

FY 2011 Conditionally Enacted Budget

The Conditionally Enacted budget will be implemented if the 1 cent sales tax increase is not adopted by the voters on May 18. The sales tax increase will raise approximately \$918 million, which will be dedicated 2/3 to education and 1/3 to public safety and health and human services programs.

Education

K-12 Education	(428,568,000)	
Universities	(107,144,000)	
Community Colleges	(13,342,600)	
Tribal Community Colleges	(1,918,000)	
Charter School Board	(79,600)	
School For Deaf and Blind	(2,070,700)	
Post Secondary Ed	(121,000)	
School Facilities Board	(1,000,000)	
Project Challenge (DEMA)	(1,594,000)	
Total Education	(555,837,900)	64.5%

Public Safety

Corrections	(63,167,200)	
Courts	(10,429,500)	
Public Safety	(10,940,400)	
Juvenile Corrections	(5,833,100)	
Fire, Building and Life Safety	(1,936,300)	
Total Public Safety	(92,306,500)	10.7%

Health and Human Services

AHCCCS	(114,000,000)	
Economic Security	(50,500,000)	
Health Services	(40,000,000)	
Total Health Services	(204,500,000)	23.7%

Other Agencies	(9,721,600)	1.1%
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Total Reductions	(862,366,000)	
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Ending Balance Reduction	(56,000,000)	
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Total	(918,366,000)	
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Agency	Executive	Impacts
EDUCATION		
Education, Department of	(428,568,000)	The conditional cuts to the K12 funding formula will eliminate funding provided for capital purposes, including textbooks, technology, facilities maintenance and repair. Additionally, funding provided for the day to day operations of the schools would be reduced. Reductions for these cuts will vary from district to district and charter to charter and may include reductions in personnel, increased class size, reductions in supplies and services for students, reductions in after-hours programs, etc.
Universities		
Arizona Board of Regents	(2,074,000)	The conditional cuts to universities and the board of regents is approximately 12 percent of their general fund support. This reduction will require the consideration of additional tuition increases and surcharges as well as additional reductions.
ASU - Main Campus	(39,275,000)	
ASU - East Campus	(3,021,000)	
ASU - West Campus	(5,288,000)	
NAU	(16,020,000)	
UofA - Main Campus	(32,652,000)	
UofA - Health Sciences Center	(8,814,000)	
Universities - Subtotal	(107,144,000)	
Community Colleges	(13,342,600)	Of the proposed \$15.3 million contingency plan cut, \$1.9 million would eliminate support for the tribal community colleges: Dine College and Tohono O'odham College. The remaining \$13.3 million would represent a 10% cut to state support for community colleges across Arizona.
Tribal Community Colleges	(1,918,000)	
Community Colleges - Subtotal	(15,260,600)	
Charter Schools, State Board for	(79,600)	The state board for charter schools has indicated the elimination of facility rentals for meeting space and a reduction in staff, should budget cuts be required. These cuts would reduce the level of service, which the charter board currently provides.
Deaf & the Blind, AZ State Schools for the	(2,070,700)	The conditional cuts to education will require the Arizona School for the Deaf & Blind to make cuts to services provided to their students. Cuts may be to personnel (including teachers), transportation, equipment for students, etc.
Postsecondary Education, Commission of	(121,000)	Will likely result in additional reductions to the Leveraging Educational Assistance Partnership (LEAP).
School Facilities Board	(1,000,000)	The \$1 million cut would come from building renewal grants for school districts.
Emergency and Military Affairs, Department of	(1,594,000)	Eliminates the Project Challenge program. Project Challenge is a voluntary educational program for 200 at-risk youth each year ages 16-18.
<i>Education- Subtotal</i>	<i>(555,837,900)</i>	
PUBLIC SAFETY		
Corrections, Department of	(63,167,200)	DOC estimates approximately 3,000-5,000 inmates would be transferred to the Counties resulting in the closure of 10 units and a private prison contract as well as the RIF of hundreds of employees.
Judiciary		State share of Superior Court judges would be eliminated. Adult probation revocations and juvenile commitments would have to be reduced by 5-10%.
Supreme Court	(1,557,300)	
Court of Appeals	(950,100)	
Superior Court	(7,922,100)	
Judiciary - Subtotal	(10,429,500)	
Public Safety, Department of	(10,940,400)	Approximately 75 percent of DPS' expenses are payroll expenses two-thirds of which are sworn officers. Additionally, DPS grants out a significant portion of its general fund budget to support local officers through the GITTEM program. If the \$10,940,400 General Fund reduction to DPS were implemented, DPS would be forced to reduce sworn payroll and/or reduce grants to local communities. Both these actions will require dozens of officers to be laid off.

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Juvenile Corrections, Department of	(5,833,100)	This reduction could force the consolidation of their population to Adobe Mountain and Black Canyon Schools and layoffs to their Central Office Staff.
Fire, Building and Life Safety, Department of	(1,936,300)	The administration of the manufactured housing program would be transferred to the Mobile Home Relocation Fund against the recommendation of the AG. Statutory requirements of the Fire Marshal would have to be reduced solely to performing inspections and investigations. Public education, training, and adoption of fire code would be eliminated.
<i>Public Safety- Subtotal</i>	<i>(92,306,500)</i>	
HEALTH AND HUMAN SERVICES		
AHCCCS	(114,000,000)	The additional cuts in the contingency budget for AHCCCS would require a further reduction to health care provider payments of up to 10% in FY 2011. Medicaid provider payments include hospital inpatient, outpatient and emergency room charges as well as costs for physician, pharmacy, lab, radiology, ambulance and medical equipment providers. This reduction would be in addition to provider rate cuts of up to 5% in the already-signed budget and frozen and reduced provider rates in the two prior years: FY 2009 and FY2010.
Economic Security, Department of	(50,500,000)	The reduction would potentially include a 10% rate reduction to providers of developmentally disabled services. In addition, early intervention services for disabled children 0-3 would be reduced or eliminated. In-home child welfare services for as many as 1,000 families would be reduced. Finally, state-only funded residential and day employment services for 127 adults with developmental disabilities would be eliminated.
Health Services, Department of	(40,000,000)	This reduction would require a 10% provider rate reduction for behavioral health services.
<i>Health and Human Services- Subtotal</i>	<i>(204,500,000)</i>	
OTHER AGENCIES		
Administration, Department of	(342,500)	This would most likely reduce funding for the County Attorney Immigration Enforcement Special Line Item. Reductions to other state agencies will also impact ADOA, increasing the workload for the Personnel Office and the General Accounting Office while reducing the revenues available to fund those services.
Administrative Hearings, Office of	(44,800)	The contingency reduction would require the agency to hold an administrative judge position vacant for all of FY 2011, leading to continued delays hearing cases.
Agriculture, Arizona Department of	(414,400)	The contingency reduction would reduce the agency's ability to conduct inspections. Principally, there is concern over meat and poultry inspections (which would be turned over to the USDA) and export certification inspections.
Arts, Arizona Commission on the	(32,700)	This would further reduce funding for community arts grants.
Attorney General	(867,500)	Uncertain impacts
Capital Postconviction Defender Office, State	(31,200)	This reduction would be a reduction directly related to staff in the form of a RIF or furlough. They have already cut back on everything possible in previous reductions and are already taking furloughs.
Commerce, Department of	(71,700)	This reduction would be a reduction to the population statistics program.
Corporation Commission	(28,400)	Uncertain impacts
Environmental Quality, Department of	(337,500)	Would reduce WQARF program spending to about \$6.6M. This amount jeopardizes water quality clean-up sites already considered essential for public safety.

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Equal Opportunity, Governor's Office of	(9,500)	The effect of the conditional budget will be to hinder the agency's outreach education effort. GOEO provides top-level legal and professional presentations on the state of equal opportunity in Arizona, and this budget reduction would prevent the agency from sponsoring these presentations.
Financial Institutions, State Department of	(142,600)	The contingency budget would reduce funding for mortgage examiners and employees in the licensing division. This would increase delays in mortgage institution examination and the processing of licenses.
Forester's Office, State	(156,700)	The contingency budget would reduce the ability of the agency to suppress wildfires.
Geological Survey, Arizona	(38,800)	The contingency budget would impair the ability of the agency to identify and map earth fissures. This would increase the risk to affected property owners.
Government Information Technology Agency	(36,500)	Because GITA's IT fund relies on a pro rata share of total payroll throughout most state agencies, the conditional budget would diminish the IT fund as other agencies had to lay off employees. Furthermore, a general fund reduction to GITA would impair its ability to run its public safety interoperability communications program, diminishing the amount of areas serviced.
Governor, Office of the	(334,200)	Personnel and other expenses
Governor's Office of Strategic Planning & Budgeting	(95,300)	Personnel
Historical Society, Arizona	(93,500)	Would force private donations and trust monies to cover additional utility costs.
Historical Society of AZ, Prescott	(33,300)	Reduction of a maintenance staff position.
Independent Redistricting Commission	(25,000)	This would result in 5% reduction to their operating budget.
Indian Affairs, AZ Commission of	(3,100)	This reduction will force a pay reduction for the agency's executive director, the sole employee of the agency.
Insurance, Department of	(270,600)	This would require the Department to eliminate the Insurance Fraud Unit or abandon the oversight of Health Care Services Organizations.
Land Department, State	(66,800)	The contingency budget would reduce the ability of the agency to secure both environmental studies and water rights. This would have a negative impact on the value of state Trust land and its beneficiaries.
Law Enforcement Merit System Council	(3,400)	The Law Enforcement Merit System would reduce the amount spent on office supplies such as ink cartridges and other equipment services. It would also be forced to take a majority of the balance in office closures. Estimates show a need to close for 8 days, or approximately 80 hours.
Legislature		
Auditor General	(792,400)	Uncertain impacts
House of Representatives	(538,100)	Uncertain impacts
Joint Legislative Budget Committee	(121,600)	Uncertain impacts
Legislative Council	(234,000)	Uncertain impacts
Senate	(351,800)	Uncertain impacts
Legislature - Subtotal	(2,037,900)	
Medical Student Loans, Board of	(20,200)	The Board is projected to provide eight continuing medical students with financial assistance in FY 2011. This reduction will reduce each medical student's loan amount by (\$2,525).
Mine Inspector, State	(52,900)	Uncertain impacts
Mines & Mineral Resources, Department of	(16,100)	The contingency budget reduction will impair the ability of the Department to make information about the state's mineral resources available to the public.
Navigable Stream Adjudication Commission, AZ	(6,700)	The contingency budget will reduce funding for legal advice provided to the Commission. The FY 2011 budget assumes that some additional legal fees for the Commission will be paid from the Risk Management Fund.

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Pioneers' Home, AZ	(78,100)	This reduction will cause a delay in maintenance and repair of equipment and of the Home itself. Additionally, the reduction will cause a reduction in miscellaneous operating expenditures. Overall, this reduction will not cause severe impediment to operations.
Racing, Arizona Department of	(189,800)	Would eliminate the county fair racing program at the state level. Responsibility would fall on counties to decide whether to fund the fair program.
Radiation Regulatory Agency	(37,400)	If the conditional budget was enacted, it would require the agency to lay off several staff physicists and likely one program manager as well. With too few employees to manage the functions of the agency at an acceptable level, the agency would likely lose its Agreement State status with the U.S. Nuclear Regulatory Commission, resulting in a loss of \$700,000 a year in collections fees that the Federal government would begin collecting instead of the state.
Real Estate Department, State	(145,700)	With enactment of the conditional budget, The State Department of Real Estate would need to streamline its overall operating expenses in various ways to maintain its effectiveness but remain in budget. Some of the cutbacks include elimination of the reserve or "set-aside" funds that the agency maintains as an insurance policy, a drastic reduction in the agency's travel budget, and a cut in spending on operating supplies. The agency would also seek rent forgiveness for its Phoenix office, as it currently still pays for 2,645 square feet of unused office space.
Revenue, Department of	(2,173,300)	This reduction will prohibit the Department of Revenue from hiring seven additional collectors and thirty additional auditors appropriated in the FY 2011 budget. This reduction will cost the state (\$5.1 million) in FY 2011 and (\$12.5 million) in FY 2012 due to forgone revenue collections.
Secretary of State, Department of State	(651,900)	This would likely require collapsing the active archives and the records programs into one division which would cut services to citizens and state agencies and cost the state \$300,000 in federal grants, or eliminate state grants-in-aid to local libraries which would also risk federal matching monies.
Tax Appeals, State Board of	(12,400)	The conditional budget would further thwart the progress of the hearings process for the agency. While the agency seeks to handle the complete appeals process in 4.5 months, a reduction of this magnitude would ensure that the process would be lengthened to approximately 7.5 months.
Transportation, Department of	(2,600)	Likely would cause two alternate transit research positions to take pay reductions or furloughs.
Treasurer, State	(176,000)	Uncertain impacts
Veterans' Services, Department of	(259,900)	This reduction will affect the Veterans' Benefits Counselors program, specifically causing the RIF of 6 Veterans' Benefits Counselors across the state
Water Resources, Department of	(322,300)	The contingency budget would trigger additional layoffs.
Weights and Measures, Department of	(58,400)	The agency would need to reduce its fleet size by taking several of its trucks out of service, delaying the progress of its investigation reallocating its monthly bills from the general fund to other funds. Additionally, the agency would reduce its purchase of general operating supplies and shift some expenditures to other funds.
<i>Other Agencies- Subtotal</i>	<i>(9,721,600)</i>	
Total	(862,366,000)	