,700) GF

Personal Services/ERE Adjustments
 Includes a new vacancy factor of 3%, which is the standard rate applied to programs with this number of FTE positions. The FY 1993 vacancy factor was 6%. The Executive recommends a vacancy factor of 6%.

• ERE Rate Changes

(238,800) GF

#### Other Issues for Legislative Consideration

Project SLIM Changes

FY 1993 estimated expenditures were increased \$63,800 in the elimination and distribution of Fiscal Services and Analysis funding and decreased by a net \$(9,500) due to further SLIM recommendations. The final adjusted FY 1993 appropriation was \$17,169,700. One net FTE position was added during FY 1993 to Tax Enforcement due to SLIM restructuring for a final total of 597 FTE positions for FY 1993.

• Pre-Project SLIM Changes

One net FTE position was added to Tax Enforcement in changes preceding SLIM. This was offset agencywide by a net reduction of (1) FTE position in Data Management.

DEPARTMENT: Department of Revenue PROGRAM: Tax Payer Support		JLBC ANALYST: OSPB ANALYST:	Hull Boncoskey		BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	121.0	151.0	151.0	151.0	151.0	
OPERATING BUDGET			<del></del>			
Personal Services	1,934,800	2,799,900	2,911,000	2,899,000	2,911,000	
Employee Related Expenditures	551,600	758,200	918,100	780,600	742,100	
Professional/Outside Service Travel - In State Travel - Out of State Other Operating Expenditures Equipment	115,500 11,200 1,400 96,100 56,300	110,000 29,500 3,000 177,000	110,000 29,500 3,000 176,600 0	110,000 29,500 3,000 177,000 0	110,000 29,500 3,000 176,600	
All Other Operating Subtotal	280,500	319,500	319,100	319,500		¥
OPERATING SUBTOTAL SPECIAL LINE ITEMS	2,766,900	3,877,600	4,148,200	3,999,100	3,972,200	
SB1170 - Hazardous Prod	56,500	0	0	0	0	
Special Item Subtotal	56,500	0	0	0	0	
PROGRAM TOTAL	2,823,400	3,877,600	4,148,200	3,999,100	3,972,200	_

DEPARTMENT: Department of Revenue PROGRAM: Tax Payer Support		JLBC ANALYST OSPB ANALYST			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE	.0					
General Fund	2,823,400	3,877,600	4,148,200	3,999,100	3,972,200	*
PROGRAM TOTAL - ALL SOURCES	2,823,400	3,877,600	4,148,200	3,999,100	3,972,200	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$3,972,200 -- a net increase of \$94,600, or 2.4%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$ 128,000 GF

• Personal Services/ERE Adjustments

Maintains a vacancy factor of 2%, which is the standard rate applied to programs with this number of FTE positions. The Executive

(10,100) GF

Maintains a vacancy factor of 2%, which is the standard rate applied to programs with this number of FTE positions. The Executive recommends a vacancy factor of 2%.

• ERE Rate Changes

(22,900) GF

Non-Capitalized Equipment

(400) GF

This amount reflects a decrease of \$(400) for purchase of non-capitalized equipment.

#### Other Issues for Legislative Consideration

Project SLIM Changes

FY 1993 estimated expenditures were increased by \$873,800 in the elimination and distribution of Fiscal Services and Analysis funding and increased by a net \$3,100 due to further SLIM recommendations. The final adjusted FY 1993 appropriation was \$3,877,600. The 26 FTE positions transferred from Fiscal Services and Analysis to Tax Payer Support left Tax Payer Support with a final total of 151 FTE positions for FY 1993.

DEPARTMENT: Department of Revenue PROGRAM: Data Management JLBC ANALYST: Hull HOUSE SUBCOMMITTEE CHAIR: Groscost SENATE SUBCOMMITTEE CHAIR: Chesley

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DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	249.0	249.0	249.0	249.0	242.0	
OPERATING BUDGET	S.					
Personal Services	5,000,700	5,186,000	5,363,600	5,363,600	5,358,600	·,
Employee Related Expenditures	1,258,600	1,311,300	1,693,800	1,363,200	1,272,800	
Professional/Outside Service Travel - In State Travel - Out of State Other Operating Expenditures Equipment	1,006,900 300 2,800 2,607,700 759,900	1,092,200 1,000 1,500 2,614,800 674,000	1,092,200 1,000 1,500 3,282,900 0	1,000 1,500	1,092,200 1,000 1,500 3,282,900 0	1
All Other Operating Subtotal	4,377,600	4,383,500	4,377,600	4,377,600	4,377,600	
OPERATING SUBTOTAL	10,636,900	10,880,800	11,435,000	11,104,400	11,009,000	e
SPECIAL LINE ITEMS						
SB1170 - Hazardous Prod	85,400	0	0	0	0	=
Special Item Subtotal	85,400	0	0	0	0	<u> </u>
PROGRAM TOTAL	10,722,300	10,880,800	11,435,000	11,104,400	11,009,000	

DEPARTMENT: Department of Revenue PROGRAM: Data Management		JLBC ANALYST OSPB ANALYST			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
General Fund Other Non-Appropriated Funds	10,722,300 102,000	10,880,800 108,700	11,435,000 111,400	11,104,400	11,009,000	
PROGRAM TOTAL - ALL SOURCES	10,824,300	10,989,500	11,546,400	11,104,400	11,120,400	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$11,009,000 -- a net increase of \$128,200, or 1.2%, to the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

•	FTE Positions Adjustment Eliminates (7) unfunded FTE positions to bring the program's current vacancy factor in line with the standard vacancy factor for a program with this number of FTE positions. See Personal Services/ERE Adjustments bullet for further information.	\$	-0-	GF
•	Annualization of FY 1993 Pay Adjustment	204,	900	GF
	Personal Services/ERE Adjustments Includes a new vacancy factor of 2%, which is the standard rate applied to programs with this number of FTE positions. The FY 1993 vacancy factor was 5%. The Executive recommends a vacancy factor of 5%.	(10,	300)	GF
•	ERE Rate Changes	(60,	500)	GF
•	Non-Capitalized Equipment  This amount reflects a decrease of \$(100) for purchase of non-capitalized equipment.	(	100)	GF
•	Other Base Adjustments  This amount includes increases of \$640,000 for mainframe computer memory upgrades for year 4 of a 5-year plan, \$30,000 for maintenance of previously bought computer equipment and an offsetting decrease of \$(674,000) for the one-time purchase of capitalized equipment, plus a decrease of \$(1,800) for one-time items associated with new FY 1993 positions.	(5,	800)	GF

#### Other Issues for Legislative Consideration

- Project SLIM Changes
  - FY 1993 estimated expenditures were decreased by \$(162,700) in the elimination and distribution of Fiscal Services and Analysis funding. The final adjusted FY 1993 appropriation for Data Management was \$10,880,800.
- Pre-Project SLIM Changes

One FTE position was deleted from Data Management in changes preceding SLIM for a final total of 249 FTE positions for FY 1993. This was offset agencywide by a net increase of 1 FTE position in Tax Enforcement.

DEPARTMENT: Secretary of State - Department of State		JLBC ANALYST OSPB ANALYST			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	37.0	37.0	34.0	34.0	34.0	
OPERATING BUDGET						
Personal Services	642,400	667,600	676,700	648,900	669,700	3.0
Employee Related Expenditures	162,600	172,400	197,100	157,800	150,700	
Professional/Outside Service	31,300	65,600	32,000	32,000	32,000	
Travel - In State	600	1,600	0	0	0	
Travel - Out of State	1,300	0	0	0	0	
Other Operating Expenditures	343,700	468,800	468,800	464,300	462,800	
Equipment	6,500	0	0	0	0	
All Other Operating Subtotal	383,400	536,000	500,800	496,300	494,800	
OPERATING SUBTOTAL	1,188,400	1,376,000	1,374,600	1,303,000	1,315,200	·
SPECIAL LINE ITEMS						
Rules - Publications Division	156,000	221,300	199,200	199,200	168,700	
Elections Expense	99,200	2,614,400	88,500	88,500	82,100	
Proposition 200	152,800	161,600	174,800	166,100	163,800	
Special Election - State	208,700	0	0	0	0	
Special Eleciton - County	562,000	0	0	0	0	
Special Item Subtotal	1,178,700	2,997,300	462,500	453,800	414,600	
AGENCY TOTAL	2,367,100	4,373,300	1,837,100	1,756,800	1,729,800	1.90

DEPARTMENT: Secretary of State - Department of State		JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
General Fund Other Non-Appropriated Funds	2,367,100 15,000	4,373,300 444,600	1,837,100 0	1,756,800	1,729,800	# 
AGENCY TOTAL - ALL SOURCES	2,382,100	4,817,900	1,837,100	1,756,800	1,729,800	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$1,729,800 -- a net decrease of \$(2,643,500), or (60.4)%, from the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment \$	23,700 GF
Personal Services/ERE Adjustments  Maintains a vacancy factor of 1%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 1%.	(300) GF
ERE Rate Changes	(15,100) GF
FTE Position Reductions The grants in the property in that oliminated 2 Clark Typict III positions and realisticing to Clark Typict II positions to Clark	(27,900) GF
Typist III positions. The net savings includes \$(18,700) in Personal Services and \$(9,200) in ERE. The Executive eliminated the 3 FTE positions for a reduction of \$(49,800).	
Professional and Outside Services  The agency identified the reduction in data processing expenses.	(33,600) GF
Travel - In State The agency eliminated funding for in-state travel.	(1,600) GF
Other Operating Expenditures  The amount reduces funding for non-capitalized equipment.	(1,500) GF
	Personal Services/ERE Adjustments Maintains a vacancy factor of 1%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 1%.  ERE Rate Changes  FTE Position Reductions The agency implemented a reorganization that eliminated 3 Clerk Typist III positions and reclassified 6 Clerk Typist II positions to Clerk Typist III positions. The net savings includes \$(18,700) in Personal Services and \$(9,200) in ERE. The Executive eliminated the 3 FTE positions for a reduction of \$(49,800).  Professional and Outside Services The agency identified the reduction in data processing expenses.  Travel - In State The agency eliminated funding for in-state travel.  Other Operating Expenditures

- Rent
  Represents a reduction in rent for state-owned space.

  (4,500) GF
- Rules-Publications Division

  The agency identified a \$(22,100) reduction in printing expenses. The amount also includes a \$(30,500) reduction in office and non-capitalized equipment.
- Elections Expenses

  (2,532,300) GF

  The amount includes biennial reductions of \$(2,514,600) in election expenses and \$(14,400) in ERE. In-state travel was reduced by \$(1,800) and non-capitalized equipment was reduced by \$(1,500). The Executive reduced Election Expenses by \$(2,525,900).
- Proposition 200

  The amount includes \$4,300 for the annualization of the FY 1993 pay adjustment and a \$(2,100) reduction due to ERE rate changes.

DEPARTMENT: State Board of Tax Appe	eals	JLBC ANALYST OSPB ANALYST			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	9.5	9.5	9.5	9.5	9.5	
OPERATING BUDGET						
Personal Services	415,700	448,600	453,500	450,400	452,600	
Employee Related Expenditures	63,400	59,100	70,100	65,400	69,300	
Professional/Outside Service Travel - In State Travel - Out of State Other Operating Expenditures Equipment	16,800 30,900 4,200 109,000 26,300	21,000 37,000 6,700 107,600 1,700	21,000 46,200 13,400 118,000	5,900 34,800 1,300 114,800	17,000 33,100 3,200 110,500 0	
All Other Operating Subtotal	187,200	174,000	198,600	156,800	163,800	
AGENCY TOTAL	666,300	681,700	722,200	672,600	685,700	
BY FUND SOURCE						
General Fund	666,300	681,700	722,200	672,600	685,700	
AGENCY TOTAL - ALL SOURCES	666,300	681,700	722,200	672,600	685,700	

**DEPARTMENT:** 

State Board of Tax Appeals

The JLBC Staff recommends a total General Fund (GF) appropriation of \$685,700 -- a net increase of \$4,000, or 0.6%, to the FY 1993 appropriation.

## JLBC Staff Recommended Changes from FY 1993

•	Annualization of FY 1993 Pay Adjustment	\$ 7,700	GF
•	Personal Services/ERE Adjustments Includes a vacancy factor of 0%. The JLBC Staff recommends an increase of \$7,500 to restore the FY 1993 lump sum reduction which the agency took from Personal Services in FY 1993. A reduction of \$(7,500) is taken from Other Operating Expenditures to offset the increase. The JLBC Staff also recommends a reduction of \$(10,900) to reflect actual per diem requirements for Division I board members. The Executive recommends a vacancy factor of 0%.	(3,400)	) GF
•	ERE Rate Changes	9,900	GF
•	Professional and Outside Services  The JLBC Staff recommends a reduction in data processing to reflect actual costs. The Executive recommends a reduction of \$(15,100) in Professional and Outside Services.	(4,000)	) GF
•	Travel  The JLBC Staff recommends a reduction of \$(1,500) in In-State Travel for Division I and \$(2,400) for Division II based on projected travel requirements for board members. Also, the JLBC Staff recommends a reduction of \$(3,000) in Out-of-State Travel for Division I and \$(500) for Division II based on actual spending.	(7,400)	) GF
•	Other Operating Expenditures  JLBC Staff recommends an increase of \$10,400 for the lease-purchase payment requirement for the Courts Building. The JLBC Staff also recommends a reduction of \$(7,500) for the FY 1993 lump sum reduction.	2,900	GF
•	Zero Base Capitalized Equipment	(1,700)	) GF

DEPARTMENT: Office of Tourism		JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	19.0	17.0	22.0	19.0	18.0	
OPERATING BUDGET						
Personal Services	545,900	507,000	652,000	567,000	564,500	Va/
Employee Related Expenditures	113,500	114,500	152,300	117,400	112,700	
Professional/Outside Service Travel - In State Travel - Out of State Other Operating Expenditures Equipment	122,700 18,200 45,900 596,400 38,500	150,000 17,000 62,000 602,500 10,000	175,000 29,000 66,800 730,200 36,200	150,000 22,000 52,000 640,500 15,000	140,000 17,000 50,000 666,300 10,000	
All Other Operating Subtotal	821,700	841,500	1,037,200	879,500	883,300	
OPERATING SUBTOTAL	1,481,100	1,463,000	1,841,500	1,563,900	1,560,500	
SPECIAL LINE ITEMS						
Media Advertising/Promo Tourism Fund	1,929,400 2,027,200	1,932,000 2,234,700	4,199,300 2,234,700	1,477,800 2,368,800	3,846,600	
Special Item Subtotal	3,956,600	4,166,700	6,434,000	3,846,600	3,846,600	
AGENCY TOTAL	5,437,700	5,629,700	8,275,500	5,410,500	5,407,100	

DEPARTMENT: Office of Tourism		JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE	*					
General Fund Other Non-Appropriated Funds	5,437,700 56,900	5,629,700 87,000	8,275,500 87,000	5,410,500	5,407,100 87,000	
AGENCY TOTAL - ALL SOURCES	5,494,600	5,716,700	8,362,500	5,410,500	5,494,100	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$5,407,100 -- a net decrease of \$(222,600), or (4.0)%, from the FY 1993 appropriation.

The recommended amount reflects a reduction in the use of temporary personnel.

### JLBC Staff Recommended Changes from FY 1993

•	FTE Positions Adjustment  Eliminates 1 unfunded FTE position to bring the agency's current vacancy factor in line with the standard vacancy factor for an agency with this number of FTE positions. See Personal Services/ERE Adjustments for further information.	; <u>-</u> 0-	- GF
•	Annualization of FY 1993 Pay Adjustment	14,400	) GF
•	Personal Services/ERE Adjustments Includes a new vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The FY 1993 vacancy factor was 5.9%. The Executive considers the FY 1993 amount full funding and recommends a vacancy rate of 0%.	(6,300	)) GF
•	ERE Rate Changes	(13,400	)) GF
•	Painted Cliffs Welcome Center FTE Positions  The Painted Cliffs Welcome Center is estimated to be completed near the beginning of FY 1994. An additional 2 FTE positions are required to operate the center. The recommended amount includes \$61,000 for Personal Services and ERE, \$68,000 for the lease-purchase payment, and \$14,800 for operating costs associated with the facility. The Executive recommends \$145,100, which includes \$57,100 for Personal Services and ERE, \$68,000 for the lease-purchase payment, \$10,000 for operating costs associated with the facility, \$5,000 for Travel In-State, and \$5,000 for Equipment.	143,800	GF
•	Professional and Outside Services	(10,000	)) GF

Travel - Out of State

(12,000) GF

The recommended amount represents a (47)% reduction in projected international travel. As the agency expects private sector support, the General Fund savings are not equal to the full cost of the eliminated travel. Of the agency's request, 54% was for the following: 2 trips to Japan, 8 trips to Europe, 11 trips to Mexico, and 6 trips to Canada. The Executive recommends a reduction of \$(10,000).

Other Operating Expenditures

(19,000) GF

The recommended amount represents a reduction of \$(7,500) in non-capitalized equipment and a reduction of \$(11,500) to reflect actual FY 1994 occupancy costs of \$53,500. The Executive recommends a reduction of \$(40,000) as part of the Executive's 4% reduction.

Tourism Fund

(2,234,700) GF

The JLBC Staff recommends deleting A.R.S. § 42-1341(C)(3)(c) (Laws 1990, Chapter 391), which allocates 75% of the growth of the last 0.5% of bed tax revenues from the General Fund to the Tourism Fund, in addition to a base appropriation of \$2,000,000. The Tourism Fund, without a statutory change, will increase due to projected growth in bed tax revenues during FY 1993 to \$2,452,000, an increase of \$217,300. Growth through September 1992 was 12.9% and is expected to continue at that pace through FY 1993. As the Tourism Fund is to be used for media advertising, the JLBC Staff recommends that these funds be combined with the Media Advertising and Promotion special line item to allow the Legislature greater flexibility in determining the necessary level of funding. The Executive recommends an increase of \$134,100 based on projected growth in bed tax revenues of 6.0%.

Media Advertising and Promotion

1,914,600 GF

The recommended amount consists of the following changes:

- -- The transfer of \$2,234,700 from the Tourism Fund to the Media Advertising and Promotion special line item;
- -- A reduction of \$(143,800) to offset the operating costs associated with the Painted Cliffs Welcome Center;
- -- A reduction of \$(132,300) to eliminate research funding;
- -- A reduction of \$(25,000) for the Mexico Trade Office as the Department of Commerce will receive full funding in FY 1994; and
- -- Other reductions of \$(19,000).

These changes would fund a total media advertising program of \$3,846,600, which is the same dollar amount recommended by the Executive and \$(320,100), or (7.7)% below the FY 1993 level. It should be noted that these monies are not strictly used for media advertising. In FY 1993, for example, \$127,300 was used to fund a tourism research grant with Northern Arizona University, while another \$400,000 was granted to the Fiesta Bowl to offset the loss of its corporate sponsor.

DEPARTMENT: State Treasurer		JLBC ANALYST OSPB ANALYST			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	31.0	30.0	34.0	30.0	34.0	
OPERATING BUDGET						
Personal Services	844,800	935,700	1,029,400	957,600	1,051,300	
Employee Related Expenditures	183,900	205,100	227,800	207,200	225,300	
Professional/Outside Service Travel - In State Travel - Out of State Other Operating Expenditures Equipment	120,100 1,300 10,300 85,200 7,200	128,000 2,000 14,000 158,600 15,000	128,000 3,200 15,500 212,400 35,300	128,000 2,000 14,000 176,000 0	2,000 14,000 176,000 18,000	
All Other Operating Subtotal	224,100	317,600	394,400	320,000	336,500	the flat of
OPERATING SUBTOTAL	1,252,800	1,458,400	1,651,600	1,484,800	1,613,100	
SPECIAL LINE ITEMS						
Justice of Peace Salaries Distribution of Tax Protest Monies	1,544,200 3,629,700	1,879,500 0	1,979,500 0	1,879,500	1,879,500	
Special Item Subtotal	5,173,900	1,879,500	1,979,500	1,879,500	1,879,500	
AGENCY TOTAL	6,426,700	3,337,900	3,631,100	3,364,300	3,492,600	

DEPARTMENT: State Treasurer			JLBC ANALYST: OSPB ANALYST:		HOUSE SUI SENATE SUI	Groscost Chesley		
DESCRIPT	TON	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLAT WORK SPACE	
BY FUND	SOURCE							
General F	<sup>7</sup> und	6,426,700	3,337,900	3,631,100	3,364,300	3,492,600		
AGENCY T	TOTAL - ALL SOURCES	6,426,700	3,337,900	3,631,100	3,364,300	3,492,600		
JLBC 9	Staff Recommended Changes from I Annualization of FY 1993 Pay Adjus Personal Services/ERE Adjustments Maintains a vacancy facto recommends a vacancy fac	tment	h is the standard rate appli	ied to agencies	with this number of FTI	E positions. The Executive	24,500	
•	Treasurer's Office currently FTE positions for several y	manages an in ears. The 4 p a Fiscal Service	vestment pool totaling apprositions include an EDP Te ses Specialist I. The recom	oximately \$3 bil chnical Suppor	llion, and has not received a t Specialist II, a Fiscal Ser	n investment activities. The additional investment-related vices Specialist III, a Fiscal sonal Services and \$22,800	1 1	GF
•	ERE Rate Changes						(5,400)	GF
•	Professional & Outside Services Reduces data processing fu	inding.					(1,500)	GF

Rent

Equipment

The amount funds additional state-owned space.

The amount provides funding for expansion of the agency's telephone system.

17,400 GF

3,000 GF

### Other Issues for Legislative Consideration

• Increase Investment Management Fees

The JLBC Staff would suggest making the above 4 FTE position increase contingent upon the Treasurer raising the investment management fee from 10 basis points to the maximum of 12 basis points permitted by law. This would increase General Fund revenue by \$400,000, but still represents a relatively low fee as compared to private firms.

DEPARTMENT: Commission On Uniform	JLBC ANALYST: OSPB ANALYST:		HOUSE SUI SENATE SUI	Groscost Chesley		
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	0.0	0.0	0.0	0.0	0.0	
OPERATING BUDGET						
Personal Services	800	1,800	1,500	1,500	1,300	
Travel - In State Travel - Out of State Other Operating Expenditures	100 5,500 14,500	500 5,000 16,100	500 6,700 15,800	500 6,000 15,800	5,000 5,000 16,100	
All Other Operating Subtotal	20,100	21,600	23,000	22,300	21,600	-
AGENCY TOTAL	20,900	23,400	24,500	23,800	22,900	
BY FUND SOURCE						
General Fund	20,900	23,400	24,500	23,800	22,900	
AGENCY TOTAL - ALL SOURCES	20,900	23,400	24,500	23,800	22,900	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$22,900 -- a net decrease of \$(500), or (2.1)%, from the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

Personal Services
 The JLBC Staff recommends a decrease in Personal Services to reflect actual spending.

\$ (500) GF

-0- GF

Travel - Out of State

The Conference of Commissioners on Uniform Laws will be held in San Francisco in FY 1993. In FY 1994, the conference will be held in Charleston, South Carolina. The JLBC Staff believes that the FY 1993 funding level will be adequate for the FY 1994 conference. The Executive recommendation includes an increase of \$1,000.

**HEALTH AND WELFARE** (HW)

DEPARTMENT: Arizona Health Care Agency Summary	ainment System	JLBC ANALYST OSPB ANALYST		HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:		Edens Huppenthal	
DESCRIPTION		FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	(GF) <sup>1/</sup> (TF)	876.2 1,733.7	981.5 1,948.2	1,070.8 2,131.2	1,037.4 2,079.4	962.7 1,991.9	
BY PROGRAM/ORGANIZATION							
Administration	(GF) (TF)	27,207,800 54,249,000	24,879,100 52,365,000	31,895,400 65,422,400	21,750,300 56,971,500	24,559,500 53,403,700	
DES-AHCCCS	(GF) (TF)	13,071,800 25,855,600	15,014,600 30,682,300	18,823,400 38,279,300	17,999,600 36,017,200	16,744,400 34,000,000	
DHS-AHCCCS	(GF) (TF)	175,500 9,079,600	666,000 12,306,200	0 0	0 12,792,700	666,000 13,368,900	
Acute Care	(GF) (TF)	379,995,400 898,192,700	415,300,100 1,085,947,400	530,060,100 1,271,067,600	501,862,400 1,224,782,300	412,110,000 1,195,040,800	
Long Term Care	(GF) (TF)	0 228,780,800	0 264,236,000	0 297,598,000	293,012,000	299,078,200	
AGENCY TOTAL	(GF) (TF)	420,450,500 1,216,157,700	455,859,800 1,445,536,900	580,778,900 1,672,367,300	454,859,800 1,667,178,900	454,079,900 1,594,891,600	

<sup>1/</sup> SM or State Match = General Fund and County Funds
TF or Toal Funds = General Fund, County, Federal and Misc. Funds
GM = General Fund

DEPARTMENT: Arizona Health Ca Agency Summary	ntainment Systen	JLBC ANALYST: OSPB ANALYST:		HOUSE SUI SENATE SUI	Edens Huppenthal		
DESCRIPTION		FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
OPERATING BUDGET							
Personal Services	(GF) (TF)	188,554,500 36,470,600	19,439,400 39,442,700	23,047,200 46,246,000	18,671,200 42,767,400	19,828,500 41,578,500	
Employee Related Expenditures	(GF) (TF)	4,444,700 7,969,600	4,818,400 9,801,600	6,544,700 13,138,700	4,729,500 10,867,800	5,027,200 10,528,500	
Professional/Outside Services	(GF) (TF)	7,169,400 14,498,400	7,066,900 15,977,000	4,311,600 9,864,500	3,597,500 9,718,800	6,717,800 15,251,100	
Travel - In State	(GF) (TF)	221,500 461,700	244,100 512,000	428,800 880,600	427,500 918,600	250,100 525,100	
Travel - Out of State	(GF) (TF)	18,600 36,100	19,100 40,800	22,200 40,900	15,300 40,900	19,100 40,800	
Other Operating Expenditures	(GF) (TF)	6,846,200 13,501,100	7,360,900 15,279,800	9,273,000 18,067,000	7,666,000 17,736,000	7,382,100 15,326,300	
Equipment	(GF) (TF)	87,100 166,800	331,500 733,100	1,479,700 3,101,900	582,300 1,504,100	362,800 797,400	
All Other Operating Subtotal	(GF) (TF)	14,342,800 28,664,100	15,022,500 32,542,700	15,515,300 31,954,900	12,288,600 29,918,400	14,731,900 31,940,700	
OPERATING SUBTOTAL	(GF) (TF)	37,342,000 73,104,300	39,280,300 81,787,000	45,107,200 91,339,600	35,689,300 83,553,600	39,587,600 84,047,700	×

DEPARTMENT: Arizona Health Care Cost Containment System Agency Summary			JLBC ANALYST: OSPB ANALYST:		HOUSE SUBCOMMITTEE CHAIR: Edens SENATE SUBCOMMITTEE CHAIR: Huppenthal		
DESCRIPTION		FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
SPECIAL LINE ITEMS							
DOA Data Center	(GF) (TF)	0	0 0	4,651,800 10,320,600	3,209,600 7,642,000	0	
Board of Nursing	(GF) (TF)	0	68,300 209,700	68,300 209,700	68,300 209,700	0	
FY91 DOA/Consulting Bills	(GF) (TF)	1,385,800 2,350,700	0	0	0	0 _	
Acute Care Capitation	(GF) (TF)	320,986,100 629,563,000	361,376,000 737,203,700	411,873,700 884,185,500	408,581,800 856,164,900	407,205,400 853,859,800	
Other Legislation	(GF) (TF)	1,237,900 4,125,000	0	0	0	0	
Fee For Service	(GF) (TF)	65,516,900 123,557,600	55,949,100 128,778,700	85,496,300 186,200,500	80,375,000 164,522,900	72,057,400 155,832,600	
Reinsurance	(GF) (TF)	14,059,100 20,448,500	29,154,400 41,913,100	38,068,900 49,217,500	35,054,100 45,130,100	35,908,000 46,292,300	
Deferred Liability	(GF) (TF)	16,855,500 22,698,800	20,936,700 42,897,200	29,798,700 44,753,700	23,722,300 37,340,000	23,562,500 35,462,600	
Medicare Premiums	(GF) (TF)	1,403,000 8,567,800	2,238,900 8,422,300	2,307,000 6,432,100	3,060,000 9,000,000	2,729,600 8,004,100	

DEPARTMENT: Arizona Health Care Cost Containment System Agency Summary			JLBC ANALYST OSPB ANALYST		HOUSE SU SENATE SU	Edens Huppenthal	
DESCRIPTION		FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
QMB	(GF) (TF)	304,100 949,900	325,800 1,051,500	659,900 1,934,500	0	659,500 1,933,800	
Health Care Group	(GF) (TF)	196,600 198,000	103,700 103,700	58,300 58,300	0	0	
Ind. Advisory Council	(GF) (TF)	48,000 144,800	93,000 186,000	175,000 350,000	93,000 186,000	93,000 186,000	
DES DDSA	(GF) (TF)	49,300 101,300	175,400 350,700	100,000 199,900	176,200 352,400	95,000 189,900	
EPSDT Mental Health	(GF) (TF)	886,000 24,514,300	1,000,000 37,768,100	0	1,000,000 24,731,600	33,000,000	
DES PASARR	(GF) (TF)	20,000 80,500	53,100 211,300	53,700 214,600	9,000 36,000	53,500 212,900	
Fed Funds Program	(GF) (TF)	0	504,500 1,009,000	504,500 1,009,000	504,500 1,009,000	518,100 1,036,100	
Disproportionate Share Payments	(GF) (TF)	25,955,600 67,892,800	23,758,700 67,892,800	33,545,100 98,343,800	23,758,700 67,892,800	23,758,700 67,892,800	
MEDICS	(GF) (TF)	0	0 0	0	0	1,341,300 2,541,200	
Long Term Care Lump Sum	(GF) (TF)	83,049,300 228,780,800	92,297,600 264,236,000	101,510,700 297,598,000	101,242,600 293,012,000	101,989,600 299,078,200	

DEPARTMENT: Arizona Health Care C Agency Summary	JLBC ANALYST: Headley OSPB ANALYST: Kearns				HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:			
DESCRIPTION		FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS		FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DHS PASARR	(GF) (TF)	32,500 129,600	94,300 384,600		0	0 384,600	94,300 <u> </u>	
Indirect Cost - Licensure	(GF) (TF)	65,500 37,200	187,100 374,200		0	0 12,408,100	187,100 <u> </u>	
FY 91 CRS	(GF) (TF)	77,500 207,200	0		0	0 0	0 _	2
Governor's Health Care Refinancing Plan	(GF) (TF)	0	0		0	-86,752,500 43,603,200	0	
JLBC Budget Reduction Proposal Proposals	(GF) (TF)	0	0		0	0	-82,118,400 -33,237,200	
Special Item Subtotal	(SM) (TF)	532,128,700 1,143,053,400	588,316,600 1,363,749,900		708,871,900 1,581,027,700		670,253,000 1,544,081,100	
Less: County Acute Care Contribution		-62,394,300	-65,076,100		-65,076,100	-65,076,100	-65,076,100	
Misc Funds Offset		-3,576,600	-6,613,400		-3,576,600	-6,613,400	-3,576,600	
SLIAG Offset		0	-7,750,000		0	-2,000,000	-3,000,000	
County LTC Contribution		-83,049,300	-92,297,600		-101,510,700	-101,242,600	-101,989,600	

DEPARTMENT: Arizona Health Care ( Agency Summary	Cost Containment System	JLBC ANALYST: Headley OSPB ANALYST: Kearns		HOUSE SUI SENATE SUI	Edens Huppenthal	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
AGENCY TOTAL	(GF) 420,450,500 (TF) 1,216,157,700	455,859,800 1,445,536,900	580,778,900 1,672,367,300	454,859,800 1,667,178,900	454,079,900 1,594,891,600	
BY FUND SOURCE						
General Fund Federal Funds County Funds Misc. Funds AGENCY TOTAL - ALL SOURCES	420,450,500 646,687,000 145,443,600 3,576,600 1,216,157,700	455,859,800 825,690,000 157,373,700 6,613,400 1,445,536,900	580,778,900 918,388,200 166,586,800 6,613,400 1,672,367,300	454,859,800 1,039,387,000 166,318,700 6,613,400 1,667,178,900	454,079,900 970,169,400 167,065,700 3,576,600	

**DEPARTMENT:** 

Arizona Health Care Cost Containment System

Agency Summary

The JLBC Staff recommends a total General Fund (GF) appropriation of \$454,079,900 and a Total Funds (TF) appropriation of \$1,594,891,600, -- a net decrease of \$(1,779,900) (GF), or (0.4)%, and a net increase of \$149,354,700 (TF), or 10.3%, to the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

#### Administration

		New Positions for Demographic Growth	\$ 465,700 GF 1,017,100 TF
		Annualization of FY 1993 Pay Adjustment	374,100 GF 797,500 TF
		Hospital Reimbursement	320,600 GF 641,100 TF
		Fund Mix Changes	(930,200) GF -0- TF
		DOA Data Center	(437,600) GF (1,042,000) TF
		Health Care Group/Board of Nursing/Other Changes	(112,200) GF (375,000) TF
•	DES-AH	CCCS	
		Move MEDICS Funding to DES-AHCCCS	1,341,300 GF 2,541,200 TF
		Annualization of FY 1993 Pay Adjustment	388,500 GF 777,000 TF
		Other Changes	-0- GF (500) TF

#### DHS-AHCCCS

	1,062,700 TF
Acute Care	
Demographic Growth	50,233,100 GF 98,064,800 TF
Capitation Increase/Medical Inflation	21,144,700 GF 42,589,800 TF
Less SLIAG Revenue/Lower Miscellaneous Funds Offset	7,786,800 GF -0- TF
JLBC Budget Reduction Proposals	(82,118,400) GF (33,237,200) TF
Other Acute Care Changes	(236,300) GF 1,676,000 TF

#### Long Term Care

Lump Sum Appropriation

Childrens Rehabilitative Services

-0- GF 34,842,200 TF

-0- GF

#### Other Issues for Legislative Consideration

#### Project SLIM

The Project SLIM study of the AHCCCS Administration produced 22 some recommendations, including such proposals as the consolidation of all AHCCCS eligibility work with the state, reducing the agency's reliance on data processing consultants, and a variety of miscellaneous proposals to reorganize certain agency functions or divisions. However, the Executive and JLBC recommendations for FY 1994 do not reflect any SLIM proposals, generally because the SLIM proposals have been previously rejected, or changes needed to realize SLIM savings may not be made.

The SLIM recommendation to move all AHCCCS eligibility work from the counties to the state was also recommended by the JLBC Staff as part of the JLBC Staff FY 1993 Budget Recommendation for AHCCCS. This proposal was not adopted however, but the Staff would again note that the possibility for significant state savings do exist in light of AHCCCS estimates that approximately 18% of the state-funded Medically Needy/Medically Indigent population are in fact eligible for federally-reimbursed groups. The Staff recommendation was based on the assumption that DES would be more effective than the counties in making determinations for federal eligibility. SLIM estimated the full year state savings of this proposal to be \$24 million.

Another SLIM proposal, the elimination of most data processing consultants, is estimated by SLIM to save \$2.7 million. Together, the SLIM proposal to consolidate AHCCCS eligibility with the state and eliminate data processing consultants account for 95% of the total state savings identified by Project SLIM for AHCCCS. The remaining 20 SLIM recommendations generally derive small savings through reorganizing functions and eliminating FTE positions. The SLIM recommendation to eliminate data processing consultants was not included in the JLBC Staff recommendation largely because of obstacles facing the agency in hiring skilled data processing staff at salary levels offered by the state. While the agency is working to reduce its reliance on outside consultants, practical realities prevent the immediate replacement of all consultants. Other SLIM recommendations addressing an agency reorganization have not been supported by the agency, and it is unclear if these would be implemented, even if the administrative appropriation was reduced to reflect the SLIM proposals. Again, savings from these miscellaneous proposals are small, so a reduction attributed to these would most likely not be sufficient to compel a change by the agency.

DEPARTMENT: Arizona Health Ca PROGRAM: Administration	are Cost Cont	ainment Systen	JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION		FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	(GF) ½' (TF) ==	476.8 932.7	491.1 963.7	521.5 1,031.7	495.2 995.0	466.0 994.7	
OPERATING BUDGET							
Personal Services	(GF) (TF)	10,386,800 20,317,400	10,594,400 21,282,500	12,584,900 24,897,300	8,628,200 22,681,400	10,640,400 22,732,200	
Employee Related Expenditures	(GF) (TF)	2,341,400 3,820,800	2,520,300 5,083,300	3,452,600 6,829,400	2,159,000 5,726,800	2,597,300 5,546,700	
Professional/Outside Services	(GF) (TF)	6,963,900 14,087,400	7,034,100 15,908,900	4,263,700 9,767,000	3,551,100 9,626,000	6,685,000 15,183,000	
Travel - In State	(GF) (TF)	60,700 140,000	73,200 161,000	102,400 214,700	66,300 196,200	79,200 174,100	
Travel - Out of State	(GF) (TF)	16,200 31,400	18,000 38,500	21,000 38,500	14,100 38,500	18,000 38,500	
Other Operating Expenditures	(GF) (TF)	4,523,300 8,946,500	4,062,600 8,699,300	5,095,100 9,752,100	3,485,100 9,374,200	4,083,800 8,745,800	
Equipment	(GF) (TF)	47,200 87,000	311,500 692,100	1,422,300 2,984,800	475,600 1,290,700	362,800 797,400	
All Other Operating Subtotal	(GF) (TF)	11,611,300 23,292,300	11,499,400 25,499,800	10,904,500 22,757,100	7,592,200 20,525,600	11,228,800 24,938,800	

DEPARTMENT: Arizona Health (PROGRAM: Administration	Care Cost Con	tainment System	JLBC ANALYST: OSPB ANALYST:	Headley Kearns	HOUSE SUBCOMMITTEE CHAIR: Edens SENATE SUBCOMMITTEE CHAIR: Huppenthal		
DESCRIPTION		FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
OPERATING SUBTOTAL	(GF) (TF)	24,339,500 47,430,500	24,614,100 51,865,600	26,942,000 54,483,800	18,379,400 48,933,800	24,466,500 53,217,700	
SPECIAL LINE ITEMS							
DOA Data Center	(GF) (TF)	0 0	0	4,651,800 10,320,600	3,209,600 7,642,000	0	
Board of Nursing	(GF) (TF)	0 0	68,300 209,700	68,300 209,700	68,300 209,700	0 =	
FY91 DOA/Consulting Bills	(GF) (TF)	1,385,800 2,350,700	0	0	0	0	
Other Legislation	(GF) (TF)	1,237,900 4,125,000	0 0	0	0 0	0 =	
Health Care Group	(GF) (TF)	196,600 198,000	103,700 103,700	58,300 58,300	0	0 _	
Ind. Advisory Council	(GF) (TF)	48,000 144,800	93,000 186,600	175,000 350,000	93,000 186,000	93,000 186,000	
Special Item Subtotal	(GF) (TF)	2,868,300 6,818,500	265,000 499,400	4,953,400 10,938,600	3,370,900 8,037,700	93,000 186,000	
PROGRAM TOTAL	(GF) (TF)	27,207,800 54,249,000	24,879,100 52,365,000	31,895,400 65,422,400	21,750,300 56,971,500	24,559,500 53,403,700	

DEPARTMENT: Arizona Health Care Cost PROGRAM: Administration	t Containment System	JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE				8		
General Fund Federal Funds	27,207,800 27,041,200	24,879,100 27,485,900	31,895,400 33,527,000	21,750,300 35,221,200	24,559,500 28,844,200	
PROGRAM TOTAL - ALL SOURCES	54,249,000	52,365,000	65,422,400	56,971,500	53,403,700	

<sup>1/</sup> GF = General Fund

The JLBC Staff recommends a General Fund (GF) appropriation of \$24,559,500 and a Total Funds (TF) appropriation of \$53,403,700 -- a net decrease of \$(319,600) (GF), or (1.3)%, and a net increase of \$1,038,700 (TF), or 2.0%, to the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

•	Annualization of FY 1993 Pay Adjustment	\$374,100 GF 797,500 TF
•	Personal Services/ERE Adjustments  Maintains a veceney factor of 4.5%. The Everytime also accounts to 4.5%.	(19,400) GF (43,600) TF
	Maintains a vacancy factor of 4.5%. The Executive also recommends a vacancy factor of 4.5%.	
30	ERE Rate Changes	57,400 GF 196,400 TF

TF = General Fund and Federal Funds

Personal Services/ERE Fund Mix Changes

(730,600) GF -0- TF

The recommended reduction is based largely on an anticipated shift in the federal/state administrative fund mix as a result of the JLBC Staff recommendation to limit services for undocumented aliens to emergency services only. The shift of a portion of the AHCCCS population away from 100% state funded eligibility to federally-reimbursed emergency services will mean that a greater portion of the administrative workload will be related to the federally-eligible population. The Executive's proposals would shift an even greater portion of the AHCCCS population to federal eligibility and include a General Fund reduction of \$4.9 million associated with resulting changes in the administrative match rate.

Annualization of Mental Health Positions

21,800 GF (214,400) TF

Provides full year funding for 21 FTE positions added in FY 1993 for the implementation of the Medicaid Adult Mental Health program. Additionally, one-time Equipment and Professional and Outside Services costs of \$62,100 GF and \$397,100 TF are eliminated.

• All Other Operating Fund Mix Changes

(199,600) GF

-0- TF

As with Personal Services and ERE fund mix changes, this change also reflects the recommended shift in AHCCCS population to greater numbers of federally-eligible clients.

• DOA Data Center

(437,600) GF (1,042,000) TF

This item, which is currently reflected in the Professional and Outside Services line item, represents AHCCCS' costs of utilizing data processing hardware and services of the Department of Administration Data Center. The reduction is based on estimated FY 1994 Data Center costs of \$2,772,000 GF and \$6,600,000 TF. The Executive has recommended no change in the amount appropriated for Data Center costs but does recommend that this cost be reflected in a special line item.

• Long Term Care Eligibility Workers

378,800 GF 823,600 TF

The JLBC Staff recommends the addition of 25 FTE positions for financial eligibility determinations in the Arizona Long Term Care System. Population growth has increased the number of eligibility determinations that are being completed later than federal standards allow (90 days for most applications). In FY 1992, an average of 92% of all financial eligibility determinations were made within the allowable timeframe. However, the required standard is that 96% of all determinations be made within the federal timeframe. The additional staff should aid in the timeliness problem, thereby decreasing the possibility for federal sanctions and providing a more expedited process for applicants.

In addition to requesting financial eligibility workers, AHCCCS also requested 14 medical eligibility staff. In lieu of recommending new staff in this area to alleviate the current backlog in medical eligibility redeterminations, the JLBC Staff recommends a statutory change that would allow the AHCCCS Director to waive the annual redetermination requirement in cases where an annual redetermination is deemed unnecessary. The Executive has recommended 49 FTE positions and \$625,300 GF and \$1,482,500 TF for Long Term Care eligibility.

#### Hospital Reimbursement

320,600 GF 641,100 TF

Represents funding for programming and consultant assistance in designing the outpatient portion of the new hospital reimbursement system. The new payment system was authorized by Laws 1992, Chapter 302, and will replace the current Adjusted Billed Charges payment system with a tiered per diem methodology. AHCCCS expects to implement the inpatient portion of the new system in March 1993. Consultants and programmers will be utilized in FY 1994 to complete the outpatient per diem rates. The Executive has recommended \$400,000 GF and \$800,000 TF for completion of the hospital reimbursement system.

#### Fee for Service Utilization Review

34,800 GF 86,800 TF

The JLBC Staff recommends the addition of 3 FTE positions for utilization review of Fee for Service, Reinsurance, and Deferred Liability claims. Population growth and the resultant growth in claims volume has lowered the percentage of claims AHCCCS can review, thus decreasing opportunities to deny payment of invalid claims. Given the past record of payment denial by the utilization review staff and the associated cost avoidance, these new positions should generate savings many times higher than the cost of the positions. While this outcome would be expected, it is not guaranteed. Thus, the Staff would be reluctant to attribute direct FY 1994 savings to the addition of these positions, but at a minimum, the new positions should enhance the agency's ability to control growth in expenditures.

The Executive has recommended 6 FTE positions and \$215,100 GF and \$538,000 TF for this issue. The Executive recommendation includes positions for a "medical policy unit" comprised of AHCCCS staff, representatives from health plans and providers that will "review current medical treatments to determine their effectiveness and efficiency." While the JLBC Staff supports the concept of cooperative efforts between AHCCCS and providers to evaluate medical care utilization, the Staff is not convinced that more FTE positions are needed to facilitate this process.

#### Grievance and Appeals Hearing Officers

39,100 GF 78,500 TF

The JLBC Staff recommends the addition of 2 FTE positions in the Grievance and Appeals Division to handle the growing backlog of grievances. As the AHCCCS population has grown, so too have the number of grievances, by both AHCCCS members and health care providers. At times during the past year, over 2,000 cases were awaiting resolutions, either through informal means, or through the formal hearing process. The Executive has not addressed this issue.

#### Member File Integrity

13,000 GF 28,200 TF

The JLBC Staff recommends the addition of 1 FTE position for increased workload in Member File Integrity. This section produces savings by eliminating duplicate enrollments and ensuring that members are enrolled in the correct, and possibly lower cost rate code. The Executive has also recommended this position.

#### • Health Care Group

(103,700) GF (103,700) TF

Eliminates temporary General Fund support for the Health Care Group, AHCCCS' health insurance program for small business. Increased enrollment should generate sufficient revenue in FY 1994 to allow the program to be self-supporting. The Executive has also made this recommendation.

#### Board of Nursing

(68,300) GF (209,700) TF

The JLBC Staff recommends that funding for the Board of Nursing Nurse Aid Training Program be moved to the Long Term Care cost center. This would eliminate the General Fund appropriation for this program, thus moving the appropriation to county Long Term Care Funds, which comprise the state matching requirement for the Long Term Care program. Since Long Term Care funds are currently used for the training costs of nurse aides, the JLBC Staff believes it is consistent to fund nurse aid testing costs as well from Long Term Care funds.

#### Other Issues for Legislative Consideration

New Claims Processing Positions

The Executive has recommended 9 FTE positions and \$152,900 GF and \$381,000 TF for workload growth in medical services claims. The Staff has not recommended new positions based on the belief that the new hospital payment system will streamline some claims payment functions, allowing the agency to reassign staff as needed to manage the growth in claims volume.

Replacement Vehicles

The Executive has recommended \$133,800 GF and \$226,400 TF to replace vehicles expected to have at least 75,000 miles of usage by FY 1994. The JLBC Staff is not recommending this funding and suggests the agency defer replacing these vehicles or else replace individual vehicles as needed if funding can be made available from other areas of the administrative budget.

DEPARTMENT: Arizona Health Care Cost Containment System PROGRAM: DES-AHCCCS		JLBC ANALYST: Headley OSPB ANALYST: Kearns		HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:		Edens Huppenthal	
DESCRIPTION		FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	(GF) <sup>1</sup> / (TF)	386.7 774.3	477.7 957.8	549.3 1,099.5	542.2 1,084.4	484.1 970.5	
OPERATING BUDGET							
Personal Services	(GF) (TF)	8,167,700 16,153,200	8,576,300 17,594,200	10,462,300 21,348,700	10,043,000 20,086,000	8,919,400 <u> </u>	
Employee Related Expenditures	(GF) (TF)	2,103,300 4,148,800	2,230,400 4,575,800	3,092,100 6,309,300	2,570,500 5,141,000	2,362,200 4,839,300	
Professional/Outside Services	(GF) (TF)	205,500 411,000	19,100 39,200	47,900 97,500	46,400 92,800	19,100 39,200	-1
Travel - In State	(GF) (TF)	160,800 321,700	160,300 328,700	326,400 665,900	361,200 722,400	160,300 328,700	
Travel - Out of State	(GF) (TF)	2,400 4,700	1,100 2,300	1,200 2,400	1,200 2,400	1,100 2,300	
Other Operating Expenditures	(GF) (TF)	2,322,900 4,554,600	3,274,400 6,530,100	4,177,900 8,314,900	4,180,900 8,361,800	3,274,400 6,530,100	
Equipment	(GF) (TF)	39,900 79,800	20,000 41,000	57,400 117,100	106,700 213,400	0 =	
All Other Operating Subtotal	(GF) (TF)	2,731,500 5,371,800	3,474,900 6,941,300	4,610,800 9,197,800	4,696,400 9,392,800	3,454,900 6,900,300	
OPERATING SUBTOTAL	(GF) (TF)	13,002,500 25,673,800	14,281,600 29,111,300	18,165,200 36,855,800	17,309,900 34,619,800	14,736,500 30,019,900	

DEPARTMENT: Arizona Health Care PROGRAM: DES-AHCCCS	Cost Conta	inment System	JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION		FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
	2:						
SPECIAL LINE ITEMS							
DES DDSA	(GF) (TF)	49,300 101,300	175,400 350,700	100,000 199,900	176,200 352,400	95,000 189,900	
DES PASARR	(GF) (TF)	20,000 80,500	53,100 211,300	53,700 214,600	9,000 36,000	53,500 212,900	
Fed Funds Program	(GF) (TF)	0	504,500 1,009,000	504,500 1,009,000	504,500 1,009,000	518,100 1,036,100	-
MEDICS	(GF) (TF)	0	0	0	0 0	1,341,300 2,541,200	
Special Item Subtotal	(GF) (TF)	69,300 181,800	733,000 1,571,000	658,200 1,423,500	689,700 1,397,400	2,007,900 3,980,100	
PROGRAM TOTAL	(GF) (TF)	13,071,800 25,855,600	15,014,600 30,682,300	18,823,400 38,279,300	17,999,600 36,017,200	16,744,400 34,000,000	
BY FUND SOURCE	· ·				***************************************		
General Fund Federal Funds		13,071,800 12,783,800	15,014,600 15,667,700	18,823,400 19,455,900	17,999,600 18,017,600	16,744,400 17,255,600	
PROGRAM TOTAL - ALL SOURCES		25,855,600	30,682,300	38,279,300	36,017,200	34,000,000	

I/ GF = General Fund TF = General Fund and Federal Funds

DEPARTMENT:

Arizona Health Care Cost Containment System

PROGRAM:

**DES-AHCCCS** 

The JLBC Staff recommends a total General Fund (GF) appropriation of \$16,744,400 -- and a Total Funds (TF) appropriation of \$34,000,000 -- a net increase of \$1,729,800 (GF), or 11.5%, and \$3,317,700 (TF), or 10.8%, to the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

•	Annualization of FY 1993 Pay Adjustment	\$ 388,500 777,000	GF TF
•	Personal Services/ERE Adjustments	(1,300)	
	Maintains a vacancy factor of 1%. The Executive recommends a vacancy factor of 0%.	(2,800)	TF
•	ERE Rate Changes	87,700 175,400	GF TF
•	Equipment	(20,000)	
	Eliminates one-time funding for equipment purchases	(41,000)	TF
•	DES DDSA	(80,400)	
	Represents an agency requested reduction based on a reorganization of the disability determination function. DES Disability Determination Services, through an intergovernmental agreement with AHCCCS, determines disability entitlement for Arizona Long Term Care System claims.	(160,800)	TF
•	DES PASARR	400	GF
	Annualizes the FY 1993 pay adjustment. DES Preadmission Screening and Annual Resident Review, through an intergovernmental agreement with AHCCCS, screens all individuals with developmental disabilities before they enter a Long Term Care facility to determine the appropriate level and types of specialized services needed.	1,600	TF
•	Program to Maximize Federal Funding	13,600	
	Annualizes the FY 1993 pay adjustment. This special line item was added in FY 1993 to provide the staff and other resources needed to implement certain federal funds initiatives, such as the conversion of Eligible Assistance Children to federal eligibility.	27,100	TF

#### MEDICS

1,341,300 GF 2,541,200 TF

Funding for this line item was reflected in the DES Administration cost center for FY 1993. The JLBC Staff recommends that the development costs of the new system be shown in the AHCCCS budget since the system is for AHCCCS eligibility determinations. The Medical Eligibility Determination and Information Control System (MEDICS) is an automated system for determining AHCCCS eligibility in the federal SOBRA program for pregnant women and children and other "medical assistance only" programs. The recommended amount represents an increase of \$478,700 General Fund over the amount appropriated in the DES budget for FY 1993. The original FY 1993 appropriation was based on 9 months of funding, so the increase for FY 1994 represents an annualization cost. The Executive has retained the appropriation for MEDICS in the DES administrative budget. The line item detail for the JLBC Staff recommendation is as follows:

FTE Positions	8.5 GF 17.0 TF
Personal Services	\$ 216,500 GF \$ 432,900 TF
ERE	51,200 GF 102,300 TF
Professional and Outside Services	400,000 GF 800,000 TF
Travel - In State	900 GF 1,800 TF
Travel - Out of State	2,800 GF 5,800 TF
Other Operating Expenses	669,900 GF <u>1,198,700</u> TF
Total	\$ 1,341,300 GF \$ 2,541,200 TF

#### Other Issues for Legislative Consideration

New Eligibility Workers for Proposed SOBRA Expansion and Caseload Growth

The Executive has recommended the addition of 129 FTE positions and \$2,619,000 GF and \$5,238,000 TF for increased eligibility workload resulting from the proposed expansion of eligibility for pregnant women, infants, and children under age 6 (see Acute Care program narrative), as well as regular caseload growth. The Executive has not distinguished between the number of positions that are for the eligibility expansion or regular caseload growth, but the Staff would assume that the bulk of the new positions would be related to the proposed eligibility expansion.

The JLBC Staff has not recommended new eligibility staff for either regular DES or AHCCCS eligibility, first, because the Staff's Acute Care recommendation does not expand SOBRA coverage (in fact, the Staff recommendation restricts SOBRA coverage), and second, 165 FTE positions identified by Project SLIM for possible elimination may instead be reassigned to eligibility work, thus redirecting resources to caseload growth in both regular DES and AHCCCS eligibility. As part of their study of DES eligibility, Project SLIM made 11 recommendations to improve operating efficiencies, including the elimination of monthly reporting for Food Stamps, various reorganizations and improvements to application processing.

In an issue related to DES and AHCCCS eligibility, the JLBC Staff would suggest the inclusion of General Appropriation Act footnotes in both the DES-AHCCCS and regular DES appropriations to assist the agencies in managing the combined appropriations when shortfalls or surpluses occur on either side. Recent information from DES indicates that results of the Arizona Random Moment Sampling method have shown that a greater than expected amount of overall eligibility staff time is being spent on regular DES eligibility, such as AFDC or Food Stamps, producing a deficit in the regular DES eligibility appropriation. (The appropriation for DES-AHCCCS represents a cost allocation based on time DES workers spend on AHCCCS eligibility. Funds for this function have historically been reflected in the AHCCCS budget so that the total cost of the AHCCCS program may be readily known.) As a whole, the DES eligibility system for AFDC, Food Stamps, and AHCCCS Medical Assistance Eligibility is not experiencing a deficit. Rather, the balance between time spent of regular DES eligibility versus AHCCCS eligibility has moved unexpectedly to the regular DES side.

The presence of a surplus in AHCCCS eligibility makes apparent the need for DES and AHCCCS to be able to manage the total appropriation between the agencies with some degree of freedom. Even though DES-AHCCCS funds are ultimately transferred to DES through an intergovernmental agreement, the General Appropriation Act establishes separate appropriations for DES-AHCCCS and DES, the agency. The JLBC Staff suggests, then, a footnote to the DES-AHCCCS and DES appropriations to express the intent that funds appropriated for DES-AHCCCS and regular DES eligibility may be transferred as needed between the appropriations, should the expected time allocation change. The total dollar size of DES-AHCCCS and regular DES eligibility would remain unchanged.

DEPARTMENT: Arizona Health Care Cost Containment System PROGRAM: DHS-AHCCCS			JLBC ANALYST: OSPB ANALYST:		HOUSE SUI SENATE SUI		
DESCRIPTION		FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	(GF) <sup>1/</sup> (TF) =	12.7 26.7	12.7 26.7	0.0	0.0	12.7 26.7	
OPERATING BUDGET							
Personal Services	(GF) (TF)	0	268,700 566,000	0	0	268,700 <u> </u>	
Employee Related Expenditures	(GF) (TF)	0 0	67,700 142,500	0	0	67,700 142,500	
Professional/Outside Services	(GF) (TF)	0	13,700 28,900	0	0	13,700 28,900	
Travel - In State	(GF) (TF)	0	10,600 22,300	0	0	10,600 22,300	
Other Operating Expenditures	(GF) (TF)	0	23,900 50,400	0	0 0	23,900 50,400 <u> </u>	
All Other Operating Subtotal	(GF) (TF)	0	48,200 101,600	0	0	48,200 101,600 <u> </u>	
OPERATING SUBTOTAL	(GF) (TF)	0	384,600 810,100	0	0	384,600 810,000	
SPECIAL LINE ITEMS							
DHS PASARR	(GF) (TF)	32,500 129,600	94,300 384,600	0	0 384,600	94,300 384,600	

DEPARTMENT: Arizona Health Care Cost Containment System PROGRAM: DHS-AHCCCS			JLBC ANALYST: Headley OSPB ANALYST: Kearns		HOUSE SUI SENATE SUI	Edens Huppenthal	
DESCRIPTION		FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Indirect Cost - Licensure	(GF) (TF)	65,500 37,200	187,100 374,200	0	0 0	187,100 374,200	
Childrens Rehab. Services	(GF) (TF)	8,705,600	0 10,737,300	0	0 12,408,100	11,800,000	
FY 91 CRS	(GF) (TF)	77,500 207,200	0	0	0 0	0	
Special Item Subtotal	(GF) (TF)	175,500 9,079,600	281,400 11,496,100	0	12,792,700 0	281,400 12,558,800	
PROGRAM TOTAL	(GF) (TF)	175,500 9,079,600	666,000 12,306,200	0	12,792,700	666,000 13,368,900	
BY FUND SOURCE							
General Fund Federal Funds		175,500 8,904,100	666,000 11,640,200	0	0 12,792,700		
PROGRAM TOTAL - ALL SOURCES	3	9,079,600	12,306,200	0	12,792,700	12,702,900	

<sup>1/</sup> GF = General Fund TF = General Funds and Federal Funds

**DEPARTMENT:** 

Arizona Health Care Cost Containment System

PROGRAM:

**DHS-AHCCCS** 

The JLBC Staff recommends a total General Fund (GF) appropriation of \$666,000 -- and a Total Funds (TF) appropriation of \$13,368,900 -- a net increase of \$0 (GF), and \$1,062,700 (TF), or 8.6%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

• Children's Rehabilitative Services (CRS)

-0- GF \$ 1.062,700 TF

The JLBC Staff recommendation reflects a total of \$11.8 million in federal funds to passed through by AHCCCS to DHS for Title XIX-eligible children receiving services from the CRS program. The Executive has recommended the removal of the DHS-AHCCCS appropriation from the AHCCCS budget (narrative below).

#### Other Issues for Legislative Consideration

Transfer Funding to the Department of Health Services

The Executive has recommended removing the DHS-AHCCCS appropriation from the AHCCCS budget and instead appropriating funds directly to DHS for costs related to Title XIX nursing facility licensure. This function is performed by DHS staff through an inter-governmental agreement with AHCCCS, although the cost has historically been reflected under the AHCCCS appropriation since licensure is part of the overall cost of the AHCCCS program. The Executive would appropriate \$561,000 of the current year General Fund appropriation of \$666,000 to DHS. The Executive recommendation also reflects the transfer of 12 FTE positions from DHS-AHCCCS to DHS.

The JLBC Staff has elected to maintain the appropriation for Title XIX nursing facility licensure in the AHCCCS budget, which will allow us to continue reflecting the total cost of the AHCCCS program in the AHCCCS appropriation. For this reason, the Staff has also retained the appropriation for DES eligibility workers in the AHCCCS budget (see DES-AHCCCS program narrative). The Staff would note that the Executive has not also recommended the removal of the appropriation for DES eligibility from AHCCCS.

The Executive has indicated that this transfer has been recommended by the federal government. Further, when a similar recommendation was discussed during budget hearings last year, DHS staff indicated that if funds were appropriated directly to DHS, the agency would benefit from a better federal matching rate than if the funds were appropriated to AHCCCS.

However, the JLBC Staff questions why the location of the appropriation is an issue with the federal government, for any reason, or why the movement of funds to DHS would affect the ultimate federal matching rate for the licensure function. The JLBC Staff questioned DHS regarding the rationale for transferring the appropriation, plus we asked why the full General Fund appropriation should be transferred, especially in light of testimony in the budget hearings indicating a better match could be achieved from the transfer. If the match rate will in fact be better for the state, then less General Fund dollars would presumably be needed. (For most administrative functions, the federal matching rate is 50%. However, DHS apparently receives federal funding for certain licensure functions in which the federal matching rate is 75%.) Given that DHS-AHCCCS funds are ultimately transferred to DHS via an intergovernmental agreement, the Staff questions why these transferred dollars are different than dollars directly appropriated to DHS for purposes of obtaining federal matching funds.

These and other questions were posed to DHS staff in early November, but, as of this writing, no response has been received. Without the benefit of a response from the agency and information the Staff would need to make an informed recommendation, the Staff is unable to recommend shifting the appropriation to DHS.

DEPARTMENT: Arizona Health Care Cost Containment System PROGRAM: Acute Care			JLBC ANALYST: OSPB ANALYST:		HOUSE SUI SENATE SUI	Edens Huppenthal	
DESCRIPTION		FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Capitation	(SM) <sup>1/</sup> (TF)	320,986,100 629,563,000	361,376,000 737,203,700	411,873,700 884,185,500	408,581,800 856,164,900	407,205,400 853,859,800	
Fee for Service	(SM) (TF)	65,516,900 123,557,600	55,949,100 128,778,700	85,496,300 186,200,500	80,375,000 164,522,900	72,057,400 155,832,600	
Reinsurance	(SM) (TF)	14,059,100 20,448,500	29,154,400 41,913,100	38,068,900 49,217,500	35,054,100 45,130,100	45,130,100 46,292,300	
Deferred Liability	(SM) (TF)	16,855,500 22,698,800	20,936,700 42,897,200	29,798,700 44,753,700	23,722,300 37,340,000	23,562,500 35,462,600	
Medicare Part B Premiums	(SM) (TF)	1,403,000 8,567,800	2,238,900 8,422,300	2,307,000 6,432,100	3,060,000 9,000,000	2,729,600 8,004,100	
QMBs	(SM) (TF)	304,100 949,900	325,800 1,051,500	659,900 1,934,500	0	659,500 1,933,800	
EPSDT Mental Health	(SM) (TF)	886,000 24,514,300	1,000,000 37,768,100	0	1,000,000 24,731,600	33,000,000	
Adult Mental Health	(SM) (TF)	0	0 20,000,000	0 0	0 20,000,000	26,000,00 0	
Disproportionate Share	(SM) (TF)	25,955,600 67,892,800	23,758,700 67,892,800	33,545,100 98,343,800	23,758,700 67,892,800	23,758,70 0 67,892,80 0	
Executive's Health Care Refinancing Plan	(GF) (TF)	0	0 0	0	-86,752,500 43,603,200	0	-

DEPARTMENT: Arizona Health Care Cost Containment System PROGRAM: Acute Care			JLBC ANALY OSPB ANALY	•	HOUSE SUI SENATE SUI	Edens Huppenthal	
DESCRIPTION		FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
JLBC Staff Budget Reductions Proposals	(GF) (TF)	0	0	0	0	-82,118,200 -33,237,200	
SUBTOTAL - ACUTE CARE	(SM) (TF)	445,966,300 898,192,700	494,739,600 1,085,947,400	601,749,600 1,271,067,600	575,511,900 1,224,782,300	565,881,100 1,228,278,000	
Less: County Acute Care Contribution Misc. Funds Offset SLIAG Offset		-62,394,300 -3,576,600 0	-65,076,100 -6,613,400 -7,750,000	-65,076,100 -6,613,400 0	-65,076,100 -6,613,400 -2,000,000	-65,076,100 -3,576,600 -3,000,000	
PROGRAM TOTAL - ALL SOURCES	G (GF) (TF)	379,995,400 898,192,700	415,300,100 1,085,947,400	530,060,100 1,271,067,600	415,109,900 1,268,385,500	412,110,000 1,195,040,800	
BY FUND SOURCE							
General Fund Federal Funds County Funds Misc. Funds		379,995,400 452,226,400 62,394,300 3,576,600	415,300,100 598,957,800 65,076,100 6,613,400	530,060,100 669,318,000 65,076,100 6,613,400	415,109,900 781,586,100 65,076,100 6,613,400	412,110,000 711,241,300 65,076,100 6,613,400	
TOTAL - ALL SOURCES		898,192,700	1,085,947,400	1,271,067,600	1,268,385,500	1,195,040,800	

<sup>1/</sup> SM or State Match = General Fund and County Funds TF or Total Funds = General Fund, County, Federal and Misc. Funds

GF = General Fund

**DEPARTMENT**:

Arizona Health Care Cost Containment System

PROGRAM:

Acute Care

The JLBC Staff recommends a total General Fund appropriation of \$412,110,000 (GF) and \$1,195,040,800 (TF) -- a decrease of \$(3,190,100) (GF), or (0.8)%, and an increase of \$109,093,400 (TF), or 10.3%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

#### Introduction

This section of the JLBC Staff recommendation provides estimates of FY 1994 expenditures for medical care in the AHCCCS Acute Care program, as well as JLBC Staff budget reduction proposals and our analysis of the Executive's recommendations for AHCCCS. The analysis begins with Staff estimates of FY 1994 funding needs based on current statutory requirements. This analysis will, in other words, look at how much the state would need to budget in FY 1994 for AHCCCS Acute Care if no program changes were made. Included in this discussion of FY 1994 is our assessment of a possible current year shortfall for AHCCCS.

Following our estimates for FY 1994 are JLBC Staff budget reduction proposals that are estimated to hold spending to an amount just below the FY 1993 General Fund appropriation. These proposals include conforming with the federal policy regarding undocumented aliens by funding emergency services only and restoring the county share of Acute Care funding to about one-third of the overall FY 1994 Acute Care and Long Term Care statewide funding requirement. Combined, these proposals yield an estimated \$82.1 million in General Fund savings in FY 1994. Included in this discussion is the Staff's assessment of the impact of these proposals on the statewide health care system and clients served by AHCCCS.

Following the discussion of the JLBC Staff proposals is an analysis of the Executive's proposals for AHCCCS. The Staff analysis includes an explanation of the Executive proposals, as well as Staff estimates of the impact of these proposals on the statewide health care system and AHCCCS clients. The Staff analysis attempts to estimate this impact beyond FY 1994 since certain one-time costs in FY 1994 tend to understate the impact as compared to later years.

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#### Acute Care Increase Based on Current Law

\$78,928,300 GF 142,330,600 TF

#### Current Year Shortfall

The \$78.9 million General Fund increase represents spending growth over the original FY 1993 appropriation. However, using a revised FY 1993 estimate of AHCCCS General Fund expenditures as a base, the increase for FY 1994 is actually \$62.7 million, due to an estimated \$16.2 million shortfall in FY 1993. The Executive has estimated the shortfall at \$20 million.

The shortfall appears to be largely the result of certain federal funds initiatives failing to materialize as expected. As a reminder, the AHCCCS FY 1993 General Fund appropriation was reduced by \$22.5 million in anticipation that several federal funds initiatives would be implemented, either through legislative changes, or by administrative means. Three such initiatives, the conversion of most Eligible Assistance Children (EAC) to federal eligibility, federal reimbursement for emergency deliveries by undocumented aliens, and required federal eligibility applications for hospitalized Medically Needy/Medically Indigent (MN/MI) applicants, are being implemented, with varying degrees of success. Combined, though, these three initiatives were estimated to produce only \$13 million in General Fund savings. A means to realize the remaining \$9.5 million of the \$22.5 million in expected savings was not provided through legislative changes.

While the conversions of EACs appears to be progressing well, determining eligibility for federal reimbursement of deliveries by undocumented aliens started off well below expectations. While experience from recent months has been encouraging, the early eligibility problems and the timing of the state's receipt of federal reimbursement for emergency deliveries will limit FY 1993 savings. Since the hospitalized MN/MI application change was implemented October 1, it is too early to estimate if significant FY 1993 savings will accrue.

Problems with the federal funds initiatives appear to explain much of the current year shortfall. However, population growth is still a factor. Enrollment in AHCCCS health plans overall is growing as expected, but expenditures in the areas of Fee for Service and Reinsurance have continued at levels nearly double that of two years ago. This growth has been largely the result of an unexpected surge in the MN/MI population that began in early FY 1992 and was the cause of a \$25 million FY 1992 shortfall.

In recent months, MN/MI growth appears to be slowing, but, as experience would show, future growth is difficult to predict. The Staff's current shortfall estimate of \$16.2 million will be refined in the coming months as more enrollment and expenditure data becomes available. We will be focusing on the implementation of the federal funds initiatives, as well as expenditures in Fee for Service and Reinsurance.

### FY 1994 Budget

#### Overview

The AHCCCS Acute Care budget contains the following elements: Capitation, Fee for Service, Reinsurance, Deferred Liability, Medicare Premiums, Qualified Medicare Beneficiaries, EPSDT Mental Health, Adult Mental Health, and Disproportionate Share Hospital Payments. This narrative section will address Capitation, Fee for Service, Reinsurance, and Deferred Liability, which together make up 95% of the Acute Care General Fund budget.

Capitation represents monthly payments made by AHCCCS to contracted health plans for the medical services of enrolled AHCCCS members. Different capitation rates are paid for different groups within the AHCCCS population, and that rate is generally based on an actuarial assessment of medical care utilization by people in the various groups. Current Capitation rates are displayed in <u>Table 1</u>, as well as the share of costs paid by the state and federal government. For federal groups, the state pays 34.1% of the cost, while state groups such as the MN/MI are funded entirely with state funds.

Table 1  AHCCCS CAPITATION RATES AND  STATE/FEDERAL SHARE OF COSTS							
Federal Eligibility Groups Aid to Families with Dependent Children (AFDC) Supplemental Security Income (SSI) with Medicare SSI without Medicare SOBRA Women SOBRA Children SOBRA Delivery Amount (one time payment only)	Current Capitation Rate \$111.91 118.99 301.88 110.85 90.96 4,180.36	State Cost \$38.16 40.58 102.94 37.80 31.02 1,425.50	Federal Cost \$73.75 78.41 198.94 73.05 59.95 2,754.86				
State Funded Groups Medically Needy\Medically Indigent (MN/MI) with Medicare MN/MI without Medicare Eligible Assistance Children Eligible Low Income Children	134.82 255.55 90.45 91.63	134.82 255.55 90.45 91.63	0 0 0 0				

Fee for Service includes payments made by AHCCCS for members' medical bills incurred in varying periods prior to enrollment in a health plan. Reinsurance and Deferred Liability represent payment programs that assist in limiting health plan liability in cases involving catastrophic medical costs or when the AHCCCS applicant is hospitalized at the time of enrollment.

The following sections explain the factors behind the growth in the Acute Care budget and includes the Executive's estimates as well.

Demographic Growth

The JLBC Staff estimates overall population growth of 9.8% over the FY 1993 appropriation. This level of growth accounts for \$50.2 million of the total General Fund increase for Acute Care. Table 2, on the following page, details the population estimates by the various groups within the AHCCCS population. Populations are expressed in member months instead of a headcount figure, since Capitation is based on monthly payments per member. SOBRA Deliveries is listed on the bottom because this amount represents actual deliveries, not member months. The last column in this table also indicates each group's share of the total AHCCCS population.

Table 2	_					
	<u> </u>	MEMBER MONT	<u>H ESTIMATES</u>			
AHCCCS Eligibility Groups	FY 1993 Orig.	FY 1994 Executive	FY 1994	F (// Cl	W DO W O	
Ture ees Englointy Groups	Approp.	Executive  Est.	JLBC Est.	Exec. % Chg. From FY 93	JLBC % Chg. From FY 93	Share of Pop.
Federal Eligibility Groups				110111175	110m 1 1 95	<u> 1 op.</u>
AFDC	2,405,100	2,766,700	2,682,700	15.0%	11.5%	49.2%
SSI	534,100	562,500	597,600	5.3%	11.9%	11.0%
SOBRA Women	143,700	154,100	143,200	7.2%	(0.3)%	2.6%
SOBRA Children	980,700	1,354,300	1,303,900	38.1%	33.0%	23.9%
Federal Subtotal	4,063,600	4,837,600	4,727,400	19.0%	16.3%	86.7%
State Funded Groups						
MN/MI	606,500	637,100	634,400	5.0%	4.6%	11.6%
EAC	237,900	38,500	22,700	(83.8)%	(90.5)%	0.4%
ELIC	61,500	67,800	71,000	10.2%	15.4%	1.3%
State Subtotal	905,900	743,400	728,100	(17.9)%	(19.6)%	13.3%
Grand Total-All Groups	4,969,500	5,581,000	5,455,500	12.3%	9.8%	
SOBRA Deliveries	17,700	17,000	17,900	(4.0)%	1.1%	b

### Capitation Rate Increase and Medical Inflation

The JLBC Staff recommendation reflects a 5% Capitation rate increase and a 5% medical inflation increase in Fee for Service, Reinsurance, and Deferred Liability. Combined, these rate and inflation increases make up \$21.1 million of the total Acute Care increase. The Executive recommendation also includes these 5% increases.

### Change in Federal Matching Rate

The JLBC Staff recommendation assumes that the federal matching rate, also called FMAP, will increase from 65.89% to 65.90% effective October 1, 1993, producing savings of \$60,700. For the FY 1993 budget, the FMAP change from 62.61% to 65.89% saved the state General Fund approximately \$17 million.

A state's federal matching rate is based on the relationship between state per capita income and national average per capita income. This almost negligible FY 1994 change in Arizona's matching rate apparently indicates that the gap between Arizona's per capita income growth rate and the national average is stabilizing.

State Legalization Impact Assistance Grants (SLIAG)

This item represents federal reimbursement for state costs of providing services to individuals granted legal U.S. residency under the federal amnesty program. SLIAG funds have been used in FY 1992 and FY 1993 to offset the AHCCCS General Fund appropriation by \$5 million and \$7.8 million, respectively. The 5 year SLIAG program will near completion in FY 1994, thus lowering state reimbursement. The JLBC Staff recommendation for FY 1994 includes a SLIAG offset of \$3 million, thereby making \$4.8 of the Acute Care increase due to lower SLIAG funding. The Executive recommendation reflects \$2 million in SLIAG reimbursement.

Miscellaneous Funds Offset

Interest earnings, third party collections, and sanctions against counties for eligibility errors have been used in the past as an offset to the Acute Care General Fund appropriation. For FY 1993, the total offset was assumed to be \$6.6 million, nearly half of which was interest earnings. Given that AHCCCS may no longer retain interest earnings in the AHCCCS Fund, the Staff believes the Miscellaneous Funds Offset should be adjusted accordingly. For FY 1994, the Staff has used an offset of \$3.6 million, which increases the General Fund requirement by \$3 million. The Executive has maintained a \$6.6 million offset.

Acute Care Summary

The following summarizes the components of the JLBC Staff's estimated FY 1994 "current law" Acute Care increase:

<ul> <li>Demographics</li> </ul>	\$50.2 million
• Capitation and Inflation Increases	21.1 million
• Lower SLIAG Reimbursement	4.8 million
<ul> <li>Lower Misc. Funds Offset</li> </ul>	3.0 million
• Other Acute Care Changes	(0.2) million
Total	\$78.9 million

From this current law basis, the JLBC Staff recommendation would add \$78.9 million to the Acute Care General Fund budget. The Executive would add \$86.6 million to fund this program, aside from any changes contemplated for FY 1994. This difference is relatively minor as, in fact, the JLBC estimate is 98% of the Executive's FY 1994 Acute Care total. Table 3 summarizes the Executive and JLBC estimates for Capitation, Fee for Service, and Reinsurance, by Total Funds and State Matching Funds. As with the member month table, this table also displays each group's share of overall dollars.

These independently derived estimates indicate some consensus regarding expected FY 1994 growth in the AHCCCS program. With these growth estimates in mind, as well as other fiscal concerns such as slow revenue growth, the upward spiraling cost to the state of fully funding the K-12 Basic State Aid Formula, plus calls for tax reductions and larger carry forward balances, the JLBC Staff has developed a set of proposals that, together, produce General Fund reductions for AHCCCS equivalent to the estimated growth for FY 1994. The next section explains in detail the Staff's proposals.

		ACUTE (	CARE SUMMAR	Y				
(Capitation, Fee for Service, Reinsurance, and Deferred Liability)								
	<u>To</u>	tal Funds	_	State Ma	atch Funds			
Federal Eligibility Groups AFDC SSI	Exec. Rec.  Total \$376,752,800  172,146,700	JLBC Rec. Total \$363,967,400 182,630,900	Share of Total Funds JLBC Est. 33.3% 16.7	Exec. Rec.  Total \$125,030,100  56,816,700	JLBC Rec.  Total \$118,392,000 58,883,300	Share of State Funds JLBC Est.  22.0% 10.9		
SOBRA Women SOBRA Children	31,873,000 177,728,400	29,473,000 168,185,600	2.7 15.4	10,381,400 59,466,100	9,879,900 55,667,800	1.8 10.3		
SOBRA Deliveries Federal Subtotal	<u>73,778,200</u> \$832,279,100	<u>77,817,900</u> \$822,074,800	<u>7.1</u> 75.3	<u>25,160,100</u> \$276,854,400	<u>26,537,700</u> \$269,360,700	<u>4.9</u> 50.0%		
State Funded Groups								
MN/MI	259,552,400	259,139,200	23.7	259,552,400	259,139,200	48.1		
EAC	3,730,100	2,205,600	0.2	3,730,100	2,205,600	0.4		
ELIC	7,596,300	8,027,800	0.7	7,596,300	8,027,800	_1.5		
State Subtotal	\$270,878,800	\$269,372,600	24.7%	\$270,878,800	\$269,372,600	50.0%		
Grand Total-All Groups	\$1,103,157,900	\$1,091,447,400		\$547,733,400	\$538,733,300			

#### JLBC Budget Reduction Proposals

(82,118,400) GF (33,237,200) TF

#### Overview

The JLBC Staff budget reduction proposals are comprised of the following elements:

1994
al Fund
<u>ings</u>
75,800)
65,000)
77,600)
<u>00,000)</u>
<u> 18,400)</u>

The following explains each point, including assumptions that were made in producing the estimated savings amounts.

### Conform with Federal Policy by Funding Only Emergency Services for Undocumented Aliens

This JLBC Staff proposal would restrict AHCCCS coverage for undocumented aliens to emergency services only. Undocumented aliens, also referred to as illegal aliens, are individuals residing in the United States but lacking proof of U.S. citizenship or legal U.S. residency. An estimated 18,000 undocumented aliens are currently served by AHCCCS in the MN/MI and ELIC programs. As enrolled members, these individuals now receive the full range of AHCCCS-covered services, just as any other AHCCCS member. Undocumented aliens are allowed to enroll in the state funded MN/MI and ELIC programs because U.S. citizenship or legal U.S. residency is not required for enrollment.

The JLBC Staff proposal is consistent with the federal policy of funding only emergency services costs for certain undocumented aliens. Federal Medicaid law requires states to provide matching funds for the emergency services costs of undocumented aliens who would otherwise qualify for a federal Medicaid group such as AFDC for SSI, if not for the lack of U.S. citizenship or legal U.S. residency. This is an important point to stress: states must pay the non-federal share of the cost (for Arizona, 35%) of emergency services received by federally-qualified undocumented aliens. The implication of this is that federal law will not allow the complete exclusion of undocumented aliens from Medicaid services.

According to AHCCCS, between 28% and 33% of the MN/MI and ELIC populations are undocumented aliens. Furthermore, an April 1992 AHCCCS study of the MN/MI and ELIC populations estimated that 23% of the MN/MI and ELIC populations could be eligible for federal reimbursement of emergency services, meaning implicitly that at least 23% of the these populations are undocumented. For purposes of calculating a savings estimate, the Staff has assumed that 30% of MN/MIs and ELICs are undocumented. The Staff estimates the FY 1994 state matching cost of federally-reimbursed emergency services to be \$8,957,500. This amount represents funding for the 23% of the MN/MI and ELIC populations AHCCCS estimates would be eligible for federal reimbursement of emergency services.

The remaining undocumented aliens ineligible for federally-reimbursed emergency services would, under the JLBC Staff proposal, be eligible for 100% state-funded emergency services. Funds for these services have been included after consulting with legislative attorneys who have advised that if the state were to adopt an emergency services only program for undocumented aliens, the state should also fund emergency services for those undocumented aliens who would not qualify for federal reimbursement. The JLBC recommendation includes \$7,994,700 for this portion of the undocumented population.

Implementing this proposal will require a change in the current county MN/MI eligibility process. Individuals who apply at county offices for MN/MI or ELIC eligibility would need to provide proof of U.S. citizenship or legal U.S. residency before being accepted into AHCCCS. Persons not having proof of U.S. citizenship or legal U.S. residency would be referred to the Department of Economic Security (DES) for a determination of "emergency services only" eligibility. Again, this would be a person otherwise eligible for a federal group such as AFDC or SOBRA, if not for their lack of U.S. citizenship or legal U.S. residency.

Some undocumented aliens (about 25%) referred to DES would not qualify for federal emergency services reimbursement. The Staff proposes that for this segment of the undocumented applicants, DES would be responsible for determining eligibility for 100% state-funded emergency services based on current MN/MI and ELIC income and resource standards. Once eligibility is determined, either for federally reimbursed or state-funded emergency services, AHCCCS would begin paying claims on a Fee for Service basis.

The estimated FY 1994 savings from this proposal would not equal the total cost of the undocumented population in AHCCCS minus the state cost of emergency services. FY 1994 savings would be lowered by two factors: prior year bills, and the cost of guaranteed enrollment. Bills incurred by the undocumented population in FY 1993 and other years prior to FY 1994, but not yet paid, would amount to an estimated cost of \$12,116,200 in FY 1994. Current law guarantees new MN/MI enrollees 6 months of eligibility in AHCCCS, so even though full AHCCCS eligibility were to end at some point for undocumented aliens, those eligible at the "cut off" point would still be fully eligible for periods ranging from one to six months. The Staff has assumed the cost of guaranteed enrollment in FY 1994 to be \$7,432,700, based on a implementation date of April 1, 1993. The Staff is proposing that statutory changes needed to convert undocumented aliens to "emergency services only" status be made effective retroactively to April 1, 1993, if needed.

The net savings calculation from this proposal is summarized as follows:

<ul> <li>Est. FY 1994 Cost of Undocumented</li> </ul>	\$(80,076,900)
Aliens in AHCCCS (30% of MN/MI and	
ELIC populations)	
<ul> <li>State Match for Emergency Services</li> </ul>	8,957,500
• 100% State Funded Emergency Services	7,994,700
• Prior Year Bills ("Tail")	12,116,200
Guaranteed Enrollment	7,432,700
Total General Fund Savings	\$(43,575,800)

Restore County Acute Care Contribution to One-Third of Overall State Matching Requirements

The JLBC Staff recommends an increase in the amount counties currently contribute to the state for the AHCCCS Acute Care program. The increase represents an adjustment to bring the county share of program costs up to a level more in line with the counties' share in the earlier years of the AHCCCS program. The recommended county Acute Care contribution for FY 1994 would be \$99,641,100, or an increase of \$34,565,000 over the current contribution of \$65,076,100.

As <u>Table 4</u> demonstrates, the counties' share of the overall state matching costs of both the Acute and Long Term Care programs has been declining. County support of Acute Care has been relatively fixed over the past 10 years, whereas state General Fund expenditures have grown over 450% since FY 1984. Further, even with the addition of Long Term Care, for which counties pay the entire state match, the counties' share of the overall state match requirement has dropped to 26.7% in FY 1993. The recommended increase would restore the county share of overall state match requirements to approximately one-third of the total state match for FY 1994. From FY 1985 to FY 1987, during the first 3 full years under AHCCCS, the county contribution averaged 33.3% of the total matching requirement.

Table 4	COUNTY SH	ARE OF THE AHCC	CS ACUTE CARE AN	D LONG TERM (	CARE BUDGETS						
	FY 1984 TO FY 1994										
Fiscal Years	State General Fund Acute Care Budget	County Acute Care Contribution	County Long Term Care Contribution	Subtotal County Acute and LTC	State Match Total	County Share of State Match					
1984	\$76,169,200	\$63,073,500	\$0	\$63,073,500	\$139,242,700	45.3%					
1985	117,110,700	63,073,500	0	63,073,500	180,184,200	35.0%					
1986	132,373,700	61,835,700	0	61,835,700	194,209,400	31.8%					
1987	117,481,600	58,392,400	0	58,392,400	175,874,000	33.2%					
1988	170,307,600	57,448,900	0	57,448,900	227,756,500	25.2%					
1989	216,301,700	58,432,600	33,066,700	91,499,300	307,801,000	29.7%					
1990	228,655,200	58,432,600	64,531,700	122,964,300	351,619,500	35.0%					
1991	292,455,100	58,432,600	88,211,000	146,643,600	439,098,700	33.4%					
1992	376,312,500	65,077,200	87,298,300	152,375,500	528,688,000	28.8%					
1993 Est	431,510,100	65,076,100	92,297,600	157,373,700	588,688,000	26.7%					
1994 Est	412,110,000	99,641,100	101,921,300	201,562,400	613,672,400	32.8%					
	Cumulative <u>Percent Change</u>	Cumulative Percent Change	Cumulative Percent Change	Cumulative Percent Change	Cumulative Percent Change						
1985	53.8%	0.0%	0.0%	0.0%	29.4%						
1986	73.8%	(2.0)%	0.0%	(2.0)%	39.5%						
1987	54.2%	(7.4)%	0.0%	(7.4)%	26.3%						
1988	123.6%	(8.9)%	0.0%	(8.9)%	63.6%						
1989	184.0%	(7.4)%	0.0%	45.1%	121.1%						
1990	200.2%	(7.4)%	95.2%	95.0%	152.5%						
1991	284.0%	(7.4)%	166.8%	132.5%	215.3%						
1992	394.0%	3.2%	164.0%	141.6%	279.7%						
1993 Est	466.5%	3.2%	179.1%	149.5%	322.9%						
1994 Est	441.0%	58.0%	208.2%	219.6%	340.7%						

The JLBC Staff would consider this increase an equitable means of allocating growth in the AHCCCS program across state and county government and also believes it to be reasonable that the counties would continue to fund a third of overall state matching costs in future years. The Staff proposes that the new contribution be spread among the counties according to the current formula. Table 5 provides the breakdown by county. In terms of the ability of the counties to fund this increase, the JLBC Staff estimates that counties will receive an additional \$25 million in sales tax distributions in FY 1994 above the amounts budgeted for in FY 1993. Should this increased Acute Care contribution violate county expenditure limitations, the Staff proposes that the \$34.6 million increase be reflected under the state appropriation limit, as are current county contributions, given that the state has an estimated \$600 million of excess appropriation limit capacity.

PROPOSED CHANGE IN COUNTY ACUTE CARE CONTRIBUTION						
Apache	Current <u>Share</u> 0.403%	Current Contribution \$262,257	Proposed Contribution \$401,554	Increase From Current \$139,297		
Cochise	3.321%	2,161,177	3,309,081	1,147,904		
Coconino	1.114%	724,948	1,110,002	385,054		
Gila	2.119%	1,378,963	2,111,395	732,432		
Graham	0.804%	523,212	801,114	277,903		
Greenlee	0.286%	186,118	284,974	98,856		
La Paz	0.318%	206,942	316,859	109,917		
Maricopa	57.969%	37,723,964	57,760,949	20,036,985		
Mohave	1.856%	1,207,812	1,849,339	641,526		
Navajo	0.466%	303,255	464,328	161,073		
Pima	22.420%	14,590,062	22,339,535	7,749,473		
Pinal	4.072%	2,649,899	4,057,386	1,407,487		
Santa Cruz Yavapai	0.724% 2.141%	471,151 1,393,279	721,402 2,133,316	250,251 740,037		
Yuma	<u>1.987%</u>	1,293,062	<u>1,979,869</u>	<u>686,807</u>		
Total	100.000%	\$65,076,100	\$99,641,100	\$34,565,000		

Roll Back SOBRA Coverage to 133% of the Federal Poverty Level

This proposal would reduce the income eligibility level for SOBRA Women and Infants from the current 140% of the Federal Poverty Level (FPL) to 133% of FPL. States are required by the federal government to provide medical care to pregnant women and infants under age 1 with household incomes below 133% of FPL. As an option, states may also cover pregnant women and infants up to 185% of FPL. Arizona chose 3 years ago to increase the income eligibility limit to 140% of FPL. This "roll back" of SOBRA coverage would affect approximately 5% of the current SOBRA population, or 1,500 women and infants. Savings from this proposal are estimated to be \$2,377,600 GF and \$6,972,400 TF.

#### Revise Disproportionate Share Allocation

The JLBC Staff proposes that the methodology for allocating disproportionate share funding be revised to allow for the state to retain a greater share of that revenue. The Staff proposes the elimination of county in-lieu payments and changes to the methodology for allocating disproportionate share revenue to hospitals to reduce the number of private hospitals receiving payments. General Fund savings from this proposal would be \$1,600,000.

The FY 1993 disproportionate share legislation provides for county in-lieu payment totalling \$911,200, with payments to each county ranging from a minimum of \$54,300, to a maximum of \$108,600, with the actual payment depending on the level of payments to private hospitals in the respective counties. The original disproportionate share payment plan introduced by AHCCCS would have made payments to 16 private hospitals and two county-operated hospitals in Maricopa and Pima counties. During negotiations on the legislation, the number of private hospitals to be paid was expanded to 28. The JLBC Staff proposes that the number be restricted to the 16 designated in the AHCCCS plan. Such a reallocation of disproportionate share revenue would allow for a greater diversion of funding to the county-operated hospitals in Maricopa and Pima counties, thus providing the state with enhanced opportunities to recoup a portion of that revenue from the county governments.

Impact of JLBC Proposals

This section attempts to quantify the impact of the JLBC Staff proposals on the statewide health care system, private hospitals and counties, and clients served by AHCCCS.

Impact on the Health Care System

This level of analysis looks at how the statewide health care system would fare if: 1) the AHCCCS program provided emergency services only to undocumented aliens, and 2) additional revenue was lost through the SOBRA "roll back". Table 6 provides the Staff's estimates of how these revenue losses might impact the health care system, lessened to some extent, however, by revenue added back to the health care system.

Table 6  IMPACT OF JLBC STAFF PROPOSALS ON HEALTH CARE SYSTEM					
Health Care System Revenue Losses State Funding for Undocumented Aliens in the MN/MI & ELIC Programs "Roll Back" SOBRA Coverage Subtotal-Revenue Losses	JLBC Est. <u>Year 1</u> \$(80,076,900) <u>(6,972,400)</u> \$(87,049,300)	JLBC Est. <u>Year 2</u> \$(92,088,400) <u>(8,018,300)</u> \$(100,106,700)			
Revenue Added Back to System that Lessens Impact Federally-Reimbursed Emergency Services State Funded Emergency Services 6 Month Guaranteed Enrollment Prior Year Bills ("Tail") Subtotal-Revenue Added	26,268,300 7,994,700 7,432,700 12,116,200 \$53,811,900	30,208,600 9,193,900 0 0 \$39,402,500			
Net Impact on Health Care System	\$(33,237,400)	\$(60,704,200)			

In net terms, the health care system could see a loss of \$33.2 million in revenue in the first year of implementation of the JLBC Staff proposals. With the loss of additional state revenue in FY 1995 as the MN/MI program is phased out, the net FY 1995 revenue loss could grow to \$60.7 million.

Impact on Hospitals

Undoubtedly, questions will arise regarding the impact of these proposals on hospitals alone. <u>Table 7</u> summarizes the Staff's estimates of how revenue losses might affect just hospitals, including both county-operated and private hospitals.

Table 7  IMPACT OF JLBC STAFF PROPOSALS ON HOSPITALS					
	JLBC Est.	JLBC Est.			
Hospital Revenue Losses	Year 1	Year 2			
State Funding for Undocumented Aliens in the MN/MI & ELIC Programs	\$(52,050,000)	\$(59,857,500)			
"Roll Back" SOBRA Coverage	(3,137,600)	(3,608,200)			
Subtotal-Revenue Losses	\$(55,187,600)	\$(63,465,700)			
Revenue Added Back to Hospitals that Lessens Impact					
Federally-Reimbursed Emergency Services	17,074,400	19,635,600			
State Funded Emergency Services	5,196,600	5,976,000			
6 Month Guaranteed Enrollment	4,831,300	0			
Prior Year Bills ("Tail")	7,875,500	0			
Subtotal-Revenue Added	\$34,977,800	\$25,611,600			
Net Impact on Hospitals	\$(20,209,800)	\$(37,85 <b>4,100</b> )			
Share Private Hospitals (73%)	\$(14,753,200)	\$(27,633,500)			
Share County Hospitals (27%)	(5,456,600)	(10,220,600)			

These estimates are built upon a number of assumptions regarding the allocation of revenue losses to hospitals, either county-operated or private. Based on information from AHCCCS, the Staff has assumed that 65% of the costs currently incurred by the MN/MI population are for inpatient hospital care. Thus, 65% of the revenue loss from eliminating services for undocumented aliens would be absorbed by hospitals. The allocation of lost revenue between private and county-operated hospitals was based on AHCCCS data showing that Maricopa and Pima county hospitals (the only 2 county hospitals) account for 27% of Medicaid inpatient days.

While these represent out "best estimates," they must be viewed with considerable caution since we have no way of knowing where undocumented aliens will present themselves for emergency services, assuming that, under the Staff proposal, they would no longer be enrolled in AHCCCS health plans. The share of revenue loss borne by county hospitals may actually be higher because many undocumented aliens may be more inclined to utilize the local public health system instead of private hospitals. With these caveats in mind, hospitals could see \$20.2 million in revenue losses in FY 1994, and \$37.9 million lost in FY 1995.

Impact on Counties

The above analysis suggests that county hospitals may also see a net loss in revenue from the JLBC Staff proposals. The most significant impact will be, however, through an increased county contribution to the state for the Acute Care program. Estimates of expected sales tax distributions in FY 1994 indicate that an additional \$25 million in revenue will be available to counties to help fund such an increase. While counties may wish to direct this additional revenue to other priorities, the Staff would again note the declining share of county support for the AHCCCS program as justification for restoring that share to a level more in keeping with earlier county support of AHCCCS.

Impact on Clients

The proposal to fund emergency services only for undocumented aliens will affect about 18,000 people now in the AHCCCS MN/MI and ELIC programs. Under the Staff proposal, these individuals would no longer be enrolled in AHCCCS health plans. Possible outcomes of this change would be that undocumented aliens may no longer have access to preventative care or other forms of routine care. These individuals may forego seeking medical attention until an illness reaches a more critical stage, thereby requiring possible emergency room care.

The outcome for pregnant women no longer covered under SOBRA could be much the same. Without AHCCCS coverage, pregnant women may forego prenatal care, resulting possibly in premature births or infants with low birth weights and related medical problems.

#### Analysis of Executive Recommendation

Summary of Executive Recommendation

The Executive's AHCCCS Acute Care recommendation calls for the elimination of the state-funded MN/MI and ELIC programs and the expansion of federal coverage for pregnant women and children under age 6. The major points of the Executive recommendation are summarized below:

• Eliminate MN/MI and ELIC programs

- Expand SOBRA coverage for pregnant women and infants to those with incomes below 185% of the Federal Poverty Level
- Expand federal coverage for children under age 6 with incomes below 185% of FPL (uses same federal provision that is now allowing for the conversion of most EACs to federal eligibility)
- Eliminate county residual responsibility for providing indigent health care, but keep some "maintenance of effort" at county level
- Increase hospital reimbursement levels by eliminating the 10% quick pay discount from the AHCCCS hospital reimbursement system
- Fund the state match for the emergency services of undocumented aliens who qualify for federal reimbursement
- Fund prior year bills and a guaranteed enrollment period after the MN/MI program is terminated
- Provide state match funding for former MN/MIs and ELICs who could convert to federal eligibility

Table 8 provides the associated costs of each element of the Executive and JLBC proposals, which in turn lead to the total General Fund dollar change from the FY 1993 appropriation. An examination of this table demonstrates that both proposals would produce comparable "bottom line" results. Both essentially hold the AHCCCS General Fund budget to no growth in FY 1994. This point may appear incorrect given that the Executive has recommended the complete elimination of the MN/MI and ELIC programs, whereas the JLBC Staff limits undocumented aliens to emergency services only and increases the county acute care contribution, thus leaving most of the MN/MI and ELIC programs untouched. However, as our analysis attempts to show, the Executive's savings would grow by \$100 million in the second year as certain costs associated with phasing out the MN/MI program are eliminated.

Table 8		
COMPARISON OF EXECUTIVE'S AHCCCS PROPOSE	<u>SAL WITH JLBC PROP</u>	POSAL
	Emantina	H DG G: 66
FY 1994 Estimated AHCCCS Acute Care Increase-Current Law	Executive	JLBC Staff
1 1 1994 Estimated Affeces Acute Care increase-current Law	\$86,562,300	\$78,928,300
FY 1994 Cost of MN/MI and ELIC Programs	(267,148,900)	NA
FY 1994 Cost of Undocumented Aliens	NA	(80,076,900)
Proposed Federal Fligibility Francisco Code 104 C		
Proposed Federal Eligibility Expansion Costs and Other Costs		
<ul> <li>SOBRA Expansion (Women, Infants, and Children Under 6 to 185% of the Federal Poverty Level)</li> </ul>	22 047 000	NYA
• Prior Year MN/MI & ELIC Bills ("Tail")	23,047,900 70,000,000	NA 12,116,200
6 Month Guaranteed Enrollment for MN/MI & ELIC	39,270,000	7,432,700
Categorical Conversions (18% should be categorical)	16,400,000	NA NA
Eliminate Quick Pay Discount on Categorical Bills	16,300,000	NA
State Match for Undocumented Aliens Emergency Services	8,957,500	8,957,500
Subtotal-Expansion Costs, Other Costs	\$173,975,400	\$28,506,400
Other Options/Administrative Changes		,,,
<ul> <li>100% State Funded Emerg. Services for Undocumented Aliens</li> <li>"Roll Back" SOBRA Coverage for Women &amp; Infants to 133%</li> </ul>	NA	7,994,700
of FPL Shift MN/MI Eligibility to the State	NA	(2,377,600)
Revise Disproportionate Share Allocation	NA	(1,600,000)
Non-SMI Adult Mental Health	4,000,000	0
<ul> <li>Administrative Changes/Other Misc.</li> </ul>	1,611,200	1,410,200
<ul> <li>Increase County Acute Care Contribution so that Acute Combined with the Long Term Care Contribution will equal</li> </ul>	<u>NA</u>	(34,565,000)
One Third of Overall State and County Funds for AHCCCS		
Net General Fund Change from the FY 1993 Appropriation	\$(1,000,000)	\$(1,779,900)
FY 1994 Savings from Proposals	\$87,562,300	\$80,708,200

In the next section, the JLBC Staff provides estimates of possible outcomes of the Executive's recommendation. This analysis examines the Executive's proposals in the same way the impact of the JLBC Staff proposals was described: first, from the perspective of the statewide health care system, secondly, looking at the impact on hospitals and counties, and third, assessing the impact on AHCCCS clients.

#### Analysis of Executive Recommendation

Impact on the Health Care System

The Executive's AHCCCS proposal is indeed complex and carries with it fiscal impacts that could take 2-3 years to be fully realized. As noted earlier, both the Executive and JLBC proposals have similar bottom line first year General Fund impacts, but as our analysis will show, the second year reveals dramatic differences in savings and resulting impacts on the statewide health care system. Again, we define the statewide health care system to include both the public (mostly, county) and private health care networks currently in existence throughout the state.

Table 9 below quantifies the impact of the Executive's proposals by looking at the expected reduction in state expenditures for the MN/MI program and new or continued revenue sources that offset this reduction. The column titled "Governor's Plan OSPB EST Year 1" reflects estimates from the Governor's Office of Strategic Planning and Budgeting (OSPB). The remaining two columns represent JLBC estimates of the Executive's plan during the first and second years of implementation.

Table 9  IMPACT OF EXECUTIVE'S PRO	POSALS ON THE I	HEALTH CARE SYS	STEM
Health Care System Revenue Losses  Estimated Dollar Value of Care No Longer Provided by State for MN/MI & ELIC Programs	Executive's Plan OSPB Est Year 1 \$(267,148,900)	Executive's Plan  JLBC Est Year 1  \$(266,923,100)	Executive's Plan  JLBC Est Year 2  \$(293,615,400)
Revenue Added Back to System that Lessens Impact			*
Prior Year Bills ("Tail")	70,000,000	51,053,500	0
6 Month Guaranteed Enrollment	39,270,000	38,669,900	0
Conversion of MN/MI to Federal Groups	48,059,000	17,595,300	21,700,900
Eliminate Quick Pay Discount	47,900,000	49,540,500	56,971,500
Undocumented Aliens Emergency Services	26,268,400	26,268,300	30,208,600
SOBRA Expansion	67,589,100	67,589,100	116,824,600
Net Impact on Health Care System	<u>\$31,937,600</u>	<u>\$(16,206,500)</u>	<u>\$(67,909,800)</u>

The OSPB estimate for the first year of implementation suggests that the health care system will actually experience a net gain in revenue, largely due to the expansion of eligibility for pregnant women and children. This expansion could bring an additional \$67.6 million in revenue into the statewide health care system in FY 1994. The JLBC Staff estimates, however, that the statewide health care system may actually experience a net loss of revenue in the first year. The Staff's estimate is lower due to differences in estimates of revenue from the payment of prior year bills and the conversion of MN/MIs to federal groups.

Apparently, the Executive's estimate for prior year bills builds in a considerable margin for error, while the Executive's estimate of conversions to federal, or "categorical" groups generally assumes that nearly all MN/MIs potentially eligible for federal groups will actually convert in the first year. The Staff's estimate for conversions assumes that the first year effect will be more limited.

The JLBC estimate for the second year shows that the revenue loss to the health care system could increase substantially. As prior year bills are paid off and MN/MI enrollment is completely eliminated in FY 1995, nearly \$90 million in state revenue would no longer flow into the health care system. Even with the revenue from eligibility expansions, the revenue loss could grow to \$67.9 million in FY 1995.

#### Impact on Hospitals

This section isolates the impact of the Executive's proposals on hospitals alone. Table 10 follows the format of Table 9 but shows the share of costs or revenues directed at hospitals.

Table 9  IMPACT OF EXECUTIVE'S PROPOSALS ON HOSPITALS							
Hospital Revenue Losses Estimated Dollar Value of Care No Longer Provided by State for MN/MI & ELIC Programs	Executive's Plan OSPB Est. Year 1 \$(173,646,800) @ 62% of Total	Executive's Plan JLBC Est. Year 1 \$(173,500,000) @65% of Total	Executive's Plan  JLBC Est. Year 2  \$(190,850,000)  @65% of Total				
Revenue Added Back to Hospitals that Lessens Impact:							
Prior Year Bills ("Tail")	43,400,000	33,184,800	0				
6 Month Guaranteed Enrollment	24,347,400	25,135,400	0				
Conversion of MN/MI to Federal Groups	29,796,600	11,436,900	14,105,600				
Eliminate Quick Pay Discount (100% goes to Hospitals)	47,900,000	49,540,500	56,971,500				
Undocumented Aliens Emergency Services	16,286,400	17,074,400	19,635,600				
SOBRA Expansion	30,415,100	_30,415,100	_ 52,571,100				
Net Impact on Hospitals	\$18,498,700	\$(6,712,900)	<u>\$(47,566,200)</u>				
Share Private (Exec. @ 83%, JLBC @ 73%) Share County-Operated (Exec. @ 17%, JLBC @ 27%)	\$15,353,900 3,144,800	\$(4,900,400) (1,812,500)	\$(34,723,300) (12,842,900)				

The Executive has assumed that if costs were allocated between private and county hospitals, 83% would be borne by private hospitals, and 17% would be shifted to county hospitals. The JLBC Staff has assumed that a higher share, or 27%, of costs would be the responsibility of county hospitals. The Staff derived this percentage from AHCCCS data which indicated that Maricopa and Pima county hospitals account for 27% of hospital days utilized by Medicaid patients. As we mentioned in the analysis of the JLBC proposals, these, or any assumptions regarding the share of costs to be borne by either private or county hospitals must be viewed with considerable caution, since the location where those without MN/MI coverage choose to seek medical care is difficult to predict. Using the JLBC Staff estimates from Table 10 suggests that \$6.7 million in costs will be shifted to private hospitals in FY 1994, and by FY 1995, that number could grow to \$47.6 million. If private hospitals and providers are to bear the bulk of the shift in costs, then a portion of these costs will undoubtedly be passed on to patients who pay "out of pocket" or else have health insurance. The portion that is not absorbed by paying patients may show up as increased charity care or uncollectible debt.

Impact on Counties

The analysis of the impact on hospitals shows that some costs may be shifted to the county-operated hospitals as charity care or uncollectible debt and may ultimately become the responsibility of county general revenue sources. The estimate of increased costs borne by county hospitals may in fact be low, and this point was made in the analysis of the JLBC Staff proposals. Not knowing where newly disenfranchised MN/MIs and ELICs will present themselves for medical care is probably the greatest problem in producing an estimate. One might conclude that people no longer covered by the state would most likely seek care at the county level, either through county medical centers in Maricopa and Pima counties or county health clinics. However, there are undoubtedly limits on the ability of county facilities to physically handle sharp increases in patients.

To lessen the impact of ending the MN/MI program, the Executive has proposed to eliminate county residual responsibility. Counties are now required by state law (A.R.S. Title 11) to maintain indigent health care programs that were intact prior to the development of AHCCCS in 1983. Title 11 further designates counties as being ultimately responsible for medical care of the indigent sick. While the elimination of county residual responsibility may not affect people's decisions regarding where to seek medical care, it will shift some of the responsibility for funding indigent health care away from counties to, in all likelihood, private hospitals and providers.

The fiscal implications of Title 11 are that county governments must often pay for medical services of indigent persons incurred for some period prior to the commencement of AHCCCS coverage. These bills would be either incurred directly through the county-operated hospitals or received from private hospitals that have provided care to an indigent patient. Other costs are incurred by a few counties who have more generous eligibility standards or services than currently available in the AHCCCS MN/MI program. The Executive has estimated these county residual costs to be \$10-\$20 million annually. The JLBC Staff is aware that staff of the County Supervisor's Association is studying the residual issue and will make available to the Legislature estimated residual costs.

The Executive has, however, suggested that even though county residual responsibility should be eliminated, counties should still be held to some "maintenance of effort." The Staff would assume that the Executive is implying that counties should be required to maintain some form of public health system, such as county hospitals and clinics.

Another factor that could lessen the impact on counties would be savings achieved through the elimination of the MN/MI eligibility function. Counties now perform MN/MI and ELIC eligibility determinations for the AHCCCS program. According to information from the County Supervisors Association, counties as a whole now spend approximately \$13.8 million on MN/MI eligibility, employing about 600 people. With the proposed elimination of the MN/MI program, all AHCCCS Acute Care eligibility work would be performed by the Department of Economic Security (DES), with the exception of federal SSI coverage.

The Staff's estimate of the impact of the Executive's proposals on hospitals alone indicates that county hospitals could see a \$1.8 million loss in revenue, aside from changes resulting from the elimination of residual responsibility or the county eligibility function. Assuming, however, that county residual costs are \$15 million and county eligibility costs are \$13.8 million, the proposed elimination of these two costs could produce a net gain of \$27 million to counties in FY 1994. As state revenue declines in FY 1995 due to the final phase-out of the MN/MI program, that gain would be lowered to \$16 million.

Expanded Federal Coverage for Pregnant Women and Children

A portion of savings generated through the proposed elimination of the MN/MI program would be used to expand federally-supported coverage of pregnant women, infants, and children under age 6. The Executive has proposed to expand the income limit for these groups to 185% of the Federal Poverty Level. Currently, Arizona, under the federal SOBRA program, covers pregnant women and infants with incomes below 140% of FPL. States, as an option, may expand the income limit to 185% of FPL and still receive federal matching dollars. This proposed SOBRA expansion would extend AHCCCS coverage to an additional 9,000 pregnant women and infants in FY 1994.

The proposed expansion for children under age 6 to 185% of FPL would occur under a federal Medicaid eligibility provision that is currently allowing the state to convert most EACs to federal eligibility. The Executive has estimated that this expansion for children under 6 will extend coverage to 60,000 more children in FY 1994.

Questions often arise regarding MN/MI income eligibility levels, as well as other income eligibility levels that are related to certain percentages of the Federal Poverty Level. Table 11 provides current MN/MI income eligibility levels and income levels under the Executives' proposed expansion for pregnant women, infants, and children.

As this comparison demonstrates, the Executive's proposed expansion for pregnant women and children would encompass income levels considerably higher than those in the MN/MI program, a program the Executive would eliminate. The proposed expansion would cover individuals with incomes up to 85% over the Federal Poverty Level, whereas MN/MIs losing eligibility must have incomes that are 58% below the Federal Poverty Level (for a family of 3). (The MN/MI income limits allow applicants to deduct from their incomes medical expenses in order to "spend down" to the allowable income eligibility level. According to AHCCCS, approximately 25% of the MN/MI population become eligible through the spend-down provision.) While some MN/MI applicants may have higher gross incomes prior to deducting for medical expenses, the Executive's proposal essentially exchanges a lower income group (the MN/MI) for a higher income one in order to benefit from federal matching funds that can be brought into the state through expansions of federal eligibility.

Table 11	COMPARISON OF MN/ AND PROPOSED FEDERAL INCOM	
Family	MN/MI	Proposed Income Limits
Size	Income Limits	
1	\$ 3,200	\$ 12,599
2	4,266	17,002
3	4,810	21,405
4	5,354	25,808
5	5,898	30,211
6	6,442	34,614
7	6,986	39,017
8	7,530	43,420
<u> </u>		

Summary of Analysis

Conceptually, the Executive's proposal is relatively straightforward: eliminate the MN/MI program, expand coverage for pregnant women and children, eliminate county residual responsibility, and increase hospital payments by eliminating the quick pay discount. Sorting through a quantitative analysis is, however, a more daunting matter. In the Staff's view, substantial costs will ultimately be shifted to other sectors of the health care system. Exactly how those costs will be distributed is unclear, though.

While the health care system as a whole may not experience a net loss of revenue during FY 1994, further reductions in state revenues in FY 1995 could result in a net loss of \$68 million to the health care system. The proposed elimination of county residual responsibility, plus the fact that a majority of hospital capacity resides in the private sector suggests that most revenue losses will be felt by the private sector, including private hospitals, physicians, and other private practitioners. However, this impact on private providers may be ameliorated to some extent because many newly disenfranchised MN/MIs may instead seek care through the county public health system.

The allocation of lost revenues is highly speculative, but the impact on AHCCCS clients is somewhat clearer. An estimated 35,000 individuals will be left uncovered by the AHCCCS program, and another 14,000 will be covered for emergency services only. However, some 69,000 women, infants and children would now be eligible for AHCCCS services under proposed expansions of federal eligibility.

Those 35,000 left without any state-funded care will be left to find other sources of payment for their medical care. The lack of preventative care may result in many individuals foregoing medical attention for an illness until their condition becomes critical, thus increasing emergency room utilization and costs. In general, what many view as a state "safety net" for people with catastrophic medical expenses would no longer exist.

#### Other Concerns

This analysis of the Executive's recommendation has attempted to address what we believe are the major issues and possible outcomes. Certainly, there are many others that could arise, either expectedly, or unexpectedly.

One other concern regarding the Executive's proposals, and to a lesser extent the JLBC Staff proposals, is the impact of lost revenue on AHCCCS health plans. According to AHCCCS, 25% of health plan revenue is derived from MN/MI enrollment. AHCCCS has suggested that the loss of that revenue could force some health plans out of the AHCCCS provider network. The loss of health plans could diminish competition among health plans for AHCCCS enrollment, thus resulting in higher rates paid by AHCCCS for members' care. Ultimately, the loss of contracting health plans presents considerable challenges to the managed care concept that is the basis of the AHCCCS program.

Comparison of Proposals - A Summary

This section compares the Executive and JLBC Staff proposals, based first on the respective FY 1994 and FY 1995 General Fund impact of each, and second, looking at how the two proposals compare on such major points as the impact on the health care system, hospitals and counties, and AHCCCS clients.

Table 12 shows how the proposals compare based on the estimated impact on General Fund support of the Acute Care program. The amounts used in this table represent JLBC Staff estimates of the impact of the Executive's proposals. While estimated FY 1994 savings from both proposals are comparable, the Executive's proposals would produce an additional \$103 million in General Fund savings in FY 19945. The JLBC Staff proposals would save an additional \$21.8 million in FY 1995. Savings for both proposals would increase in FY 1995 due largely to the elimination of prior year bills and any continued enrollment. The difference in savings between the proposals is due to the fact that the Executive's proposals eliminates the entire MN/MI program, whereas the JLBC proposal restricts coverage for undocumented aliens only, or about 30% of the MN/MI population.

<u>COMPARISON OF GEN</u> <u>AND</u>	NERAL FUND SA JLBC STAFF PRO (Dollars in Millio	OPOSALS	UTIVE	
	FY	1994	FY 1	995
General Fund Savings	Exec. Proposals	JLBC Proposals	Exec. Proposals	JLBC Proposals
Eliminate MN/MI Program/Expand SOBRA Coverage	\$86.8	N/A	\$190.0	N/A
Emergency Services Only for Undocumented Aliens	NA	\$43.6	NA	\$59.9
Restore County Acute Care Contribution	NA	34.6	NA	38.3
"Roll Back" SOBRA Coverage	NA	2.4	NA	2.7
Revise Disproportionate Share Allocation	NA	1.6	NA	1.6
Other Changes	0.8	(1.5)	0	0
Net General Fund Savings	\$87.6	\$80.7	<i>\$190.0</i>	\$102.5

Impact on the Health Care System - Comparison

Table 13 provides a comparison between the Executive and JLBC Staff proposals regarding the estimated impact of these proposals on the statewide health care system. The JLBC proposal has a larger FY 1994 impact on the health care generally because the Staff has not recommended the expansion of eligibility for pregnant women and children, nor the elimination of the hospital quick pay discount. However, as state health care expenditures decline into FY 1995 with the elimination of prior year bills and guaranteed enrollment, the net loss to the health care system under the Executive's proposal would marginally exceed the loss produced by the JLBC Staff proposals. The estimated revenue loss under the Executive's proposals would grow from \$16.2 million in FY 1994, to \$67.9 million in FY 1995. This increase in revenue losses would not equal the gain in General Fund savings, though, in large part because of offsetting increases in revenue generated by the federal eligibility expansions. Once fully implemented, the proposed expansion of eligibility for pregnant women and children could bring an additional \$50 million in revenue into the health care system in FY 1995.

Table 13

# COMPARISON OF THE IMPACT ON THE HEALTH CARE SYSTEM (Dollars in Millions)

	F	Y 1994	FY	1995
	Exec. Proposals	JLBC Proposals	Exec. Proposals	JLBC Proposals
Health Care System Revenue Losses		-	<u>-</u>	
State Funding for the MN/MI Population	\$(266.9)	NA	\$(293.6)	NA
State Funding for Undocumented Aliens	NA	\$(80.1)	NA	\$(92.1)
"Roll Back" SOBRA Coverage	<u>NA</u>	(7.0)	NA	(8.0)
Subtotal-Revenue Losses	\$(266.9)	\$(87.1)	\$(293.6)	\$(100.1)
Revenue Added Back to System that Lessens Impact			12	
Prior Year Bills	51.0	12.1	0	0
6 Month Guaranteed Enrollment	38.7	7.4	0	0
Conversion of MN/MI to Federal Groups	17.6	NA	21.7	NA
Eliminate Quick Pay Discount	49.5	NA	57.0	NA
Undocumented Aliens Emergency Services	26.3	34.3	30.2	39.4
Federal Expansion for Pregnant Women and Children	<u>_67.6</u>	NA	<u>116.8</u>	NA
Subtotal-Revenue Added Back	\$250.7	\$53.8	\$225.7	39.4
Net Impact on the Health Care System	\$(16.2)	\$(33.3)	\$(67.9)	\$(60.7)

Impact on Hospitals - Comparison

Table 14 provides a comparison between the Executive and JLBC Staff proposals regarding the estimated impact on hospitals. As with our comparison of the impact on the health care system, the same concepts hold true for the impact on hospitals. The Executive's proposals yields a smaller first year revenue loss for hospitals, but as state funding is further restricted in FY 1995, the net revenue loss under the Executive's proposals would again marginally exceed that of the JLBC Staff proposals in FY 1995.

Table 14 <u>COMPARISON OF THE IMPACT ON HOSPITALS</u> (Dollars in Millions)						
	FY	1994	FY	1995		
			Exec. Proposals	JLBC Proposals		
Hospital Revenue Losses						
State Funding for the MN/MI Population	\$(173.5)	NA.	\$(190.9)	NA		
State Funding for Undocumented Aliens	NA	\$(52.1)	NÁ	\$(59.9)		
"Roll Back" SOBRA Coverage	NA	(3.1)	NA	(3.6)		
Subtotal-Revenue Losses	\$(173.5)	\$(55.2)	\$(190.9)	\$(63.5)		
Revenue Added Back to Hospitals that Lessens Impact						
Prior Year Bills	33.2	7.9	0	0		
6 Month Guaranteed Enrollment	25.1	4.8	0	0		
Conversion of MN/MI to Federal Groups	11.4	NA NA	14.1	NA		
Eliminate Quick Pay Discount	49.5	NA	57.0	NA		
Undocumented Aliens Emergency Services	17.1	22.3	19.6	25.6		
Federal Expansion for Pregnant Women and Children		NA	52.6	NA		
Subtotal-Revenue Added Back	\$166.7	\$35.0	\$143.3	\$25.6		
Net Impact on Hospitals	\$(6.8)	\$(20.2)	\$(47.6)	\$(37.9)		

#### Impact of Counties

Under the Executive's proposal, county hospitals could see revenue losses totalling \$1.8 million in FY 1994, and \$12.8 million in FY 1995. If the JLBC Staff proposals were implemented, county hospitals may lose \$5.5 million in FY 1994, and \$10.2 million in FY 1995.

The Executive has proposed certain changes, however, that could produce net revenue gains for the counties in FY 1994 and FY 1995. The elimination of county residual responsibility could save counties \$15 million, while the elimination of the county MN/MI eligibility function could add \$13.8 million to county savings. The JLBC

Staff recommendation maintains county residual responsibility and leaves most of the MN/MI program intact, thus continuing the need for the county eligibility system. However, due to concerns over improper MN/MI eligibility determinations, the Staff recommends that the Legislature consider consolidating all AHCCCS eligibility work with the state. We made this recommendation last year based on information from AHCCCS indicating that 18% of the MN/MI population are in fact eligible for federally-reimbursed groups, but are not being correctly enrolled due to limitations in the current county eligibility system. Project SLIM has also made a similar recommendation. (See Other Issues for Legislative Consideration in the Agency Summary narrative for a discussion of SLIM proposals.)

Impact on Clients

Under the Executive's proposal, of the existing 60,000 people in the MN/MI and ELIC programs, 35,000 would lose all AHCCCS coverage. The Executive estimates that 11,000 MN/MIs and ELICs will convert to federal eligibility groups, while another 14,000 undocumented aliens in the MN/MI and ELIC programs will receive emergency services only. The proposed expansion of federal eligibility would, however, extend AHCCCS coverage to an additional 69,000 pregnant women, infants, and children under age 6.

The JLBC Staff proposal regarding undocumented aliens would affect 30% of the MN/MI and ELIC populations, or about 18,000 people. In conformance with federal policy, these individuals would receive emergency services only coverage through AHCCCS. The proposed "roll back" SOBRA coverage would affect 1,500 women and infants, or about 5% of the current SOBRA women and infants population.

Table 15 summarizes the major points of the Executive and JLBC Staff proposals.

#### Table 15

#### COMPARISON OF PROPOSALS

- Eliminates MN/MI and ELIC programs; 35,000 lose full coverage; 11,000 may convert to full federal eligibility; 14,000 undocumented aliens receive emergency services only.
- Restricts coverage for undocumented aliens to emergency services only; affects 18,000 undocumented aliens. Retains rest of MN/MI and ELIC programs.
- Maintains county acute care contribution at \$65 million.
- Increases county acute care contribution to \$99.6 million, or one-third of overall FY 1994 state match requirements.
- Expands federal SOBRA coverage; adds 9,000 women and infants; expands federal coverage for children under age 6; adds 60,000 children.
- Rolls back SOBRA coverage to 133% of FPL; takes out 5%, or 1,500 women and infants.
- Eliminates county residual responsibility; eliminates quick pay discount.
- Keeps county residual and quick pay discount.

### **Other Acute Care Changes**

#### Medicare Part B Premiums

This line item represents the payment of Medicare Part B Premiums for AHCCCS recipients also eligible for the federal Medicare program. The Part B "buy-in" lowers state costs of providing health care because a portion of the Medicare-eligible recipient's costs are paid for by Medicare. The Staff estimates an FY 1994 increase of \$490,700 GF associated with population growth and the higher cost of Part B premiums. The Total Funds amount is reduced \$438,200 to adjust for the appropriate matching rate.

### Qualified Medicare Beneficiaries (QMBs)

This federally required expenditure represents the payment of Medicare Part A and B premiums, copayments and deductibles for qualified low income individuals who are Medicare-eligible. The JLBC Staff estimates an FY 1994 increase of \$333,700 GF and \$882,300 TF associated with population growth and increased premium, copayment, and deductible costs.

#### EPSDT Mental Health

The General Fund reduction of \$1,000,000 GF from this line item represents the transfer of funding to the Department of Health Services, which will now be capitated by AHCCCS for the Children's Title XIX Mental Health program. The General Fund appropriation has been used to pay Fee for Service drug and laboratory claims of children receiving mental health services through the DHS behavioral health system. These amounts will now be incorporated into monthly capitation payments, with AHCCCS providing the federal portion and DHS the state General Fund amounts. The Total Funds change include a \$16,000,000 reduction for a one-time federal appropriation in FY 1993 associated with the recovery of funds from certain behavioral health entities. The FY 1994 recommended amount reflects also an increase of \$11,231,900 in federal funding related to population growth and continued conversions of clients to Title XIX eligibility. For a more detailed discussion, please refer to the Staff's recommendation for DHS Behavioral Health.

#### Adult Mental Health

The JLBC Staff recommends an increase of \$6,000,000 in federal expenditure authority for the Title XIX Adult Mental Health program. The General Fund appropriation for this program is reflected in the DHS Behavioral Health budget. Again, a more detailed discussion of behavioral health programs appears in the DHS Behavioral Health budget.

DEPARTMENT: Arizona Health Care PROGRAM: Long Term Care	n JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Long Term Care Lump Sum (SM (TI	A) ½ 83,049,300 7) 228,780,800		101,510,700 297,598,000	101,242,600 293,012,000	101,989,600 299,078,200	
Subtotal - Long Term Care (SM (TI			101,510,700 297,598,000	101,242,600 293,012,000	101,989,600 299,078,200	
Less: County Long Term Care Contributio	n 83,049,300	92,297,600	101,510,700	101,242,600	101,989,600	
PROGRAM TOTAL (GI		0 264,236,000	0 297,598,000	0 293,012,000	299,078,200	
BY FUND SOURCE						
County Funds Federal Funds	83,049,300 145,731,500		101,510,700 196,087,300	101,242,600 191,769,400	101,989,600 197,088,600	
PROGRAM TOTAL - ALL SOURCES	228,780,800	264,236,000	297,598,000	293,012,000	299,078,200	

SM or State Match = General Fund and County Funds TF or Total Funds = General Fund, County, Federal and Misc. Funds GF = General Fund

**DEPARTMENT:** 

Arizona Health Care Cost Containment System

PROGRAM:

Long Term Care

The JLBC Staff recommends a total General Fund (GF) appropriation of \$-0-, and a Total Funds (TF) appropriation of \$299,078,200 -- a net increase of \$34,842,200 (TF), or 13.2%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Long Term Care Lump Sum Appropriation

-0- GF

\$ 34,842,200 TF

The lump sum appropriation provides funding for the Arizona Long Term Care System (ALTCS) and reflects amounts for monthly Capitation, Fee for Service payments, and Medicare Premiums. The JLBC Staff estimate is based on population growth of 12.7%, and an average annual enrollment of 11,860 members.

Counties are now responsible for providing the state share of ALTCS program costs, whereas administrative costs (eligibility determinations, etc.) are part of the AHCCCS budget. The FY 1993 county Long Term Care contribution is \$92,297,600 and is collected through the withholding of state sales tax distributions. The JLBC Staff has estimated the FY 1994 county Long Term Care contribution to be \$101,989,600, or an increase of \$9,692,000 over the FY 1993 contribution. The FY 1993 contribution was established in session law (Laws 1992, Chapter 287), so a new contribution amount must again be specified in legislation. In light of new restrictions placed on further reductions in sales tax distributions with the passage of Proposition 108, the Legislature may want to eliminate the withholding provision and instead require counties to pay the prescribed amounts directly to the state. This method was used prior to FY 1992 but was changed to the withholding method to, in part, "free up" county expenditure authority for use in other areas.

The lump sum amount also reflects the JLBC Staff recommendation to shift funding for the Board of Nursing Nurse Aid Training Program to Long Term Care funds (see Administration narrative for further details). The amount associated with this shift is \$209,700 TF, of which \$68,300 would be state match (county) funds. The Executive retains the General Fund appropriation for the Board of Nursing in the AHCCCS Administration program.

Other Issues for Legislative Concern

#### ALTCS Mental Health

The JLBC Staff recommendation does not include additional funding for the mental health services of ALTCS members. ALTCS members 65 and over will be eligible effective February 1, 1993 for mental health services, as the result of the passage of Laws 1992, Chapter 301 (S.B. 1502). The estimated FY 1993 cost of providing mental health services to this portion of the ALTCS population was \$547,000 in Total Funds. During deliberations on S.B. 1502, counties objected to using the county ALTCS contribution to provide the state match for mental health services, suggesting that this new cost should instead be the responsibility of the state.

When S.B. 1502 was approved, however, no funds were explicitly added to the Long Term Care appropriation for mental health services. Given that the first year cost was small relative to the size of the total Long Term Care appropriation, the lack of a specified amount will most likely not be a problem. However, in FY 1994, when the full year effect is realized, and, if the remaining portion of the ALTCS population begins receiving mental health services, an amount for mental health will need to be added. AHCCCS has estimated the FY 1994 cost in ALTCS for mental health services to be \$3.2 million, of which \$1.1 million would be state (county or state General Fund) matching dollars. The JLBC Staff has chosen not to include these amounts in the Long Term Care lump sum appropriation pending a final decision from the Legislature regarding the responsibility for funding ALTCS mental health services.

DEPARTMENT: Department of Economic Agency Summary		JLBC ANALYST: Cawley/Siegwarth HOUSE OSPB ANALYST: Chapko/Zelznak SENATE			Edens Huppenthal	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	2,827.4	2,726.1	3,119.0	2,784.1	2,528.0	
BY PROGRAM/ORGANIZATION		2 2				
Administration	23,542,700	26,032,400	31,051,000	27,740,500	25,393,500	
Developmental Disabilities	38,479,900	39,096,900	43,863,400	38,556,100	37,892,000	
Long Term Care	51,613,700	56,186,900	58,748,000	44,204,600	42,600,700	
Family Support	124,268,700	132,110,800	0	0	0	-
Benefits & Medical Eligibility	0	0	152,465,100	126,223,400	131,295,400	
Child Support Enforcement	2,751,000	2,842,600	2,962,200	2,819,500	2,821,800	
Social Services	96,415,100	103,469,700	0	0	0	
Aging & Community Services	0	0	14,813,300	11,503,600	13,318,400	
Children & Family Services	0	0	111,887,800	95,566,000	92,310,600	
Child Protective Services Training	291,600	430,100	445,100	433,300	432,400	
Employment & Rehabilitation	6,263,200	7,194,100	7,422,800	8,102,900	6,812,100	
AGENCY TOTAL	343,625,900	367,363,500	423,658,700	355,149,900	352,876,900	
OPERATING BUDGET						
Personal Services Employee Related Expenditures	64,013,600 16,199,000		72,378,700 20,484,000		61,817,300 14,335,600	

DEPARTMENT: Department of Economic Security Agency Summary	y	JLBC ANALYST: OSPB ANALYST:	- 7		BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Professional/Outside Services Travel - In State Travel - Out of State Food Other Operating Expenditures Equipment	2,443,900 1,634,300 50,000 597,800 16,122,000 873,800	2,345,100 1,839,000 59,100 497,500 17,849,100 939,300	2,815,300 2,460,400 70,900 491,200 21,749,100 2,382,500	2,494,800 1,951,550 59,400 493,800 17,500,250 917,300	446,900 17,664,400 777,200	
All Other Operating Subtotal  OPERATING SUBTOTAL  SPECIAL LINE ITEMS	21,721,800	23,529,100 104,927,700	29,969,400 122,832,100	23,417,100 107,316,000		
AZTECS Modifications FMCS Modification Interagency Coord. Council Lease-Purchase Equipment MEDICS Public Assistance Collection Fund SLIM Lump Sum Reduction ASH Community Placement Assistance to Families DD Foster Care Housekeeping Payments Out-Of-District Placement DD Purchase of Care Stipends & Allowances	368,000 116,800 2,100 998,400 0 182,200 0 76,100 380,800 2,635,900 169,700 189,100 17,536,300 212,800	580,800 131,300 0 970,100 1,443,600 207,700 -500,000 118,300 463,200 2,728,600 197,400 181,900 19,539,100 215,800	547,700 131,300 0 1,452,500 1,943,800 214,900 0 118,300 463,200 3,638,400 197,400 181,900 22,167,100 215,800	547,700 131,300 0 1,452,500 1,943,800 213,000 0 118,300 463,200 2,728,600 197,400 181,900 18,826,400 215,800	131,300	

DEPARTMENT: Department of Economic Security
Agency Summary

JLBC ANALYST: Cawley/Siegwarth
OSPB ANALYST: Chapko/Zelznak

HOUSE SUBCOMMITTEE CHAIR: Edens
SENATE SUBCOMMITTEE CHAIR: Huppenthal

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DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Vocational Rehab. Contracts	1,788,100	2,117,900	2,117,900		2,296,100	
Acute Care	7,554,000	9,555,300	9,477,400		7,897,600	
Fee For Service	1,702,200	1,897,800	1,915,800		1,346,300	
LTC Foster Care	2,873,700	3,036,900	3,077,100	2,127,200	2,377,100	
LTC Purchase of Care	28,161,100	30,230,100	32,143,500	21,634,800	23,452,000	
Adult Mental Health	0	0	0	1,100,000	0	
AFDC	81,429,900	88,480,900	103,913,100	97,350,400	96,099,500	
Emergency Assistance	710,300	849,500	849,500	849,500	849,500	
General Assistance	16,666,500	17,341,700	19,347,300	3,341,700	10,335,500	
Tuberculosis Control	14,600	19,400	19,400		19,400	
Food Distribution Info	24,000	24,000	24,000	24,000	24,000	
Homeless Shelter	838,000	1,023,900	1,023,900	1,023,900	1,023,900	
Information and Referral	111,000	111,000	111,000	111,000	111,000	
Rural Food Bank Project	199,200	200,900	200,900	200,900	200,900	
Automation Equipment	164,300	286,400	189,100	189,100	189,100	
Financial Reconciliation	624,800	311,000	0	0	0	
Phase II Conversion	0	0	311,000	311,000	311,000	
Adoption Services	13,013,700	12,523,300	16,178,700	15,073,500	12,523,300	
Adult Services	7,943,100	8,416,800	9,451,000	6,268,100	8,444,100	
Children Services	34,437,200	37,904,900	42,346,100	38,555,800	39,456,800	
High Risk Infant Services	412,800	475,000	558,800	475,000	558,800	
Intensive Family Services	445,000	783,500	1,371,200	783,500	1,371,200	
Child Severance Project	167,600	189,200	189,200	189,200	189,200	
CMDP	2,408,200	3,354,900	6,258,600	3,354,900		
Day Care	13,105,000	12,510,400	13,593,100	12,395,300	11,590,300	
JOBS Child Care	769,300	530,500	530,500	1,540,300		
Transitional Child Care	1,023,700	1,141,800	1,141,800	1,299,200	1,340,400	

**DEPARTMENT:** Department of Economic Security Cawley/Siegwarth JLBC ANALYST: HOUSE SUBCOMMITTEE CHAIR: Edens Agency Summary OSPB ANALYST: Chapko/Zelznak SENATE SUBCOMMITTEE CHAIR: Huppenthal FY 1994 FY 1993 FY 1994 FY 1994 **LEGISLATIVE** FY 1992 **ADJUSTED AGENCY EXECUTIVE** JLBC STAFF WORK DESCRIPTION ACTUAL APPROPRIATIONS **REQUEST** RECOMMENDATION RECOMMENDATION **SPACE Institution Support Payments** 390,200 427,000 427,000 427,000 427,000 LTC Ombudsman 109,800 116,100 117,000 116,600 116,700 Videotaping 113,600 200,800 203,600 201,100 0 Homeless & Runaway Youth 0 175,000 0 0 Statewide Resource & Referral 0 0 500,000 0 Ind. Living Rehab. Services 545,100 552,700 552,700 552,700 552,700 Job Search Stipends 153,500 139,100 173,900 173,900 173,900 Navajo Employment Service 192,600 241,800 251,700 249,300 Other Receipts -823,000 -2,000,000 -2,000,000 -2,000,000 -2,000,000 **JOBS** 1,554,200 2,988,500 2,988,500 3,231,200 2,988,500 Special Item Subtotal 241,691,500 262,435,800 300,826,600 247,833,900 253,726,300 AGENCY TOTAL 352,876,900 343,625,900 367,363,500 423,658,700 354,149,900 BY FUND SOURCE General Fund 343,152,100 366,550,700 422,998,700 354,503,600 352,232,400 Other Funds 644,500 473,800 812,800 660,000 646,300 564,331,300 Federal Funds 418,754,100 501,276,000 575,652,800 Other Non-Appropriated Funds 321,736,100 310,024,900 315,245,700 321,736,100 AGENCY TOTAL - ALL SOURCES 1,072,404,900 1.183,885,200 1.321.047.600 1,238,944,300 \_\_\_\_ 355,149,900

**DEPARTMENT:** 

Department of Economic Security

Agency Summary

The JLBC Staff recommends a total appropriation of \$352,876,900 -- a net decrease of \$(14,486,600), or (3.9)%, from the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$352,232,400 -- a net decrease of \$(14,318,300), or (3.9)%, from the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$644,500 -- a net decrease of \$(168,300), or (20.7)%, from the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

•	Annualization of FY 1993 Pay Adjustment	\$2,271,200 6,000	
•	Personal Services/ERE Adjustments Includes a new vacancy factor of 2.4%, although vacancy factors vary by program. The FY 1993 vacancy factor was 2%. The Executive recommends a vacancy factor of 1.8%.	(3,022,800)	GF
•	ERE Rate Changes	(1,549,100) (3,700)	
•	Annualization of Operating Budget for Automation Upgrade	68,300	GF
•	Lease-Purchase Payments Funding	. 326,100	GF
•	Increased Federal Participation and HCFA Rate Renegotiation - Operating Budget Savings	(3,498,000)	GF
•	One-Time Equipment Adjustments	(375,100)	GF
•	Special Line Items	(8,538,900) (170,600)	
	Major changes include:  Transfer Medical Eligibility Determinations Information and Control System to AHCCCS  Federal Offset for Developmentally Disabled Vocational Rehabilitation  Long Term Care - Increased Federal Participation and HCFA Rate Renegotiation  Long Term Care - 5% Caseload Growth  AFDC - 12.7% Caseload Growth  AFDC Benefits Adjustment for Families Without Shelter Costs  Limit General Assistance Eligibility to 1 Year  (7,006,200) (GF)		On a

	Children Services - 10% Caseload Growth, including federal funds	1,551,900 (GF)
##	Public Assistance Collection Fund	4,400 (OF)
***	Homeless and Runaway Youth	(175,000) (OF)
	Other Reductions	(103,800) (GF)

#### Other Issues for Legislative Consideration

#### Agency Restructuring

The department has eliminated 2 divisions, the Division of Family Support and the Division of Social Services, by transferring the FTE positions and programs to 3 new divisions. The new divisions are: the Division of Benefits and Medical Eligibility; the Division of Children and Family Services; and the Division of Aging and Community Services.

#### Project SLIM Recommendations

The agency implemented \$(500,000) of recommended SLIM savings in FY 1993 in the Division of Administration as part of the agency's FY 1993 lump sum reduction. The JLBC Staff recommendation incorporates this FY 1993 adjustment in addition to further Project SLIM savings of \$(217,000) in the Division of Administration.

Although the Executive utilizes \$(582,000) in Project SLIM savings in the Division of Family Support, the JLBC Staff recommendation does not incorporate these savings. The JLBC Staff recommendation also does not add additional FTE positions or funding for eligibility workers. Project SLIM has identified 165 total FTE positions and \$(4,558,000) in savings within the Division of Family Support. The JLBC Staff recommends that these efficiencies be used to meet the increased workload for eligibility determination.

DEPARTMENT: Department of Economic Sec PROGRAM: Administration	JLBC ANALYST: OSPB ANALYST:						
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE	
Full Time Equivalent Positions	344.0	312.8		316.3	274.7		
OPERATING BUDGET							
Personal Services	8,357,100	8,606,100	10,201,900	8,982,600	8,357,000		
Employee Related Expenditures	1,884,800	2,053,500	2,630,900	1,997,900	1,738,600		
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	684,200 135,500 49,000 9,987,400 777,200	416,800 179,000 52,600 11,063,700 827,200	428,600 204,100 55,600 12,135,200 1,104,500	173,100 52,600 11,046,400	11.004.400		
All Other Operating Subtotal	11,633,300	12,539,300	13,928,000	12,471,700	13,089,700	<del>-</del>	
OPERATING SUBTOTAL	21,875,200	23,198,900	26,760,800	23,452,200	23,185,300		
SPECIAL LINE ITEMS							
AZTECS Modifications FMCS Modification Interagency Coord. Council Lease-Purchase Equipment MEDICS Public Assistance Collection Fund SLIM Lump Sum Reduction	368,000 116,800 2,100 998,400 0 182,200	580,800 131,300 0 970,100 1,443,600 207,700 -500,000	547,700 131,300 0 1,452,500 1,943,800 214,900	131,300 0 1,452,500 1,943,800 213,000	131,300 0 1,452,500 581,600 212,100		
Special Item Subtotal	1,667,500	2,833,500	4,290,200	4,288,300	2,208,200		

DEPARTMENT: Department of Economic PROGRAM: Administration	ic Security	JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
PROGRAM TOTAL	23,542,700	26,032,400	31,051,000	27,740,500	25,393,500	
BY FUND SOURCE						
General Fund Other Funds Federal Funds Other Non-Appropriated Funds	23,360,500 182,200 40,518,000 1,836,700	25,824,700 207,700 41,691,300 3,439,000	30,836,100 214,900 46,116,100 1,053,800	213,000	25,181,400 212,100 47,195,500 1,053,800	28 
PROGRAM TOTAL - ALL SOURCES	65,897,400	71,162,700	78,220,900	27,740,500	73,642,800	

The JLBC Staff recommends a total appropriation of \$25,393,500 -- a net decrease of \$(638,900), or (2.5)%, from the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$25,181,400 -- a net decrease of \$(643,300), or (2.5)%, from the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$212,100 -- a net increase of \$4,400, or 2.1%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

FTE Positions Adjustment

\$ -0- GF

A decrease of (38.8) FTE positions is recommended. The decrease reflects the elimination of (31.3) unfunded FTE positions to bring the program's current vacancy factor in line with the standard vacancy factor for a program with this number of FTE positions. See Personal Services/ERE Adjustments bullet for further information. In addition, 1.9 FTE positions were transferred in from the Division of Employment and Rehabilitative Services and (0.9) FTE position was transferred out to the new Division of Adult and Community Services related to the Department of Economic Security's (DES) reorganization. Another (8.5) FTE positions were transferred to AHCCCS with the MEDICS special line item transfer. The Executive recommends only the transfer in of 1.9 FTE positions, the transfer out of (0.9) FTE position, and the addition of 2.5 FTE positions for MEDICS training.

Annualization of FY 1993 Pay Adjustment

247,000 GF

(607,500) GF Personal Services/ERE Adjustments Includes a new vacancy factor of 3%, which is the standard rate applied to agencies with this number of FTE positions. The FY 1993 budgeted vacancy rate was 8%. The agency has imposed an additional 5% vacancy factor to fund shortfalls in the other areas of the agency. The savings of \$(607,500) reflect the permanent elimination of the positions associated with the additional 5% vacancy factor. See FTE Positions Adjustment bullet. The Executive recommends a vacancy factor of 8%. (248,900) GF **ERE Rate Changes** (4,600) GF One-Time Non-Capital Equipment Adjustments The Executive concurs. (45,100) GF Rent - State Owned Buildings Reflects a decrease in the square footage paid by the DES. The Executive does not address this issue. 710.600 GF Building/Lease-Purchase Adjustments Includes the annualization of lease-purchases for space in the Capitol Center, \$1,000; a decrease of \$(3,200) for Developmental Disabilities group homes; a decrease of \$(44,100) for the DES West Building; and a \$705,300 increase restores the one-time offset from DES's nonappropriated Lease-Purchase Fund in FY 1993. As part of the RTC/Distressed Property program, the state intends to acquire a building in Kingman to house offices for DES as well as several other state agencies. An additional \$51,600 has been added to the DES' budget to cover the additional cost of occupying this building. The Executive concurs with all of these adjustments, except for the additional \$51,600 for the Kingman building. 27,300 GF Rent - Tucson State Office Building Provides for the increase in DES' share of the lease-purchase payment. The Executive concurs. 177,100 GF Transfers In to Administration Reflects the transfer in of occupancy costs from the Division of Long Term Care, \$15,600; Division of Family Support, \$65,300; and Division of Social Services, \$96,200. The Executive concurs with the transfer of occupancy costs. Transfer In of FTE Positions 76,600 GF Reflects the transfer in of 1.9 FTE positions from the Division of Employment and Rehabilitative Services as part of the agency's reorganization. The funds reflect a transfer of \$56,100, Personal Services; \$16,500, Employee Related Expenditures; \$100, Travel - In State: and \$3,900, Other Operating Expenditures. The Executive concurs on the transfer in. (47,700) GF Transfer Out of FTE Position Reflects a transfer out of (0.9) FTE position and \$(36,200), Personal Services; \$(9,300), Employee Related Expenditures; \$(400), Travel -In State; and \$(1,800), Other Operating Expenditures into the newly created Division of Adult and Community Services. The Executive concurs with the transfer out.

Transfer Within Administration -0- GF Reflects a transfer of \$50,000 from Equipment to Other Operating Expenditures for the lease-purchase of operating software. Also, \$5,600 is transferred in to Professional and Outside Services from Travel - In State. In addition, \$366,700 is transferred out of Other Operating Expenditures to the Lease-Purchase Equipment special line item. The Executive recommendation retains the \$50,000 in Other Operating Expenditures but does move \$5,600 to Professional and Outside Services and \$366,700 to the Lease-Purchase Equipment special line item. Arizona Technical Eligibility Computer System (AZTECS) Modification (33,100) GF Reflects the lower lease-purchase payment in FY 1994. The Executive concurs. Public Assistance Collections Fund (PACF) 4,400 OF An increase of \$5,400 is recommended for the annualization of the FY 1993 pay adjustment for 6.4 FTE positions and a decrease of \$(1,000) represents an Employee Related Expenditures rate change. The Executive recommends \$5,300. Lease-Purchase Equipment Adjustments (251,100) GF Includes all computer equipment lease-purchases agreements and related increases or decreases in FY 1994 payments. The Executive concurs: Annualize DES Automation Upgrade 435,100 GF Includes \$18,300 for Personal Services and Employee Related Expenditures for the annualization of 8.5 FTE positions, \$50,000 in Other Operating Expenditures for the annualization of the lease-purchase payment for operating software, and \$366,800 for full funding of the lease-purchase of equipment. The Executive recommends \$50,000 for the annualization of the operating software lease-purchase and \$366,800 for the lease-purchase of equipment, but does not recommend the annualization of Personal Services and Employee Related Expenditures. Medical Eligibility Determinations Information and Control System (MEDICS) Adjustment (862,000) GF Reflects a transfer of \$(859,800) to AHCCCS and a one-time equipment reduction of \$(2,200). The JLBC Staff recommends transferring part of this special line item to the DES-AHCCCS budget since the system is for AHCCCS eligibility determination. The JLBC Staff recommendation retains \$581,600 in the DES budget, which is for the upgrading of DES facilities to handle the new automation requirement. The Executive retains all funding in DES. For this issue, the Executive recommends an increase of \$586,900. The Executive recommendation adds 2.5 FTE positions and \$86,700 to this division's operating budget for developing manuals, procedures, and guides for MEDICS training. In addition, the Executive recommends for this special line item, an increase of \$500,200 which provides \$578,100 for the annualization of the 8.5 FTE positions' Personal Services and Employee Related Expenditures, lease-purchase of equipment, and Professional and Outside Services; a one-time adjustment reductions of \$(88,200) and an increase of \$10,300 related to the adding of 2.5 FTE positions for training. In the AHCCCS budget, JLBC Staff is recommending \$478,700 for full-funding of these items that received 9 month funding in FY 1993.

Project SLIM Recommended Reduction

(217,000) GF

Reflects an additional \$(217,000) reduction from efficiencies suggested by Project SLIM through the department's reorganizing its Office of Special Investigations, organizing its accounts payable functions and janitorial services, and by improving its handling of agency travel claims and telecommunication bills.

DES utilized \$500,000 in savings from Project SLIM recommendations for part of its FY 1993 lump sum reduction. The Executive concurs and reduced the Other Operating Expenditures line by this amount. Since the agency hasn't determined exactly how the Project SLIM recommendations will be implemented, the JLBC Staff reflects the decrease as a lump sum reduction.

DEPARTMENT: Department of Economic Se PROGRAM: Developmental Disabilities	JLBC ANALYST: OSPB ANALYST:		BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal		
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVĖ WORK SPACE
Full Time Equivalent Positions =	545.4	489.0	489.0	489.0	474.3	<u> </u>
OPERATING BUDGET						
Personal Services	11,630,600	10,600,700	11,084,800	10,972,300	10,418,500	
Employee Related Expenditures	3,254,600	2,923,600	3,466,200	2,723,900	2,548,800	
Professional/Outside Services Travel - In State Food Other Operating Expenditures Equipment	829,300 210,800 307,400 1,011,500 29,900	878,400 243,000 204,200 790,200 0	1,080,400 243,000 204,200 790,200 0	878,400 243,000 204,200 790,200 0	878,400 243,000 204,200 790,200 0	
All Other Operating Subtotal	2,388,900	2,115,800	2,317,800	2,115,800	2,115,800	
OPERATING SUBTOTAL SPECIAL LINE ITEMS	17,274,100	15,640,100	16,868,800	15,812,000	15,083,100	
ASH Community Placement Assistance to Families DD Foster Care Housekeeping Payments Out-Of-District Placement DD Purchase of Care	76,100 380,800 2,635,900 169,700 189,100 17,536,300	2,728,600 197,400	118,300 463,200 3,638,400 197,400 181,900 22,167,100	118,300 463,200 2,728,600 197,400 181,900 18,826,400	2,635,600 172,600 208,200	

DEPARTMENT: Department of Economic S PROGRAM: Developmental Disabilities	JLBC ANALYST: OSPB ANALYST:	, ,		BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Stipends & Allowances Vocational Rehab. Contracts	9,400 208,500	- 10,400 217,900	10,400 217,900	10,400 217,900	10,400 396,100	
Special Item Subtotal	21,205,800	23,456,800	26,994,600	22,744,100	22,808,900	
PROGRAM TOTAL	38,479,900	39,096,900	43,863,400	38,556,100	37,892,000	
BY FUND SOURCE						
General Fund	38,479,900	39,096,900	43,863,400	38,556,100	37.892.000	
Federal Funds	2,242,300	3,124,900	3,126,500		3,126,500	
Other Non-Appropriated Funds	495,400	790,100	537,600	20		
PROGRAM TOTAL - ALL SOURCES	41,217,600	43,011,900	47,527,500	38,556,100	41,556,100	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$37,892,000 -- a net decrease of \$(1,204,900), or (3.1%), from the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

414,700 GF

Personal Services/ERE Adjustments

(684,400) GF

Includes a new vacancy factor of 3%, which is the standard rate applied to agencies with this number of FTE positions. The FY 1993 budgeted vacancy factor was 1%. The agency has imposed an additional 5% vacancy factor to fund shortfalls in other areas of the agency. The savings of \$(684,400) reflect the permanent elimination of the (14.7) FTE positions and the increased vacancy factor from 1% to 3%. The Executive recommends a vacancy factor of 1%.

ERE Rate Changes

(287,300) GF

Foster Care

(93,000) GF

The recommendation incorporates an estimated FY 1993 surplus. The recommended amount provides services to 172 developmentally disabled children adjudicated dependent by the courts, which is the same as FY 1993.

Housekeeping Payments

(24,800) GF

The recommendation incorporates an estimated FY 1993 surplus. Housekeeping Payments provide an average subsidy of \$70.00 a month to assist clients in retaining help to assist them with housecleaning, laundry and shopping.

Out of District Placement

26,300 GF

The recommendation provides services for 11 clients in FY 1994, the same as FY 1993. The increase represents funding an estimated FY 1993 shortfall. The Executive does not address this issue.

Purchase of Care

(734,600) GF

The recommended amount provides:

- -- \$146,400 to annualize residential services for 10 foster care children who turned 18 years of age in FY 1993 and are no longer eligible for foster care.
- -- \$364,100 to annualize adult day and support services for 77 clients who turned 22 years of age in FY 1993 and are no longer receiving a public education.
- -- \$466,300 to fund part-year residential services for 23 foster care children who will turn 18 years of age in FY 1994 and will no longer qualify for foster care.
- -- \$116,600 to fund part-year adult day services for 12 clients who will turn 22 years of age in FY 1994 and will no longer receive a public education.
- -- \$(787,100) to adjust for the FY 1993 surplus. The Executive recommends that the surplus be used to fund growth in this special line item.
- -- \$(890,900) to transfer a portion of the Adult Day program to the Vocational Rehabilitation Contracts line item. Currently, the state pays 100% of Adult Day costs. Under the Vocational Rehabilitation program, the federal government will pay 80% of expenses. As a result of this transfer, the state may cut its contribution by \$(712,700) (80% of \$890,900) and still maintain an overall program with funding of \$890,900. The Executive describes this initiative as a Project SLIM proposal. Since the JLBC had already proposed a similar initiative in FY 1993, we would not view these savings as Project SLIM generated.
- -- \$(150,000) to adjust for the implementation of a fee schedule, which would allow financially able families to partially offset the cost of the programs. The agency anticipates having the fee schedule in place in FY 1993. The Executive does not address this issue.

Adjusting for the Vocational Rehabilitation issue (see below), the JLBC Staff recommendation is \$306,300 higher than the Executive for caseload growth. The JLBC Staff recommedation offsets this higher amount by \$(150,000) through the inclusion of the Fee Schedule.

Vocational Rehabilitation Contracts

178,200 GF

Provides increased funding for vocational training through the Division of Employment and Rehabilitation Services (see description above). As this program is matched at an 80% federal and 20% state match, the recommended amount will provide \$890,900 in services, which includes \$712,700 in federal funds. The Executive concurs but does not transfer the funding from the Purchase of Care special line item.

#### Other Issues for Legislative Consideration

Contracted Provider Rates

The JLBC Staff recommends a footnote in the General Appropriation Act that the division report to the Joint Legislative Budget Committee, upon completion of contract renegotiation for the first quarter of FY 1994, the difference between appropriated and contracted rates and the impact any difference may have on the division. As an example, the FY 1993 appropriation was based upon residential rates of \$58.64 per day. The FY 1994 budget request indicates that the rates for FY 1993 are now \$68.05 per day, which is an increase of 16% above the appropriated rate.

DEPARTMENT: Department of Economic Security PROGRAM: Long Term Care					Edens Huppenthal	
	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
(GF) (TF)	338.7 898.2	340.3 979.1	335.2 999.6	340.8 998.8	224.4 944.9	
(GF) (TF)	7,384,100 19,667,500	7,376,900 21,142,100	7,585,000 22,640,900		4,912,500 20,758,300	
(GF) (TF)	1,982,000 5,282,400	2,031,900 5,827,200	2,368,700 7,070,700		1,148,000 5,068,200	
(GF) (TF)	619,800 1,676,600	764,900 2,254,400	850,600 2,602,400	746,700 2,254,400	515,800 2,254,400	
(GF) (TF)	151,600 404,500	182,400 521,700	194,600 579,200	197,500 578,500	124,800 521,700	
(GF) (TF)	0	0 400	0 400	0	400	
(GF) (TF)	290,400 494,700	293,300 582,800	287,000 582,800	289,600 582,800	242,700 582,800	
(GF) (TF)	669,100 1,781,700	584,800 1,692,000	593,800 1,786,100	576,000 1,731,100	378,500 1,602,800	
(GF) (TF)	22,300 58,700	27,200 77,900	49,100 146,500	49,100 144,800	0	- N
(GF) (TF)	1,753,200 4,416,200	1,852,600 5,129,200	1,975,100 5,697,400	1,858,900 5,291,600	1,261,800 4,962,100	
	(GF) (TF)	FY 1992 ACTUAL  (GF) 338.7 (TF) 898.2  (GF) 7,384,100 (TF) 19,667,500  (GF) 1,982,000 (TF) 5,282,400  (GF) 619,800 (TF) 1,676,600  (GF) 151,600 (TF) 404,500  (GF) 0 (TF) 0  (GF) 290,400 (TF) 494,700  (GF) 290,400 (TF) 494,700  (GF) 22,300 (TF) 1,781,700  (GF) 22,300 (TF) 58,700  (GF) 1,753,200	FY 1992 ACTUAL FY 1993 ADJUSTED APPROPRIATIONS  (GF) 338.7 340.3 979.1 (GF) 19,667,500 21,142,100 (GF) 1,982,000 2,031,900 (TF) 5,282,400 5,827,200 (GF) 1,676,600 2,254,400 (GF) 1,676,600 2,254,400 (GF) 1,51,600 182,400 (TF) 404,500 521,700 (GF) 0 0 (GF) 0 400 (GF) 0 400 (GF) 0 400 (GF) 0 400 (GF) 0 582,800 (GF) 0 582,800 (GF) 0 582,800 (GF) 0 582,800 (GF) 1,781,700 1,692,000 (GF) 22,300 27,200 (GF) 1,781,700 1,692,000 (GF) 58,700 77,900 (GF) 1,753,200 1,852,600	GSPB ANALYST: Chapko/Zei           FY 1992 ADJUSTED AGENCY ACTUAL APPROPRIATIONS         FY 1994 AGENCY REQUEST           (GF)         338.7 340.3 335.2 979.1 999.6           (GF)         7,384,100 7,376,900 7,585,000 (TF) 19,667,500 21,142,100 22,640,900 (TF) 5,282,400 5,827,200 7,070,700 (TF) 5,282,400 5,827,200 7,070,700 (TF) 1,676,600 2,254,400 2,602,400 (TF) 1,676,600 2,254,400 2,602,400 (TF) 404,500 521,700 579,200 (GF) 0 0 0 0 0 (TF) 404,500 521,700 579,200 (GF) 0 400 400 (GF) (TF) 0 400 400 (GF) (TF) 494,700 582,800 582,800 (GF) 669,100 584,800 593,800 (TF) 1,781,700 1,692,000 1,786,100 (GF) 22,300 27,200 49,100 (TF) 58,700 77,900 146,500 (GF) 1,753,200 1,852,600 1,975,100	Correct	Correct   Corr

DEPARTMENT: Department of Economic Security PROGRAM: Long Term Care		JLBC ANALYST: OSPB ANALYST:	V220 11 (112 12 11 11 11 11 11 11 11 11 11 11 11		UBCOMMITTEE CHAIR: Edens UBCOMMITTEE CHAIR: Huppenthal		
DESCRIPTION		7 1992 TUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
OPERATING SUBTOTAL		19,300 66,100	11,261,400 32,098,500	11,928,800 35,409,000	11,409,500 33,320,100	7,322,300 30,788,600	
SPECIAL LINE ITEMS							
Acute Care		54,000 96,300	9,555,300 20,489,500	9,477,400 21,210,900	6,389,700 21,210,900	7,897,600	
Fee For Service	` ,	02,200 38,200	1,897,800 5,434,300	1,915,800 5,715,200	1,338,000 5,715,200	1,346,300 5,715,200	
LTC Foster Care		373,700 953,000	3,036,900 7,946,600	3,077,100 8,480,900	2,127,200 8,480,900	2,377,100 8,480,900 <u> </u>	
LTC Purchase of Care	, , , ,	61,100 73,100	30,230,100 76,306,000	32,143,500 83,599,500	21,634,800 83,599,500	23,452,000	
Stipends & Allowances	` ,	203,400	205,400 205,400	205,400 205,400	205,400 205,400	205,400 205,400	
Adult Mental Health	(GF) (TF)	0	0	0	1,100,000 1,100,000	0	
Special Item Subtotal		194,400 264,000	44,925,500 110,381,800	46,819,200 119,211,900	32,795,100 120,311,900	35,278,400 118,504,900	
PROGRAM TOTAL		513,700 530,100	56,186,900 142,480,300	58,748,000 154,620,900	44,204,600 153,632,000	42,600,700 <u> </u>	
	( <b>———</b>						

DEPARTMENT: Department of Economic Security PROGRAM: Long Term Care			JLBC ANALYST: Cawley/S OSPB ANALYST: Chapko/Z				Edens Huppenthal	
DESCRIPTION		FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE	
BY FUND SOURCE								
General Fund Other Non-Appropriated Funds	(GF) (OF)	51,613,700 75,016,400	56,186,900 86,293,400	58,748,000 95,872,900	44,204,600 109,427,400	42,600,700 106,692,800	*	
PROGRAM TOTAL - ALL SOURCES	(GF) (TF)	51,613,700 126,630,100	56,186,900 142,480,300	58,748,000 154,620,900	44,204,600 153,632,000	42,600,700 149,293,500		

The JLBC Staff recommends a total appropriation of \$42,600,700 in State General Funds (GF) and \$149,293,500 in Total Expenditure Authority (TF) -- a net decrease of \$(13,586,200) (GF), or (24.2)% (GF), from the adjusted General Fund appropriation, and a net increase of \$6,813,200 (TF), or 4.8% (TF), to the FY 1993 Total Expenditure Authority.

#### JLBC Staff Recommended Changes from FY 1993

• FTE Positions Adjustment
Eliminates (10) (GF) and (29.2) (TF) unfunded FTE positions to bring the program's current vacancy factor in line with the standard vacancy factor for a program with this number of FTE positions. See Personal Services/ERE Adjustments bullet for further information.

Annualization of FY 1993 Pay Adjustment

281,900 GF 825,700 TF

Personal Services/ERE Adjustments

(469,500) GF (1,399,300) TF

Includes a new vacancy factor of 3%, which is the standard rate applied to agencies with this number of FTE positions. The FY 1993 budgeted vacancy factor was 1%. The agency has imposed an additional 5% vacancy factor to fund shortfalls in other areas of the agency. The savings of \$(469,500) (GF) and \$(1,399,300) (TF) reflect the permanent elimination of (10) (GF) and (29.2) (TF) FTE positions and the increased vacancy factor from 1% to 3%. The Executive recommends a vacancy factor of 1%.

• ERE Rate Changes

(195,100) GF (569,200) TF

• Base Adjustment due to Increased Federal Participation - Operating Budget Savings

(257,200) GF

The change in the Federal Medical Assistance Percentage (FMAP) from a state fiscal year average of 34.9% to 34.1%, increases the share of costs paid by the federal government. The change in FMAP will transfer 8 FTE positions from state to federal funding. The above amount reflects the savings from the 8 FTE positions. Savings for the division as a whole are \$(904,300) (GF) -- \$(257,200) in the operating budget and \$(648,100) (GF) in the special line items. In addition, a reduction of (5) (TF) FTE positions was made for the Department of Economic Security's (DES) Intergovernmental Agreement with AHCCCS for Pre-Admission Screening and Annual Resident Review (PASAAR). The amount matches the funding level in the JLBC Staff and Executive recommendations for AHCCCS. Total Expenditure Authority includes \$211,300 and 3 FTE positions for PASAAR. The Executive concurs.

• Health Care Finance Administration (HCFA) Rate Renegotiations - Operating Budget Savings

(3,240,800) GF

Federal Title XIX capitated reimbursement rates paid for eligible services have not been renegotiated since 1989. A series of new rates have been submitted by DES and approved by AHCCCS. It is anticipated that HCFA will approve the rates in FY 1993. The increase in the rates will transfer 97.9 FTE positions from state to federal funding. The above amount reflects the savings from the transfer of 97.9 FTE positions to federal funding. Savings for the division as a whole are \$(13,992,400) (GF) -- \$(3,240,800) in the operating budget and \$(10,751,600) in the special line items. The Executive estimates savings at \$(14,507,500) but does not reduce state FTE positions or associated costs and applies the entire amount to the special line items. As the new rates include separate capitation rates for case management and administration, the JLBC Staff recommendation is an appropriate reduction to these "above the line" costs. In addition, "above the line" expenditures include direct care costs associated with clients at State Operated Group Homes and the Arizona Training Programs.

• Other Operating Expenses

(31,200) GF

(89,200) TF

One-time equipment adjustment of \$(15,600) (GF) and \$(44,600) (TF) and a transfer of \$(15,600) (GF) and \$(44,600) (TF) to the Division of Administration for occupancy.

Equipment

(27,200) GF

(77,900) TF

One-time equipment adjustment.

Acute Care

(1,657,700) GF

1,894,300 TF

The recommended amount includes \$400,000 (GF) and \$1,172,900 (TF) for 6.5% medical inflation, \$(442,600) (GF) due to increased federal participation, \$(1,998,100) (GF) as a result of the HCFA rate renegotiation and \$383,000 (GF) and \$721,400 (TF) for caseload growth of 5%. Caseload growth would add 283 clients for a total of 5,951 in FY 1994. The Executive recommendation does not include medical inflation and applies a reduction of \$(3,104,600) (GF) associated with the HCFA rate renegotiations.

#### Fee for Service

(551,500) GF 280,900 TF

The recommended amount includes \$(45,100) (GF) due to increased federal participation, \$(602,600) (GF) as a result of the HCFA rate renegotiation and \$96,200 (GF) and \$280,900 (TF) for caseload growth of 4.9%. Medically fragile children and on-reservation American Indians receive assistance on a traditional fee-for-service basis rather than through a capitated system. Services will be provided for 20 medically fragile children and 174 on-reservation American Indians. The Executive concurs in (TF) but applies a \$(609,300) (GF) reduction associated with the HCFA rate renegotiation.

#### Foster Care

(659,800) GF 534,300 TF

The recommended amount includes \$(52,400) (GF) due to increased federal participation, \$(739,700) (GF) as a result of the HCFA rate renegotiation and \$132,300 (GF) and \$542,400 (TF) for caseload growth of 4.9%. The recommended amount provides services to 398 developmentally disabled children, adjudicated dependent by the courts. The recommended amount funds 85 children in residential settings, 300 in family settings, and 13 in other settings. The Executive concurs in (TF) but applies a \$(986,500) (GF) reduction associated with the HCFA rate renegotiation.

#### Purchase of Care

(6,778,100) GF 5,413,600 TF

-	Residential Services -				
	FY 1993 Base Adjustment	\$ (648,200)	GF	\$(1,435,600)	TF
	Increased Federal Participation	(333,000)	GF	0	TF
	HCFA Rate Renegotiation	(4,388,500)	GF	0	TF
	Increased Client Billing Revenue	(422,200)	GF	0	TF
	FY 1993 Annualization of 21 Clients Aging Out from Foster Care	137,000	GF	310,400	TF
	FY 1994 Aging Out of 31 New Clients from Foster Care	238,800	GF	558,200	TF
	Caseload Growth	886,600	GF	2,168,000	TF
	Total	\$(4,529,500)	GF	\$ 1,601,000	TF

The JLBC Staff recommendation provides 5.0% caseload growth or an additional 72 clients for a total of 1,553 clients in FY 1994. The Executive concurs in (TF) but does not include increased client billing revenue as a (GF) offset.

 Adult Day (100% State)			
FY 1993 Base Adjustment	\$(1,089,700)	GF	\$(1,089,700) TF
FY 1993 Annualization of 72 Clients Aging Out from	148,500	GF	148,500 TF
School			
FY 1993 Annualization of 21 Clients Aging Out from	104,600	GF	104,600 TF
Foster Care			
FY 1994 Aging Out of 23 New Clients from School	106,800	GF	106,800 TF
FY 1994 Aging Out of 31 New Clients from Foster	367,700	GF	367,700 TF
Care			
Caseload Growth of 3.1%	102,300	GF	102,300 TF
Total	\$ (259,800)	GF	\$ (259,800) TF

The JLBC Staff recommendation provides 3.1% caseload growth or an additional 18 clients for a total of 666 clients in FY 1994. The Executive recommends \$74,600 (GF and TF).

 Adult Day (Title XIX)				
FY 1993 Base Adjustment	\$ 33,200	GF	\$ 97,300	TF
Increased Federal Participation	(92,900)	GF	0	TF
HCFA Rate Renegotiation	(1,290,300)	GF	0	TF
FY 1993 Annualization of 72 Clients Aging Out from	69,700	GF	199,600	TF
School				
FY 1994 Aging Out of 23 New Clients from School	32,500	GF	95,300	TF
Caseload Growth	<u>220,100</u>	GF	<u>650,400</u>	TF
Total	\$(1,027,700)	GF	\$1,042,600	TF

This provides caseload growth of 3.1%, or an additional 43 clients, for a total of 1,425 in FY 1994. The Executive recommends \$1,251,200 (TF).

#### - Vocational Rehabilitation \$0 GF \$(390,200) TF

As these funds are transferred to the Division of Employment and Rehabilitation Services, the federal match is not included the total expenditure authority, as was the case in FY 1993. This maintains FY 1993 funding of \$97,600 (GF) and caseload of 53 clients. The JLBC Staff recommends a moratorium on the use of additional federal Vocational Rehabilitation funding for Adult Day program caseload growth. Though the federal government does pick up 80% of the expenses for the program, these clients are limited to 3 years of vocational rehabilitation services. If clients are in need of an on-going Adult Day program at the end of 3 years, the clients' cost to the state will increase 80% as federal funding will no longer be available. Before further expanding the use of federal Vocational Rehabilitation program, the JLBC Staff recommends evaluating whether existing DD clients supported by this program require a follow-up 100% state-funded program. The Executive recommends \$267,400 (GF) and \$946,700 (TF). The Executive describes this initiative as a Project SLIM proposal. Since the JLBC Staff had already proposed a similar initiative in FY 1993, we would not view these savings as Project SLIM generated.

-- Children Services (100% State)
FY 1993 Base Adjustment
Caseload Growth of 8.3%
Total

\$ (771,100) GF \$ (771,100) TF \$ (25,100) TF \$ (645,000) GF \$ (645,000) TF

This provides for caseload growth of 8.3%, or an additional 57 clients, for a total of 743 clients in FY 1994. The Executive concurs in (TF).

Children Services (Title XIX) FY 1993 Base Adjustment \$234,700 \$825,800 TF GF Increased Federal Participation (7,900)GF 0 TF **HCFA** Rate Renegotiation (183,200)GF 0 TF Caseload Growth of 8.3% 40,500 GF 118,800 TF Total \$84,100 GF \$944,600 TF

This provides caseload growth of 5%, or an additional 46 clients, for a total of 965 clients in FY 1994. The Executive concurs in (TF).

- Support Services (100% State)

\$0 GF

\$0 TF

Maintains FY 1993 funding of \$118,400 (GF & TF) and caseload of 31 clients from the Arizona State Hospital. The Executive concurs.

 Support Services (Title XIX)				
FY 1993 Base Adjustment	\$834,000	GF	\$2,445,700	TF
Increased Federal Participation	(92,500)	GF	0	TF
HCFA Rate Renegotiation	(1,549,600)	GF	0	TF
Caseload Growth	407,900	GF	1,136,300	TF
Total	\$(400,200)	GF	\$3,582,000	TF

FY 1994 represents an increase of 8.3% in total funds available over FY 1993. The Executive concurs in (TF).

- Preschool Transfer

**\$0** GF

\$(461,600) TF

Total Expenditure Authority was reduced \$(461,600) as an Intergovernmental Agreement (IGA) with the Department of Education (ADE) is no longer necessary. The IGA was to provide continuity of service during the transition of services for 3 and 4 year olds from the division to ADE. The Executive concurs.

-- HCFA Rate Renegotiation - The JLBC Staff recommendation includes a reduction of \$(7,441,600) (GF) apportioned between the various Title XIX programs above. The Executive recommendation includes a reduction of \$(9,807,100) (GF) which is not apportioned between the programs above.

Adjusting for the difference in apportioning the savings from the HCFA Rate Renegotiations across the division, the JLBC Staff recommendation is \$(548,300) (GF) lower than the Executive. The major difference in (GF) is that the JLBC Staff is \$(422,200) lower based on increased client billing revenue in Residential Services for Room and Board with the remaining difference of \$(126,100) (GF) reflected in the Vocational Rehabilitation and Adult Day programs.

#### Other Issues for Legislative Consideration

#### Executive Recommendation

The Executive recommends \$1,100,000 for mental health services for dually diagnosed developmentally disabled clients 21 to 65 years of age, who do not meet the criteria of Seriously Mentally Ill (SMI). The JLBC Staff recommends that mental health funding be located in the Department of Health Services, which currently serves those clients under 21 years of age. It is unclear when the state must begin to provide these services or how the program is to be implemented. Therefore, the JLBC Staff does not recommend additional funding at this time. For further detail, see the Department of Health Services' narrative.

The Executive further recommends half-year funding in the amount of \$293,400 (GF) and \$860,400 (TF) for 8.5 (GF) and 24.7 (TF) FTE positions associated with caseload growth.

#### Contracted Provider Rates

The JLBC Staff recommends a footnote in the General Appropriation Act that the division report to the JLBC, upon completion of contract renegotiations for the first quarter of FY 1994, the difference between appropriated and contracted rates, and the impact any difference may have on the division's funding. As an example, the FY 1993 appropriation was based upon residential rates of \$69.54 per day. The FY 1994 budget request indicates that the rates for FY 1993 are now \$85.64 per day, which is an increase of 23.2% above the appropriated rate.

DEPARTMENT: Department of Economic Security PROGRAM: Family Support

JLBC ANALYST: Cawley/Siegwarth CSPB ANALYST: Chapko/Zelznak

HOUSE SUBCOMMITTEE CHAIR: Edens SENATE SUBCOMMITTEE CHAIR: Huppenthal

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DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	803.2	766.5	0.0	0.0	0.0	
OPERATING BUDGET	-	8			N	
Personal Services	16,429,400	15,907,200	0	0	0	
Employee Related Expenditures	4,146,400	4,138,100	0	0	0 ,	
Professional/Outside Services	153,600	89,100	0	0	0	
Travel - In State	425,400	360,600	0	0	0	
Other Operating Expenditures	3,085,800		0	0		
Equipment	34,600	36,400	0	0	0	
All Other Operating Subtotal	3,699,400	4,014,200	0	0	0	
OPERATING SUBTOTAL	24,275,200	24,059,500	0	0	0	
SPECIAL LINE ITEMS						
AFDC	81,429,900	88,480,900	0	0	0	
Emergency Assistance	710,300	849,500	0	0	0	
General Assistance	16,666,500	17,341,700	0	0	0	
Tuberculosis Control	14,600	19,400	0	0	0	
Food Distribution Information	24,000	24,000	0	0	0	
Homeless Shelter	838,000	1,023,900	0	0		
Information and Referral	111,000	111,000	0	0	0	

DEPARTMENT: Department of Economic Security PROGRAM: Family Support		JLBC ANALYST OSPB ANALYST			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE	
Rural Food Bank Project	199,200	200,900	0	0	0		
Special Item Subtotal	99,993,500	108,051,300	0	0	0		
PROGRAM TOTAL	124,268,700	132,110,800	0	0	0		
BY FUND SOURCE							
General Fund Federal Funds	124,268,700 192,271,300		0	0	0		
Other Non-Appropriated Funds	206,600	85,900	0		0		
PROGRAM TOTAL - ALL SOURCES	316,746,600	357,776,900	0	0	0		

The JLBC Staff recommends a total General Fund (GF) appropriation of \$0, a decrease of \$(132,110,800), or (100)%, from the FY 1993 appropriation. The programs in this division have been transferred to 2 new divisions, the Division of Benefits and Medical Eligibility and the Division of Aging and Community Services. Without the transfers, the JLBC Staff recommends a total General Fund (GF) appropriation of \$133,116,200 -- a net increase of \$1,005,400, or 0.8%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

•	Annualization of FY 1993 Pay Adjustment \$	649,7	00 GF	
•	Personal Services/ERE Adjustments  Maintains a vacancy factor of 1%. The Executive recommends a vacancy factor of 1%.	22,50	00 GF	
•	ERE Rate Changes	(104,9	00) GF	
•	Base Adjustments  The recommended amount includes a transfer out of \$(65,300) to the Department of Administration (DOA) for occupancy costs and a one-time equipment adjustment of \$(109,000).	(174,30	00) GF	

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• Aid to Families with Dependent Children (AFDC)

10,522,900 GF

The amount provides for 25,771 new recipients, or 12.7% caseload growth, over the estimated FY 1993 population in the single-parent program and provides for 732 new recipients, or 12.7% growth, in the 2-parent program. This adjustment would provide for an average population of 216,626 recipients in the single-parent program and 6,154 recipients in the two-parent program in FY 1994.

The JLBC Staff recommendation does not provide for a benefit increase in the average payment level as provided by A.R.S. § 46-207.01. A.R.S. § 46-207.01 ties the AFDC benefit level to 36% of the federal poverty level (FPL). As the FPL is adjusted annually, the JLBC Staff estimates that, without a change in statute, AFDC benefits would increase by 2.9% at a cost of \$3,084,600 in FY 1994. The maximum benefit for a family of 3 is currently \$347, as opposed to a projected maximum benefit of \$358. Prior to the increases begun in June 1991, the maximum benefit for a family of 3 was \$293.

The JLBC Staff also recommends that \$500,000 of State Share of Retained Earnings (SSRE) from child support collections be used to offset the costs of the AFDC program as was done by the agency in FY 1992 and FY 1993.

The Executive recommends an increase of \$11,836,800 which provides 12.5% caseload growth in the single parent program and 8.9% caseload growth in the 2-parent program. The Executive concurs with not providing a benefit increase in FY 1994 and the use of \$500,000 of SSRE from child support collections to offset the AFDC program. The JLBC recommendation is lower overall than the Executive's, in spite of a higher growth rate, based on a lower FY 1993 estimate.

Adjusting AFDC Benefits for Families Without Shelter Costs

(2,904,300) GF

Prior to FY 1992, AFDC benefits were adjusted downwards for families without shelter costs (the so-called "A1/A2 policy"). These families could be living with other households or living in totally subsidized public housing. By administrative decision, the agency eliminated this adjustment when the benefit level became tied to 36% of the FPL on June 1, 1991. Reinstating this policy will affect 11.2% of the caseload, or 24,470 recipients. The maximum benefit loss for recipients without shelter costs would be \$128 for a family of 3. The Executive concurs but recommends a reduction of \$(2,967,300) based on different AFDC caseload estimates.

General Assistance (GA)

(7,006,200) GF

The recommended amount includes \$(398,200) to incorporate an estimated FY 1993 surplus and savings of \$(6,608,000) by limiting program benefits to 1 year. The recommended policy will reduce GA clients by (39)%, or from 9,109 recipients in FY 1993 to 5,557 recipients in FY 1994. GA was designed to provide aid to those who are temporarily disabled or are awaiting approval for participation in the federal Social Security Income (SSI) program. The SSI program is designed for those clients with disabilities lasting longer than 12 months. As the application process may take up to 12 months, the JLBC Staff recommendation provides benefits during the application process which are reimbursable when the recipient receives retroactive SSI payments.

Transitions to the SSI program are averaging 46 per month in FY 1993, which will offset projected 10% caseload growth in the program.

The Executive recommends a reduction of \$(14,000,000), which incorporates additional restrictions on eligibility and renames the program to the Arizona Disability Assistance Program (ADAP). Only those clients with a "more likely than not" chance of being accepted in the SSI program will be eligible for the program. The Executive estimates that 70% of the GA recipients will not qualify for ADAP, leaving a FY 1994 caseload of 2,880 recipients. Savings associated with this proposal are \$(12,226,800). The Executive projects additional savings of \$(1,773,200) based on the recovery of retroactive SSI benefits associated with 2,160 ADAP recipients being accepted into the SSI program during FY 1994.

The saving estimates of both proposals, however, must be viewed with caution. The Executive savings estimates are based on extrapolating data from other states, while the JLBC Staff recommendation is based on Case Characteristic Surveys done by the agency that are 1 to 2.5 years old. The Case Characteristic Surveys contain a large percentage of unknown or missing respondents and are subject to interpretation. An example would be that a proposal in FY 1993 would have required the minimum length of disability for eligibility be changed from 30 to 90 days. Estimated savings were based on 11% of recipients being on the program less than 90 days according to the surveys. Further examination of the data revealed that the actual percentage was 2.2%, as the data did not take into account recipients who received extensions.

Agency Restructuring

(133,116,200) GF

The Division of Family Support has been divided into 2 new divisions. The Division of Benefits and Medical Eligibility will contain AFDC, GA, Emergency Assistance and Tuberculosis Control, as well as the FTE positions associated with these programs. The JLBC Staff recommends transferring 758.2 FTE positions and \$131,295,400 to the new division. The remaining programs, 8.3 FTE positions, and \$1,820,800, will be transferred to the new Division of Aging and Community Services. The Executive concurs with the agency restructuring.

#### Other Issues for Legislative Consideration

• Executive Recommendation

The Executive recommends \$1,204,300 and 25 FTE positions (as the federal government matches administrative costs dollar for dollar, the Executive recommendation would add 50 total FTE positions) to handle increased eligibility determination workload for AFDC, GA, and Food Stamps. The Executive has also recommended \$2,619,000 and 129 total FTE positions for AHCCCS eligibility determination. Both DES and AHCCCS have been historically funded for eligibility workers in their individual budgets so that the total costs of both programs may be readily known. The Executive also recommends a reduction of \$(582,000) based on operating efficiencies associated with 4 Project SLIM recommendations, though the Executive does not reduce the 18 total FTE positions associated with these efficiencies. The Executive recommendation reflects an effective net increase of \$3,241,300 and 161 total FTE positions for eligibility determination.

The JLBC Staff does not recommend additional FTE positions or funding for eligibility workers in either the DES or AHCCCS budget. Project SLIM identified 165 total FTE positions and \$4,558,000 (GF) in savings associated with 11 recommendations. These recommendations include the elimination of monthly reporting for Food Stamps, various reorganizations and improvements to application processing. The agency is currently preparing to implement the remaining 7 Project SLIM recommendations. The JLBC Staff recommends that these operating efficiencies be used to meet the increased workload for both DES and AHCCCS.

Recent information from DES indicates that a greater than expected amount of overall eligibility staff time is being spent on regular DES eligibility, such as AFDC or Food Stamps, producing a deficit of \$(1,500,000) in regular DES eligibility and a like surplus in AHCCCS. This information is based on the results of the Arizona Random Moment Sampling survey which allocates an eligibility interviewer's time between the various programs for federal reimbursement purposes. As a whole, the DES eligibility system for AFDC, Food Stamps, and AHCCCS Medical Assistance Eligibility is not experiencing a deficit. Rather, the balance between time spent on regular DES eligibility versus AHCCCS eligibility has moved unexpectedly to the regular DES side.

The presence of a deficit in DES eligibility makes apparent the need for DES and AHCCCS to be able to manage the total appropriation between the agencies with some degree of freedom. Even though the AHCCCS funds are ultimately transferred to DES through an intergovernmental agreement, the General Appropriation Act establishes separate appropriations for AHCCCS and DES. The JLBC Staff suggests, then, a footnote to the appropriations to express the intent that the funds appropriated for AHCCCS and DES eligibility may be transferred as needed between the appropriations. The total dollar size of the AHCCCS and DES eligibility appropriation would remain unchanged.

DEPARTMENT: Department of Economic Sec PROGRAM: Benefits & Medical Eligibili		JLBC ANALYST: OSPB ANALYST:	Cawley/Sieg Chapko/Zelz	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE	
Full Time Equivalent Positions	0.0	0.0	899.2	783.2	758.2		
OPERATING BUDGET							
Personal Services	0	0	17,700,000	16,582,100	16,167,000		
Employee Related Expenditures	0	0	5,129,400	4,246,300	4,026,300		
Professional/Outside Services	0	0	218,600	202,300	192,300		
Travel - In State	0	0	554,500	427,500	382,500		
Other Operating Expenditures	0	0	4,628,700		3,223,400		
Equipment	0	0	104,600	35,000	0	-4	
All Other Operating Subtotal	0	0	5,506,400	3,834,000	3,798,200		
OPERATING SUBTOTAL	0	0	28,335,800	24,662,400	23,991,500		
SPECIAL LINE ITEMS							
AFDC	0	0	103,913,100	97,350,400	96,099,500		
Emergency Assistance	0	0	849,500		849,500		
General Assistance	0	0	19,347,300		10,335,500		
Tuberculosis Control	0	0	19,400	19,400	19,400		
Special Item Subtotal	0	0	124,129,300	101,561,000	107,303,900		
PROGRAM TOTAL	0	0	152,465,100	126,223,400	131,295,400		

DEPARTMENT: Department of Economic Secur PROGRAM: Benefits & Medical Eligibility	ity 	JLBC ANALYST: OSPB ANALYST:	, ,		BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
General Fund Federal Funds	0	0	152,465,100 261,715,900	126,223,400	131,295,400 261,715,900	
PROGRAM TOTAL - ALL SOURCES	0	0	414,181,000	126,223,400	393,011,300	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$131,295,400 for this new division associated with the agency's restructuring.

### JLBC Staff Recommended Changes from FY 1993

The funding, 758.2 FTE positions, and programs recommended for this cost center are transferred in from the Division of Family Support which was eliminated in the agency's restructuring. For further detail, see the Division of Family Support.

**Edens** JLBC ANALYST: Cawley/Siegwarth HOUSE SUBCOMMITTEE CHAIR: **DEPARTMENT: Department of Economic Security** Chapko/Zelznak SENATE SUBCOMMITTEE CHAIR: Huppenthal Child Support Enforcement **OSPB ANALYST:** PROGRAM: **LEGISLATIVE** FY 1994 FY 1994 FY 1994 FY 1993 **WORK** JLBC STAFF **AGENCY EXECUTIVE** FY 1992 **ADJUSTED SPACE** RECOMMENDATION RECOMMENDATION REQUEST ACTUAL **APPROPRIATIONS** DESCRIPTION 87.3 87.3 87.3 87.3 87.3 Full Time Equivalent Positions OPERATING BUDGET 1,677,200 1,677,300 1,694,100 1,401,200 1,612,300 Personal Services 455,400 453,200 373,200 443,900 579,000 **Employee Related Expenditures** 75,200 75,200 \_\_\_\_\_ 75,200 65,100 34,000 Professional/Outside Services 9.100 9,100 9,100 9,100 11,600 Travel - In State 104,700 104,700 104,700 145,900 110,800 Other Operating Expenditures 189,000 \_\_\_\_\_ 189,000 189,000 187,500 189,000 All Other Operating Subtotal 2,321,700 2,462,100 2,319,400 2,245,200 1,961,900 OPERATING SUBTOTAL SPECIAL LINE ITEMS 189,100 189,100 286,400 189,100 164,300 Automation Equipment 311,000 0 624,800 Financial Reconciliation 311,000 0 311,000 311,000 Phase II Conversion 500,100 500,100 789,100 597,400 500,100 Special Item Subtotal 2,819,500 2,821,800 2,962,200 2,751,000 2,842,600 PROGRAM TOTAL

DEPARTMENT: Department of Economi PROGRAM: Child Support Enforcem		JLBC ANALYST OSPB ANALYST	, ,		BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
General Fund Federal Funds Other Non-Appropriated Funds	2,751,000 15,271,000 17,599,100	2,842,600 23,675,000 43,117,500	2,962,200 19,848,200 52,471,700	-	2,821,800 19,848,200 52,471,700	
PROGRAM TOTAL - ALL SOURCES	35,621,100	69,635,100	75,282,100	2,819,500	75,141,700	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$2,821,800 -- a net decrease of \$(20,800), or (0.7)%, from the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

•	Annualization of FY 1993 Pay Adjustment	74,6	600	GF
•	Personal Services/ERE Adjustments Maintains a vacancy factor of 1%. The Executive recommends a vacancy factor of 1%.	(7	<b>'00</b> ) (	GF
•	ERE Rate Changes	2,6	600 (	GF
•	Base Adjustment  The agency transferred \$41,200 from Other Operating Expenditures to Professional and Outside Services in FY 1993. The Executive concurs.	Ŀ	-0- (	GF
•	Automation Equipment  Represents the required lease-purchase payment for automation equipment for the Child Support Enforcement Administration. Several studies had singled out the department's lack of automation as the biggest obstacle to improving the program's collection rate. Due to delays in purchasing some of the equipment, the lease-purchase schedules on page 98 of the FY 1990 Appropriations Report have been modified. The final lease-purchase payment will now be made in FY 1995. The Executive concurs.	(97,3	(00)	GF

Financial Reconciliation

(311,000) GF

The 2-year financial reconciliation project, which is part of Phase I of the Arizona Tracking and Locate Automated System (ATLAS), is anticipated to be completed during FY 1993. Phase I consisted of the necessary modifications to allow the computer system imported from the state of Idaho to operate in Arizona, conversion and loading of the case files onto the computer system and the purchase of computer hardware. The Executive concurs.

• Phase II Conversion

311,000 GF

Phase II is the system development required to achieve federal certification. To meet the Family Support Act of 1988 certification requirements, additional data elements must be added to the system. Federal certification is required by October 1995. The Executive concurs.

#### Other Issues for Legislative Consideration

Auditor General's Performance Audit

The Auditor General, the JLBC Staff, and the Department of Economic Security agree with the 4 findings of the report. While the JLBC Staff generally concurs with the Auditor General's recommendations, the JLBC Staff cannot recommend the implementation of the various recommendations until more specific proposals are made to address the findings.

The Auditor General's report highlights the large amount of Other Funds available to the Division of Child Support Enforcement (DCSE). Though appropriated \$2,842,600 in General Funds for administration for FY 1993, the estimated total fund administration budget for FY 1993 is \$24,329,700. Given the discretion of the DCSE to use these increased collections, the JLBC Staff recommends that the DCSE be appropriated on a total funds basis for FY 1994. This will improve legislative oversight of the Child Support Enforcement program.

-- Finding I - Details the fact that millions of dollars in child support payments remain uncollected by the DCSE. The JLBC Staff concurs with the Auditor General's recommendation that DCSE re-evaluate its current staffing level. The JLBC Staff does not, however, recommend additional General Funds for FTE positions in response to the audit findings that caseload per caseworker is too high. The improvements detailed in the other 3 findings, coupled with the use of ATLAS, should allow for a significant increase in collections. The JLBC Staff recommends that this increase in collections fund additional FTE positions.

Increased collections fall into 2 categories--non-public assistance and public assistance. For public assistance cases, those currently or previously on AFDC, the state retains a share of the collections as a reimbursement for the benefits the client has received. DCSE uses the State Share of Retained Earnings (SSRE) as federal match. The match is 66% federal to 34% state. DCSE has used increased SSRE from child support collections to hire additional FTE positions and has grown from 468.5 total FTE positions in FY 1992 to 545.5 total FTE positions in FY 1993.

- -- Finding II Details that statutory changes are needed for DCSE to have adequate authority over the statewide program and the option to retain private legal counsel. The agency is already preparing legislative proposals to address these concerns.
- -- Finding III Details that DCSE can improve productivity and efficiency. DCSE has already implemented many of the recommendations and is currently making changes to the ATLAS system in order to more effectively prioritize cases in the future. Statutory changes are also recommended in order to use a more administrative procedures and allow the privatization of some child support functions.
- -- Finding IV Details that DCSE could recover more of its administrative costs from non-AFDC cases. DCSE is currently studying various proposals.

DEPARTMENT: Department of Economic Security PROGRAM: Social Services		JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	596.0	610.0	0.0	0.0	0.0	
OPERATING BUDGET						
Personal Services 16	5,463,000	17,847,600	0	0	0	
Employee Related Expenditures	3,975,900	4,558,200	0	0	0	
Professional/Outside Services	0	58,900	0	0	0	
Travel - In State	662,500	764,600	0	0	0	
Other Operating Expenditures	967,000	1,442,700	0	0	0	
Equipment	7,500	48,500	0	0	0	
All Other Operating Subtotal	,637,000	2,314,700	0	0	0	
OPERATING SUBTOTAL 22	2,075,900	24,720,500	0	0	0	
SPECIAL LINE ITEMS						
	,013,700	12,523,300	0	0	0	
	,943,100	8,416,800	0	0	0	
	,437,200	37,904,900	0	0	0	
High Risk Infant Services	412,800	475,000	0	0	0	
Intensive Family Services	445,000	783,500	0	0		
Child Severance Project	167,600	189,200	0	0	0	

DEPARTMENT: Department of Economi PROGRAM: Social Services	JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
CMDP Day Care JOBS Child Care Transitional Child Care Institution Support Payments LTC Ombudsman Videotaping Homeless & Runaway Youth	2,408,200 13,105,000 769,300 1,023,700 390,200 109,800 113,600 0	3,354,900 12,510,400 530,500 1,141,800 427,000 116,100 200,800 175,000	0 0 0 0 0 0	0 0 0 0 0 0	0 0 0 0 0	
Special Item Subtotal	74,339,200	78,749,200	0	0	0	
PROGRAM TOTAL	96,415,100	103,469,700	0	0	0	
BY FUND SOURCE						
General Fund Other Funds Federal Funds Other Non-Appropriated Funds	96,415,100 0 63,147,700 1,311,800	103,294,700 175,000 75,645,100 1,651,400	0 0 0	0 0 	0 0 0	
PROGRAM TOTAL - ALL SOURCES	160,874,600	180,766,200	0	0		

**DEPARTMENT:** 

Department of Economic Security

PROGRAM:

Social Services

The JLBC Staff recommends a total appropriation of \$0 -- a net decrease of \$(103,469,700), or (100)%, from the FY 1993 appropriation. The programs in this division have been transferred to 2 new divisions, the Division of Children and Family Services and the Division of Aging and Community Services. Without the transfers, the JLBC Staff recommends a total appropriation of \$103,760,500 -- a net increase of \$290,800, or 0.3%, to the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$103,760,500 -- a net increase of \$465,800, or 0.5%, to the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$0 -- a net decrease of \$(175,000), or (100)%, from the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

FTE Positions

Eliminates (15.5) unfunded FTE positions to bring the program's current vacancy factor in line with the standard vacancy factor for a program with this number of FTE positions. See Personal Services/ERE Adjustments bullet for further information. The Executive recommends an increase of 15.5 FTE positions - 1.5 FTE positions for JOBS Child Care and 14.0 FTE positions for Adult Protective Services, but does not eliminate any positions.

Annualization of FY 1993 Pay Adjustment

514,100 GF

Personal Services/ERE Adjustments

(1,125,000) GF

Includes a new vacancy factor of 3%, which is the standard rate applied to agencies with this number of FTE positions. The FY 1993 budgeted vacancy rate was 0.6%. The agency has imposed an additional 5% vacancy factor to fund shortfalls in other areas of the agency. The savings of \$(1,125,000) reflect the permanent elimination of the positions associated with the additional 5% vacancy factor. See FTE Positions Adjustment bullet. The Executive recommends a vacancy factor of 0.6%.

• ERE Rate Changes

(686,100) GF

One-Time Non-Capital Equipment Adjustment

(170,200) GF

One-Time Capital Equipment Adjustment

(48,500) GF

• Transfer of Occupancy Costs to the Division of Administration

(96,200) GF

Adoption Services

The JLBC Staff does not recommend expansion of this program, but does recommend that the Legislature consider options to control the program's cost and to limit spending to the level of the appropriation. This funding subsidizes the adoption of children who otherwise would entail high financial risks to prospective parents because of physical, mental or emotional disorders or who, because of age, sibling relationship, or racial or ethnic background would be otherwise difficult to place in adoption. The JLBC Staff recommends that the Legislature should consider limiting the population for whom the subsidy is provided as well as anticipate savings from the Project SLIM review that the division is undergoing currently.

By federal law, Title IV-E eligible children are entitled to the adoption subsidy. While Adoption Services' status as a statutory entitlement is unclear (A.R.S. § 8-142), the Legislature has by tradition fully funded the program and the DES has served both Title IV-E and non-Title IV-E children who qualify as special needs children. The Legislature should consider meeting only the federal entitlement requirement by modifying A.R.S § 8-142 to clarify to whom the subsidy should be provided. From the agency's request data, the majority of the growth in the number of children qualifying for adoption services is within the non-Title IV-E category. In addition, the Legislature could also amend A.R.S. § 8-142 to limit the program to the available appropriation. In that circumstance, DES would need to take administrative action to reduce eligibility and/or benefits if the program's expenditures began to exceed the appropriation.

-- If the Legislature chooses to provide the subsidy for non-Title IV-E children, then the Legislature should consider capping the maximum family income at which the subsidy will be provided. Since the department does not analyze adoptive family income, the amount of savings is not known at this point. By federal law, such a cap cannot be applied to those families adopting Title

IV-E eligible children.

The department is projecting a \$2,327,500 shortfall for FY 1993 and anticipates the need of an additional \$1,327,900 for FY 1994 caseload growth, if the program continues as it is currently implemented. Without the statutory changes noted above, this program would require an additional \$3,655,400 in FY 1994 to fund both the FY 1993 shortfall and the new FY 1994 caseload. The agency assumes a FY 1993 average annual cost per subsidized child at \$8,448.03. This average annual cost is comprised of 2 pieces: the adoptive child's medical costs and the adoptive parents cash subsidy. Each part represents approximately 50% of overall program costs. The adoptive parents average cash subsidy traditionally has been adjusted as part of the overall provider increase. The FY 1993 average annual cost is estimated by the department to rise by 3.8% over the FY 1992 cost. However, the FY 1993 average annual cost per child is a 17.4% increase over the FY 1991 actual cost per child. Since a provider increase has not been appropriated since FY 1991, it is assumed that the increase in the average annual cost is associated with rising medical costs. Accordingly, the Legislature should examine the implications and efficacy of requiring adoptive parents to use AHCCCS for the medical benefits of this program.

Caseload growth also contributes to increasing expenditures. The department projects a FY 1994 caseload of 2,161 children, which is a 174, or 8.8%, increase. The DES projects a FY 1993 caseload of 1,987, which is an increase of 199, or 11.2% over

FY 1992. FY 1986 - FY 1992 caseload growth averaged 8% annually.

-- Includes \$80,000 for non-recurring adoption expenses.

-- Assumes a total Title IV-E federal contribution of \$1,149,500, which is the FY 1993 level.

-- The Executive recommends an increase of \$2,550,200 which will provide for an additional 175 children.

-0- GF

#### Adult Services

- Funding in this special line item provides a community-based continuum of care and services, such as housekeeper, home health aide and visiting nurse services for SSI-eligible households, home care for non-SSI households, assessments and case management and services for abused, neglected, and exploited adults. In addition, monies in this line are used to match federal funds for congregate and home-delivered meals as well as other social services.
- -- Includes \$27,300 for the state match to comply with federal cost sharing requirements of Title III-B of the Older Americans Act, which will draw down an additional \$327,200 in federal Older American Act dollars. The Executive concurs.
- Freezes the appropriation for Supplemental Payments at the FY 1993 level of \$4,422,200, which requires a statutory change to eliminate the state mandate to provide for Housekeeping Payments (A.R.S. § 46-252). Although the Legislature, until the current year, has traditionally fully funded caseload in all 3 Supplemental Payments programs, DES is only mandated to provide Housekeeping Payments (A.R.S. § 46-252). DES is required to pay any qualified Supplemental Security Income (SSI) recipient \$70 a month for housekeeping. The majority of the caseload is given the \$70 cash payment, which they then can use to arrange their own housekeeping. The remainder of the caseload receives a contracted service. By negotiating a group rate, DES has been able to provide the contracted service at a cost below the \$70 cash payment. If the mandate is removed, the DES will be able to provide services to their clientele based upon severity of need. The agency estimates to fully fund Housekeeping Payments, Visiting Nurse and Home Health Aide, an additional \$956,500 would be required.
- -- FY 1986 FY 1992 caseload growth averaged 13.2% annually.
- -- The FY 1994 average cost and caseload is based upon DES FY 1993 estimates to meet the department's statutory obligation for Housekeeping Payments' clients and to live within their appropriation of \$4,422,200. If A.R.S. § 46-252 is changed, the caseload counts by service may change.

	FY 1993 Caseload	Average Payment
Housekeeping	4,901	\$69.78
Visiting Nurse	115	81.26
Home Health Aide	162	107.80

The Executive recommends decreasing the Adult Services special line item by \$(2,226,400), which includes a decrease of \$(336,100) in Supplemental Payments and a reduction of \$(1,890,300) in Home Care services. The Executive proposes that 20% of the clients who are eligible for the services in these programs are eligible for Title XIX Arizona Long Term Care System (ALTCS) Home and Community Based Service program and, therefore, should be moved to that system. The Executive recommendation is based on a 1988 consultant's study and a 1992 consultant's evaluation. The Executive recommendation basically shifts the cost of these clients onto the counties who are responsible for funding the state share of the federal Title XIX match. Furthermore, based on agency data 1,700 out of 12,500 clients, 13.6%, receiving Home Care qualify for ALTCS, and only 180 out of 5,120, 3.5%, receiving Supplemental Payments qualify for ALTCS.

27,300 GF

Children Services

1,551,900 GF

- -- Fund additional services related to caseload growth of 10%, an increase of \$3,790,500. In its budget request, DES estimated a 10% increase in Child Protective Services reports "appropriate for investigation." More investigations result in the greater use of contracted services such as shelter care, foster care and in-home counseling. Increase in reports "appropriate for investigation" have varied over the years. These reports increased by 14% during FY 1990, by 5% during FY 1991 and by 18% during FY 1992. Between FY 1986 and FY 1992, these reports increased at a 8.1% annual rate.
- The number also reflects an offset to the \$3,790,500 increase of \$(671,500) which is used to fund additional teams for Intensive Family Services, \$(587,700), and High Risk Infants, \$(83,800). These 2 programs provide intensive services to children in danger of being removed from their homes, which should decrease the number of children receiving Out-of-Home (foster care) services. In addition, another \$(1,000,000) is offset to the growth to reflect the increase of federal Title IV-E and an offset of \$(567,100) to reflect new Social Services Block Grant (SSBG) monies used to fund this special line item.

-- Assumes \$7,073,700 of federal funds that DES should receive during FY 1994, which includes Title IV-E - \$5,620,500; Social Services Block Grant - \$897,700; Title IV-B - \$267,000, and the Crisis Nursery Grant - \$288,500.

-- The Executive recommends an increase of \$1,218,000, or 3.2%, and then applies the offset of \$(567,100) to reflect the new SSBG money coming into the state.

Comprehensive Medical and Dental Program (CMDP)

Reflects no increase for this program which provides full coverage of the medical and dental expenses of foster children under the jurisdiction of the Department of Economic Security, Juvenile Probation Offices and the Department of Youth, Treatment and Rehabilitation Services. Current expenditure information indicates that the program may have a surplus. However, the agency believes that CMDP is experiencing an increase in a total number of children receiving mental health referrals, an increase in the average length of hospital stays and a shifting in costs from the Department of Health Services' Children's Rehabilitative Services. In addition, the program is now behind in its billing by 41 days due to high staff turnover.

Through better monitoring and review, DES has been able to lower expenditures during FY 1991 and FY 1992. The FY 1994 projected average annual cost is \$1,774.48 and projected caseload of 5,861 recipients which reflects no anticipated cost or caseload growth over FY 1993.

- -- Assumes a total other funds contribution of \$7,045,300, which includes \$4,896,500 -- AHCCCS Capitation and Reinsurance; \$952,500 -- ALTCS Capitation and Reinsurance; \$1,000,000 -- EPSDT offset; and \$196,300 -- Third Party Liability.
- -- According to A.R.S. § 8-512, the state shall provide comprehensive medical and dental care to the extent that funds are available.
- -- The Executive concurs.

Day Care

(920,100) GF

-0- GF

During FY 1992, DES began implementation of its integrated child care administration consisting of 4 programs which provide day care subsidies for eligible families: state Day Care subsidy, AFDC-Employed, AFDC At Risk, and the Child Care Development Block Grant (CCDBG). Of these 4 programs, all but the CCDBG receive state funding.

The State Day Care subsidy program provides a subsidy for eligible families based on family income, family size, and the number of hours of child care per child. The upper income limit of participating families is at least 65% of the state median income, as determined by DES. This program is funded through 2 sources: a state appropriation and the Social Services Block Grant (SSBG).

The AFDC-Employed program provides a subsidy for families that are receiving Aid to Families with Dependent Children (AFDC) and need child care to accept or maintain employment. The subsidy is a market based rate with no family co-payment. This program is funded through a 65.9% federal/34.1% state match. The state share should not exceed the required amount needed to match the federal capped share.

The AFDC At Risk program provides a subsidy for families with a gross monthly income level below 33.5% of the October 1991 state median income, which is a level set by DES, and would be at risk of qualifying for AFDC unless they receive child care so they can accept or maintain employment. The subsidy is a market based rate minus a family co-payment which is determined by using a sliding fee schedule. The average monthly co-payment is projected to be \$10.75, which is the same as the FY 1993 budgeted amount. Federal funding is capped and is estimated to be \$4,999,300 for FY 1994. The state share should not exceed the required amount needed to match the federal capped share.

The Child Care Development Block Grant (CCDBG) is fully funded through federal monies. The grant provides a subsidy for eligible families based on family income, family size, and the number of days of child care received per child. Eligible families have a gross monthly income level below 33.5% of the October 1991 state median income, which is a level set by DES, and need child care to obtain employment, job training, or education. The subsidy is a market based rate minus a family co-payment. The average monthly co-payment is projected to be \$7.75, which is the same as the FY 1993 budgeted amount.

The recommendation assumes the following caseload, average monthly cost and funding sources:

	Average Number	Average		Funding Sources	S
<u>Program</u>	of Children Served	Monthly Subsidy	Federal	State	Total
State Day Care Subsidy	13,565	\$91.55	\$6,489,800	\$8,412,300	\$14,902,100
AFDC-Employed	2,048	180.33	2,920,600	1,511,200	4,431,800
AFDC At Risk	3,738	169.14	4,999,300	2,586,900	7,586,200
CCDBG	<u>8,176</u>	<u>136.88</u>	13,430,000	-0-	13,430,000
Total	27,527	\$122.15	\$27,839,700	\$12,510,400	\$40,350,100

- Includes a \$(115,100) decrease in the state's required funding match from 34.9% to 34.1% in the federal day care subsidy programs. In addition, the JLBC Staff recommends an offset of \$(805,000), which reflects the increase in funding for the JOBS Child Care special line item of \$573,800 and the Transitional Child Care special line item of \$231,200. As the federally reimbursed JOBS and Transitional Child Care programs expand (see below), the need for the State Day Care program should decline. The Executive recommends the \$(115,100) decrease to reflect the change in the state's required funding match.
- -- State Day Care is not a statutory entitlement and gets its legislative authority from the annual General Appropriation Act. However, with the initiation of the federal CCDBG, states are required to maintain a certain funding level and are not allowed to supplant state funds with the new federal CCDBG dollars.

#### JOBS Child Care

547,600 GF

Funds child care assistance to AFDC recipients in the Jobs Opportunities and Basic Skills (JOBS) program. The appropriation provides child care funds for single-parent AFDC households, consisting of single-parents attending job training, job search applicants, and tribal participants. Funds are also included for AFDC-UP households assuming the parents attend job training 3 days per week. Starting October 1, 1992, those AFDC-UP households with children under 2 years of age are exempt from the program. Prior to July 1, 1992, AFDC-UP households with children under 3 years of age were exempt from the program.

Reflects the decrease \$(26,200) in the state's required funding match from 34.9% to 34.1% for this federal child care program, and an increase of \$573,800, which funds the current shortfall related to caseload growth. DES has revised its request which projects an increase of \$2,117,800 and 2 FTE positions is needed to fully implement the statewide expansion of the JOBS program and changes to the program as mandated by S.B. 1355. Recent agency data do not indicate an increase in child care clients associated with the October 1, 1992 changes in the JOBS program. The lack of caseload increase may be due to delays in the implementation of the changes in the JOBS program. The JLBC Staff would like to review data related to the JOBS program before making a FY 1994 recommendation. The Executive recommends an additional \$1,022,400 to this special line item and adds 1.5 FTE positions and \$53,600 to this division's operating budget to meet the federally required statewide expansion of the JOBS program. The Executive recommendation does not address the change to the JOBS program as mandated by S.B. 1355.

#### Transitional Child Care

198,600 GF

Funds transitional child care assistance. Families are eligible for up to 12 months of child care benefits if they received AFDC benefits for 3 of the 6 months prior to ineligibility and are ineligible for AFDC due to increased hours of, or income from, employment or the loss of the employment disregard.

Reflects the decrease \$(32,600) in the state's required funding match from 34.9% to 34.1% for this federal child care program, and an increase of \$231,300 which funds the current year shortfall related to caseload growth. DES has revised its request which projects an increase of \$387,400 and 0.5 FTE position is needed to fully implement the statewide expansion of the JOBS program and the changes to the program as mandated by S.B. 1355. Recent agency data do not indicate an increase in child care clients associated with the October 1, 1992 changes in the JOBS program. The lack of caseload increase may be due to delays in the implementation of the changes in the JOBS program. The JLBC Staff would like to review data related to the JOBS program before making a FY 1994 recommendation. The Executive recommends an additional \$184,600 to this special line item to meet the federally required statewide expansion of the JOBS program. The Executive recommendation does not address the change to the JOBS program as mandated by S.B. 1355.

-- Assumes an average monthly subsidy of \$196.96 per month which includes the total cost of \$212.72 per month minus the average monthly family co-payment of \$15.76. All families are required to make co-payments based upon a sliding fee schedule.

### Institutional Support Payments

-0- GF

- -- DES estimates no change in FY 1994 caseloads or payments for this program which is required to fund all eligible aged, blind, or disabled persons in private nursing homes, public nursing homes and supervisory care homes (A.R.S. § 46-252). Current caseloads and monthly payment include an average of 41 private nursing home clients who receive an \$80 monthly payment, 646 supervisory care clients who receive a \$50 monthly payment, and no clients in public nursing homes.
- -- The Executive concurs.

#### Intensive Family Services

Expands the number of Intensive Family Services teams from 8 to 14. These teams, consisting of 1 Parent Aide, 1 Counselor, and 1 Coordinator, provide intensive, time-limited (6 to 8 weeks) services geared toward keeping the child in the home. The program focusses on children who are at imminent risk of out-of-home placement due to abuse, neglect, or dependency. The program emphasizes in-home crisis intervention and parent education. Cost per family is projected to be \$2,849 per team. The JLBC Staff assumes an offset of \$587,000 against the more costly out-of-home (foster care) services provided in the Children Services special line item, since these children and families would have been removed from their homes and placed in out-of-home care. The Executive does not address this issue.

#### High Risk Infant Services

-- Increases the number of Maricopa County families whose children are exposed to substance abuse who will receive contracted case management services from 252 to 297. This program utilizes contracted services to provide intensive, time-limited, in-home services to ensure that substance-exposed infants have necessary supportive services. The contracted services include parent aides, counseling and transportation. The JLBC Staff assumes an offset of \$83,800 against the more costly out-of-home (foster care) services provided in the Children Services special line item, since these children and families would have been removed from their homes and placed in out-of-home care. The Executive does not address this issue.

#### LTC Ombudsman

- -- An increase of \$500 provides for the annualization of the FY 1993 pay adjustment. An additional \$100 reflects an ERE Rate Change. The Executive recommends an increase of \$500.
- Funds the administrative costs and a 0.5 FTE position of the Office of State Long-Term Care Ombudsman (Laws 1989, Chapter 215). The Office was established during FY 1990 in accordance with the requirements of the federal Older Americans Act. The 0.5 FTE position provides for legal service by the Attorney General Office.

#### Videotaping

- An increase of \$2,600 provides for the annualization of the FY 1993 pay adjustment and a decrease of \$(2,300) reflects an ERE Rate Change. The Executive recommends elimination of \$(200,800) for this special line item but does not eliminate 3 FTE positions funded through this special line.
- Provides funds for DES to videotape investigative interviews of child sex abuse victims. To lessen the number of such interviews, the department is to coordinate all such interviews with law enforcement officials and the county attorneys' office.

#### Homeless and Runaway Youth

- -- Eliminates the use of monies from the Child Abuse Prevention Fund for this program. The Executive concurs.
- -- Provided money for DES to contract with community service providers to provide community-based services to runaway and homeless youth and their families.

587,700 GF

83,800 GF

600 GF

300 GF

(175,000) OF

Agency Restructuring

(103,760,500) GF

The Division of Social Services has been divided into 2 new divisions. The Division of Children and Family Services will contain Adoption Services, Children Services, High Risk Infant Services, Intensive Family Services, Child Severance Project, Comprehensive Medical and Dental Program (CMDP), Day Care, JOBS Child Care, Transitional Child Care, and Videotaping, as well as the FTE positions associated with these programs. The JLBC Staff recommends transferring 532.9 FTE positions and \$92,310,600 to this new division. The remaining programs, Adult Services, Institutional Support Payments, and Long Term Care (LTC) Ombudsman, 61.6 FTE positions, and \$11,449,900, will be transferred to the new Division of Aging and Community Services. The Executive concurs with the agency restructuring, but recommends a different number of FTE positions and level of appropriation for these two new divisions.

### Other Issues for Legislative Consideration

• Executive Recommendation

The Executive recommends adding 14 FTE positions and \$345,100 to this division's operating budget and \$50,400 to the Adult Services special line item for contracting emergency services to maintain an investigation rate of 74.6%.

Contracted Housekeeping Services

This option would save at least \$324,500 by converting the Supplemental Housekeeping program from cash payments to a contracted service. DES is required by law to pay any qualified Supplemental Security Income (SSI) recipient \$70 a month for housekeeping. Over 90% of the caseload is given a \$70 cash payment, which they then use to arrange their own housekeeping. The remaining clientele receive a contracted service, which costs an average of \$64.27 per person per month. By negotiating a group rate, DES is able to provide the service at a lower cost.

This option will limit the recipients' flexibility in arranging their own housekeeping and may cause some to leave the program. In addition, the proposal may require a statutory change since the current language appears to mandate a cash payment. The contracted caseload currently has agreed to waive cash assistance.

DEPARTMENT: Department of Economic Security PROGRAM: Aging & Community Services

JLBC ANALYST: Cawley/Siegwarth OSPB ANALYST: Chapko/Zelznak

HOUSE SUBCOMMITTEE CHAIR: Edens SENATE SUBCOMMITTEE CHAIR: Huppenthal

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DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	0.0	0.0	85.8	84.8	70.8	
OPERATING BUDGET						
Personal Services	0	0	2,342,600	2,316,400	2,172,800	
Employee Related Expenditures	0	0	613,400	527,900	479,800	
Professional/Outside Services	0	0	32,600	32,600	32,600	
Travel - In State	0	0	141,500	137,600	116,800	
Other Operating Expenditures	0	0	293,400	285,600	100,000	
Equipment	0	0	35,000	32,000	0	
All Other Operating Subtotal	0	0	502,500	487,800	318,200	
OPERATING SUBTOTAL	0	0	3,458,500	3,332,100	2,970,800	
SPECIAL LINE ITEMS						
Food Distribution Information	0	0	24,000	24,000	24.000	
Homeless Shelter	0	0	1,023,900	1,023,900	1.023.900	
Information and Referral	0	0	111,000	111,000	111,000	
Rural Food Bank Project	0	0	200,900	200,900	200,900	
Adult Services	0	0	9,451,000	6,268,100	8.444.100	
Institution Support Payments	0	0	427,000	427,000	427,000	
LTC Ombudsman	0	0	117,000	116,600	116,700	
Special Item Subtotal	0	O	11,354,800	8,171,500	10,347,600	
PROGRAM TOTAL	0	0	14,813,300	11,503,600	13,318,400	

DEPARTMENT: Department of Economic Security PROGRAM: Aging & Community Services	y	JLBC ANALYST: OSPB ANALYST:		,	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
General Fund Federal Funds Other Non-Appropriated Funds	0 0 0	0 0 0	14,813,300 41,536,300 78,400	11,503,600	13,318,400 41,536,300 78,400	
PROGRAM TOTAL - ALL SOURCES	0	0	56,428,000	11,503,600	54,933,100	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$13,318,400 and 70.8 FTE positions for this new division associated with the agency's restructuring.

### JLBC Staff Recommended Changes from FY 1993

• Family Support Transfer
From the Division of Family Support which was eliminated in the agency's restructuring, 8.3 FTE positions and \$1,820,800 are recommended for transfer. For further detail, see the Division of Family Support.

• Social Services Transfer
From the Division of Social Services which was eliminated in the agency's restructuring, 61.6 FTE positions and \$11,449,900 are recommended for transfer. For further detail, see the Division of Social Services.

• Administration Transfer \$47,700 GF

From the Division of Administration, 0.9 FTE Position and \$47,700 is recommended for transfer.

Cawley/Siegwarth

558,800

189,200

1,371,200

6,258,600

475,000

783,500

189,200

3,354,900

HOUSE SUBCOMMITTEE CHAIR:

Edens

558,800

3,354,900

1,371,200

189,200

JLBC ANALYST:

DEPARTMENT: Department of Economic Security

High Risk Infant Services

Intensive Family Services

Child Severance Project

**CMDP** 

Children & Family Services PROGRAM: Chapko/Zelznak OSPB ANALYST: SENATE SUBCOMMITTEE CHAIR: Huppenthal FY 1993 FY 1994 FY 1994 FY 1994 **LEGISLATIVE** FY 1992 **ADJUSTED AGENCY** EXECUTIVE JLBC STAFF WORK DESCRIPTION ACTUAL APPROPRIATIONS **REQUEST** RECOMMENDATION RECOMMENDATION **SPACE** Full Time Equivalent Positions 0.0 0.0 764.9 549.9 532.9 **OPERATING BUDGET** Personal Services 0 0 19,067,600 16,527,900 15,575,600 Employee Related Expenditures 0 0 4,904,200 3,630,600 3,345,400 Professional/Outside Services 0 0 26,300 26,300 26,300 Travel - In State 654,600 0 0 1.012,800 655,800 Travel - Out of State 0 0 8,800 Other Operating Expenditures 0 0 1,044,600 \_\_\_\_\_ 2,910,900 1,058,700 Equipment 0 0 1,085,600 All Other Operating Subtotal 0 0 5,044,400 1,725,500 \_\_\_\_\_ 1,740,800 OPERATING SUBTOTAL 0 0 29,016,200 21,899,300 20,646,500 SPECIAL LINE ITEMS Adoption Services 0 0 16,178,700 15,073,500 12,523,300 Children Services 0 0 42,346,100 39,456,800 38,555,800

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DEPARTMENT: Department of Economic Security PROGRAM: Children & Family Services	′	JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Day Care JOBS Child Care	0	0	13,593,100 530,500		11,590,300	
Transitional Child Care	ő	ő	1,141,800		1,340,400	
Videotaping	0	0	203,600		201,100	
Statewide Resource & Referral	0	0	500,000	0	0	
Special Item Subtotal	0	0	82,871,600	73,666,700	71,664,100	
PROGRAM TOTAL	0	0	111,887,800	95,566,000	92,310,600	
BY FUND SOURCE						
General Fund	0	0	111,887,800	95,566,000	92,310,600	
Federal Funds	0	0	62,962,200	, ,	62,962,200	
Other Non-Appropriated Funds	0	0	1,522,100		1,522,100	
PROGRAM TOTAL - ALL SOURCES	0	0	176,372,100	95,566,000	156,794,900	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$92,310,600 for this new division associated with the agency's restructuring.

### JLBC Staff Recommended Changes from FY 1993

The funding, 532.9 FTE positions, and programs recommended for the cost center are transferred in from the Division of Social Services which was eliminated in the agency's restructuring. For further detail, see the Division of Social Services.

DEPARTMENT: Department of Economic PROGRAM: Child Protective Services	Security Training	JLBC ANALYST OSPB ANALYST			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	7.0	7.0	7.0	7.0	7.0	
OPERATING BUDGET						
Personal Services	149,700	208,100	213,300	213,400	213,400	
Employee Related Expenditures	32,000	48,800	58,600	46,700	45,800	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	55,100 4,200 1,000 47,300 2,300	57,100 60,400 6,500 49,200 0	57,100 60,400 6,500 49,200 0	57,100 60,400 6,500 49,200 0	6,500 49,200	
All Other Operating Subtotal	109,900	173,200	173,200	173,200	173,200	
PROGRAM TOTAL	291,600	430,100 ===	445,100	433,300	432,400	
BY FUND SOURCE						
Other Funds Federal Funds	291,600 144,000	430,100 0	445,100 0	433,300	432,400	
PROGRAM TOTAL - ALL SOURCES	435,600	430,100	445,100	433,300	432,400	

DEPARTMENT: PROGRAM:

Department of Economic Security Child Protective Services Training

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$432,400 -- a net increase of \$2,300, or 0.5%, to the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$6,000 OF

Personal Services/ERE Adjustments

-0- OF

Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%.

• ERE Rate Changes

(3,700) OF

### Other Issues for Legislative Consideration

• Executive Recommendation

The Executive recommendation concurs except for the difference in ERE Rate Changes.

DEPARTMENT: Department of Economic PROGRAM: Employment & Rehability	c Security tation	JLBC ANALYS' OSPB ANALYS'			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	105.8	113.2	111.5	125.8	98.4	
OPERATING BUDGET						
Personal Services	2,198,500	2,429,500	2,489,400	2,753,600	2,323,200	
Employee Related Expenditures	550,100	612,200	733,600	696,300	547,500	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	36,800 32,700 0 243,100 0	45,900 39,900 0 244,500	45,900 40,400 0 243,000 3,700	53,800 47,550 300 420,250 24,000	45,900 39,800 0 240,600 0	
All Other Operating Subtotal	312,600	330,300	333,000	545,900	326,300	<u> </u>
OPERATING SUBTOTAL	3,061,200	3,372,000	3,556,000	3,995,800	3,197,000	;
SPECIAL LINE ITEMS						
Vocational Rehab. Contracts Ind. Living Rehab. Services Job Search Stipends Navajo Employment Service Other Receipts JOBS	1,579,600 545,100 153,500 192,600 -823,000 1,554,200	1,900,000 552,700 139,100 241,800 -2,000,000 2,988,500	1,900,000 552,700 173,900 251,700 -2,000,000 2,988,500	1,900,000 552,700 173,900 249,300 -2,000,000 3,231,200	552,700 173,900 0 -2,000,000	
Special Item Subtotal	3,202,000	3,822,100	3,866,800	4,107,100	3,615,100	
PROGRAM TOTAL	6,263,200	7,194,100	7,422,800	8,102,900	6,812,100	

DEPARTMENT: Department of Economic Secur PROGRAM: Employment & Rehabilitation	rity	JLBC ANALYST: OSPB ANALYST:		•	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
General Fund Federal Funds Other Non-Appropriated Funds	6,263,200 105,159,800 288,575,300	131,559,500	7,422,800 140,347,600 266,072,500	<del>124</del>	6,812,100 127,946,700 266,072,500	
PROGRAM TOTAL - ALL SOURCES	399,998,300	404,915,400	413,842,900	8,102,900	400,831,300	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$6,812,100 -- a net decrease of \$(382,000), or (5.3)%, from the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

Reflects a total reduction of (14.8) FTE positions. Eliminates (4.9) unfunded FTE positions to bring the program's current vacancy factor in line with the standard vacancy factor for a program with this number of FTE positions. See Personal Services/ERE Adjustments bullet for further information. In addition, (1.9) FTE positions have been transferred to the Division of Administration due to the Department of Economic Security's (DES) reorganization. Another (8) FTE positions are reduced with the elimination of the Navajo Employment Services special line item. The Executive recommendation transfers out the (1.9) FTE positions but does not eliminate any. In addition, the Executive recommendation adds 14.5 FTE positions for JOBS.

Annualization of FY 1993 Pay Adjustment

89,200 GF

-0- GF

Personal Services/ERE Adjustments

(158,200) GF

Includes a new vacancy factor of 2%, which is the standard rate applied to agencies with this number of FTE positions. The FY 1993 budgeted vacancy rate was 1.7%. The agency has imposed an additional 5% vacancy factor to fund shortfalls in other areas of the agency. The savings of \$(158,200) reflect the permanent elimination of the positions associated with the additional 5% vacancy factor. See FTE Positions Adjustment bullet. The Executive recommends a vacancy factor of 1.7%.

• ERE Rate Changes

(29,400) GF

Job Search Stipends

34,800 GF

The increase represents an anticipated 25% increase in referrals from the Food Stamp Administration. The stipends cover the federally mandated requirement that the state must provide for transportation costs and other reasonably necessary and directly related costs for participation in the employment and training program. The Executive concurs.

• Eliminate Navajo Employment Services Special Line Item

(241,800) GF

Eliminates (8) FTE positions and \$(241,800) in the Navajo Employment Services special line item. Laws 1988, Chapter 304, required DES to establish 2-person employment services offices in Window Rock, Chinle, Kayenta, and Tuba City. The intent of this legislation was "to provide complete funding for 3 years for the program of employment services for the Navajo Indian reservation..." The FY 1991 appropriation was the third year of funding. Legislation to extend this program beyond the designated 3 years has not been introduced. The agency requested \$251,700 for FY 1994. The Executive recommends continued funding at \$249,300.

• Transfer Out of FTE Position

(76,600) GF

Reflects the transfer out of (1.9) FTE positions into the Division of Administration as part of the agency's reorganization. The funds reflect a transfer of \$(56,100), Personal Services; \$(16,500), Employee Related Expenditures; \$(100), Travel - In State; and \$(3,900), Other Operating Expenditures.

#### Other Issues for Legislative Consideration

JOBS

The JLBC Staff recommendation does not include additional funding for the JOBS program. On November 1, 1992, the agency requested for FY 1994 additional total funding of \$5,748,300 (\$1,693,300, State; \$4,055,000, Federal) and 85.3 FTE positions (29.2, State; 56.1, Federal) related to 2 changes which should impact the implementation of the JOBS program. The agency also assumes an increased federal match from 50% to approximately 70%. By federal requirement, the AFDC single-parent households program had to be implemented statewide by October 1, 1992. Prior to October 1, 1992, the program had been implemented only in Maricopa and Pima Counties in which reside 70% of this AFDC population. The AFDC-UP two-parent households has already been implemented statewide. In addition, S.B. 1355 (Laws 1992, Chapter 103) was adopted. This new state legislation revised the state's focus from emphasizing an education and training framework to one which emphasizes a balance between employment and education and training services. The agency began implementation of this new model on October 1, 1992, with complete statewide phase in by October 1, 1994. In addition, S.B. 1355 would expand the number of program participants. Prior to October 1, 1992, parents who personally provide care for a child under 3 years old were exempt. After October 1, 1992, the age of the child was lowered to 2 years; thereby, decreasing the number of exemptions to the program.

Before making a FY 1994 recommendation, JLBC Staff would like to review actual program data related to the statewide expansion of the AFDC single-parent households program and the impact of the changes made by S.B. 1355 which are not yet available. In the past 2 years, the agency has not expended its full appropriation for JOBS. In FY 1991, the JOBS special line item appropriation was \$1,443,100 and \$814,100 was expended. In FY 1992, the special line item was appropriated \$3,338,500 and \$1,888,500 was expended. For FY 1993, the special line item was appropriated \$2,988,500. The DES projects to expend all of this appropriation.

The Executive recommends adding 14.5 FTE positions and \$599,200 to the operating budget and \$242,700 into the JOBS special line item for contracted services, which is approximately half of the agency request. The Executive recommendation only addresses the federal mandate requirement for the statewide expansion of the AFDC single-parent households program. The Executive recommendation does not provide funding for the new exemption criteria of S.B. 1355.

DEPARTMENT: Department of Environmental Quality		JLBC ANALYST: Bock OSPB ANALYST: Roan				Edens Huppenthal	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE	
Full Time Equivalent Positions	286.3	299.3	277.4	254.9	265.9		
OPERATING BUDGET		-					
Personal Services	6,494,400	5,927,000	6,307,200	6,080,400	6,097,100		
Employee Related Expenditures	1,526,100	1,351,100	1,639,900	1,389,800	1,322,000	***	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	214,300 174,700 20,500 1,388,400 272,200	216,900 215,100 18,200 1,345,500 65,700	216,900 215,100 18,200 1,382,700 67,600	216,900 215,100 18,200 1,355,000 50,600	18,200 1,375,300		
All Other Operating Subtotal	2,070,100	1,861,400	1,900,500	1,855,800	1,891,200		
OPERATING SUBTOTAL	10,090,600	9,139,500	9,847,600	9,326,000	9,310,300		
SPECIAL LINE ITEMS							
Special Waste Pollution Prevention Used Oil Air Quality Fee Fund Aquifer Protection Permits Air Permits Admin	668,000 18,700 34,400 0 0	605,100 646,700 84,100 107,000 1,215,300 179,100	687,100 642,600 93,600 118,700 1,287,700 187,300	151,100 627,600 85,300 115,700 1,230,900 -181,800	618,300 92,000 114,600		

DEPARTMENT: Department of Environm	JLBC ANALYST: Bock OSPB ANALYST: Roan		HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:		Edens Huppenthal	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Superfund WQARF Loan Repayment	0	0	2,900,000 157,500		0	
Special Item Subtotal	721,100	2,837,300	6,074,500	2,549,900	2,400,400	;
AGENCY TOTAL	10,811,700	11,976,800	15,922,100	11,875,900	11,710,700	
BY FUND SOURCE						
General Fund Other Funds Federal Funds Other Non-Appropriated Funds	10,758,600 53,100 7,257,400 21,301,600		13,780,800 2,141,300 11,975,200 34,098,400	2,222,500	2,078,900 11,975,200	
AGENCY TOTAL - ALL SOURCES	39,370,700	101,930,100	61,995,700	11,875,900	57,784,300	

DEPARTMENT:

Department of Environmental Quality

The JLBC Staff recommends a total appropriation of \$11,710,700 -- a net decrease of \$(266,100), or (2.2)%, from the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$9,631,800 a net decrease of \$(432,100), or (4.3)%, from the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$2,078,900 -- a net increase of \$166,000, or 8.7%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$ 178,800 GF

Personal Services/ERE Adjustments

(12,300) GF

Maintains a vacancy factor of 3%. The Executive recommends a vacancy factor of 3%.

**ERE Rate Changes** 

(1,200) GF

Other Operating Expenditures

29,800 GF

This adjustment is for the Tucson Office Building lease-purchase payment.

Project SLIM FTE Elimination

(24,300) GF

The JLBC Staff concurs with the Project SLIM recommendation to eliminate 20.9 FTE positions. Of these, 19.9 FTE positions are associated with the FY 1993 lump sum reduction of \$(550,800). One additional FTE position is eliminated for a new FY 1994 savings of \$(24,300). The Executive concurs but recommends \$(23,600) due to ERE rate differences.

Special Waste

(605,100) GF

151,700 OF

The Special Waste program was separated from other solid waste programs in 1991, and was provided General Fund "start-up" appropriations for FY 1992 and FY 1993. The program is to identify and regulate wastes such as asbestos, auto shredder fluff and petroleum-contaminated soils. The program assesses a fee based on the quantity of special waste generated. These fees were intended to support the program, but enough fees are currently generated to support only 3 FTE positions. The JLBC Staff recommends that General Funding be discontinued and that \$151,700 and 3 FTE positions be appropriated from the Special Waste Fund. As a result, the program will support itself, in substantially reduced form, continuing to assess possible additional special wastes and to develop related rules at a reduced rate. This recommendation requires legislation modifying special waste evaluation deadlines and other provisions. Such legislation is currently in preparation. The Executive concurs, recommending \$151,100 for this issue which reflects the OSPB ERE rates.

#### Air Quality Fee Fund

7,600 OF

The change consists of \$(500) for ERE Rate Adjustments, \$2,600 for the Pay Adjustment Annualization, and \$5,500 to reflect actual salaries for the 3 FTE positions shifted from General Fund support in FY 1993. The FY 1993 base had reflected an estimated amount as the positions to be shifted had not yet been specifically identified. The Executive recommends a total of \$8,700 for the same changes, reflecting different ERE rates.

#### Air Permits Administration

1,900 OF

The change consists of a \$(1,800) decrease due to ERE Rate Adjustments, an additional \$3,400 for the Pay Adjustment Annualization, and \$300 to reflect actual salaries. The FY 1993 base appropriation had reflected an estimate for positions to be shifted from General Fund support. The Executive recommends a total of \$2,700 for the same changes, reflecting different ERE rates.

#### • Aquifer Protection Permits

2,200 GF 25,300 OF

The Water Quality Assurance Revolving Fund (WQARF) will continue to fund 22 FTE positions and the General Fund 8 FTE positions for the Aquifer Protection Permit (APP) program. The General Fund change consists of \$6,800 for the Pay Adjustment Annualization and an ERE Rate Adjustment decrease of \$(4,600). The total General Fund amount is \$321,500. The Other Fund change consists of \$18,700 for the Pay Adjustment Annualization, and \$6,600 for ERE Rate Changes. The total Other Fund (WQARF) amount is \$921,300.

The JLBC Staff recommendation maintains a 0% vacancy rate. The Executive recommends \$92,100 from the WQARF to repay a loan made from the WQARF to the APP program in FY 1992. The "loan repayment" is an intrafund accounting matter related to APP fees, however, and is already required by Laws 1991, Chapter 280; therefore, an appropriation is not required. The Executive also recommends \$72,900 in Pay Package, Personal Services, and ERE adjustments. This reflects a 0% vacancy rate.

#### Pollution Prevention

(28,400) OF

The change reflects the reduction of 1 FTE position and \$(37,500) as recommended by Project SLIM. The Executive eliminates \$(39,000) for this issue. The amount also includes \$(3,200) for ERE Rate Adjustments and \$12,300 for the Pay Adjustment Annualization. The 3% vacancy rate is maintained. The Executive restores \$6,100 in vacancy savings, for a new vacancy rate of 0%, and adds \$700 for ERE adjustments.

#### Used Oil

7,900 OF

The change adds \$6,800 to Personal Services and \$900 to ERE to reflect the actual salary of the position that was newly authorized in FY 1993. The amount also includes \$900 for ERE Rate Adjustments, \$1,700 for the Pay Adjustment Annualization and \$6,600 in operating adjustments. No Capital Equipment was recommended, resulting in a \$(9,000) decrease. The Executive adds \$10,200 for Pay Package, Personal Services, and ERE adjustments, and also decreases Equipment by \$(9,000).

#### • State Superfund (WOARF) Appropriation

-0- GF

Laws 1992, Chapter 290 (S.B. 1340) repealed the "environmentally hazardous products license fee" and, to replace the WQARF revenue source, the act would annually appropriate \$2.9 million from the General Fund to the WQARF. The JLBC Staff does not recommend this issue for FY 1994. The Executive has also not recommended this issue.

DEPARTMENT: Department of Health Servi	ces	JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	1,693.4	1,706.8	1,777.2	1,694.7	1,690.0	у
BY PROGRAM/ORGANIZATION						
Office of the Director	9,961,400	11,466,900	13,004,300	11,915,700	10,695,400	
EMS/Health Care Facility	7,010,300	6,932,700	9,678,000	7,230,700	6,576,000	
Disease Prevention Services	5,837,600	6,407,400	7,658,300	6,669,600	6,257,100	
Family Health	23,832,100	29,031,800	29,618,500	26,369,300	26,418,300	
Behavioral Health	135,202,700	156,425,500	182,539,500	148,332,900	153,876,900	
Laboratory Services	2,518,400	2,690,500	6,415,000	2,677,700	2,799,600	10
AGENCY TOTAL	184,362,500	212,954,800	248,913,600	203,195,900	206,623,300	
						*
OPERATING BUDGET			VII. 100			
Personal Services	35,437,000	37,472,300	44,391,800	18,295,300	38,717,600	
Employee Related Expenditures	9,666,700	10,297,100	13,463,700	4,552,500	9,009,300	
Professional/Outside Services Travel - In State	3,638,600 316,500	4,196,300 460,300	4,604,200 576,100	1,027,900 482,900	4,204,700 466,700	

DEPARTMENT: Department of Health Services
Agency Summary

JLBC ANALYST: Bradley
Chapko

HOUSE SUBCOMMITTEE CHAIR: Edens
SENATE SUBCOMMITTEE CHAIR: Huppenthal

LEGISLATIVE
WORK SPACE
-

DEPARTMENT: Department of Health Services
Agency Summary

SENATE SUBCOMMITTEE CHAIR: Edens
Huppenthal

FY 1993

FY 1994

FY 1994

FY 1994

FY 1994

FY 1994

LEGISLA

1.50)						
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
TB Provider Hospital Care	732,700	873,300	1,165,200	873,300	873,300	
Sexually Transmitted Disease Control	66,800	76,800	76,800	76,800	76,800	
AIDS Report/Surveillance	114,300	125,000	125,000	125,000	125,000	
Vaccines	2,023,500	2,125,100	2,125,100	2,125,100	2,125,100	
Kidney Program	77,800	100,000	100,000	100,000	100,000	
Health Effects Studies	113,000	159,100	159,100	159,100	0	
Chronic Disease Surveillance	171,600	194,900	1,700	0	0	
Adult Cystic Fibrosis	212,600	221,400	221,400	221,400	221,400	
Adult Sickle Cell Anemia	69,400	69,400	69,400	69,400		
Information/Referral Services	35,400	0	0	0		
Child Rehab. Services	7,276,300	9,390,000	9,390,000	6,362,500	7,890,000	
Newborn Intensive Care	3,334,000	4,385,900	4,385,900	4,385,900	4,385,900	
Perinatal Care Services	137,400	257,000	257,000	257,000	257,000	
Teen Prenatal Express	854,300	1,081,100	1,081,100	1,081,100	1,081,100	
Rural Obstetric Services	145,500	195,000	195,000	0	0	
Med. Malpractice/Obstetrics	122,500	205,000	205,000	0	280,000	
Nutrition Subventions	299,200	330,100	330,100	330,100	0	
Relocate Vital Records	188,800	0	0	<b>0</b>		
Prenatal Outreach	73,100	200,000	200,000	200,000	0	
SMI Medications	2,409,900	2,535,800	2,535,800	2,535,800	0	
Transitional Living Unit	391,600	399,400	0	0	0	
Geriatric Residential Beds	0	2,190,000	2,190,000	2,190,000		
SMI Clozaril Program	498,000	487,100	487,100	487,100	487,100	
EPSDT-DES	0	1,038,000	1,038,000	1,038,000	1,038,000	
Seriously Emotion. Hand. Children	3,459,300	4,332,200	4,332,200	4,332,200	4,332,200	
WIC Supplemental	987,400	1,000,000	1,000,000		0	
Children's Match (XIX)	8,881,200	6,543,300	11,543,300	8,843,300	11,543,300	

DEPARTMENT: Department of Health Services Agency Summary		JLBC ANALYST: OSPB ANALYST:	-	HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:		Edens Huppenthal	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE	
Trauma Systems Development	0	0	250,000	0	0		
911 Dispatch Development	0	0	350,000	0	0		
Prior Yr CBH Claim Payments	0	4,700,000	0	0	0		
State Child Fatality Team	0	0	0	84,000	0		
Cancer/Birth Defect Registry	0	0	0	440,700	_		
Tuberculosis Surveillance	0	0	0	52,500	•		
Southern AZ Mental Health Center	0	0	0	3,950,900	^		
PASARR	0	0	57,400	57,400	0		
Arizona State Hospital	0	0	0	25,630,300	0		
Disproportionate Share Match	0	0	0	1,942,000	0		
Special Item Subtotal	124,609,900	148,526,300	170,422,900	171,782,700	144,627,600		
AGENCY TOTAL	184,362,500	212,954,800	248,913,600	203,195,900	206,623,300		
BY FUND SOURCE			4.				
BI FUND SOURCE							
General Fund	179,271,500	200,255,400	239,373,800	201,579,700	200 582 300		
Other Funds	5,091,000	12,699,400	9,539,800	1,616,200	6 041 000		
Federal Funds	65,078,300	69,469,900	68,864,400	1,010,200	68 864 400		
Other Non-Appropriated Funds	6,234,100	6,637,400	6,275,900	1575	6,275,900		
AGENCY TOTAL - ALL SOURCES	255,674,900	289,062,100	324,053,900	203,195,900	281,763,600		

**DEPARTMENT:** 

Department of Health Services

Agency Summary

The JLBC Staff recommends a total appropriation of \$206,623,300 -- a net decrease of \$(6,331,500), or (3.0)%, from the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$200,582,300 -- a net increase of \$326,900, or 0.2%, to the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$6,041,000 -- a net decrease of \$(6,658,400) or (52.4)%, from the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

•	FTE Positions Adjustment Agencywide 5.5 FTE positions are eliminated under the standard reduction policy.	\$ -0- GF
•	Annualization of FY 1993 Pay Adjustment	1,419,100 GF 22,900 OF
•	Personal Services/ERE Adjustments	(165,500) GF 2,100 OF
•	ERE Rate Changes	(1,467,500) GF (34,000) OF
•	Net Change in Equipment Costs	80,000 GF (148,200) OF
•	Increased Rent	6,600 GF
•	Decreased Food Costs	(352,200) OF
•	Transfer from AHCCCS Program	1,000,000 GF
•	Children's Behavioral Health Title XIX Match Increase	4,000,000 GF
•	Reductions in the EMS Operating Fund Programs	(211,300) OF
	Combining Transitional Living Unit and CMI Medications with CMI Services	
•	Net Funding Shifts from ASH Disproportionate Share Fund	1,237,700 GF (1,237,700) OF

•	Elimination of Direct Grants	(578,000) GF
•	Elimination of Reimbursement to Counties	(396,300) GF
•	Discontinue Health Effects Study	(159,100) GF
•	Combine and Reduce Rural Obstetric Services and Medical Malpractice/Obstetric Line Items	. (120,000) GF
•	Eliminate Nutrition Subventions	(330,100) GF
•	Eliminate Prenatal Outreach Program	(200,000) GF
•	Eliminate WIC Supplemental Funding	(1,000,000) GF
•	Shifting of Children's Rehabilitative Services Clients	(1,000,000) GF
•	Offsets from Federal Reimbursements and Other Revenues	(2,000,000) GF
•	One-Time Special Revenue Expenditures	(4,700,000) OF

#### Other Issues for Legislative Consideration

Residency Requirements and Means-Testing

Many of the programs within DHS do not require residency or have income requirements. There have been instances of "importing" patients to Arizona from other states in order to receive care. The JLBC Staff recommends that the Legislature consider requiring a certain period of legal state residency in order to be eligible for non-mandated state health programs.

Currently many of these same programs use sliding fee scales in lieu of income eligibility. It is very difficult to collect fees for health services from clients and third party payors. Imposition of income eligibility requirements ("means-testing") would focus state resources on the most needy clients while eliminating the need to rely on fee enforcement.

### Mental Health System

The mental health system has evolved rapidly into its current configuration as a result of sweeping changes in legislation, federal requirements, funding increases, and lawsuits. This rapid growth has resulted in a waste of resources and payment systems that have not been optimal. The recent crisis in Children's Behavioral Health (CBH) with unpaid claims, providers with cashflow problems, and underserved clients, is an example of the problems that have occurred. The JLBC Staff recommends a moratorium for further increases in funding while the Legislature reviews the current system of providing behavioral health. A thorough review will reveal whether the current system should be continued or modified, and if continued, steps should be established to correct existing deficiencies. The CBH program grew from \$20.5 million in FY 1991, to over \$71 million in FY 1992. More than tripling a program in one year due to inadequate controls, oversight and planning should be avoided in the future. The JLBC Staff believes that the opportunity exists now for the Legislature to plan the future of this program and detail methods for improving Arizona's behavioral health system.

### • Inter-Division Transfers

The Executive recommends inter-division transfers and a reduction of \$(6,700). The JLBC Staff does not recommend these transfers because the department did not provide justification or details for this policy issue.

### Inter-Agency Transfers

The Executive recommends transferring 13 FTE positions and \$651,400 from AHCCCS to DHS. Twelve FTE positions are associated with the Health Care Licensure program, and 1 FTE position performs administrative functions in the Pre-Admission Screening and Annual Resident Review (PASARR) program. The JLBC Staff does not recommend these transfers due to the fact that DHS has not provided justification or details of this policy issue. The JLBC Staff recommends that these positions remain in AHCCCS unless justification is provided for a change in current policy.

DEPARTMENT: Department of Health Service PROGRAM: Office Of The Director	es	JLBC ANALYST OSPB ANALYST			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	184.0	200.0	214.3	214.3	197.3	
OPERATING BUDGET						
Personal Services	4,435,300	4,994,800	5,800,800	5,538,900	5,140,100	
Employee Related Expenditures	1,037,000	1,213,700	1,580,700	1,372,200	1,162,800	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	421,700 17,800 8,200 2,724,800 153,500	486,800 27,600 11,200 3,758,500 0	485,300 32,100 11,200 3,958,900 161,000	373,800 32,100 11,200 3,925,500 0	27,600 11,200 3,788,500	
All Other Operating Subtotal	3,326,000	4,284,100	4,648,500	4,342,600	4,392,500	
OPERATING SUBTOTAL	8,798,300	10,492,600	12,030,000	11,253,700	10,695,400	
SPECIAL LINE ITEMS						
Direct Grants Reimbursement to Counties Relocate Vital Records State Child Fatality Team	578,000 396,300 188,800 0	578,000 396,300 0 0	578,000 396,300 0 0	578,000 0 0 84,000	0 =	
Special Item Subtotal	1,163,100	974,300	974,300	662,000	0 ,	
PROGRAM TOTAL	9,961,400	11,466,900	13,004,300	11,915,700	10,695,400	

DEPARTMENT: Department of Health Servi PROGRAM: Office Of The Director	ces	JLBC ANALYST: OSPB ANALYST:	•		BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
General Fund Other Funds Federal Funds Other Non-Appropriated Funds	9,603,900 357,500 65,078,300 3,075,800	11,466,900 0 69,469,900 3,177,200	13,004,300 0 68,864,400 2,954,200	0	10,695,400 0 68,864,400 2,954,200	
PROGRAM TOTAL - ALL SOURCES	78,115,500	84,114,000	84,822,900	11,915,700	82,514,000	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$10,695,400 -- a net decrease of \$(771,500), or (7.2)%, from the FY 1993 appropriation.

## JLBC Staff Recommended Changes from FY 1993

•	FTE Positions Adjustment Eliminates 2.7 unfunded FTE positions to bring the program's current vacancy factor in line with the standard vacancy factor for a program with this number of FTE positions. See Personal Services/ERE Adjustments bullet for further information. Eliminating these unfunded positions makes permanent the portion of the FY 1993 lump sum reduction that was achieved through higher vacancy savings.	\$	-0- GI	1
•	Annualization of FY 1993 Pay Adjustment	170,70	00 GF	7
• ,	Personal Services/ERE Adjustments Includes a new vacancy factor of 2%. The FY 1993 vacancy factor was 3.3%. The Executive recommends a vacancy factor of 2%.	(5,60	00) GI	7
•	ERE Rate Changes	(70,70	00) GF	7
•	Increased Equipment Costs For FY 1993, no funding was provided for replacement equipment. For FY 1994, the JLBC Staff recommends funding to replace the following: 3 copier machines, \$25,200; a safe for the Vital Records section, \$2,500; a fax, computer, and printer for Procurement, \$6,700; a mail sorter bin and postage scales, \$7,000; replacement computer hardware for the MIS section, \$34,600; and replacement printers,	78,40	00 GF	l .

\$2,400. The Office of the Director's equipment request encompasses nearly all functions located at the Adam Street building as well as

some other sites. The Executive did not recommend any equipment funding.

Increased Non-Capitalized Equipment Costs

30,000 GF

As with capital equipment shown above, no non-capitalized equipment funding was provided for FY 1993. The JLBC Staff recommends a total of \$30,000 for this item of expenditure. Non-capitalized equipment funds are used to repair and replace all items with a unit value of less than \$1,000. Typical uses are for desks, chairs, typewriters, computer software, bookcases, etc. The JLBC Staff recommendation provides minimal funding for the replacement of the most critical equipment that will need to be replaced during the period from now until July 1, 1994.

• Elimination of Direct Grants

(578,000) GF

This policy issue eliminates the Direct Grants to Counties program. This program has provided funds for local health work divided equally between 15 counties on a non-matching basis to employ 1 Public Health Nurse and 1 Sanitarian per county. This issue eliminates this subsidy for health care that is primarily a county responsibility. The Executive did not recommend this issue.

Elimination of Reimbursement to Counties

(396,300) GF

The amount shown reflects the savings from eliminating the Reimbursement to Counties program. This program subsidizes county health care on a 50-50 matching basis, with Maricopa County receiving \$163,760, Pima County receiving \$57,750 and the remaining counties dividing \$174,790 on an equal per capita basis. These funds supplement health programs that are primarily a county responsibility. The Executive also recommends eliminating this program.

#### Other Issues for Legislative Consideration

State Child Fatality Team

The Executive recommends creating a State Child Fatality Team at a cost of \$84,000, and seeks legislation to increase death certificate fees to offset this increase. The team would gather data and implement strategies to respond to Arizona's high rate of child mortality. Because there are already two councils which have jurisdiction over child fatalities, (the Sudden Infant Death Syndrome (SIDS) Council and the Governor's Council on Children), and this policy issue includes a fee increase, the JLBC Staff has not recommended this issue.

DEPARTMENT: Department of Health PROGRAM: EMS/Health Care Fac	Services cility	JLBC ANALYST: OSPB ANALYST:		HOUSE SUI SENATE SUI	Edens Huppenthal	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	161.5	151.1	178.9	153.4	143.8	
OPERATING BUDGET						
Personal Services	2,596,900	2,774,700	3,776,700	3,724,000	2,808,000	
Employee Related Expenditures	709,600	827,100	1,126,000	942,100	659,700	
Professional/Outside Services	65,300	32,500	94,000	183,100	32,500	
Travel - In State	113,300	141,300	217,600	221,900	141,300	
Travel - Out of State	4,900	9,500 616,700	29,500 765,600	26,200 862,400	616 700	
Other Operating Expenditures  Equipment	699,300 42,800	21,000	57,000	21,000	18,700	
All Other Operating Subtotal	925,600	821,000	1,163,700	1,314,600	818,700	
OPERATING SUBTOTAL	4,232,100	4,422,800	6,066,400	5,980,700	4,286,400	-
SPECIAL LINE ITEMS						
EMS Provider Contracts	394,700	316,000	400,000	316,000	290,700	
Arizona Poison Control	450,000	450,000	0	400,000	414,000	
State EMS Spec. Projects	125,000	158,000	300,000	158,000	145,400	
Ambulance Replacement	150,000	118,500	300,000	154,000	109,000	
EMSCOM Development	100,000	79,000	300,000	102,000	72,700	
Emer Med Services Oper Fund	1,483,500	1,268,400	1,611,600	- 0	1,165,800	

DEPARTMENT: Department of Health Server PROGRAM: EMS/Health Care Facility	ices	JLBC ANALYST: E OSPB ANALYST: C			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE	
EMS Regional Coord. System Trauma Systems Development 911 Dispatch Development	75,000 0 0	120,000 0 0	100,000 250,000 350,000	120,000 0 0	92,000 0 0		
Special Item Subtotal	2,778,200	2,509,900	3,611,600	1,250,000	2,289,600		
PROGRAM TOTAL	7,010,300	6,932,700	9,678,000	7,230,700	6,576,000		
BY FUND SOURCE			41'		2		
General Fund Other Funds Other Non-Appropriated Funds	4,232,100 2,778,200 31,300	4,422,800 2,509,900 0	7,678,000 2,000,000 0	5,614,500 1,616,200	4,286,400 2,289,600 0		
PROGRAM TOTAL - ALL SOURCES	7,041,600	6,932,700	9,678,000	7,230,700	6,576,000		

The JLBC Staff recommends a total appropriation of \$6,576,000 -- a net decrease of \$(356,700), or (5.1)%, from the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$4,286,400 -- a net decrease of \$(136,400), or (3.1)%, from the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$2,289,600 -- a net decrease of \$(220,300) or (8.7)%, from the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$ 100,000 GF 22,900 OF

• Personal Services/ERE Adjustments

(67,500) GF 2,100 OF

Maintains a vacancy factor of 2% for the General Fund (GF) portion, and a vacancy factor of 1% for the Other Fund (OF) portion which is the standard rate applied to programs with this number of FTE positions. The Executive recommends a vacancy factor of 2%.

• ERE Rate Changes (166,600) GF (34,000) OF

• Decreased Equipment Costs

(2,300) GF (20,000) OF

Reduction in EMS Regional Coordinating System Contract Cost Requirements
 The department has requested \$20,000 less for EMS Regional Coordinating System contracts due to lower costs of contracts for FY 1994.

(191,300) OF

- 8% Across-the-Board Reduction in Emergency Medical Services Fund Programs

  The Emergency Medical Services Operating Fund continues to have declining revenues. In order to stay within the expected level of available funds of \$2.3 million, an 8% across-the-board reduction is required. This reduction also eliminates 2.3 FTE positions.
- Elimination of 5 FTE Positions

-0- OF

The JLBC Staff recommends eliminating 5 FTE positions and no funding as a result of reductions made by the department during the current fiscal year. These reductions were made as a result of reduced EMS Operating Fund revenues. The positions that have been eliminated are both vacant and unfunded.

### Other Issues for Legislative Consideration

Executive Recommendation

The Executive recommends transferring \$791,500 of EMS Operating Fund programs to the General Fund. This would result in an increase of the same amount in General Fund expenditures. The Executive also recommends expanding Rural Ambulance Replacement by \$83,000, or 234%, and EMSCOM Development by \$56,000, or 243%. The Executive recommendation reduces the Arizona Poison Control program by \$(50,000), and makes other reductions totalling \$(77,000). The JLBC Staff recommendation does not include any expansions or shifting of costs to the General Fund.

• Moving EMS Operating Fund Expenditures to Above-the-Line

The Executive recommends appropriating the EMS Operating Fund as an above-the-line item. The JLBC Staff recommends continuing the traditional appropriation format as a special line item for these expenditures.

• Eliminate 3 FTE Positions

The Executive recommends eliminating 3 FTE positions, and \$(101,200) by consolidating development of rule packages with administrative rule review. The department has provided no detail concerning this issue, and therefore, the JLBC Staff does not recommend this policy issue. However, upon receipt and review of the effected positions and workload, the issue may warrant further consideration.

EMS Operating Fund Revenue

The EMS Operating Fund receives revenue primarily through fines collected from individuals convicted of DWI offenses. While the revenue to this fund has been decreasing substantially each of the last 3 years, DWI convictions have conversely been increasing. It is difficult to reconcile these two facts. The department is currently pursuing an outside audit of EMS Operating Fund revenues to determine the cause of the decreasing income.

DEPARTMENT: Department of Health Services PROGRAM: Disease Prevention Services		JLBC ANALYST OSPB ANALYST		HOUSE SUBCOMMITTEE CHAIR: Edens SENATE SUBCOMMITTEE CHAIR: Huppenthal			
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE	
Full Time Equivalent Positions	76.0	76.0	94.7		69.2		
OPERATING BUDGET							
Personal Services	1,558,900	1,625,000	2,174,900	1,596,100	1,808,600		
Employee Related Expenditures	395,900	406,200	649,800	401,400	408,000		
Professional/Outside Services	68,200	97,800	141,600	97,800	106,200		
Travel - In State	53,200	75,800	108,000	75,800	82,200		
Travel - Out of State	10,600	8,000	12,900	8,000	8,000		
Other Operating Expenditures	380,300	504,200	779,200	501,800	519,700		
Equipment	70,800	36,200	39,000	36,200	24,200		
All Other Operating Subtotal	583,100	722,000	1,080,700	719,600	740,300		
OPERATING SUBTOTAL	2,537,900	2,753,200	3,905,400	2,717,100	2,956,900	<del></del> =	
SPECIAL LINE ITEMS							
TB Provider Hospital Care	732,700	873,300	1,165,200	873,300	873,300	2	
Sexually Trans. Disease Contro	66,800	76,800	76,800	76,800	76,800		
AIDS Report/Surveillance	114,300	125,000	125,000	125,000	125,000		
Vaccines	2,023,500	2,125,100	2,125,100	2,125,100	2,125,100		
Kidney Program	77,800	100,000	100,000	100,000	100,000		
Health Effects Studies	113,000	159,100	159,100	159,100	0		

DEPARTMENT: Department of Health Services PROGRAM: Disease Prevention Services		JLBC ANALYSTS	•		BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Chronic Disease Surveillance Cancer/Birth Defect Registry	171,600 0	0	1,700	440,700	0	
Tuberculosis Surveillance	0	0	0	52,500	0	
Special Item Subtotal	3,299,700	3,654,200	3,752,900	3,952,500	3,300,200	
PROGRAM TOTAL	5,837,600	6,407,400	7,658,300	6,669,600	6,257,100	
BY FUND SOURCE						
General Fund Other Non-Appropriated Funds	5,837,600 6,400	6,407,400 10,500	7,658,300 28,000			
PROGRAM TOTAL - ALL SOURCES	5,844,000	6,417,900	7,686,300	6,669,600	6,285,100	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$6,257,100 -- a net decrease of \$(150,300), or (2.3)%, from the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

•	FTE Positions Adjustment  Eliminates 2.8 unfunded FTE positions to bring the program's current vacancy factor in line with the standard vacancy factor for a program	\$ -	0- GF	
	with this number of FTE positions. See Personal Services/ERE Adjustments bullet for further information. Eliminating these unfunded positions makes permanent the portion of the FY 1993 lump sum reduction that was achieved through higher vacancy savings.			
•	Annualization of FY 1993 Pay Adjustment	56,30	0 GF	
•	Personal Services/ERE Adjustments  Legisland a pay recovery factor of 1.5%, which is the standard rate applied to agencies with this number of ETE positions. The FY 1993	(2,90	0) GF	

Includes a new vacancy factor of 1.5%, which is the standard rate applied to agencies with this number of FTE positions. The FY 199 vacancy factor was 5.2%. The Executive recommends a vacancy factor of 1.5%.

• ERE Rate Changes (39,400) GF

• Decreased Equipment Costs (12,000) GF

Increased Rent 6,600 GF

The contract for space at the Third Street office contains a \$6,600 escalator clause for FY 1994.

• Increased Non-Capitalized Equipment

Move Chronic Disease Surveillance to "Above-the-Line"

The JLBC Staff recommends moving the \$194,900 of Chronic Disease Surveillance funding to "above-the-line" to provide the department more flexibility in its disease control efforts. There is no longer a need for this program to be funded as a "below-the-line" item.

• Discontinue the Health Effects Studies Funding (159,100) GF

The department currently has approximately \$600,000 in non-reverting funds to complete a study of the Maryvale Cancer Cluster area. Between 1970 and 1986, 19 childhood leukemia deaths occurred in the Maryvale area of West Phoenix. This is a little over twice the normal incidence of childhood leukemia. Initial studies have failed to identify a carcinogen in the area. The JLBC Staff recommends that the department complete the study of this area with whatever portion of the remaining \$600,000 is required, and then revert any remaining balance to the General Fund. The completion of this study will eliminate the need for continued annual appropriations and will eliminate 4 FTE positions. The Executive recommends similar actions, but has reflected the expenditures differently, and has not eliminated the recurring annual appropriation.

### Other Issues for Legislative Consideration

Chronic Disease Surveillance

The Executive has recommended an increase of \$247,500 for funding for the state Cancer/Birth Defects Registry. The Executive combines the current Chronic Disease Surveillance funding with this increase and recommends this funding be appropriated as a new below-the-line item. The JLBC Staff does not recommend the expansion of this program.

Tuberculosis Surveillance

The Executive recommends an increase of \$52,500 for the Tuberculosis Surveillance program. The JLBC Staff does not recommend this increase.

Elimination of 3 FTE Positions

The Executive recommends eliminating 3 FTE positions and \$104,000 in the Sanitation program by streamlining inspections. The department has not provided any details concerning this proposal, and therefore, the JLBC Staff does not recommend this policy issue. However, after receipt and review of the details of this issue, it may warrant further consideration.

DEPARTMENT: Department of Health Service PROGRAM: Family Health	es	JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	59.9	85.7	86.6	84.6	85.7	
ODED ATTING BUDGET						
OPERATING BUDGET						
Personal Services	1,411,700	2,219,300	2,611,000	2,228,100	2,273,300	
Employee Related Expenditures	346,900	517,900	711,800	574,600	504,600	
Professional/Outside Services	89,000	153,600	153,600	134,100	153 600	
Travel - In State	64,500	75,100	75,100	70,100	75,100	
Travel - Out of State	2,000	2,700	2,700	2,700	2,700	
Other Operating Expenditures	333,600	416,900	421,000	416,400	415,800	
Equipment	5,000	3,000	0	0	0	
All Other Operating Subtotal	494,100	651,300	652,400	623,300	647,200	
OPERATING SUBTOTAL	2,252,700	3,388,500	3,975,200	3,426,000	3,425,100	
SPECIAL LINE ITEMS						
AHCCCS-CRS	8,032,300	8,308,400	8,308,400	9,035,900	8.808.400	
Adult Cystic Fibrosis	212,600	221,400	221,400	221,400	221,400	
Adult Sickle Cell Anemia	69,400	69,400	69,400	69,400		
Information/Referral Svc.	35,400	0	0	0	0	
Child Rehab. Services	7,276,300	9,390,000	9,390,000	6,362,500		
Newborn Intensive Care	3,334,000	4,385,900	4,385,900	4,385,900	4,385,900	

DEPARTMENT: Department of Health Se PROGRAM: Family Health	rvices	JLBC ANALYST: OSPB ANALYST:	-		BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Perinatal Care Services	137,400	257,000	257,000			
Teen Prenatal Express	854,300	1,081,100	1,081,100			
Rural Obstetric Services Med. Malpractice/Obstetrics	145,500	195,000	195,000		0	
Nutrition Subventions	122,500 299,200	205,000 330,100	205,000 330,100		280,000	
Prenatal Outreach	73,100	200,000	200,000		0 -	
WIC Supplemental	987,400	1,000,000	1,000,000		0 =	
Special Item Subtotal	21,579,400	25,643,300	25,643,300	22,943,300	22,993,200	
PROGRAM TOTAL	23,832,100	29,031,800	29,618,500	26,369,300	26,418,300	
BY FUND SOURCE				· · · · · · · · · · · · · · · · · · ·	*	
General Fund	23,832,100	29,031,800	29,618,500	26,369,300	26,418,300	
PROGRAM TOTAL - ALL SOURCES	23,832,100	29,031,800	29,618,500	26,369,300	26,418,300	

**DEPARTMENT:** 

Department of Health Services

PROGRAM:

Family Health

The JLBC Staff recommends a total General Fund (GF) appropriation of \$26,418,300 -- a net decrease of \$(2,613,500), or (9.0)%, from the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$ 73,000 GF

(12,700) GF

Personal Services/ERE Adjustments

Maintains a vacancy factor of 1.5%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 1.0%.

• ERE Rate Changes

(19,600) GF

Reduced Equipment Costs

(3,000) GF

Reduced Non-Capitalized Equipment Costs

(1,100) GF

• Combine and Reduce the Rural Obstetric Services and Medical Malpractice/Obstetric Line Items

(120,000) GF

These two line items provide a subsidy to help pay a portion of the medical malpractice premiums for doctors and clinics that provide obstetric services in federally designated medically underserved areas. Malpractice premiums for obstetric services dropped from over \$70,000, to about \$50,000 per year, or approximately 30%. The JLBC Staff recommends a similar 30% reduction in state funding which will hold constant the state's share of premiums. The JLBC Staff also recommends that the remaining funds be targeted at rural locations of the state where the need for obstetrician subsidies is greatest. The Executive recommends eliminating these two programs.

• Eliminate Nutrition Subventions

(330,100) GF

The JLBC Staff recommends eliminating the Nutrition Subventions program. This program subsidizes county delivery of nutrition counseling services. These services are primarily a county responsibility, however, schools also provide a substantial amount of nutrition training. It should also be pointed out that in order to receive WIC food baskets, clients must first receive nutrition counseling provided through WIC funding. Therefore, the JLBC Staff believes elimination of this program will not have any serious deleterious effects.

• Eliminate the Prenatal Outreach Program

(200,000) GF

This program promotes prenatal care to low-income families and is more commonly known as Comienzo Sano, or Healthy Start. The program started with private and federal funding. The state has expanded the program by adding \$100,000 two years ago as a state match, and another \$100,000 in FY 1993 under the belief that the private sector support would be withdrawn. Given that the private sector support is still available, the JLBC Staff recommends eliminating this recent expansion and returning the program to private and federal funding. Current estimates of private and federal funding total \$392,000.

Eliminate WIC Supplemental Funding

(1,000,000) GF

The Special Supplemental Food Program for Women, Infants and Children (WIC) currently serves approximately 61,000 clients per month in Arizona. This program is primarily a federally funded program which the state has supplemented with an additional \$1,000,000 per year in General Fund appropriations. Federal funding and food rebates are estimated to equal \$49,680,000 for FY 1993, and are expected to increase by \$3 to 4 million in FY 1994. The JLBC Staff recommends eliminating the state subsidy to this program, which currently represents less than 2% of total expenditures for the WIC program. In light of the prospective federal funding increase, the program is still expected to have an increase of \$2 to 3 million, or 4 to 6% in total funding, after state funding is eliminated.

Shifting of Children's Rehabilitative Services Clients

(1,000,000) GF

The JLBC Staff recommends reducing the non-Title XIX eligible state funding by \$(1,500,000), while increasing the state Title XIX funding by \$500,000, and increasing expected federal revenue by \$1,000,000. The net effect of this proposal is to maintain current program funding while saving the state General Fund \$1,000,000 due to a continued shift in eligibility of clients to a higher percentage of Title XIX eligible. The Executive recommends reducing state funding by \$(2,300,000) and overall program funding by \$(500,000). The Executive recommendation reflects the Governor's proposal to increase the eligibility of women and children for Title XIX programs, which would result in a larger shift in eligibility for Children's Rehabilitative Services (CRS) than will otherwise occur. The Executive also assumes an additional \$500,000 in savings from the Governor's Corrective Action Initiative in CRS, which was completed in FY 1992. The JLBC Staff believes that the impact of these changes have already been fully reflected in the CRS contracts for FY 1993, and have not therefore included any additional savings estimates for FY 1994.

The following table compares the CRS program funding for the current year, the Executive recommendation and the JLBC Staff recommendation:

	Appropriated <u>FY 1993</u>	Executive FY 1994	JLBC Staff FY 1994
Children's Rehab. Services	\$ 9,390,000	\$ 6,362,500	\$ 7,890,000
CRS-AHCCCS	8,308,400	9,035,900	8,808,400
Federal-Title XIX	10,737,300	12,545,100	11,737,300
Total	<u>\$28,435,700</u>	<u>\$27,943,500</u>	<u>\$28,435,700</u>

#### Other Issues for Legislative Consideration

Eliminate 2 FTE Positions

The Executive recommends eliminating 2 FTE positions, and \$(61,700), by streamlining clerical activities. The JLBC Staff does not recommend this policy issue.

DEPARTMENT: Department of Health Services PROGRAM: Behavioral Health		JLBC ANALYST: Bradley OSPB ANALYST: Chapko		HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:	
FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
1,152.0	1,134.0	1,122.7	1,109.7	1,134.0	
23,973,500	24,395,800	27,930,800	3,700,300	25,183,600	
6,800,100	6,896,200	8,770,300	884,200	5,936,100	
2,985,400	3,422,600	3,422,600	236,100	3,422,600	
	118,300	117,300	60,800	118.300	
		13,100	6,200	13,100	
		1,104,000	0	751,800	
		4,448,600	426,400	2,370,800	
	275,000	292,000	44,000	36,000	
8,701,100	9,388,900	9,397,600	773,500	6,712,600	
39,474,700	40,680,900	46,098,700	5,358,000	37,832,300	
5 413 500	5 713 500	5 713 500	5.713.500	5.713.500	
				12.288.800	
				9.745.300	
				13.357.100	
	FY 1992 ACTUAL 1,152.0 23,973,500 6,800,100 2,985,400 53,400 10,300 1,157,900 4,401,300 92,800 8,701,100 39,474,700 5,413,500 12,516,000 39,240,700 9,845,300	OSPB ANALYST:  FY 1993 ADJUSTED APPROPRIATIONS  1,152.0  1,134.0  23,973,500  24,395,800  6,800,100  6,896,200  2,985,400 53,400 118,300 10,300 13,100 1,157,900 1,104,000 4,401,300 4,401,300 92,800  8,701,100  9,388,900	OSPB ANALYST: Chapko           FY 1992 ADJUSTED ACTUAL         FY 1993 ADJUSTED AGENCY REQUEST           1,152.0         1,134.0         1,122.7           23,973,500         24,395,800         27,930,800           6,800,100         6,896,200         8,770,300           2,985,400         3,422,600         3,422,600           53,400         118,300         117,300           10,300         13,100         13,100           1,157,900         1,104,000         4,448,600           92,800         275,000         292,000           8,701,100         9,388,900         9,397,600           39,474,700         40,680,900         46,098,700           5,413,500         5,713,500         5,713,500           12,516,000         12,288,800         12,288,800           39,240,700         52,414,100         72,966,200           9,845,300         9,745,300         9,745,300	SPB ANALYST: Chapko   SENATE SUI	SPB ANALYST: Chapko   SENATE SUBCOMMITTEE CHAIR:   FY 1992

DEPARTMENT: Department of Health Ser- PROGRAM: Behavioral Health	vices	JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
SMI Medications Transitional Living Unit Geriatric Residential Beds SMI Clozaril Program EPSDT-DES Seriously Emotion. Hand. Children Children's Match (XIX) Prior Yr CBH Claim Payments Southern AZ Mental Health Center PASARR Arizona State Hospital Disproportionate Share Match	2,409,900 391,600 0 498,000 0 3,459,300 8,881,200 0 0	2,535,800 399,400 2,190,000 487,100 1,038,000 4,332,200 6,543,300 4,700,000 0	2,535,800 0 2,190,000 487,100 1,038,000 4,332,200 11,543,300 0 57,400 0	2,535,800 0 2,190,000 487,100 1,038,000 4,332,200 8,843,300 0 3,950,900 57,400 25,630,300	1,038,000 4,332,200 11,543,300 0 0 0	
Special Item Subtotal	95,728,000	115,744,600	136,440,800	1,942,000 142,974,900	0 116,044,600	
PROGRAM TOTAL	135,202,700	156,425,500	182,539,500	148,332,900		
BY FUND SOURCE						
General Fund Other Funds Other Non-Appropriated Funds PROGRAM TOTAL - ALL SOURCES	133,247,400 1,955,300 3,120,600 138,323,300	146,236,000 10,189,500 3,103,900 159,529,400	174,999,700 7,539,800 2,947,900 185,487,400	148,332,900 0  148,332,900		

**DEPARTMENT:** 

Department of Health Services

PROGRAM:

Behavioral Health

The JLBC Staff recommends a total appropriation of \$153,876,900 -- a net decrease of \$(2,548,600), or (1.6)%, from the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$150,125,500 -- a net increase of \$3,889,500, or 2.7%, to the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$3,751,400 -- a net decrease of \$(6,438,100), or (63.2)%, from the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from CY 1992 budget

• Annualization of FY 1993 Pay Adjustment

967,800 GF

Personal Services/ERE Adjustments

(72,500) GF

Maintains a vacancy factor of 3%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 3%.

• ERE Rate Changes

(1,067,600) GF

• Reduced Equipment Costs

(90,800) GF (148,200) OF

Reduced Non-Capitalized Equipment Costs

(85,100) GF

Decreased Food Costs

(352,200) OF

The recommended amount funds the full patient licensed capacity of the Arizona State Hospital (ASH) of 511. The amount provides for 559,545 regular meals (511 patients X 3 X 365), 22,000 staff purchased meals, and 100,000 meal equivalent nourishments. The amount provides \$1.15 per meal, an increase of 4.5% over the FY 1993 funded level of \$1.10 per meal. There is also an estimated \$32,000 in miscellaneous revenue that is available to offset food costs. Therefore, total costs are 681,545 meals equivalents, at \$1.15 each, less \$32,000 of other funds.

While this results in a substantial decrease from the department's current expenditures, this is primarily due to ongoing concerns with the management of food services resources at ASH. The Department of Corrections provides inmate labor for ASH food service and maintains a cooperative agreement, yet expenditures have been consistently higher per meal than is warranted by the menu provided. The JLBC Staff recommends that the department pursue correcting deficiencies in food service management, food purchases, and inventory control, in order to bring actual expenditures within budgeted amounts.

Transfer In from the AHCCCS Program of EPSDT Medication Funding

1,000,000 GF

Formerly the Children's Behavioral Health (CBH) program was a fee-for-service system. As of November 1, 1992, CBH became a capitated system. The AHCCCS program has traditionally been appropriated \$1,000,000 annually for CBH medications. Since the AHCCCS program will be providing capitation payments to DHS for CBH, this medication funding must be transferred to DHS in order to accurately portray the CBH State Match for Title XIX. The net effect to the State General Fund is \$0, because an equal decrease is made in the AHCCCS program.

• Base Adjustment to Children's Behavioral Health Title XIX Match

4,000,000 GF

The Children's Behavioral Health (CBH) system was appropriated supplemental funding for FY 1992. It is estimated at this time that an additional \$4 million in General Fund will be required for FY 1993. In order to avoid a shortfall in FY 1994, a \$4 million base adjustment is necessary to provide sufficient funding for the CBH State Match for Title XIX. The Executive recommends an increase of \$3.8 million, of which \$1.5 million is offset through federal reimbursement recoveries. The JLBC Staff uses these recoveries to offset the Arizona State Hospital and SAMHC expenditures.

The table below shows the projected expenditures of state funds for Children's Behavioral Health Title XIX Match (CBHXIX) for FY 1992, FY 1993, and FY 1994. The JLBC Staff recommends that the shortfall, estimated at \$3.9 million for FY 1993, be addressed through the use of \$1 million from Arizona State Hospital (ASH) Title XIX recoveries for FY 1992, \$1.5 million from FY 1993 ASH recoveries, \$500,000 from Title XIX recoveries and other program revenue from SAMHC for FY 1993, and the remaining \$900,000 be generated by the department through other reductions to DHS's FY 1993 appropriation.

#### Children's Behavioral Health - Title XIX State Match

	FY 1992	Estimated FY 1993	JLBC Staff FY 1994
CBHXIX Appropriation	\$6,768,900	\$6,543,300	\$11,543,300
EPSDT-DES	775,000	1,038,000	1,038,000
AHCCCS EPSDT Medicines	1,000,000	1,000,000	-0-
SEHC Transfer	776,500	-0-	-0-
JLBC-Approved Transfer	1,173,100	-0-	-0-
Other Transfers	287,700	900,000	·-O-
EPSDT Admin. Adjustments	619,700	-0-	-0-
Other Agency Changes	2,005,500	2,500,000	2,500,000
Entity Recoveries	4,700,000	-0-	-0-
ASH Billings	377,500	377,500	377,500
ASH Title-XIX Recovery	-0-	2,500,000	-0-
SAMHC Revenue		500,000	-0-
Total	<u>\$18,483,900</u>	<u>\$15,358,800</u>	<u>\$15,458,800</u>

As the table illustrates, although the JLBC Staff recommendation appears to increase funding for CBHXIX by \$5,000,000, in actuality, total funding is estimated to be only \$100,000 higher than FY 1993. Costs are expected to remain relatively level for CBHXIX due to the implementation of capitation and a levelling off of the Title XIX client population.

• Combining Transitional Living Unit and SMI Medications with SMI Services

-0- GF

This policy issue will combine the Transitional Living Unit and SMI Medications line items with the SMI Services line item. The net effect on the General Fund is \$0. Due to the new capitated system being implemented for SMI clients, and the current policy to reduce the population at the Arizona State Hospital, there is no longer a need for these areas to be funded as separate line items. The combining of these line items will also provide the department with greater flexibility. The Executive also recommends combining the Transitional Living Unit line item but has not made a recommendation concerning the SMI Medications line item.

• Offsets from Federal Reimbursements and Other Revenues

(2,000,000) GF

The JLBC Staff recommends using federal reimbursement recoveries from the Title XIX program at the Arizona State Hospital (ASH), \$1,500,000, and Title XIX recoveries and other program revenue at the Southern Arizona Mental Health Center (SAMHC), \$500,000, to offset General Fund requirements. The offsets are used to decrease the operating costs of these two facilities. The Executive uses \$1,000,000 from ASH and \$500,000 from SAMHC, but offsets Children's Behavioral Health Match requirements instead.

Decreased Disproportionate Share Fund Offsets

1,237,700 GF (1,237,700) OF

Both the JLBC Staff and the Executive recommend adding \$1,738,100 back to the General Fund due to the reduced level of available ASH Disproportionate Share Funds (DSF). The table on the following page shows the payments into and out of this fund. During FY 1993, the DSF had both FY 1992 and FY 1993 revenue available. For FY 1994, only 1 year of revenue can be used as an offset to the General Fund. Although the available offset is \$1,738,100 less, only \$1,237,700 of expenditures had to be replaced with the General Fund. This is because \$352,200 of food expenditures, and \$148,200 in one-time equipment purchases were made in FY 1993 out of the DSF and will not require funding in FY 1994. The \$1,942,000 matching General Fund contribution is continued in the Other Operating Expenditures line item in the JLBC Staff recommendation, and is shown as a special line item in the Executive recommendation.

FY 1992	Change	<b>DSF Balance</b>
General Fund to DSF	\$2,128,800	\$2,128,800
Federal Payment to DSF	3,564,600	5,693,400
Less: Appropriations to DHS 1/	(1,955,300)	3,738,100
FY 1993		
General Fund to DSF	1,942,000	5,680,100
Federal Payment to DSF	3,751,400	9,431,500
Less: Appropriation for Capital Imp. at ASH	(2,000,000)	7,431,500
Less: Appropriation for ASH Operations	(7,431,500)	-0-
<u>FY 1994</u>		
General Fund Match	1,942,000	1,942,000
Less: Appropriation to DHS	(1,942,000)	-0-
Federal Payment to DSF	3,751,400	3,751,400
Less: Appropriation to DHS	(3,751,400)	-0-

<sup>1/</sup> DHS was required to revert \$1,955,300 from their FY 1992 General Fund operating appropriation. Therefore this appropriation balances out the equal revertment, and zero is shown on the program summary for the net impact in FY 1992.

#### One-Time Special Revenue Expenditures

(4,700,000) OF

Laws 1992, Chapter 287, appropriated \$4.7 million to the department for payment of Children's Behavioral Health claims for FY 1992. The revenue for this expense was generated through recovery of state funds paid to administrative entities. Although these expenditures were made in FY 1993, they were used exclusively for the payment of FY 1992 claims.

#### Other Issues for Legislative Consideration

• Mental Health Services Reduction

The Executive recommends reducing Mental Health Services funding by \$(1,950,300), or 20%. The Executive recommendation assumes the implementation of a Title XIX non-SMI, 21 to 65 years of age, mental health program. If that occurred, funds would be available in federal reimbursements to offset a portion of General Fund expenditures. However, it appears at this time that the state will continue to operate under a waiver from the requirement of serving this population under Title XIX until FY 1995. Therefore, the JLBC Staff does not recommend this reduction.

ASH and SAMHC Appropriated Below-the-Line

The Executive recommends appropriating the Arizona State Hospital (ASH) and the Southern Arizona Mental Health Center (SAMHC) as special line items. The JLBC Staff does not recommend this policy issue. Appropriating these budgets as special line items would seriously impair the ability of the Legislature to provide oversight of these expenditures. It would also indicate a complete reversal in the standard policy of portraying budget elements with a substantial number of FTE positions "above-the-line." A special line item appropriation would be paramount to a lump sum budget for facilities employing over 1,000 FTE positions.

Auditor General Report

The Auditor General completed a review of the administrative entities. The report documents several questionable expenditures and a lack of adequate controls. The JLBC Staff recommends that appropriate action be taken by the department to correct these deficiencies. Implementation of corrective actions does not require additional resources and therefore no change has been made to the recommended appropriation level.

DEPARTMENT: Department of Health Services PROGRAM: Laboratory Services		JLBC ANALYST: Bradley OSPB ANALYST: Chapko		HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:		Edens Huppenthal	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE	
Full Time Equivalent Positions	60.0	60.0	80.0	60.0	60.0		
OPERATING BUDGET							
Personal Services	1,460,700	1,462,700	2,097,600	1,507,900	1,504,000		
Employee Related Expenditures	377,200	436,000	625,100	378,000	338,100		
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	9,000 14,300 4,600 491,300 99,800	3,000 22,200 11,400 550,800 204,400	307,100 26,000 18,500 1,494,000 1,846,700	3,000 22,200 11,400 550,800 204,400	22,200 11,400 529,000		
All Other Operating Subtotal	619,000	791,800	3,692,300	791,800	957,500		
OPERATING SUBTOTAL	2,456,900	2,690,500	6,415,000	2,677,700	2,799,600		
SPECIAL LINE ITEMS							
Blood and Alcohol Program	61,500	0	0	. 0	0		
Special Item Subtotal	61,500	0	0	0	0	3 L	
PROGRAM TOTAL	2,518,400	2,690,500	6,415,000	2,677,700	2,799,600	*	

DEPARTMENT: Department of Health Se PROGRAM: Laboratory Services	rvices	JLBC ANALYST OSPB ANALYST	2		BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
General Fund Other Non-Appropriated Funds	2,518,400 0	2,690,500 345,800	6,415,000 345,800	2,677,700	2,799,600 345,800	
PROGRAM TOTAL - ALL SOURCES	2,518,400	3,036,300	6,760,800	2,677,700	3,145,400	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$2,799,600 -- a net increase of \$109,100, or 4.1%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

•	Annualization of FY 1993 Pay Adjustment	\$ 51,300	GF
•	Personal Services/ERE Adjustments  Maintains a vacancy factor of 1.5%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 1.5%.	(4,300)	GF
٠	ERE Rate Changes	(103,600)	GF
٠	Increased Equipment Costs  The increase in replacement equipment costs is primarily the result of replacing 2 obsolete Gas Chromatographs at a cost of \$185,000.  The department uses these devices in their Organic Contamination Testing program. The gas chromatograph identifies whether solvents, pesticides, PCBs, semi-volatiles or other priority pollutants are contained in an organic sample.	187,500	GF
•	Reduced Non-Capitalized Equipment Costs	(21,800)	GF

DEPARTMENT: Arizona Council for the Hearing Impaired		JLBC ANALYST: Reddy OSPB ANALYST: Zelznak		HOUSE SUI SENATE SUI	Edens Huppenthal	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	5.0	5.0	5.0	5.0	5.0	
OPERATING BUDGET						
Personal Services	118,800	130,000	134,000	133,800	133,800	
Employee Related Expenditures	31,900	30,400	34,200	34,500	34,700	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	7,500 2,100 1,800 25,700 14,200	8,100 3,000 2,000 25,300 0	8,100 3,000 2,000 25,300 0	8,100 3,000 2,000 25,300 0	8,100 3,000 2,000 25,300 0	
All Other Operating Subtotal	51,300	38,400	38,400	38,400	38,400	
AGENCY TOTAL	202,000	198,800	206,600	206,700	206,900	
BY FUND SOURCE					*	
General Fund Other Non-Appropriated Funds	202,000 2,252,100	198,800 2,364,900	206,600 2,327,100	206,700	206,900 2,327,100	
AGENCY TOTAL - ALL SOURCES	2,454,100	2,563,700	2,533,700	206,700	2,534,000	

**DEPARTMENT:** 

Arizona Council for the Hearing Impaired

The JLBC Staff recommends a total General Fund (GF) appropriation of \$206,900 -- a net increase of \$8,100, or 4.1%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

• Annualization of FY 1993 Pay Adjustment

\$4,300 GF

• Personal Services/ERE Adjustments

-0- GF

Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%.

• ERE Rate Changes

3,800 GF

#### Other Issues for Legislative Consideration

• Executive Recommendation

With the exception of ERE Rate Changes, the Executive concurs.

DEPARTMENT: Arizona Commission of I	JLBC ANALYST: OSPB ANALYST:		HOUSE SUI SENATE SUI	Edens Huppenthal		
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	4.0	4.0	4.0	4.0	4.0	
OPERATING BUDGET						
Personal Services	99,200	98,600	101,600	101,600	101,600	
Employee Related Expenditures	25,100	22,300	26,600	24,100	25,400	
Travel - In State Travel - Out of State Other Operating Expenditures Equipment	5,400 600 19,400 10,100	7,000 0 28,000 0	7,000 0 31,500 1,900	6,800 0 28,000 0	6,800 0 27,700	**************************************
All Other Operating Subtotal	35,500	35,000	40,400	34,800	34,500	
AGENCY TOTAL	159,800		168,600	160,500		
BY FUND SOURCE						
General Fund Other Non-Appropriated Funds	159,800 100		168,600 3,500		3,500	· · · · · · · · · · · · · · · · · · ·
AGENCY TOTAL - ALL SOURCES	159,900	155,900	172,100	160,500	165,000	

**DEPARTMENT:** 

Arizona Commission of Indian Affairs

The JLBC Staff recommends a total General Fund (GF) appropriation of \$161,500 -- a net increase of \$5,600, or 3.6%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

• Annualization of FY 1993 Pay Adjustment \$3,400 GF

• Perconal Services/FRE Adjustments • O- GF

• Personal Services/ERE Adjustments
Includes a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%.

• ERE Rate Changes

• Travel - In State

Decrease to reflect the agency's actual anticipated expenditures. (200) GF

• Other Operating Expenditures
Includes a \$(300) decrease in Rent to reflect actual office space calculations.

#### Other Issues for Legislative Consideration

• Executive Recommendation

With the exception of the ERE Rate Changes and Other Operating Expenditure changes, the Executive concurs.

DEPARTMENT: Arizona Pioneers' Home		JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	110.0	107.4	110.0	107.4	107.4	
OPERATING BUDGET				¥i		
Personal Services	2,032,400	2,017,400	2,268,400	2,098,000	2,097,300	
Employee Related Expenditures	598,200	608,300	768,300	680,200	692,700	
Food Other Operating Expenditures Equipment	0 0 0	0 0 0	200,000 215,000 11,500	185,000 0 0	185,000 0	
All Other Operating Subtotal	0	0	426,500	185,000		
AGENCY TOTAL	2,630,600	2,625,700	3,463,200	2,963,200	2,975,000	
BY FUND SOURCE						<del></del>
General Fund Other Funds Other Non-Appropriated Funds	2,630,600 0 1,122,500	2,625,700 0 1,135,300	3,463,200 0 850,300	2,963,200 0 	1,775,000 1,200,000 850,300	
AGENCY TOTAL - ALL SOURCES	3,753,100	3,761,000	4,313,500	2,963,200	3,825,300	

**DEPARTMENT:** 

Arizona Pioneers' Home

The JLBC Staff recommends a total appropriation of \$2,975,000 -- a net increase of \$349,300, or 13.3%, to the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$1,775,000 -- a net decrease of \$(850,700), or (32.4)%, from the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$1,200,000 -- a net increase of \$1,200,000 to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

• Annualization of FY 1993 Pay Adjustment

54,500 GF 41,000 OF

• Personal Services/ERE Adjustments

23,800 GF (24,700) OF

Maintains a vacancy factor of 2%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 2%.

• ERE Rate Changes

69,700 GF

Food

185,000 GF

Prior to FY 1992, food costs were paid by General Fund monies. For FY 1992 and FY 1993, food costs have been covered by the non-appropriated Pioneers' Home State Charitable Earnings Fund. As anticipated, this non-appropriated fund revenue has now been expended down to a very low balance, approximately \$100,000; thereby, requiring the need for food expenditures to be covered by General Fund monies. The Executive concurs.

• Use of Miners Fund

(1,183,700) GF 1.183,700 OF

The JLBC Staff recommends an appropriation of \$1,200,000 from the Miners' Fund, which will have a FY 1994 carry-forward balance of \$7,410,900. The \$1,200,000 reflects the new revenue projected to be earned in FY 1994. The \$1,183,700 plus the additional amount of \$41,000 in the Annualization of FY 1993 Pay Adjustment bullet and the decrease of \$(24,700) in the Personal Services/ERE Adjustment bullet equal the recommended appropriation of \$1,200,000.

In recent years, the JLBC Staff has not recommended utilization of these funds for the Pioneers' Home. Based upon a Federal District Court finding against the State of New Mexico, a 1986 performance audit conducted by the Office of the Auditor General found that at the time the Pioneers' Home was inappropriately expending money from the Miners' Fund. According to this audit, the State of Arizona may be liable for use of funds in violation of the conditions of the trust and be in noncompliance with the Enabling Act. The Auditor General recommended that the Legislature discontinue appropriating monies from the Miners' Fund. In addition, the audit recommended that the Pioneers' Home should stop using monies from this fund. The Auditor General also recommended that the state should petition the U.S. Congress to amend the Arizona Enabling Act to allow alternative uses of the Miners' Fund monies. In addition, according to an

Arizona Attorney General Opinion, No. 187-070, the Pioneers' Home does not have the authority to spend monies from the Miners' Fund. The opinion states that to use this fund's money, the State of Arizona would have to build a separate hospital for disabled miners or ask Congress to change the state's Enabling Act allowing alternative use of the funds.

Laws 1988, Chapter 90 (S.B. 1323), changed the wording of A.R.S. § 41-941(A) from requiring the disabled miners facility to be adjacent to the Pioneers' Home to only being a separate part of the home. No new Attorney General Opinion or Auditor General report has been issued on the impact of using monies from the Miners' Fund for general use at the Pioneers' Home under the 1988 legislation. Under the 1988 legislative change, the Pioneers' Home has drawn from this fund to cover the costs of those disabled miners who are Miners Hospital Wing residents at the Pioneers' Home. The FY 1993 amount drawn for these miners will be approximately \$300,000.

Prior to the Auditor General's report, the Legislature had appropriated and the Pioneers' Home had expended money from the Miners' Fund to meet other Pioneers' Home operational expenses. From 1941 to approximately 1987, this fund had been used consistently for such purposes.

Although the New Mexico case is pertinent, the case itself focussed on New Mexico's changing how it delivered service to its disabled miners. The New Mexico case was contested because in 1971 the State of New Mexico let its miners' hospital accreditation lapse and the state closed its acute care portion of its miners' hospital. The federal government and a group of New Mexico disabled miners sued the State of New Mexico. In contrast to the New Mexico situation, the JLBC Staff recommendation to use these funds at the Pioneers' Home will not lessen the current care provided to Arizona disabled miners.

The Executive recommendation does not address this issue.

#### Other Issues for Legislative Consideration

• Change Qualifications for Admission

The Legislature may want to consider altering the eligibility requirements to limit the number of residents. The Pioneers' Home is experiencing an increasing number of qualified applicants and also an increase in the length of stay of residents. As the residents age, medical and pharmacy costs increase as does the need for more expensive skilled nursing care. In order for the state to control costs, statutory changes relating to the Pioneers' Home mission and residents' qualification requirements may need to be made. The current eligibility requirements are that a person:

- -- be a citizen of the United States for 5 years prior to application for admission;
- -- has been a continuous resident of Arizona for not less that 30 years;
- -- is 65 years or older;
- -- is ambulatory, has proper bowel and bladder control, capable of bathing, dressing and feeding self; and
- -- does not require care in a hospital or skilled or intermediate care nursing home at the time of admission.

The Legislature may want to review the Home's role in providing long-term care to the elderly. The Legislature may want to reassess who should be served: indigents, long-term Arizona residents, or other groups.

Residents are required to make payment as they are able, based on an approved formula. The FY 1992 actual revenue raised by residents' payments equalled \$905,900. The FY 1993 and FY 1994 estimates are \$945,000 and \$960,000, respectively. This revenue is deposited directly into the state General Fund.

DEPARTMENT: Arizona Rangers' Pension	n	JLBC ANALY OSPB ANALY			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions		0.0	0.0	0.0	0.0	
OPERATING BUDGET						
Other Operating Expenditures	9,200	9,500	9,800	9,800	9,800	
All Other Operating Subtotal	9,200	9,500	9,800	9,800	9,800	
AGENCY TOTAL	9,200	9,500	9,800	9,800	9,800 =	
BY FUND SOURCE						
General Fund	9,200	9,500	9,800	9,800	9,800	
AGENCY TOTAL - ALL SOURCES	9,200	9,500	9,800	9,800	9,800	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$9,800 -- a net increase of \$300, or 3.2%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

• General Inflation \$300 GF

This appropriation provides a monthly pension to the sole remaining spouse of a former Arizona Ranger. The appropriation includes a 2.7% adjustment for inflation, as per the provisions of A.R.S. § 41-951 (B), which states: "The department of administration shall annually adjust the amount of pensions according to the annual changes in the GNP price deflator as defined in A.R.S. § 41-563." The increase is higher than the 2.7% GNP Price Deflator due to rounding. The Executive concurs.

DEPARTMENT: Arizona Veteran's Service Commission Agency Summary		JLBC ANALYST: OSPB ANALYST:			COMMITTEE CHAIR: Groscost COMMITTEE CHAIR: Chesley	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	34.0	35.0	35.0	35.0	35.0	
BY PROGRAM/ORGANIZATION						
Veterans' Affairs	982,800	750,600	795,200	770,000	774,700	
Veterans' Conservatorship	330,900	391,000	462,800	406,100	426,900	
Veterans' Home	0	0	25,000	25,000	25,000	
AGENCY TOTAL	1,313,700	1,141,600	1,283,000	1,201,100	1,226,600	·
OPERATING BUDGET						
Personal Services	622,800	708,700	742,400	735,000	734,700	
Employee Related Expenditures	163,800	185,900	219,900	197,100	195,100	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	300 24,700 2,600 193,500 270,000	0 28,500 4,800 168,400 5,300	25,000 28,500 6,500 190,400 5,300	0 27,300 2,000 196,900 2,800	4,800 193,200	
All Other Operating Subtotal	491,100	207,000	255,700	229,000	231,800	
OPERATING SUBTOTAL	1,277,700	1,101,600	1,218,000	1,161,100	1,161,600	

DEPARTMENT: Arizona Veteran's Service Commission Agency Summary		JLBC ANALYST: OSPB ANALYST:		HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:		Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
SPECIAL LINE ITEMS						
Veterans' Organization Contracts Veterans' Home	36,000 0	40,000 0	40,000 25,000	•	40,000 25,000	
Special Item Subtotal	36,000	40,000	65,000	40,000	65,000	
AGENCY TOTAL	1,313,700	1,141,600	1,283,000	1,201,100	1,226,600	
BY FUND SOURCE						
General Fund Other Funds Federal Funds Other Non-Appropriated Funds	982,800 330,900 170,500 16,600	750,600 391,000 204,900 0	795,200 487,800 214,200 175,000	431,100	451,900 214,200	
AGENCY TOTAL - ALL SOURCES	1,500,800	1,346,500	1,672,200	1,201,100	1,615,800	

The JLBC Staff recommends a total appropriation of \$1,226,600 -- a net increase of \$85,000, or 7.4%, to the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$774,700 -- a net increase of \$24,100, or 3.2%, to the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$451,900 -- a net increase of \$60,900, or 15.6%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

• Annualization of FY 1993 Pay Adjustment

\$18,000 GF 11,900 OF

• Personal Services/ERE Adjustments

(400) GF

Maintains a General Fund vacancy factor of 1.6% and an Other Fund vacancy factor of 0%. The Executive recommends a vacancy factor of 0% and considers the FY 1993 amounts full funding. The agency applied the FY 1993 General Fund lump sum reduction against Personal Services.

ERE Rate Changes

3,900 GF 1,800 OF

Other Operating Expenditures

2,600 GF 22,200 OF

Includes \$21,200 (OF) for a computer maintenance contract associated with electronic funds transfers and full funding of the agency's lease requirements. The Executive recommends \$2,500 (GF) and \$1,000 (OF) for the agency's lease requirements.

Veterans' Nursing Home

25,000 OF

Laws 1992, Chapter 208 (S.B. 1140), provides that of the \$25 fee for a Veteran Special Plate, \$17 will be a donation to the State Home for Veterans Trust Fund. These monies are to be appropriated by the Legislature for the operation and maintenance of state-operated homes for Arizona veterans. The Executive concurs.

#### Other Issues for Legislative Consideration

Executive Recommendation

The Executive recommends reductions of \$(6,500) (GF) in All Other Operating.

Attorney General Retainer

Some of the clients served by the agency have complex asset and legal problems which necessitate the use of legal counsel. The agency requests \$25,000 (OF) in order to retain a member of the Attorney General's staff to ensure expeditious handling of these problems. Revenue projections provided by the agency indicate that the JLBC Staff recommendation is \$6,000 greater than projected revenues. The JLBC Staff recommendation will reduce the Veterans' Conservatorship's fund balance in FY 1994 to approximately \$14,000, which is insufficient to fund this policy issue.

DEPARTMENT: Arizona Veteran's Service Commission PROGRAM: Veterans' Affairs		JLBC ANALYST OSPB ANALYST		HOUSE SUBCOMMITTEE CHAIR: Groscost SENATE SUBCOMMITTEE CHAIR: Chesley		
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	20.0	21.0	21.0	21.0	21.0	
OPERATING BUDGET						
Personal Services	426,900	455,200	478,400	471,000	470,700	n
Employee Related Expenditures	103,600	114,800	136,200	122,400	120,800	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	300 19,600 2,600 123,800 270,000	0 22,800 4,800 107,700 5,300	0 22,800 4,800 107,700 5,300	0 21,600 2,000 110,200 2,800	4,800 110,300	
All Other Operating Subtotal	416,300	140,600	140,600	136,600	143,200	
OPERATING SUBTOTAL	946,800	710,600	755,200	730,000	734,700	
SPECIAL LINE ITEMS						
Veterans' Organization Contracts	36,000	40,000	40,000	40,000	40,000	
Special Item Subtotal	36,000	40,000	40,000	40,000	40,000	
PROGRAM TOTAL	982,800	750,600	795,200	770,000	774,700	
	-					

DEPARTMENT: Arizona Veteran's Service Commission PROGRAM: Veterans' Affairs		JLBC ANALYST: OSPB ANALYST:		HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:		Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
General Fund Federal Funds Other Non-Appropriated Funds	982,800 170,500 16,600	750,600 204,900 0	795,200 214,200 175,000	770,000  	774,700 214,200 175,000	
PROGRAM TOTAL - ALL SOURCES	1,169,900	955,500	1,184,400	770,000	1,163,900	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$774,700 -- a net increase of \$24,100, or 3.2%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

•	Annualization of FY 1993 Pay Adjustment	\$18,000 GF
•	Personal Services/ERE Adjustments  Maintains a vacancy factor of 1.6%. The vacancy factor is the result of the FY 1993 lump sum reduction being applied to Personal Services. The Executive recommends a vacancy factor of 0% and considers the FY 1993 amount full funding.	(400) GF
_	CDE Date Cl	

ERE Rate Changes

3,900 GF

Other Operating Expenditures

2,600 GF

Represents full funding of the agency's lease requirements. The amount includes \$1,100 for full year funding of the agency's space in the Tucson State Office Building. The Executive recommends \$2,500.

#### Other Issues for Legislative Consideration

• Executive Recommendation

The Executive recommends decreases of \$(1,200) in Travel In-State, \$(2,800) in Travel Out-of-State, and \$(2,500) in Equipment.

DEPARTMENT: Arizona Veteran's Service Commission PROGRAM: Veterans' Conservatorship		JLBC ANALYST: OSPB ANALYST:	·			Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	14.0	14.0	14.0	14.0	14.0	
OPERATING BUDGET						
Personal Services	195,900	253,500	264,000	264,000	264,000	
Employee Related Expenditures	60,200	71,100	83,700	74,700	74,300	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures	5,100 0 69,700	5,700 0 60,700	25,000 5,700 1,700 82,700	0 5,700 0 61,700	5,700	
All Other Operating Subtotal	74,800	66,400	115,100	67,400	88,600	
PROGRAM TOTAL	330,900	391,000	462,800	406,100	<u>426,900</u> <u></u>	
BY FUND SOURCE						
Other Funds	330,900	391,000	462,800	406,100	426,900	
PROGRAM TOTAL - ALL SOURCES	330,900	391,000	462,800	406,100	426,900	

**DEPARTMENT:** 

Arizona Veterans' Service Commission

PROGRAM:

Veterans' Conservatorship

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$426,900 -- a net increase of \$35,900, or 9.2%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$11,900 OF

Personal Services/ERE Adjustments

-0- OF

Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%.

• ERE Rate Changes

1,800 OF

Other Operating Expenditures

22,200 OF

Includes \$21,200 for a computer maintenance contract associated with electronic funds transfers and \$1,000 for full funding of the agency's lease requirement. The Executive concurs with full funding of the agency's lease requirement.

#### Other Issues for Legislative Consideration

Attorney General Retainer

Some of the clients served by the agency have complex asset and legal problems which necessitate the use of legal counsel. The agency requests \$25,000 in order to retain a member of the Attorney General's staff to ensure expeditious handling of these problems. Revenue projections provided by the agency indicate that the JLBC Staff recommendation is \$6,000 greater than projected revenues. The JLBC Staff recommendation will reduce the fund balance in FY 1994 to approximately \$14,000, which is insufficient to fund this policy issue.

DEPARTMENT: Arizona Veteran's Service Commission PROGRAM: Veterans' Home		JLBC ANALYST: OSPB ANALYST:					
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE	
Full Time Equivalent Positions	0.0	0.0	0.0	0.0	0.0		
OPERATING BUDGET			*			4	
Other Operating Expenditures	0	0	0	25,000	0		
All Other Operating Subtotal	0	0	0	25,000	0		
OPERATING SUBTOTAL	0	0	0	25,000	0		
SPECIAL LINE ITEMS							
Veterans' Home	0	0	25,000	0	25,000		
Special Item Subtotal	0	0	25,000	0	25,000		
PROGRAM TOTAL	0		25,000	25,000	25,000		
BY FUND SOURCE							
Other Funds	0	0	25,000	25,000	25,000	The state of the s	
PROGRAM TOTAL - ALL SOURCES	0		25,000	25,000	25,000		

**DEPARTMENT:** 

Arizona Veterans' Service Commission

PROGRAM:

Veterans' Home

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$25,000 -- a net increase of \$25,000, or 100%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

• Personal Services/ERE Adjustments

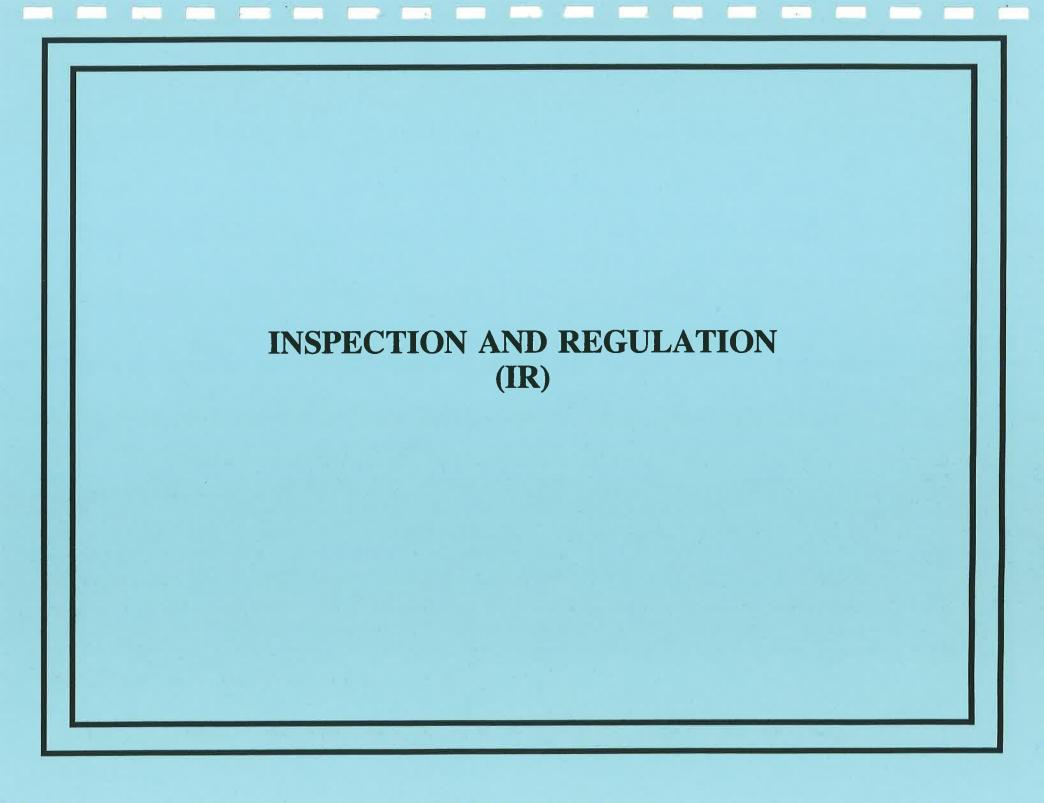
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Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%.

• Veterans' Nursing Home

25,000 OF

Laws 1992, Chapter 208 (S.B. 1140), provides that of the \$25 fee for a Veteran Special Plate, \$17 will be a donation to the State Home for Veterans Trust Fund. These monies are to be appropriated by the Legislature for the operation and maintenance of state-operated homes for Arizona veterans. The Executive concurs but places the amount in Other Operating Expenditures.



DEPARTMENT: Agricultural Employee Relations Board		JLBC ANALYST: OSPB ANALYST:		HOUSE SUI SENATE SUI	Edens Huppenthal	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	4.0	3.5	0.0	0.0	0.0	
OPERATING BUDGET						
Personal Services	117,400	107,400	0	0	0	
Employee Related Expenditures	31,000	23,700	0	0	0	
Professional/Outside Services Travel - In State Other Operating Expenditures Equipment	200 1,700 9,000 0	11,200 4,200 17,800 2,000	0 0 0	0 0 0 0	0 0 0 —	
All Other Operating Subtotal	10,900	35,200	0	0	0	×
AGENCY TOTAL	159,300	166,300	0	0		
BY FUND SOURCE						
General Fund	159,300	166,300	0	0	0	
AGENCY TOTAL - ALL SOURCES	159,300	166,300	0	0	0	

**DEPARTMENT:** 

Agricultural Employment Relations Board

The JLBC Staff recommends a total General Fund (GF) appropriation of \$0 -- a net decrease of \$(166,300), or (100)%, from the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Agency Elimination

\$(166,300) GF

This agency was terminated on July 31, 1992. "Sunset" statutes (A.R.S. § 341-2956) allow a 6-month period for the agency to conclude its affairs. The agency is expected to have spent about \$80,000 in FY 1993 for this phase-out period. No funding will be needed in FY 1994. The Executive concurs.

DEPARTMENT: Arizona Department of Agriculture Agency Summary		JLBC ANALYS OSPB ANALYS		HOUSE SUBCOMMITTEE CHAIR: Keegan SENATE SUBCOMMITTEE CHAIR: Turner		
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	312.7	269.7	252.6	249.6	225.1	
BY PROGRAM/ORGANIZATION						
Administration	1,305,400	1,237,100	1,289,200	1,214,900	1,256,500	
Animal Services	3,903,500	3,570,700	3,762,800	3,691,500	2,455,200	
Plant Industries	4,194,200	4,036,500	3,746,500	3,563,200	3,644,900	
Chemicals/Environmental	2,406,400	1,148,000	1,200,900	1,013,700	1,044,200	
Agricultural Lab	1,014,400	918,400	990,400	959,000	915,100	-
AGENCY TOTAL	12,823,900	10,910,700	10,989,800	10,442,300	9,315,900	
OPERATING BUDGET						
Personal Services	7,766,300	5,772,000	5,607,700	5,472,400	4,666,500	
Employee Related Expenditures	1,607,600	1,569,800	1,500,900	1,442,200	1,294,900	
Professional/Outside Services Travel - In State	259,900 627,400 26,900	269,500 416,700 13,700	362,400 696,100 31,100	291,700 649,100 20,200	446,700	
Travel - Out of State Other Operating Expenditures	1,338,300	1,502,600	1,542,200	1,502,900		

DEPARTMENT: Arizona Department of Agency Summary	Agriculture	JLBC ANALY OSPB ANALY			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Equipment	66,100	28,600	31,600	8,500	22,900	-
All Other Operating Subtotal	2,318,600	2,231,100	2,663,400	2,472,400	2,184,500	
OPERATING SUBTOTAL	11,692,500	9,572,900	9,772,000	9,387,000	8,145,900	
SPECIAL LINE ITEMS						2
Aquaculture Agriculture Worker Safety Reduction-In-Force Cost Animal Damage Control Market News USADA Co-op Agreement Egg Inspection Fruit/Veg Standardization	100 149,700 0 75,000 5,700 200 178,400 722,300	12,000 126,200 146,400 0 0 0 214,900 838,300	6,000 129,400 0 0 0 0 225,100 857,300	12,800 0 0 0 219,900 822,600	220,100	
Special Item Subtotal	1,131,400	1,337,800	1,217,800	1,055,300	1,170,000	
AGENCY TOTAL	12,823,900	10,910,700	10,989,800	10,442,300	9,315,900	
BY FUND SOURCE				60		
General Fund Other Funds Federal Funds Other Non-Appropriated Funds AGENCY TOTAL - ALL SOURCES	11,303,100 1,520,800 362,700 4,139,300 17,325,900	9,161,500 1,749,200 549,400 3,470,400 14,930,500	9,202,200 1,787,600 549,400 3,342,500 14,881,700	8,829,900 1,612,400 	1,673,600 549,400 3,342,500	

**DEPARTMENT:** 

Arizona Department of Agriculture

Agency Summary

The JLBC Staff recommends a total appropriation of \$9,315,900 -- a net decrease of \$(1,594,800), or (14.6)%, from the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$7,642,300 -- a net decrease of \$(1,519,200), or (16.6)%, to the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$1,673,600 -- a net decrease of \$(75,600) or (4.3)%, from the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

•	Annualization of FY 1993 Pay Adjustment	\$ 195,500 GF 12,200 OF
•	Personal Services/ERE Adjustments Includes a new vacancy factor of 2%. The Executive also recommends a vacancy factor of 2%.	(112,100) GF
•	ERE Rate Changes	11,700 GF 6,300 OF
•	Miscellaneous Adjustments	(49,400) GF (1,000) OF
•	Travel - In State Restorations	
•	Dairy Lab Support	40,000 GF
•	Ag Lab Supplies	20,000 GF
•	Brand Inspections	(1,212,400) GF
•	Annualization of Border Stations Elimination	(447,800) GF
•	Shift Agriculture Worker Safety to Industrial Commission Special Fund	(126,200) OF
•	Reduction-In-Force Costs	(74,700) GF
•	Citrus, Fruit and Vegetable Standardization	27,000 OF
•	Egg Control	5,200 OF
•	Aquaculture	900 OF

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#### Other Issues for Legislative Consideration

• Project SLIM Recommendation

The Executive recommendation describes \$(602,400) of reductions as Project SLIM savings. This amount includes \$(360,700) in Personal Services and \$(95,300) in ERE for annualizing the savings from elimination of the Border Inspection program in FY 1993. The Executive's Project SLIM savings estimate also includes \$(146,400) for deletion of the redeployment (reduction-in-force) costs associated with the Border Inspection and Livestock program reductions. As the OSPB and JLBC Staff FY 1993 budget proposals to eliminate border inspections preceded the like Project SLIM recommendation, we would not view this reduction as part of Project SLIM savings.

DEPARTMENT: Arizona Department of Agriculture PROGRAM: Administration		JLBC ANALYST: Bock OSPB ANALYST: Betlach		HOUSE SUI SENATE SUI	Keegan Turner	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	33.0	24.5	24.5	24.5	24.5	
OPERATING BUDGET						
Personal Services	792,400	700,500	704,900	691,200	711,700	7.5
Employee Related Expenditures	190,800	162,400	179,100	163,500	175,600	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	27,800 13,800 6,900 218,400 49,600	8,300 0 1,800 336,100 21,400	41,700 0 6,000 336,100 21,400	8,300 7,000 1,800 336,100 7,000	1,800 330,700 <u> </u>	
All Other Operating Subtotal	316,500	367,600	405,200	360,200	369,200	<del></del>
OPERATING SUBTOTAL	1,299,700	1,230,500	1,289,200	1,214,900	1,256,500	===
SPECIAL LINE ITEMS						
Reduction-In-Force Cost Market News	0 5,700	6,600 0	0	0	0	
Special Item Subtotal	5,700	6,600	0	0	0 -	
PROGRAM TOTAL	1,305,400	1,237,100	1,289,200	1,214,900	1,256,500	

DEPARTMENT: Arizona Department of Agriculture PROGRAM: Administration		JLBC ANALYST: Bock OSPB ANALYST: Betlach		HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:		Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
General Fund Federal Funds Other Non-Appropriated Funds	1,305,400 362,700 3,009,400	1,237,100 549,400 2,309,800	1,289,200 549,400 2,160,800	1,214,900	1,256,500 549,400 2,160,800	
PROGRAM TOTAL - ALL SOURCES	4,677,500	4,096,300	3,999,400	1,214,900	3,966,700	).

The JLBC Staff recommends a total General Fund (GF) appropriation of \$1,256,500 -- a net increase of \$19,400, or 1.6%, to the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

•	Annualization of FY 1993 Pay Adjustment	\$ 21,100	GF
•	Personal Services/ERE Adjustments Maintains a vacancy factor of 1%. The Executive recommends a vacancy factor of 2%.	(8,300)	GF
•	ERE Rate Changes	11,600	GF
•	Administrative Travel Restores \$7,000 for Travel - In State. This amount was eliminated in the FY 1993 budget reduction.	7,000	GF
•	Other Adjustments Includes adjustments for rent and non-capitalized equipment.	(5,400)	GF
•	Reduction-In-Force Costs  This one-time cost related to FY 1993 policy issues is eliminated for FY 1994.	(6,600)	GF

HOUSE SUBCOMMITTEE CHAIR: DEPARTMENT: Arizona Department of Agriculture JLBC ANALYST: Bock SENATE SUBCOMMITTEE CHAIR: OSPB ANALYST: Betlach Turner Animal Services PROGRAM: FY 1993 FY 1994 FY 1994 FY 1994 **LEGISLATIVE** JLBC STAFF WORK FY 1992 **ADJUSTED AGENCY EXECUTIVE APPROPRIATIONS** REQUEST RECOMMENDATION RECOMMENDATION SPACE ACTUAL DESCRIPTION 67.6 107.7 94.7 95.1 95.1 Full Time Equivalent Positions **OPERATING BUDGET** 1,277,600 2,107,900 2,173,800 2,130,500 2,304,800 Personal Services 572,500 563,400 374,000 \_\_\_\_\_ 573,100 Employee Related Expenditures 610,000 170,600 170,600 Professional/Outside Services 183,900 130,600 184,400 166,000 359,700 359,700 382,400 259,900 Travel - In State 2,500 2,500 9,600 2,500 9,200 Travel - Out of State 232,100 159,800 232,100 232,100 Other Operating Expenditures 160,500 -1.200Equipment 498,900 625,100 785,400 764,900 All Other Operating Subtotal 735,200 2,150,500 3,531,700 3,458,800 3,650,000 3,306,100 **OPERATING SUBTOTAL** SPECIAL LINE ITEMS 12,900 6,000 12,800 100 12,000 Aquaculture 71,700 \_\_\_\_ 37,700 Reduction-In-Force Cost 0 0 75,000 0 Animal Damage Control 214,900 225,100 219,900 220,100 178,400 Egg Inspection 304,700 \_\_\_\_\_ Special Item Subtotal 264,600 231,100 232,700 253,500 3,691,500 2,455,200 3,570,700 3,762,800 3,903,500 PROGRAM TOTAL

DEPARTMENT: Arizona Department of Agriculture PROGRAM: Animal Services		JLBC ANALYST: Bock OSPB ANALYST: Betlach		HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:		Keegan Turner	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE	
BY FUND SOURCE							
General Fund Other Funds Other Non-Appropriated Funds	3,725,000 178,500 677,400	3,343,800 226,900 765,300	3,531,700 231,100 760,300	232,700	2,222,200 233,000 760,300		
PROGRAM TOTAL - ALL SOURCES	4,580,900	4,336,000	4,523,100	3,691,500	3,215,500		

The JLBC Staff recommends a total appropriation of \$2,455,200 -- a net decrease of \$(1,115,500), or (31.3)%, from the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$2,222,200 -- a net decrease of \$(1,121,600), or (33.5)%, from the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$233,000 -- a net increase of \$6,100, or 2.8%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$ 75,900 GF

Personal Services/ERE Adjustments

Maintains a vacancy factor of 2%. The Executive also recommends a vacancy factor of 2%.

ERE Rate Changes

4.500 GF

(63,600) GF

Brand Inspections

(1,212,400) GF

This policy issue eliminates the Livestock Brand Inspection and Investigations programs. The JLBC Staff proposes that a private brand inspection program be authorized, one modeled after the State of Texas' system. In Texas, branding is voluntary, and a not-for-profit membership association, the Texas and Southwestern Cattle Raisers Association (TSCRA) provides brand inspection to members, charging inspection fees in addition to dues. TSCRA stations its 85 inspectors, who are deputized law enforcement officers, at each of Texas' 170 cattle markets, where inspectors average 65,000 head per inspector per year. (In 1991, Arizona inspectors averaged about 10,500 head each. They work both fixed auction sites and rural territories. The difference in the number of head per inspector is probably related, in part, to the Texas program's economies of scale.) Texas inspectors work on commission—which may enhance their productivity. The TSCRA also investigates animal losses for both members and non-members, effectively utilizing fully automated records of brands, ownership, and marketings to trace missing animals and to deter theft. Unlike Arizona livestock officers, TSCRA officers do not conduct random road stops although the Texas Animal Health Commission does and livestock trailers may be stopped for probable cause.

By privatizing Arizona brand inspections, in effect, the cattle industry would take on the responsibility of policing itself, whether branding remained mandatory or was made voluntary. The Legislature could consider compensating regulatory or tax relief for the industry in exchange. This recommendation eliminates (47) FTE positions and \$(2,072,100) on an annualized basis, but allows 19.5 FTE positions and \$859,700 for program phase-out in FY 1994. This assumes that program staff will be reduced by about 5 FTE positions a month until the program is ended by March, 1994. Annual General Fund revenue would decrease by about \$(325,000) in brand inspection fees, resulting in annual net savings of about \$1,747,100. The Executive has not addressed this issue.

40,000 GF Dairy Program Lab Analysis Restores this amount which was eliminated in the FY 1993 budget reductions. Dairy products are sampled and analyzed for contaminants and pathogens. This funding is necessary to allow an effective sampling and analysis rate. 34,000 GF Reduction-In-Force Costs Reduction in Force (RIF) costs of \$(37,700) related to FY 1993 policy issues were eliminated, and \$71,700 related to the FY 1994 policy issues are added. 5,200 OF Egg Control The amount adds \$5,700 to Annualization of FY 1993 Pay Adjustment; adds \$700 for ERE Rate Changes; and eliminates \$(1,200) for Other Adjustments. The Executive recommends the following: adding \$5,700 for the Pay Adjustment Annualization; reducing ERE by \$(600); adding \$1,500 for Capital Equipment; and reducing Non-capital Equipment by \$(1,600). 900 OF Aquaculture The amount adds \$300 to annualize the FY 1993 pay adjustment and adds \$600 due to ERE Rate Changes. The Executive also adds \$300 for the FY 1993 Pay Adjustment, and adds \$500 for ERE Rate Changes.

DEPARTMENT: Arizona Department of Agriculture PROGRAM: Plant Industries			JLBC ANALYST: Bock OSPB ANALYST: Betlach		HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	132.0	111.5	94.0	94.0	94.0	
OPERATING BUDGET						*
Personal Services	2,335,100	2,081,100	1,819,400	1,752,300	1,765,300	2
Employee Related Expenditures	625,500	609,500	503,900	482,800	493,700	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures	5,100 191,400 100 314,500	0 117,400 0 288,100	5,100 272,700 0 288,100	0 217,400 0 288,100	5,100 217,400 0 298,100	
All Other Operating Subtotal	511,100	405,500	565,900	505,500	520,600	
OPERATING SUBTOTAL	3,471,700	3,096,100	2,889,200	2,740,600	2,779,600	
SPECIAL LINE ITEMS						
Reduction-In-Force Cost USADA Co-op Agreement Fruit/Veg Standardization	0 200 722,300	102,100 0 838,300	0 0 857,300	0 0 822,600	0 0 865,300	
Special Item Subtotal	722,500	940,400	857,300	822,600	865,300	
PROGRAM TOTAL	4,194,200	4,036,500	3,746,500	3,563,200	3,644,900	

DEPARTMENT: Arizona Department of PROGRAM: Plant Industries	Agriculture	JLBC ANALYS OSPB ANALYS			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
General Fund Other Funds Other Non-Appropriated Funds	3,471,900 722,300 266,900		2,889,200 857,300 192,100		2,779,600 865,300 -192,100	
PROGRAM TOTAL - ALL SOURCES	4,461,100	4,202,500	3,938,600	3,563,200	3,837,000	

**DEPARTMENT:** 

Arizona Department of Agriculture

PROGRAM:

Plant Industries

The JLBC Staff recommends a total appropriation of \$3,644,900 -- a net decrease of \$(391,600), or (9.7)%, from the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$2,779,600 -- a net decrease of \$(418,600), or (13.1)%, from the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$865,300 -- a net increase of \$27,000 or 3.2%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$ 77,000 GF

Personal Services/ERE Adjustments

(40,200) GF

Maintains a vacancy factor of 1.5% for the operating budget, which is the standard rate for programs with this number of FTE positions. The Executive recommends a vacancy factor of 2%.

ERE Rate Changes

(20,600) GF

Other Adjustments

115,100 GF

Restores \$5,100 for Professional and Outside Services and \$100,000 for Travel - In State which the new Interior Inspection program requires. Also includes \$10,000 in other changes.

Annualization of Border Station Elimination

(447,800) GF

The border inspection function was eliminated in FY 1993. The appropriation funded the border stations for a half-year phase-out period. This issue eliminates 17.5 FTE positions, \$(347,000) in Personal Services, and \$(100,800) in ERE to annualize the savings from the border station closure. The Executive concurs on this issue.

• Reduction-In-Force Costs

(102,100) GF

This one-time cost is eliminated for FY 1994.

Citrus, Fruit and Vegetable Standardization

27,000 OF

The change includes \$18,900 added to annualize the FY 1993 Pay Adjustment; a decrease of \$(9,200) for ERE Rate Changes; and \$17,300 for rent that is now being charged to this fund. The JLBC Staff recommends a 0% vacancy factor while the Executive recommends a 2% vacancy factor for this program.

DEPARTMENT: Arizona Department of Agriculture PROGRAM: Chemicals/Environmental		JLBC ANALYST: Bock OSPB ANALYST: Betlach		HOUSE SUBCOMMITTEE CHAIR: Keegan SENATE SUBCOMMITTEE CHAIR: Turner		
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	25.0	25.0	25.0	22.0	25.0	
OPERATING BUDGET						
Personal Services	1,987,900	541,800	558,400	553,400	560,700	
Employee Related Expenditures	107,400	147,300	156,200	141,700	159,000	<del></del>
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	23,700 34,300 9,400 79,700 14,300	125,300 39,400 8,800 152,000 7,200	125,900 63,700 15,300 141,800 10,200	107,500 62,000 15,300 132,300 1,500	11,500 145,600	
All Other Operating Subtotal	161,400	332,700	356,900	318,600	324,500	
OPERATING SUBTOTAL	2,256,700	1,021,800	1,071,500	1,013,700	1,044,200	
SPECIAL LINE ITEMS						
Agriculture Worker Safety	149,700	126,200	129,400	0	0	
Special Item Subtotal	149,700	126,200	129,400	0	0	
PROGRAM TOTAL	2,406,400	1,148,000	1,200,900	1,013,700		

DEPARTMENT: Arizona Department of Agriculture PROGRAM: Chemicals/Environmental		JLBC ANALYST: Bock OSPB ANALYST: Betlach				Keegan Turner	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE	
BY FUND SOURCE							
General Fund Other Funds	1,786,400 620,000	464,000 684,000	501,700 699,200	456,600 557,100	468,900 575,300		
PROGRAM TOTAL - ALL SOURCES	2,406,400	1,148,000	1,200,900	1,013,700	1,044,200		

The JLBC Staff recommends a total appropriation of \$1,044,200 -- a net decrease of \$(103,800), or (9.0)%, from the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$468,900 -- a net increase of \$4,900, or 1.1%, to the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$575,300 -- a net decrease of \$(108,700), or (15.9)%, from the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

•	Annualization of FY 1993 Pay Adjustment	\$ 9,500 12,200	
•	Personal Services/ERE Adjustments  Maintains a vacancy factor of 0%. The Executive recommends a vacancy factor of 2%.	-0-	GF
•	ERE Rate Changes	2,600 6,300	
•	Other Adjustments  Eliminates \$(7,200) in capital equipment and adjusts rent by \$(1,000).	(7,200) (1,000)	
•	Agricultural Worker Safety  The JLBC Staff recommends this program be funded from the Industrial Commission Special Fund, with the Department of Agriculture performing the actual safety function through an Inter-Governmental Agreement (IGA). This program was formerly within the Industrial Commission but was transferred to the Department of Agriculture in FY 1991 without funding. In the FY 1992 and FY 1993 budgets, the Legislature funded this program from the Department of Agriculture's Pesticide Fund. However, the Pesticide Fund balance in FY	(126,200)	OF

1994 will be insufficient to finance the Agricultural Worker Safety activities again. The Executive concurs with the JLBC Staff

recommendation to fund this program from the Industrial Commission Special Fund.

DEPARTMENT: Arizona Department of Agriculture PROGRAM: Agricultural Lab		JLBC ANALYST: Bock OSPB ANALYST: Betlach		HOUSE SUBCOMMITTEE CHAIR: Keegan SENATE SUBCOMMITTEE CHAIR: Turner		
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	15.0	14.0	14.0	14.0	14.0	
OPERATING BUDGET						8
Personal Services	346,100	340,700	351,200	345,000		
Employee Related Expenditures	73,900	77,500	89,200	90,800	92,600	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	19,400 5,500 900 565,200 3,400	5,300 0 600 494,300 0	5,300 0 600 544,100 0	5,300 3,000 600 514,300	3,000	
All Other Operating Subtotal	594,400	500,200	550,000	523,200	471,300	
PROGRAM TOTAL	1,014,400	918,400	990,400	959,000	915,100	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
BY FUND SOURCE						
General Fund Other Non-Appropriated Funds	1,014,400 185,600	918,400 229,300	990,400 229,300	959,000	915,100 229,300	
PROGRAM TOTAL - ALL SOURCES	1,200,000	1,147,700	1,219,700	959,000	1,144,400	

**DEPARTMENT:** 

Arizona Department of Agriculture

PROGRAM:

Agriculture Laboratory

The JLBC Staff recommends a total General Fund (GF) appropriation of \$915,100 -- a net decrease of \$(3,300), or (0.4)%, from the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

Personal Services/ERE Adjustments
 Maintains a vacancy factor of 0%. The Executive also recommends a vacancy factor of 0%.

• ERE Rate Changes 13,600 GF

Travel - In State
3,000 GF
The amount restores funding that was eliminated by the FY 1993 budget reductions. The Executive concurs on this issue.

• Laboratory Supplies

The ADA has been utilizing vacancy savings to pay for laboratory supplies. These savings will not be available given recent budget and

The ADA has been utilizing vacancy savings to pay for laboratory supplies. These savings will not be available given recent budget and staff reductions. This amount will be used for such supplies as chemicals, beakers, and culture dishes. The Executive concurs on this issue.

• Laboratory Lease-Purchase

The state Agricultural Laboratory has been acquired as part of the state's RTC/Distressed Property program. As a result, total laboratory occupancy costs will be reduced by \$(51,900). The recommended amount includes \$182,300 for the FY 1994 lease-purchase payment and \$143,300 for the building's operating costs, including utilities.

\$12,000 GF

-0- GF

DEPARTMENT: State Banking Department		JLBC ANALYST: Smith OSPB ANALYST: Betlac		HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:		Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	77.8	55.0	55.0	55.0	54.2	
OPERATING BUDGET					Ŷa.	
Personal Services	1,644,900	1,410,400	1,488,900	1,482,600	1,446,900	<del></del>
Employee Related Expenditures	422,400	324,300	364,700	327,400	310,200	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	79,700 38,300 14,100 249,700 3,800	43,000 16,000 269,800	21,400 43,000 16,000 269,800 0	21,400 43,000 16,000 269,400 3,100	43,000 16,000 128,900	
All Other Operating Subtotal	385,600	393,400	350,200	352,900	209,300	
OPERATING SUBTOTAL	2,452,900	2,128,100	2,203,800	2,162,900	1,966,400	
SPECIAL LINE ITEMS						
Receiverships	255,400	272,200	152,300	276,500	176,200	
Special Item Subtotal	255,400	272,200	152,300	276,500	176,200	
AGENCY TOTAL	2,708,300	2,400,300	2,356,100	2,439,400	2,142,600	
<del></del>						

DEPARTMENT: State Banking Departmen	t	JLBC ANALYST OSPB ANALYST			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
General Fund Other Non-Appropriated Funds	2,708,300 132,500		2,356,100 259,300	, ,	2,142,600 259,300	=======================================
AGENCY TOTAL - ALL SOURCES	2,840,800	2,665,200	2,615,400	2,439,400	2,401,900	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$2,142,600 -- a net decrease of \$(257,700), or (10.7)%, from the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

•	FTE Positions Adjustment  Eliminates 0.8 unfunded FTE positions to bring the agency's current vacancy factor in line with the standard vacancy factor for an agency with this number of FTE positions. See Personal Services/ERE Adjustments bullet for further information. Eliminating these unfunded positions makes permanent the portion of the FY 1993 lump sum reduction that was achieved through higher vacancy savings.	\$	-0-	GF	
•	Annualization of FY 1993 Pay Adjustment	42,	300	GF	
•	Personal Services/ERE Adjustments Includes a new vacancy factor of 1.5%, which is the standard rate applied to agencies with this number of FTE positions. The FY 1993 vacancy factor was 3%. The Executive recommends a vacancy factor of 1.5%.	(1,	200)	GF	
•	ERE Rate Changes	(18,	700)	GF	
•	Professional/Outside Services Includes a one-time adjustment in data processing due to scheduled completion of the department's automation functions. The Executive also recommends this adjustment.	(43,	200)	GF:	
•	Other Operating Expenditures Includes \$1,100 for continued rental of storage space.		-0-	GF	

Elimination of Private Lease Funding

(140,900) GF

The Banking Department is one of four agencies scheduled to relocate to the Sun States Savings Building located at 44th Street and Thomas Road in Phoenix. This building was acquired as part of the state's RTC/Distressed Property program. Because the operating costs and allocation of space in this building are unknown, the lease-purchase payment and all estimated operating costs associated with the building are included in the DOA budget. The JLBC Staff recommends that the Banking Department's private lease payment, which included utilities and operating expenses, be eliminated. The JLBC Staff also suggests that a footnote be added to DOA's operating budget indicating that DOA is responsible for the appropriate pro rata share of the Banking Department's private lease payment if the agency is not relocated to the Sun States Savings building by July 1, 1993. The Banking Department historically has been required by a footnote in the General Appropriation Act to collect revenues equal to or exceeding its appropriation from the General Fund, making the department self-supporting. The JLBC Staff recommends that the department's lease-purchase payment and/or private lease payment, as well as its operating costs, be defined as part of the department's appropriation amount for such a footnote. The Executive budget includes continued funding of lease and operating costs, with a \$(400) decrease for maintenance.

Receiverships Special Line Item

(96,000) GF

Includes \$176,200 for the Receivership division and reflects reduced need for General Fund support of the division due to increased revenues to the department's non-appropriated Receivership Revolving Fund. The JLBC Staff recommends that a footnote, historically included in the General Appropriation Act, indicate that from the amount appropriated for Receiverships, the department will revert at fiscal year-end an amount not greater than the amount credited to the Banking Department Receivership Revolving Fund pursuant to A.R.S. § 6-131.01 in accordance with the following formula: 100% of the first \$250,000, 90% of the next \$100,000, and 80% of any remainder. The Executive recommends \$276,500 for the Receiverships line item.

### Other Issues for Legislative Consideration

Equipment

The Executive recommends \$3,100 for a new paper shredder.

DEPARTMENT: Arizona State Boxing Com-	mission	JLBC ANALYST: OSPB ANALYST:	Martinez Roan		BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	1.5	1.0	1.0	1.5	1.5	
OPERATING BUDGET						15
Personal Services	35,400	30,100	28,600	36,300	36,600	190
Employee Related Expenditures	12,200	7,100	8,300	7,800	8,900	<u></u>
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures	0 400 100 4,500	1,000 3,000 900 9,500	1,000 6,600 900 10,000	1,000 3,000 900 9,500	500 3,000 700 9,500	
All Other Operating Subtotal	5,000	14,400	18,500	14,400	13,700	
AGENCY TOTAL	52,600	51,600	55,400	58,500	59,200	
BY FUND SOURCE						
General Fund Other Funds	26,300 26,300	51,600 0	55,400 0	58,500 0	59,200	
AGENCY TOTAL - ALL SOURCES =	52,600	51,600	55,400	58,500	59,200	

**DEPARTMENT:** 

Arizona State Boxing Commission

The JLBC Staff recommends a total General Fund (GF) appropriation of \$59,200 -- a net increase of \$7,600, or 14.7%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

• Personal Services/ERE Adjustments

Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%.

• ERE Rate Changes

(500) GF

\$ 900 GF

FTE Position Restoration

7,900 GF

The JLBC Staff recommends the restoration of a 0.5 FTE secretarial position. The position was eliminated in FY 1993 when revenue collection responsibility was transferred to the Department of Racing. The Boxing Commission's workload has doubled in FY 1993, and is anticipated to remain at the current levels for FY 1994.

• Professional and Outside Services

(500) GF

Historical actuals indicate a lower funding requirement.

Travel - In State

(200) GF

Historical actuals indicate a lower funding requirement.

#### Other Issues for Legislative Consideration

Include Contestant Purses as Taxable Receipts

The Legislature may want to consider modifying A.R.S. § 5-104.02 paragraph D, subsection 1 to eliminate the exclusion of contestant purses from taxable boxing receipts.

DEPARTMENT: Department of Building	& Fire Safety	JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	70.2	70.2	70.2	70.2	67.8	
OPERATING BUDGET						
Personal Services	1,741,600	1,793,800	1,914,800	1,846,300	1,813,300	
Employee Related Expenditures	423,700	450,400	531,200	458,100	472,300	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	-800 193,500 2,200 295,800 1,600	0 200,000 6,000 306,800 0	0 200,000 6,000 306,800 32,100	0 200,000 6,000 306,800 0	6,000	
All Other Operating Subtotal	492,300	512,800	544,900	512,800	502,400	-
OPERATING SUBTOTAL	2,657,600	2,757,000	2,990,900	2,817,200	2,788,000	
SPECIAL LINE ITEMS						
Fire Training	30,000	30,000	30,000	30,000	30,000	
Special Item Subtotal	30,000	30,000	30,000	30,000	30,000	
AGENCY TOTAL	2,687,600	2,787,000	3,020,900	2,847,200	2,818,000	

DEPARTMENT: Department of Building	g & Fire Safety	JLBC ANALYST OSPB ANALYST			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
General Fund Federal Funds Other Non-Appropriated Funds	2,687,600 15,600 760,700	2,787,000 0 747,600	3,020,900 0 738,800	2,847,200	2,788,000 0 738,800	
AGENCY TOTAL - ALL SOURCES	3,463,900	3,534,600	3,759,700	2,847,200	3,526,800	

**DEPARTMENT:** 

Department of Building and Fire Safety

The JLBC Staff recommends a total General Fund (GF) appropriation of \$2,818,000 -- a net increase of \$31,000, or 1.1%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

•	FTE Positions Adjustment  Eliminates 1.4 unfunded FTE positions to bring the agency's current vacancy factor in line with the standard vacancy factor for an agency with this number of FTE positions. See Personal Services/ERE Adjustments bullet for further information. Eliminating these unfunded positions makes permanent the portion of the FY 1993 lump sum reduction that was achieved through higher vacancy savings.	\$	-0-	GF
•	Annualization of FY 1993 Pay Adjustment	60	),300	GF
•	Personal Services/ERE Adjustments Includes a new vacancy factor of 1.5%, which is the standard rate applied to agencies with this number of FTE positions. The FY 1993 vacancy factor was 3.5%. The Executive recommends a vacancy factor of 1.5%.		(500	) GF
•	Program Compliance Auditor Supervisor  Decrease of \$(32,600) in Personal Services, \$(7,900) in ERE, \$(2,800) in Travel - In State, and \$(1,500) in Other Operating Expenditures to reflect the elimination of 1 Program Compliance Auditor Supervisor FTE position. Loss of this position may decrease the frequency of audits from once every 2 years to once every 2 1/2 years. The JLBC recommends changing A.R.S. § 41-2180A to require the agency to only conduct audits once every 3 years. The Executive does not address this recommendation.	(44	1,800	) GF
•	ERE Rate Changes	22	2,100	GF
•	Travel - In State  Decrease to reflect actual motor pool charges.	(3	3,300	) GF
•	Other Operating Expenditures Adjusted to reflect a decrease in non-capitalized equipment.	(2	2,800	) GF

DEPARTMENT: Registrar of Contractors		JLBC ANALYS' OSPB ANALYS'			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	105.6	102.3	102.3	100.0	109.3	
OPERATING BUDGET						X ×
Personal Services	2,309,400	2,328,100	2,439,300	2,323,700	2,520,500	
Employee Related Expenditures	567,800	574,400	605,600	569,400	587,200	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	15,900 169,600 4,100 648,200		16,000 184,600 1,600 638,100 24,600	18,100 180,400 1,600 630,400 6,300	181,500 1,100 725,200	
All Other Operating Subtotal	837,800	827,400	864,900	836,800	1,040,500	
AGENCY TOTAL	3,715,000	3,729,900	3,909,800	3,729,900	4,148,200	
BY FUND SOURCE						
General Fund Other Non-Appropriated Funds	3,715,000 1,707,900		3,909,800 1,875,900		4,148,200 1,875,900	
AGENCY TOTAL - ALL SOURCES	5,422,900	5,602,100	5,785,700	3,729,900	6,024,100	

**DEPARTMENT:** 

Registrar of Contractors

The JLBC Staff recommends a total General Fund (GF) appropriation of \$4,148,200 -- a net increase of \$418,300, or 11.2%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$86,600 GF

(7,800) GF

Personal Services/ERE Adjustments

Maintains a vacancy factor of 2%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 2%.

• ERE Rate Changes

(23,900) GF

Lake Havasu City Office

119,900 GF

The JLBC Staff recommends funding for the agency request to open a new office in Lake Havasu City. The office will generate \$92,000 in revenue annually. The new office will allow the Registrar to better respond to the increased volume of complaints from fast-growing areas along the Colorado River. The Executive recommendation does not address this issue.

In-house Testing

259,700 GF

The JLBC Staff recommends this increase to move the testing program in-house. The recommended amount includes \$93,700 for Wide Area Network (WAN) equipment, \$56,900 in Personal Services, \$17,200 in associated ERE, \$58,900 in office furnishings, \$18,800 in Rent, \$10,000 in software, and \$4,200 in telecommunications equipment. The program should generate \$158,000 in revenues its first year and \$315,600 in the years following. The JLBC Staff recommends the following footnote be included in the agency's budget: "Prior to the expenditures of funds for the purchase of new automation equipment for testing, the Registrar shall submit an expenditure plan to the Joint Legislative Budget Committee for review." The Executive recommendation does not address this issue.

• Travel - In State

(3,100) GF

Includes decreases of \$(1,400) to more accurately reflect actual charges and \$(1,700) to reflect projected savings due to the opening of the office in Lake Havasu City.

• Travel - Out of State

(500) GF

Decrease to more accurately reflect actual charges.

Other Operating Expenditures

(17,400) GF

Decrease to reflect agency request.

Rent

Increase for actual rent expenditures, including \$4,100 in increased rent for Tucson State Office space. The Executive recommends \$12,400 for rent.

## Other Issues for Legislative Consideration

**Executive Recommendation** 

The Executive recommends \$6,300 for the lease-purchase of 2 copiers over 5 years. The agency requested the copiers in part due to the projected loss of its print shop. As the print shop is still open, the JLBC Staff does not feel there is sufficient justification to fund the copiers. The Executive also recommends the elimination of 3.5 FTE positions. As the positions to be eliminated have not been specified by the Executive, the JLBC Staff is unable to evaluate the impact and does not support this reduction.

4,800 GF

DEPARTMENT: Corporation Commission Agency Summary	11	JLBC ANALYST: OSPB ANALYST:	Headley Alyeshmern	HOUSE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	225.0	225.0	225.0	225.0	222.0	
BY PROGRAM/ORGANIZATION						
Administration/Hearing	1,827,900	1,944,700	2,135,200	1,937,000	2,042,600	
Corporations	1,030,500	1,145,600	1,247,900	1,183,800		
Securities	1,618,600	1,545,600	1,662,800	1,579,200		
Railroad Safety	432,200	332,000	347,300	336,700		
Utilities	4,443,200	4,723,200	5,001,300	4,709,600		
Legal	985,300	934,900	966,800	951,100		
AGENCY TOTAL	10,337,700	10,626,000	11,361,300	10,697,400	10,675,600	
OPERATING BUDGET		<del></del>	<del></del>			
Personal Services	6,238,500	6,488,600	6 906 300			
Employee Related Expenditures	1,336,300	,	6,806,300	6,652,600	6,649,400	
Professional/Outside Services		1,437,400	1,711,200	1,465,400	1,394,000	
Travel - In State	297,100 180,700	343,500 169,200	293,500 169,200	288,400 169,200		-

DEPARTMENT: Corporation Commission Agency Summary		JLBC ANALYST: OSPB ANALYST:	Headley Alyeshmerni		BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Travel - Out of State Other Operating Expenditures Equipment	55,000 1,598,200 159,700	58,600 1,705,100 47,500	58,600 1,776,500 19,200	58,600 1,671,600 14,400	58,600 1,716,500 17,500	
All Other Operating Subtotal	2,290,700	2,323,900	2,317,000	2,202,200	2,255,300	<del></del> >;
OPERATING SUBTOTAL	9,865,500	10,249,900	10,834,500	10,320,200	10,298,700	
SPECIAL LINE ITEMS						
Expert Testimony Railroad Warning Systems Arizona Arts Trust Fund Audits and Rate Hearings	17,500 130,600 25,700 298,400	0 26,100	0 0 26,800 500,000	0 0 27,200 350,000	350,000	
Special Item Subtotal	472,200	376,100	526,800	377,200	376,900	<del></del>
AGENCY TOTAL	10,337,700	10,626,000	11,361,300	10,697,400	10,675,600	
BY FUND SOURCE						
General Fund Other Funds Federal Funds Other Non-Appropriated Funds	4,883,500 5,454,200 142,200 1,111,000	5,684,200 201,200 1,059,000	5,366,400 5,994,900 201,200 1,049,200	5,687,900	5,588,000 201,200 1,049,200	
AGENCY TOTAL - ALL SOURCES	11,590,900	11,886,200	12,611,700	10,697,400	=======================================	

**DEPARTMENT:** 

Corporation Commission

Agency Summary

The JLBC Staff recommends a total appropriation of \$10,675,600 -- a net increase of \$49,600, or 0.5%, to the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$5,087,600 -- a net increase of \$145,800, or 3.0%, to the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$5,588,000 -- a net decrease of \$(96,200) or (1.7)%, from the FY 1993 appropriation.

## JLBC Staff Recommended Changes from FY 1993

•	Annualization of FY 1993 Pay Adjustment		*
	The state of the s	\$96,500	GF
		88,000	OF
•	Personal Services/ERE Adjustments	(0.000)	
•	ERE Rate Changes	(3,200)	GF
	EXE Rate Changes	(34,900)	GE.
		(29,000)	
•	Rent - State-Owned Space	(=>,000)	01
		84,800	GF
		(79,700)	OF
•	Rent - Tucson State Office Building	2 (00	ar.
	ිට සහ සංවිධ වේ විසින් මේ සිට	3,700	OF
•	Arts Trust Fund Administration	3,700	Or
		800	OF
•	Pipeline Safety Revolving Fund		
		(80,000)	OF

DEPARTMENT: Corporation Commission		JLBC ANALYST OSPB ANALYST	: Headley : Alyeshmerni	CATTE OF IT	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
PROGRAM: Administration/Hearing DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	35.0	30.0	30.0	30.0		
OPERATING BUDGET			1 045 200	997,200	994.700	
Personal Services	1,073,400 221,900	976,100 208,900	1,045,300 259,100	218,700		
Employee Related Expenditures  Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	157,500 15,900 9,700 311,500 38,000	165,000 11,000 10,000 573,700	165,000 11,000 10,000 644,800	159,900 11,000 10,000 540,200 0	11,000 10,000 661,100 0	
All Other Operating Subtotal	532,600	759,700	830,800	721,100		
PROGRAM TOTAL	1,827,900	1,944,700	2,135,200			
BY FUND SOURCE					2.042.600	
General Fund	1,827,900		2,135,200			
PROGRAM TOTAL - ALL SOURCES	1,827,900	1,944,700	2,135,200	1,937,000		

DEPARTMENT: PROGRAM:

Corporation Commission Administration/Hearing

The JLBC Staff recommends a total General Fund (GF) appropriation of \$2,042,600 -- a net increase of \$97,900, or 5.0%, to the FY 1993 appropriation.

## JLBC Staff Recommended Changes from FY 1993

•	FTE Positions Adjustment Eliminates 1 unfunded FTE position to bring the program's current vacancy factor in line with the standard vacancy factor for a program with this number of FTE positions. See Personal Services/ERE Adjustments bullet for further information. Eliminating this unfunded position makes permanent the portion of the FY 1993 lump sum reduction that was achieved through higher vacancy savings.	\$ -0	- GF
•	Annualization of FY 1993 Pay Adjustment		
•	Personal Carriage/EDF A.1.	22,000	GF
	Personal Services/ERE Adjustments Includes a new vacancy factor of 1%, which is the standard rate applied to programs with this number of FTE positions. The FY 1993 vacancy factor was 4.6%. The Executive recommends a vacancy factor of 2.5%.	(1,000)	GF
•	ERE Rate Changes		
•	Rent - State Owned Buildings Provides full-year funding for rent in the Commissions' Phoenix Offices, including the expansion into new space in the former DES Office at 1300 W. Washington. The Executive has not recommended this increase, assuming apparently that a greater share of the commission's space will be occupied by divisions funded from non-General Funds.	(10,500) 84,800	
•	Rent - Tucson Office Building Provides a total of \$26,700 to be applied to the FY 1994 lease-purchase payment for the Tucson Office Building.	2,600	GF

DEPARTMENT: Corporation Commission		JLBC ANALYST: OSPB ANALYST:	Headley Alyeshmerni	HOUSE SUE SENATE SUE	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
PROGRAM: Corporations  DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
	38.0	43.0	43.0	43.0	42.0	
Full Time Equivalent Positions =			=			
OPERATING BUDGET	400.000	730,000	785,000	758,600	759,600	
Personal Services	599,300			211,500	198,500	<u>.</u>
Employee Related Expenditures	169,600	203,000	249,600			
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	45,200 900 2,300 179,000 8,500		26,000 700 3,000 156,800 0	26,000 700 3,000 156,800 0	700 3,000 156,800 0	-11
All Other Operating Subtotal	235,900	186,500	186,500	186,500		
OPERATING SUBTOTAL	1,004,800	1,119,500	1,221,100	1,156,600	1,144,600	1
SPECIAL LINE ITEMS				22.200	26 000	
Arizona Arts Trust Fund	25,700	26,100	26,800	27,200	,	
Special Item Subtotal	25,700	26,100	26,800	27,200	,	-
PROGRAM TOTAL	1,030,500	1,145,600	1,247,900	1,183,800		

DEPARTMENT: Corporation Commission PROGRAM: Corporations		JLBC ANALYST: OSPB ANALYST:	Headley Alyeshmerni	HOUSE SUI SENATE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
General Fund Other Funds	1,004,800 25,700	1,119,500 26,100	1,221,100 26,800	1,156,600 27,200	1,144,600 26,900	
PROGRAM TOTAL - ALL SOURCES	1,030,500	1,145,600	1,247,900	1,183,800	1,171,500	

The JLBC Staff recommends a total appropriation of \$1,171,500 -- a net increase of \$25,900, or 2.3%, to the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$1,144,600 -- a net increase of \$25,100, or 2.2%, to the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$26,900 -- a net increase of \$800 or 3.1%, to the FY 1993 appropriation.

## JLBC Staff Recommended Changes from FY 1993

•	FTE Positions Adjustment  Eliminates 1 unfunded FTE position to bring the program's current vacancy factor in line with the standard vacancy factor for a program with this number of FTE positions. See Personal Services/ERE Adjustments bullet for further information. Eliminating this unfunded position makes permanent the portion of the FY 1993 lump sum reduction that was achieved through higher vacancy savings.	\$ -0- GF	
•	Annualization of FY 1993 Pay Adjustment		
•	Personal Services/ERE Adjustments Includes a vacancy new factor of 1%, which is the standard rate applied to programs with this number of FTE positions. The FY 1993 vacancy factor was 3.7%. The Executive recommends a vacancy factor of 2.5.%.	34,700 GF (1,300) GF	
•	ERE Rate Changes		
•	Arts Trust Fund Administration Annualization of FY 1993 Pay Adjustment.	(8,300) GF 800 OF	

DEPARTMENT: Corporation Commission PROGRAM: Securities		JLBC ANALYST: OSPB ANALYST:	Headley Alyeshmerni	HOUSE SUI SENATE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
PROGRAM: Securities  DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	40.0	40.0	40.0	40.0	39.0	
OPERATING BUDGET			1 2 42 400	1,304,700	1 303.100	9K
Personal Services	1,215,300	1,274,600	1,342,400	274,500		
Employee Related Expenditures	253,200	271,000	320,400	274,500		
Professional/Outside Services	14,800	0	0	0	0	
Travel - In State	3,800	0	0	0	0	
Travel - Out of State	7,000 107,000	_	0	0	0	
Other Operating Expenditures	107,000				0	
All Other Operating Subtotal	132,600	0	0	0	U ;	
OPERATING SUBTOTAL	1,601,100	1,545,600	1,662,800	1,579,200	1,565,600	
SPECIAL LINE ITEMS						
Expert Testimony	17,500	0	0	0	¥ <del>===</del>	
Special Item Subtotal	17,500	0	0			
PROGRAM TOTAL	1,618,600	1,545,600	1,662,800	1,579,200		

DEPARTMENT: Corporation Commission PROGRAM: Securities		JLBC ANALYST: OSPB ANALYST:		HOUSE SUI SENATE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
General Fund Other Non-Appropriated Funds	1,618,600 1,111,000	1,545,600 1,059,000	1,662,800 1,049,200	1,579,200	1,565,600 1,049,200	
PROGRAM TOTAL - ALL SOURCES	2,729,600	2,604,600	2,712,000	1,579,200	2,614,800	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$1,565,600 -- a net increase of \$20,000, or 1.3%, to the FY 1993 appropriation.

## JLBC Staff Recommended Changes from FY 1993

FTE Positions Adjustment
 Eliminates 1 unfunded FTE position to bring the program's vacancy factor in line with the standard vacancy factor for a program with this number of FTE positions. See Personal Services/ERE Adjustments bullet for further information. Eliminating this unfunded position makes permanent the portion of the FY 1993 lump sum reduction that was achieved through higher vacancy savings.

 Annualization of FY 1993 Pay Adjustment

Personal Services/ERE Adjustments
Includes a new vacancy rate of 1%, which is the standard rate applied to programs with this number of FTE positions. The FY 1993

(900) GF
vacancy factor was 2.9%. The Executive recommends a vacancy rate of 1.9%.

• ERE Rate Changes (12,100) GF

DEPARTMENT: Corporation Commission PROGRAM: Railroad Safety	2	JLBC ANALYST: OSPB ANALYST:	Headley Alyeshmerni	HOUSE SUI SENATE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	8.0	8.0	8.0	8.0	8.0	
OPERATING BUDGET						
Personal Services	193,900	228,900	235,700	234,900	234,900	
Employee Related Expenditures	47,300	53,300	61,800	52,000	50,100	
Travel - In State Travel - Out of State Other Operating Expenditures Equipment	34,100 4,500 20,500 1,300	35,900 2,000 11,900 0	35,900 2,000 11,900 0	35,900 2,000 11,900 0	2,000 11,900 0	
All Other Operating Subtotal	60,400	49,800	49,800	49,800		19
OPERATING SUBTOTAL	301,600	332,000	347,300	336,700	334,800	
SPECIAL LINE ITEMS						
Railroad Warning Systems	130,600	0	0	0	-	
Special Item Subtotal	130,600	0	0	- 0	0	
PROGRAM TOTAL	432,200	332,000	347,300	336,700	334,800	

DEPARTMENT: Corporation Commission PROGRAM: Railroad Safety		JLBC ANALYST			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
General Fund	432,200	332,000	347,300	336,700	334,800	
PROGRAM TOTAL - ALL SOURCES	432,200	332,000 ===	347,300	336,700	334,800	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$334,800 -- a net increase of \$2,800, or 0.8%, to the FY 1993 appropriation.

## JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment
 Personal Services/ERE Adjustments
 Maintains a 0% vacancy factor, which is the standard arts and in the standard arts are standard arts and in the standard arts are standard arts and in the standard arts are standard arts are

Maintains a 0% vacancy factor, which is the standard rate applied to programs with this number of FTE positions. The Executive recommends a vacancy factor of 0%.

• ERE Rate Changes

(4,000) GF

DEPARTMENT: Corporation Commission PROGRAM: Utilities	l.	JLBC ANALYST OSPB ANALYST		HOUSE SUI i SENATE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	87.5	87.5	87.5	87.5	87.5	
OPERATING BUDGET		-	-			
Personal Services	2,511,700	2,614,500	2,721,100	2,680,300	2,680,200	
Employee Related Expenditures	527,000	576,700	676,200	580,400		
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	64,200 120,900 20,100 816,900 84,000	135,000 118,100 30,000 851,400 47,500	85,000 118,100 30,000 851,700 19,200	85,000 118,100 30,000 851,400 14,400	85,000 118,100 30,000 775,400	
All Other Operating Subtotal	1,106,100	1,182,000	1,104,000	1,098,900		
OPERATING SUBTOTAL	4,144,800	4,373,200	4,501,300	4,359,600		
SPECIAL LINE ITEMS						
Audits and Rate Hearings	298,400	350,000	500,000	350,000	350,000	
Special Item Subtotal	298,400	350,000	500,000	350,000		
PROGRAM TOTAL	4,443,200	4,723,200	5,001,300	4,709,600		

DEPARTMENT: Corporation Commission PROGRAM: Utilities	122	JLBC ANALYST: OSPB ANALYST:		CONTACTE OF IT	SCOMMITTEE CHAIR: SCOMMITTEE CHAIR:	Keegan Turner
	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DESCRIPTION	7101011					
BY FUND SOURCE						
Other Funds	4,443,200	4,723,200	5,001,300	4,709,600	4,613,200	
Federal Funds	142,200	201,200	201,200	**	201,200	
PROGRAM TOTAL - ALL SOURCES	4,585,400	4,924,400	5,202,500	4,709,600	5,136,600	
TROOKAM TOTAL						

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$4,613,200 -- a net decrease of \$(110,000), or (2.3)% from the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

LBC	Statt Recommended Changes from 2.2.227	\$74,100	OF
•	Annualization of FY 1993 Pay Adjustment		
•	Personal Services/ERE Adjustments  Maintains a vacancy factor of 1.6%. The Executive recommends a vacancy factor of 3.5%.	-0-	OF
		(28,100)	OF
•	ERE Rate Changes	(79,700)	OF
•	Rent - State Owned Space Represents an adjustment to correct for the amount of state office space to be occupied by divisions funded from the Utility Regulation Revolving Fund. The amount recommended for rent is based on DOA state building occupancy reports which indicate the actual amount of usable space to be allocated to state agencies. The recommended amount also reflects the termination of a private lease and the consolidation of the Utilities division in state space.	•	
		3,700	OF
•	Rent - Tucson Office Building Provides \$38,400 to be applied to the FY 1994 lease-purchase payment for the Tucson Office Building.		
•	Pipeline Safety Revolving Fund Eliminates one-time expenditures in FY 1993 for Equipment and Professional and Outside Services.	(80,000)	OF

DEPARTMENT: Corporation Commission PROGRAM: Legal		JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	. 16.5	16.5	16.5	16.5	16.5	-
OPERATING BUDGET						
Personal Services	644,900	664,500	676,800	676,900		
Employee Related Expenditures	117,300	124,500	144,100	128,300	125,100	
Professional/Outside Services Travel - In State Travel - Out of State	15,400 5,100 11,400	17,500 3,500 13,600	17,500 3,500 13,600	17,500 3,500 13,600	3,500 13,600	
Other Operating Expenditures Equipment	163,300 27,900	111,300 0	111,300 0	111,300 0		
All Other Operating Subtotal	223,100	145,900	145,900	145,900	145,900	
PROGRAM TOTAL	985,300	934,900	966,800	951,100	947,900	
BY FUND SOURCE						
Other Funds	985,300	934,900	966,800	951,100		
PROGRAM TOTAL - ALL SOURCES	985,300	934,900	966,800	951,100	947,900	

**DEPARTMENT:** 

Corporation Commission

PROGRAM:

Legal

The JLBC Staff recommends a Other Fund (OF) appropriation of \$947,900 -- a net increase of \$13,000, or 1.4%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$13,900 OF

Personal Services/ERE Adjustments

Maintains a 0% vacancy factor, which is the standard rate applied to programs with this number of FTE positions. The Executive recommends a vacancy factor of 0%.

• ERE Rate Changes

(900) OF

-0- OF

DEPARTMENT: Industrial Commission of Ariz Agency Summary	zona	JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	256.5	260.0	262.0	261.5	262.0	
_						
BY PROGRAM/ORGANIZATION  Administration	2,745,500	2,879,200	2,932,700	2,866,200	2,842,800	<u> </u>
Claims	2,595,600	2,701,800	2,910,000	2,779,200	2,751,600	**
Administrative Law Judge	3,444,000	3,589,700	3,794,000	3,644,400		
Labor	372,800	436,200	448,300	438,800		
Special Fund	441,300	457,000	481,900	471,200		
Occupational Safety/Health	1,607,800	1,591,400	1,739,300			
Legal Counsel	627,400	663,200	721,000			
AGENCY TOTAL	11,834,400	12,318,500	13,027,200	12,716,100	=======================================	
OPERATING BUDGET						
Personal Services	6,049,700	6,381,500	6,659,000	6,579,200		
Employee Related Expenditures	1,412,700	1,551,200	1,832,200	1,559,300	1,461,600	=

DEPARTMENT: Industrial Commission of Agency Summary	of Arizona	JLBC ANALYST: OSPB ANALYST:		HOUSE SUI SENATE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	1,669,400 132,200 12,300 2,415,700 142,400	1,539,600 145,400 11,900 2,679,700 9,200	1,653,500 157,100 11,900 2,686,500 27,000	1,605,000 155,500 11,900 2,650,800 27,000	1,639,600 153,000 11,900 2,641,900 25,000	
All Other Operating Subtotal	4,372,000	4,385,800	4,536,000	4,450,200		
OPERATING SUBTOTAL	11,834,400	12,318,500	13,027,200	12,588,700		
SPECIAL LINE ITEMS				,	12,105,700	
Agriculture Worker Safety	0	0	0	127,400	127,300	
Special Item Subtotal	0	0	0	127,400		
AGENCY TOTAL	11,834,400	12,318,500	13,027,200	12,716,100	12,617,000	
BY FUND SOURCE						
Other Funds Federal Funds Other Non-Appropriated Funds	11,834,400 1,173,500 34,700	12,318,500 1,222,100 85,000	13,027,200 1,222,100 60,000	12,716,100  	12,617,000 1,222,100 60,000	
AGENCY TOTAL - ALL SOURCES	13,042,600	13,625,600	14,309,300	12,716,100		

DEPARTMENT:

Industrial Commission of Arizona

Agency Summary

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$12,617,000 -- a net increase of \$298,500, or 2.4%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

LBC	SIMIL Recommended Company	\$ 219,700	OF
	Annualization of FY 1993 Pay Adjustment	(109,500)	OF
	Personal Services/ERE Adjustments	(110,500)	OF
	UDE Date Changes	(53,200)	
•	Other Operating Expenditures/Capitalized Equipment	45,000	OF
•	Other Operating Expenditures/Capitalized Equipment Claims Processing	100,000	OF
	Court Reporters/Witness Fees	42,000	OF
•	Elevator Inspections	37,700	
•	Education and Training Program	127,300	OF
•	Education and Training Program  Agriculture Safety		

#### Other Issues for Legislative Consideration

• Job Training

If the Legislature establishes a state-funded program of job training, the JLBC Staff recommends that it be funded from the Industrial Commission Special Fund, which has a substantial and growing unobligated fund balance.

DEPARTMENT: Industrial Commission PROGRAM: Administration	of Arizona	JLBC ANALYST OSPB ANALYST		HOUSE SU SENATE SU	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	42.6	43.0	42.0	42.0	42.0	и.
OPERATING BUDGET						
Personal Services	995,000	1,057,500	1,070,000	1,059,300	1,056,300	
Employee Related Expenditures	233,200	251,200	292,200	245,700		
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	62,300 17,800 1,100 1,304,000 132,100	78,700 17,800 4,500 1,469,500 0	78,700 17,800 4,500 1,469,500	78,700 17,800 4,500 1,460,200	78,700 17,800	
All Other Operating Subtotal	1,517,300	1,570,500	1,570,500	1,561,200		
PROGRAM TOTAL	2,745,500	2,879,200	2,932,700	2,866,200		
BY FUND SOURCE			<del></del>			
Other Funds Federal Funds	2,745,500 41,600	2,879,200 92,700	2,932,700 92,700	2,866,200	2,842,800 92,700	
PROGRAM TOTAL - ALL SOURCES	2,787,100	2,971,900	3,025,400	2,866,200	2,935,500	

DEPARTMENT:

Industrial Commission of Arizona

PROGRAM:

Administration

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$2,842,800 -- a net decrease of \$(36,400), or (1.3)%, from the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$ 35,500 OF (21,400) OF

- Personal Services/ERE Adjustments
  Includes a vacancy factor of 1% which is the standard rate applied to programs with this number of FTE positions. The FY 1993 budget did not include a vacancy factor. Also included is a reduction of \$(7,300) to reflect a lower Personal Services requirement due to a lower salary for a Personnel Assistant II position. The Executive recommends a vacancy factor of 1%.
- ERE Rate Changes

(15,400) OF

(18,900) OF

• FTE Adjustment
The JLBC Staff recommends transferring 1 FTE position from Administration to the Claims Division as requested by the agency. The change will result in a net decrease of \$(200) to the overall budget. The JLBC Staff concurs with the Executive recommendation.

(16,200) OF

Other Operating Expenditures

The JLBC Staff recommends a decrease of \$(2,300) for the lease-purchase requirement for the optical disk system, \$(9,000) for optical disk cartridges, \$(200) for rent and \$(4,700) for repair maintenance contracts.

DEPARTMENT: Industrial Commission PROGRAM: Claims	of Arizona	JLBC ANALYST: OSPB ANALYST:		HOUSE SUI SENATE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	81.8	83.0	84.0	83.5	84.0	STATE L
OPERATING BUDGET						
Personal Services	1,322,700	1,403,500	1,493,800	1,464,800	1,471,600	
Employee Related Expenditures	351,200	406,000	493,900	418,200	(4)	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	533,300 300 700 387,400 0	411,600 1,000 2,000 477,700	411,600 1,000 2,000 480,700 27,000	411,600 1,000 2,000 454,600 27,000	411,600 1,000 2,000 452,300	
All Other Operating Subtotal	921,700	892,300	922,300	896,200	25,000	
PROGRAM TOTAL	2,595,600	2,701,800	2,910,000	2,779,200		
BY FUND SOURCE						
Other Funds Other Non-Appropriated Funds	2,595,600 34,700	2,701,800 85,000	2,910,000 60,000	2,779,200	2,751,600	
PROGRAM TOTAL - ALL SOURCES	2,630,300	2,786,800	2,970,000	2,779,200		•

DEPARTMENT:

Industrial Commission of Arizona

PROGRAM:

Claims

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$2,751,600 -- a net increase of \$49,800, or 1.8%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$ 70,400 OF

(28,000) OF

Includes a vacancy factor of 1.5%, which is the standard rate applied to programs with this number of FTE positions. The FY 1993 budget Personal Services/ERE Adjustments

did not include a vacancy factor. The Executive recommends a vacancy factor of 1.5%.

**ERE Rate Changes** 

(26,200) OF 16,400 OF

FTE Adjustment

The JLBC Staff recommends transferring 1 FTE position to the Claims Division from the Administration Division as requested by the agency. The agency eliminated 3 FTE positions and created 2 FTE positions within Claims in the current year, so the transfer will not increase the total number of appropriated positions. The change will result in a net decrease of \$(200) to the overall budget. The JLBC Staff concurs with the Executive on this issue.

Other Operating Expenditures

(27,800) OF

The JLBC Staff recommends a reduction of \$(19,800) for data processing magnetic tapes and a reduction of \$(8,000) for miscellaneous items.

45,000 OF

Claims Processing

The JLBC Staff recommends \$20,000 to fund 1 Clerk Typist II FTE position as well as \$25,000 to purchase a new server and software package upgrade. The Clerk Typist II position will assist the claims technicians in processing and preparing wage awards. The new server and software will enable the division to update data and retrieve documents on-line from the mainframe computer at the data center. Currently, personnel have to pick up tapes from the data center at 5:00 a.m. in order to execute backups before the start of the working day. The Executive recommends a 0.5 FTE position for this issue.

DEPARTMENT: Industrial Commission of Arizon PROGRAM: Administrative Law Judge	a	JLBC ANALYST: OSPB ANALYST:	Fusak Alyeshmern	HOUSE SU i SENATE SU	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	53.5	54.0	54.0	54.0	54.0	DIACE
OPERATING BUDGET						
Personal Services	1,768,400	1,912,000	1,946,500	1,917,300	1,915,400	
Employee Related Expenditures	360,500	406,800	462,700	390,800		
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures	967,300 23,100 0 324,700	933,500 23,000 600 313,800	1,047,400 23,000 600 313,800	998,900 23,000 600 313,800	1,033,500 23,000 600	
All Other Operating Subtotal	1,315,100	1,270,900	1,384,800	1,336,300	515,800	
PROGRAM TOTAL	3,444,000	3,589,700	3,794,000	3,644,400		
BY FUND SOURCE						
Other Funds	3,444,000	3,589,700	3,794,000	3,644,400	2 (52 52)	
PROGRAM TOTAL - ALL SOURCES	3,444,000	3,589,700	3,794,000	3,644,400	3,658,500 3,658,500	

DEPARTMENT:

Industrial Commission of Arizona

PROGRAM:

Administrative Law Judge

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$3,658,500 -- a net increase of \$68,800, or 1.9%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$ 45,800 OF (43,900) OF

Personal Services/ERE Adjustments
Includes a vacancy factor of 1.5% which is the standard rate applied to programs with this number of FTE positions. The FY 1993 budget did not include a vacancy factor. The JLBC Staff recommends a decrease of \$(14,000) to reflect a lower Personal Services requirement due to the retirement of 2 Administrative Law Judges. The JLBC Staff also recommends an increase of \$6,000 for salary increases provided to Legal Secretaries that meet certain experience requirements. The Executive recommends a vacancy factor of 1.5%.

(33,100) OF

ERE Rate Changes

100,000 OF

Court Reporters/Witness Fees

The JLBC Staff recommends an increase in Professional and Outside Services for medical witness fees, court reporters and interpreters.

The funding will be used to reduce the number of days between the assignment of a case and the issuance of a written decision. The average number of days for FY 1992 was 100 days. The Executive recommends an increase of \$65,400 for this issue.

DEPARTMENT: Industrial Commission o PROGRAM: Labor	f Arizona	JLBC ANALYST OSPB ANALYST	Γ: Fusak Γ: Alyeshmern	HOUSE SUI i SENATE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	13.0	14.0	14.0	14.0	14.0	
OPERATING BUDGET						
Personal Services	250,300	277,500	288,000	288,000	288.000	9
Employee Related Expenditures	60,900	74,600	85,400	75,900		
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	100 5,000 1,400 53,500 1,600	200 7,500 1,400 65,800 9,200	200 7,500 1,400 65,800 0	200 7,500 1,400 65,800	200 7,500 1,400	
All Other Operating Subtotal	61,600	84,100	74,900	74,900		
PROGRAM TOTAL	372,800	436,200	448,300	438,800		
BY FUND SOURCE			<del></del>			
Other Funds	372,800	436,200	448,300	429, 900		
PROGRAM TOTAL - ALL SOURCES	372,800	436,200	448,300	438,800 438,800	433,700	

DEPARTMENT:

Industrial Commission of Arizona

PROGRAM:

Labor

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$433,700 -- a net decrease of \$(2,500), or (0.6)%, from the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$11,900 OF

• ERE Rate Changes

(5,200) OF

Capitalized Equipment Adjustment

(9,200) OF

DEPARTMENT: Industrial Commission PROGRAM: Special Fund	of Arizona	JLBC ANALYST: OSPB ANALYST:		HOUSE SU	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	15.0	15.0	15.0	15.0	15.0	
OPERATING BUDGET			:			
Personal Services	303,700	308,800	320,100	320,100	320.100	
Employee Related Expenditures	73,900	80,000	93,600	82,900		
Professional/Outside Services Travel - In State Other Operating Expenditures	19,500 0 44,200	15,700 500 52,000	15,700 500 52,000	15,700 500 52,000		
All Other Operating Subtotal	63,700	68,200	68,200	68,200		
PROGRAM TOTAL	441,300	457,000	481,900	471,200		
BY FUND SOURCE						
Other Funds	441,300	457,000	481,900	471,200	465,600	
PROGRAM TOTAL - ALL SOURCES	441,300	457,000	481,900	471,200	465,600	

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$465,600 -- a net increase of \$8,600, or 1.9%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

ERE Rate Changes

\$ 12,800 OF

(4,200) OF

DEPARTMENT: Industrial Commission of Ari PROGRAM: Occupational Safety/Health	zona	JLBC ANALYST: OSPB ANALYST:		HOUSE SUE SENATE SUE	COMMITTEE CHAIR: COMMITTEE CHAIR:	Edens Huppenthal
PROGRAM: Occupational Safety/Health DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
	25.6	36.0	38.0	38.0	38.0	
Full Time Equivalent Positions	35.6					
OPERATING BUDGET						
	1,006,700	1,006,100	1,088,200	1,077,300	1,077,900	
Personal Services  Employee Related Expenditures	252,000	235,100	285,400	243,300		
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	42,300 77,800 8,000 212,300 8,700	47,100 87,800 2,900 212,400 0	47,100 99,500 2,900 216,200 0	47,100 97,900 2,900 215,900 0	95,400 2,900 216,200 0	
All Other Operating Subtotal	349,100	350,200	365,700	363,800	361,600	
OPERATING SUBTOTAL	1,607,800	1,591,400	1,739,300	1,684,400	1,669,300	
SPECIAL LINE ITEMS						
Agriculture Worker Safety	0	Ō	0	127,400		
Special Item Subtotal	0	0	0	127,400		
PROGRAM TOTAL	1,607,800	1,591,400	1,739,300	1,811,800		

DEPARTMENT: Industrial Commission of A PROGRAM: Occupational Safety/Health	rizona	JLBC ANALYST: OSPB ANALYST:		HOUSE SUI SENATE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
Other Funds Federal Funds	1,607,800 1,131,900	1,591,400 1,129,400	1,739,300 1,129,400	1,811,800	1,796,600 1,129,400	
PROGRAM TOTAL - ALL SOURCES =	2,739,700	2,720,800	2,868,700	1,811,800	2,926,000	

**DEPARTMENT:** PROGRAM:

Industrial Commission of Arizona

Occupational Safety/Health

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$1,796,600 -- a net increase of \$205,200, or 12.9%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$ 30,500 OF (13,700) OF

Personal Services/ERE Adjustments

Includes a vacancy factor of 1% which is the standard rate applied to programs with this number of FTE positions. The FY 1993 budget did not include a vacancy factor. Also included is a reduction of \$(1,100) to reflect a lower Personal Services requirement. The Executive recommends a vacancy factor of 1%.

**ERE Rate Changes** 

(18,600) OF

42,000 OF

37,700 OF

Elevator Inspections

The JLBC Staff recommends 1 Elevator Inspector FTE position to reduce the number of elevators with overdue inspection certificates. There are approximately 500 elevators in the state that do not have current inspection certificates. The overdue inspections have risen over the past 5 years from 200 not renewed within 30 days past due, to 500 not renewed within the same time period. The JLBC Staff concurs with the Executive on this issue.

**Education and Training Program** 

The JLBC Staff recommends 1 Special Program Training Coordinator FTE position for on-site education and training programs to provide information on the accident prevention and occupational health control techniques. The Industrial Commission is required by A.R.S. § 23-407 to provide this training. The current trainer is backlogged by approximately 2 months. The JLBC Staff concurs with the Executive on this issue.

Agriculture Worker Safety Special Line

127,300 OF

The JLBC Staff recommends that the Agriculture Worker Safety Program be funded in the Industrial Commission's OSHA program with the Department of Agriculture performing the actual safety function through an Inter-Governmental Agreement (IGA). The special line includes all necessary funding, although, the FTE positions will be retained by the Department of Agriculture. Laws 1990, Chapter 274 (H.B. 2416) transferred the Pesticide Safety Inspection responsibility from the Industrial Commission Agency (ICA) to the Department of Agriculture, but no funding adjustment was made to the ICA budget. In the FY 1992 and FY 1993 budgets, the Legislature funded this program from the Department of Agriculture's Pesticide Fund. However, the Pesticide Fund balance in FY 1994, will be insufficient to finance the Agriculture Worker Safety activities again. The Executive concurs with the JLBC Staff's recommendation to fund the program from the Industrial Commission Special Fund.

DEPARTMENT: Industrial Commission of A PROGRAM: Legal Counsel	Arizona	JLBC ANALYS OSPB ANALYS		HOUSE SU SENATE SU	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	15.0	15.0	15.0	15.0	15.0	
OPERATING BUDGET						
Personal Services	402,900	416,100	452,400	452,400	427,400	¥.
Employee Related Expenditures	81,000	97,500	119,000	102,500		
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures	44,600 8,200 1,100 89,600	52,800 7,800 500 88,500	52,800 7,800 500 88,500	52,800 7,800 500 88,500	52,800 7,800	
All Other Operating Subtotal	143,500	149,600	149,600	149,600		
PROGRAM TOTAL =	627,400	663,200	721,000	704,500	668,200	
BY FUND SOURCE					-	
Other Funds	627,400	663,200	721,000	704,500	669 200	
PROGRAM TOTAL - ALL SOURCES	627,400	663,200	721,000	704,500	668,200 668,200	( )

DEPARTMENT:

Industrial Commission of Arizona

PROGRAM:

Legal Counsel

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$668,200 -- a net increase of \$5,000, or 0.7%, to the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$ 12,800 OF

(7,800) OF

• ERE Rate Changes

DEPARTMENT: Department of Insurance		JLBC ANALYS	PT. G. M			
		OSPB ANALYS		HOUSE SU SENATE SU	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	85.0	86.0	89.0	89.0	85.9	
OPERATING BUDGET						
Personal Services	1,884,900	1,972,900	2,177,800	2,113,900	2,067,600	F
Employee Related Expenditures	447,600	479,500	597,000	508,800		F
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	59,900 4,400 7,200 602,900 0	33,700 4,800 10,600 580,400 0	38,700 4,800 14,600 709,500 120,000	33,700 4,800 10,600 586,900 25,000	33,700	
All Other Operating Subtotal	674,400	629,500	887,600	661,000		
OPERATING SUBTOTAL	3,006,900	3,081,900	3,662,400	3,283,700		
SPECIAL LINE ITEMS						
Moving Expenses	0	0	87,800	0	0	
Special Item Subtotal	0	0	87,800	0	-	
AGENCY TOTAL =	3,006,900	3,081,900	3,750,200	3,283,700		
		,				

DEPARTMENT: Department of Insurance		JLBC ANALYSTS		HOUSE SUE SENATE SUE	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE				3,283,700	2,869,700	
General Fund Other Non-Appropriated Funds	3,006,900 5,187,300	3,081,900 6,054,200	3,750,200 5,756,500	3,283,700	5,756,500	
AGENCY TOTAL - ALL SOURCES	8,194,200	9,136,100	9,506,700	3,283,700	8,626,200	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$2,869,700 -- a net decrease of \$(212,200), or (6.9)%, from the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

	C Staff Recommended Changes from 1 1 2220	\$	-0-	GF
•	FTE Positions Adjustment Eliminates 1.1 unfunded FTE positions to bring the agency's current vacancy factor in line with the standard vacancy factor for an agency with this number of FTE positions. See Personal Services/ERE Adjustments bullet for further information. Eliminating these unfunded positions makes permanent the portion of the FY 1993 lump sum reduction that was achieved through higher vacancy savings.			
	positions in the second	72,	700	GF
,	Annualization of FY 1993 Pay Adjustment			
		(2,	100)	GF
	Personal Services/ERE Adjustments Includes a new vacancy factor of 1.5%, which is the standard rate applied to agencies with this number of FTE positions. The FY 1993 vacancy factor was 2.8%. The Executive recommends a vacancy factor of 1.5%.			
	vacancy mass.	(26	,200)	GF
	• ERE Rate Changes	38	,400	GF
	Computer Personnel Adds \$32,000 in Personal Services and \$6,400 in ERE to fund 1 EDP Programmer Analyst III FTE position (grade 20) to support the computer system purchased through the department's Computer System Fund, which expires January 1, 1994. The Executive recommends computer system purchased through the department's Computer System Fund, which expires January 1, 1994. The Executive recommends \$79,100 in Personal Services and \$19,300 in ERE to fund 3 FTE positions to maintain and program the department's computer system.			

Elimination of Private Lease Funding

(314,500) GF

The Insurance Department is one of four agencies scheduled to relocate to the Sun States Savings Building located at 44th Street and Thomas Road in Phoenix. This building was acquired as part of the state's RTC/Distressed Property program. Because the operating costs and allocation of space in this building are unknown, the lease-purchase payment and all estimated operating costs associated with the building are included in the DOA budget. The JLBC Staff recommends that the Insurance Department's private lease payment, which included utilities and operating expenses, be eliminated. The JLBC Staff also suggests that a footnote be added to DOA's operating budget indicating to the Sun States Savings building by July 1, 1993. The Insurance Department's private lease payment if the agency is not relocated to the Sun States Savings building by July 1, 1993. The Insurance Department is required by statute to revise its fees so that it collects revenues equal to at least 95% but not more than 110% of its appropriation from the General Fund, making the department self-supporting. The JLBC Staff recommends that a General Appropriation Act footnote indicate that when implementing A.R.S. § 20-167, the department shall include its lease-purchase payment and/or private lease payment, as well as its operating costs, as part of the department's appropriated amount.

Other Operating Expenditures

19,500 GF

Includes an increase of \$3,000 to \$22,900 for rent in the Tucson State Office Building. Also includes an increase of \$16,500 for non-capitalized equipment, including 50 ergonomic chairs, 10 telephone station sets, and miscellaneous electronic equipment. The Executive recommends an increase of \$6,500 for rent in the Tucson State Office Building.

#### Other Issues for Legislative Consideration

Equipment

The Executive recommends \$25,000 for the first payment on a new telephone system.

DEPARTMENT: Department of Liquor Licenses & Control		JLBC ANALYST: OSPB ANALYST:		HOUSE SUBCOMMITTEE CHAIR: Keegan SENATE SUBCOMMITTEE CHAIR: Turner				
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE		
Full Time Equivalent Positions	55.0	54.0	54.0	50.0	50.0			
OPERATING BUDGET	1 104 400	1,166,700	1,245,700	1,166,000	1,166,600			
Personal Services  Employee Related Expenditures	1,104,400 275,600	295,800	346,900	292,800	284,500			
Professional/Outside Services Travel - In State Other Operating Expenditures Equipment	13,900 66,300 381,900 22,200	56,000 355,600	34,800 56,000 346,700 0	24,800 56,000 344,200 0	56,000 344,800 0			
All Other Operating Subtotal	484,300	446,400	437,500	425,000				
OPERATING SUBTOTAL	1,864,300	1,908,900	2,030,100	1,883,800	1,886,700			
SPECIAL LINE ITEMS		*		27	*			
Liquor Board Microfilm System	24,000 4,600		24,800 0	24,800 0	-			
Special Item Subtotal	28,600	24,800	24,800	24,800				
AGENCY TOTAL	1,892,900	1,933,700	2,054,900	1,908,600				

DEPARTMENT: Department of Liquor Licenses & Control		trol JLBC ANALYST: OSPB ANALYST:		HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:		Keegan Turner	r
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE	
BY FUND SOURCE							_
General Fund Federal Funds	1,892,900 60,700	1,933,700 5,400	2,054,900 0	1,908,600	1,911,500		
AGENCY TOTAL - ALL SOURCES	1,953,600	1,939,100	2,054,900	1,908,600	1,911,500		

The JLBC Staff recommends a total General Fund (GF) appropriation of \$1,911,500 -- a net decrease of \$(22,200), or (1.1)%, from the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

•	FTE Positions Adjustment  Eliminates 1 unfunded FTE position to bring the agency's current vacancy factor in line with the standard vacancy factor for an agency with this number of FTE positions. See Personal Services/ERE Adjustments bullet for further information. Eliminating this unfunded position makes permanent the portion of the FY 1993 lump sum reduction that was achieved through higher vacancy savings.	\$ -	-0-	GF
•	Annualization of FY 1993 Pay Adjustment			
		42,4	00	GF
•	Personal Services/ERE Adjustments Includes a new vacancy factor of 1%, which is the standard rate applied to agencies with this number of FTE positions. The FY 1993 vacancy factor was 2.8%. The Executive recommends a vacancy factor of 1.5%.	(1,20	00)	GF
•	ERE Rate Changes			
		(20	00)	GF
•	FTE Reduction	`		
	The JLBC Staff recommends eliminating 3 FTE positions that the department was planning to keep vacant during FY 1994. The positions recommended for elimination are 2 Investigator positions and 1 Clerk Typist II position. The net savings includes \$(36,600) in Personal Services and \$(15,800) in ERE.	(52,40	00) (	GF

Other Operating Expenditures

The amount includes the elimination of the \$(14,000) payment for the department's telephone system which was paid off in FY 1993, and a \$2,500 increase for warning sign printing expenses.

700 GF

(11,500) GF

Rent

The increase includes a \$(1,900) reduction for private leases and a \$2,600 increase for the lease-purchase payment of the Tucson Office Building.

#### Other Issues for Legislative Consideration

License Fees to Counties

The department is also seeking a statute change through separate legislation which would modify the amount of licensing fees that are returned to counties. The department is requesting that the increase in state revenue be used to update their computer system, hire 6 additional FTE positions and provide funding for a full-time attorney. The department estimates that the statute change would increase state revenues by \$570,000.

**Executive FTE Reduction** 

The Executive also recommends the elimination of 4 FTE positions. The Executive recommends eliminating 1 unfunded position and 3 Clerk Typist II positions instead of the 3 vacant positions recommended for elimination by the JLBC Staff. The 3 Clerk Typist positions are currently filled with temporary help. The JLBC Staff recommended Personal Services is \$600 higher than the Executive recommendation.

			HOUSE SU SENATE SU	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Graham Hermon
FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
10.5	10.5	12.0	10.5	10.0	
303,200	327,800	364,700	341,500	316,100	
67,000	73,100	93,000	80,400		
300 36,400 1,600 146,200 5,200	0 43,400 1,400 172,400 0	2,700 43,400 4,600 179,500 10,600	0 43,400 1,400 165,500		
189,700	217,200		*		
559,900	618,100	698,500	632,200		
				-	
559,900 125,800	618,100 108,600	698,500 108,600	632,200	610,300	
685,700	726,700	807,100	632,200		
	303,200 67,000 300 36,400 1,600 146,200 5,200 189,700 559,900 559,900	OSPB ANALYST  FY 1992 ACTUAL APPROPRIATIONS  10.5  10.5  10.5  303,200 327,800 67,000 73,100 300 36,400 43,400 1,600 1,400 146,200 172,400 5,200 0  189,700 217,200 559,900 618,100  559,900 618,100  125,800 108,600	OSPB ANALYST: Roan  FY 1992 ADJUSTED AGENCY REQUEST  10.5 10.5 12.0  303,200 327,800 364,700  67,000 73,100 93,000  300 0 2,700  36,400 43,400 43,400 1,600 1,400 4,600 146,200 172,400 179,500 5,200 0 10,600  189,700 217,200 240,800  559,900 618,100 698,500  559,900 618,100 698,500  105,500 108,600	OSPB ANALYST: Roan   SENATE SUI	Separate   Separate

DEPARTMENT:

State Mine Inspector

The JLBC Staff recommends a total General Fund appropriation of \$610,300 -- a net decrease of \$(7,800), or (1.3)%, from the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$ 8,500 GF

**ERE Rate Changes** 

(1,000) GF

Capitalized and Non-capitalized Equipment Adjustment This adjustment would permit acquisition of one personal computer and three dust monitors. 8,000 GF

Rent Adjustment

(200) GF

Elimination of Project Coordinator Position

(23,100) GF

This position is responsible for coordinating federally funded training projects, and representing the agency before the Legislature. One-half of this position's salary is paid from federal monies; the other half is paid from the General Fund. No federal funds would be lost if this position were eliminated. The Executive does not recommend eliminating this position.

DEPARTMENT: Occupational Safety & Health Review Board			HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:		Edens Huppenthal	
FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE	
0.0	0.0	0.0	0.0	0.0		
-		======================================				
300	700	700	700	700	n æ	
5,300 600	7,400 900	7,400 900	7,400 900	7,400		
5,900	8,300	8,300		700		
6,200	9,000	9,000	9,000			
				5 F		
6,200	9,000	9,000	9,000	9 000		
6,200	9,000	9,000	9,000			
	FY 1992 ACTUAL 0.0 300 5,300 600 5,900 6,200	OSPB ANALYST:  FY 1992 ACTUAL APPROPRIATIONS  0.0  0.0  300  700  5,300 600  7,400 900  5,900  8,300 6,200  9,000	OSPB ANALYST: Alyeshmerni FY 1992 ACTUAL APPROPRIATIONS FY 1994 AGENCY REQUEST  0.0 0.0 0.0  300 700 700  5,300 7,400 7,400 600 900 900  5,900 8,300 8,300 6,200 9,000 9,000  6,200 9,000 9,000	OSPB ANALYST: Alyeshmerni SENATE SUI  FY 1992 ADJUSTED AGENCY REQUEST RECOMMENDATION  0.0 0.0 0.0 0.0 0.0  300 700 700 700  5,300 7,400 7,400 7,400 600 900 900  5,900 8,300 8,300 8,300 8,300  6,200 9,000 9,000 9,000  6,200 9,000 9,000 9,000	SENATE SUBCOMMITTEE CHAIR:   SENATE SUBCOMMITTEE CHAIR:	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$9,000 -- a net increase of \$0, or 0%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

• Personal Services/ERE Adjustments

Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive

\$ -0- GF
recommends a vacancy factor of 0%.

DEPARTMENT: Arizona Department of Racing Agency Summary		JLBC ANALYST: OSPB ANALYST:	Martinez Roan	HOUSE SUE SENATE SUE	SCOMMITTEE CHAIR: SCOMMITTEE CHAIR:	Groscost Chesley
	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DESCRIPTION  Full Time Equivalent Positions	53.7	55.7	55.7	54.7	55.7	
BY PROGRAM/ORGANIZATION						
Commercial Racing	2,185,000	2,446,700	2,630,600	2,439,200		
County Fair Racing	254,100	348,400	359,500	353,600		
Arizona Racing Industry	16,700	19,700	19,700			
AGENCY TOTAL	2,455,800	2,814,800	3,009,800	2,812,500	<u>2,754,300</u> =	
OPERATING BUDGET						
Personal Services	1,215,100	1,467,200	1,546,400			
Employee Related Expenditures	280,100	341,400	404,800			
Professional/Outside Services Travel - In State	542,000 109,200 8,800	162,100	621,600 162,100 7,200	) 162,100 7,200	162,100 4,900	-
Travel - Out of State Other Operating Expenditures Equipment	272,400 28,200	263,300	263,300 4,400	4 400	4,000	
All Other Operating Subtotal	960,60	1,006,200	1,058,600			
AGENCY TOTAL	2,455,80	0 2,814,800	3,009,800	2,812,500	<u> </u>	

DEPARTMENT: Arizona Department of Raci Agency Summary	ng	JLBC ANALYST: OSPB ANALYST:		HOUSE SUI SENATE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION  BY FUND SOURCE	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
General Fund Other Funds Other Non-Appropriated Funds AGENCY TOTAL - ALL SOURCES	2,201,700 254,100 1,635,300 4,091,100	2,466,400 348,400 1,601,100 4,415,900	2,650,300 359,500 1,524,100 4,533,900	2,458,900 353,600  2,812,500	2,398,500 355,800 1,524,100 4,278,400	

The JLBC Staff recommends a total appropriation of \$2,754,300 -- a net decrease of \$(60,500), or (2.1)%, from the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$2,398,500 -- a net decrease of \$(67,900), or (2.8)%, from the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$355,800 -- a net increase of \$7,400 or 2.1%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

•	Annualization of FY 1993 Pay Adjustment		
•	Personal Services/ERE Adjustments	\$ 41,700 GF 5,500 OF	
	Includes an overall agency vacancy factor of 1%. The Executive recommends a vacancy factor of 1%.	(1,100) GF	7
•	ERE Rate Changes		
•	Professional & Outside Services	15,200 GF 1,900 OF	
	Use 10% of breakage and 10% of uncashed ticket revenues to pay for some of the costs of animal testing. See Commercial Racing.	(121,000) GF	,
•	Travel - Out of State		
•	Equipment	(2,300) GF	1
		(400) GF	

DEPARTMENT: Arizona Department of Racing	g	JLBC ANALYST OSPB ANALYST		HOUSE SUE SENATE SUE	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
PROGRAM: Commercial Racing  DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	. 47.2	49.2	49.2	48.2		
=	<del></del>					
OPERATING BUDGET  Personal Services	1,118,900	1,309,200	1,383,500	1,330,200	1,345,200	
Employee Related Expenditures	259,200	302,900	360,100	304,500		
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	492,600 51,400 7,100 245,700 10,100	3,800 234,100	571,200 76,000 3,800 234,100 1,900	510,400 76,000 3,800 212,400 1,900	76,000 1,500 234,100	
All Other Operating Subtotal	806,900	834,600	887,000	804,500	,	
PROGRAM TOTAL	2,185,000	2,446,700	2,630,600	2,439,200	<u>2,378,800</u> _	
BY FUND SOURCE			2 620 600	2,439,200	2,378,800	
General Fund Other Non-Appropriated Funds	2,185,000 877,800		2,630,600 812,700	TE!	812,700	
PROGRAM TOTAL - ALL SOURCES	3,062,800	3,290,000	3,443,300	2,439,200	3,191,500	

DEPARTMENT:

Arizona Department of Racing

PROGRAM:

Commercial Racing

The JLBC Staff recommends a total General Fund (GF) appropriation of \$2,378,800 -- a net decrease of \$(67,900), or (2.8)%, from the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$41,700 GF

Personal Services/ERE Adjustments

Maintains a vacancy factor of 1% which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 1%.

(1,100) GF

ERE Rate Changes

15,200 GF

Professional & Outside Services

Breakage -

(121,000) GF

The JLBC Staff recommends that 10% of the breakage be used to pay for some of the costs of animal drug testing. Applied to the actual breakage in FY 1992, 10% represents \$96,000. Breakage is the odd cents exceeding a multiple of ten cents that is payable on each dollar wagered. Breakage is not returned to the public. At horse tracks, 50% of breakage goes to the track, 25% is used to supplement the general purse structure, and the remaining 25% is used to supplement the purse structure in which Arizona bred horses are winners. Dog approximately 0.1% of all samples tested turn out positive. The racing industry benefits from the testing program because of the increased confidence it provides to betters. This issue will require a statutory change to A.R.S. § 5-111.01, and may be implemented by placing those funds into an Animal Testing Fund.

Uncashed Tickets (Outage) -

The JLBC Staff also recommends that 10% of uncashed ticket revenues be used to pay for some of the costs of animal drug testing. Currently, horse and dog tracks keep 100% of uncashed ticket revenues. In 1990, unclaimed ticket revenues were partially or wholly retained by 27 of 36 racing states. The JLBC Staff recommends allocating 10% of uncashed ticket revenues were partially or wholly and 90% to the host track 90 days after the day of the race. The JLBC Staff estimates that 10% of uncashed ticket revenues in FY 1994 would be \$25,000. This issue will require a statutory change to A.R.S. § 5-111, paragraph H.

The total amount required for drug testing in FY 1994 is \$514,300. The JLBC Staff recommendation includes \$393,300 from the General Fund. The remaining required amount of \$121,000 would come from breakage and outage.

• Travel - Out of State
Eliminates a contingency fund for background investigations.

(2,300) GF

Equipment

(400) GF

#### Other Issues for Legislative Consideration

Other Agency Requests

The department is requesting an additional \$24,700 in Personal Services to fund salary increases from reclassifications and positions filled at above entry level salaries. The Employee Related Expenditures associated with this increase is \$3,200 for a total of \$27,900.

The department is also requesting an additional \$52,400 for animal drug testing. This increase is primarily associated with a 10% price increase for each drug test.

acing			HOUSE SUI SENATE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF	LEGISLATIVE WORK SPACE
6.5	6.5	6.5	6.5	6.5	JANCE
		<del></del>			
96,200	158,000	162,900	162,900	162 900	
20,900	38,500	44,700	÷38,800		
47,200 56,300 15,400 18,100	47,800 82,600 19,000 2,500	47,800 82,600 19,000 2,500	47,800 82,600 19,000 2,500	47,800 82,600 19,000	
137,000	151,900	151,900		2,300	
254,100	348,400	359,500	353,600		
254,100 757,500	348,400 757,800	359,500 711,400	353,600	355,800 711,400	-
1,011,600	1,106,200	1,070,900	353,600		
	96,200 20,900 47,200 56,300 15,400 18,100 137,000 254,100 254,100 757,500	OSPB ANALYS  FY 1992 ACTUAL APPROPRIATIONS  6.5  96,200 158,000 20,900 38,500 47,200 47,800 56,300 15,400 19,000 18,100 2,500 137,000 151,900 254,100 348,400 757,500 348,400 757,800	OSPB ANALYST: Roan  FY 1992 ADJUSTED AGENCY REQUEST  6.5 6.5 6.5  96,200 158,000 162,900  20,900 38,500 44,700  47,200 47,800 47,800 56,300 82,600 82,600 15,400 19,000 19,000 18,100 2,500 2,500  137,000 151,900 151,900  254,100 348,400 359,500 757,500 757,800 711,400	Separate Sure	FY 1992

DEPARTMENT:

Arizona Department of Racing

PROGRAM:

County Fair Racing

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$355,800 -- a net increase of \$7,400, or 2.1%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

\$5,500 OF Annualization of FY 1993 Pay Adjustment

Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive Personal Services/ERE Adjustments recommends a vacancy factor of 0%.

1,900 OF ERE Rate Changes

-0- OF

DEPARTMENT: Arizona Department of Ra PROGRAM: Arizona Racing Industry	cing	JLBC ANALYS OSPB ANALYS		HOUSE SUI SENATE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	0.0	0.0	0.0	0.0	0.0	
OPERATING BUDGET						
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures All Other Operating Subtotal	2,200 1,500 1,700 11,300	2,600 3,500 3,400 10,200	2,600 3,500 3,400 10,200	2,600 3,500 3,400 10,200	2,700	
PROGRAM TOTAL	16,700	19,700 19,700	19,700	19,700	19,700	
BY FUND SOURCE		19,700	19,700	19,700	19,700	
General Fund	16,700	19,700	19,700	19,700	19.700	
PROGRAM TOTAL - ALL SOURCES ==	16,700	19,700	19,700	19,700		

The JLBC Staff recommends a total General Fund (GF) appropriation of \$19,700 -- a net increase of \$0, or 0%, to the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

Personal Services/ERE Adjustments
 Maintains a vacancy factor of 0%. The Executive recommends a vacancy factor of 0%.

-0- GF

DEPARTMENT: Radiation Regulatory Agency		JLBC ANALYST: OSPB ANALYST:	Smith Betlach	HOUSE SUE SENATE SUE	COMMITTEE CHAIR: COMMITTEE CHAIR:	Keegan Turner
Agency Summary	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DESCRIPTION		22.0	22.0	22.0	20.6	
Full Time Equivalent Positions					-	
BY PROGRAM/ORGANIZATION					224 500	
	1,304,600	912,600	1,023,100	933,700	926,700	
Evaluation and Compliance	89,100	91,100	96,000	89,400	93,300	
Med Radiologic Tech Board		,	1,119,100	1,023,100	1,020,000	
AGENCY TOTAL	1,393,700	1,003,700	1,119,100			
OPERATING BUDGET						
	583,500	619,600	679,500	636,100	635,200	
Personal Services	130,800	139,300	194,800	147,500	146,700	
Employee Related Expenditures  Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures	38,900 27,900 1,400 167,800 43,900	8,300 31,200 5,800 199,500	8,300 31,200 5,800 199,500	31,200 5,800 194,200	31,200 5,800 192,800	
Equipment  All Other Operating Subtotal	279,900		244,800	239,500		
OPERATING SUBTOTAL	994,200	1,003,700	1,119,100	1,023,100	1,020,000	

DEPARTMENT: Radiation Regulatory Agency Summary	gency	JLBC ANALYST: OSPB ANALYST:	Smith Betlach	HOUSE SU SENATE SU	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
SPECIAL LINE ITEMS						
Nuclear Emerg. Mgt. Fund	399,500	0	0	0	0	
Special Item Subtotal	399,500	0	0	0	0	-
AGENCY TOTAL	1,393,700	1,003,700	1,119,100	1,023,100	1,020,000	
BY FUND SOURCE						
General Fund Other Funds Federal Funds	905,100 488,600 172,400	912,600 91,100 171,400	1,023,100 96,000 88,500	933,700 89,400	926,700 93,300 88,500	
AGENCY TOTAL - ALL SOURCES	1,566,100	1,175,100	1,207,600	1,023,100	1,108,500	* · ·

DEPARTMENT:

Radiation Regulatory Agency

Agency Summary

The JLBC Staff recommends a total appropriation of \$1,020,000 -- a net increase of \$16,300, or 1.6%, to the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$926,700 -- a net increase of \$14,100, or 1.5%, to the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$93,300 -- a net increase of \$2,200, or 2.4%, to the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

JLDC	Start Accounts	\$	-0-	GF
•	FTE Positions Adjustment  Eliminates 1.4 unfunded FTE positions to bring the agency's current vacancy factor in line with the standard vacancy factor for an agency with this number of FTE positions. See Personal Services/ERE Adjustments bullet for further information. Eliminating these unfunded positions makes permanent the portion of the FY 1993 lump sum reduction that was achieved through higher vacancy savings.			
	positions makes permanent	17	.100	GF
•	Annualization of FY 1993 Pay Adjustment		,700	
		(1	,000)	GF
•	Personal Services/ERE Adjustments Includes a new vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The FY 1993 vacancy factor was 6.5%. The Executive recommends a vacancy factor of 7.8%.			×
	vacancy factor was 0.5%.	4	,700	GF
•	ERE Rate Changes		500	
		(6	,700)	GF
•	Other Operating Expenditures			
	•			

DEPARTMENT: Radiation Regulatory Agency PROGRAM: Evaluation And Compliance		JLBC ANALYS OSPB ANALYS		HOUSE SUI SENATE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	20.0	20.0	20.0	20.0	18.6	
OPERATING BUDGET						
Personal Services	535,100	565,400	623,800	580,400	579,500	
Employee Related Expenditures	117,300	126,700	178,800	134,400		
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	31,600 25,500 900 152,500 42,200	6,300 28,500 4,100 181,600 0	6,300 28,500 4,100 181,600 0	6,300 28,500 4,100 180,000	6,300 28,500 4,100	
All Other Operating Subtotal	252,700	220,500	220,500	218,900		
PECIAL LINE ITEMS	905,100	912,600	1,023,100	933,700		
Nuclear Emerg. Mgt. Fund	399,500	0	0	0	0	
pecial Item Subtotal	399,500	0	0			
PROGRAM TOTAL	1,304,600	912,600	1,023,100	933,700		

DEPARTMENT: Radiation Regulatory Agency		JLBC ANALYST OSPB ANALYST		HOUSE SUI SENATE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Turner
PROGRAM: Evaluation And Compliance	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DESCRIPTION						
BY FUND SOURCE	2)				026 700	
General Fund Other Funds Federal Funds	905,100 399,500 172,400	0	1,023,100 0 88,500	0	926,700 0 88,500	
PROGRAM TOTAL - ALL SOURCES	1,477,000	1,084,000	1,111,600	933,700		1

DEPARTMENT: PROGRAM:

Radiation Regulatory Agency **Evaluation and Compliance** 

The JLBC Staff recommends a total General Fund (GF) appropriation of \$926,700 -- a net increase of \$14,100, or 1.5%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

FTE Positions Adjustment

Eliminates 1.4 unfunded FTE positions to bring the agency's current vacancy factor in line with the standard vacancy factor for an agency with this number of FTE positions. See Personal Services/ERE Adjustments bullet for further information. Eliminating these unfunded positions makes permanent the portion of the FY 1993 lump sum reduction that was achieved through higher vacancy savings.

Annualization of FY 1993 Pay Adjustment

17,100 GF

-0- GF

Personal Services/ERE Adjustments

Includes a new vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The FY 1993 vacancy factor was 7.1%. The Executive recommends a vacancy factor of 7.8%.

(1,000) GF

**ERE Rate Changes** 

4,700 GF

Other Operating Expenditures

Includes decreases of \$(5,100) for utilities and \$(1,600) for rent due to terms in the agency's private lease. The Executive recommends a decrease of \$(1,600) for the rent adjustment.

(6,700) GF

#### Other Issues for Legislative Consideration

Radon Project

This program has been conducted since April, 1990 under a grant for matching funds from the U.S. Environmental Protection Agency (EPA). For the past 3 years, ARRA has funded its contribution through a series of indirect services e.g., rent, utilities, and use of office equipment and facilities. However, Arizona's required match amount has increased to the point where it is unlikely the project can continue at full level unless the Legislature appropriates funds for this purpose. Initially, the EPA indicated that Federal funds would be provided for 3 years, with the State's matching percent to increase each year until it reached 100%. The grant program has been extended. Arizona's matching percent is 50% in contract year 3 (4/92-4/93) and would continue at 50% in both contract years 4 and 5. ARRA has scaled back the project for contract year 3 due to an inability to fully match the federal grant in FY 1993. The department requests \$31,000 for this purpose in FY 1994, however, it was not included in the Executive budget recommendation.

DEPARTMENT: Radiation Regulatory Agency PROGRAM: Med Radiologic Tech Board		JLBC ANALYST: OSPB ANALYST:		HOUSE SUE SENATE SUE	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
PROGRAM: Med Radiologic Tech Board  DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	2.0	2.0	2.0	2.0		
OPERATING BUDGET						
Personal Services	48,400	54,200	55,700	55,700		
Employee Related Expenditures	13,500	12,600	16,000	13,100		<del></del>
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	7,300 2,400 500 15,300 1,700	2,700 1,700 17,900	2,000 2,700 1,700 17,900 0	2,000 2,700 1,700 14,200 0	2,700 1,700 17,900	
All Other Operating Subtotal	27,200	24,300	24,300	20,600	24,300	
PROGRAM TOTAL	89,100	91,100	96,000	89,400	93,300	0
BY FUND SOURCE	00.100	91,100	96,000	89,400	93,300	
Other Funds PROGRAM TOTAL - ALL SOURCES	89,100 89,100		96,000		93,300	

DEPARTMENT: PROGRAM:

Radiation Regulatory Agency Med. Radiologic Tech. Board

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$93,300 -- a net increase of \$2,200, or 2.4%, to the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$1,700 OF

Personal Services/ERE Adjustments
 Maintains a vacancy factor of 0%. The Executive recommends a vacancy factor of 0%.

-0- OF

ERE Rate Changes

500 OF

#### Other Issues for Legislative Consideration

Other Operating Expenditures
 The Executive recommends a rent adjustment of \$(3,700).

DEPARTMENT: State Real Estate Department		JLBC ANALYST: OSPB ANALYST:	Smith Boncoskey	HOUSE SUF SENATE SUF	COMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	76.0	72.0	72.0	67.5	67.5	
OPERATING BUDGET						
Personal Services	1,660,100	1,686,600	1,771,400	1,694,800	1,702,400	
Employee Related Expenditures	409,000	422,700	492,300	415,700		ж.
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	82,400 69,400 14,500 447,000 44,200	66,000 20,700 442,800	101,600 66,000 16,400 440,300 10,000	0	66,000 6,600 241,300 1,700	
All Other Operating Subtotal	657,500	631,800	634,300	719,500		
AGENCY TOTAL	2,726,600	2,741,100	2,898,000	2,830,000	<u>2,511,500</u> =	
BY FUND SOURCE					2.511.500	
General Fund Other Non-Appropriated Funds	2,726,600 229,400		2,898,000 320,900		320,900	
AGENCY TOTAL - ALL SOURCES	2,956,000	3,035,500	3,218,900	2,830,000	=	

**DEPARTMENT:** 

State Department of Real Estate

The JLBC Staff recommends a total General Fund (GF) appropriation of \$2,511,500 -- a net decrease of \$(229,600), or (8.4)%, from the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

•	FTE Positions Adjustment  Eliminates 2.5 unfunded FTE positions to bring the agency's current vacancy factor in line with the standard vacancy factor for an agency with this number of FTE positions. See Personal Services/ERE adjustments bullet for further information. Eliminating these unfunded positions makes permanent the portion of the FY 1993 lump sum reduction that was achieved through higher vacancy savings.	\$ -0	)- GF
•	Annualization of FY 1993 Pay Adjustment		
•	Personal Services/ERE Adjustments Includes a new vacancy factor of 1.5% which is the standard rate applied to agencies with this number of FTE positions. The FY 1993 vacancy factor was 6%. The Executive recommends a vacancy factor of 1%.	61,300 (8,300	
•	ERE Rate Changes		
•	Personnel Reduction	(24,400	)) GF
	Reflects elimination of the following 2 FTE positions: Clerk Typist II (grade 9) and Examiner Technician I (grade 12). The Executive recommends elimination of 4.5 unspecified FTE positions for a savings of \$86,000.	(40,300	) GF
•	Professional and Outside Services		
	Reflects reduction of transcription and grant writing services no longer needed by the department.	(2,300)	) GF
•	Travel - Out of State  The JLBC Staff recommends \$6,600, which reflects a \$(4,300) decrease for the attendance of 1 rather than 2 Real Estate employees at out- of-state conferences and an adjustment of \$(9,800) for a one-time trip to Mexico in FY 1993. The Executive recommends a decrease of \$(4,300).	(14,100)	) GF
•	Other Operating Expenditures Includes an increase of \$1,500 for operating supplies and decreases of \$(3,800) for telecommunications, \$(2,500) for books and training materials, and \$(1,000) for miscellaneous expenditures. The Executive recommends a decrease of \$(6,800).	(5,800)	GF

Elimination of Private Lease Funding

The Real Estate Department is one of four agencies scheduled to relocate to the Sun States Savings Building located at 44th Street and Thomas Road in Phoenix. This building was acquired as part of the state's RTC/Distressed Property program. Because the operating costs and allocation of space in this building are unknown, the lease-purchase payment and all estimated operating costs associated with the building are included in the DOA budget. The JLBC Staff recommends that the Real Estate Department's private lease payment, which included utilities and operating expenses, be eliminated. The JLBC Staff also suggests that a footnote be added to DOA's operating budget indicating that DOA is responsible for the appropriate pro rata share of the Real Estate Department's private lease payment if the agency is not relocated to the Sun States Savings building by July 1, 1993. The Real Estate Department is required by statute to revise its fees so that it collects revenues equal to at least 95 % but not more than 110% of its appropriation from the General Fund, making the department self-supporting. The JLBC Staff recommends that a General Appropriation Act footnote indicate that when implementing A.R.S. § 32-2103, the department shall include its lease-purchase payment and/or private lease payment, as well as its operating costs as part of the department's appropriated amount.

-0- GF

(195,700) GF

Equipment

Includes a one-time adjustment of \$(1,700) for FY 1993 equipment expenditures. The recommendation also includes \$1,700 for purchase of computer equipment. The Executive recommendation does not include funding for equipment.

#### Other Issues for Legislative Consideration

Attorney General Services

The Office of the Attorney General advised the department that it will begin to enforce A.R.S. § 32-2111, which provides that compensation for assistant attorneys general assigned to the department shall be paid from the Real Estate Department appropriation. Compensation for 2 assistant attorneys general would be \$107,400. The Executive recommends including this amount in Professional and Outside Services. The Staff is currently reviewing the extent to which the Attorney General is billing agencies for representation and will be reporting to the Legislature on this matter.

DEPARTMENT: Residential Utility Consumer Office		JLBC ANALYST: Headley OSPB ANALYST: Alyeshmerni		HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:		Keegan Turner	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE	
Full Time Equivalent Positions	12.0	12.0	12.0	12.0	12.0		
OPERATING BUDGET							
Personal Services	393,800	468,300	451,300	451,300	451,300	# #	
Employee Related Expenditures	80,300	97,500	98,100	88,000			
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	233,100 11,100 4,400 110,400 10,500	329,400 13,500 7,600 102,100 0	340,200 11,100 6,300 110,700 14,400	340,600 10,000 4,600 108,600	329,400 11,100 6,300 110,700		
All Other Operating Subtotal	369,500	452,600	482,700	463,800			
AGENCY TOTAL	843,600	1,018,400	1,032,100	1,003,100			
BY FUND SOURCE			*		-		
Other Funds	843,600	1,018,400	1,032,100	1,003,100	1,011,900		
AGENCY TOTAL - ALL SOURCES	843,600	1,018,400	1,032,100	1,003,100			

DEPARTMENT:

Residential Utility Consumer Office

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$1,011,900 -- a net decrease of \$(6,500), or (0.6)%, from the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

• Annualization of FY 1993 Pay Adjustment

\$ 10,100 OF

• Personal Services/ERE Adjustments
Reflects a base adjustment to bring the appropriation in line with actual salaries. The Executive has also recommended this reduction.

• ERE Rate Changes (3,700) OF

• Travel Adjustments
Represents department requested travel adjustments.

8,600 OF

• Rent - Courts Building
Provides a total of \$57,400 to be applied to the lease-purchase payment for the Courts building.

14,400 OF

• Replacement Equipment
Provides funding to replace the agency's copy machine. The Executive has not recommended funding for replacement equipment.

#### Other Issues for Legislative consideration

• Increase Professional and Outside Services

The Executive has recommended an increase of \$11,200 for the services of expert witnesses and other professional counsel employed by RUCO for public The Executive has recommended an increase of \$11,200 for the services of expert witnesses and other professional counsel employed by RUCO for public utility rate hearings. The JLBC Staff has found no compelling justification for increased funding and believes that the current appropriated level is adequate.

DEPARTMENT: Department of Weights & Measures		JLBC ANALYST: Smith OSPB ANALYST: Cockerham		HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:		Edens
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	Huppenthal  LEGISLATIVE  WORK  SPACE
Full Time Equivalent Positions	66.1	66.1	82.2	65.0	54.1	31.102
OPERATING BUDGET		· · · · · · · · · · · · · · · · · · ·				
Personal Services	277,400	1,431,500	1,887,900	1,501,900	1,321,800	
Employee Related Expenditures	316,500	368,900	549,200	387,000		·
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	20,900 249,700 7,800 361,600 119,800	45,300 190,600 5,000 477,300 41,200	80,300 277,000 16,000 586,900 400,400	80,300 208,000 10,000 508,900 85,700	80,300 219,500 15,000	
All Other Operating Subtotal	759,800	759,400	1,360,600	892,900		
OPERATING SUBTOTAL	1,353,700	2,559,800	3,797,700	2,781,800		
SPECIAL LINE ITEMS						
Reduction In Force	0	0	0	0	38 600	-
Special Item Subtotal	0	0	0	- 0		
AGENCY TOTAL	1,353,700	2,559,800	3,797,700	2,781,800		

DEPARTMENT: Department of Weights & Measures		JLBC ANALYST: OSPB ANALYST:		HOUSE SUE SENATE SUE	COMMITTEE CHAIR:	Edens Huppenthal
	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DESCRIPTION	ACTORE					
BY FUND SOURCE	¥2					
General Fund Other Funds	1,122,400 231,300	1,941,500 618,300	3,123,700 674,000	050 400	1,721,800 1,015,200	
	1,353,700	2,559,800	3,797,700	2,781,800	2,737,000	
AGENCY TOTAL - ALL SOURCES				7#11		

The JLBC Staff recommends a total appropriation of \$2,737,000 -- a net increase of \$177,200, or 6.9%, to the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$1,721,800 -- a net decrease of \$(219,700), or (11.3)%, from the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$1,015,200 -- a net increase of \$396,900 or 64.2%, to the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

LBC	Stati Recommended Changes and	41,000	GF
•	Annualization of FY 1993 Pay Adjustment	15,300	
•	Personal Services/ERE Adjustments  Maintains a General Fund vacancy factor of 1.6%. The Executive recommends a vacancy factor of 1%.	(300) (600)	
		(3,100) 8,600	
•	ERE Rate Changes	3,000	0.

#### Occupancy Costs

40,800 GF 72,000 OF

Includes an increase of \$112,800 due to the department's relocation to larger, state-owned space. As part of the RTC/Distressed Property program, the state has acquired a facility for the department located in north Scottsdale. The recommended amount includes \$221,800 for the FY 1994 lease-purchase payment and \$130,000 for operating costs, including utilities. The recommended increase of \$112,800 is intended to supplement \$239,000 that is in the agency's FY 1993 budget, including \$162,000 appropriated for costs associated with the department's relocation. The recommendation reflects increases of \$40,800 GF, \$46,500 OF (Air Quality Fund), and \$25,500 OF (Used Oil Fund).

#### Equipment

(6,200) GF

Reflects a one-time adjustment of \$(41,200) for equipment purchased in FY 1993 and includes \$10,000 for Metrology Laboratory equipment and \$25,000 for the first payment on a 5 year lease-purchase of a diesel truck to be used for large-scale testing and as a boom truck. The Executive recommends a \$28,800 increase, with the \$(41,200) adjustment, \$45,000 for Thermometer Laboratory equipment, \$15,000 for Metrology Laboratory equipment.

Auditor General's Performance Audit of the Department of Weights and Measures' Enforcement Division

(291,900) GF

The JLBC Staff recommends eliminating 19 FTE positions and adding 1 FTE position to implement an inspection strategy recommended in the October 1992 performance audit. The Auditor General recommends reducing inspections from approximately 9,000 to 3,000 per year, thus eliminating the need for 16 inspector and 3 supervisor positions in the Enforcement Division. To replace frequent inspections of all vendors, the Auditor General recommends inspecting a large random sample of vendors, imposing civil penalties for noncompliance, and targeting violators for 5 years of follow-up inspections. The Legislature granted civil penalty authority to the department, so a statutory change would not be required. The Auditor General also recommends the department hire an experienced data analyst to implement and manage the sampling strategy. The JLBC Staff recommends this change as follows: eliminate 14 FTE Inspector II positions (grade 15) and 3 FTE Inspections Supervisor positions (grade 17), transfer 2 FTE Inspector II positions from the Enforcement Division (GF) to the Vapor Recovery Program (OF), and add 1 FTE EDP Programmer Analyst III position (grade 20). The recommendation reduces Personal Services by \$(321,700) and ERE by \$(44,100) to reflect elimination of the 19 FTE positions. It also increases Personal Services by \$31,000 and ERE by \$4,300 to reflect addition of the data analyst position and includes \$38,600 for costs associated with a reduction in force. The Executive recommends eliminating 1 FTE Inspections Supervisor position and 6.1 FTE Inspector positions, with reductions of \$(139,800) in Personal Services and \$(36,100) in ERE, to partially implement this change.

Vapor Recovery Program

The gasoline vapor recovery program is newly mandated by A.R.S. § 41-2065, in compliance with the federal Clean Air Act Amendments of 1990. The JLBC Staff recommends funding the program from the Air Quality Fund. The recommendation adds 6 FTE positions by transferring 2 FTE Inspector II positions to the Vapor Recovery Program (OF) from the Enforcement Division (GF) and adding 1 FTE Vapor Recovery Program Coordinator (grade 20), 1 FTE Environmental Engineer (grade 19), 1 FTE Engineer Plan Technician III (grade 18), and 1 FTE Accounting Technician III (grade 13) position. This increases Personal Services by \$132,300 and ERE by \$34,500. The recommendation also adds \$35,000 in Professional and Outside Services to reflect computer programmer costs for vapor recovery program tracking and accounting, \$28,900 in Travel - In State for inspections, \$10,000 in Travel - Out of State for training associated with implementation of the program, \$18,400 in Other Operating Expenditures for non-capital equipment and supplies associated with program start-up, and \$42,500 in Equipment for purchase of computer equipment and 5 sets of test equipment. The department expects General Fund revenues of \$200,000 in FY 1994 from new vapor recovery inspection fees. These monies could be used for a General Fund appropriation of \$200,000 for the vapor recovery program, reducing the recommended Air Quality Fund appropriation from \$301,600 to \$101,600. Stage II nozzle fees also will be deposited to the General Fund, but information is not yet available to estimate these revenues.

The Executive recommends funding \$315,400 for the Vapor Recovery Program from the Air Quality Fund as follows: \$156,300 in Personal Services and \$38,000 in ERE for 6 FTE positions, \$35,000 for Professional and Outside Services, \$17,400 for Travel - In State, \$5,000 for Travel - Out of State, \$48,000 for Other Operating Expenditures, and \$15,700 for Equipment.

Oxygenated Fuel Program

The JLBC Staff recommends \$351,400 from the Air Quality Fund for the Oxygenated Fuel program, which reflects increases included in the bullets above as follows: \$6,800 for annualization of the FY 1993 pay adjustment, \$3,600 for Personal Services/ERE Adjustments, \$3,000 for ERE rate changes, and \$23,300 for lease-purchase and occupancy costs. The Executive makes a similar recommendation of \$303,500 from the Air Quality Fund, which differs from the JLBC Staff amount primarily due to calculations for lease-purchase and occupancy costs.

Used Oil Program

The JLBC Staff recommends \$362,200 from the Used Oil Fund for the Used Oil program, which reflects changes included in the bullets above as follows: \$8,500 for annualization of the FY 1993 pay adjustment, \$(4,200) for Personal Services/ERE Adjustments, \$5,600 for ERE rate changes, and \$25,500 for lease-purchase and occupancy costs. The Executive makes a similar recommendation of \$354,500 from the Used Oil Fund, which differs from the JLBC Staff amount primarily due to calculations for lease-purchase and occupancy costs.

301,600 OF

-0- OF

-0- OF

# OCCUPATIONAL AND LICENSING AGENCIES SUMMARY OF RECEIPTS, RECOMMENDATIONS AND BALANCES FORWARD FOR THE FISCAL YEARS 1994 AND 1995

Agency/Board	Balance Forward FY 1994	90% of FY 1994 Receipts	JLBC Staff FY 1994 Rec.	Balance Forward FY 1995	90% of FY 1995 Receipts	JLBC Staff FY 1995 Rec.	Ending Balance FY 1995
Board of Accountancy Board of Appraisal Barber Examiners Board Behavioral Health Examiner Chiropractic Examiners Board Board of Cosmetology Board of Dental Examiners Funeral Directors & Embalmers Board Homeopathic Medical Examiners Board of Medical Examiners Naturopathic Physician Examiners Board Board of Nursing Nursing Care Institution Admin. Board Dispensing Opticians Board Board of Optometry Occupational Therapy Board Osteopathic Examiners Board Board of Pharmacy Physical Therapy Examiners Board Podiatry Examiners Board Board of Private Postsecondary Education Psychologist Examiners Board	\$780,800 519,700 146,700 131,000 124,300 599,700 198,900 39,100 30,200 1,448,700 53,400 662,500 51,300 92,400 24,700 79,100 566,200 933,200 177,700 51,200 50,900 523,300	\$871,300 107,900 143,300 339,800 240,100 546,800 421,600 174,000 19,600 2,870,100 41,600 710,500 104,800 70,800 164,800 79,000 48,600 677,000 50,100 86,000 123,300 63,600	\$943,700 224,000 143,000 291,200 225,600 626,700 476,900 172,900 19,100 2,562,300 40,200 1,089,600 63,500 65,700 95,900 90,700 274,200 646,200 72,200 50,100 130,300 172,400	\$708,400 403,600 147,000 179,600 138,800 519,800 143,600 40,200 30,700 1,756,500 54,800 283,400 92,600 97,500 93,600 67,400 340,600 964,000 155,600 87,100 43,900 414,500	\$1,231,300 613,300 144,300 335,500 244,600 546,800 453,400 174,000 19,600 2,957,900 41,600 830,000 63,400 70,800 20,600 79,000 515,500 677,000 146,000 71,500	\$943,900 224,200 141,000 316,000 222,800 615,700 469,100 172,900 19,800 2,621,500 40,600 1,090,300 63,400 59,000 95,900 89,000 274,200 638,200 72,500 51,000 153,300	\$995,800 792,700 150,300 199,100 160,600 450,900 127,900 41,300 30,500 2,092,900 55,800 23,100 92,600 109,300 18,300 57,400 581,900 1,002,800 229,100 107,600 13,900
Board of Respiratory Care Examiners Structural Pest Control Commission Board of Technical Registration Veterinary Medical Examiners Board  TOTAL	114,700 234,700 431,700 167,000	245,000 1,105,200 980,900 56,700	134,000 1,020,200 863,700 170,900	225,700 319,700 548,900 52,800	331,600 122,000 1,105,200 962,800 302,300	173,700 134,000 1,020,600 863,500 168,600	572,400 213,700 404,300 648,200 186,500
IOIAL	\$8,233,100	\$10,342,400	\$10,665,200	\$7,910,300 ==================================	\$12,183,300	\$10,734,700	\$9,358,900

DEPARTMENT: State Board of Accountancy		JLBC ANALYST: OSPB ANALYST:	JLBC ANALYST: Reddy HOUSE SUBCOMMITTEE OSPB ANALYST: Zelznak SENATE SUBCOMMITTEE		BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
	9.0	9.0	10.0	10.0	10.0	
Full Time Equivalent Positions	9.0					
OPERATING BUDGET		100 100	220,100	220,200	216,500	
Personal Services	186,700	193,100			54 200	
Employee Related Expenditures	46,200	48,000	54,100	54,100	34,300	
Professional/Outside Services Travel - In State Travel - Out of State	213,200 5,300 4,200 120,900	11,000 6,300	304,400 11,000 6,300 162,200	298,400 11,000 6,300 162,200	6,000 6,300 162,200	
Other Operating Expenditures Equipment	27,300		0	U		
^ -	370,900	445,400	483,900	477,900	472,900	
All Other Operating Subtotal OPERATING SUBTOTAL	603,800		758,100	752,200	743,700	
SPECIAL LINE ITEMS						
	102,400	103,300	200,000	200,000	200,000	
Special Investigations	102,400		200,000	200,000	200,000	
Special Item Subtotal	,		,		943,700	
AGENCY TOTAL	706,200	789,800	958,100	=======================================		

DEPARTMENT: State Board of Accountancy	7	JLBC ANALYST: OSPB ANALYST:		HOUSE SUI SENATE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK
BY FUND SOURCE				9	RECOMMENDATION	SPACE
Other Funds	706,200	789,800	958,100	952,200	943,700	
AGENCY TOTAL - ALL SOURCES =	706,200	789,800	958,100	952,200	943,700	

The JLBC Staff recommends a total Other Funds (OF) appropriation of \$943,700 -- a net increase of \$153,900, or 19.5%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$ 7,600 OF

Personal Services/ERE Adjustments
 Includes a vacancy factor of 0%. The Executive recommends a vacancy factor of 0%.

-0- OF

ERE Rate Changes

700 OF

Special Investigations

96,700 OF

The increase recommended by the Executive and the JLBC Staff is to expand the board's capacity to investigate and prosecute cases involving certified public accountants or certified public accounting firms alleged to have violated the provisions of Title 32, Chapter 6, Arizona Revised Statutes. Recently, the Accountancy Board successfully concluded a major case involving a national accounting firm. The respondent in that case was ordered to pay the State of Arizona \$1,625,000 over the next 5 years. Of that amount, the Attorney General will receive \$400,000 that will be deposited to the General Fund in FY 1993. Of the remaining balance, \$122,500 will be credited to the General Fund and \$1,225,000 will be deposited to the Accountancy Board Fund. In order to continue its disciplinary work, the board has adopted a plan which requires funding of \$200,000 per year. These monies will be used for investigative and legal services. The Office of the Attorney General handles the legal aspects of these cases under the provisions of an interagency agreement.

In addition to the legal aspects of cases arising from Special Investigations, the board has an ongoing, routine need for legal counsel. The Attorney General's Office is reluctant to provide such services when they are paid from this special line item appropriation. Routine legal services are outside the purpose of this appropriation. Therefore, the JLBC Staff recommends that future appropriations for "Special Investigations" be footnoted to allow the board to use up to \$25,000 annually for routine, ongoing legal services, if such monies are not required for special investigations.

**Examination Expenses** 

The JLBC Staff concurs with the Executive's adjustment to fund the increased cost of the certified public accountants examination booklets. These booklets are only available through the American Institute of Certified Public Accountants. In addition, both the JLBC Staff and Executive recommend an additional \$10,000 for the anticipated increase cost of examination proctors. The contract for examination proctors is to be rebid in April of 1993.

Additional Staffing

In recognition of the increased workload, in terms of additional registrations, applications for examinations, and the board's active enforcement role, the JLBC Staff recommends an additional Administrative Secretary II position. The recommended amount reflects an entry level salary of \$16,600 and includes Employee Related Expenditures of \$4,800. This position is also included in the Executive recommendation at a cost of \$25,600. The salary recommended by the Executive is \$20,300 or the mid-point of the salary range.

Travel - In State Reduction

After comparing appropriations and actual expenditures for the past 3 years, the JLBC Staff finds that the recommended reduction can be implemented without adversely impacting the board's operation.

32,500 OF

21,400 OF

(5,000) OF

DEPARTMENT: State Board of Accountancy		JLBC ANALYST: Morris OSPB ANALYST: Betlach		HOUSE SUBCOMMITTEE CHAIR: Keegan SENATE SUBCOMMITTEE CHAIR: Turner		
DESCRIPTION	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 JLBC STAFF RECOMMENDATION	FY 1995 AGENCY REQUEST	FY 1995 EXECUTIVE RECOMMENDATION	FY 1995 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	9.0	10.0	10.0	10.0	10.0	
OPERATING BUDGET	*	·			10.0	
Personal Services	193,100	216,500	220,100	220,200	216,500	
Employee Related Expenditures	48,000	54,300	54,100	54,100	54,500	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures	265,900 11,000 6,300 162,200	298,400 6,000 6,300 162,200	304,400 11,000 6,300 162,200	310,300 11,400 6,600 168,700	298,400 6,000 6,300 162,200	
All Other Operating Subtotal	445,400	472,900	483,900	497,000	472,900	
OPERATING SUBTOTAL	686,500	743,700	758,100	771,300	743,900	
SPECIAL LINE ITEMS					,	
Special Investigations	103,300	200,000	200,000	200,000	200,000	
SPECIAL LINE ITEM SUBTOTAL	103,300	200,000	200,000	200,000	200,000	71
AGENCY TOTAL	789,800	943,700	958,100	971,300	943,900	

DEPARTMENT: Board of Accountancy		JLBC ANALYST: Morris OSPB ANALYST: Betlach		HOUSE SUBCOMMITTEE CHAIR: Keegan SENATE SUBCOMMITTEE CHAIR: Turner		
	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 JLBC STAFF RECOMMENDATION	FY 1995 AGENCY REQUEST	FY 1995 EXECUTIVE RECOMMENDATION	FY 1995 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DESCRIPTION	MINOIMA					
BY FUND SOURCE	789,800	943,700	958,100	971,300	943,900	
Other Funds  AGENCY TOTAL-ALL SOURCES	789,800	943,700	958,100	971,300	943,900	

**DEPARTMENT:** 

State Board of Accountancy

#### FY 1995

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$943,900 -- a net increase of \$154,100, or 19.5%, to the FY 1993 appropriation. This amount also represents a net increase of \$200 to the FY 1994 JLBC Staff recommendation.

#### JLBC Staff Recommended Changes from FY 1993

Continue Annualization of FY 1993 Pay Adjustment

Personal Services/ERE Adjustments
Includes a vacancy factor of 0%. The Executive recommends a vacancy factor of 0%.

\$ 7,600 OF -0- OF

96,700 OF

32,500 OF

21,400 OF

ERE Rate Changes

Special Investigations 900 OF

- Continues the increase originally recommended in FY 1994 to expand the board's capability to investigate and prosecute cases involving certified public accountants or certified public accounting firms alleged to have violated the provisions of Title 32, Chapter 6, Arizona Revised Statutes. The JLBC Staff recommends that this line item appropriation be footnoted to allow the board to expend up to \$25,000 annually for routine, ongoing legal services, if such monies are not required for special investigations.
- Examination Expenses

Continues an adjustment for the increased cost of the certified public accountants examination booklets and the anticipated increased cost for examination proctors. Both of these items were originally recommended for FY 1994 by the JLBC Staff and the Executive.

Additional Positions

Continues funding for an additional Administrative Secretary II position. This position was originally recommended for FY 1994 by the JLBC Staff and the Executive. The Executive recommendation is \$4,200 more than the JLBC Staff. The Executive recommends a higher entry level salary than the JLBC Staff. The higher salary carries with it increased ERE.

Travel - In State Reduction

The reduction of Travel - In State originally recommended for FY 1994 by the JLBC Staff is continued in FY 1995.

(5,000) OF

#### Other Issues for Legislative Consideration

Executive Recommendation - Standard Adjustment

The Executive recommends an adjustment of \$19,100 which essentially reflects a standard 4% increase to their recommendation for All Other Operating.

DEPARTMENT: State Board of Appraisal		JLBC ANALYST: OSPB ANALYST:	Fusak Alyeshmerni		COMMITTEE CHAIR: COMMITTEE CHAIR:	Groscost Chesley
(8)	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DESCRIPTION			4.0	4.0	4.0	
Full Time Equivalent Positions	4.0	4.0				
OPERATING BUDGET			125 100	112,500	121.800	
Personal Services	86,100	118,800	135,400	112,500		
Employee Related Expenditures	16,200	25,100	27,200	23,200		
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures	1,900 2,000 1,800 37,500 4,700	2,000 29,200	41,000 43,200 6,600 47,000 0	20,500 25,500 3,000 35,400	21,500 2,000 38,300	
Equipment  All Other Operating Subtotal	47,900	77,200	137,800	84,400	77,300	
AGENCY TOTÁL	150,200	221,100	300,400	220,100		
BY FUND SOURCE		201 100	300,400	220,100	224,000	
Other Funds	150,200	221,100		100		
AGENCY TOTAL - ALL SOURCES	150,200	221,100	300,400	220,100		

**DEPARTMENT:** 

State Board of Appraisal

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$224,000 -- a net increase of \$2,900, or 1.3%, to the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$3,300 OF

**ERE Rate Changes** 

(500) OF

Personal Services/ERE Adjustments

Includes a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%. The Executive recommendation includes a reduction of \$(10,800).

-0- OF

Professional and Outside Services

The JLBC Staff recommends a decrease in financial services based on actual spending.

(5,000) OF

Travel - In State

The JLBC Staff recommends a decrease in lodging to give the agency a total of \$5,000 for in-state lodging with \$4,100 for board members and \$900 for other personnel. This adjustment will better reflect spending requirements for travel.

(4,000) OF

Other Operating Expenditures

The JLBC Staff recommends the following base increases:

9,100 OF

Telecommunications

Print and Photography Operating Supplies

\$4,000 1,100

2,300

Postage

1,700

DEPARTMENT: State Board of Apprai	JLBC ANALYST: Fusak OSPB ANALYST: Alyeshmerni		HOUSE SUBCOMMITTEE CHAIR: Groscost SENATE SUBCOMMITTEE CHAIR: Chesley			
DESCRIPTION	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 JLBC STAFF RECOMMENDATION	FY 1995 AGENCY REQUEST	FY 1995 EXECUTIVE RECOMMENDATION	FY 1995 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	4.0	4.0	4.0	4.0	4.0	
OPERATING BUDGET  Personal Services	118,800	121,800	135,400	112,500	121,800	
Employee Related Expenditures	25,100	24,900	27,200	23,200	25,100	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures	20,500 25,500 2,000 29,200	15,500 21,500 2,000 38,300	41,000 43,200 6,600 47,000	21,300 26,500 3,100 36,800	15,500 21,500 2,000 38,300	
All Other Operating Subtotal	77,200	77,300	137,800	87,700	77,300	
OPERATING SUBTOTAL	221,100	224,000	300,400	223,400	224,200	
AGENCY TOTAL	221,100	224,000	300,400	223,400	224,200	
BY FUND SOURCE Other Funds	221,100	224,000	300,400	223,400	224,200	
AGENCY TOTAL-ALL SOURCES	221,100	224,000	300,400	223,400	224,200	

DEPARTMENT:

State Board of Appraisal

#### FY 1995

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$224,200 -- a net increase of \$3,100, or 1.4%, to the FY 1993 appropriation. This amount also represents a net increase of \$200, or .09% to the FY 1994 JLBC Staff recommendation.

#### JLBC Staff Recommended Changes from FY 1994

Continue Annualization of FY 1993 Pay Adjustment

\$3,300 OF

Personal Services/ERE Adjustments

Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%

-0- OF

ERE Rate Changes

Professional and Outside Services

(300) OF

Continues change originally recommended in FY 1994.

(5,000) OF

• Travel - In State

Continues change originally recommended in FY 1994.

(4,000) OF

Other Operating Expenditures

Continues change originally recommended in FY 1994, which included an increase of \$4,000 for telecommunications, \$1,100 for print and photography, \$2,300 for operating supplies and \$1,700 for postage.

9,100 OF

#### Other Issues for Legislative Consideration

Executive Recommendation - Standard Adjustment

The Executive recommends an adjustment of \$3,300, which essentially reflects a standard 4% increase to their FY 1994 recommendation for All Other Operating.

DEPARTMENT: Board of Barbers		JLBC ANALYST: OSPB ANALYST:		HOUSE SUE SENATE SUE	COMMITTEE CHAIR:	Groscost Chesley
PECCHINGION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DESCRIPTION	3.0	3.0	3.0	3.0	3.0	
Full Time Equivalent Positions		==	<del></del>			
OPERATING BUDGET	80,100	82,800	84,800	84,800	85,100	1
Personal Services  Employee Related Expenditures	17,900	18,900	20,200	19,800		
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures	100 9,800 0 17,900	1,300 22,000	800 14,100 1,300 22,000 3,100	800 14,100 1,300 21,000 3,100	14,100 1,300 21,000	
Equipment  All Other Operating Subtotal	27,800	38,200	41,300	40,300	40,300	-
AGENCY TOTAL	125,800	139,900	146,300	144,900		
BY FUND SOURCE					142,000	
Other Funds	125,800	139,900	146,300			
AGENCY TOTAL - ALL SOURCES	125,800	139,900	146,300	144,900		

**DEPARTMENT:** 

Board of Barber Examiners

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$143,000 -- a net increase of \$3,100, or 2.2%, to the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$2,600 OF

Personal Services/ERE Adjustments

Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%.

-0- OF

• ERE Rate Changes

(1,600) OF

2,100 OF

Replacement Equipment

The amount includes \$3,100 to replace the board's 18-year-old photocopier. This is offset by a \$(1,000) reduction in contract maintenance since the new copier will be under warranty and its maintenance costs will be low. The Executive concurs with this issue.

DEPARTMENT: Board of Barbers			ock etlach	HOUSE SUBCO SENATE SUBCO	1411111 1 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2	oscost esley
DESCRIPTION	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 JLBC STAFF RECOMMENDATION	FY 1995 AGENCY REQUEST	FY 1995 EXECUTIVE RECOMMENDATION	FY 1995 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DESCRIPTION	MIROITA					
Full Time Equivalent Positions	3.0	3.0	3.0	3.0	3.0	
OPERATING BUDGET						
Personal Services	82,800	85,100	84,800	84,800	85,100	
Employee Related Expenditures	18,900	17,600	20,200	19,800	17,700	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	800 14,100 1,300 22,000 0	800 14,100 1,300 21,000 - 3,100	800 14,100 1,300 22,000 0	800 14,700 1,400 21,800	800 14,100 1,300 22,000	
All Other Operating Subtotal	38,200	40,300	38,200	38,700	38,200	
OPERATING SUBTOTAL	139,900	143,000	143,200	143,300	141,000	
AGENCY TOTAL	139,900	143,000	143,200	143,300	141,000	
BY FUND SOURCE						
Other Funds	139,900	143,000	143,200	143,300	141,000	
AGENCY TOTAL-ALL SOURCES	139,900	143,000	143,200	143,300	<u>141,000</u>	

**DEPARTMENT:** 

Board of Barber Examiners

#### FY 1995

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$141,000 -- a net increase of \$1,100, or 0.8%, to the FY 1993 recommendation. This amount also represents a net decrease of \$(2,000), or (1.4)% from the FY 1994 JLBC Staff recommendation.

#### JLBC Staff Recommended Changes from FY 1993

Continue Annualization of FY 1993 Pay Adjustment

\$2,600 OF

Personal Services/ERE Adjustments

Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%.

-0- OF

• ERE Rate Changes

700 OF

-0- OF

• Replacement Equipment

A replacement photocopier is recommended for FY 1994. The \$3,100 cost for this item is eliminated in FY 1995. In addition, the FY 1994 recommendation eliminated \$(1,000) in contract maintenance. This is restored for FY 1995 as the new copier will then need to be under a maintenance contract. The net result is no change from the FY 1993 appropriation.

#### Other Issues for Legislative Consideration

Executive Recommendation - Standard Adjustment

The Executive recommends an adjustment of \$1,500, which essentially reflects a standard 4% increase to their FY 1994 recommendation for All Other Operating excluding equipment.

DEPARTMENT: Board of Behavioral Heal	JLBC ANALYST: OSPB ANALYST:	Smith Chapko	HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:		Edens Huppenthal	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
	3.0	4.0	7.0	5.0	6.0	
Full Time Equivalent Positions						
OPERATING BUDGET					162 700	
Personal Services	107,700	142,700	186,000	146,500		
Employee Related Expenditures	16,900	26,400	35,400	29,400		
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	9,700 5,600 1,900 60,700 8,300	13,700 3,000 61,400	15,500 14,900 3,000 70,000 15,000	13,700 3,000 60,600	3,000 <u> </u>	
All Other Operating Subtotal	86,200	82,100	118,400	116,500	92,800	
AGENCY TOTAL	210,800	251,200	339,800	<del></del>		2
BY FUND SOURCE	240.000	251 200	339.800	292,400	291,200	
Other Funds	210,800		339,800		291,200	
	210,800		339,800 339,800			

DEPARTMENT:

Board of Behavioral Health Examiners

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$291,200 -- a net increase of \$40,000, or 15.9%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$ 4,200 OF

Personal Services/ERE Adjustments

Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%. The reduced amount includes a \$(2,700) adjustment to Personal Services and reflects full funding

(3,000) OF

ERE Rate Changes

3,200 OF

Administrative Assistant Position

Adds 1 FTE Administrative Assistant II position (grade 15) previously appropriated on a limited basis. A funding change would not be required. The Executive concurs.

-0- OF

Investigator Position

27,700 OF

Includes \$19,900 in Personal Services and \$5,000 in ERE to add 1 FTE Investigator II position (grade 16) due to an investigations backlog and increased number of complaints. The recommendation also reflects an increase of \$2,800 in Other Operating Expenditures for costs associated with the position, including one-time expenditure of \$700 for non-capitalized equipment. Both the number of certified individuals regulated by the board and the number of complaints received by the board have increased. The JLBC Staff projects an on-going need for professional investigations and therefore recommends addition of a permanent Investigator II position. The Executive recommends an increase of \$25,000 in Professional and Outside Services rather than the addition of a permanent FTE position.

• Travel - In State

Includes a \$1,200 increase for travel associated with investigations due to the increased workload of the board. The Executive recommendation does not include this increase.

1,200 OF

• Rent Adjustment

Includes a rent increase of \$3,700 due to DOA's reassessment of space in the Occupational Licensing Building. The Executive concurs.

3,700 OF

3,000 OF

Equipment

Includes \$3,000 for purchase of a computer and software. The Executive recommends \$10,200 for purchase of a copier machine, in conjunction with a \$(4,500) reduction for elimination of leased duplicating equipment.

DEPARTMENT: Board of Behavioral	Health Examiners	JLBC ANALYST: Smith OSPB ANALYST: Chapko		HOUSE SUBCOMMITTEE CHAIR: Edens SENATE SUBCOMMITTEE CHAIR: Huppenthal		
	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 JLBC STAFF RECOMMENDATION	FY 1995 AGENCY REQUEST	FY 1995 EXECUTIVE RECOMMENDATION	FY 1995 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK N SPACE
DESCRIPTION	MARKOTT	1				
Full Time Equivalent Positions	4.0	6.0	7.0	5.0	6.0	
OPERATING BUDGET						
Personal Services	142,700	163,700	196,600	146,500	168,400	
Employee Related Expenditures	26,400	34,700	37,600	29,400	38,200	-
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	4,000 13,700 3,000 61,400 -0-	4,000 14,900 3,000 67,900 3,000	15,500 14,900 5,500 102,000 4,800	30,200 14,200 3,100 63,000 0	4,000 14,900 3,800 83,700 3,000	
All Other Operating Subtotal	82,100	92,800	142,700	110,500	109,400	•
OPERATING SUBTOTAL	251,200	291,200	376,900	286,400	316,000	
AGENCY TOTAL	251,200	291,200	376,900	286,400	316,000	
BY FUND SOURCE Other Funds	251,200	291,200	376,900	286,400	316,000	
AGENCY TOTAL-ALL SOURCES	251,200	291,200	376,900	286,400	316,000	

**DEPARTMENT:** 

Board of Behavioral Health Examiners

#### FY 1995

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$316,000 -- a net increase of \$64,800, or 25.8%, to the FY 1993 appropriation. This amount also represents a net increase of \$24,800, or 8.5%, to the FY 1994 JLBC Staff recommendation.

### JLBC Staff Recommended Changes from FY 1993

Position Reclassification

Includes \$5,300 for reclassification of an Administrative Assistant position (grade 15) to a Business Manager position (grade 18). The Executive recommendation does not include this increase.

Investigator Position

Continues changes originally recommended for FY 1994, including increases of \$19,900 in Personal Services, \$5,000 in ERE, and \$2,100 in Other Operating Expenditures to add 1 FTE Investigator II position (grade 16). The Executive budget continues an increase of \$25,000 in Professional and Outside Services originally recommended by the Executive in FY 1994, rather than the additional position.

Travel - In State

Continues a change originally recommended for FY 1994 for travel associated with investigations due to the increased workload of the board. The Executive recommendation does not include this increase.

5,300 OF

27,000 OF

1,200 OF

•	Travel - Out of State Reflects attendance of 1 person at the Marriage and Family Therapy Conference. The Executive recommendation does not include this increase.	800	OF
•	Rent Adjustment  Continues a rent increase originally recommended for FY 1994 due to DOA's reassessment of space in the Occupational Licensing Building.	3,700	OF
•	The Executive concurs.  Other Operating Expenditures Includes increases for printing and mailing costs for the following: \$4,100 for annual rules and statutes, \$3,900 for an annual directory, Includes increases for printing and mailing costs for the following: \$4,100 for annual rules and statutes, \$3,900 for an annual directory, and \$4,800 for semi-annual newsletters. The recommended amount also includes \$2,800 for 2 additional phone lines and phone services, and \$900 for investigations training. The Executive recommendation does not include these increases.	16,500	OF
•	Equipment Includes \$3,000 for purchase of a computer and software in each FY 1994 and FY 1995. The Executive recommendation does not include this amount.	3,000	OF

### Other Issues for Legislative Consideration

Executive Recommendation - Standard Adjustment
The Executive recommends an adjustment of \$4,200, which essentially reflects a standard 4% increase to their recommendation for All Other Operating Expenditures, excluding Equipment.

DEPARTMENT: State Board of Chiropractic Examiners		JLBC ANALYST: Reddy OSPB ANALYST: Barton		HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:		Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	4.0	4.0	5.0	4.0	4.0	
OPERATING BUDGET						
Personal Services	110,500	112,600	140,000	120,800	117.900	
Employee Related Expenditures	20,900	22,000	28,600	24,600		
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	21,400 5,400 5,700 50,400 2,100	16,200 7,100 5,200 54,000 11,300	18,400 7,100 7,400 57,300 11,800	17,200 7,100 5,200 53,000 6,500	18,200 6,100 1,500 54,000	
All Other Operating Subtotal	85,000	93,800	102,000	89,000		
AGENCY TOTAL	216,400	228,400	270,600	234,400		
BY FUND SOURCE			<del></del>			
Other Funds	216,400	228,400	270,600	224 400		
AGENCY TOTAL - ALL SOURCES	216,400	228,400	270,600	234,400 234,400		
		9				

DEPARTMENT:

State Board of Chiropractic Examiners

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$225,600 -- a net decrease of \$(2,800), or (1.2)%, from the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment (3,800) OF Includes a vacancy factor of 0%. The Executive recommends a vacancy factor of 0%. Includes a decrease of \$(3,800) to adjust for the Personal Services/ERE Adjustments reduced number of hearings.

Reclassification of 2 FTE positions

The Executive does not address this issue.

**ERE Rate Changes** 

Professional and Outside Services Increase for programming.

Travel - In State

Decrease to reflect the agency's actual anticipated expenditures.

The JLBC Staff recommends that the agency send only 1 person instead of 2 to out-of-state conferences. Travel - Out of State

Equipment

Reduces Equipment spending from \$11,300 to \$5,600, which will allow the board to purchase a computer work station, software, and a printer.

\$3,300 OF

6,700 OF

(600) OF

2,000 OF

(1,000) OF

(3,700) OF

(5,700) OF

### Other Issues for Legislative Consideration

• Pay Adjustment

The Executive recommends \$9,000 in Personal Services and \$2,300 associated ERE for the Executive Director's July, 1992 salary. Since the agency had recommend this issue.

Rent

The Board of Chiropractic Examiners is 1 of 6 90/10 agencies scheduled to be relocated to the newly acquired Retirement System building in FY 1993 or early FY 1994. No adjustment has been made to the board's appropriation of \$26,000 for private lease space. The Department of Administration (DOA) is authorized to transfer this amount to its Special Services Fund to pay for the lease-purchase and operating costs of this building. If the agency is transferred after July 1, 1993, DOA may transfer only the prorated amount remaining in the agency's appropriation after the agency has made its private lease payments.

DEPARTMENT: State Board of Chiro	JLBC ANALYST: Redd OSPB ANALYST: Black		HOUSE SUBCO SENATE SUBCO		eegan urner	
DESCRIPTION	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 JLBC STAFF RECOMMENDATION	FY 1995 AGENCY REQUEST	FY 1995 EXECUTIVE RECOMMENDATION	FY 1995 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DESCRIPTION						
Full Time Equivalent Positions	4.0	4.0	5.0	4.0	4.0	
OPERATING BUDGET						
Personal Services	112,600	117,900	146,100	128,600	117,900	
Employee Related Expenditures	22,000	22,300	29,800	24,600	22,200	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	16,200 7,100 5,200 54,000 11,300	18,200 6,100 1,500 54,000 5,600	18,400 7,100 7,400 57,300 5,600	17,900 7,400 5,400 55,100 5,600	16,600 6,100 1,500 54,000 4,500	
All Other Operating Subtotal	93,800	85,400	95,800	91,400	82,700	-
OPERATING SUBTOTAL	228,400	225,600	271,700	244,600	222,800	-
AGENCY TOTAL	228,400	225,600	271,700	244,600	222,800	
BY FUND SOURCE Other Funds	228,400	225,600	271,700	244,600	222,800	
AGENCY TOTAL-ALL SOURCES		225,600	271,700	244,600	222,800	

DEPARTMENT:

State Board of Chiropractic Examiners

#### FY 1995

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$222,800 -- a net decrease of \$(5,600), or (2.5)%, from the FY 1993 appropriation. The amount also represents a net decrease of \$(2,800), or (1.2)% from the FY 1994 JLBC Staff recommendation.

### JLBC Staff Recommended Changes from FY 1994

Continue Annualization of FY 1993 Pay Adjustment

\$3,300 OF

Personal Services/ERE Adjustments

2,900 OF

Maintains a vacancy factor of 0%, which is the standard rate for agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%. Continues changes as recommended in FY 1994, including an increase of \$6,700 for the reclassification of 2 FTE positions and a decrease of \$(3,800) to adjust for the reduced number of hearings.

ERE Rate Changes

(700) OF

Professional and Outside Services

Includes a \$(2,000) reduction for a one time FY 1994 programming expense and a \$400 increase for software maintenance.

400 OF

• Travel - In State

Continues the decrease originally recommended in FY 1994.

(1,000) OF

(3,700) OF

Travel - Out of State

Continues the decrease recommended for FY 1994, which provides funding for only 1 person (rather than 2) to attend out-of-state

Equipment

Represents a \$(6,800) reduction in equipment, which will leave \$4,500 to purchase a work station and a LAN network.

(6,800) OF

### Other Issues for Legislative Consideration

Executive Recommendation - Standard Adjustment

The Executive recommends an adjustment of \$3,300 which reflects a 4% increase to their recommendation for All Other Operating Expenditures, including Equipment.

DEPARTMENT: Board of Cosmetology		JLBC ANALYST: OSPB ANALYST:	Bock Betlach	HOUSE SUE SENATE SUE	COMMITTEE CHAIR: COMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DESCRIPTION  Full Time Equivalent Positions	15.5		15.5	15.5	15.5	
OPERATING BUDGET			400	224 200	324 100	
Personal Services	295,000		328,700 83,100	324,300 87,700		
Employee Related Expenditures	74,400		88,900	78,600	82,900	
Professional/Outside Services Travel - In State Travel - Out of State	40,800 24,700 8,400	25,000 5,700	32,700 7,500	25,300 5,700 92,400	25,000 5,700	
Other Operating Expenditures Equipment	113,500 3,200		115,000 5,000	5,000	5,000	11-10
All Other Operating Subtotal	190,600		249,100	207,000		
AGENCY TOTAL	560,000	596,800	660,900	619,000		
BY FUND SOURCE					(0) 700	
Other Funds	560,000		660,900			
AGENCY TOTAL - ALL SOURCES	560,000	596,800	660,900	619,000		

**DEPARTMENT:** 

Board of Cosmetology

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$626,700 -- a net increase of \$29,900, or 5.0%, to the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$13,200 OF

Personal Services/ERE Adjustments

Maintains a vacancy factor of 0%, which is the standard rate for agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%, and also recommends \$200 for increased board member compensation.

-0- OF

ERE Rate Changes

(2,600) OF

Licensing Examinations

The JLBC Staff recommends an increase of \$16,500 to meet the higher cost of newly approved practical and written licensing examinations. The Executive recommends \$12,200 for this issue.

16,500 OF

Other Operating Expenditures

The amount includes \$9,000 for one-time expenses of preparing and printing educational material on controlling blood-borne pathogens, such as hepatitis-B virus and human immune-deficiency virus (HIV). The amount also adds \$400 for rent, and reduces non-capitalized equipment by \$(2,600), to \$0. The Executive recommends \$600 for expenses related to the upcoming "Sunset" audit.

6,800 OF

Capital Equipment

The JLBC Staff recommends \$5,000 to replace the board's 11-year-old postage machine. The existing machine cannot handle the board's volume of mail. The FY 1993 one-time capital equipment appropriation was \$9,000, and this \$(4,000) is the net reduction. The Executive

(4,000) OF

DEPARTMENT: Board of Cosmetolog	y	JEDC MINEDION -	Bock Betlach	HOUSE SUBCO SENATE SUBCO	MINITI I III	roscost nesley
DESCRIPTION	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 JLBC STAFF RECOMMENDATION	FY 1995 AGENCY REQUEST	FY 1995 EXECUTIVE RECOMMENDATION	FY 1995 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	15.5	15.5	15.5	15.5	15.5	
OPERATING BUDGET						
Personal Services	312,500	324,100	328,700	324,100	324,100	
Employee Related Expenditures	83,100	82,100	83,100	87,600	82,300	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	66,400 25,000 5,700 95,100 9,000	82,900 25,000 5,700 101,900 5,000	86,200 34,700 7,500 120,800 41,100	81,700 26,000 5,900 96,100 0	82,900 25,000 5,700 95,700 0	
All Other Operating Subtotal	201,200	220,500	290,300	209,700	209,300	2
OPERATING SUBTOTAL	596,800	626,700	702,100	621,400	615,700	-
AGENCY TOTAL	596,800	626,700	702,100	621,400	615,700	
BY FUND SOURCE Other Funds	596,800	626,700	702,100	621,400	615,700	
AGENCY TOTAL-ALL SOURCES	596,800	626,700	702,100	621,400	615,700	

DEPARTMENT:

Board of Cosmetology

#### FY 1995

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$615,700 -- a net increase of \$18,900, or 3.2%, to the FY 1993 appropriation. This amount also represents a net decrease of \$(11,000), or (1.7)% from the FY 1994 JLBC Staff recommendation.

#### JLBC Staff Recommended Changes from FY 1993

Continues Annualization of FY 1993 Pay Adjustment

\$13,200 OF

Personal Services/ERE Adjustments

Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%.

-0- OF

ERE Rate Changes

(2,400) OF

Licensing Examinations

Continues the \$16,500 recommended for increased licensing examination costs.

16,500 OF

Other Operating Expenditures

Eliminates the one-time printing costs from FY 1994, and continues the \$400 rent adjustment. Funds replacement of non-capitalized equipment at \$1,800, a reduction of \$(800) from the FY 1993 level of funding. Also adds \$1,000 for contract maintenance, since recently purchased equipment will need to be placed under service contracts.

600 OF

Capital Equipment

No capital equipment is recommended. The change from FY 1993 is \$(9,000). The Executive concurs on this issue.

(9,000) OF

#### Other Issues for Legislative Consideration

Executive Recommendation - Standard Adjustment

The Executive recommends an adjustment of \$8,000, which essentially reflects a standard 4% increase to their recommendation for All Other Operating Expenditures, excluding equipment.

DEPARTMENT: State Board of Dental Examin	ers	JLBC ANALYST: OSPB ANALYST:	Reddy Black	HOUSE SUE SENATE SUE	COMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION .	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DESCRIPTION			10.0	9.0	9.0	
Full Time Equivalent Positions	8.0	9.0	10.0			
OPERATING BUDGET						
Personal Services	201,900	242,100	314,500	258,800		
Employee Related Expenditures	30,700	54,400	64,900	57,600	46,600	
	27 100	24,000	24,000	64,000	64,000	
Professional/Outside Services	37,100 6,700		6,500	6,500	6,500	
Travel - In State	6,700 5,200	5,400	5,900	5,900	4,900	
Travel - Out of State Other Operating Expenditures	82,700		92,300	91,700		19
All Other Operating Subtotal	131,700	122,000	128,700	168,100		
OPERATING SUBTOTAL	364,300	418,500	508,100	484,500	468,900	
SPECIAL LINE ITEMS						
	10.500	8,800	8,800	8,800	8,000	
Automation Impaired Dentist Program	12,500 10,000		0	0	1.00	
	22,500	48,800	8,800	8,800	8,000	
Special Item Subtotal	22,300	10,000			476 000	
AGENCY TOTAL	386,800	467,300	516,900 	493,300	470,900	

DEPARTMENT: State Board of Dental Examiners	5	JLBC ANALYST: OSPB ANALYST:		HOUSE SU SENATE SU	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK	
BY FUND SOURCE					RECOMMENDATION	SPACE	_
Other Funds	386,800	467,300	516,900	493,300	476,900		
AGENCY TOTAL - ALL SOURCES	386,800	467,300	516,900	493,300	476,900		

DEPARTMENT:

State Board of Dental Examiners

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$476,900 -- a net increase of \$9,600, or 2.1%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment
 Personal Services/ERE Adjustments

Includes a vacancy factor of 0%. The Executive recommends a vacancy factor of 0%. Includes \$11,100 for the annualization of a legal assistant position's salary which was funded for half of FY 1993.

ERE Rate Changes

(9,800) OF

\$ 7,600 OF

11,100 OF

Travel - Out of State
 Decrease reflects sending 1 person instead of 2 to out-of-state conferences.

2,000 OF

(500) OF

Other Operating Expenditures
 Increase to fund a computer maintenance agreement.

(800) OF

Automation

Decrease to reflect agency needs for computer equipment, as outlined in the 2-year automation plan.

-0- OF

Impaired Dentist Program
The JLBC Staff recommends moving the funding for the Impaired Dentist Program from a special line item to Professional and Outside Services. This program monitors the recovery of dentists with a substance abuse problem. With this transfer, the board would contract with a dentist to oversee this program, as well as address the current backlog of cases.

### Other Issues for Legislative Consideration

• Rent

The State Board of Dental Examiners is 1 of 6 90/10 agencies scheduled to be relocated to the newly acquired Retirement System building in FY 1993 or early FY 1994. No adjustment has been made to the board's appropriation of \$37,800 for private lease space. The Department of Administration (DOA) is authorized to transfer this amount to its Special Services Fund to cover the lease-purchase and operating costs of this building. If the agency is transferred after July 1, 1993, DOA may transfer only the prorated amount remaining in the agency's appropriation after the agency has made its private lease payments. The Executive recommends a \$1,600 increase in rent.

DEPARTMENT: Board of Dental Examiners		JLBC ANALYST: Reddy OSPB ANALYST: Black		HOUSE SUBCOMMITTEE CHAIR: Edens SENATE SUBCOMMITTEE CHAIR: Huppenthal		
DESCRIPTION	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 JLBC STAFF RECOMMENDATION	FY 1995 AGENCY REQUEST	FY 1995 EXECUTIVE RECOMMENDATION	FY 1995 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	9.0	9.0	10.0	9.0	9.0	
OPERATING BUDGET					2.0	
Personal Services	242,100	258,800	322,000	258,800	258,800	
Employee Related Expenditures	54,400	46,600	66,500	57,600	46,800	0
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures	24,000 6,500 5,400 86,100	64,000 6,500 4,900 88,100	24,000 6,500 5,400 92,300	66,600 6,800 6,100 95,400	64,000 6,500 4,900 88,100	
All Other Operating Subtotal	122,000	163,500	128,200	174,900	163,500	
OPERATING SUBTOTAL	418,500	468,900	516,700	491,300	469,100	
SPECIAL LINE ITEMS						
Automation Impaired Dentist Program	8,800 40,000	8,000 0	8,800 0	8,800 0	0	=
SPECIAL LINE ITEM SUBTOTAL	48,800	8,000	8,800	8,800	0	
AGENCY TOTAL	467,300	476,900	525,500	500,100	469,100	

DEPARTMENT: State Board of Dental Examiners		JLBC ANALYST: Reddy OSPB ANALYST: Black		HOUSE SUBCOMMITTEE CHAIR: Edens SENATE SUBCOMMITTEE CHAIR: Huppenthal		
PEGGDIALOV	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 JLBC STAFF RECOMMENDATION	FY 1995 AGENCY REQUEST	FY 1995 EXECUTIVE RECOMMENDATION	FY 1995 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DESCRIPTION						
			3400			
BY FUND SOURCE					460, 100	
Other Funds	467,300	476,900	525,500	500,100	469,100	3
AGENCY TOTAL-ALL SOURCES	467,300	476,900	525,500	500,100	469,100	

**DEPARTMENT:** 

State Board of Dental Examiners

#### FY 1995

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$469,100 -- a net increase of \$1,800, or 0.4%, to the FY 1993 appropriation. The amount also represents a net decrease of \$(7,800), or (1.6)%, from the FY 1994 appropriation.

### JLBC Staff Recommended Changes from FY 1994

Continue Annualization of FY 1993 Pay Adjustment

\$ 7,600 OF

Personal Services/ERE Adjustments

Includes a vacancy factor of 0%. The Executive recommends a vacancy factor of 0%. Continues as recommended in FY 1994, including \$11,100 for the annualization of a legal assistant position's salary, which was funded for half of FY 1993.

11,100 OF

ERE Rate Changes

(9,600) OF

• Travel - Out of State

Continues the decrease recommended for FY 1994, which provides for only 1 person (rather than 2) to attend out-of-state conferences.

(500) OF

• Other Operating Expenses

Continues an increase of \$2,000, originally recommended in FY 1994, to fund a computer maintenance agreement.

2,000 OF

Automation

Deletes \$(8,800) to reflect the completion of the agency's 2-year computer automation program. The Executive retains the funding.

(8,800) OF

• Impaired Dentist Program

Continues as recommended in FY 1994.

-0- OF

#### Other Issues for Legislative Consideration

Executive Recommendation - Standard Adjustment

The Executive recommends an adjustment of \$6,800, which essentially reflects a standard 4% increase to their recommendation for All Other Operating Expenditures.

DEPARTMENT: State Board of Funeral D	JLBC ANALYST: OSPB ANALYST:	Smith Alyeshmerni	HOUSE SUE SENATE SUE	SCOMMITTEE CHAIR: SCOMMITTEE CHAIR:	Groscost Chesley	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	. 3.0	3.0	3.0	3.0	3.0	
OPERATING BUDGET	87,600	83,700	86,000	88,000	86,000	
Personal Services  Employee Related Expenditures	19,400	17,700	24,000	18,800		
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	21,000 5,800 2,600 18,800 7,200	22,900 17,200 0 27,900 0	22,900 17,200 * 0 27,900 0	21,900 10,800 0 25,200 0	17,200 0 27,900	
All Other Operating Subtotal	55,400	68,000	68,000	57,900		
AGENCY TOTAL	162,400	169,400	178,000	<u>164,700</u>		
BY FUND SOURCE		42.405	170 000	164,700	172,900	
Other Funds	162,400 162,400	169,400 169,400	178,000 178,000			
AGENCY TOTAL - ALL SOURCES						

**DEPARTMENT:** 

State Board of Funeral Directors and Embalmers

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$172,900 -- a net increase of \$3,500, or 2.1%, to the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$ 2,600 OF

Personal Services/ERE Adjustments

Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%.

-0- OF

ERE Rate Changes

700 OF

Professional and Outside Services

Reflects an increase in joint office costs. The Executive budget does not include this increase.

200 OF

#### Other Issues for Legislative Consideration

Executive Recommendation

The Executive recommends increases of \$2,000 in Personal Services and \$400 in ERE for reclassification of an unspecified position. The Executive also recommends decreases of \$(6,400) in Travel - In State to fund 13, rather than 15, board meetings; \$(1,000) in Professional and Outside Services to eliminate temporary clerical help; and \$(2,700) in Other Operating Expenditures to eliminate software and non-capitalized equipment purchases.

The JLBC Staff recommends full funding of Travel - In State and Professional and Outside Services, in order to allow the board flexibility to determine its own meeting schedule and to secure clerical support, which may not be available from the State Board's Office when needed by the board.

DEPARTMENT: State Board of Funera	al Directors and Embal	mers JLBC ANALYST: OSPB ANALYST:	Smith Alyeshmerni	HOUSE SUBC SENATE SUBC	Olvilla I I I	Groscost Chesley
	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 JLBC STAFF RECOMMENDATION	FY 1995 AGENCY REQUEST	FY 1995 EXECUTIVE RECOMMENDATION	FY 1995 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DESCRIPTION	AFTROTIGATIONS					
Full Time Equivalent Positions	3.0	3.0	3.0	3.0	3.0	
OPERATING BUDGET						
Personal Services	83,700	86,000	86,000	88,000	86,000	-
Employee Related Expenditures	17,700	18,700	24,000	18,800	18,700	II.
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	22,900 17,200 0 27,900 0	23,100 17,200 0 27,900 0	22,900 17,200 0 27,900 0	22,800 11,200 0 26,200 0	23,100 17,200 0 27,900 0	
All Other Operating Subtotal	68,000	68,200	68,000	60,200	68,200	
OPERATING SUBTOTAL	169,400	172,900	178,000	167,000	172,900	·
AGENCY TOTAL	169,400	172,900	178,000	167,000	172,900	
BY FUND SOURCE Other Funds	169,400	172,900	178,000	167,000	172,900	
AGENCY TOTAL-ALL SOURCES	169,400	172,900	178,000	167,000	172,900	

DEPARTMENT:

State Board of Funeral Directors and Embalmers

#### FY 1995

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$172,900 -- a net increase of \$3,500, or 2.1%, to the FY 1993 appropriation. This amount also represents a net change of \$0, or 0%, from the FY 1994 JLBC Staff recommendation.

### JLBC Staff Recommended Changes from FY 1993

Continue Annualization of FY 1993 Pay Adjustment

\$ 2,600 OF

Personal Services/ERE Adjustments

Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%.

-0- OF

**ERE Rate Changes** 

700 OF

200 OF

Professional and Outside Services

Continues a change originally recommended for FY 1994 for increased joint office costs. The Executive budget does not include this

### Other Issues for Legislative Consideration

Executive Recommendation - Continuing FY 1994 Changes

The Executive continues changes originally recommended by the Executive for FY 1994, including increases of \$2,000 in Personal Services and \$400 in ERE for reclassification of an unspecified position. The Executive also continues decreases of \$(6,400) in Travel - In State to fund 13, rather than 15, board meetings; \$(1,000) in Professional and Outside Services to eliminate temporary clerical help; and \$(2,700) in Other Operating Expenditures to eliminate

The JLBC Staff recommends full funding of Travel - In State and Professional and Outside Services, in order to allow the board flexibility to determine its own meeting schedule and to secure clerical support, which may not be available from the State Board's Office when needed by the board.

Executive Recommendation - Standard Adjustment

The Executive recommends an adjustment of \$2,300, which essentially reflects a standard 4% increase to their recommendation for All Other Operating

DEPARTMENT: Board of Homeopathic Med	JLBC ANALYST: OSPB ANALYST:	Smith Alyeshmerni		BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	.3	,3	5	.3	.3	
=						
OPERATING BUDGET  Personal Services	4,900	5,500	12,700	5,700	5,700	
Employee Related Expenditures	700	500	1,800	1,200		
Professional/Outside Services Travel - In State Other Operating Expenditures	7,100 500 2,500	500	11,100 500 1,100	500	11,100 500 1,100	
All Other Operating Subtotal	10,100	12,600	12,700	12,700		
AGENCY TOTAL	15,700	18,600	27,200	19,600	=	
			ž			
BY FUND SOURCE	15,700	18,600	27,200	19,600	19,100	
Other Funds  AGENCY TOTAL - ALL SOURCES	15,700		27,200			

**DEPARTMENT:** 

State Board of Homeopathic Medical Examiners

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$19,100 -- a net increase of \$500, or 2.7%, to the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$ 200 OF

Personal Services/ERE Adjustments

Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%.

-0- OF

• ERE Rate Changes

200 OF

Professional and Outside Services

Reflects an increase in joint office costs. The Executive concurs.

100 OF

### Other Issues for Legislative Consideration

Agency Request

The board's request to increase personnel from 0.25 to 0.50 FTE positions, at an annual cost of \$6,400, would cause FY 1994 expenditures to exceed estimated operations. If revenues by a minimum of \$5,900, or 30%. As a result, the board would need to draw down its existing balance of \$30,200 to finance on-going sufficient balance in the Board of Homeopathic Medical Examiners Fund to support this discrepancy for the next 3 to 5 years, after which time fees and/or

DEPARTMENT: Board of Homeopathic Medical Examiners		JLBC ANALYST: Smith OSPB ANALYST: Alyeshmerni		HOUSE SOBCOMMITTED		roscost hesley
DESCRIPTION	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 JLBC STAFF RECOMMENDATION	FY 1995 AGENCY REQUEST	FY 1995 EXECUTIVE RECOMMENDATION	FY 1995 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	0.3	0.3	0.5	0.3	0.3	
OPERATING BUDGET					C 200	
Personal Services	5,500	5,700	13,300	6,300	6,300	
Employee Related Expenditures	500	700	1,900	1,300	800	11
Professional/Outside Services Travel - In State Other Operating Expenditures	11,000 500 1,100	11,100 500 1,100	11,100 500 1,100	11,500 500 1,100	11,100 500 1,100	
All Other Operating Subtotal	12,600	12,700	12,700	13,100	12,700	
	18,600	19,100	27,900	20,700	19,800	-
OPERATING SUBTOTAL  AGENCYTOTAL	18,600	19,100	27,900	20,700	19,800	
BY FUND SOURCE Other Funds	18,600	19,100	27,900	20,700	19,800	
AGENCY TOTAL-ALL SOURCES	18,600	19,100	27,900	20,700	19,800	

**DEPARTMENT:** 

Board of Homeopathic Medical Examiners

#### FY 1995

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$19,800 -- a net increase of \$1,200, or 6.5%, to the FY 1993 appropriation. This amount also represents a net increase of \$700, or 3.7%, to the FY 1994 JLBC Staff recommendation.

### JLBC Staff Recommended Changes from FY 1993

Continue Annualization of FY 1993 Pay Adjustment

\$200 OF

Personal Services/ERE Adjustments

Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%.

-0- OF

ERE Rate Changes

200 OF

Sunset Review

Dofi

Reflects a one-year increase of \$600 in Board member per diem and \$100 in ERE to prepare for the Sunset Review process scheduled for FY 1995. The Executive concurs.

700 OF

Professional and Outside Services

Continues a change originally recommended for FY 1994 for increased joint office costs. The Executive concurs.

100 OF

### Other Issues for Legislative Consideration

Executive Recommendation - Standard Adjustment

The Executive recommends an adjustment of \$400, which essentially reflects a standard 4% increase to their recommendation for All Other Operating Expenditures.

DEPARTMENT: Board of Medical Examiners		JLBC ANALYST: OSPB ANALYST:	Reddy Zelznak	HOUSE SUE SENATE SUE	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DESCRIPTION  Full Time Equivalent Positions	39.0	40.5	43.0	41.0	40.5	
OPERATING BUDGET	20					
Personal Services	1,050,400	1,107,900	1,242,000	1,137,900		<del></del>
Employee Related Expenditures	216,900	242,700	308,000	233,200	239,900	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	448,900 27,900 11,300 381,800 11,200	37,500 8,800 427,000	580,000 54,300 11,000 448,700 150,000	536,200 49,900 8,800 416,300 0	47,300 8,800 426,100 0	
All Other Operating Subtotal	881,100	853,500	1,244,000	1,011,200		
OPERATING SUBTOTAL	2,148,400	2,204,100	2,794,000	2,382,300	2,206,300	<u> </u>
SPECIAL LINE ITEMS					0	
Automation A.G. Agreement Examinations	28,500 157,500 0	166,500	45,000 176,500 0	166,500	166,500 189,500	
Special Item Subtotal	186,000	166,500	221,500	211,500		
AGENCY TOTAL	2,334,400	2,370,600	3,015,500	2,593,800		

DEPARTMENT: Board of Medical Examiners		JLBC ANALYST: Reddy OSPB ANALYST: Zelznal		HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:		Groscost Chesley
DESCRIPTION  RV FLIND SOURCE	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
Other Funds	2,334,400	2,370,600	3,015,500	2,593,800	2,562,300	
AGENCY TOTAL - ALL SOURCES =	2,334,400	2,370,600	3,015,500	2,593,800	2,562,300	

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$2,562,300 -- a net increase of \$191,700, or 8.1%, to the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

•	Annualization of FY 1993 Pay Adjustment	
•	Personal Services/ERE Adjustments  Maintains a vacancy factor of 1%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 1%.	\$ 34,100 OF (900) OF
•	ERE Rate Changes	
٠	Biological Fluid Testing A.R.S. § 32-1452 mandates random testing of physicians who have been released from stipulation or probation for up to 5 years. The recommended amount provides for \$10,000 for increased testing costs and \$9,800 for increased travel to obtain these specimens. The Executive concurs.	(6,400) OF 19,800 OF
•	Reflects a decrease in rent \$(900) associated with the new state office building at Tucson.	(900) OF

Examinations

The JLBC Staff recommends an increase due to the consolidation of 2 major medical licensing exams, the Federal Licensing Exam (FLEX) and the National Board of Medical Examiners (NBME) into 1 exam, the United States Medical Licensing Exam (USMLE). Previously, the board only administered the FLEX. The JLBC Staff recommends moving the costs associated with the licensing exams into a special line item from Professional and Outside Services. Revenue is generated from the fees doctors pay to take the exams. The Executive concurs with adding \$146,000.

#### 146,000 OF

#### Other Issues for Legislative Consideration

Rent

The Board of Medical Examiners is 1 of 6 90/10 agencies scheduled to be relocated to the newly acquired Retirement System building in FY 1993 or early 1994. No adjustment has been made to the board's appropriation of \$159,800 for private lease space. The Department of Administration (DOA) is authorized to transfer this amount to its Special Services Fund to cover the lease-purchase costs of this building. If the agency is transferred after July 1, 1993, authorized to transfer only the prorated amount remaining in the agency's appropriation after the agency has made its private lease payments. The Executive recommends a \$(10,000) decrease for rent.

Equipment

The agency has requested \$52,000 for a copier in FY 1994. Although there may be a need for a replacement copier, the agency has not provided sufficient justification to allow for the JLBC Staff to recommend this issue.

Automation

The Executive has recommended \$45,000 for the computerization of the board's licensing system. Since the agency has provided justification for only \$9,000 of the project's anticipated costs, the JLBC Staff does not recommend this issue.

DEPARTMENT: Board of Medical Examiners		JLBC ANALYST: Reddy OSPB ANALYST: Zelzak		HOUSE SUBCOMMITTEE CHAIR: Groscost SENATE SUBCOMMITTEE CHAIR: Chesley		
DESCRIPTION	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 JLBC STAFF RECOMMENDATION	FY 1995 AGENCY REQUEST	FY 1995 EXECUTIVE RECOMMENDATION	FY 1995 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	40.5	40.5	43.5	40.5	40.5	
OPERATING BUDGET		·		10.0	40.3	
Personal Services	1,107,900	1,137,500	1,242,000	1,137,900	1,137,500	
Employee Related Expenditures	242,700	239,900	308,000	233,200	241,800	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	380,200 37,500 8,800 427,000	346,700 47,300 8,800 426,100 0	650,300 54,300 11,000 468,700 9,000	557,600 51,900 9,200 433,000	338,700 47,300 8,800 426,100	
All Other Operating Subtotal	853,500	828,900	1,193,300	1,051,700	820,900	
OPERATING SUBTOTAL	2,204,100	2,206,300	2,743,300	2,422,800	2,200,200	
SPECIAL LINE ITEMS A.G. Agreement Examinations	166,500 0	166,500 189,500	201,500 0	166,500 0	166,500 254,800	
SPECIAL LINE ITEM SUBTOTAL	166,500	356,000	201,500	166,500	421,300	
AGENCYTOTAL	2,370,600	2,562,300	2,944,800	2,589,300	2,621,500	

DEPARTMENT: Board of Medical Ex-	aminers	JLBC ANALYST: OSPB ANALYST:	Reddy Zelznak	HOUSE SUBCOM SENATE SUBCOM	VIIVII I I I I I I I I I I I I I I I I	oscost esley	
PERCEPTATION	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 JLBC STAFF RECOMMENDATIO	FY 1995 AGENCY N REQUEST	FY 1995 EXECUTIVE RECOMMENDATION	FY 1995 JLBC STAFF RECOMMENDATION	LEGISLA WOF SPAC	RK
DESCRIPTION	THE ROLL OF THE PERSON OF THE						
BY FUND SOURCE Other Funds	2,370,600	2,562,300	2,944,800	2,589,300	2,621,500		
AGENCY TOTAL-ALL SOURCES	2,370,600	2,562,300	2,944,800	2,589,300	2,621,500		
			FY 1995	v			
The JLBC Staff recommends a tot represents a net increase of \$14,20	al Other Fund (OF) ap 00, or 0.5% to the FY	propriation of \$2,621,5 1994 appropriation.	00 a net increase of \$	250,900, or 10.6%, to the	FY 1993 appropriation.	The amoun	t also
JLBC Staff Recommended Char	nges from FY 1993					\$ 34,100	OF
Continue Annualization of	f the FY 1993 Pay Adju	ıstment				. ,	
• Personal Services/ERE A Maintains a va	djustments cancy factor of 1%, w	hich is the standard rat	te applied to agencies w	ith this number of FTE po	ositions. The Executive	(900)	Or
recommends a	vacancy factor of 1%.					(4,500)	OF
<ul> <li>ERE Rate Changes</li> </ul>						19,800	OF
Biological Fluid Testing     Continues as re     or probation for     to obtain these	or up to 5 years. The re	4. A.R.S. § 32-1452 macommended amount pro	andates random testing of ovides for \$10,000 for inc	f physicians who have been creased testing costs and \$9	released from stipulation, 800 for increased travel		
				_	1 6	(8,000)	OF
Since the JLBO	Services ff recommends that an C Staff's FY 1994 recon ess this recommendation	mendation contained to	Aftercare Program be per anding for this audit, we r	rformed once every 2 years recommend its deletion for l	s instead of once a year.  FY 1995. The Executive		

Rent

Continues as recommended in FY 1994.

(900) OF

Examinations

211,300 OF

Continues as recommended in FY 1994 to reflect increased costs associated with consolidating the two major medical licensing exams. Includes a \$65,300 increase in FY 1995 to reflect an increase in the number of physicians taking the exam. The Executive does not

### Other Issues for Legislative Consideration

Executive Recommendation - Standard Adjustment

The Executive recommends an adjustment of \$40,500, which essentially reflects a standard 4% increase to their FY 1994 recommendation of All Other Operating Expenditures.

DEPARTMENT: State Naturopathic Physicia	JLBC ANALYST: OSPB ANALYST:		HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:		Groscost Chesley	
DESCRIPTION	FY 1992 ACTUAL AF	FY 1993 ADJUSTED PPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	.3	.3	.5	.5	.5	
OPERATING BUDGET				40.000	17 200	
Personal Services	11,100	6,700	20,300	13,200		
Employee Related Expenditures	1,500	600	2,600	2,500		
Professional/Outside Services Travel - In State Other Operating Expenditures Equipment	7,100 1,000 3,900 400	15,100 1,300 2,500 0	16,700 2,000 2,800 0	16,200 1,400 2,800 0	2,800 0	
All Other Operating Subtotal	12,400	18,900	21,500	20,400	21,500	
AGENCY TOTAL	25,000	26,200	44,400	36,100	40,200	
BY FUND SOURCE					40,000	
Other Funds	25,000	26,200	44,400	36,100	72	<del></del>
AGENCY TOTAL - ALL SOURCES	25,000	26,200	44,400	36,100	40,200 =	-

**DEPARTMENT:** 

State Naturopathic Physicians Board of Examiners

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$40,200 -- a net increase of \$14,000, or 53.4%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$ 200 OF

Personal Services/ERE Adjustments

Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%.

-0- OF

11,200 OF

Personal Services/ERE Increases

Increases an Administrative Assistant position from 0.25 to 0.5 FTE position. The recommendation includes Personal Services increases of \$4,200 for the additional 0.25 FTE position, \$5,100 for per diem for newly established standing committees, and \$1,000 for per diem to initiate investigations in the Certificate to Dispense Program. The recommended amount also includes \$900 for associated ERE increases. These changes reflect both an increased workload and a board decision to expand activities beyond the current level. The Executive recommends increases of \$6,300 plus associated ERE for the additional 0.25 FTE position and \$1,200 for the Certificate to Dispense program.

Professional and Outside Services

Reflects \$100 for an increase in joint office costs and \$1,500 to initiate investigations in the Certificate to Dispense program. The Executive does not recommend an increase.

1,600 OF

Travel - In State

Includes increases of \$200 for travel associated with investigations in the Certificate to Dispense Program and \$500 for travel by Board members. The Executive recommends a \$100 increase.

700 OF

• Other Operating Expenditures

Reflects increased printing and postage costs. The Executive concurs.

300 OF

DEPARTMENT: State Naturopathic Ph	nysicians Board of Exam	miners JLBC ANALYST: OSPB ANALYST:	Smith Alyeshmerni	HOUSE SUBCOMMITTEE CHAIR: Groscost SENATE SUBCOMMITTEE CHAIR: Chesley		
DESCRIPTION	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 JLBC STAFF RECOMMENDATION	FY 1995 AGENCY REQUEST	FY 1995 EXECUTIVE RECOMMENDATION	FY 1995 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	0.3	0.5	0.5	0.5	0.5	
OPERATING BUDGET						
Personal Services	6,700	17,200	20,300	13,200	17,200	***************************************
Employee Related Expenditures	600	1,500	2,600	2,500	1,900	· · · · · · · · · · · · · · · · · · ·
Professional/Outside Services Travel - In State Other Operating Expenditures	15,100 1,300 2,500	16,700 2,000 2,800	16,700 2,000 2,800	16,800 1,500 2,900	16,700 2,000 2,800	
All Other Operating Subtotal	18,900	21,500	21,500	21,200	21,500	-
OPERATING SUBTOTAL	26,200	40,200	44,400	36,900	40,600	
AGENCY TOTAL.	26,200	40,200	44,400	36,900	40,600	
BY FUND SOURCE						
Other Funds	26,200	40,200	44,400	36,900	40,600	
AGENCY TOTAL-ALL SOURCES	26,200	40,200	44,400	36,900	40,600	

**DEPARTMENT:** 

State Naturopathic Physicians Board of Examiners

#### FY 1995

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$40,600 -- a net increase of \$14,400, or 55.0%, to the FY 1993 appropriation. This amount also represents a net increase of \$400, or 1.0%, to the FY 1994 JLBC Staff recommendation.

### JLBC Staff Recommended Changes from FY 1993

Continue Annualization of FY 1993 Pay Adjustment

\$ 200 OF

Personal Services/ERE Adjustments

Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%.

-0- OF

ERE Rate Changes

400 OF

Personal Services/ERE Increases

Continues changes originally recommended for FY 1994, including Personal Services increases of \$4,200 for an additional 0.25 FTE to Dispense Program. The recommended amount also includes \$000 for an additional 0.25 FTE to Dispense Program.

to Dispense Program. The recommended amount also includes \$900 for associated ERE increases. These changes reflect both an increased workload and a board decision to expand activities beyond the current level. The Executive budget continues changes originally FTE position and \$1,200 for the Certificate to Dispense program

Professional and Outside Services

1,600 OF

Continues changes originally recommended for FY 1994, including \$100 for increased joint office costs and \$1,500 to initiate investigations in the Certificate to Dispense program. The Executive does not recommend an increase.

Travel - In State

700 OF

Continues changes originally recommended for FY 1994, including increases of \$200 for travel associated with investigations in the Certificate to Dispense Program and \$500 for board member travel. The Executive budget continues a \$100 increase recommended by

Other Operating Expenditures

Continues changes originally recommended in FY 1994, including increased printing and postage costs. The Executive concurs.

300 OF

#### Other Issues for Legislative Consideration

Executive Recommendation - Standard Adjustment
The Executive recommends an adjustment of \$800, which essentially reflects a standard 4% increase to their recommendation for All Other Operating Expenditures.

DEPARTMENT: State Board of Nursing		JLBC ANALYST OSPB ANALYST	•		BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Graham Hermon
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	21.7	21.7	21.7	21.7	21.7	
OPERATING BUDGET						
Personal Services	527,200	560,500	614,000	614,000	613,800	
Employee Related Expenditures	113,000	130,300	157,600	143,700	128,500	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	94,000 15,400 10,800 234,700 7,600	83,000 14,300 5,700 224,300 0	83,000 14,300 5,700 224,300 0	83,000 14,300 5,700 224,300 0	14,300 5,700 224,300	
All Other Operating Subtotal	362,500	327,300	327,300	327,300	327,300	
OPERATING SUBTOTAL	1,002,700	1,018,100	1,098,900	1,085,000	1,069,600	
SPECIAL LINE ITEMS					¥.	
Nurse Aid Training Program	700	42,100	88,800	20,000	20,000	
Special Item Subtotal	700	42,100	88,800	20,000	20,000	,
AGENCY TOTAL	1,003,400	1,060,200	1,187,700	1,105,000	1,089,600	

DEPARTMENT: State Board of Nursing		JLBC ANALYS' OSPB ANALYS'			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Graham Hermon
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DESCRIPTION						
BY FUND SOURCE	ā					
Other Funds Federal Funds	1,003,400 372,600	1,060,200 394,200	1,187,700 475,900		1,089,600 475,900	
AGENCY TOTAL - ALL SOURCES	1,376,000	1,454,400	1,663,600	1,105,000	1,565,500	

DEPARTMENT:

State Board of Nursing

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$1,089,600 -- a net increase of \$29,400, or 2.8%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$18,400 OF

Personal Services/ERE Adjustments

Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%.

-0- OF

ERE Rate Changes

(8,700) OF

Salary Adjustment - Special Entry Rate

41,800 OF

The Personnel Division rules allow the Director of the Department of Administration to establish special recruitment salary rates to attract qualified employees. When an employee is appointed at a special recruitment rate, all other employees with lower salaries, in the same class, are to be raised to the new salary. The Board of Nursing recently received a special recruitment salary rate for Nurse Consultants. Two Nurse Consultants were hired. This required that 6 existing Nurse Consultants be raised to the same salary. Both the JLBC Staff by the Executive recommend the increase necessary to fund Nurse Consultants at the special recruitment rate. The amount recommended by the Executive is \$46,000, or \$4,200 more than the JLBC Staff recommendation. The difference is due to the difference in ERE rates

Nurse Aide Training Program

(22,100) OF

In 1990, the responsibility for administering the Nurse Aide Training and Registration Program (NATRP), as mandated by the federal Medicaid program was assigned to the Board of Nursing. The board is responsible for: overseeing the training curriculum of schools conducting nurse aide training; maintaining a registry; coordinating renewals; auditing the validity of reimbursement requests for training from schools conducting nurse aide training and forwarding them to the Arizona Health Care Cost Containment System (AHCCCS) for payment; and conducting testing for nurse aides. The administrative cost of the NATRP requires a state match of 25%, with remaining amounts being funded by federal AHCCCS and Medicare monies.

The Legislature appropriated \$42,100, from the Board of Nursing Fund, for NATRP administrative and testing costs in FY 1993. Included in the appropriation was state nurse aide registry fees and other nurse aide revenues. In April of 1992, new federal regulations prohibited the collection of state nurse aide registration fees. Shortly thereafter, the Legislature enacted Laws of 1992, Chapter 308, providing that registered or licensed practical nurse license fees may not be used for the NATRP. Due to the loss of these revenues, the amount recommended by the Executive and the JLBC Staff for the Nurse Aide Training Program in FY 1994 is a reduction of \$(22,100) from the FY 1993 appropriation. In 1994, the recommended amount is \$20,000, or the amount estimated to be received from allowable nurse aide collections.

In addition to the \$20,000 appropriated from the Nursing Board Fund, the JLBC Staff has recommended \$68,300 be funded from the Arizona Long-Term Care System (ALTCS) Fund to pay the state matching requirements for administrative and testing costs of the NATRP. The ALTCS Fund is managed by AHCCCS. (See the AHCCCS budget in the Health and Welfare Section). The state share of the federally-matched ALTCS program is funded by the counties. The Nursing Board will receive these monies along with federal matching funds through an interagency agreement with AHCCCS. Additional federal Medicare funds will also be provided to the Board of Nursing by the Department of Health Services through a second interagency agreement.

#### Other Issues for Legislative Consideration

The Board of Nursing is one of six 90/10 agencies scheduled to relocate to the newly acquired Retirement System building in FY 1993, or early 1994. No adjustment has been made to the board's appropriation of \$90,000 for private lease space. DOA is authorized to transfer this amount to the Special Services Fund. Monies in this fund will be used to finance the lease-purchase payments and operating costs of this building. If the agency is moved after July 1, 1993, DOA may transfer only the pro rated amount remaining in the agency's appropriation after the agency has made its private lease payments.

DEPARTMENT: State Board of Nurs	ing		ddy arns	HOUSE SUBCO SENATE SUBCO		aham rmon
DESCRIPTION	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 JLBC STAFF RECOMMENDATION	FY 1995 AGENCY REQUEST	FY 1995 EXECUTIVE RECOMMENDATION	FY 1995 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	21.7	21.7	21.7	21.7	21.7	
OPERATING BUDGET						
Personal Services	560,500	613,800	614,000	614,000	613,800	
Employee Related Expenditures	130,300	128,500	157,600	143,700	129,200	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures	83,000 14,300 5,700 224,300	83,000 14,300 5,700 224,300	83,000 14,300 5,700 224,300	86,300 14,900 5,900 233,300	83,000 14,300 5,700 224,300	
All Other Operating Subtotal	327,300	327,300	327,300	340,400	327,300	
OPERATING SUBTOTAL	1,018,100	1,069,600	1,098,900	1,098,100	1,070,300	
SPECIAL LINE ITEMS						
Nurse Aid Training Program	42,100	20,000	88,800	20,000	20,000	
SPECIAL LINE ITEM SUBTOTAL	42,100	20,000	88,800	20,000	20,000	
AGENCY TOTAL	1,060,200	1,089,600	1,187,700	1,118,100	1,090,300	

DEPARTMENT: State Board of Nursing		JLBC ANALYST: Reddy OSPB ANALYST: Kearns		HOUSE SUBCOMMITTEE CHAIR: Graham SENATE SUBCOMMITTEE CHAIR: Hermon		
DESCRIPTION	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 JLBC STAFF RECOMMENDATION	FY 1995 AGENCY REQUEST	FY 1995 EXECUTIVE RECOMMENDATION	FY 1995 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
Other Funds Federal Funds	1,060,200 394,200	1,089,600 475,900	1,187,700 373,400	1,118,100	1,090,300 442,400	10
AGENCY TOTAL-ALL SOURCES	1,454,400	1,565,500	1,561,100	1,118,100	1,532,700	

#### FY 1995

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$1,090,300 -- a net increase of \$30,100, or 2.8%, to the FY 1993 appropriation. This amount also represents a net increase of \$700, or 0.1%, to the FY 1994 JLBC Staff recommendation.

#### JLBC Staff Recommended Changes from FY 1993

•	Continue Annualization of FY 1993 Pay Adjustment	\$18,400	OF
•	Personal Services/ERE Adjustments  Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%.	-0-	OF
•	ERE Rate Changes	(8,000)	OF

Salary Adjustment - Special Entry Rate

41,800 OF

Continues the increase for special entry salary rates for nurse consultants, recommended by both the Executive and the JLBC Staff in FY 1994. These special entry salary rates were approved by the Director of the Department of Administration, pursuant to the Personnel Division rules.

Nurse Aide Training Program

(22,100) OF

The amount recommended by the JLBC Staff and the Executive is a reduction from the FY 1993 appropriation and continues the amount recommended for FY 1994. In FY 1995, the recommended amount is \$20,000 and represents the amount estimated to be received from allowable nurse aide fee collections.

In addition to the \$20,000 appropriated from the Nursing Board Fund, there will be a requirement for additional monies to satisfy the state's matching requirement, which is 25% of administrative and testing costs. The additional monies can be funded from the Arizona Long-Term Care System Fund (ALTCS), which is managed by AHCCCS. The state share of the federally-matched ALTCS program is funded by the counties. The Nursing Board will receive additional state matching funds, along with federal monies, through an interagency agreement with AHCCCS. Additional federal Medicare monies will also be provided to the Nursing Board, through a second interagency agreement with the Department of Health Services.

#### Other Issues for Legislative Consideration

• Executive Recommendation - Standard Adjustment

The Executive recommends an adjustment of \$13,100, which essentially reflects a standard 4% increase to their recommendation for All Other Operating Expenditures.

DEPARTMENT: Nursing Care Inst. Admin.	Board of Examiners	JLBC ANALYST: OSPB ANALYST:	Smith Kearns	HOUSE SUE SENATE SUE	SCOMMITTEE CHAIR: SCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL A	FY 1993 ADJUSTED PPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
	.7	.7	.7	.7	,7	
Full Time Equivalent Positions	=		=			
OPERATING BUDGET						
Personal Services	21,700	24,300	24,300	24,800	24,800	
Employee Related Expenditures	6,800	4,400	8,000	5,800		
Professional/Outside Services	17,000	24,100	24,100	24,100 4,300	24,100	
Travel - In State Other Operating Expenditures	800 4,600	4,300 4,800	4,300 4,900	4,800	4,800 =	
All Other Operating Subtotal	22,400	33,200	33,300	33,200	33,200	1
AGENCY TOTAL	50,900	61,900	65,600	63,800	63,500	
BY FUND SOURCE						
	50,900	61,900	65,600	63,800	63,500	
Other Funds			65,600	63,800	63,500	
AGENCY TOTAL - ALL SOURCES	50,900	61,900				3

**DEPARTMENT:** 

Nursing Care Inst. Admin. Board of Examiners

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$63,500 -- a net increase of \$1,600, or 2.6%, to the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

ERE Rate Changes

Annualization of FY 1993 Pay Adjustment
 Personal Services/ERE Adjustments

-0- OF

600 OF

Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%.

1,000 OF

DEPARTMENT: Nursing Care Inst.	Admin. Board of Exami	ners JLBC ANALYST: OSPB ANALYST:	Smith Kearns	HOUSE SUBCOMMITTEE CHAIR: Groscost SENATE SUBCOMMITTEE CHAIR: Chesley			
DESCRIPTION	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 JLBC STAFF RECOMMENDATION	FY 1995 AGENCY REQUEST	FY 1995 EXECUTIVE RECOMMENDATION	FY 1995 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE	
Full Time Equivalent Positions	0.7	0.7	0.7	0.7	0.7		
OPERATING BUDGET							
Personal Services	24,300	24,800	24,800	24,800	24,800		
Employee Related Expenditures	4,400	5,500	8,000	5,800	5,400		
Professional/Outside Services Travel - In State Other Operating Expenditures	24,100 4,300 4,800	24,100 4,300 4,800	24,100 4,300 \(^4,900\)	25,100 4,500 5,000	24,100 4,300 4,800		
All Other Operating Subtotal	33,200	33,200	33,300	34,600	33,200		
OPERATING SUBTOTAL	61,900	63,500	66,100	65,200	63,400		
AGENCY TOTAL	61,900	63,500	66,100	65,200	63,400		
BY FUND SOURCE							
Other Funds	61,900	63,500	66,100	65,200	63,400		
AGENCY TOŢAL-ALL SOURCES	61,900	63,500	66,100	65,200	63,400		

DEPARTMENT:

Nursing Care Inst. Admin. Board of Examiners

#### FY 1995

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$63,400 -- a net increase of \$1,500, or 2.4%, to the FY 1993 appropriation. This amount also represents a net decrease of \$(100), or (0.2)%, from the FY 1994 JLBC Staff recommendation.

### JLBC Staff Recommended Changes from FY 1993

Continue Annualization of FY 1993 Pay Adjustment

\$600 OF

-0- OF

- Personal Services/ERE Adjustments
   Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%.
- ERE Rate Changes

900 OF

#### Other Issues for Legislative Consideration

• Executive Recommendation - Standard Adjustment
The Executive recommends an adjustment of \$1,400, which essentially reflects a standard 4% increase to their recommendation for All Other Operating Expenditures.

DEPARTMENT: Board of Occupational Therapy Examiners		JLBC ANALYST: Martinez OSPB ANALYST: Alyeshme		HOUSE SUE SENATE SUE	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal	
	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE	
DESCRIPTION		1.0	1.5	1.5	2.0		
Full Time Equivalent Positions	1.0	1.0	1.5				
OPERATING BUDGET					47.300		
	25,300	27,900	38,800	37,200	47,300		
Personal Services	4,800		14,300	8,300	13,700		
Employee Related Expenditures		4,100	7,400	4,100	5,000.		
Professional/Outside Services	0 1,800		3,000	3,000	2,600		
Travel - In State	1,800	1,300	2,700	2,000	14.700		
Travel - Out of State Other Operating Expenditures Equipment	20,300 0		14,900 5,800	14,600 0	5,200		
	22,100	19,200	33,800	23,700	29,700		
All Other Operating Subtotal		~~ <b>~</b>	86,900	69,200	90,700		
AGENCY TOTAL	52,200	=======================================					
BY FUND SOURCE				h 174 * 1	0		
General Fund	21,400		0 86,900	40.000	90,700		
Other Funds	30,800	55,150	020000	40.000	90 <i>7</i> 00		
AGENCY TOTAL - ALL SOURCES	52,200	53,700	86,900	69,200			

**DEPARTMENT:** 

Board of Occupational Therapy Examiners

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$90,700 -- a net increase of \$37,000, or 68.9%, to the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

900 OF

Personal Services/ERE Adjustments

Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%.

-0- OF

ERE Rate Changes

800 OF

24,800 OF

Additional FTE Position

The JLBC Staff recommends the addition of 1 FTE position. The workload has increased above the anticipated levels. The board initially requested a 0.5 FTE position, but given the growth in licensees is now requesting that 1 FTE position be authorized. The board plans on initially hiring a 0.5 FTE position, but requests the flexibility to expand that position to full time should licensures continue to increase at the current rate of 25 per month. The board has licensed 700 applicants and anticipates a total of 1,000 to 2,000 licensees in the next few years. The amount includes \$18,600 in Personal Services and \$6,200 in ERE for an Administrative Assistant III position. The Executive recommends a 0.5 FTE position with \$8,500 in Personal Services and \$1,900 in ERE.

Professional and Outside Services

The increase is recommended as a contingency for investigative purposes. As the number of licensees increases, it is unknown how many investigations may be required.

900 OF

• Travel - In State

The amount provides mileage reimbursement and lodging expense for a new board member from Tucson.

1,300 OF

Travel - Out of State

900 OF

Other Operating Expenditures

The amount includes \$300 for increased state-owned space and \$1,900 for increased office costs associated with the increase in the number of license applications and licensees.

2,200 OF

• Equipment

Provides funding for the purchase of a copier.

5,200 OF

DEPARTMENT: Board of Occupation	al Therapy Examiners		Martinez Alyeshmerni	HOUSE SUBCO SENATE SUBCO	MIMILIAN CITY	lens uppenthal
	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 JLBC STAFF RECOMMENDATION	FY 1995 AGENCY REQUEST	FY 1995 EXECUTIVE RECOMMENDATION	FY 1995 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DESCRIPTION	AFTROTATION	112.00				
Full Time Equivalent Positions	1.0	2.0	1.5	2.0	2.0	
OPERATING BUDGET						
Personal Services	27,900	47,300	38,800	45,700	47,300	
Employee Related Expenditures	6,600	13,700	14,300	9,600	13,800	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	4,100 1,300 1,300 12,500 -0-	5,000 2,600 2,200 14,700 5,200	7,400 3,000 2,700 14,900 5,800	4,300 3,100 2,100 14,600 2,900	5,000 2,600 2,200 13,900 4,200	
All Other Operating Subtotal	19,200	29,700	33,800	27,000	27,900	14. The second s
OPERATING SUBTOTAL	53,700	90,700	86,900	82,300	89,000	
AGENCY TOTAL	53,700	90,700	86,900	82,300	89,000	
BY FUND SOURCE Other Funds	53,700	90,700	86,900	82,300	89,000	-
AGENCY TOTAL-ALL SOURCES	53,700	90,700	86,900	82,300	89,000	

**DEPARTMENT:** 

Board of Occupational Therapy Examiners

#### FY 1995

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$89,000 -- a net increase of \$35,300, or 65.7%, to the FY 1993 appropriation. The amount also represents a net decrease of \$(1,700), or (1.9)%, from the FY 1994 JLBC Staff recommendation.

### JLBC Staff Recommended Changes from FY 1993

•	Continue Annualization of FY 1993 Pay Adjustment	<b>.</b>
•	Personal Services/ERE Adjustments  Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%.	\$ 900 OF -0- OF
•	ERE Rate Changes	
•	Continue Additional FTE Position  Continues Personal Services/ERE funding for an Administrative Assistant III position. The Executive recommends expanding the 0.5 FTE position that was recommended in FY 1994 and includes, \$9,800 for Personal Services/ERE increases.	900 OF 24,800 OF
•	Professional and Outside Services  Continues an increase originally recommended for FY 1994 for investigative purposes.	900 OF
•	Travel - In State  Continues increase from FY 1994 for a new board member from Tucson.	1,300 OF
•	Travel - Out of State Continues increase originally recommended for FY 1994.	900 OF

	Other Operating Expenditures  Other Operating Expenditures  Other Operating Expenditures	1,400 OF
·	Other Operating Expenditures  Continues funding from FY 1994 for increased expenses associated with increased licensures and increased rent for state-owned space.  The Executive recommends a \$(600) reduction from FY 1994.	4,200 OF
•	Equipment Provides funding for a computer and related equipment. The Executive recommends \$2,900.	1,200
•	Executive Recommendation - Standard Adjustment  The Executive recommends an adjustment of \$1,000, which essentially reflects a standard 4% increase to the FY 1994 Executive recommendation for All Other Operating, excluding Equipment.	1,000 OF

DEPARTMENT: State Board of Dispensing Opticians		JLBC ANALYST: Smith OSPB ANALYST: Alyeshmerni		HOUSE SUBCOMMITTEE CHAIR SENATE SUBCOMMITTEE CHAIR		Groscost Chesley	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE	
Full Time Equivalent Positions	.8	.8	.8	.8	.8		
OPERATING BUDGET							
Personal Services	28,100	29,800	32,900	30,400	29 900		
Employee Related Expenditures	5,300	5,800	6,500	6,300		<del></del> 8	
Professional/Outside Services Travel - In State Other Operating Expenditures	12,800 1,400 5,000	14,700 3,100 6,800	15,200 4,900 10,700	14,900 3,100 9,200	15,200 4,900		
All Other Operating Subtotal	19,200	24,600	30,800	27,200			
AGENCY TOTAL	52,600	60,200	70,200	63,900			
BY FUND SOURCE				-	R. P.		
Other Funds	52,600	60,200	70,200	63,900	65 700		
AGENCY TOTAL - ALL SOURCES	52,600	60,200	70,200	63,900		,	

DEPARTMENT:

State Board of Dispensing Opticians

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$65,700 -- a net increase of \$5,500, or 9.1%, to the FY 1993 appropriation.

JLBC Staff Recommended	Changes	from	FY	1993
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•	Annualization of FY 1993 Pay Adjustment	Ψ700	01
•	Personal Services/ERE Adjustments  Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%. The reduced amount, which represents full funding of Personal Services, includes an adjustment of \$(2,200) in salaried positions. The Executive does not recommend an adjustment.	(2,300)	OF
	Φ(2,200) III Salain - P	(800)	OF
•	ERE Rate Changes	1,700	
•	Per Diem Includes a one-time increase for rule promulgation. The Executive does not recommend an increase.  Professional and Outside Services  The Executive recommends a \$200 increase.	500	OF
•	Includes increases of \$200 for joint office costs and \$300 for investigations. The Executive	1,800	OF
•	Travel - In State  Reflects increased travel due to rule promulgation meetings and increased investigations. The Executive does not recommend an increase.	2 000	OF

Reflects one-time increases of \$2,400 for printing due to rule promulgation and \$1,500 for new form preparation to implement a continuing Other Operating Expenditures education requirement. The recommendation also adds \$400 for annual membership in the Council on Licensure, Enforcement and Regulation (CLEAR) and the National Committee of State Opticianry Licensing Boards and deletes \$(400) for office supplies. The Executive recommends increases of \$1,400 for printing, \$1,000 for new form preparation, and \$100 for other expenditures.

3,900 OF

\$ 700

DEPARTMENT: State Board of Disp	pensing Opticians		Smith Alyeshmerni	HOUSE SUBCO		oscost
DESCRIPTION	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 JLBC STAFF RECOMMENDATION	FY 1995 AGENCY REQUEST	FY 1995 EXECUTIVE RECOMMENDATION	FY 1995 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	0.8	0.8	0.8	0.8	0.8	
OPERATING BUDGET	3)				0.0	
Personal Services	29,800	29,900	32,900	30,400	28,200	
Employee Related Expenditures	5,800	5,000	6,500	6,300	4,700	
Professional/Outside Services Travel - In State Other Operating Expenditures	14,700 3,100 6,800	15,200 4,900 10,700	15,200 4,900 10,700	15,500 3,200 7,200	15,200 4,900 6,000	
All Other Operating Subtotal	24,600	30,800	30,800	25,900	26,100	
OPERATING SUBTOTAL	60,200	65,700	70,200	62,600	59,000	-
AGENCY TOTAL	60,200	65,700	70,200	62,600	59,000	,
BY FUND SOURCE			1			#56
Other Funds	60,200	65,700	70,200	62,600	59,000	
AGENCY TOTAL-ALL SOURCES	60,200	65,700*	70,200	62,600	59,000	

**DEPARTMENT:** 

State Board of Dispensing Opticians

#### FY 1995

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$59,000 -- a net decrease of \$(1,200), or (2.0)%, from the FY 1993 appropriation. This amount also represents a net decrease of \$(6,700), or (10.2)%, from the FY 1994 JLBC Staff recommendation.

### JLBC Staff Recommended Changes from FY 1993

Continue Annualization of FY 1993 Pay Adjustment

\$700 OF

(2,300) OF

Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive Personal Services/ERE Adjustments recommends a vacancy factor of 0%. The amount continues a \$(2,200) adjustment in salaried positions originally recommended for FY 1994, and represents full funding of Personal Services.

ERE Rate Changes

(1,100) OF

Continues changes originally recommended for FY 1994, including increases of \$200 for joint office costs and \$300 for investigations. Professional and Outside Services The Executive budget continues an increase of \$200 originally recommended by the Executive for FY 1994.

Travel - In State

1,800 OF

500 OF

Continues changes originally recommended for FY 1994, including increased travel expenditures due to increased board meetings and complaint investigations. The Executive recommendation does not include an increase.

(800) OF

Continues an increase of \$400 originally recommended for FY 1994 for annual membership in the Council on Licensure, Enforcement and Other Operating Expenditures Regulation (CLEAR) and the National Committee of State Opticianry Licensing Boards, but removes a one-time increase for printing and reduces the recommended increase for form preparation to \$500. The recommendation also reflects \$(1,700) in voluntary board reductions for printing, stationery, and supplies. The Executive budget reduces its FY 1994 recommended increase of \$2,500 by \$(2,300), thereby continuing an increase of \$200.

### Other Issues for Legislative Consideration

• Executive Recommendation - Standard Adjustment
The Executive recommends an adjustment of \$1,000, which essentially reflects a standard 4% increase to their recommendation for All Other Operating Expenditures.

DEPARTMENT: State Board of Optometry		JLBC ANALYST: OSPB ANALYST:	Smith Alyeshmerni	HOUSE SUB SENATE SUB	COMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	1.8	1.8	1.8	1.8		
OPERATING BUDGET	51,900	53,600	54,900	54,900	54,900	
Personal Services	10,700		11,900	11,400	8,500	
Employee Related Expenditures  Professional/Outside Services	15,000	18,100	18,100 6,400	18,100 6,400	6,400	
Travel - In State Travel - Out of State	6,100 0 3,200	700	700 7,300	700 4,800	7,300 <u> </u>	
Other Operating Expenditures	24,300	500	32,500	30,000	32,500	
All Other Operating Subtotal  AGENCY TOTAL	86,900		99,300	96,300	95,900	
AGENCITOTAL						
BY FUND SOURCE	86,900	97,300	99,300	96,300	95,900	×
Other Funds	86,900		99,300	96,300	95,900	
AGENCY TOTAL - ALL SOURCES						

DEPARTMENT:

State Board of Optometry

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$95,900 -- a net decrease of \$(1,400), or (1.4)%, from the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$1,500 OF

Personal Services/ERE Adjustments

Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%.

-0- OF

• ERE Rate Changes

(2,900) OF

### Other Issues for Legislative Consideration

Executive Recommendation
 The Executive recommends a decrease of \$(2,500) in Other Operating Expenditures in non-renewal years.

DEPARTMENT: State Board of Opton	netry	JLBC ANALYST: Smi	th eshmerni	HOUSE SUBCO SENATE SUBCO	MINITED CITY	oscost esley
DESCRIPTION	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 JLBC STAFF RECOMMENDATION	FY 1995 AGENCY REQUEST	FY 1995 EXECUTIVE RECOMMENDATION	FY 1995 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	1.8	1.8	1.8	1.8	1.8	×
OPERATING BUDGET				<b>54.000</b>	54,900	
Personal Services	53,600	54,900	54,900	54,900	,	-
Employee Related Expenditures	11,200	8,500	11,900	11,400	8,500	-
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	18,100 6,400 700 7,300 0	18,100 6,400 700 7,300 0	18,100 6,400 700 7,300 0	18,800 6,700 700 7,500 0	18,100 6,400 700 7,300	
All Other Operating Subtotal	32,500	32,500	32,500	33,700	32,500	-
OPERATING SUBTOTAL	97,300	95,900	99,300	100,000	95,900	
AGENCYTOTAL	97,300	95,900	99,300	100,000	95,900	
BY FUND SOURCE					05.000	
Other Funds	97,300	95,900	99,300	100,000	95,900	8
AGENCY TOTAL-ALL SOURCES	97,300	95,900	99,300	100,000	95,900	

**DEPARTMENT:** 

State Board of Optometry

#### FY 1995

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$95,900 -- a net decrease of \$(1,400), or (1.4)%, from the FY 1993 appropriation. This amount also

### JLBC Staff Recommended Changes from FY 1993

Continue Annualization of FY 1993 Pay Adjustment

\$1,500 OF

-0- OF

Personal Services/ERE Adjustments

Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%.

ERE Rate Changes

(2,900) OF

### Other Issues for Legislative Consideration

• Executive Recommendation - Standard Adjustment
The Executive recommends an adjustment of \$1,200, which essentially reflects a standard 4% increase to their recommendation for All Other Operating Expenditures.

DEPARTMENT: Arizona Board of O	JLBC ANALYST: OSPB ANALYST:	Reddy Black	HOUSE SUE SENATE SUE	Groscost Chesley		
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	4.5	5.0	6.5	5.5	=	
OPERATING BUDGET  Personal Services	147,100	146,000	181,300	156,700	149,800	:
Employee Related Expenditures	27,800	30,900	46,100	33,500		
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures	29,800 4,900 2,200 44,400	5,800 3,800	28,700 6,500 5,800 54,200	44,900 5,800 3,800 45,900	5,800 3,800 34,600	
All Other Operating Subtotal	81,300	79,700	95,200	100,400	91,600	)
AGENCY TOTAL	256,200	256,600	322,600	290,600	<u> </u>	
BY FUND SOURCE Other Funds	256,200	256,600	322,600			**************************************
AGENCY TOTAL - ALL SOURCE	S 256,200	256,600	322,600	<u>290,600</u>		

**DEPARTMENT:** 

Arizona Board of Osteopathic Examiners

The JLBC Staff recommends a total Other Fund appropriation of \$274,200 -- a net increase of \$17,600, or 6.9%, to the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$4,300 OF

-0- OF

Personal Services/ERE Adjustments

Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%.

ERE Rate Changes

1,400 OF

11,900 OF

Professional and Outside Services

Includes a decrease of \$(27,400) for eliminating the Monitored Physician After-Care program and an increase of \$14,100 to hire a consultant to provide an alternative monitoring program for substance abusers. The Executive recommends an increase of \$15,200 for the consultant. In addition, the JLBC Staff recommends an increase of \$21,500 for a contracted investigator to research complaints and to \$3,700 to adjust for the increased number of hearings

### Other Issues for Legislative Consideration

Rent

The Arizona Board of Osteopathic Examiners is 1 of 6 90/10 agencies scheduled to be relocated to the newly acquired Retirement System building in FY 1993 or early FY 1994. No adjustment has been made to the board's appropriation of \$14,900 for private lease space. The Department of Administration (DOA) is authorized to transfer this amount to its Special Services Fund to cover the lease-purchase and operating costs of this building. If the agency is transferred The Executive recommends an increase of \$1,500 for rent.

#### Executive Recommendation

The Executive recommends \$9,400 for a 0.5 clerk/typist FTE position. As the workload increases do not justify the additional half-time position, the JLBC Staff does not recommend this issue. The Executive also recommends \$9,800 for Other Operating Expenditures.

DEPARTMENT: Arizona Board of Ost	eopathic Examiners	JLBC ANALYST: Red OSPB ANALYST: Blace		HOUSE SUBCO SENATE SUBCO	WINIT I DE CITE	scost sley
DESCRIPTION	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 JLBC STAFF RECOMMENDATION	FY 1995 AGENCY REQUEST	FY 1995 EXECUTIVE RECOMMENDATION	FY 1995 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DESCRIPTION						
Full Time Equivalent Positions	5.0	5.0	6.5	5.5	5.0	( <del></del>
OPERATING BUDGET				0		
Personal Services	146,000	149,800	181,300	156,700	149,800	
Employee Related Expenditures	30,900	32,800	46,100	33,500	32,800	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	35,500 5,800 3,800 34,600 0	47,400 5,800 3,800 34,600	26,900 7,100 5,800 59,600	46,700 6,000 4,000 47,700 0	47,400 5,800 3,800 34,600	
All Other Operating Subtotal	79,700	91,600	99,400	104,400	91,600	***
OPERATING SUBTOTAL	256,600	274,200	326,800	294,600	274,200	
AGENCY TOTAL	256,600	274,200	326,800	<u>294,600</u>	<u>274,200</u>	
BY FUND SOURCE Other Funds	256,600	274,200	326,800	294,600	274,200	:
AGENCY TOTAL-ALL SOURCES	256,600	274,200	326,800	294,600	274,200	

**DEPARTMENT:** 

Arizona Board of Osteopathic Examiners

#### FY 1995

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$274,200 -- a net increase of \$17,600, or 6.9%, to the FY 1993 appropriation. The amount also represents

### JLBC Staff Recommended Changes from FY 1994

Continue Annualization of FY 1993 Pay Adjustment

\$4,300 OF

-0- OF

Personal Services/ERE Adjustments

Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%.

ERE Rate Changes

1,400 OF

Professional and Outside Services

Continues as originally recommended for FY 1994 including \$(13,300) in savings from replacing Monitored Physicians Aftercare Program with an outside consultant, \$21,500 for an investigator contract, and \$3,700 to adjust for the increased number of hearings.

Other Issues for Legislative Consideration

Executive Recommendation - Standard Adjustment

The Executive recommends an adjustment of \$4,000, which essentially reflects the standard 4% increase to their recommendation for All Other Operating Expenditures. The Executive also continues funding, as they originally recommended in FY 1994, of \$9,400 for a 0.5 clerk/typist position and \$9,800 for Operating Expenditures.

DEPARTMENT: Arizona State Board of	Pharmacy	JLBC ANALYST OSPB ANALYST	: Reddy : Barton	HOUSE SUE SENATE SUE	SCOMMITTEE CHAIR: SCOMMITTEE CHAIR:	Keegan Turner
	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DESCRIPTION	41.0	11.0	11.0	11.0	11.0	
Full Time Equivalent Positions	11.0					
OPERATING BUDGET	34	393,900	402,200	402,200	402,200	
Personal Services	379,700	393,900		05 900	91 100	
Employee Related Expenditures	72,300	80,000	94,800	85,800	91,100	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	23,800 34,800 6,700 83,200 6,200	23,900 33,400 4,000 75,500 8,200	26,400 33,800 4,000 76,500 8,200	76,500	33,400 4,000 75,900 8,200	
	154,700	145,000	148,900	152,300	152,900	
All Other Operating Subtotal OPERATING SUBTOTAL	606,700		645,900	640,300	646,200	
SPECIAL LINE ITEMS						
	5,000	5,000	5,000	0	0	
Automation	5,000	# 000	5,000	0	0	
Special Item Subtotal	,	,	650,900	640,300	646,200	
AGENCY TOTAL	611,700	623,900			-	

DEPARTMENT: Arizona State Board of Pharmacy Agency Summary		JLBC ANALYST: OSPB ANALYST:		HOUSE SUI SENATE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
Other Funds	611,700	623,900	650,900	640,300	646,200	
AGENCY TOTAL - ALL SOURCES	611,700	623,900	650,900	640,300	646,200	
The JLBC Staff recommends a total Other Fund  JLBC Staff Recommended Changes from FY  Annualization of FV 1002 Pers A F	1993	priation of \$646,200 a ne	t increase of \$	22,300, or 3.6%, to the F	Y 1993 appropriation.	

•	Annualization of FY 1993 Pay Adjustment	
•	Personal Services/ERE Adjustments  Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive	\$9,500 OF -0- OF
•	ERE Rate Changes	
•	Professional and Outside Services Includes \$2,500 for Pharmacists Assisting Pharmacists of Arizona (PAPA), a program which monitors the rehabilitation of impaired	9,900 OF 2,500 OF
•	Other Operating Expenditures Includes a \$400 increase for the Tucson State Office Building lease-purchase payment.	400 OF

Automation

The JLBC Staff recommends moving the Automation expenses from a special line item to Professional and Outside Services, as this cost represents an on-going operating expense of the agency. The Executive concurs.

### Other Issues for Legislative Consideration

• Rent

The Arizona State Board of Pharmacy is 1 of 6 90/10 agencies scheduled to be relocated to the newly acquired Retirement System building in FY 1993 or early FY 1994. No adjustment has been made to the board's appropriation of \$24,500 for private lease space. The Department of Administration (DOA) is authorized to transfer this amount to its Special Services Fund to cover the lease-purchase and operating costs of this building. If the agency is transferred after July 1, 1993, DOA may transfer only the prorated amount remaining in the agency's appropriation after the agency has made its private lease payments.

-0- OF

DEPARTMENT: Arizona State Boar	d of Pharmacy		ddy rton	HOUSE SUBCO SENATE SUBCO		egan Ther
DESCRIPTION	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 JLBC STAFF RECOMMENDATION	FY 1995 AGENCY REQUEST	FY 1995 EXECUTIVE RECOMMENDATION	FY 1995 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	11.0	11.0	11.0	11.0	11.0	<del></del>
OPERATING BUDGET					11.0	
Personal Services	393,900	402,200	402,200	402,200	402,200	
Employee Related Expenditures	80,000	91,100	94,800	85,800	91,300	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	23,900 33,400 4,000 75,500 8,200	31,400 33,400 4,000 75,900 8,200	26,400 33,800 4,000 76,500	32,700 34,700 4,200 79,600	31,400 33,400 4,000 75,900	
All Other Operating Subtotal	145,000	152,900	140,700	151,200	144,700	
OPERATING SUBTOTAL	618,900	646,200	637,700	639,200	638,200	
SPECIAL LINE ITEMS Automation	5,000	0	5,000	0	0	
SPECIAL LINE ITEM SUBTOTAL	5,000	0	5,000	0	0	
AGENCY TOTAL	623,900	646,200	642,700	639,200	638,200	

DEPARTMENT: Arizona State Board	of Pharmacy	JLBC ANALYST: Redo		HOUSE SUBCO SENATE SUBCO	MMITTEE CHAIR: Kee MMITTEE CHAIR: Tur	egan mer
DESCRIPTION	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 JLBC STAFF RECOMMENDATION	FY 1995 AGENCY REQUEST	FY 1995 EXECUTIVE RECOMMENDATION	FY 1995 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DESCRIPTION						
BY FUND SOURCE		*	< 40.700	639,200	638,200	
Other Funds	623,900	646,200	642,700		•	
AGENCY TOTAL-ALL SOURCES	623,900_	646,200	642,700	639,200	638,200	

**DEPARTMENT:** 

Arizona State Board of Pharmacy

#### FY 1995

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$638,200 -- a net increase of \$14,300, or 2.3%, to the FY 1993 appropriation. The amount also represents a decrease of \$(8,000), or (1.2)%, from the FY 1994 appropriation.

### JLBC Staff Recommended Changes from FY 1994

Continue Annualization of FY 1993 Pay Adjustment

\$ 9,500 OF

Personal Services/ERE Adjustments

Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive

-0- OF

ERE Rate Changes

10,100 OF

Professional and Outside Services

Continues a \$2,500 increase for Pharmacists Assisting Pharmacists of Arizona (PAPA), as recommended in FY 1994.

2,500 OF

Other Operating Expenditures

Continues \$400 increase recommended in FY 1994 for the Tucson State Office Building lease-purchase payment.

400 OF

Equipment

Decrease of \$(8,200) to reflect the completion of the agency's vehicle upgrade and computer purchase plan.

(8,200) OF

### Other Issues for Legislative Consideration

Executive Recommendation - Standard Adjustment

The Executive recommends an adjustment of \$5,900, which essentially reflects a standard 4% increase to their recommendation for All Other Operating Expenditures, excluding Equipment.

DEPARTMENT: Board of Physical Therapy Examiners		JLBC ANALYST: OSPB ANALYST:	Smith Betlach	HOUSE SOBCOMMITTEE		Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	1.0	1.0	1.0	1.0	1.0	
OPERATING BUDGET Personal Services	30,200	30,600	31,900	31,900	31,700	
Employee Related Expenditures	5,500	6,500	6,700	6,600		
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	17,300 1,800 0 5,100 2,800	3,200 1,300 6,800	23,400 2,500 1,400 7,600	20,700 2,500 1,400 7,300 0	2,500 1,400 7,600	
All Other Operating Subtotal	27,000	29,400	34,900	31,900		
AGENCY TOTAL	62,700	66,500	73,500	70,400		
BY FUND SOURCE	44				ga 200	
Other Funds	62,700	66,500	73,500			
AGENCY TOTAL - ALL SOURCES	62,700	66,500	73,500	70,400		

DEPARTMENT:

Board of Physical Therapy Examiners

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$72,200 -- a net increase of \$5,700, or 8.6%, to the FY 1993 appropriation.

## JLBC Staff Recommended Changes from FY 1993

•	Annualization of FY 1993 Pay Adjustment		
•	Personal Services/ERE Adjustments  Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%.	\$ 900 -0-	OF OF
•	ERE Rate Changes		
•	Professional and Outside Services	(1,000)	OF
	Includes increases of \$200 for joint office costs and \$400 for examinations to reflect the actual costs of the board. The recommendation also includes an increase of \$4,700 to hire a professional investigator due to an increased number and complexity of complaints against licensees. The Executive recommends an increase of \$2,000 for investigations and \$600 for other changes.	5,300	OF
•	Travel - In State		
	Reduces travel to reflect the actual costs of the board. The Executive concurs.	(700)	OF
•	Travel - Out of State  Reflects a one-time increased cost of attending the FY 1994 American Physical Therapy Conference. The Executive concurs.	100	OF
•	Sunset Review Includes one-year increases of \$800 in Other Operating Expenditures and \$300 in board member per diem for costs associated with the Sunset Review process scheduled for FY 1994. The Executive also recommends one-time increases of \$1,100.	1,100	OF

DEPARTMENT: Board of Physical Therapy Examiners		JLBC ANALYST: Smith OSPB ANALYST: Betlach		HOUSE SUBCOMMITTEE CHAIR: Groscost SENATE SUBCOMMITTEE CHAIR: Chesley		
DESCRIPTION	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 JLBC STAFF RECOMMENDATION	FY 1995 AGENCY REQUEST	FY 1995 EXECUTIVE RECOMMENDATION	FY 1995 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	1.0	1.0	1.0	1.0	1.0	
OPERATING BUDGET	30,600	31,700	31,300	31,400	31,400	
Personal Services  Employee Related Expenditures	6,500	5,600	6,600	6,500	5,700	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures	18,100 3,200 1,300 6,800	23,400 2,500 1,400 7,600	24,800 3,200 1,300 6,800	21,500 2,600 1,500 7,100	24,800 2,500 1,300 6,800	
All Other Operating Subtotal	29,400	34,900	36,100	32,700	35,400	
OPERATING SUBTOTAL	66,500	72,200	74,000	70,600	72,500	
AGENCY TOTAL	66,500	72,200	74,000	70,600	72,500	=======================================
BY FUND SOURCE				<b>5</b> 0.600	72.500	
Other Funds	66,500	72,200	74,000	70,600	72,500 72,500	
AGENCY TOTAL-ALL SOURCES	66,500	72,200	74,000	70,600		

DEPARTMENT:

Board of Physical Therapy Examiners

#### FY 1995

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$72,500 -- a net increase of \$6,000, or 9.0%, to the FY 1993 appropriation. This amount also represents a net increase of \$300, or 0.4%, to the FY 1994 JLBC Staff recommendation.

#### JLBC Staff Recommended Changes from FY 1993

Continue Annualization of FY 1993 Pay Adjustment

\$ 900 OF

Personal Services/ERE Adjustments

Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%.

-0- OF

ERE Rate Changes

(900) OF

6,700 OF

Professional and Outside Services

Includes \$1,400 for temporary clerical help to enable the Executive Director to take annual leave. The recommendation also continues increases originally recommended for FY 1994, including \$200 for joint office costs, \$400 for examinations, and \$4,700 to hire a professional investigator due to the increased number and complexity of complaints against licensees. The Executive recommendation continues increases of \$2,000 for investigations and \$600 for other changes originally recommended by the Executive for FY 1994.

Travel - In State

Continues a change originally recommended for FY 1994 to reflect the actual costs of the board. The Executive concurs.

(700) OF

#### Other Issues for Legislative Consideration

Executive Recommendation - Standard Adjustment

The Executive recommends an adjustment of \$1,300, which essentially reflects a standard 4% increase to their recommendation for All Other Operating Expenditures.

DEPARTMENT: State Board of Podiatry Examiners		JLBC ANALYST: OSPB ANALYST:	Smith Alyeshmerni		SCOMMITTEE CHAIR: SCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
	1.0	1.0	1.0	1.0	1.0	
Full Time Equivalent Positions						
OPERATING BUDGET Personal Services	22,600	24,300	29,700	25,600		
Employee Related Expenditures	3,900	5,100	6,200	5,700		
Professional/Outside Services Travel - In State Other Operating Expenditures	12,800 0 2,000 0	13,300 100 1,600 0	14,700 400 1,900 2,700		400	
Equipment  All Other Operating Subtotal	14,800	15,000	19,700	19,100	19,700	Al .
AGENCY TOTAL	41,300	44,400	55,600	50,400		
BY FUND SOURCE			55,600	50,400	50,100	
Other Funds	41,300			100		
AGENCY TOTAL - ALL SOURCES	41,300	44,400	55,600	50,400		

**DEPARTMENT:** 

State Board of Podiatry Examiners

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$50,100 -- a net increase of \$5,700, or 12.8%, to the FY 1993 appropriation.

## JLBC Staff Recommended Changes from FY 1993

•	Annualization of FY 1993 Pay Adjustment		
•	Personal Services/ERE Adjustments	\$ 900	OF
	Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%.	-0-	OF
•	ERE Rate Changes		
•	Sunset Review	(500)	OF
	Includes a one-year increase of \$600 in Personal Services and ERE associated with the Sunset Review process scheduled for FY 1994.  The Executive concurs.	600	OF
•	Professional and Outside Services Includes increases of \$200 for joint office costs, \$200 for court reporting, and \$1,000 for investigations to reflect the actual costs to the board. The Executive recommends an increase of \$900.	1,400	OF
•	Travel - In State Includes a one-year increase associated with the Sunset Review process. The Executive concurs.	300	OF
-	Other Operating Expenditures Includes increases of \$300 for printing, \$100 for costs associated with the Sunset Review process, and a decrease of \$(100) for operating supplies. The Executive recommends these changes and an additional increase of \$200.	300	OF
•	Equipment		
	Includes \$2,700 for the purchase of a computer and peripheral equipment. The Executive recommends \$2,400 for computer equipment.	2,700	OF

DEPARTMENT: State Board of Podiatry Examiners		JLBC ANALYST: Smith OSPB ANALYST: Alyeshmerni		HOUSE SUBCOMMITTEE CHAIR: Groscost SENATE SUBCOMMITTEE CHAIR: Chesley		
DESCRIPTION	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 JLBC STAFF RECOMMENDATION	FY 1995 AGENCY REQUEST	FY 1995 EXECUTIVE RECOMMENDATION	FY 1995 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	1.0	1.0	1.0	1.0	1.0	
OPERATING BUDGET  Personal Services	24,300	25,600	30,200	30,000	29,300	:
Employee Related Expenditures	5,100	4,800	6,200	6,100	5,100	
Professional/Outside Services Travel - In State Other Operating Expenditures	13,300 100 1,600 -0-	14,700 400 1,900 2,700	12,300 400 2,100 -0-	14,800 100 2,100 -0-	14,700 100 1,800 -0-	
Equipment  All Other Operating Subtotal	15,000	19,700	14,800	17,000	16,600	•
OPERATING SUBTOTAL	44,400	50,100	51,200	53,100	51,000	-
AGENCY TOTAL	44,400	50,100	51,200	53,100	51,000	
BY FUND SOURCE		227,144	<b>51 200</b>	53,100	51,000	
Other Funds	44,400 44,400	50,100	51,200 51,200	53,100	51,000	
AGENCY TOTAL-ALL SOURCES	,					

**DEPARTMENT:** 

State Board of Podiatry Examiners

#### FY 1995

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$51,000 -- a net increase of \$6,600, or 14.9%, to the FY 1993 appropriation. This amount also represents

#### JLBC Staff Recommended Changes from FY 1993

Continue Annualization of FY 1993 Pay Adjustment

\$ 900 OF

Personal Services/ERE Adjustments

Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%.

-0- OF

ERE Rate Changes

(600) OF

Position Reclassification

Includes increases of \$4,200 in Personal Services and \$500 in ERE for reclassification of an Administrative Assistant position. The Executive recommends \$4,900 in Personal Services and \$500 in ERE for this change.

4,700 OF

Professional and Outside Services

Continues changes originally recommended for FY 1994, including increases of \$200 for joint office costs, \$200 for court reporting, and the Executive for FY 1994.

The Executive budget continues an increase of \$900 recommended by

1,400 OF

• Other Operating Expenditures

Continues changes originally recommended for FY 1994, including an increase of \$300 for printing and a decrease of \$(100) for operating supplies. The Executive budget continues these increases and an additional increase of \$200 recommended by the Executive for FY 1994.

200 OF

#### Other Issues for Legislative Consideration

Executive Recommendation - Standard Adjustment

The Executive recommends an adjustment of \$700, which essentially reflects a standard 4% increase to their recommendation for All Other Operating Expenditures, excluding Equipment.

		Tired Vear	1994 Buuget			
Joint Legislativ	e Budget Committe	ee - Fiscai Tear		HOUSE SUBC	COMMITTEE CHAIR: COMMITTEE CHAIR: H	raham Jermon
RTMENT: State Board of Private Postseco	ondary Education	JLBC ANALYST: OSPB ANALYST:	Mabry 1994	SENATE SOLO	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
	FY 1992 ACTUAL APPR		REQUEST R	3.0	3.0	
CRIPTION	3.0					
Time Equivalent Positions			81,500	81,600	81,600 — 18,200 —	
ERATING BUDGET	73,400	79,300 17,500	18,000	18,000 5,000	5,000	
ersonal Services	16,200		5,000	4,000		
mployee Related Expenditures	4,500 3,000	8,700 3,500 800	4,000 0 21,500	21,500	21,500 _	
Professional/Outside Services Travel - In State Travel - Out of State Travel - Out of State	300 21,300 6,400	25,900 0	(	30,500	30,500	
Other Operating 274 Equipment	35,500	38,900	30,50 130,00	130.100	130,300	
All Other Operating Subtotal	125,100	135,700				
AGENCY TOTAL			130,0	130,10	130,300 106,800	
BY FUND SOURCE	125,100 107,800		106,	800 130.1	237,100	
Other Funds Other Non-Appropriated Funds AGENCY TOTAL - ALL SOURCES	232,900	237,700				
AGENCY TOTAL						

DEPARTMENT:

State Board of Private Postsecondary Education

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$130,300 -- a net decrease of \$(5,400), or (4.0)%, from the FY 1993 appropriation.

- Personal Services/ERE Adjustments

Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive

ERE Rate Changes

Professional and Outside Services

Reflects agency-requested base adjustments of \$(400) for data processing services, \$(900) for legal services, and \$(2,400) for other 400 OF (3,700) OF

Travel - In State

Represents mileage reimbursement requirements of new board members.

Travel - Out of State

Reflects a requested reduction on the part of the agency.

Other Operating Expenses

Reflects agency-requested base adjustments of \$(900) for postage, \$(200) for telecommunications, \$(1,200) for printing/photography services, \$(700) for maintenance contracts, \$(900) for operating supplies, and \$(500) for miscellaneous expenses.

# Other Issues for Legislative Consideration

Executive Recommendation

With the exception of Employee Related Expenditures, the Executive concurs with the JLBC Staff recommendation.

\$ 2,600 OF

500 OF

(800) OF

(4,400) OF

-0- OF

DEPARTMENT: State Board of Private Postsecondary Education OSPB ANALYST: Stavneak OSPB ANALYST: Mabry  HOUSE SUBCOMMITTEE CHAIR: Graham SENATE SUBCOMMITTEE CHAIR: Hermon							
DESCRIPTION	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 JLBC STAFF RECOMMENDATION	FY 1995 AGENCY REQUEST	FY 1995 EXECUTIVE RECOMMENDATION	FY 1995 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE	
Full Time Equivalent Positions	3.0	3.0	4.0	4.0	3.5		
OPERATING BUDGET  Personal Services	79,300	81,600	94,000	94,100	94,100	3	
Employee Related Expenditures	17,500	18,200	20,800	20,800	20,700	-	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures	8,700 3,500 800 25,900	5,000 4,000 0 21,500	7,000 6,000 0 25,500	7,200 6,200 0 26,400	7,000 6,000 0 25,500		
All Other Operating Subtotal	38,900	30,500	38,500	39,800	38,500		
OPERATING SUBTOTAL	135,700	130,300	153,300	154,700	153,300		
AGENCY TOTAL	135,700	130,300	153,300	154,700	153,300		
BY FUND SOURCE Other Funds	135,700	130,300	153,300	154,700	153,300	8	
AGENCY TOTAL-ALL SOURCES	135,700_	130,300	153,300	154,700	153,300		

**DEPARTMENT:** 

State Board of Private Postsecondary Education

#### FY 1995

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$153,300 -- a net increase of \$17,600, or 13.0%, to the FY 1993 appropriation. This amount also represents a net increase of \$23,000, or 17.7%, to the FY 1994 JLBC Staff recommendation.

#### JLBC Staff Recommended Changes from FY 1993

Continue Annualization of FY 1993 Pay Adjustment

\$ 2,600 OF

Personal Services/ERE Adjustments

Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%.

-0- OF

ERE Rate Changes

(100) OF

23,300 OF

New Position

The JLBC Staff recommends \$12,500 in Personal Services and \$2,800 in Employee Related Expenditures to fund approximately one-half of a new position. The non-appropriated Student Tuition Recovery Fund would finance the other half of the position. The additional position would permit more in-depth examination of the 128 annual license renewals and speed the processing of consumer complaints, which currently may not have a hearing for 6 months to a year. The position would also spend half-time managing the Student Tuition Recovery Fund, which reimburses students when a private postsecondary institution ceases operation.

The JLBC Staff also recommends an additional \$8,000 in All Other Operating Expenditures (Professional and Outside Services, \$2,000; Travel - In State, \$2,000; and Other Operating Expenditures, \$4,000) to help process the expected increase in license renewals, supplemental licenses, and student record requests.

The JLBC Staff also recommends this policy issue contingent upon a fee increase. The board currently has a \$64,200 balance in its fund, but expenditures exceed revenues by approximately \$7,000 to \$12,000. Without a fee increase, this policy issue would further worsen the fund's condition. As a result, the JLBC Staff recommends the following footnote to the FY 1995 appropriation: "Of the amount over the FY 1993 collection level,"

The Executive concurs with the JLBC Staff recommendation but would fund a full FTE position. The JLBC Staff has recommended 0.5 FTE position, given that approximately 50% of the funding would be from non-appropriated funds.

• All Other Operating Adjustment

(8,400) OF

Continue adjustments originally recommended for FY 1994.

#### Other Issues for Legislative Consideration

• Executive Recommendation

The Executive recommends an adjustment of \$1,300, which essentially reflects a standard 4% increase to their FY 1994 recommendation for All Other Operating Expenditures. The JLBC Staff did not include this standard adjustment since specific increases are proposed for All Other Operating Expenditures line items.

DEPARTMENT: State Board of Psychologist Examiners		JLBC ANALYST: OSPB ANALYST:				Groscost Chesley	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE	
Full Time Equivalent Positions	1.0	2.0	2.5	2.0	2.0		
OPERATING BUDGET							
Personal Services	47,400	67,100	76,100	68,600	69,200		
Employee Related Expenditures	8,200	13,500	15,400	13,500	13,900		
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	45,800 4,200 4,500 13,500 0	60,700 5,000 5,000 18,100 5,000	76,100 5,000 5,000 18,500 5,000	60,200 4,800 2,600 16,400 3,500	5,000 2,500 18,500		
All Other Operating Subtotal	68,000	93,800	109,600	87,500	89,300		
OPERATING SUBTOTAL	123,600	174,400	201,100	169,600	172,400		
SPECIAL LINE ITEMS		2					
Oral Examinations	0	0	0	7,500	0		
Special Item Subtotal	0	0	0	7,500	0		
AGENCY TOTAL	123,600	174,400	201,100	177,100	172,400	·	

DEPARTMENT: State Board of Psychologist Exami	JLBC ANALYST: OSPB ANALYST:				Groscost Chesley		
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLAT WORK SPACE	
BY FUND SOURCE					2"		
Other Funds	123,600	174,400	201,100	177,100	172,400		
AGENCY TOTAL - ALL SOURCES	123,600	174,400	201,100	177,100	172,400	3	
The JLBC Staff recommends a total Other Fund.  JLBC Staff Recommended Changes from FY  Annualization of FY 1993 Pay Adjustments Personal Services/ERE Adjustments Includes a new vacancy factor vacancy factor was 0.9%. The ERE Rate Changes	1993 ent	hich is the standard rate ap	oplied to agenci			1,700 700 3	OF
<ul> <li>Professional and Outside Services         Adds \$6,000 for investigation consultants due to an increased number of complaints and removes \$(5,900) to reflect voluntary decreases in expenditures for data entry, rules consultation and a biennial directory printed in FY 1993. The Executive concurs with these changes, but recommends an additional decrease of \$(600).</li> </ul>							OF
• Travel - Out of State Reflects 1 person, rather tha	n 2 persons,	attending out-of-state conf	erences. The I	Executive recommends a d	ecrease of \$(2,400).	(2,500)	OF
Other Operating Expenditures     Includes a decrease of \$(2,00 registration fees, and subscr		1 Constitution of the many	ness of \$2,400	The latter includes expend	litures for stationery, forms	400	OF

Equipment

(2,500) OF

Includes a one-time adjustment of \$(5,000) for equipment purchased in FY 1993. The recommended amount also includes \$2,500 for the purchase of a printer and computer to access a national psychology licensing board data bank. The Executive recommends the \$(5,000) adjustment and \$3,500 for purchase of computer equipment.

#### Other Issues for Legislative Consideration

Executive Recommendation

The Executive recommends a decrease of \$(200) in Travel - In State to fund 8, rather than 12, board meetings. The JLBC Staff recommends full funding of travel, to allow the board flexibility to determine its own meeting schedule.

Budgetary Priorities and Expenditure Tracking

The JLBC Staff considers the following issues worthy of consideration, but is reluctant to recommend increases in light of the board's over-expenditure of its FY 1992 appropriation and continuing problems with establishing budgetary priorities and tracking expenditures. It appears the board has started to address these problems.

- Medical Investigator II
  - Adds 0.5 FTE Medical Investigator II position (grade 17) to handle an increase in the number and complexity of complaints. This change would require increases of \$10,700 in Personal Services and \$2,700 in ERE. The Executive recommends an increase of \$13,200 for this position in FY 1995.
- -- Oral Examinations

Adds \$12,400 in Professional and Outside Services to implement oral examinations of applicants for licensure. The Executive recommends an increase of \$7,500, appropriated in a special line item designated for the design and administration of oral examinations.

Groscost Chesley
LEGISLATIVE WORK ION SPACE
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DEPARTMENT: State Board of Psycho	ologist Examiners	JLBC ANALYST: Sm OSPB ANALYST: Aly	ith yeshmerni	HOUSE SUBCO	WINIT I DE CITIETA	roscost hesley
DESCRIPTION	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 JLBC STAFF RECOMMENDATION	FY 1995 AGENCY REQUEST	FY 1995 EXECUTIVE RECOMMENDATION	FY 1995 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DESCRIPTION						
BY FUND SOURCE						
BA LOND SOOKEE	174,400	172,400	197,300	180,600	173,700	in the second se
Other Funds	174,400	,	107 200	180,600	173,700	
AGENCY TOTAL-ALL SOURCES	174,400	<u>172,400</u>	197,300	100,000		

#### FY 1995

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$173,700 -- a net decrease of \$(700), or (0.4)%, from the FY 1993 appropriation. This amount also represents a net increase of \$1,300, or 0.8%, to the FY 1994 JLBC recommendation.

## JLBC Staff Recommended Changes from FY 1993

Continue Annualization of FY 1993 Pay Adjustment

\$1,700 OF

- Continues a new vacancy factor of 0%, originally recommended for FY 1994, which is the standard rate applied to agencies with this Personal Services/ERE Adjustments number of FTE positions. The FY 1993 vacancy factor was 0.9%. The Executive recommends a vacancy factor of 0%.
- **ERE Rate Changes**

200 OF 5,100 OF

700 OF

- Professional and Outside Services
  - -- Directory

Includes an increase of \$2,100 over a FY 1993 base of \$2,900, to provide \$5,000 for production of a biennial directory. The Executive recommendation removes \$(400) from the FY 1993 base of \$2,900, to provide \$2,500 for production of a biennial directory, and moves the \$2,500 to Other Operating Expenditures.

Continues an increase of \$6,000 for investigation consultants due to an increased number of complaints, originally -- Investigation Consultants recommended for FY 1994. The Executive does not continue its FY 1994 recommended increase of \$6,000.

Miscellaneous

Continues a decrease of \$(3,000) for reductions in rules consultation and data entry originally recommended for FY 1994. The Executive concurs, but also continues \$(600) in other reductions recommended by the Executive for FY 1994.

Travel - Out of State

Continues a change originally recommended for FY 1994 to reflect 1 person, rather than 2 persons, attending out-of-state conferences. The Executive budget continues a decrease of \$(2,400) originally recommended by the Executive for FY 1994.

(900) OF

(2,500) OF

Other Operating Expenditures

Continues changes originally recommended for FY 1994, including a decrease of \$(2,000) for printing and miscellaneous increases of \$2,400. The latter includes expenditures for stationery, forms, registration fees, and subscriptions. The Executive budget continues the decrease of \$(2,000) for printing and an increase of \$400 recommended by the Executive for FY 1994. The Executive also recommends a decrease of \$(1,300) for FY 1995.

(5,000) OF

Equipment

Includes a one-time adjustment for FY 1993 and FY 1994 equipment purchases. The Executive concurs.

#### Other Issues for Legislative Consideration

**Executive Recommendation** 

The Executive budget continues a decrease of \$(200) in Travel - In State originally recommended by the Executive for FY 1994. The JLBC Staff recommends continuation of full funding of travel, to allow the board flexibility to determine its own meeting schedule.

Executive Recommendation - Standard Adjustment

The Executive recommends an adjustment of \$3,100, which essentially reflects a standard 4% increase to their recommendation for All Other Operating Expenditures, excluding Equipment.

Budgetary Priorities and Expenditure Tracking

The JLBC Staff considers the following issues worthy of consideration, but is reluctant to recommend increases in light of the board's over-expenditure of its FY 1992 appropriation and continuing problems with establishing budgetary priorities and tracking expenditures. It appears the board has started to address these problems.

-- Medical Investigator II

If funding is appropriated in FY 1994 for an additional 0.5 FTE Medical Investigator II position (grade 17) to handle an increase in the number and complexity of complaints, the JLBC Staff recommends continuation of increases of \$10,700 in Personal Services and \$2,700 in ERE for FY 1995. The Executive recommends an increase of \$13,200 for this position in FY 1995.

-- Oral Examinations

If funding is appropriated in FY 1994 for oral examinations, the JLBC Staff recommends continuing a \$9,900 increase, which removes \$(2,500) in FY 1994 start-up expenditures. The Executive recommends removing \$(4,500) for FY 1994 start-up costs and continuing an increase of \$3,000, appropriated in a special line item designated for oral examinations.

DEPARTMENT: Board of Respiratory Care Examiners		JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Graham Hermon
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	2.0	2.0	2.0	2.0	2.0	
OPERATING BUDGET	ω .					
Personal Services	46,900	55,500	60,300	57,000	60,300	
Employee Related Expenditures	7,100	12,200	14,100	12,200	11,400	<del></del>
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	800 3,300 500 49,900 10,200	5,000 4,000 2,000 35,300 4,000	20,000 4,000 3,000 35,300 3,000	5,000 4,000 3,000 35,700 1,000	4,000 3,000 35,300	
All Other Operating Subtotal	64,700	50,300	65,300	48,700	62,300	
AGENCY TOTAL	118,700	118,000	139,700	117,900		
BY FUND SOURCE						
General Fund Other Funds	49,900 68,800		0 139,700			
AGENCY TOTAL - ALL SOURCES	118,700	118,000	139,700	117,900		

**DEPARTMENT:** 

Board of Respiratory Care Examiners

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$134,000 -- a net increase of \$16,000, or 13.6%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

•	Annualization of FY 1993 Pay Adjustment	\$ 1,700	OF
•	Personal Services/ERE Adjustments Includes a new vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The FY 1993 vacancy factor was 8.4%. The Executive recommends a vacancy factor of 0%.	3,700	OF
•	ERE Rate Changes	(1,400)	OF
•	Professional and Outside Services Includes increases of \$6,000 for court reporting, \$1,000 for legal filing services, and \$5,000 for medical services due to increased investigations and implementation of auditing of renewal applications. The Executive recommendation does not include these increases.	12,000	OF
•	Travel - Out of State Reflects the increased cost of attending 3 out-of-state conferences. The Executive concurs.	1,000	OF

Equipment

(1,000) OF

Reflects a one-time adjustment of \$(4,000) for equipment purchased in FY 1993 and includes \$3,000 for purchase of a computer and a FAX machine. The Executive recommends the \$(4,000) adjustment and includes \$1,000 for equipment.

#### Other Issues for Legislative Consideration

**Executive Recommendation** 

The Executive recommends an increase of \$400 for non-capitalized equipment.

DEPARTMENT: Board of Respiratory	Care Examiners	JEDO III II II II I	nith napko	HOUSE SUBCO SENATE SUBCO	2.22.2	ham mon
DESCRIPTION	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 JLBC STAFF RECOMMENDATION	FY 1995 AGENCY REQUEST	FY 1995 EXECUTIVE RECOMMENDATION	FY 1995 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DESCRIPTION						
Full Time Equivalent Positions	2.0	2.0	2.0	2.0	2.0	
OPERATING BUDGET						
Personal Services	55,500	60,300	60,300	57,000	60,300	
Employee Related Expenditures	12,200	11,400	14,100	12,200	11,400	
- 0 1 1/0 1 1 5	5,000	17,000	20,000	5,200	17,000	
Professional/Outside Services	4,000	4,000	4,000	4,200	4,000	31 10
Travel - In State	2,000	3,000	3,000	3,100	3,000	
Travel - Out of State	35,300	35,300	35,300	36,700	35,300	
Other Operating Expenditures Equipment	4,000	3,000	3,000	0	3,000	**
All Other Operating Subtotal	50,300	62,300	65,300	49,200	62,300	
OPERATING SUBTOTAL	118,000	134,000	139,700	118,400	134,000	*
AGENCY TOTAL	118,000	134,000	139,700	= 118,400	134,000	H.
BY FUND SOURCE						
Other Funds	118,000	134,000	139,700	118,400	134,000	
AGENCY TOTAL-ALL SOURCES	118,000	134,000	139,700	= 118,400	134,000	

**DEPARTMENT:** 

Board of Respiratory Care Examiners

#### FY 1995

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$134,000 -- a net increase of \$16,000, or 13.6%, to the FY 1993 appropriation. This amount also represents a net change of \$0, or 0%, to the FY 1994 JLBC Staff recommendation.

#### JLBC Staff Recommended Changes from FY 1993

Continue Annualization of FY 1993 Pay Adjustment

\$1,700 OF

Personal Services/ERE Adjustments

3,700 OF

Continues a vacancy factor of 0%, originally recommended for FY 1994, which is the standard rate applied to agencies with this number of FTE positions. The FY 1993 vacancy factor was 8.4%. The Executive recommends a vacancy factor of 0%.

ERE Rate Changes

(1,400) OF

Professional and Outside Services

12,000 OF

Continues changes originally recommended for FY 1994, including \$6,000 for court reporting, \$1,000 for legal filing services, and \$5,000 for medical services due to increased investigations and the implementation of auditing of renewal applications. The Executive recommendation does not include these increases.

Travel - Out of State

1,000 OF

Continues a change originally recommended for FY 1994 to reflect the increased cost of attending 3 out-of-state conferences. The Executive concurs.

• Equipment

(1,000) OF

Continues an adjustment of \$(4,000) for equipment purchased in FY 1993. The recommendation also includes \$2,000 for a conference table and chairs and \$1,000 for computer hardware. The Executive budget also continues the \$(4,000) adjustment, but does not include funding for FY 1995 equipment.

#### Other Issues for Legislative Consideration

Executive Recommendation - Standard Adjustment

The Executive recommends an adjustment of \$1,900, which essentially reflects a standard 4% increase to their recommendation for All Other Operating Expenditures, excluding Equipment.

DEPARTMENT: Structural Pest Control Commission		JLBC ANALYS' OSPB ANALYS'			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	26.0	26.0	26.0	26.0	26.0	
OPERATING BUDGET	16					
Personal Services	510,900	509,500	594,300	526,600		
Employee Related Expenditures	115,300	130,000	151,100	133,600	142,100	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	82,400 69,900 2,600 198,700 31,600	122,400	191,200 70,100 3,000 158,100 9,400	191,200 68,100 2,600 135,800	66,800 2,600	
All Other Operating Subtotal	385,200	337,400	431,800	397,700	298,000	
AGENCY TOTAL		976,900	1,177,200			
BY FUND SOURCE						
Other Funds Federal Funds	1,011,400 106,700		1,177,200 99,000		1,020,200 99,000	
AGENCY TOTAL - ALL SOURCES	1,118,100		1,276,200	1,057,900		

**DEPARTMENT:** 

Structural Pest Control Commission

The JLBC Staff recommends a total or Other Fund (OF) appropriation of \$1,020,200 -- a net increase of \$43,300, or 4.4%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

• Annualization of FY 1993 Pay Adjustment

\$ 19,600 OF

Personal Services/ERE Adjustments

66,600 OF

Includes a new vacancy factor of 1%, which is the standard rate applied to agencies with this number of FTE positions. The FY 1993 factor was 10.5%. The Executive recommends a vacancy factor of 1%. In FY 1991, the agency was appropriated 5 Pest Control Inspectors in accordance with A.R.S. § 32-2304C, which states that the commission is to maintain a ratio of 1 inspector to every 200 industry members. The agency, however, has not been able to fill 3 of the positions due to a lack of qualified applicants. The JLBC Staff recommends full funding for the 3 inspectors, but recommends a modified lump sum budget. This will provide adequate funds to fulfill legislative intent but will prevent the commission from transferring excess Personal Services and ERE appropriations to other line items without JLBC approval. The Executive recommends eliminating the 3 FTE positions.

ERE Rate Changes

(3,500) OF

Professional and Outside Services

Decrease to reflect the agency's request.

(26,300) OF

Travel - In State

Decrease to reflect the actual motor pool charges.

(2,500) OF

• Travel - Out of State

Decrease to reflect the agency's actual cost.

(400) OF

Equipment

Adjustment for one-time equipment.

(10,200) OF

#### Other Issues for Legislative Consideration

Attorney General's Office

The Executive recommends \$85,000 in Professional and Outside Services for 1 Attorney II position and 1 half-time Legal Secretary. The JLBC Staff is currently reviewing the extent to which the Attorney General is billing agencies for representation and recommends deferring this issue until a statewide policy can be established for these type of contracts.

Occupancy Costs

The Executive recommends a total of \$12,700 for the agency's FY 1994 moving and lease costs. The JLBC Staff recommends that the agency relocate to the same facility that will house the Department of Weights & Measures (DWM). DWM has been appropriated the entire estimated cost of occupying this facility. Staff recommends that the Structural Pest Commission remit to the Department of Administration (DOA) any unused portion of its lease appropriation for whatever additional cost is required to occupy the DWM facility. The JLBC Staff has also recommended \$120,000 in the DOA operating budget to move state agencies into state-owned buildings. Therefore, the JLBC Staff recommends no additional funding for this issue.

DEPARTMENT: Structural Pest Control Commission			Reddy Alyeshmereni	HOUSE SUBCO SENATE SUBCO	HOUSE SUBCOMMITTEE CHAIR: Keegan SENATE SUBCOMMITTEE CHAIR: Turner		
DESCRIPTION	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 JLBC STAFF RECOMMENDATION	FY 1995 AGENCY REQUEST	FY 1995 EXECUTIVE RECOMMENDATION	FY 1995 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE	
Full Time Equivalent Positions	26.0	26.0	26.0	26.0	26.0		
OPERATING BUDGET							
Personal Services	509,500	580,100	594,300	526,600	580,100		
Employee Related Expenditures	130,000	142,100	151,100	133,600	142,500		
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	132,500 69,300 3,000 122,400 10,200	106,200 66,800 2,600 122,400 0	191,200 70,100 3,000 158,100 0	198,800 70,800 2,700 131,000	106,200 66,800 2,600 122,400		
All Other Operating Subtotal	337,400	298,000	422,400	403,300	298,000		
OPERATING SUBTOTAL	976,900	1,020,200	1,167,800	1,063,500	1,020,600		
AGENCY TOTAL	976,900	1,020,200	1,167,800	1,063,500	1,020,600		
BY FUND SOURCE							
Other Funds	976,900	1,020,200	1,167,800	1,063,500	1,020,600		
AGENCY TOTAL-ALL SOURCES	976,900	1,020,200	1,167,800	1,063,500	1,020,600		

**DEPARTMENT:** 

Structural Pest Control Commission

#### FY 1995

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$1,020,600 -- a net increase of \$43,700, or 4.5%, to the FY 1993 appropriation. The amount also represents an increase of \$400, or 0.04%, to the FY 1994 recommendation.

#### JLBC Staff Recommended Changes from FY 1993

• Continue Annualization of FY 1993 Pay Adjustment

\$19,600 OF

• Personal Services/ERE Adjustments

66,600 OF

Includes a vacancy factor of 1%. The Executive recommends a vacancy factor of 1%. Continues changes originally recommended for FY 1994, including funding for 3 inspectors.

• ERE Rate Changes

(3,100) OF

• Equipment

(10,200) OF

Continues deletion of equipment as recommended in FY 1994.

• Professional and Outside Services

(26,300) OF

Continues decrease as recommended in FY 1994 to reflect the agency's request.

• Travel - In State

(2,500) OF

Continues decrease as recommended in FY 1994 to reflect the actual motor pool charges.

Travel - Out of State

(400) OF

Continues decrease as recommended in FY 1994.

#### Other Issues for Legislative Consideration

• Executive Recommendation - Standard Adjustment

The Executive recommends an adjustment of \$15,400, which essentially reflects a standard 4% increase to their recommendation for All Other Operating Expenditures.

DEPARTMENT: State Board of Technical Registration		JLBC ANALYST: Reddy HOUSE SUBCOMMITTEE ( OSPB ANALYST: Alyeshmerni SENATE SUBCOMMITTEE (			Keegan Turner	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	15.0	15.0	15.0	15.0	15.0	
OPERATING BUDGET						
Personal Services	301,900	316,100	327,300	327,400	327,400	
Employee Related Expenditures	73,500	80,200	93,700	82,600	81,100	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	21,900 9,400 12,300 169,700 6,600	24,100 10,000 11,000 247,900 5,000	24,100 10,000 11,000 247,900 0	57,100 10,000 15,000 241,500 4,400	10,000 11,000 239,500	
All Other Operating Subtotal	219,900	298,000	293,000	328,000	285,800	
OPERATING SUBTOTAL	595,300	694,300	714,000	738,000	694,300	
SPECIAL LINE ITEMS						
Examinations	171,100	172,900	169,400	169,400	169,400	
Special Item Subtotal	171,100	172,900	169,400	169,400	169,400	
AGENCY TOTAL	766,400	867,200	883,400	907,400	863,700	

DEPARTMENT: State Board of Technical Registration		JLBC ANALYST: OSPB ANALYST:		CENT COMPANY OF THE C		Keegan Turner	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE	
BY FUND SOURCE							
Other Funds	766,400	867,200	883,400	907,400	863,700		
AGENCY TOTAL - ALL SOURCES	766,400	867,200	883,400	907,400	863,700	-	

**DEPARTMENT:** 

State Board of Technical Registration

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$863,700 -- a net decrease of \$(3,500), or (0.4)%, from the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$12,700 OF

Personal Services/ERE Adjustments

Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%.

• ERE Rate Changes

(500) OF

-0- OF

Professional and Outside Services

Outside Services (800) OF

Decrease reflects a one-time data preparation expense.

(8,400) OF

Other Operating Expenditures

Adjusted to reflect a decrease in non-capitalized equipment.

Equipment

(3,000) OF

t Includes a \$2,000 increase to replace an obsolete microfiche reader and a decrease of \$(5,000) for a one-time FY 1993 purchase.

Examinations

(3,500) OF

Decrease to reflect the agency's request.

#### Other Issues for Legislative Consideration

Executive Recommendation

The Executive recommends an additional \$4,000 in Travel - Out of State. As the agency already sends 2 to 3 people to every conference except one, the JLBC Staff did not recommend this issue. In addition, the Executive recommends \$33,800 for 1 half-time Attorney II and 1 half-time Legal Secretary I. The JLBC Staff is currently reviewing the extent to which the Attorney General is billing agencies for representation and recommends deferring this issue until a statewide policy can be established for these type of contracts. The Executive also recommends \$4,400 for the purchase of 6 replacement computers and \$2,700 for manager and investigator training.

DEPARTMENT: State Board of Technical Registration		JLBC ANALYST: Reddy OSPB ANALYST: Alyeshmereni		HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:		Keegan Turner
DESCRIPTION	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 JLBC STAFF RECOMMENDATION	FY 1995 AGENCY REQUEST	FY 1995 EXECUTIVE RECOMMENDATION	FY 1995 JLBC STAFF RECOMMENDATIO	LEGISLATIVE WORK N SPACE
			:*			
Full Time Equivalent Positions	15.0	15.0	15.0	15.0	15.0	
OPERATING BUDGET						
Personal Services	316,100	327,400	327,300	327,400	327,400	·
Employee Related Expenditures	80,200	81,100	93,700	82,600	82,900	
Professional/Outside Services	24,100	23,300	24,100	59,400	23,300	
Travel - In State	10,000	10,000	10,000	10,400	10,000	
Travel - Out of State	11,000	11,000	11,000	15,600	11,000	
Other Operating Expenditures	247,900	239,500	247,900	247,800	239,500	
Equipment	5,000	2,000	0	2,400	0	C C
All Other Operating Subtotal	298,000	285,800	293,000	335,600	283,800	
OPERATING SUBTOTAL	694,300	694,300	714,000	745,600	694,100	
SPECIAL LINE ITEMS						
Examinations	172,900	169,400	169,400	169,400	169,400	
SPECIAL LINE ITEM SUBTOTAL	172,900	169,400	169,400	169,400	169,400	*
AGENCY TOTAL	867,200	863,700	883,400	915,000	863,500	

DEPARTMENT: State Board of Technical Registration		JLBC ANALYST: Reddy OSPB ANALYST: Alyeshmereni		HOUSE SUBCOMMITTEE CHAIR: Keegan SENATE SUBCOMMITTEE CHAIR: Turner		
DESCRIPTION	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 JLBC STAFF RECOMMENDATION	FY 1995 AGENCY REQUEST	FY 1995 EXECUTIVE RECOMMENDATION	FY 1995 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
Other Funds	867,200	863,700	883,400	915,000	863,500	
AGENCY TOTAL-ALL SOURCES	867,200	863,700	883,400	915,000	863,500	

**DEPARTMENT:** 

State Board of Technical Registration

#### FY 1995

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$863,500 -- a net decrease of \$(3,700), or (0.4)%, from the FY 1993 appropriation. The amount also represents a net decrease of \$(200), or (0.02)%, from the FY 1994 Recommendation.

## JLBC Staff Recommended Changes from FY 1994

LBC	Staff Recommended Changes from 11 1994	\$12,700 OF
•	Continue Annualization of FY 1993 Pay Adjustment	-0- OF
	To	0.00

Personal Services/ERE Adjustments
 Includes a vacancy factor of 0%. The Executive recommends a vacancy factor of 0%.

1,300 OF

ERE Rate Changes
 Professional and Outside Services
 Professional and Outside Services

(800) OF

Continues a decrease to reflect the deletion of a one-time data-processing expense, as recommended in FY 1994.

(8,400) OF

• Other Operating Expenditures
Continues a decrease in non-capitalized equipment, as recommended in FY 1994.

(5,000) OF

• Equipment Includes an adjustment of \$(5,000) for one-time FY 1993 and FY 1994 equipment purchases.

(3,500) OF

Examinations

Continues a \$(3,500) decrease to reflect agency request, as recommended in FY 1994.

### Other Issues for Legislative Consideration

• Executive Recommendation - Standard Adjustment

The Executive recommends an adjustment of \$12,800, which essentially reflects a standard 4% increase to their recommendation for All Other Operating

The Executive recommends an adjustment of \$12,800, which essentially reflects a standard 4% increase to their recommendation for All Other Operating

The Executive recommends an adjustment of \$12,800, which essentially reflects a standard 4% increase to their recommendation for All Other Operating

Expenditures, excluding Equipment. The Executive also continues funding of \$33,800 for 1 half-time Attorney II and 1 half-time Legal Secretary I, as

originally recommended by the Executive in FY 1994.

DEPARTMENT: Arizona State Veterina	y Medical Examining l	Board JLBC ANALYST: OSPB ANALYST:	Smith Alyeshmerni	HOUSE SUI SENATE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	3.0	3.0	3.0	3.0	3.0	STACE
OPERATING BUDGET				<del></del>		
Personal Services	74,900	84,500	89,800	89,800	89 800	
Employee Related Expenditures	16,900	18,200	19,300	18,100		25)
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	24,600 7,800 1,200 7,700 2,200	31,100 12,100 1,900 10,600 0	32,500 12,100 2,600 11,700 2,500	31,000 12,100 1,900 10,700 2,500	32,500 12,100 2,600 11,700	
All Other Operating Subtotal	43,500	55,700	61,400	58,200	2,500	
AGENCY TOTAL	135,300	158,400	170,500	166,100	170,900	
BY FUND SOURCE			<del></del>	=======================================	770,500	
Other Funds	135,300	158,400	170.500	444		
AGENCY TOTAL - ALL SOURCES	135,300	158,400	170,500 170,500	166,100		
		======================================		166,100	170,900	

DEPARTMENT:

Arizona State Veterinary Medical Examining Board

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$170,900 -- a net increase of \$12,500, or 7.9%, to the FY 1993 appropriation.

### JL

The JL	BC Staff recommends a total Other Fund (OI) appropriate		
JLBC :	Staff Recommended Changes from FY 1993	\$ 2,500	OF
•	Annualization of FY 1993 Pay Adjustment	-0-	OF
•	Personal Services/ERE Adjustments  Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%.		
	recommends a variable, and	1,000	OF
•	ERE Rate Changes	3,300	OF
•	Position Reclassification Includes increases of \$3,000 in Personal Services and \$300 in ERE to reclassify an Administrative Secretary I to an Administrative Assistant II position in order to reflect the actual duties of the position. The Executive concurs.		
•	Professional and Outside Services Includes increases of \$200 for data processing and \$2,100 for legal services. The latter includes increases for a hearing officer and Includes increases of \$200 for data processing and \$2,100 for legal services. The latter includes increases for a hearing officer and consultant to enable the board to conduct formal hearings. The recommended amount also includes a voluntary decrease of \$(900) for miscellaneous clerical expenditures. The Executive recommendation does not include these changes.	1,400	OF
•	Travel - Out of State Reflects the increased cost of attending the American Association of State Veterinary Annual Conference, the Federal Association of Reflects the increased cost of attending the American Association of State Veterinary Annual Conference, the Federal Association of Regulatory Boards, and the National Certified Investigator/Inspector Training Program. The Executive recommendation does not include	700	OF
	this change.	1,100	OF
•	Other Operating Expenditures  Reflects miscellaneous increases for non-capitalized equipment, printing, telephone and supply costs. The Executive recommendation does not include these changes.	2,500	OF
•	Equipment  Includes one-time expenditure of \$2,500 for a computer and peripheral equipment. The Executive concurs.		

DEPARTMENT: Arizona State Vete	rinary Medical Examinin	g Board JLBC ANALYS OSPB ANALYS	T: Smith T: Alyeshmerni	HOUSE SUBO SENATE SUBO	COMMITTEE CHAIR: COMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 JLBC STAFF RECOMMENDATION	FY 1995 AGENCY REQUEST	FY 1995 EXECUTIVE RECOMMENDATION	FY 1995 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK
Full Time Equivalent Positions	3.0	3.0	3.0	3.0	2.0	
OPERATING BUDGET		31		<u> </u>	3.0	
Personal Services	84,500	89,800	89,800	89,800	89,800	
Employee Related Expenditures	18,200	19,700	19,300	18,100	19,900	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	31,100 12,100 1,900 10,600 -0-	32,500 12,100 2,600 11,700 2,500	32,500 12,100 2,600 11,700 2,500	32,200 12,600 2,000 11,100	32,500 12,100 2,600 11,700	
All Other Operating Subtotal	55,700	61,400	61,400	57,900	-0- 58,900	
OPERATING SUBTOTAL	158,400	170,900	170,500	165,800	168,600	1)
AGENCY TOTAL	158,400	170,900	170,500	165,800	168,600	
BY FUND SOURCE					100,000	-
Other Funds	158,400	170,900	170,500	165,800	168,600	
AGENCY TOTAL-ALL SOURCES	158,400	170,900	170,500	165,800	168,600	

DEPARTMENT:

Arizona State Veterinary Medical Examining Board

Program. The Executive recommendation does not include this change.

#### FY 1995

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$168,600 -- a net increase of \$10,200, or 6.4%, to the FY 1993 appropriation. This amount also represents a net decrease of \$(2,300), or (1.3)%, from the FY 1994 JLBC Staff recommendation.

#### JLBC Staff Recommended Changes from FY 1993

\$ 2,500 OF Continue Annualization of FY 1993 Pay Adjustment -0- OF Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive Personal Services/ERE Adjustments recommends a vacancy factor of 0%. 1,200 OF **ERE Rate Changes** 3,300 OF Position Reclassification Continues reclassification of a position originally recommended for FY 1994. The Executive concurs. 1,400 OF Continues changes originally recommended for FY 1994, including increases of \$200 for data processing and \$2,100 for legal services. Professional and Outside Services The latter includes increases for a hearing officer and consultant to enable the board to conduct formal hearings. The recommendation also continues a voluntary decrease of \$(900) for miscellaneous clerical expenditures. The Executive recommendation does not include these changes. 700 OF Continues a change originally recommended for FY 1994, reflecting the increased cost of attending the American Association of State Travel - Out of State Veterinary Annual Conference, the Federal Association of Regulatory Boards, and the National Certified Investigator/Inspector Training

Other Operating Expenditures

1,100 OF

Continues changes originally recommended for FY 1994, including miscellaneous increases for non-capitalized equipment, printing, telephone, and supply costs. The Executive recommendation does not include these changes.

#### Other Issues for Legislative Consideration

Executive Recommendation - Standard Adjustment
 The Executive recommends an adjustment of \$2,200, which essentially reflects a standard 4% increase to their recommendation for All
 Other Operating Expenditures, excluding Equipment.

**EDUCATION (ED)** 

DEPARTMENT: Arizona Commission on the Arts		JLBC ANALYST: OSPB ANALYST:	Reddy Shaffer	HOUSE SUE SENATE SUE	COMMITTEE CHAIR:	Graham Hermon
	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DESCRIPTION			11.5	11.5	11.5	
Full Time Equivalent Positions	11.5	11.5	11.5			
OPERATING BUDGET	<					
Personal Services	301,500	307,200	315,600	315,800	315,800	
Employee Related Expenditures	66,800	70,300	80,100	72,200	65,200	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	300 14,300 800 98,600 4,500	13,100 800 77,800	0 13,100 800 101,900 0	0 13,100 800 93,700 0	13,100 800 98,700	
All Other Operating Subtotal	118,500	91,700	115,800	107,600		
OPERATING SUBTOTAL	486,800	469,200	511,500	495,600	493,600	<del></del>
SPECIAL LINE ITEMS						
Community Service Project	859,100	836,100	836,100	775,000	500,000	
Special Item Subtotal	859,100	836,100	836,100	775,000	500,000	
AGENCY TOTAL	1,345,900	1,305,300	1,347,600	1,270,600	993,600 =	

DEPARTMENT: Arizona Commission on the Art	ts	JLBC ANALYST OSPB ANALYST		HOUSE SUI SENATE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Graham Hermon
DESCRIPTION  BY FUND SOURCE	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
General Fund Federal Funds Other Non-Appropriated Funds AGENCY TOTAL - ALL SOURCES	1,345,900 736,300 788,300 2,870,500	1,305,300 945,900 1,322,700 3,573,900	1,347,600 815,000 1,033,500 3,196,100	1,270,600	993,600 815,000 1,033,500 2,842,100	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$993,600 -- a net decrease of \$(311,700), or (23.9)%, from the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$ 9,700 GF

-0- GF

Personal Services/ERE Adjustments

Includes a vacancy factor of 0%. The reduction reflects a change in Personal Services. The agency applied the FY 1993 lump sum reduction of \$(4,700) to Personal Services, lowering the base by filling 2 FTE positions at a lower salary level.

Community Service Projects

(336,100) GF

The JLBC Staff recommended decrease would leave General Fund project grants at \$500,000. However, when combined with \$944,800 of project grants funded through the Arts Trust Fund (see Non-Appropriated Funds Book, page ED-4), the recommendation would provide total arts project grants of \$1,444,800. The Executive recommends a reduction of \$(61,100).

**ERE Rate Changes** 

(6,200) GF

Occupancy Costs

20,900 GF

Increase includes \$900 for a lease-purchase payment and \$20,000 for operating costs, including utilities. As part of the RTC/Distressed Property program, the state has acquired the Corpstein Building, which the Commission had been leasing. The recommended increase of \$20,900 includes \$18,000 of rent monies that were removed from the agency's FY 1993 budget in anticipation of the Commission relocating to a state-owned building. Thus, the net additional cost in FY 1994 of acquiring this building is estimated to be \$2,900. The Executive recommends an increase of \$15,900.

DEPARTMENT: State Board of Direct	tors for Community Colleg		JLBC ANALYST: Fusak HOUSE SUBCOMMITTEE CHAR OSPB ANALYST: Mabry SENATE SUBCOMMITTEE CHAR			Graham Hermon
PEGGDIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DESCRIPTION	10.0	11.0	11.0	11.0	11.0	
Full Time Equivalent Positions						<del></del>
OPERATING BUDGET						
Personal Services	403,000	469,500	523,900	477,000		
Employee Related Expenditures	76,700	81,600	92,800	78,900	84,700	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures	9,700 38,600 500 66,700 2,300	6,000 34,600 0 21,200 0	29,000 38,000 4,500 65,200 0	2,700	6,000 34,600 0 39,200 0	
Equipment  All Other Operating Subtotal	117,800	61,800	136,700	37,300		-
OPERATING SUBTOTAL	597,500	612,900	753,400	593,200	641,500	
SPECIAL LINE ITEMS					(7.957.100	
Operating State Aid (M&O) Capital Outlay State Aid Equalization Aid Economic Dev. Training	67,435,800 10,097,800 5,891,900 150,000	10,319,000 6,267,200	74,298,100 13,873,500 6,715,000 150,000	6,898,900 6,267,200 150,000	10,319,000 6,298,900 150,000	
Special Item Subtotal	83,575,500	85,653,600	95,036,600			
AGENCY TOTAL	84,173,000	86,266,500	95,790,000	82,826,700	85,266,500	

DEPARTMENT: State Board of Directors	for Community Colleg	ges JLBC ANALYS OSPB ANALYS		HOUSE SUI SENATE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Graham Hermon
DESCRIPTION  BY FUND SOURCE	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
General Fund Federal Funds Other Non-Appropriated Funds AGENCY TOTAL - ALL SOURCES	84,173,000 2,112,000 245,000 86,530,000	86,266,500 2,648,400 278,300 89,193,200	95,790,000 2,648,400 245,800 98,684,200	82,826,700 == 82,826,700	85,266,500 2,648,400 245,800 88,160,700	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$85,266,500 -- a net decrease of \$(1,000,000), or (1.2)%, from the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

•	Annualization	of	FY	1993	Pay	Adjustment	
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\$ 8,400 GF

Personal Services/ERE Adjustments

Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%.

-0- GF

ERE Rate Changes

2,200 GF

Professional and Outside Services - Legal Services

-0- GF

The State Attorney General's office has contracted with an outside law firm to provide legal services for the agency. The agency requests \$23,000 for this in FY 1994 and had requested but did not receive \$15,000 for this in FY 1993. The JLBC Staff is looking into interoffice services provided to state agencies by the Attorney General's office. The JLBC Staff believes that the Attorney General's office should provide basic services to other state agencies at no cost and, therefore, the recommendation does not include funding for the contract. The Executive recommends a reduction of \$(6,000) to eliminate the state's contribution for the Facilities Advisory Council.

18,000 GF Other Operating Expenditures - Rent

The agency has funded its rent costs from 3 revenue sources: General Fund appropriation, Certification Fund receipts, and federal grants, on a roughly 50% - 25% - 25% split. For FY 1993, the agency has had to transfer funds from the Certification Fund to subsidize the General Fund share of office rent and other operating expenses that could not be funded from the board's General Fund appropriation. The net effect of this is to draw down on the Certification Fund balance, the primary purpose of which is to fund the certification activities of the agency. The JLBC Staff recommendation represents the amount necessary to fund the General Fund share of the agency's rent requirement in FY 1994. The Executive recommends a reduction of \$(18,500) to Other Operating Expenditures.

(1,060,300) GF

Laws 1992, Chapter 345, established a new formula for calculating and allocating operating state aid to community college districts. The Operating State Aid new formula allocates state aid on a two-step "base-plus" methodology where: (1) each district's current year appropriation is first adjusted for inflation per the GNP Price Deflator; and then (2) each district receives an adjustment for the growth or decline in actual full-time student equivalent (FTSE) enrollment. This is calculated by multiplying the change in the 2 most recent year's actual FTSE for each district by the average state aid per FTSE appropriated in the current year (the product of total operating state aid appropriated in the current year divided by the most recent year's actual FTSE for all districts).

#### FULL TIME STUDENT EQUIVALENT COUNT (FTSE) Arizona Community Colleges

	FY 1991	Actual	FY 1992 Actual		Change	Change: FY 1991-FY 1992			
District Cochise Coconino Graham Maricopa Mohave Navajo Pima Pinal Yavapai Yuma/LaPaz Total	Academic 3,033 361 2,431 43,374 1,724 2,201 14,811 3,102 2,291 2,357 75,685	Voc-Tech 1,146 0 1,044 13,684 575 863 4,759 1,315 763 669 24,818	Academic 3,334 491 2,436 45,560 1,960 2,243 15,364 3,053 2,402 2,585 79,428	Voc-Tech 1,101 146 1,041 13,475 645 856 4,672 1,282 663 745 24,626	Academic 301 130 5 2,186 236 42 553 (49) 111 228 3,743	9.9% 36.0 0.2 5.0 13.7 1.9 3.7 (1.6) 4.8 9.7 4.9%	Voc-Tech (45) 146 (3) (209) 70 (7) (87) (33) (100) 76 (192)	(3.9)% (0.3) (1.5) 12.2 (0.8) (1.8) (2.5) (13.1) 11.4 (0.8)%	

The JLBC Staff recommends no adjustment for the GNP Price Deflator and, therefore, the first component of the formula, the inflation adjustment, provides no increase. The estimated cost of funding a 2.7% GNP Price Deflator is \$1,860,800.

The second component of the formula increase, enrollment change, provides additional funding based on system-wide actual FTSE growth of 3,743 between FY 1991 and FY 1992, at an average rate of \$868/FTSE. The cost to fully fund student growth is \$3,248,800. The JLBC Staff recommendation fully funds student growth by county (see chart below), but then adjusts the figures downward based on a percentage (5.97%) that brings the overall budget \$1,000,000 below the FY 1993 level. As a result of this calculation, each district's share of operating State Aid is proportional to the actual FTSE enrollment. The JLBC Staff recommendation will require modification of Chapter 345.

This legislation also states that each district has the option of using up to 20% of its total Capital Outlay Aid appropriation for Operating Aid purposes. The law change gives districts greater flexibility in spending and any given reduction in Operating Aid below FY 1993 levels can be offset by a transfer from Capital Aid.

#### **OPERATING AID RECOMMENDATION**

Districts Cochise Coconino Graham Maricopa Mohave Navajo Pima Pinal Yavapai Yuma/LaPaz Total	FY 1993 Operating Aid \$ 4,357,900 1,000,900 3,695,800 29,736,300 2,538,300 3,262,400 12,881,600 4,458,300 3,400,900 3,585,000 \$68,917,400	Fully Fund  Student Growth  \$ 4,619,200  1,113,700  3,700,100  31,633,700  2,743,100  3,298,900  13,361,600  4,415,800  3,497,200  3,782,900  \$72,166,200	FY 1994 Rec. (5.97% Reduction)* \$4,343,400 1,047,200 3,479,200 29,744,800 2,579,300 3,101,900 12,563,800 4,152,100 3,288,4003,557,000 \$67,857,100	FY 1993-FY 1994 <u>% Change</u> (0.33)% 4.63 (5.86) 0.03 1.62 (4.92) (2.47) (6.87) (3.31) (0.78)	FY 1993-FY 1994  \$ Change \$ (14,500) 46,300 (216,600) 8,500 41,000 (160,500) (317,800) (306,200) (112,500) (28,000) \$ (28,000) \$ (1060,200)
	700,217,400	\$72,100,200	\$67,857,100	(1.50)%	\$(1,060,300)

<sup>\*</sup> The (5.97)% reduction is applied to the fully funded student growth base by district.

The Executive recommends holding Operating Aid at the FY 1993 funding level.

#### Capital Outlay State Aid

The current statutory capital outlay formula provides per capita funding to districts based on the district's size and most recent year's actual FTSE. Districts with 5,000 or less FTSE receive \$207/FTSE while districts with greater than 5,000 FTSE receive \$158/FTSE. These rates are to be adjusted for inflation annually per the GNP Price Deflator. For FY 1994, the JLBC Staff recommends funding Capital Outlay Aid for each district at its FY 1993 level. The FY 1993 appropriation held funding at the FY 1992 level, which funded 1/2 of the increase required by A.R.S. § 15-1464. The cost of fully funding the statutory formula increase for capital is \$3,137,300. The Executive recommends a reduction of \$(3,420,100), or a (4)% cut, from the FY 1993 Capital Outlay State Aid funding level. Both the JLBC Staff and Executive recommendations will require statutory modifications.

-0- GF

31,700 GF

Equalization Aid

Laws 1992, Chapter 345, amended the previous statutes regarding equalization aid. The new law established a new minimum assessed valuation required to establish a community college district (\$448,017,200) and provided that this amount would increase by the average percentage increase in the actual total assessed valuation for all rural districts for the 2 most recent years for which actual data is available in FY 1994 and beyond. Equalization Aid is provided to districts with assessed valuation less than the statutory minimum based on the difference between the district's prior year actual assessed valuation and the minimum assessed valuation at the lesser of \$1.37/\$100 AV or the district's levy.

The JLBC Staff recommendation again uses a methodology which fully funds this component of the statutory formula but adjusts the figures downward based on a percentage that brings the overall budget \$1,000,000 below the FY 1993 level. The cost of fully funding Equalization Aid is \$431,700 per the formula. Two districts, Graham and Cochise, are eligible to receive equalization aid in FY 1994.

<u>Districts</u> Cochise Graham	FY 1993 Eq. Aid \$ 960,800 5,306,400 \$6,267,200	Fully Fund	PRECOMMENDATION FY 1994 Rec. (5.9% Reduction)* \$1,032,600 5,266,700 \$6,298,900	FY 1993-FY 1994 <u>% Change</u> 7.47% (0.76) 0.01%	FY 1993-FY 1994 \$ Change \$71,800 (40,100) \$31,700
Total	\$6,267,200	φυ,υνο,νου			

<sup>\*</sup> The (5.97)% reduction is applied to the fully funded equalization aid base by district.

The Executive recommends holding Equalization Aid at the FY 1993 funding level.

The following table represents the total JLBC Staff recommendation for Operating State Aid, Capital Outlay Aid and Equalization Aid:

#### TOTAL FY 1994 JLBC STAFF RECOMMENDATION

Graham 3,479,200 5, Maricopa 29,744,800 5, Mohave 2,579,300 Navajo 3,101,900 Pima 12,563,800 1, Pinal 4,152,100 Yavapai 3,288,400 Yavapai 3,557,000	207,000       0       1,254,200         441,300       5,266,300       9,186,800         315,500       0       35,060,300         250,700       0       2,830,000         365,800       0       3,467,700         857,600       0       14,421,400         530,300       0       4,682,400         385,500       0       3,673,900         429,900       0       3,986,900         3319,000       \$6,298,900       \$84,475,000
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Economic Development Training

.-0- GF

The Legislature appropriated \$150,000 in both FY 1992 and FY 1993 as part of a 3-year commitment for a specialized workforce recruitment and training program provided by the Maricopa Community College District to a major interstate banking firm. The JLBC Staff recommendation represents the third year of funding per this agreement.

#### Other Issues for Legislative Consideration

• Job Training

If the Legislature establishes a state-funded program of job training, the JLBC Staff recommends that the Legislature consider the Industrial Commission Special Fund as a funding source, given that the Special Fund has a substantial and growing unobligated fund balance.

DEPARTMENT: Arizona State Schools for the Deaf & Blind Agency Summary		JLBC ANALYST: Fusak HOU OSPB ANALYST: Mabry SENA			USE SUBCOMMITTEE CHAIR: Graham ATE SUBCOMMITTEE CHAIR: Hermon		
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE	
Full Time Equivalent Positions	480.7	490.2	561.7	497.7	483.5		
BY PROGRAM/ORGANIZATION					4.464.600 :		
Phoenix Day School	4,478,100	4,663,500	5,511,200	4,728,300	4,461,600		
Diagnostic Testing/Ed Center	1,620,700	1,632,300	2,097,300	1,578,200	1,651,000		
Tucson Campus	12,340,400	13,831,600	18,539,600	14,209,900	13,723,600	5.	
AGENCY TOTAL	18,439,200	20,127,400	26,148,100	20,516,400	19,836,200		
OPERATING BUDGET	12 200 800	12,715,000	15,091,600	13,130,500	12,704,300		
Personal Services	12,209,800		4,010,500		2,752,600	-	
Employee Related Expenditures	2,854,600				321.300		
Professional/Outside Services	261,900		358,800 58,800		50,200		
Travel - In State	48,400 100	, A	0	0	0		
Travel - Out of State	133,200		142,700	137,800	134,600		
Food	2,759,800		4,107,700		3,736,600		
Other Operating Expenditures Equipment	171,400		2,378,000	155,000			
All Other Operating Subtotal	3,374,800	4,448,200	7,046,000	4,345,700	4,379,300		
AGENCY TOTAL	18,439,200	20,127,400	26,148,100	20,516,400	19,836,200		
AGENCI							

DEPARTMENT: Arizona State Schools for the Deaf & Blind Agency Summary		JLBC ANALYST: Fusak HOUSE SUB OSPB ANALYST: Mabry SENATE SUB		BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Graham Hermon	
DESCRIPTION BY FUND SOURCE	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
General Fund Other Funds Federal Funds Other Non-Appropriated Funds	13,210,700 5,228,500 599,600 114,700	15,134,000 4,993,400 804,000 354,300	21,255,500 4,892,600 680,100 195,700	15,399,100 5,117,300 *	15,067,900 4,768,300 680,100 195,700	
* The Executive recommendation is adjusted	19,153,500	21,285,700	27,023,900	20,516,400	20,712,000	

<sup>\*</sup> The Executive recommendation is adjusted to show Voucher and Endowment Earnings as appropriated dollars.

The JLBC Staff recommends a total appropriation of \$19,836,200 -- a net decrease of \$(291,200), or (1.5)%, from the FY 1993 appropriation. The General Fund (GF) portion \$4,768,300 -- a net decrease of \$(66,100), or (0.5)%, from the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is

#### JLBC Staff Recommended Changes from FY 1993

•	Annualization of FY 1993 Salary Equity Adjustment		
•	Personal Services/ERE Adjustments	\$ 452,600	GF
•	ERE Rate Changes	(5,900) (100)	
•	Lease-Purchase Payments	(128,300) (49,800)	
•	Other Operating Expenditures	60,000	GF
•	Capitalized Equipment	(169,700)	GF
•	Demographic/Deflator Changes	(54,400)	GF
		(34,800) (160,200)	

•	Endowment Earnings	15,000 (15,000)	
	Auditor General Findings	(460,000)	GF
•	Auditor General Findings	. 113,600	GF
•	Regional Cooperative Program	95,200	GF
•	Mainstreaming	50,600	
•	Security Staff	30,000	O1

#### Other Issues for Legislative Consideration

Auditor General Performance Audit and Sunset Review

The Auditor General's Performance Audit Report was distributed in October, 1992. The findings are as follows:

The school's administrative structure is top-heavy and 10 FTE positions could be eliminated to save over \$500,000 annually. The JLBC Staff and the Executive have both included this FTE reduction in the FY 1994 recommendations. Due to personnel "bumping" rights which would reduce the first year savings, the JLBC Staff recommendation includes a reduction of \$462,200. The Executive estimates savings of \$512,700.

The audit report suggested that the savings from the FTE position reduction be used to expand the Regional Cooperative Program, fund special education equipment, fund a program for severely emotionally disturbed students and improve the physical facilities at ASDB. The JLBC Staff recommends using part of the savings to expand the Regional Cooperative Program.

- The board should improve its oversight and control over non-appropriated funds.
- ASDB has improved student evaluation and placements.
- The board needs to improve its governance of ASDB.
- Other Issues
  - ASDB needs to do more to fulfill its mandated role as a statewide resource to local districts.
  - ASDB needs to increase its efforts in monitoring the success of its graduates.
- Source of Voucher Funding

The Arizona Department of Education (ADE) is appropriated funding through a special line item called Permanent Special Education Institutional Vouchers for the special education costs of students attending ASDB and developmentally disabled programs operated by the Department of Economic Security, in accordance with A.R.S. § 15-1202. ASDB must submit an application to be approved by the Division of Special Education at ADE to receive voucher funding based on amounts set, by disability category, in statute. The Other Appropriated funds in the ASDB budget represent these voucher monies. The dollar amount in the FY 1994 JLBC Staff recommendation for vouchers is based upon current enrollment at ASDB. However, ASDB will receive voucher funding for FY 1994 based on actual enrollment in that year. If their student count increases or decreases from the FY 1993 enrollment estimate, their voucher funding will change accordingly.

DEPARTMENT: Arizona State Schools for the Deaf & Blind PROGRAM: Phoenix Day School		JLBC ANALYST: OSPB ANALYST:	Fusak Mabry	HOUSE SUI SENATE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Graham Hermon	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE	
Full Time Equivalent Positions	116.5	125.5	135.3	126.5	120.8		
OPERATING BUDGET							
Personal Services	3,120,800	3,317,100	3,728,300	3,419,600	3,251,800		
Employee Related Expenditures	753,600	771,500	987,400	787,000			
Professional/Outside Services Travel - In State Food Other Operating Expenditures Equipment	49,600 2,900 30,000 486,500 34,700	41,800 3,000 34,600 429,800 65,700	62,400 3,700 34,600 461,500 233,300	41,800 3,000 34,600 376,600 65,700	61,300 3,000 34,600 380,300		
All Other Operating Subtotal	603,700	574,900	795,500	521,700			
PROGRAM TOTAL	4,478,100	4,663,500	5,511,200	4,728,300			
BY FUND SOURCE							
General Fund Other Funds Federal Funds Other Non-Appropriated Funds	2,542,500 1,935,600 137,000 7,900	2,743,400 1,920,100 133,900 10,400	3,727,500 1,783,700 129,500 8,300	2,808,200 1,920,100	129,500		
PROGRAM TOTAL - ALL SOURCES	4,623,000	4,807,800	5,649,000	4,728,300	4,599,400	1	

DEPARTMENT: PROGRAM:

Arizona State Schools for the Deaf and Blind

Phoenix Day School

The JLBC Staff recommends a total appropriation of \$4,461,600 - a net decrease of \$(201,900), or (4.4)%, from the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$2,769,500 -- a net increase of \$26,100, or 1.0%, to the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$1,692,100 - a net decrease of \$(228,000) or (11.9)%, from the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

\$ 114,200 GF

Annualization of FY 1993 Inequity Salary Adjustment

Laws 1988, Chapter 237, provides that the Department of Administration (DOA) shall conduct salary equity studies for teachers, credentialed specialists, and other personnel unique to Arizona State Schools for the Deaf and Blind (ASDB). DOA has indicated that it considers all ASDB staff to be unique and, therefore, all staff are included in the salary study. The law provides that the JLBC Staff shall use the results in making its recommendations for Personal Services 1 year in arrears. The salary equity study examines salary increases in 3 specific school districts: Tucson Unified, Mesa Unified, and Washington Elementary School districts. In FY 1993, the agency received mid-year funding for a 6.7% increase based on the study results. The JLBC Staff recommends annualizing the mid-year funding provided in FY 1993. In the current school year, the 3 school districts used in the inequity study will provide no increases in salaries, therefore, ASDB is not eligible for an additional salary adjustment in FY 1994. The Executive concurs with this issue.

Personal Services/ERE Adjustments

(2,700) GF 1,100 OF

Maintains a vacancy factor of 1%. The Executive recommends a vacancy factor of 1%.

(29,600) GF

ERE Rate Changes

(23,800) OF

(205,300) OF

Demographic/Deflator Changes

The JLBC Staff recommends eliminating 5 FTE positions (2 Teachers, 2 Instructional Aides, and 1 Support Service FTE position) due to an overall loss of 14 students. Part of the loss in voucher funding is due to a change in the requirements established by the Arizona Department of Education (ADE) for Multiple Disabilities with Severe Sensory Impairments (MDSSI). The Phoenix Day School for the Deaf (PDSD) experienced a significant shift in students from the MDSSI category to other categories. In FY 1992, PDSD had 36 MDSSI students enrolled in the school. Currently, the school has only 8 students enrolled which meet the new ADE definition of MDSSI. MDSSI students generate the largest dollar per student funding due to the special requirements necessary to provide educational services for these students. Of the 36 students categorized as MDSSI in FY 1992, 16 have shifted to the Multiple Disabilities (MD) category in FY 1993 which resulted in a loss of approximately \$61,300 in voucher funding from this change. The voucher funding assumes no GNP Price Deflator. If the GNP Price Deflator were funded at 2.7%, \$48,000 would need to be added to the voucher line item.

#### Phoenix Day School for the Deaf (PDSD) Student Counts

Multiple Disabilities with	FY 1993 <u>Budgeted Count</u>	FY 1994 <u>Budgeted Count</u>	Difference
Severe Sensory Impairments Multiple Disabilities Hearing Impaired Total	36 4 <u>179</u> 219	8 20 <u>177</u> 205	(28) 16 (2) (14)

Other Operating Expenditures

The JLBC Staff recommends a decrease of \$(53,500) to reflect the completion of a vehicle lease-purchase for 5 preschool buses. The JLBC Staff recommendation maintains the same level of funding for non-capitalized equipment. The Executive recommends reducing non-

Capitalized Equipment

The JLBC Staff recommends a decrease of \$(33,500) for a total of \$32,200 for capitalized equipment based on the following:

\$11,200 for 3/4ths funding for specialized educational replacement equipment.

\$21,000 for 1/3rd funding for non-educational replacement equipment.

Mainstreaming

The JLBC Staff recommends a 0.25 Bus Driver FTE position. Federal law requires that children with disabilities be educated with children who are not disabled to the maximum extent possible. ASDB operates a "center school" program in Phoenix and Tucson where some students are placed in regular education settings for a portion of the school day. ASDB must have a bus driver available throughout the school day to transport the students to their classes at the public school sites. Also, ASDB must pay tuition to the public schools for each mainstreamed student, as well as provide interpreters. The recommendation includes \$10,500 for interpreting services and \$9,000 for

#### Other Issues for Legislative Consideration

Individuals with Disabilities Education Act (IDEA)

ASDB requests 2 FTE positions to help the school further meet federal mandates which require the schools to provide social work services, rehabilitation counseling, recreation therapy, transition services, assistance technology and evaluation services. The Executive recommends \$75,500 to fund 1 Social Worker FTE position and 1 Rehabilitation Counselor. At this time, the schools do not appear at risk of losing federal dollars due to a lack of expertise in these areas. The JLBC Staff would like to further examine the requirements of the IDEA mandates and therefore, does not recommend this issue.

Auditor General Findings

The Executive recommends eliminating the Phoenix Day School Assistant Director, as recommended in the audit report. The JLBC Staff recommends eliminating an unspecified position in Tucson, in lieu of eliminating a position on the Phoenix campus. The JLBC Staff believes that the Phoenix campus should be involved in the administrative functions and decision making processes associated with the campus.

(53,500) GF

(33,500) GF

31,200 GF

DEPARTMENT: Arizona State Schools for PROGRAM: Diagnostic Testing/Ed Ce	JLBC ANALYST: OSPB ANALYST:	Fusak Mabry	HOUSE SUBCOMMITTEE CHAIR: Graham SENATE SUBCOMMITTEE CHAIR: Hermon			
DESCRIPTION	FY 1992	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	58.5	58.5	70.8	56.0		
OPERATING BUDGET		1.050.200	1,544,700	1,205,000	1,282,900	
Personal Services	1,250,600	1,253,300	,			
Employee Related Expenditures	311,100	310,800	437,900	305,000		
Professional/Outside Services Travel - In State Other Operating Expenditures Equipment	38,000 800 20,200 0	44,800 800 22,600 0	57,800 800 39,500 16,600	44,800 800 22,600 0	0	a'
All Other Operating Subtotal	59,000	68,200	114,700	68,200	62,200	
PROGRAM TOTAL	1,620,700	1,632,300	2,097,300	1,578,200	1,651,000	
BY FUND SOURCE						
General Fund Other Funds Federal Funds Other Non-Appropriated Funds	1,126,700 494,000 59,800 13,600	448,200 150,000	1,568,800 528,500 153,900 4,800	448,200	153,900 4,800	
PROGRAM TOTAL - ALL SOURCES	1,694,100	1,796,700	2,256,000	1,578,200		<u></u> /

DEPARTMENT: PROGRAM:

Arizona State Schools for the Deaf and Blind

Arizona Diagnostic Treatment and Education Center

The JLBC Staff recommends a total appropriation of \$1,651,000 -- a net increase of \$18,700, or 1.2%, to the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$1,072,800 -- a net decrease of \$(111,300), or (9.4)%, from the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$578,200 -- a net increase of \$130,000 or 29%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Salary Equity Adjustment Laws 1988, Chapter 237, provides that the Department of Administration (DOA) shall conduct salary equity studies for teachers, credentialed specialists, and other personnel unique to Arizona State Schools for the Deaf and Blind (ASDB). DOA has indicated that it considers all ASDB staff to be unique and, therefore, all staff are included in the salary study. The law provides that the JLBC Staff shall

use the results in making its recommendations for Personal Services 1 year in arrears. The salary equity study examines salary increases in 3 specific school districts: Tucson Unified, Mesa Unified, and Washington Elementary School districts. In FY 1993, the agency received mid-year funding for a 6.7% increase based on the study results. The JLBC Staff recommends annualizing the mid-year funding provided in FY 1993. In the current school year, the 3 school districts used in the inequity study will provide no increases in salaries,

therefore, ASDB is not eligible for an additional salary adjustment in FY 1994. The Executive concurs with this issue.

Personal Services/ERE Adjustments

Maintains a vacancy factor of 1%. The Executive recommends a vacancy factor of 1%.

600 GF (1,300) OF

\$43,800 GF

**ERE Rate Changes** 

Demographic/Deflator Changes

(14,200) GF 2,000 OF

(34,800) GF 129,300 OF

The recommendation is based on an increase of 12 students, 8 of which are Multiple Disabilities with Severe Sensory Impairments (MDSSI) students, which will generate additional voucher funds. The JLBC Staff recommends an increase of 4 FTE positions (2 Teachers and 2 Instructional Aides) for 1 MDSSI class at Catalina High School and 1 MDSSI classroom at the Arizona Diagnostic Testing and Education Center (ADTEC). ASDB entered into an agreement with the Tucson Unified School District (TUSD) to jointly operate a MDSSI program at Catalina High School. TUSD provides the classroom, equipment, site trainers, and a job developer. ASDB provides the teachers, instructional aids and support positions. The recommendation is in line with the goal of integrating and mainstreaming ASDB students into regular school campuses. The voucher funding assumes no GNP Price Deflator. If the GNP Price Deflator were funded at 2.7%, \$14,300 would need to be added to the voucher line item.

#### Arizona Diagnostic Testing and Education Center (ADTEC) Student Counts

	ottident counts		
	FY 1993 <u>Budgeted Count</u>	FY 1994 Budgeted Count	Difference
Multiple Disabilities with Severe Sensory Impairments Multiple Disabilities Visually Impaired Total	36 1 0 37	44 4 <u>1</u> 49	$ \begin{array}{c} 8\\3\\\frac{1}{12} \end{array} $

The Executive recommends an increase of 5 FTE positions to fund the Catalina High School classroom with the funding increase under the Tucson campus.

Auditor General Findings

(106,700) GF

The JLBC Staff recommends eliminating the following positions suggested in the October 1992 Performance Audit report:

-- 1 Director FTE position.

1.5 Administrative Secretary FTE positions.

The Executive also recommends eliminating 2.5 FTE positions.

DEPARTMENT: Arizona State Schools for PROGRAM: Tucson Campus	or the Deaf & Blind	JLBC ANALYST: OSPB ANALYST:	Fusak Mabry	HOUSE SUI SENATE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Graham Hermon
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	305.7	306.2	355.7	315.2	302.7	
OPERATING BUDGET						
Personal Services	7,838,400	8,144,600	9,818,600	8,505,900	8,169,600	
Employee Related Expenditures	1,789,900	1,881,900	2,585,200	1,948,200		
Professional/Outside Services Travel - In State Travel - Out of State	174,300 44,700 100	171,000 45,700 0	238,600 54,300	171,000 45,700	215,200	
Food Other Operating Expenditures Equipment	103,200 2,253,100 136,700	100,000 3,383,000 105,400	0 108,100 3,606,700 2,128,100	0 103,200 3,346,600 89,300	100,000 3,339,700	
All Other Operating Subtotal	2,712,100	3,805,100	6,135,800	3,755,800	3,805,700	
PROGRAM TOTAL	12,340,400	13,831,600	18,539,600	14,209,900	13,723,600	-
BY FUND SOURCE				=======================================		
General Fund Other Funds Federal Funds Other Non-Appropriated Funds	9,541,500 2,798,900 402,800 93,200	11,206,500 2,625,100 520,100 329,500	15,959,200 2,580,400 396,700 182,600	11,460,900 2,749,000	11,225,600 2,498,000 396,700	
PROGRAM TOTAL - ALL SOURCES	12,836,400	14,681,200	19,118,900	14,209,900	14,302,900	•

**DEPARTMENT:** 

Arizona State Schools for the Deaf and Blind

PROGRAM:

Tucson Campus

The JLBC Staff recommends a total appropriation of \$13,723,600 -- a net decrease of \$(108,000), or (0.8)%, from the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$11,225,600, a increase of \$19,100, or 0.2% to the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$2,498,000 - a net decrease of \$(127,100) or (4.9)%, from the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

Laws 1988, Chapter 237, provides that the Department of Administration (DOA) shall conduct salary equity studies for teachers, Annualization of FY 1993 Inequity Salary Adjustment credentialed specialists, and other personnel unique to Arizona State Schools for the Deaf and Blind (ASDB). DOA has indicated that it considers all ASDB staff to be unique and, therefore, all staff are included in the salary study. The law provides that the JLBC shall use the results in making its recommendations for Personal Services 1 year in arrears. The salary equity study examines salary increases in 3 specific school districts: Tucson Unified, Mesa Unified, and Washington Elementary School districts. In FY 1993, the agency received mid-year funding for a 6.7% increase based on the study results. The JLBC Staff recommends annualizing the mid-year funding provided in FY 1993. In the current school year, the 3 school districts used in the inequity study will provide no increases in salaries, therefore, ASDB is not eligible for an additional salary adjustment in FY 1994. The Executive concurs with this issue.

Personal Services/ERE Adjustments

(3,800) GF 100 OF

\$ 294,600 GF

Maintains a vacancy factor of 1%. The Executive recommends a vacancy factor of 1%.

(84,500) GF (28,000) OF

**ERE Rate Changes** 

(84,200) OF

Demographic/Deflator Changes

The JLBC Staff recommends eliminating 1 FTE position due to loss in voucher funding. The recommendation is based on a net decrease of 9 students. Tucson lost 11 Multiple Disabilities with Severe Sensory Impairments (MDSSI) students, which are the most expensive students to educate and which receive the highest per student voucher funding. Tucson also lost 8 Hearing Impaired (HI) students. As a partial offset to the decrease, Tucson gained 8 Visually Impaired (VI) students and 2 Multiple Disabilities (MD) students. The resulting demographic change is a decrease of \$(59,200) in Personal Services. The recommendation assumes no GNP Price Deflator. If the GNP Price Deflator were funded at 2.7%, \$62,200 would need to be added to the voucher line item.

Multiple Disabilities with	Tucson Campus <u>Student Counts</u> FY 1993 <u>Budgeted Count</u>	FY 1994 <u>Budgeted Count</u>	Difference
Severe Sensory Impairments Multiple Disabilities Visually Impaired Hearing Impaired Total	26	15	(11)
	11	13	2
	58	66	8
	<u>171</u>	<u>163</u>	(8)
	266	257	(9)

Other Operating Expenditures

The JLBC Staff recommends the following major changes:

(56,200) GF

\$60,000 increase for building lease-purchase payments for the ASDB High School, Auditorium, Elementary School, Middle School, Learning Center, Food Service Building and modular buildings.

\$(34,300) for telecommunications non-capitalized equipment.

\$(15,000) decrease for telecommunications due to savings from the school's telephone system.

\$(61,800) decrease to reflect the completion of a vehicle lease-purchase payment for 6 buses. \$(5,100) decrease for miscellaneous adjustments.

Capitalized Equipment

The JLBC Staff recommends a decrease of \$(20,900) for a total of \$84,500 based on the following:

(20,900) GF

\$84,400 for 3/4ths funding for specialized educational replacement equipment.

\$29,300 for 1/3rd funding for non-educational replacement equipment.

\$(29,200) for telecommunications equipment.

**Endowment Earnings** 

15,000 GF (15,000) OF

(353,300) GF

The JLBC Staff estimates that endowment earnings for FY 1994 will be \$275,000. The FY 1993 appropriation was based on a deduction of \$(290,000). The Executive recommendation assumes a deduction of \$(290,000).

Auditor General Findings

The JLBC Staff recommends eliminating 7.5 FTE positions as suggested in the October 1992 Performance Audit report. The Audit report actually recommended eliminating 6.5 FTE positions from the Tucson Campus, 1 FTE position from the Phoenix Day School for the Deaf (PDSD) and 2.5 FTE positions from the Arizona Diagnostic Testing and Education Center. The JLBC Staff does not recommend eliminating the FTE position from PDSD. Instead, the Staff recommends eliminating an additional unspecified administrative FTE position from the Tucson Campus.

- 1 Associate Superintendent for Curriculum and Instruction FTE position.

- 1 High School Principal FTE position.

- 1 Dean FTE position.

- 1.5 Administrative Secretaries FTE positions.

- 3 unspecified administrative FTE positions.

Travel - Out of State is not appropriated through the legislative process. Instead, ASDB uses Trust Fund monies (see the Non-Appropriated Funds book) to fund this line item. The audit team found that Travel - Out of State accounted for approximately 57% of all Trust Fund monies expended in FY 1991, with 52% spent on administrative travel. The JLBC Staff recommends adding a footnote to ASDB's appropriation stating that all Travel - Out of State expenditures must be reported to the Joint Legislative Budget Committee for review.

The Executive recommends the elimination of 6.5 FTE positions as described in the audit report.

Regional Cooperative Program
The JLBC Staff recommends establishing the Southwest region of the Regional Cooperative Program. The Auditor General's Performance
The JLBC Staff recommends establishing the Southwest region of the Regional Cooperative Program. Laws 1987,
Report suggested that savings from the elimination of administrative positions be used to expand the cooperative programs. Laws 1987,
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Report suggested that savings from the elimination of administrative positions. Currently, the North Central region has program and Southwest
Program The North Central re

64,000 GF

113,600 GF

Mainstreaming
The JLBC Staff recommends 1 Bus Driver FTE position. Federal law requires that children with disabilities be educated with children who are not disabled to the maximum extent possible. ASDB operates a "center school" program in Phoenix and Tucson where some students are placed in regular education settings for a portion of the school day. ASDB needs a bus driver available throughout the school day to transport the students to their classes at the public school sites. Also, ASDB must pay tuition to the public schools for each mainstreamed student, as well as provide interpreters. The recommendation includes \$26,000 for interpreter services and \$10,000 for tuition. The Executive does not concur with this issue.

50,600 GF

Security Staffing
 The JLBC Staff recommends 2 Security FTE positions. The Tucson Campus is located in a high crime area in Tucson and the school has experienced problems with unauthorized individuals walking through the campus. Due to the residential nature of the school, security staff is needed at all hours including weekends. The Executive recommends 2.5 FTE positions and \$59,200 for this issue.

#### Other Issues for Legislative Consideration

- Individuals with Disabilities Education Act (IDEA) ASDB requests 7 FTE positions to help the school further meet federal mandates which require the schools to provide social work services, rehabilitation counseling, recreation therapy, transition services, assistance technology and evaluation services. The Executive recommends \$132,000 to fund 1 Social worker FTE position, 1 Rehabilitation Counselor and 1 Low Vision Specialist FTE position. At this time, the schools do not appear at risk of losing federal worker FTE position, 1 Rehabilitation Counselor and 1 Low Vision Specialist FTE position. At this time, the schools do not appear at risk of losing federal dollars due to a lack of expertise in these areas. The JLBC Staff would like to further examine the requirements of the IDEA mandates, and therefore, does not recommend this issue.
- MDSSI Class
   The Executive has recommended an increase of 5 FTE positions to fund a MDSSI class in Tucson. Based on current enrollment figures (please see table under Demographic/Deflator Changes), the JLBC Staff does not concur with this issue.

DEPARTMENT: Department of Education Agency Summary		JLBC ANALY OSPB ANALY	ST: Neisent/Fus ST: Mabry	110000 000	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Graham Hermon
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions =	217.9	231.6	225.4	182.3	224.7	J. N.C.L
BY PROGRAM/ORGANIZATION		-				
State Board of Education	130,900	135,900	147,800	136,000	120, 200	
General Services Admin	6,954,200	8,235,400	9,151,700	8,561,400		
Assistance to Schools	1,304,327,900	1,361,858,800	1,562,245,400	1,435,416,400	1,419,434,700	
Vocational Education	1,168,700	1,279,300	1,289,100	1,263,800		
AGENCY TOTAL =	1,312,581,700	1,371,509,400	1,572,834,000	1,445,377,600	1,429,167,100	
OPERATING BUDGET						
Personal Services	5,032,800	5,132,900	5,553,200	5,236,400	5,225,400	
Employee Related Expenditures	1,116,700	1,139,700	1,391,200	1,183,400		
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	379,700 87,000 8,500 982,400 121,400	157,200 110,200 32,700 1,506,300 0	162,100 110,200 27,500 1,652,400	160,200 110,200 27,500 1,594,400	160,200 110,200 27,500	
All Other Operating Subtotal	1,579,000	1,806,400	1,952,200	1,892,300		-
OPERATING SUBTOTAL	7,728,500	8,079,000	8,896,600	8,312,100	1,826,400 8,126,900	

DEPARTMENT: Department of Education Agency Summary		JLBC ANALYST: OSPB ANALYST:		K HOUSE SUE SENATE SUE	COMMITTEE CHAIR:	Graham Hermon
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Achievement Testing Educ. Comm. of the States SLIAG Administration Special Education Audit School Restructuring SLIAG Outreach Basic State Aid Prior Year State Aid Additional State Aid Additional State Aid Assist. to School Districts Cert. of Ed. Convenience Permanent Education Vouchers Perm. Spec. Ed. Inst. Voucher Academic Contest Fund Academic Decathlon Adult Education Assistance Az Humanities Council Az Principals' Academy Az Teacher Evaluation ASSET Chemical Abuse Dropout Prevention Extended School Year	192,500 43,100 14,300 207,900 66,200 1,300 989,258,700 143,196,400 130,027,900 470,000 8,259,600 2,827,400 5,050,200 75,000 80,100 3,034,000 40,000 25,200 392,600 234,000 814,600 2,305,400 477,700	1,163,000 45,000 22,600 216,600 100,000 24,400 1,047,812,900 143,196,400 126,746,000 509,600 9,130,300 2,995,500 5,091,000 75,000 101,300 3,042,600 40,000 25,200 392,500 234,000 832,100 2,182,600 500,000	1,318,100 45,000 6,300 222,600 100,000 0 1,247,613,000 143,196,400 128,000,000 520,000 9,767,000 3,245,000 5,580,000 75,000 82,000 3,044,400 40,000 25,200 404,600 234,000 842,900 2,183,700 500,000 1,402,900	1,276,200 45,000 6,700 221,200 100,000 0 1,134,033,100 142,500,000 116,274,100 501,100 9,302,100 3,132,400 5,364,300 75,000 83,100 3,042,600 40,000 25,200 397,100 234,000 838,200 2,184,000 500,000 1,403,700	5,600 220,000 100,000 0 1,120,909,600 143,196,400 116,425,000 520,000 9,298,900 3,071,600 5,411,000 50,000 82,000 2,437,100 0 395,800 234,000 669,300 1,746,800 500,000	
Full-Day Kindergarten Gifted Support K-3 Support	1,398,700 993,800 5,449,600	1,001,100	1,002,600 5,457,000	1,002,900	801,900 4,363,400	

DEPARTMENT: Department of Education Agency Summary		JLBC ANALYST OSPB ANALYST	: Neisent/Fus. : Mabry	1100BL 001	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Graham Hermon
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Preschool Disabilities Preschool Disabilities Support Preschool At-Risk Program Residential Placement School Breakfast Program SLIAG Adult Education Tuition Fund Vocational Ed. Assistance Voc. Ed. Prog. Support Voc. & Tech. Education  Special Item Subtotal  A G E N C Y T O T A L	1,908,600 385,800 1,128,000 100,000 98,200 618,900 100,000 2,704,400 957,400 1,915,700 1,304,853,200 1,312,581,700	4.054.55	0 0 2,603,800 100,000 0 375,200 100,000 2,835,000 1,015,700 2,000,000 1,563,937,400 1,572,834,000	0 0 2,603,500 100,000 0 376,500 100,000 2,835,000 1,012,900 2,000,000 1,437,065,500	375,900 100,000 2,551,500 909,200	
BY FUND SOURCE						
General Fund Federal Funds Other Non-Appropriated Funds AGENCY TOTAL - ALL SOURCES	1,312,581,700 294,927,700 58,109,500	330,525,300 59,142,700	370,593,500 61,186,600	1,445,377,600	1,429,167,100 370,593,500 61,186,600	
=======================================	1,665,618,900	1,761,177,400 2	2,004,614,100	1,445,377,600	1,860,947,200	

DEPARTMENT:

Department of Education

Agency Summary

The JLBC Staff recommends a total appropriation of \$1,429,167,100 -- a net increase of \$57,657,700, or 4.2%, to the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

BC Staff Recommended Changes From F1 1993		A 105 000 GE
<ul> <li>Annualization of FY 1993 Pay Adjustment</li> <li>Personal Services/ERE Adjustments</li> <li>ERE Rate Changes</li> <li>All Other Operating Expenditures</li> <li>Achievement Testing</li></ul>		\$ 187,000 GF (46,400) GF (83,500) GF 20,000 GF 116,900 GF (86,400) GF 73,096,700 GF
<ul> <li>Basic State Aid</li> <li>Base adjustments to the FY 1993 adjusted appropriation to reflect the FY 1993 funding requirement</li> <li>Demographic adjustments to reflect 25% growth in preschool disabled students, 3.5% growth in elementary students and 3.5% growth in high school students</li> <li>(1)% Decline in Assessed Valuation</li> <li>Offset decrease in the Cash Balance Reversion from 27% in FY 1993 to 18% in FY 1994</li> <li>Sudden Growth at 64%</li> <li>Rapid Decline at new eligibility percentages over (10% decline qualifies for 90% of count)</li> <li>Career Ladders - 2 year phase out</li> <li>Teacher Experience Index - 2 year phase out</li> <li>Unified School Equity</li> <li>Other Changes</li> </ul>	7,000,000 1,480,000 (1,360,000)	3.
Total  Additional State Aid (Homeowners' Rebate)  Other Statutory Programs  Preschool Handicapped Program Phase Out  Program Elimination (Arizona Humanities Council and Arizona Principal's Academy)  Block Grants/Program Reductions		(10,321,000) GF (595,200) GF (

DEPARTMENT: Department of Education State Board Of Education	1	JLBC ANALYST: OSPB ANALYST:	Neisent/Fusa Mabry	110001101	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Graham Hermon
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	2.5	2.5	2.0	2.0	2.0	
OPERATING BUDGET			<del>_</del>	8		
Personal Services	44,200	49,000	53,300	48,800	53,300	
Employee Related Expenditures	12,100	12,700	17,300	13,000		-
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures	28,800 100 0 45,700	10,500 700 5,200 57,800	25,400 700 0 51,100	23,500 700 0 50,000	23,500	
All Other Operating Subtotal	74,600	74,200	77,200	74,200		
PROGRAM TOTAL	130,900	135,900	147,800	136,000		
BY FUND SOURCE						
General Fund	130,900	135,900	147,800	136,000	139,200	
PROGRAM TOTAL - ALL SOURCES	130,900	135,900	147,800	136,000		

DEPARTMENT: PROGRAM:

Department of Education State Board of Education

The JLBC Staff recommends a total General Fund (GF) appropriation of \$139,200 -- a net increase of \$3,300, or 2.5%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment
 Personal Services/ERE Adjustments
 Maintains a vacancy factor of 0%, which is the standard rate applied to programs with this number of FTE positions. The recommendation Maintains a vacancy factor of 0%, which is the standard rate applied to programs with this number of FTE positions. The recommendation includes the reduction of a 0.5 FTE position as requested by the department. The Executive recommends a vacancy factor of 0%.
 ERE Rate Changes

Base Adjustments
 Includes an increase of \$13,000 in Professional and Outside Services; a reduction of \$(5,200) in Travel - Out of State; and a reduction of \$(7,800) in Other Operating Expenditures.

-0- GF

DEPARTMENT: Department of Education PROGRAM: General Services Admin		JLBC ANALYST: OSPB ANALYST:	Neisent/Fus Mabry		HOUSE SUBCOMMITTEE CHAIR: Graham SENATE SUBCOMMITTEE CHAIR: Hermon			
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE		
Full Time Equivalent Positions	146.0	159.8	154.0	154.0	153.3	<u>k</u>		
OPERATING BUDGET				-				
Personal Services	4,161,700	4,169,500	4,596,000	4,283,500	4,268,200			
Employee Related Expenditures	924,400	933,000	1,159,600	981,600				
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment All Other Operating Subtotal	279,100 68,700 8,500 865,100 121,400	67,000 88,100 27,500 1,378,700 0	57,000 88,100 27,500 1,531,500 0	57,000 88,100 27,500 1,474,600 0	57,000 88,100 27,500			
	1,342,800	1,561,300	1,704,100	1,647,200	1,581,300			
OPERATING SUBTOTAL	6,428,900	6,663,800	7,459,700	6,912,300				
SPECIAL LINE ITEMS  Achievement Testing Educ. Comm. of the States SLIAG Administration Special Education Audit School Restructuring SLIAG Outreach  Special Item Subtotal  PROGRAM TOTAL	192,500 43,100 14,300 207,900 66,200 1,300 525,300 6,954,200	1,163,000 45,000 22,600 216,600 100,000 24,400 1,571,600 8,235,400	1,318,100 45,000 6,300 222,600 100,000 0 1,692,000 9,151,700	1,276,200 45,000 6,700 221,200 100,000 0 1,649,100 8,561,400	220,000			

DEPARTMENT: Department of Education PROGRAM: General Services Admin		JLBC ANALYST: OSPB ANALYST:	Neisent/Fusa Mabry	k HOUSE SUE SENATE SUE	HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:	
PROGRAM: General Services Admin  DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE				7.74.400	9 241 100	
General Fund Federal Funds Other Non-Appropriated Funds	6,954,200 8,248,700 1,001,700	8,235,400 10,000,000 1,118,200	9,151,700 10,193,300 1,161,000	8,561,400	8,341,100 10,193,300 1,161,000	
PROGRAM TOTAL - ALL SOURCES	16,204,600	19,353,600	20,506,000	<u>8,561,400</u>	19,695,400	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$8,341,100 -- a net increase of \$105,700, or 1.3%, to the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

Building as outlined on the next page:

LBC	Stati Recommended Change	\$	-0-	GF
•	FTE Positions/Adjustments Eliminates 6.2 unfunded FTE positions to bring the program's current vacancy factor in line with the standard vacancy factor for a program with this number of FTE positions.	Ť		
		124	,400	GF
•	Annualization of FY 1993 Pay Adjustment			
			,200)	GF
•	Personal Services/ERE Adjustments Includes a new vacancy factor of 2%, which is the standard rate applied to programs with this number of FTE positions. The FY 1993 vacancy factor was 7%. The Executive recommends a vacancy factor of 2%.			
	Tacano) and the same of the sa	(58	,400)	GF
•	ERE Rate Changes	(10	,000)	GF
•	Base Adjustment Includes a reduction of \$(10,000) in Professional and Outside Services to reflect the agency's request.			
			,000	GF
•	Rent Includes increases for rent and lease-purchase payments for the Education Building, the Tucson State Office Building, and the State Court's			

#### GENERAL FUND REQUIREMENT

	FY 1993	<u>FY 1994</u>	Difference
Education Building	\$396,600	\$451,800	\$ 0 ½
Courts <sup>2</sup>	47,100	73,300	26,200
Tucson <sup>2</sup>	27,400	31,800	4,400
Other	3,200	2,600	(600)
<b>Total</b>	\$474,300	\$559,500	\$30,000

1/ The JLBC Staff does not recommend funding the requested \$55,200 increase in rent for the State Education Building. The agency reallocated space in FY 1993, giving state programs more square footage than previously allocated. The JLBC Staff believes that the agency should have to absorb this additional cost as this decision was made in advance of the Legislature authorizing additional funding.

2/ Lease-purchase payments.

The Executive recommends an increase of \$85,900 for rent and lease-purchase payments.

Achievement Testing

116,900 GF

The JLBC Staff recommends the following for achievement testing:

A decrease of \$(107,000) for a total of \$161,800 for Norm Referenced Testing (NRT) based on full testing of grades 4, 7, and 11. The reduction reflects better estimates of the true cost of testing 3 grades.

An increase of \$223,900 for the Arizona Student Assessment Plan (ASAP) essential skills testing, with full testing for grades 3, 8, and 12. The JLBC Staff recommendation for total funding for ASAP for FY 1994 is \$1,118,100. Of the total, \$437,800 will be used to develop Test D, which will be in English and Spanish. Tests A, B, C were developed using federal dollars and were distributed to the school districts in FY 1992. Once the state mandated the ASAP program (Laws 1990, Chapter 233), federal dollars could no longer be used to fund development costs. The department continues to need funding for development costs to establish an ASAP test inventory so that tests may be rotated from year to year. However, an estimated \$160,000 in federal dollars will be used in FY 1994 for ASAP to fund technical assistance, teacher and administrator training conferences, newsletters

#### **ACHIEVEMENT TESTING**

					DIAL INDIA	U			
	Estimated FY 1993			Recommended FY 1994			Difference		
	<u>NRT</u>	_ASAP_	Total	NRT	ASAP	Total	NRT	ASAP	Total
Field Testing	\$268,800	\$794,200	\$1,063,100	\$161,800	\$ 680,300	\$ 842,100	\$(107,000)	\$(113,900)	\$(220,900)
Development		100,000 *	100,000		437,800	437,800		337,800	337,800
Total	\$268,800	\$894,200	\$1,163,000	\$161,800	\$1,118,100	\$1,279,900	\$(107,000)	\$ 223,900	\$ 116,900
* The						, ,, ,, ,,	. (, 9000)	T ===,700	φ 11U,7UU

\* The appropriation was based on development costs of \$100,000, however, the actual FY 1993 bid was \$419,000. The Executive recommends an increase of \$113,200 for achievement testing.

•	Education Commission of the States  The JLBC Staff recommendation eliminates the state's assessment for the Education Commission of the States. The JLBC Staff believes that information on education related issues/reform can be attained through the education committees of the National Conference of State Legislatures (NCSL) and the Council of State Government (CSG).	(45,000) GF
•	SLIAG Administration The recommendation reflects a base reduction of \$(17,000) due to the decrease in State Legalization Impact Assistance Grants (SLIAG) Adult Education funding.	(17,000) GF
•	Special Education Audit Includes an increase of \$4,300 for the annualization of the FY 1993 Pay Adjustment and a decrease of \$(900) for ERE rate adjustments.	3,400 GF (24,400) GF
•	SLIAG Outreach  The recommendation reflects the phase-out of the Outreach program as the State Legalization Impact Assistance Grants program will be coming to an end. The phase out includes the elimination of a 0.25 FTE position. The Executive also recommends the reduction of \$(24,400).	(24,400) GI

DEPARTMENT: Department of Education PROGRAM: Assistance To Schools	M: Assistance To Schools				HOUSE SUBCOMMITTEE CHAIR: Graham SENATE SUBCOMMITTEE CHAIR: Hermon			
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE		
Full Time Equivalent Positions	43.1	43.1	43.1	0.0	43.1			
SPECIAL LINE ITEMS	13		-					
Basic State Aid Prior Year State Aid Additional State Aid Assist. to School Districts Cert. of Ed. Convenience Permanent Education Vouchers Perm. Spec. Ed. Inst. Voucher Academic Contest Fund Academic Decathlon Adult Education Assistance Az Humanities Council Az Principals' Academy Az Teacher Evaluation ASSET Chemical Abuse Dropout Prevention Extended School Year Full-Day Kindergarten Gifted Support K-3 Support Preschool Disabilities Preschool Disabilities Support Preschool At-Risk Program Residential Placement School Breakfast Program SLIAG Adult Education Tuition Fund	989,258,700 143,196,400 130,027,900 470,000 8,259,600 2,827,400 5,050,200 75,000 80,100 3,034,000 40,000 25,200 392,600 234,000 814,600 2,305,400 477,700 1,398,700 993,800 5,449,600 1,908,600 385,800 1,128,000 100,000 98,200 618,900 100,000	1,047,812,900 143,196,400 126,746,000 509,600 9,130,300 2,995,500 5,091,000 75,000 101,300 3,042,600 40,000 25,200 392,500 234,000 832,100 2,182,600 500,000 1,402,000 1,001,100 5,452,500 955,500 0 2,601,700 100,000 1,500,300 100,000	1,247,613,000 143,196,400 128,000,000 520,000 9,767,000 3,245,000 5,580,000 75,000 82,000 3,044,400 40,000 25,200 404,600 234,000 842,900 2,183,700 500,000 1,402,900 1,002,600 5,457,000 0 2,603,800 100,000 0 375,200 100,000	1,134,033,100 142,500,000 116,274,100 501,100 9,302,100 3,132,400 5,364,300 75,000 83,100 3,042,600 40,000 25,200 397,100 234,000 838,200 2,184,000 500,000 1,403,700 1,002,900 5,455,600 0 2,603,500 100,000 376,500 100,000	9,298,900 3,071,600 5,411,000 50,000 82,000 2,437,100 0 395,800 234,000 669,300 1,746,800 500,000 1,403,100 801,900 4,363,400			

DEPARTMENT: Department of Education PROGRAM: Assistance To Schools		JLBC ANALYS' OSPB ANALYS'		k HOUSE SUE SENATE SUE	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Graham Hermon
PROGRAM: Assistance To Schools  DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Vocational Ed. Assistance Voc. Ed. Prog. Support Voc. & Tech. Education	2,704,400 957,400 1,915,700	2,835,000 1,003,700 2,000,000	2,835,000 1,015,700 2,000,000	2,835,000 1,012,900 2,000,000	2,551,500 909,200 1,800,000	
Special Item Subtotal	1,304,327,900	1,361,858,800	1,562,245,400	1,435,416,400	1,419,434,700	
PROGRAM TOTAL	1,304,327,900	1,361,858,800	1,562,245,400	1,435,416,400		
BY FUND SOURCE  General Fund Federal Funds Other Non-Appropriated Funds	1,304,327,900 286,679,000 57,107,800		1,562,245,400 360,400,200 60,025,600	200	1,419,434,700 360,400,200 60,025,600	
PROGRAM TOTAL - ALL SOURCES	1,648,114,700	1,740,408,600	1,982,671,200	1,435,416,400		

DEPARTMENT: PROGRAM:

Department of Education Assistance to Schools

The JLBC Staff recommends a total General Fund (GF) appropriation of \$1,419,434,700 -- a net increase of \$57,575,900, or 4.3%, to the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

#### Basic State Aid

Base Adjustments

\$11,180,200 GF

These are adjustments to the FY 1993 adjusted appropriation to reflect the FY 1993 funding requirement. The adjustments include the

\$8,180,200 to reflect lower than expected assessed value growth. The FY 1993 appropriation assumed 1% growth in 1992 overall assessed valuation. Assessed valuation actually declined by (0.4)%.

-- \$3,000,000 to reflect lower Endowment funding due to the Governor's veto of a provision in Laws 1992, Chapter 312, which would have redefined capital gains on endowment investments as expendable income.

Demographic Adjustments

76,926,200 GF

The JLBC Staff recommendation provides funding for a 25% increase in the preschool disabilities student (PSD) count, a 3.5% increase in the elementary student count, and an increase of 3.5% in the high school student count.

#### State Aid Student Counts For Past 5 Years

<u>Fiscal Year</u>	PSD	% Change	<u>K-8</u>	% Change	9-12	% Change	Total	% Change 4.8% 3.1% 2.7% 1.6% 2.8%
1988	0	N/A	386,204	5.3%	161,417	3.8%	547,621	
1989	0	N/A	402,487	4.2%	162,050	0.4%	564,537	
1990	465	N/A	418,281	3.9%	161,162	(0.5)%	579,908	
1991	637	37.0%	430,499	2.9%	158,331	(1.8)%	589,467	
1992	840	31.9%	445,070	3.4%	159,961	1.0%	605,871	

The Executive recommends an increase of \$77,285,000 based on 20% growth in preschool disabilities, 3.2% growth in elementary, and 3.5% at the high school level. The JLBC Staff believes they have overstated the cost of their proposal.

Statutory Inflation Adjustment

-0- GF

A.R.S. § 15-901 provides that "If the Legislature fails to prescribe the growth rate for the budget year by March 1, the growth rate which shall be utilized to adjust the Base Level for the budget shall be the percentage growth in the GNP Price Deflator from the second preceding calendar year to the calendar year immediately preceding the budget year." The GNP Price Deflator adjustment affects the Base Level, transportation, and capital outlay amounts in the State Aid formula. The adjustment also affects the Permanent Education Vouchers and the Permanent Special Education Institutional Vouchers. The JLBC Staff recommends not funding the estimated 2.7% GNP Price Deflator adjustment for FY 1994. The cost of funding the deflator at 2.7% would be \$63,725,700. The Executive's recommendation also assumes

0% for the GNP Price Deflator. This would mark the 3rd consecutive year in which full inflation funding was not provided. In FY 1992 the GNP Deflator was funded at 1% (the actual GNP Price Deflator was 4.3%) and in FY 1993, a 0.5% adjustment was authorized to be funded mostly from cash reserves (the actual GNP Price Deflator was 4.1%).

(1)% Decline in School District Assessed Valuation

Growth in school district assessed valuation increases the "local share" of total formula funding and thus offsets increases in state funding. The JLBC Staff recommendation for Basic State Aid assumes a (1)% decline in school district assessed valuation for FY 1994. Statewide assessed value growth has been steadily declining as follows: 1986, 16.3%; 1987, 13.2%; 1988, 7.3%; 1989, 8.9%; 1990; 3.1%, 1991, (0.2)%; 1992, (0.4)%.

Percent	Growth	/Decline	by	Class
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Property Class 1 2	1986 (9.3)% 4.8	1987 (10.0)% 22.7 12.6	1988 25.1 0.7 9.7	1989 29.7% 8.4 10.6	1990 10.5% (4.1) 9.6	1991 26.8% (0.3) (1.1)	1992 22.7% (2.9) 0.1
3 4 5 6 7 8	29.8 18.2 15.5 12.5 11.7 38.2	21.3 11.4 0.3 (28.2) 45.7	12.2 8.6 4.5 2.2 59.5	12.7 7.6 1.6 20.0 24.6	4.8 3.7 (8.0) 17.0 8.9	(1.5) 2.4 (10.7) 3.5 66.3	(5.9) 2.6 (7.7) 13.9 5.6 6.0
9 C Total	(21.5) 16.3%	(51.8) 13.2%	3.3 7.3%	(28.5) 8.9%	43.1 3.1%	4.3 (0.2)%	$\frac{(9.3)}{(0.4)}$ %

The Executive recommendation assumes 0% growth in assessed valuation.

The JLBC Staff considers the trend decline in assessed value and its impact on state financing of K-12 education to be one of the most critical budgetary problems facing the Legislature today. The framers of the Basic State Aid formula did not contemplate a time when assessed value growth would be less than the sum of pupil growth and inflation, yet alone a time when statewide assessed value would actually decline from the prior year as we now expect it will for a 3rd consecutive year. This fact is essential to understanding our current and prospective difficulty in fully funding the Basic State Aid formula. In very simple terms, when assessed value grows by more than the sum of pupil growth and inflation (currently 3.5% and 2.7%, respectively, or 6.2% collectively), the state general fund cost will grow by less than the sum of the two; conversely, when assessed value grows by less than the sum of the two, the state cost increases by more than the sum of pupil growth and inflation. For example, to fully fund the Basic State Aid formula for FY 1994 would require a \$140 million, or 12% increase in the state general fund appropriation even though the bottom-line increase for school districts would be the aforementioned 6.2%. It should be noted that each 1% of assessed value growth is worth over \$8 million to the state's cost of Basic State Aid. Thus, if statewide assessed value growth were 6.2% instead of a decline of (1)%, the cost to the state would be reduced by approximately \$60 million.

7,252,900 GF

County Equalization

1,147,100 GF

A.R.S. § 15-994 provides that the County Board of Supervisors shall levy a county equalization tax. The rate is 53 cents per \$100 of assessed value and is assessed against all property just as the state property tax is assessed. County Equalization monies are a deduction from the total equalization requirement and thus lower the General Fund requirement. The JLBC Staff recommendation includes a reduction of \$(116,352,900) for County Equalization. This represents an increase of \$1,147,000 to the FY 1993 level since the JLBC Staff recommendation assumes a (1)% decline in assessed value for FY 1994. The Executive recommends a reduction of \$(117,400,000) for County Equalization, which assumes 0% growth in assessed value for FY 1994.

Increase in Endowment Revenue

(641,300) GF

The beginning FY 1993 carrying value of the Permanent State School Fund is approximately \$487,500,800. The beginning FY 1994 carrying value is estimated to be \$507,975,800. The FY 1993 appropriation for Basic State Aid included a reduction of \$(58,000,000). Included in the \$(58,000,000) deduction is \$(3,000,000) related to a proposed statutory change that would have credited capital appreciation Governor vetoed this provision. (Please see \$3,000,000 Endowment Earnings increase under Base Adjustments). The FY 1994 JLBC Staff recommendation includes a reduction of \$(55,641,300) for Endowment Earnings. The Executive recommendation includes a reduction of \$(55,641,300) for Endowment Earnings.

Retirement Recapture

-0- GF

Laws 1990, Chapter 310, provided that if the employer contribution rate to the State Retirement Plan is less than 5.09%, for the current year, school district expenditures and State Aid would be reduced to reflect the savings. The JLBC Staff recommendation for Basic State Aid includes a reduction of \$(21,700,000) for the "retirement recapture", which is at the same level as FY 1993. The retirement recapture reduction is based on the savings resulting from the retirement contribution rate being lowered from 5.09% in FY 1989 to 3.59% in FY 1994. The JLBC Staff recommends a retirement rate of 3.14% for FY 1994 which will increase the retirement recapture above the recommendation for the Department of Education. The JLBC Staff recommendation for Additional State Aid includes a reduction of \$(700,000) for retirement savings from districts which do not receive Basic State Aid. The JLBC Staff total estimated savings for the retirement recapture is \$(22,400,000). The Executive recommendation includes a reduction of \$(22,800,000).

District Cash Balance Reversion

7,000,000 GF

The JLBC Staff recommendation for Basic State Aid for FY 1993 included a deduction of \$(25,000,000) to reflect monies reverted from school district cash balances, pursuant to Laws 1992, Chapter 288. The JLBC Staff recommendation for FY 1994 reduces the deduction to \$(18,000,000). Chapter 288 suspended the deduction of PL 81-874 receipts (Federal Impact Aid) from Basic State Aid for FY 1993 and FY 1994, at a cost of \$15 million per year. The United States Department of Education denied the state's request to be certified as an equalized state for FY 1989 and FY 1990. Certification would have allowed the state to take Federal Impact Aid into consideration in (ADE) entered into an agreement with a coalition of Federal Impact Aid districts to suspend deductions from State Aid apportionments for FY 1993 and FY 1994. In addition, the agreement calls for joint support of federal legislation which would deem Arizona to have been certified to make reductions in State Aid for FY 1989 through FY 1992. Chapter 288 required school districts to revert a percentage of their ending cash balances related to State Aid apportionments to a separate account within the County Aid for Equalization Assistance for Education Fund. The percentages are: 27% for FY 1993; 18% for FY 1994; 0% for subsequent years. The cash balance reversion

amounts, along with the 53 cent County Equalization levy will be prorated to all districts in each county per statutory formula. To offset the loss and other K-12 expenditure increases, the Legislature required school districts to revert 27% of their ending cash balances for FY 1992 to the County Education Fund to be reallocated per statutory formula. The Executive recommendation includes a reduction of \$(15,000,000) for FY 1994.

-0- GF

State Aid Deferral ("Rollover")

The JLBC Staff recommendation includes the deferral of \$(142,500,000) in FY 1994 Basic State Aid payments to FY 1995. The JLBC Staff recommendation maintains the deferral at the FY 1993 level. The Executive recommendation also maintains the deferral at the FY 1993 level.

(118,500) GF

State Juvenile Educational System

Laws 1989, Chapter 266, established the State Juvenile Educational System and provided for the calculation and apportionment of equalization assistance for the system beginning in FY 1992. The JLBC Staff recommendation is based on a student count of 435, under the control of the Department of Youth Treatment and Rehabilitation (DYTR). The JLBC Staff estimates that DYTR will have 530 juveniles in FY 1994. The JLBC Staff estimates that approximately 82% of the total population will be enrolled in classes. The Executive recommendation is based on a student count of 543.

1,480,000 GF

Sudden Growth

A.R.S. § 15-948 provides that school districts, after the first 40 days in session of the current year, may determine if they are eligible to increase their budget capacity due to growth in student population. Sudden Growth may be calculated on student growth above 5% (at the full base level) or above 3% (at one-third the base level). Laws 1992, Chapter 288, limited Sudden Growth funding for FY 1993 to 64% of the actual requirement. The JLBC Staff recommends \$9,280,000 for Sudden Growth, maintaining funding at 64% of the actual requirement. The total estimated requirement for Sudden Growth for FY 1994 is \$14,500,000. The Executive recommendation maintains funding at 64%, with no increase in funding.

(1,360,000) GF

Rapid Decline

A.R.S. § 15-942 provides that if a school district's elementary or high school student count or adjusted student count declines by 5% or more, the district may use 95% of the current year student count or adjusted count in determining its budget for the following year. The JLBC Staff recommends changing the eligibility percentage from a 5% decline to a 10% decline, with districts using 90% (instead of 95%) of their current year ADM counts. By changing the eligibility percentage from a 5% to a 10% decline in student count, districts will be moved out of Rapid Decline at a faster rate than currently occurs under A.R.S. § 15-942. The total estimated requirement for Rapid Decline for FY 1994 is \$4,200,000. The Executive recommendation funds Rapid Decline at 32% of the total requirement for a savings of \$(1,544,900). In FY 1993, Rapid Decline, like Sudden Growth, is funded at 64%.

(11,923,000) GF

Career Ladders

The JLBC Staff recommends phasing out the Career Ladder program over a 2-year period. Career Ladder funding currently goes to 22 school districts and costs approximately \$23,846,000 in State Aid. The JLBC Staff recommendation cuts funding in half for all participating districts and provides no funding for new districts approved in FY 1993. Career Ladders is a teacher performance compensation program, which allows participating districts to increase their Base Level by percentages stated in statute (A.R.S. § 15-918) depending on the implementation phase the district is in. There are 4 phases with corresponding percentage increases as follows: the Development Phase -

0.5% increase; the Evaluation Phase - 1% increase; Placement Phase - 2.5% increase; and the Effective Career Ladder Phase - 5.5% increase. The Career Ladder program is an optional program and even if a district is approved to enter the program, all teachers may not participate in the program. Since the Base Level is provided per student, Career Ladder districts receive more funding for each student regardless of the teacher participation level. Furthermore, with the lack of inflation funding in recent years, the JLBC Staff is concerned that demand for this program may grow exponentially if it is viewed as a substitute for a GNP Price Deflator.

Teacher Experience Index

(9,490,700) GF

The JLBC Staff recommends phasing out the Teacher Experience Index (TEI) computation over a 2-year period. The TEI computation considers the experience level of all certified teachers in a school district as compared to the average experience level for the state as stated in A.R.S. § 15-941. If the school district's TEI is less than 1.00, the district uses 1.00 and their Base Level is not adjusted. If the school district's TEI is greater than 1.00, the district's Base Level is adjusted upward by the percentage above 1.00. The TEI, therefore, gives districts with more experienced teachers more funding per student. The JLBC Staff believes that eliminating both Career Ladders and the TEI computation will provide for more equal per pupil funding, and help eliminate funding advantages that benefit select districts.

Unified School Equity

(8,000,000) GF

The JLBC Staff recommends correcting a problem with the Basic State Aid formula which gives a number of unified school districts an inequitable tax break. Under current law, unified school districts and elementary districts not in high school districts use a Qualifying Tax Rate (QTR) of \$2.36 to determine elementary equalization assistance and a rate of \$2.36 to determine high school equalization assistance. The elementary and high school QTRs are the same despite the fact that their resource needs may be very different. A district may receive equalization assistance on the elementary side of the equation because the \$2.36 levy does not generate enough to meet the equalization base. The high school side, however, may be "zero aid" because the \$2.36 levy is sufficient or greater than what is needed to meet the equalization base. If the levy is greater than what is needed to meet the equalization base, the district can actually lower its overall tax rate. As a result, certain of these unified school districts are characterized by below average primary property tax levies that are not related in any way to budgetary efficiencies within these districts. JLBC Staff analysis indicates that the calculation could be simplified and streamlined by combining the elementary and high school equalization bases and using a \$4.72 QTR. The JLBC Staff estimates that combining the equalization bases would result in a savings to the state of approximately \$(8.000.000).

Other Adjustments

(356,200) GF

Includes an decrease of \$(400,000) for tuition loss and an increase of \$43,800 for the school restructuring program pursuant to A.R.S. § 15-901. Under the Career Ladder proposal, discussed above, the JLBC Staff recommendation does not include funding for districts approved to enter the program in FY 1994. If the new districts were funded to enter the program, \$307,000 would need to be added to

Total Basic State Aid Increase

\$73,096,700

Prior Year State Aid ("Rollover" Repayment)

-0- GF

No Increase

The FY 1993 Basic State Aid appropriation included a reduction of \$(142,500,000) to reflect FY 1993 Basic State Aid payments deferred to FY 1994. Laws 1992, Chapter 1, 9th Special Session, appropriated \$142,500,000 in FY 1994 for the FY 1993 reduction. The bill also appropriated \$696,400 to be distributed to school districts for expenses associated with the reduction. The Executive recommendation eliminates the \$696,400 appropriation for interest expenses on the basis that all districts are receiving a share of these monies on a pro rata basis, irrespective of whether the school district has had to register warrants as a result of the rollover. This change requires amending Laws 1992, Chapter 1, 9th Special Session.

Additional State Aid ("Homeowners' Rebate Program")

The FY 1993 appropriation of \$126,746,000 was based upon an increase in Class 5 property of 3% and a projected increase of 3% in average school district tax rates. The FY 1994 JLBC Staff recommendation is based upon a projected increase of 1% in Class 5 property and a projected increase of 3% in average school district tax rates. While Class 5 property assessed value increased by \$168,950,600 or 2.6% in 1992, indications are that many homeowners in Maricopa County are seeing substantial reductions in their assessments for 1993. The JLBC Staff recommendation also reflects the lowering of the "buydown" rate from 40% to 35%. Laws 1990, Chapter 3, 3rd Special Session, provides that the reduction rate shall be 50% in tax year 1990 and shall decline by 5% every year until it reaches 0% in tax year 2000. Laws 1988, Chapter 271 amended A.R.S. § 15-972 to provide that the maximum state reduction in property taxes for any residential parcel shall not exceed \$500. The JLBC Staff recommendation also includes a reduction of \$(700,000) to reflect estimated savings in employer contributions to the State Retirement System for school district personnel in districts which do not receive equalization assistance ("zero aid" districts). The additional State Aid Adjustments are as follows:

Base Adjustment to the FY 1993 adjusted appropriation to reflect the FY 1993 funding requirement.

1,193,500 GF

1% increase in Class 5 Property and 3% increase in average school district tax rates.

5,117,600 GF

The Executive recommendation assumes no growth in Class 5 property and a 3.3% increase in local tax rates.

(16,632,100) GF

Statutory Reduction of Buydown Rate from 40% to 35%

-0- GF

Retirement Recapture

Includes an estimate of \$(700,000) for non-state aid districts.

Total Additional State Aid Decrease

\$(10,321,000)

Other Statutory Formula Programs

-0- GF

Statutory Inflation Adjustment

The JLBC Staff recommends no adjustments for the GNP Price Deflator for the Certificates of Educational Convenience, Permanent Education Vouchers, Permanent Special Education Institutional Vouchers and Assistance to School Districts programs. If the deflator were fully funded at 2.7% for FY 1994, the cost would be \$696,300.

Demographic Adjustments

575,100 GF

Includes the Certificates of Educational Convenience, Permanent Education Vouchers, Permanent Special Education Institutional Vouchers and Assistance to School Districts programs. The Executive recommendation includes an increase of \$573,500.

Non-Formula Programs

Base Adjustments

(1,170,300) GF

The base adjustments reflect the reduction in required funding for the Academic Contest Fund, Academic Decathlon and SLIAG Adult Education. The reduction in SLIAG Adult Education of \$(1,124,200) reflects the phase-out of this program on September 30, 1993.

Annualization of FY 1993 Pay Package

34,400 GF

ERE Rate Changes

(8,600) GF

Preschool Handicapped

(955,500) GF

Laws 1989, Chapter 96, established a special education advisory committee to oversee the transition of educational services for disabled preschool children from the Department of Economic Security (DES) to the Arizona Department of Education (ADE) to ensure that ADE is the single state agency responsible for all educational services for children with special needs. The transition of services was in response to federal legislation (Public Law 99-457), which mandated that the state set standards for disabled preschool services by the 1991-92 school year. The funding transferred to ADE is used to contract back with DES to continue to provide educational services to the children served by DES. The recommended reduction for FY 1994 reflects the elimination of funding for this program due to the "aging out" of children served by DES. The Executive also recommends this adjustment.

Program Eliminations

The JLBC Staff recommends eliminating the following Assistance to Schools programs:

(65,200) GF

- Arizona Humanities Council \$(40,000)
- Arizona Principal's Academy \$(25,200)

Block Grants/Program Reductions

(3,609,700) GF

The JLBC Staff recommends reducing Adult Education, Chemical Abuse, Dropout Prevention, Gifted Support, Preschool At-Risk, and K-3 Support by 20% (for a savings of \$3,025,200) under a block grant approach. School districts will be allocated funding based on the participating district's ADM count and will be allowed to spend the money on programs of the district's preference. This approach is in line with education reform concepts currently being discussed which consider reducing the number of legislative school mandates, increasing site-based management of schools, and equalizing per pupil funding.

In addition, the JLBC Staff recommends reducing Vocational Education Assistance, Vocational Education Program Support, and Vocational and Technological Education by 10% (for a savings of \$584,500).

#### Other Issues for Legislative Consideration

Capital Reduction

Under current law, 2 components in the education funding formula are for capital -- Capital Levy Revenue Limit (CLRL) and Capital Outlay Revenue Limit (CORL). These 2 pieces of the formula generate approximately \$200,000,000 per year. The CLRL component is specifically for capitalized equipment, not including capitalized buildings. CLRL funding is based on a calculation which multiplies a district's student count by a CLRL per student dollar set in statute (which depends on a district's size or number of students).

The CORL component is intended for capital expenditures and high school textbooks, and can also be used for maintenance and operations. The calculation is similar to the CLRL calculation with an additional step for textbooks.

As an alternative to the JLBC Staff recommendations, the Legislature may want to consider reducing CORL and/or CLRL for one year. Since capital funding is provided to all districts, a one-year reduction will effect all districts in the same manner.

LEP Weight Reduction

For FY 1992, the Education Omnibus Reconciliation Bill, Chapter 288 (S.B. 1318) changed the Limited English Proficient (LEP) Group B weight from 0.02 to 0.06. The cost of increasing the weight was approximately \$4,806,000 in State Aid. As an alternative to the JLBC Staff recommendations, the Legislature may want to consider reducing the LEP Group B weight.

**DEPARTMENT:** Department of Education JLBC ANALYST: Neisent/Fusak HOUSE SUBCOMMITTEE CHAIR: PROGRAM: Vocational Education Graham OSPB ANALYST: Mabry SENATE SUBCOMMITTEE CHAIR: Hermon FY 1993 FY 1994 FY 1994 FY 1994 **LEGISLATIVE** FY 1992 **ADJUSTED AGENCY EXECUTIVE** JLBC STAFF DESCRIPTION WORK ACTUAL APPROPRIATIONS REQUEST RECOMMENDATION RECOMMENDATION **SPACE** Full Time Equivalent Positions 26.3 26.3 26.3 26.3 26.3 **OPERATING BUDGET** Personal Services 826,900 914,400 903,900 904,100 903,900 \_\_\_\_ **Employee Related Expenditures** 180,200 194,000 214,300 188,800 177,300 \_\_\_\_\_ Professional/Outside Services 71,800 79,700 79,700 79,700 79,700 Travel - In State 18,200 21,400 21,400 21,400 21,400 Other Operating Expenditures 71,600 69,800 69,800 69,800 69,800 All Other Operating Subtotal 161,600 170,900 170,900 170,900 170,900 PROGRAM TOTAL 1,168,700 1,279,300 1,289,100 1,263,800 1,252,100 \_\_\_\_\_ BY FUND SOURCE General Fund 1,168,700 1,279,300 1,289,100 1,263,800 1,252,100 PROGRAM TOTAL - ALL SOURCES 1,168,700 1,279,300 1,289,100 1,252,100 \_\_\_\_\_ 1,263,800

DEPARTMENT: PROGRAM:

Department of Education Vocational Education

The JLBC Staff recommends a total General Fund (GF) appropriation of \$1,252,100 -- a net decrease of \$(27,200), or (2.2)% from the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$ 22,200 GF

(34,100) GF

- Personal Services/ERE Adjustments

  Maintains a vacancy factor of 1%, which is the standard rate applied to program's with this number of FTE positions. The JLBC Staff recommends a reduction in Personal Services as requested by the agency due to a reorganization. The Executive recommends a vacancy factor of 1%.
- ERE Rate Changes

DEPARTMENT: Arizona Historical Society		JLBC ANALY				
		OSPB ANALYS		HOUSE SUI SENATE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Graham Hermon
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	49.5	49.5	49.5	48.5	49.5	DIACE
OPERATING BUDGET						
Personal Services	1,216,400	1,202,900	1,323,800	1,222,600	1.239.000	
Employee Related Expenditures	276,200	286,300	355,000	288,600		
Professional/Outside Services Travel - In State Other Operating Expenditures Equipment	74,500 12,500 1,584,500 7,900	31,300 9,100 1,666,200 17,000	31,300 9,100 1,667,200 24,800	31,300 9,100 1,753,100 0		
All Other Operating Subtotal	1,679,400	1,723,600	1,732,400	1,793,500		
OPERATING SUBTOTAL SPECIAL LINE ITEMS	3,172,000	3,212,800	3,411,200	3,304,700		
Journal of Az History Historical Society Grants Library Acquisitions Lump Sum Reduction	5,000 30,000 1,500 0	5,000 30,000 1,500 0	5,000 30,000 1,500 0	5,000 30,000 1,500	5,000 30,000 1,500	
Special Item Subtotal	36,500	36,500	36,500	36,500		
AGENCY TOTAL	3,208,500	3,249,300	3,447,700	3,341,200		

DEPARTMENT: Arizona Historical Society		JLBC ANALYST	Γ: Cawley Γ: Black	HOUSE SUE SENATE SUE	SCOMMITTEE CHAIR: SCOMMITTEE CHAIR:	Graham Hermon
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
General Fund Other Non-Appropriated Funds	3,208,500 653,400	3,249,300 1,313,000	3,447,700 1,297,700	3,341,200	3,349,100 1,297,700	
AGENCY TOTAL - ALL SOURCES	3,861,900	4,562,300	4,745,400	3,341,200	4,646,800	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$3,349,100 -- a net increase of \$99,800, or 3.1%, to the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

		\$ 41,900 GF
•	Annualization of FY 1993 Pay Adjustment	(1,200) GF
	To the /EDE Adjustments	(1,200) 01

Personal Services/ERE Adjustments
 Maintains a vacancy factor of 3%. The Executive recommends a vacancy factor of 3%.

• ERE Rate Changes
176,500 GF

Other Operating Expenditures
The JLBC Staff recommends an increase of \$86,500 for an increased lease-purchase payment for the Papago Park Museum. In addition, the JLBC Staff recommends an additional \$65,000 for utilities at the Papago Park Museum, \$17,000 for a repair/maintenance contract, and \$8,000 for repair/maintenance supplies for the Papago Park Museum. This recommendation would provide for the Legislature's intent to have the Papago Park Museum open in the spring of 1994. The Executive recommends an increase of \$86,900 for the lease-purchase payment of the Papago Park Museum.

• Equipment

The JLBC Staff recommends a net decrease of \$(1,900) in capitalized equipment, which leaves \$15,100 to replace a stationwagon with over 200,000 miles on it. The Executive recommends a one-time equipment offset of \$17,000.

Lump Sum Reduction

(90,000) GF

The JLBC Staff recommends that the Arizona Historical Society should prioritize its activities and resources to ensure the opening of the Papago Park Museum in the spring of 1994; and/or offset the General Fund by utilizing \$90,000 of its other non-appropriated funds. The Executive does not address this issue.

### Other Issues for Legislative Consideration

Executive Recommendation

The Executive recommends the elimination of 1 clerk typist in the amount of \$(16,800), Personal Services and \$(4,000), ERE. In light of the Society's need for additional staff to open the Papago Park Museum, the JLBC Staff does not recommend the elimination of a position. However, the Society should consider prioritizing its activities and resources to ensure the opening of the Papago Park Museum in the spring of 1994.

DEPARTMENT: Prescott Historical Society of Arizona		JLBC ANALYST: OSPB ANALYST:	Cawley Black	HOUSE SUE SENATE SUE	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Graham Hermon
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	15.5	15.5	15.5	15.5	<u>15.5</u>	
OPERATING BUDGET		¥				
Personal Services	327,000	353,000	364,600	364,600		
Employee Related Expenditures	82,400	89,800	105,200	91,000 3,800	3.800	
Professional/Outside Services Travel - In State Other Operating Expenditures Equipment	3,500 400 85,400 18,700	3,800 400 62,400 0	3,800 400 62,400 0	400 62,400 0	62,400 0	H-
All Other Operating Subtotal	108,000	66,600	66,600	66,600		-
AGENCY TOTAL	517,400	509,400	536,400	522,200		
BY FUND SOURCE		500,400	536,400	522,200	546,100	
General Fund Other Non-Appropriated Funds	517,400 88,000		85,000		85,000	
AGENCY TOTAL - ALL SOURCES	605,400	591,400	621,400	<u>522,200</u>		

DEPARTMENT:

Prescott Historical Society of Arizona

The JLBC Staff recommends a total General Fund (GF) appropriation of \$546,100 -- a net increase of \$36,700, or 7.2%, to the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$13,100 GF

Personal Services/ERE Adjustments

Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%.

-0- GF

• ERE Rate Changes

23,600 GF

### Other Issues for Legislative Consideration

• Executive Recommendation

The Executive recommendation concurs with the JLBC Staff recommendation except for the ERE Rate Changes. The JLBC Staff recommendation is higher as it reflects a more accurate estimate of the agency's health and dental costs.

DEPARTMENT: Board of Medical Student Loan	ns	JLBC ANALYST: OSPB ANALYST:	Lee Barton	HOUSE SUE SENATE SUE	SCOMMITTEE CHAIR: SCOMMITTEE CHAIR:	Graham Hermon
DECORIDETON	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DESCRIPTION		0.0	0.0	0.0	0.0	
Full Time Equivalent Positions	0.0	0.0		=======================================		
OPERATING BUDGET		tā.		0	0	
OPERATING SUBTOTAL	0	<b>0</b>	0	U	·	
SPECIAL LINE ITEMS  Medical Student Loans	1,000	1,000	60,900	1,000	1,000	
	1,000	1,000	60,900	1,000	1,000	
Special Item Subtotal  AGENCY TOTAL	1,000		60,900	1,000	1,000	
BY FUND SOURCE				1 000	1,000	
General Fund Other Non-Appropriated Funds	1,000 71,000		60,900 121,500		121,500	
AGENCY TOTAL - ALL SOURCES	72,000		182,400	122,500		

DEPARTMENT:

Board of Medical Student Loans

The JLBC Staff recommends a total General Fund (GF) appropriation of \$1,000 -- no change from the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

No Adjustments

The JLBC Staff recommendation maintains the current funding level of \$1,000. The \$1,000 from the General Fund and an estimated \$121,500 from the Medical Student Loan Fund will provide an average loan amount of \$11,136 for each of the 11 medical students requested for loans by the board during FY 1994. Until FY 1992, the maximum loan amount was \$6,000 per student per year. However, H.B. 2228 (Laws 1992, Chapter 338) authorized the Board of Medical Student Loans to grant the maximum loan amount of tuition (\$6,580) plus no more than \$10,000 per student per year in FY 1993. Beginning in FY 1994, the \$10,000 will be adjusted for inflation based on the GNP Price Deflator. The Executive concurs with the JLBC Staff recommendation.

\$ -0- GF

DEPARTMENT: Arizona Board of Regents		JLBC ANALYST: OSPB ANALYST:	Lee Barton	HOUSE SUF SENATE SUF	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Graham Hermon
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
	22.6	28.1	28.1	28.1	28.1	
Full Time Equivalent Positions	32.6					
OPERATING BUDGET	¥		2			
Personal Services	1,318,600	1,161,100	1,231,400	1,182,200	1,170,400	
Employee Related Expenditures	277,600	212,200	221,400	242,900		
Professional/Outside Services Travel - In State Other Operating Expenditures Equipment	22,200 6,100 224,700 2,400		30,300 11,500 217,000 0	900 11,500 193,600 0	5,400 11,500 217,000 0	
All Other Operating Subtotal	255,400	233,900	258,800	206,000		
OPERATING SUBTOTAL	1,851,600	1,607,200	1,711,600	1,631,100	1,616,500	
WICHE Interstate Office WICHE Student Subsidy Course Equivalency Guide Student Fin. Aid Trust Fund Student Incentive Grants TLFF for Deaf and Blind Area Health Program	71,500 1,799,000 13,000 1,058,900 1,201,400 95,000 486,800	1,992,400 13,200 1,166,800 1,220,800 95,000	75,000 2,071,600 13,200 1,191,400 1,220,800 0	1,992,400 13,200 1,166,800 1,220,800 95,000	1,727,600 13,200 1,191,400 1,220,800 95,000	

DEPARTMENT: Arizona Board of Regen	ts	JLBC ANALYST: OSPB ANALYST:		HOUSE SUI SENATE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Graham Hermon
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Lump Sum Reduction	0	0	0	-282,300	0	
Special Item Subtotal	4,725,600	5,450,900	4,572,000	5,168,600	5,073,000	
AGENCY TOTAL	6,577,200	7,058,100	6,283,600	6,799,700	6,689,500	·
BY FUND SOURCE						
General Fund Federal Funds Other Non-Appropriated Funds	6,577,200 58,200 914,300	7,058,100 123,400 913,700	6,283,600 123,400 869,700	6,799,700 123,400 869,700	6,689,500 123,400 869,700	
AGENCY TOTAL - ALL SOURCES	7,549,700	8,095,200	7,276,700	7,792,800	7,682,600	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$6,689,500 -- a net decrease of \$(368,600), or (5.2)%, from the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

 Annualization of FY 1993 Pay Adjustment The Executive recommends \$23,900.

\$ 23,500 GF

(13,900) GF

Personal Services/ERE Adjustments

Includes a new vacancy factor of 1%, which is the standard rate applied to agencies with this number of FTE positions. The FY 1993 vacancy factor was 0%. The Executive recommends a vacancy factor of 0%.

• ERE Rate Changes

Provides the optional retirement contribution at the state retirement rate of 3.59%.

(300) GF

WICHE Student Subsidy

Provides subsidy requirement for 129 Arizona residents who choose careers in certain health professions for which education is not offered in Arizona. Such health professions include Osteopathy, Dentistry, Veterinary Medicine, Occupational Therapy, and Optometry. The JLBC Staff recommendation provides a total funding requirement of \$1,977,600 for 129 students which includes \$1,727,600 from the General

Fund and \$250,000 from the WICHE Collections Revolving Fund. During FY 1993, 129 students will have received subsidies, compared to the budgeted number of 131 students. The Executive recommends \$1,992,400 for this program before the lump sum reduction described

below.

Student Financial Aid Trust Fund

Provides the projected institutional match amount for the trust fund.

-0- GF

24,600 GF

(264,800) GF

Teacher Loan Forgiveness Fund for Deaf and Blind

The board is requesting this activity to be transferred to the University of Arizona. The statute authorizes the board to oversee the program

through the University of Arizona. The JLBC Staff maintains the current funding level within the Board of Regents.

(137,700) GF

Area Health Education Program

The board is requesting this activity to be transferred to the College of Medicine. The JLBC Staff recommends continued funding to the Arizona Board of Regents since the statute authorizes the board to maintain the program. The JLBC Staff recommendation provides a \$(137,700) reduction from the FY 1993 funding level of \$887,700. The remaining amount of \$750,000 will be used for the operation of three centers: Southeastern Arizona Health Education Center, Western Arizona Health Education Center, and Northern Arizona Health Education Center. The Executive recommends \$887,700 before the lump sum reduction described below.

#### Other Issues for Legislative Consideration

Lump Sum Reduction

The Executive recommends a lump sum reduction of \$(282,300).

DEPARTMENT: Arizona State University - Main Campus		JLBC ANALYST: OSPB ANALYST:		HOUSE SUBCOMMITTEE CHAIR: Graham SENATE SUBCOMMITTEE CHAIR: Hermon		
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	3,668.4	3,791.5	3,973.3	4,894.0	3,833.2	
OPERATING BUDGET	4				<del></del>	
Personal Services	119,045,800	121,038,000	136,245,700		126 118 100	
Employee Related Expenditures	23,382,800	24,144,500	28,211,400	a		l,
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Library Acquisitions Equipment	1,746,600 86,500 951,200 24,002,000 3,729,000 5,135,900	945,900 265,700 582,100 23,328,200 3,765,400 7,708,800	1,027,200 281,600 649,900 25,408,700 3,865,400 8,673,800	   	967,200	
All Other Operating Subtotal OPERATING SUBTOTAL	35,651,200 178,079,800	36,596,100 181,778,600	39,906,600			
SPECIAL LINE ITEMS	170,072,000	101,778,000	204,363,700		189,898,100	
Univ Employee Tuition/Fee Waivers Lump Sum Adjustment Executive Recommendation	0 0 0	0 0 0	0 0 0	179,562,300	-787,000 -10,729,200 0	
Special Item Subtotal	0	0	0	179,562,300	-11,516,200	
AGENCY TOTAL	178,079,800	181,778,600	204,363,700	179,562,300	178,381,900	

DEPARTMENT: Arizona State University - Main Campus		JLBC ANALYST: Lee OSPB ANALYST: Barton		HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:		Graham Hermon	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE	
DESCRIPTION							
BY FUND SOURCE  General Fund Federal Funds Other Non-Appropriated Funds	178,079,800 55,516,000 198,575,100	56,755,000	204,363,700 56,755,000 197,188,300	56,755,000	178,381,900 56,755,000 200,337,600		
AGENCY TOTAL - ALL SOURCES	432,170,900	434,698,400	458,307,000	436,654,900	435,474,500		

The JLBC Staff recommends a total General Fund (GF) appropriation of \$178,381,900 -- a net decrease of \$(3,396,700), or (1.9)%, from the FY 1993 appropriation.

NOTE: The university operating budget, known as Expenditure Authority, consists of the General Fund and Tuition/Fee Collections Fund. The Collections Fund is deducted as a lump sum from the Expenditure Authority in order to identify the General Fund requirement. In recognition of the Board of Regents' desire to "decouple" the student tuition and registration fees from the General Fund appropriation, the JLBC Staff recommendation provides the prorated line items for the General Fund, including FTE positions. The prorata share for the General Fund is based upon each year's General Fund proportion of the Expenditure Authority for each university. The JLBC Staff recommendation for FY 1994 is based upon the FY 1993 General Fund proportion of the Expenditure Authority.

### JLBC Staff Recommended Changes from FY 1993

- Annualization of FY 1993 Pay Adjustment
  Includes \$3,644,600 for Personal Services and \$493,800 for Employee Related Expenditures. The Executive recommends a total of \$4,142,000.
- Personal Services/ERE Adjustments
   Maintains a vacancy factor of 3%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 3%.
- ERE Rate Changes
- Annualization of New Facilities Support
  Provides for 9.8 FTE positions and support costs to facilitate the full-funding requirement of 4 buildings; Goldwater Center for Science and Engineering, Computing and Network Services Building, Life Sciences Building, and the Law Library.

(84,600) GF

Student Enrollment Increase

1,554,600 GF

Provides funding for 31.9 new FTE positions based on an additional 600 FTE students in accordance with the funding formula of 22:1:0.5 (student to faculty to support position). The Executive recommends a total of \$1,864,700.

Lump Sum Adjustment

(10,729,200) GF

The JLBC Staff recommendation provides a (5.65)% lump sum reduction from the FY 1994 modified baseline budget as described above in order to achieve the JLBC Staff recommendation for FY 1994. In implementing the lump sum reduction, the JLBC Staff suggests the following specific items for reduction consideration as identified below.

FTE Position Reduction - Provides a potential adjustment by reducing manpower, Personal Services and Employee Related Expenditures by (5)% from the FY 1994 modified baseline budget for these three items. This reduction includes (191.7) FTE positions, \$(6,305,900) for Personal Services and \$(1,283,900) for Employee Related Expenditures. The purpose of this reduction administrative staff and other university personnel, and through a critical review of all programs with an attempt to eliminate duplicative and marginally beneficial programs, if any.

According to the JLBC Staff report on <u>Faculty Teaching Load at Arizona Universities</u>, which was issued in February of 1992, the state's three universities experienced the following statistical findings during the Fall Semester of 1990:

- The systemwide ranked faculty (full professors, associate professors and assistant professors) spent an average of 7.2 contact hours per week in regularly scheduled classes.
- The systemwide ranked faculty taught only 21.5% of all "100 level" courses and 41.5% of all "200 level" courses based upon contact hours.

The above findings suggest that the universities should improve the faculty teaching productivity in general and increase their teaching loads towards the lower division courses in particular.

Furthermore, the preliminary findings from the Arizona Faculty Workload Study, which was based upon a faculty workload survey and issued in a draft form by the JLBC Staff in November of 1992 to the Arizona Higher Education Research Advisory Board, indicate that the systemwide faculty workload including instructors and lecturers was 56.25 hours per week during the Spring Semester of 1992, far more than the normal 40-hour work week. Of the 56.25 hours, however, only 8.08 hours or 14.4% were spent in regularly scheduled classroom teaching. Additionally, the study indicates that the faculty spent 3.5 hours or 6.2% on individualized courses, 0.77 hour or 1.4% on clinical instruction, and 14.02 hours or 24.9% on class preparation. Thus, the faculty spent a total of 26.37 hours or 46.9% of the surveyed workload on instruction-related activities. The other 53.1% of the faculty workload was spent on institutional and professional services, and on research-related activities. Accordingly, a reallocation of the faculty workload towards more classroom teaching should improve the teaching mission of the universities.

Reduction in All Other Operating Expenditures - Provides a potential adjustment by reducing all other operating expenses by \$(3,139,400). This cost saving measure may include substantial reductions in Professional and Outside Services, Travel - Out of State, and Equipment replacement.

Elimination of University Employees' and Dependents' Tuition/Fee Waivers

Provides a \$787,000 collections increase that will supplement the operating budget thereby decreasing the General Fund operating budget requirement by the same amount. The elimination of the waivers is likely to impact only about 50% of the current waivers as the lack of incentive will discourage some employees and their dependents from taking courses with full tuition/fee payment. The total waiver amount is estimated at \$1,574,000 for the current fiscal year.

(787,000) GF

#### Other Issues for Legislative Consideration

**Executive Recommendation** 

The General Fund lump sum recommendation of \$179,562,300 by the Executive provides a net decrease of \$(2,216,300) from the FY 1993 appropriation, which includes increases of \$4,142,000 for the annualization of FY 1993 Pay Adjustment and \$1,864,700 for student enrollment growth, and a lump sum reduction of \$(8,223,000). The FTE positions recommended by the Executive represent total FTE positions for the Expenditure Authority, not prorated for the General Fund.

DEPARTMENT: Arizona State University - West Campus		JLBC ANALYST: Lee OSPB ANALYST: Barton		HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:		Graham Hermon
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	474.4	477.7	518.1	546.3	529.7	
OPERATING BUDGET						
Personal Services	11,790,300	13,928,700	16,518,200		16,145,600	
Employee Related Expenditures	2,379,800	2,957,100	3,557,700			
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Library Acquisitions Equipment	732,500 27,600 147,900 8,106,800 1,419,800 2,341,900	345,800 77,000 157,100 6,672,800 1,420,000 1,216,500	387,600 84,800 183,200 6,781,900 1,420,000 1,453,700	    	380,500 87,400 181,400 6,735,200 1,420,000	
All Other Operating Subtotal	12,776,500	9,889,200	10,311,200			
OPERATING SUBTOTAL SPECIAL LINE ITEMS	26,946,600	26,775,000	30,387,100	 		
Lump Sum Adjustment Executive Recommendation	0	0 0	0	26,031,000	-1,679,500	
Special Item Subtotal	0	0	0	26,031,000		
AGENCY TOTAL	26,946,600	26,775,000	30,387,100	26,031,000	28,045,700	

DEPARTMENT: Arizona State University - West C	Campus	JLBC ANALYST: OSPB ANALYST:		HOUSE SUE SENATE SUE	COMMITTEE CHAIR: COMMITTEE CHAIR:	Graham Hermon
PERCENTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DESCRIPTION						
BY FUND SOURCE  General Fund Federal Funds Other Non-Appropriated Funds	26,946,600 69,000 6,799,000	26,775,000 76,000 7,270,100	30,387,100 76,000 7,914,700	26,031,000 76,000 8,159,900	28,045,700 76,000 8,159,900	
AGENCY TOTAL - ALL SOURCES	33,814,600	34,121,100	38,377,800	34,266,900	36,281,600	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$28,045,700 -- a net increase of \$1,270,700, or 4.7%, to the FY 1993 appropriation.

NOTE: The university operating budget, known as Expenditure Authority, consists of the General Fund and Tuition/Fee Collections Fund. The Collections Fund is deducted as a lump sum from the Expenditure Authority in order to identify the General Fund requirement. In recognition of the Board of Regents' desire to "decouple" the student tuition and registration fees from the General Fund appropriation, the JLBC Staff recommendation provides the prorated line items for the General Fund, including FTE positions. The prorata share for the General Fund is based upon each year's General Fund proportion of the Expenditure Authority for each university. The JLBC Staff recommendation for FY 1994 is based upon the FY 1993 General Fund proportion of the Expenditure Authority.

### JLBC Staff Recommended Changes from FY 1993

- Annualization of FY 1993 Pay Adjustment
  Includes \$410,300 for Personal Services and \$56,300 for Employee Related Expenditures. The Executive recommends a total of \$467,200.

  (75,000) GF
- Personal Services/ERE Adjustments

  Maintains a vacancy factor of 3%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 3%.
- ERE Rate Changes

Student Enrollment Increase
Provides funding for 52 new FTE positions based on an additional 873 FTE students in accordance with the funding formula of 22:1:0.5
(student to faculty to support position). The increase of 873 FTE students represents the difference between the FY 1993 budgeted numer of 2,371 FTE students and the FY 1994 projected numer of 3,244 FTE students.

Lump Sum Adjustment

(1,679,500) GF

The JLBC Staff recommendation provides a (5.65)% lump sum reduction from the FY 1994 modified baseline budget as described above in order to achieve the JLBC Staff recommendation for FY 1994. In implementing the lump sum reduction, the JLBC Staff suggests the following specific items for reduction consideration as identified below.

FTE Position Reduction - Provides a potential adjustment by reducing manpower, Personal Services and Employee Related Expenditures by (5)% from the FY 1994 modified baseline budget for these three items. This reduction includes (26.5) FTE positions, \$(807,300) for Personal Services and \$(170,100) for Employee Related Expenditures. The purpose of this reduction administrative staff and other university personnel, and through a critical review of all programs with an attempt to eliminate duplicative and marginally beneficial programs, if any.

According to the JLBC Staff report on Faculty Teaching Load at Arizona Universities, which was issued in February of 1992, the state's three universities experienced the following statistical findings during the Fall Semester of 1990:

- The systemwide ranked faculty (full professors, associate professors and assistant professors) spent an average of 7.2 contact hours per week in regularly scheduled classes.
- The systemwide ranked faculty taught only 21.5% of all "100 level" courses and 41.5% of all "200 level" courses based upon contact hours.

The above findings suggest that the universities should improve the faculty teaching productivity in general and increase their teaching loads towards the lower division courses in particular.

Furthermore, the preliminary findings from the Arizona Faculty Workload Study, which was based upon a faculty workload survey and issued in a draft form by the JLBC Staff in November of 1992 to the Arizona Higher Education Research Advisory Board, indicate that the systemwide faculty workload including instructors and lecturers was 56.25 hours per week during the Spring Semester of 1992, far more than the normal 40-hour work week. Of the 56.25 hours, however, only 8.08 hours or 14.4% were spent in regularly scheduled classroom teaching. Additionally, the study indicates that the faculty spent 3.5 hours or 6.2% on individualized courses, 0.77 hour or 1.4% on clinical instruction, and 14.02 hours or 24.9% on class preparation. Thus, the faculty spent a total of 26.37 hours or 46.9% of the surveyed workload on instruction-related activities. The other 53.1% of the faculty workload was spent on institutional and professional services, and on research-related activities. Accordingly, a reallocation of the faculty workload towards more classroom teaching should improve the teaching mission of the universities.

Reduction in All Other Operating Expenditures - Provides a potential adjustment by reducing all other operating expenses by \$(702,100). This cost saving measure may include substantial reductions in Professional and Outside Services, Travel - Out of State, and Equipment replacement.

### Other Issues for Legislative Consideration

**Executive Recommendation** 

The General Fund lump sum recommendation of \$26,031,000 by the Executive provides a net decrease of \$(744,000) from the FY 1993 appropriation, which includes an increase of \$467,200 for the annualization of FY 1993 Pay Adjustment and a lump sum reduction of \$(1,211,200). The FTE positions recommended by the Executive represent total FTE positions for the Expenditure Authority, not prorated for the General Fund.

DEPARTMENT: Northern Arizona University		JLBC ANALYST: Lee OSPB ANALYST: Barton		HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:		Graham Hermon	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE	
Full Time Equivalent Positions	1,541.6	1,597.5	1,668.6	2,041.7	1,629.0	BINOL	
OPERATING BUDGET					-		
Personal Services	45,471,800	46,875,900	52,655,800		49,383,200		
Employee Related Expenditures	10,613,100	10,555,400	12,440,500				
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Library Acquisitions Equipment  All Other Operating Subtotal	538,000 286,000 261,500 9,460,500 1,381,800 2,069,800 13,997,600	396,600 347,500 274,900 11,563,800 1,479,800 1,548,100 15,610,700	434,700 354,700 298,700 11,864,200 2,182,000 1,902,100 17,036,400	    	1,479,800 1,632,900		
OPERATING SUBTOTAL SPECIAL LINE ITEMS	70,082,500	73,042,000	82,132,700				
Minority Recruitment & Retention Univ Employee Tuition/Fee Waivers Lump Sum Adjustment Executive Recommendation  Special Item Subtotal  A G E N C Y T O T A L	420,600 0 0 0 420,600 70,503,100	447,200 0 0 0 447,200 73,489,200	475,800 0 0 0 475,800 82,608,500	73,527,000 73,527,000	-4,084,300		
=	=======================================		=======================================	73,527,000	71,433,600		

DEPARTMENT: Northern Arizona Universit	У	JLBC ANALYST OSPB ANALYST		HOUSE SUF SENATE SUF	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Graham Hermon
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE	2		00 (00 500	73,527,000	71,433,600	
General Fund	70,503,100 15,655,600	73,489,200 15,812,400	82,608,500 15,970,400	15,970,400	15,970,400	
Federal Funds Other Non-Appropriated Funds	52,568,900		58,593,800	59,453,000	59,453,000	
	129 727 600	145,461,900	157,172,700	148,950,400	146,857,000	
AGENCY TOTAL - ALL SOURCES	138,727,600					

The JLBC Staff recommends a total General Fund (GF) appropriation of \$71,433,600 -- a net decrease of \$(2,055,600), or (2.8)% from the FY 1993 appropriation.

NOTE: The university operating budget, known as Expenditure Authority, consists of the General Fund and Tuition/Fee Collections Fund. The Collections Fund is deducted as a lump sum from the Expenditure Authority in order to identify the General Fund requirement. In recognition of the Board of Regents' desire to "decouple" the student tuition and registration fees from the General Fund appropriation, the JLBC Staff recommendation provides the prorated line items for the General Fund, including FTE positions. The prorata share for the General Fund is based upon each year's General Fund proportion of the Expenditure Authority for each university. The JLBC Staff recommendation for FY 1994 is based upon the FY 1993 General Fund proportion of the Expenditure Authority.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment
 Includes \$1,507,000 for Personal Services and \$203,700 for Employee Related Expenditures. The Executive recommends a total of \$1,710,400.

(39,000) GF

• Personal Services/ERE Adjustments

Maintains a vacancy factor of 3%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 3%.

ERE Rate Changes

(648,500) GF

Includes the employee health insurance contribution increases from \$1.00 to \$5.00 for "employee only" and from \$1.00 to \$75.00 for "employee/dependents" per month. Under the NAU Blue Cross and Blue Shield Plan, an NAU employee currently pays only \$1.00 for the monthly health insurance premium, the NAU Blue Cross and Blue Shield Trust Fund pays \$18.73 per month towards each employee's health insurance premium for the "employee/dependents" coverage, for which the state contributes \$357.30. All other state employees (except NAU employees) under all other Blue Cross and Blue Shield plans pay \$5.00 per month per employee for "employee/dependents" coverage. For example, a state employee in Coconino County currently pays \$75.00 per month for "employee/dependents" coverage, for which the state contributes \$359.90 per month. It is important to note, however, that the total monthly premium requirement by the NAU plan is \$57.87 less than that of the other Blue Cross and Blue Shield plans in Coconino County. In spite of this fact, it appears more equitable if all state employees pay the same amount for health insurance premium. This recommended change will provide an \$829,200 savings for the General Fund.

Student Enrollment Increase

1,335,600 GF

Provides funding for 27.5 new FTE positions based on an additional 506 FTE students in accordance with the funding formula of 22:1:0.5 (student to faculty to support position). The Executive recommends a total of \$1,651,800.

Annualization of New Facilities Support

117,100 GF

Provides 4 FTE positions and support costs to facilitate the full-funding requirement of the Forestry Complex building.

Lump Sum Adjustment

(4,292,000) GF

The JLBC Staff recommendation provides a (5.65)% lump sum reduction from the FY 1994 modified baseline budget as described above in order to achieve the JLBC Staff recommendation for FY 1994. In implementing the lump sum reduction, the JLBC Staff suggests the following specific items for reduction consideration as identified below.

FTE Position Reduction - Provides a potential adjustment by reducing manpower, Personal Services and Employee Related Expenditures by (5)% from the FY 1994 modified baseline budget for these three items. This reduction includes (81.5) FTE positions, \$(2,469,200) for Personal Services and \$(515,800) for Employee Related Expenditures. The purpose of this reduction is to enhance and encourage a more efficient allocation of operating resources through a productivity increase of faculty, administrative staff and other university personnel, and through a critical review of all programs with an attempt to eliminate duplicative and marginally beneficial programs, if any.

According to the JLBC Staff report on Faculty Teaching Load at Arizona Universities, which was issued in February of 1992, the state's three universities experienced the following statistical findings during the Fall Semester of 1990:

- The systemwide ranked faculty (full professors, associate professors and assistant professors) spent an average of 7.2 contact hours per week in regularly scheduled classes.
- The systemwide ranked faculty taught only 21.5% of all "100 level" courses and 41.5% of all "200 level" courses based upon contact hours.

The above findings suggest that the universities should improve the faculty teaching productivity in general and increase their teaching loads towards the lower division courses in particular.

Furthermore, the preliminary findings from the Arizona Faculty Workload Study, which was based upon a faculty workload survey and issued in a draft form by the JLBC Staff in November of 1992 to the Arizona Higher Education Research Advisory Board, indicate that the systemwide faculty workload including instructors and lecturers was 56.25 hours per week during the Spring Semester of 1992, far more than the normal 40-hour work week. Of the 56.25 hours, however, only 8.08 hours or 14.4% were spent in regularly scheduled classroom teaching. Additionally, the study indicates that the faculty spent 3.5 hours or 6.2% on individualized courses, 0.77 hour or 1.4% on clinical instruction, and 14.02 hours or 24.9% on class preparation. Thus, the faculty spent a total of 26.37 hours or 46.9% of the surveyed workload on instruction-related activities. The other 53.1% of the faculty workload was spent on institutional and professional services, and on research-related activities. Accordingly, a reallocation of the faculty workload towards more classroom teaching should improve the teaching mission of the universities.

- -- Reduction in All Other Operating Expenditures Provides a potential adjustment by reducing all other operating expenses by \$(1,307,000). This cost saving measure may include substantial reductions in Professional and Outside Services, Travel Out Of State, and Equipment replacement.
- Elimination of University Employees' and Dependents' Tuition/Fee Waivers

(239,500) GF

Provides a \$239,500 collections increase that will supplement the operating budget thereby decreasing the General Fund operating budget requirement by the same amount. The elimination of the waivers is likely to impact only about 50% of the current waivers as the lack of incentive will discourage some employees and their dependents from taking courses with full tuition/fee payment. The total waiver amount is estimated at \$479,000 for the current fiscal year.

#### Other Issues for Legislative Consideration

Executive Recommendation

The General Fund lump sum recommendation of \$73,527,000 by the Executive provides a net increase of \$37,800 from the FY 1993 appropriation, which includes increases of \$1,710,400 for the annualization of FY 1993 Pay Adjustment and \$1,651,800 for student enrollment growth, and a lump sum reduction of \$(3,324,400). The FTE positions recommended by the Executive represent total FTE positions for the Expenditure Authority, not prorated for the General Fund.

DEPARTMENT: University of Arizona - Main Campus Agency Summary		JLBC ANALYST: Lee OSPB ANALYST: Barton		HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:		Graham Hermon
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	4,127.4	4,170.9	4,324.3	5,347.2	4,158.7	
BY PROGRAM/ORGANIZATION						
All Standard Programs	165,265,500	167,709,400	189,272,500	194,091,800	162,671,600	
Agriculture	31,331,000	31,626,600	34,450,600	222	30,796,700	
AGENCY TOTAL	196,596,500	199,336,000	223,723,100	194,091,800	193,468,300	
OPERATING BUDGET						
Personal Services	139,021,900	137,669,200	153,565,600	Voc	141,234,400	·
Employee Related Expenditures	25,198,700	25,647,700	29,734,800	i mes	28,336,100	
Professional/Outside Services Travel - In State	1,072,900 471,300	1,048,200 821,300	1,048,200 828,800	(Applie	1,039,400	
Travel - Out of State	615,200		451,900		445 800	-
Other Operating Expenditures	21,290,200	451,900 22,501,100	26,236,100		22 830 000	
Library Acquisitions	4,273,100	4,360,600	4,360,600		4 360 600	
Equipment	3,797,500	5,966,500	6,517,400	( <del>175</del> ) (175)	5 020 400	
Edmburgit	3,171,300	3,500,300	0,317,400		3,938,000	
All Other Operating Subtotal	31,520,200	35,149,600	39,443,000	(944)	35,442,900	· · · · · · · · · · · · · · · · · · ·
OPERATING SUBTOTAL	195,740,800	198,466,500	222,743,400	(##)	205,013,400	

DEPARTMENT: University of Arizona - Main Campus Agency Summary		JLBC ANALYST: OSPB ANALYST:		HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:		Graham Hermon
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
SPECIAL LINE ITEMS						
Minority Recruitment & Retention University Employee Tuition/Fee Waivers Lump Sum Adjustment Executive Recommendation	855,700 0 0 0	869,500 0 0 0	979,700 0 0 0	194,091,800	869,500 -782,200 -11,632,400 0	
Special Item Subtotal	855,700	869,500	979,700	194,091,800	-11,545,100	
AGENCY TOTAL	196,596,500	199,336,000	223,723,100	194,091,800	193,468,300	
BY FUND SOURCE						
General Fund Federal Funds Other Non-Appropriated Funds	196,596,500 102,722,700 277,858,200	199,336,000 106,433,400 280,684,200	223,723,100 107,496,300 280,953,000 612,172,400	107,496,300 283,654,500	107,496,300 283,654,500	
AGENCY TOTAL - ALL SOURCES =	577,177,400	586,453,600	=======================================	=======================================		

DEPARTMENT:

University of Arizona - Main Campus

Agency Summary

The JLBC Staff recommends a total General Fund (GF) appropriation of \$193,468,300 -- a net decrease of \$(5,867,700), or (2.9)% from the FY 1993 appropriation.

NOTE: The university operating budget, known as Expenditure Authority, consists of the General Fund and Tuition/Fee Collections Fund. The Collections Fund is deducted as a lump sum from the Expenditure Authority in order to identify the General Fund requirement. In recognition of the Board of Regents' desire to "decouple" the student tuition and registration fees from the General Fund appropriation, the JLBC Staff recommendation provides the prorated line items for the General Fund, including FTE positions. The prorata share for the General Fund is based upon each year's General Fund proportion of the Expenditure Authority for each university. The JLBC Staff recommendation for FY 1994 is based upon the FY 1993 General Fund proportion of the Expenditure Authority.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment
 Includes \$4,028,500 for Personal Services and \$509,300 for Employee Related Expenditures.
 The Executive recommends a total of \$4,535,700.

Personal Services/ERE Adjustments

(38,000) GF

Maintains a vacancy factor of 3%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 3%.

ERE Rate Changes

2,268,400 GF

Annualization of New Facilities Support

418,500 GF

Provides support costs to facilitate the full-funding requirement of 2 buildings; Fine Arts and North Plant.

Student Enrollment Decrease

(639,800) GF

Provides a funding decrease for (12.2) FTE positions, based on an enrollment decrease of (254) FTE students in accordance with the funding formula of 22:1:0.5 (student to faculty to support position). The Executive recommends a \$(762,700) decrease.

(11,632,400) GF

Lump Sum Adjustment

The JLBC Staff recommendation provides a (5.65)% lump sum reduction from the FY 1994 modified baseline budget as described above in order to achieve the JLBC Staff recommendation for FY 1994. In implementing the lump sum reduction, the JLBC Staff suggests the following specific items for reduction consideration as identified below.

FTE Position Reduction - Provides a potential adjustment by reducing manpower, Personal Services and Employee Related Expenditures by (5)% from the FY 1994 modified baseline budget for these three items. This reduction includes (207.9) FTE positions, \$(7,061,700) for Personal Services and \$(1,416,800) for Employee Related Expenditures. The purpose of this reduction is to enhance and encourage a more efficient allocation of operating resources through a productivity increase of faculty, administrative staff and other university personnel, and through a critical review of all programs with an attempt to eliminate duplicative and marginally beneficial programs, if any.

According to the JLBC Staff report on <u>Faculty Teaching Load at Arizona Universities</u>, which was issued in February of 1992, the state's three universities experienced the following statistical findings during the Fall Semester of 1990:

- The systemwide ranked faculty (full professors, associate professors and assistant professors) spent an average of 7.2 contact hours per week in regularly scheduled classes.
- The systemwide ranked faculty taught only 21.5% of all "100 level" courses and 41.5% of all "200 level" courses based upon contact hours.

The above findings suggest that the universities should improve the faculty teaching productivity in general and increase their teaching loads towards the lower division courses in particular.

Furthermore, the preliminary findings from the Arizona Faculty Workload Study, which was based upon a faculty workload survey and issued in a draft form by the JLBC Staff in November of 1992 to the Arizona Higher Education Research Advisory Board, indicate that the systemwide faculty workload including instructors and lecturers was 56.25 hours per week during the Spring Semester of 1992, far more than the normal 40-hour work week. Of the 56.25 hours, however, only 8.08 hours or 14.4% were spent in regularly scheduled classroom teaching. Additionally, the study indicates that the faculty spent 3.5 hours or 6.2% on individualized courses, 0.77 hour or 1.4% on clinical instruction, and 14.02 hours or 24.9% on class preparation. Thus, the faculty spent a total of 26.37 hours or 46.9% of the surveyed workload on instruction-related activities. The other 53.1% of the faculty workload was spent on institutional and professional services, and on research-related activities. Accordingly, a reallocation of the faculty workload towards more classroom teaching should improve the teaching mission of the universities.

-- Reduction in All Other Operating Expenditures - Provides a potential adjustment by reducing all other operating expenses by \$(3,153,900). This cost saving measure may include substantial reductions in Professional and Outside Services, Travel-Out-Of-State and Equipment replacement.

Elimination of University Employees' and Dependents' Tuition/Fee Waivers

(782,200) GF

Provides a \$782,200 collections increase that will supplement the operating budget thereby decreasing the General Fund operating budget requirement by the same amount. The elimination of the waivers is likely to impact only about 50% of the current waivers as the lack of incentive will discourage some employees and their dependents from taking courses with full tuition/fee payment. The total waiver amount is estimated at \$1,564,400 for the current fiscal year.

#### Other Issues for Legislative Consideration

Executive Recommendation

The General Fund Lump sum reduction of \$194,091,800 by the Executive provides a net decrease of \$(5,244,200) from the FY 1993 appropriation, which includes a \$4,535,700 increase for the annualization of FY 1993 Pay Adjustment and a \$(762,700) decrease for student enrollment decline, and a lump sum reduction of \$(9,017,200). The FTE positions recommended by the Executive represent total FTE positions for the Expenditure Authority, not prorated for

DEPARTMENT: University of Arizona	- College of Medicine	JLBC ANALY OSPB ANALY			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Graham Hermon
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	594.5	604.4	670.5	634.9	604.4	
OPERATING BUDGET						
Personal Services	24,727,100	24,843,400	28,459,400		25,398,200	
Employee Related Expenditures	3,939,100	3,785,300	4,843,100		4,154,600	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Library Acquisitions Equipment	129,000 30,000 21,100 6,446,000 616,300 214,600	70,000 14,700 6,408,000 601,800	327,500 128,500 42,200 7,687,300 776,800 737,700		70,000 14,700 6,773,700 601,800 712,400	
All Other Operating Subtotal	7,457,000	7,912,300	9,700,000			
OPERATING SUBTOTAL	36,123,200	36,541,000	43,002,500		37,839,900	
SPECIAL LINE ITEMS						
Clinical Teaching Support Lump Sum Adjustment Executive Recommendation	8,438,000 0 0	0	8,073,800 0 0	43,071,500	-2,590,500	
Special Item Subtotal	8,438,000	8,009,200	8,073,800	43,071,500	5,418,700	
AGENCY TOTAL	44,561,200	44,550,200	51,076,300	43,071,500	43,258,600	

DEPARTMENT: University of Arizona	College of Medicine	JLBC ANALYST OSPB ANALYST			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Graham Hermon
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
General Fund Federal Funds Other Non-Appropriated Funds	44,561,200 42,719,200 45,481,800	44,550,200 43,162,000 46,751,500	51,076,300 43,601,900 47,205,700	43,071,500 43,601,900 47,205,700	43,258,600 43,601,900 47,205,700	
AGENCY TOTAL - ALL SOURCES	132,762,200	134,463,700	141,883,900	133,879,100	134,066,200	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$43,258,600 -- a net decrease of \$(1,291,600), or (2.9)%, from the FY 1993 appropriation.

NOTE: The university operating budget, known as Expenditure Authority, consists of the General Fund and Tuition/Fee Collections Fund. The Collections Fund is deducted as a lump sum from the Expenditure Authority in order to identify the General Fund requirement. In recognition of the Board of Regents' desire to "decouple" the student tuition and registration fees from the General Fund appropriation, the JLBC Staff recommendation provides the prorated line items for the General Fund, including FTE positions. The prorata share for the General Fund is based upon each year's General Fund proportion of the Expenditure Authority for each university. The JLBC Staff recommendation for FY 1994 is based upon the FY 1993 General Fund proportion of the Expenditure Authority.

#### JLBC Staff Recommended Changes from FY 1993

•	Annualization of FY 1993 Pay Adjustment Includes \$476,800 for Personal Services and \$60,900 for Employee Related Expenditures. The Executive recommends a total of \$536,600.	\$ 537,700	GF
•	Personal Services/ERE Adjustments  Maintains a vacancy factor of 3%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 3%.	5,300	GF
100	ERE Rate Changes	298,400	GF
•	Annualization of New Facilities Support Provides support costs to facilitate the full-funding requirement of the Library Expansion.	457,500	GF

(2,590,500) GF

Lump Sum Adjustment

The JLBC Staff recommendation provides a (5.65)% lump sum reduction from the FY 1994 modified baseline budget as described above in order to achieve the JLBC Staff recommendation for FY 1994. In implementing the lump sum reduction, the JLBC Staff suggests the following specific items for reduction consideration as identified below.

- FTE Position Reduction Provides a potential adjustment by reducing manpower, Personal Services and Employee Related Expenditures by (5)% from the FY 1994 modified baseline budget for these three items. This reduction includes (30.2) FTE positions, \$(1,269,900) for Personal Services and \$(207,700) for Employee Related Expenditures. The purpose of this reduction is to enhance and encourage a more efficient allocation of operating resources through a productivity increase of faculty, administrative staff and other university personnel, and through a critical review of all programs with an attempt to eliminate duplicative and marginally beneficial programs, if any.
- Reduction in All Other Operating Expenditures and Clinical Teaching Support Provides a potential adjustment by reducing all other operating expenses and the Clinical Teaching Support line item by \$(1,112,900). This cost savings measure may include substantial reductions in Professional and Outside Services, Travel - Out of State, Equipment replacement, and Clinical Teaching Support.

#### Other Issues for Legislative Consideration

Executive Recommendation

The General Fund lump sum recommendation of \$43,071,500 by the Executive provides a net decrease of \$(1,478,700) from the FY 1993 appropriation, which includes an increase of \$536,600 for the annualization of FY 1993 Pay Adjustment and a lump sum reduction of \$(2,015,300). The FTE positions recommended by the Executive represent total FTE positions for the Expenditure Authority, not prorated for the General Fund.

PROTECTION AND SAFETY (PS)

DEPARTMENT: State Department of Correct Agency Summary	ions	JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	6,062.4	6,465.4	7,399.9	6,971.4	6,799.4	
BY PROGRAM/ORGANIZATION		4				
Adult Institutions	195,436,500	207,565,500	251,655,400	230,000,500	226,205,500	
Human Resources/Development	35,525,200	41,290,200	49,388,500	45,231,100	44,912,700	
Administration	10,846,500	13,097,800	14,395,400	13,649,300	13,563,400	
Community Corrections	8,907,500	8,891,500	13,883,400	13,780,000	13,762,000	
AGENCY TOTAL	250,715,700	270,845,000	329,322,700	302,660,900	298,443,600	
OPERATING BUDGET				-		
Personal Services	132,470,400	139,942,700	162,531,700	153,127,700	150,655,700	
Employee Related Expenditures	39,471,900	42,868,200	57,132,200	47,514,600	46,085,200	X
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	18,316,000 377,000 90,400 36,700,000 3,325,900	21,408,500 453,200 80,200 39,921,400 1,213,100	24,007,500 535,300 83,400 45,533,600 8,320,900	22,646,600 487,900 82,400 42,924,900 4,738,000	474,100 82,400 42,608,400	
All Other Operating Subtotal	58,809,300	63,076,400	78,480,700	70,879,800	69,105,200	
OPERATING SUBTOTAL	230,751,600	245,887,300	298,144,600	271,522,100	265,846,100	

DEPARTMENT: State Department of Corrections Agency Summary	5	JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
SPECIAL LINE ITEMS						
Discharge Expense Community Provider Beds Food Work Incentive Pay Plan CSO Series Pay Plan	196,300 0 16,006,800 3,761,000 0	341,800 1,810,000 18,589,400 4,216,500 0	364,300 6,570,000 19,752,700 4,491,100 0	364,300 6,570,000 19,713,400 4,491,100 0	4,491,100	
Special Item Subtotal	19,964,100	24,957,700	31,178,100	31,138,800	32,597,500	
AGENCY TOTAL	250,715,700	270,845,000	329,322,700	302,660,900	298,443,600	)
BY FUND SOURCE						
General Fund Other Funds Federal Funds Other Non-Appropriated Funds	249,785,800 929,900 114,200 12,106,200	17,048,000 96,000	329,322,700 0 64,400 12,078,100	285,224,500 17,436,400	19,600,000 64,400	
AGENCY TOTAL - ALL SOURCES	262,936,100	283,607,200	341,465,200	302,660,900	310,586,100	

The Other Non-Appropriated Funds, shown above, do not include expenditures from the Arizona Correctional Industries Revolving Fund. These expenditures are shown on page PS-4 of the FY 1994 Non-Appropriated Funds book.

**DEPARTMENT:** 

State Department of Corrections

Agency Summary

The JLBC Staff recommends a total appropriation of \$298,443,600 -- a net increase of \$27,598,600, or 10.2%, to the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$278,843,600 -- a net increase of \$25,046,600, or 9.9%, to the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$19,600,000 -- a net increase of \$2,552,000 or 15.0%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment The Executive recommends an increase of \$5,588,100. \$5,582,500 GF (577,700) GF

Personal Services/ERE Adjustments

The applied vacancy factor for FY 1994 decreases Personal Services and ERE by \$(7,885,300). The FY 1994 decrease is offset by the restoration of the FY 1993 vacancy factor which was \$7,452,500. The JLBC Staff recommendation also includes a reduction of \$(144,900) which was necessary to bring the Personal Services and ERE into agreement with the department's projected full funding requirements. The Executive recommendations reflect a net vacancy factor of \$(243,900) in FY 1994.

666,600 GF

**ERE Rate Changes** 

The Executive recommends an increase of \$1,142,700 for ERE adjustments.

7,734,700 GF 754,100 OF

Opening New Prisons

The JLBC Staff recommends \$3,838,300 and 123 FTE positions to open the new 250 bed women's prison, to be constructed at the Arizona State Prison Complex-Tucson. This will be named the Manzanita Unit. The amount recommended is based on an opening date of January 1, 1994. The Executive recommendations also provide for a January 1, 1994 opening of the Manzanita Unit. The Executive recommends \$4,908,200 and 166 FTE positions for this new medium security (Level III) prison. A major difference between the recommendations of the Executive and the JLBC Staff is the number of FTE positions. The Executive recommends funding for the 166 positions requested by the department. The recommendations of the JLBC Staff are more reflective of the staffing approved for the new, Level III, prison at Safford. The JLBC Staff has recommended 81 of the 111 security positions requested. The need for the remaining 30 positions is less apparent when the security staffing for this facility is compared with the new Safford prison. Other positions not included in the JLBC Staff recommendation are 6 clerical or administrative positions, a Training Officer, a Nurse, an Education Program Supervisor, a Fire Safety Specialist, a Correction Program Officer II, a Locksmith, and a Warehouse Manager. The functions of Educational Program Supervisor, the Fire Safety Specialist, and the Locksmith are complex level functions that should be assigned to existing complex staff.

Both the Executive and the JLBC Staff recommendations provide funding to open the first 400 beds of the new Meadows Unit at Florence, on February 1, 1994. The Meadows Unit is an 800 bed, medium security (Level III) facility located in the Eyman Complex. Construction is expected to be completed near the end of 1993. The JLBC Staff recommendations include \$4,650,500 and 197 additional positions for this new prison. The Executive recommends 199 additional positions and \$5,496,900.

As part of the cost of opening the first 400 beds of Meadow's Unit, the Department of Corrections requested just under \$1.6 million for movable equipment for all 800 beds. The JLBC Staff recommendation includes \$978,900 for equipment. That amount provides funding to equip the first 400 beds and includes \$300,000 for a central laundry. The Executive recommendation supports the departments request and consequently is about \$600,000 more than the amount recommended by the JLBC Staff.

The Executive also recommends \$1,817,200 and 125 additional positions for the second 400 beds of the Meadows Unit. The amount recommended by the Executive would allow the department to open the second 400 beds April 1, 1994. The JLBC Staff recommendations do not include funding for the second 400 beds in FY 1994, but instead, would defer opening the second 400 beds until early in FY 1995.

Neither the Executive nor the JLBC Staff have recommended funding for the 250 bed minimum security unit to be leased from Apache County, nor the 400 bed men's treatment prison which is to be built at the Arizona State Prison Complex-Tucson. The JLBC Staff anticipates that these 2 facilities and the second 400 beds at the Meadows Unit will open during the early part of FY 1995. Under the JLBC Staff recommendation, the Department of Corrections will have to continue to operate with a bed shortfall of 800 to 1,300 beds, which is similar to the bed shortfall currently being experienced. The bed shortfall may reach just over 1,300 in December of 1993, just before the new women's prison is opened. With the opening of the second 400 beds of the Meadows Unit in April of 1994, as recommended by the Executive, the bed shortfall should drop to 635 by the end of April. That number would continue to grow reaching 825 by June 30, 1994. The estimated bed shortfall on June 30, 1994, based on JLBC Staff recommendations is 1.225.

As operating funds for the Apache Unit have not been recommended, the JLBC Staff has neither recommended nor earmarked funding for the lease payment in FY 1994. It is anticipated that the construction and lease-purchase payment schedules for the Apache Unit will be adjusted to coincide with a projected opening date in the early part of FY 1995.

#### Annualization

8,089,400 GF -0- OF

Both the Executive and the JLBC Staff recommend \$4,760,000 to annualize the estimated contract cost of 450 Community Provider beds. The Community Provider beds are privately operated facilities, in local communities, where inmates committed to the Department of Corrections will receive alcohol and substance treatment provided by nonprofit corporations.

In addition, the JLBC Staff recommendations include \$1,039,000 to annualize funding approved in FY 1993 for the first 400 beds at the Cook Unit, located at the Eyman Complex, in Florence. The Executive recommendation for this purpose is \$1,390,600. The first 400 beds of the Cook Unit opened in November of 1992 as planned. The second 400 beds were originally scheduled to open in February of 1993. The Department of Corrections delayed that opening until May, 1993, as a way of partially recovering the FY 1993 lump reduction is based on a May, 1993 opening date. The Executive's recommendation is \$2,265,600. The major difference between the recommendations of JLBC Staff and the Executive are found in Personal Services and ERE. The JLBC Staff recommends salaries based the Department of Corrections average salary for the appropriate position classification. There are also other differences in the ERE calculation between the recommendations of the JLBC Staff and the Executive.

Population Growth

1,497,100 GF 1,797,900 OF

Represents the incremental costs associated with the projected average daily population increase of 1,050 inmates to be incarcerated in the Arizona State Prison system during FY 1994. The Executive recommendation is \$3,315,200 or \$20,200 more than the amount recommended by the JLBC Staff. The difference is related to inmate legal fees which are not included in the JLBC Staff recommendation.

1,500,000 GF

- Salaries for Correctional Service Officers, Sergeants, Lieutenants, Captains and Majors are not competitive. Salaries paid by the Arizona Correctional Service Officer (CSO) Series Pay Plan state government are significantly below amounts paid similar employees of the federal government, surrounding states, as well as Maricopa and Pima counties. The current salary structure is causing excessive turnover among these employees. This turnover, which is approximately 20% per year, is costly and impacts training costs, overtime, and the experience level of Arizona Correctional Service employees. In addition, the salaries of these employees are compressed near the bottom of the salary range, as funds have not been appropriated for step increases in the last several years. The amount recommended by the JLBC Staff is to provide funding for the design and initial implementation of a salary plan to increase the salaries paid to employees classified within the Correctional Service Officer Series. The amount recommended can be augmented, or increased, by any savings accruing from reduced training and recruiting costs. The reduction of training and recruiting cost will be generated as employee retention improves. Adoption of this recommendation should include a footnote to the appropriation requiring that any salary plan adopted must be presented to the Joint Legislative Budget Committee for review before implementation.
- Replacement Equipment

The Executive recommendation is \$1,754,400.

781,100 GF

1.049,100 GF

Bloodborne Pathogen OSHA Standard

Under the federal OSHA Bloodborne Pathogen Standard, the department is required to implement an infection control plan. The JLBC Staff recommendation includes 3 FTE positions to implement and coordinate the program which includes Hepatitis B vaccinations for employees who are at risk of exposure. The FTE positions include an Occupational Health Nursing Supervisor, an Occupational Health Nurse, and a Medical Records Technician II. Personal Services and ERE total \$105,100. The remaining amount is primarily to provide vaccinations and protective equipment for the staff that are covered by the standard. The department's request for this issue is \$1,186,200. The Executive recommends \$513,800 and 4 FTE positions for this purpose.

545,000 GF

Eyman Complex Staff

The JLBC Staff recommends 16 FTE positions and \$545,000 to staff the Eyman Complex at Florence. The Eyman Complex includes the Rynning Unit, the Special Management Unit, the Cook Unit, and the Meadows Unit when it is completed in FY 1994. When the Meadows Unit is complete, the Eyman Complex will have a designated bed capacity of 3,310. Expansion of the prison facilities in the Florence area requires activation of a second complex staff. The growth in the number of prison units and the size of the prison operation at Florence has now surpassed the management capabilities of the existing staff. The Executive recommends an increase of \$587,700 and 17 FTE positions for the Eyman Complex.

68,500 GF

Net Increase in Land Leases and Building Rentals

The JLBC Staff recommends an increase of \$76,900 for state lands leased for prison sites, and \$5,500 for costs associated with the new Tucson Office Building. Offsetting these increases is a net reduction of \$13,900 for a building lease adjustments anticipated during FY 1994. The Executive recommends an increase of \$49,000 for state land leases.

Other Changes

(1,889,700) GF

Reflects the elimination of nonrecurring costs associated with the opening of new prisons. The Executive recommendation includes a reduction of \$(1,829,600).

Funding Source Change

The JLBC Staff recommends that \$18,600,000 be appropriated from the Corrections Fund in FY 1994 and \$1,000,000 be appropriated from the Penitentiary Land Earnings Fund. It is now projected that there will be \$22,071,800 available for expenditure from the Corrections Fund in FY 1994. That includes estimated revenues of \$21,091,700 from luxury tax receipts and a balance forward of \$980,100. In addition to the operating appropriation of \$18,600,000, other anticipated expenditures from the Corrections Fund include a lease-purchase payment for prisons approved in FY 1993 of \$1,200,000 and an appropriation of \$271,800 to the Department of Administration for prison construction management. There is also \$1,000,000 being held in reserve pending the resolution of an outstanding lawsuit over a prison construction contract. This would leave a projected balance of \$1,000,000 in the fund at the end of the fiscal year, which is for emergencies or to offset any unforeseen shortfall in projected revenues. The JLBC Staff recommendation for FY 1994 is an increase of \$2,488,400 over the FY 1993 appropriation.

The main source of revenue to the Penitentiary Land Earnings Fund is the lease-payment for the Adobe Mountain Juvenile Facility. In FY 1994, that payment is expected to be \$880,600. The balance of the amount recommended or \$119,400 will be generated through other land related income and interest earnings. The JLBC Staff recommendation for FY 1994 is an increase of \$63,400 over the FY 1993 appropriation.

#### Other Issues for Legislative Consideration

Prison Population and Bed Capacity

Although the operating budget recommendations of the JLBC Staff and Executive are based on an average daily prison population, the number of prison beds required is a function of the total number of inmates committed to the Department of Corrections at any time. It is now projected that total inmate population will grow at the rate of 95 additional inmates per month during FY 1994. Based on that estimate there will be 1,140 additional inmates added to the prison system in the next fiscal year. The actual inmate population on July 1, 1992, was 16,155. By June 30, 1993, that number is projected to be 17,155. It is now projected that there will be 18,295 inmates committed to the Department of Corrections by the end of FY 1994.

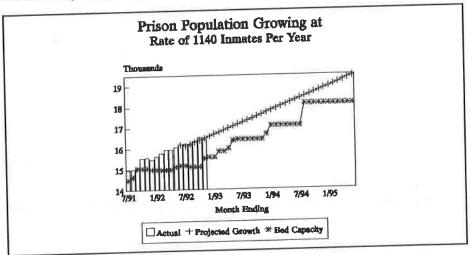
In October of 1992, the prison bed shortage reached 1,408 which is 9.3% over the designated capacity. At that time, there were 16,514 inmates committed to the prison system which had a designated capacity of 15,106 beds. The bed shortage dropped to just under 900 at the end of November, when the first 400 beds at the new Cook Unit opened. The bed shortage will continue and may exceed 1,100 by the end of January 1993. The department plans to bring February of 1993. These will offer alcohol treatment for male inmates. As now planned, an additional 100 male substance abuse beds will be available in and 50 beds for women will be activated in June. In May the department plans to activate the second 400 beds of the Cook Unit, at Florence. With the would be 16,420 beds with an inmate population of 17,155 inmates.

In FY 1994, it is projected that the bed shortfall will reach 1,300 beds in December of 1993. The recommendations of both the JLBC Staff and the Executive provide for opening the new 250 bed women's prison at Tucson in January of 1994 and the first 400 beds of the Meadows Prison for men in February. With the addition of these 2 facilities, the bed shortage should drop to about 850. Under the recommendations of the JLBC Staff, which do not include funding in FY 1994 to open the second 400 beds of the Meadows Prison, the bed shortfall could reach 1,225 by the end of FY 1994. The Executive recommendations do fund the opening of Meadows Prison's second 400 beds and would reduce the projected year end shortfall to 825 beds.

The bed shortfall is expected to continue throughout FY 1995 as well. There are an additional 650 beds which have been approved. These include the 400 drug treatment prison for males, to be constructed at Tucson, and the 250 bed minimum security prison to be built in Apache County. Even with the addition of these beds it is estimated that there will be a bed shortage of just over 1,300 beds at the end of FY 1995. Current projections now show that on June 30, 1995, that the inmate populations will be 19,435 inmates in a prison system with a designated capacity of 18,120 beds.

While it is desirable to operate without a bed deficit, it should be noted that according to the <u>Corrections Year Book</u>, on January 1, 1991, the federal prison system and 28 other states were operating with more prisoners than their rated capacity. In that publication it is stated: "That the average system was operating with 12.6% more inmates than its rated capacity." Based on the JLBC Staff recommendations and the FY 1994 populations projections, the Department of Corrections bed shortage will range from 5% to 8% over the designated or rated capacity of the system.

The following chart provides a summary comparing the actual and estimated population with the designated capacity.



FY 1995 Budgetary Issues

The Department of Corrections will require a substantial appropriation increase in FY 1995. Additional funding will be required to: Annualize the cost of the 2 new prisons opened in FY 1994.

Open a total of 1,050 new beds:

The second 400 beds at the Meadows Unit; the 400 bed male Drug Treatment Unit, and; the 250 bed, minimum security, Apache Unit. Replace \$12,400,000 from the Corrections Fund now being used for the operating budget. Those monies will be required for prison lease-purchase

Project SLIM

Recommendations implemented by the Department of Corrections in FY 1993 are reported in the Administration program under the heading "Other Issues

DEPARTMENT: State Department of Corrections PROGRAM: Adult Institutions	19	JLBC ANALYST: OSPB ANALYST:	Morris/Marti Tucker	nez HOUSE SUE SENATE SUE	COMMITTEE CHAIR:	Keegan Turner
N N	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DESCRIPTION Full Time Equivalent Positions	5,164.4	5,536.9	6,343.9	5,993.9	5,837.9	1
OPERATING BUDGET	106,947,000	112,524,200	130,982,300	123,729,400	121,706,100	
Personal Services  Employee Related Expenditures	33,233,700	36,191,200	48,614,900	40,105,200		
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	4,165,000 255,900 74,700 28,293,200 2,884,600	291,700 52,300 30,663,200	5,008,400 351,800 55,500 34,688,300 7,544,300	4,119,400 319,100 54,500 32,945,900 4,356,400	307,500 54,500 32,466,700 2,874,800	
All Other Operating Subtotal	35,673,400	35,900,600	47,648,300			
OPERATING SUBTOTAL	175,854,100	184,616,000	227,245,500	205,629,900	200,376,200	
SPECIAL LINE ITEMS  Discharge Expense Food Work Incentive Pay Plan CSO Series Pay Plan	196,300 15,705,300 3,680,800	18,428,000 4,179,700 0	364,300 19,591,300 4,454,300 0	19,552,000 4,454,300 0	19,510,700 4,454,300 1,500,000	
Special Item Subtotal	19,582,400		24,409,900 251,655,400	222 222 500		
PROGRAM TOTAL	195,436,50	207,565,500	231,033,400			

DEPARTMENT: State Department of Correction PROGRAM: Adult Institutions	ns	JLBC ANALYST: OSPB ANALYST:		110000000000	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION BY FUND SOURCE	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
General Fund Other Funds Federal Funds Other Non-Appropriated Funds PROGRAM TOTAL - ALL SOURCES	194,506,600 929,900 114,200 9,708,800 205,259,500	17,048,000 96,000 9,747,700	251,655,400 0 64,400 9,553,700 261,273,500	212,564,100 17,436,400 230,000,500	206,605,500 19,600,000 64,400 9,553,700 235,823,600	

The JLBC Staff recommends a total appropriation of \$226,205,500 -- a net increase of \$18,640,000, or 9.0%, to the FY 1993 appropriation. The General Fund (GF) portion \$19,600,000 -- a net increase of \$2,552,000, or 15.0%, to the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$ 4,786,600 GF

(501,000) GF

Personal Services/ERE Adjustments

Maintains a vacancy factor of 3.8%. The Executive recommends a vacancy factor of 3.8%. The JLBC Staff recommendation reflects a reduction of \$(358,000), which is necessary to bring Personal Services and ERE into agreement with the department's projection for existing positions.

- ERE Rate Changes
- Opening New Prisons

428,200 GF

6,651,400 GF 754,100 OF

The JLBC Staff recommends \$3,269,500 and 105 FTE positions to open the new 250 bed women's, medium security (Level III), prison, to be constructed at the Arizona State Prison Complex-Tucson. This will be named the Manzanita Unit. The amount recommended is based on an opening date of January 1, 1994. Included in the amount recommended is \$1,750,700 for Personal Services and ERE. This represents 8 months funding for new positions, allowing a 2 month period for training and orientation. Included also is \$2,800 for Travel, \$426,400 for Other Operating Expenditures, \$1,084,100 for movable equipment, and \$5,500 for Food. The JLBC Staff has recommended to the 111 security positions requested. The need for the remaining 30 positions requested is less apparent when comparing the security

staffing for this prison with the new Level III prison at Safford. Other positions not recommended are 6 clerical or administrative positions, an Education Program Supervisor, a Fire Safety Specialist, a Correctional Program Officer II, a Locksmith, and a Warehouse Manager. The functions of the Education Program Supervisor, the First Safety Specialist, and the Locksmith are complex level functions that should be assigned to existing staff.

Funding of \$4,136,000 is recommended by the JLBC Staff to open the first 400 beds of the new 800 bed Meadows Unit to be constructed in the Eyman Complex, at Florence. This is a Level III, medium security prison. Included in the amount recommended is \$2,608,600 for Personal Services and ERE to fund 180 FTE positions. These amounts are for a 7 month period, allowing 2 months for employee training and orientation. Recommended, also, is \$4,000 for Travel, \$558,500 for Other Operating Expenditures, \$919,500 for movable equipment, and \$45,400 for Food. The amount recommended for Equipment represents one-half of the amount requested for the entire 800 bed prison, and in addition, it includes \$300,000 to equip a central laundry facility. Funding for the second 400 beds at the Meadows Unit is not included in the JLBC Staff recommendation for FY 1994.

Neither the Executive nor the JLBC Staff have recommended funding for the 250 bed minimum security unit to be leased from Apache County, nor the 400 bed men's treatment facility which is to be built at the Arizona State Prison Complex-Tucson. The JLBC Staff anticipates that these 2 facilities and the second 400 beds at the Meadows Unit will open during the early part of FY 1995. Under the JLBC Staff recommendations, the Department of Corrections will have to continue to operate with a bed shortfall of 800 to 1,400 beds, which is similar to the bed shortfall currently being experienced.

As operating funds for the Apache Unit have not been recommended, the JLBC Staff has neither recommended nor earmarked funding for the payment of that lease. It is anticipated that the construction schedule for the Apache Unit will be delayed to coincide with a projected opening date in the early part of FY 1995.

Annualization

The JLBC Staff recommendation includes \$931,300 to annualize funding approved in FY 1993 for the first 400 beds of the Cook Unit, located in the Eyman Complex, at Florence. The first 400 beds of the Cook Unit opened in November of 1992 as planned. The second 400 beds were originally scheduled to open in February of 1993. The Department of Corrections delayed the opening until May, 1993, as a way of partially recovering the FY 1993 lump sum reduction imposed by the Legislature. The JLBC Staff recommends \$2,093,300 to annualize the operating costs of the second 400 beds. This amount is based on the May, 1993 opening date.

Salaries for Correctional Service Officers, Sergeants, Lieutenants, Captains and Majors are not competitive. Salaries paid by the Arizona Correctional Service Officer (CSO) Series Pay Plan state government are significantly below the amounts paid similar employees of the federal government, surrounding states, as well as Maricopa and Pima counties. The current salary structure is causing excessive turnover among these employees. This turnover, which is about 20% per year, is costly and impacts training costs, overtime and the experience level of Arizona Correctional Service employees. In addition, the salaries of these employees are compressed near the bottom of the salary range, as funds have not been appropriated for step increases in the last several years. The amount recommended by the JLBC Staff is to provide funding for the design and initial implementation of a salary plan to increase salaries paid to employees classified within the Correctional Service Officer Series. The amount recommended can be augmented, or increased, by any savings accruing from reduced training and recruiting costs. The reduction of training and recruiting costs will be generated as employee retention improves. Adoption of this recommendation should include a footnote to the appropriation requiring that any salary plan adopted must be presented to the Joint Legislative Budget Committee for review before implementation.

3,024,600 GF

1,500,000 GF

Population Growth

276,900 GF 1,797,900 OF

It is projected that the adult Average Daily Population (ADP) will increase from the FY 1993 funded level of 15,981 to 17,031 in FY 1994, an increase of 1,050. The amount recommended by the JLBC Staff includes increases of \$1,107,900 for food, \$274,600 for inmate work incentive pay, and \$504,100 for Other Operating Expenditures. The remaining increase of \$188,200 is for professional services, travel and discharge expenses.

Replacement Equipment

830,200 GF

Eyman Complex Staff

545,000 GF

The JLBC Staff recommends 16 FTE positions and \$545,000 to staff the Eyman Complex. The Eyman Complex includes the Rynning Unit, the Special Management Unit, the Cook Unit, and the Meadows Unit when it is completed in FY 1994. When the Meadows Unit is complete, the Eyman Complex will have a designated bed capacity of 3,310. Expansion of the prison facilities in the Florence area requires activation of a second complex staff. The growth in the number of prison units and the size of the prison operation at Florence has now surpassed the management capabilities of the existing staff. The amount recommended includes \$423,800 for Personal Services and ERE, \$900 for Travel, \$79,300 for Other Operating Expenditures, and \$41,000 for Equipment. The 16 FTE positions recommended are 2 Chaplains, 1 Fire Safety Specialist, 5 clerical positions, 3 Correctional Service Officers, 3 building tradesmen, and 2 Equipment Repair Technicians. The Executive recommends an increase of \$587,700 and 17 FTE positions for the Eyman Complex.

Rent Increase

76,900 GF

The amount recommended is for land lease requirements where prisons are located on state trust lands, and increases for other facilities rented by the department.

Elimination of Nonrecurring Costs

(1,530,800) GF

A base adjustment which eliminates nonrecurring costs associated with new prisons opened in FY 1993. This reduces Other Operating Expenditures by \$(499,700), Equipment \$(937,600), and Food \$(93,500).

Change in Funding Sources

The JLBC Staff recommends that \$18,600,000 be appropriated from the Corrections Fund in FY 1994 and \$1,000,000 be appropriated from the Penitentiary Land Earnings Fund. It is now projected that there will be \$22,071,800 available for expenditure from the Corrections Funds in FY 1994. That includes estimated revenues at \$21,091,700 from luxury tax receipts and a balance forward of \$980,100. In addition to the operating appropriation of \$18,600,000, other anticipated expenditures include a lease-purchase payment \$1,200,000 for prisons approved in FY 1993 and an appropriation to the Department of Administration of \$271,800 for prison construction management. There is also \$1,000,000 held in reserve pending the resolution of an outstanding lawsuit over a prison construction contract. This leaves a projected balance of \$1,000,000 in the fund at the end of the fiscal year, which is for emergencies or to offset any unforeseen shortfall in projected revenues. The JLBC Staff recommendation for FY 1994 is an increase of \$2,488,400 over the FY 1993 appropriation.

The main source of revenue to the Penitentiary Land Earnings Fund is the lease-payment for the Adobe Mountain Juvenile Facility. In FY 1994, that payment is expected to be \$880,600. The balance of the amount recommended, or \$119,400, will be generated through other land related income and interest earnings. The JLBC Staff recommendation for FY 1994 is an increase of \$63,400 over the FY 1993 appropriation.

#### Other Issues for Legislative Consideration

Mental Health Transfer In FY 1993 the Department of Corrections transferred the programmatic responsibility for mental health from Adult Institutions Division to Health Services Bureau in the Human Resources and Development Division. When this occurred, 33 FTE positions and \$1,423,600 were moved from the Adult Institutions Division to the Health Services Bureau. As the department received a lump sum appropriation in FY 1993 this transfer required no recommendation or approval pursuant to A.R.S. § 35-173.

DEPARTMENT: State Department of C PROGRAM: Human Resources/Dev	orrections elopment	JLBC ANALYST: OSPB ANALYST:	Morris/Mar Tucker	1100BL BC	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	505.5	581.5	692.0	632.5	617.5	
OPERATING BUDGET						
Personal Services	15,415,100	18,308,900	21,749,000	19,981,000	19,557,600	
Employee Related Expenditures	3,686,000	4,336,900	5,777,300	4,914,900		
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	12,795,800 69,300 4,000 3,363,000 192,000	14,624,300 87,800 5,000 3,676,800 250,500	15,980,000 104,700 5,000 5,149,000 623,500	15,558,400 93,700 5,000 4,390,700 287,400	15,661,200 92,700 5,000 4,571,500	
All Other Operating Subtotal	16,424,100	18,644,400	21,862,200	20,335,200		
PROGRAM TOTAL	35,525,200	41,290,200	49,388,500	45,231,100	44,912,700	
BY FUND SOURCE						
General Fund	35,525,200	41,290,200	49,388,500	45,231,100	44,912,700	
PROGRAM TOTAL - ALL SOURCES	35,525,200	41,290,200	49,388,500	45,231,100	44,912,700	

DEPARTMENT: PROGRAM:

State Department of Corrections Human Resources/Development

The JLBC Staff recommends a total General Fund (GF) appropriation of \$44,912,700 -- a net increase of \$3,622,500, or 8.8%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

(46,500) GF

\$ 498,300 GF

Includes a new vacancy factor of 6.2%. The FY 1993 vacancy factor, after adjustments to Personal Services was 5.4%. The new vacancy Personal Services/ERE Adjustments factor was identified by the department. The department continues to experience significant difficulties attracting and retaining health care personnel. The Executive recommends a vacancy factor of 6%. The JLBC Staff recommendation reflects an increase of \$205,000, which is necessary to bring Personal Services and ERÉ into agreement with the department's projection for existing positions.

135,100 GF

**ERE Rate Changes** 

(75,100) GF

The amount includes an increase of \$5,500 for the lease-purchase payment of the Tucson Office Building and an \$(80,600) reduction from Other one-time non-capitalized equipment costs.

(65,600) GF

Replacement Equipment

283,400 GF

The amount is to annualize costs partially funded in FY 1993 for the opening of the 800 beds at the Cook Unit in Florence. The Annualization annualization amount for the first 400 beds is \$102,800 and \$180,600 for the second 400 beds. These amounts include \$242,900 for Personal Services, \$38,700 for ERE, and \$1,800 for Travel-In State.

1,097,800 GF

These funds will provide services to an additional ADP of 1,050 inmates in FY 1994. They are used for outside medical care, ancillary Population Growth services, as well as hospitalization for inmates.

1,014,000 GF

Opening Additional Prison Beds

The amount provides initial funding for on-site health care delivery at 2 new institutions. There are 33 new positions for these institutions. The amount provides funding for Personal Services at the entry level or special salaries as established by the Personnel Division of the Department of Administration.

The amount includes \$481,000 for the opening of the first 400 beds at the Meadows Unit at Florence. Of this amount, \$324,700 is for Personal Services and ERE costs for 16 positions. Funding is provided for 6 months of staffing and 5 months of operation for FY 1994.

The amount includes \$533,000 for the opening of the Manzanita 250 female bed unit at ASPC-Tucson. Of this amount, \$378,900 is for Personal Services and ERE costs for 17 positions. Funding is provided for 7 months of staffing and 6 months of operation for FY 1994.

The JLBC Staff recommends opening of the second 400 beds at the Meadows unit at Florence, the Winchester 400 male treatment bed unit at ASPC-Tucson, and the Apache 250 male bed unit at ASPC-Winslow be delayed until FY 1995.

OSHA Bloodborne Pathogen Standard

Under the federal OSHA Bloodborne Pathogen Standard, the department is required to implement an infection control plan. The JLBC Staff recommendation includes 3 FTE positions to implement and coordinate the program which includes Hepatitis B vaccinations for employees who are at risk of exposure. The FTE positions include an Occupational Health Nursing Supervisor, an Occupational Health Nurse, and a Medical Records Technician II. Personal Services and ERE total \$99,400. The remaining amount is primarily to provide vaccinations and protective equipment for the staff that are covered by the standard. The Executive recommends 4 FTE positions and \$513,800 for this issue.

#### Other Issues for Legislative Consideration

Mental Health Transfer

In FY 1993, the Department of Corrections transferred the programmatic responsibility for mental health from the Adult Institutions Division to the Health Services Bureau, in the Human Resources and Development Division. When this occurred, 33 FTE positions and \$1,423,600 were moved to the Health Services Bureau. There was also 1 position transferred from the Administration Division. As the department received a lump sum appropriation in FY 1993, these transfers required no recommendation nor approval pursuant to A.R.S. § 35-173.

781,100 GF

	JLBC ANALYST: OSPB ANALYST:		nez HOUSE SUE SENATE SUE	COMMITTEE CHAIR:	Keegan Turner
FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
191.0	194.0	211.0	192.0	191.0	
	==				
		1 T 000	5 266 900	5 237 200	
5,028,900	5,070,500	5,645,300			
1,171,300	1,211,100	1,495,100	1,348,400	,	
	2,318,300 51,600 17,900 4,403,400 25,000	2,509,000 56,700 17,900 4,518,300 153,100	2,458,700 53,000 17,900 4,410,300 94,200	51,800 17,900 4,406,100	
Ÿ.	2.246.000	7,255,000	7,034,100	,	
10,846,500	13,097,800	14,395,400	13,649,300		
				10.552.400	
			•	2,524,400	
13,243,900	16,016,300	16,919,800	13,649,300		
	5,028,900 1,171,300 1,047,900 35,900 7,600 3,310,200 244,700 4,646,300 10,846,500 2,397,400	OSPB ANALYST:  FY 1993 ADJUSTED APPROPRIATIONS  191.0 194.0  5,028,900 5,070,500 1,171,300 1,211,100 1,047,900 3,5,900 7,600 17,900 3,310,200 244,700 25,000 4,646,300 6,816,200 10,846,500 13,097,800 2,397,400 13,097,800 2,918,500	OSPB ANALYST: Tucker           FY 1992 ACTUAL         FY 1993 ADJUSTED APPROPRIATIONS         FY 1994 AGENCY REQUEST           191.0         194.0         211.0           5,028,900         5,070,500         5,645,300           1,171,300         1,211,100         1,495,100           1,047,900         2,318,300         2,509,000           35,900         51,600         56,700           7,600         17,900         17,900           3,310,200         4,403,400         4,518,300           244,700         25,000         153,100           4,646,300         6,816,200         7,255,000           10,846,500         13,097,800         14,395,400           2,397,400         2,918,500         2,524,400	Tucker   SENATE SUE	Tucker   SENATE SUBCOMMITTEE CHAIR:   SENATE SUBCOMMITTEE CHAIR:   SENATE SUBCOMMITTEE CHAIR:   FY 1992

DEPARTMENT:

State Department of Corrections

PROGRAM:

Administration

The JLBC Staff recommends a total General Fund (GF) appropriation of \$13,563,400 -- a net increase of \$465,600, or 3.6%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

- Annualization of FY 1993 Pay Adjustment
- Personal Services/ERE Adjustments

  Maintains a vacancy factor of 2.4%. The Executive recommends a vacancy factor of 2.4%. The amount recommended by the JLBC Staff funding projections.
- ERE Rate Changes

Opening New Prisons

risons
LBC Staff recommends 1 FTE position and \$35,800 for the new 250 hed, women's unit to be 1 and 1 and 2 and 3 and 3 and 5 and 5

The JLBC Staff recommends 1 FTE position and \$35,800 for the new 250 bed, women's unit to be located at the Arizona Prison Complex - Tucson. The amount recommended is based on a January 1, 1994, opening date. Personal Services and ERE are funded for a 7 month period to allow for orientation prior to opening. There is also 1 FTE position and \$33,500 recommended for the first 400 beds of the Meadows Unit, located in the Eyman Complex at Florence. It is expected that the first phase of Meadows Unit will open February 1, 1994. Again, 1 additional month of funding for Personal Services and ERE is allowed for site orientation. The 2 positions recommended are Investigator III's and will be assigned to the Inspections and Investigations Division.

Population Growth

The amount recommended by the JLBC Staff is to fund administrative costs associated with the projected Average Daily Population (ADP) increase of 1,050 inmates. Requested but not recommended is \$18,000 for inmate legal fees and \$43,500 to support inmates assigned to

- Replacement Equipment
- Annualization

The amount recommended is to annualize costs of operating the 800 bed Cook prison at Florence which was only partially funded in FY 1993. The first 400 beds of this new unit was funded to open November 1, 1992, and requires annualization funding of \$4,500. The amount recommended allows \$16,900 for the second 400 beds. This amount is based on a planned opening date of May 1, 1993. Originally, the second 400 bed unit was scheduled to open in February of 1993. That date was delayed by the department in order to recover part of the lump sum reduction imposed by the Legislature in FY 1993.

Nonrecurring Costs

Elimination of nonrecurring costs associated with the opening of the 800 bed Cook unit and other equipment items.

(27,800) GF

122,400 GF

34,000 GF

21,400 GF

\$163,100 GF

(31,100) GF

#### Other Issues for Legislative Consideration

Staff Reduction

In order to meet the FY 1993 lump sum reduction imposed by the Legislature, the department eliminated 5 FTE positions. The reductions were based on recommendations made by Project SLIM. Four positions were eliminated from the Facilities Management section, and the Correctional Food Service Administrator was eliminated from the Assistant Director's staff. The duties previously assigned the Facilities Management section will be transferred to the Department of Administration. The responsibilities of the Food Services Administrator are to be performed under an outside contract. These reductions reduced Personal Services and ERE by \$(180,400) and Other Operating Expenditures by \$(86,000) for a total of \$(266,400).

DEPARTMENT: State Department of Correct PROGRAM: Community Corrections	tions	JLBC ANALYST: OSPB ANALYST:	Morris/Mar Tucker	110001, 00,	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION  Full Time Facility In Paris		FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	201.5	153.0	153.0	153.0	153.0	
OPERATING BUDGET					-	
Personal Services	5,079,400	4,039,100	4,155,100	4,150,500	4,154,800	
Employee Related Expenditures	1,380,900	1,129,000	1,244,900	1,146,100		
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	307,300 15,900 4,100 1,733,600 4,600	510,100 22,100 5,000 1,178,000	510,100 22,100 5,000 1,178,000 0	510,100 22,100 5,000 1,178,000 0	510,100	
All Other Operating Subtotal	2,065,500	1,715,200	1,715,200	1,715,200	1 701 300	
OPERATING SUBTOTAL SPECIAL LINE ITEMS	8,525,800	6,883,300	7,115,200	7,011,800		
Community Provider Beds Food Work Incentive Pay Plan	0 301,500 80,200	1,810,000 161,400 36,800	6,570,000 161,400 36,800	6,570,000 161,400 36,800	6,570,000 161,400 36,800	
Special Item Subtotal	381,700	2,008,200	6,768,200	6,768,200	50,000	
PROGRAM TOTAL	8,907,500	8,891,500	13,883,400	13,780,000		-

DEPARTMENT: State Department of Corrections		JLBC ANALYST: OSPB ANALYST:	Morris/Mart Tucker	inez HOUSE SUE SENATE SUE	COMMITTEE CHAIR: COMMITTEE CHAIR:	Keegan Turner
PROGRAM: Community Corrections	FY 1992 ACTUAL	FY 1993 ADJUSTED	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DESCRIPTION						
BY FUND SOURCE	8,907,500	8,891,500	13,883,400	13,780,000	13,762,000	
General Fund	8,907,500	8,891,500	13,883,400	13,780,000	13,762,000	
PROGRAM TOTAL - ALL SOURCES	8,507,300					

The JLBC Staff recommends a total General Fund (GF) appropriation of \$13,762,000 -- a net increase of \$4,870,500, or 54.8%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

900 GF

\$ 134,500 GF

Personal Services/ERE Adjustments

Maintains a vacancy factor of 2.9%. The Executive recommends a vacancy factor of 3%. The JLBC Staff recommendation includes an increase of \$10,100 which is necessary to bring Personal Services and ERE into agreement with the department's full funding projections.

(11,000) GF

ERE Rate Changes

4,760,000 GF

• Community Provider Beds

This is the estimated amount required to annualize the cost of 450 "Community Provider" beds. These are community based facilities, where inmates will receive alcohol and substance abuse treatment provided by non-profit corporations. It is expected that the cost of these where inmates will receive alcohol and substance abuse treatment provider beds were authorized by Laws 1992, Chapter 2, 8th Special Session. beds will be approximately \$40 per inmate day. Community Provider beds were authorized by Laws 1992, Chapter 2, 8th Special Session. The department has requested proposals for the operation of 300 beds for male inmates who require substance abuse intervention and 50 beds for the treatment of female inmates who need either alcohol or for male inmates who require substance abuse intervention and 50 beds for the treatment of female inmates who need either alcohol or for male inmates who require substance abuse intervention and 50 beds for the treatment of female inmates who need either alcohol or for male inmates who require substance abuse intervention and 50 beds for the treatment of female inmates who need either alcohol or for male inmates who require substance abuse intervention and 50 beds for the treatment of female inmates who need either alcohol or for male inmates who require substance abuse intervention and 50 beds for the treatment of female inmates who need either alcohol or for male inmates who require substance abuse intervention and 50 beds for the treatment of female inmates who need either alcohol or for male inmates who require substance abuse intervention and 50 beds for the treatment of female inmates who need either alcohol or for male inmates who require substance abuse intervention and 50 beds for the treatment of female inmates who require substance abuse intervention and 50 beds for the treatment of female inmates who require substance abuse intervention and 50 beds for the treatment of female inmates who require substance abuse intervention and 50 beds for

substance abuse intervention. Contracts for these facilities are expected to be awarded before the end of 1992. The FY 1993 appropriation for Community Provider beds was based on phased opening dates and represented about 38% of the total annual estimated costs. The

Executive recommends the same amount.

(13,900) GF

Rent

The net decrease reflects the final rental payments for the Northern Arizona Correctional Release Center, closed in FY 1993. That amount is offset by other minor adjustments anticipated at other parole office locations throughout the state.

#### Other Issues for Legislative Consideration

Home Arrest

Last year the Legislature appropriated funding to expand the Home Arrest program to a total of 400 inmates. As of November 30, 1992, only 276 inmates were assigned to the program. Based upon the criteria setforth in A.R.S. § 31-236, the Board of Pardons and Paroles is required to determine which prisoners may be released to Home Arrest. To date the number of prisoners released has not reached the level currently funded. As Home Arrest is a viable alternative to incarceration and less expensive, the JLBC Staff has not recommended a reduction in the current funding level. There are a number of alternatives available to increase the utilization of this program. One alternative would be for the Legislature to empower the Department of Corrections to use excess Home Arrest Parole Board. Placing technical parole violators. Currently, parolees who violate a technical condition of their parole are returned to prison, pending review by the Parole Board. Placing technical parole violators on Home Arrest would provide some relief for prison over crowding. Another alternative would be to transfer for several other prison release mechanisms. Adding Home Arrest release authority to the Department of Corrections is now the approving authority Legislative actions. Currently, Home Arrest is only operating in Maricopa and Pima counties. This tends to be a limiting factor in terms of prisoner participation. Project SLIM has recommended that Home Arrest be expanded to 7 outlying counties. Expansion of Home Arrest would require an increased investment, which could be recaptured over time.

DEPARTMENT: Arizona Criminal Justice Comm	nission	JLBC ANALYST: OSPB ANALYST:	Martinez Betlach	HOUSE SUE SENATE SUE	SCOMMITTEE CHAIR: SCOMMITTEE CHAIR:	Keegan Turner
DECCRIPTION .	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DESCRIPTION		6.0	6.0	6.0	6.0	
Full Time Equivalent Positions	6.0	=======================================				
OPERATING BUDGET				204 200	206 500	
Personal Services	172,200	199,800	206,500	204,300		
Employee Related Expenditures	28,300	41,600	47,800	41,700	PA	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures	7,600 7,200 1,900 82,500 10,000	7,000 3,000 60,100	9,300 3,000 68,500	7,000 2,000 59,600 0	3,000	
Equipment  All Other Operating Subtotal	109,200	<b>5</b> 0 (00	80,800	68,600		
OPERATING SUBTOTAL	309,700	312,000	335,100	314,600	326,100	
SPECIAL LINE ITEMS						
Substance Abuse Surveys Drug Enforcement Account Drug Resource Center Special Studies	25,000 2,500,000 160,000	2,000,000	40,000 1,000,000 200,000 250,000	1,000,000 200,000 0	1,000,000 200,000	
Special Item Subtotal	2,685,000	2,200,000	1,490,000	1,240,000		
Special from Basis	2,994,70	2,512,000	1,825,100	1,554,600	1,526,100	

DEPARTMENT: Arizona Criminal Justice Commission		JLBC ANALYST: OSPB ANALYST:	HOUSE SU		BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner	
DESCRIPTION BY FUND SOURCE	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE	
General Fund Other Funds Federal Funds Other Non-Appropriated Funds	2,500,000 494,700 10,685,400 1,143,000	2,000,000 512,000 9,661,800 1,775,100	1,000,000 825,100 11,169,100 1,350,000	1,000,000 554,600	1,000,000 526,100 11,169,100 1,350,000		
AGENCY TOTAL - ALL SOURCES	14,823,100	13,948,900	14,344,200	1,554,600	14,045,200		
The JLBC Staff recommends a total appropri	ation of \$1 500	100		<del></del>			

The JLBC Staff recommends a total appropriation of \$1,526,100 -- a net decrease of \$(985,900), or (39.2)%, from the FY 1993 appropriation. The General Fund (GF) portion \$526,100 -- a net increase of \$14,100, or 2.8%, to the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is

#### JLBC Staff Recommended Changes from FY 1993

	Changes from F1 1995		
•	Annualization of FY 1993 Pay Adjustment		
•	Personal Services/ERE Adjustments  Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%.	\$ 5,100 2,500	
•	ERE Rate Changes		
•	Professional and Outside Services Agency eliminated funding for outside temporary help.	(3,700) (500)	
•	Travel - In State  The increase is associated primarily with increased mileage reimbursement and lodging for the Victims' Services Coordinator.	2,300	OF
•	Other Operating Expenses  The increase is primarily for membership dues and miscellaneous operating expenses.	2,800	OF
•	Rent Increase in state-owned space.	5,600	OF

(1,000,000) GF

General Fund Loan

The JLBC Staff and the Executive concur with the Commission's request for a \$1,000,000 General Fund loan, a net reduction of \$(1,000,000) from the FY 1993 appropriation, to finance the Drug Enforcement Account until federal monies are received, at which time the loan will be repaid. The General Fund loan was \$2,000,000 in FY 1993 and \$2,500,000 in FY 1992.

The Drug Enforcement Account is made up of federal, state and local match monies. The Criminal Justice Commission administers the account and distributes drug grants from the fund for various purposes as shown in the following table. State Funds represent non-appropriated monies collected from fines on drug-related convictions.

### DRUG ENFORCEMENT ACCOUNT DRUG GRANT ALLOCATIONS

		DRUG GRANT ALLOCATIONS FY 1993		FY 1992					
PROGRAM	FEDERAL FUNDS	STATE FUNDS	LOCAL MATCH	TOTAL	FEDERAL FUNDS	STATE FUNDS	LOCAL MATCH	TOTAL	_
Apprehension State Counties Cities Other Subtotal	232,55 746,576 244,520 1,063,952 2,287,604	23,028 73,928 24,213 105,356 226,525	63,896 205,125 67,183 <u>292,326</u> 628,530	319,480 1,025,629 335,916 1,461,634 3,142,659	89,431 535,808 301,766 1,064,162 1,991,167	30,569 183,146 103,148 363,746 680,609	30,000 131,670 98,236 325,779 585,685	150,000 850,624 503,150 1,753,687 3,257,461	
<u>Drug Education</u> Counties Cities Subtotal	54,504 <u>182,023</u> 236,527	0 <u>0</u> 0	13,627 45,505 59,132	68,131 <u>227,528</u> 295,659	54,574 162,320 216,894	$\frac{0}{0}$	13,557 <u>36,449</u> 50,006	68,131 198,769 266,900	
Prosecution State Counties Cities Subtotal	510,049 1,401,812 <u>67,785</u> 1,979,646	50,506 149,219 <u>6,712</u> 206,437	140,139 387,757 <u>18,624</u> 546,520	$700,694$ $1,938,788$ $\underline{93,121}$ $2,732,603$	365,695 1,143,526 198,096 1,707,317	124,999 390,873 <u>67,712</u> 583,584	210,000 381,560 <u>84,383</u> 675,943	700,694 1,915,959 350,191 2,966,844	
Individual Project Reports Counties Cities Subtotal	321,166 <u>197,346</u> 518,512	31,802 <u>19,542</u> 51,344	88,241 <u>54,222</u> 142,463	441,209 <u>271,110</u> 712,319	$\frac{191,270}{0}$ $\frac{0}{191,270}$	$\frac{65,378}{65,378}$	$   \begin{array}{r}     52,162 \\     \hline     52,162   \end{array} $	308,810 0 308,810	
Forensics State Cities Subtotal	0 0 0	292,298 69,480 361,778	0 0 0	292,298 69,480 361,778	217,8383 48,260 266,098	74,460 <u>16,496</u> 90,956	73,075 16,189 89,264	365,373 80,945 446,318	
<u>Detention</u> Counties <u>Adjudication</u> State	27,710	372,898 1,868,800 3,087,782	7,614 0 1,384,259	408,222 1,868,800 <b>9,522,040</b>	290,009 1,216,970 5,879,725	99,129 639,955 <b>2,159,611</b>	93,932 0 <u>1,546,992</u>	483,070 1,856,925 <b>9,586,328</b>	
TOTAL	5,049,999	210071792							

#### Other Issues for Legislative Consideration

The Commission has requested \$40,000 to conduct drug surveys and \$250,000 to conduct special studies on the costs of illiteracy and recidivism rates of criminal violators. The Commission's current share of CJEF monies will not provide sufficient funds to conduct the studies. The Commission will seek a formula change in the CJEF distributions to provide sufficient funding for those studies, through separate legislation.

DEPARTMENT: Department of Emergency Agency Summary	& Military Affairs	JLBC ANALYST: OSPB ANALYST:	Martinez Zelznak	HOUSE SUE SENATE SUE	COMMITTEE CHAIR:	Edens Huppenthal
	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DESCRIPTION  Full Time Equivalent Positions	67.5	62.5	62.5	62.5	62.5	
BY PROGRAM/ORGANIZATION			555 400	707,500	651.700	
Emergency Services	944,000	731,100	757,400	3,255,200		
Military Affairs	3,211,700		3,440,200	, , , , , , , , , , , , , , , , , , , ,		
AGENCY TOTAL	4,155,700	4,072,000	4,197,600	=======================================		•
OPERATING BUDGET				. 504 500	1 524 400	
Personal Services	1,404,600	1,502,900	1,584,600			
Employee Related Expenditures	353,100	391,900	431,100	349,400		
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	36,900 26,500 7,400 1,056,200 22,100	26,500 8,200 1,116,700	22,300 26,500 8,200 1,116,700 6,700	26,500 8,200 1,079,900	25,800 8,200 1,103,400 2,000	
All Other Operating Subtotal	1,149,100	1,175,700	1,180,400			-
OPERATING SUBTOTAL	2,906,800	3,070,500	3,196,100	3,020,800	3,078,400	*

DEPARTMENT: Department of Emergency & Military Affairs Agency Summary		JLBC ANALYST: OSPB ANALYST:	Martinez Zelznak	HOUSE SU SENATE SU	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
SPECIAL LINE ITEMS						
Civil Air Patrol Emergency Response Com Education Unit Allowance Service Contracts State Active Duty Uniform Allowance Reimbursable Sta Actv Dty Nuclear Emergency Management Special Item Subtotal	78,100 18,900 38,200 10,000 819,400 3,800 600 40,800 239,100	78,100 19,800 43,000 0 852,300 5,300 3,000 0	78,100 19,800 43,000 0 852,300 5,300 3,000 0 0	61,500 19,800 0 0 852,300 5,300 3,000 0	19,800 0 852,300 5,300 3,000 0	
AGENCY TOTAL	4,155,700			941,900	880,400	
	=======================================	4,072,000	4,197,600	3,962,700	3,958,800	
BY FUND SOURCE						
General Fund Other Funds Federal Funds AGENCY TOTAL - ALL SOURCES	3,916,600 239,100 14,125,400 18,281,100	4,072,000 0 13,945,700 18,017,700	4,197,600 0 13,421,500 17,619,100	3,962,700 0  3,962,700	3,958,800 0 13,421,500 17,380,300	

DEPARTMENT:

Department of Emergency Services & Military Affairs

Agency Summary

The JLBC Staff recommends a total General Fund (GF) appropriation of \$3,958,800 -- a net decrease of \$(143,200), or (3.5)%, from the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

L	BC :	Staff Recommended Changes Holli FT 1990	\$ :	53,700 GF
	•	Annualization of FY 1993 Pay Adjustment		17,900) GF
	•	Personal Services/ERE Adjustments Includes an overall agency vacancy factor of 0.7%. The Executive recommends a vacancy factor of 0.7%.	ì	14,100) GF
	•	ERE Rate Changes	ì	(700) GF
	•	Travel - In State Reduces funding for Emergency Services.	(	13,300) GF
	•	Other Operating Expenditures Includes a \$(7,600) reduction for Military Affairs and a \$(5,700) reduction for Emergency Services.	(	78,100) GF
	• .	Civil Air Patrol Eliminates funding for the Civil Air Patrol	·	(43,000) GF
	•	Education Reimbursement Eliminates funding for education reimbursement to guard members.	(	13,000) 01

DEPARTMENT: Department of Emerge PROGRAM: Emergency Services	ency & Military Affairs	JLBC ANALYST: OSPB ANALYST:	Martinez Zelznak	HOUSE SUI SENATE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	20.0	15.0	15.0	15.0	15.0	
OPERATING BUDGET			·			
Personal Services	401,700	421,300	428,900	428,900	428.800	
Employee Related Expenditures	92,300	99,800	113,800	88,300		
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	22,300 4,000 6,400 75,400 5,800	20,000 4,700 6,200 81,200 0	20,000 4,700 6,200 81,200 4,700	20,000 4,700 6,200 78,100		
All Other Operating Subtotal	113,900	112,100	116,800	109,000		
OPERATING SUBTOTAL SPECIAL LINE ITEMS	607,900	633,200	659,500	626,200		
Civil Air Patrol Emergency Response Com Nuclear Emergency Management	78,100 18,900 239,100	78,100 19,800 0	78,100 19,800 0	61,500 19,800	19,800	
Special Item Subtotal	336,100	97,900	97,900	81,300		
PROGRAM TOTAL	944,000	731,100	757,400	707,500		

DEPARTMENT: Department of Emergency PROGRAM: Emergency Services	y & Military Affairs	JLBC ANALYST: OSPB ANALYST:	Martinez Zelznak	HOUSE SUE SENATE SUE	COMMITTEE CHAIR: COMMITTEE CHAIR:	Edens Huppenthal
PROGRAM: Emergency Services  DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE  General Fund Other Funds Federal Funds	704,900 239,100 4,631,300	731,100 0 3,366,800	757,400 0 2,128,000	0	651,700 0 2,128,000	
PROGRAM TOTAL - ALL SOURCES	5,575,300	4,097,900	2,885,400	707,500	2,779,700	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$651,700 -- a net decrease of \$(79,400), or (10.9)%, from the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment (4,300) GF

Maintains a vacancy factor of 0%, which is the standard rate applied to programs with this number of FTE positions. The Executive Personal Services/ERE Adjustments recommends a vacancy factor of 0%.

ERE Rate Changes

(700) GF

The amount reduces mileage reimbursement by \$(100), lodging funding by \$(100), and per diem by \$(500). Travel - In State

(5,700) GF

Other Operating Expenditures The amount reduces funding for equipment maintenance.

(78,100) GF

Eliminates funding for the Civil Air Patrol (CAP). The CAP is made up of volunteers that aid in search and rescue and other emergency Civil Air Patrol missions. Monies were used to partially reimburse maintenance and operating costs of aircraft. The Executive recommends a reduction of \$(16,600).

#### Other Issues for Legislative Consideration

Earthquake Hazard Reduction Program The department is requesting \$45,000 for a 50% state match for the Arizona Earthquake Hazard Reduction Program. \$ 12,800 GF

(3,400) GF

DEPARTMENT: Department of Emerge PROGRAM: Military Affairs	ncy & Military Affairs	JLBC ANALYST: OSPB ANALYST:	Martinez Zelznak	HOUSE SUI SENATE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994. EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	47.5	47.5	47.5	47.5	47.5	SFACE
OPERATING BUDGET			<del></del>			
Personal Services	1,002,900	1,081,600	1 155 700	4.407		
Employee Related Expenditures		1,001,000	1,155,700	1,105,600	1,105,600	
	260,800	292,100	317,300	261,100		
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment All Other Operating Subtotal OPERATING SUBTOTAL	14,600 22,500 1,000 980,800 16,300 1,035,200 2,298,900	2,300 21,800 200 1,63,500 2,000 1,063,600 2,437,300	2,300 21,800 2,000 1,035,500 2,000 1,063,600 2,536,600	2,300 21,800 2,000 1,001,800 0	2,300 21,800 2,000 1,027,900 2,000	
SPECIAL LINE ITEMS		, ,	2,330,000	2,394,600	2,446,500	
Education Unit Allowance Service Contracts State Active Duty Uniform Allowance Reimbursable Sta Actv Dty	38,200 10,000 819,400 3,800 600 40,800	43,000 0 852,300 5,300 3,000 0	43,000 0 852,300 5,300 3,000 0	0 0 852,300 5,300 3,000 0	852.300	
Special Item Subtotal	912,800	903,600	903,600	0.50 .505	·	
PROGRAM TOTAL	3,211,700	3,340,900	3,440,200	860,600 3,255,200	860,600 3,307,100	

DEPARTMENT:	Department of Emergency	& Military Affairs	JLBC ANALYST: Martinez OSPB ANALYST: Zelznak		HOUSE SUBCOMMITTEE CHAIR: Edens SENATE SUBCOMMITTEE CHAIR: Huppenthal		
PROGRAM:  DESCRIPTION	Military Affairs	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOUR	RCE					2 207 100	
General Fund		3,211,700 9,494,100		3,440,200 11,293,500	3,255,200	3,307,100 11,293,500	
Federal Funds PROGRAM TOT	TAL - ALL SOURCES	12,705,800	13,919,800	14,733,700	3,255,200		

The JLBC Staff recommends a total General Fund (GF) appropriation of \$3,307,100 -- a net decrease of \$(33,800), or (1)%, from the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

\$ 40,900 GF Annualization of FY 1993 Pay Adjustment (13,400) GF

Includes a new vacancy factor of 1%, which is the standard rate applied to agencies with this number of FTE positions. The FY 1993 Personal Services/ERE Adjustments

vacancy factor was 4.1%. The Executive recommends a vacancy factor of 1%.

**ERE Rate Changes** 

The amount reduces funding for janitorial services. The JLBC Staff recommendation includes \$60,000 for janitorial services for 35 Other Operating Expenses

locations. The Executive recommends a reduction of \$(44,600), which leaves \$23,000 for janitorial contracts.

Eliminates funding for reimbursement of a portion of education costs of guardmembers. This issue will require a change to A.R.S. § 26-**Education Reimbursement** 179. The Executive also recommends elimination of education reimbursement funding.

#### Other Issues for Legislative Consideration

The department is requesting \$80,500 to annualize operational costs for facilities that have come on line and costs that will no longer be paid by the federal Headquarters Building Operational Costs government for the headquarters building.

(10,700) GF

(7,600) GF

(43,000) GF

DEPARTMENT: Board of Pardons & Pa	roles	JLBC ANALYS	ST: Martinez ST: Schwalbe	HOUSE SUI SENATE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION  Full Time Equivalent Positions	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Ten Time Equivalent Positions	43.0	43.0	42.0	39.0	39.0	
OPERATING BUDGET				<del></del>		
Personal Services	1,063,600	1,160,700	1,166,300	1,108,800	1.107.600	
Employee Related Expenditures	244,100	265,400	301,500	252,100		
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	59,400 28,200 700 468,300 13,000	69,700 37,800 2,200 549,800 3,800	69,700 37,800 2,200 549,800 3,800	62,200 37,800 2,200 558,700 3,800		
All Other Operating Subtotal	569,600	663,300	663,300	664,700		
AGENCY TOTAL	1,877,300	2,089,400	2,131,100	2,025,600	2,017,000	
BY FUND SOURCE					2,017,000	
General Fund Federal Funds	1,877,300 300	2,089,400 10,700	2,131,100 0	2,025,600	2,017,000	
AGENCY TOTAL - ALL SOURCES	1,877,600	2,100,100	2,131,100	2,025,600		
				=======================================		

DEPARTMENT:

Board of Pardons & Paroles

The JLBC Staff recommends a total General Fund (GF) appropriation of \$2,017,000 -- a net decrease of \$(72,400), or (3.5)%, from the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

32,200 GF Annualization of FY 1993 Pay Adjustment (300) GF

Maintains a vacancy factor of 1%, which is the standard rate applied to agencies with this number of FTE positions. The Executive Personal Services/ERE Adjustments recommends a vacancy factor of 1%.

(12,300) GF ERE Rate Changes (101,500) GF

The JLBC Staff and the Executive concur with the following adjustments identified by the agency: FTE Position Adjustments 1) Eliminate a Planner III position for a savings of \$(31,100) in Personal Services and create a Research Analyst position to implement

and maintain the risk assessment model. Personal Services for the Research Analyst position is \$21,700.

2) Eliminate vacant Administrative Assistant III (Case Analyst) position for savings of \$(21,700) in Personal Services. 3) Eliminate a vacant Hearing Officer II position that resulted from a decline in probable cause hearings, and reclass a Hearing Officer II position to a Hearing Officer III to consolidate the workload relating to reprieve hearings and Executive Clemency cases. The net savings

4) Eliminate vacant Information Processing Specialist II and Clerk Typist I positions that resulted from a decrease in required victim

notifications. The net savings in Personal Services is \$(27,800). 5) Reclass Fiscal Services Specialist II position to a Fiscal Services Specialist III. The increase in Personal Services is \$1,200.

The ERE change associated with this reorganization is \$(20,200). The adjustments eliminate 4 FTE positions and reclass 2 FTE positions.

(3,800) GF As a result of purging their victim notification database, the agency identified savings in data processing expenses for FY 1994. Professional and Outside Services

As a result of purging their victim notification database, the agency identified savings in postage expenses for FY 1994. Other Operating Expenditures

(1.300) GF Equipment

20,300 GF Rent

The amount is for increased state-owned space.

(5,700) GF

DEPARTMENT: Department of Public Safe Agency Summary	ty	JLBC ANALYST OSPB ANALYST	: Bradley : Betlach	HOUSE SUI SENATE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	1,617.0	1,617.0	1,470.0	1,470.0	1,502.0	
BY PROGRAM/ORGANIZATION						
Administration	18,062,500	17,947,500	36,375,100	34,902,400	35,401,000	
Criminal Investigation	11,468,000	11,509,300	15,673,200	14,713,500		
Highway Patrol	31,493,500	33,072,600	34,810,400	33,990,400		
Criminal Justice Support	9,206,000	9,009,100	0			
Telecommunications	13,303,200	15,375,800	0	0		
AGENCY TOTAL =	83,533,200	86,914,300	86,858,700	0 83,606,300	83,285,900	
OPERATING BUDGET						
Personal Services	55,620,000	53,702,400	54,288,900	53,607,900	51 600 000	
Employee Related Expenditures	10,049,100	10,623,800	11,803,800	10,850,000	51,690,900	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures	207,200 461,000 158,300 13,882,000	317,500 513,800 148,700 13,537,800	543,500 518,800 148,700 13,626,300	523,500 503,800 148,700 13,598,400	343,500 518,800	

DEPARTMENT: Department of Public Safety Agency Summary		JLBC ANALYST: OSPB ANALYST:	Bradley Betlach	HOUSE SUF SENATE SUF	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
	2,706,500	2,833,100	3,476,400	2,921,700	3,179,900	
Equipment	17,415,000	17,350,900	18,313,700	17,696,100	17,990,100	
All Other Operating Subtotal OPERATING SUBTOTAL	83,084,100	81,677,100	84,406,400	82,154,000	81,285,900	
SPECIAL LINE ITEMS					0	
ACJIS AFIN Flagstaff Dispatch Phoenix Dispatch Tucson Dispatch	449,100 0 0 0	2,000,000 833,000 1,199,800	452,300 2,000,000 0 0	1,000,000 0 0	0 ==	
Special Item Subtotal	449,100	5,237,200	2,452,300	1,452,300		
AGENCY TOTAL	83,533,200	86,914,300	86,858,700	83,606,300	<u>83,285,900</u> <u>=</u>	
BY FUND SOURCE						
General Fund Other Funds Federal Funds Other Non-Appropriated Funds	38,317,000 45,216,200 5,237,200 8,363,000	48,679,000 5,634,100	36,096,100 50,762,600 5,197,700 8,798,800	49,223,500	47,538,200 5,197,700 8,798,800	
AGENCY TOTAL - ALL SOURCES	97,133,400	102,592,200	100,855,200	83,606,300	97,282,400	
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DEPARTMENT:

Department of Public Safety

Agency Summary

The JLBC Staff recommends a total appropriation of \$83,285,900 -- a net decrease of \$(3,628,400), or (4.2)%, from the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$35,747,700 -- a net decrease of \$(2,487,600), or (6.5)%, from the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$47,538,200 -- a net decrease of \$(1,140,800), or (2.3)% from the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

•	Annualization	of FY	1993 Pay	Adjustment
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Personal Services/ERE Adjustments

Maintains a vacancy factor of 1.5%. The Executive recommends a vacancy factor of 0%.

ERE Rate Changes

Transfers and Program Reorganization

The department has reorganized into 3 divisions instead of the previous 5 divisions. The Telecommunications Bureau was transferred in its entirety to the Administration Bureau, and the Criminal Justice Support Bureau resources were transferred to the Administration Bureau and the Criminal Investigation Bureau.

Equipment Costs

Project SLIM Implementation

ect SLIM Implementation

The JLBC Staff recommendation reflects a reduction of 93 FTE positions and \$(5,337,300), due to the implementation of Project SLIM recommendations. The majority of these reductions are a result of eliminating administrative and support positions. The reductions will also eliminate all Phoenix helicopter operations and the night shift at the Tucson-based helicopter facility. Also included are the elimination of approximately 13 FTE positions, which would be considered "line" positions or field personnel. The department believes that the elimination of these positions will not seriously impede its operations.

The Executive recommends the elimination of 147 FTE positions and \$(6,666,300), as a result of Project SLIM implementing and other recommendation:

These are some major differences between the JLBC Staff recommendation and the Executive

-- The JLBC Staff recommendation also reduces 22 FTE positions and \$(1,047,600) as described below, but does not include these as Project SLIM savings.

\$ 538,700 GF 721,600 OF

(40 (00) GE

(42,600) GF (26,100) OF

(20,100) 01

716,600 GF 711,300 OF

-0- GF

15,100 GF 121,900 OF

(3,096,600) GF (2,240,700) OF

The Executive has recommended eliminating 24 FTE positions and \$(1,022,800), but imposes no vacancy factor on the department. The JLBC Staff recommendation imposes a vacancy factor of 1.5% for savings of \$963,900, but does not eliminate the FTE positions held vacant as a result. The net difference is \$58,900.

The Executive eliminates 8 FTE positions and approximately \$(358,400) by recommending that the licensing section be paid for out of revenue from fees. Currently these fees are deposited into the General Fund. Since these savings would require legislation to change license fees and possibly result in increased fees, the JLBC Staff did not recommend this issue. If such legislation

passed, however, the JLBC Staff recommendation could be reduced by 8 FTE positions and \$(358,400).

In addition to the reduction of 147 FTE positions and \$(6,666,300), the Executive recommends additional funding of \$1,907,300 for an Officer Retention Pay Plan, recommended by Project SLIM. The department requested funding for this issue because they believe that the highest quality candidates are applying at other jurisdictions due to the lack of time-in-service promotions and timely pay raises. Although these arguments have some validity, the problems are not worse in this department than any other agency. In fact, there are several mitigating factors. First, while studies have consistently shown that the average salary of state employees is well below that of comparable private sector positions, a survey completed in 1987 showed that DPS salaries were competitive with other comparable jurisdictions in the Western United States. Second, unlike other state employees, DPS employees enrolled in the DPS retirement system do not currently contribute towards their retirement benefits. This is because an insurance premium tax pays both the state and the employee share of the retirement plan contribution. Third, there has not been a high turnover rate in the effected positions, thus belying the appearance of a serious deficiency. For these reasons, the JLBC Staff recommends that any salary adjustments for DPS should continue to be made only when a general salary adjustment is made for all state employees.

#### FTE Position Reduction

(787,700) GF (259,900) OF

The JLBC Staff recommends eliminating 22 FTE positions and \$(1,047,600). These positions were held open for a long period of time, due to prior legislative reductions. Of the total, 10 FTE positions had been left unfunded since FY 1992 due to an FTE reduction policy that was implemented through the appropriation process. The remaining 12 FTE positions were unfunded due to the lump sum reduction made in FY 1993. This policy issue will make these reductions permanent. The Executive also recommends this issue, but includes the savings under the policy issue shown above.

#### Net Funding Shifts

168,900 GF (168,900) OF

During FY 1993, the appropriation for the department reflected maximizing the offset available from the Highway User Revenue Fund (HURF) and the Highway Fund. Article 9, Section 14 of the State Constitution states in part: "No monies derived...shall be expended for other than...expenses of state enforcement of traffic laws and state administration of traffic safety programs..." This constitutional provision has been interpreted to include both direct and indirect expenses associated with the Highway Patrol Bureau. For FY 1994, the JLBC Staff has not maximized this offset and has reduced reliance on HURF and the Highway Fund as an initial step towards reversing the policy of using these funds to offset the department's General Fund expenditures. The HURF contribution has been held constant in the JLBC Staff recommendation at the FY 1993 level of \$24,928,000, and the Highway Fund has been reduced by \$(200,000) from FY 1993, to \$18,260,200. If the JLBC Staff had maximized these offsets, an additional \$779,600 could have been allocated to these funds.

The Executive recommendation continues current policy of maximizing offsets from HURF and the Highway Fund. While the Executive recommendation also maintains HURF at the current year level of \$24,298,000, it also raises Highway Fund expenditures by \$1,233,000

to \$19,493,200. Therefore the Executive recommendation relies on the HURF and Highway Fund by \$1,433,000 more than the JLBC Staff recommendation.

The JLBC Staff recommendation also includes reductions of \$(450,000) in funding offsets from the Highway Patrol Fund and \$(38,500) from Anti-Racketeering (RICO) Funds. The decrease in the Highway Patrol Fund is due to lower surpluses from the insurance premium tax. The reduced RICO funds are a result of lower costs which can be allocated to this fund. Currently, all aviation expenses directly associated to RICO eligible functions are paid for from this fund. The reductions in the helicopter operations have reduced the expenses appropriation.

Both the JLBC Staff and the Executive recommendation assume continuation of the Crime Lab Assessment Fund and maintain this funding at \$200,000. The majority of these funding shifts are reflected in the appropriate items above. The amount shown for "Net Fund Transfers" reflects the remaining shifts necessary to align expenditures between funding sources.

#### Other Issues for Legislative Consideration

Auditor General Report

The Auditor General completed a performance audit of the Criminal Investigations Bureau in December of 1992. Since the department has reorganized significantly following the time the audit was conducted, some of the issues are no longer as relevant. However, there are several findings made in the audit and during FY 1994. These issues are primarily related to improving oversight, controls, and qualifications of supervisors and investigators. Because the recommendations.

DEPARTMENT: Department of Public Safety	y	JLBC ANALYST: OSPB ANALYST:	Bradley Betlach	HOUSE SUE SENATE SUE	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
PROGRAM: Administration	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DESCRIPTION	209.0	212.0	497.0	497.0	513.0	
Full Time Equivalent Positions =			<del>=====</del> =			
OPERATING BUDGET	7,000,900	6,719,000	16,019,100	15,939,500	15,523,300	
Personal Services	1,168,000	1,334,900	3,668,000	3,395,300	3,917,400	
Employee Related Expenditures  Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures	91,300 69,700 66,300 9,552,300 114,000	80,500 40,900 9,605,700	509,800 178,000 88,900 12,854,900 604,100	88,900 12,857,000	178,000 88,900 13,027,800 355,800	
Equipment	9,893,600	9,893,600	14,235,700	14,115,300		
All Other Operating Subtotal OPERATING SUBTOTAL	18,062,500	17,947,500	33,922,800	33,450,100	33,401,000	
SPECIAL LINE ITEMS ACJIS	0		452,300 2,000,000		2,000,000	
AFIN	0	,	2,452,300		2,000,000	*
Special Item Subtotal	10.002.500	,	36,375,100	24 222 422	35,401,000	
PROGRAM TOTAL	18,062,500	= =====================================				
• • • • • • • • • • • • • • • • • • • •						

DEPARTMENT: Department of Public Safet PROGRAM: Administration	ty	JLBC ANALYST: OSPB ANALYST:		HOUSE SU SENATE SU	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION BY FUND SOURCE	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994. EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
General Fund Other Funds Federal Funds Other Non-Appropriated Funds PROGRAM TOTAL - ALL SOURCES	12,879,600 5,182,900 5,237,200 4,915,300 28,215,000	12,483,100 5,464,400 5,634,100 5,913,800 29,495,400	22,516,400 13,858,700 5,197,700 4,727,900	12,836,500	22,632,800 12,768,200 5,197,700 4,727,900	
=	=======================================	=======================================	46,300,700	34,902,400	45,326,600	

The JLBC Staff recommends a total appropriation of \$35,401,000 -- a net increase of \$17,453,500, or 97.2%, to the FY 1993 appropriation. The General Fund (GF) portion \$12,768,200 -- a net increase of \$7,303,800, or 133.7%, to the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is

### JLBC Staff Recommended Changes from FY 1993

•	Annualization of FY 1993 Pay Adjustment		
•	Personal Services/ERE Adjustments	\$ 301,300 133,100	
	Maintains a vacancy factor of 1.5%. The Executive recommends a vacancy factor of 0%.	(39,100) (17,300)	GF OF
•	ERE Rate Changes		
•	Transfer In from the Telecommunications Bureau	584,500 258,100	
•	Transfer In from the Criminal Justice Support Bureau	8,710,000 6,665,800	
		3,299,200 2,001,900	GF OF

(573,600) GF Eliminate 18 FTE Positions (253,300) OF

The amount shown reflects eliminating 18 FTE positions and \$(826,900) as a result of prior lump sum reductions.

Project SLIM Implementation

(2,234,800) GF (986,800) OF

The amount shown reflects a reduction of 53 FTE positions and \$(3,221,600) as a result of implementing Project SLIM recommendations. Please see summary page for additional information.

**Equipment Costs** 

(274,400) GF (121,100) OF

The amounts shown reflect a decreased requirement for replacement equipment during FY 1994.

Net Funding Shifts

376,600 GF (376,600) OF

The amounts shown reflect an increase in the costs borne by the General Fund. This is the result of departing from prior policy of maximizing all other fund contributions. Agency-wide, the JLBC Staff's FY 1992 recommendation for use of the Highway User Revenue Fund (HURF) and Highway Fund for offsetting General Fund expenditures is \$200,000 lower than FY 1993. Maximizing the expenditures from these funds would offset an additional \$779,600 of General Fund expenditures. Please see the summary pages for more details on the HURF and Highway Fund offsets.

DEPARTMENT: Department of Public Safe PROGRAM: Criminal Investigation	ty	JLBC ANALYST: OSPB ANALYST:		HOUSE SUI SENATE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	251.0	251.0	288.0	288.0	293.0	
OPERATING BUDGET						
Personal Services	9,580,900	9,505,500	11,950,000	11,630,000	11,458,300	
Employee Related Expenditures	1,640,500	1,734,700	2,410,500	2,240,100		
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	1,800 91,100 19,400 107,000 27,300	2,000 100,400 26,700 140,000 0	10,000 113,400 37,600 577,400 574,300	10,000 98,400 37,600 547,400 150,000		
All Other Operating Subtotal	246,600	269,100	1,312,700	843,400		
PROGRAM TOTAL	11,468,000	11,509,300	15,673,200	14,713,500		
BY FUND SOURCE						
General Fund Other Funds	10,006,600 1,461,400	10,035,000 1,474,300	13,579,700 2,093,500	12,316,900 2,396,600	13,114,900 1,875,100	
PROGRAM TOTAL - ALL SOURCES =	11,468,000	11,509,300	15,673,200	14,713,500	14,990,000	

DEPARTMENT: PROGRAM:

Department of Public Safety

Criminal Investigation

The JLBC Staff recommends a total appropriation of \$14,990,000 -- a net increase of \$3,480,700, or 30.2%, to the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$13,114,900 -- a net increase of \$3,079,900, or 30.7%, to the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$1,875,100 -- a net increase of \$400,800, or 27.2%, to the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

within this program.

<ul> <li>Annualization of FY 1993 Pay Adjustments         <ul> <li>Personal Services/ERE Adjustments</li> <li>Maintains a vacancy factor of 1.5%. The Executive recommends a vacancy factor of 0%.</li> </ul> </li> <li>ERE Rate Changes         <ul> <li>Transfers in from the Criminal Justice Support Bureau</li> <li>Equipment Costs</li> <li>Equipment Costs</li> <li>Eliminate 4 FTE Positions</li> <li>Eliminate 4 FTE Positions</li> <li>The amounts shown reflect the elimination of positions held vacant during former lump sum reductions.</li> </ul> </li> <li>Project SLIM Implementation         <ul> <li>The amounts reflect the elimination of 17 FTE positions and \$888,500 as a result of implementing Project SLIM recommendations. Please see the Summary page for more detail.</li> </ul> </li> <li>Net Funding Shifts         <ul> <li>The amounts shown reflect a reduction in the cost borne by the General Fund. This is the result of maximizing all other fund contributions</li> </ul> </li> </ul>	JLBC	Staff Recommended Changes from FY 1993	237,400	GF
• Personal Services/ERE Adjustments  Maintains a vacancy factor of 1.5%. The Executive recommends a vacancy factor of 0%.  ERE Rate Changes  • Transfers in from the Criminal Justice Support Bureau  • Equipment Costs  • Eliminate 4 FTE Positions  The amounts shown reflect the elimination of positions held vacant during former lump sum reductions.  The amounts reflect the elimination of 17 FTE positions and \$888,500 as a result of implementing Project SLIM recommendations. Please  The amounts reflect the elimination of 17 FTE positions and \$888,500 as a result of implementing Project SLIM recommendations. Please  The amounts reflect the elimination of 17 FTE positions and \$888,500 as a result of implementing Project SLIM recommendations. Please  The amounts reflect the elimination of 17 FTE positions and \$888,500 as a result of implementing Project SLIM recommendations. Please  The amounts reflect the elimination of 17 FTE positions and \$888,500 as a result of implementing Project SLIM recommendations. Please  The amounts reflect the elimination of 17 FTE positions and \$888,500 as a result of implementing Project SLIM recommendations. Please  The amounts reflect the elimination of 17 FTE positions and \$888,500 as a result of implementing Project SLIM recommendations. Please	•	Annualization of FY 1993 Pay Adjustment	7,300	OF
• ERE Rate Changes  • Transfers in from the Criminal Justice Support Bureau  • Equipment Costs  • Eliminate 4 FTE Positions  The amounts shown reflect the elimination of positions held vacant during former lump sum reductions.  The amounts reflect the elimination of 17 FTE positions and \$888,500 as a result of implementing Project SLIM recommendations. Please  The amounts reflect the elimination of 17 FTE positions and \$888,500 as a result of implementing Project SLIM recommendations. Please  The amounts reflect the elimination of 17 FTE positions and \$888,500 as a result of implementing Project SLIM recommendations. Please  The amounts reflect the elimination of 17 FTE positions and \$888,500 as a result of implementing Project SLIM recommendations. Please  The amounts reflect the elimination of 17 FTE positions and \$888,500 as a result of implementing Project SLIM recommendations. Please  The amounts reflect the elimination of 17 FTE positions and \$888,500 as a result of implementing Project SLIM recommendations. Please  The amounts reflect the elimination of 17 FTE positions and \$888,500 as a result of implementing Project SLIM recommendations. Please  The amounts reflect the elimination of 17 FTE positions and \$888,500 as a result of implementing Project SLIM recommendations. Please  The amounts reflect the elimination of 17 FTE positions and \$888,500 as a result of implementing Project SLIM recommendations. Please	•	Personal Services/ERE Adjustments		
• Transfers in from the Criminal Justice Support Bureau  289,500 GF  • Equipment Costs  • Eliminate 4 FTE Positions  The amounts shown reflect the elimination of positions held vacant during former lump sum reductions.  Project SLIM Implementation  The amounts reflect the elimination of 17 FTE positions and \$888,500 as a result of implementing Project SLIM recommendations. Please see the Summary page for more detail.  (207,700) GF 207,700 OF				
<ul> <li>Equipment Costs</li> <li>Eliminate 4 FTE Positions         <ul> <li>The amounts shown reflect the elimination of positions held vacant during former lump sum reductions.</li> </ul> </li> <li>Project SLIM Implementation         <ul> <li>The amounts reflect the elimination of 17 FTE positions and \$888,500 as a result of implementing Project SLIM recommendations.</li> <li>Please see the Summary page for more detail.</li> </ul> </li> <li>(207,700) GF 207,700 OF</li> </ul>	•		3,708,000	GF
• Eliminate 4 FTE Positions  The amounts shown reflect the elimination of positions held vacant during former lump sum reductions.  (861,800) GF (26,700) OF  Project SLIM Implementation  The amounts reflect the elimination of 17 FTE positions and \$888,500 as a result of implementing Project SLIM recommendations. Please see the Summary page for more detail.  (207,700) GF 207,700 OF	•			
The amounts shown reflect the elimination of positions held vacant during former lump sum reductions.  (861,800) GF (26,700) OF  The amounts reflect the elimination of 17 FTE positions and \$888,500 as a result of implementing Project SLIM recommendations. Please see the Summary page for more detail.  (207,700) GF 207,700 OF				
• Project SLIM Implementation  The amounts reflect the elimination of 17 FTE positions and \$888,500 as a result of implementing Project SLIM recommendations. Please see the Summary page for more detail.  (207,700) GF 207,700 OF	•	The amounts shown reflect the elimination of positions held vacant during former lump sum reductions.	(26,700)	) GF ) OF
207,700 OF	•	The amounts reflect the elimination of 17 FTE positions and \$888,500 as a result of implementing Project SLIM recommendations. Trease		
	•		207,700	

**DEPARTMENT:** PROGRAM:

Department of Public Safety

Highway Patrol

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$32,894,900 -- a net decrease of \$(177,700), or (0.5)%, from the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

581,200 OF

Personal Services/ERE Adjustments Maintains a vacancy factor of 1.5%. The Executive recommends a vacancy factor of 0%.

(8,700) OF

- **ERE Rate Changes**
- **Equipment Costs**

449,100 OF

RTC/Distressed Properties Program

27,900 OF

The JLBC Staff recommendation includes funding for the property purchased through the RTC/Distressed Properties Program. The Highway Patrol currently leases a facility at 11101 W. Peoria Avenue in Sun City. This property will be purchased by the state.

-0- OF

Project SLIM Implementation

The amount reflects eliminating 23 FTE positions, and \$1,227,200 as a result of implementing Project SLIM recommendations.

(1,227,200) OF

DEPARTMENT: Department of Public Safety		JLBC ANALYST: OSPB ANALYST:	Bradley Betlach	HOUSE SUE SENATE SUE	SCOMMITTEE CHAIR: SCOMMITTEE CHAIR:	Keegan Turner
PROGRAM: Highway Patrol	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DESCRIPTION  Full Time Equivalent Positions	719.0	719.0	685.0	685.0	696.0	
OPERATING BUDGET	24 741 900	25,142,500	26,319,800	26,038,400	24,709,300	
Personal Services  Employee Related Expenditures	24,741,800 4,496,800	5,091,500	5,725,300	5,214,600		
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures	32,700 190,100 34,400 209,900 1,787,800	22,200 295,200	23,700 227,400 22,200 194,000 2,298,000	23,700 227,400 22,200 194,000 2,270,100	227,400 22,200 194,000 2,298,000	
Equipment  All Other Operating Subtotal	2,254,900	2,838,600	2,765,300		,	
PROGRAM TOTAL	31,493,500	33,072,600	34,810,400	33,990,400	32,894,900 =	
BY FUND SOURCE			04.010.400	33,990,400	32.894,900	
Other Funds Other Non-Appropriated Funds	31,493,500 3,447,700		34,810,400 4,070,900	) Sale:		
PROGRAM TOTAL - ALL SOURCES	34,941,200	37,202,600	38,881,300	33,990,400		

DEPARTMENT: Department of Public Sa PROGRAM: Criminal Justice Support	fety	JLBC ANALY OSPB ANALY	ST: Bradley ST: Betlach	HOUSE SUI SENATE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION  Full Time Equival 4 P. 44	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	156.0	153.0	0.0	0.0	0.0	- THEL
OPERATING BUDGET						
Personal Services	6,092,500	6,064,100	0	0	•	*
Employee Related Expenditures	1,075,200	1,147,200	0	0		
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	49,500 29,700 28,900 1,816,500 113,700	42,000 30,000 49,400 1,626,400 50,000	0 0 0 0 0	0 0 0 0	0 0 0 0	
All Other Operating Subtotal	2,038,300	1,797,800	0	v		
PROGRAM TOTAL	9,206,000	9,009,100	0	0	0	
BY FUND SOURCE						
General Fund Other Funds	7,452,900 1,753,100	7,007,200 2,001,900	0	0	0	
PROGRAM TOTAL - ALL SOURCES =	9,206,000	9,009,100	0	0	0	

DEPARTMENT: PROGRAM

Department of Public Safety Criminal Justice Support

The JLBC Staff recommends a total appropriation of \$0 -- a net decrease of \$(9,009,100), or (100)%, from the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$0 -- a net decrease of \$(7,007,200), or (100)%, from the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$0 -- a net decrease of \$(7,007,200), or (100)%, from the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

\$(7,007,200) GF (2,001,900) OF

Reorganization

As part of the Department of Public Safety's reorganization, this cost center was eliminated. Programs were transferred to the Administration Program with the exception of the Scientific Analysis Division, which was transferred to the Criminal Investigations Bureau.

PROGRAM: Telecommunications		JLBC ANALYS OSPB ANALYS	ST: Bradley ST: Betlach	HOUSE SUI SENATE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE	FY 1994 JLBC STAFF	LEGISLATIVE WORK
Full Time Equivalent Positions	282.0			RECOMMENDATION	RECOMMENDATION	SPACE
	282.0	282.0	0.0	0.0	0.0	
OPERATING BUDGET					=======================================	
Personal Services	8,203,900	( 071 000				
Employee Police LE	0,203,900	6,271,300	0	0	0	
Employee Related Expenditures	1,668,600	1,315,500	0		0	
Professional/Outside Services	21 000		O	0	0	
Travel - In State	31,900	94,300	0	0		
Travel - Out of State	80,400	75,500	ő	0	0	
Other Operating Expenditures	9,300	9,500	0	0	0	
Equipment Expenditures	2,196,300	1,870,500	•	0	0	
=4-ipmont	663,700	502,000	0	0	0	
All Other O	,	302,000	0	0	0	
All Other Operating Subtotal	2,981,600	2 551 200			0	
Dan .	2,701,000	2,551,800	0	0		
PERATING SUBTOTAL	10 054 100			U	0	
	12,854,100	10,138,600	0	0		
PECIAL LINE ITEMS			· ·	0	0	
АСЛЅ						
AFIN	449,100	452,300				
	0	2,000,000	0	0	0	
Flagstaff Dispatch	ő		0	0	0	
Phoenix Dispatch	0	833,000	0	Ö	0	
Tucson Dispatch	0	1,199,800	0	- 0	0	
	U	752,100	0	ő	0	
ecial Item Subtotal	449,100	5,237,200	0	v	0	
PROGRAM TOTAL	13,303,200	15,375,800		0	0	
	,505,200	13,373,800	0	0	^	

DEPARTMENT: Department of Public Safe	ety	JLBC ANALYST OSPB ANALYST		HOUSE SUE SENATE SUE	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
PROGRAM: Telecommunications  DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE	<b>*</b>				0	
General Fund Other Funds	7,977,900 5,325,300	8,710,000 6,665,800	0	0	0	
PROGRAM TOTAL - ALL SOURCES	13,303,200	15,375,800	0	0		

The JLBC Staff recommends a total appropriation of \$0 -- a net decrease of \$(15,375,800), or (100)%, from the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$0 -- a net decrease of \$(8,710,000), or (100)%, from the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$0 -- a net decrease of \$(6,665,800), or (100)%, from the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Reorganization

\$(8,710,000) GF (6,665,800) OF

As part of the Department of Public Safety's reorganization, this cost center was eliminated. All programs were transferred to the Administration program.

DEPARTMENT: Department of Youth Agency Summary	n Treatment & Rehabilitation	JLBC ANALYST:	Bradley/Bocl Schwalbe	1100BL 00	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL AI	FY 1993 ADJUSTED PPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	655.0	651.0	651.0	665.0	658.0	
BY PROGRAM/ORGANIZATION			<del></del>			
Administration	2,862,800	3,027,500	3,180,500	3,095,500	2 101 700	
Secure Care	19,433,300	16,607,600	17,958,800	18,591,900		
Community Care	6,490,800	9,786,600	9,935,000	9,846,000		_1
Education	2,531,300	2,108,600	2,068,700	2,341,200		4
AGENCY TOTAL	31,318,200	31,530,300	33,143,000	33,874,600		
OPERATING BUDGET					33,074,900	
Personal Services	15,424,600	15,335,500	16,121,000	14,497,300	15,954,500	
Employee Related Expenditures	4,231,800	4,251,000	4,955,800	4,685,000		
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	676,700 336,300 21,300 4,369,200 634,300	451,900 415,900 11,200 4,096,500 41,100	451,900 415,900 11,200 4,157,900 41,100	1,065,200 408,700 11,200 3,971,100 41,100	719,000 415,900 11,200 4,589,700	
All Other Operating Subtotal	6,037,800	5,016,600	5,078,000	5,497,300		
OPERATING SUBTOTAL	25,694,200	24,603,100	26,154,800	24,679,600	26,776,000	

DEPARTMENT: Department of Youth Treatm	ent & Rehabilitation	JLBC ANALYST: OSPB ANALYST:	Bradley/Bock Schwalbe	HOUSE SUE SENATE SUE	COMMITTEE CHAIR: COMMITTEE CHAIR:	Keegan Turner
Agency Summary  DESCRIPTION	FY 1992 ACTUAL A	FY 1993 ADJUSTED PPROPRIATIONS	FY 1994 AGENCY	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
SPECIAL LINE ITEMS	5,174,700	6,462,300	6,462,300	6,462,300	6,462,300	
Purchase of Care Food Work Incentive Pay Plan Governor's Task Force Equalization Asst. Pass-Through	286,500 54,600 108,200 0	291,900 60,800 112,200 0	349,000 60,800 116,100 0	349,000 42,500 0 2,341,200	60,800	
Special Item Subtotal	5,624,000	6,927,200	6,988,200	9,195,000		
AGENCY TOTAL	31,318,200	31,530,300	33,143,000	33,874,600	33,674,900 =	
FUND SOURCE    Fund   Funds   Funds   Funds   Outer Non-Appropriated Funds	28,055,300 3,262,900 1,462,900 441,200	28,521,700 3,008,600 1,630,300 10,400	30,419,300 2,723,700 1,350,800 0	2,996,200	2,740,100 1,350,800 0	
AGENCY TOTAL - ALL SOURCES	33,222,300	33,171,000	34,493,800	33,874,600	35,025,700	

**DEPARTMENT:** 

Department of Youth Treatment and Rehabilitation

Agency Summary

The JLBC Staff recommends a total appropriation of \$33,674,900 -- a net increase of \$2,144,600, or 6.8%, to the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$30,934,800 -- a net increase of \$2,413,100, or 8.5%, to the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$2,740,100 - a net decrease of \$(268,500), or (8.9)%, from the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

•	Annualization of FY 1993 Pay Adjustment		
•	Personal Services/ERE Adjustments	\$ 538,100 49,500	
•	ERE Rate Changes	(36,800 (27,600	
•	Increased Rent	572,400 73,300	
•	Increased Food Cost	61,400	GF
•	Increased Food Cost	83,900	GF
•	Decreased Equipment	-0-	GF
•	Elimination of Governor's Task Force on Juvenile Corrections	(2,500)	GF
•	Funding Shifts	(112,200)	GF
•	Reduced Education Equalization Assistance	150,000 (150,000)	
•	General Fund Subsidy to Education to Maintain Current Funding	. (213,700)	OF
•	Prototype Facilities	118,500	GF
•	Funding for a 1-to-12 Staff Ratio	525,000	GF
	Sex Offender and Violent Offender Treatment Programs	209,300	GF
		175,700	GF

- . 90,000 GF 40,300 GF
- Grants Coordinator

#### Other Issues for Legislative Consideration

Executive Recommendation/Project SLIM Implementation

The Executive recommendation includes an increase of 50 FTE positions and \$2,373,500 to be used for compliance with issues raised during the Johnson vs. Upchurch ongoing litigation. Of that amount, 36 FTE positions and \$1,368,000 are included as an "add back," or reinvestment, of savings due to "Implementation of Management Enhancements." The Executive contributes these savings to Project SLIM and department changes which already have or shortly will be implemented. Most of these savings actually occurred during FY 1992 and FY 1993, and have already been adjusted for in prior legislative appropriations. For instance, the majority of these savings occurred as a result of the closure of the Alamo Juvenile facility. These savings were then used in the appropriation for FY 1993 to fund the placement of female committed youth in the community and to move mentally ill male juveniles to the Black Canyon facility. Therefore, the net increase recommended by the Executive is 14 FTE positions and \$1,005,500. The JLBC Staff recommendation does contain a series of policy issues which are similar in nature to the initiatives described by the Executive. On a comparable level, agency-wide, the JLBC Staff recommends 8 additional FTE positions and an increase of \$1,000,000. The JLBC Staff recommendation details each element of these additional resources, while the Executive recommendation allows the department to decide which improvements are to be made.

DEPARTMENT: Department of Youth PROGRAM: Administration	Treatment & Rehabilitation	JLBC ANALYST:	Bradley/Boc Schwalbe	TIOODE GO	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION	FY 1992 ACTUAL A	FY 1993 ADJUSTED PPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	63.0	71.0	71.0	65.0	70.0	
OPERATING BUDGET						
Personal Services	1,870,500	1,891,200	1,969,900	1,939,400	1,976,500	_
Employee Related Expenditures	464,200	468,100	538,500	552,300	h j	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	59,000 38,500 21,300 256,300 44,800	37,800 37,100 11,200 469,900 0	37,800 37,100 11,200 469,900 0	97,800 37,100 11,200 457,700	127,800 37,100 11,200	
All Other Operating Subtotal	419,900	556,000	556,000	603,800	·	
OPERATING SUBTOTAL	2,754,600	2,915,300	3,064,400			
SPECIAL LINE ITEMS		,,	3,004,400	3,095,500	3,181,700	
Governor's Task Force	108,200	112,200	116,100	0	0	
Special Item Subtotal	108,200	112,200	116,100	0		
PROGRAM TOTAL	2,862,800	3,027,500	3,180,500	3,095,500		

DEPARTMENT: Department of Yo	uth Treatment & Rehabilitation	JLBC ANALYST: OSPB ANALYST:	Bradley/Bock Schwalbe	HOUSE SUE SENATE SUE	SCOMMITTEE CHAIR: SCOMMITTEE CHAIR:	Keegan Turner
PROGRAM: Administration  DESCRIPTION	FY 1992 ACTUAL AF	FY 1993 ADJUSTED PPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE					2 101 700	
General Fund Federal Funds	2,862,800 1,462,900	3,027,500 1,630,300	3,180,500 1,350,800	3,095,500	3,181,700 1,350,800	
PROGRAM TOTAL - ALL SOURCE	CES 4,325,700	4,657,800	4,531,300	3,095,500	4,532,500	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$3,181,700 -- a net increase of \$154,200, or 5.1%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

- \$ 61,500 GF 4.100 GF
- Personal Services/ERE Adjustments
   Maintains a vacancy factor of 1.5%, which is the standard rate applied to programs with this number of FTE positions. Due to reorganization of the department during the last year with a lump sum appropriation, this program reflects a slight increase. The Executive recommends a vacancy factor of 1.5%.
- 70,500 GF

ERE Rate Changes

- (112,200) GF
- Elimination of the Governor's Task Force on Juvenile Corrections
  The task force will no longer be required for FY 1994. The Johnson vs. Upchurch federal case is currently scheduled to be resolved by consent decree in January of 1993. The consent decree may result in the appointment of a 3-member court monitorning committee, which would eliminate any further need to continue the task force. This policy issue also eliminates 2 FTE positions. The Executive has also recommended this policy issue.
  - 90,000 GF
  - Monitoring Costs

    If Johnson vs. Upchurch is resolved by a consent decree, the Court will likely order some form of monitoring. The method currently being discussed would be 3 appointed monitors, 1 chosen by the plaintiffs, 1 chosen by the defendants, and 1 agreed upon by both parties. The amount shown is the estimated annual cost to reimburse per diem, travel, and other costs to these monitors. It is possible that the State's Risk Management Section will pay for these monitoring costs. If this does occur, the JLBC Staff recommends that this \$90,000 be used to supplement sex offender and violent offender treatment in the Secure Care program. The Executive recommendation is based upon the Risk Management Fund paying for all monitoring costs.

#### Grants Coordinator

40,300 GF

The JLBC Staff recommends the addition of 1 FTE position for the task of Grants Coordinator. This position would be responsible for pursuing alternative funding sources, to include grant writing, federal grant procurement and private foundation support. The Department of Youth Treatment and Rehabilitation has agreed to revert \$40,300 to the General Fund at the end of FY 1994 to insure that the net costs to the General Fund are \$0. The potential gain in outside funding sources is quite substantial. Examples of possible revenue increases would be from Title I, Title IV-E, and Title XIX federal programs, juvenile justice grants from the Office of Juvenile Justice Policy (OJJP), the National Council on Crime and Delinquency (NCCD), the American Correctional Association (ACA) juvenile branch, and grants and donations from other public and private entities and charitable groups. The department has already secured benefits from some of these sources, but needs a full-time position to thoroughly pursue these General Fund alternatives.

& Rehabilitati	on JLBC ANALYST:	D U/Dook	HOUSE SUB	COMMITTEE CHAIR:	Keegan
	OSPB ANALYST:	Bradley/Bock Schwalbe	SENATE SUB	COMMITTEE CHAIR:	Turner
FY 1992	FY 1993 ADJUSTED	FY 1994	FY 1994. EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
	445.0	447.0	465.0	453.0	
509.0	=======================================				
11 334 000	9,755,300	10,398,400	10,320,800	10,220,600	
•	2 792 700	3,382,300	3,447,400	3,365,200	
506,500 193,100 3,504,300	376,000 227,400 3,062,400	376,000 227,400 3,123,800 41,100	956,200 227,400 3,207,500 41,100	3,648,800	
	- FOC 000	3,768,300	4,432,200		
		17,549,000	18,200,400	18,053,700	
ŕ	252 500	409,800	391,500	436,600	
	,	17,958,800	18,591,900	18,490,300	
	3,236,500 506,500 193,100 3,504,300 317,800 4,521,700 19,092,200 286,500 54,600 341,100	FY 1992 ADJUSTED APPROPRIATIONS  509.0 445.0  11,334,000 9,755,300  3,236,500 2,792,700  506,500 376,000 193,100 227,400 3,504,300 3,062,400 317,800 41,100  4,521,700 3,706,900  19,092,200 16,254,900	FY 1992 ADJUSTED AGENCY REQUEST  509.0 445.0 447.0  11,334,000 9,755,300 10,398,400  3,236,500 2,792,700 3,382,300  506,500 376,000 227,400 3,504,300 3,062,400 3,123,800 317,800 41,100 41,100  4,521,700 3,706,900 3,768,300  19,092,200 16,254,900 17,549,000  286,500 291,900 349,000 54,600 60,800 60,800  341,100 352,700 409,800	FY 1992 ADJUSTED AGENCY RECOMMENDATION  509.0 445.0 447.0 465.0  11,334,000 9,755,300 10,398,400 10,320,800  3,236,500 2,792,700 3,382,300 3,447,400  506,500 376,000 227,400 227,400 227,400 193,100 227,400 3,123,800 3,207,500 317,800 41,100 41,100 41,100  4,521,700 3,706,900 3,768,300 4,432,200  19,092,200 16,254,900 17,549,000 18,200,400  286,500 291,900 349,000 349,000 54,600 60,800 60,800 391,500  341,100 352,700 409,800 391,500	FY 1992 ACTUAL APPROPRIATIONS         FY 1994 AGENCY REQUEST         EXECUTIVE RECOMMENDATION RECOMMENDATION         JLBC STAFF RECOMMENDATION           509.0         445.0         447.0         465.0         453.0           11,334,000         9,755,300         10,398,400         10,320,800         10,220,600           3,236,500         2,792,700         3,382,300         3,447,400         3,365,200           506,500         376,000         376,000         956,200         553,100           193,100         227,400         227,400         227,400         227,400           193,100         227,400         3,123,800         3,207,500         3,648,800           3,504,300         3,062,400         3,123,800         3,207,500         3,648,800           3,17,800         41,100         41,100         41,100         38,600           4,521,700         3,706,900         3,768,300         4,432,200         4,467,900           19,092,200         16,254,900         17,549,000         18,200,400         18,053,700           286,500         291,900         349,000         349,000         375,800           54,600         60,800         60,800         42,500         60,800           341,100         352,700

DEPARTMENT: Department of Youth Treatment & Rehabilitation JLBC OSPB	C ANALYST: Bradley/Boo B ANALYST: Schwalbe	110030 30	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Tumer
DESCRIPTION  FY 1992 ACTUAL APPROPRIA  BY FUND SOURCE	ED AGENCY	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE
Other Non-Appropriated Funds 410,100 600 119,700 10	17,600 17,603,800 0,000 355,000 0,400 0	18,236,900 355,000	18,140,300 350,000 0	
19,553,000 16,618	8,000 17,958,800	18,591,900	18,490,300	

The JLBC Staff recommends a total appropriation of \$18,490,300 -- a net increase of \$1,882,700, or 11.3%, to the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$18,140,300 -- a net increase of \$2,132,700, or 13.3%, to the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$350,000 ILBC Staff Recommended Changes from EV 1002

JLBC	Staff Recommended Changes from FY 1993	
•	Annualization of FY 1993 Pay Adjustment	
•	Personal Services/ERE Adjustments  Maintains a vacancy factor of 3%, which is the standard rate applied to programs with this number of FTE positions. The Executive	\$ 404,000 GF (28,200) GF
•	ERE Rate Changes	
•	Decreased Equipment Costs	454,100 GF
•	Increased Rent Costs  The lease charges for department facilities located on public endowment lands have increased \$61,400 over FY 1993. These funds are this amount for rent increases.	(2,500) GF 61,400 GF
•	Increased Food Costs	
	The increase is due to reduced availability of National School Breakfast and Lunch Program federal revenues due to a smaller secure care population. The recommended level of food funding is \$375,800, combined with \$221,000 in federal funds, for a total of \$596,800. This will provide meals at \$1.09 per meal to an average daily population of 500. The Executive recommended \$57,100 for this issue.	83,900 GF

Level Funding for WIPP

The Work Incentive Pay Program (WIPP) provides compensation of approximately 50 cents per hour to committed youth who perform janitorial, groundskeeping, and other tasks for the department. A portion of these wages are then paid towards room and board costs and restitution if the Court commitment has so ordered. WIPP was reduced significantly for FY 1992 and FY 1993. For instance, the appropriation for this program in FY 1991 was \$264,500, when the wages were only 25 cents per hour. At that time, there was a statutory mandate that all committed youth work for at least 40 hours a week, or 20 hours if enrolled full-time in school. Following the separation of the department from the Department of Corrections and numerous statutory changes, this requirement was removed. With the advent of a new school system and a focus on treatment, the department believed it no longer needed more than a minimal level of WIPP funding. The department now recognizes that some youth have already completed their General Education Requirement Degree (GED) and are not in school full-time. The WIPP program is also valuable for vocational programs, teaching work skills and values, and for supplementing

> 250,000 GF (250,000) OF

-0- GF

Reduced Funding Offsets from Other Funds

In FY 1993, the Legislature appropriated higher levels of funding from the Land Endowment and Parental Assessment and Restitution (PAR) funds in order to use up unnecessary ending balances. These balances have now been spent down and are no longer available to offset General Fund costs. The endowment's available funds are \$200,000 lower, and the PAR is \$50,000 lower. The Executive restores \$226,700, \$200,000 from the Endowment Funds and \$26,700 from the PAR.

state personnel in maintaining the secure facilities. The department now believes that maintaining current funding will allow them to provide better vocational education and work therapy to youth offenders. The Executive recommends reducing WIPP Funding by \$(18,300).

525,000 GF

Prototype Cottage Programs

The JLBC Staff recommends \$525,000 to repair the 16 remaining cottages that have not yet been "prototyped." The department has operated some cottages as a pilot program called "The Prototype Treatment Plan." Youth offenders must demonstrate progress towards treatment goals before moving on to less restrictive levels. The Prototype Treatment Plan has been widely recognized by the criminal justice and treatment community as a significant improvement. Evaluations by outside consultants have confirmed the effectiveness of this program. In fact, the Arkansas system has been ordered to use the Arizona prototype program as a result of a lawsuit similar to Arizona's Johnson vs. Upchurch. The department believes that the prototype treatment programs are the most critical element of reform to the juvenile justice system. The amount shown is a one-time cost to complete all cottages scheduled to be prototyped.

209,300 GF

Implement a 1-to-12 Treatment Staff Ratio

The JLBC Staff recommends 8 Youth Program Officer I FTE positions and \$209,300 to increase current staffing to a 1-to-12 treatment ratio. The department believes that this ratio is necessary to provide treatment, to maintain security and discipline, and to avoid continual destruction of facilities due to vandalism.

175,700 GF

Sex Offender and Violent Offender Treatment Programs

Currently no specialized treatment is provided to either sex offenders or violent offenders while in juvenile facilities. This amount would provide funds to start pilot treatment programs for these two high-risk youth offender populations. It is estimated that approximately 10% of the current population in secure care are violent offenders, and an additional 10% are sex offenders.

DEPARTMENT: Department of Youth T PROGRAM: Community Care	rouement de Renabilita	ion JLBC ANALYST: OSPB ANALYST:	Bradley/Boo Schwalbe	TIOODE DO	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION Full Time Equivalent Positions	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994- EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Tan Time Equivalent Positions	28.0	80.0	80.0	78.0	80.0	
OPERATING BUDGET						
Personal Services	656,100	2,233,400	2,326,900	2,237,100	2 283 000	<u> </u>
Employee Related Expenditures	163,400	629,600	684,500	685,300		/
Professional/Outside Services Travel - In State Other Operating Expenditures Equipment	61,600 95,900 205,100 134,000	11,200 144,200 305,900 0	11,200 144,200 305,900	11,200 144,200 305,900	11,200 144,200 305,900	
All Other Operating Subtotal	496,600	461,300	461,300	461,300	·	-
OPERATING SUBTOTAL SPECIAL LINE ITEMS	1,316,100	3,324,300	3,472,700	3,383,700		
Purchase of Care	5,174,700	6,462,300	6,462,300	6,462,300	6 460 200	
Special Item Subtotal	5,174,700	6,462,300	6,462,300	6,462,300	6,462,300	
PROGRAM TOTAL	6,490,800	9,786,600	9,935,000	9,846,000		

DEPARTMENT: Department of Youth Treater PROGRAM: Community Care	atment & Rehabilitation	JLBC ANALYST: OSPB ANALYST:	Bradley/Bock Schwalbe	HOUSE SUB SENATE SUB	COMMITTEE CHAIR: COMMITTEE CHAIR:	Keegan Turner
PROGRAM: Community Care  DESCRIPTION	FY 1992 ACTUAL AP	FY 1993 ADJUSTED PPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE  General Fund Other Funds Other Non-Appropriated Funds	6,169,300 321,500 321,500	9,486,600 300,000 0	9,635,000 300,000 0	9,546,000 300,000	9,494,300 400,000 0	
PROGRAM TOTAL - ALL SOURCES	6,812,300	9,786,600	9,935,000	9,846,000	9,894,300	

The JLBC Staff recommends a total appropriation of \$9,894,300 -- a net increase of \$107,700, or 1.1%, to the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$9,494,300 - a net increase of \$7,700, or 0.1%, to the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$400,000 -- a net increase of \$100,000, or 33.3%, to the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

(12,700) GF

\$ 72,600 GF

- Maintains a vacancy factor of 1.5%, which is the standard rate applied to programs with this number of FTE positions. The Executive Personal Services/ERE Adjustments recommends a vacancy factor of 1.5%.
- **ERE Rate Changes**

(100,000) GF

47,800 GF

Increased Offset from CJEF for Purchase of Care

100,000 OF

The department receives a portion of the Criminal Justice Enhancement Fund (CJEF) revenues for providing treatment to youth offenders. Due to a large carry forward amount, the CJEF will be able to bear an additional \$100,000 of the purchase-of-care costs by spending down \$100,000 of the fund's balance, which would otherwise be \$142,600 for FY 1994.

DEPARTMENT: Department of Y PROGRAM: Education	outh Treatment & Rehabilitat	ion JLBC ANALYST:	Bradley/Boc Schwalbe	IIOODL DO	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Keegan Turner
DESCRIPTION  Full Time Equip 1 4 P. 11	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	55,0	55.0	53.0	57.0	55.0	
OPERATING BUDGET	*	(2)				
Personal Services	1,564,000	1,455,600	1,425,800	0	1 474 400	
Employee Related Expenditures	367,700	360,600	350,500	0		
Professional/Outside Services Travel - In State Other Operating Expenditures Equipment	49,600 8,800 403,500 137,700	26,900 7,200 258,300 0	26,900 7,200 258,300 0	0 0 0 0	26,900 7,200 163,100	
All Other Operating Subtotal	599,600	292,400	292,400	0	0	
OPERATING SUBTOTAL SPECIAL LINE ITEMS	2,531,300	2,108,600	2,068,700	0		
Equalization Asst. Pass-Through	0	0	0	2,341,200		
Special Item Subtotal	0	0	0			
PROGRAM TOTAL	2,531,300	2,108,600	2,068,700	2,341,200 2,341,200		
				=======================================	2,100,000	

DEPARTMENT: Department of Youth Treats	ment & Rehabilitation	JLBC ANALYST: OSPB ANALYST:	Bradley/Bock Schwalbe	HOUSE SUB SENATE SUB	COMMITTEE CHAIR:	Keegan Turner
TROOKIMI. Zaama	FY 1992 ACTUAL AP	FY 1993 ADJUSTED PROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DESCRIPTION						
BY FUND SOURCE				0	119 500	
General Fund Other Funds	0 2,531,300	0 2,108,600	2,068,700	0 2,341,200	118,500 1,990,100	2+2
PROGRAM TOTAL - ALL SOURCES	2,531,300	2,108,600	2,068,700	2,341,200	2,108,600	

The JLBC Staff recommends a total appropriation of \$2,108,600 -- a net increase of \$0, or 0%, to the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$118,500 -- a net increase of \$118,500, to the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$1,990,100 -- a net decrease of \$(118,500) or (5.6)%, from the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$ 49,500 OF (27,600) OF

Personal Services/ERE Adjustments
Includes a new vacancy factor of 2%, which is the standard rate applied to programs with this number of FTE positions. The FY 1993 vacancy factor was 1%. The Executive recommends a vacancy factor of 0%.

• ERE Rate Changes

73,300 OF (213,700) OF

Reduction in Equalization Due to Lower Student Count
The average daily membership (ADM) for the secure care population in school is projected to drop from 477 in FY 1993, to 435 in FY
The average daily membership (ADM) for the secure care population in school is projected to drop from 477 in FY 1993, to 435 in FY
1994. This will result in the loss of \$118,500 in equalization assistance. An additional \$95,200 must be used to pay for Personal Services
and ERE adjustments, thus resulting in a reduction in funding for Other Operating Expenditures of \$213,700. The Executive
recommendation anticipates a student count of 543, and increased funding of \$232,600. The ADM of 435, used by the JLBC Staff, is 82%
of the projected overall average daily population (ADP) of 530 in FY 1994. This figure is based on the current fiscal year, in which a
student count of 477 was funded, which was also 82% of the funded level of 580 ADP. Based upon prior experience, the JLBC Staff
believes it is unlikely that the department will experience a student count much higher than 435.

Hold Total Funding Constant

118,500 GF

The JLBC Staff recommends that a General Fund appropriation be made to the Juvenile Education program to maintain total funding at the FY 1993 level. The program experienced a 16.7% decline in funding between FY 1992 and FY 1993. Further reductions would have a deleterious effect on this program. One existing funding problem is the difficulty to retain and pay teachers. At times the program has over half of its positions vacant.

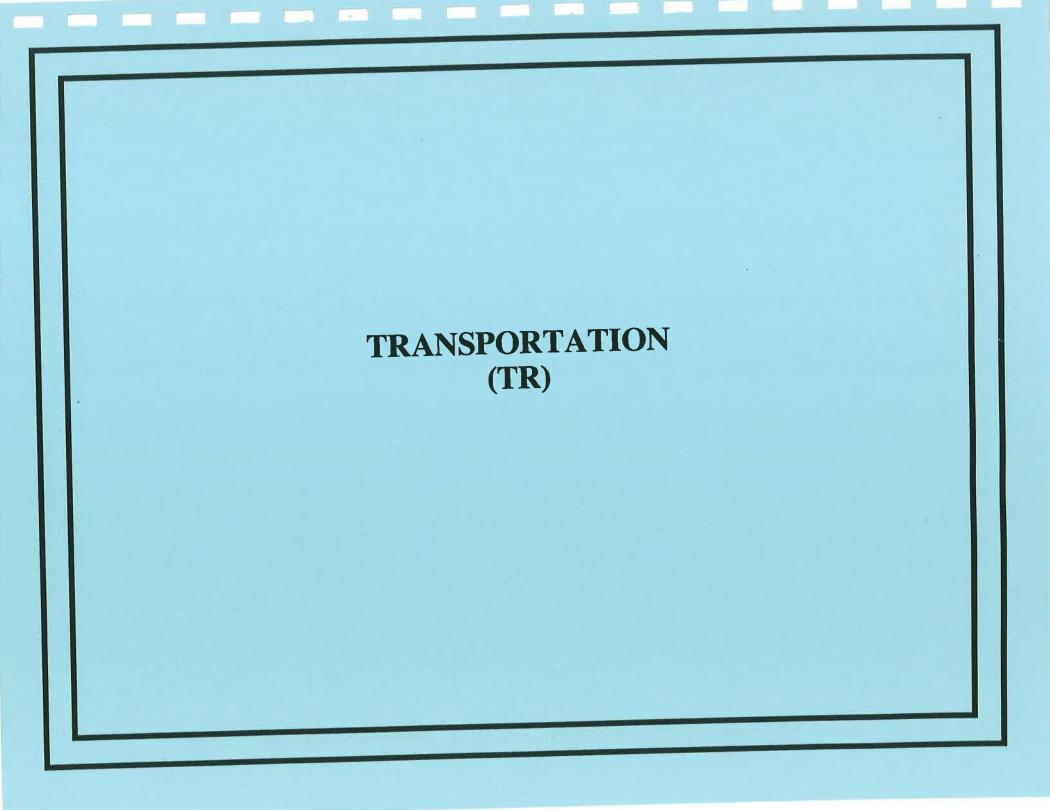
Appropriate 100% of Receipts

-0- GF

In the past, the Legislature has appropriated a specific amount of equalization assistance to the program based on current estimates of student counts. This has sometimes resulted in the program receiving a slightly higher payment in equalization assistance and being unable to spend the difference. These amounts have been in the \$10-30,000 range. Since the intent of the Legislature has been to appropriate 100% of the receipts, a change in appropriation methodology will correct this problem. The JLBC Staff recommends that the following footnote be added to the appropriated amount, similar to one that is used for the Arizona State Schools for the Deaf and Blind for a similar purpose.

"Prior to the expenditure of any Juvenile Education Fund receipts in excess of the \$1,990,100 shown above, the Department of Youth Treatment and Rehabilitation shall report the intended use of the funds to the Joint Legislative Budget Committee."

The Executive has also recommended a similar change.



DEPARTMENT: Department of Transportation Agency Summary		JLBC ANALYST: OSPB ANALYST:	Hull Boncoskey	HOUSE SUE SENATE SUE	Groscost Chesley	
	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DESCRIPTION  Full Time Equivalent Positions	3,300.0	3,316.0	3,316.0	3,217.0	3,219.0	
-						
BY PROGRAM/ORGANIZATION  Director's Staff	431,000	3,258,200	3,258,200	754,700	3,251,300	2
Transportation Planning	4,205,400	4,306,200	4,306,200	4,266,300	,	
Administrative Services	33,797,500	38,786,800	38,786,800			
Special Support Group	3,790,900	2,831,200	2,831,200		•	
Highways	107,589,900		112,554,100			
Aeronautics	1,572,700		1,519,800 29,377,500		,	
· Motor Vehicle Division	30,218,900 97,000		108,900		108,900	
Public Transit	181,703,300		192,742,700		191,575,400	
AGENCY TOTAL	101,100,00	<del></del>				
OPERATING BUDGET	40.004	60 252 200	62,118,400	63,025,800	61,808,700	
Personal Services	62,261,800		17,216,900		15,144,800	
Employee Related Expenditures	14,000,400	11,071,200				

DEPARTMENT: Department of Transportation JLBC ANALYST: Hull HOUSE SUBCOMMITTEE CHAIR: Agency Summary Groscost OSPB ANALYST: Boncoskev SENATE SUBCOMMITTEE CHAIR: Chesley FY 1993 FY 1994 FY 1994 FY 1994 FY 1992 **LEGISLATIVE ADJUSTED** DESCRIPTION **AGENCY** EXECUTIVE JLBC STAFF ACTUAL APPROPRIATIONS WORK REQUEST RECOMMENDATION RECOMMENDATION **SPACE** Professional/Outside Services 3,093,200 1,754,600 1,679,600 Travel - In State 2,781,600 1,679,600 1,175,100 1,664,400 Travel - Out of State 1,664,400 1,664,400 1,390,200 143,700 130,100 Other Operating Expenditures 130,100 130,100 136,600 23,341,700 23,911,500 23,733,100 Equipment 23,745,800 24,853,400 1,447,700 1,310,100 1,228,900 1,287,500 1,216,200 All Other Operating Subtotal 29,201,400 28,770,700 28,436,100 30,449,300 28,436,100 \_\_\_\_\_ OPERATING SUBTOTAL 105,531,600 103,194,800 107,771,400 108,562,200 105,389,600 SPECIAL LINE ITEMS Risk Management Premium 10,017,900 12,930,500 Education and Training 12,930,500 12,930,500 12,930,500 15,000 15,800 License Plates & Tabs 15,800 15,800 15,800 1,231,200 1,275,300 Medical Advisory Board 1,275,300 1,275,300 1,275,300 76,000 87,200 90,600 Drivers License/Title 90.300 87,200 690,300 2,200,000 Reimbursement to Hwy Fund 2,200,000 2,200,000 2,200,000 36,000 40,000 Highway Maintenance 40,000 40.000 40,000 62,413,100 67,765,700 67,765,700 Radio Communications 67,309,800 67,765,700 416,100 417,100 Other Transit Planning 417,100 417,100 417,100 14,800 16,800 16,800 Reorganization 14,200 16,800 0 2,784,600 Reg. Area Road Fund Rent 2,784,600 0 2,784,600 0 706,500 Special & Hazardous Waste 706,500 676,500 676,500 14,100 0 Mandatory Insurance Enforcement 0 1,128,800 1,219,100 Abandoned Vehicle Fund 1,219,100 0 1,219,100 74,900 45,800 45,800 Dealer Enforcement Fund 0 45,800 43,500 0 0

			HOUSE SUE SENATE SUE	COMMITTEE CHAIR:	Groscost Chesley
FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
0	50,000	0 -4,536,500	-976,200	-3,288,600	
76,171,700	89,554,400	84,971,300	83,993,300	86,185,800	
181,703,300	192,749,200	192,742,700	192,555,500		A
181,639,200 176,020,200 80,206,100	192,679,500 220,005,700 109,090,400	192,673,000 235,721,300 92,014,200	192,485,800	191,505,700 235,721,300 92,014,200	
	ACTUAL  0 0 181,703,300  64,100 181,639,200 176,020,200 80,206,100	OSPB ANALYST:  FY 1992 ACTUAL  O 50,000 O 0  76,171,700  89,554,400  181,703,300  192,749,200  64,100 181,639,200 176,020,200 176,020,200 80,206,100  OSPB ANALYST:  FY 1993 ADJUSTED APPROPRIATIONS  69,700 192,749,200 192,679,500 192,679,500 192,679,500 192,679,500 192,005,700 109,090,400	OSPB ANALYST: Boncoskey  FY 1992 ACTUAL APPROPRIATIONS  0 50,000 0 -4,536,500  76,171,700 89,554,400 84,971,300  181,703,300 192,749,200 192,742,700  64,100 69,700 69,700 181,639,200 192,679,500 192,673,000 176,020,200 220,005,700 235,721,300 80,206,100 109,090,400 92,014,200	SENATE SUE           OSPB ANALYST: Boncoskey         SENATE SUE           FY 1992 ADJUSTED ACTUAL APPROPRIATIONS         FY 1994 EXECUTIVE RECOMMENDATION           0         50,000 0 -4,536,500         0 -976,200           76,171,700 89,554,400 84,971,300 83,993,300         83,993,300           181,703,300 192,749,200 192,742,700 192,555,500         192,555,500           64,100 69,700 69,700 192,673,000 176,020,200 220,005,700 235,721,300 80,206,100 109,090,400 92,014,200         192,555,500	OSPB ANALYST: Boncoskey         SENATE SUBCOMMITTEE CHAIK:           FY 1992 ADJUSTED APPROPRIATIONS         FY 1994 EXECUTIVE RECOMMENDATION           0         50,000 0 -4,536,500         0 -976,200         -3,288,600           76,171,700         89,554,400         84,971,300         83,993,300         86,185,800           181,703,300         192,749,200         192,742,700         192,555,500         191,575,400           181,639,200         192,679,500         192,673,000         192,485,800         191,505,700           176,020,200         220,005,700         235,721,300

The JLBC Staff recommends a total appropriation of \$191,575,400 -- a net decrease of \$(1,173,800), or (0.6)%, from the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$69,700 -- a net increase of \$0, or 0%, to the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$191,505,700 -- a net decrease of \$(1,173,800), or (0.6)%, from the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

•	Annualization of FY 1993 Pay Adjustment	\$ 1,700 1,935,100	GF OF
•	Personal Services/ERE Adjustments Includes a vacancy factor of 2.8%. The Executive recommends a vacancy factor of 2.8%.	(475,400)	OF
	ERE Rate Changes	,	GF OF

•	Professional and Outside Services		
•	Non-Capitalized Equipment	(75,000)	OF
•	Capitalized Equipment	(33,700)	OF
•	Other Base Adjustments	(81,200)	OF
•	Project SLIM Reduction	(144,700)	OF
•	Regional Area Road Fund Rent	(283,800)	OF
		(30,000)	OF
_	Traffic Ticket Enforcement	(50,000)	OF
•	Lump Sum Reduction	(3,000)	GF
	In order to submit a no growth budget request for FY 1994, the department will absorb the costs of the annualization of the FY 1993 pay adjustment and ERE rate changes within its base. To accomplish this the JLBC Staff recommends reductions of \$(3,000) GF and	(3.285.600)	OF

#### Other Issues for Legislative Consideration

#### Project SLIM Changes

The department is currently implementing many of the July 1992 Project SLIM recommendations for the Motor Vehicle Division. These recommendations are in various stages of planning and execution, with a few having been completed. The department is working on estimates of savings for these changes, but has not yet issued its final savings calculations. Major changes are still in progress, including shifts involving reorganization and personnel positions. The department has requested a continuation budget for FY 1994 at the same level of funding as for FY 1993. To accomplish this, the department will absorb the annualization of the FY 1993 Pay Adjustment and ERE Rate Changes within its base. The department will continue to fund costs associated with implementing Project SLIM recommendations from its FY 1994 budget in anticipation of future savings.

The JLBC Staff recommends a decrease for FY 1994 of (97) FTE positions and \$(283,800) for ERE adjustments for the Motor Vehicle Division, which when added to the \$(3,116,600) lump sum decrease for the State Highway Fund in FY 1993 makes a total 2 year decrease of \$(3,400,400). The Executive recommendations which are to be completed by June 1994 at \$(7,329,000). This amount includes \$(3,467,400) in appropriated cost savings, \$(2,371,500) in Revolving Fund cost savings, and \$(1,490,100) in revenue enhancement.

#### Reorganization Related Changes

Table 1 shows how the department's FY 1993 appropriation was adjusted for the distribution of the \$(3,168,800) lump sum reduction to the FY 1993 appropriation.

Table 1: FY 1993 Appropriation Distribution of Lump Sum Reduction

	Original <u>Appropriation</u>	Allocation of Lump Sum Reduction	Revised Current Year Estimate \$ 3,258,200
Director's Staff Transportation Planning Administrative Services Special Support Group	\$ 3,258,200 4,306,200 37,671,100 3,946,900	3	4,306,200 37,671,100 3,946,900
Special Support Group Motor Vehicle Highways Aeronautics Public Transit Lump Sum Reduction Total	32,507,100 112,554,100 1,564,300 110,100 (3,168,800) \$192,749,200	\$(3,123,100) (44,500) (1,200) <u>3,168,800</u> \$ -0-	29,384,000 112,554,100 1,519,800 108,900 -0- \$192,749,200

Table 2 makes a further offsetting adjustment to the department's FY 1993 appropriation for the Administrative Services Division (ASD) and the Special Support Group (SSG). It shows the transfer of 30 FTE positions, their functions and funding, as well as the Education and Training special line item from SSG to ASD.

Table 2: FY 1993 Appropriation
Adjustment for Transfers from SSG to ASD

	Approved Amount	Adjustment	Adjusted Amount
Administrative Services Division FTE Positions Operating Budget Education and Training Other Special Line Items Total	325 \$24,034,100 -0- 13,637,000 \$37,671,100	30 \$1,099,900 15,800 -0- \$1,115,700	355 \$25,134,000 15,800 13,637,000 \$38,786,800
Special Support Group FTE Positions Operating Budget Education and Training Total	84 \$3,931,100 	(30) \$(1,099,900) <u>(15,800)</u> \$(1,115,700)	54 \$2,831,200 -0- \$2,831,200

CONTRACTOR OF THE PARTY.

## HIGHWAY USER REVENUE FUND ANALYSIS (In Thousands)

	FY 1992 Actual	FY 1993 Estimate	FY 1994 Request	FY 1994 Exec. Rec.	FY 1994 JLBC Rec.
Estimated Total Hurf Collections Less: Economic Strength Fund Department of Public Safety Transfer from HURF Mandatory Insurance  Net HURF Collections Less: Cities Counties	\$675,195 1,000 12,453 1,473 660,269 201,394 119,068	\$707,800 1,000 24,928 1,219 680,653 208,028 123,017	\$732,800 1,000 24,928 1,219 705,653 216,080	\$732,800 1,000 24,928 1,046 705,826 216,138	\$732,800 1,000 24,928 1,219 705,653 216,080
Controlled Access, 15% Funds	50,815	<u>52,358</u>	127,807 <u>54,251</u>	127,842 _ <u>54,264</u>	127,807 <u>54,251</u>
Net State Highway Fund (Discretionary) Plus: Interest Income (State Highway Fund) Less: Operating Budget  Department of Public Safety Transfer from Highway Fund Capital Outlay - ADOT Capital Outlay - DPS Debt Service Potential Risk Management Increase Health and Dental Transfer to HITF FY 1992 Refund (ADOT-1,521 DPS-983) FY 1993 Refund (ADOT-357 DPS-109) FY 1994 Above Base Budget	288,992 3,256 178,764 29,255 4,105 0 30,139	297,250 3,000 189,634 18,260 7,337 0 37,147	307,515 3,000 189,634 18,260 10,366 0 35,721	307,582 3,000 189,623 19,493 8,174 1,592 35,721 5,130 2,453 412 1,432	307,515 3,000 188,773 18,060 6,538 509 35,721 5,187 2,504 466 0
Net Highway Fund Available for Statewide Highway Construction (5-year Plan)	\$ 49,985	\$ 47,872	\$ 56,534	\$ 46,552	\$ 46,757

Note: Net Highway Fund available for Statewide Highway construction excludes Maricopa County and Pima County 15% Funds, Bond Funds, Federal Funds, Carryover Funds, and Miscellaneous Funds available for construction.

Reorganization Special Line Item

The JLBC Staff recommends that the Reorganization special line item continue to be funded in the amount of \$2,784,600 for FY 1994 under the Director's Staff to allow the department flexibility to implement its continuing reorganization pursuant to Project SLIM recommendations. The Executive recommends that the funding for the Reorganization special line item be moved to the "above the line" operating budget and distributed among various divisions.

Modified Lump Sum Appropriation

The JLBC Staff recommends that the department be appropriated funds for FY 1994 as a modified lump sum, as it was for FY 1993.

DEPARTMENT: Department of Transportation PROGRAM: Director's Staff	n	JLBC ANALYS OSPB ANALYS	T: Hull T: Boncoskey	HOUSE SU SENATE SU	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE
Full Time Equivalent Positions	6.0	6.0	6.0	6.0	6.0	
OPERATING BUDGET			<del></del>			
Personal Services	328,800	365,900	364,400	563,500	364:400	
Employee Related Expenditures	49,600	53,700	64,800	89,100		
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	5,700 11,000 15,800 20,100 0	0 19,500 9,600 24,900 0	0 19,500 9,600 24,900	0 13,600 13,600 34,900 40,000	0	
All Other Operating Subtotal	52,600	54,000	54,000	102,100		
OPERATING SUBTOTAL SPECIAL LINE ITEMS	431,000	473,600	483,200	754,700		
Reorganization Lump Sum Reduction	0	2,784,600 0	2,784,600 -9,600	0	2,784,600	
Special Item Subtotal	0	2,784,600	2,775,000	0		
PROGRAM TOTAL	431,000	3,258,200	3,258,200	754,700	3,251,300	
			<del></del> _			

DEPARTMENT: Department of Transportation		n	JLBC ANALYST: OSPB ANALYST:	Hull Boncoskey	HOUSE SUE SENATE SUE	COMMITTEE CHAIR: COMMITTEE CHAIR:	Groscost Chesley
PROGRAM:  DESCRIPTION	Director's Staff	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOUR	RCE					2.051.200	
Other Funds Federal Funds		431,000 174,373,000	3,258,200 216,930,700	3,258,200 231,956,300	754,700	3,251,300 231,956,300	3
	TAL - ALL SOURCES	174,804,000	220,188,900	235,214,500	754,700	235,207,600	

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$3,251,300 -- a net decrease of \$(6,900), or (0.2)%, from the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$ 5,200 OF (6,900) OF

Maintains a vacancy factor of 0%, which is the standard rate applied to programs with this number of FTE positions. The Executive Personal Services/ERE Adjustments recommends a vacancy factor of 0%.

20,200 OF

ERE Rate Changes

(25,400) OF

Lump Sum Reduction

The amount includes decreases of \$(5,200) for annualization of the FY 1993 pay adjustment and \$(20,200) for ERE rate changes which the department will absorb within its base.

#### Other Issues for Legislative Consideration

Reorganization Special Line Item

Provides continued funding to the department at the FY 1993 level for costs associated with multiple policy issues, while giving the department the flexibility to use the funds to pay for costs associated with implementing Project SLIM recommendations regarding reorganization. The JLBC Staff recommends continued funding of \$2,784,600 for FY 1994, since the department's implementation costs, completion schedule and estimated savings for Project SLIM recommendations in the Motor Vehicle Division are still subject to change.

DEPARTMENT: Department of Transportation PROGRAM: Transportation Planning		JLBC ANALYST OSPB ANALYST	Hull Boncoskey	HOUSE SUI SENATE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994. EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	99.0	99.0	99.0	99.0	99.0	STACE
OPERATING BUDGET						
Personal Services	2,905,300	2,974,300	3,049,100	3,028,800	3.029.200	
Employee Related Expenditures	608,500	636,800	769,000	682,600		
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	8,500 79,500 28,400 423,600 151,600	0 113,300 14,900 416,900 150,000	0 113,300 14,900 414,600 68,800	0 88,300 14,900 414,600 37,100		
All Other Operating Subtotal	691,600	695,100	611,600	554,900	¥	
OPERATING SUBTOTAL SPECIAL LINE ITEMS	4,205,400	4,306,200	4,429,700	4,266,300		
Lump Sum Reduction	0	0	-123,500	0	446.55	
Special Item Subtotal	0	0	-123,500	0		·
PROGRAM TOTAL	4,205,400	4,306,200	4,306,200	0 4,266,300		
				=======================================	4,170,300	

DEPARTMENT: Department of Transportation PROGRAM: Transportation Planning		JLBC ANALYST: OSPB ANALYST:		HOUSE SUE SENATE SUE	SCOMMITTEE CHAIR: SCOMMITTEE CHAIR:	Groscost Chesley
PROGRAM: Transportation Planning  DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE					¥.	
Other Funds Other Non-Appropriated Funds	4,205,400 469,900	4,306,200 2,720,600	4,306,200 1,000,000		4,196,300 1,000,000	
PROGRAM TOTAL - ALL SOURCES	4,675,300	7,026,800	5,306,200	4,266,300	5,196,300 ==	

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$4,196,300 -- a net decrease of \$(109,900), or (2.6)%, from the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

LBC	Staff Recommended Changes from 12 1995	\$ 84,500	OF	
•	Annualization of FY 1993 Pay Adjustment	(26,400)		
•	Personal Services/ERE Adjustments  Maintains a vacancy factor of 1.5%, which is the standard rate applied to programs with this number of FTE positions. The Executive recommends a vacancy factor of 1.5%.		Or	
	1000 minutes a variable, and a	62,300	OF	
•	ERE Rate Changes	(100)	OF	
•	Non-Capitalized Equipment  This amount reflects a reduction of \$(100) for replacement of non-capitalized equipment.	(81,200)	OF	
•	Capitalized Equipment  This amount reflects an \$(81,200) reduction from the FY 1993 appropriation of \$150,000, leaving \$68,800 for the purchase of personal computers, monitors, printers, and copier equipment.			
•	Other Base Adjustments This amount reflects a \$(2,200) reduction in copier lease/rental payments.	` ' '		

Lump Sum Reduction

(146,800) OF

This amount includes decreases of \$(84,500) for annualization of the FY 1993 pay adjustment and \$(62,300) for ERE rate changes which the department will absorb within its base.

DEPARTMENT: Department of Transportation		JLBC ANALYST: OSPB ANALYST:	Hull Boncoskey	HOUSE SUE SENATE SUE	COMMITTEE CHAIR:	Groscost Chesley
PROGRAM: Administrative Services	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DESCRIPTION			355.0	355.0	355.0	
Full Time Equivalent Positions	325.0	355.0				
OPERATING BUDGET				10.100.000	o o63 900	P
n 1 Cardon	8,722,100	9,723,000	9,992,200	10,198,000		
Personal Services  Employee Related Expenditures	1,878,300	2,180,700	2,675,900	2,390,600		
	a aca aaa	1,155,800	1,080,800	1,608,700	1,080,800	(4)
Professional/Outside Services	2,263,300 16,100	100	40,400	50,400	40,400 <u> </u>	
Travel - In State	16,600		16,200		11 680 400	
Travel - Out of State	10,644,800		11,680,400		266 400	
Other Operating Expenditures	238,400	244 100	266,400	187,700		
Equipment	10, 170, 200	13,230,300	13,084,200	14,170,400	13,084,200	
All Other Operating Subtotal	13,179,200	15,250,500		- C ##O 000	25 434 500	
OPERATING SUBTOTAL	23,779,600	25,134,000	25,752,300	26,759,000	23,434,300	
SPECIAL LINE ITEMS					12 020 500	
	10,017,900	12,930,500	12,930,500			
Risk Management Premium		15,800	15,800		676 500	
Education and Training		706,500	706,500		-507,000	
Reg. Area Road Fund Rent Lump Sum Reduction		0	-618,300	0		
	10,017,90	0 13,652,800	13,034,50	0 13,622,800		
Special Item Subtotal  PROGRAM TOTAL	33,797,50		38,786,80	40,381,800	38,550,300	

DEPARTMENT: Department of Transportation PROGRAM: Administrative Services		JLBC ANALYST OSPB ANALYST		HOUSE SU SENATE SU	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION BY FUND SOURCE	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Other Funds PROGRAM TOTAL - ALL SOURCES	33,797,500	38,786,800	38,786,800	40,381,800	38,550,300 38,550,300	

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$38,550,300 -- a net decrease of \$(236,500), or (0.6)%, from the FY 1993 appropriation.

JLB	C Staff Recommended Changes from FY 1993	iation.	
•	Annualization of FY 1993 Pay Adjustment		
•	Personal Services/ERE Adjustments  Maintains a vacancy factor of 3%, which is the standard rate applied to programs with this number of FTE positions. The Executive recommends a vacancy factor of 3%.	\$ 303,500 (60,400) (	
•	ERE Rate Changes		
•	Professional and Outside Services  This amount reflects a \$(75,000) reduction for completion of systems and programming to develop an automated procurement system in conjunction with the Department of Administration.	203,500 (75,000) (	
•	Non-Capitalized Equipment  This amount reflects an increase of \$800 for replacement of non-capitalized equipment.	800 C	)F
•	Other Base Adjustments  This amount reflects a reduction of \$(71,900) for the lease/rental of data processing equipment related to development of the automated procurement system.	(71,900) O	)F
•	Regional Area Road Fund Rent This amount reflects a decrease of \$(30,000) for Aeronautics Division rent.	(30,000) O	F

Lump Sum Reduction

This amount includes decreases of \$(303,500) for annualization of the FY 1993 pay adjustment and \$(203,500) for ERE rate changes which the agency will absorb within its base.

#### Other Issues for Legislative Consideration

Reorganization Related Changes

The Administrative Services Division's FY 1993 appropriation has been adjusted as shown in Table 2 of the Agency Summary. The division's appropriation was increased by 30 FTE positions, \$1,099,900 for its operating budget, and \$15,800 for the Education and Training special line item, all of which were transferred to the Administrative Services Division from the Special Support Group.

(507,000) OF

DEPARTMENT: Department of Transporta PROGRAM: Special Support Group	tion	JLBC ANALYST: OSPB ANALYST:		HOUSE SUI SENATE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK
Full Time Equivalent Positions	84.0	54.0	54.0	54.0	54.0	
OPERATING BUDGET						
Personal Services	2,762,500	2,012,500	2,053,300	2,137,300	2,053,300	ÿ
Employee Related Expenditures	543,100	409,600	490,100	440,400		
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	151,000 27,500 15,700 256,700 19,400	185,400 23,200 14,700 170,700 15,100	185,400 23,200 14,700 168,800 15,100	230,400 23,200 14,700 168,800 2,400	185,400 23,200 14,700 181,500	
All Other Operating Subtotal	470,300	409,100	407,200	439,500	,	
OPERATING SUBTOTAL SPECIAL LINE ITEMS	3,775,900	2,831,200	2,950,600	3,017,200		
Education and Training Lump Sum Reduction	15,000 0	0 0	0 -119,400	0	94,700	
Special Item Subtotal	15,000	0	-119,400	0		
PROGRAM TOTAL =	3,790,900	2,831,200	2,831,200	3,017,200		

DEPARTMENT: Department of Transportation PROGRAM: Special Support Group	ion	JLBC ANALYST: OSPB ANALYST:		HOUSE SUE SENATE SUE	COMMITTEE CHAIR:	Groscost Chesley
PROGRAM: Special Support Group  DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE Other Funds Other Non-Appropriated Funds	3,790,900 10,445,400	2,831,200 10,232,500	2,831,200 10,272,800	3,017,200	2,827,200 10,272,800	
PROGRAM TOTAL - ALL SOURCES	14,236,300	13,063,700	13,104,000	3,017,200	13,100,000	

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$2,827,200 -- a net decrease of \$(4,000), or (0.1)%, from the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

•	Annualization of FY 1993 Pay Adjustment	(2.100)	
•	Personal Services/ERE Adjustments  Maintains a vacancy factor of 1.5%, which is the standard rate applied to programs with this number of FTE positions. The Executive recommends a vacancy factor of 1.5%.	(2,100)	Ur
		48,100	OF
•	ERE Rate Changes	(1,900)	OF
•	Non-Capitalized Equipment  This amount reflects a decrease of \$(1,900) for replacement of non-capitalized equipment.	, , ,	
	Other Base Adjustments  Other Base Adjustments  Other Base Adjustments	-0-	OF
•	Other Base Adjustments  This amount reflects a decrease of \$(12,700) in capitalized equipment and an offsetting increase of \$12,700 in Other Operating Expenditures to buy replacement volumes, pocket parts, supplements, and revisions for the Law Library.		460
		(94,700)	OF
•	Lump Sum Reduction This amount includes deceases of \$(46,600) for annualization of the FY 1993 pay adjustment and \$(48,100) for ERE rate changes which the department will absorb within its base.		

\$46,600 OF

#### Other Items for Legislative Consideration

Reorganization Related Changes

The Special Support Group's FY 1993 appropriation has been adjusted as shown in Table 2 of the Agency Summary. The program's appropriation was decreased by (30) FTE positions, \$(1,099,900) for its operating budget, and \$(15,800) for the Education and Training special line item, all of which were transferred from the Special Support Group to the Administrative Services Division.

DEPARTMENT: Department of Transportation PROGRAM: Motor Vehicle Division		JLBC ANALYST: OSPB ANALYST:		HOUSE SUE SENATE SUE	SCOMMITTEE CHAIR: SCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	872.0	872.0	872.0	773.0		
OPERATING BUDGET						20
Personal Services	17,498,300	15,649,800	16,278,500	16,806,200	16,098,600	<del>-</del>
Employee Related Expenditures	4,590,100	4,062,700	5,087,900	4,663,600	4,452,900	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	483,600 219,900 18,900 4,033,900 115,400	327,300 10,000 4,058,500	348,300 327,300 10,000 4,025,900 50,000	687,400 277,300 10,000 4,497,700 119,200	327,300 10,000 4,025,900	
All Other Operating Subtotal	4,871,700	4,794,100	4,761,500	5,591,600	4,761,500	
OPERATING SUBTOTAL	26,960,100	24,506,600	26,127,900	27,061,400	25,313,000	
SPECIAL LINE ITEMS						
License Plates & Tabs Medical Advisory Board Drivers License/Title Special & Hazardous Waste Mandatory Insurance Enforcement Abandoned Vehicle Fund	1,231,200 76,000 690,300 14,100 1,128,800 74,900	87,200 2,200,000 0 1,219,100	1,275,300 90,600 2,200,000 0 1,219,100 45,800	90,300 2,200,000 0 0	87,200 2,200,000 0 1,219,100	

PROGRAM: Motor Vehicle Division	tion	JLBC ANALYST: OSPB ANALYST:		HOUSE SUI SENATE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Dealer Enforcement Fund Traffic Ticket Enforcement Lump Sum Reduction	43,500 0 0	50,000 0	0 0 -1,581,200	0 0 -911,500	0 0 -1,324,700	
Special Item Subtotal	3,258,800	4,877,400	3,249,600	2,654,100	3,502,700	
PROGRAM TOTAL	30,218,900	29,384,000	29,377,500	29,715,500	28,815,700	
BY FUND SOURCE						
Other Funds Other Non-Appropriated Funds	30,218,900 10,838,900	29,384,000 10,578,400	29,377,500 10,981,400	29,715,500	28,815,700 10,981,400	
PROGRAM TOTAL - ALL SOURCES	41,057,800	39,962,400	40,358,900	29,715,500	39,797,100	

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$28,815,700 -- a net decrease of \$(568,300), or (1.9)%, from the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

•	Annualization of FY 1993 Pay Adjustment	\$ 638,800 OF
•	Personal Services/ERE Adjustments  Maintains a vacancy factor of 3%, which is the standard rate applied to programs with this number of FTE positions. The Executive recommends a vacancy factor of 3%.	
•	ERE Rate Changes	685,900 OF

• Other Base Adjustments

This amount reflects a \$(32,600) reduction in lease/rental payments for computer and microfilm equipment.

(32,600) OF

Project SLIM Reduction

The department expects to eliminate (97) appropriated FTE positions by the end of FY 1993 due to implementing Project SLIM recommendations. The FY 1993 appropriation from the State Highway Fund was reduced by \$(3,116,600) in anticipation of estimated Project SLIM savings; however, estimates of implementation costs range from \$1,900,000 to \$2,600,000. The JLBC Staff recommends a decrease for FY 1994 of (97) FTE positions and \$(283,800) for ERE adjustments. The Executive recommends a decrease of (97) FTE positions and \$(350,800), making a 2 year estimated Project SLIM appropriated savings of \$(3,467,400).

-0- OF

(283,800) OF

Mandatory Insurance Enforcement

This amount includes an increase of \$21,400 for annualization of the FY 1993 pay adjustment, a decrease of \$(1,900) for ERE rate changes, and an offsetting lump sum decrease of \$(19,500).

-0- OF

Medical Advisory Board

This amount includes an increase of \$1,700 for annualization of the FY 1993 pay adjustment, a decrease of \$(1,200) for ERE rate changes, and an offsetting lump sum decrease of \$(500).

(50,000) OF

Traffic Ticket Enforcement

This amount reflects a \$(50,000) reduction in Traffic Ticket Enforcement which reduces this special line item to zero. The \$50,000 was a one-time appropriation for FY 1993, by Chapter 271 (H.B. 2351), for the Motor Vehicle Division to assist courts and political subdivisions to collect delinquent sanctions, fines and penalties imposed for civil and criminal traffic violations.

(1,324,700) OF

**Lump Sum Reduction** 

This amount includes decreases of \$(638,800) for annualization of the FY 1993 pay adjustment and \$(685,900) for ERE rate changes which the department will absorb within its base.

#### Other Issues for Legislative Consideration

Drivers License/Title

This special line item was originally approved as a four-phase program to integrate the drivers license and title and registration automated systems. It was appropriated \$2,200,000 for each of the 4 fiscal years FY 1990 through FY 1993. Over this period, 2 automation projects, Drivers License/Title and the Tax and Revenue Group Automated Tracking System (TARGATS), have been combined and enhanced under the motor vehicle division's enterprise project. TARGATS was approved as a three-phase program, and was appropriated \$500,000 for both FY 1992 and FY 1993 within the Motor Vehicle Division's operating budget. The JLBC Staff recommends that \$500,000 be appropriated for FY 1994 for the third year.

Current projections indicate that in order to complete the expanded scope of the enterprise project, the motor vehicle division will need funding of \$2,700,000 for FY 1994 and additional funding in future fiscal years. The JLBC Staff recommends continued funding of \$2,200,000 for the Drivers License/Title special line item for FY 1994. The Executive recommends a decrease of \$(409,000) for the enterprise project.

Abandoned Vehicle Fund Special Line Item

The JLBC Staff recommends that the Abandoned Vehicle Fund special line item continue to be funded in the amount of \$45,800. The Executive recommends that the funding for the Abandoned Vehicle Fund special line item be moved to the "above the line" operating budget.

Mandatory Insurance Enforcement Special Line Item

The JLBC Staff recommends that the Mandatory Insurance Enforcement special line item continue to be funded in the amount of \$1,219,100. The Executive recommends that the funding for the Mandatory Insurance Enforcement special line item be moved to the "above the line" operating budget, and reduced to \$1,046,200. The Executive also recommends reducing the number of FTE positions by (2), from 25 to 23.

DEPARTMENT: Department of Transportation PROGRAM: Highways		JLBC ANALYST: OSPB ANALYST:	Hull Boncoskey	HOUSE SUE SENATE SUE	SCOMMITTEE CHAIR: SCOMMITTEE CHAIR:	Groscost Chesley
PROGRAM: Highways  DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	1,878.0	1,894.0	1,894.0	1,894.0	1,894.0	-
OPERATING BUDGET			ao 512 700	29,431,400	29.439.300	
Personal Services	29,290,600	28,779,100	29,512,700	29,431,400		
Employee Related Expenditures	6,214,100	6,516,500	7,871,000	6,606,100		
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	22,900 791,300 39,600 7,618,400 783,800	49,500 7,081,200	6,500 1,109,900 49,500 7,010,700 828,600	196,500 906,600 49,500 7,024,700 901,100	7,010,700	
All Other Operating Subtotal	9,256,000	9,075,700	9,005,200	9,078,400		
OPERATING SUBTOTAL	44,760,700	44,371,300	46,388,900	45,115,900	45,290,700	
SPECIAL LINE ITEMS  Highway Maintenance Radio Communications Lump Sum Reduction	62,413,100 416,100	417,100	67,765,700 417,100 -2,017,600	417,100	417,100 <u>—</u> -1,149,900 <u>—</u>	,
Special Item Subtotal	62,829,200	68,182,800	66,165,200	67,675,400	,	
PROGRAM TOTAL	107,589,900	112,554,100	112,554,100	112,791,300		

DEPARTMENT: Department of Transportati PROGRAM: Highways	on	JLBC ANALYST OSPB ANALYST		HOUSE SU SENATE SU	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION  BY FUND SOURCE	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Other Funds Other Non-Appropriated Funds	107,589,900 58,451,900	112,554,100 85,558,900	112,554,100 69,760,000	112,791,300	112,323,600 69,760,000	3
PROGRAM TOTAL - ALL SOURCES =	166,041,800	198,113,000	182,314,100	112,791,300	182,083,600	

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$112,323,600 -- a net decrease of \$(230,500), or (0.2)%, from the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

• Personal Services/ERE Adjustments

Maintains a vacancy factor of 3%, which is the standard rate applied to programs with this number of FTE positions. The Executive

\$827,400 OF

(160,000) OF

- ERE Rate Changes
- Non-Capitalized Equipment
   This amount reflects a decrease of \$(32,500) for replacement of non-capitalized equipment.

• Other Base Adjustments

This amount includes reductions of \$(28,600) for the lease/rental of data processing equipment and \$(9,400) for lease/rental of a copier.

Highway Maintenance

The Highway Maintenance function is funded in a special line item. This recommended adjustment reflects an increase of \$791,400 for annualization of the FY 1993 pay adjustment, a decrease of \$(315,100) for ERE rate changes due to the use of an agency-wide workers' compensation rate factor, and an offsetting lump sum decrease of \$(476,300). Since the Highways Division traditionally has had a higher workers' compensation rate than other ADOT divisions, the use of an agencywide rate has reduced ERE expenses. No vacancy factor was applied since Personal Services and FTE positions are calculated based on actual workload.

322,500 OF

(32,500) OF

(38,000) OF

-0- OF

The JLBC Staff recommends a total Other Fund appropriation of \$67,765,700 -- a net increase of \$0, or 0%, to the FY 1993 appropriation. The FY 1994 amount includes an operating budget of \$27,196,800 for 927 FTE positions, plus \$1,558,200 for central maintenance, \$9,474,800 for contract maintenance, \$13,545,400 for materials, and \$15,990,500 for equipment rentals.

The JLBC Staff further recommends that this appropriation be exempt from the provisions of A.R.S. § 35-190 relating to lapsing of appropriations. This will allow Highway Maintenance to spend its funds more effectively, by reserving funds for possible flood damage repairs or snow removal needs.

Selected Service measurements show the following changes from FY 1992 to FY 1994:

12' Lane Miles of Roadway Landscape Acres Contracts	Actual <u>FY 1992</u> 24,287 3,792 83	Estimated <u>FY 1993</u> 24,450 4,100 102	Estimated <u>FY 1994</u> 24,600 4,400 112
---	---	---	---

Lump Sum Reduction

This amount includes decreases of \$(827,400) for annualization of the FY 1993 pay adjustment and \$(322,500) for ERE rate changes which the department will absorb within its base.

(1,149,900) OF

DEPARTMENT: Department of Transportatio PROGRAM: Aeronautics	n	JLBC ANALYST: OSPB ANALYST:		HOUSE SUI SENATE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions ==	33.0	33.0	33.0	33.0	33.0	
OPERATING BUDGET			<del></del>	<del>=====================================</del>		
Personal Services	689,800	777,000	795,200	787,000	787,100	<b>♦</b> ±
Employee Related Expenditures	168,300	194,200	236,300	196,400		
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	158,200 29,800 8,700 342,800 139,100	58,600 29,900 14,400 405,700 0	58,600 29,900 14,400 405,700	58,600 29,900 14,400 405,700	58,600 29,900 14,400	
All Other Operating Subtotal	678,600	508,600	508,600	508,600		
OPERATING SUBTOTAL SPECIAL LINE ITEMS	1,536,700	1,479,800	1,540,100	1,492,000		
Reimbursement to Hwy Fund Lump Sum Reduction	36,000 0	40,000 0	40,000 -60,300	40,000 -12,200	40,000	
Special Item Subtotal	36,000	40,000	-20,300	27,800		
PROGRAM TOTAL	1,572,700	1,519,800	1,519,800	1,519,800		

FY 1994 JLBC STAFF	LEGISLATIVE
JLBC STAFF ION RECOMMENDATION	WORK SPACE
00 1,502,100 3,765,000	
5,267,100	
)	1,502,100

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$1,502,100 -- a net decrease of \$(17,700), or (1.2)%, from the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$ 28,200 OF (17,700) OF

- Maintains a vacancy factor of 1%, which is the standard rate applied to programs with this number of FTE positions. The Executive Personal Services/ERE Adjustments recommends a vacancy factor of 1%.
- ERE Rate Changes

8,600 OF (36,800) OF

This amount includes decreases of \$(28,200) for annualization of the FY 1993 pay adjustment and \$(8,600) for ERE rate changes which Lump Sum Reduction

the department will absorb within its base.

DEPARTMENT: Department of Transportation PROGRAM: Public Transit		JLBC ANALYST: OSPB ANALYST:		HOUSE SUI SENATE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Groscost Chesley
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	3.0	3.0	3.0	3.0	3.0	
OPERATING BUDGET						
Personal Services	64,400	70,600	73,000	73,600	72.900	
Employee Related Expenditures	16,400	17,700	21,900	18,300		
Travel - In State Travel - Out of State Other Operating Expenditures	0 0 1,400	900 800 2,100	900 800 2,100	900 800 2,100	900	
All Other Operating Subtotal	1,400	3,800	3,800	3,800		
OPERATING SUBTOTAL	82,200	92,100	98,700	95,700		
SPECIAL LINE ITEMS				,	73,400	
Other Transit Planning Lump Sum Reduction	14,800 0	16,800 0	16,800 -6,600	14,200 -1,000	16,800	×
Special Item Subtotal	14,800	16,800	10,200	13,200		
PROGRAM TOTAL	97,000	108,900	108,900	108,900		
<del></del>			<del></del>	= = =	108,900	

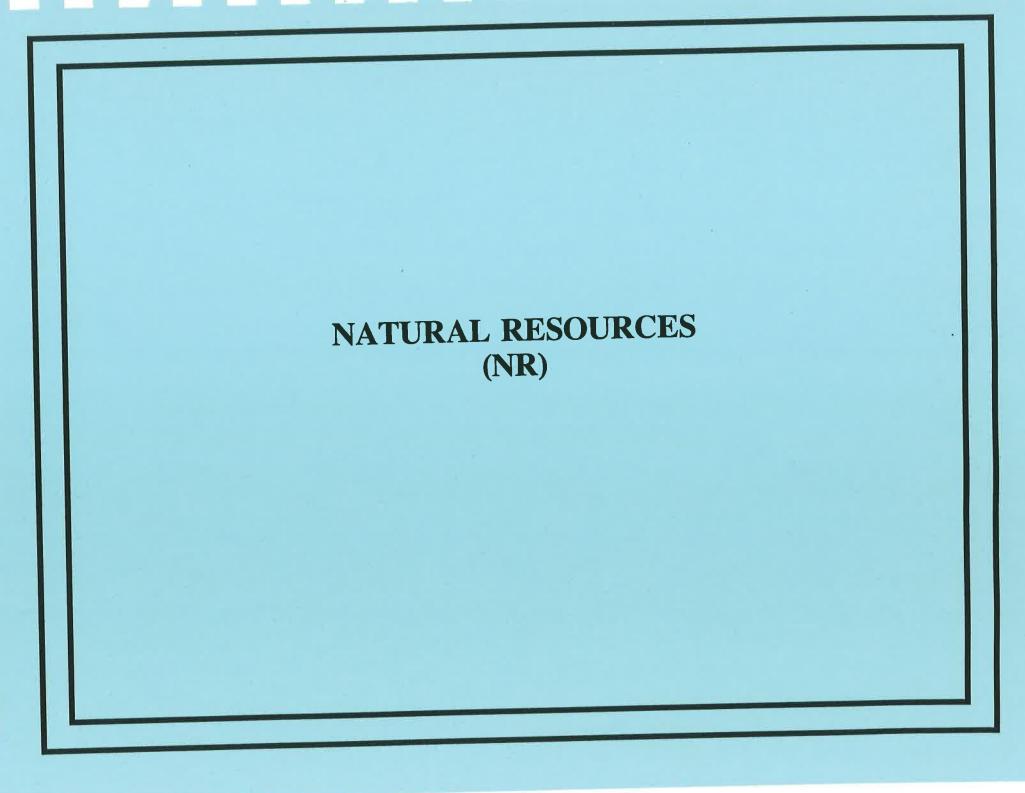
DEPARTMENT: Department of Transportation PROGRAM: Public Transit	on	JLBC ANALYST	Hull Boncoskey	HOUSE SUE SENATE SUE	SCOMMITTEE CHAIR: SCOMMITTEE CHAIR:	Groscost Chesley
PROGRAM: Public Transit  DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE			42 <b>5</b> 00	69,700	69,700	
General Fund Other Funds	64,100 32,900	69,700 39,200	69,700 39,200	39,200	39,200	(4)
PROGRAM TOTAL - ALL SOURCES	97,000	108,900	108,900	108,900	108,900	

The JLBC Staff recommends a total appropriation of \$108,900 -- a net increase of \$0, or 0%, to the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$69,700 -- a net increase of \$0, or 0% to the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$39,200 -- a net increase of \$0, or 0%, to the FY 1993 appropriation.

#### ILBC Staff Recommended Changes from FY 1993

JLBC	Staff Recommended Changes from FY 1993	\$ 1,700	GE
•	Annualization of FY 1993 Pay Adjustment	900	
•	Personal Services/ERE Adjustments  Maintains a vacancy factor of 0%, which is the standard rate applied to programs with this number of FTE positions. The Executive recommends a vacancy factor of 0%.		GF OF
•	ERE Rate Changes	1,300 (600)	OF
•	Lump Sum Reduction	(3,000) (300)	

This amount includes decreases of \$(3,000) GF and \$(300) OF for annualization of the FY 1993 pay adjustment and ERE rate changes which the department will absorb within its base.



DEPARTMENT: Commission On The Ar	JLBC ANALYST: Bock OSPB ANALYST: Roan		HOUSE SUBCOMMITTEE CHAIR: Edens SENATE SUBCOMMITTEE CHAIR: Huppenthal			
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
	3.0	3.0	3.0	3.0	0.0	
Full Time Equivalent Positions		=				<del></del> ;
OPERATING BUDGET Personal Services	60,300	70,600	73,500	72,900	0	
Employee Related Expenditures	15,400	17,100	19,800	17,400	-	
Professional/Outside Services Travel - In State Other Operating Expenditures Equipment	3,100 100 15,500 5,600	700 600 17,800 0	700 600 20,700 7,000	700 600 17,800 0		
All Other Operating Subtotal	24,300	19,100	29,000	19,100	0	
AGENCY TOTAL	100,000	106,800	122,300	109,400	=	
BY FUND SOURCE  General Fund	100,000 26,000	106,800 38,500	122,300 44,500	109,400	44,500	
Other Non-Appropriated Funds  AGENCY TOTAL - ALL SOURCES	126,000	145,300	166,800	109,400	44,500	-
				4		

DEPARTMENT:

Commission on the Arizona Environment

The JLBC Staff recommends a total General Fund (GF) appropriation of \$0 -- a net decrease of \$(106,800), or (100)%, from the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Elimination of Commission Staff

The JLBC Staff recommends eliminating the Commission's staff of 3 FTE positions and the related operating funding. This recommendation requires amending A.R.S. § 49-123, relating to the Executive Director. The Commission itself would be retained, and its operations would be funded from private donations and other non-appropriated fund sources.

In its January 1990 report, the Auditor General recommended terminating this agency (unless its role were to be significantly revised). The workshops, cited by the Auditor General as the Commission's primary beneficial contribution, could be continued using volunteer effort and funding from the existing Revolving Fund. The Commission currently utilizes significant volunteer labor and donated operating support, which would continue under direct commissioner coordination. The Department of Administration budget includes \$10,000 for reduction-inforce costs associated with this and other recommendations.

#### Other Issues for Legislative Consideration

Alternative Recommendation

If the agency were not eliminated, the JLBC Staff would recommend an appropriation of \$112,900. This amount includes \$2,300 in Personal Services and \$300 in ERE to annualize the FY 1993 Pay Adjustment; and \$7,000 to replace the commission's 18 year old photocopier, which is partly offset by reductions and ERE Rate Changes.

\$ -0- GF

DEPARTMENT: Arizona Game and Fish Department Agency Summary		JLBC ANALYST: OSPB ANALYST:	Headley Betlach	HOUSE SUE SENATE SUE	SCOMMITTEE CHAIR: SCOMMITTEE CHAIR:	Edens Huppenthal
	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DESCRIPTION  Full Time Equivalent Positions	271.5	271.5	273.5	273.5	271.5	
-						
BY PROGRAM/ORGANIZATION  Admin & Field Services	14,084,600	14,664,600	15,666,400	14,904,300	15,033,500	<del></del>
Watercraft	1,447,900	1,376,400	1,406,100	1,363,500		
Nongame Wildlife	206,100	259,300	269,300	245,300		
AGENCY TOTAL	15,738,600	16,300,300	17,341,800	16,513,100		
OPERATING BUDGET						
Personal Services	6,754,800	6,890,300	7,274,800			* **
Employee Related Expenditures	2,086,300	2,285,900	2,710,700			
Professional/Outside Services Travel - In State	238,600 259,800	267,500	317,600 267,500	267,500	267,500	
Travel - In State  Travel - Out of State  Other Operating Expenditures	26,000 3,314,800	3,478,400	25,500 3,518,400 720,000	3,439,100	3,478,400	
Equipment	859,000		4,849,000		4,726,000	
All Other Operating Subtotal	4,698,200 13,539,300		14,834,500		14,141,300	
OPERATING SUBTOTAL	13,339,300	15,750,000				

DEPARTMENT: Arizona Game and Fish Department Agency Summary		JLBC ANALYST: OSPB ANALYST:		HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:		Edens Huppenthal
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
SPECIAL LINE ITEMS						
Cooperative Research Projects Pittman-Robertson Dingell-Johnson Cost Transfer to G & F Fund - Watercraft Cost Transfer to G & F Fund - Nongame Pittman-Rob/Dingell-Johnson Reg. Offices Lease-Purchase Waterfowl Conservation  Special Item Subtotal	0 910,000 690,000 359,500 0 236,500 3,300 2,199,300	30,000 918,000 767,100 359,000 10,000 0 237,000 43,400	40,000 0 320,700 10,000 1,835,900 257,300 43,400 2,507,300	40,000 0 0 321,500 10,000 1,835,900 257,300 43,400	0 0 320,700 10,000 1,835,900 257,300 43,400	
AGENCY TOTAL	15,738,600	16,300,300	17,341,800	2,508,100 16,513,100		
BY FUND SOURCE						
Other Funds Federal Funds Other Non-Appropriated Funds AGENCY TOTAL - ALL SOURCES	15,738,600 11,213,100 3,602,700 30,554,400	16,300,300 13,590,400 11,300,600 41,191,300	17,341,800 12,929,800 9,436,400 39,708,000	16,513,100	16,648,600 12,929,800 9,436,400 39,014,800	

DEPARTMENT:

Arizona Game and Fish Department

Agency Summary

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$16,648,600 -- a net increase of \$348,300, or 2.1%, to the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

LDC		\$245,400 OF
	Annualization of FY 1993 Pay Adjustment	(11,000) OF
•	Personal Services/ERE Adjustments	4,700 OF
•	ERE Rate Changes	(33,600) OF
•	n I Fasiament	160,800 OF
•	Replacement Equipment Cooperative Research Projects and Pittman-Robertson/Dingell-Johnson	20,300 OF
	Regional Offices Lease-Purchase	(38,300) OF
•	Cost Transfer to Game and Fish Fund	

DEPARTMENT: Arizona Game and Fish Department PROGRAM: Admin & Field Services		JLBC ANALYST: Headley OSPB ANALYST: Betlach		HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:		Edens Huppenthal	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE	
Full Time Equivalent Positions	241.5	241.5	241.5	241.5	241.5	JI ACE	
OPERATING BUDGET							
Personal Services	6,216,500	6,324,600	6,656,300	6,437,400	6.501.400		
Employee Related Expenditures	1,900,200	2,126,900	2,514,000	2,114,800			
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	165,500 239,100 20,600 2,967,800 735,100	160,000 240,200 18,000 3,058,300 741,100	243,000 240,200 18,000 3,098,300 720,000	160,000 240,200 18,000 3,057,300 700,000	160,000		
All Other Operating Subtotal	4,128,100	4,217,600	4,319,500	4,175,500			
OPERATING SUBTOTAL	12,244,800	12,669,100	13,489,800	12,727,700			
SPECIAL LINE ITEMS						1	
Cooperative Research Projects Pittman-Robertson Dingell-Johnson Pittman-Rob/Dingell-Johnson Reg. Offices Lease-Purchase Waterfowl Conservation  Special Item Subtotal  PROGRAM TOTAL	910,000 690,000 0 236,500 3,300 1,839,800	30,000 918,000 767,100 0 237,000 43,400 1,995,500	40,000 0 0 1,835,900 257,300 43,400 2,176,600	40,000 0 0 1,835,900 257,300 43,400 2,176,600	1,835,900 257,300 43,400		
FROGRAM TOTAL	14,084,600	14,664,600	15,666,400	14,904,300	15,033,500		

DEPARTMENT: Arizona Game and Fish PROGRAM: Admin & Field Services	Department	JLBC ANALYST OSPB ANALYST	: Headley : Betlach	HOUSE SUE SENATE SUE	COMMITTEE CHAIR:	Edens Huppenthal
PROGRAM: Admin & Field Services  DESCRIPTION	FY 1992	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE	141				15,033,500	
Other Funds Federal Funds Other Non-Appropriated Funds	14,084,600 11,213,100 3,602,700	14,664,600 13,590,400 11,300,600	15,666,400 12,929,800 9,436,400		12,929,800 9,436,400	
PROGRAM TOTAL - ALL SOURCES	28,900,400	39,555,600	38,032,600	14,904,300	<u>37,399,700</u>	

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$15,033,500 -- a net increase of \$368,900, or 2.5%, to the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

LBC S	Staff Recommended Changes from F1 1990	\$ 219,800	OF	
•	Annualization of FY 1993 Pay Adjustment	(5,600)	OF	
•	Personal Services/ERE Adjustments  Maintains a vacancy factor of 2%, which is the standard rate applied to programs with this number of FTE positions. The Executive also recommends a vacancy factor of 2%.			
		(5,300)	OF	
•	ERE Rate Changes The JLBC Staff ERE Rate Change includes an additional \$39,100 OF for higher uniform costs for 137 employees who are required to wear uniforms. The Executive has recommended an increase of \$25,900 OF for uniform allowances.			
		(21,100)	OF	
•	Replacement Equipment  Represents an agency adjustment based on replacement equipment requirements for FY 1994. The Executive has recommended a reduction of \$(41,100) OF for replacement equipment.			
	01 \$(41,100) 01 101 1-1-1-1			

Cooperative Research Projects and Pittman-Robertson/Dingell-Johnson

160,800 OF

The JLBC Staff recommendation fully funds the estimated need for state matching funds in FY 1994 for federally-supported wildlife and fisheries project. In previous years the Pittman-Robertson and Dingell-Johnson special line items were displayed separately, but a footnote in the General Appropriation Act has historically allowed for the funds to be transferred between the line items as needed. In light of this provision, the JLBC Staff recommends these line items be combined. Cooperative Research Projects would remain as a separate special line item. The Executive has also recommended this change and the same dollar amounts.

Regional Offices Lease-Purchase

20,300 OF

Provides full funding for the department's lease-purchase payments on the 3 new regional offices. The Executive has also recommended this amount.

### Other Issues for Legislative Consideration

Reductions from Early Retirements (SLIM Recommendation)

The Executive has recommended a reduction of \$(85,700) OF associated with the early retirement of Game and Fish employees who participated in the Public Safety Personnel Retirement System. Through an Executive Order, Game and Fish employees were allowed to participate in this early retirement program, even though the original focus of the early retirement incentives were employees in the Department of Public Safety (DPS). This early retirement program was a Project SLIM recommendation for DPS alone and did not address Game and Fish employees. The SLIM study of DPS recommended that positions vacated by employees who opted for early retirement be eliminated.

The Executive has portrayed this Game and Fish reduction as a "SLIM Recommendation," when it does not appear that Project SLIM has performed any formal evaluation of the Game and Fish department. If this Executive recommendation is similar to the SLIM recommendation for DPS, then the JLBC Staff retirement. Since the positions may still be filled by existing employees through promotion, or new staff, the JLBC Staff does not believe significant savings will accrue and does not support this Executive recommendation.

DEPARTMENT: Arizona Game and Fish Department	rtment	JLBC ANALYST: OSPB ANALYST:	Headley Betlach	HOUSE SUE SENATE SUE	COMMITTEE CHAIR: COMMITTEE CHAIR:	Edens Huppenthal
PROGRAM: Watercraft	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DESCRIPTION		26.0	28.0	28.0	26.0	
Full Time Equivalent Positions	26.0					
	(e					
OPERATING BUDGET			£10,000	505,700	477,000	
Personal Services	445,000	462,300	510,800	,	14	
	161,300	134,200	166,200	147,900	143,800	
Employee Related Expenditures	,	44,600	44,600	44,600	44,600	
Professional/Outside Services	43,500 16,200	10.000	19,900	19,900	19,900	
Travel - In State	2,500	1 500	4,500	4,500	339 400	¥
Travel - Out of State	297,000		339,400	•	0	
Other Operating Expenditures	122,900		0	U		
Equipment	482,100	100,000	408,400	388,400	408,400	
All Other Operating Subtotal			1,085,400	1,042,000	1,029,200	
OPERATING SUBTOTAL	1,088,400	1,017,400	1,085,400	<b>1,0</b> 1-,1		
SPECIAL LINE ITEMS					220 700	
Cost Transfer to G & F fund	359,500	359,000	320,700	321,500	320,700	
Cost Transfer to G & F fund	·	- #0 000	320,700	321,500	320,700	
Special Item Subtotal	359,500		·		1.349.900	
PROGRAM TOTAL	1,447,900	1,376,400	1,406,100 	1,363,500	=======================================	
=						

DEPARTMENT: Arizona Game and Fish D PROGRAM: Watercraft	epartment	JLBC ANALYS OSPB ANALYS		HOUSE SU SENATE SU	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION  BY FUND SOURCE	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Other Funds PROGRAM TOTAL - ALL SOURCES	1,447,900 1,447,900	1,376,400	1,406,100	1,363,500	1,349,900	
The H DC Street	1,147,500	1,376,400	1,406,100	1,363,500	1,349,900	

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$1,349,900 -- a net decrease of \$(26,500), or (1.9)%, from the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

•	Annualization of FY 1993 Pay Adjustment		
•	Personal Services/ERE Adjustments  Maintains a vacancy factor of 1%, which is the standard rate applied to programs with this number of FTE positions. The Executive also recommends a vacancy factor of 1%.	\$ 22,200 (5,400)	OF OF
•	ERE Rate Changes		
•	Replacement Equipment  Eliminates funding for one-time equipment purchases in FY 1993.	7,500 (12,500)	OF OF
•	Cost Transfer to Game and Fish Fund Reflects a lower indirect cost rate as estimated by the department for administrative services provided to the Watercraft Division by staff in the Administrative and Field Services Division.	(38,300)	OF

### Other Issues for Legislative Consideration

Shift from Non-Appropriated to Appropriated Funds
The Executive has recommended shifting \$37,500 and 2 FTE positions from federal Coast Guard funding to the appropriated Watercraft Fund. These positions
were created by the agency and funded with federal dollars with some apparent agreement with the federal government that the department would seek an
appropriation for the positions at some later date. The JLBC Staff's view is that the department should have requested the positions when a need was realized,
instead of informally committing the state to a future obligation. The JLBC Staff does not recommend the funding shift and instead suggests that the department
seek continued federal support for the positions.

DEPARTMENT: Arizona Game and Fish I PROGRAM: Nongame Wildlife	Department	JLBC ANALYST: OSPB ANALYST:	Headley Betlach	HOUSE SUI SENATE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Edens Huppenthal
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	4.0	4.0	4.0	4.0	4.0	
OPERATING BUDGET						
Personal Services	93,300	103,400	107,700	106,700	106 400	
Employee Related Expenditures	24,800	24,800	30,500	25,800		-
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	29,600 4,500 2,900 50,000 1,000	30,000 7,400 3,000 80,700 0	30,000 7,400 3,000 80,700 0	30,000 7,400 3,000 62,400	30,000 7,400	
All Other Operating Subtotal	88,000	121,100	121,100	102,800		
OPERATING SUBTOTAL	206,100	249,300	259,300	235,300		<u> </u>
SPECIAL LINE ITEMS						-
Cost Transfer to G & F Fund	0	10,000	10,000	10,000	10.000	
Special Item Subtotal	0	10,000	10,000	10,000		
PROGRAM TOTAL	206,100	259,300	269,300	245,300		
				=		

DEPARTMENT: Arizona Game and Fish De	partment	JLBC ANALYST: OSPB ANALYST:	Headley Betlach	HOUSE SUE SENATE SUE	SCOMMITTEE CHAIR: SCOMMITTEE CHAIR:	Edens Huppenthal
PROGRAM: Nongame Wildlife  DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED	FY 1994	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE		a #0 000	269,300	245,300	265,200	
Other Funds	206,100	259,300	•	245,000	265,200	
PROGRAM TOTAL - ALL SOURCES	206,100	259,300	269,300			

The JLBC Staff recommends a total Other Fund (OF) appropriation of \$265,200 -- a net increase of \$5,900, or 2.3%, to the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$3,400 OF

-0- OF

Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive Personal Services/ERE Adjustments recommends a vacancy factor of 0%.

2,500 OF

**ERE Rate Changes** 

### Other Issues for Legislative Consideration

Other Operating Expenses Reduction

The Executive has recommended a reduction of \$(18,000) from Other Operating Expenses, to "bring agency in line with previous year actual expenditures." The JLBC Staff recognizes that actual Other Operating Expenses in FY 1992 were \$30,000 below the current year appropriation, but would also note that expenditures in this area may fluctuate from year to year, based on agency priorities and the timing of certain purchases, or other factors. Thus, the JLBC Staff would not support this reduction, at least based on expenditure experience from a single year.

DEDADTMENT						
DEPARTMENT: Arizona Geological Survey			JLBC ANALYST: Brainard OSPB ANALYST: Schwalbe		HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	14.3	14.3	14.3	13.3	13.3	JI ACE
OPERATING BUDGET					=======================================	
Personal Services	372,200	396,300	407,000	380,400	380 400	
Employee Related Expenditures	80,200	90,400	109,900	87,400		
Travel - In State Travel - Out of State Other Operating Expenditures Equipment	10,400 2,300 128,200 15,600	12,400 2,000 122,800 0	12,400 3,600 128,100 17,700	12,400 2,000 128,100		
All Other Operating Subtotal	156,500	137,200	161,800	142,500		
AGENCY TOTAL	608,900	623,900	678,700	610,300	617,000	<del>- 1</del>
BY FUND SOURCE		0		=======================================		
General Fund Federal Funds Other Non-Appropriated Funds	608,900 31,600 21,900	623,900 47,800 28,600	678,700 34,400 30,700	610,300	617,000	
AGENCY TOTAL - ALL SOURCES	662,400	700,300	743,800	610,300	50,700	

**DEPARTMENT:** 

Arizona Geological Survey

The JLBC Staff recommends a total General Fund appropriation of \$617,000 -- a net decrease of \$(6,900), or (1.1)%, from the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

•	Annualization of FY 1993 Pay Adjustment	\$ 11,300	GF
•	ERE Rate Changes	5,800	GF
•	Rent Increase	5,300	GF
•	Equipment Adjustment	3,100	GF
	The recommended amount would fund a copy machine; the OSPB does not recommend this equipment.		
	THE STATE OF THE S	(32,400)	GF

Eliminate Public Information Officer III

The JLBC Staff concurs with the OSPB's recommendation to eliminate the agency's Public Information Officer III position. This position edits technical reports and maps; elimination would require Research Geologists to perform their own editing, reducing their time to perform field research.

DEPARTMENT: State Land Department		JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Graham Hermon
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	164.0	157.0	165.0	154.0	153.0	
OPERATING BUDGET				-		*
Personal Services	4,470,300	4,389,700	4,777,800	4,424,700	4,415,700	······································
Employee Related Expenditures	976,300	1,003,800	1,227,400	983,500		
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	615,700 198,700 7,600 1,231,500 186,300	441,600 206,900 2,200 1,335,500 71,500	416,600 209,800 2,200 1,436,900 106,800	476,600 201,900 2,200 1,360,800 63,800	476,600 201,000 2,200 1,381,700	
All Other Operating Subtotal	2,239,800	2,057,700	2,172,300	2,105,300		
OPERATING SUBTOTAL	7,686,400	7,451,200	8,177,500	7,513,500		
SPECIAL LINE ITEMS						
Streambed Ownership Litigation Expenses Legal Advertising CAP User Fees Water Rights Filing Fees Water Litigation	0 29,800 9,700 78,000 12,100 36,200	200,000 20,000 30,000 78,100 33,600 26,500	196,000 20,000 30,000 78,100 33,400 66,900	195,100 20,000 30,000 78,100 6,600 52,100	20,000 30,000 78,100 6,500	

DEPARTMENT: State Land Department		JLBC ANALYST: OSPB ANALYST:	Reddy Roan	HOUSE SUE SENATE SUE	SCOMMITTEE CHAIR: SCOMMITTEE CHAIR:	Graham Hermon
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Illegal Dump Supervision Nat. Resource Consv. Dist. Conservation Education Board of Appeals	14,800 127,000 30,000 10,900	15,000 128,000 30,000 16,900	15,000 128,000 30,000 16,300	50,000 0 0 16,300	128,000	
Special Item Subtotal	348,500	578,100	613,700	448,200	480,000	
AGENCY TOTAL	8,034,900	8,029,300	8,791,200	7,961,700	7,956,100	
BY FUND SOURCE  General Fund Federal Funds Other Non-Appropriated Funds  AGENCY TOTAL - ALL SOURCES	8,034,900 953,800 1,188,100 10,176,800	1,296,600 647,200	8,791,200 908,500 1,077,600 10,777,300		908,500 1,077,600	

The JLBC Staff recommends a total General Fund (GF) appropriation of \$7,956,100 -- a net decrease of \$(73,200), or (0.9)%, from the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$ 130,400 GF

(3,400) GF

- Personal Services/ERE Adjustments
   Maintains a vacancy factor of 2%, which is the standard rate applied to agencies with this number of FTE positions. The Executive also recommends a vacancy factor of 2%.
- ERE Rate Changes

•	Land Sales  Increases of \$65,100 to fund 2 FTE positions and \$3,000 in associated travel costs in order to address a backlog of 180 land sales expendable interest earnings.	68,100	GF
•	Professional and Outside Services Includes a decrease of \$(25,000) to reflect completion of an automation project and an increase of \$60,000 to process anticipated increases in appraisal requests on urban lands.	35,000	GF
•	Travel - In State  Decrease to reflect actual motor pool charges.	(600)	GF
•	Other Operating Expenditures Includes an increase of \$21,600 in non-capitalized equipment. The Executive does not concur. Also includes an increase of \$33,600 for rent.	55,200	GF
•	Capitalized Equipment  Decrease for capitalized equipment.	(7,700)	GF
•	Includes an additional decrease of \$(135,100) in Personal Services and \$(29,800) in ERE to reflect elimination of 5 FTE positions, \$(4,500) in associated travel costs, and \$(5,000) in Other Operating Expenditures. The recommended amount also includes annualization savings positions cut include 2 Urban Planners, 2 Information Processing Specialists, and 1 Water Resources Manager. In addition, the Land Department has already reduced its FY 1993 expenditures by \$(195,300) to reflect Project SLIM's recommended elimination of 8 other to the SLIM Fund. In total, for FY 1993 and FY 1994, the Project SLIM savings equal \$(390,500). The Executive estimates the savings	(195,200)	GF
•	Streambed Ownership  Decrease of \$(70,100) will delay the completion of contracted streambed ownership studies. The Executive does not concur. Also includes a \$(700) decrease in ERE and an agency requested decrease of \$(5,900) in Equipment and Other Operating Expenditures.	(76,700)	ЗF
	Water Rights Filing Fees Eliminate 1 FTE position. Loss of Water Resource Specialist will slow processing time for water rights claims.	(27,100)	3F
•	Water Litigation Increase of \$1,200 for annualization of FY 1993 Pay Adjustment and ERE rate changes.	1,200	}F

• Illegal Dump Supervision

The JLBC Staff concurs with the Executive's recommendation to add \$35,000 for weed cutting and insect control on state land. The Land Department has received numerous complaints from the community about the condition of its properties, and local governments are beginning to cite the state for the health and safety violations on its holdings.

35,000 GF

Conservation Education
 Eliminate funding for program. The Heritage Fund already provides \$1 million in funding for conservation education in the state.

(30,000) GF

(500) GF

Board of Appeals
 Includes a \$(4,100) decrease in Travel - In State and the addition of \$3,600 for board expenses from above-the-line Personal Services.

#### Other Issues for Legislative Consideration

- Natural Resource Conservation Districts
   The Executive recommends the elimination of the Natural Resource Conservation Districts at a savings of \$(128,000). As elimination of these districts may jeopardize the receipt of federal funds, this issue requires further study.
- Auditor General's Performance Audit Mineral Leasing Program
   The Auditor General has found that the use of non-standard appraisal techniques has resulted in the under-valuation of 2 large copper mines, which could result in lost revenue to the state's Permanent Land Fund. The department disagrees with the Auditor's findings and does not plan to revise its appraisal methodology.

DEPARTMENT: Department of Mines & Mineral Resources		JLBC ANALYST: OSPB ANALYST:	Cawley Schwalbe	HOUSE SUBCOMMITTEE CHAIR: SENATE SUBCOMMITTEE CHAIR:		Graham Hermon	
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE	
Full Time Equivalent Positions	8.0	7.0	8.0	7.0	7.0		
OPERATING BUDGET				·	25 II		
Personal Services	257,000	219,900	248,300	225,200	225,200		
Employee Related Expenditures	53,600	47,600	64,700	48,600			
Travel - In State Travel - Out of State Other Operating Expenditures Equipment	4,400 300 23,500 0	4,300 0 337,600 0	4,800 0 338,700 12,600	4,300 0 335,300 0			
All Other Operating Subtotal	28,200	341,900	356,100	339,600	339,600		
AGENCY TOTAL	338,800	609,400	669,100	613,400			
BY FUND SOURCE				-	<del></del>		
General Fund Other Non-Appropriated Funds	338,800 61,400	609,400 79,300	669,100 89,300	613,400	610,400 89,300		
AGENCY TOTAL - ALL SOURCES	400,200	688,700	758,400	613,400			

**DEPARTMENT:** 

Department of Mines and Mineral Resources

The JLBC Staff recommends a total General Fund (GF) appropriation of \$610,400 -- a net increase of \$1,000, or 0.2%, to the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

• Annualization of FY 1993 Pay Adjustment

\$ 6,000 GF

-0- GF

Personal Services/ERE Adjustments
 Maintains a vacancy factor of 0%, which is the standard rate applied to agencies with this number of FTE positions. The Executive recommends a vacancy factor of 0%.

• ERE Rate Changes

(2,700) GF

Rent - State Owned Buildings Adjustment

(2,300) GF

#### Other Issues for Legislative Consideration

Executive Recommendation
 For FY 1994, the Executive recommendation concurs with the JLBC Staff recommendation, except for the difference in ERE Rate Changes.

Agency Consolidation

Consolidation of the Department of Mines and Mineral Resources' (DMMR) functions with the Arizona Geological Survey has been discussed during the past 2 years. The proposed consolidation would retain the headquarters of the consolidated "Department of Geology and Mineral Resources" in Tucson with the museum and offices in Phoenix serving as the department's satellite Earth Sciences Education Center. Consolidation questions have focussed on the potential amount of savings and the affect of the consolidation on the ability of the public and mining industry to adequately utilize the DMMR resources.

DEPARTMENT: Arizona State Parks Board		JLBC ANALYST: OSPB ANALYST:	Headley Schwalbe	HOUSE SU SENATE SU	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Graham Hermon
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	172.5	179.5	179.5	178.5	179.5	
OPERATING BUDGET		,		28		
Personal Services	3,540,300	3,777,900	4,063,800	3,957,700	3,906,500	
Employee Related Expenditures	933,800	1,041,000	1,229,000	1,048,500	74	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	12,700 78,700 4,100 1,398,200 200,000	5,000 73,300 4,100 1,759,300 153,800	5,000 73,300 4,100 1,759,300 153,800	5,000 73,300 4,100 1,785,200 132,200	5,000 73,300 4,100 1,759,300	
All Other Operating Subtotal	1,693,700	1,995,500	1,995,500	1,999,800	,	
OPERATING SUBTOTAL	6,167,800	6,814,400	7,288,300	7,006,000		
SPECIAL LINE ITEMS					, , , , , , , , , ,	×
LEBSF Projects Az Conservation Corp. State Trust Land Leases Fool Hollow State Park Tonto Revolving Fund Special Item Subtotal	559,400 275,000 148,700 165,900 50,000	600,000 276,100 156,800 0	682,000 280,000 164,600 0	600,000 240,900 164,600 0	101,000	
	1,199,000	1,032,900	1,126,600	1,005,500	1,126,100	
AGENCY TOTAL	7,366,800	7,847,300	8,414,900	8,011,500	8,139,100	

DEPARTMENT: Arizona State Parks Boar	d	JLBC ANALYST: OSPB ANALYST:		HOUSE SUI SENATE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Graham Hermon
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE		5				
General Fund Other Funds Federal Funds Other Non-Appropriated Funds	4,565,500 2,801,300 406,300 11,980,200	4,563,600 3,283,700 551,300 23,043,400	4,887,800 3,527,100 551,800 25,732,000	3,393,900	8,139,100 551,800 21,168,400 *	
AGENCY TOTAL - ALL SOURCES	19,753,300	31,442,000	34,698,700	8,011,500	29,859,300	

<sup>\*</sup> The recommended Other Non-Appropriated Funds amount does not equal the Total Funds Expended amount displayed in FY 1994 Estimate column of the JLBC Non-Appropriated Funds book, due to the JLBC Staff recommendation to shift \$4.7 million from the Heritage Fund to the Arizona State Parks Board operating budget. If this recommendation is not adopted, the Other Non-Appropriated Funds amount would equal the \$25.7 million shown in the Agency Request column.

The JLBC Staff recommends a total appropriation of \$8,139,100 -- a net increase of \$291,800, or 3.7%, to the FY 1993 appropriation. The General Fund (GF) portion of the recommendation is \$0 -- a net decrease of \$(4,563,600), or (100)%, from the FY 1993 appropriation. The Other Fund (OF) portion of the recommendation is \$8,139,100 -- a net increase of \$4,855,400 or 147.9%, to the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

		\$ 150,700	OF
•	Annualization of FY 1993 Pay Adjustment	(2. (2.0)	0.5
•	Personal Services/ERE Adjustments  Maintains a vacancy factor of 3.0%. The Executive recommends a vacancy factor of 2.5%.	(3,600)	OF
		51,500	OF
•	ERE Rate Changes		
		3,400	OF
•	Arizona Conservation Corps Annualization of the FY 1993 Pay Adjustment. The Executive recommends the elimination of 1 administrative position and \$37,800. In lieu of staff reductions, the JLBC Staff is recommending that General Fund support of the State Parks Board be eliminated and shifted to the State Parks Board Heritage Fund (see discussion below).		
		7,800	OF
•	State Land Trust Leases Provides full funding for State Parks Board leases of State Trust land as estimated by the State Land Department.	,	

LEBSF Projects

82.000 OF

Provides full funding for grants expected to be awarded in FY 1994 by the Arizona Outdoor Recreation Coordinating Committee to local governments for boating projects. The recommended amount represents an estimate only, in keeping with the footnote in the General Appropriation Act which makes the appropriation from the Law Enforcement and Boating Safety Fund (LEBSF) an estimate of receipts into the fund. This footnote also allows the Parks Board to expend LEBSF monies in excess of the appropriated amount in the event receipts exceed the appropriation. LEBSF revenues consist of the State Parks Board's statutorily prescribed share of watercraft licensing fees. The Executive recommends no change to the FY 1993 appropriation.

Shift Parks Board Funding to the Heritage Fund

(4,563,600) GF 4,563,600 OF

The JLBC Staff recommends a statutory change to allow for the transfer of State Parks Board General Fund support to the State Parks Board Heritage Fund. The recommended General Fund reduction is equivalent to the FY 1993 General Fund appropriation to the Parks Board.

The Heritage Fund was established in 1990 by the voters through an initiative and provides for the transfer of \$10 million in state lottery revenues annually to the State Parks Board Heritage Fund for a variety of uses related to natural and cultural resource protection and enhancement. Currently, only Heritage Fund interest earnings may be used for the Parks Board operating budget. The Parks Board FY 1993 Heritage Fund budget includes \$1.2 million and 10.5 FTE positions for the administration of Heritage Fund activities.

The JLBC Staff recommends a change to allow for a 50% share of Parks Board Heritage Fund monies to be used for operating purposes. This will require a statutory change to A.R.S. § 41-801 and 41-803, which, among other provisions, make the Heritage Fund non-appropriated and prescribe the allocation of fund revenues. Voter-approved initiatives such as Heritage may be subsequently amended by receive such a majority.

Adequate funding should be available in FY 1994 in the Parks Board Heritage Fund to allow for this shift in funding. For FY 1993, the Parks Board has estimated an ending balance of \$13.8 million to be carried forward into FY 1994. Furthermore, in FY 1994, the Parks Board estimates that only 50%, or \$12.3 million, of available revenue will be expended. With the implementation of this recommendation, the estimated FY 1994 ending balance would be reduced from \$12.1 million to \$7.5 million.

#### Other Issues for Legislative Consideration

Close State Parks

As an alternative to shifting parks funding to the Heritage Fund, the Legislature may wish to consider closing state parks. A number of criteria can be used in making this decision, among these are: costs per visitor, revenue as a share of expenses, and park attendance, to name a few. The negative implications for Arizona as recreational and tourism opportunities are restricted. The following table lists all state parks, including those that are closed or have yet to pave been broken down by the following funding sources: General Fund, State Parks Enhancement Fund (SPEF) and the State Lake Improvement Fund year have been footnoted. Parks open for a partial

**Arizona State Parks** Revenue, Expenses and Attendance for FY 1992

	FY 1992	FY 1992 Expenses:			Total	Revenue-	Revenue as a %	FY 1992	Expenses
Deale	Revenue	General Fund	SPEF	SLIF	Expenses	Expenses	of Expenses	Attendance	Per Visitor
Park	ROYONAD							0.60	¢ (0.70
Oracle 1/	\$ 214	\$ 4,300	\$ 55,500	\$ 0	\$ 59,700	\$(59,486)	0.4%	868	\$68.78 10.46
McFarland	10,257	81,800	0	0	81,800	(71,543)	12.5	7,818	8.97
Riordan	28,462	150,900	0	0	150,900	(122,438)	18.9	16,823	
Lyman Lake	39,366	35,700	0	143,800	179,500	(140,134)	21.9	24,809	7.24
Red Rock 2	33,510	16,600	162,200	0	178,800	(145,290)	18.7	25,471	7.02
Buckskin 3/	145,801	28,200	0	324,700	352,900	(207,099)	41.3	56,145	6.29
Dead Horse 4/	95,005	273,500	0	0	273,500	(178,495)	34.7	46,204	5.92
Tubac	25,804	118,500	0	0	118,500	(92,696)	21.8	20,304	5.84
	137,673	195,700	0	0 =	195,700	(58,027)	70.3	46,047	4.25
Alamo	78,484	197,300	0	0	197,300	(118,816)	39.8	56,467	3.49
Roper Lake	110,768	231,300	0	0	231,300	(120,532)	47.9	74,739	3.09
Picacho Peak 5/	45,507	124,100	0	0	124,100	(78,593)	36.7	41,308	3.00
Fort Verde	207,600	31,900	0	245,700	277,600	(70,000)	74.8	98,756	2.81
Cattail Cove	84,345	135,300	0	0	135,300	(50,955)	62.3	51,381	2.63
Lost Dutchman	153,341	210,200	0	0	210,200	(56,859)	73.0	100,238	2.10
Catalina		129,200	0	0	129,200	(44,641)	65.4	62,012	2.08
Tombstone	84,559	212,300	0	0	212,300	11,097	105.2	104,862	2.02
Yuma	223,397	344,700	0	0	344,700	(66,107)	80.8	173,382	1.99
Patagonia Lake	278,593		144,800	0	157,100	(71,091)	54.7	88,719	1.77
Tonto	86,009	12,300	0	285,100	378,400	(23,862)	93.7	292,511	1.29
Lake Havasu	354,538	93,300	0	0	119,600	1,131	100.9	96,931	1.23
Jerome	120,731	119,600	0	0	72,400	(71,850)	0.8	74,225	0.98
Boyce Thompson	550	72,400	188,500	0	202,000	35,245	117.4	270,632	0.75
Slide Rock	237,245	13,500	•	0	163,900	(163,900)	0.0	0	0.00
Fool Hollow 6/	0	0	163,900	0	95,600	(95,600)	0.0	0	0.00
Kartchner 1/	0	5,500	90,100	0	153,300	(153,300)	0.0	0	0.00
Homolovi 8/	0	31,000	122,300	0	0	(155,500)	0.0	0	0.00
Painted Rocks 9/	0	0	0	U	U				
TOTAL	\$2,581,759	\$2,869,100	\$927,200	\$999,300	\$4,795,600	\$(2,213,841)	53.8%	1,830,652	\$2.62

<sup>1/</sup> Park not yet opened in FY 1992.

<sup>2/</sup> Park open for 8 months of FY 1992.

<sup>3/</sup> Park open for 4 months in FY 1992.

<sup>5/</sup> Park open for 8 months in FY 1992.

<sup>6/</sup> Park closed.

<sup>4/</sup> Park open for 10 months in FY 1992. 7/ Park not yet opened in FY 1992.

<sup>8/</sup> Park not yet opened in FY 1992.

<sup>9/</sup> Park closed.

Classification Maintenance Review for Parks Operations Positions

The Executive has recommended \$64,600 from the State Parks Enhancement Fund (SPEF) for a Classification Maintenance Review (CMR), or salary upgrade, for parks operations employees. The Parks Board has indicated a need of \$200,000 for this CMR to address high turnover among operations employees. The Executive has recommended that excess SPEF receipts be used for this purpose, pending an approval of the CMR from the Personnel Division in the appropriation. However, given that the SPEF appropriation is an estimate only, the Parks Board may use excess receipts to fund a CMR without an explicit

DEPARTMENT: Department of Water Resource Agency Summary	es	JLBC ANALYST: OSPB ANALYST:		HOUSE SUE SENATE SUE	COMMITTEE CHAIR:	Graham Hermon
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	214.7	214.7	214.7	214.7	214.7	
BY PROGRAM/ORGANIZATION						
Administration	3,758,500	3,974,200	4,055,900	4,031,100	3,933,400	
Water Management	2,968,500	3,155,900	3,371,000	3,047,000	3,064,700	
Engineering	4,312,200	4,483,700	4,641,400	4,573,900	4,548,600	
AGENCY TOTAL	11,039,200	11,613,800	12,068,300	11,652,000	<u>11,546,700</u>	
-						
OPERATING BUDGET						
Personal Services	6,194,400	6,320,500	6,733,700	6,480,400	6,640,200	
Employee Related Expenditures	1,405,000	1,410,400	1,693,500	1,480,500	1,441,400	
Professional/Outside Services Travel - In State	205,700 214,100	257,900	370,800 257,900	257,900	250,900	
Travel - Out of State Other Operating Expenditures	34,200 2,270,300 291,000	2,542,600	39,700 2,550,800 9,000	2,550,800	2,446,800	
Equipment  All Other Operating Subtotal	3,015,300		3,228,200	3,228,200	3,052,200	
OPERATING SUBTOTAL	10,614,700	10,950,900	11,655,400	11,189,100	11,133,800	
* · · · · ·						

DEPARTMENT: Department of Water Res Agency Summary	sources	JLBC ANALYS OSPB ANALYS		HOUSE SUI SENATE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Graham Hermon
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
SPECIAL LINE ITEMS						
Groundwater Replenishment USGS Cooperative Agreement Early Flood Warning System Flood Control Development Riparian Issues Apache Flood Controls CAP Study (OSPB Recmd)  Special Item Subtotal	1,000 264,900 89,900 50,000 0 18,700 0	0 272,900 90,000 50,000 250,000 0 0	0 272,900 90,000 50,000 0 0 0 412,900	0 272,900 90,000 50,000 0 0 50,000 462,900	50,000	
AGENCY TOTAL	11,039,200	11,613,800	12,068,300	11,652,000	11,546,700	
BY FUND SOURCE				·	A	
General Fund Federal Funds Other Non-Appropriated Funds	11,039,200 87,300 1,742,700	11,613,800 491,100 2,212,600	12,068,300 94,200 6,145,400	11,652,000	11,546,700 94,200 6,145,400	
AGENCY TOTAL - ALL SOURCES	12,869,200	14,317,500	18,307,900	11,652,000		

**DEPARTMENT:** 

Department of Water Resources

Agency Summary

The JLBC Staff recommends a total General Fund (GF) appropriation of \$11,546,700 -- a net decrease of \$(67,100), or (0.6)%, from the FY 1993 appropriation.

#### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$ 183,400 GF

180,500 GF

Personal Services/ERE Adjustments

Maintains a vacancy factor of 1.4%, which is the standard rate applied to programs with this number of FTE positions. Adjusts Personal Services to reflect actual salaries. The amount is offset by reductions of \$(176,400) to All Other Operating Expenditures. The Executive also recommends a vacancy factor of 1.4%.

• ERE Rate Changes

(13,200) GF

• Other Adjustments

8,600 GF

All Other Operating Adjustments
 Shifts funding from All Other Operating to Personal Services.

(176,400) GF

Riparian Studies

(250,000) GF

#### Other Issues for Legislative Consideration

• SLIM Recommendation

The Department of Water Resources (DWR) was analyzed by SLIM for FY 1993. It received a lump sum reduction of \$(78,900) for FY 1993. While DWR may have utilized parts of the SLIM recommendation to implement the reduction, no savings specifically associated with the SLIM recommendation have yet been identified.

DEPARTMENT: Department of Water Reso PROGRAM: Administration	urces	JLBC ANALYST: OSPB ANALYST:			BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Graham Hermon
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	43.5	44.5	44.5	44.5	44.5	
OPERATING BUDGET				8	-	:
Personal Services	1,359,200	1,443,000	1,485,700	1,476,000	1,470,800	
Employee Related Expenditures	297,200	299,200	338,400	323,300	310,800	
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	19,300 10,500 9,600 1,920,800 141,900	112,000 14,500 12,000 2,093,500 0	112,000 14,500 12,000 2,093,300 0	112,000 14,500 12,000 2,093,300 0	112,000 14,500 12,000	
All Other Operating Subtotal	2,102,100	2,232,000	2,231,800	2,231,800		
PROGRAM TOTAL	3,758,500	3,974,200	4,055,900	4,031,100		
BY FUND SOURCE					3	———— <del>—————————————————————————————————</del>
General Fund Federal Funds Other Non-Appropriated Funds	3,758,500 87,300 0	3,974,200 491,100 5,400	4,055,900 94,200 5,400	4,031,100	94,200	
PROGRAM TOTAL - ALL SOURCES	3,845,800	4,470,700	4,155,500	4,031,100	4,033,000	

DEPARTMENT:

Department of Water Resources

PROGRAM:

Administration

The JLBC Staff recommends a total General Fund (GF) appropriation of \$3,933,400 -- a net decrease of \$(40,800), or (1.1)%, from the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment
 Personal Services/ERE Adjustments
 Maintains a vacancy factor of 1%, which is the standard rate applied to programs with this number of FTE positions. The Executive

recommends a vacancy factor of 1%.

• Other Adjustments

\$38,000 GF

(6,300) GF

DEPARTMENT: Department of Water Resource PROGRAM: Engineering	es	JLBC ANALYST: OSPB ANALYST:		HOUSE SUI SENATE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Graham Hermon
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	92.0	92.0	92.0	92.0	92.0	SFACE
OPERATING BUDGET			<del></del>	a?		
Personal Services	2,760,200	2,843,300	2,975,200	2,910,700	2.930.700	
Employee Related Expenditures	628,700	631,100	656,900	653,900		
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	80,800 157,600 18,100 155,500 87,800	128,400 196,400 20,000 242,600 9,000	128,400 196,400 20,000 242,600 9,000	128,400 196,400 20,000 242,600	123,400 194,400 20,000	
All Other Operating Subtotal	499,800	596,400	596,400	9,000 596,400		
OPERATING SUBTOTAL SPECIAL LINE ITEMS	3,888,700	4,070,800	4,228,500	4,161,000		
USGS Cooperative Agreement Early Flood Warning System Flood Control Development Apache Flood Controls	264,900 89,900 50,000 18,700	272,900 90,000 50,000 0	272,900 90,000 50,000 0	272,900 90,000 50,000 0	272,900 90,000 50,000	3
pecial Item Subtotal	423,500	412,900	412,900	412,900		
PROGRAM TOTAL	4,312,200	4,483,700	4,641,400	712,500	412,900	

DEPARTMENT: Department of Water Resources	3	JLBC ANALYST: OSPB ANALYST:	Bock Roan	HOUSE SUE SENATE SUE	SCOMMITTEE CHAIR: SCOMMITTEE CHAIR:	Graham Hermon
PROGRAM: Engineering	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
DESCRIPTION	7101011					
BY FUND SOURCE					4,548,600	
General Fund Other Non-Appropriated Funds	4,312,200 298,100	4,483,700 299,7 <b>0</b> 0	4,641,400 1,482,100		1,482,100	
PROGRAM TOTAL - ALL SOURCES	4,610,300	4,783,400	6,123,500	4,573,900	6,030,700	
<del></del>						

The JLBC Staff recommends a total General Fund (GF) appropriation of \$4,548,600 -- a net increase of \$64,900, or 1.4%, to the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

LBC	Staff Recommended Changes from FY 1993	\$ 78,600	GF
•	Annualization of FY 1993 Pay Adjustment	20,800	
٠	Personal Services/ERE Adjustments  Maintains a vacancy factor of 1.5%, which is the standard rate applied to programs with this number of FTE positions. Adjusts Personal Maintains a vacancy factor of 1.5%, which is the standard rate applied to programs with this number of FTE positions. Adjusts Personal Services to reflect actual salaries by shifting funding from All Other Operating in this and other divisions. The Executive recommends a Services to reflect actual salaries by shifting funding from All Other Operating in this and other divisions.		
	vacancy factor of 1.5%.	(13,100)	GF
•	ERE Rate Changes	(21,400)	GF
•	All Other Operating Adjustments Shifts funding from All Other Operating to Personal Services.		

DEPARTMENT: Department of Water Reserved PROGRAM: Water Management	Durces	JLBC ANALYST OSPB ANALYST:	Bock Roan	HOUSE SUI SENATE SUI	BCOMMITTEE CHAIR: BCOMMITTEE CHAIR:	Graham Hermon
DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
Full Time Equivalent Positions	79.2	78.2	78.2	78.2	78.2	
OPERATING BUDGET						
Personal Services	2,075,000	2,034,200	2,272,800	2,093,700	2 238 700	
Employee Related Expenditures	479,100	480,100	698,200	503,300		
Professional/Outside Services Travel - In State Travel - Out of State Other Operating Expenditures Equipment	105,600 46,000 6,500 194,000 61,300	130,400 47,000 7,700 206,500 0	130,400 47,000 7,700 214,900 0	130,400 47,000 7,700 214,900	70,400 42,000	
All Other Operating Subtotal	413,400	391,600	400,000	400,000		
OPERATING SUBTOTAL SPECIAL LINE ITEMS	2,967,500	2,905,900	3,371,000	2,997,000		
Groundwater Replenishment Riparian Issues CAP Study (OSPB Recmd)	1,000 0 0	0 250,000 0	0 0	0 0 50,000	0	
Special Item Subtotal	1,000	250,000	0	50,000		
PROGRAM TOTAL	2,968,500	3,155,900	3,371,000	3,047,000	3,064,700	
			_			

DEPARTMENT: Department of Water Resourc PROGRAM: Water Management	es	JLBC ANALYST: OSPB ANALYST:	Bock Roan	HOUSE SUE SENATE SUE	SCOMMITTEE CHAIR: SCOMMITTEE CHAIR:	Graham Hermon
PROGRAM: Water Management  DESCRIPTION	FY 1992 ACTUAL	FY 1993 ADJUSTED APPROPRIATIONS	FY 1994 AGENCY REQUEST	FY 1994 EXECUTIVE RECOMMENDATION	FY 1994 JLBC STAFF RECOMMENDATION	LEGISLATIVE WORK SPACE
BY FUND SOURCE						
General Fund Other Non-Appropriated Funds	2,968,500 1,444,600		3,371,000 4,657,900	3,047,000	3,064,700 4,657,900	020
PROGRAM TOTAL - ALL SOURCES	4,413,100	5,063,400 ===	8,028,900	3,047,000		
1						

The JLBC Staff recommends a total General Fund (GF) appropriation of \$3,064,700 -- a net decrease of \$(91,200), or (2.9)%, from the FY 1993 appropriation.

### JLBC Staff Recommended Changes from FY 1993

Annualization of FY 1993 Pay Adjustment

\$ 66,800 GF 166,000 GF

Maintains a vacancy factor of 1.5% which is the standard rate applied to programs with this number of FTE positions. Adjusts Personal Personal Services/ERE Adjustments Services to reflect actual salaries by shifting funding from All Other Operating in this and other divisions. The Executive recommends a vacancy factor of 1.5%.

ERE Rate Changes

(7,800) GF

Other Adjustments

8,800 GF

All Other Operating Adjustments

(75,000) GF

Shifts funding from All Other Operating to Personal Services.

(250,000) GF

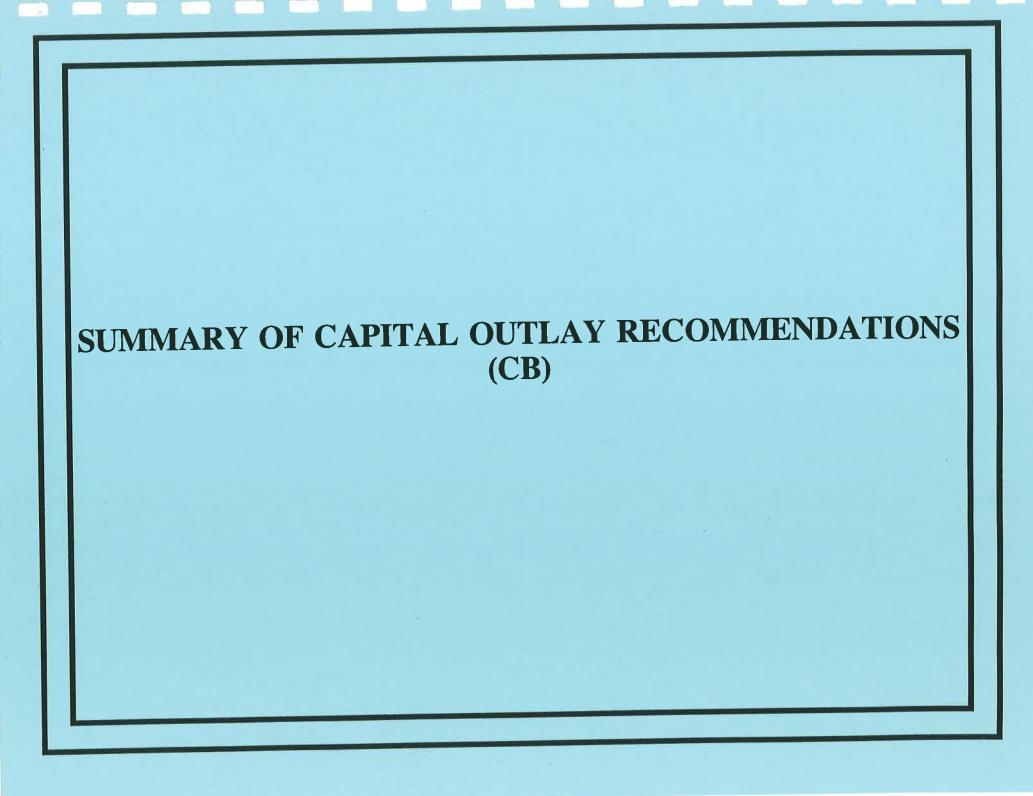
Riparian Issues

The amount was appropriated by Chapter 298 (S.B. 1030) on a one-time basis for special studies.

### Other Issues for Legislative Consideration

CAP Study

The Executive recommends \$50,000 for the Department of Water Resources to utilize in developing strategies to improve the Central Arizona Project's fiscal condition.



#### FISCAL YEAR 1994

### CAPITAL OUTLAY BUDGET RECOMMENDATIONS

#### BY THE STAFF OF THE

### JOINT COMMITTEE ON CAPITAL REVIEW

#### **MEMBERS**

#### **SENATE**

Carol Springer, Chairman Lela Alston Larry Chesley A.V. "Bill" Hardt Cindy Resnick Matt Salmon John Wettaw

#### **HOUSE**

Bob Burns, Vice-Chairman Brenda Burns Jeff Groscost Art Hamilton Robert "Bob" McLendon E. C. "Polly" Rosenbaum Tom Smith

#### **STAFF**

Ted Ferris, Director Keith Brainard, Fiscal Analyst Janet Belisle, Secretary/Clerk

## STATE OF ARIZONA CAPITAL BUDGET PROCESS

Laws 1986, Chapter 85, which became effective April 11, 1986, provided for the establishment of a new "capital budget process." The key elements are:

• <u>Capital Improvement Plan</u>: The director of DOA receives from the agencies and transmits to the Governor by October 15th each year a state capital improvement plan. This allows for timely review, budget planning, and recommendation preparation prior to session.

The plan includes:

proposed land acquisition proposed capital projects forecasts of requirements status reports of projects building condition reports building renewal reports new appropriations requests

• <u>Building Renewal Formula</u>: A formula has been developed to ensure that necessary monies are appropriated for the upkeep and renewal of all state buildings.

The formula takes into consideration the:

current replacement value of each facility original construction cost of each facility current age of each facility expected useful life of each facility

#### Joint Committee on Capital Review (JCCR):

According to A.R.S. § 41-1251, the Committee consist of fourteen members, including the Chairman of the Senate and House of Representatives Appropriations Committees, the Majority and Minority Leaders of the Senate and House of Representatives, and four members of the Senate Appropriations Committee appointed by the President of the Senate and four members of the House of Representatives Appropriations Committee appointed by the Speaker

The Chairman of the Senate Appropriations Committee has a term as Chairman from the first day of the first regular session to the first day of the second regular session to the legislature, and the Chairman of the House of Representatives Appropriations Committee has a term from the first day of the second regular session to the first day of the next regular session.

### STATE OF ARIZONA - CAPITAL BUDGET PROCESS - (Continued)

#### Statutory Duties:

- 1. Develop and approve a uniform formula for computing annual building renewal funding needs and a uniform format for the collection of data for the formula (A.R.S. § 41-793.01).
- 2. Approve building systems for the purposes of computing and funding building renewal and for preparing capital improvement plans (A.R.S. § 41-793.01).
- 3. Review the state capital improvement plan. Make recommendations to the legislature concerning funding for land acquisition, capital projects and building renewal (A.R.S. § 41-1252).
- 4. Review the expenditure of all monies appropriated for land acquisition, capital projects and building renewal (A.R.S. § 41-1252).
- 5. Before the release of monies for construction of new capital projects, review the scope, purpose and estimated cost of the project (A.R.S. § 41-1252).
- 6. The Joint Committee on Capital Review has the powers conferred by law on legislative committees (A.R.S. § 41-1252).
- 7. Responsibilities previously borne by JLBC, now superseded by JCCR include:
  - Approving transfers of capital appropriations within a budget unit [A.R.S. § 35-173(D)].
  - Approving DOA land and building purchases and condemnation (A.R.S. § 41-791.02).
  - Approving DOA lease-purchase agreements (A.R.S. § 41-791.02).
  - Determining rental rates for buildings owned by or leased to the state (A.R.S. § 41-792).
  - Approving corrections facilities expenditures from the Corrections Fund (A.R.S. § 41-1651).
  - Approving the issuance of revenue bonds by the Board of Regents (Sec. 15 of Ch. 85).

The Joint Legislative Budget Committee Staff provides staff assistance to the Committee (A.R.S. § 41-1252). Ted Ferris is the JLBC Director and Richard Stavneak is the Deputy Director. Keith Brainard serves the Committee as the Fiscal Analyst assigned to Capital Review, and Janet Belisle is the Committee Clerk and Secretary.

The Capital Outlay Bill is separate from the General Appropriations Bill. Following JCCR review and approval of JLBC Staff capital spending recommendations, the Capital Outlay Bill traditionally has been referred to and heard by the House and Senate Appropriations Committees. This year, newly elected legislative leadership in the House and the Senate have announced their intention to broaden the scope of members who exercise some oversight of the capital outlay budget and related issues to include the House Public Institutions Committee and the Senate Government Committee. This change would enable these committees to consider the state's capital spending plans within the total context of the state's capital-related issues.

#### LEASE-PURCHASE SUMMARY

The Department of Administration, the Industrial Commission, Arizona State University, and the University of Arizona have entered into lease-purchase agreements for the acquisition and construction of state facilities. The table below provides the following information related to state lease-purchase agreements, as of December 31, 1992: 1) the facility constructed or acquired; 2) the amount issued, including pro rata costs associated with the issuance; 3) the required FY 1994 lease-purchase payment, which is included in the operating budgets for the various tenants 1/2; 4) the agency appropriated the required payment; and 5) the source(s) of funding.

		10 05V A	i i j b) the source(s) of	runding.
DEPT OF ADMINISTRATION Revenue Building DES DD Homes Capitol Center	TOTAL <u>ISSUANCE</u> \$26,919,000 3,420,500	FY 1994 PAYMENT \$1,212,900 155,100	OCCUPANT  Department of Revenue DES	FUNDING SOURCE  General Fund General Fund, Federal 1/1
16th Ave Parking Garage Historical Society Museum ASDB Food Service Facility Supreme Court Building DES-West Tucson State Office Bldg. Old Comp. Fund Bldg.	20,845,000 5,390,000 13,665,000 3,765,000 40,440,000 36,205,000 22,365,000 8,020,900	1,670,500 368,100 1,203,900 359,900 3,281,700 2,894,300 2,077,100 655,900	Atty General, DWR DOA Historical Society ASDB Supreme Court, Others DES Multiple Agencies	General Fund General Fund General Fund General Fund General Fund General Fund General Fund, Federal <sup>1</sup> Multiple Sources
Library for the Blind Game & Fish Regional Offices Tonto Natural Bridge Records Management Addition ASDB H.S. & Auditorium ENSCO RTC/Distressed Property Acquistions Welcome Center 1,450 Prison Beds	1,405,100 2,927,300 4,712,900 2,441,900 15,811,200 55,080,000 15,625,000 490,000 50,500,000	118,000 257,300 392,600 198,200 1,315,200 4,582,600 2,211,600 68,900	DOA, Land Department Library and Archives Game & Fish Department State Parks Board Library & Archives ASDB DOA Multiple Agencies Office of Tourism	General Fund General Fund G&F Cap Imp Fund Parks Enhancement 1/ General Fund General Fund General Fund Multiple Sources General Fund
SUBTOTAL, DOA Industrial Commission Building <u>UNIVERSITIES</u>	\$330,028,800 \$17,000,000	\$24,223,800 \$1,250,000	Department of Corrections  Industrial Commission	Corrections Fund Industrial Commission Fund
ASU-West ASU-Telecommunications ASU-Towers U of A - Telecommunications U of A - Alumni Building U of A - Others SUBTOTAL, UNIVERSITIES	\$55,400,000 9,975,000 4,500,000 27,595,000 4,950,000 8,040,000 \$110,460,000	\$5,482,000 2,987,000 444,000 2,657,000 522,000 369,000 \$12,461,000	Arizona State University Arizona State University Arizona State University University of Arizona University of Arizona University of Arizona	General Fund Local Funds !/
TOTAL	<u>\$457,488,800</u>	<u>\$37,934,800</u>		

Some funding sources are non-appropriated, and do not appear in agency budgets.

Estimated.

The estimated payments for FY's 1995-1997 is \$13.6 million. The final payment, estimated to be \$8.7 million, will be made in FY 1998.

#### **BONDING SUMMARY**

The Board of Regents, on behalf of the universities; the Coliseum and Exposition Center Board, the Department of Transportation (ADOT), and the Arizona Power Authority have issued bonds to acquire and construct facilities and to purchase equipment. Bonding levels and issuances for the universities are authorized by the Legislature. The total bonds outstanding, as of June 30, 1992, and the required debt service payments for FY 1994 are shown in the table below. The figures for universities include both academic and various auxiliary bonds; only part of the FY 1994 payment is included in universities' budgets. Scheduled payments for the Coliseum and Exposition Center, ADOT, and the Arizona Power Authority are from non-appropriated sources.

INSTITUTION	BONDS OUTSTANDING	FY 1994 DEBT SERVICE PAYMENT
Board of Regents University of Arizona Arizona State University Northern Arizona University SUBTOTAL, BOARD OF REGENTS	\$ 242,507,000 248,749,000 99,125,000 \$ 590,381,000	\$ 22,104,000 23,723,000 <u>9,707,200</u> \$ 55,534,200
Coliseum & Exposition Center Department of Transportation Arizona Power Authority TOTAL	\$ 1,820,000 639,400,000 <sup>2</sup> <u>89,870,000</u> \$1,321,471,000	\$ 1,899,000 \(\frac{1}{2}\) \( 78,823,000 \) \( \frac{7,184,700}{\\$143,440,900 } \)

<sup>1/</sup> The Coliseum & Exposition Center Board intends to retire its outstanding debt in FY 1994.

<sup>2/</sup> Does not include issuances backed by the Regional Area Road Fund (RARF), with an outstanding debt of \$890.8 million.

## SUMMARY OF REQUESTS AND RECOMMENDATIONS

The table below summarizes total capital budget requests from appropriated fund sources, recommendations made in the state Capital Improvement Plan, and recommendations made by the Governor's Office of Strategic Planning and Budgeting and the JLBC Staff.

GENERAL FUND	AGENCY REQUEST	FY 1994 CAPITAL <u>IMPR. PLAN</u>	FY 1994 EXECUTIVE REC	FY 1994 JLBC <u>REC</u>	FY 1994 LEGISLATIVE <u>WORK SPACE</u>
Building Renewal - DOA System	7,422,600	7 422 600	4 000 000		
Building Renewal - Universities	18,435,200	7,422,600	4,000,000	2,092,000	
Administration, Department of	20,031,400	18,435,200	5,000,000	3,051,700	
AHCCCS	5,880,000	1,800,000	500,000	1,240,000	
Arizona Historical Society	796,600	0	0	0	
Building & Fire Safety	73,100	0	0	0	
Community Colleges	-	0	0	0	
Corrections, Department of	21,561,200	0	0	0	
Economic Security, Department of	103,626,400	1,043,000	0	0	
Emergency Services and Military Affairs	6,464,300	218,400	0	137,200	
Health Services, Department of	2,135,000	55,000	0	27,500	
Lottery Commission	5,437,000	0	0	0	
Prescott Historical Society	336,000	0	0	0	
School for the Deaf & Blind	55,000	0	0	0	
State Parks Board	1,758,200	0	0	0	
Public Safety, Department of	700,000	0	0	0	
Board of Regents	5,556,000	0	0	359,000	
	18,039,800	0	500,000	200,000	
Youth Treatment & Rehabilitation, Department of	1,823,400	68,000	0	228,300	
TOTAL GENERAL FUND	220,131,200	29,042,200	10,000,000	7,335,700	-
OTHER FUNDS				( <del>*</del>	
Building Renewal - DOA System	1,810,500	1,810,500	2.752.200	0.550 100	
Administration, Department of	0	167,000	2,752,300	2,770,100	
Corrections, Department of	0	8,042,000	167,000	1,867,000	
Game and Fish, Department of	715,000		1,500,000	790,100	
Public Safety, Department of	715,000	715,000	715,000	635,000	
Transportation, Department of	_10,366,400	1,277,000	1,592,000	868,000	
TOTAL OTHER FUNDS		2,564,200	<u>_7,425,000</u>	6,538,200	
TOTAL OTHER FUNDS	12,891,900	14,575,700	14,151,300	13,468,400	
TOTAL ALL FUNDS	233,023,100	43,617,900	24,151,300	20,804,100	

### SUMMARY OF THE JLBC STAFF FY 1994 CAPITAL OUTLAY RECOMMENDATIONS

The JLBC Staff Recommendation is composed of two elements: (I) a "formula-driven" appropriation for Major Maintenance and Repair Of Buildings (Building Renewal), for which \$7,913,800 is recommended; and (II) Construction Project appropriations for construction, renovations, or expansions, for which \$8,519,500 is recommended. The JLBC Staff Recommendation is consistent with the process and priorities for capital outlay which were established in Laws 1986, Chapter 85. This act: (1) established a Joint Committee on Capital Review; (2) requires a Building Renewal Formula to fund major maintenance and repair; and (3) requires the annual preparation by the Department of Administration of a detailed, 5-year Capital Improvement Plan.

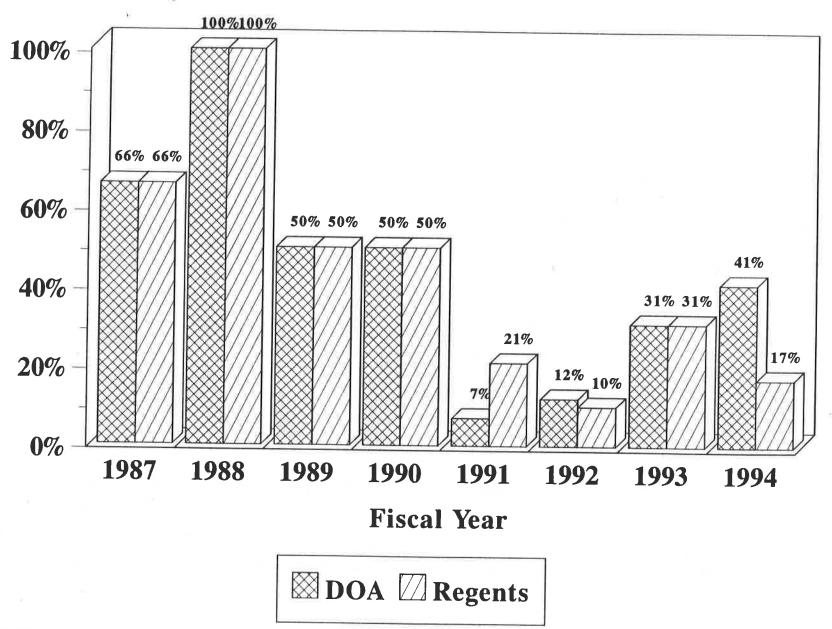
## MAJOR MAINTENANCE AND REPAIR OF BUILDINGS (BUILDING RENEWAL) - USE OF FUNDS

The JLBC Staff recommends \$7,913,800 for major maintenance and repair of state owned buildings. The recommendation is based upon partial support of a formula that takes into account the replacement value, age, and life-cycle of a building as prescribed by Laws 1986, Chapter 85. The JLBC Staff recommendation would provide General Fund/Capital Outlay Stabilization Fund (COSF) support of 41% for DOA and 17% to the Board of Regents. The Executive recommendation would provide General Fund/COSF support of 67% to DOA and 41% to the Board of Regents. The building value and age information used to generate the recommendation was taken from building inventory costs provided by the Department of Administration and the Board of Regents Staff. The amount recommended is intended for major maintenance and repair activities that involve the repair and reworking of a building, including the upgrading of systems which will result in maintaining a building's expected useful life. The funds may not be used for the following project types: 1) new construction, 2) area beautification, 3) infrastructure, 4) routine maintenance, 5) new paving, 6) resurfacing of an area that was not capitalized as part of the original cost of a building, and 7) demolition and removal of a building. In addition, funds may not be used for a maintenance project involving a building not on the inventory list. When fully funded, this formula is designed to provide adequate monies to properly maintain state facilities. The amounts appropriated in FY 1993, and recommended for FY 1994, are shown below by building system and fund source:

Building System:  1. Administration, Department of 2. Board of Regents TOTAL	FY 1993 <u>Appropriated</u> \$3,944,300 <u>5,459,300</u> \$9,403,600	FY 1994 <u>Executive Recommendation</u> \$6,762,300 <u>5,000,000</u> <u>\$11,752,300</u>	FY 1994  JLBC Staff Recommendation \$4,862,100 3,051,700 \$7,913,800
Fund Source:  1. Coliseum & Exposition Center Fund 2. Game and Fish Fund 3. Highway User Revenue Fund 4. Industrial Commission Special Fund 5. Retirement System Administration Fund 6. State Aviation Fund 7. State Compensation Fund 8. State General Fund 9. Capital Outlay Stabilization Fund 10. State Lottery Fund TOTAL	\$428,000 99,100 1,003,600 50,800 16,700 23,000 121,000 7,044,400 609,400 	\$ 441,600 98,600 1,019,400 0 18,300 24,200 141,100 9,000,000 1,000,000 9,100 \$11,752,300	\$ 441,600 98,600 1,019,400 58,200 18,300 24,200 141,100 5,143,700 959,600 9,100 \$7,913,800

# **Building Renewal Formula**

**History of General Fund Support** 



<sup>-</sup> Includes funding from the Capital Outlay Stabilization Fund

- FY 1994 is based on the JLBC Staff Recommendation

# CONSTRUCTION PROJECT APPROPRIATIONS FOR STATE FACILITIES

Agency		R	JLBC Staff ecommendations	
Priority Number	Agency/Project Descriptions	General Fund	Other Funds	<u>Total</u>
<u>rannoci</u>	Department of Administration			
		400,000		400,000
1	Occupational Licensing Building Windows	200,000		200,000
3 5	ADA Compliance 1400 W. Washington Renovation	600,000		600,000 40,000
6	Fast and West Annex Renovation	40,000 0	167,000	167,000
	Worker's Compensation Building Addition		<del></del> -	1,407,000
	Total	<u>1,240,000</u>	<u>167,000</u>	1,407,000
	Department of Corrections	2		
-	ASPC-Tucson Rincon Doors and Locks		237,600	237,600 52,500
5 7	ASPC-Florence Picacho Fire Alarms		52,500 300,000	300,000
17	ASPC-Tucson Gila Unit Electrical Upgrade		200,000	200,000
	Statewide Building Maintenance		790,100	790,100
	Total		1981288	
	Department of Economic Security			
1	ATP-Coolidge Fire & Life Safety Corrections	137,200		137,200
	Department of Emergency Services and Military Affairs			
1	Valencia Road Access	27,500		27,500
1		. 10		
	Game and Fish Department			100.000
	Hatchery Renovation	Tec. 1	100,000	100,000 30,000
1 2	Facilities Repair and Maintenance		30,000 5,000	5,000
3	Shooting Range Development		500,000	500,000
4	Migratory Waterfowl Habitat			
	Total		<u>635,000</u>	<u>635,000</u>
	Department of Public Safety		27.075, 47 - 24.000,000	#12 A02
1	Uninterruptible Power Supply	359,000	359,000 150,000	718,000 150,000
3	Remote Officer Housing		-	
,	Total	<u>359,000</u>	<u>509,000</u>	868,000
ta.	ı Utai			CB-9

# CONSTRUCTION PROJECT APPROPRIATIONS FOR STATE FACILITIES

74				
Agency Priority		5)	JLBC Staff	
Number	Agonor/Project D	R	ecommendations	
Number	Agency/Project Descriptions	General Fund	Other Funds	_Total
	Board of Regents			
1a	ADA Compliance	200.000		
	Department of Transportation	200,000		200,000
1	Vehicle Emissions Exhaust System			
2	Headquarters Security System Upgrade		48,400	48,400
3	ADA Modifications		140,000	140,000
4	Fuel Storage Tank Upgrade		400,000	400,000
5	MVD Facilities Modifications		550,000	550,000
6	Materials Laboratory Demolition		200,000	200,000
7	Flagstaff MVD Addition		160,000	160,000
8	Chandler Driver License Facility		321,000	321,000
9	Casa Grande Regional Service Center		1,147,600	1,147,600
10	Durango Master Plan		1,375,500	1,375,500
11	Page Maintenance Yard Sewer System		100,000	100,000
12	Tucson Paint Storage		270,000	270,000
13	Sand and Salt Sheds		140,000	140,000
14	Truck Wash Facilities		100,000	100,000
15	Asphalt Storage Tanks		111,200	111,200
17	Parking Lot Development		196,000	196,000
18	Prescott Valley Site Development		160,000	160,000
19	Prescott Valley Equipment Shop		62,000	62,000
	Total		1,068,500	1,068,500
	lotal		6,538,200	6 529 200
	Department of Youth Treatment & Rehabilitation		0,558,200	<u>6,538,200</u>
12,13	Structural Repairs			
	•	228,300		228,300
	GRAND TOTAL	2,192,000	8,639,300	10,831,300
			5,000,000	10,001,000

Danartment	Department of Administration				Fund: Gene Analyst: Brain	
PRIORITY	PROJECT TITLE	FY 1994 REQUEST	FY 1994 CAP IMPR PLAN	FY 1994 EXEC REC	FY 1994 JLBC REC	LEGISLATIVE WORK AREA
AGENCY T	OTALS	20,031,400 167,000	1,800,000 167,000	500,000 167,000	1,240,000 GF 167,000 OF	
1	Occupational Licensing Building Windows	750,000	750,000	0	400,000 GF	
	The window panes installed in the OLB are defective This is a life safety and energy efficiency issue. The existence, making the option of recourse unavailable for funding because it is not an unexpected loss, bu DOA General Services Division will construct barric intends to use FY 1993 Building Renewal funds to h square foot of window space, plus design fees and a correct this issue.	the firms that design The Risk Manage tamaintenance a cades to prevent a line an engineer to	gement Division has conc nd design issue. Per Ri ccess around the building assess the situation. The	luded that the prosk Management's g. The Facilities g requested amou	oblem does not qualify recommendation, the Management Division nt is based on \$40 per	
3	ADA Compliance	750,000	750,000	500,000	200,000 <b>GF</b>	
3	The Americans with Disabilities Act establishes a set By July 26, 1992, state and local governments were facilities. By January 26, 1993, state and local assessment of meeting ADA requirements. ADA con JLBC Staff should permit DOA to address "Readily routine maintenance and remodeling - and to begin JLBC Staff suggests that DOA work with the Governments.	to have completed governments sho ompliance must be y Achievable" acc "Budget Issues"	a distribution plan for manual have completed a secomplete by January 19 commodations - those characteristics items that require	survey of their 1995. The amoun anges that can be a more substar	facilities, including an trecommended by the eaccomplished during that expenditure. The	
4	Renovation of Tucson Office Buildings	2,002,600	0	0	0 <b>GF</b>	
	Upgrade and renovation of the 2 older state office be new Tucson Office Building opened earlier this year General, the Geological Survey, and the state Health and electrical systems, renovate the interiors, and resquare foot. Completion of this project would permedesign of this project with monies from previous ap	ear. Once renove a Lab will occupy econfigure floor p it the relocation of propriations for re- ease-purchase. A	the buildings. The reque lans; the requested amou f about \$120,000 annuall enovation. The Capital I	ested amount wou nt reflects a total y in private lease improvement Plan was transferred f	ald upgrade mechanical cost of about \$32 per s. DOA has begun the proposes funding this from completed capital	
	projects through a JCCR authorization to fund a per previous appropriations, energy grants, and building	artion of this proi	ect. The JLBC Stall be	meves mai mis a	mount, combined with	

Department:	Department of Administration				Fund: Gene Analyst: Brain	
PRIORITY	PROJECT TITLE	FY 1994 REQUEST	FY 1994 CAP IMPR PLAN	FY 1994 EXEC REC	FY 1994 JLBC REC	LEGISLATIVE WORK AREA
5	Renovation of 1400 West Washington  Complete the design and renovate the state office build occupied by the Department of Economic Security and	1,400,000 ding located at 14	0 00 West Washington, T	0 his building was bu	600,000 GF	
	occupied by the Department of Economic Security un system, replacement of the electrical, plumbing, and with ADA guidelines. The Attorney General's office assigned for the remaining portion. The amount recordenewal monies, is adequate to renovate a substantial and other office building renovation projects via lease-	fire alarm system  e is scheduled to  mmended by the  portion of this h	s, installation of energy	vould include renover efficient light fixture is building, and a	vation of the HVAC res, and compliance tenant has yet to be	
6	Renovation of East & West Annexes	3,166,500	0	0	40,000 <b>G</b> F	
	Design and renovation of the entire West Annex, and of Agriculture is the sole remaining tenant in the West was relocated from the West Annex to the West Wadjustments to the space vacated by DOA Purchasing space it occupies in the East Annex, and to consolidate	ing in October  This would be	1992. For the short to	ot renovated in 199 ast Annex. DOA	1. The Department s Purchasing Office	
	The request includes \$200,000 for design and nearly about 9,000 square feet of the East Annex. Major recommended amount would permit DOA to secure required scope and cost. No private sector leases Improvement Plan proposes funding this and other office.	or systems in bo architectural and are expected to	oth buildings are aged engineering services to be terminated as a rec	and may require more accurately a	replacement. The	
	Energy Improvements	0	0	0 1	1,700,000 OF	
	The Department of Commerce Energy Office has \$ improvement projects in public buildings. This amount Office. The JLBC Staff recommends these monies be owned buildings, including repair/replacement of heati JLBC Staff also recommends that these monies be provenergy improvement projects in state-owned buildings payback of 2 to 3 years in the form of reduced utility in the DOA operating budget to retain the Utilities apprecommended amount for utilities will be adequate.	e made available ing, ventilation & vided as grants, that totals more bills. This recor	to DOA in FY 1994 to air conditioning system with no payback require than \$4 million. Most numendation corresponds	at have been designed that has been ignored fund energy imposes, and lighting returnents. DOA has tof these projects with the JLBC Sta	gnated for energy ored by the Energy rovements in state- rofit projects. The developed a list of have an estimated ff recommendation	
	recommended amount for utilities will be adequate improvement projects.	DOA Secures	runding for and comp	pietes the impleme	entation of energy	

	- C. A. Lucinistantion			¥	Fund: General Fund Analyst: Brainard	
	Department of Administration	FY 1994 REQUEST	FY 1994 CAP IMPR PLAN	FY 1994 EXEC REC	FY 1994 JLBC REC	LEGISLATIVE WORK AREA
PRIORITY	PROJECT TITLE	REQUEST				
	Underground Storage Tank Compliance	0	300,000	0	0 <b>GF</b>	
	In response to requests from several agencies, the regulations governing Underground Storage Tanks. monitoring system, or to be installed above ground. recommends that DOA develop a plan for compliance be considered for simple abandonment.	These regulations	esias have already begu	n to address this is	sue; the JLBC Staff	
	Risk Management Division Building Expansion	0	167,000	167,000	167,000 OF	
	The JLBC Staff concurs with recommendations made Compensation Fund to construct a 3,500 square for actuarial study performed for the Workers' Compensation claims in-	sation Division ha	s determined the state co	uld save an estimate ensation Fund. Inc	ed \$700,000 annually cluding the additional	

cost of staff, equipment, and this capital improvement, the state would realize savings within the first full year of operation.

Department	: Department of Corrections				Fund: I Analyst: I	Endowment Funds Brainard
PRIORITY	PROJECT TITLE	FY 1994 REQUEST	FY 1994 CAP IMPR PLAN	FY 1994 EXEC REC	FY 1994 JLBC REC	LEGISLATIVE WORK AREA
AGENCY 1	COTALS	103,626,400	9,085,100	1,500,000	790,100 OF	
1	New Beds	70,151,000	8,042,000	1,500,000	0 OF	
	Based on projections of inmate popula additional beds. The Capital Improveme a cost of \$5,750,000, and 2) a Master P new, Level 5 facility at the new Flor recommendation to apply about \$18.6 m for new beds will be unavailable from th facility, and recommends that these mon made a recommendation regarding fund Legislature in the larger context of using other criminal justice related issues.	lan for a new, third compence Complex, at a cost illion from the Correction is fund. The OSPB reconties be repaid from the prince	lex at the Florence Prison of \$2,192,000. If the s Fund to offset the DOC mmendation would fund in roceeds of a lease-purchase bade, and believed.	corrections Fund:  a, and land acquisic  Legislature accept  General Fund application design service  se issuance. The	1) 200 DUI beds at tion and design of a pts the JLBC Staff propriation, funding es for a new prison JLBC Staff has not	
2	ASPC-Florence Fire/Life/Safety	910,600	910,600	0	0 OF	
	Continuation of an on-going effort to brin for which funding has been requested a currently being worked. The JLBC Stat The Capital Improvement Plan recommen	ff recommends these proj	o compliance with fire an jects, and several projec	d safety codes. M	lany of the projects	
5	ASPC-Tucson Rincon Unit Doors and Locks Replacement	761,500	80,000	0	237,600 OF	
	The agency has requested funding to repla in the Rincon Unit. The existing facilitie locks cannot be opened from a remote of individually. In case of a fire or other en	control panel requiring (	ago, with an expected use	eful life of 10 year	rs. The doors and	
	The DOC physical plant staff at ASPC-Tupermits all doors and locks in the housing The JLBC Staff recommendation would proceed to the process of the process	icson has installed a syste	m of locks, wiring, and a	control panel in	housing unit that	

The JLBC Staff recommendation would permit the agency to install this same system at the remaining 8 units, and includes a 10% contingency. The Capital Improvement Plan recommends funding this project's design only, from the General Fund.

-	Department of Corrections					dowment Funds ainard
	Department of Corrections  PROJECT TITLE	FY 1994 REQUEST	FY 1994 CAP IMPR PLAN	FY 1994 EXEC REC	FY 1994 JLBC REC	LEGISLATIVE WORK AREA
PRIORITY	reductified					
7	ASPC-Florence Picacho Fire Alarms	52,500	52,500	0	52,500 OF	
	Design and installation of fire alarms in a dormi alarm system. The existing arrangement violation project from the General Fund.	tory and a dining ates state fire coo	hall, and connection of the les. The Capital Improve	e new alarms to the ment Plan recomm	e unit's central fire nends funding this	
17	ASPC-Douglas Gila Unit Electrical Upgrade	459,000	0	0	300,000 OF	
	Eight modular trailer units each serving as 38 Inmates have direct access to loadcenter panels serious fire/life safety issue. The required in electrical service to each dormitory, including e Inmate labor would be used where appropriate.	mprovements hav liminating inmate	to been designed. The re	commended amou	nt would renovate	
	Statewide Building Maintenance	0	0	0	200,000 OF	
	The size of the Department of Corrections cap nearly \$300 million. The amount recommender that either do not qualify for Building Renew manner to capital and safety requirements, such recommended by the State Auditor in its FY 19 Construction function.	al monies, such	as repaying or infrastructu	re repairs, or to r	espond in a timely ropriation was also	
	- 22	2 22 22 10 10 10	t o Tour Land Endou	ment Funds for wh	nich the Department	

The projects recommended by the JLBC Staff would be funded from the 2 Trust Land Endowment Funds for which the Department of Corrections is the beneficiary: the Penitentiaries Land Grant and the Charitable, Penal and Reformatories Land Grant. For each of these grants, there is a permanent fund and an expendable fund; only the expendable fund may be spent. The source of revenue into the expendable fund is interest earnings on investment of the permanent fund, and receipts from the lease of State Trust Lands. The Department of Corrections is the sole beneficiary of the Penitentiaries Land Grant. The Legislature has traditionally divided the Charitable, Penal and Reformatories Fund as follows: one-half is allocated to the Pioneers' Home in Prescott, and the other half is shared between the Department of Youth Treatment and Rehabilitation and the Department of Corrections.

Department:	Department of Economic Security					General Fund Brainard
PRIORITY	PROJECT TITLE	FY 1994 REQUEST	FY 1994 CAP IMPR PLAN	FY 1994 EXEC REC	FY 1994 JLBC REC	LEGISLATIVE WORK AREA
AGENCY T	OTALS	6,464,300	389,600	0	137,200 GF	
1	Fire and Life Safety Code Corrections  Various modifications and upgrades to bring build compliance with fire and safety codes. The agency are needed to ensure the state's receipt of federal liability by failing to correct known fire code violati safety issues, including smoke alarms, fire barrier include funding for projects that would resolve acce Coolidge facility remains unclear, the JLBC Staff is	Title XIX funding ons. The recommodals and doors, ssibility issues and	ny of the improvements in g for these facilities. In mended amount will permit and fire alarms. The J	for which funding n addition, the st it the agency to co LBC Staff recom	has been requested ate risks substantia prrect identified fire mendation does no	i l :

	a 1 Military Affairs					neral Fund inard
	Emergency Services and Military Affairs  PROJECT TITLE	FY 1994 REQUEST	FY 1994 CAP IMPR PLAN	FY 1994 EXEC REC	FY 1994 JLBC REC	LEGISLATIVE WORK AREA
AGENCY T		2,135,000	55,000	0	27,500 GF	
1	Valencia Road Access  Construction of a left turn lane and a right turn decenter of the control of turn lane and a right turn decenter of the control of turn lane and a right turn decenter of the control of turn lane and a right turn decenter of the control of turn lane and a right turn decenter of turn lane and a right	his part of the countries the countries one-h	aty and has expressed so	ome willingness to	work with the state	

Department	: Game and Fish Department					rious Other Funds inard
PRIORITY	PROJECT TITLE	FY 1994 REQUEST	FY 1994 CAP IMPR PLAN	FY 1994 EXEC REC	FY 1994 JLBC REC	LEGISLATIVE WORK AREA
AGENCY 7	ΓOTALS	715,000	715,000	715,000	635,000 OF	
1	Hatchery Renovation	100,000	100,000	100,000	100 000 05	
	Ongoing improvements to agency fish hatcheries. Twith 75% federal funds. The Game & Fish Depa 1986; the program is expected to be complete in FY	This request would	1 0 1 1 1	•	100,000 OF Fund, and matched thery system in FY	
2	Facilities Repair and Maintenance  Maintenance and repair of agency facilities statewi regional offices, auxiliary and storage buildings, hate in Building Renewal appropriations annually; the rec requirements that do not qualify for Building Renew	commended amous	100,000  e & Fish Fund. The fand central headquarters.  at is adequate to address	100,000 acilities scheduled The agency receithe agency's main	30,000 OF I for repair include wes about \$100,000 intenance and repair	
3	Shooting Range Development	15,000	15,000	15,000	5,000 OF	
	The requested monies from the Game & Fish Furupgrade, and repair shooting ranges throughout the the recommended amount should permit the agency years.	nd are used to pr state. About \$22, to continue to di	ovide grants to private, 000 remains from previsions at the page	shooting organiz	ations to develop,	
4	Migratory Waterfowl Habitat  Acquisition of wetland habitat for waterfowl. The pstamp, which is required to hunt ducks in Arizona private, to acquire wetlands. The request and the available in the fund that remains unappropriated and used for any purpose other than acquisition of waterforms.	amount recomme	ed amount will be used	to match other	funds, public and	

Department: Department of Public Safety

Fund: General Fund and Other Funds

Analyst Brainard

Departmen	it. Department of Tubile Surety					
PRIORITY	PROJECT TITLE	FY 1994 REQUEST	FY 1994 CAP IMPR PLA	FY 1994 N EXEC RE		LEGISLATIVE WORK AREA
AGENCY	TOTALS	5,556,000 0	0 1,227,000	0 1,592,000	359,000 GF 509,000 OF	
1	Uninterruptible Power Supply Replacement	1,077,000 0	0 1,077,000	0 1,077,000	359,000 GF 359,000 OF	

The UPS provides backup electrical power to the DPS Data Processing Center in the event of a power outage. The existing UPS is 16 years old, but has an expected useful life of 10 years. The DPS Data Processing Center provides computer access to 1) the Arizona Criminal Justice Information System (ACJIS), which provides information on criminal records and warrants; 2) state MVD files, which gives peace officers current information regarding vehicle registration; and 3) the National Law Enforcement Telecommunications System (NLETS), which links local, state, and federal law enforcement personnel nationwide.

The UPS has been failing with increasing frequency in recent years. A normal power failure, combined with failure of the existing UPS, could compromise the safety and effectiveness of law enforcement personnel in Arizona and around the nation. DPS has expended more than \$100,000 since FY 1989 to maintain the existing system; replacement parts are increasingly expensive and difficult to locate. The estimated cost is based on information developed during the project design. The project would include replacement of an underground diesel storage tank for the generators with an above ground tank that meets EPA guidelines.

Both OSPB and the Capital Improvement Plan recommend funding this project entirely from the Highway Fund. The JLBC Staff believes the General Fund and monies from either the Criminal Justice Enhancement Fund (CJEF) or Racketeering Influenced Corrupt Organizations Fund (RICO), or both, should supplement the Highway Fund to pay for this project. Thus, the JLBC Staff recommends funding ½ of this project, or \$359,000, from the General Fund, and ½ from the Highway Fund, and would expect the DPS to provide a match equivalent to the remaining ½.

#### 3 Remote Officer Housing 515,000 0 0 0 GF 0 150,000 515,000 150,000 OF

As part of an ongoing effort to upgrade housing facilities for DPS Officers located in remote locations, DPS is requesting funding to provide site improvements and replace trailers in Sanders and Dateland. The existing facilities are old and deteriorated, and inadequate to accommodate officers with families. The amount recommended by the JLBC Staff will permit the agency to replace 2 trailers and complete site improvements, such as fencing and landscaping, in Sanders, and to purchase property and begin site improvements in Dateland. The JLBC Staff concurs with the Capital Improvement Plan and the OSPB recommendations to fund this project from the Highway Fund. The Legislature has appropriated more than \$620,000 for this project from the General Fund during the past 2 fiscal years. The JLBC Staff believes the application to this project of some Highway Fund monies is appropriate in light of the role that remote officer housing plays in the DPS Highway Patrol function.

Department: Department of Public Safety	Fund: General Fund and Other Funds Analyst Brainard				
PRIORITY PROJECT TITLE	FY 1994	FY 1994	FY 1994	FY 1994	LEGISLATIVE
	REQUEST	CAP IMPR PLAN	EXEC REC	JLBC REC	WORK AREA

#### DPS Compound Lease-Purchase

The Legislature may wish to consider directing the acquisition by lease-purchase of the DPS compound that the agency is currently leasing on South 16th Street in Phoenix. This compound that was constructed in 1992 adjacent to the DPS-owned metro patrol office and fleet repair facility. The facility was built according to DPS specifications. DPS consolidated three leases into this compound, with an annual cost of about \$120,000. The annual cost to lease this new facility is \$105,000, and this cost is scheduled to rise about \$5,000 each year. Due to this existing stream of revenue and to the "essentiality" of this compound to the state, the JLBC Staff believes this facility represents an ideal candidate for lease-purchase. The annual lease-purchase payments for this facility are estimated to be between \$88,000 and \$145,000, depending on the length of the issuance. Upon completion of the payments, the state would own the facility outright.

Department: Board of Regents

Fy 1994
PRIORITY PROJECT TITLE

Fund: General Fund
Analyst: Brainard

FY 1994
FY 1994
FY 1994
FY 1994
FY 1994
EXEC REC
JLBC REC
WORK AREA

1a ADA Compliance 9,000,000 0 500,000 200,000 GF

The Americans with Disabilities Act establishes a series of deadlines for making public accommodations accessible to all individuals. By July 26, 1992, state and local governments were to have completed a transition plan for making structural changes to buildings and facilities. By January 26, 1993, state and local governments should have completed a survey of their facilities, including an assessment of the methodology intended to address compliance. Actual compliance must be complete by January 1995. The JLBC Staff recognizes that the recommended amount is inadequate to address all ADA compliance issues at the state's universities. However, this amount should permit the universities to address "readily achievable" accommodations those changes that require a minimal cost and that can be made during routine maintenance and remodeling. The JLBC Staff believes that this recommendation will exhibit a "good faith" effort on the part of the state to comply with ADA regulations.

Department:	Department of Transportation					ighway Fund rainard
PRIORITY	PROJECT TITLE	FY 1994 REQUEST	FY 1994 CAP IMPR PLAN	FY 1994 EXEC REC	FY 1994 JLBC REC	LEGISLATIVE WORK AREA
AGENCY TO	OTALS	10,366,400	2,564,000	7,425,000	6,538,200 OF	-
1	Vehicle Emissions Exhaust System	48,400	0	48,400	48,400 OF	
	Installation of a vehicle emissions exhaust system remain closed during inclement weather, resulting quotes for the equipment.	n at the Globe and ag in an unsafe worl	Safford equipment shoking environment. The	ns Equipment	shan hay doors must	
2	Headquarters Security System Upgrade	140,000	0	140,000	140,000 OF	
	Installation of a card access control security syst paid for security upgrades to 2 buildings consider	em in 8 buildings ted to be at greatest	hat comprise ADOT I risk of security violati	leadquarters R		
3	ADA Modifications	661,600	661,600	500,000	400,000 OF	
	Phase 1 of 2 phases to bring ADOT into complerecommended amount is adequate to begin this ef	iance with the Ame fort.	ricans with Disabilitie			
4	Fuel Storage Tank Upgrade	1,100,000	0	1,100,000	550,000 OF	#0
	Part of a multi-year project to bring the agency guidelines. More than \$2,000,000 has been app amount remains unexpended, the JLBC Staff reco	ropriated for this ef	ffort since FY 1991.	vith state and fe Because a substa	deral environmental	
5	MVD Facilities Modifications	200,000	200,000	200,000	200,000 OF	
	Project SLIM has recommended that Driver Lic consolidated into one work station. The extent of a prototype work station that accommodates these	the required change	Registration functions es will vary by facility.	performed at re	gional facilities he	

Department:	Department of Transportation					lighway Fund rainard
PRIORITY	PROJECT TITLE	FY 1994 REQUEST	FY 1994 CAP IMPR PLAN	FY 1994 EXEC REC	FY 1994 JLBC REC	LEGISLATIVE WORK AREA
6	Materials Laboratory Demolition	160,000	160,000	160,000	160,000 OF	
	Demolition of the vacant Materials Lab located at Pipe & Steel Company building on 22nd Avenue. environmental contaminates. The request is based environmental services company.	The project wi	ll include demolition, re	emoval of materia	ils, and removal of	
7	Flagstaff MVD Addition	336,000	16,000	321,000	309,000 OF	
	Enclose a canopy and add 1,200 square feet, telephone and computer lines, and a security system to the Flagstaff service center. ADOT has estimated the cost of the building addition to be \$147.50 per square foot, and enclosure of the canopy to be \$75 per square foot. The amount recommended by the JLBC Staff is based on a reduction of the cost of the addition to \$125 per square foot. The Capital Improvement Plan recommends funding for design.					
8	Chandler Driver License Facility	1,185,000	436,400	1,147,600	1,147,600 OF	
	Construction of a prototype 5,200 square foot MV the facility, including land acquisition, improvement facility in south Phoenix, which was completed in land acquisition and design. The JLBC Staff recombeen appropriated for this purpose.	nts, and equipment of early 1992. The	nt, and is based on the a he Capital Improvement	ectual cost of cons Plan recommend	structing a duplicate Is funding only for	
9	Casa Grande Regional Service Center	1,375,500	429,000	1,375,500	1,375,500 OF	
	Construction of a new regional MVD facility the registration operations. Construction of this facility MVD facilities. ADOT will terminate 2 private I Improvement Plan recommends funding only for land	ty is consistent ve eases in the Casa	vith Project SLIM's rec a Grande area upon con	ommendation to	onsolidate multiple	<b>;</b>
10	Durango Master Plan	100,000	0	100,000	100,000 OF	
	Master plan the Durango Maintenance Yard in Phofurther recommends that this plan be consistent will Governor's Office for Excellence in Government.	penix, which cont th the recommend	ains numerous buildings lations of the study that	s of various ages. is currently unde	The JLBC Staff rway by the	

Department:	Department of Transportation					ghway Fund ainard
PRIORITY	PROJECT TITLE	FY 1994 REQUEST	FY 1994 CAP IMPR PLAN	FY 1994 EXEC REC	FY 1994 JLBC REC	LEGISLATIVE WORK AREA
11	Page Maintenance Yard Sewer System	270,000	0	270,000	270,000 OF	
	Completion of improvements to the water and w staff housing. The recommended amount is based	astewater system I on the project de	that services the Page Nesign.	faintenance Yard	and correspondent	
12	Tucson Paint Storage	140,000	0	0	140,000 OF	
	Design and construction of a prototype paint stora with manufacturer's recommendations, and withi ADOT to take advantage of bulk purchasing rates, facilities.	n state and feder	al environmental guideli	ines. This facili	ty will also enable	
13	Sand and Salt Sheds	276,000	0	276,000	100,000 OF	
	Ongoing project to construct a total of 12 sheds in estimated cost per unit is \$100,000.	northern Arizona	a. A prototype shed has	been designed ar	,	
14	Truck Wash Facilities	300,000	0	300,000	111,200 OF	
	Construction of 4 large vehicle wash facilities. \$3 facilities. The project design subsequently has est this cost appears to be the result of federal and starecommended by the JLBC Staff, when combined The JLBC Staff suggests that ADOT confer with freducing this cost for future truck wash facilities.	imated the cost of te environmental with the previous	the large facilities to be requirements governing appropriation, should be	about \$411,000 wastewater. The adequate to fun	each. Much of amount d 1 truck wash.	
15	Asphalt Storage Tanks	196,000	196,000	196,000	196,000 OF	
	Installation of 4 road asphalt storage tanks at high facilities at strategic locations around the state, and comply with state and federal environmental regularies based on a contract the agency has with a vendor a spill containment area.	d will permit AD6 lations governing and deteriorated co	OT to 1) maximize emplo storage of oil-based pro ondition of existing tank	oyee and equipm ducts, and 3) rec s in Phoenix and	oject to place these ent productivity, 2) luce safety risks to Tucson. The cost	

Department:	Department of Transportation				· ·	ghway Fund ainard	
PRIORITY	PROJECT TITLE	FY 1994 REQUEST	FY 1994 CAP IMPR PLAN	FY 1994 EXEC REC	FY 1994 JLBC REC	LEGISLATIVE WORK AREA	
17	Headquarters Parking Lot	160,000	160,000	160,000	160,000 OF		
	Installation of additional parking at 3 agency building at Jackson Street and 16th Avenue, a Avenue.	facilities: the MV and the agency's new	D Enforcement office of the control	on Grand Avenue source Developme	, an administrative ent Center on 22nd		
18	Prescott Valley Site Development	175,000	175,000	62,000	62,000 OF		
	Initial development of the maintenance yard that is being transferred from Prescott to the Prescott Valley, including planning, surveying, site grading, and installation of a fence. \$1.2 million was appropriated in FY 1992 to acquire this property; the actual purchase price was \$1.1 million. ADOT has already applied the unexpended portion of this appropriation to begin this development; when combined with the amount recommended by the JLBC Staff, this unexpended portion is adequate to complete site development.						
19	Prescott Valley Equipment Shop	1,068,500	10,000	1,068,500	1,068,500 OF		
19	Design and construction of a new, 16,000 s maintenance yard. The cost is based on cor- recommended in the Capital Improvement Plan	struction of a prototy	ype facility constructed	facility at the no at Page in FY 19	ew Prescott Valley 991. The amount		
34	West Area Lab	120,000	120,000	0	0 OF		
	Installation of a cement cylinder to process tes	t samples, and ventila	ation equipment.				
	Highway Construction						
	The JLBC Staff recommends \$136,729,000 for highways under the administration of Marico service. The Executive recommends \$136,53°	opa and Pima Counti	es Associations of Gov	for construction covernment, and \$3.	of controlled access 5,721,000 for debt		

Department: Department of Youth Treatment and Rehabilitation  Fund: General Analyst: Brainard							
PRIORITY	PROJECT TITLE	FY 1994 REQUEST	FY 1994 CAP IMPR PLAN	FY 1994 EXEC REC	FY 1994 JLBC REC	LEGISLATIVE WORK AREA	
AGENCY '	TOTALS	1,823,400	68,000	0	228,300 GF		
1	Fire Alarm Renovation	68,000	68,000	0	0 <b>GF</b>		
	Design and construction of upgrades to the fire ala into compliance with fire codes. This project wil agency from the Corrections Fund.	arm system at Adobe l be funded with an	Mountain Juvenile Insti allocation from the FY	tution (АМЛ) to 1993 \$500,000 a	bring the institution ppropriation for the		
12,13	Structural Repairs	228,300	0	0	228,300 GF		
	Repair damage to the structural integrity of 4 residential buildings at Adobe Mountain Juvenile Institution (AMI) in north Phoenix, and the gymnasium/prevocational education building at Catalina Mountain Juvenile Institution (CMII) in Tucson. A broken waterpipe under one of the buildings at AMII, as well as poor soils analysis prior to constructing the 4 AMII buildings, have resulted in the shifting of the structures. This has resulted in cracked foundations and walls, broken plumbing, and other structural damage. A similar situation exists at CMII, in which the building has experienced substantial shifting. An engineering analysis of both of these sites has been performed, and is the basis of this request. The recommended amount would provide funding to stabilize the structures, bring them into compliance with safety codes, and repair their roofs.						