

Joint Legislative Budget Committee

Monthly Fiscal Highlights

December 2021

Summary

November General Fund collections were \$1.12 billion, which is a 17.5% increase above November 2020. Revenues for the month were \$54 million above the October FAC revenue forecast.

While the forecast gain for November was more moderate compared to prior months, the state's largest revenue categories continue to post significant revenue growth.

Sales Tax

The Sales Tax revenue category posted yet another month of double-digit growth in November, ending up 15.3% above November 2020. The Sales Tax forecast gain was \$31 million for the month.

The state continues to see growth in the retail/remote online sales classification, and a strong recovery in service-based sector revenues.

While the contracting classification showed a modest improvement during October, the sector turned negative again in November posting a decline of (6.3)% for the month.

Individual Income Tax

Overall Individual Income Tax (IIT) collections grew by 11.3% during November and were \$17 million above the October FAC forecast. November's IIT growth was driven by withholding collections, which were the second highest

level of withholding revenues for any month in Arizona history. The state also saw a larger amount of final payments, which is unusual for the month of November.

Corporate Income Tax

November is a relatively minor month for CIT collections, but the category continued to do well. The state collected \$19 million in November compared to \$7 million in the prior year.

Year-to-Date Results/Operating Balance

Year-to-date through November, excluding Urban Revenue Sharing and fund transfers, FY 2022 General Fund revenues are 7.2% above the prior year. After benchmarking against the October FAC forecast for 2 months, the state has generated a cumulative forecast gain of \$154 million. After adjusting for the deferral of income tax revenues from April 2021 to July 2021, FY 2022 year-to-date revenues are 18.3% above the prior year.

The state's fiscal health can also be measured by the operating fund balance. The state pays its bills out of the operating fund balance, which consists of the General Fund and certain dedicated funds. The operating balance as of mid-December 2021 is \$7.01 billion.

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November Revenues

Table 1

General Fund Revenues (\$ in Millions)

	FY 2022 Collections	Difference From October FAC Forecast	Difference From FY 2021
November	\$ 1,116.9	\$ 54.4	\$ 166.2
Year-to-Date	\$ 5,967.8	\$ 154.0	\$ 441.4

Sales Tax collections of \$568.7 million were 15.3% above November of last year and \$31.4 million above the October FAC forecast. This is the ninth consecutive month that sales tax collections have grown by double digits. Year to date, sales tax revenue is up by 15.4% and is \$62.5 million above forecast.

Table 2 provides more details on the 5 major sales tax categories as well as the smaller Transient (Hotel/Motel) Lodging and Amusements classification. Sales tax categories most adversely affected by the pandemic are now recovering at a rapid pace. November marked the 7th consecutive month with triple-digit year-over-year growth for the Amusement category (which includes sales tax collected from movie theaters, sports events, music concerts and similar activities). This unusually high growth rate is primarily attributable to the sharp decline in amusement-related activities during the first 12 months following the start of the pandemic. Compared to November 2019, the Amusement category has grown by 16.0%, suggesting that revenue from this industry now may have fully recovered.

Besides the Amusement category, the Restaurant and Bar as well as the Lodging classifications have rebounded strongly since the early phase of the pandemic. Year over year through November, sales tax collections are up by 34.6% from restaurants and bars and by 70.5% from the lodging industry.

The Contracting and Utilities classifications have seen some slowing in recent months. Year to date, sales tax revenue from the contracting industry is down by (2.2)% and the comparable figure for utilities (including sales of electricity, natural gas and wastewater treatment) is (0.1)%.

Table 2

**Sales Tax Growth Rates
Compared to Prior Year**

	Nov	YTD
Retail/Remote Seller	16.8%	15.8%
Contracting	(6.3)%	(2.2)%
Use	5.8%	12.6%
Restaurant & Bar	37.7%	34.6%
Utilities	(11.0)%	(0.1)%
Hotel/Motel Lodging	78.7%	70.5%
Amusements	118.7%	187.3%

Individual Income Tax (IIT) net collections in November were \$520.7 million, 11.3% higher than the previous November and \$17.0 million above the October FAC forecast. Year-to-date (YTD) IIT collections are down (5.9)% compared to this point in FY 2021, but if the impact of the 2020 tax filing deferral is taken into account, IIT is up 16.9% YTD.

Table 3

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

	November	YTD
Withholding	13.3%	11.7%
Estimated/Final Payments	37.7%	(46.0)%
Refunds	89.7%	(29.9)%

Withholding revenue increased 13.3% in November compared to last year and was \$29.4 million above the forecast. At \$517.4 million, this was the second highest amount of withholding collections of any month in Arizona history. YTD, withholding has grown 11.7% and is \$45.1 million above the October FAC forecast. The strong growth in withholding collections is consistent with both state and national wage data. To provide some perspective, at the national level, wage and salary disbursements have grown, year over year, by double-digit rates in 6 of the last 7 months.



November payments were \$47.9 million, an increase of 37.7% over last year and were \$6.3 million over the October FAC forecast. This was the highest level of payments than any previous November. YTD payments have decreased (46.0)% and are \$38.2 million above forecast. Excluding the impact of the tax-filing deferral, payments are up by 46.5% through November.

Refunds in November were \$44.6 million, which is 89.7% more than November 2020. Higher-than-expected refunds caused a loss of \$(18.8) million compared to the October FAC forecast. YTD refunds are (29.9)% below FY 2021, but taking the deferral into account YTD refunds are up 23.3%. Year to date, refunds have generated a forecast loss of \$(14.9) million.

Corporate Income Tax net revenue was \$19.2 million in November, which was 171.8% above the November 2020 level and \$9.2 million above the October FAC forecast. Historically, net collections in November typically represent about 1% of the fiscal year total.

Year to date, net collections through November are \$347.3 million, an increase of 38.6% over the same period in the prior year and \$24.2 million above forecast.

Insurance Premium Tax (IPT) revenue was \$217,200 in November, which was (89.8)% below last year and \$(6.5) million below the October FAC forecast. November IPT collections are typically the smallest of the year, representing on average 0.2% of the fiscal year total.

Year to date, IPT collections through November are \$194.8 million, which is an increase of 15.2% above the prior year but \$(3.4) million below forecast.

As noted in previous months, the significant year to date growth in IPT collections is likely related to premium taxes levied on the state's Medicaid program.

The amount of **Tobacco Tax** deposited into the General Fund in November was \$1.8 million, which is 30.7% above November 2020 and \$0.1 million above the October FAC forecast. Year to date, General Fund tobacco tax revenue is \$8.6 million, (1.5)% below the amount collected in the prior year and \$0.1 million above forecast.

Liquor Tax collections deposited into the General Fund in November were \$3.4 million. This is a 20.9% increase over the same month in the prior. November collections were \$(0.2) million below the October FAC forecast. Year to date, General Fund liquor tax revenue is \$17.6 million, which is a year-over-year increase of 16.0% and \$0.3 million above forecast.



The state receives **Marijuana Tax** revenues from three different sources: 1) the 16% Recreational Marijuana Excise Tax; 2) Sales Tax applied to Recreational Marijuana purchases; and 3) Sales Tax applied to Medical Marijuana purchases. The excise tax is distributed according to the Proposition 207 formula, while the sales tax revenues are allocated to both the state General Fund and local governments under the existing distribution formula for the retail classification (see Table 4).

The state collected \$10.0 million in dedicated marijuana excise taxes in November and \$49.2 million year-to-date. The General Fund share of both medical and recreational TPT was \$4.7 million in November and \$22.6 million year-to-date.

	<u>October</u>	<u>YTD</u>
Marijuana Excise Tax	\$10.0	\$49.2
Medical Marijuana TPT	\$3.4	\$17.2
<u>Distribution:</u>		
General Fund	\$2.5	\$12.7
Counties	\$0.6	\$2.8
Cities	\$0.3	\$1.7
Recreational Marijuana TPT	\$3.0	\$13.5
<u>Distribution:</u>		
General Fund	\$2.2	\$9.9
Counties	\$0.5	\$2.2
Cities	\$0.3	\$1.4
Total State Marijuana Tax Collections	\$16.4	\$79.9

The **Lottery Commission** reported that total ticket sales in November were \$103.7 million. This amount is \$5.0 million, or 4.8%, above November 2020. Year to date, ticket sales are \$536.1 million, which is (1.5)% below the prior year.

Highway User Revenue Fund (HURF) collections of \$128.8 million in November were 3.9% above the amount collected in November 2020 and \$(35,100) below forecast. Year to date, HURF collections have increased by 5.0% compared to the same period in the prior year and are \$6.0 million above forecast.

Due to delays in reporting final October revenues for various revenues sources, DOR has made **technical adjustments** to prior month collection figures. For October, DOR has decreased the amount of prior General Fund revenue collections by \$(0.1) million, and the adjustment has been included in the reported year-to-date results.

General Fund Revenue Change from Previous Year and October FAC Forecast November 2021

	Current Month					FY 2022 YTD (Five Months)				
	Actual November 2021	Change From		October FAC Forecast		Actual November 2021	Change from		October FAC Forecast	
		November 2020	Amount	Percent	Amount		Percent	November 2020	Amount	Percent
Taxes										
Sales and Use	\$568,692,904	\$75,281,223	15.3 %	\$31,392,851	5.8 %	\$2,838,639,415	\$378,403,991	15.4 %	\$62,487,583	2.3 %
Income - Individual	520,721,367	52,849,884	11.3	16,968,905	3.4	2,662,837,088	(168,184,745)	(5.9)	68,423,204	2.6
- Corporate	19,183,396	12,126,246	171.8	9,153,390	91.3	347,310,498	96,696,091	38.6	24,237,714	7.5
Property	10,257,406	7,202,489	235.8	6,986,341	213.6	16,981,605	9,197,591	118.2	7,630,659	81.6
Luxury - Tobacco	1,774,847	416,567	30.7	113,306	6.8	8,616,419	(129,972)	(1.5)	113,428	1.3
- Liquor	3,391,246	586,274	20.9	(212,361)	(5.9)	17,556,798	2,427,453	16.0	266,867	1.5
Insurance Premium	217,202	(1,911,199)	(89.8)	(6,463,087)	(96.7)	194,791,030	25,650,142	15.2	(3,409,631)	(1.7)
Other Taxes	711,237	224,098	46.0	(87,494)	(11.0)	4,123,922	(414,820)	(9.1)	32,360	0.8
Sub-Total Taxes	\$1,124,949,606	\$146,775,582	15.0 %	\$57,851,851	5.4 %	\$6,090,856,776	\$343,645,732	6.0 %	\$159,782,184	2.7 %
Other Revenue										
Lottery	47,491,484	17,881,285	60.4	141,124	0.3	122,114,834	59,910,560	96.3	(1,818,126)	(1.5)
Gaming	0	0	--	0	--	0	0	--	0	--
License, Fees and Permits	3,553,751	(725,763)	(17.0)	(872,640)	(19.7)	17,058,679	(621,694)	(3.5)	(672,562)	(3.8)
Interest	654	(3,685)	(84.9)	(5,346)	(89.1)	16,921,910	16,911,438	--	(7,790)	(0.0)
Sales and Services	1,782,963	20,368	1.2	(191,986)	(9.7)	10,732,410	399,777	3.9	(175,296)	(1.6)
Other Miscellaneous	1,350,198	(1,520,041)	(53.0)	(2,352,374)	(63.5)	13,706,834	2,631,262	23.8	(2,567,986)	(15.8)
Disproportionate Share	0	0	--	0	--	0	0	--	0	--
Transfers and Reimbursements	725,581	(171,524)	(19.1)	(137,145)	(15.9)	11,537,047	(2,993,457)	(20.6)	(557,951)	(4.6)
Sub-Total Other Revenue	\$54,904,630	\$15,480,641	39.3 %	(\$3,418,366)	(5.9) %	\$192,071,714	\$76,237,886	65.8 %	(\$5,799,711)	(2.9) %
TOTAL BASE REVENUE	\$1,179,854,236	\$162,256,223	15.9 %	\$54,433,485	4.8 %	\$6,282,928,490	\$419,883,617	7.2 %	\$153,982,473	2.5 %
Other Adjustments										
Urban Revenue Sharing	(62,968,702)	6,072,370	(8.8)	0	0.0	(315,165,722)	30,039,635	(8.7)	0	0.0
One-Time Transfers	0	0	--	0	--	0	0	--	0	--
Public Safety Transfers	0	(2,122,109)	--	0	--	0	(8,488,436)	--	0	--
Sub-Total Other Adjustments	(62,968,702)	3,950,261	(5.9) %	0	0.0 %	(315,165,722)	21,551,199	(6.4) %	0	0.0 %
TOTAL GENERAL FUND REVENUE	\$1,116,885,534	\$166,206,483	17.5 %	\$54,433,485	5.1 %	\$5,967,762,768	\$441,434,816	8.0 %	\$153,982,473	2.6 %
Non-General Funds										
Highway User Revenue Fund	128,788,392	4,883,861	3.9 %	(35,096)	(0.0) %	694,598,596	32,887,712	5.0 %	6,015,400	0.9 %

Monthly Indicators

NATIONAL

The U.S. Bureau of Economic Analysis' (BEA) second estimate for 3rd quarter **U.S. Real Gross Domestic Product (GDP)** is 2.1%. This is revised upward from their preliminary estimate of 2.0%.

The Conference Board's **Consumer Confidence Index**, decreased by (1.9)% to 109.5 in November. This is (15.1)% below the peak reading in June but 13.9% higher than last November. Consumers remained optimistic about the labor market but had less favorable views of buying conditions and income growth over the next six months. Survey respondents cited rising prices and the Delta variant as the primary reasons for their declining optimism.

The **U.S. Leading Economic Index (LEI)**, published by the Conference Board, increased by 0.9% in October. While confidence in business and economic conditions declined along with weekly manufacturing hours, all other components of the metric improved. In the six-month period ending in October, the LEI increased 4.6%, similar to the 4.5% increase in the prior six-month period.

The U.S. Bureau of Labor Statistics **Consumer Price Index (CPI)** rose by 0.8% in November. After seasonal adjustment, prices are 6.9% higher than in November 2020, the largest 12-month increase since June 1982. The gain was broad-based across sectors. Month over month, prices rose 3.5% for energy and 0.7% for food in November, while the index for used cars and trucks gained 2.5% and the index for new vehicles increased by 1.1%. The shelter index increased by 0.5%.

ARIZONA

Housing

Single-family housing growth is slowing. In October, Arizona's 12-month total of **single-family building permits** was 47,076. This was a reduction of (1.7)% from September but 20.9% above October 2020's 12-month total. October was the 17th consecutive month of double-digit year-over-year growth.

In October, Arizona's 12-month total of 17,502 **multi-family building permits** was 14.0% more than for the same 12-month period in 2020. Multi-family building permits

increased by 20.7% for the same 12-month period for the nation.

Tourism and Restaurants

In October, **revenue per available room** increased to \$97.45, representing a 23.4% increase over September and a 66.3% increase over October 2020.

Hotel occupancy was 69.0% in October, which is 10% higher than September's figure and 24.4% higher than that of October 2020.

Phoenix Sky Harbor Airport Ridership was 3.8 million in October, approximately double the ridership of October 2020, indicating that the airline industry has recovered significantly from the impact of the COVID-19 pandemic.

According to data reported by OpenTable, on December 11, **daily restaurant reservations** were 9.3% above 2019 reservations on the comparable date. Despite the recovery of restaurant sector demand, the current shortage of restaurant workers is adversely affecting the industry.

Employment

According to the latest employment report released by the Office of Economic Opportunity (OEO), the state gained 27,300 **nonfarm jobs** in November compared to the prior month. Historically, nonfarm employment has averaged a gain of 29,600 jobs in November (2011-2020). The private sector recorded a gain of 24,400 jobs over the month. Historically, the private sector has averaged a gain of 28,300 jobs in November.

Compared to the same month in the prior year, the state added 139,800 nonfarm jobs in November, which represents a year-over-year increase of 4.8%. Gains were recorded in ten of the eleven major sectors, with the largest gains recorded in Leisure and Hospitality (+44,000) and Professional and Business Services (+31,300). Construction was the only sector that recorded year-over-year losses in November.

Since April 2020, 101.5% (336,400 jobs) of the Arizona Nonfarm pandemic job losses have been recovered. In comparison, the U.S. has only recovered 83% of jobs lost since the start of the pandemic.

The state's seasonally adjusted **unemployment rate** decreased to 4.7% in November from 5.2% in October.



The U.S. seasonally adjusted unemployment rate decreased from 4.6% in October to 4.2% in November.

OEO reported that a total of 2,697 **initial claims for unemployment insurance** were filed in Arizona in the week ending on December 4th. (This figure excludes the claims under the Pandemic Unemployment Assistance (PUA) program). For the same week in the prior year, 7,362 initial claims were filed.

According to OEO, for the week ending on November 27th, there were a total of 15,190 **continued claims for unemployment insurance** in Arizona. A year ago this time, the continued claims were 82,614.

State Agency Data

As of December 1, 2021, the total **AHCCCS caseload** was 2.27 million members. Total monthly enrollment increased 0.7% in December over November and increased 9.5% compared to a year ago. Parent and child enrollment in the Traditional population increased by 0.7% in December or 7.2% higher than a year ago.

Other Acute Care enrollment, including Prop 204 Childless Adults, Other Prop 204, Adult Expansion, and KidsCare, was 1,001,507 in October – an increase of 0.6% over November and 13.2% above last year. For December 2021, Elderly, Physically Disabled and Developmental Disabilities Long-Term Care population growth increased by 0.1%. At 65,508, this population is (0.6)% lower than a year ago.

There were 12,394 **TANF Cash Assistance recipients** in the state in October, representing a 0.2% monthly caseload increase from September. The year-over-year number of TANF Cash Assistance recipients has decreased by (15.6)%. The statutory lifetime limit on cash assistance is 24 months.

The **Supplemental Nutrition Assistance Program (SNAP)**, formerly known as Food Stamps, provides assistance to low-income households to purchase food. In October, 820,791 people received food stamp assistance in the state, representing a (1.1)% decrease from September caseloads. Compared to October 2020, the level of food stamp participation has decreased by (9.4)%.

The Arizona Department of Correction's **inmate population** was 34,263 as of November 30, 2021. This was a decrease of (1.1)% since October 31, 2021 and a (10.2)% decrease since November 2020.

Based on information the Department of Child Safety provided for October 2021, **reports of child maltreatment** totaled 45,107 over the last 12 months, an increase of 3.5% over the prior year. There were 14,752 **children in out-of-home care** as of October 2021, or 2.8% more than in October 2020. Compared to the prior month, the number of out-of-home children decreased by (0.5)%.



Table 5				
MONTHLY INDICATORS				
Indicator	Time Period	Current Value	Change From Prior Period	Change From Prior Year
Arizona				
<u>Employment</u>				
- Seasonally Adjusted Unemployment Rate	November	4.7%	(0.5)%	(2.1)%
- Total Unemployment Rate (discouraged/underemployed)	3 rd Q 2021	10.1%	(1.6)%	(2.5)%
- Initial Unemployment Insurance Claims	Week Ending Dec 4	2,697	37.9%	(63.4)%
- Continued Unemployment Insurance Claims	Week Ending Nov.27	15,190	6.9%	(81.6)%
- Non-Farm Employment - Total	November	3,043,200	0.9%	4.8%
Manufacturing	November	182,100	0.4%	3.1%
Construction	November	175,100	0.1%	(1.2)%
- Average Hourly Earnings, Private Sector	November	\$28.74	0.2%	3.5%
<u>Building</u>				
- Building Permits (12 month rolling sum)				
Single-family	October	47,076	(1.7)%	20.9%
Multi-family	October	17,502	2.7%	14.0%
- Maricopa County/Other, Single-Family Home Sales (ARMLS)	October	6,447	(7.3)%	(2.7)%
- Maricopa County/Other, Single-Family Median Home Price (ARMLS)	October	\$435,000	2.4%	26.1%
- Maricopa Pending Foreclosures	October	830	2.7%	(33.5)%
<u>Tourism and Restaurants</u>				
- Phoenix Sky Harbor Air Passengers	October	3,812,129	15.7%	100.5%
- State Park Visitors	August	206,821	(26.7)%	(6.3)%
- Revenue Per Available Hotel Room	October	\$97.45	23.4%	66.3%
- Arizona Hotel Occupancy Rate	October	69.0%	10.0%	24.4%
- Az OpenTable Reservations – % Change from 2019	December 11	N/A	N/A	9.3%
<u>General Measures</u>				
- Arizona Personal Income, SAAR	2 nd Q 2021	\$379.5 billion	(7.4)%	(1.5)%
- Arizona Population	April 2020	7,151,502	N/A	N/A
- State Debt Rating				
Standards & Poor's/Moody's Rating	May 2015/Nov 2019	AA / Aa1	N/A	N/A
Standards & Poor's/Moody's Outlook	May 2015/Nov 2019	Negative/Stable	N/A	N/A
<u>Agency Measures</u>				
- AHCCCS Recipients	December 1st	2,226,800	0.8%	9.5%
Traditional Acute Care		1,199,800	0.7%	7.2%
Other Acute Care		1,001,500	0.6%	13.2%
Long-Term Care – Elderly & DD		65,500	0.1%	(0.6)%
- Department of Child Safety (DCS)				
Reports of Child Maltreatment (12-month total)	November	45,107	0.2%	3.5%
DCS Out-of-Home Children	November	14,752	(0.5)%	2.8%
Filled Caseworkers (1406 Budgeted)	November	1,232	(10)	(68)
- ADC Inmate Growth	November	34,263	(1.1)%	(10.2)%
- Department of Economic Security				
- TANF Cash Assistance Recipients	October	12,394	0.2%	(15.6)%
- SNAP (Food Stamps) Recipients	October	829,502	(1.1)%	(9.4)%
United States				
- Gross Domestic Product (Chained 2012 dollars, SAAR)	3 rd Q, 2021 (2 nd Estimate)	\$19.5 trillion	2.1%	4.9%
- Consumer Confidence Index (1985 = 100)	November	109.5	(1.9)%	13.9%
- Leading Economic Index (2016 = 100)	October	118.3	0.9%	9.3%
- Consumer Price Index, SA (1982-84 = 100)	November	278.9	0.8%	6.9%



JLBC/JCCR Meeting Follow Up

Department of Corrections – Lewis and Yuma Capital Project Quarterly Report – Pursuant to a provision from the June 2019 meeting of the Joint Committee on Capital Review, the Arizona Department of Corrections (ADC) submitted a report detailing its progress on the Lewis and Yuma Lock, Heating/Ventilation/Air Conditioning (HVAC) and Fire Systems project. ADC reports that all work in the Lewis prison was scheduled to be completed by November 2021, including all doors and locking systems, air conditioning units, cell and day room lights, and all new stainless-steel toilet/sink combination units and water control systems.

ADC reports that material delivery for the Yuma prison is expected in December 2021 and work will begin in January 2022. ADC expects the project to be completed on schedule in July 2022.

ADC estimates project expenditures of \$42.3 million, which represents savings of \$(4.0) million compared to the last report. ADC reports that these savings came from lower-than-expected costs for the stainless-steel toilet/sink combination units and HVAC units. (Geoffrey Paulsen)

JLBC Meeting Summary

At its December 2021 meeting, the Joint Legislative Budget Committee considered the following issues:

Executive Session

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

Regular Session

Arizona Department of Administration/Automation Projects Fund – Review of Child Care Attendance Tracker Project (Department of Economic Security Subaccount) – A.R.S. § 41-714 requires Committee review prior to any monies being expended from the Arizona Department of Administration (ADOA) Automation Projects Fund (APF) – Department of Economic Security (DES) Subaccount for the development of a child care attendance tracker. The Committee gave a favorable review of the expenditure of \$2,582,800 in FY 2022 for this project.

Attorney General – Review of Consumer Restitution and Remediation Revolving Fund – McKinsey Settlement Expenditure Plan – A.R.S. § 44-1531.02 (C) requires Committee review prior to any monies being expended from the Remediation Subaccount of the Attorney General's (AG) Consumer Protection and Restitution Revolving Fund. The Committee favorably reviewed the AG's plan to spend \$12,000,000 from a settlement with McKinsey & Company, Inc. for grants to support opioid remediation and abatement programs at \$3,000,000 per year from FY 2022 through FY 2025.

Arizona Department of Child Safety – Review of FY 2021 Quarterly Benchmarks – An FY 2021 General Appropriation Act footnote requires the Department of Child Safety (DCS) to submit to the Committee for review a quarterly report on benchmarks for assessing progress made in increasing DCS' number of FTE Positions meeting caseload standards for caseworkers, reducing the number of backlog cases and open reports, and reducing the number of children in out-of-home care. The Committee gave a favorable review of DCS' FY 2021 fourth quarter benchmark report.

Consent Agenda

Department of Child Safety – Review of Line Item Transfers – An FY 2021 and an FY 2022 General Appropriation Act footnote requires DCS to submit a report for review by the Committee before transferring funds from any line item, except for transfers between line items relating to the comprehensive health plan. The Committee gave a favorable review of an FY 2021 Federal Expenditure Authority transfer of \$115,000 from Foster Home Placement into Kinship Care and an FY 2022 Federal Expenditure Authority transfer of \$300,000 from Foster Home Placement into Kinship Care.

JLBC Staff – Consider Approval Index for Arizona Department of Administration – School Facilities Division Construction Costs – A.R.S. § 41-5741D3(c) requires that the cost-per-foot factors used in the ADOA School Facilities Division (SFD) new school construction formula shall be adjusted annually for construction market considerations based on an index identified or developed by the Committee. The Committee approved a 6.63% adjustment in the cost-per-square-foot factors.



JCCR Meeting Summary

At its December 2021 meeting, the Joint Committee on Capital Review considered the following issues:

Regular Agenda

Department of Juvenile Corrections – Review of Door Replacement Capital Project – The Committee gave a favorable review of the department's FY 2022 appropriation of \$2.5 million to replace doors and locks in 4 units at the Adobe Mountain School facility. The favorable review included a provision

Consent Agenda

Arizona Department of Administration – Consider Recommending FY 2022 Rent Exemption – The Committee recommended a partial FY 2022 rent exemption of \$65,200 for the Parks Board.

Arizona Department of Administration – Review of Arizona Department of Corrections Building Demolition and Arizona Department of Education HVAC System Revisions – The Committee gave a favorable review of \$2.8 million General Fund appropriated in the FY 2022 budget to demolish the Arizona Department of Corrections (ADC) office buildings and renovate the Arizona Department of Education (ADE) central plant (HVAC). The favorable review included a provision requiring a report from the department on the finalized project scope and budget.

Attorney General – Review of Deferred Maintenance Capital Project – The Committee gave a favorable review of the agency's FY 2022 appropriation of \$4.0 million for deferred maintenance at 15 S. 15th Avenue. The favorable review included a provision requiring a report from the department on the finalized project scope and budget.

Department of Emergency and Military Affairs – Review of Expenditures for Land Purchases – The Committee gave a favorable review of \$2.5 million from the Camp Navajo Fund for purchase of 2 land parcels. The favorable review included a provision requiring notification from DEMA on final sales price, terms, and conditions for the transactions.

Arizona State Lottery Commission – Review of FY 2022 Building Renewal Allocation Plan – The Committee gave a favorable review of the Commission's FY 2022 building renewal appropriation of \$152,800 from the State Lottery Fund for carpet replacement at their main office in Phoenix. The favorable review included a provision requiring notification if there is any significant change in the spending plan.

Northern Arizona University – Review of Capital Projects – The Committee gave a favorable review of \$4.8 million from the Capital Infrastructure Fund for renovations at 3 buildings. The favorable review included the standard university financing provisions.

Summary of Recent Agency Reports

Arizona Department of Administration – Report on the Telecommunications Program Office - Pursuant to A.R.S. § 41-712, the Arizona Department of Administration (ADOA) submitted its annual report on the Telecommunications Program Office (TPO), including the current rate structure of telecommunications charges, and payments made by all AZNet participants for FY 2021 and FY 2022. AZNet is the state's single telecommunication network for state agencies. In FY 2021, ADOA signed a new contract with its telecommunications vendor for AZNET 3. AZNet 3 participants pay a variety of fees for different purposes, including a third-party vendor to operate and maintain the system, a separate third-party vendor who aggregates an agency's bills and manages expenses, as well as an amount paid to TPO for their administration of the system as a whole.

In FY 2021, total charges paid by all entities were \$44.8 million. In FY 2022, the estimated total charges paid by all entities is \$44.4 million.

Pursuant to A.R.S. § 41-713, ADOA additionally submitted their annual report on the Telecommunications Fund, which includes the sources and uses of received monies, for FY 2021, as well as estimates for FY 2022. The

Telecommunications Fund primarily consists of monies paid by agencies, as well as other AZNet participants, to TPO to administer the system as a whole. In FY 2021, the Telecommunication Fund received \$1.8 million from AZNet participants to administer the system. In FY 2022, the Telecommunications Fund is also estimated to receive \$1.8



million from AZNet participants to administer the system, although ADOA is appropriated \$1.7 million from the fund in FY 2022 to administer the program. (Rebecca Perrera)

Arizona Department of Administration – Report on Capital Project Spending – Pursuant to an FY 2022 Capital Outlay Bill footnote, the Arizona Department of Administration (ADOA) reported the status of capital projects and capital project expenditures. As of November 30, 2021, ADOA has spent \$16.1 million of its \$17.0 million FY 2020 building renewal appropriation. Most of the FY 2020 building renewal projects are complete with the remaining projects encumbering an additional \$860,400. ADOA also reported the status of 1 capital project appropriated funding in FY 2020. Specifically, ADOA has spent \$930,400 and encumbered the remaining \$469,600 of its \$1.0 million appropriation for phase 1 the replacement of the air handlers at the Legislature. The FY 2022 budget extended the lapsing date of these appropriations through FY 2022.

In addition, ADOA has spent \$5.8 million of its \$16.0 million FY 2021 building renewal appropriation. The majority of FY 2021 projects are in the process of encumbering an additional \$5.5 million. Further, ADOA has spent \$751,500 and encumbered an additional \$2.8 million for its \$24.2 million FY 2022 building renewal appropriation. The majority of the FY 2022 projects have started. (Rebecca Perrera)

Arizona Department of Administration – Report on Arizona Financial Information System Transactions – Pursuant to A.R.S. § 41-740.01, the Arizona Department of Administration (ADOA) reported on the Arizona Financial Information System (AFIS) transaction counts by agency and fund source for FY 2021 and the proposed FY 2023 AFIS Transaction Fee. For FY 2021, the total number of transactions were 24.1 million compared to 24.0 million in FY 2020.

The FY 2023 AFIS transaction fee is calculated by dividing FY 2023 AFIS Baseline charges totaling \$11.4 million by the FY 2021 total transactions. The FY 2023 Baseline charges consist of \$9.4 million for AFIS operating costs and \$2.0 million for AFIS upgrade costs. Therefore, the FY 2023 transaction fee will be 47 cents, a decrease of (1) cent from FY 2022.

ADOA's FY 2022 budget request included a total increase of \$9.5 million over 3 years for an upgrade to AFIS. The FY 2022 budget

included \$2.0 million from the AFIS Collections Fund for the project. The FY 2023 project budget requires an increase of \$1.5 million which may require an increase to the 47-cent AFIS transaction fee to continue to finance the project. (Rebecca Perrera)

AHCCCS – Report on Emergency Department Utilization – Pursuant to A.R.S. § 36-2903.11, AHCCCS reported on Arizona emergency department (ED) utilization. In FY 2020, total ED visits decreased from FY 2019 by (81,200), or (7.6)%, and cost a total of \$544.3 million. Compared to the prior year, this amount represents a decrease of \$(33.9) million, or (5.9)% in total payments for AHCCCS recipients receiving ED services. (Maggie Rocker)

Department of Child Safety – Report on Family First Prevention Services Act – Pursuant to an FY 2022 General Appropriation Act footnote, the Department of Child Safety (DCS) reported on its efforts to implement the Family First Prevention Services Act (FFPSA). FFPSA is federal legislation adopted in February 2018 that included reforms to federal financing of state child welfare services, including limitations on reimbursements to states for children placed in congregate care settings, and expanded federal funding for in-home preventive services. DCS reported it has taken the following actions related to implementing the legislation:

1. Utilized a provision in the law that allows for delayed implementation until October 1, 2021.
2. Ensured DCS' existing in-home programs meet standards for being "evidence-based," which is a requirement to receive federal funding for in-home programs once FFPSA is implemented.
3. The department implemented a variety of measures to retain and recruit foster families. In 2021, DCS hired two Foster Recruitment and Retention Specialists to improve support and outcomes and launched a website to support foster families. They also began working with a marketing firm to create a campaign to raise awareness and recruit new families.
4. Qualified Residential Treatment Programs (QRTP) are congregate care settings that will continue to be eligible for federal reimbursement after October 1, 2021. The department now has 9 contracted QRTP providers, up from 4 licensed facilities in December 2020. There are 18 other facilities working to become accredited as of November 2021.



5. In January 2021, DCS announced they would cover accreditation fees for congregate care homes to provide trauma informed care, qualifying them as QRTP facilities. The department now has 14 providers that received accreditation and 13 additional providers that are seeking accreditation.
6. Standardized therapeutic foster care placements in collaboration with the Arizona Health Care Cost Containment System (AHCCCS), including increased utilization of therapeutic foster homes for youth with higher needs, but do not meet medical necessity. DCS met with AHCCCS in February 2021 to create a tiered system for non-medically necessary therapeutic foster care placements.
7. Integrated requirements for Qualified Residential Treatment Placements into substance abuse program standardization and a parent-skill based program that included program evaluations to obtain evidence-based ratings, New contracts began in February 2021.
8. Expanded and updated programming for Arizona Families First, effective February 2021.
9. As of July 2021, DCS expanded services to further align with the FFPSA.

(Nicole Lovato)

Arizona Community Colleges – Annual Report – Pursuant to A.R.S. § 15-1427, the Arizona Community Colleges are required to report by December 1 of each year on their progress during the previous year. They recently submitted their FY 2021 report, which includes the following summary information on the state system:

- 223,040 students (headcount) were enrolled for credit, resulting in a Full-Time Student Equivalent (FTSE) count of 149,870.
- 91% of enrolled students resided within the district, while 9% did not reside within the district.
- Total number of instructors employed was 9,428, of which 2,301 (24%) were full-time and 7,127 (76%) were part-time.
- Total operating revenues were \$1.8 billion (this amount excludes bond proceeds and fund balance which total \$63.1 million).
- Total expenditures were \$1.7 billion.

(Lydia Chew)

Department of Corrections – Report on Building Renewal Expenditures – Pursuant to an FY 2022 Capital Outlay Bill footnote, the Arizona Department of Corrections (ADC) reported the status of all current building renewal projects and building renewal expenditures. As of November 30,

2021, ADC has spent or encumbered \$3.1 million of its \$28.1 million FY 2022 building renewal appropriation, or 11.2%. ADC also reports it has spent or encumbered 75.4% of its \$5.5 million FY 2021 building renewal appropriation and 94.0% of its \$6.9 million FY 2020 building renewal appropriation. ADC reports that all pre-FY 2021 building renewal projects are complete.

While not required by the footnote, ADC also reported on the status of the Eyman Fire and Life Safety projects also funded in the FY 2022 Capital Outlay Bill. ADC reports that these projects are either in the procurement or design phase, and that they remain on track. ADC reports current expenditures of \$36,500 of the \$25.6 million appropriation. (Geoffrey Paulsen)

Arizona Criminal Justice Commission – Report on Criminal Justice Enhancement Fund – Pursuant to A.R.S. § 41-2401C, the Arizona Criminal Justice Commission (ACJC) provided its annual report on Criminal Justice Enhancement Fund (CJEF) monies distributed to law enforcement agencies. CJEF consists of a 42% assessment on certain fines, penalties, and forfeitures imposed and collected by the courts. In FY 2021, CJEF revenues totaled \$26.6 million, a (1.1)% decrease from FY 2020. Total funds available for the fiscal year, including the beginning balance, interest, and adjustments was \$51.1 million. FY 2021 CJEF expenditures totaled \$26.4 million; CJEF ended the year with a cash balance of \$24.7 million. (Ryan Fleischman)

Department of Economic Security – Report on Domestic Violence – Pursuant to an FY 2022 General Appropriation Act footnote, the Department of Economic Security reported the amount of state and federal monies available for domestic violence funding in FY 2021. Six agencies spent a total of \$55.1 million in domestic violence funding, a 44.4% increase from FY 2020. State funding grew from \$4.9 million to \$16.4 million, primarily in the Department of Housing, whose state funding increased from \$1.0 million to \$12.8 million. Smaller increases were also seen in federal and other funding. (Alexis Pagel)

Department of Education – Report on Teacher Salaries – Pursuant to A.R.S. § 15-189.05C and 15-903I the Arizona Department of Education (ADE) recently submitted a report on changes in average teacher salaries reported by individual school districts and charter schools for FY 2022. ADE's reported average changes are not weighted by the size of the district or charter.



The report indicates that school districts reported a 1.0% increase in their average teacher salaries for FY 2022 and charter schools reported a 1.8% increase. The statewide average reported increase for districts and charters combined was 1.5%. The cumulative total increase since FY 2018 is 18.6% among school districts, 18.4% among charters, and 18.3% statewide. (Patrick Moran)

Department of Education – Override Report – Pursuant to A.R.S. § 15-249.04, the Arizona Department of Education (ADE) has reported FY 2022 data on school district budget overrides. Overrides permit school districts to generate and spend additional monies from local property taxes if approved by voters.

The ADE report for FY 2022 indicates that 95 districts have Maintenance and Operation (M&O) overrides pursuant to A.R.S. § 15-481, 27 have “District Additional Assistance” overrides pursuant to A.R.S. § 15-481, and 1 district has a Special Program override pursuant to A.R.S. § 15-482. Districts are budgeting \$687.5 million for overrides in FY 2022, including \$590.4 million for M&O overrides, \$94.8 million for District Additional Assistance overrides, and \$2.2 million for Special Program overrides. (Patrick Moran)

Department of Education – Report on Results-Based Funding – Pursuant to A.R.S. § 15-249.08, the Arizona Department of Education (ADE) submitted a report on the allocation of results-based funding received by school districts and charter schools. Results-based funding is additional funding provided to schools with statewide assessment scores exceeding certain statutory thresholds. Awards are either \$225 or \$400 per student, depending on the income level of the school.

The majority of results-based funding must be used at the school that earned the funding for teacher and school leader salaries, hiring teachers, classroom supplies, and other strategies to sustain student outcomes at that school. A portion of results-based funding may also be used for expanding and replicating a quality school model. Schools that receive results-based funding must report the allocation of funds to ADE.

In FY 2021, ADE distributed \$69.0 million of Results-Based Funding awards to eligible Local Education Agencies (LEAs). Of that amount, LEAs reported spending \$49.7 million, including \$40.5 million (82%) for teachers' compensation and professional development, \$5.9 million (12%) for classroom supplies, and \$3.2 million (6%) for school expansion. Any unspent funds may be carried forward. (Patrick Moran)

JLBC Staff – Report on FY 2021 Travel and Relocation Expenses – A.R.S. § 35-196.01 requires agencies to annually report relocation expenses for their employees. As of December 16, 2021, 6 agencies reported spending a total of \$41,469 on these purposes in FY 2021. See Table 6. In FY 2020, 7 agencies reported \$44,103 for such expenses.

Table 6	
	FY 2021
	Travel
Agency	Expenses
Corrections, State Department of	15,538
Environmental Quality, Department of	12,054
Game and Fish Department, Arizona	1,304
Judiciary	986
Land Department, State	5,000
Public Safety, Department of	6,587
Total	\$41,469

Board of Pharmacy – Auditor General Report Follow Up – Pursuant to an FY 2022 General Appropriation Act Footnote, the Board of Pharmacy submitted a report on the board’s progress in implementing recommendations included in the Auditor General September 2020 report. The audit included recommendations for improvements to the board's policies and procedures for verifying possession of fingerprint clearance cards, ensuring continuing education requirements are met, documenting complaint jurisdiction, meeting inspection time frames, and enforcement of compliance with Controlled Substances Prescription Monitoring Program requirements. The audit also found that the board does not charge license and permit fees based on the cost of providing services and included a recommendation that the board conduct a review and adjust its fees accordingly.

The board stated that it verifies all applicants' fingerprint clearance cards, has implemented reviews of continuing education requirements, and adopted a risk-based inspection process. The board also reported that it annually reviews its fees and permit requirements and compares fees to other state Pharmacy Boards. Since 2019, the board reports that repealing unnecessary requirements resulted in an \$(865,000) annual fee reduction. After accounting for hiring additional compliance officers, the board anticipates that its fund surplus will balance. (Nicole Lovato)



Commission for Postsecondary Education – Report on the Arizona Teacher Student Loan Program – A.R.S. § 15-1782 requires the Commission for Postsecondary Education to report annually on the Arizona Teacher Student Loan Program (ATSLP).

ATSLP provides forgivable loans to eligible students attending any regionally or nationally accredited institution in Arizona who agree to a service commitment to teach in an Arizona public, rural, low- income or tribal school. Laws 2021, Chapter 410 requires that starting in FY 2022 all future ATSLP awards be made to private school students. Prior to FY 2022, awards were provided to both public and private students. Chapter 410 allows public students who were enrolled in the program to remain eligible for awards through graduation.

In FY 2021, ATSLP had 63 applicants and disbursed 48 loans. This total includes 34 new loans and 14 renewals. The total disbursement was \$250,265. Fifteen recipients attend private postsecondary institutions, 31 attend public universities and 2 attended public community colleges. The commission is responsible for collecting retention data for loan recipients. At the conclusion of FY 2021, 446 students have participated in the ATSLP. Of those, 97 are in student teaching or in the 12-month grace period, 36 are teaching in a public K-12 school in Arizona, 237 had their loan forgiven for completing their teaching service, and 76 are currently or have been in repayment.

Beginning January 1, 2022, the responsibilities of the commission are transferred to the Arizona Board of Regents (ABOR), including ATSLP program administration. (Alexis Pagel)

Public Safety Personnel Retirement System (PSPRS) - Report on Shared Cost Structure, Funding Status and Rate of Return – Pursuant to A.R.S. § 38-848.02, PSPRS is required to report annually on the shared cost structure of the employees and employers, the funding status and the rate of return for the system. Besides administering its own system, PSPRS is also responsible for the Correctional Officers Retirement Plan (CORP) as well as the Elected Officials’ Retirement Plan (EORP). *Table 1* shows the contribution rates, funded status and rate of return for FY 2021, based on valuation data from June 30, 2021.

The employer contribution rates and the funded status have been shown in the aggregate. In PSPRS and CORP, however, there is significant variation in the actuarial status of individual employer groups. Individual employer contribution rates and funded ratios are available on the PSPRS website.

A 7-year smoothing period is used to calculate the investment rate of return for Tiers 1 and 2. A 5-year smoothing period is used to calculate the investment rate of return for Tier 3. This smoothing technique is a tool used to reduce short-term volatility of assets by deferring a portion of gains and losses over time. This smoothing process is used under the condition that the maximum deferred gain or loss remains within 20% of market value. *Table 7 (see page 16)* shows 1-year market-based returns, in addition to the 7-year and 5-year smoothing technique. (Molly Murphy)

Supreme Court – Report on Adult Probation Services Fund and the Juvenile Probation Fund – Pursuant to a General Appropriation Act footnote and A.R.S. § 12-262, the Administrative Office of the Courts (AOC) reported on the FY 2021 actual, FY 2022 estimated, and FY 2023 requested amounts for the following: 1) the number of authorized and filled case carrying and non-case carrying probation positions by county; 2) the total receipts and expenditures by county and fund source for each of the probation Special Line Items (SLI), including the Personal Services expended from each revenue source of each account; and 3) the amount of monies from the probation SLIs that the AOC does not distribute as direct aid to counties. The figures in this report are for all counties except Maricopa as the state does not pay any of that county’s costs of probation.

Adult Standard Probation

Adult Standard Probation state expenditures for county probation officers statewide were \$45.3 million in FY 2021, of which \$16.3 million were General Fund monies and \$3.7 million were non-General Fund state expenditures. The remaining \$25.3 million were county expenditures. These monies funded 242.3 case carrying and 342.2 non-case carrying positions. AOC estimates total expenditures of \$47.3 million in FY 2022 and \$48.5 million in FY 2023.

Adult Intensive Probation

AOC reports statewide Adult Intensive Probation state expenditures for county probation officers of \$10.6 million in FY 2021, of which \$10.0 million were General Fund monies and \$682,900 were non-General Fund state expenditures. These monies funded 90.0 case carrying and 56.1 non-case carrying positions. AOC estimates total expenditures of \$12.9 million in FY 2022 and \$13.6 million in FY 2023.

Juvenile Standard Probation

Juvenile Standard Probation state expenditures for county probation officers statewide were \$16.6 million in FY 2021,



Table 7			
PSPRS Annual Report			
	<u>PSPRS</u>	<u>CORP</u>	<u>EORP</u>
Tier 1/2			
FY 22 Contribution Rates ^{1/}			
Employer ^{2/}	54.36%	25.47%	70.42%
Employee	7.65%/11.65% ^{3/}	8.41% ^{4/}	7.00%/13.00% ^{7/}
Tier 3			
FY 22 Contribution Rates ^{1/}			
Employer ^{2/}	10.09%/10.85% ^{6/}	5.09%/5.61% ^{8/}	N/A
Employee	10.09%/10.85% ^{6/}	10.18%/7.61% ^{8/}	N/A
Funded Status ^{1/2/5/}	55.3%	69.9%	35.4%
Tier 1/2			
Rate of Return (Pension Only)			
1-year market value basis	26.7%	24.4%	26.0%
7-year smoothing basis	7.6%	7.7%	6.9%
Tier 3			
Rate of Return (Pension Only)			
1-year market value basis	32.7%	20.0%	26.0%
5-year smoothing basis	11.5%	9.1%	6.9%
^{1/} Based on June 30, 2021 valuation.			
^{2/} Employer contribution rates and funded statuses for PSPRS and CORP are shown in the aggregate, as there is significant variation in the actuarial status between individual employer groups.			
^{3/} Employees hired prior to January 2012 pay 7.65%. Employees hired between January 2012 and June 2017 pay 11.65%.			
^{4/} Pursuant to A.R.S. § 38-891H and I, the employee rate is 7.96% for full-time dispatchers and 8.41% for all others.			
^{5/} Funded status includes only Tier 1/2 and is adjusted to exclude retiree health.			
^{6/} PSPRS Tier 3 members who choose the defined benefit (DB) plan pay 10.09% with 10.09% employer contribution (excludes legacy cost). Tier 3 members who choose the defined contribution (DC) plan pay 10.85% with 10.85% employer contribution (excludes legacy cost).			
^{7/} EORP members hired prior to 7/20/11 pay 7.00%. EORP members hired between 7/20/11 and 12/31/13 pay 13.00%.			
^{8/} CORP Tier 3 members on DB Plan pay 10.18% with 5.09% employer contribution (excludes legacy cost). CORP Tier 3 members on the DC plan pay 7.61% with 5.61% employer contribution (excludes legacy cost).			

of which \$3.3 million were General Fund monies. The remaining \$13.3 million were county expenditures. These monies funded 45.0 case carrying and 291.7 non-case carrying positions. AOC estimates total expenditures of \$17.7 million in FY 2022 and \$17.8 million in FY 2023.

Juvenile Intensive Probation

AOC reports statewide Juvenile Intensive Probation state expenditures for county probation officers of \$4.9 million in FY 2021, all of which were General Fund monies. These monies funded 36.8 case carrying and 29.7 non-case carrying positions. AOC

estimates total expenditures of \$5.5 million in FY 2022 and \$5.7 million in FY 2023. (Ryan Fleischman)

Arizona Department of Transportation – Report on Non-Highway Capital Projects and Expenditures – Pursuant to a footnote in the FY 2022 Capital Outlay Bill, the Arizona Department of Transportation (ADOT) submitted a report on the status of all non-highway construction capital projects and expenditures. From FY 2020 to FY 2022, ADOT has expended or encumbered \$2.3 million of their \$13.8 million budgeted expenditures on non-highway



construction capital projects. (The FY 2021 budget did not include any non-highway construction capital projects.) From FY 2021 to FY 2022, ADOT expended \$5.9 million (\$5.8 million from the State Highway Fund and \$0.1 million from the State Aviation Fund) of their \$29.0 million (\$28.4 million from the State Highway Fund and \$0.6 million from the State Aviation Fund) combined budgeted expenditures from both FY 2021 and FY 2022 on building renewal. (Jordan Johnston)

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

Progress in implementing the transfer model and support systems in the 2020-2021 academic year include:

- 16,497 entering students transferred 713,736 credit hours from Arizona community colleges to public universities.
- 10,065 community college students transferred to the public university system.
- 54% of new transfer students from Arizona community colleges, or 5,438 students, entered the university system with 60 or more credits.
- 1,228 Arizona community college courses have direct equivalencies at all 3 Arizona public universities.

(Lydia Chew)

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

- Total capital expenditures in FY 2020 and FY 2021 (in millions):

	<u>FY 2020</u>	<u>FY 2021</u>
Tempe	\$202.5	\$290.8
Downtown	57.6	94.0
West	1.0	5.0
East	3.0	4.7
Multiple Campuses	<u>7.9</u>	<u>6.1</u>
TOTAL	\$272.0	\$400.6

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

	<u>FTEs</u>	<u>Headcount</u>
Tempe	77,149	103,457
Downtown	24,407	42,775
West	11,680	26,464
East	<u>8,534</u>	<u>19,287</u>
TOTAL	121,770	191,983

- Revenues: \$983.0 million (ASU excluded all non-appropriated revenues, including the non-appropriated share of tuition revenues, from the reported amounts). ASU did not allocate this amount by campus. SU is also required to report any long-term capital or expansion plans for each campus. The university highlighted its FY 2023 Capital Improvement Plan, which includes plans to construct a new academic building and parking garage on the Tempe campus, construct a new academic building and central utility plant on the East campus, and additional renovation projects and IT infrastructure improvements across all campuses. (Morgan Dorcheus)

Water Infrastructure Finance Authority – Report on Small Drinking Water Systems Fund - Pursuant to an FY 2020 General Appropriation Act and FY 2022 General Appropriation Act footnote, the Water Infrastructure Finance Authority of Arizona (WIFA), which is established under the Office of Economic Opportunity submitted its FY 2021 annual report on the Small Drinking Water Systems Fund (SDWSF). The fund provides grants to owners or operators to repair, replace, or upgrade water infrastructure. Eligible infrastructure projects must be used to deliver drinking water to 10,000 or fewer people. The fund was created in FY 2017 and received an initial deposit of \$500,000. The fund has received appropriations of \$500,000 in FY 2020 and \$1.0 million in FY 2022 to the fund. These appropriations provided a total of \$2.0 million in funding for projects. Since its inception through FY 2021, a total of \$637,500 was expended for 13 projects. This leaves \$1.4 million of funding either encumbered as grants or not yet awarded. (Micaela Larkin)



Arizona Economic Trends

December 2021

Appendix A

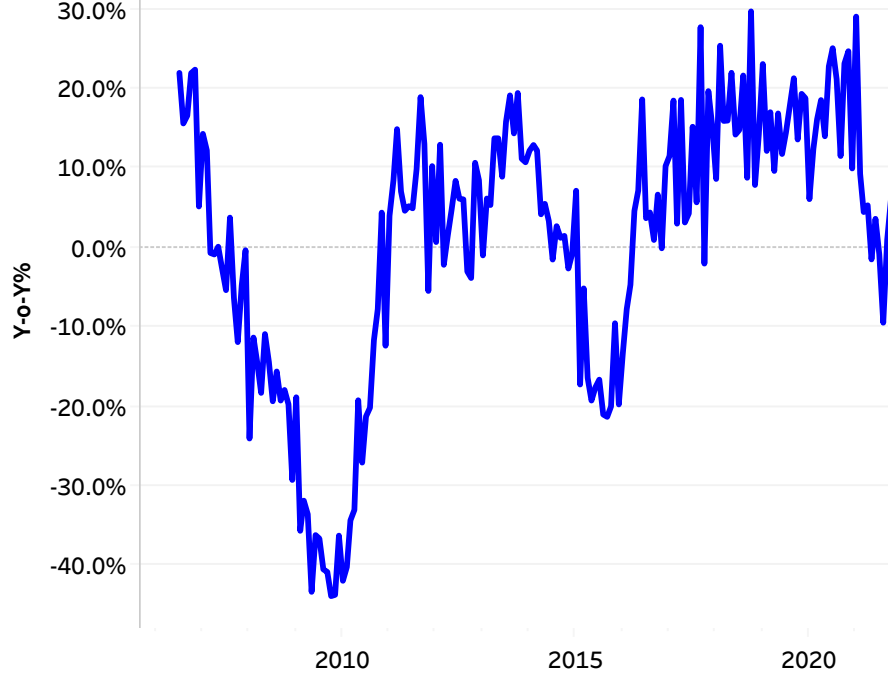
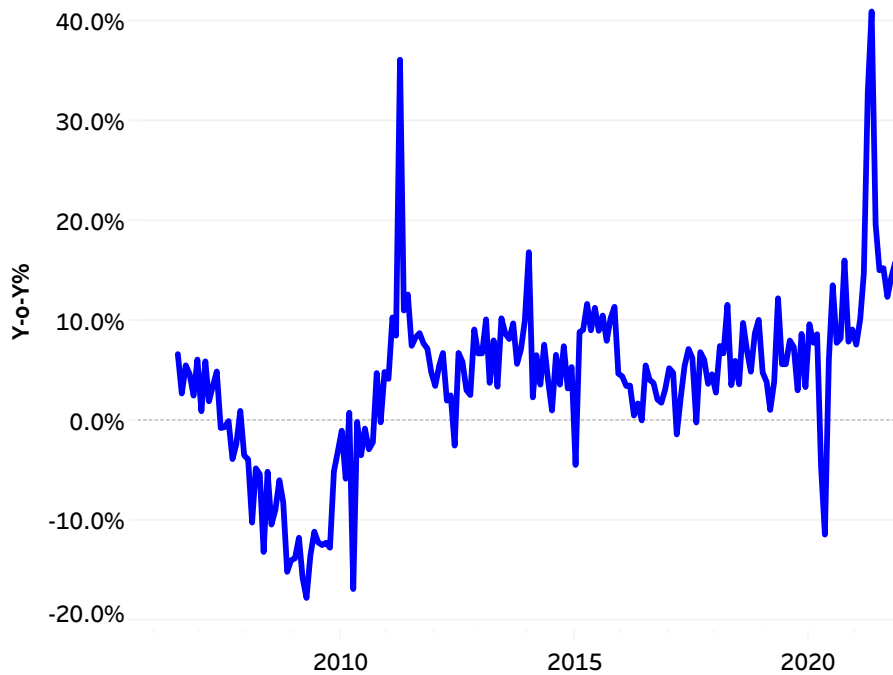
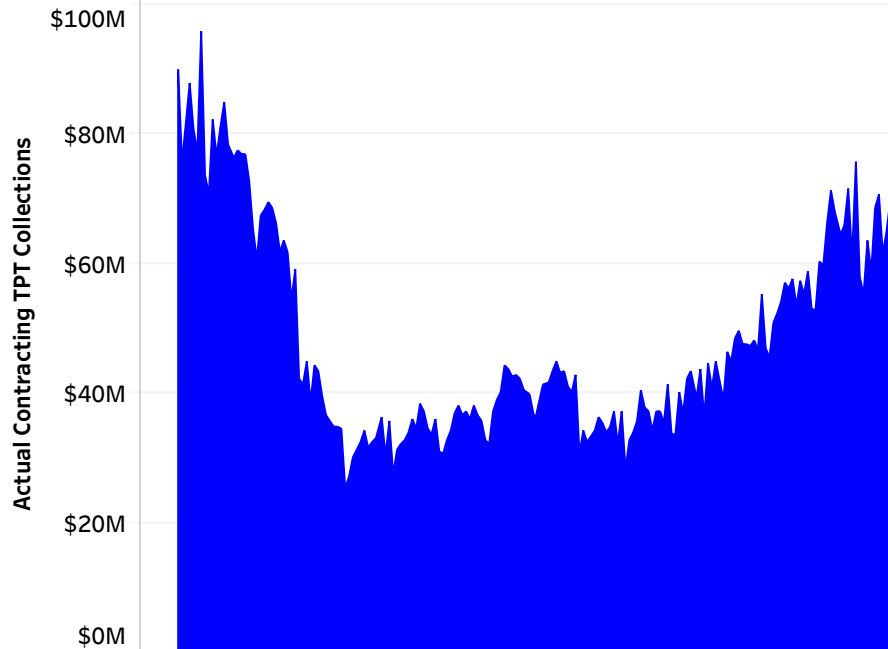
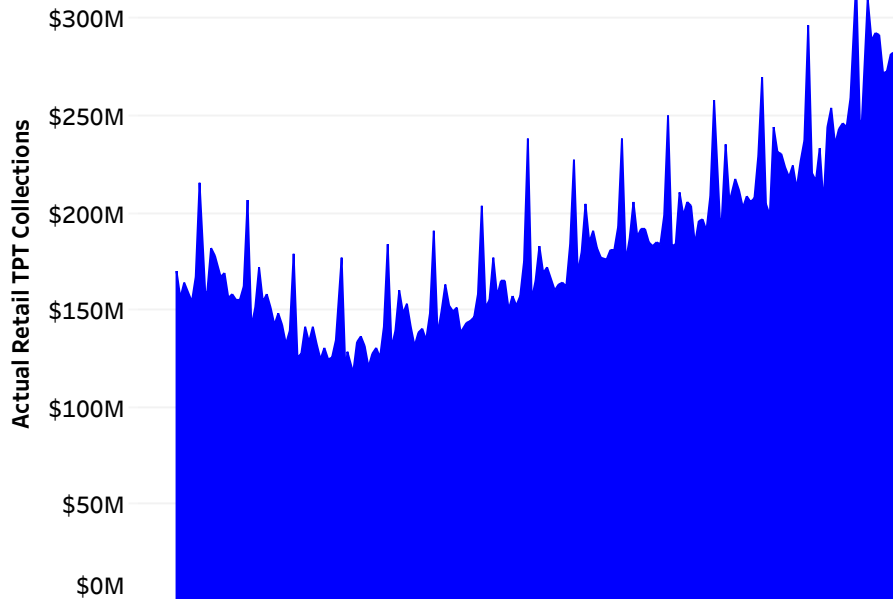
Page:

- 2.....State Sales Tax Collections – Retail Category
 - State Sales Tax Collections – Contracting Category
- 3.....Average Hourly Earnings – Private Sector
 - Total Non-Farm Employment
- 4..... Total Non-Farm vs Total Private Employment
 - Arizona Employment by Category
 - Residential Building Permits
 - Rolling 4-Week Withholding Total
- 5..... Initial Unemployment Insurance Weekly Claims
 - Continued Unemployment Insurance Weekly Claims
 - Unduplicated Unemployment Insurance Claimants
 - AHCCCS Recipients
- 6..... SNAP Recipients
 - HURF Revenue
 - Sky Harbor Total Passengers
 - Arizona Hotel Occupancy
- 7..... Arizona OpenTable Daily Reservations

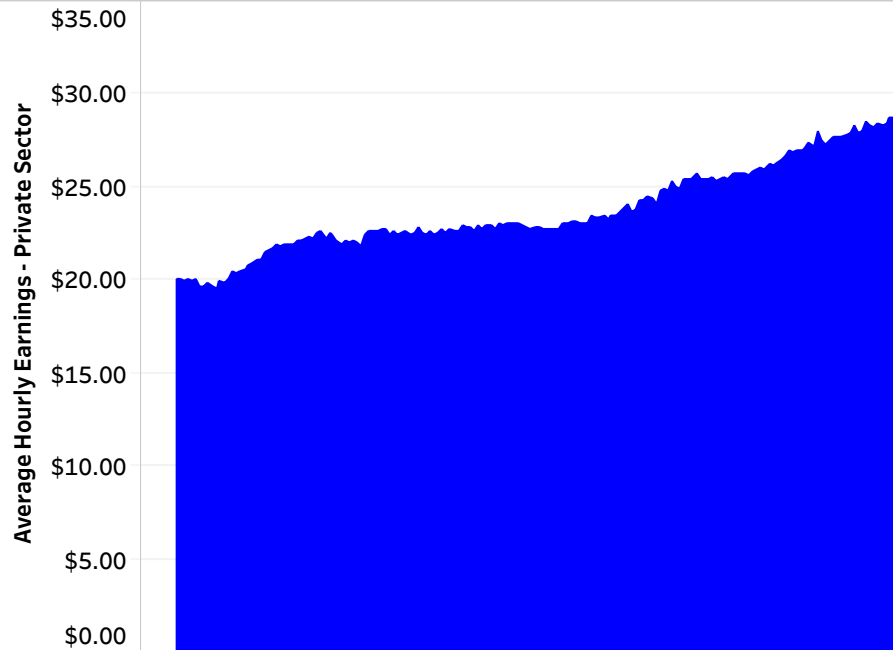
[Link to Most Recent Arizona Economic Trends Tableau Dashboard](#)

State Sales Tax Collections - Retail Category

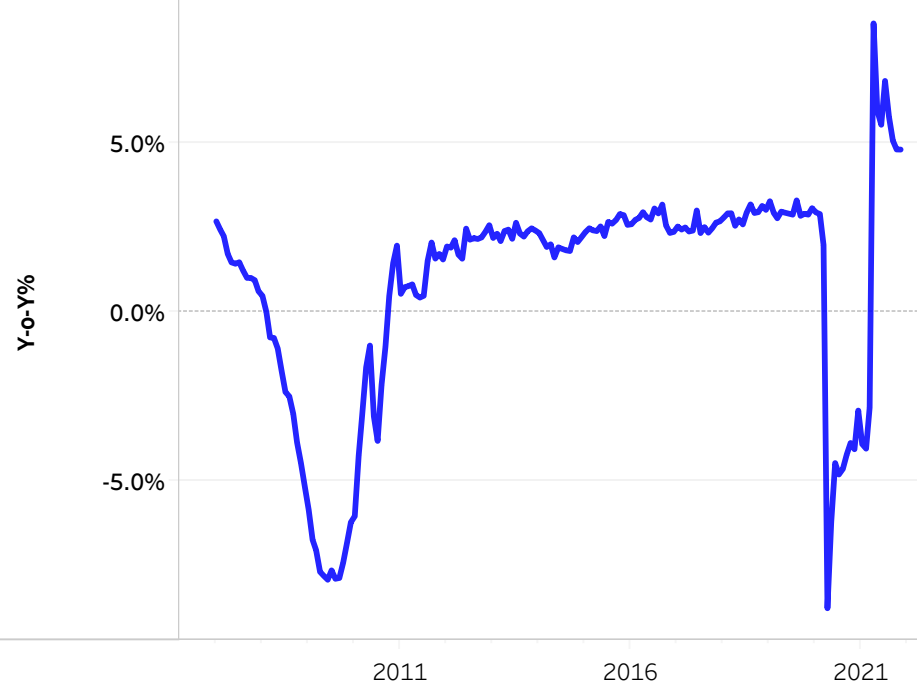
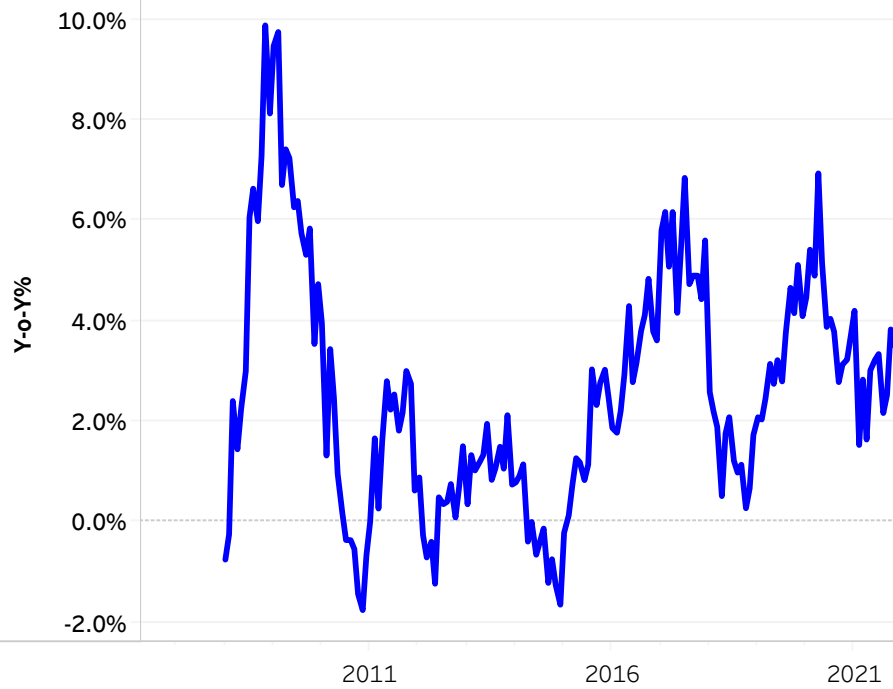
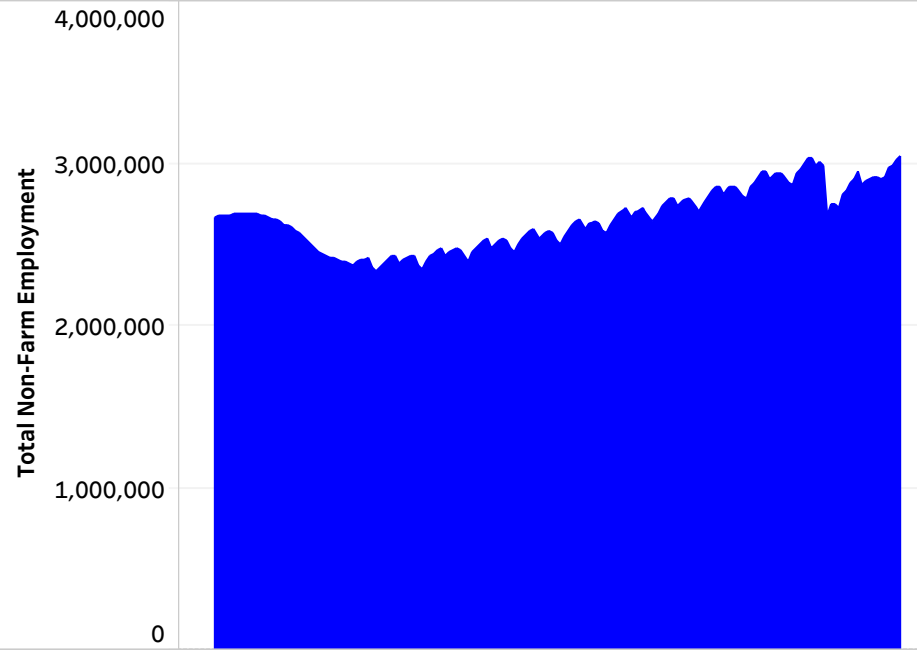
State Sales Tax Collections - Contracting Category



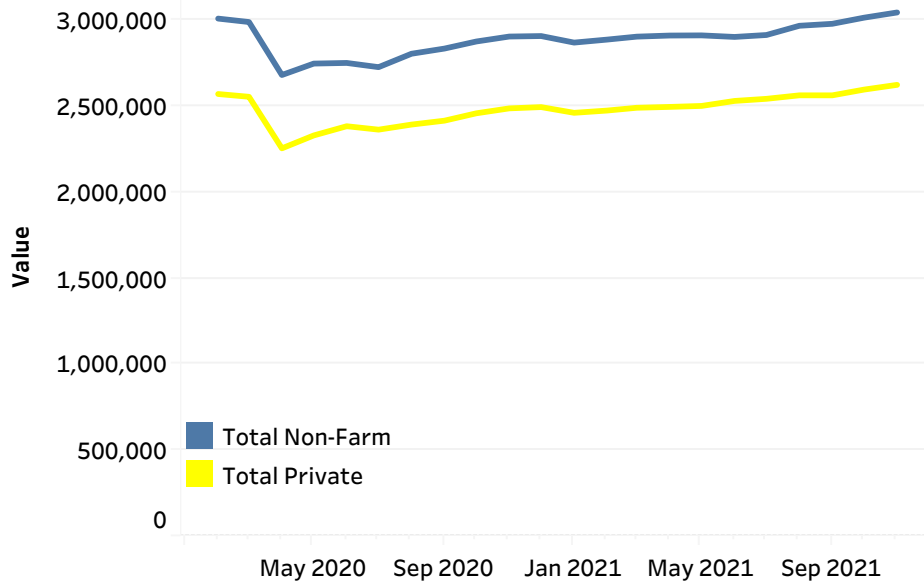
Average Hourly Earnings - Private Sector



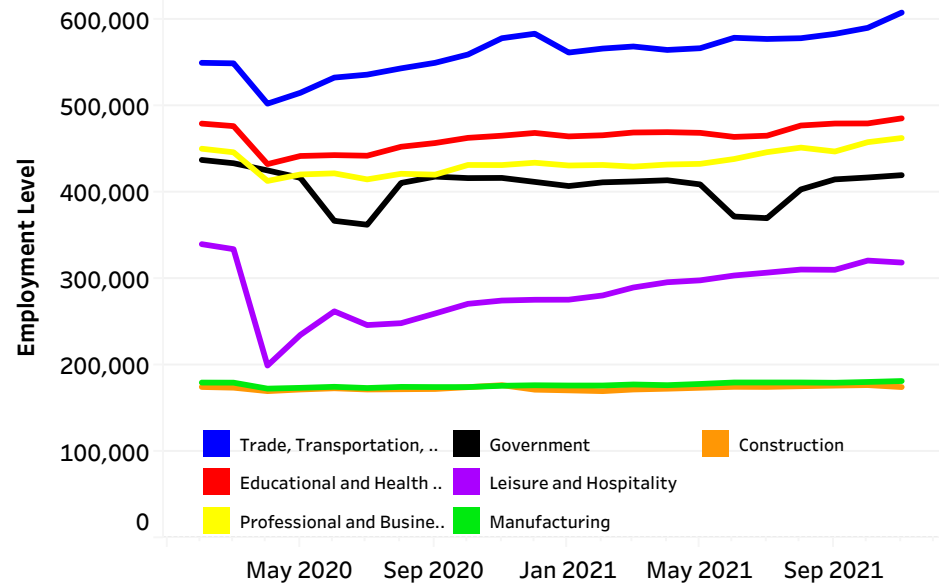
Total Non-Farm Employment



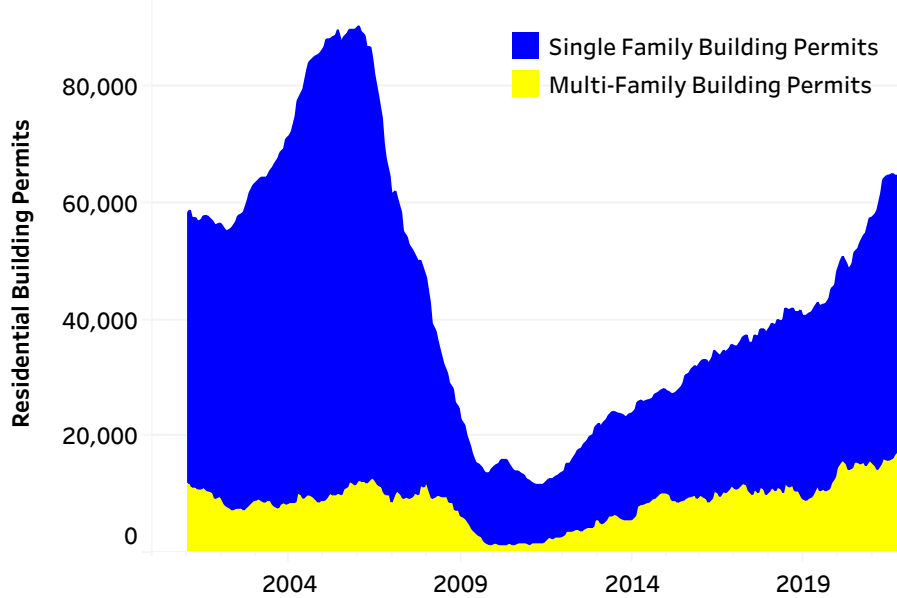
Arizona Total Non-Farm vs Total Private Employment



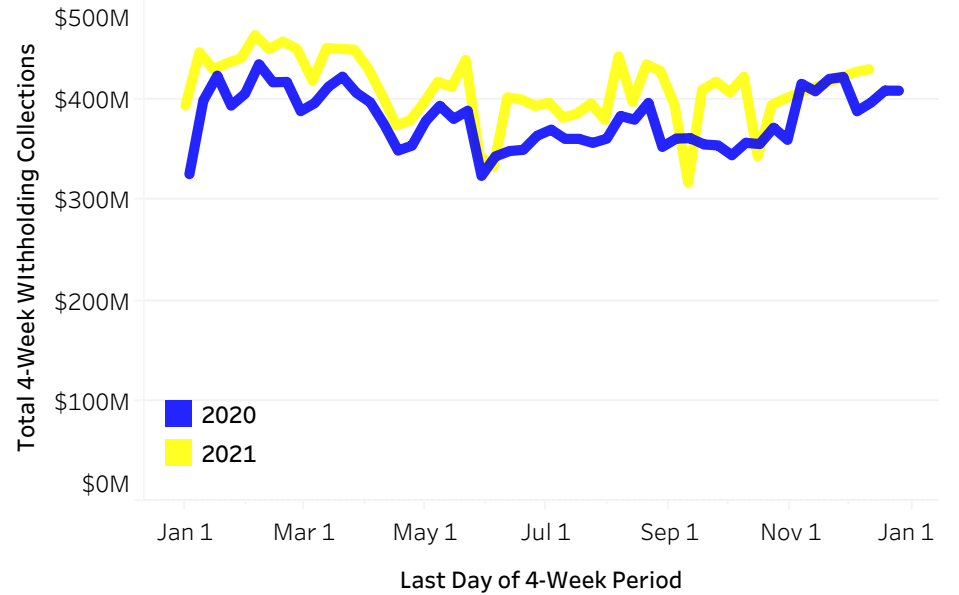
Arizona Employment by Category



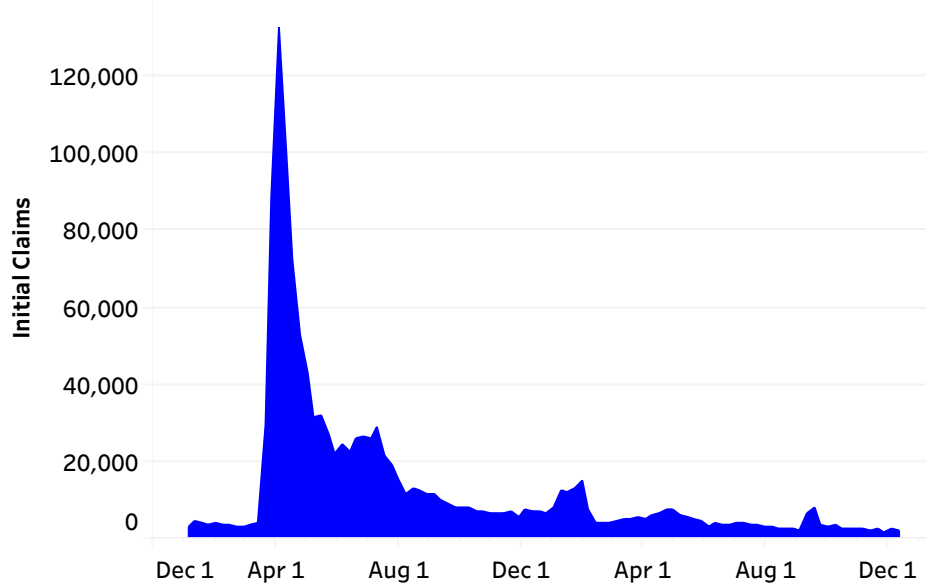
Residential Building Permits



Rolling 4-Week Withholding Total

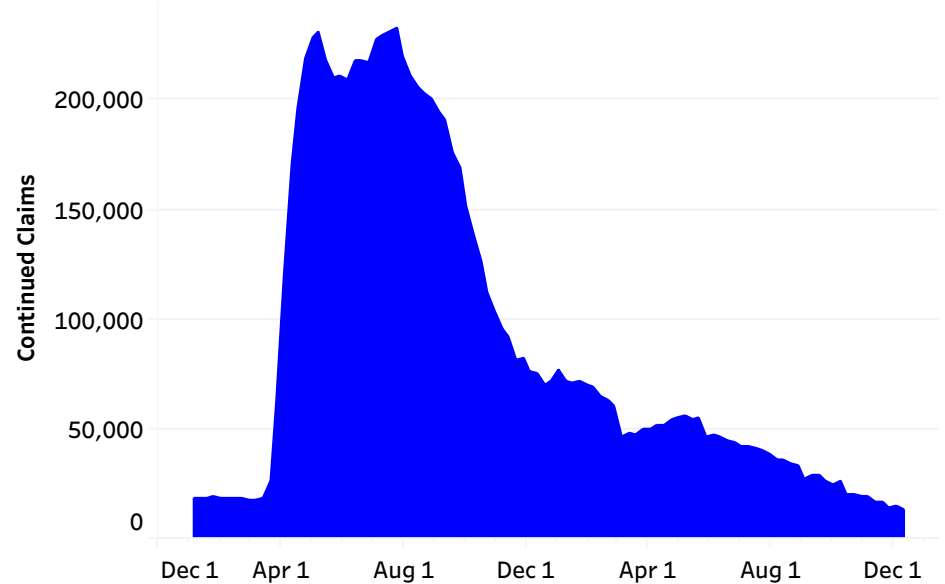


Initial Unemployment Insurance Weekly Claims



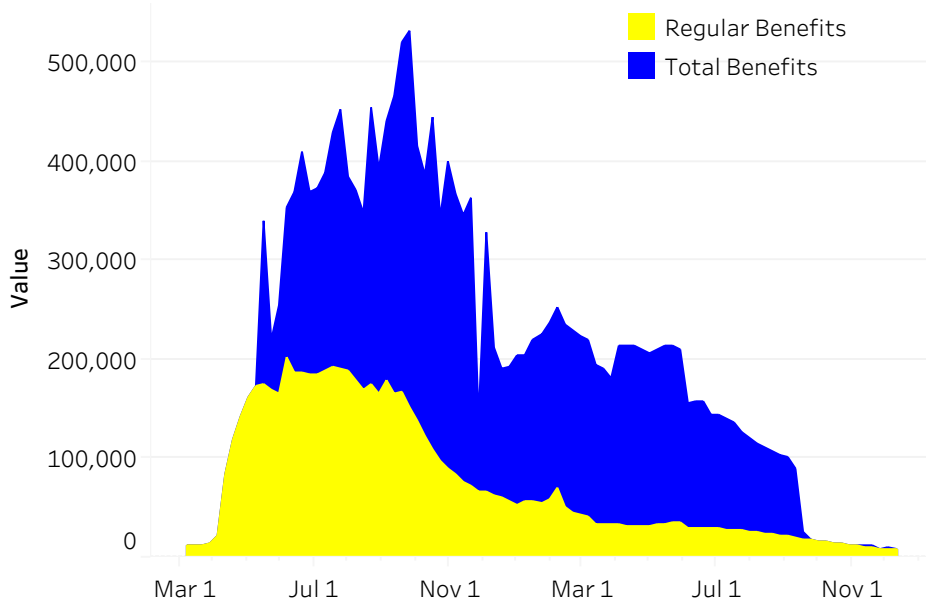
Reported Unemployment Insurance Initial Claims and Continued Claims do not include claims associated with the federally funded Pandemic Unemployment Assistance (PUA) program.

Continued Unemployment Insurance Weekly Claims

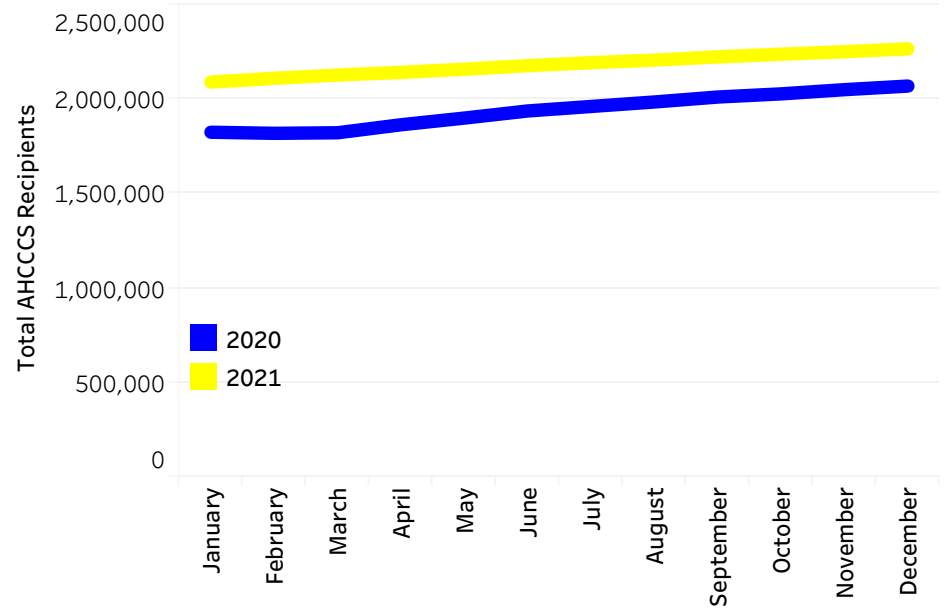


Reported Unemployment Insurance Initial Claims and Continued Claims do not include claims associated with the federally funded Pandemic Unemployment Assistance (PUA) program.

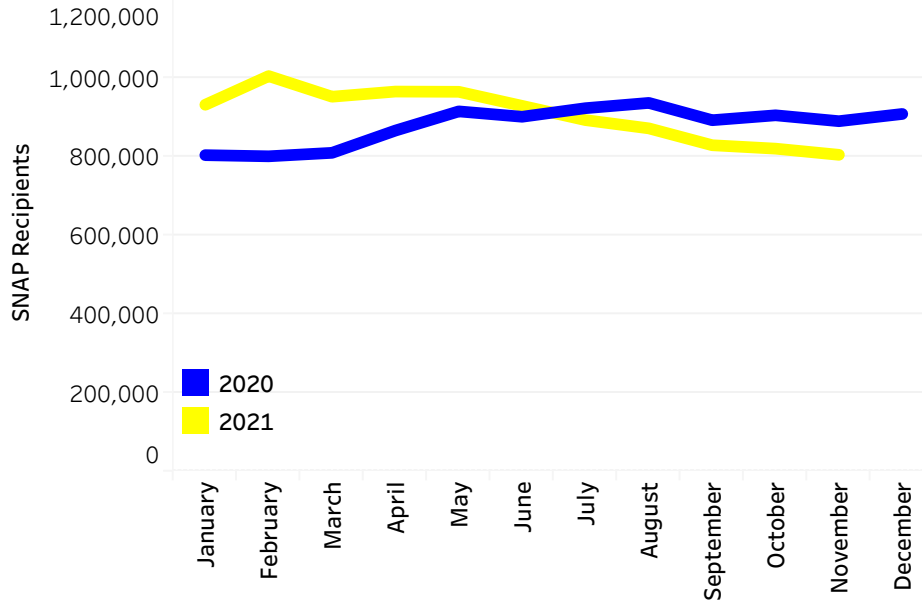
Unduplicated Unemployment Insurance Claimants



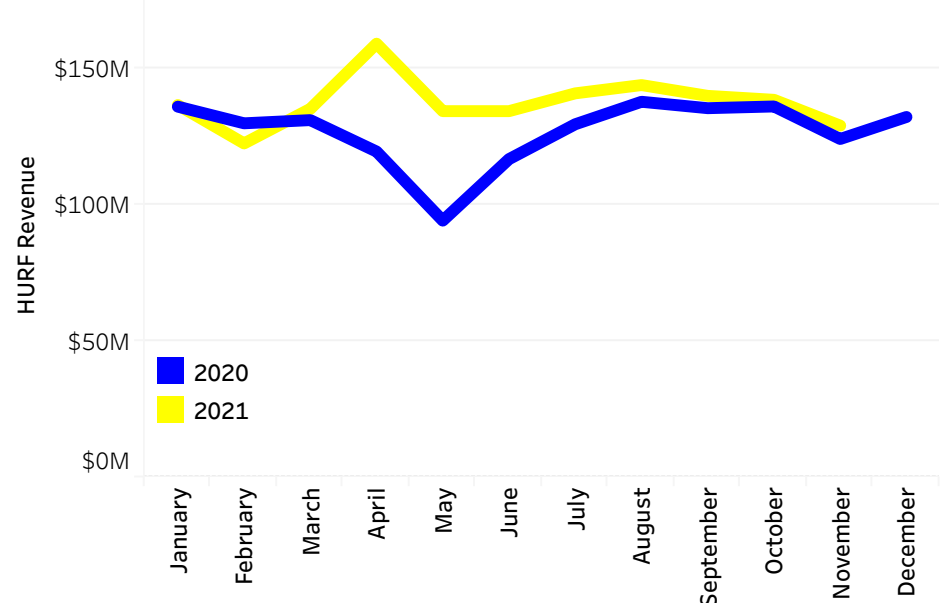
AHCCCS Recipients



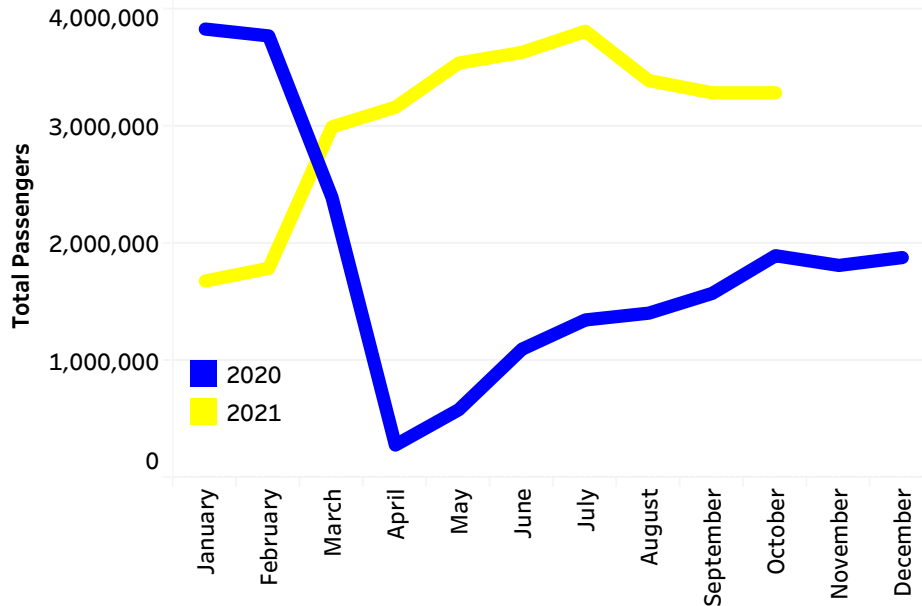
SNAP Recipients



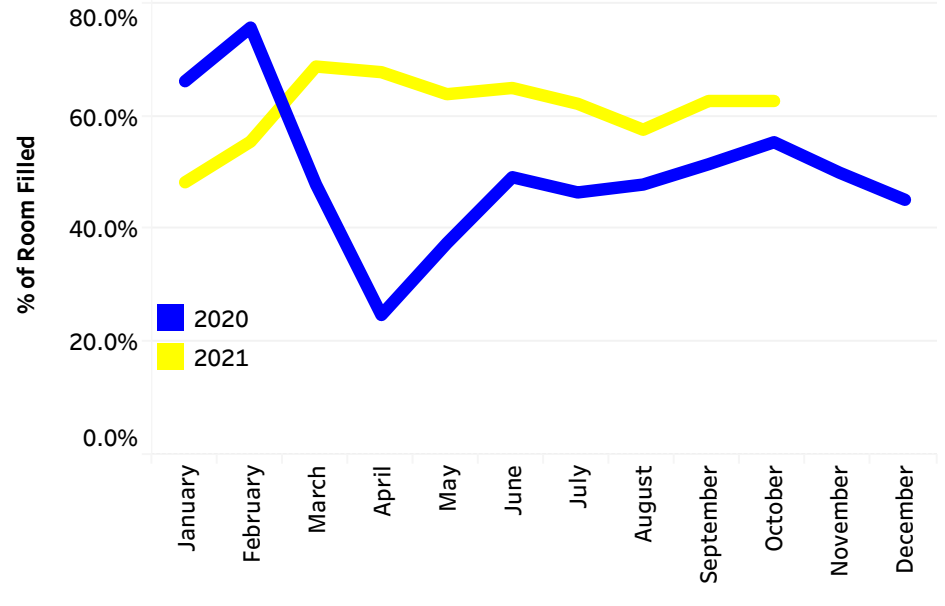
HURF Revenue



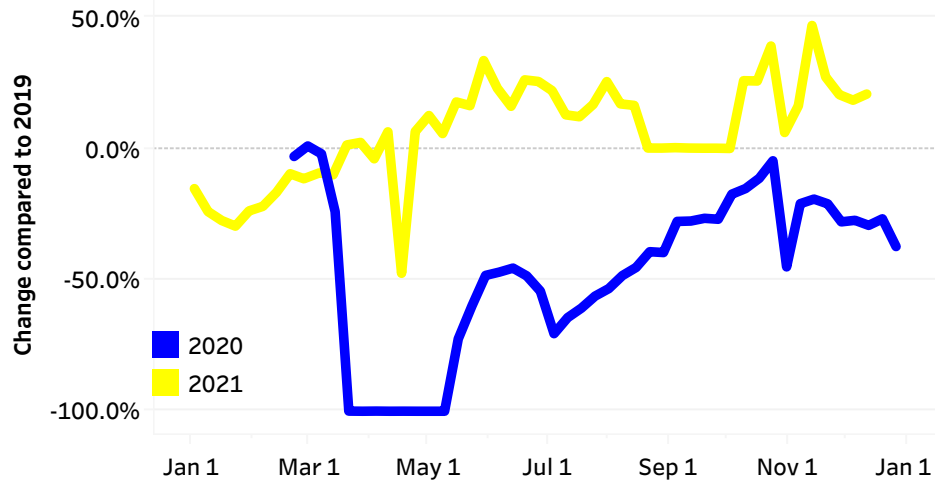
Sky Harbor Total Passengers



Arizona Hotel Occupancy



Arizona OpenTable Saturday Reservations



The 2021 OpenTable data displays the change in seated diners from 2019, rather than the year-over-year change from 2020.