

The Executive Budget

STATE AGENCY BUDGETS

FISCAL YEARS 2012 AND 2013

Janice K. Brewer
GOVERNOR



JANUARY 2011

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Provisions for Individuals with Disabilities

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BUDGET IN A FLASH

EXECUTIVE RECOMMENDATION SUMMARY

Major Highlights of FY 2012

\$578.1 million for AHCCCS Caseload and Inflation	(\$14.1) million for DHS 5% Provider Rate Reduction
\$143.8 million for Education Baseline Adjustment	(\$20.0) million for Conclusion of Growing Smarter Program
\$138.7 million for DHS Title XIX State Match	(\$35.0) million Backfill of TANF
\$96.6 million for School Facilities Board Debt Service	(\$40.0) million for DES Proposition 302 Reductions
\$95.8 million for DES Title XIX Developmental Disabilities	(\$66.6) million for Education Capital Outlay
\$55.8 million for Education Basic FY 2012 State Aid	(\$70.5) million for Additional Education State Aid Exclusion
\$50.0 million for AHCCCS Uncompensated Care	(\$72.9) million for Community Colleges Aid Reduction
\$21.1 million for CRS Title XIX State Match	(\$74.9) million for AHCCCS Provider Rate Reductions
\$10.3 million for SMI Prescription Medications	(\$79.1) million for DHS Proposition 204 Rollback
\$8.6 million for Small School Adjustment	(\$115.4) million for AHCCCS FY 2011 Rollover Delay
(\$10.0) million for Maintaining Child Care Waiting List	(\$170.0) million for University Lump Sum Reduction
(\$11.6) million for Arizona Online Instruction Funding	(\$461.8) million for AHCCCS Proposition 204 Rollback

Operating Budgets

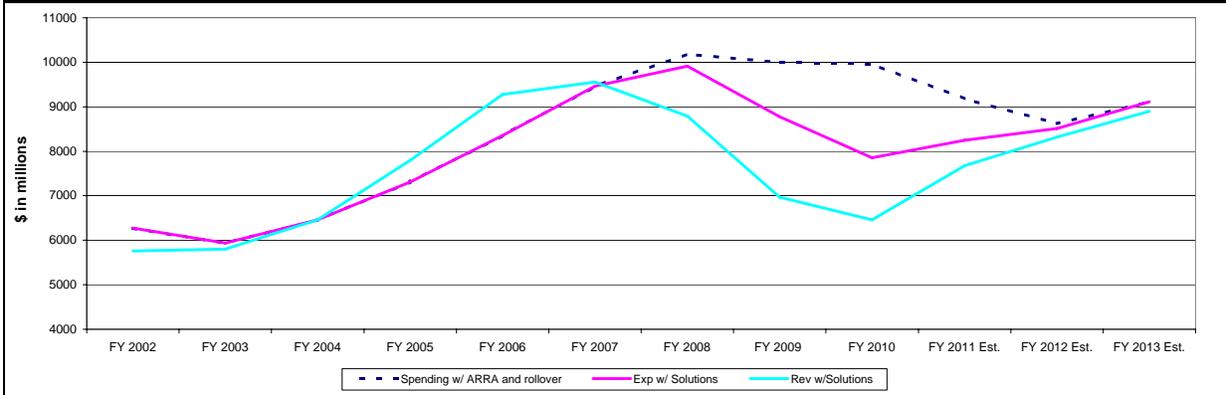
Sources and Uses FY 11 - FY 12

(\$ in millions)	FY 11	Change	FY 12	(\$ in millions)	FY 11	FY 11	FY 12
	Approp	from FY 11	Recomm.		Estimate	Recomm.	Recomm.
Agency:							
Dept. of Economic Security	637.1	11.1	648.2	Balance Forward	(5.7)	(5.7)	50.0
AHCCCS	1,376.9	19.0	1,395.9	Revenue Estimate	6,830.1	6,830.1	7,415.7
Dept. of Education	3,491.2	52.0	3,543.2	Other Revenues	46.3	46.3	69.9
School Facilities Board	67.6	103.9	171.5	Agency Fund Transfers	151.8	217.5	169.8
Dept. of Health Services	438.9	31.6	470.5	Commerce Authority	0.0	0.0	(31.5)
Dept. of Corrections	948.7	8.4	957.1	Borrowing from First Things First	0.0	330.0	310.0
Dept. of Revenue	43.7	(0.7)	43.0	Temporary One Cent Sales Tax	845.7	845.7	902.4
Forester	6.0	(6.0)	0.0	Other Adjustments	<u>34.6</u>	<u>34.6</u>	<u>17.8</u>
Arizona Pioneers' Home	1.6	2.5	4.1	TOTAL SOURCES OF FUNDS	<u>7,902.8</u>	<u>8,298.5</u>	<u>8,904.1</u>
Community Colleges	135.3	(64.0)	71.3	Operating Budgets	8,641.5	8,226.0	8,434.3
University System	873.1	(170.0)	703.1	27th Payroll	0.0	0.0	81.0
Dept. of Agriculture	8.4	0.2	8.6	Health Insurance Recapture	0.0	0.0	(12.3)
Dept. of Racing	3.9	(3.9)	0.0	5% Salary Reductions	0.0	(5.3)	(5.3)
Veterans Services	5.4	2.0	7.4	Eliminate Furlough Day	0.0	2.9	17.2
Historical Society	5.9	(2.6)	3.3	Total Operating Budgets	8,641.5	8,223.5	8,514.9
Department of Public Safety	43.1	2.7	45.8	First Things First Loan Repayment	0.0	0.0	330.0
Secretary of State	13.3	2.0	15.3	Lease Purchase Debt Service	52.1	52.1	49.0
Dept. of Environmental Quality	7.0	0.0	7.0	Capital	4.0	4.0	0.0
Dept. of Water Resources	7.1	(0.8)	6.3	COSF Rate Reduction	0.0	0.0	(6.8)
Department of Administration	17.7	(4.3)	13.4	Other Adjustments	0.0	0.0	(11.4)
Radiation Regulatory Agency	1.4	0.5	1.9	Administrative Adjustments	85.8	85.8	79.5
Auditor General	16.4	(0.5)	15.9	Reversions	<u>(116.9)</u>	<u>(116.9)</u>	<u>(109.6)</u>
Department of Juvenile Corrections	57.0	(7.6)	49.4	USES OF FUNDS	8,666.5	8,248.5	8,845.6
All Others	272.2	(20.1)	<u>252.1</u>	ENDING BALANCE	<u>(763.7)</u>	<u>50.0</u>	<u>58.5</u>
Total	<u>8,478.9</u>	<u>(44.6)</u>	<u>8,434.3</u>				

FY 2011 Supplemental Recommendations

(\$ in thousands)			
Education-Baseline adjustment	133,461.6	DOC-FY 2011 Budget Reduction	(10,000.0)
DES-Prop 302 Conditional Appropriation	40,000.0	DES-Maintain Child Care waiting List	(10,000.0)
AHCCCS-Suspend Rollover for FY 2011	37,786.3	Education-FY 2011 Actual ASA	(30,426.3)
DES-Developmental Disabilities-Title XIX	11,350.7	DES-TANF Backfill	(35,000.0)
DHS-CRS State Match Title XIX	8,275.0	DES-Prop 302 Budget Reductions	(40,000.0)
DJC-FY 2011 Reduction	(3,607.8)	Education-FY 2011 Education Jobs Funding	(101,170.2)
DES-Adult Services Backfill	(6,000.0)	Education-Additional Deferment of State Aid	(245,000.0)
		Total General Fund Supplementals	<u>(252,882.7)</u>

Arizona General Fund Ongoing Revenue and Expenditures FY 2002 to FY 2013



MAJOR CHANGES IN FY 2012 GENERAL FUND APPROPRIATIONS (\$millions)

Department of Education		Department of Economic Security	
	FY 2012		FY 2012
Baseline adjustment	143.8	Developmental Disabilities TXIX	95.8
Basic State Aid FY 2012	55.8	Federal Funds Backfill	9.4
Additional State Aid-Small School Adjustment	8.6	Risk	(0.5)
SPED Fund Adjustment	(2.0)	Rent	(2.6)
Career Ladders Phase Down	(5.6)	Adult Services Backfill	(6.0)
Arizona Online Instruction Funding	(11.6)	Maintain the Child Care Waiting List	(10.0)
Capital Outlay and Additional Assistance Reductions	(66.6)	TANF Backfill	(35.0)
Additional State Aid exclusions	(70.5)	Prop 302 Budget Reductions	(40.0)
TOTAL	51.9	TOTAL	11.1
Emergency and Military Services		AHCCCS	
	FY 2012		FY 2012
Consolidation of Forester into Emergency Management	6.0	Caseload and Inflation	578.1
Military Installation Fund Change	0.1	Uncompensated Care	50.0
Eliminate Project Challenge	(1.6)	CRS Transfer from DHS	41.9
Other Adjustments	(0.1)	ADOA Data Center	1.2
TOTAL	4.4	Provider Rate Reductions	(74.9)
	FY 2012	Suspend Rollover for FY 2011	(115.4)
New Construction Lease-to-Own Debt Service	96.6	Prop 204 Rollback	(461.8)
Building Renewal Grants	7.3	Other Adjustments	(0.2)
TOTAL	103.9	TOTAL	18.9
School Facilities Board		Department of Health Services	
	FY 2012		FY 2012
Correctional Officer II Staffing Requirements	8.4	BHS State Match TXIX	138.7
Closure of Prov. Beds-Marginal Costs	7.6	CRS State Match TXIX	21.1
New 4,000 Publicly Operated Beds-Annualize Operating Costs	5.0	Seriously Mentally Ill Prescription Medications	10.3
Leap Year Costs	0.8	Rent	0.8
Private Prison Rate Changes	(3.2)	Risk	(0.3)
New 4,000 Publicly Operated Beds-Startup Costs	(7.1)	Vital Records Self-Funding Request	(1.2)
Closure of Prov. Beds-Per Diem Costs	(8.4)	Sexually Violent Person Commitments	(2.7)
Other Adjustments	5.3	5% Provider Rate Reduction	(14.1)
TOTAL	8.4	CRS Transition to AHCCCS	(41.9)
	FY 2012	Prop 204 Rollback	(79.1)
Annualization of FY 2011 Reduction	(7.2)	TOTAL	31.6
Other Adjustments	(0.4)		
TOTAL	(7.6)		
Department of Corrections		Department of Administration	
	FY 2012		FY 2012
Annualization of FY 2011 Reduction	(7.2)	GITA Consolidation	0.7
Other Adjustments	(0.4)	Office of Economic Information and Research	0.2
TOTAL	(7.6)	Federal 3% Withholding	0.1
Department of Juvenile Corrections		Statewide Telecommunications Lease	(0.4)
	FY 2012	Utilities Special Line Item	(0.6)
Transfer of Capitol Police to DPS	1.9	Transfer Capitol Police to DPS	(1.9)
Capitol Police Salary Adjustment	1.0	Other Adjustments	(2.5)
Other Adjustments	(0.2)	TOTAL	(4.4)
TOTAL	2.7		
Department of Public Safety		Government Information Technology Agency	
	FY 2012		FY 2012
Self Funding	(1.0)	Agency Consolidation with ADOA	(0.7)
Consolidate Racing within the Department of Gaming	(2.8)	TOTAL	(0.7)
Other Adjustments	(0.1)		
TOTAL	(3.9)		
Department of Racing		Real Estate	
	FY 2012		FY 2012
Investigations Assistance	0.1	Information Technology Specialist	0.1
Other Adjustments	0.0	Other Adjustments	0.0
TOTAL	0.1	TOTAL	0.2
Tourism		Secretary of State	
	FY 2012		FY 2012
Tourism Industry Donations Match	1.0	Polly Rosenbaum Archives Building	1.7
TOTAL	1.0	Chavez v. Brewer	0.1
	FY 2012	Other Adjustments	0.2
Operating Funds for the State Veterans' Home-Tucson	2.0	TOTAL	2.0
TOTAL	2.0		
Veterans' Services		Water Resources	
	FY 2012		FY 2012
Operating State Aid Formula Funding	8.6	Continued Shift to Self-Funding	(0.8)
Equalization State Aid Formula Funding	0.4	TOTAL	(0.8)
Rural County Reimbursement Subsidy	(0.1)		
Operating State Aid Reduction	(72.9)		
TOTAL	(64.0)		
Community Colleges			
	FY 2012		
Operating State Aid Formula Funding	8.6		
Equalization State Aid Formula Funding	0.4		
Rural County Reimbursement Subsidy	(0.1)		
Operating State Aid Reduction	(72.9)		
TOTAL	(64.0)		



**Agency Operating
Budget Detail**

Building a Budget

Preparing the State's budget is a year-'round process that determines the size and scope of government

ARIZONA REVISED STATUTES § 35-101 establishes a bifurcated budget process by defining 16 agencies as “annual budget units” and the remaining agencies as “biennial budget units.” Agencies identified as annual budget units include the following:

- Department of Education
- Board of Regents
- Arizona State University, including the West and East campuses
- University of Arizona
- Northern Arizona University
- School Facilities Board
- Department of Economic Security
- State Department of Corrections
- Department of Juvenile Corrections
- Arizona Health Care Cost Containment System
- Department of Health Services
- Department of Administration
- Department of Transportation
- The Judiciary, including the Supreme Court, Court of Appeals and Superior Courts

In accordance with the statutory definitions, the Executive Recommendation provides funding on a bifurcated basis.

BUDGET PROCESS

The budget process begins on or before June 1, when the Governor’s Office of Strategic Planning & Budgeting (OSPB) issues instructions and electronic forms required for agencies to submit their budget requests. Agency requests must be submitted to OSPB by September 1 unless an extension is granted for up to 30 days.

Annually, as early as September 1 and no later than five days from the opening of the Legislative session, the Executive reviews budget submissions and prepares the Executive Budget Recommendation. The recommendation

contains operating and capital outlay expenditure plans, estimated revenues, and any Legislative changes necessary for implementation.

Simultaneously, the Joint Legislative Budget Committee (JLBC) Staff reviews the agency requests.

Legislative review and deliberation of the Executive recommendation and other budget options typically begin shortly after the regular session convenes. Public hearings occur before both the Senate and House Appropriation Committees. The Committees may adopt the Executive budget, or they may elect to adopt a budget containing other elements.

Before July 1, the Legislature adopts the budget through the passage of a General Appropriations Act, a Capital Outlay Bill, and any Legislative changes necessary for the implementation of the adopted budget. Once adopted by the House of Representatives and the Senate, the bills are then presented to the Governor for consideration.

Upon presentation, the Governor has five days to sign the bills into law, veto them in their entirety, line-item veto individual items of appropriations, or allow the bills to become law without a signature. The Legislature may, with a two-thirds vote, override a veto or line-item veto.

The operating budget is prepared and enacted using a cash basis of accounting, which recognizes expenditures when paid and revenues when received by the Treasurer.

Budgetary control is maintained by the appropriation and the Executive Branch allotment process. The allotment process allocates appropriations across the four quarters of the fiscal year. The State also maintains an encumbrance accounting system to enhance budgetary control.

Unless specifically noted, operating appropriations lapse at the end of the fiscal year and the cash reverts to its

original source. Capital outlay appropriations continue until the project is completed or abandoned.

BUDGET REQUEST GUIDELINES

Budget requests in excess of \$25,000 that were related to information technology were required to be accompanied by an approved Project Investment Justification (PIJ). The PIJ went through a separate review conducted by the Government Information Technology Agency (GITA).

BUDGET BOUNDARIES

The starting point in building the budget is to establish agencies’ base budgets. In order to calculate an agency’s baseline budget, the following baseline adjustments are made:

- annualization of programs partially funded;
- lease and rent rate adjustments;
- inflationary adjustments;
- elimination of one-time expenditures; and
- caseload adjustments to provide the same level of services as the previous year.

The adjustments are then combined with the agency’s most recent fiscal year appropriation to determine the baseline budget on which the upcoming year’s other budget issues are built.

The baseline budget is meant to continue State services in the same manner as the previous year, with adjustments for only those costs that are inherently necessary to continue providing the services.

OTHER RECOMMENDATIONS

For FY 2012, two special issue categories are included in addition to the baseline adjustments mentioned in the previous section. *Expenditure* issues are those determined to be necessary but require additional spending above the

baseline. Considering the State's fiscal crisis, these issues were recommended only after exhaustive analysis deemed them critically important. *Solution* issues are specifically recommended to help resolve the State's budget deficit, both long term and in FY 2012.

ADMINISTRATIVE COSTS

To comply with A.R.S. § 35-115, each agency reports administrative costs with its budget submission. The calculation is based on administrative costs as a percent of total funds, which may include General Fund, Other Appropriated Funds and Non-Appropriated funds. The calculations provided are strictly for compliance with A.R.S. § 35-115 and should not to be used for any other purpose.

BUDGET FORMAT

The Executive Budget contains agency mission statements, descriptions and budget performance measures.

Budget Performance Measures. In accordance with A.R.S. § 35-115, the Executive Budget Recommendation includes selected performance measures for the budget unit for the previous fiscal year and for the budget years.

OSPB, in consultation with the agencies, has selected a series of performance measures that will most accurately communicate both what the agency is doing and how well the agency is doing it. The hope is that this will offer decision makers and citizens a better understanding of agencies and their operations. In addition, stakeholders will be provided improved continuity of data, as the performance measures published will remain largely consistent from year to year.

In addition to the performance measures, OSPB publishes the *Master List of State Government Programs* at least every even-numbered year. The FY 2009-2011 *Master List* is available at www.ospb.state.az.us. This reference document contains a more comprehensive listing of performance measures for every program and subprogram within State agencies.

TECHNICAL ADJUSTMENTS

The FY 2012 Executive Budget Rec-

ommendation contains a series of technical adjustments, including:

- Employee-Related Expenditures for newly recommended employees and/or personal services changes,
- Risk Management,
- State-owned, private, COP and PLTO rental rate charges, and
- elimination of one-time equipment purchases.

The general guidelines used in building the Executive Recommendation are discussed below.

ERE. Two separate rates are used in calculating Employee-Related Expenditures (ERE) funding requirements for newly recommended employees and/or personal services changes:

- An *HDL* rate calculates the health, dental and life insurance costs per individual FTE based on specific rates of participation in the three insurance programs (health, dental and life) to which the State contributes.
- A *marginal* rate is calculated by adding the rates of FICA, workers' compensation, unemployment insurance, a pro rata charge for personnel costs, a pro rata charge assessed for information technology, long-term disability insurance, retirement sick leave pro rata, and retirement.

The sum of the rates is multiplied by the total Personal Services amount, excluding members of Boards and Commissions when appropriate.

The following rates are used for the development of each of the various ERE components:

FICA. The rate is comprised of a 6.2% Social Security tax on the first \$106,800 of an employee's Personal Services and a 1.45% Medicare tax on the full amount of an employee's Personal Services.

Workers' Compensation. The Department of Administration's Risk Management Division develops rates every two years based on data provided by the National Council on Compensation Insurance, agency loss histories, and program budget needs. The Executive Recommendation does not include adjustments for the new rates effective

in FY 2012.

Unemployment Insurance. The rate of 0.65% of Personal Services is used for FY 2012. Any additional funding issues recommended beyond agencies' base budgets contain the commensurate unemployment insurance funding.

Personnel Division Pro Rata. The rate of 1.1% of Personal Services is assessed on the payroll of the majority of State service agencies, pursuant to A.R.S. § 41-764, to fund the operations of the Personnel Division of the Department of Administration.

Attorney General Pro Rata. This charge equals 0.675% of Personal Services and is assessed on all agencies except those specifically exempted by A.R.S. § 41-191.09(D). The pro rata is designated to reimburse the Department of Law for general counsel services.

Information Technology Pro Rata. Previously, the rate of 0.2% of Personal Services was assessed on all agencies (except the universities and community colleges) to fund the operations of the Government Information Technology Agency. The Executive Recommendation for FY 2012, however, includes transferring GITA to the Department of Administration. Therefore, the same assessment will apply to all agencies in FY 2012, but will be used to fund IT programs now performed by the Department of Administration.

Disability Insurance. The rate of 0.36% of Personal Services is used for employees not covered by the State Retirement System, which provides disability insurance to active employees.

Retirement. The following rates were used for FY 2012:

Retirement Group	Rate
State Retirement	10.75
Correctional Service Officers	9.15
NAU Police	29.40
UA Police	21.24
ASU Police	20.48
Parks	18.50
Game and Fish	43.35
DEMA Fire Fighters	17.76
Attorney General Investigators	90.08
Liquor Commission Investigators	38.77
Juvenile Corrections	9.92
Public Safety	33.30
Capitol Police	12.93
University Optional Retirement	7.00
Elected Officials Retirement Plan (State)	32.29

The General Fund portion of the de-

creased costs is reflected on the Sources and Uses statement. The agency detail on the General Fund and Other Fund allocations is available at OSPB.

Life Insurance. Annual life insurance rates equal \$23.40 per FTE.

Health and Dental Insurance. For FY 2012, the Executive Recommendation includes the elimination of the General Fund health and dental insurance sweep and the annualization of Plan Year 2011 premiums. The Recommendation also includes suspending state agency premiums for two pay periods in FY 2012 in order to realign the balance of the Health Insurance Trust Fund.

Retirement Accumulated Sick Leave Fund. As enacted in 1997, the FY 2012 Executive Recommendation provides for a 0.4% pro rata assessment against Personal Services. The money in this Fund is used to compensate retiring employees for unused sick leave.

Risk Management. As reported by the Department of Administration, risk management charges in FY 2012 will be an average of (9.1%) less than charges in FY 2011. As part of the Executive Recommendation agency budgets have

been increased or decreased as necessary to match the change in risk management charges.

Rent. Rent adjustments for agencies occupying ADOA space are based on a newly recommended rate of \$14 per rentable square foot (RSF) of office space and \$4.50 per RSF of storage space. General Fund savings from this rate change are aggregated in the Sources and Uses document. The square footage calculation is based on documentation prepared by the Department of Administration's General Services Division.

The amounts required to cover Certificate of Participation (COP) and Privatized Lease to Own (PLTO) payments are based on data distributed by the Department of Administration General Accounting Office and General Services Division.

The amounts required to cover Certificate of Participation (COP) and Privatized Lease to Own (PLTO) payments are based on data distributed by the Department of Administration's General Accounting Office and General Services Division.

All rent amounts for agencies occu-

pying private space are based on estimated rent charges as reported by the agencies.

Equipment. The amount recommended for equipment – whether capitalized or non-capitalized – was based on the agency's needs and generally determined on a zero-based approach. Reductions were taken to reflect elimination of one-time equipment purchases approved in the FY 2011 appropriation.

OTHER RECOMMENDATIONS

Judiciary and Legislature. The Executive does not make recommendations for the Judiciary and Legislative branches.

Appropriation Format and Legislative Changes. Each Executive recommendation for an agency's appropriation format is located at the end of the agency's recommendation. Some recommendations require Legislative changes that are necessary to implement the Executive Budget. These required changes are addressed in a separate listing as part of the Executive Budget Summary. •

State Board of Accountancy

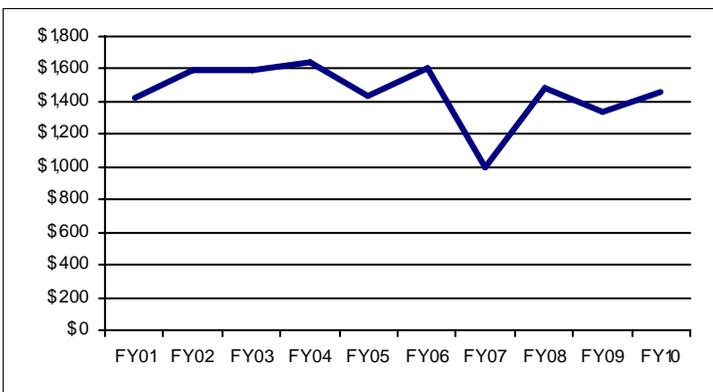
Mission:

To protect the public from unlawful, incompetent, unqualified, or unprofessional certified public accountants through certification, regulation, and rehabilitation.

Description:

The Arizona State Board of Accountancy consists of five Certified Public Accountants (CPAs) and two public members, all of whom are residents of the state and are appointed by the Governor. The Board qualifies candidates for the Uniform CPA Examination, certifies individuals to practice as CPAs, registers accounting firms owned by CPAs, and biennially renews certificates for CPAs and registered accounting firms. The Board also receives and investigates complaints, takes enforcement action against licensees for violation of statutes and regulations, monitors compliance with continuing education requirements, and reviews the work products of CPAs to ensure adherence to professional standards through the Board's peer review program. The Board currently regulates approximately 10,400 licensees and 3,200 firms.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Certification, Registration, and Regulation	1,465.0	1,884.0	1,684.5	1,687.1
Agency - Approp. Funds	1,465.0	1,884.0	1,684.5	1,687.1

Category	FY 2010	FY 2011	FY 2012	FY 2013
FTE	13.0	13.0	13.0	13.0
Personal Services	597.2	635.5	635.5	635.5
ERE Amount	264.4	311.4	311.4	311.4
Prof. And Outside Services	359.9	441.5	441.5	441.5
Travel - In State	4.2	6.8	6.8	6.8
Travel - Out of State	0.6	9.4	9.4	9.4
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	208.6	446.1	246.6	249.2
Equipment	22.4	33.3	33.3	33.3
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	7.7	0.0	0.0	0.0

Agency - Approp. Funds	1,465.0	1,884.0	1,684.5	1,687.1
<i>Appropriated Fund</i>				
Accountancy Board	1,465.0	1,884.0	1,684.5	1,687.1
Agency - Approp. Funds	1,465.0	1,884.0	1,684.5	1,687.1

Recent Appropriation Activity/Perspective

Fund transfers have had the most significant budget impacts on the Board of Accountancy since FY 2007. During the past three years, the Board has transferred approximately \$3.6 million to the General Fund. The Board had hoped to use these monies for the development of on-line services and enhanced internal database applications. Despite the fund transfers, however, the Board has been able to continue to progress towards these goals.

In FY 2010, the Board's appropriation was decreased from \$2.4 million to \$1.9 million. This change was made in order to better align the appropriation with anticipated revenues and expenditures. For FY 2011, the Executive recommends an additional reduction of (\$200,000). Again, this appropriation change is not expected to impact Board operations.

Executive Appropriation Recommendations

	FY 2012	FY 2013
Baseline Adjustments		
Rent Standard Adjustment	1.3	3.9
Accountancy Board Fund	1.3	3.9
Risk Standard Adjustment		
Accountancy Board Fund	(0.8)	(0.8)

Other Adjustments

Appropriation Alignment	(200.0)	(200.0)
The Executive recommends an appropriation reduction of (\$200,000) from the Board of Accountancy Fund beginning in FY 2011. This will more closely align the Board's appropriation with expected revenues and expenditures.		
Accountancy Board Fund	(200.0)	(200.0)

FY 2011 Supplemental Recommendations

	FY 2011
Appropriation Alignment	(200.0)
The Executive Recommendation includes an appropriation reduction of (\$200,000) from the Board of Accountancy Fund beginning in FY 2011. This would more closely align the Board's appropriation with expected revenues and expenditures.	
Accountancy Board Fund	(200.0)

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected	FY 2013 Expected
Percent of applicants reporting very good or excellent service	92	92	92	92
Number of compliance files	126	110	110	110

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 <u>Expected</u>	FY 2013 Expected
established				
Number of exam candidates approved by Board to sit for the Uniform CPA exam	618	705	804	916
Number of certificates issued	439	415	415	415
Number of firms registered	129	115	115	115

The Executive recommends a lump-sum appropriation to the agency.

Acupuncture Board of Examiners

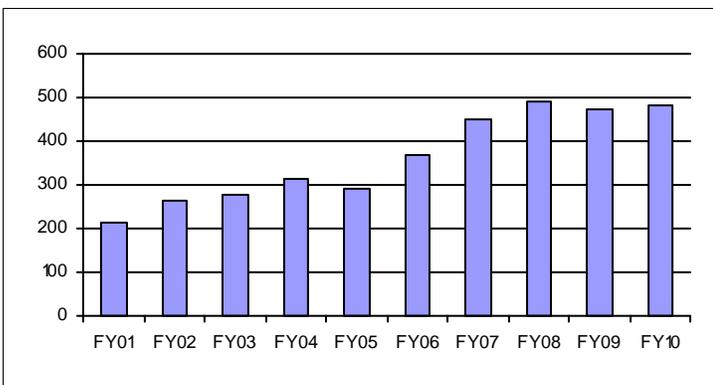
Mission:

To protect the health, safety, and welfare of the public by regulating and maintaining standards of practice in the field of acupuncture.

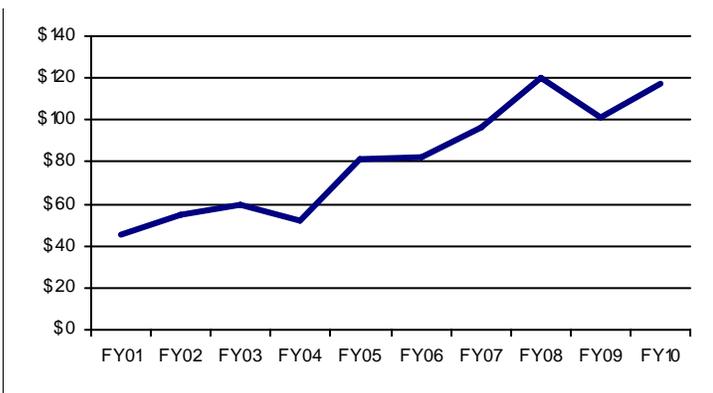
Description:

The Board licenses and regulates acupuncturists and certifies auricular (ear) acupuncturists for detoxification or substance abuse programs. The Board also oversees the licensing and certification of acupuncture training and preceptorship training programs, continuing education programs and visiting professors. The Board evaluates professional competency, investigates complaints, and enforces the standards of practice for the acupuncture profession. The Board regulates the educational, clinical and clean needle technique programs approved to teach the practice of acupuncture in the State.

Number of Renewals Issued



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	117.5	126.4	126.3	126.3
Agency - Approp. Funds	117.5	126.4	126.3	126.3

Category	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
FTE	1.0	1.0	1.0	1.0
Personal Services	72.0	72.1	72.1	72.1
ERE Amount	15.3	15.5	15.5	15.5
Prof. And Outside Services	18.0	20.6	20.6	20.6
Travel - In State	0.6	1.4	1.4	1.4

Travel - Out of State	0.1	1.9	1.9	1.9
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	11.4	14.7	14.6	14.6
Equipment	0.1	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.2	0.2	0.2
Agency - Approp. Funds	117.5	126.4	126.3	126.3

Appropriated Fund

Acupuncture Board of Examiners	117.5	126.4	126.3	126.3
Agency - Approp. Funds	117.5	126.4	126.3	126.3

Recent Appropriation Activity/Perspective

From FY 2007 to FY 2011, the appropriation for the Acupuncture Board of Examiners increased by 18.2%, from \$106,900 to \$126,400. The increased spending authority is primarily for increased health insurance and other fixed costs. In addition, during that period the Board has transferred \$188,300 to the General Fund. The transfers have not adversely impacted the Board's operations except for minor cash-flow issues.

Executive Appropriation Recommendations

FY 2012 FY 2013

Baseline Adjustments

Risk Standard Adjustment	(0.1)	(0.1)
Acupuncture Board of Examiners Fund	(0.1)	(0.1)

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected	FY 2013 Expected
Number of renewals issued	483	500	525	550
Number of investigations conducted	1	8	8	8
Total number of licensees	488	500	525	550
Total number of auricular acupuncture certificate holders	63	70	75	75
Number of applications received	63	75	75	75

The Executive recommends a lump-sum appropriation to the agency.

Arizona Department of Administration

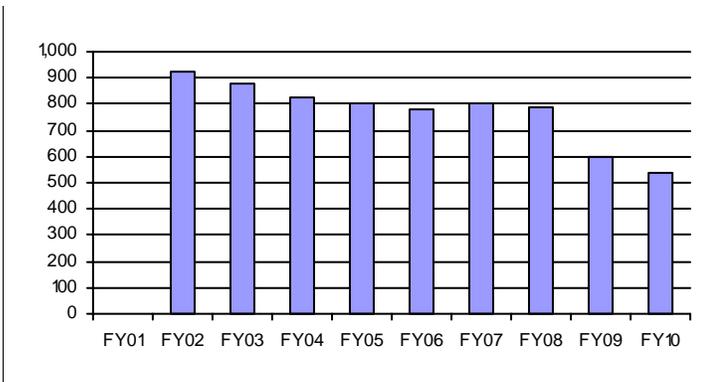
Mission:

To provide effective and efficient support services to enable government agencies, state employees, and the public to achieve their goals.

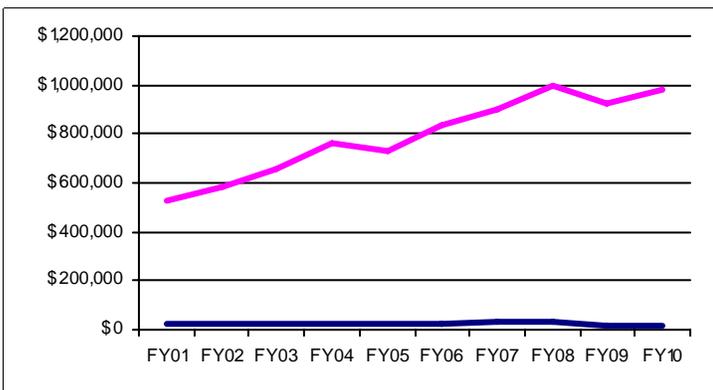
Description:

The Arizona Department of Administration (ADOA) provides leadership, direction, and management information and support; financial and procurement support services; facility planning, design, development, construction, operations, and maintenance; employee and retiree health and benefits programs; timely, customer-driven human resources services; business-enhancing information services for the Department, state agencies, and Arizona citizens; customer service for small licensing agencies in general accounting and centralized office support; distribution of surplus state and federal property through a system that maximizes the dollar return on property sold; clean, safe, and environmentally friendly vehicles; an orderly environment where visitors, employees, and other persons conducting business with the State will be safe and secure; and services to agency customers and the public for the State's property and liability exposures and for state employee customers who have work-related injuries. The Agency has three goals: (1) To maintain the continuity of state government operations to ensure the safe and efficient delivery of government services, (2) To attract and retain a high-performance team of employees, and (3) To aggressively pursue innovative solutions and opportunities.

Filled Employee Positions



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2011 Exec. Rec.	FY 2012 Exec. Rec.
Administration	856.0	885.6	885.6	4,542.1
Financial Services	9,571.6	8,214.4	8,214.4	7,752.8
State Procurement Office	2,495.2	1,318.5	1,318.5	1,320.4
Benefits Division	3,742.1	5,101.3	5,101.3	5,102.7
Human Resources	13,247.8	14,689.2	14,689.2	15,910.9
Information Services Division	20,512.6	21,210.4	21,210.4	25,480.1
Capitol Police	2,509.9	2,412.5	2,412.5	0.0
Risk Management	63,598.6	91,867.5	91,867.5	90,454.4
General Services Division	26,738.1	36,364.1	36,044.1	40,420.2
Agency - Approp. Funds	143,271.9	182,063.5	181,743.5	190,983.6

Category

FTE	766.2	726.2	726.2	698.2
Personal Services	24,734.8	26,996.9	26,828.9	28,542.1
ERE Amount	10,048.9	11,398.4	11,346.4	11,897.3
Prof. And Outside Services	21,794.6	29,960.4	29,960.4	31,113.3
Travel - In State	253.5	312.5	312.5	323.0
Travel - Out of State	18.3	24.5	24.5	37.3
Aid to Others	715.0	1,213.2	1,213.2	1,213.2
Other Operating Expenses	81,174.6	104,445.1	104,345.1	107,596.6
Equipment	3,224.2	6,403.6	6,403.6	7,451.9
Capital Outlay	0.0	0.0	0.0	1,500.0
Cost Allocation	1,298.2	1,308.9	1,308.9	1,308.9
Transfers Out	9.8	0.0	0.0	0.0
Agency - Approp. Funds	143,271.9	182,063.5	181,743.5	190,983.6

Appropriated Fund

General Fund	18,705.4	17,734.3	17,734.3	13,383.3
Personnel Division Fund	12,551.3	13,975.1	13,975.1	15,196.8
Capital Outlay Stabilization	14,988.7	17,348.2	17,348.2	24,544.4
Corrections Fund	428.7	564.0	564.0	0.0
Information Technology Fund	0.0	0.0	0.0	3,172.1
Air Quality Fund	696.5	714.1	714.1	714.1
State Web Portal Fund	0.0	0.0	0.0	250.0
Special Employee Health	3,752.7	5,182.7	5,182.7	5,184.1
Motor Pool Revolving	6,695.7	10,515.2	10,515.2	10,068.8
State Surplus Property	1,568.8	2,397.6	2,397.6	2,397.1
Federal Surplus Materials Property	99.9	458.7	138.7	138.4
Risk Management Fund	64,123.3	92,389.1	92,389.1	90,454.4
Automation Operations Fund	18,200.6	18,944.2	18,944.2	18,941.3
Telecommunications Fund	1,460.3	1,840.3	1,840.3	6,538.8
Agency - Approp. Funds	143,271.9	182,063.5	181,743.5	190,983.6

The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI ENSCO COP	2,867.3	2,862.8	2,862.8	1,436.4
SLI County Attorney Immigration Enforcement	715.0	1,213.2	1,213.2	1,213.2
SLI AFIS Program and Support	1,113.7	0.0	0.0	0.0
SLI HRIS COP	4,318.4	4,749.7	4,749.7	5,550.6
SLI Statewide Telecommunications Contract	851.7	425.9	425.9	0.0

SLI Risk Management Administrative Expenses	0.0	8,746.1	8,746.1	8,746.1
SLI Risk Management Losses	30,061.8	45,371.3	45,371.3	43,480.2
SLI Workers Compensation Losses	22,323.0	30,112.3	30,112.3	30,620.2
SLI External Legal Services	2,681.1	0.0	0.0	0.0
SLI Nonlegal Related Expenditures	2,124.1	0.0	0.0	0.0
SLI Utilities	7,311.7	7,975.6	7,975.6	7,975.6
SLI State Surplus Property Sales Proceeds	587.3	1,260.0	1,260.0	1,260.0
SLI Relocation	53.6	0.0	0.0	0.0

Non-Appropriated Funds

	<i>FY 2010 Actual</i>	<i>FY 2011 Expend. Plan</i>	<i>FY 2011 Exec. Rec.</i>	<i>FY 2012 Exec. Rec.</i>
2010A Lottery Revenue Bond Debt Service	0.0	21,630.0	21,630.0	20,709.6
Admin - AFIS II Collections	1,251.8	2,388.6	1,938.6	1,809.1
Admin - Special Services Fund	1,194.8	782.3	782.3	782.2
ADOA Special Events Fund	46.4	18.5	17.5	17.4
Capitol Police Towing Fund	40.5	82.7	82.7	0.0
Certificate of Participation	1,151,178.6	154,600.7	154,600.7	85,351.5
Construction Insurance Fund	834.9	2,068.3	2,068.3	2,326.0
Co-op St Purchasing	1,986.0	2,017.4	2,012.4	2,562.4
DOA 911 Emergency Telecommunication Service Revolving	26,672.3	20,129.5	20,129.5	13,770.3
ERE / Benefits Administration	37,968.9	35,631.0	35,631.0	37,958.2
Federal Economic Recovery Fund	1,862.2	6,600.4	6,600.4	5,616.9
Federal Grant	310.5	151.9	151.9	876.4
IGA and ISA Fund	4,989.1	3,962.6	3,962.6	3,695.1
Payroll Administration Fund	9.3	15.0	15.0	15.0
PLTO	11,633.0	12,201.0	12,201.0	12,201.0
Retiree Accumulated Sick Leave	11,006.4	11,106.8	11,106.8	11,106.8
Special Employee Health	689,091.0	672,249.8	672,249.8	813,562.0
State Employee Ride Share	398.3	628.6	613.6	613.9
State Lottery Revenue Bond Proceeds	450,000.0	0.0	0.0	0.0
State Traffic and Parking Control Fund	5.0	1.2	1.2	0.0
Statewide Donations	26.6	69.9	69.9	69.9
Statewide E-Rate Program Fund	0.0	0.0	0.0	500.0
Agency - Nonapp. Funds	2,390,505.6	946,336.2	945,865.2	1,013,543.7

Agency Total - All Funds 2,533,777.5 1,128,399.7 1,127,608.7 1,204,527.3

Federal Funds Expenditures - as reported by Agency

	<i>FY 2010 Actual</i>	<i>FY 2011 Exp. Plan</i>	<i>FY 2012 Exp. Plan</i>	<i>FY 2013 Exp. Plan</i>
Agency Total	2,466.0	6,884.6	4,947.5	N/A

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

Recent Appropriation Activity/Perspective

The chart on the previous page shows total filled FTE positions after the close of each fiscal year. During the past three years, the Department lost (272) filled FTE positions, or (34%) of its staff. Custodial services were privatized and reduced to a minimum, the repair shop and print shop were closed, and various other services were consolidated or eliminated in order to maximize scarce resources. Budget reductions also suspended the replacement of fleet vehicles in FY 2009 and FY 2010 and reduced funding for preventive maintenance and building renewal.

Despite extensive budget reductions and (\$172 million) in fund transfers since FY 2008, ADOA strives to maintain a high level of customer service. Risk Management has reduced the State's per capita property and liability losses by more than 50% since the beginning of the decade. Increasing efficiencies and economies of scale in the State's Data Center have allowed for rate reductions that have saved State agencies more than \$80 million since FY 2003.

Executive Appropriation Recommendations

FY 2012

Baseline Adjustments

Risk Standard Adjustment	(473.9)
General Fund	(8.0)
Personnel Division Fund	(3.7)
Capital Outlay Stabilization Fund	(1.9)
Corrections Fund	(0.3)
Special Employee Health Fund	(1.8)
Motor Pool Revolving Fund	(446.4)
State Surplus Property Fund	(0.5)
Admin - Surplus Property/Federal Fund	(0.3)
Risk Management Fund	(4.5)
Automation Operations Fund	(6.2)
Telecommunications Fund	(0.3)
Rent Standard Adjustment	(1,837.7)
General Fund	(2,596.7)
Personnel Division Fund	775.4
Capital Outlay Stabilization Fund	2.3
Corrections Fund	1.4
Special Employee Health Fund	3.2
Risk Management Fund	(25.4)
Automation Operations Fund	3.3
Telecommunications Fund	(1.2)

Recent Appropriation Activity/Perspective

Baseline Adjustments

Statewide Telecommunications Lease (425.9)
 The last payment for the Statewide Telecommunications Contract was made during FY 2011. The Executive recommends a General Fund decrease of (\$425,900) for FY 2012 to account for this change.
 General Fund (425.9)

Risk Management Claims-Related Expenditures (1,383.2)
 The Executive recommends a decrease of (\$1.4 million) from the Risk Management Fund for changes in projected claims-related expenditures. This amount includes a decrease of (\$1.9 million) from the Risk Management Losses special line item and an increase of \$507,900 for the Workers Compensation Losses special line item.
 Risk Management Fund (1,383.2)

Other Adjustments

Eliminate General Fund Health and Dental Sweep 0.0
 The Executive recommends eliminating the General Fund health and dental insurance sweeps in FY 2012. The Executive recommends that, instead, insurance for all employees be paid per payroll according to established insurance premiums for the State. Under this proposal, monies currently appropriated for insurance sweeps would be reallocated among agencies to accurately reflect the cost of annual insurance premiums for each agency based on employee elections as of June 2011. No appropriation adjustment is recommended for the universities.

Health Insurance State Premium Holiday 0.0
 The Executive recommends suspending State agency payments of health insurance premiums for the equivalent of 1.25 pay periods during FY 2012. General Fund savings, estimated at \$13.5 million, would offset the small increase in health insurance costs and fund the elimination of statewide furloughs in FY 2012.

Eliminate Statewide Furloughs 0.0
 The Executive recommends eliminating the FY 2012 furlough days required by Laws 2010, 7th Special Session, Chapter 3. The Executive also recommends that agency budgets be reduced by the full savings accrued by other personnel reductions required by that chapter. The net impact of these two issues would be a General Fund increase of \$7.5 million and the elimination of \$4.4 million in Other Fund reductions and transfers.

Capital Outlay Stabilization Fund 4,300.0

Agencies in three State buildings will make their final COP lease payments in FY 2011, then begin paying rent into the Capital Outlay Stabilization Fund (COSF) in FY 2012. The Executive recommends \$4.3 million of these new COSF revenues be focused on preventative maintenance in order to better care for State facilities and avoid costly emergency repairs.

The Executive also recommends lowering COSF rates to \$14 per rentable square foot (RSF) of office space and \$4.50 per RSF of storage in order to align COSF revenues with recommended expenditure levels. A Building Renewal charge is also recommended to fund Building Renewal in the ADOA building system.

Capital Outlay Stabilization Fund 4,300.0

Polly Rosenbaum Archives Building Rent 1,705.0

Laws 2009, Chapter 114, transferred the State Library, Archives and Public Records from the Legislative branch to the Secretary of State. The Executive recommends legislation be enacted to clarify the transfer of the State Library buildings as well. Once added to the ADOA building system, the Polly Rosenbaum Archives Building will be subject to COSF rent. At \$14 per rentable square foot, the annual cost would be \$1.7 million. The Executive recommends making this new revenue available for ADOA building system operations and maintenance through an increased COSF appropriation of \$1.7 million.

Capital Outlay Stabilization Fund 1,705.0

Utilities Special Line Item 0.0

The Executive recommends shifting the General Fund portion of the Utilities special line item to the Capital Outlay Stabilization Fund.

General Fund (625.7)
 Capital Outlay Stabilization Fund 625.7

Corrections Fund Shift & FRAT Reduction 0.0

Due to insufficient revenues in the Corrections Fund, the Executive recommends shifting ADOA's \$565,100 Corrections Fund appropriation to the Capital Outlay Stabilization Fund. The Executive also recommends shifting the associated 6.6 FTE positions and the personnel funding reduction and transfer (FRAT) of \$10,200 and reducing the other continuing FRATs from the Corrections Fund by (\$167,500).

Capital Outlay Stabilization Fund 565.1
 Corrections Fund (565.1)

Motor Pool Revolving Fund FRAT Reduction 0.0

Due to insufficient revenues in the Motor Pool Revolving Fund, the Executive recommends continuing funding reduction and transfers (FRATs) be reduced by (\$2.2 million) in FY 2012..

Federal Surplus Property Fund (320.0)

FY 2012

The Executive recommends a decrease of (\$320,000) from the Federal Surplus Property Fund in FY 2012 to better align the appropriation with forecasted revenues.

Admin - Surplus Property/Federal Fund (320.0)

Personnel Division Fund 450.0

In FY 2010, the appropriation to the Personnel Division Fund was reduced by (\$1.2 million), due to large fund transfers and falling revenues. However, revenues have stabilized as the loss of State employees has slowed. Based on current revenue trends for the Personnel Division Fund, the Executive recommends increasing the appropriation by \$450,000. This will allow ADOA to better meet the State's human resources needs.

Personnel Division Fund 450.0

Federal 3% Withholding 124.0

Beginning January 1, 2012, the federal Tax Increase Prevention and Reconciliation Act of 2005 requires the State to withhold 3% from all vendor and contractor payments to remit to the federal government. To prepare to meet this requirement, the Executive recommends an increase of 2.0 FTE responsible for processing and auditing these remittances. A General Fund increase of \$124,000 is recommended to fund the ongoing personnel and other operating expenses.

General Fund 124.0

Transparency Website 95.0

The Executive recommends a General Fund increase of \$95,000 to fund the ongoing maintenance costs of the Statewide Transparency Website required by A.R.S. § 41-725.

General Fund 95.0

Telecommunications Fund 4,700.0

The State's current AZNet contract is scheduled to expire in January 2012. The Executive recommends that the Department continue to collect infrastructure investment charges for use in transitioning to a new statewide telecommunications contract. The Executive also recommends including a footnote to allow for flexibility in the appropriation of the Telecommunications Fund in order to accommodate transition costs that will be unknown until the contract is awarded.

Telecommunications Fund 4,700.0

Transfer Capitol Police to DPS (2,410.8)

The Executive recommends transferring the Capitol Police Division to the Department of Public Safety. As part of this transfer, the Executive recommends the Department of Administration's budget be decreased by (\$1.9 million) from the General Fund and (\$521,600) from the Risk Management Fund.

General Fund (1,889.2)

Risk Management Fund (521.6)

GITA Consolidation 4,164.5

FY 2012

The Executive recommends consolidating the Government Information Technology Agency (GITA) into the Department of Administration. This would increase the Department's total appropriations by \$4.2 million.

General Fund 742.4

Information Technology Fund 3,172.1

State Web Portal Fund 250.0

Office of Economic Information and Research 233.1

The Executive recommends transferring funding for the Office of Economic Information and Research from the Department of Commerce to the Department of Administration. This would include transferring a General Fund appropriation of \$233,100.

General Fund 233.1

FY 2011 Supplemental Recommendations

FY 2011

Eliminate Statewide Furlough 0.0

The Executive recommends eliminating the last statewide furlough day of FY 2011 and reducing agency budgets by the full savings accrued by other personnel reductions required by Laws 2010, 7th Special Session, Chapter 3. The net impact of these two issues would be a General Fund reduction of (\$1.6 million) and Other Fund reductions and transfers of (\$908,000).

General Fund 0.0

Federal Surplus Property Fund (320.0)

The Executive recommends a decrease of (\$320,000) from the Federal Surplus Property Fund in FY 2011 to better align the appropriation with forecasted revenues.

Admin - Surplus Property/Federal Fund (320.0)

Performance Measures

	FY 2009 <u>Actual</u>	FY 2010 <u>Actual</u>	FY 2011 <u>Expected</u>	FY 2012 <u>Expected</u>
Percentage of ADOA's services with a minimum customer satisfaction rating of 6.0, based on annual survey (scale 1-8)	n/a	83	80	80
Customer satisfaction with building maintenance	7.95	5.5	6.5	6.5
Customer satisfaction with benefit plans	n/a	6.52	6.5	6.5
Customer satisfaction with mainframe processing	n/a	7.27	6.0	6.5
Customer satisfaction with administration of payroll process	n/a	6.9	6.0	6.0
Customer satisfaction with tenant improvement process	7.35	4.9	6.5	6.5
Customer satisfaction with voice telecommunications services	7.0	n/a	6.7	n/a
Percentage of enterprise application development work completed within negotiated timeframe	100	83	90	90
Customer satisfaction with information and data security services	n/a	6.79	6.0	6.3

Performance Measures

	FY 2009	FY 2010	FY 2011	FY 2012
	<u>Actual</u>	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>
Average response time to Capitol Police emergency calls (minutes:seconds)	1:21	1:40	1:35	1:35
Statewide incident rate per 100 Full Time Equivalent (FTE) positions (accepted Risk Management claims)	4.2	3.93	5.4	5.0

The Executive recommends a lump-sum appropriation by fund with special line items.

Office of Administrative Hearings

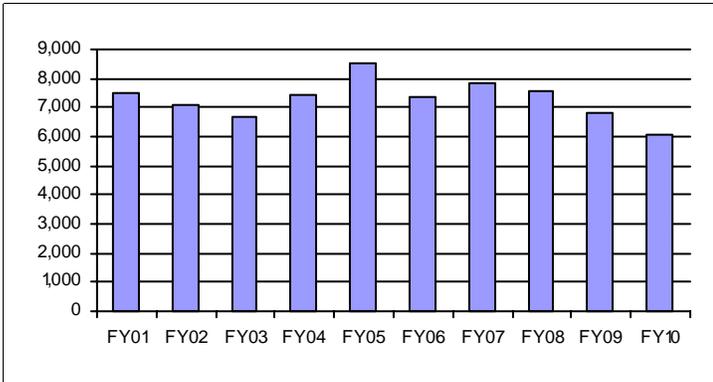
Mission:

To contribute to the quality of life in the State of Arizona by fairly and impartially hearing the contested matters of our fellow citizens arising out of state regulation.

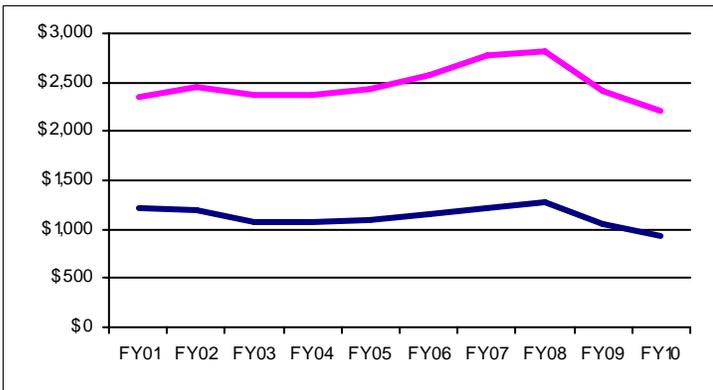
Description:

The Office of Administrative Hearings functions as the main venue for administrative law hearings within Arizona, subject to specific exemptions under statute. Administrative law judges are assigned, on a temporary or permanent basis, to preside over cases which are contested.

Total Cases



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Hearings	947.9	922.7	922.7	922.7
Agency - Approp. Funds	947.9	922.7	922.7	922.7
<i>Category</i>				
FTE	12.0	12.0	12.0	12.0
Personal Services	576.9	557.7	557.7	557.7
ERE Amount	256.2	249.2	249.2	249.2
Prof. And Outside Services	0.0	0.0	0.0	0.0
Travel - In State	0.0	0.0	0.0	0.0
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	114.8	115.8	115.8	115.8
Equipment	0.0	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0

Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	947.9	922.7	922.7	922.7

Appropriated Fund

General Fund	933.4	908.2	908.2	908.2
Healthcare Group Fund	14.5	14.5	14.5	14.5
Agency - Approp. Funds	947.9	922.7	922.7	922.7

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
IGA and ISA Fund	1,267.7	1,005.4	1,002.5	1,002.5
Agency - Nonapp. Funds	1,267.7	1,005.4	1,002.5	1,002.5
Agency Total - All Funds	2,215.6	1,928.1	1,925.2	1,925.2

Recent Appropriation Activity/Perspective

The Office of Administrative Hearings has seen its appropriation reduced by (25%) from FY 2007 to FY 2011. During that time, the agency has been unable to control the volume of cases it must adjudicate. This reduction resulted in the agency cutting its personnel count in half during this span. The Office also had to eliminate all its hearings in Tucson. Moreover, the agency is no longer able to comply with statutes that require a hearing to be scheduled within 60 days of an appeal. Instead, the Office prioritizes cases based on federal mandates or time sensitivity. It is very possible, therefore, for an appeal to languish for long periods of time under these conditions.

The Office has approved electronic filing methods in response to its reduced budget. This has lowered costs not only for the Office, but other agencies that would need paper and postage to communicate with the agency.

Additional cuts to the agency would imperil its ability to function at all. Currently 50% of its remaining 4 judges are assigned only to federally mandated appeals associated with the Arizona Health Care Cost Containment System (AHCCCS). Thus, the State only has two full time judges to oversee the rest of the State's administrative law system.

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected	FY 2013 Expected
Percent of evaluations rating the administrative law judge excellent or good in impartiality	94.74	94.74	94.74	94.74
Average days from request for hearing to first date of hearing	58.88	58.88	58.88	58.88
Average number of days from the conclusion of the hearing to transmission of the decision to the agency	18.45	18.45	18.45	18.45
Number of hearings held	3368	3368	3368	3368

The Executive recommends a lump-sum appropriation to the agency.

Arizona Department of Agriculture

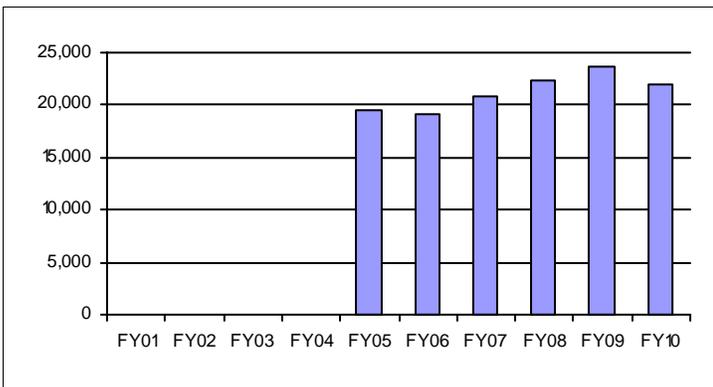
Mission:

To regulate and support Arizona agriculture in a manner that encourages farming, ranching, and agribusiness while protecting consumers and natural resources.

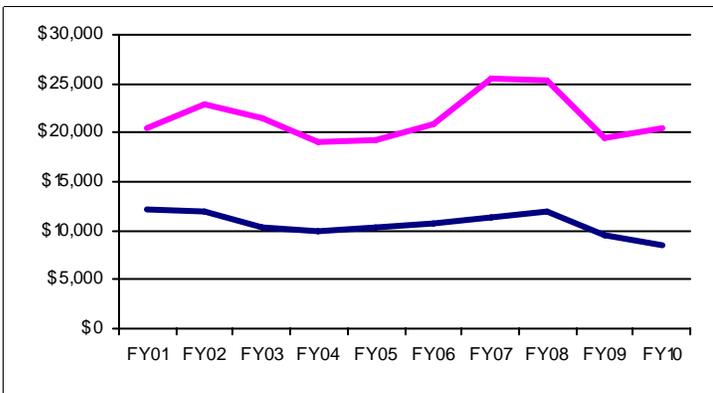
Description:

The Department has ten programs designed to regulate all aspects of agricultural production and processing within the State, educate industry to foster compliance with applicable regulations, promote the general welfare of the agricultural community, inform the consumer, and protect the public health and safety. These include inspections of food, and non-food products, stray and diseased livestock, and areas subject to invasive plant species. These inspections may occur solely at the field or may continue at the State Agricultural Laboratory. The Department also provides educational and conservation assistance by promoting best practices, issuing grants, and management of Arizona's native plant species.

Licenses, Permits Issued



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Food Safety and Quality Assurance	2,429.2	3,122.4	2,581.5	2,651.5
Non-Food Product Quality Assurance	895.3	844.4	956.8	956.8
Animal Disease, Ownership and Welfare Protection	2,112.7	2,069.6	2,325.6	2,325.6

Pest Exclusion and Management	2,986.5	3,016.4	3,012.4	3,012.4
Native Plant and Cultural Resources Protection	81.2	199.7	87.7	87.7
Pesticide Compliance and Worker safety	162.1	118.5	118.1	118.1
Administrative Services	1,099.8	1,071.2	1,070.4	1,070.4
State Agricultural Laboratory	1,157.0	1,141.9	1,141.0	1,141.0
Agricultural Consultation and Training	231.7	231.6	231.5	231.5
Agency - Approp. Funds	11,155.5	11,815.7	11,525.0	11,595.0

Category

FTE	222.2	217.2	206.2	206.2
Personal Services	5,761.8	5,617.7	5,759.1	5,808.8
ERE Amount	3,131.3	3,080.8	3,072.6	3,082.8
Prof. And Outside Services	330.4	416.3	440.1	440.1
Travel - In State	482.1	473.6	543.9	543.9
Travel - Out of State	8.0	6.5	13.0	13.0
Food	0.0	52.3	52.3	52.3
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	1,249.3	2,120.6	1,540.3	1,570.7
Equipment	133.7	47.9	103.7	83.4
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	58.9	0.0	0.0	0.0
Agency - Approp. Funds	11,155.5	11,815.7	11,525.0	11,595.0

Appropriated Fund

General Fund	8,569.6	8,434.3	8,611.0	8,611.0
Agriculture Commercial Feed	296.3	300.3	300.1	300.1
Egg & Egg Product Control Fund	713.7	919.0	916.6	986.6
Pesticide Fund	373.2	385.5	498.2	498.2
Agriculture Dangerous Plants	40.0	100.0	126.0	126.0
Agriculture Seed Law	112.2	53.9	53.9	53.9
Livestock Custody Fund	67.2	79.4	120.0	120.0
Fertilizer Materials Fund	306.9	303.8	303.6	303.6
Citrus, Fruit, & Vegetable Revolving	586.0	1,030.6	498.7	498.7
Aquaculture Fund	9.2	9.2	9.2	9.2
AZ Protected Native Plant	81.2	199.7	87.7	87.7
Agency - Approp. Funds	11,155.5	11,815.7	11,525.0	11,595.0

The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI Animal Damage Control	65.0	65.0	65.0	65.0
SLI Red Imported Fire Ant	23.2	23.2	23.2	23.2
SLI Agriculture Employment Relations Board	19.8	23.3	23.3	23.3

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Agricultural Consulting/Training Program Fund	20.4	0.0	0.0	0.0

Non-Appropriated Funds

	<i>FY 2010 Actual</i>	<i>FY 2011 Expend. Plan</i>	<i>FY 2012 Exec. Rec.</i>	<i>FY 2013 Exec. Rec.</i>
Agriculture Administrative Support	38.2	38.6	38.6	38.6
Agriculture Designated/Donations	408.2	450.3	450.2	450.2
Arizona Federal/State Inspection Fund	3,209.8	3,408.1	3,403.8	3,403.8
AZ Citrus Research Council	6.1	30.8	30.8	30.8
AZ Iceberg Lettuce Research Fund	7.1	106.3	106.3	106.3
Beef Council Fund	518.3	513.0	513.0	513.0
Commodity Promotion Fund	5.0	6.9	6.9	6.9
Cotton Research and Protection Council Fund	1,560.8	1,386.7	1,388.4	1,388.4
Dangerous Plants Service Fee Increase Fund	0.0	26.0	0.0	0.0
Equine Registration Fund	1.9	1.6	1.6	1.6
Federal Grant	5,239.2	5,852.8	5,853.7	5,853.7
Grain Council	134.0	112.0	112.0	112.0
Indirect Cost Recovery Fund	209.8	227.2	227.2	160.9
Leafy Green Marketing Committee	235.6	0.0	0.0	0.0
Livestock and Crop Conservation Fund	3,292.2	2,032.4	2,032.3	2,032.3
Livestock Inspection Service Fee Increase Fund	44.5	218.0	0.0	0.0
Pesticide Service Fee Increase Fund	113.0	113.0	0.0	0.0
Agency - Nonapp. Funds	15,044.1	14,523.7	14,164.8	14,098.5
Agency Total - All Funds	26,199.6	26,339.4	25,689.8	25,693.5

Federal Funds Expenditures - as reported by Agency

	<i>FY 2010 Actual</i>	<i>FY 2011 Exp. Plan</i>	<i>FY 2012 Exp. Plan</i>	<i>FY 2013 Exp. Plan</i>
Agency Total	5,239.2	5,852.8	4,628.2	4,457.4

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

Recent Appropriation Activity/Perspective

The Department has absorbed a budget reduction of (18%) from appropriated funds between FY 2007 and FY 2011. Most notably, the State has eliminated agriculture inspections for invasive species and pests at Arizona’s ports of entry. The State Agriculture Lab also was relocated, thus reducing its operational capacity. As an example, the State no longer tests routinely for the presence of aflatoxin in milk. The Department continues to have insufficient staff to inspect Arizona’s slaughterhouses, chicken coops, dairies, pastures and pesticide merchants. The agency has tried to move towards greater efficiency where possible, including requiring cattle owners to document self-inspections.

Continued reductions to the Department’s budget are likely to result in the agency turning over some regulatory functions to the U.S. Department of Agriculture. While the federal agency’s ultimate capacity for absorbing State functions is not yet known, it

Recent Appropriation Activity/Perspective

is likely that federal agents would be unable to service some of the state’s smaller operators and thus force some measure of consolidation within Arizona’s agricultural industry.

Executive Appropriation Recommendations

	<u>FY 2012</u>	<u>FY 2013</u>
Baseline Adjustments		
Rent Standard Adjustment	(39.3)	(39.3)
General Fund	(30.7)	(30.7)
Egg and Egg Product Control Fund	(1.4)	(1.4)
AZ Protected Native Plant Fund	(7.2)	(7.2)
Risk Standard Adjustment	(13.7)	(13.7)
General Fund	(10.6)	(10.6)
Agriculture Commercial Feed Fund	(0.2)	(0.2)
Egg and Egg Product Control Fund	(1.0)	(1.0)
Pesticide Fund	(0.3)	(0.3)
Fertilizer Materials Fund	(0.2)	(0.2)
Citrus, Fruit, and Vegetable Revolving Fund	(1.3)	(1.3)
AZ Protected Native Plant Fund	(0.1)	(0.1)

Baseline Adjustments

Fee Increase Authority	357.0	357.0
The Executive recommends the elimination of the Service Fees Increase funds and recommends that all revenues formerly deposited into these funds revert to their original destination under statute. To offset the loss of revenue available to the agency, the Executive recommends that the agency’s appropriation for General Fund be increased by \$218,000, the Pesticide Fund by \$113,000, and the Dangerous Plants Fund \$26,000		
General Fund	218.0	218.0
Pesticide Fund	113.0	113.0
Agriculture Dangerous Plants Fund	26.0	26.0

Other Adjustments

Egg Appropriation Increase	0.0	70.0
The Executive recommends an increase of \$70,000 from the Egg Products Fund in FY 2013 to address the rising demand for egg inspections.		
Egg and Egg Product Control Fund	0.0	70.0
Livestock Custody Appropriation Increase	40.6	40.6
The Executive recommends an increase of \$40,600 from the Livestock Custody Fund to address the growing problem of stray animals in Arizona's rural areas.		
Livestock Custody Fund	40.6	40.6

Solutions to Budget

	<u>FY 2012</u>	<u>FY 2013</u>
Citrus, Fruit & Vegetable Appropriation	(530.6)	(530.6)
Decrease		

The Executive recommends a decrease of (11.0) FTE and (\$530,600) from the Citrus, Fruit, and Vegetable Revolving Fund to adjust for the declining participation in the State's citrus inspection programs.

Citrus, Fruit, and Vegetable Revolving Fund	(530.6)	(530.6)
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Native Plant Appropriation Decrease	(104.7)	(104.7)
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The Executive recommends a decrease in the appropriation of the Native Plant Fund of (\$104,700) in light of declining demand for services.

AZ Protected Native Plant Fund	(104.7)	(104.7)
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Performance Measures

	FY 2010	FY 2011	FY 2012	FY 2013
	Actual	Expected	<u>Expected</u>	Expected
Number of federal-state and citrus, fruit, and vegetable produce inspections	25,868	31,000	31,000	31,000
Percent of meat and poultry product tests in compliance with bacteria, drug and chemical residue requirements	99	99	99	99
Number of feed, fertilizer, pesticide and seed labels inspected in the market place	2,577	3,000	3,000	3,000
USDA disease status for Arizona for bovine brucellosis and tuberculosis, and swine pseudorabies	Free	Free	Free	Free
Number of pest interceptions within the state interior	13,613	15,000	15,000	15,000
Percent of agency staff turnover	21.7	15	15	15
Percent of overall customer satisfaction rating for laboratory services	97	90	80	70
Number of agricultural consultation and training compliance issues addressed	806	900	950	1000
Number of native plant cases with successful compliance	25	20	20	20

The Executive recommends a lump-sum appropriation to the agency with special line items.

Arizona Health Care Cost Containment System

Mission:

To provide comprehensive, quality health care for those in need.

Description:

Arizona Health Care Cost Containment System (AHCCCS), the State's Medicaid Agency, uses federal, state and county funds to provide health care coverage to the State's acute and long term care Medicaid population and low income groups. Since 1982, when it became the first statewide medicaid managed care system in the nation, AHCCCS has operated in accordance with a federal Research and Demonstration waiver that allows for a total managed care model of service delivery.

Unlike programs in other states, that rely solely on fee-for-service reimbursement, AHCCCS makes prospective capitation payments to contracted health plans responsible for the delivery of care. The result is a managed care system that mainstreams recipients, allows them to select their providers, and encourages quality cost-effective care and preventive services.

The AHCCCS Administration is responsible for planning, developing, implementing, and administering the health care programs for low income Arizonans. Specifically, the AHCCCS Administration provides direction and oversight of operations related to eligibility, enrollment, quality of care, contracted health plans and providers, and procurement of contracted services.

AHCCCS oversees three main programs:

AHCCCS Acute Care

The majority of Acute Care Program recipients are children and pregnant women who qualify for the federal Medicaid Program (Title XIX). Although most are enrolled in AHCCCS contracted health plans, American Indians and Alaska Natives in the Acute Care Program may choose to receive services through either the contracted health plans or the American Indian Health Program. AHCCCS also administers an emergency services only program for individuals who, except for immigration status, would qualify for full AHCCCS benefits.

ALTCS

The Arizona Long Term Care System (ALTCS) provides acute care, behavioral health services, long-term care, and case management to individuals who are elderly, physically disabled, or developmentally disabled and meet the criteria for institutionalization. Whereas ALTCS members account for only 3.8% of the AHCCCS population, they account for approximately 23.7% of the costs. The ALTCS program encourages delivery of care in alternative residential settings. As in the Acute Care Program, elderly physically disabled and developmentally disabled members of all ages receive care through contracted plans called program contractors.

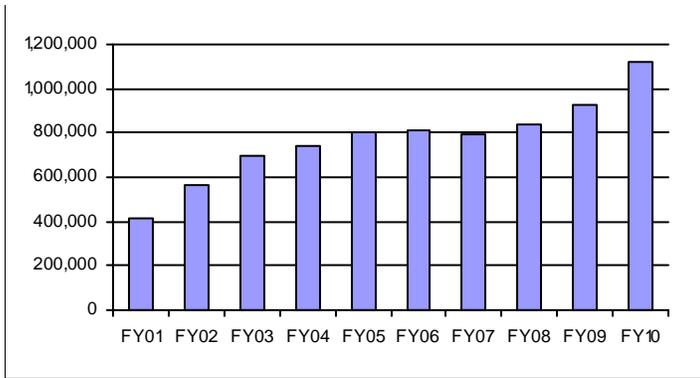
KidsCare

The Children's Health Insurance Program (CHIP), referred to as

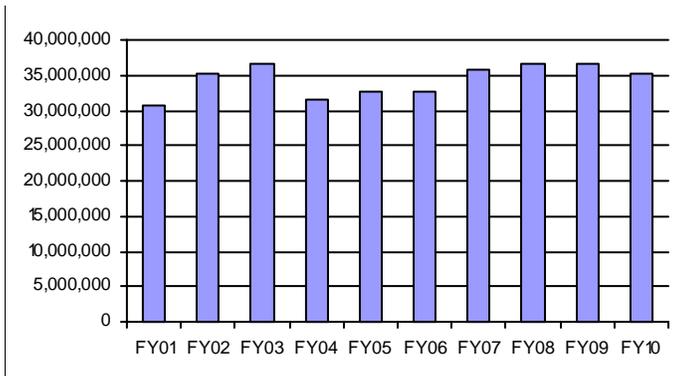
KidsCare, offers affordable insurance coverage for low-income families. Children under age 19 may qualify for the program if their family's income exceeds the limit allowed for Medicaid eligibility, but is below 200% of the Federal Poverty Level (FPL). With the exception of American Indians, who are exempt in accordance with federal law, parents pay a monthly premium based on income. The KidsCare program results in a federal contribution that equates to a \$3.00 federal match for every \$1.00 spent by the State. As with the Medicaid Acute Care Program, American Indian and Alaska Native children may elect to receive care through an AHCCCS-contracted health plan or the American Indian Health Program. The majority of children enrolled in KidsCare, however, are enrolled in AHCCCS health plans and receive the same services available to children in the Medicaid Acute Care Program. In an effort to comply with Maintenance of Effort (MOE) requirements in the face of significant State budget concerns, enrollment in the KidsCare Program was frozen as of January 1, 2010. As of December 1, 2010, 23,980 KidsCare members remain enrolled.

Major medical programs include acute care, long term care, and behavioral health services. The AHCCCS Administration determines eligibility for the Arizona Long Term Care System (ALTCS), Children's Health Insurance Program (KidsCare), Qualified Medicare Beneficiaries, and other Supplemental Security Income (SSI)-related Medical Assistance Only programs. Federal funding through Title XIX and Title XXI of the Social Security Act is provided to AHCCCS by the Centers for Medicare and Medicaid Services (CMS), a component of the U.S. Department of Health and Human Services.

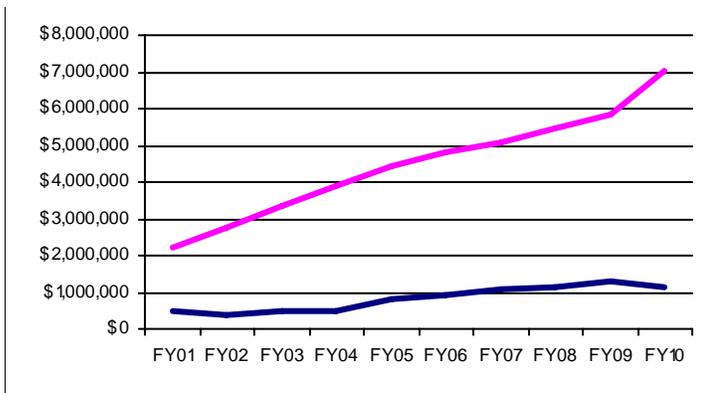
Average Enrollment



General Fund Administration Expenditures



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2011 Exec. Rec.	FY 2012 Exec. Rec.
Administration	48,687.2	53,794.6	53,794.6	55,446.7
Long Term Care	122,627.7	132,010.1	137,702.1	182,910.7
Acute Care	660,287.9	818,387.6	820,087.8	964,177.0
Proposition 204	413,297.7	424,369.7	454,465.2	211,093.5
Healthcare Group	3,358.3	5,183.7	5,183.7	3,528.3
Children's Health Insurance Program	98,782.2	49,942.9	56,505.8	27,460.0
Program Transfer	0.0	0.0	0.0	41,424.0
Agency - Approp. Funds	1,347,040.9	1,483,688.6	1,527,739.2	1,486,040.2
Category				
FTE	1,451.8	1,415.3	1,415.3	1,410.3
Personal Services	21,573.8	19,362.1	19,362.1	18,578.5

ERE Amount	15,888.3	16,232.4	16,232.4	15,926.8
Prof. And Outside Services	1,440.1	2,174.8	2,174.8	1,997.6
Travel - In State	20.6	26.8	26.8	26.2
Travel - Out of State	5.1	10.5	10.5	10.5
Aid to Others	1,236,877.8	1,389,320.8	1,433,371.4	1,391,724.4
Other Operating Expenses	7,636.7	6,872.5	6,872.5	8,098.3
Equipment	175.5	240.2	240.2	239.2
Transfers Out	63,423.1	49,448.5	49,448.5	49,438.7
Agency - Approp. Funds	1,347,040.9	1,483,688.6	1,527,739.2	1,486,040.2

Appropriated Fund

General Fund	1,205,103.5	1,376,901.3	1,414,687.6	1,395,895.5
Tobacco Tax and Health Care Fund	38,295.8	38,295.8	40,187.4	41,022.1
Tobacco Products Tax Fund	20,230.2	19,222.9	20,323.7	20,745.8
Children's Health Insurance Program	77,817.5	40,967.6	44,239.5	21,563.4
Budget Neutrality Compliance Fund	2,235.6	3,117.3	3,117.3	3,170.6
Healthcare Group Fund	3,358.3	5,183.7	5,183.7	3,528.3
Prescription Drug Rebate Fund	0.0	0.0	0.0	114.5
Agency - Approp. Funds	1,347,040.9	1,483,688.6	1,527,739.2	1,486,040.2

The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI Long Term Care Clawback Payments	8,216.9	7,731.1	8,613.1	13,371.9
SLI Rural Hospital Reimbursement	0.0	2,926.5	2,926.5	3,975.7
SLI Acute Care Clawback Payments	20,966.0	23,083.7	22,078.0	34,134.6
SLI Deferred Capitation	0.0	118,032.2	118,032.2	118,032.2

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2011 Exec. Rec.	FY 2012 Exec. Rec.
AHCCCS - 3rd Party Collection	7,024.7	7,594.7	7,594.7	8,094.7
AHCCCS Fund	4,798,741.3	5,288,958.0	5,288,958.0	4,105,912.6
AHCCCS Intergovernmental Service Fund	8,291.1	8,009.0	8,009.0	8,009.0
Arizona Tobacco Litigation Settlement Fund	105,394.1	108,211.3	100,742.3	101,065.1
County Funds	0.0	238,945.4	252,420.2	310,779.7
Federal Economic Recovery Fund	882,710.5	939,418.7	741,563.8	0.0
Federal Grant	31,594.7	74,786.5	74,786.5	121,992.2
Healthcare Group Fund	45,787.8	47,871.0	47,871.0	44,242.2
IGA and ISA Fund	668,073.7	725,351.4	725,351.4	912,679.7
Long Term Care System Fund	1,591,879.6	1,472,351.0	1,472,351.0	1,554,235.5
Medically Needy Account	36,319.1	34,924.8	37,594.4	38,375.2
Prescription Drug Rebate Fund	0.0	0.0	10,000.0	20,000.0
Prop 202 - Trauma and Emergency Services	28,898.3	20,338.4	19,416.8	19,664.0
Proposition 204 Protection Account	43,614.4	40,367.9	42,679.8	43,566.3
Statewide Donations	14.4	14.4	14.4	14.4

Non-Appropriated Funds

	FY 2010 <i>Actual</i>	FY 2011 <i>Expnd. Plan</i>	FY 2011 <i>Exec. Rec.</i>	FY 2012 <i>Exec. Rec.</i>
Agency - Nonapp. Funds	8,248,343.6	9,007,142.5	8,829,353.3	7,288,630.6
Agency Total - All Funds	9,595,384.6	10,490,831.1	10,357,092.5	8,774,670.8

Federal Funds Expenditures - as reported by Agency

	FY 2010 <i>Actual</i>	FY 2011 <i>Exp. Plan</i>	FY 2012 <i>Exp. Plan</i>	FY 2013 <i>Exp. Plan</i>
Agency Total	7,073,154.9	7,811,112.9	7,650,029.3	N/A

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

Recent Appropriation Activity/Perspective

In the three-and-a-half years since the beginning of the budget crisis, AHCCCS has eliminated all State-only programs, seen its core administration cut by over 20%, and taken painful cuts in many program areas. At the same time, the AHCCCS capitated population has grown by 368,200, or 46%.

Among the cuts were a freeze in new membership in the KidsCare program, the elimination of non-mandatory benefits (including organ transplants), and the removal of coverage for the parents of KidsCare children. Additionally, dental coverage for long-term care patients has been eliminated, as has the Social Security Disability Income Temporary Medical Coverage program, which provided AHCCCS coverage for the two-year gap between the time a person was declared disabled and the beginning of their medical insurance under Medicare. AHCCCS has also stopped paying Medicare Part D co-payments for prescription drugs for members eligible for both Medicare and AHCCCS.

Hospitals have seen their reimbursement rates frozen for three years, while physicians and other health providers have seen rates cut by up to 5%. In April 2011, hospitals, physicians and other providers will experience another 5% rate cut. Hospitals have also seen the elimination of State-funded Graduate Medical Education subsidies, curtailment of the private-hospital Disproportionate Share Hospital reimbursement for uncompensated care, elimination of the loan program that helped hospitals start medical residency programs, and a reduction in outlier payments for high-cost individuals. Prior to these cuts to hospital finances, a consulting firm had determined that AHCCCS payments covered only 93% of hospital costs for AHCCCS members.

In its administrative budget, AHCCCS has reduced its staffing by 31.5%, or over 400 FTE, and has suspended plans for a badly needed computer system replacement while managing a population that has grown by 46%.

Executive Appropriation Recommendations

FY 2012

Baseline Adjustments

Risk Standard Adjustment	(226.7)
General Fund	(204.3)

FY 2012

Children's Health Insurance Program Fund	(13.1)
Healthcare Group Fund	(9.3)

Baseline Adjustments

Caseload and Inflation 564,813.3

The Executive recommends a total increase of \$564.8 million for Caseload and Inflation growth in AHCCCS programs, which includes \$578.1 million from the General Fund and a (\$17.6 million) reduction to the Children's Health Insurance Program (CHIP) Fund. The bulk of the General Fund increase can be attributed to the June 30, 2011 expiration of the enhanced federal match that states have received under the American Recovery and Reinvestment Act (ARRA) of 2009. As the Executive forecasts that Arizona will receive \$484.6 million in ARRA revenues to offset AHCCCS General Fund obligations in FY2011, the ending of this subsidy will require that the same amount of General Fund monies be restored to the AHCCCS budget in FY 2012. (This is often referred to as the "ARRA cliff.") The CHIP Fund reduction is due to the freeze in new membership in KidsCare, the Arizona CHIP program, which has been in place since January 2010. Since that time, KidsCare membership has dropped by half, for a loss of 22,000 children.

For AHCCCS's largest program, Capitation, the Executive forecasts a caseload increase of 3.2% in June 2011 over June 2010, and 3.6% in June 2012 over June 2011. These growth rates represent a significant slowdown in caseload growth from peak growth of 24% seen from December 2008 to December 2009, as the Executive forecasts a continued slow recovery in the economy (AHCCCS caseloads tend to be counter-cyclical, rising when the economy falls and people lose their jobs). The Executive recommends that AHCCCS take actions necessary to hold capitation rate growth unchanged for contract year 2012. The recommendation also includes a Federal Medical Assistance Percentage (FMAP) of 65.85% for the first quarter of FY 2012 and an FMAP of 67.3% for the remaining three quarters of FY 2012.

As Tobacco Tax revenues are used to offset General Fund obligations, the General Fund figure includes a decrease of (\$7.4 million) as a result of a forecast \$7.4 million total increase in AHCCCS Tobacco Tax revenues. Included in the Tobacco Tax increases are \$2.7 million from the appropriated Tobacco Tax and Health Care Fund, Medically Needy Account, and \$1.5 million from the appropriated Tobacco Products Tax Fund, Emergency Health Services Account. The non-appropriated Proposition 204 Protection Account is also forecast to grow by \$3.2 million. Additionally, the General Fund total includes a \$7.1 million increase to offset a forecast loss of the same amount in non-appropriated Tobacco Litigation Settlement Fund receipts.

General Fund	578,119.1
Tobacco Tax and Health Care Fund	2,726.3
Tobacco Products Tax Fund	1,522.9
Children's Health Insurance Program Fund	(17,608.3)

	<u>FY 2012</u>
Budget Neutrality Compliance Fund	53.3
<hr/>	
HCG Administrative	(1,646.1)
HealthCare Group of Arizona offers insurance products to small businesses of two to 50 employees. The administrative portion of the HealthCare Group Fund is subject to Legislative appropriation. As HealthCare Group has seen a recent decline in its membership, the Executive recommends a corresponding reduction in its appropriation.	
Healthcare Group Fund	(1,646.1)
<hr/>	
<u>Other Adjustments</u>	
Uncompensated Care	50,000.0
To somewhat lessen the impacts to clients and healthcare providers of the proposed rollback of eligibility for the Proposition 204 expansion, the Executive recommends a \$50 million General Fund increase for an uncompensated care pool for Arizona healthcare providers. The Executive will file a waiver request with the federal government to raise the cap on federal support for Arizona's Disproportionate Share Hospital funding for uncompensated care. This waiver will enable Arizona to obtain an additional federal match of \$101.2 million in federal Title XIX funds, for a total of \$151.2 million for health care providers to continue life-saving care for the most seriously ill Arizonans, to the greatest extent possible.	
General Fund	50,000.0
<hr/>	
CRS Transfer from DHS	41,943.9
The Executive recommends that the budget for Children's Rehabilitative Services (CRS) be transferred from the Department of Health Services to AHCCCS in July 2011. CRS provides a range of services for Arizonans under age 21 who have chronic and disabling conditions. These services will not be affected by the transfer of the program's management and budget. The transfer includes \$41.4 million General Fund from the CRS special line item and \$519,900 General Fund from corresponding operating costs.	
General Fund	41,943.9
<hr/>	
Drug Rebate Oversight Staff	114.5

	<u>FY 2012</u>
The federal health reform bill extended the Medicaid drug rebate program to include manufacturers' rebates for prescriptions provided in managed care settings, which includes the vast majority of AHCCCS care. The Executive proposes establishing a new Prescription Drug Rebate Fund to receive the drug rebate funds, which will be used to offset General Fund program costs and for the program's administration. While a private vendor will receive payments from the fund to gather and reconcile pharmacy encounter data, the Executive recommends the appropriation of \$114,500 from the Prescription Drug Rebate Fund for an additional 2.0 FTE positions at AHCCCS to oversee and administer the program. Preliminary estimates are that the General Fund will benefit by approximately \$10 million in FY 2011 and \$20 million in FY 2012.	
Prescription Drug Rebate Fund	114.5
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ADOA Data Center	1,186.4
The AHCCCS special line item appropriation for Data Center services has been \$5.7 million since FY 2003, while the charges against the special line item are expected to be \$10 million in FY 2012. To make up this shortfall without an appropriation increase, AHCCCS must transfer surpluses from other lines, resulting in less reversion to the General Fund. In order to correctly assign costs, the Executive recommends an increase of \$1,186,400 General Fund to address this shortfall in the Data Center appropriation. This increase will be matched with \$3.1 million in federal funds.	
General Fund	1,186.4
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Solutions to Budget

Prop 204 Rollback	(461,765.1)
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FY 2012

When Arizona voters passed Proposition 204 in 2000, the question on the ballot stated: "A 'yes' vote shall have the effect of ... increasing healthcare coverage eligibility for Arizona's working poor at the federal poverty level ... using the tobacco litigation settlement money." Since FY 2004, the Tobacco Settlement funds have been inadequate to fund the Proposition 204 expansion.

Effective October 1, 2011, the Executive recommends elimination of health coverage for childless adults who were added under Prop. 204 and capping other populations (largely disabled and parents) at a level adequate to be supported by the Tobacco Settlement and Tobacco Tax Proposition 204 Protection Account revenues, effective October 1, 2011. This action is forecast to save the State a total of (\$541.5 million) in FY 2012, of which (\$461.8 million) is in AHCCCS and (\$79.8 million) is in the Department of Health Services. The State will lose an estimated (\$1.1 billion) of federal match, and approximately 280,000 Arizonans will lose their AHCCCS health insurance. This is about 4.5% of the 2010 Census count of the Arizona population.

In the three-and-a-half years since the beginning of the budget crisis, AHCCCS has seen its core administration cut by over 20%, has reduced its staffing by 31.5%, or over 400 FTE, and has suspended plans for a badly needed computer system replacement while managing a population that has grown by 46%. In order for AHCCCS to continue to properly manage its programs, and to meet contractual prompt payment and federal timeliness requirements, the Executive recommends that no further administrative cuts be taken in AHCCCS associated with the Prop. 204 reduction.

General Fund	(461,765.1)
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Provider Rate Reductions	(74,910.9)
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The Executive recommends that AHCCCS implement a 5% provider rate reduction on April 1, 2011. This cut to provider rates is anticipated to save the State General Fund \$74.9 million in FY 2012, while costing AHCCCS healthcare providers a total of \$236 million in lost revenues from both State and federal funds.

In addition to these AHCCCS savings, the rate cuts will provide an additional \$14.1 million in FY 2012 savings in the Department of Health Services General Fund budget, for General Fund savings totaling \$89 million.

General Fund	(74,910.9)
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Suspend Rollover for FY11	(117,157.7)
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After suspending the June payment delay during FY 2011, the Executive recommends that the rollover be restarted in FY 2012.

As there is no FY 2011 payment to be paid in FY 2012, the deferral of FY 2012 payments until FY 2013 will save the General Fund \$115.4 million and the CHIP fund \$1.8 million.

General Fund	(115,374.9)
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Children's Health Insurance Program Fund	(1,782.8)
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FY 2011 Supplemental Recommendations

FY 2011

Suspend Rollover for FY11

44,050.6

Beginning in FY 2010, AHCCCS has deferred payments to its health plans from June into July. The deferrals are comprised of 100% of the payment for plans over 100,000 members and 50% for plans under 100,000 members.

The Executive recommends suspending the payment rollover for FY 2011 and restarting the payment deferral in FY 2012. The enhanced federal match ends on July 1, 2011; thus, paying in June 2011 rather than July will allow the State to obtain a 71.22% enhanced federal match rather than the 65.85% regular federal match. While this action will cost \$97.3 million in the AHCCCS budget, the Executive proposes replacing this cost with a \$97.3 million expansion of the First Things First overnight loan. By AHCCCS making these payments in FY 2011 rather than FY 2012, the State will gain an additional \$18 million in Federal funds, saving the same amount in the General Fund.

In order to partially offset the \$97.3 million FY 11 cost, the Executive includes \$56.1 million in savings due to FY 2011 program expenditures that can be paid with FY 2010 reverted appropriations per A.R.S. § 36-2913(G). Additionally, the Executive includes \$14.8 million in FY 2011 savings from the April 1, 2011 implementation of the 5% provider rate cuts, \$10 million in savings from drug rebates anticipated from the federal health reform act, \$131.1 million in caseload and inflation savings and \$152.5 million in costs due to the "stepped down" enhanced federal match received for the second half of FY 2011.

General Fund	37,786.3
Tobacco Tax and Health Care Fund	1,891.6
Tobacco Products Tax Fund	1,100.8
Children's Health Insurance Program Fund	3,271.9

Performance Measures

	FY 2009 <u>Actual</u>	FY 2010 <u>Actual</u>	FY 2011 <u>Expected</u>	FY 2012 <u>Expected</u>
Percent of invoices paid within 30 days	100	94.3	95.0	95.0
➤ <i>Refers to administrative invoices</i>				
Percent of total programmatic payments completed electronically	98	97.5	95	97
Percent of enrollees filing a grievance	.4	0.9	1.0	1.0
Member satisfaction: percent of choice exercised in moving from current health plan	1.82	2.0	3.5	4.5
Percent of applications processed on time	92	83	97	97
Cost avoidance from Predetermination Quality Control Program (in millions)	15.98	15.26	15.50	15.75
Percent of members utilizing home and community based services	68.75	70.5	71.0	72.0
Percent of well child visits in the first 15 months of life - Early Periodic	60.8	62.7	60.0	62.0

Performance Measures

	FY 2009 Actual	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected
Screening, Diagnosis and Treatment				
➤ <i>The current HEDIS national mean for Medicaid managed care plans is 53%, so AHCCCS is performing well above the comparable national average.</i>				
Percent of women receiving cervical screening within a three year period	63.2	62.8	64	64
Percent of well child visits in the first 15 months of life - Early Periodic Screening, Diagnosis and Treatment	60.8	62.7	60	62
KidsCare monthly enrollment	63,729	30,672	20,075	16,475
Percent of children with access to primary care provider	87.2	88.8	87.0	88.0
Percent of employee turnover	3.77	21.9	13.4	13.4

The Executive recommends a lump-sum appropriation by program with special line items.

State Board of Appraisal

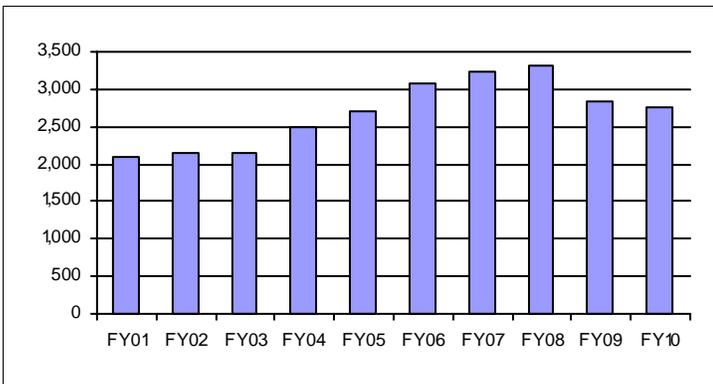
Mission:

To promote quality real estate appraisal in Arizona that protects the health, safety, and welfare of the public.

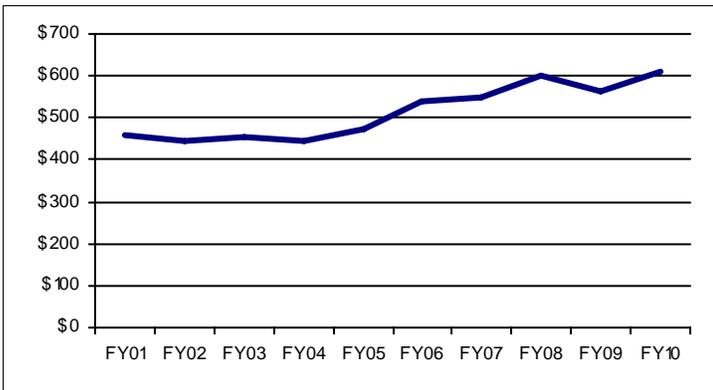
Description:

The State Board of Appraisal processes the applications of those applying for real estate appraiser licensure, certification, or tax agent registration assuring that all candidates meet the education and experience requirements as set forth by the Appraisal Qualification Board of the Appraisal Foundation. The Board acts as a disciplinary body to ensure conformity to the statutes, rules, and regulations governing the agency. In addition to protecting the interests of the general public, the Board provides services for appraisers, course providers, property tax agents, other state appraisal boards, and lending institutions. As of July 29th, 2010 the Board is now charged with the registration and regulation of all Appraisal Management Companies.

Number of Licensees



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensure/Certification/Regulation	615.2	616.6	765.1	763.6
Agency - Approp. Funds	615.2	616.6	765.1	763.6
<i>Category</i>				
FTE	4.5	4.5	5.5	5.5
Personal Services	225.6	225.6	265.6	265.6
ERE Amount	93.0	93.0	110.0	110.0

Prof. And Outside Services	142.5	201.6	278.5	278.5
Travel - In State	3.0	7.6	10.1	10.1
Travel - Out of State	0.0	5.0	5.0	5.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	146.8	69.6	75.2	75.2
Equipment	0.0	5.0	6.5	5.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	9.2	14.2	14.2
Transfers Out	4.3	0.0	0.0	0.0
Agency - Approp. Funds	615.2	616.6	765.1	763.6
<i>Appropriated Fund</i>				
Board of Appraisal Fund	615.2	616.6	765.1	763.6
Agency - Approp. Funds	615.2	616.6	765.1	763.6

Recent Appropriation Activity/Perspective

The Board experienced little change between FY 2007 and FY 2010, as the number of appraisers licensed and complaints handled remained fairly consistent through that three-year period. Accordingly, its appropriated budget has not changed significantly, growing by only by 6% from FY 2007 through FY 2011. Laws 2010, Chapter 336 required that the Board begin licensing and regulating all appraisal management companies (AMCs) by the beginning of FY 2011, but the law did not appropriate additional funding for the Board to handle this substantial increase in workload. Furthermore, the executive director resigned in April 2010, and no fee schedule had been established for AMCs by the end of FY 2010. By August, however, the Board had successfully registered 85 AMCs and anticipates having approval for the fee schedule from the Governor's Regulatory Review Council by the end of FY 2011. The Executive recommends increasing the appropriated budget for the agency by 19% for FY 2012 and FY 2013 to fund the AMC program.

Executive Appropriation Recommendations

	FY 2012	FY 2013
Baseline Adjustments		
Risk Standard Adjustment	(0.4)	(0.4)
Board of Appraisal Fund	(0.4)	(0.4)

Other Adjustments

Compliance Officer for AMC Program 148.9 147.4

The Executive recommends \$148,900 in FY 2012 and \$147,400 in FY 2013 from the Board of Appraisal Fund for a Regulatory Compliance Administrator to run the Appraisal Management Company (AMC) program, and for additional costs associated with this program.

Laws 2010, Chapter 336 requires the Board to register AMCs and to investigate complaints concerning AMCs. The Board began registering AMCs in July 2010 but will be using a temporary worker in FY 2011 to handle the majority of the workload associated with this new requirement. The Board estimates that over 150 AMCs will apply for registration in FY 2012, and complaints against those already registered have been filed. The regulatory compliance administrator will have primary responsibility for investigating all complaints made against AMCs and handling the applications for new AMCs and renewals, in addition to administrative duties linked to these tasks. In addition, the Executive is recommending funding to double the amount of money available for Attorney General legal services that will be necessary to process AMC complaints, and for ancillary costs associated with the AMC program such as postage, travel, and office equipment.

Board of Appraisal Fund 148.9 147.4

Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>	<u>Expected</u>
Average days from receipt of complaint to resolution	135	130	130	130
Number of new and existing licensees	2745	2600	2600	2600
Number of complaints received against appraisers	265	275	275	275

The Executive recommends a lump-sum appropriation to the agency.

Arizona Commission on the Arts

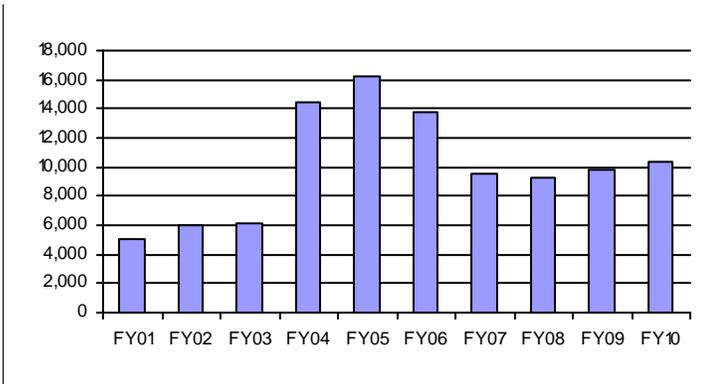
Mission:

To ensure Arizona is a place where people broaden, deepen and diversify their engagement with the arts; as creators, audiences and supporters; in ways that are satisfying and integral to their lives.

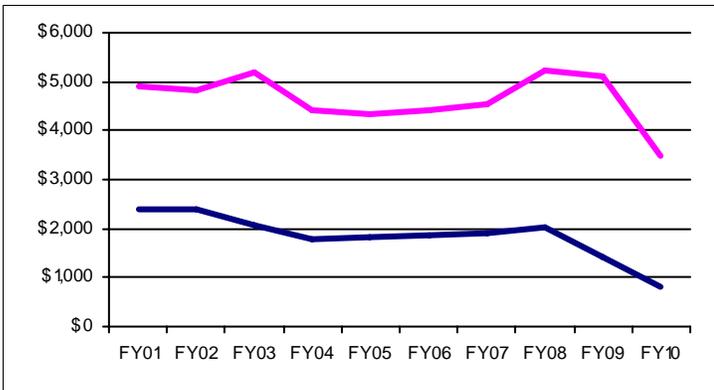
Description:

The Arizona Commission on the Arts is a 43-year-old agency of the State of Arizona which supports the development and retention of statewide jobs in the arts, culture and education sectors; access to vital, quality arts and arts education opportunities for all Arizona citizens; and increased economic impact in local communities through partnerships that develop tax and business revenue. Annually, Arts Commission grants and programs serve 10 million people, and 2.3 million Arizona youth are served by Arts Commission-sponsored arts education programs in private, charter and public schools. The Arts Commission maximizes resources in four key areas: Partnerships, Leadership Activities, Services and Strategic Funding.

Number of Outreach Activities



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Arts Support	822.5	665.6	0.0	0.0
Agency - Approp. Funds	822.5	665.6	0.0	0.0
<i>Category</i>				
FTE	10.5	9.5	0.0	0.0
Personal Services	309.4	401.7	0.0	0.0

ERE Amount	138.6	144.6	0.0	0.0
Prof. And Outside Services	5.5	6.6	0.0	0.0
Travel - In State	0.6	5.6	0.0	0.0
Travel - Out of State	0.3	4.0	0.0	0.0
Aid to Others	281.5	0.0	0.0	0.0
Other Operating Expenses	86.6	103.1	0.0	0.0
Equipment	0.0	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	822.5	665.6	0.0	0.0

Appropriated Fund

General Fund	822.5	665.6	0.0	0.0
Agency - Approp. Funds	822.5	665.6	0.0	0.0

The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI Community Service Project	287.7	0.0	0.0	0.0
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Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Arizona Arts Endowment Expend Trust	138.3	16.4	0.0	0.0
Arizona Arts Trust Fund	1,285.3	1,139.0	1,470.9	1,470.9
Arizona Commission on the Arts	138.2	61.0	21.0	21.0
Federal Economic Recovery Fund	258.2	15.0	0.0	0.0
Federal Grant	871.9	890.8	932.0	932.0
Agency - Nonapp. Funds	2,691.9	2,122.2	2,423.9	2,423.9
Agency Total - All Funds	3,514.4	2,787.8	2,423.9	2,423.9

Federal Funds Expenditures - as reported by Agency

	FY 2010 Actual	FY 2011 Exp. Plan	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	1,128.8	905.8	932.0	932.0

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

Recent Appropriation Activity/Perspective

Since the beginning of FY 2008, the Commission's General Fund appropriation has been reduced from \$1.5 million to \$665,600. The \$20 million Arts Endowment was eliminated, and the fund balance was transferred to the General Fund. Arts Trust Fund revenues from corporate annual report filings have decreased from \$1.7 million in FY 2008 to \$1.4 million in FY 2010. All of these issues have decreased the funding available for arts grants and outreach programs.

While much the Commission's funding has been reduced, annual grants from the National Endowment for the Arts have increased somewhat. The Commission was also awarded a grant of \$322,900 through the American Recovery and Reinvestment Act for preservation of jobs in the arts.

Executive Appropriation Recommendations

FY 2012 FY 2013

Baseline Adjustments

Risk Standard Adjustment	(1.7)	(1.7)
General Fund	(1.7)	(1.7)

Solutions to Budget

General Fund Elimination	(663.9)	(663.9)
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The Executive recommends eliminating General Fund support for the Commission. This reduction of (\$663,900) would shift operations to non-appropriated funds and reduce funding available for arts grants.

General Fund	(663.9)	(663.9)
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Performance Measures

	FY 2010	FY 2011	FY 2012	FY 2013
	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>	<u>Expected</u>
Individuals benefiting from programs sponsored by Agency (in thousands)	10,965.0	9,000.0	9,000.0	10,000.0
<p>➤ <i>Figures for this measure are compiled in our online grants program (EGOR) and reflect the total number of persons benefitting from programs supported by Arts Commission grants; figures provided by grantees as a part of their annual final reports.</i></p>				
Constituent satisfaction ratings (scale of 1-8)	7.00	7.00	7.00	7.10
<p>➤ <i>Figures for this measure are compiled by Arts Commission staff and reflect ratings from the Agency's annual satisfaction survey as well as evaluations from all presentations, convenings, workshops and review panels.</i></p>				
Cumulative contributions to Arizona ArtShare including both non-designated funds and contributions to arts organization endowments (in thousands)	21,000.0	22,000.0	23,000.00	24,000.0
<p>➤ <i>Figures for this measure reflect the cumulative contributions to statewide arts endowments since the inception of ArtShare. Each year Arizona arts organizations that maintain endowments are asked to send data detailing their endowment totals to the Arts Commission. Because of current economic challenges, organizations have had to use endowment principal for operations, contributions are significantly diminished, and investments have lost considerable value.</i></p>				

The Executive recommends no appropriation for this agency.

Attorney General - Department of Law

Mission:

To provide comprehensive legal protection to the citizens of Arizona and quality legal services to the state agencies of Arizona.

Description:

The Office of the Attorney General was created by Article V, Section I of the Arizona Constitution. The Attorney General is an elected position and holds office for a four-year term. Powers of the Attorney General are conferred by the Arizona Constitution and by statute. One fundamental responsibility of the Attorney General is to act as legal advisor to all state agencies, boards and commissions except those few exempted by law. Additional primary responsibilities include prosecuting and defending proceedings in which the State has an interest and rendering written opinions upon questions of law.

To fulfill these responsibilities, the Department of Law is divided into legal divisions and administrative offices. The legal divisions are the Child and Family Protection Division, Civil Division, Civil Rights Division, Criminal Division, Finance Division, Public Advocacy Division, and Solicitor General's Office. Each division is further organized into sections that specialize in a particular area of practice. Administrative functions are performed or coordinated by the Executive Office, Policy and Program Development Office, and Employee Services Office.

Other Operating Expenses	5,590.4	6,444.2	6,375.2	8,134.3
Equipment	514.1	337.1	337.1	337.1
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	540.3	1,120.1	1,120.1	1,120.1
Agency - Approp. Funds	49,948.1	55,269.9	53,528.6	55,335.4

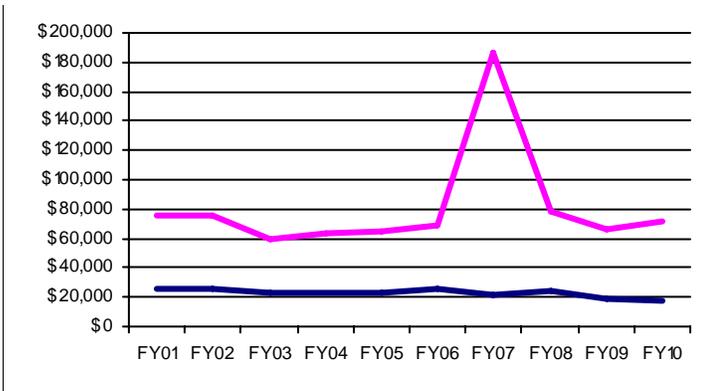
Appropriated Fund

General Fund	17,774.4	17,548.0	17,527.5	19,259.3
Consumer Protection/Fraud Revolving Fund	1,954.7	3,463.8	3,001.5	2,988.6
Attorney General Antitrust Revolving	112.5	242.6	243.4	241.2
Attorney General Collection Enforcement	2,353.7	3,313.4	3,314.0	3,296.5
Attorney General Agency Services Fund	11,330.3	13,135.8	11,916.2	11,953.3
Victims Rights Fund	3,125.5	3,241.7	3,238.6	3,271.2
Risk Management Fund	7,723.0	8,850.4	8,813.2	8,851.1
Attorney General Legal Services Cost Allocation Fund	5,574.1	5,474.2	5,474.2	5,474.2
Agency - Approp. Funds	49,948.1	55,269.9	53,528.6	55,335.4

The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI Grand Jury	178.9	176.4	176.4	176.4
SLI Victims' Rights	3,125.5	3,241.7	3,238.6	3,271.2
SLI Military Airport Planning	99.9	85.0	85.0	85.0

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Legal Services	44,171.6	51,057.5	49,327.6	50,944.4
Central Administration	5,776.5	4,212.4	4,201.0	4,391.0
Agency - Approp. Funds	49,948.1	55,269.9	53,528.6	55,335.4
<i>Category</i>				
FTE	601.9	592.9	592.9	592.9
Personal Services	29,519.6	32,304.9	30,909.5	30,949.4
ERE Amount	10,090.4	11,080.6	10,803.7	10,811.5
Prof. And Outside Services	864.8	1,162.8	1,162.8	1,162.8
Travel - In State	121.3	130.1	130.1	130.1
Travel - Out of State	57.4	74.3	74.3	74.3
Aid to Others	2,649.8	2,615.8	2,615.8	2,615.8

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Attorney General Anti-Racketeering	24,991.7	21,918.0	21,922.2	21,922.7
Attorney General CJEF Distributions	2,668.8	5,242.2	4,604.0	3,965.5
Attorney General Federal Grant	987.2	0.0	0.0	0.0
Court Ordered Trust Fund	1,711.0	540.5	540.5	540.5
Criminal Case Processing Fund	76.5	92.2	92.2	92.2
Federal Economic Recovery Fund	2,931.1	4,115.6	0.0	0.0
Federal Grants	3,534.9	3,929.9	3,932.2	3,921.1
IGA and ISA Fund	2,077.4	1,651.2	1,601.2	1,601.3
Microsoft Settlement Fund	0.0	435.7	0.0	0.0
Prosecuting Attorney Council	1,345.2	1,396.0	1,396.0	1,396.0
Street Gang Enforcement Revolving Fund	2.6	0.0	0.0	0.0
Victim Witness Assistance	54.7	43.7	43.7	43.7

Non-Appropriated Funds				
	<i>FY 2010 Actual</i>	<i>FY 2011 Expnd. Plan</i>	<i>FY 2012 Exec. Rec.</i>	<i>FY 2013 Exec. Rec.</i>
Agency - Nonapp. Funds	40,381.0	39,365.0	34,132.0	33,483.0
Agency Total - All Funds	90,329.1	94,634.9	87,660.6	88,818.4

<i>Federal Funds Expenditures - as reported by Agency</i>				
	<i>FY 2010 Actual</i>	<i>FY 2011 Exp. Plan</i>	<i>FY 2012 Exp. Plan</i>	<i>FY 2013 Exp. Plan</i>
Agency Total	6,653.0	8,045.5	6,031.2	5,297.3

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

Recent Appropriation Activity/Perspective

Since FY 2007, the Attorney General's Office and Department of Law has experienced budget reductions totaling (\$4.7 million) and transfers from Department funds to the General Fund totaling (\$19.1 million).

In FY 2007, the Attorney General's Office and Department of Law was appropriated \$60.7 million from State funds.

By the end of FY 2008, the appropriation had been increased by about \$5 million for pay increases and other operating expenses but was reduced by about (\$1 million) through lump-sum and hiring-freeze reductions. In addition, (\$1.5 million) was transferred out of the Department's funds to the General Fund.

For FY 2009, increases of \$1.7 million and \$2.1 were provided for, respectively, Consumer Fraud and attorney salaries. Reductions were (\$1.7 million), and (\$500,000) was transferred from Department funds to the General Fund.

For FY 2010, the Department's budget was reduced by (\$7.2 million), and (\$10.5 million) was transferred out of Department funds.

The number of filled FTE positions was reduced by 127 between FY 2008 and FY 2010, a 23% decline.

For FY 2011, the Department's appropriations were reduced by another (\$3.6 million) and an additional (\$6.6 million) was transferred from Department funds to the General Fund.

Executive Appropriation Recommendations

	<u>FY 2012</u>	<u>FY 2013</u>
Baseline Adjustments		
Rent Standard Adjustment	(242.8)	1,516.3
General Fund	(140.1)	1,591.7
Consumer Protection/Fraud Revolving Fund	(5.1)	(18.0)
Attorney General Antitrust Revolving Fund	0.0	(2.2)
Attorney General Collection Enforcement Fund	(7.2)	(24.7)
Attorney General Agency Services Fund	(31.6)	(42.2)

	<u>FY 2012</u>	<u>FY 2013</u>
Victims Rights Fund	(4.6)	28.0
Risk Management Fund	(54.2)	(16.3)
Risk Standard Adjustment	173.8	173.8
General Fund	119.6	119.6
Consumer Protection/Fraud Revolving Fund	5.7	5.7
Attorney General Antitrust Revolving Fund	0.8	0.8
Attorney General Collection Enforcement Fund	7.8	7.8
Attorney General Agency Services Fund	21.4	21.4
Victims Rights Fund	1.5	1.5
Risk Management Fund	17.0	17.0

Solutions to Budget

Agency Legal Services (1,209.4) (1,161.7)

The Executive recommends reducing services to align with expected revenues. Fees paid by agencies for services are directly linked to the amount of services required. The Executive recommends a footnote allowing the Department to expend additional amounts if revenues are above current expectations.

Attorney General Agency Services Fund (1,209.4) (1,161.7)

Consumer Protection/ Fraud (462.9) (462.9)

The Executive recommends reducing appropriations to align with expected revenues. The Executive recommends a footnote allowing the Department to expend additional amounts if revenues are above current expectations.

Consumer Protection/Fraud Revolving Fund (462.9) (462.9)

Performance Measures

	<u>FY 2010 Actual</u>	<u>FY 2011 Expected</u>	<u>FY 2012 Expected</u>	<u>FY 2013 Expected</u>
Percentage of cases resolved using voluntary settlement agreements	12	15	15	15
➤ <i>In FY2009, the percentage of voluntary settlement agreements was unusually high.</i>				
Percentage of death penalty sentences affirmed by the Arizona Supreme Court	90	95	95	95
Customer satisfaction rating for client agencies (scale of 1 to 8, with 8 the highest)	7.15	7.20	7.20	7.20
Days to respond to a request for a legal opinion	82.2	50	50	50
➤ <i>FY2010 Actual was higher than estimate because of a heavy litigation workload that included constitutionality of abortion-related legislation and defending budget-related legislation.</i>				
Percent of agency staff turnover	15.7	17.0	18.0	18.0
➤ <i>The decrease in turnover rate from FY09 to FY10 is due to the economic downturn in Arizona.</i>				

The Executive recommends a lump-sum appropriation to the agency with special line items.

Automobile Theft Authority

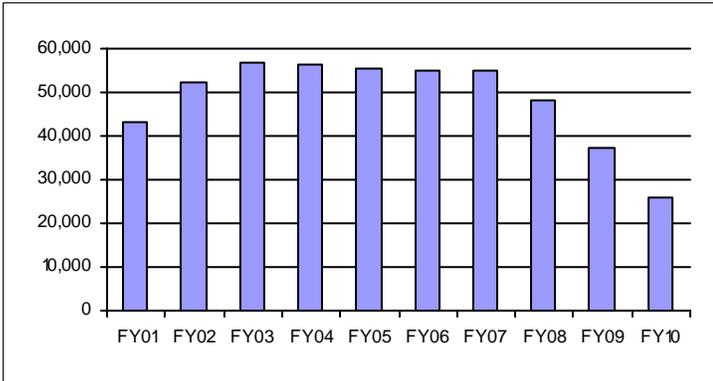
Mission:

To deter vehicle theft in Arizona through a cooperative effort by supporting law enforcement activities, vertical prosecution, and public education programs.

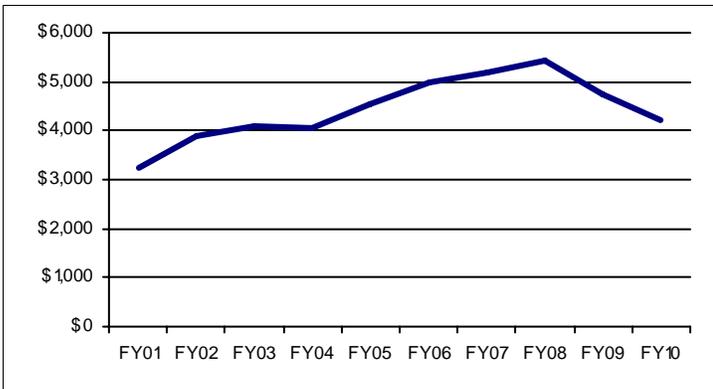
Description:

The Authority assists and provides grants to state and local law enforcement agencies for auto theft enforcement.

Number of Auto Thefts



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Automobile Theft Authority	5,081.4	5,134.8	4,284.3	4,284.3
Agency - Approp. Funds	5,081.4	5,134.8	4,284.3	4,284.3

Category	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
FTE	6.0	6.0	6.0	6.0
Personal Services	243.9	305.5	305.5	305.5
ERE Amount	89.0	114.5	114.5	114.5
Prof. And Outside Services	11.8	16.5	16.5	16.5
Travel - In State	1.5	4.0	4.0	4.0
Travel - Out of State	1.4	6.0	6.0	6.0
Aid to Others	3,732.6	4,507.5	3,657.7	3,657.7
Other Operating Expenses	117.8	171.3	170.6	170.6
Equipment	1.3	9.5	9.5	9.5
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	882.1	0.0	0.0	0.0

Agency - Approp. Funds	5,081.4	5,134.8	4,284.3	4,284.3
<i>Appropriated Fund</i>				
Automobile Theft Authority Fund	5,081.4	5,134.8	4,284.3	4,284.3
Agency - Approp. Funds	5,081.4	5,134.8	4,284.3	4,284.3

The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI Auto Theft Authority Grants	3,732.6	4,457.5	3,607.7	3,607.7
SLI Reimbursable Programs	0.0	50.0	50.0	50.0

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Federal Grant	0.1	0.0	0.0	0.0
Agency - Nonapp. Funds	0.1	0.0	0.0	0.0
Agency Total - All Funds	5,081.5	5,134.8	4,284.3	4,284.3

Recent Appropriation Activity/Perspective

The 2007 appropriation for the Automobile Theft Authority was \$5.3 million. In FY 2009 and FY 2010, the Authority received increased funding for its grant programs – vertical prosecution, Auto Theft Task Force, and local law enforcement grants – to strengthen the effectiveness of auto theft investigations and prosecution.

Both the fund sweep enacted mid-year in FY 2009 and the fund reduction and transfer in FY 2010 have required the Authority to reduce (a) the Task Force from 48 positions in FY 2008 to 38 positions in FY 2010, (b) the vertical prosecution program from six prosecutors to one, and (c) other grants to local law enforcement agencies.

The Authority will need to have its appropriation cut by \$849,800 to match its expected revenues to offset \$841,000 of fund transfers to the General Fund that have been occurring since 2007 and will continue through 2011.

Despite the cuts, the Authority has consistently applied its resources efficiently, as evidenced by a 52.6% decrease in auto thefts in Arizona from 2007 to 2010.

Executive Appropriation Recommendations

	FY 2012	FY 2013
Baseline Adjustments		
Risk Standard Adjustment	(0.7)	(0.7)
Automobile Theft Authority Fund	(0.7)	(0.7)

Solutions to Budget

Revenue Expenditure Footnote	0.0	0.0
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The Executive recommends continuing the practice of allowing the Authority to expend any receipts to the Auto Theft Authority Fund in FY 2012 and FY 2013.

FY 2012 FY 2013

Appropriation Reduction (849.8) (849.8)

The Authority is expected to have a \$152,000 fund balance at the beginning of FY 2012 and revenues of \$5.1 million for FY 2012.

The Executive recommends adjusting the appropriation to align with the expected fund balances.

Automobile Theft Authority Fund (849.8) (849.8)

Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>	<u>Expected</u>
Arizona vehicle theft rate (# per 100,000 population)	380	531	531	531
<i>➤ 2009 data from AZ. DPS Crime in AZ. Report. FBI Uniform Crime Report to release final 2009 data October '10.</i>				
Customer satisfaction rating (scale of 1-3, 1 highest rating)	1	1	1	1
Number of felony arrests by Task Force	185	175	200	200
Number of "chop shops" investigated by Task Force	27	19	30	30
Return on investment (for every dollar funded by the Arizona Auto Theft Authority amount recovered by Task Force)	7.45	7.00	10.00	12.00
<i>➤ Lower return on investment is expected due to reduced funding and staffing. As funding levels increase, return on investment expected to increase.</i>				

The Executive recommends a lump-sum appropriation to the agency with special line items.

Board of Barber Examiners

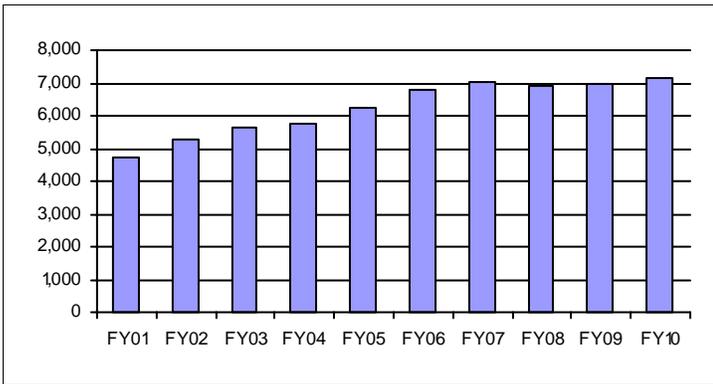
Mission:

To preserve the public welfare and health through the development and enforcement of adequate sanitation procedures, rules, and laws governing barbers and barbering establishments.

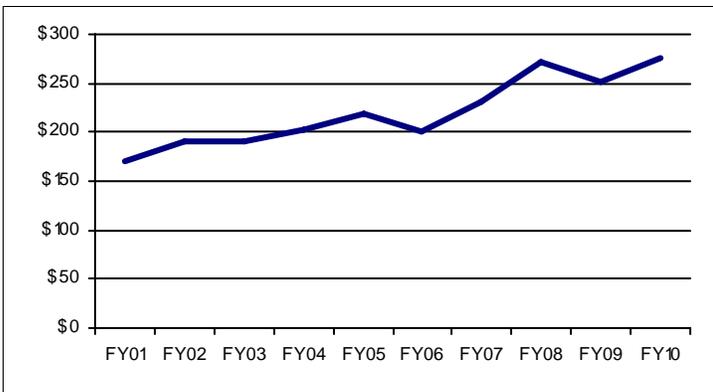
Description:

The Arizona Board of Barbers communicates with licensees regarding proper sanitation methods and changes in the law; administers barbering examinations; grants and renews licenses; inspects barbering establishments; investigates consumer complaints regarding unlawful activities; and takes effective measures to resolve complaints, including holding hearings, levying fines, and suspending or revoking licenses.

Number of Licenses



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	276.4	345.1	324.0	345.1
Agency - Approp. Funds	276.4	345.1	324.0	345.1

Category

FTE	4.0	4.0	4.0	4.0
Personal Services	163.2	163.8	163.8	163.8
ERE Amount	55.5	57.7	57.7	57.7
Prof. And Outside Services	6.6	14.5	14.5	14.5
Travel - In State	17.2	44.0	44.0	44.0
Travel - Out of State	1.6	3.0	3.0	3.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	32.2	61.0	39.9	61.0

Equipment	0.1	1.1	1.1	1.1
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	276.4	345.1	324.0	345.1

Appropriated Fund

Barber Examiners Board	276.4	345.1	324.0	345.1
Agency - Approp. Funds	276.4	345.1	324.0	345.1

Recent Appropriation Activity/Perspective

The Board was appropriated \$300,500 from the Barbers Board Fund in FY 2007. The Board's appropriation increased slightly during FY 2008, to \$346,500, to pay for increases in joint office costs, program costs and standard costs. In FY 2008 and FY 2009, the Board transferred, respectively, \$400,000 and \$406,000 from the Barbers Board Fund to the General Fund. The Board's appropriation for FY 2009 was \$328,200, a decrease of (\$16,600). The Board's appropriation for FY 2010 was \$329,900, an increase of \$1,400 from the FY 2009 appropriation, as a result of a standard increase. In FY 2011 the Board received an appropriation of \$345,100, an increase of \$15,200, as a result of a statewide adjustment and an increase for annual leave payouts.

Executive Appropriation Recommendations

FY 2012 FY 2013

Other Adjustments

Annual Leave Payout (21.1) 0.0

The Executive recommends a decrease associated with the one-time increase in FY 2011 for the annual leave payouts of three retiring employees. According to the agency, the retirements of two of those employees will likely be delayed until FY 2013.

Barber Examiners Board Fund (21.1) 0.0

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected	FY 2013 Expected
Number of barber/instructor and shop/school licenses	7125	7200	7300	7400
Number of complaints received	334	350	350	350
Average number of calendar days from receipt of application to issuance or denial	.17	3	3	3
Number of inspections conducted	1798	3,200	3200	3200

The Executive recommends a lump-sum appropriation to the agency with special line items.

Board of Behavioral Health Examiners

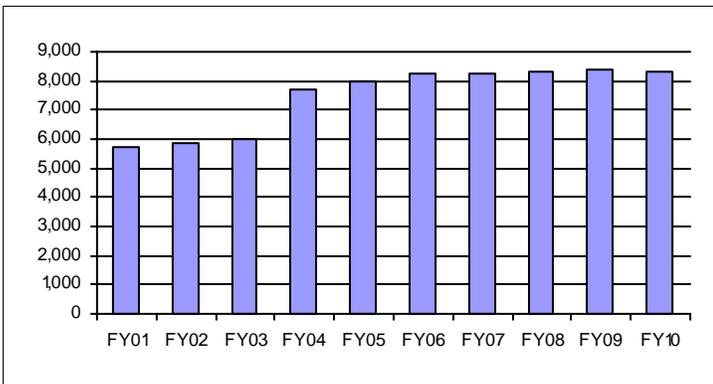
Mission:

To establish and maintain standards of qualifications and performance for licensed behavioral health professionals in the fields of counseling, marriage and family therapy, social work, and substance abuse counseling, and to regulate the practice of licensed behavioral health professionals for the protection of the public.

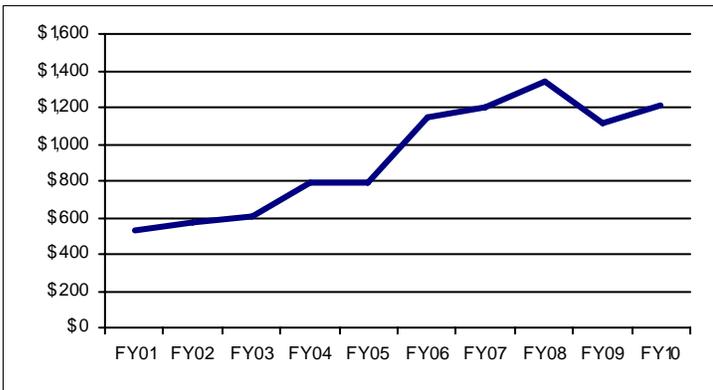
Description:

The Board licenses and biennially renews licensure for approximately 8,300 behavioral health professionals requiring these professionals meet minimum standards of education, experience, and competency as measured by examination. The Board also receives and investigates complaints, takes necessary disciplinary action, and responds to inquiries from consumers regarding the licensure status and complaint history of individual behavioral health professionals.

Number of Licenses Issued



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	1,207.5	1,437.7	1,454.8	1,454.8
Agency - Approp. Funds	1,207.5	1,437.7	1,454.8	1,454.8
<i>Category</i>				
FTE	17.0	17.0	17.0	17.0
Personal Services	584.9	657.3	657.3	657.3
ERE Amount	255.5	361.4	361.4	361.4
Prof. And Outside Services	188.2	233.1	244.3	244.3

Travel - In State	2.3	10.0	10.0	10.0
Travel - Out of State	0.0	8.3	8.3	8.3
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	168.9	164.5	170.4	170.4
Equipment	7.7	3.1	3.1	3.1
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	1,207.5	1,437.7	1,454.8	1,454.8
<i>Appropriated Fund</i>				
Behavioral Health Examiner Fund	1,207.5	1,437.7	1,454.8	1,454.8
Agency - Approp. Funds	1,207.5	1,437.7	1,454.8	1,454.8

Recent Appropriation Activity/Perspective

From FY 2007 to FY 2011, funding for the Board increased by 5.2%, from \$1.37 million to \$1.44 million. The funding increase pays for increased investigational support costs, increased health insurance costs, and other fixed costs.

Even though spending authority has increased, filled FTE positions have decreased because of the State's hiring freeze. Currently, only 11 of the Board's 17 FTE positions are filled. The lack of staffing has increased investigative backlogs and slowed other important Board functions.

Executive Appropriation Recommendations

FY 2012 FY 2013

Baseline Adjustments

Risk Standard Adjustment	(1.6)	(1.6)
Behavioral Health Examiners Fund	(1.6)	(1.6)

Other Adjustments

Meeting Security Requirements	11.2	11.2
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The Board of Behavioral Health Examiners licenses and regulates professionals who counsel individuals with serious behavioral health issues. During the past year there has been a disturbing increase in inappropriate and potentially violent behavior by persons attending public Board meetings. Unstable licensees or audience members have verbally assaulted the Board, appeared to be carrying weapons, and made threats that caused participants to fear for their safety.

The Executive recommends \$11,200 from the Board of Behavioral Health Examiners Fund to pay for security costs at all public meetings. The increased spending authority will allow the Board to pay for a uniformed, off-duty officer to attend Board meetings as well as monthly credentialing committee meetings.

Behavioral Health Examiners Fund	11.2	11.2
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FY 2012 FY 2013

Increased Postage Costs 7.5 7.5

The Board of Behavioral Health Examiners is required to mail large information packets to Board and Credentialing Committee members monthly, licensure application materials to roughly 700 individuals per year, and license renewal packets to roughly 3,750 individuals per year. In addition, about 600 new licensees are mailed their licenses in large non-folding envelopes each year. All of these mailings create significant postage costs for the Board of Behavioral Health Examiners.

From FY 2005 to FY 2008, annual postage costs increased from \$28,421 to \$37,444. Since FY 2008, the Board has worked to reduce postage costs by encouraging professionals to download materials from the Board’s website rather than having the Board mail materials, eliminating non-mandated information from renewal packets, double-siding investigation reports, and scheduling mailings to reduce overnight mail costs. However, with rate increases, these efforts decreased annual postage costs to only \$33,273 in FY 2010.

The Executive recommends an increase of \$7,500 from the Board of Behavioral Health Examiners Fund to pay for increased postage costs. The increased spending authority would increase the Board’s current spending plan for FY 2012 for postage costs to about FY 2005 levels. Any remaining postage costs could be funded through reductions in other operating costs.

Behavioral Health Examiners Fund	7.5	7.5
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Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>	<u>Expected</u>
Number of new and existing licenses issued	8,333	8,359	8,385	8,411
Average number of days to renew a license from receipt of application to issuance	29	30	30	30
Average days to resolve a complaint	396	400	400	400
Number of complaints received about licensees	127	140	140	140

The Executive recommends a lump-sum appropriation to the agency.

Arizona Biomedical Research Commission

Mission:

To advance medical research within the State of Arizona.

Description:

The Biomedical Research Commission awards contracts for medical research projects studying the causes of disease, epidemiology and diagnosis of disease, the formulation of cures, medically accepted treatment, and prevention of diseases. The Commission oversees research projects to ensure contract compliance, and serves as the technology transfer agent for discoveries made using State funding. The Commission also awards and manages contracts designed to advance biotechnology in the academic, non-profit, and for-profit sectors in Arizona.

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Disease Control Research	2,813.7	3,524.9	0.0	0.0
Health Research Fund	9,428.2	8,037.4	0.0	0.0
Agency - Nonapp. Funds	12,241.9	11,562.3	0.0	0.0
Agency Total - All Funds	12,741.9	12,062.3	0.0	0.0

Recent Appropriation Activity/Perspective

Laws 2002, Chapter 186 appropriated \$500,000 annually, from FY 2003 to FY 2012, from the Health Research Fund for biotechnology research. Laws 2007, Chapter 263 originally appropriated \$1 million for a Public Regenerative Tissue Repository from FY 2008 to FY 2012. The revised FY 2008 and FY 2009 budgets subsequently eliminated this appropriation.

Executive Appropriation Recommendations

FY 2012 FY 2013

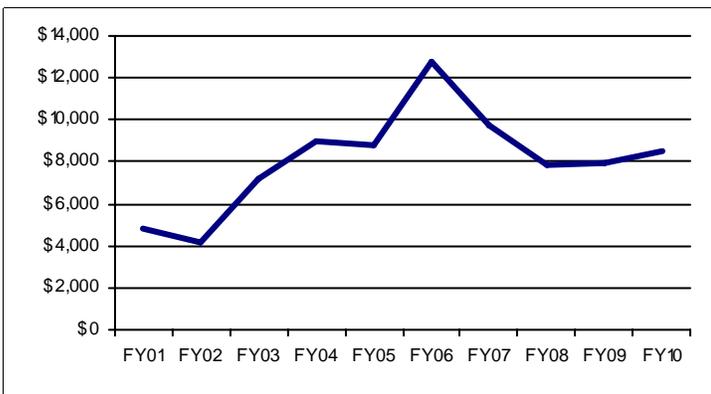
Solutions to Budget

Transferring Funds and Duties to DHS (500.0) (500.0)

The Executive recommends eliminating the Biomedical Research Commission and sending the Disease Control Research Fund, the Health Research Fund, and their respective duties to the Department of Health Services in order to reduce administrative costs. The Disease Control Research Fund and the Health Research Fund receive approximately \$11 million annually in non-appropriated revenues.

Health Research Fund (500.0) (500.0)

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Arizona Biomedical Research Commission	500.0	500.0	0.0	0.0
Arizona Biomedical Research Commission	0.0	0.0	0.0	0.0
Agency - Approp. Funds	500.0	500.0	0.0	0.0
<i>Category</i>				
FTE	0.0	0.0	0.0	0.0
Personal Services	0.0	0.0	0.0	0.0
ERE Amount	0.0	0.0	0.0	0.0
Prof. And Outside Services	500.0	500.0	0.0	0.0
Travel - In State	0.0	0.0	0.0	0.0
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	500.0	500.0	0.0	0.0
<i>Appropriated Fund</i>				
Health Research Fund	500.0	500.0	0.0	0.0
Agency - Approp. Funds	500.0	500.0	0.0	0.0

The functions and responsibilities of this agency are recommended to be absorbed by the Department of Health Services.

State Capital Post-Conviction Public Defender Office

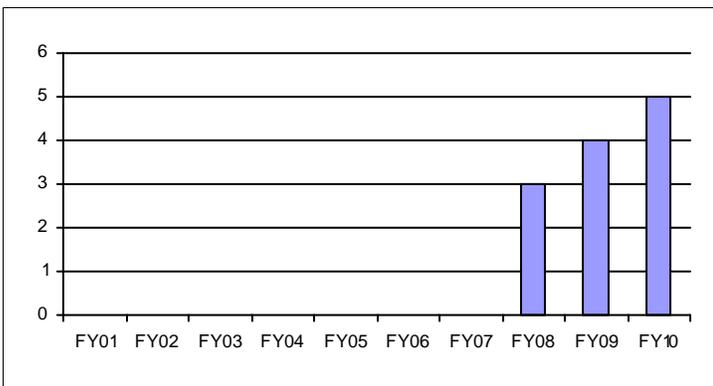
Mission:

To provide representation to capital defendants in post conviction proceedings, as assigned by the Supreme Court, in accordance with guidelines established by the American Bar Association.

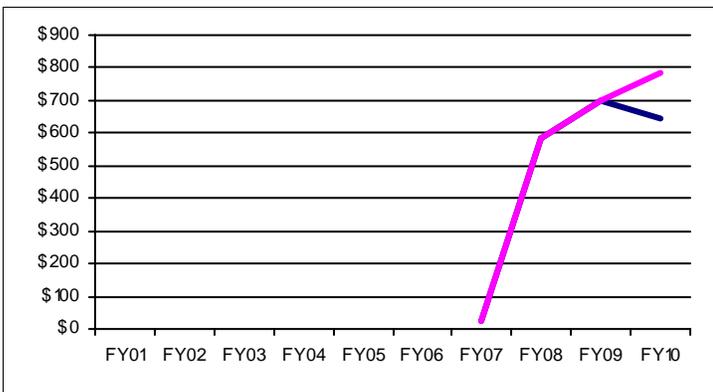
Description:

The Office was established in 2006 and began accepting cases in September 2007. All capital convictions are automatically appealed to the State Supreme Court. If the sentence is affirmed on appeal, the Supreme Court appoints counsel to represent the inmate in state post conviction relief proceedings. The agency accepts appointments to cases from the Supreme Court as resources allow.

Number of Assigned Cases



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Capital Post-Conviction Public Defender	646.5	635.8	836.1	836.1
Agency - Approp. Funds	646.5	635.8	836.1	836.1
Category				
FTE	7.0	7.0	7.0	7.0
Personal Services	372.6	372.0	506.5	506.5
ERE Amount	128.6	145.7	188.5	188.5
Prof. And Outside Services	83.0	58.3	78.3	78.3
Travel - In State	4.0	3.7	4.3	4.3
Travel - Out of State	1.3	1.5	3.5	3.5

Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	55.5	54.6	55.0	55.0
Equipment	0.8	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.7	0.0	0.0	0.0
Agency - Approp. Funds	646.5	635.8	836.1	836.1

Appropriated Fund

General Fund	646.5	635.8	673.7	673.7
Capital Postconviction Public Defender Office Fund	0.0	0.0	162.4	162.4
Agency - Approp. Funds	646.5	635.8	836.1	836.1

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expnd. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Federal Grant	136.8	0.0	0.0	0.0
Agency - Nonapp. Funds	136.8	0.0	0.0	0.0

Agency Total - All Funds	783.3	635.8	836.1	836.1
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Federal Funds Expenditures - as reported by Agency

	FY 2010 Actual	FY 2011 Exp. Plan	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	136.7	0.0	0.0	0.0

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

Recent Appropriation Activity/Perspective

The State Capital Post-Conviction Public Defender's Office was established pursuant to Laws 2007, Chapter 369, and had an initial General Fund appropriation in FY 2007 of \$220,000. The FY 2007 appropriation represented a partial-year appropriation, as the current State Capital Post-Conviction Public Defender was not appointed until March 2007. The Office accepted its first case in September 2007.

In FY 2010, the Office received a one-time grant from the Arizona Criminal Justice Commission that has allowed the retention of 1.4 FTE - 1.0 FTE attorney and 0.4 FTE administrative assistant - that otherwise would have been laid off due to FY 2010 budget reductions.

Budget reductions enacted since FY 2008 have required the Office to defer equipment purchases, defer out-of-state travel, eliminate conference and seminar training, reduce expert witness expenditures, and utilize furloughs. All of these reductions negatively impact the Office's ability to adequately represent their clients and file petitions in a timely manner.

Executive Appropriation Recommendations

	FY 2012	FY 2013
Baseline Adjustments		
Risk Standard Adjustment	0.4	0.4
General Fund	0.4	0.4

Other Adjustments

Required Operating Funds	202.4	202.4
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The Capital Post-Conviction Public Defender Fund was created, pursuant to A.R.S. § 41-4303, to receive receipts from counties that are billed one-half of the fees and expenses associated with the representation of clients. Revenues to the fund are received from counties for reimbursement of half of the cost of post-conviction defense.

The Executive recommends an appropriation of \$162,400 from the State Capital Post-Conviction Public Defender Fund for FY 2012 and FY 2013. (The Fund was established during the 2010 Legislative session.) In addition, the Office should be granted an increased appropriation from the General Fund of \$40,000 in FY 2012 and \$40,000 in FY 2013 to ensure uninterrupted operations.

General Fund	40.0	40.0
Capital Postconviction Public Defender Office Fund	162.4	162.4

Solutions to Budget

Exemption from AG pro rata payment	(2.5)	(2.5)
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The Attorney General cannot represent the Capital Post-Conviction Public Defender, due to a conflict of interest. The Executive recommends that the Office be granted an exemption from the Attorney General pro-rata payment.

General Fund	(2.5)	(2.5)
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Revenue Expenditure Footnote	0.0	0.0
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The Executive recommends giving the State Capital Post Conviction Public Defender Office authority to expend any receipts to the Capital Post Conviction Public Defender Fund in FY 2012 and FY 2013.

FY 2011 Supplemental Recommendations

	<u>FY 2011</u>	
New Fund Appropriation	148.0	

The Capital Post-Conviction Public Defender Fund was established during the 2010 Legislative session to receive receipts from counties that are billed one-half of the fees and expenses associated with the representation of clients. The Executive recommends an FY 2011 supplemental appropriation.

Capital Postconviction Public Defender Office Fund	148.0	
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The Executive recommends a lump-sum appropriation to the agency.

State Board for Charter Schools

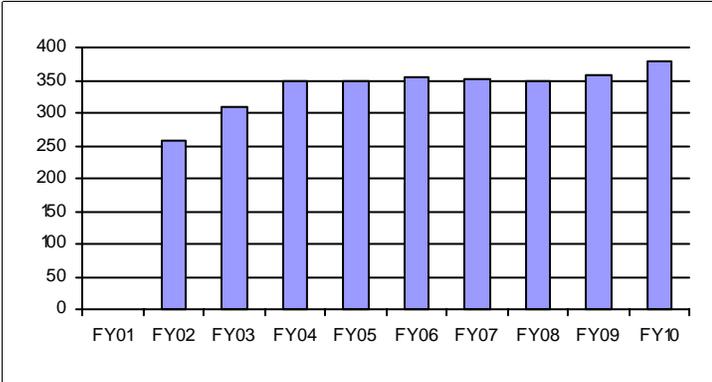
Mission:

To foster accountability in charter schools, which will improve student achievement through market choice.

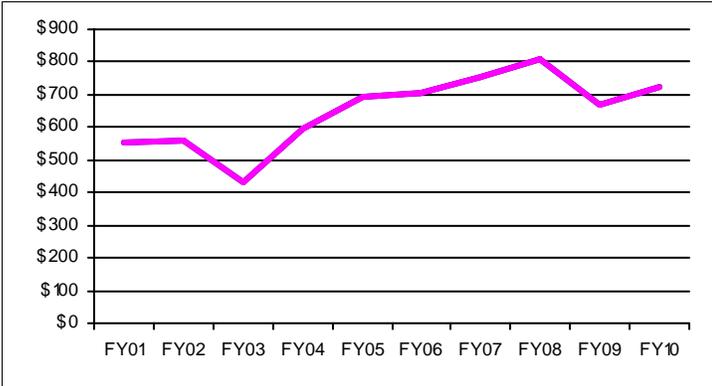
Description:

The Arizona State Board of Charter Schools reviews new, replication, and renewal applications and grants charters to qualified applicants and oversees all aspects of the charter schools it sponsors, which includes academic, financial and statutory compliance as well as adherence to the terms and conditions in the charter contract.

Number of Charters



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
State Board for Charter Schools	721.0	802.6	803.6	803.6
Agency - Approp. Funds	721.0	802.6	803.6	803.6

Category	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
FTE	8.0	8.0	8.0	8.0
Personal Services	373.2	420.7	420.7	420.7
ERE Amount	172.7	194.8	194.8	194.8
Prof. And Outside Services	38.8	59.6	59.6	59.6
Travel - In State	1.8	3.4	3.4	3.4
Travel - Out of State	0.4	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	132.3	122.1	123.1	123.1
Equipment	1.8	2.0	2.0	2.0

Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	721.0	802.6	803.6	803.6

Appropriated Fund

General Fund	721.0	802.6	803.6	803.6
Agency - Approp. Funds	721.0	802.6	803.6	803.6

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Charter AZ Online	0.0	75.0	150.0	150.0
Instruction Processing Fund				
Agency - Nonapp. Funds	0.0	75.0	150.0	150.0
Agency Total - All Funds	721.0	877.6	953.6	953.6

Recent Appropriation Activity/Perspective

The Arizona State Board for Charter Schools currently has administrative oversight of all state sponsored charter schools, including those sponsored by the State Board of Education. For FY 2011, this is 383 charters, with 120,000 students. This is a significant increase from FY 2002, when only 58,000 students attended charter schools. This does not include charter schools which are sponsored by local school district governing boards or charter schools sponsored by newly authorized sponsors, Arizona's community colleges and universities.

The Board's oversight includes the largest portion of Arizona's expanding distance learning program, Arizona Online Instruction (AOI). Since the expansion from four school district and four charter school programs to seven each in FY 2004, the number of funded students has grown from 467 to over 11,000 for FY 2010. During the first half of FY 2011, with the elimination of pilot status for AOI, six additional charters have been authorized by the Board to operate AOI programs and are included in the Department of Education's data bases.

(See Department of Education for charter school and school district state funding information.)

Executive Appropriation Recommendations

	FY 2012	FY 2013
Baseline Adjustments		
Risk Standard Adjustment	1.0	1.0
General Fund	1.0	1.0

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected	FY 2013 Expected
Number of sponsored charters with one or more sites in operation	378	380	388	396
➤ The numbers include all State Board of Education sponsored schools since the Charter School Board has agreed to provide oversight for these schools.				
Number of sponsored charter school sites in operation	496	501	509	507

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 <u>Expected</u>	FY 2013 Expected
➤ <i>The numbers include all State Board of Education sponsored schools, but not district sponsored schools.</i>				
Number of annual on-site monitoring visits	81	126	92	58
Customer satisfaction survey (Scale 1-8)	6.82	6.5	6	6
➤ <i>Respondents are charter holders.</i>				
Number of annual complaints regarding sponsored schools	129	120	120	120
➤ <i>Complaints are reviewed for contractual compliance and processed accordingly.</i>				

The Executive recommends a lump-sum appropriation to the agency.

State Board of Chiropractic Examiners

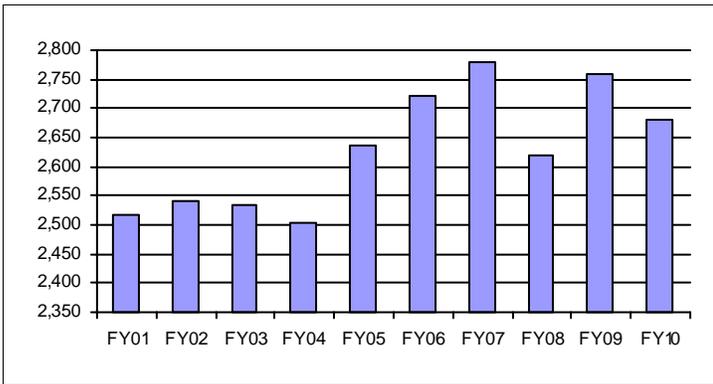
Mission:

To protect the health, welfare, and safety of Arizona citizens who seek and use chiropractic care.

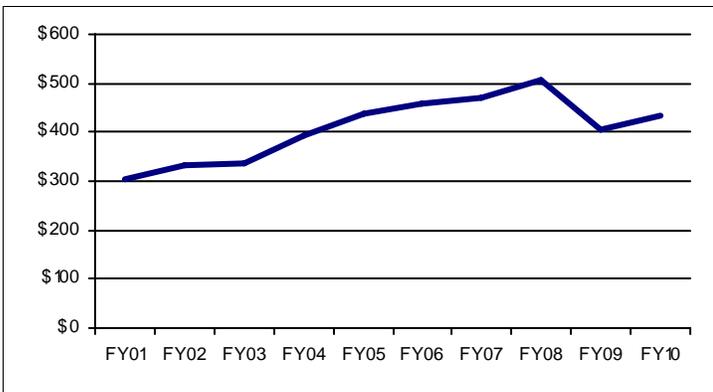
Description:

The Board conducts examinations and evaluates applications from chiropractors seeking initial or renewal of licensure, as well as from persons seeking participation in Board-approved preceptorship or chiropractic assistant programs. The Board investigates complaints made against chiropractors and conducts administrative hearings as required. The Board provides information to the public concerning applicants, licensees, and regulatory actions taken.

Number of Licenses



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	433.6	442.4	450.0	449.8
Agency - Approp. Funds	433.6	442.4	450.0	449.8
Category				
FTE	5.0	5.0	5.0	5.0
Personal Services	251.6	248.6	248.6	248.6
ERE Amount	89.0	84.1	84.1	84.1
Prof. And Outside Services	18.2	29.0	31.4	37.0
Travel - In State	5.2	5.0	5.0	5.0
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	68.5	75.7	77.9	75.1

Equipment	0.6	0.0	3.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.5	0.0	0.0	0.0
Agency - Approp. Funds	433.6	442.4	450.0	449.8

Appropriated Fund

Chiropractic Examiners Board	433.6	442.4	450.0	449.8
Agency - Approp. Funds	433.6	442.4	450.0	449.8

Recent Appropriation Activity/Perspective

In FY 2007 the Board was appropriated \$509,200. From FY 2007 to FY 2011 its appropriation has been reduced by (\$59,000), giving the Board \$453,200 of appropriation authority in FY 2011. Additionally, the Board has transferred a net \$20,800 of agency funds to the General Fund. These cuts have combined to cause longer complaint resolution times and fewer investigations by the Board's small overtaxed staff.

Executive Appropriation Recommendations

	FY 2012	FY 2013
Baseline Adjustments		
Risk Standard Adjustment	(0.6)	(0.6)
Chiropractic Examiners Board Fund	(0.6)	(0.6)

Other Adjustments

Private Rent Increase	2.8	5.6
The Executive recommends an appropriation increase to cover rent increases.		
Chiropractic Examiners Board Fund	2.8	5.6

Computer Equipment Replacement	3.0	0.0
The Executive recommends an increase of \$3,000 in FY 2012 for the board to replace computer hardware.		
Chiropractic Examiners Board Fund	3.0	0.0

Information Services Division, DOA Contract	2.4	2.4
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The Executive recommends an increase in appropriation of \$2,400 in FY 2012 and \$2,400 in FY 2013 to enter into a contract with the Information Services Division of the Department of Administration for maintenance and repair of staff IT equipment and network. The Board currently has a centralized server that is close to failing.

Chiropractic Examiners Board Fund	2.4	2.4
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Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected	FY 2013 Expected
Number of licenses eligible for renewal	2493	2,500	2550	2600
Percent of license renewal applications processed within 15	100	95	95	95

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 <u>Expected</u>	FY 2013 Expected
business days				
Total number of investigations conducted	164	160	165	165

The Executive recommends a lump-sum appropriation to the agency.

Citizens' Clean Elections Commission

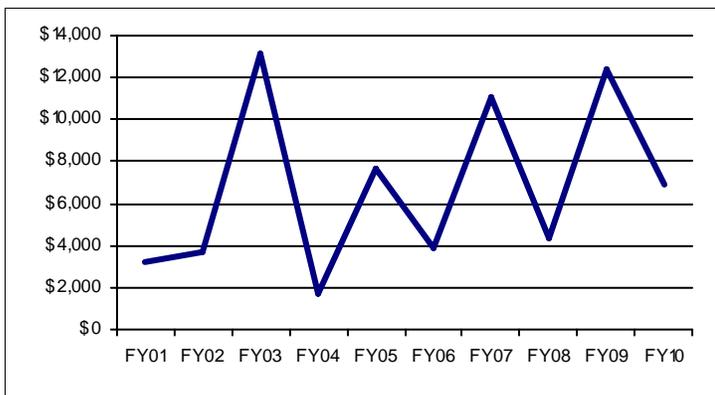
Mission:

To fairly, faithfully, and fully implement and administer the Arizona Citizens' Clean Elections Act.

Description:

The Citizens' Clean Elections Act was a campaign finance reform measure initiated by Arizona citizens and approved by majority vote in 1998. The Act created a new campaign financing system for statewide and legislative offices that provides public funding to qualified candidates who agree to abide by CCEC guidelines. Candidates wishing to utilize public funding for statewide and legislative offices must become certified as participating candidates by agreeing to abide by all contribution and expenditure limits imposed in the Act and then obtain a certain number of \$5 qualifying contributions, depending on the office sought, in order to qualify for public funding. Non-participating candidates must accept campaign contributions at amounts that are 20 percent less than allowed in statute and comply with reporting requirements specified in the Act. The Commission sponsors debates and develops a procedure for publishing a document having space of predefined size for a message chosen by each candidate. The document is mailed before the primary and general elections to every household that contains a registered voter. The Commission is composed of five members of which no more than two can be from the same political party nor can more than two be residents of the same county. Appointments are for a five-year term.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Non-Appropriated Funds

	FY 2010 <i>Actual</i>	FY 2011 <i>Expend. Plan</i>	FY 2012 <i>Exec. Rec.</i>	FY 2013 <i>Exec. Rec.</i>
Citizens Clean Election Fund	16,864.9	21,145.7	4,851.0	7,678.9
Agency - Nonapp. Funds	16,864.9	21,145.7	4,851.0	7,678.9
Agency Total - All Funds	16,864.9	21,145.7	4,851.0	7,678.9

Recent Appropriation Activity/Perspective

Pursuant to A.R.S. § 16-945(D), the Citizen's Clean Election Commission is required to transfer excess monies to the General

Recent Appropriation Activity/Perspective

Fund if it determines that anticipated revenues will exceed expenditures. Since FY 2009, the amount transferred has steadily increased - from \$7.0 million in FY 2009, to \$10.0 million in FY 2010, and \$20.0 million in FY 2011.

In March, 2011, the U.S. Supreme Court will rule on the constitutionality of matching funds provided to candidates by the Commission. If matching funds are deemed unconstitutional, it will significantly affect the ability of the Commission to adequately fund the campaigns of candidates relying on public money. Furthermore, future annual revenues earned by the Commission are likely to significantly outpace total expenditures; therefore, the Commission should be able to continue making substantial transfers to the General Fund, even more so if matching funds are permanently eliminated.

Performance Measures

	FY 2010 <u>Actual</u>	FY 2011 <u>Expected</u>	FY 2012 <u>Expected</u>	FY 2013 <u>Expected</u>
Number of candidate statement pamphlets mailed to AZ households (calendar years in thousands)	0	3,800.0	0	3,800.0
Number of certified participating candidates (calendar years)	129	129	135	140
Total funds distributed to participating candidates (calendar years in thousands)	1,600.0	4,000.0	1,500.0	2,500.0
Percent of candidates submitting candidate statements (calendar years)	125	125	120	120
Percent of cap spent on administration and enforcement (calendar years)	3.5	5.0	5.0	5.0
Percent of cap applied to voter education (calendar years)	18.0	20.0	18.0	20.0

The Executive does not make specific recommendations for this agency because all of the funding sources are not subject to annual legislative appropriation.

Department of Commerce

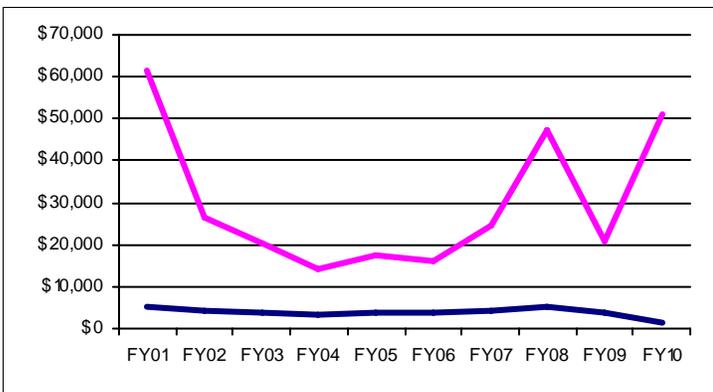
Mission:

To provide state leadership to create and retain quality jobs and strengthen Arizona's economic base.

Description:

As the State's principal economic development agency, the Authority develops and implements the state's economic development plan directed at creating and retaining quality jobs statewide. Accordingly, the Authority implements statewide strategies that promote Arizona's global competitiveness; facilitates the coordination of the state's workforce development system; supports the expansion of existing businesses, including small and minority-owned businesses; conducts targeted business attraction to enhance economic diversification; and promotes international trade and investment.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Administration and Research	450.5	325.5	65.8	0.0
Community Development	2,475.8	2,717.2	0.0	0.0
Business Development	3,322.1	4,694.5	592.4	0.0
Agency - Approp. Funds	6,248.4	7,923.9	658.2	0.0
<i>Category</i>				
FTE	40.7	43.5	0.0	0.0
Personal Services	1,216.0	1,474.5	219.2	0.0
ERE Amount	633.0	517.7	76.8	0.0
Prof. And Outside Services	1,377.1	1,671.5	173.1	0.0
Travel - In State	19.2	75.3	0.0	0.0
Travel - Out of State	34.7	89.7	0.0	0.0
Aid to Others	207.2	299.0	0.0	0.0
Other Operating Expenses	531.0	1,500.4	171.8	0.0
Equipment	58.6	49.5	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	2,171.6	2,246.3	17.3	0.0
Agency - Approp. Funds	6,248.4	7,923.9	658.2	0.0
<i>Appropriated Fund</i>				
General Fund	3,570.9	3,566.5	658.2	0.0

Lottery Fund	219.3	265.1	0.0	0.0
Commerce Development Bond Fund	0.0	146.3	0.0	0.0
Commerce and Economic Development	2,458.2	3,759.3	0.0	0.0
Oil Overcharge Fund	0.0	186.7	0.0	0.0
Agency - Approp. Funds	6,248.4	7,923.9	658.2	0.0

The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI CEDC Commission	155.3	218.1	0.0	0.0
SLI Women & Minority-Owned Business	129.5	127.8	0.0	0.0
SLI Small Business Advocate	126.4	125.2	0.0	0.0
SLI International Trade Offices	1,251.1	1,667.2	0.0	0.0
SLI Nation Law Center	170.0	200.0	0.0	0.0
SLI Advertising and Promotion	567.4	659.2	0.0	0.0
SLI Sonora Trade Office	25.0	25.0	0.0	0.0
SLI Rural Economic Development	325.9	338.2	0.0	0.0
SLI Economic Development Matching Funds	74.4	104.0	0.0	0.0
SLI Main Street	86.3	130.0	0.0	0.0
SLI Rural Economic Development Initiative (REDI) Matching Grants	34.7	45.0	0.0	0.0
SLI Military Airport Planning	1,954.5	2,100.0	0.0	0.0

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expnd. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Arizona Commerce Authority Operating Fund	0.0	0.0	10,000.0	10,000.0
Arizona Competes Fund	0.0	0.0	25,000.0	25,000.0
Arizona Job Training Fund	3,420.1	4,160.2	4,160.2	4,160.2
Arizona Twenty First Century Fund	18,474.9	0.0	0.0	0.0
Commerce & Economic Development	19,505.2	120.3	2,591.4	0.0
Commerce Development Bond Fund	0.4	0.0	0.0	0.0
Commerce Donations Fund	521.7	665.1	419.5	0.0
Commerce Workshops	134.1	108.5	142.1	0.0
Federal Economic Recovery Fund	15,977.9	39,011.7	404.4	404.4
Federal Grant	8,663.8	8,376.8	2,345.8	2,345.8
Greater AZ Development Authority Revolving	258.1	300.0	0.0	0.0
IGA and ISA Between State Agencies	1,124.3	1,124.1	639.0	639.0
Indirect Cost Recovery Fund	295.0	343.0	343.0	343.0
Military Installation Fund	147.8	0.0	0.0	0.0
Nursing Education Demo Project	1,599.4	800.0	0.0	0.0
Oil Overcharge Fund	592.2	468.1	0.0	0.0

Non-Appropriated Funds				
	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	<i>Actual</i>	<i>Expnd. Plan</i>	<i>Exec. Rec.</i>	<i>Exec. Rec.</i>
Agency - Nonapp. Funds	70,714.9	55,477.8	46,045.4	42,892.4
Agency Total - All Funds	76,963.3	63,401.7	46,703.6	42,892.4

<i>Federal Funds Expenditures - as reported by Agency</i>				
	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	<i>Actual</i>	<i>Exp. Plan</i>	<i>Exp. Plan</i>	<i>Exp. Plan</i>
Agency Total	24,859.9	47,389.1	42,446.4	40,153.3

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

Recent Appropriation Activity/Perspective

From FY 2007 to FY 2011, the General Fund appropriation for the Department of Commerce was reduced by (70.4%), from \$12.1 million to \$3.6 million, while the Commission's spending authority from other appropriated funds increased by 20.4%, from \$3.6 million to \$4.4 million. In total, the Department of Commerce's budget for appropriated funds decreased by (49.4%), from \$15.7 million to \$7.9 million, from FY 2007 to FY 2011. In addition, the agency has transferred a total of \$91.4 million to the General Fund with \$65.6 million coming from the Arizona Job Training Fund.

These cuts and transfers have dramatically lowered the Department's ability to provide job training, protect military bases, market Arizona domestically and internationally, provide relocation incentives, attract film-making to Arizona, assist in the acquisition of capital, and perform other activities aimed at promoting economic development.

Executive Appropriation Recommendations

	<u>FY 2012</u>	<u>FY 2013</u>
Baseline Adjustments		
Military Installations Program	(2,100.0)	(2,100.0)
Laws 2010, Chapter 208 moves the Military Installation Program from the Departments of Commerce and Veterans' Services to the Department of Emergency and Military Affairs. This decrease reflects the programmatic change for the Department of Commerce pursuant to the aforementioned law.		
General Fund	(2,100.0)	(2,100.0)
Dep. of Commerce to Arizona Commerce Authority	(5,823.9)	(5,823.9)
The Executive recommends the Department of Commerce's transition into the Arizona Commerce Authority. This funding recommendation reflects that change.		
General Fund	(1,466.5)	(1,466.5)
Lottery Fund	(265.1)	(265.1)
Commerce Development Bond Fund	(146.3)	(146.3)
Commerce and Economic Development Fund	(3,759.3)	(3,759.3)

	<u>FY 2012</u>	<u>FY 2013</u>
Oil Overcharge Fund	(186.7)	(186.7)
Other Adjustments		
Operating Costs Before Withholding Revenues Arrive	658.2	0.0
The Executive recommends a General Fund appropriation of \$658,200 to support the Commerce Authority's first three weeks of operating costs until the agency is self-sufficient. The Authority's operating costs will be paid from tax withholdings; the earliest date in FY 2012 that the withholdings can be diverted to the Arizona Commerce Authority Operating Fund is July 20, 2011.		
General Fund	658.2	0.0

Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	<i>Actual</i>	<i>Expected</i>	<i>Expected</i>	<i>Expected</i>
Percent of surveys marked "very good" or "excellent" from annual survey of Administration Division's internal customers	81	80	80	80
Total number of jobs created by companies participating in the Enterprise Zone program	3,785	3,500	3,600	3,600
Capital investment made by companies participating in Enterprise Zone program (property tax and income tax programs) (in millions)	1,299	700	725	725
Potential foreign investors attracted to Arizona for site visits	27	10	14	14
Number of companies recruited to rural locations	19	5	5	5
Average hourly wage rate per job	15.95	19.00	19.00	19.00
➤ <i>Based on companies receiving business development assistance.</i>				
Jobs created by companies utilizing Commerce Business Development programs	2551	3000	10,000	10,000
Number of new company relocations, expansions	15	15	15	15
Number of companies assisted	0	25	40	40
Number of workers under contract to be trained	0	2,500	4,000	4,000
➤ <i>Forecasted to go through training to increase their job skills.</i>				
Number of projects attracted or facilitated	30	na	na	na

The Executive recommends a lump-sum appropriation to the agency with special line items.

Arizona Community Colleges

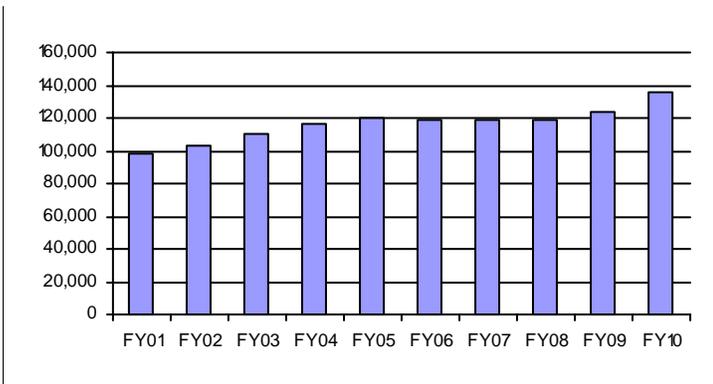
Mission:

To provide quality, affordable higher-educational opportunities at local, community campuses.

Description:

Arizona's community colleges provide programs and training in the arts, sciences and humanities, and vocational education leading to an Associates degree, Certificate of Completion, or transfer to a Baccalaureate degree-granting college or university.

Full-Time Equivalent Student Enrollment



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2011 Exec. Rec.	FY 2012 Exec. Rec.
Operating State Aid	98,556.8	97,556.8	97,556.8	33,324.4
Equalization Aid	34,869.5	34,869.5	34,869.5	35,252.9
Dine College	1,918.0	1,918.0	1,918.0	1,918.0
Rural County Reimbursement Subsidy	1,000.0	1,000.0	1,000.0	848.8
Agency - Approp. Funds	136,344.3	135,344.3	135,344.3	71,344.1

Category	FY 2010 Actual	FY 2011 Approp.	FY 2011 Exec. Rec.	FY 2012 Exec. Rec.
FTE	0.0	0.0	0.0	0.0
Personal Services	0.0	0.0	0.0	0.0
ERE Amount	0.0	0.0	0.0	0.0
Prof. And Outside Services	0.0	0.0	0.0	0.0
Travel - In State	0.0	0.0	0.0	0.0
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	136,344.3	135,344.3	135,344.3	71,344.1
Other Operating Expenses	0.0	0.0	0.0	0.0

Equipment	0.0	0.0	0.0	0.0
Agency - Approp. Funds	136,344.3	135,344.3	135,344.3	71,344.1
<i>Appropriated Fund</i>				
General Fund	136,344.3	135,344.3	135,344.3	71,344.1
Agency - Approp. Funds	136,344.3	135,344.3	135,344.3	71,344.1

The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI Operating Cochise	7,488.7	7,488.7	7,488.7	5,572.0
SLI Operating Coconino	2,679.4	2,679.4	2,679.4	1,836.0
SLI Operating Gila	658.4	658.4	658.4	428.1
SLI Operating Graham	4,243.9	4,243.9	4,243.9	2,260.0
SLI Operating Maricopa	45,327.4	45,327.4	45,327.4	6,891.2
SLI Operating Mohave	3,682.9	3,682.9	3,682.9	1,792.2
SLI Operating Navajo	3,590.0	3,590.0	3,590.0	1,730.1
SLI Operating Pima	15,942.1	15,942.1	15,942.1	7,146.4
SLI Operating Pinal	4,935.1	4,935.1	4,935.1	2,086.2
SLI Operating Yavapai	4,196.0	4,196.0	4,196.0	899.2
SLI Operating Yuma/La Paz	5,812.9	4,812.9	4,812.9	2,683.0
SLI Equalization Cochise	7,841.8	7,841.8	7,841.8	8,048.9
SLI Equalization Graham	17,465.4	17,465.4	17,465.4	19,345.7
SLI Equalization Navajo	6,624.0	6,624.0	6,624.0	6,451.7
SLI Equalization Yuma/La Paz	2,938.3	2,938.3	2,938.3	1,406.6

Recent Appropriation Activity/Perspective

From FY 2007 to FY 2011, General Fund appropriations to the community colleges declined by (18.2%), from \$165.5 million to \$135.3 million. The majority of the reductions came from the suspension of capital outlay State aid, while the remainder comes from reductions in operating and equalization State aid. Total FY 2011 formula funding would have been approximately \$160.6 million.

Despite the reductions, total revenues for the community colleges have increased since FY 2009, when most of the State aid cuts were taking place. In FY 2009, the community colleges had total revenues from all fund sources of approximately \$2.1 billion. In FY 2012, it is expected that the community colleges will receive approximately \$2.4 billion in total revenues from all fund sources, an increase of 16%.

Executive Appropriation Recommendations

FY 2012

Baseline Adjustments

Operating State Aid Formula Funding 8,631.8

The Executive recommends \$8.6 million from the General Fund for Operating State Aid formula funding. From FY 2009 to FY 2010, overall community college enrollment grew by almost 10%; however, growth varied amongst districts. For example, Pinal Community College District grew its enrollment by more than 14% while Navajo Community College District reduced its enrollment by almost (11%). It would not be equitable if reductions were made from the FY 2011 base because the base does not account for these changes in enrollment. Funding formula adjustments prior to reducing Operating State Aid will direct more funding to districts that grew more than average enrollment growth and, thus, is more equitable.

General Fund 8,631.8

Equalization State Aid Formula Funding 383.4

The Executive recommends \$383,400 from the General Fund for Equalization State Aid to Cochise, Graham, Navajo and Yuma/La Paz community college districts in accordance with formula.

General Fund 383.4

Rural County Reimbursement Subsidy (151.2)

The Executive recommends a (\$151,200) reduction from the General Fund to eliminate Santa Cruz County's Rural County Reimbursement Subsidy because it no longer qualifies.

General Fund (151.2)

Solutions to Budget

Operating State Aid Reduction (72,864.2)

The Executive recommends a (\$72.9 million) reduction to help address the State's budget deficit. The first table gives a breakdown of the reductions and formula funding adjustments by community college district.

Reductions are calculated using 6.16% of projected FY 2012 operating revenues, which come from tuition, fees, primary property taxes, Operating State Aid, and Equalization State Aid. This percentage makes the FY 2012 projected operating revenues equal to the FY 2011 estimated operating revenues at \$1.1 billion (see the following chart). Secondary property taxes, grants, fund balances, bond proceeds, and other revenues are not included in the Executive's operating revenues estimates.

The second table shows operating revenues for each district and the calculation of each district's reduction in Operating State Aid. These reductions cut more from districts that depend less on State aid and vice versa.

General Fund (72,864.2)

FY 2011 Funding to FY 2012 Funding (\$ in thousands)

District	2011 Operating Aid	Formula Operating Aid Adjustments	Recommended Reductions	Total Operating Aid Adjustment	2012 Operating Aid
Cochise	\$7,489	\$655	(\$2,572)	(\$1,917)	\$5,572
Coconino	\$2,679	\$168	(\$1,011)	(\$843)	\$1,836
Gila	\$658	\$34	(\$264)	(\$230)	\$428
Graham	\$4,244	\$235	(\$2,219)	(\$1,984)	\$2,260
Maricopa	\$45,327	\$5,777	(\$44,214)	(\$38,436)	\$6,891
Mohave	\$3,683	\$295	(\$2,185)	(\$1,891)	\$1,792
Navajo	\$3,590	(\$191)	(\$1,669)	(\$1,860)	\$1,730
Pima	\$15,942	\$811	(\$9,607)	(\$8,796)	\$7,146
Pinal	\$4,935	\$453	(\$3,302)	(\$2,849)	\$2,086
Yavapai	\$4,196	\$8	(\$3,305)	(\$3,297)	\$899
Yuma/La Paz	\$4,813	\$386	(\$2,516)	(\$2,130)	\$2,683
Total	\$97,557	\$8,632	(\$72,864)	(\$64,232)	\$33,324

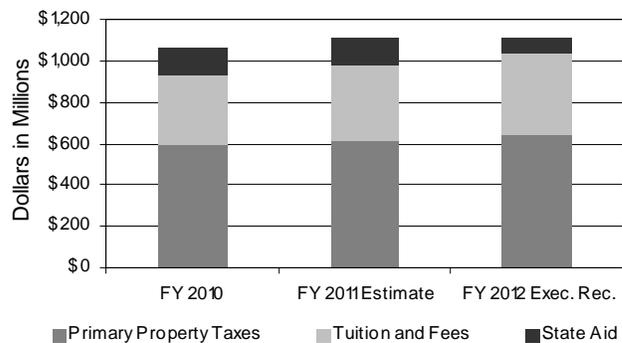
Calculations of Reductions (\$ in thousands)

District	Tuition & Fees	State Oper. Aid	State Equaliz'n Aid	Primary Property Taxes	FY 2012 Projected Operating Revenues	Reduct'ns as % of Project'd Oper. Revs	Recommended Reduct'ns
Cochise	\$8,575	\$8,144	\$8,049	\$16,989	\$41,757	6%	(\$2,572)
Coconino	\$6,985	\$2,847	\$0	\$6,585	\$16,418	6%	(\$1,011)
Gila	\$0	\$693	\$0	\$3,600	\$4,293	6%	(\$264)
Graham	\$7,400	\$4,479	\$19,346	\$4,800	\$36,025	6%	(\$2,219)
Maricopa	\$280,501	\$51,105	\$0	\$386,244	\$717,849	6%	(\$44,214)
Mohave	\$12,283	\$3,978	\$0	\$19,220	\$35,481	6%	(\$2,185)
Navajo	\$4,750	\$3,399	\$6,452	\$12,500	\$27,101	6%	(\$1,669)
Pima	\$50,272	\$16,753	\$0	\$88,950	\$155,975	6%	(\$9,607)
Pinal	\$11,281	\$5,388	\$0	\$36,945	\$53,614	6%	(\$3,302)
Yavapai	\$9,716	\$4,204	\$0	\$39,742	\$53,662	6%	(\$3,305)
Yuma/La Paz	\$10,878	\$5,199	\$1,407	\$23,361	\$40,845	6%	(\$2,516)
Total	\$402,643	\$106,189	\$35,253	\$638,936	\$1,183,020	6%	(\$72,864)

*Operating revenues do not include secondary property taxes, restricted grants, bond proceeds, fund balances, and other revenues

*\$16 million of Tuition and Fees for Graham are paid by Gila Community College District Students

Arizona Community Colleges Operating Revenues



The Executive recommends a lump-sum appropriation to the agency with special line items.

Constable Ethics Standards & Training Board

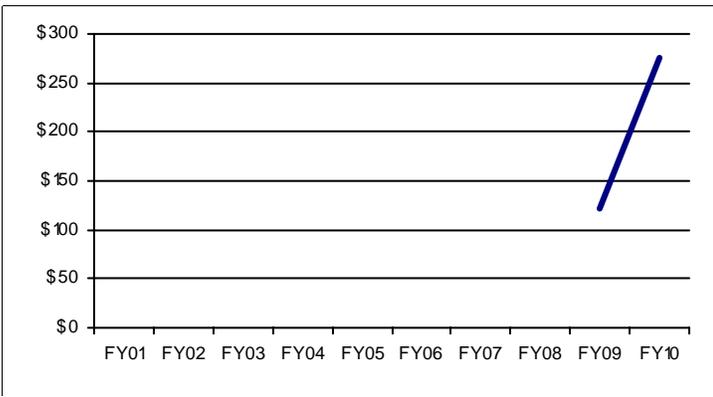
Mission:

To regulate and support the performance of elected and appointed constables in Arizona.

Description:

The Constable Ethics Standards and Training Board is a citizen Board whose membership consists of a county manager, constables, a justice of the peace, a sheriff, a representative of the multi-housing industry, and a representative of the general public. As an entity, it works to regulate and support the performance of elected and appointed constables in Arizona through the active enforcement of a professional code of conduct and the issuance of grants for constable training & equipment.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Non-Appropriated Funds

	FY 2010 <i>Actual</i>	FY 2011 <i>Expend. Plan</i>	FY 2012 <i>Exec. Rec.</i>	FY 2013 <i>Exec. Rec.</i>
Constable Ethics Standards and Training	276.0	213.6	213.6	213.6
Agency - Nonapp. Funds	276.0	213.6	213.6	213.6
Agency Total - All Funds	276.0	213.6	213.6	213.6

Recent Appropriation Activity/Perspective

The Board is funded by the Constable Ethics Standards and Training Fund, which receives its revenue from a five dollar fee charged for every writ served. The Board expended \$125,200 from the fund in FY 2009 and \$276,000 in FY 2010. Current projections show that the Board will expend approximately \$200,000 in FY 2011.

Registrar of Contractors

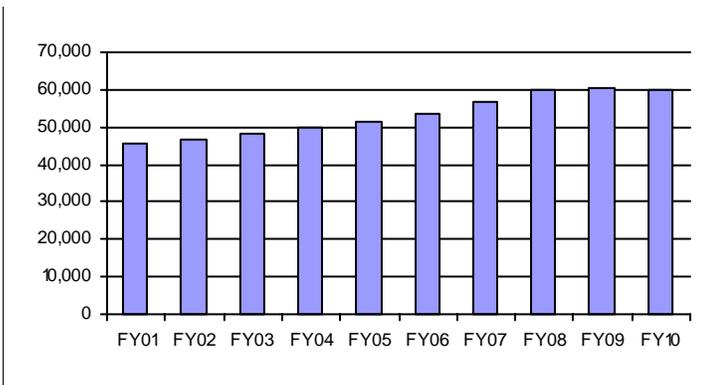
Mission:

To promote quality construction by Arizona contractors through a licensing and regulatory system designed to protect the health, safety, and welfare of the public.

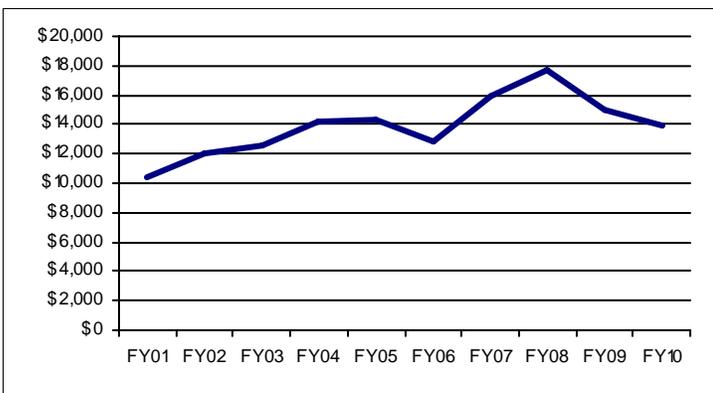
Description:

The agency licenses and regulates residential and commercial contractors and investigates and resolves complaints against licensed and unlicensed contractors. The agency also administers the Residential Contractors' Recovery Fund, which reimburses residential property owners for poor workmanship or non-performance by a licensed residential contractor.

Number of Licenses



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

<i>Program/Cost Center</i>	<i>FY 2010 Actual</i>	<i>FY 2011 Approp.</i>	<i>FY 2012 Exec. Rec.</i>	<i>FY 2013 Exec. Rec.</i>
Regulatory Affairs	8,768.7	12,181.0	12,113.7	8,596.9
Agency - Approp. Funds	8,768.7	12,181.0	12,113.7	8,596.9
<i>Category</i>				
FTE	144.8	144.8	144.8	144.8
Personal Services	4,431.7	5,540.8	5,540.8	2,873.9
ERE Amount	1,798.9	2,345.7	2,345.7	1,806.0
Prof. And Outside Services	50.4	405.3	405.3	405.3
Travel - In State	204.9	505.1	505.1	505.1
Travel - Out of State	0.2	11.8	11.8	11.8
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	1,408.2	2,254.4	2,187.1	1,876.9
Equipment	69.9	100.3	100.3	100.3

Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	804.5	1,017.6	1,017.6	1,017.6
Agency - Approp. Funds	8,768.7	12,181.0	12,113.7	8,596.9

Appropriated Fund

Registrar of Contractors Fund	8,768.7	12,181.0	12,113.7	8,596.9
Agency - Approp. Funds	8,768.7	12,181.0	12,113.7	8,596.9

The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI Incentive Pay	0.0	113.7	113.7	113.7
SLI Office of Administrative Hearings	804.5	1,017.6	1,017.6	1,017.6
SLI Information Management System	77.8	506.5	506.5	506.5

Non-Appropriated Funds

	<i>FY 2010 Actual</i>	<i>FY 2011 Expend. Plan</i>	<i>FY 2012 Exec. Rec.</i>	<i>FY 2013 Exec. Rec.</i>
Residential Contractors' Recovery Fund	5,945.6	6,165.3	6,163.8	6,163.8
Agency - Nonapp. Funds	5,945.6	6,165.3	6,163.8	6,163.8
Agency Total - All Funds	14,714.3	18,346.3	18,277.5	14,760.7

Recent Appropriation Activity/Perspective

The Registrar of Contractors has reduced its expenditures by nearly (20%) between FY 2008 and FY 2011, despite not being a General Fund agency. It has achieved this in part by lengthening the amount of time to issue new licenses and investigate complaints against existing contractors.

The Registrar has responded to this change by empowering its employees with new duties and responsibilities previously reserved for other positions. This has allowed the agency to spread its workload more evenly among staff and identify opportunities for automation.

Continued reductions are likely to further impede the agency's ability to issue new licensees and investigate complaints. This would include the closure of the Registrar's regional offices in such locations as Show Low, Kingman and Prescott.

Executive Appropriation Recommendations

	<u>FY 2012</u>	<u>FY 2013</u>
Baseline Adjustments		
Rent Standard Adjustment	(42.8)	(42.8)
Registrar of Contractors Fund	(42.8)	(42.8)
Risk Standard Adjustment	(24.5)	(24.5)
Registrar of Contractors Fund	(24.5)	(24.5)

Solutions to Budget

Workload Adjustment 0.0 (3,516.8)

The Executive recommends a (\$3.5 million) reduction for the Registrar of Contractors Fund in FY 2013. This adjustment corresponds to a decline in the number of licenses issued by the agency.

Registrar of Contractors Fund 0.0 (3,516.8)

Performance Measures

	FY 2010 <u>Actual</u>	FY 2011 <u>Expected</u>	FY 2012 <u>Expected</u>	FY 2013 <u>Expected</u>
Total complaints closed through compliance	4,542	4,542	4,542	4,542
Total number of contractors licensed in state	58,358	56,672	55,035	53,445
Number of complaints received - unlicensed contractors	1,985	1,985	1,985	1,985

The Executive recommends a lump-sum appropriation to the agency with special line items.

Corporation Commission

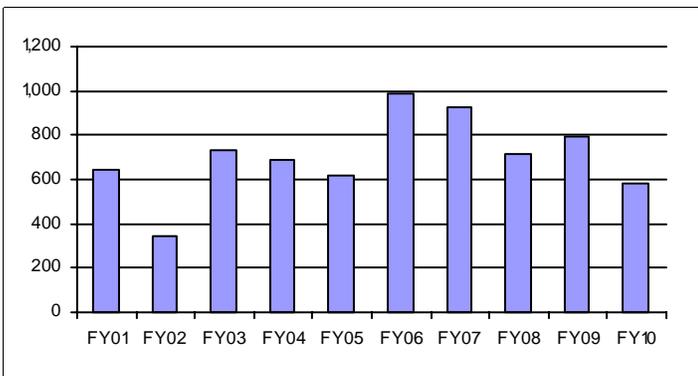
Mission:

To exercise exclusive state regulatory authority over public service corporations (public utilities) in the public interest; to grant corporate status and maintain public records; to ensure the integrity of the securities marketplace; and to foster the safe operations of railroads and gas pipelines in Arizona.

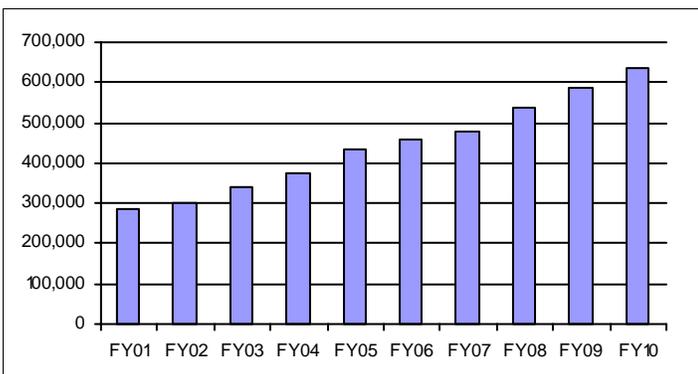
Description:

The Corporation Commission was established by Article 15 of the State Constitution and is composed of five elected Commissioners. Commissioners are currently serving terms which expire in 2010 or 2012. The seats are staggered in four year terms. Staffing is provided in seven divisions, each headed by a division director serving under the Commission's Executive Director, who is the chief executive officer and responsible for the day-to-day operations of the divisions. The Commission's primary responsibilities include reviewing and establishing public utility rates, regulating the sale of securities, ensuring pipeline and railroad safety, and administering the Arizona Corporations Code. The Commission also serves as the repository of corporate annual reports and other publicly available documents filed by corporations in accordance with state law.

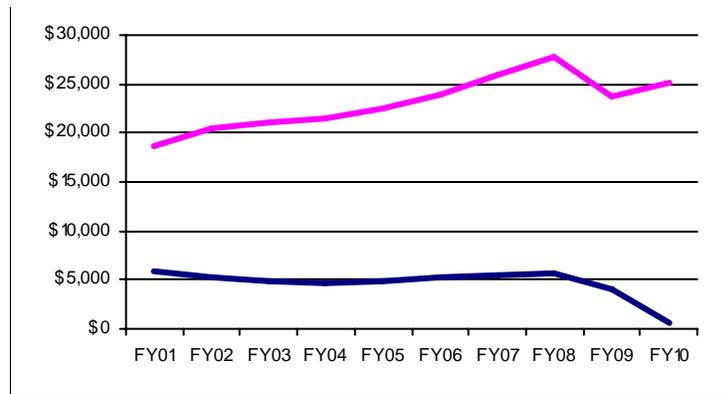
Hearings Decisions for Utility Rate or Securities Violations Cases



Total Number of Active Corporations and LLCs



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Administration	2,934.6	3,012.4	3,040.4	3,040.4
Hearings	1,491.1	1,542.5	1,538.5	1,538.5
Corporations	3,958.2	4,421.8	4,397.6	4,397.6
Securities	4,258.0	4,500.0	4,500.0	4,500.0
Railroad Safety	560.8	650.0	625.4	625.4
Pipeline Safety	844.7	900.0	900.0	900.0
Utilities	5,828.2	5,562.4	5,486.8	5,486.8
Legal	1,751.2	1,800.0	1,800.0	1,800.0
Information Technology	2,496.3	2,379.8	2,379.8	2,379.8
Agency - Approp. Funds	24,123.1	24,768.9	24,668.5	24,668.5
<i>Category</i>				
FTE	311.3	308.3	308.3	308.3
Personal Services	14,332.8	15,322.9	15,322.9	15,322.9
ERE Amount	5,346.5	5,554.9	5,554.9	5,554.9
Prof. And Outside Services	804.6	515.0	515.0	515.0
Travel - In State	130.8	128.5	128.5	128.5
Travel - Out of State	62.8	61.5	61.5	61.5
Food	4.2	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	3,057.7	3,011.1	2,910.7	2,910.7
Equipment	361.2	175.0	175.0	175.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	22.5	0.0	0.0	0.0
Agency - Approp. Funds	24,123.1	24,768.9	24,668.5	24,668.5
<i>Appropriated Fund</i>				
General Fund	588.7	622.2	598.8	598.8
Utility Regulation Revolving	13,026.1	13,135.5	13,051.1	13,051.1
Securities Regulatory & Enforcement	4,234.7	4,298.4	4,308.0	4,308.0
Public Access Fund	5,514.5	5,964.4	5,959.2	5,959.2
Securities Investment Management Fund	711.4	697.2	700.0	700.0
Arizona Arts Trust Fund	47.7	51.2	51.4	51.4
Agency - Approp. Funds	24,123.1	24,768.9	24,668.5	24,668.5

The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI Same Day Service	0.0	270.6	270.6	270.6
SLI Utility Audits and Studies	2.1	380.0	380.0	380.0
SLI Same Day Service	0.0	129.8	129.8	129.8

Non-Appropriated Funds

	<u>FY 2010</u> <i>Actual</i>	<u>FY 2011</u> <i>Expend. Plan</i>	<u>FY 2012</u> <i>Exec. Rec.</i>	<u>FY 2013</u> <i>Exec. Rec.</i>
Federal Economic Recovery Fund	47.5	412.7	412.7	42.8
Federal Grant	733.5	682.1	678.0	678.0
Statewide Donations Fund	175.5	31.2	0.0	0.0
Utility Siting Fund	85.5	0.0	0.0	0.0
Agency - Nonapp. Funds	1,042.0	1,126.0	1,090.7	720.8
Agency Total - All Funds	25,165.1	25,894.9	25,759.2	25,389.3

Federal Funds Expenditures - as reported by Agency

	<u>FY 2010</u> <i>Actual</i>	<u>FY 2011</u> <i>Exp. Plan</i>	<u>FY 2012</u> <i>Exp. Plan</i>	<u>FY 2013</u> <i>Exp. Plan</i>
Agency Total	776.6	1,094.8	1,094.8	729.2

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

Recent Appropriation Activity/Perspective

From FY 2007 to FY 2011, Corporation Commission funding from the General Fund was reduced by (88.8%), from \$5.5 million to \$622,200, while the Commission's spending authority from other appropriated funds increased by 11.9%, from \$21.6 million to \$24.1 million. In total, the Corporation Commission's budget decreased by (8.7%) from \$27.1 million to \$24.8 million.

The Commission has transferred to the General Fund \$16.8 million beyond the statutory fund caps. Some of these transfer amounts were borne by consumers or businesses through higher fees or assessments while other transfer amounts came from excess balances.

Because of the reductions, the Commission has not filled positions vacated due to retirement or resignation, causing a 13% reduction in force from FY 2007 to FY 2011 and, in turn, increasing the workloads of remaining staff members. In addition, the Commission has reduced costs by not replenishing IT equipment and reducing other operational costs.

Executive Appropriation Recommendations

	<u>FY 2012</u>	<u>FY 2013</u>
Baseline Adjustments		
Rent Standard Adjustment	(62.9)	(62.9)
General Fund	(24.6)	(24.6)
Utility Regulation Revolving Fund	(14.1)	(14.1)
Public Access Fund	(24.2)	(24.2)
Risk Standard Adjustment	(37.5)	(37.5)
General Fund	1.2	1.2
Utility Regulation Revolving Fund	(70.3)	(70.3)

	<u>FY 2012</u>	<u>FY 2013</u>
Security Regulatory and Enforcement Fund	9.6	9.6
Public Access Fund	19.0	19.0
Securities Investment Management Fund	2.8	2.8
Arizona Arts Trust Fund	0.2	0.2

Performance Measures

	<u>FY 2010</u> <u>Actual</u>	<u>FY 2011</u> Expected	<u>FY 2012</u> Expected	<u>FY 2013</u> Expected
Range of days to process expedited requests - corporate filings	3-14	2-10	2-5	2-5
Range of weeks to process regular requests - Corporate Filings	3-8	3-7	3-6	3-6
Total active corporations and Limited Liability Corporations recorded	635,858	665,000	665,000	665,000
Number of complaints	392	250	250	250
Number of grade crossing accidents	20	25	25	25
Total number of Interstate pipeline safety violations	0	0	0	0

The Executive recommends a lump-sum appropriation to the agency with special line items.

Department of Corrections

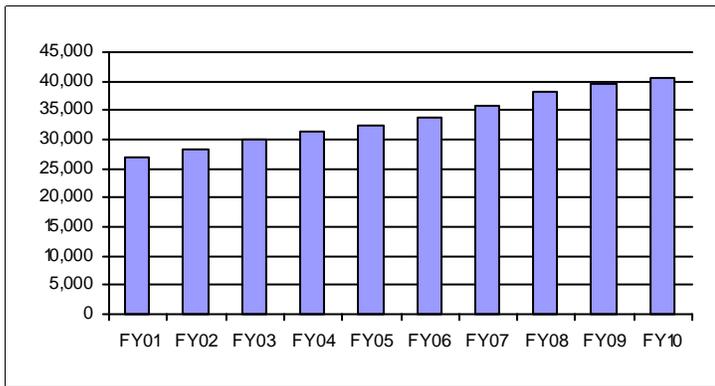
Mission:

To serve and protect the people of Arizona by securely incarcerating convicted felons, by providing structured programming designed to support inmate accountability and successful community reintegration, and by providing effective supervision for those offenders conditionally released from prison.

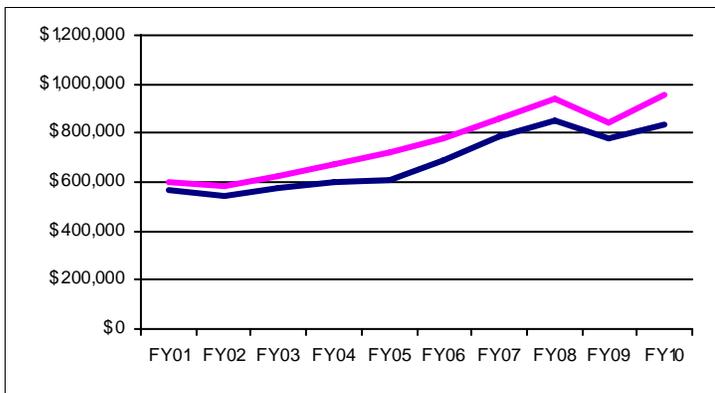
Description:

The Department serves and protects the people of the state of Arizona by incarcerating inmates in correctional facilities and supervising conditionally released offenders in the community. During incarceration, welfare services and health care services including medical, nursing, dental, mental health, and pharmacy are provided to inmates. In addition, work, education, career training, substance abuse treatment, religious services, and recreation are provided to inmates to promote employability, literacy, sobriety, and accountability to crime victims and to increase the likelihood that released inmates will become law-abiding citizens upon release. In the community, the Department supervises offenders released from prison to serve the remainder of their sentence on community supervision. The Department also provides for the return to custody of those offenders who violate conditions of supervision and who represent a serious threat to the safety of the community.

Average Daily Population



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2011 Exec. Rec.	FY 2012 Exec. Rec.
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Prison Operations and Services	860,630.3	936,855.2	926,855.2	954,752.2
Community Corrections Administration	12,989.2	14,338.5	14,338.5	14,334.1
	36,713.2	41,153.2	41,153.2	41,142.7
Agency - Approp. Funds	910,332.7	992,346.9	982,346.9	1,010,229.0

Category

FTE	9,268.9	10,015.2	10,015.2	10,340.2
Personal Services	352,996.9	427,143.0	427,143.0	434,922.4
ERE Amount	172,080.1	195,530.7	195,530.7	197,954.9
Prof. And Outside Services	187,065.6	156,984.7	156,984.7	152,899.8
Travel - In State	117.9	163.1	163.1	241.0
Travel - Out of State	85.0	87.7	87.7	87.7
Food	40,972.1	45,493.7	45,493.7	47,824.8
Aid to Others	268.8	277.3	277.3	278.0
Other Operating Expenses	100,301.8	102,967.4	92,967.4	112,639.1
Equipment	10,133.3	13,918.7	13,918.7	13,600.7
Capital Outlay	11.0	11.3	11.3	11.3
Transfers Out	46,300.2	49,769.3	49,769.3	49,769.3
Agency - Approp. Funds	910,332.7	992,346.9	982,346.9	1,010,229.0

Appropriated Fund

General Fund	871,270.8	948,692.9	938,692.9	957,130.5
Corrections Fund	26,039.5	29,017.6	29,017.6	28,081.6
State Education Fund for Correctional Education	472.9	508.4	508.4	508.4
DOC - Alcohol Abuse Treatment	409.7	554.4	554.4	554.4
Transition Program Fund	0.0	180.0	180.0	180.0
Transition Services Fund	425.5	555.0	555.0	555.0
Prison Construction and Operations Fund	10,398.2	11,499.4	11,499.4	13,249.4
Penitentiary Land Earnings	979.2	979.2	979.2	1,979.2
State Charitable, Penal & Reformatory Land Earnings	337.0	360.0	360.0	3,360.0
Building Renewal and Preventative Maintenance	0.0	0.0	0.0	4,630.5
Agency - Approp. Funds	910,332.7	992,346.9	982,346.9	1,010,229.0

The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI Overtime/Compensatory Time	8,511.9	9,105.8	9,105.8	9,425.1
SLI Private Prison Per Diem	87,132.1	132,302.6	132,302.6	127,636.6

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2011 Exec. Rec.	FY 2012 Exec. Rec.
ARCOR Enterprises Revolving	29,337.8	37,924.8	37,924.8	37,924.8
Community Corrections Enhancement Fund	0.0	265.0	265.0	265.0
Corrections Donations	66.5	1.0	1.0	1.0
DOC CJEF Distributions	1,615.2	0.0	0.0	0.0
DOC Special Services Fund	2,516.1	4,170.0	4,170.0	3,850.0
Federal Economic Recovery Fund	50,000.0	0.0	0.0	0.0
Federal Grant	14,695.1	14,973.4	14,973.4	13,813.0
IGA and ISA Fund	116.6	110.6	110.6	110.6
Indirect Cost Recovery Fund	108.2	1,200.0	1,200.0	1,200.0

Non-Appropriated Funds

	FY 2010 <i>Actual</i>	FY 2011 <i>Expend. Plan</i>	FY 2011 <i>Exec. Rec.</i>	FY 2012 <i>Exec. Rec.</i>
Inmate Store Proceeds Fund	406.3	465.0	465.0	465.0
Prisoner Spendable Accounts Fund	0.0	7.5	7.5	7.5
Risk Management Insurance Reimbursement	262.8	196.2	196.2	196.2
State Charitable, Penal & Reformatory Land Earnings	799.9	0.0	0.0	0.0
State DOC Revolving- Transition	2,979.5	2,698.3	2,698.3	2,698.3
Agency - Nonapp. Funds	102,904.0	62,011.8	62,011.8	60,531.4
Agency Total - All Funds	1,013,236.7	1,054,358.7	1,044,358.7	1,070,760.4

Federal Funds Expenditures - as reported by Agency

	FY 2010 <i>Actual</i>	FY 2011 <i>Exp. Plan</i>	FY 2012 <i>Exp. Plan</i>	FY 2013 <i>Exp. Plan</i>
Agency Total	64,695.0	14,973.4	13,813.0	N/A

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

Recent Appropriation Activity/Perspective

For FY 2007, the Department was appropriated \$870.5 million and housed an average of 35,900 inmates. For FY 2008, funding increases totaled \$92.5 million, including \$57.8 million for additional prison beds for the growing population, \$4.1 million for increased health care costs, and \$20.7 million for salary and employee benefits adjustments. Subsequently, the budget was reduced by (\$19.5 million), and \$3.9 million was transferred from agency funds to the General Fund. During FY 2008 the prison population grew by 2,100 inmates.

For FY 2009, appropriations were increased by \$56.2 million, including \$51.6 million for accommodating the increased prison population and \$4.6 million for increased health care costs. Also included was a (\$4.5 million) lump-sum reduction, an (\$18.3 million) reduction to out-of-state prison payments, and (\$3.9 million) transferred from agency funds to the General Fund. During FY 2009, the prison population increased by 1,692 inmates.

For FY 2010, the Department's budget received increases totaling \$93.7 million, of which \$93 million was appropriated to accommodate the increased prison population. The net increase included reductions of (\$40.5 million) to delay the opening of new beds, (\$26 million) as savings from requiring the Department to pay outside health care services at no more than the AHCCCS rates, (\$50 million) to be offset by federal stimulus money for one year, and (\$32.1 million) as a lump-sum reduction. Also, (\$8.6 million) was transferred from agency funds to the General Fund. Prison population growth during FY 2010 was negligible.

For FY 2011, the Department's budget received increases totaling \$8.3 million. The budget saw increases for the opening of the 2,000 privately operated and 4,000 publicly operated beds of \$98.0 million, while having a decrease of (\$77.6 million) to close the out-of-state provisional bed contracts. The budget also continued a \$20

Recent Appropriation Activity/Perspective

million supplemental that the Department received in FY 2010 for AHCCCS rate contract savings and backfilled the \$50 million offset provided by the ARRA funding. Through the first five months of FY 2011, the prison population decreased by 216 inmates.

Executive Appropriation Recommendations

	FY 2012
Baseline Adjustments	
Rent Standard Adjustment	6,107.1
General Fund	6,107.1
Risk Standard Adjustment	(882.6)
General Fund	(882.6)

Baseline Adjustments

New 4,000 Publicly-Operated Beds-Start-up Costs	(7,051.9)
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In FY 2011, the Department received \$7.1 million for the start-up of 4,000 publicly operated beds, which were opened July 1, 2010. The Executive recommends a reduction of (\$7.1 million) for the elimination of the one-time start-up costs.

General Fund	(7,051.9)
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New 4,000 Publicly-Operated Beds - Annualize Operating Costs	4,989.8
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The FY 2011 Appropriation provided \$51 million in partial-year funding for the operation of new 4,000 publicly operated beds. The Executive recommends annualizing the funding of the beds, for an increase of \$5 million. The Executive also recommends removing the special line designation for this funding.

General Fund	4,989.8
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Closure of Provisional Beds - Per Diem Costs	(8,359.6)
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In FY 2010 and FY 2011, the contracts for the out-of-state provisional beds were allowed to expire. The 4,492 inmates who were housed in these beds were split between the 2,000 new in-state private beds and the 4,000 new publicly operated beds. The Department's provisional bed appropriation was reduced by (\$77.6 million). In FY 2011, \$8.4 million remained for the last contract, which expired in September 2010. The Executive recommends a decrease of (\$8.4 million) for the remaining provisional beds funding.

General Fund	(8,359.6)
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Closure of Provisional Beds - Marginal Costs	7,558.2
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In FY 2011, all of the provisional out-of-state beds were closed, and all inmates housed in those beds were returned to Arizona. The Executive recommends an increase of \$11.5 million to fund the marginal costs of those inmates being housed in publicly operated beds.

General Fund	7,558.2
Private Prison Rate Changes	(4,666.0)

FY 2012

The Department contracts for 5,850 permanent and 688 temporary beds throughout Arizona. Every few years, contracts are renegotiated and rates change for certain beds. The Private Prison special line appropriation is \$132.3 million. The Executive recommends a reduction associated with the contracted changes.

General Fund	(3,166.0)
Corrections Fund	(1,500.0)

Authorized FTE for Funded Positions 0.0

In FY 2005, funding was authorized for the staffing of 1,000 new publicly operated prison beds for Level 1 inmates. However, the FTE count listed in the Appropriations Act was not adjusted for the new staff. The units are staffed with 214.0 FTE positions. In FY 2006, funding was authorized for staff three additional inmate fire crews, but, again, the FTE count in the Appropriations Act was not adjusted. The Executive recommends adjusting the FTE count in the Appropriations Act.

Leap Year Costs 800.1

Fiscal Year 2012 will have a leap day on February 29, 2012. The Executive recommends an increase of \$800,100 for the additional day's expenses.

General Fund	800.1
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Other Adjustments

Correctional Officer II Staffing Requirements 8,442.5

The Department uses a post system to determine how many Correctional Officers are needed per shift. At the beginning of FY 2011, the Department had 383 vacant Correctional Officer positions and \$4.4 million to fund those vacancies. The vacant positions were funded at 35%, which allowed for filling only 118 of the vacant positions.

When an inmate needs to be transported for medical care, the Correctional Officers who provide security for that inmate leave their posts, resulting in uncovered security posts. The Department used the equivalent of 113.0 FTE or 235,040 man-hours to cover hospital transportation and security in FY 2010.

The Executive recommends the start of a three-year hiring plan that, in FY 2012, would provide an additional 102.0 FTE and \$8.4 million General Fund. At the end of the three years, the Department will have 306 new Correctional Officers.

General Fund	8,442.5
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Building Renewal and Preventative Maintenance	5,194.5
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FY 2012

The Department has more than \$150 million in building renewal and preventative maintenance needs. Each year that those projects have gone unfunded has resulted in increasingly unsafe working conditions, security cameras and permanently closed buildings.

The Executive recommends the creation of a building renewal and preventative maintenance program. Initial one-time funding for the program will be from the issuance of a 15-year revenue bond to be repaid from Lottery revenue. Continuing funding for that fund will come from a transfer of Corrections Fund expenditures from DOA's Construction Services Division, a new inmate visitor application fee, a 1% charge on all inmate deposits, and a portion of revenue from the Arizona Corrections Industries Revolving Fund, Special Services Fund and Inmate Store Proceeds Fund.

Corrections Fund	564.0
Building Renewal and Preventative Maintenance	4,630.5

FCC Narrowband Radio Conversion Mandate 5,750.0

The Federal Communication Commission has mandated that all radios convert to narrowband by January 2013. The Executive recommends \$5.8 million for the purchase of new radios and required equipment.

Prison Construction and Operations Fund	1,750.0
Penitentiary Land Earnings Fund	1,000.0
State Charitable, Penal & Reformatory Land Earnings Fund	3,000.0

FY 2011 Supplemental Recommendations

FY 2011

FY 2011 Budget Reduction (10,000.0)

The Executive recommendation includes a one-time reduction of (\$10.0 million) for lower than expected occupancy of private beds and reduced start-up costs for new publicly-operated beds.

General Fund	(10,000.0)
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Performance Measures

	<u>FY 2009</u> <u>Actual</u>	<u>FY 2010</u> <u>Actual</u>	<u>FY 2011</u> <u>Expected</u>	<u>FY 2012</u> <u>Expected</u>
Number of escapes of inmates from any location	0	1	5	0
Average daily inmate population	39,628	40,458	TBD	TBD
Average daily bed deficit	4,420	4,638	TBD	TBD

The Executive recommends a lump-sum appropriation to the agency with special line items.

Board of Cosmetology

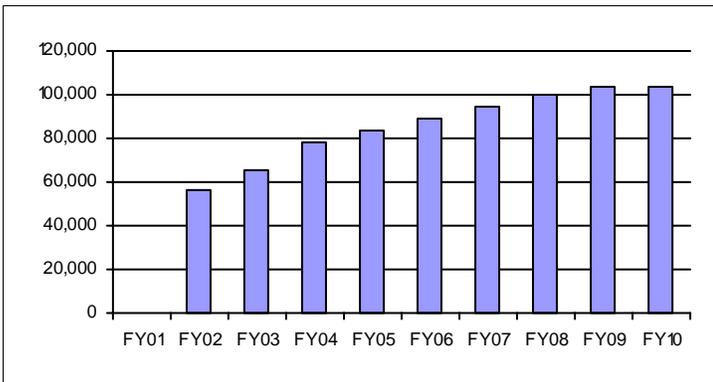
Mission:

To ensure the public health, welfare and safety through education and enforcement of the cosmetology laws and rules by the efficient regulation of salons, schools, and individuals who practice cosmetology.

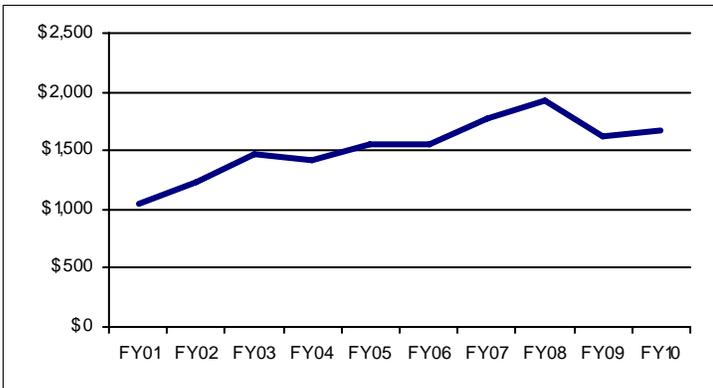
Description:

In order to achieve its mandate of protecting the public in Arizona, the Board of Cosmetology issues 12 categories of licenses to salons, schools and individuals who qualify by reciprocity or through the administration of a written and practical examination. The Board enforces regulation by routine health and safety inspections of salons and schools, investigates consumer complaints, conducts hearing and imposes enforcement action when appropriate. The Board also establishes health and safety standards, educational and curriculum standards and oversight, and provides monthly classes on infection control and law and regulation practices for the general licensing population by registration. The Board also uses the educational classes for remediation and regulatory rehabilitation of violators by Board Order as terms of probation. Furthermore, The Board offers electronic services to customers to increase efficiency and reduce the demands on full-time staff. The Board is recognized by national industry entities as being progressive, insightful, and a leader in cosmetology regulation.

Total Licenses Issued



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2010 Actual	FY 2011 Actual	FY 2012 Exec Rec	FY 2013 Exec Rec
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Program/ Cost Center	Actual	Approp.	Exec. Rec.	Exec. Rec.
Licensing and Regulation	1,666.1	1,739.8	1,737.7	1,737.7
Agency - Approp. Funds	1,666.1	1,739.8	1,737.7	1,737.7
<i>Category</i>				
FTE	24.5	24.5	24.5	24.5
Personal Services	697.5	715.2	715.2	715.2
ERE Amount	300.3	307.1	307.1	307.1
Prof. And Outside Services	190.7	170.7	170.7	170.7
Travel - In State	46.6	57.2	57.2	57.2
Travel - Out of State	8.3	10.9	10.9	10.9
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	404.9	469.5	467.4	467.4
Equipment	17.8	9.2	9.2	9.2
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	1,666.1	1,739.8	1,737.7	1,737.7

<i>Appropriated Fund</i>				
Cosmetology Board	1,666.1	1,739.8	1,737.7	1,737.7
Agency - Approp. Funds	1,666.1	1,739.8	1,737.7	1,737.7

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Cosmetology Board	0.0	83.0	83.0	83.0
Agency - Nonapp. Funds	0.0	83.0	83.0	83.0

Agency Total - All Funds	1,666.1	1,822.8	1,820.7	1,820.7
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Recent Appropriation Activity/Perspective

The Board experienced little change between FY 2007 and FY 2011, as the number of cosmetologists, nail technicians and aestheticians licensed did not vary greatly. In FY 2007, slightly over 100,000 professionals and institutions were licensed. By FY 2010, that number had increased to nearly 110,000. Accordingly, the Board's appropriated budget has increased minimally between FY 2007 and FY 2011, by slightly less than four percent.

However, the Board has suffered losses to its investigations staff through retirements; thus, the number of investigations processed has decreased by more than 10% since FY 2007, and the average processing time has increased. The Board also transferred \$4.8 million to the General Fund between FY 2008 and FY 2009. These transfers proved to be excessive, requiring a \$252,000 transfer from the General Fund to the Board's operating fund to alleviate cash flow problems. Since FY 2009 the balance in the Board's operating fund has not been an issue.

Executive Appropriation Recommendations

	FY 2012	FY 2013
Baseline Adjustments		
Risk Standard Adjustment	(2.1)	(2.1)
Cosmetology Board Fund	(2.1)	(2.1)

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 <u>Expected</u>	FY 2013 Expected
Average calendar days from receipt of completed application to issuance of license	21	17	17	17
Total individuals and establishments licensed	107,000	109,000	109,000	109,000
Total inspections conducted	5975	5890	5890	5890
Total complaints and application denials	2473	2400	2400	2400

The Executive recommends a lump-sum appropriation to the agency.

Arizona Criminal Justice Commission

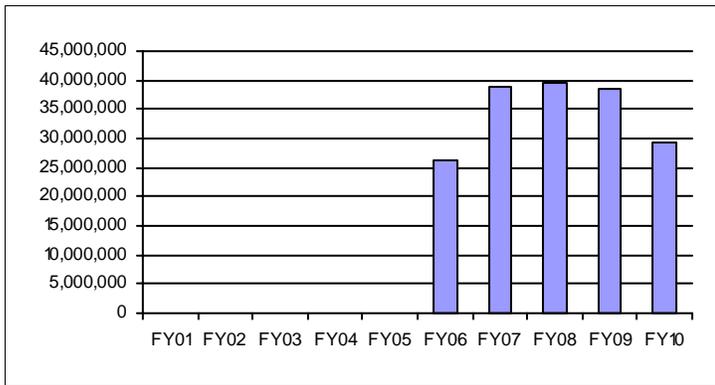
Mission:

To sustain and enhance the cohesiveness, the effectiveness, and the coordination of the criminal justice system in Arizona; to monitor the criminal justice system and identify needed revisions to the system; to monitor existing criminal justice statutes and proposed or new criminal justice statutes and identify needed revisions in the statutes or proposed legislation; to acquire and administer designated funds for the enhancement of specified criminal justice programs and activities in the State of Arizona; and to make reports on these activities and functions.

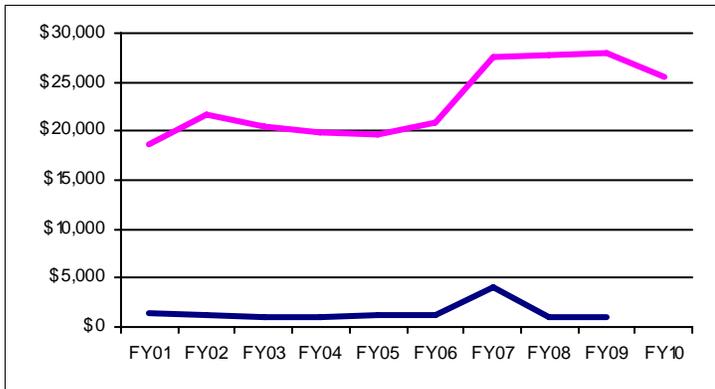
Description:

The Commission administers several federal criminal justice grants provided to local law enforcement agencies.

Total Funds Awarded to Subrecipients



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Agency Management	277.5	314.4	314.4	314.4
Crime Victims	3,873.0	4,046.0	4,045.8	4,046.3
Statistical Analysis Center	146.0	235.2	235.2	235.2
Crime Control	1,556.9	1,700.8	26.9	26.9
Criminal Justice System Improvement	15.6	26.8	26.8	26.8
Agency - Approp. Funds	5,869.0	6,323.2	4,649.1	4,649.6

Category	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
FTE	9.0	9.0	9.0	9.0
Personal Services	406.1	452.2	452.2	452.2

ERE Amount	146.3	159.1	159.1	159.1
Prof. And Outside Services	136.6	158.5	158.5	158.5
Travel - In State	6.5	7.8	7.8	7.8
Travel - Out of State	7.9	5.5	5.5	5.5
Aid to Others	5,015.4	5,420.9	3,747.0	3,747.0
Other Operating Expenses	66.6	72.5	72.3	72.8
Equipment	5.1	1.2	1.2	1.2
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	21.6	0.0	0.0	0.0
Transfers Out	56.9	45.5	45.5	45.5
Agency - Approp. Funds	5,869.0	6,323.2	4,649.1	4,649.6

Appropriated Fund

Criminal Justice Enhancement Fund	626.1	621.6	621.4	621.9
Victims Compensation and Assistance Fund	3,571.5	3,792.5	3,792.5	3,792.5
Drug and Gang Prevention Resource Center Fund	146.0	235.2	235.2	235.2
State Aid to County Attorneys Fund	973.6	973.6	0.0	0.0
State Aid to Indigent Defense Fund	551.8	700.3	0.0	0.0
Agency - Approp. Funds	5,869.0	6,323.2	4,649.1	4,649.6

The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI Victim Compensation and Assistance	3,571.5	3,792.5	3,792.5	3,792.5
SLI State Aid to County Attorneys	973.6	973.6	0.0	0.0
SLI State Aid to Indigent Defense	551.8	700.3	0.0	0.0

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Criminal Justice Enhancement Fund	5,344.4	4,127.8	5,630.5	5,485.2
Driving Under Influence Abatement Fund	1,445.7	515.4	515.4	1,029.0
Federal Economic Recovery Fund	11,565.8	13,363.9	893.5	0.0
Federal Grant	11,779.1	6,896.3	10,950.0	11,137.3
Agency - Nonapp. Funds	30,135.0	24,903.4	17,989.4	17,651.5
Agency Total - All Funds	36,004.0	31,226.6	22,638.5	22,301.1

Federal Funds Expenditures - as reported by Agency

	FY 2010 Actual	FY 2011 Exp. Plan	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	23,322.6	20,353.0	11,838.0	11,115.2

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

Recent Appropriation Activity/Perspective

The Criminal Justice Commission appropriation in FY 2007 was \$10 million.

For FY 2008, a one-time \$3 million distribution of methamphetamine interdiction funding, a one-time \$900,000

Recent Appropriation Activity/Perspective

information system appropriation, and various statewide adjustments and lump-sum reductions lowered the appropriation to \$80 million, with additional fund transfers of \$3.2 million.

Additional lump-sum reductions changed the FY 2009 appropriation to \$7.9 million, with fund transfers totaling \$5.8 million.

The FY 2010 appropriation included further lump-sum reductions and total elimination of General Fund monies. The agency was appropriated \$6 million, with additional fund transfers of \$4.2 million.

The FY 2011 appropriation of \$6.3 million provided for the growth of the Youth Survey program.

Executive Appropriation Recommendations

	<u>FY 2012</u>	<u>FY 2013</u>
<u>Baseline Adjustments</u>		
Rent Standard Adjustment	0.2	0.7
Criminal Justice Enhancement Fund	0.2	0.7
<u>Risk Standard Adjustment</u>		
	(0.4)	(0.4)
Criminal Justice Enhancement Fund	(0.4)	(0.4)
<u>Other Adjustments</u>		
Diversion of Revenues to Public Safety Equipment Fund	(1,673.9)	(1,673.9)
The Executive recommends diverting revenues from the State Aid to County Attorneys Fund and the State Aid to Indigent Defense Fund to the Public Safety Equipment Fund.		
State Aid to County Attorneys Fund	(973.6)	(973.6)
State Aid to Indigent Defense Fund	(700.3)	(700.3)

Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>	<u>Expected</u>
Applicants requesting funds	53	55	55	55
Number of arrests made by grant-funded task forces	7,811	6,000	6,000	6,000
Number of studies/reports completed and published	11	20	10	20

The Executive recommends a lump-sum appropriation to the agency with special line items.

Arizona State Schools for the Deaf and the Blind

Mission:

To work together with parents, school districts, advocacy organizations, business and community members to create nurturing environments in which children with a vision or hearing loss feel valued, develop their unique abilities, strive to achieve academic excellence, and develop skills to help them become productive and responsible members of society.

Description:

The Arizona State Schools for the Deaf and the Blind (ASDB) consists of a variety of programs that provide education and evaluation to children and youth, with a vision or hearing loss, from birth to 22 years of age. School-aged children are served in one of the site based schools located in Tucson or Phoenix or in their home school district through one of the five Regional Cooperative programs. In addition to educational and evaluation services, the ASDB Tucson campus provides a residential program. Preschool children are served in both Tucson and Phoenix. Infants and toddlers with vision or hearing loss receive services in their homes throughout the State. ASDB also provides comprehensive evaluation services for some children referred with multiple disabilities.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Phoenix Day School	10,234.5	9,521.4	8,556.4	8,156.7
Tucson Campus	15,351.0	17,751.8	16,628.2	15,197.0
Regional Cooperatives	936.2	1,072.0	1,071.5	1,071.5
Preschool	4,717.9	4,304.2	3,848.2	3,896.3
Administration	4,295.5	4,125.5	4,122.4	4,122.4
Agency - Approp. Funds	35,535.1	36,774.9	34,226.7	32,443.9

Category	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
FTE	587.2	572.2	530.1	535.0
Personal Services	18,648.0	17,925.2	16,218.8	16,397.4
ERE Amount	8,391.9	9,748.2	9,115.0	9,184.8
Prof. And Outside Services	1,389.6	1,496.1	1,496.1	1,496.1
Travel - In State	21.5	35.4	35.4	35.4
Travel - Out of State	15.9	34.9	34.9	34.9
Food	54.6	86.2	86.2	86.2

Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	4,815.7	5,163.2	4,954.6	2,923.4
Equipment	1,292.8	2,285.7	2,285.7	2,285.7
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	905.1	0.0	0.0	0.0
Agency - Approp. Funds	35,535.1	36,774.9	34,226.7	32,443.9

Appropriated Fund

General Fund	21,580.3	22,045.4	21,836.8	19,805.6
Schools for the Deaf & Blind Fund	13,954.8	14,729.5	12,389.9	12,638.3
Agency - Approp. Funds	35,535.1	36,774.9	34,226.7	32,443.9

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
ASDB Classroom Site Fund	1,226.6	1,031.5	1,030.9	1,030.9
ASDB Cooperative Services	15,518.0	15,813.1	14,179.9	14,114.5
Facilities Use Fund	40.0	142.1	141.6	141.6
Federal Grant	3,806.8	4,159.8	3,061.9	2,988.5
Instructional Improvement Fund	18.6	70.3	70.3	70.3
State Grants	24.5	36.1	15.9	16.5
Trust Fund	68.5	71.1	71.1	71.1
Agency - Nonapp. Funds	20,703.0	21,324.0	18,571.6	18,433.4

Agency Total - All Funds	56,238.1	58,098.9	52,798.3	50,877.3
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Federal Funds Expenditures - as reported by Agency

	FY 2010 Actual	FY 2011 Exp. Plan	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	3,806.8	4,160.0	2,990.9	2,990.9

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

Executive Appropriation Recommendations

FY 2012 FY 2013

Baseline Adjustments

Rent Standard Adjustment	(154.8)	(2,186.0)
General Fund	(154.8)	(2,186.0)
Risk Standard Adjustment	(53.8)	(53.8)
General Fund	(53.8)	(53.8)

Other Adjustments

Reduced Voucher Revenue	(2,339.6)	(2,091.2)
The Executive recommendation reduces the appropriation to align with lower-than-expected revenue, as the Schools are projecting reduced enrollment.		
Schools for the Deaf and Blind Fund	(2,339.6)	(2,091.2)

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected	FY 2013 Expected
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Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 <u>Expected</u>	FY 2013 Expected
Percent of parents rating overall quality of services as good or excellent based on annual survey PDS	99	95	95	95
Percent of Phoenix students successful in transition settings three years after graduation	77	90	90	90
Percent of parents satisfied with the quality of the program in Phoenix	98	95	95	95
Percent of Tucson students successful in transition settings three years after graduation	89	90	90	90
Percent of parents satisfied with the quality of the program in Tucson	98	95	95	95

The Executive recommends a lump-sum appropriation by program.

Commission for the Deaf and the Hard of Hearing

Mission:

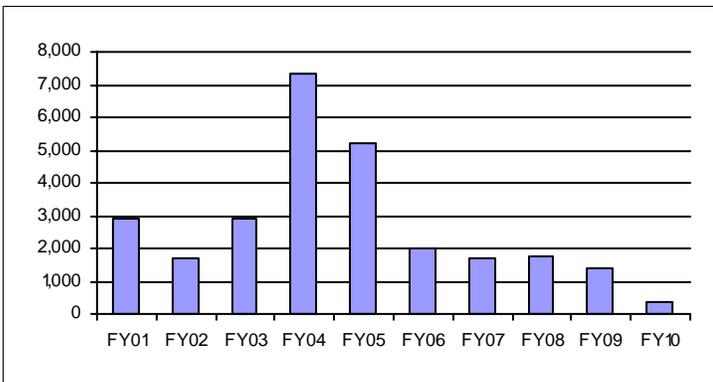
To ensure, in partnership with the public and private sectors, accessibility for the Deaf, Hard of Hearing, DeafBlind and persons with speech difficulties to improve their quality of life.

Description:

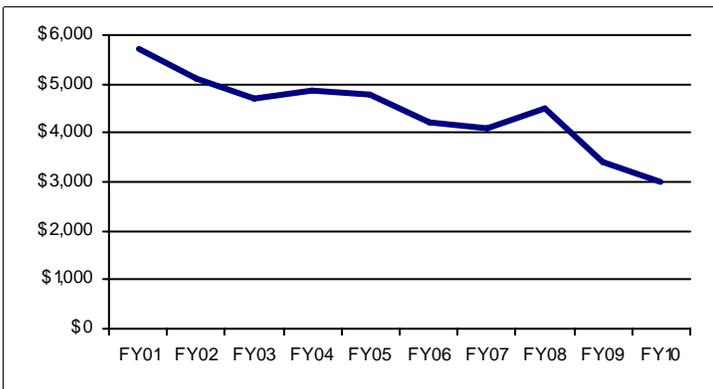
The Arizona Commission for the Deaf and the Hard of Hearing (ACDHH) acts as an information bureau for the Deaf, Hard of Hearing, DeafBlind, and individuals with speech difficulties, as well as for state agencies and institutions providing services to those consumers. Local government and other public or private community agencies also benefit from ACDHH information, programs and activities. For example, ACDHH Deaf and Hard of Hearing Specialists provide sensitivity training for state agencies and other organizations and groups that work with the Deaf, Hard of Hearing, DeafBlind, and individuals who have speech difficulties.

ACDHH also administers a telecommunications equipment distribution voucher program that loans equipment to qualifying Arizona State residents. The Arizona Relay Service (7-1-1), which allows equal accessibility of public telephone service, is available through ACDHH as well. The service is administered by ACDHH and is required by the Federal Communications Commission. ACDHH is also mandated to license American Sign Language interpreters and certify American Sign Language teachers.

Telecommunications Devices Distributed



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Council Activities	1,091.4	1,671.6	1,667.2	1,667.2
TDD (Telecommunication Device for the Deaf)	1,922.5	2,300.8	2,100.8	2,100.8
Agency - Approp. Funds	3,013.9	3,972.4	3,768.0	3,768.0
<i>Category</i>				
FTE	15.0	15.0	15.0	15.0
Personal Services	678.6	644.6	644.6	644.6
ERE Amount	258.2	245.4	245.4	245.4
Prof. And Outside Services	218.4	649.4	649.4	649.4
Travel - In State	14.1	35.3	35.3	35.3
Travel - Out of State	2.5	16.6	16.6	16.6
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	1,778.0	1,959.1	1,874.7	1,874.7
Equipment	63.9	422.0	302.0	302.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.2	0.0	0.0	0.0
Agency - Approp. Funds	3,013.9	3,972.4	3,768.0	3,768.0
<i>Appropriated Fund</i>				
Telecommunication for the Deaf	3,013.9	3,972.4	3,768.0	3,768.0
Agency - Approp. Funds	3,013.9	3,972.4	3,768.0	3,768.0

Recent Appropriation Activity/Perspective

Due to the budget reductions of the past two fiscal years, the Commission has suspended the taping of "Community View," a weekly television talk show focusing on issues of deafness and hearing loss. The Telecommunications Equipment Distribution Program was also suspended for nine months, reducing the number of devices distributed from 1,766 in FY 2008 to 359 in FY 2010.

Fund transfers of \$12 million between FY 2008 and FY 2011 have significantly reduced the Commission's cash reserves. Both the appropriation reductions and fund transfers have limited the Agency's ability to expand, improve or begin new programs for Arizona's deaf and hard of hearing communities.

Executive Appropriation Recommendations

	FY 2012	FY 2013
Baseline Adjustments		
Risk Standard Adjustment	(4.4)	(4.4)
Telecom for the Deaf Fund	(4.4)	(4.4)
Other Adjustments		
New FRAT	(200.0)	(200.0)
The Executive recommends a new fund reduction and transfer of (\$200,000) from the Telecommunication Fund for the Deaf to the General Fund in FY 2012 and FY 2013.		
Telecom for the Deaf Fund	(200.0)	(200.0)

FY 2011 Supplemental Recommendations

FY 2011

New FRAT (200.0)

The Executive recommends a new fund reduction and transfer of (\$200,000) from the Telecommunication Fund for the Deaf to the General Fund in FY 2011.

Telecom for the Deaf Fund (200.0)

Performance Measures

	FY 2010	FY 2011	FY 2012	FY 2013
	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>	<u>Expected</u>
Number of general licensed interpreters	286	295	349	403
Annual call minutes for the telecommunications relay service	1,285,155	1,571,685	1,922,098	2,350,638
Number of equipment distributed to consumers	359	500	600	700
➤ <i>Refurbished equipment distributed to reduce costs.</i>				
Percent of customer satisfaction with equipment distribution voucher program	96.3	90.0	90.0	90.0
Number of applications distributed to consumers regarding the equipment distribution program	2,340	1,500	1,500	1,500
Percent of telecommunication relay service calls completed without a complaint	99.5	99.5	99.5	99.5

The Executive recommends a lump-sum appropriation to the agency.

State Board of Dental Examiners

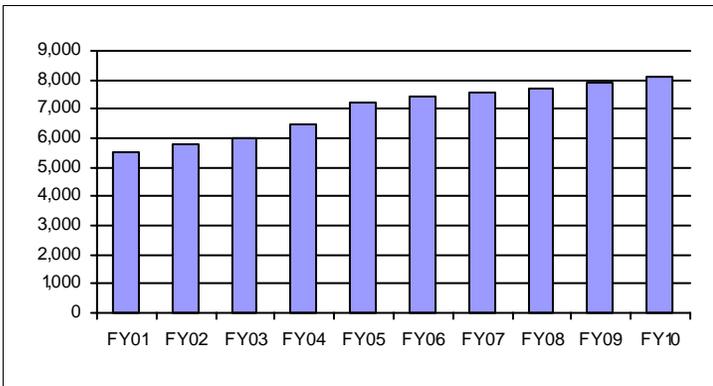
Mission:

To provide professional, courteous service and information to the dental profession and the general public through examination, licensing, complaint adjudication and enforcement processes to protect the oral health, safety, and welfare of Arizona citizens through a fair and impartial system.

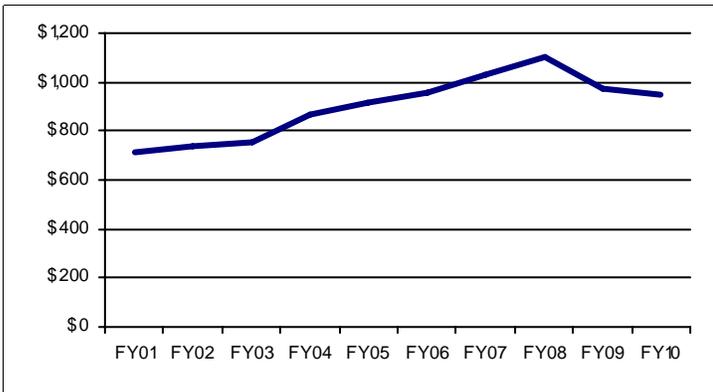
Description:

The State Board of Dental Examiners examines, licenses, and certifies professionals to practice in the field of dentistry. The Board also accepts complaints against licensees and certificate holders, investigates allegations, and administratively adjudicates complaints. The Board serves approximately 8,000 professionals licensed or certified to practice in the state, as well as all Arizona citizens who receive their professional services.

Number of Licenses Issued



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	948.9	1,150.1	1,188.9	1,188.9
Agency - Approp. Funds	948.9	1,150.1	1,188.9	1,188.9
<i>Category</i>				
FTE	11.0	11.0	11.0	11.0
Personal Services	411.8	519.1	519.1	519.1
ERE Amount	150.5	148.7	148.7	148.7
Prof. And Outside Services	200.0	259.7	299.2	299.2
Travel - In State	3.8	3.2	3.2	3.2
Travel - Out of State	2.8	5.5	5.5	5.5

Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	153.7	183.2	182.5	182.5
Equipment	26.3	30.7	30.7	30.7
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	948.9	1,150.1	1,188.9	1,188.9

Appropriated Fund

Dental Board Fund	948.9	1,150.1	1,188.9	1,188.9
Agency - Approp. Funds	948.9	1,150.1	1,188.9	1,188.9

Recent Appropriation Activity/Perspective

The Board's FY 2007 appropriation from the Dental Examiners Board Fund was \$1 million. Additional staff, database upgrades and other standard adjustments resulted in a \$119,300 increase for FY 2008 to approximately \$1.1 million. Also during FY 2008, \$4.2 million was transferred from the Dental Board Fund. The Board's appropriation decreased by (\$43,000) in FY 2009, and \$1.5 million was transferred from the Dental Board Fund. The appropriation increased by \$3,700 in FY 2011 and by \$43,600 from standard adjustments to \$1,150,100.

Executive Appropriation Recommendations

	FY 2012	FY 2013
Baseline Adjustments		
Risk Standard Adjustment	(0.7)	(0.7)
Dental Board Fund	(0.7)	(0.7)

Other Adjustments

Contract with Consultant for Investigations and Anesthesia Evaluations	39.5	39.5
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The Executive recommends an increase of \$39,500 from the Dental Board Fund for contracting with a dental consultant to investigate complaints and perform anesthesia evaluations. Currently, a substantial portion of these complaints are performed by volunteers, which presents scheduling difficulties as well as inconsistent outcomes in investigations.

The Board recently established a committee that recommends altering the investigative process. Such alterations are patterned after other regulatory boards and would include the elimination of the use of volunteers in the investigation process. The Board anticipates that the statutory changes will be passed and become effective during the summer of 2011. If the recommended changes are implemented, the Board will cease the use of volunteers.

Dental Board Fund	39.5	39.5
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Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected	FY 2013 Expected
Total number of individuals or facilities licensed	8,161	8,319	8,476	8,636
Customer satisfaction rating (scale 1-5)	5	4	4	4

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 <u>Expected</u>	FY 2013 Expected
Average number of calendar days from receipt of complaint to resolution of complaint	114	150	150	150
Total number of investigations conducted	454	516	516	516
Total number of complaints received annually	370	452	452	452
Average calendar days to renew a license (from receipt of application to issuance)	10	10	10	10

The Executive recommends a lump-sum appropriation to the agency.

Arizona Drug and Gang Prevention Resource Center

Mission:

To help organizations, individuals, neighborhoods, and communities decrease drug and gang related problems and other destructive behaviors. To help Arizonans encourage and develop healthy and successful families and communities.

Description:

The Arizona Drug and Gang Prevention Resource Center is a statewide resource system that assists agencies, organizations, and coalitions in their community's drug and gang prevention activities. The Center manages an information clearinghouse (exhibits; literature distribution; video, book, curricula, visual learning aids & games and material loans), addresses evaluation of prevention programs, provides training and technical assistance in utilizing programs designated as Model, Effective or Promising. The Center collaborates with state and local government agencies, school districts, and social service organizations in the submission of grant proposals to enhance funding for prevention and to improve the lives of Arizonans.

FY 2010. An appropriation of \$344,400 continues for FY 2011 despite the agency closing its doors in mid-FY 2010.

Executive Appropriation Recommendations

FY 2012 FY 2013

Other Adjustments

Eliminate Appropriation and Statutory Mandates (344.4) (344.4)

The Executive recommends eliminating the appropriation authority and statutory requirements for the Arizona Drug and Gang Prevention Resource Center. The Center was established under the direction of the Drug and Gang Policy Council, which sunset in 2005. The agency continued to operate under the Arizona Prevention Resource Center at Arizona State University until a lack of funding caused the agency to close during FY 2009. The agency has a legislative appropriation to its Federal Grants and Intergovernmental Agreements Fund and still has statutory rules and mandates that are not currently being fulfilled. The Executive recommends eliminating the remaining appropriation and removal of A.R.S. §§ 36-2023 and 41-617.01 to dissolve any agency responsibility to the State.

Federal Grants & Intergovernmental Agreements Fund (344.4) (344.4)

Agency Summary - Appropriated Funds

<u>Program/ Cost Center</u>	<u>FY 2010 Actual</u>	<u>FY 2011 Approp.</u>	<u>FY 2012 Exec. Rec.</u>	<u>FY 2013 Exec. Rec.</u>
Agency - Approp. Funds	0.0	344.4	0.0	0.0
<i>Category</i>				
FTE	6.3	6.3	6.3	6.3
Personal Services	0.0	0.0	0.0	0.0
ERE Amount	0.0	0.0	0.0	0.0
Prof. And Outside Services	0.0	0.0	0.0	0.0
Travel - In State	0.0	0.0	0.0	0.0
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	0.0	344.4	0.0	0.0
Equipment	0.0	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	0.0	344.4	0.0	0.0
<i>Appropriated Fund</i>				
Federal Grants & Intergovernmental Agreements Fund	0.0	344.4	0.0	0.0
Agency - Approp. Funds	0.0	344.4	0.0	0.0

FY 2011 Supplemental Recommendations

FY 2011

Eliminate Appropriation and Statutory Mandates (344.4)

Federal Grants & Intergovernmental Agreements Fund (344.4)

The Executive recommends a lump-sum appropriation to the agency.

Recent Appropriation Activity/Perspective

In FY 2007, the agency was appropriated \$616,600. Statewide adjustments and lump-sum reductions grew the appropriation to \$638,900 in FY 2008. Additional lump-sum reductions cut the appropriation to \$584,900 in FY 2009 and \$579,600 in FY 2010. The agency also had transfers of \$224,400 in FY 2009 and \$273,500 in

Arizona Early Childhood Development and Health Board

Mission:

To increase the quality of, and access to, the early childhood development and health system that ensures a child entering school comes healthy and ready to succeed.

Description:

The Arizona Early Childhood Development and Health Board or First Things First (FTF) is a voter approved initiative to ensure the quality and accessibility of early childhood development and health programs at the community level. Proposition 203 created a new, state-level board, the Arizona Early Childhood Development and Health Board, which provides oversight and guidance on the implementation of the Proposition. First Things First is also the name of the state agency created to carry out the work of the Arizona Early Childhood Development and Health Board.

The Arizona Early Childhood Development and Health Board receives revenues from additional tax levied on tobacco products. Ninety percent of the monies deposited into the Early Childhood Development and Health Fund are devoted to the program costs and ten percent are devoted to administrative costs.

First Things First establishes Regional Partnership Councils throughout the state. The Regional Partnership Councils are to include eleven members who reside or work in the region. Funding will be based on the number of children ages birth to five years living in the area, as well as the number of young children whose incomes do not exceed 100% of the federal poverty level. Programs funded through the AZECDH Board may be conducted either by grantees in the region or directly by the Regional Partnership Council.

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Federal Grant	67.9	2,166.2	319.5	259.7
Agency - Nonapp. Funds	68,965.6	209,613.0	153,838.8	153,779.0
Agency Total - All Funds	68,965.6	209,613.0	153,838.8	153,779.0

Federal Funds Expenditures - as reported by Agency

	FY 2010 Actual	FY 2011 Exp. Plan	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	70.4	2,166.2	319.5	259.7

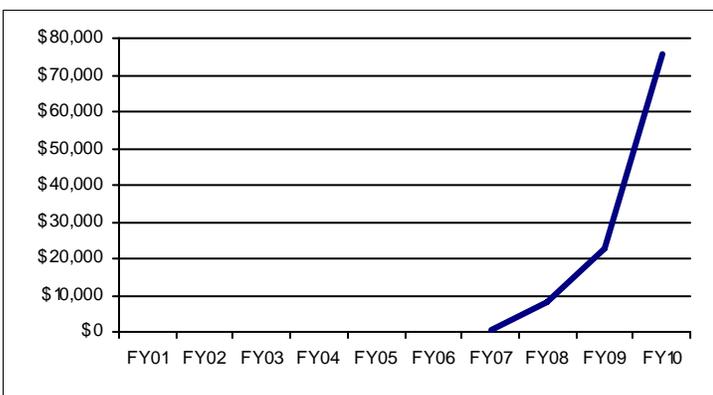
These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

Recent Appropriation Activity/Perspective

In FY 2007, the Early Childhood Development and Health Board was created by voter approval of Proposition 203 which increased Arizona's state tax on cigarettes by \$0.80 per packet of 20. Since then, the Board has built up a fund balance projected to be \$413.6 million by the beginning of FY 2011. The Legislature asked voters to repeal the Early Childhood Development and Health Board and put Proposition 302 on the ballot for 2010's general election. In November, 2010, Proposition 302 was soundly defeated and the Early Childhood Development and Health Board continues to be unaffected by the State's financial crisis.

The Executive does not make specific recommendations for this agency because all of the funding sources are not subject to annual legislative appropriation.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Early Childhood Development and Health Fund	68,897.7	207,446.8	153,519.3	153,519.3

Department of Economic Security

Mission:

To promote the safety, well-being and self-sufficiency of children, adults, and families.

Description:

The Department of Economic Security (DES) is an integrated human services agency that provides critical protective and assistance services each month to more than one million of Arizona's children, adults and families.

Together, DES' programs impact the safety, well-being and self-sufficiency of Arizonans. Some of these programs include: Child Protective Services; Children Services to provide families the tools they need to care for their children; child care assistance for working parents; Adult Protective Services; domestic violence shelter and supports; early intervention services for infants and toddlers at risk of developmental delays; home and community-based services for individuals with developmental disabilities and the aged; independent living programs for both seniors and young adults; unemployment insurance; employment assistance including vocational rehabilitation and job training; nutrition assistance and child support enforcement.

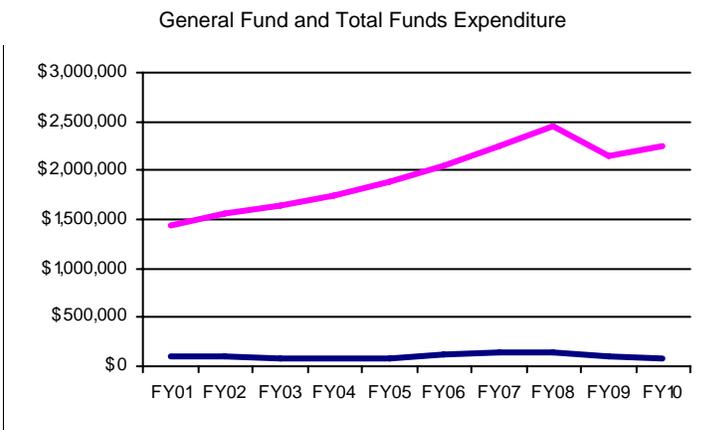
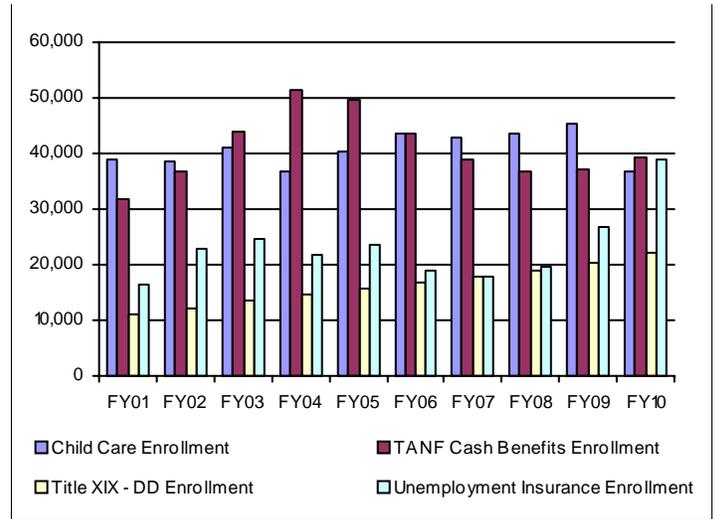
DES and its services are an integral part of the Arizona community. Recognizing the interconnectedness and interdependence between DES services and community resources, the Department works closely with a network of community organizations and providers, as well as federal agencies that oversee Department programs, other state agencies, and Native American tribes in the delivery of services to the people of Arizona.

The Department's objective is to move beyond simply delivering services to ensuring that these services are offered to improve outcomes and are integrated to best meet the clients' needs in the most effective and efficient manner possible. Emphasis is on assisting individuals and families to gain the tools they need to effectively and permanently escape the hardships of poverty and other barriers that currently prevent them from being self-sufficient.

The following overarching, interrelated goals have been established for DES:

- Strengthen individuals and families
- Increase self-sufficiency
- Develop the capacity of communities

These goals serve as the framework and foundation for the DES vision that every child, adult, and family in the state of Arizona will be safe and economically secure.



Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2011 Exec. Rec.	FY 2012 Exec. Rec.
Administration	54,563.6	75,753.4	74,065.5	64,033.1
Developmental Disabilities	235,639.9	341,459.1	332,809.8	417,280.6
Benefits and Medical Eligibility	125,023.8	139,237.9	108,237.9	113,237.9
Child Support Enforcement	18,036.8	22,031.4	22,031.4	26,431.4
Aging and Community Services	39,556.2	38,512.7	32,512.7	32,512.7
Children, Youth and Families	241,829.7	300,872.9	291,872.9	291,872.9
Employment and Rehabilitation Services	218,276.3	230,232.5	218,359.4	223,930.7
Agency - Approp. Funds	932,926.3	1,148,099.9	1,079,889.6	1,169,299.3
<i>Category</i>				
FTE	3,692.2	3,725.5	3,654.5	3,801.2
Personal Services	128,454.5	144,959.7	143,953.1	149,498.9
ERE Amount	56,383.6	65,754.7	65,519.7	68,015.2
Prof. And Outside Services	16,640.8	22,713.1	22,667.1	22,972.2
Travel - In State	1,659.4	2,133.7	2,133.5	2,133.5
Travel - Out of State	3.0	6.1	6.1	6.1
Food	298.1	415.3	415.3	415.3
Aid to Others	685,558.6	860,017.8	796,368.5	880,839.3
Other Operating Expenses	37,970.7	46,486.6	44,484.2	41,076.7
Equipment	5,957.6	5,612.7	4,341.9	4,341.9
Capital Outlay	0.0	0.2	0.2	0.2

Agency - Approp. Funds	932,926.3	1,148,099.9	1,079,889.6	1,169,299.3
<i>Appropriated Fund</i>				
General Fund	522,490.0	677,103.9	597,454.6	688,241.4
Workforce Investment Grant	59,671.1	56,052.1	56,052.1	56,052.1
Temporary Assistance for Needy Families	190,892.4	225,060.6	240,060.6	239,766.0
Child Care and Development Fund	120,407.4	130,688.2	130,688.2	130,587.3
Special Administration Fund	24.4	1,135.3	1,135.3	1,135.3
Child Support Enforcement Administration Fund	11,935.9	16,785.2	16,785.2	16,785.2
Domestic Violence Shelter Fund	2,219.8	2,220.0	2,220.0	2,220.0
Child Abuse Prevention Fund	0.0	1,459.8	1,459.8	1,459.8
Children and Family Services Training Program Fund	84.3	207.1	207.1	207.1
Public Assistance Collections Fund	182.1	431.7	431.7	431.7
Department Long-Term Care System Fund	19,810.8	30,520.5	30,520.5	30,520.5
Spinal and Head Injuries Trust Fund	683.9	1,874.5	1,874.5	1,874.5
Indirect Cost Recovery Fund	1,000.0	1,000.0	1,000.0	18.4
Reed Act Fund	3,524.2	3,561.0	0.0	0.0
Agency - Approp. Funds	932,926.3	1,148,099.9	1,079,889.6	1,169,299.3

The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI Finger Imaging	523.5	589.9	589.9	589.9
SLI Attorney General Legal Services	766.2	906.9	906.9	906.9
SLI Payment "Deferral"	25,000.0	42,000.0	40,571.3	35,000.0
SLI Case Management Title XIX	8,559.1	11,076.9	11,076.9	11,076.9
SLI Case Management State-Only	3,491.5	3,887.3	3,887.3	3,887.3
SLI Home and Community Based Services Title XIX	138,421.3	202,150.8	193,501.5	277,972.3
SLI Home and Community Based Services State-Only	8,172.1	29,304.8	29,304.8	29,304.8
SLI Institutional Services Title XIX	6,116.1	5,365.0	5,365.0	5,365.0
SLI Institutional Services State-Only	5.1	0.0	0.0	0.0
SLI Medical Services	30,777.4	38,562.9	38,562.9	38,562.9
SLI ATP-Coolidge Title XIX	3,991.6	4,754.2	4,754.2	4,754.2
SLI ATP-Coolidge State-Only	68.8	0.0	0.0	0.0
SLI State-Funded Long Term Care Services	21,768.9	26,530.2	26,530.2	26,530.2
SLI Medicare Clawback Payments	1,604.0	1,766.3	1,766.3	1,766.3
SLI Arizona Early Intervention Program	0.0	3,319.0	3,319.0	3,319.0
SLI TANF Cash Benefits	87,314.3	92,985.0	66,985.0	66,985.0
SLI Tribal Pass-Thru Funding	2,345.0	4,680.3	4,680.3	4,680.3
SLI Tuberculosis Control Payments	2.3	12.2	12.2	12.2

SLI Genetic Testing	52.4	0.0	0.0	0.0
SLI CSE Attorney General Legal Services	2,996.0	3,022.5	3,022.5	3,022.5
SLI County Participation	613.1	1,339.1	1,339.1	1,339.1
SLI Adult Services	13,662.8	12,924.1	7,924.1	7,924.1
SLI Community and Emergency Services	3,531.0	3,724.0	3,724.0	3,724.0
SLI Coordinated Hunger Program	1,506.8	1,754.6	1,754.6	1,754.6
SLI Coordinated Homeless Program	2,284.5	2,522.6	2,522.6	2,522.6
SLI Domestic Violence Prevention	13,159.8	12,123.7	12,123.7	12,123.7
SLI Children Support Services	31,722.4	63,472.4	58,472.4	58,472.4
SLI CPS Emergency Placement	3,472.9	4,777.2	4,777.2	4,777.2
SLI CPS Residential Placement	14,138.8	17,424.5	17,424.5	17,424.5
SLI Foster Care Placement	20,161.9	21,212.6	21,212.6	21,212.6
SLI Education and Training Vouchers	25.0	0.0	0.0	0.0
SLI Comprehensive Medical and Dental Program	1,757.0	1,757.0	1,757.0	1,757.0
SLI Joint Substance Abuse - AZ Families (FIRST)	4,842.3	6,138.9	6,138.9	6,138.9
SLI Permanent Guardianship Subsidy	8,329.2	8,815.3	8,815.3	8,815.3
SLI Adoption Services	52,792.1	61,744.6	57,744.6	57,744.6
SLI Adoption Services - Family Preservation Projects	130.3	0.0	0.0	0.0
SLI CPS Appeals	698.1	700.6	700.6	700.6
SLI CYF Attorney General Legal Services	10,856.4	10,942.2	10,942.2	10,942.2
SLI Independent Living Maintenance	2,719.3	2,719.3	2,719.3	2,719.3
SLI JOBS	9,169.8	13,005.6	13,005.6	13,005.6
SLI Day Care Subsidy	103,885.4	96,974.9	88,403.6	126,967.9
SLI Transitional Child Care	19,653.3	32,993.0	32,993.0	0.0
SLI Vocational Rehabilitation Services	3,135.5	3,299.1	3,299.1	3,299.1
SLI Independent Living Rehabilitation Services	1,095.1	1,589.4	1,589.4	1,589.4
SLI Workforce Investment Act - Discretionary	1,457.9	3,614.0	3,614.0	3,614.0
SLI Workforce Investment Act - Local Governments	58,025.9	48,040.6	48,040.6	48,040.6
SLI Assistive Technology	0.0	200.0	200.0	200.0

Non-Appropriated Funds

	<i>FY 2010 Actual</i>	<i>FY 2011 Expend. Plan</i>	<i>FY 2011 Exec. Rec.</i>	<i>FY 2012 Exec. Rec.</i>
Arizona Job Training Fund	1,433.2	1,525.5	1,525.5	877.5
Child Passenger Restraint Fund	155.9	155.9	155.9	155.9
Child Support Enforcement Administration Fund	37,520.6	44,720.2	44,720.2	40,320.2
DD Client Investment	19.5	0.0	0.0	0.0
Department Long-Term Care System Fund	721,136.7	651,458.3	640,107.6	687,167.0
Developmentally Disabled Client Trust	61.0	109.3	109.3	109.3

Non-Appropriated Funds

	FY 2010 <i>Actual</i>	FY 2011 <i>Expnd. Plan</i>	FY 2011 <i>Exec. Rec.</i>	FY 2012 <i>Exec. Rec.</i>
Economic Security Client Trust	1,104.0	1,705.0	1,705.0	1,705.0
Economic Security CPA Investments	0.0	149.8	149.8	149.8
Economic Security Donations	3.7	3.3	3.3	3.3
Federal Grant	3,689,847.5	3,348,507.3	3,354,507.3	2,775,631.3
Industries for the Blind Fund	21,958.2	22,123.7	22,123.7	22,123.7
Joint Substance Abuse Treatment Fund	29.7	0.0	0.0	0.0
Neighbors Helping Neighbors	71.8	87.3	87.3	87.3
Revenue From State or Local Agency	639.7	337.4	337.4	337.4
Special Olympics Fund	108.4	133.5	133.5	133.5
Unemployment Insurance Benefits	829,401.4	583,090.5	369,700.0	241,700.0
Agency - Nonapp. Funds	5,303,491.3	4,654,107.0	4,435,365.8	3,770,501.2
Agency Total - All Funds	6,236,417.6	5,802,206.9	5,515,255.4	4,939,800.5

Federal Funds Expenditures - as reported by Agency

	FY 2010 <i>Actual</i>	FY 2011 <i>Exp. Plan</i>	FY 2012 <i>Exp. Plan</i>	FY 2013 <i>Exp. Plan</i>
Agency Total	3,710,167.1	3,734,211.0	3,124,829.3	N/A

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

In FY 2007, the Department of Economic Security was appropriated \$719 million from the General Fund. Since that time, their General Fund budget has been reduced to \$677 million, despite tremendous upward pressure in the TXIX - Developmental Disabilities program.

The Department began to experience major budgetary reductions in fiscal year 2009, where it began with a General Fund appropriation of \$808.3 million. In February 2009, the Legislature passed a \$90.4 million lump sum reduction to the agency's General Fund budget, a decrease of 11.2%. Subsequently, the Legislature passed further General Fund lump sum and targeted reductions totaling \$100.4 million in fiscal years 2010 and 2011. In all, these reductions resulted in a 23.5% decrease from the Department's original fiscal year 2009 General Fund appropriation.

The budget reductions have affected programs Department-wide, from administrative and operating functions to client services. Since the beginning of the state's fiscal crisis and as part of the implementation of the reductions that have been required, the Department has been engaged in cost savings activities such as office space consolidation and reduced spending on equipment and travel. Furthermore, it utilized private business partnerships whenever it was deemed to be more cost effective, and enhanced collaboration with other state agencies to leverage resources and

maintain as much federal funding as possible to provide services. The Department has also taken the opportunity to refine its focus on its core work and mission to promote the safety, well-being, and self-sufficiency of Arizona's children, adults, and families. This included eliminating a separate administration for the Office of Community Partnerships and Innovative Practices and integrating its functions into the rest of the Department. While the Department has succeeded in implementing many sustainable efficiency initiatives, other operating and administrative reductions have been more dramatic. Such reductions include layoffs of approximately 800 staff, furloughs, hiring freezes, and the elimination of all pay stipends..

The Department has also implemented several cost-effective and outcome-based client service delivery models, such as the increased utilization of cash assistance grant diversion (increased from an average of 280 per month in the first quarter of FY09 to 1,665 per month for the first quarter of FY11) for individuals who are eligible for long-term cash assistance but have barriers to employment that could be resolved through a one-time payment equaling three months worth of benefits. This lump-sum payment can be used to resolve these barriers to employment, such as purchasing clothing, repairing a vehicle, or any number of other barriers to employment. Recidivism statistics indicate that most individuals receiving a grant diversion payment do not return for long-term assistance. This reduces costs for the state and provides for better outcomes for families. While there are examples such as the TANF diversion grants that reduced the budget impacts on clients, it has still been necessary to implement reductions to services spanning virtually all of the Department's programs. Some of these reductions were implemented by the Department in response to the lump sum reductions enacted by the Legislature, such as a 10% reduction to the rates paid to providers of services to individuals with developmental disabilities, a 20% reduction in the TANF Cash Assistance monthly benefit amount, a 20% reduction in foster care maintenance payments, reductions to the provision of in-home services in child welfare, and a waiting list for child care services. Beyond the obvious impacts such reductions would have on clients, these reductions have also affected the Department's provider partners, reducing both their workload and the payments they receive from the Department for providing services to DES clients. Additional reductions were specifically directed by the Legislature, including a statewide hiring freeze and the reduction of the lifetime limit for receiving TANF Cash Assistance from 60 months to 36 months.

Executive Appropriation Recommendations

	<u>FY 2012</u>
Baseline Adjustments	
Rent Standard Adjustment	(3,843.5)
General Fund	(2,616.1)
Temporary Assistance for Needy Families	(144.9)
Child Care and Development Fund	(100.9)
Indirect Cost Recovery Fund	(981.6)

	<u>FY 2012</u>
Risk Standard Adjustment	(617.6)
General Fund	(467.9)
Temporary Assistance for Needy Families	(149.7)

Baseline Adjustments

Developmental Disabilities - TXIX 95,821.5

The Executive recommends a \$95.8 million General Fund appropriation in FY 2012 for the Title XIX-Developmental Disabilities state match. This figure assumes 4.6% caseload growth and 0% capitation growth. In addition, the blended Federal Medicaid Assistance Percentage (FMAP) will decrease from 74.05% in FY 2011 to 66.93% in FY 2012. This increased share of the program's cost to the State accounts for \$73.1 million of the recommendation.

The DES Division of Developmental Disabilities (DDD) serves nearly 23,000 vulnerable individuals. Their disabilities must manifest prior to age 18 and be attributed to cerebral palsy, epilepsy, autism or cognitive disability and must have substantial functional limitation in three or more areas of major life activities (e.g., self-care, language, learning, mobility, self-direction, capacity for independent living, and economic self-sufficiency). This federally mandated program seeks to maximize the independence of individuals enrolled in the program.

General Fund 95,821.5

Federal Funds Backfill 9,400.0

FY 2012

The Executive recommends \$9.4 million General Fund in FY 2012 to backfill expiring ARRA funds within the Division of Benefits and Medical Eligibility (DBME) and the Division of Child Support Enforcement.

DBME processes applications for Cash Assistance, Supplemental Nutrition Assistance Program (SNAP), General Assistance, AHCCCS, etc. Eligibility workers process first-time applications, conduct periodic re-determinations and process changes for these programs. Federal standards require that applications are processed accurately and in a timely fashion. If processing falls below acceptable federal standards, which are benchmarked against the performance of other states, DES is subject to federal sanctions.

The SNAP determination costs were historically shared 50/50 by Arizona and the federal government. The American Recovery and Reinvestment Act of 2009 (ARRA) temporarily made the cost of these workers a 100% federal responsibility, freeing up \$5 million in State funding for two years. As ARRA expires, the funding structure for these workers will return to a shared State/federal responsibility. These funds must be backfilled or DES faces federal sanctions.

The Division of Child Support Enforcement backfill recommendation is a product of the expiring allowable use of federal incentive awards as match for Title IV-D. Historically, until 2005, federal incentives earned for State child support enforcement were allowed to be used as match to draw in federal Title IV-D funds. In the Deficit Reduction Act of 2005, this ability to match incentives for Title IV-D was eliminated. ARRA temporarily restored this match provision until September 30, 2010. Without these funds, DES would be in danger of falling below the baseline expenditure level to participate in federal incentives, and the incentive amount for Arizona would be reduced on a dollar-for-dollar basis by the amount that State expenditures fall below the baseline.

Without this funding, DES will experience a 20% funding reduction in a division that has already experienced a 26% staff attrition rate in previous years. Cuts to collection efforts will be necessary. Currently, the Division has the authority to establish paternity and order payments. If the lost federal funds are not replaced, DES will be forced to refer 50% of these cases to local courts, placing further strain on the legal system.

General Fund	9,400.0
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Technical Adjustment - Appropriated Funds	(3,561.0)

FY 2012

Several appropriated funds in DES have appropriation levels that exceed available funds. The Executive recommends reducing the appropriation to manage within available resources.

First, all remaining Reed Act funds were exhausted to support Unemployment Insurance benefits in FY 2010. Therefore, until the State receives a future distribution of Reed Act funds, there will not be any available funding to support the current Reed Act appropriation. The Executive recommends eliminating the Reed Act appropriation to the Department in FY 2012.

In addition, the Child Abuse Prevention fund appropriation exceeds available funding by \$371,200. The Executive recommends reducing the appropriation by this amount.

Reed Act Fund (3,561.0)

Solutions to Budget

TANF Backfill (20,000.0)

The Executive recommends reducing the DES budget by (\$35 million) General Fund and providing a \$15 million TANF increase in FY 2012. Because the Executive anticipates a \$20 million TANF surplus in the DES budget, these changes result in no impact to the Department.

Arizona is required to expend certain amounts of State dollars to meet Maintenance of Effort (MOE) requirements for certain federal grants. Traditionally, these funds have existed solely in the DES budget, but other sources are allowable as well. Since the FY 2011 budget was passed, the federal government has contacted DES regarding the availability of additional TANF contingency funds, should the State be willing to provide the necessary matching dollars to draw them down.

DES has identified sufficient matching dollars to access the additional TANF dollars, which in turn may be used to offset up to \$35 million in General Fund expenditures without jeopardizing MOE requirements.

General Fund (35,000.0)

Temporary Assistance for Needy Families 15,000.0

Adult Services Backfill (6,000.0)

In the Division of Aging and Adult Services (DAAS), certain expenditures that have historically been made from the General Fund could be offset by the use of available Social Services Block Grant (SSBG) funding. SSBG is allocated for either local or State-planned services. While these funds have typically been used for child welfare, domestic violence, homelessness, and child care programs, they may be used to offset up to \$6 million in General Fund expenditures within the Adult Services program.

General Fund (6,000.0)

Maintain the Child Care Waiting List (10,000.0)

FY 2012

The Executive recommends a (\$10 million) General Fund reduction from the Child Care program in FY 2011 and FY 2012 to reflect the current trend of decreasing caseloads. This reduction reflects only the attrition rate within the population due to the child care waiting list. This funding will be offset by contributions from First Things First, allowing the State to remain above Maintenance of Effort (MOE) levels for the CCDF Block Grant.

By federal law, families receiving cash assistance or transitioning off of cash assistance are entitled to childcare assistance. Families engaged in the CPS system are also considered "mandatory" by DES. The Department will continue to provide childcare subsidies to low-income working families but will not release the waiting list in FY 2012. As of August 2010, there were just under 12,800 children in low-income working families receiving subsidies, as well as 8,800 children on the waiting list.

General Fund (10,000.0)

Prop 302 Budget Reductions (40,000.0)

As part of the FY 2011 budget, the Legislature referred Proposition 302 to the voters, asking for a repeal of the Early Childhood Development and Health Board, also known as "First Things First" (FTF). If the voters had repealed FTF, its fund balance and all future revenues would have been transferred into the General Fund, and DES would have received an additional \$40 million General Fund appropriation.

However, on November 2, 2010, Arizona voters rejected the elimination of the Board, which in turn voided the conditional appropriation for DES. Because the FY 2011 budget assumed the passage of Prop. 302, the DES budget was automatically reduced by \$40 million.

The Executive recommends reducing the DES budget by (\$40 million) General Fund in FY 2012 to reflect the failure of Prop. 302. This reduction will not require DES to reduce current service levels, because caseload declines and program reforms have produced savings in excess of those projected when the budget was finalized. Caseloads for cash assistance, child care, and child welfare programs have not grown as rapidly as projected. Further, the ongoing service restrictions across many of the Department's programs have generated additional savings. As a result of this reduction, DES will maintain currently enacted administrative and programmatic restrictions to manage within their projected budget.

General Fund (40,000.0)

FY 2011 Supplemental Recommendations

Developmental Disabilities - TXIX FY 2011
11,350.7

The Executive recommends an \$11.4 million General Fund supplemental appropriation in FY 2011 to fully fund the Title XIX Developmental Disabilities program. The Federal Medicaid Assistance Percentage (FMAP) will average 74.05% in FY 2011, requiring DES to provide 25.95% of the overall costs from State funds. This differs from the 75.93% blended FMAP that was assumed in the FY 2011 budget. As a result of the FMAP step-down in the latter half of FY 2011, there is an (\$11.4 million) General Fund shortfall for this federal entitlement program.

The DES Division of Developmental Disabilities (DDD) serves nearly 23,000 vulnerable individuals. Their disabilities must manifest prior to age 18 and be attributed to cerebral palsy, epilepsy, autism or cognitive disability and must have substantial functional limitation in three or more areas of major life activities (e.g., self-care, language, learning, mobility, self-direction, capacity for independent living and economic self-sufficiency). This federally mandated program seeks to maximize the independence of individuals enrolled in the program.

General Fund	11,350.7
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TANF Backfill	(20,000.0)

The Executive recommends reducing the DES budget by (\$35 million) General Fund and providing a \$15 million TANF increase in FY 2011. Because the Executive also anticipates a \$20 million TANF surplus, there will be no impact to the programs from this fund source swap.

Arizona is required to expend certain amounts of State dollars to meet Maintenance of Effort (MOE) requirements for certain federal grants. Traditionally, these funds have existed solely in the DES budget, but other sources are allowable as well. Since the FY 2011 budget was passed, the federal government has contacted DES regarding the availability of additional TANF contingency funds, should the State be willing to provide the necessary matching dollars to draw them down.

DES has identified sufficient matching dollars to access the additional TANF dollars, which in turn may be used to offset up to \$35 million in General Fund expenditures without jeopardizing MOE requirements.

General Fund	(35,000.0)
Temporary Assistance for Needy Families	15,000.0
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Adult Services Backfill

(6,000.0)

In the Division of Aging and Adult Services (DAAS), certain expenditures that have historically been made from the General Fund could be offset by the use of available Social Services Block Grant (SSBG) funding. SSBG is allocated for either local or State-planned services. While these funds have typically been used for child welfare, domestic violence, homelessness, and child care programs, they may be used to offset up to \$6 million in General Fund expenditures within the Adult Services program.

General Fund	(6,000.0)
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Maintain the Child Care Waiting List	(10,000.0)

The Executive recommends a (\$10 million) General Fund reduction from the Child Care program in FY 2011 and FY 2012 to reflect the current trend of decreasing caseloads. This reduction reflects only the attrition rate within the population due to the child care waiting list. This funding will be offset by contributions from First Things First, allowing the State to remain above Maintenance of Effort (MOE) levels for the CCDF Block Grant.

By federal law, families receiving cash assistance or transitioning off of cash assistance are entitled to childcare assistance. Families engaged in the CPS system are also considered "mandatory" by DES. The Department will continue to provide childcare subsidies to low-income working families but will not release the waiting list in FY 2012. As of August 2010, there were just under 12,800 children in low-income working families receiving subsidies, as well as 8,800 children on the waiting list.

General Fund	(10,000.0)
Child Care and Development Fund	0.0
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Prop 302 Budget Reductions FY 2011
(40,000.0)

As part of the FY 2011 budget, the Legislature referred Proposition 302 to the voters, asking for a repeal of the Early Childhood Development and Health Board, also known as “First Things First” (FTF). If the voters had repealed FTF, its fund balance and all future revenues would have been transferred into the General Fund, and DES would have received an additional \$40 million General Fund appropriation.

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The Executive recommends reducing the DES budget by (\$40 million) General Fund in FY 2011 to reflect the failure of Prop. 302. This reduction will not require DES to reduce current service levels, because caseload declines and program reforms have produced savings in excess of those projected when the budget was finalized. Caseloads for cash assistance, child care, and child welfare programs have not grown as rapidly as projected. Further, the ongoing service restrictions across many of the Department’s programs have generated additional savings. As a result of this reduction, DES will maintain currently enacted administrative and programmatic restrictions to manage within their projected budget.

General Fund (40,000.0)

Technical Adjustment - Appropriated Funds (3,561.0)

There are several appropriated funds in the Department where appropriation levels exceed available funds. The Executive recommends reducing the appropriation to manage within available resources.

For example, all remaining Reed Act funds were exhausted to support Unemployment Insurance benefits in FY 2010. Therefore, until a future distribution of Reed Act funds is received by Arizona, there will not be any available funding to support the current Reed Act Appropriation. The Executive recommends eliminating the Reed Act appropriation to the Department in FY 2011.

Reed Act Fund (3,561.0)

Performance Measures

	FY 2009 Actual	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected
investigation percentage rate				
Percent of total nutrition assistance payments issued accurately	94.6	95.0	95.0	95.0
Percent of child protective service reports that are substantiated	*	9.0	9.0	9.0
Ratio of current IV-D child support collected and distributed to current IV-D support due	49.99	50.55	53.99	53.99
Number of Cash Assistance employment placements	16,830	9,535	9,500	9,500
Average number of consumers with developmental disabilities served	8,451	8,313	8,300	8,300

The Executive recommends a lump-sum appropriation by program with special line items.

Performance Measures

	FY 2009 Actual	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected
Child protective services response rate (percent)	98.97	98.6	98.6	98.6
Average number of consumers with developmental disabilities served	21,811	22,295	23,632	25,050
Total Office of Accounts Receivable and Collections cost per dollar to administer, bill, and collect debts	0.06	0.06	0.06	0.06
Adult Protective Services	100	100	100	100

Department of Education

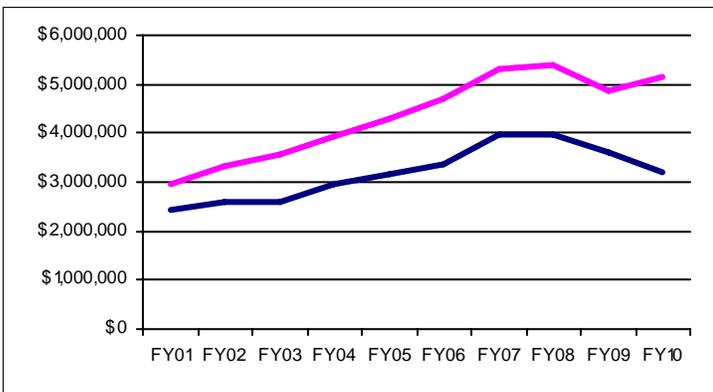
Mission:

To increase the quality of public education in the State of Arizona by raising expectations and providing support, resources, and assurances that enable schools and students to excel.

Description:

The Arizona Department of Education is administered by the Superintendent of Public Instruction, an elected position pursuant to the Arizona State Constitution. The Superintendent, in conjunction with the State Board of Education, leads the State in developing and implementing educational guidelines and standards. Through various programs within the Department, the Superintendent oversees direct services to 238 locally governed school districts, including 13 vocational districts and 9 accommodation districts. The Superintendent, in conjunction with the State Board for Charter Schools oversees 384 charters. The Department executes the educational guidelines through evaluation, training, school improvement assistance, dissemination of information, and administration and allocation of funds. The Department also serves as the primary source for information on the status and needs of the public school system.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2011 Exec. Rec.	FY 2012 Exec. Rec.
State Board of Education/Vocational and Technological Education	893.2	908.4	908.4	908.4
School Finance - Payment and Financial Compliance	3,079,432.0	3,467,308.2	3,224,173.3	3,521,224.9
School Accountability and Improvement	13,204.3	10,808.9	10,808.9	10,808.9
Education Services	77,006.5	59,688.8	59,688.8	57,688.8
Professional Development	1,930.3	2,361.7	2,751.7	2,202.2
Administration	7,115.2	5,923.6	5,923.6	5,945.5
Agency - Approp. Funds	3,179,581.5	3,546,999.6	3,304,254.7	3,598,778.7
<i>Category</i>				
FTE	165.1	192.5	192.5	192.5
Personal Services	9,374.6	9,216.8	9,216.8	9,216.8
ERE Amount	4,056.8	3,654.5	3,654.5	3,654.5
Prof. And Outside Services	11,707.3	12,324.3	12,324.3	12,324.3

Travel - In State	68.9	70.4	70.4	70.4
Travel - Out of State	3.5	0.0	0.0	0.0
Aid to Others	3,112,743.4	3,483,548.8	3,240,413.9	3,537,465.5
Other Operating Expenses	3,948.2	2,932.2	2,932.2	2,794.6
Equipment	63.2	10.5	10.5	10.5
Transfers Out	37,615.6	35,242.1	35,632.1	33,242.1
Agency - Approp. Funds	3,179,581.5	3,546,999.6	3,304,254.7	3,598,778.7

Appropriated Fund

General Fund	3,155,259.4	3,491,223.4	3,248,088.5	3,543,162.0
Teacher Certification Fund - GF	1,959.7	0.0	390.0	0.0
School Accountability Fund Prop 301	6,077.5	7,000.0	7,000.0	7,000.0
Teacher Certification Fund - OF	0.0	2,300.7	2,300.7	2,141.2
Statewide Compensatory Instruction Fund	15.5	0.0	0.0	0.0
Public Institutions Permanent School Earnings	16,269.4	46,475.5	46,475.5	46,475.5
Agency - Approp. Funds	3,179,581.5	3,546,999.6	3,304,254.7	3,598,778.7

The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI Basic State Aid	2,845,774.7	3,045,375.7	2,832,667.1	3,161,192.4
SLI Additional State Aid	231,187.6	419,264.0	388,837.7	357,364.0
SLI Other State Aid to Districts	734.4	983.9	983.9	983.9
SLI AIMS Intervention and Dropout Prevention	2,035.9	0.0	0.0	0.0
SLI Special Education Vouchers	35,242.7	35,242.1	35,242.1	33,242.1
SLI Early Childhood Block Grant	6,515.6	0.0	0.0	0.0
SLI Vocational Education Block Grant	11,503.8	11,492.6	11,492.6	11,492.6
SLI Chemical Abuse	244.0	0.0	0.0	0.0
SLI School Safety	4,028.0	0.0	0.0	0.0
SLI Teacher Certification	1,797.0	2,227.8	2,227.8	2,068.3

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2011 Exec. Rec.	FY 2012 Exec. Rec.
Additional School Days	100,960.6	86,280.5	86,280.5	86,280.5
American Competitiveness Project Fund	2.3	0.4	0.4	0.4
Arizona Structured English Immersion Fund	8,876.8	8,914.4	8,914.4	8,914.4
Arizona Youth Farm Loan Fund	0.0	30.0	30.0	30.0
Assistance for Education	0.0	225.4	0.0	0.0
Character Education Fund	129.8	328.4	328.4	200.0
Character Education Special Plate Fund	44.2	45.0	45.0	45.0
Classroom Site Fund	276,798.6	285,404.0	285,404.0	285,404.0
DOE Internal Services Fund	2,602.4	2,269.0	2,269.0	1,423.6
Education Commodity	135.4	270.5	270.5	266.1
Education Printing	1,327.0	966.4	966.4	624.3
English Learner Class Personnel Bonus	(89.5)	55.7	55.7	55.7
Failing Schools Tutoring Fund	1,397.5	2,175.3	2,175.3	2,175.3

Non-Appropriated Funds

	FY 2010 <i>Actual</i>	FY 2011 <i>Expend. Plan</i>	FY 2011 <i>Exec. Rec.</i>	FY 2012 <i>Exec. Rec.</i>
Federal Economic Recovery Fund	698,756.3	319,606.1	422,747.6	0.0
Federal Grant	961,483.1	987,897.8	987,897.8	987,613.2
Golden Rule Special Plate Fund	152.1	155.0	155.0	155.0
IGA and ISA Fund	3,301.7	6,447.9	6,447.9	6,447.9
Indirect Cost Recovery Fund	4,158.7	4,446.6	4,446.6	3,962.4
Instructional Improvement Fund	38,843.9	40,250.0	40,250.0	40,250.0
School Safety Prop 301 Funds	8,564.4	7,800.0	7,800.0	7,800.0
Special Education Fund	32,613.0	35,242.1	35,242.1	33,242.1
Statewide Donations	91.3	65.0	65.0	65.0
Agency - Nonapp. Funds	2,140,149.6	1,788,875.5	1,891,791.6	1,464,954.9
Agency Total - All Funds	5,319,731.1	5,335,875.1	5,196,046.3	5,063,733.6

Federal Funds Expenditures - as reported by Agency

	FY 2010 <i>Actual</i>	FY 2011 <i>Exp. Plan</i>	FY 2012 <i>Exp. Plan</i>	FY 2013 <i>Exp. Plan</i>
Agency Total	1,660,493.4	1,289,169.4	1,097,407.2	N/A

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

Recent Appropriation Activity/Perspective

Beginning in FY 2009, a series of cuts to K-12 schools have been implemented. These reductions include: lump-sum reductions totaling \$175.1 million for FY 2011; elimination of funding intended for Full Day Kindergarten (approximately \$200 million for FY 2010); establishment of the Utilities Adjustment as a replacement for Excess Utilities (\$123 million in FY 2009) and subsequent suspension of the replacement; and the elimination of funding for non-formula programs such as Adult Education, Chemical Abuse, and Early Childhood.

Additionally, for FY 2010 and FY 2011, the availability of federal monies reduced the impact on schools. For FY 2010, \$521 million was used to offset cuts to State aid. For FY 2011, while only \$143.8 million was used to offset cuts to State aid, an additional \$103 million is available to school districts and charter schools, in addition to the amount necessary to offset State aid, which may be used for Education Jobs at the discretion of the districts and charters. For FY 2012 there are no federal monies available to offset cuts to State aid.

In response to these reductions, school districts have reduced administrative staff at both the district and school level, increased class size, replaced certified teachers in libraries with classified staff, increased recycling (to reduce trash collection costs), shared resources and associated costs with neighboring districts, delayed replacement of computers and textbooks, reduced expenditures for association memberships and travel, and reduced incentive programs for non-certified staff, as well as making other adjustments too numerous to list here.

Executive Appropriation Recommendations

FY 2012

Baseline Adjustments

Rent Standard Adjustment	(51.2)
General Fund	(37.4)
Teacher Certification Fund - OF	(13.8)

Risk Standard Adjustment	59.3
General Fund	59.3

Baseline Adjustments

Basic State Aid FY 2012	55,784.3
The Executive recommends a formula increase of \$55.8 million for Basic State Aid. This includes 1% ADM growth, 0.9% inflation funding for transportation and additional assistance, and a (12%) change in net assessed valuation.	
General Fund	55,784.3

Additional State Aid Exclusions	(70,500.0)
A.R.S. § 15-972 requires the State to pay 40% of each homeowner's primary property tax, up to \$600. Laws 2010, 7th Special Session, Chapter 8, amended the formula to 40% of the actual primary property tax or 40% of the qualifying tax rate, whichever is less.	
General Fund	(70,500.0)

Baseline Adjustment	143,770.5
The Executive recommends an increase to General Fund appropriations to adjust the baseline for variances between projections and actual amounts for student growth, assessed valuations, and other misc. amounts.	
General Fund	143,770.5

Other Adjustments

Additional Deferral of State Aid	0.0
The Executive recommendation includes payment of an additional deferral of \$245.0 million from FY 2011, to be paid in FY 2012 and the deferral of \$245.0 million from FY 2012 to FY 2013. The net impact on FY 2012 is zero.	

Special Education Fund	(2,000.0)
The SPED Fund provides for the educational costs of students at the Arizona Schools for the Deaf & Blind (ASDB) and for students placed in private facilities. A decline in ASDB enrollment is projected. The Executive recommends a reduction of (\$2 million) to adjust for historically unexpended balances and the projected student count decline.	
General Fund	(2,000.0)

Expenditure Reduction	(145.7)
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FY 2012

Expenditures from the fund exceed available revenues after inclusion of recommended transfer of \$390,000 from General Fund sub-account for Teacher Certification, to this newly established Teacher Certification Fund. Expenditures may not exceed available sources.

Teacher Certification Fund - OF (145.7)

Additional State Aid - Small School Adjustment 8,600.0

The Small School Adjustment allows school districts with fewer than 125 K-8 students or fewer than 100 9-12 students to levy for necessary expenditures of the district without the necessity for an election. Effective for FY 2012, changes to the formula excluded the Small School Adjustment from Additional State Aid calculation. The Executive recommends the restoration of the Small School Adjustment, for school districts that have not exceeded the student count limits, to the calculation of Additional State Aid

General Fund 8,600.0

Solutions to Budget

Career Ladders Phase Down (5,645.1)

The Career Ladders program provides additional expenditure capacity to 28 school districts. The program facilitates increased pay for teachers meeting specified requirements. This increase is funded partially by a local property tax levy and partially by State aid. While a 5.5% increase is authorized by statute, the increase has been capped at 5% for FY 2010 and FY 2011. The Executive recommends phasing out the Career Ladders program, with the increase being limited to 4% for FY 2012 and to 3%, 2% and 1% in, respectively, FY 2013, 2014 and 2015, before being eliminated in FY 2016. For FY 2012, this is projected to result in a decrease in primary property taxes of approximately (\$11 million) and a savings of \$5.6 million to the General Fund.

General Fund (5,645.1)

Capital Outlay & Additional Assistance Reductions (66,520.8)

For FY 2012, the Executive recommends additional Lump Sum reductions totaling \$66.5 million for school districts and charters schools. The reductions will be allocated to all school districts and charter schools based on each entity's unweighted student count, projected to be approximately \$62 per student count.

General Fund (66,520.8)

Arizona Online Instruction Funding (11,572.2)

FY 2012

Arizona Online Instruction (AOI) provides funding for the instruction of Arizona students through distance learning and is available 24/7 to enrolled students. Participating school districts and charter schools have grown with the removal of pilot status, from 14 in FY 2010 to 21. The number of fundable student count generated by AOI students has grown from 3,400, in the first year that the program was expanded from four to 14 schools, to over 12,000 for FY 2010. The Executive recommends the elimination of transportation and facilities funding, or equivalent amounts, for Arizona Online Instruction, for both school districts and charter schools.

General Fund (11,572.2)

FY 2011 Supplemental Recommendations

FY 2011

Teacher Cert Fund Account Balance Transfer 390.0

Laws 2010, Chapter 306, Subsection 2, established the Teacher Certification Fund to replace General Fund account 1003. The Executive recommends the transfer of the account balance as of July 1, 2010, to the newly established fund.

Teacher Certification Fund - GF 390.0

Additional Deferral of State Aid (245,000.0)

The Executive recommends an increase to the deferred amount of state aid from FY 2011, to FY 2012, \$245.0 million.

General Fund (245,000.0)

Baseline Adjustment 133,461.6

The FY 2011 K-12 ARRA and Education Jobs monies in the amount of \$143.8 million to be used in FY 2011 to offset state aid to school districts and charter schools.

General Fund 133,461.6

FY 2011 Education Jobs Funding (101,170.2)

The Executive recommends the use of \$101.2 million in Education Jobs funding to offset projected Basic State Aid formula amounts in excess of the FY 2011 appropriation.

The Executive does provide supplemental funding for the for-profit charter schools that were ineligible to receive Education Jobs funding. That amount is estimated at \$1.9 million.

Additionally the Executive recognizes that additional charters may be ineligible for Education Jobs monies due to federal restrictions relating to organizational structure. However, it is unclear at this time how charters will be impacted by this restriction.

Districts and charters have drawn down \$175 million, which may be used in place of the State aid.

General Fund (101,170.2)

FY 2011
(30,426.3)

FY 2011 Actual ASA

FY 2011 actual Additional State Aid is less than the appropriated amount. The Executive recommends the use of the Additional State Aid appropriation in excess of the actual FY 2011 ASA cost, in conjunction with the use of Education Jobs funding, to offset the Basic State Aid formula amount in excess of the appropriation.

General Fund (30,426.3)

Performance Measures

	FY 2009 Actual	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected
Percent of Arizona high school students who enter 9th grade and graduate within four years	75	*76	78	79
➤ <i>Fiscal Year data represents class cohort from 1 year previous (i.e. FY 2010 = Class of 2009).</i>				
Number of investigative cases closed	365	295	290	290
Number of days to process budget analysis from July 18	103	103	103	103
➤ <i>*System related difficulties/ legislature session has been closing later, causing September revisions which pushes back distribution of Budg-25 letters.</i>				
Percent of Instructional Improvement Fund (IIP) payments made on a quarterly basis	100	100	100	100
Percent of Classroom Site Fund payments made on a monthly basis	100	100	100	100
Percent of public education agencies demonstrating compliance with monitoring deficiencies within two years	98	100	100	100
Percent of students with disabilities with proficient performance in reading in grade 3	34	37	38	38
Percent of students with disabilities with proficient performance in reading in grade 5	30	35	36	36
Percent of students with disabilities with proficient performance in reading in grade 8	24	27	28	28
Percent of students with disabilities with proficient performance in reading in grade 10	32	32	34	34
Percent of local education agencies (with ELL students receiving state/federal funding) in full compliance with federal, state and ADE policy issues	35	50	60	60
Percent of calls that are resolved by the Support Center	91	60	85	85
Number of schools participating in department special initiatives	380	215	200	200
Maximum number of days to process complete certification applications	25	30	30	30

The Executive recommends a lump-sum appropriation by program with special line items.

Department of Emergency and Military Affairs

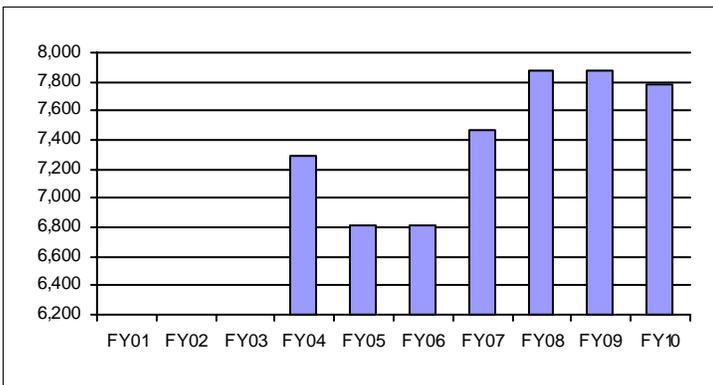
Mission:

To promote, protect, and defend the health, safety, peace, and quality of life of the citizens of our communities, state, and nation.

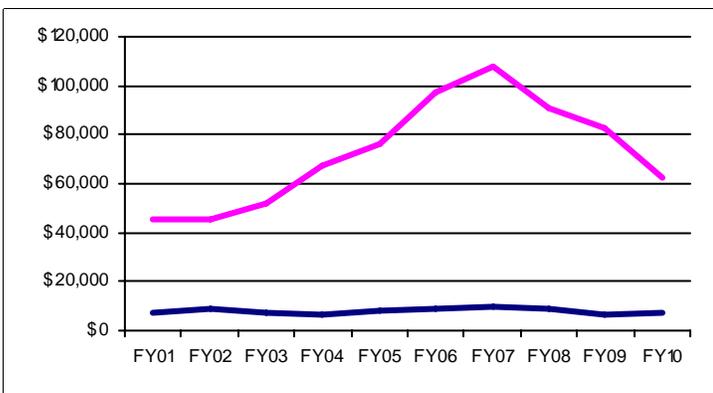
Description:

The Department of Emergency and Military Affairs is divided into three programs: Administration, Emergency Management, and Military Affairs. The Administration program coordinates the activities of the other programs. It provides overall financial, contracting, personnel, and property management actions. The Emergency Services program prepares and coordinates emergency response plans for the State. The Military Affairs program contains the Army National Guard and Air National Guard programs each of which develop, train, and sustain a military force for the protection of life and property, preservation of peace, maintenance of order, and public safety. It also administers Project Challenge for training at-risk youth and the Joint Counter Narcotics Task Force.

Number of Guard Members in State



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Administration	1,527.2	1,594.7	1,625.1	1,625.1
Military Affairs	4,156.7	4,260.7	2,693.5	2,746.0
Emergency Management	3,487.4	4,575.2	4,571.8	4,571.8
State Forester	0.0	0.0	5,972.4	5,974.0
Agency - Approp. Funds	9,171.3	10,430.6	14,862.8	14,916.9

Category

FTE	56.4	56.4	97.4	97.4
Personal Services	2,732.3	2,629.5	4,613.1	4,613.1
ERE Amount	1,075.2	984.8	1,658.3	1,658.3
Prof. And Outside Services	120.3	141.6	176.2	176.2
Travel - In State	172.3	104.0	104.0	104.0
Travel - Out of State	18.6	15.2	13.7	13.7
Food	379.6	394.6	0.0	0.0
Aid to Others	971.3	2,126.3	2,201.3	2,201.3
Other Operating Expenses	1,273.9	1,506.6	1,432.6	1,486.7
Equipment	104.7	118.4	118.8	118.8
Capital Outlay	0.0	60.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	2,323.1	2,349.6	4,544.8	4,544.8
Agency - Approp. Funds	9,171.3	10,430.6	14,862.8	14,916.9
<i>Appropriated Fund</i>				
General Fund	9,100.1	10,430.6	14,862.8	14,916.9
Emergency Response Fund	71.2	0.0	0.0	0.0
Agency - Approp. Funds	9,171.3	10,430.6	14,862.8	14,916.9

The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI Governor's Emergency Funds	1,772.1	2,900.0	2,900.0	2,900.0
SLI Inmate Fire Crews	0.0	0.0	700.0	700.0
SLI Fire Suppression	0.0	0.0	3,000.0	2,999.0

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expnd. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Cooperative Forestry Fund	0.0	0.0	6,361.7	6,363.3
Federal Economic Recovery Fund	0.0	0.0	1,307.5	19.5
Federal Grant	54,829.8	58,134.9	58,112.0	58,112.0
Fire Suppression Fund	0.0	0.0	13,063.5	13,063.5
National Guard Fund	11.9	11.9	11.9	11.9
National Guard Morale, Welfare and Recreation	19.9	0.0	0.0	0.0
Navajo Camp Fund	10,870.6	10,670.3	10,662.5	10,662.5
Nuclear Emergency Management	895.1	916.7	916.7	916.7
Agency - Nonapp. Funds	66,627.3	69,733.8	90,435.8	89,149.4
Agency Total - All Funds	75,798.6	80,164.4	105,298.6	104,066.3

Federal Funds Expenditures - as reported by Agency

	FY 2010 Actual	FY 2011 Exp. Plan	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	65,650.2	69,277.7	64,775.0	57,327.6

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

Recent Appropriation Activity/Perspective

In FY 2007 the Department was appropriated \$14.5 million. Statewide adjustments and lump-sum reductions changed the FY 2008 appropriation to \$14.7 million, with \$100,000 in fund transfers.

In FY 2009, lump-sum and personnel reductions of (\$1.7 million)

lowered the appropriation to \$12.5 million. Additional lump-sum reductions of (\$1.5 million); a (\$227,700) that halted the replacement of life cycle equipment; mid-year budget reductions of (\$543,000); and State land lease increases brought the FY 2010 appropriation to \$10.6 million. This represents a (23.1%) reduction over a three-year budget cycle.

The FY 2011 appropriation is \$10.6 million due statewide salary reductions.

FY 2012 FY 2013

Eliminate Project Challenge

(1,564.5) (1,564.5)

A declining national and local economic condition continues to force the State to make budget reductions of all but the most necessary programs. Therefore, the Executive recommends removing State funding for Arizona Project Challenge (AZPC).

AZPC is an interventionist program for at-risk youths. The program teaches young people certain core components for successful living, including life coping skills, academic excellence, responsible citizenship, health and hygiene, job skills, physical fitness, leadership and followership, and service to community. AZPC holds two classes per year with a 100-cadet limit per class. The programs are five-and-a-half-month residential phase and 12-month post-residential phase for high school drop-outs age 16-19. Students are not charged to attend.

General Fund (1,564.5) (1,564.5)

Continue Governor's Emergency Fund Reduction

0.0 0.0

Laws 2010, Seventh Special Session, Chapter 5 reduced the Governor's Emergency Fund statutory appropriation from \$4.0 million to \$2.9 million. The Executive recommends continuing the reduction for FY 2012 and 2013.

Executive Appropriation Recommendations

FY 2012 FY 2013

Baseline Adjustments

Rent Standard Adjustment (2.7) 49.8

General Fund (2.7) 49.8

Risk Standard Adjustment (63.0) (63.0)

General Fund (63.0) (63.0)

Baseline Adjustments

Military Installation Fund Change 90.0 90.0

Laws 2010, Chapter 208 moved the Military Installation Fund from the Department of Commerce to the Department of Emergency and Military Affairs (DEMA), beginning in FY 2011. Also appropriated from the General Fund to DEMA were 1.0 FTE and \$90,000 for administration of the fund. The funding is continuously appropriated in statute. The same bill reduced the annual appropriation to the Attorney General from \$100,000 to \$85,000.

Laws 2010, Chapter 208 also appropriates \$4.8 million from the General Fund to the Military Installation Fund each year. Session law reduced the appropriation by (\$2.8 million). The Executive recommends continuing and increasing the reduction of the General Fund appropriation to the Military Installation Fund for FY 2012 and 2013. The total reduction in appropriation will be (\$4.8 million) in each fiscal year.

General Fund 90.0 90.0

Other Adjustments

Consolidation of Forester into Emergency Management 5,972.4 5,974.0

Both the Department of Emergency and Military Affairs (DEMA) and the State Forester are State emergency management agencies. To obtain the most efficient response to all emergencies, the Executive recommends consolidating the State Forester within DEMA. If there is available space, the State Forester will move its office from 1100 W. Washington into DEMA.

General Fund 5,972.4 5,974.0

Solutions to Budget

Performance Measures

	FY 2010	FY 2011	FY 2012	FY 2013
	Actual	Expected	Expected	Expected
Percent of Air National Guard soldiers re-enlisted	93	90	90	90
Percent of Army National Guard soldiers re-enlisted	84	85	85	85
Number of communities with sustained Disaster Resistant Community Programs	117	117	117	117
Percent of requests for contingency exercise assistance supported	100	100	100	100
Average number of months of community recovery time from declaration of emergency to termination of emergency	21.1	20	18	15
Number of Project Challenge graduates annually	138	175	150	150

The Executive recommends a lump-sum appropriation by program with special line items.

Department of Environmental Quality

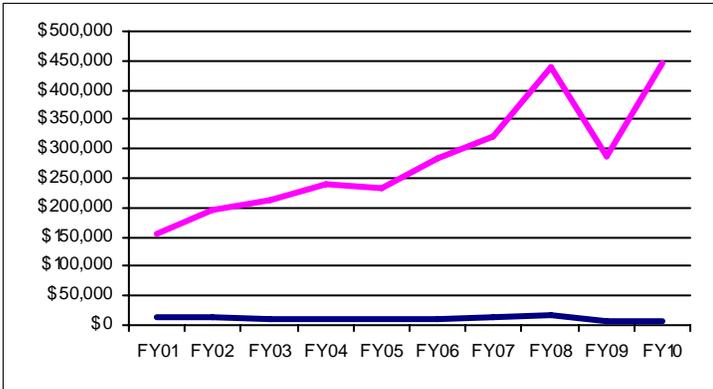
Mission:

To protect and enhance public health and the environment in Arizona.

Description:

The Arizona Department of Environmental Quality protects public health and the environment by establishing and ensuring compliance with standards of quality for Arizona's air, land, and water; advancing public policy; and encouraging participation through statewide outreach.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Administration	4,042.4	13,200.0	12,991.4	13,101.1
Air Quality	31,999.7	45,531.6	38,011.5	38,011.5
Waste Program	10,022.0	11,180.4	10,810.9	10,810.9
Water Quality Program	9,598.8	11,141.6	10,405.3	10,405.3
Agency - Approp. Funds	55,663.0	81,053.6	72,219.1	72,328.8
<i>Category</i>				
FTE	471.4	401.2	401.2	401.2
Personal Services	13,865.2	14,903.9	14,570.6	14,570.6
ERE Amount	5,444.1	6,303.7	6,148.9	6,148.9
Prof. And Outside Services	21,338.6	34,824.9	27,166.9	27,166.9
Travel - In State	297.4	403.2	403.2	403.2
Travel - Out of State	6.0	44.2	44.2	44.2
Aid to Others	1,127.6	1,345.7	1,458.6	1,458.6
Other Operating Expenses	1,647.9	8,464.1	8,267.9	8,377.6
Equipment	90.5	538.8	538.8	538.8
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	4,826.8	7,194.1	6,589.0	6,589.0
Transfers Out	7,018.9	7,031.0	7,031.0	7,031.0
Agency - Approp. Funds	55,663.0	81,053.6	72,219.1	72,328.8

Appropriated Fund

General Fund	12,769.5	7,000.0	7,000.0	7,000.0
DEQ Emissions Inspection	23,411.8	33,086.6	25,566.5	25,566.5
Hazardous Waste Management	581.7	1,719.6	1,719.6	1,719.6
Air Quality Fund	4,130.9	5,386.5	5,386.5	5,386.5

Clean Water Revolving Fund	4,487.9	5,000.0	0.0	0.0
Underground Storage Tank Revolving	2.8	22.0	22.0	22.0
Permit Administration	5,169.0	7,058.5	7,058.5	7,058.5
Solid Waste Fee Fund	927.5	2,299.9	1,930.4	1,930.4
Used Oil Fund	14.0	138.9	138.9	138.9
Water Quality Fee Fund	3,497.5	6,141.6	10,405.3	10,405.3
Indirect Cost Fund	670.3	13,200.0	12,991.4	13,101.1
Agency - Approp. Funds	55,663.0	81,053.6	72,219.1	72,328.8

The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI Transfer to Counties	1,127.6	0.0	0.0	0.0
SLI Emissions Control Contractor Payments	19,630.5	27,639.6	20,006.6	20,006.6
SLI Waste Tire Program	40.6	0.0	0.0	0.0
SLI WQARF Priority Site Remediation	7,000.0	7,000.0	7,000.0	7,000.0

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expnd. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Centralized Monitoring Fund	534.0	774.2	774.2	774.2
Clean Water Revolving Fund	213,040.6	98,212.4	98,212.4	98,212.4
Drinking Water Revolving Fund	93,855.2	46,212.6	46,213.7	46,215.7
Federal Economic Recovery Fund	65,297.8	19,446.2	19,446.2	19,446.2
Federal Grant	14,791.2	18,856.3	18,856.3	18,856.3
IGA and ISA Fund	1,337.2	5,702.8	5,702.8	5,702.8
Institutional & Engineering Control Fund	10.2	10.5	10.5	10.5
Small Water Systems Fund	291.0	0.0	0.0	0.0
Statewide Employee Recognition Gifts/Donations	15.4	11.5	11.5	11.5
Underground Storage Tank Revolving	24,736.8	22,553.0	22,553.0	22,553.0
Voluntary Remediation Fund	161.7	183.0	183.0	183.0
Voluntary Vehicle Repair & Retrofit Program	198.4	0.0	0.0	0.0
Water Quality Assurance Revolving Fund	7,258.3	11,999.1	11,999.1	11,999.1
Agency - Nonapp. Funds	421,527.8	223,961.6	223,962.7	223,964.7

Agency Total - All Funds

Agency Total - All Funds	477,190.8	305,015.2	296,181.8	296,293.5
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Federal Funds Expenditures - as reported by Agency

	FY 2010 Actual	FY 2011 Exp. Plan	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	80,150.6	38,302.5	38,302.5	38,302.5

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

Recent Appropriation Activity/Perspective

Adjustment made to match Agency's expected expenditure level.

The Department of Environmental Quality's FY 2007 appropriation was \$98.2 million.

In FY 2008 a total \$683,000 General Fund and \$4.3 million Other Fund increases were realized. Reductions included removal of one-time funding of small rural water systems and water permit one-time funding. Increases were made for surface water permitting, border inspectors, hazardous emergency air response, emissions control contract, APP staff, expedited water quality permits, air quality staff, and recycling compliance. The FY 2008 appropriation total was \$103.3 million.

In mid-FY 2008 a total of (\$2.7 million) General Fund and (\$201,100) Other Fund reductions were made, resulting in an appropriation of \$100.4 million and fund transfers of \$39.6 million. Reductions included a WQARF appropriation reduction, lump-sum reductions, and technical adjustments.

In FY 2009, (\$6.2 million) General Fund reductions and \$7 million Other Fund increases were realized. Changes included lump sum reductions, a FY 2007 session-enacted adjustment, fee offset, Clean Water Revolving Fund shift, and an indirect cost fund shift. The FY 2009 appropriation was \$101.2 million with \$42.3 million in Fund Transfers.

Mid-FY 2009 adjustments resulted in (\$4.4 million) General Fund and (\$1.2 million). Other Fund reductions including lump sum and salary lump sum reductions, elimination of travel reduction plan, and a Hazardous Waste Fund backfill. The adjusted appropriation was \$95.6 million with an additional \$33.4 million in Fund Transfers.

In FY 2010, (\$6.4 million) General Fund and (\$7.6 million) Other Fund reductions included reduced emissions contractor payments, shift of travel reduction program to emissions inspection fund, salary lump sum reductions, WQARF reductions, and lump sum reductions. The FY 2010 beginning appropriation is \$81.6 million, with \$40 million in fund transfers. Mid-year adjustments lowered the appropriation to \$78.5 million.

FY 2011 saw the Department's appropriation reduced to \$72.5 million but provided a one-year fee authority increase of \$5.8 million to account for the loss of all General Fund monies.

Executive Appropriation Recommendations

	FY 2012	FY 2013
Baseline Adjustments		
Rent Standard Adjustment	(83.6)	26.1
Indirect Cost Fund	(83.6)	26.1
Risk Standard Adjustment		
Indirect Cost Fund	(125.0)	(125.0)
Other Adjustments		
Expenditure Adjustment	(8,625.9)	(8,625.9)
DEQ Emissions Inspection Fund	(7,520.1)	(7,520.1)

	FY 2012	FY 2013
Clean Water Revolving Fund	(5,000.0)	(5,000.0)
Solid Waste Fee Fund	(369.5)	(369.5)
Water Quality Fee Fund	4,263.7	4,263.7

Other Adjustments

ADEQ Fee Structure/Sustainable Programs, Waste	0.0	0.0
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As part of the FY 2011 appropriations, the Department was authorized to increase fees and was appropriated the increased revenue as a replacement for General Fund reductions. This authority and appropriation will expire at the end of FY 2011. To continue operating the Air, Waste and Water programs without General Fund support, the Executive recommends continued appropriations of the increased fee revenue.

The Department was authorized to raise up to \$5.8 million in new fee revenue in FY 2011. Fees were created in all three programs: Air, Waste and Water. These fees will expire at the end of FY 2011. A continuation of Waste Fee authority and BRB language allowing fee changes and a rule-making exemption for the Waste Program are needed to provide the \$5.8 million in additional revenue.

The Executive recommends \$5.8 million and the continuation of the authority to expend all revenue to the Indirect Cost Recovery Fund, Air Permits Administration Fund and Water Quality Fee Fund. It is also recommended that the Department be provided a rule-making exemption to set waste fees at a level that will fund the appropriation to the Hazardous Waste Management Fund (\$1,719,600) and the Solid Waste Fee Fund (\$2,299,900)

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected	FY 2013 Expected
Number of non-attainment areas exceeding national ambient air quality standards.	2	5	5	5
Percentage of facilities from Drinking Water Priority Log assigned to enforcement staff.	100.0	100.0	N/A	N/A
Percentage of statutorily set permit timelines met through License Time Frame rule.	99.8	100.0	N/A	N/A
Customer satisfaction rating for citizens (scale of 1-8)	7.8	7.7	N/A	N/A
Number of days per year exceeding National Ambient Air Quality Standards (NAAQS) for Ozone (O3), Carbon Monoxide (CO), or Particulates (PM10).	8.0	0.0	N/A	N/A
Percent of contaminated sites in Waste Programs Division closed requiring no further action (cumulative) versus known universe of contaminated sites in the Waste Programs Division (cumulative)	88.6	84.5	N/A	N/A

The Executive recommends a lump-sum appropriation to the agency.

Governor's Office for Equal Opportunity

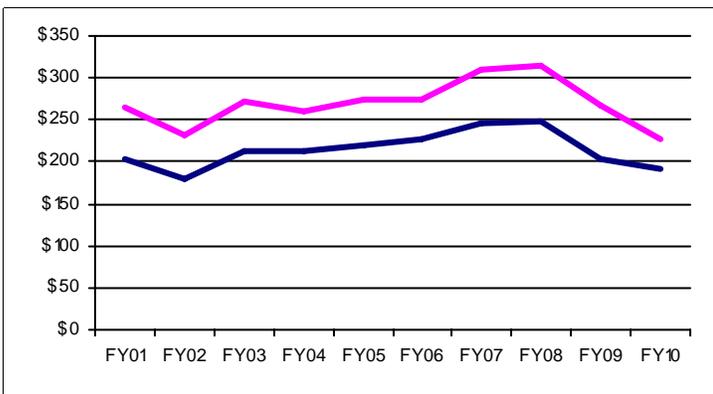
Mission:

To administer and enforce state and federal laws prohibiting discrimination for over 44,000 state employees to ensure there are no discriminatory practices in State government.

Description:

The Governor's Office of Equal Opportunity (GOEO) provides information and technical assistance to state agencies to ensure nondiscrimination and equal opportunity access to employment, state contracts, and appointments. The GOEO assists state agencies/divisions in promoting equal opportunity in employment, appointments, and procurement practices conducted on behalf of the State.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Equal Opportunity	191.3	194.4	193.2	193.2
Agency - Approp. Funds	191.3	194.4	193.2	193.2
Category				
FTE	4.0	4.0	4.0	4.0
Personal Services	112.3	104.0	104.0	104.0
ERE Amount	43.3	41.6	41.6	41.6
Prof. And Outside Services	0.8	5.0	5.0	5.0
Travel - In State	0.1	1.2	1.2	1.2
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	34.8	42.6	41.4	41.4
Equipment	0.0	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	191.3	194.4	193.2	193.2
Appropriated Fund				
General Fund	191.3	194.4	193.2	193.2
Agency - Approp. Funds	191.3	194.4	193.2	193.2

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Plan	FY 2013 Exec. Plan
Federal Grant	35.8	100.3	68.0	68.0
Agency - Nonapp. Funds	35.8	100.3	68.0	68.0
Agency Total - All Funds	227.1	294.7	261.2	261.2

Federal Funds Expenditures - as reported by Agency

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Plan	FY 2013 Exec. Plan
Agency Total	35.5	100.5	68.0	68.0

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

Recent Appropriation Activity/Perspective

The Office's budget decreased by nearly 21% from FY 2007 to FY 2011. Because of budget cuts, some of the Office's ancillary activities, such as providing alternative dispute services and community and business outreach efforts, declined in volume over the three-year period. The Office was still able to maintain its primary responsibility to collect and review annual equal opportunity plans from each State agency, which it has done without fail since FY 2007. The Office actually increased its outreach to tribal communities in FY 2010, engendering relationships to provide State employment and procurement information to tribal leaders.

Executive Appropriation Recommendations

FY 2012 FY 2013

Baseline Adjustments

Risk Standard Adjustment	(1.2)	(1.2)
General Fund	(1.2)	(1.2)

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected	FY 2013 Expected
Number of calls answered providing information and assistance regarding Equal Opportunity rules and regulations	600	600	500	500
Total training hours provided to state employees	340	900	400	400
Number of community organizations contacted by the Governor's Office for Equal Opportunity to help facilitate the dissemination of information regarding employment opportunities	200	250	200	200
Number of minority/women-owned businesses contacted and provided with information regarding state contracting opportunities	40	2,500	40	60
Number of persons trained in mediation	1	10	1	2

The Executive recommends a lump-sum appropriation to the agency.

State Board of Equalization

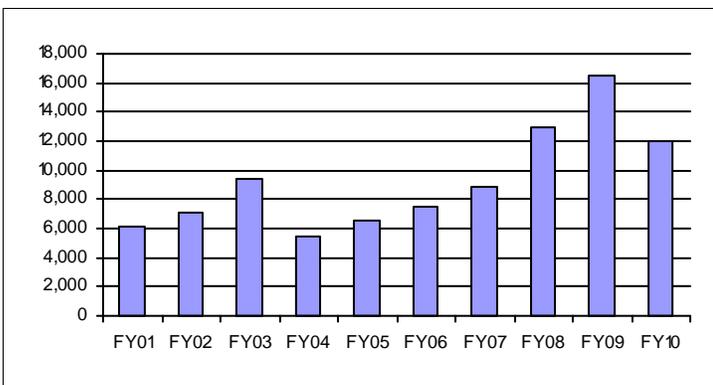
Mission:

To provide an independent appeal process for taxpayers, the county assessors, and the Department of Revenue in disputes relating to the valuation and classification of property for ad valorem tax purposes.

Description:

The State Board of Equalization (SBOE) is comprised of forty-one members, twenty-one appointed by the Governor, including the Chairman, and ten members each from Maricopa and Pima counties. The Board's jurisdiction is primarily over locally assessed real and personal property in Maricopa and Pima counties, but extends statewide for centrally assessed property. The Board also can provide hearing officer services for outlying counties. Currently, the Board provides services to La Paz, Mohave, Navajo, Pinal and Yavapai counties.

Total Appeals



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
State Board of Equalization	649.8	661.0	662.4	664.5
Agency - Approp. Funds	649.8	661.0	662.4	664.5
<i>Category</i>				
FTE	7.0	7.0	7.0	7.0
Personal Services	353.6	368.1	368.1	368.1
ERE Amount	122.3	128.5	128.5	128.5
Prof. And Outside Services	31.8	27.0	27.0	27.0
Travel - In State	4.6	4.0	4.0	4.0

Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	137.5	129.2	130.6	132.7
Equipment	0.0	4.2	4.2	4.2
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	649.8	661.0	662.4	664.5
<i>Appropriated Fund</i>				
General Fund	649.8	661.0	662.4	664.5
Agency - Approp. Funds	649.8	661.0	662.4	664.5

Recent Appropriation Activity/Perspective

The State Board of Equalization has experienced a 63% increase in the number of property valuation appeals it has heard between FY 2007 and FY 2011. The agency has met these demands without an increase in staff or funding during that time. As a result, the Board has failed to meet its statutorily imposed deadline for all appeals. This occurred despite the fact that its small staff and board members work in excess of 60 to 80 hours per week during appeals season.

The scope of this backlog enabled the agency to seek legislative changes that reduced the number of appeals heard by more than one board member. This provided the Board additional flexibility in scheduling hearings and finding efficiencies. The agency also developed a method for volunteer clerical support from other agencies that has proven successful.

A reduction to the agency's budget threatens the ability to hear all the appeals requested. This is because board members are paid per diem, not on salary. Thus the Board cannot realize the type of personnel savings that many other agencies do.

Executive Appropriation Recommendations

	FY 2012	FY 2013
Baseline Adjustments		
Rent Standard Adjustment	1.1	3.2
General Fund	1.1	3.2
Risk Standard Adjustment	0.3	0.3
General Fund	0.3	0.3

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected	FY 2013 Expected
Cost per parcel (in dollars)	10	12	12	12
Parcels appeals received	117,081	85,000	87,000	84,000

The Executive recommends a lump-sum appropriation to the agency.

Board of Executive Clemency

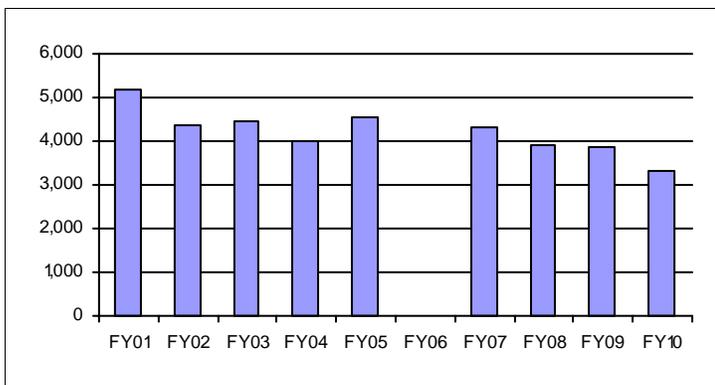
Mission:

To ensure public safety by considering and granting parole, work furlough, home arrest, and absolute discharge to inmates certified eligible by the Department of Corrections and who appear not to pose a threat to society, and by recommending to the Governor only those executive clemency actions which are in the best interest and safety of the citizens of Arizona.

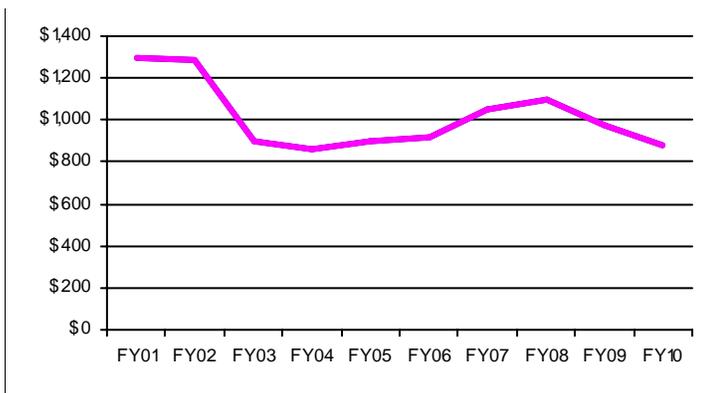
Description:

Each month the Board conducts parole hearings for inmates who have committed offenses prior to January 1994. Hearings include consideration for home arrest, work furlough, parole release, absolute discharge, rescission, modification, revocation (of both parole and community supervision), and absolute discharge from parole supervision. The Board also conducts clemency hearings which include commutation, pardon, and reprieve.

Total Board Hearings Held



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Board of Executive Clemency	877.7	865.4	877.7	864.5
Agency - Approp. Funds	877.7	865.4	877.7	864.5
<i>Category</i>				
FTE	9.0	14.0	14.0	14.0
Personal Services	493.6	473.9	484.9	473.9
ERE Amount	231.7	232.9	235.1	232.9
Prof. And Outside Services	0.0	0.0	0.0	0.0

Travel - In State	2.7	1.0	1.0	1.0
Travel - Out of State	0.1	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	149.6	151.6	150.7	150.7
Equipment	0.0	6.0	6.0	6.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	877.7	865.4	877.7	864.5
<i>Appropriated Fund</i>				
General Fund	877.7	865.4	877.7	864.5
Agency - Approp. Funds	877.7	865.4	877.7	864.5

Recent Appropriation Activity/Perspective

The Board's \$1.1 million FY 2007 General Fund appropriation increased to \$1.2 million for FY 2008. During FY 2008, the Board was asked to reduce staff costs by (\$60,000), which contributed significantly to the FY 2009 appropriation reduction to \$1.1 million. During FY 2009, the Board's appropriation was reduced during mid-year by (\$50,000) to \$1 million. The FY 2010 appropriation reflects a salary lump-sum reduction of (\$96,000), putting the final appropriation at \$951,600. During FY 2010, a reduction in appropriation was enacted, which lowered the current FY 2010 appropriation to \$880,200. The Board's FY 2011 appropriation was \$865,400.

The results of the reductions in appropriations during the past several years have been felt almost exclusively in staffing. The Board's capacity to hear cases has been reduced to 30 hours per week, and it has been unable to keep up with requests for commutation hearings. The current backlog for commutation hearings is approximately five years, in contrast to past years, when the Board has generally been able to remain current with hearings requests. Currently, the Board is able to hear approximately 100 commutation cases annually, and it has received more than 400 requests for commutation in every year since 2001.

Executive Appropriation Recommendations

	FY 2012	FY 2013
Baseline Adjustments		
Risk Standard Adjustment	(0.9)	(0.9)
General Fund	(0.9)	(0.9)

Other Adjustments

Annual Leave Payout	13.2	0.0
The Executive recommends a one-time increase of \$13,200 for the annual leave payout for an employee eligible to retire.		
General Fund	13.2	0.0

FY 2012 FY 2013

Part-Time Board Status 0.0 0.0

The Executive recommends continuing Laws 2010, 7th Special Session Chapter 6, Section 33 through FY 2012 and FY 2013, to allow Board members to serve on a part-time basis, notwithstanding any other law, through FY 2013.

Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>	<u>Expected</u>
Number of parole hearings scheduled	539	800	800	800
Percent of parole grants	13	37	37	37
Number of revocations	2,463	2,600	2,600	2,600
Number of victims notified	1,410	2,500	2,500	2,500

The Executive recommends a lump-sum appropriation to the agency.

Arizona Exposition & State Fair

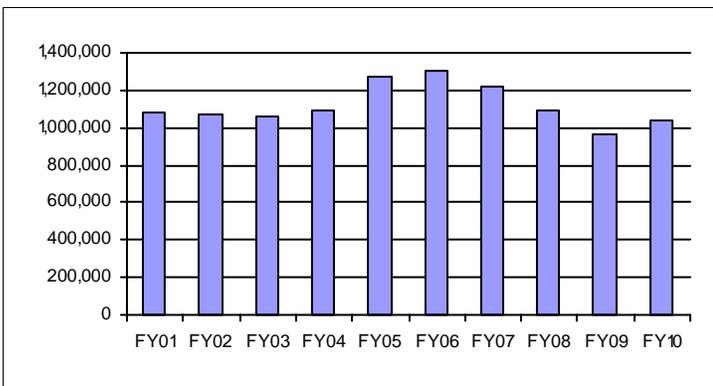
Mission:

To provide unlimited opportunity to celebrate Arizona's heritage, youth, industry, traditions, and future by bringing the entire community together.

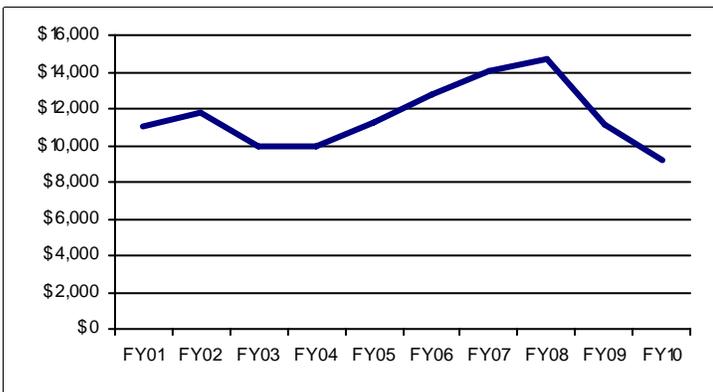
Description:

The Arizona Exposition and State Fair (AESF) is a 96-acre entertainment facility that showcases a variety of events, including one of the preeminent state fairs in the country. The AESF, which owns the property and buildings it occupies, rents its facilities to a variety of tenants and promoters, such as the Arizona National Livestock Show and the Maricopa County Fair. The AESF provides a location to showcase industry, agriculture, education, and entertainment for the enjoyment of Arizona citizens.

State Fair Attendance by Year



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Interim Events	3,264.5	3,689.6	3,744.4	3,744.4
State Fair Operations	5,926.6	7,395.7	7,400.7	7,400.7
Agency - Approp. Funds	9,191.1	11,085.3	11,145.1	11,145.1
<i>Category</i>				
FTE	182.7	184.0	184.0	184.0
Personal Services	2,842.2	3,466.1	3,466.1	3,466.1
ERE Amount	762.8	836.0	836.0	836.0
Prof. And Outside Services	2,818.0	3,391.0	3,391.0	3,391.0
Travel - In State	0.0	0.0	0.0	0.0

Travel - Out of State	1.5	5.0	5.0	5.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	2,763.2	3,387.2	3,447.0	3,447.0
Equipment	0.0	0.0	0.0	0.0
Capital Outlay	3.4	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	9,191.1	11,085.3	11,145.1	11,145.1
<i>Appropriated Fund</i>				
Coliseum & Exposition Center	9,191.1	11,085.3	11,145.1	11,145.1
Agency - Approp. Funds	9,191.1	11,085.3	11,145.1	11,145.1

Recent Appropriation Activity/Perspective

The budget for the AESF Board has experienced significant changes since FY 2007. To more closely match actual expenditures on AESF events in recent years, the Board's appropriated budget was cut from \$16.1 million in FY 2007 to \$11.1 million in FY 2011 – a decrease of over 31%. Furthermore, the Board lost its capital outlay fund in FY 2010, which was replenished with up to \$400,000 annually through pari-mutuel tax revenue; now it must apply for building renewal money through the Department of Administration for all capital projects that it cannot fund using its appropriated operating fund.

Funding capital projects with the operating fund will be difficult in succeeding years because nearly \$6 million was transferred from the fund to the General Fund in FY 2010, leaving the Board with just enough money for annual operations. The Board estimates that it will need up to \$3 million for capital projects in succeeding years, including repaving the main parking lot and replacing the roof of the cattle barn.

The Board did, however, successfully complete a multi-million-dollar roof replacement of the Veteran's Memorial Coliseum in FY 2009 using building renewal money. Moreover, while revenue earned on the State Fair has flagged since a record year in FY 2007, initial estimates for the FY 2011 State Fair indicate that revenue will far surpass that of FY 2009 and FY 2010. AESF officials attribute this to a greater and more creative advertising campaign, new revenue sources (such as earning a percentage of all concessions sold during the State Fair), and to a recovering state economy.

Executive Appropriation Recommendations

	FY 2012	FY 2013
Baseline Adjustments		
Risk Standard Adjustment	59.8	59.8
Coliseum and Expo Center Fund	59.8	59.8

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected	FY 2013 Expected

Performance Measures

	FY 2010	FY 2011	FY 2012	FY 2013
	Actual	Expected	<u>Expected</u>	Expected
Fair attendance (in thousands)	961.44	1,000.0	1,000.0	1,000.0
New revenue received from alternative sources (in dollars)	142,000	15,000	15,000	15,000
Number of guest service contacts	358	376	395	415

The Executive recommends a lump-sum appropriation to the agency.

State Department of Financial Institutions

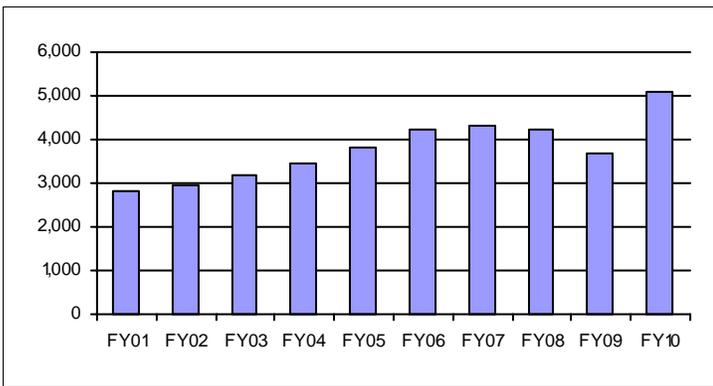
Mission:

To license, examine, and supervise Financial Institutions, in compliance with State law, to ensure safety for the Arizona consumer and soundness for the Arizona business.

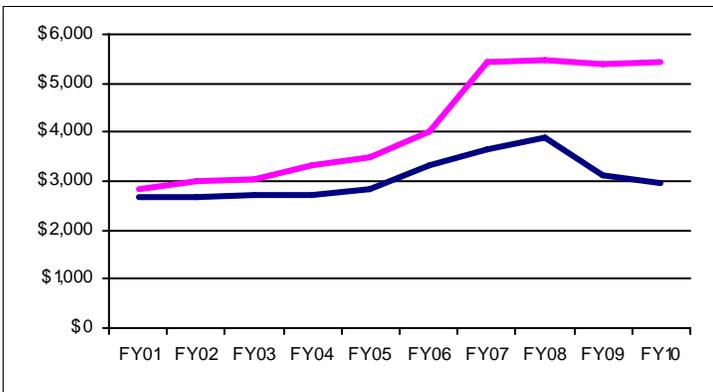
Description:

The Department of Financial Institutions licenses, supervises, and regulates state chartered financial institutions and enterprises to ensure the safety and soundness of state chartered financial entities, and verify compliance with state and federal laws. The Department also investigates complaints that are filed by consumers against licensed entities and directs appropriate remedial action if the violations are substantiated.

Number of Licenses Issued



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Office of Supervision	1,774.0	1,734.0	1,732.4	1,732.4
Office of Regulatory Affairs	1,178.3	1,936.1	1,934.5	1,984.7
Receiverships	17.7	25.7	25.7	25.7
Agency - Approp. Funds	2,970.0	3,695.8	3,692.6	3,742.8
<i>Category</i>				
FTE	47.1	55.1	55.1	55.1
Personal Services	1,743.1	2,009.0	2,009.0	2,051.0
ERE Amount	747.7	853.9	853.9	862.1
Prof. And Outside Services	47.4	296.3	296.3	296.3
Travel - In State	0.0	0.0	0.0	0.0
Travel - Out of State	0.0	0.0	0.0	0.0

Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	431.7	478.9	475.7	475.7
Equipment	0.1	57.7	57.7	57.7
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	2,970.0	3,695.8	3,692.6	3,742.8

Appropriated Fund

General Fund	2,970.0	2,903.1	2,899.9	2,899.9
Financial Services Fund	0.0	792.7	792.7	842.9
Agency - Approp. Funds	2,970.0	3,695.8	3,692.6	3,742.8

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Arizona Escrow Guaranty Fund	21.4	0.0	0.0	0.0
Banking Department Revolving	817.4	600.5	600.5	600.5
IGA and ISA Fund	119.6	73.0	73.0	73.0
Receivership Revolving Fund	1,509.5	932.2	32.2	32.2
Agency - Nonapp. Funds	2,467.9	1,605.7	705.7	705.7
Agency Total - All Funds	5,437.9	5,301.5	4,398.3	4,448.5

Recent Appropriation Activity/Perspective

Budget reductions lowered the Department's General Fund appropriation by (22%) between FY 2007 and FY 2011; however, the number of examiners during this span has fallen by two-thirds. This loss of personnel has eliminated the ability of the agency to meet statutory deadlines for routine examination of State chartered financial institutions. It also has resulted in the suspension of the State's accreditation with the Conference of State Bank Supervisors (CSBS).

The Department has responded to this shortfall with multiple innovations. The first is to utilize web-based systems to handle license applications. The second is LIFT, or "limited in field time." This process has institutions transmit to the examiner, either electronically or by mail, the maximum amount of information possible ahead of time for review. That way, the examination process in the field can take the shortest amount of time possible.

Additional reductions to the Department's budget would have deleterious effects on State chartered financial institutions. This is because the Department's duties have also increased during this time to include the licensure of loan originators. However, the licensing fees associated with this program do not cover the cost of examining the mortgage banks and brokerages for which the loan officers work. Thus, it is very possible that federal intervention would occur, and the State could lose the ability to control some of its own financial institutions.

Executive Appropriation Recommendations

FY 2012 FY 2013

FY 2012 FY 2013

Baseline Adjustments

Risk Standard Adjustment	(3.2)	(3.2)
General Fund	(3.2)	(3.2)

Other Adjustments

Loan Originator/Mortgage Examiners	0.0	50.2
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In FY 2103, the Executive recommends an increase of \$50,200 from the Financial Services Fund to hire an additional examiner. The new position will increase the agency's flexibility in scheduling and conducting bank examinations.

Financial Services Fund	0.0	50.2
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Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>	<u>Expected</u>
Average number of calendar days from receipt to resolution of regular complaint	148	200	200	200
Percent of complainants indicating they receive good or better overall service from the Department	78	75	75	75
Open receiverships (at any point in fiscal year)	1	1	0	0
Percent of examinations receiving a satisfactory composite rating	72	70	70	70
Percent of examination reports mailed within 25 days of completion of all examination procedures	48	50	50	50
Percent of licensees indicating they receive good or better service from the Department	100	98	98	98
Percent of license applications approved within 45 days of receipt (excluding Banks and Credit Unions)	55	60	60	60

The Executive recommends a lump-sum appropriation to the agency.

Board of Fingerprinting

2010. Current projections show that the Board will spend approximately \$470,000 in FY 2011.

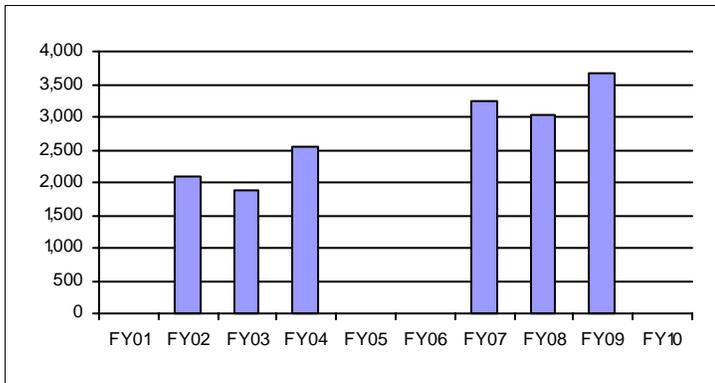
Mission:

To fairly, expeditiously, and responsibly determine good cause exceptions for applicants who have been denied a fingerprint clearance card.

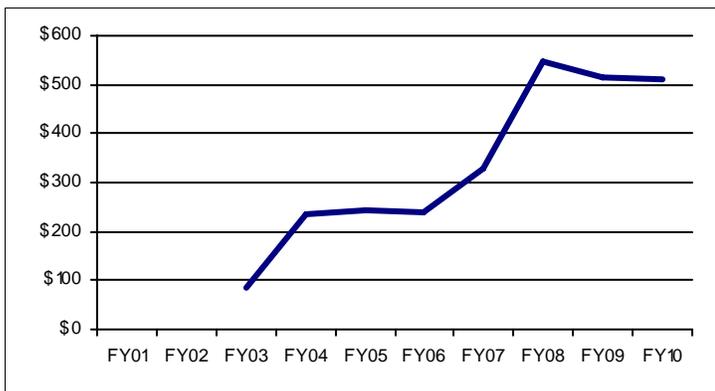
Description:

The Arizona Board of Fingerprinting determines good cause exceptions from eligible people who require a fingerprint clearance card and whose fingerprint clearance card has been denied or suspended by the Department of Public Safety.

Number of Good-Cause-Exception Requests Received



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Non-Appropriated Funds

	FY 2010 <i>Actual</i>	FY 2011 <i>Expend. Plan</i>	FY 2012 <i>Exec. Rec.</i>	FY 2013 <i>Exec. Rec.</i>
Board of Fingerprinting Fund	622.3	451.9	451.1	451.1
Agency - Nonapp. Funds	622.3	451.9	451.1	451.1
Agency Total - All Funds	622.3	451.9	451.1	451.1

Recent Appropriation Activity/Perspective

The Board of Fingerprinting's funding comes from the non-appropriated Board of Fingerprinting Fund. The revenue in this fund is directly related to the number of people who apply for fingerprint clearance cards. In FY 2008, the Board spent \$555,500 from the Board of Fingerprinting Fund. The Board's expenditures increased to \$560,200 in FY 2009 and decreased to \$512,700 in FY

Department of Fire, Building and Life Safety

Mission:

To provide consumer protection and ensure the public safety by maintaining and enforcing standards of quality and safety for manufactured/mobile homes, factory-built buildings, and by reducing hazards to life and property through enforcement of the State Fire Code.

Description:

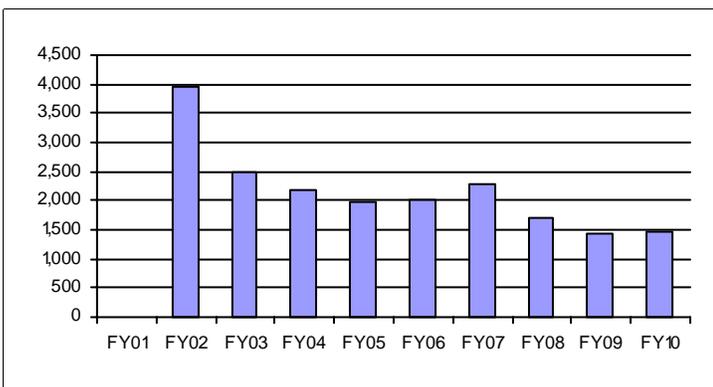
The Department of Fire, Building and Life Safety enforces safety standards for public buildings, manufactured homes, mobile homes, and factory-built buildings. The Department is comprised of the Office of Administration, the Office of Manufactured Housing, and the Office of the State Fire Marshal.

The office of Administration provides support for the overall agency as well as administrative support for functions within the Office of Manufactured Housing and the Office of the State Fire Marshal.

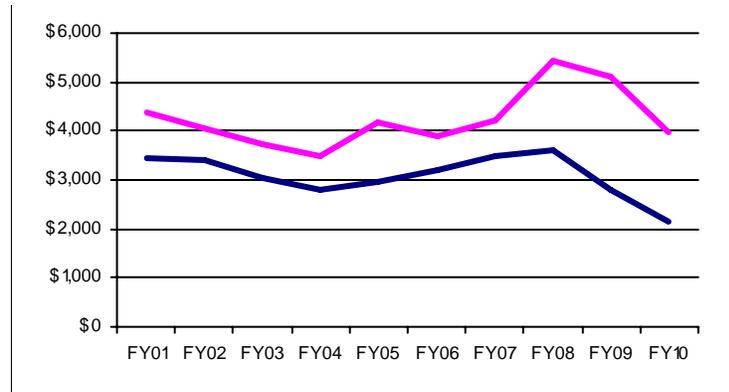
The Office of Manufactured Housing (OMH) licenses and regulates the production and ownership of manufactured housing; administers funds paid by manufacturers, mobile home park owners and residents; and administers funds reserved for claims filed against the payers or for involuntary relocation. Additionally, OMH has been designated to act on behalf of the Federal Department of Housing and Urban Development in the implementation and enforcement of regulations regarding manufactured and mobile homes in Arizona.

The Office of the State Fire Marshal (OFM) enforces the State Fire Code through the inspections of schools and public buildings. Additionally, OFM implements and administers various legislatively mandated programs such as "Fire Safety Compliant Cigarettes" (A.R.S. § 41-2170) and "Fireworks Sales" (A.R.S. § 36-1601)".

Number of Licensees



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Administration	1,260.2	539.0	560.8	562.4
Manufactured Housing	359.7	732.6	692.2	694.1
State Fire Marshal	535.3	742.8	717.9	719.1
Agency - Approp. Funds	2,155.2	2,014.4	1,970.9	1,975.6
<i>Category</i>				
FTE	22.8	23.4	23.4	23.4
Personal Services	1,128.5	1,031.7	1,031.7	1,031.7
ERE Amount	598.6	526.1	526.1	526.1
Prof. And Outside Services	55.5	75.0	75.0	75.0
Travel - In State	95.8	156.1	156.1	156.1
Travel - Out of State	1.5	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	266.8	193.0	149.5	154.2
Equipment	8.5	32.5	32.5	32.5
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	2,155.2	2,014.4	1,970.9	1,975.6
<i>Appropriated Fund</i>				
General Fund	2,155.2	2,014.4	1,970.9	1,975.6
Agency - Approp. Funds	2,155.2	2,014.4	1,970.9	1,975.6

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Arson Detection Reward	3.3	0.0	0.0	0.0
Building & Fire Safety Fund	299.8	0.0	0.0	0.0
Federal Grant	125.0	176.1	176.1	176.1
Manufactured Housing Consumer Recovery	505.1	0.0	0.0	0.0
Mobile Home Relocation	1,159.5	682.6	682.6	682.6
Agency - Nonapp. Funds	2,092.7	858.7	858.7	858.7
Agency Total - All Funds	4,247.9	2,873.1	2,829.6	2,834.3

Recent Appropriation Activity/Perspective

The agency's FY 2007 appropriation was set at \$3.6 million. Lump-sum reductions of (\$310,600), statewide adjustments, new fire

coordinator position increases, and manufactured housing program increases kept the FY 2008 appropriation at \$3.6 million.

In FY 2009 and FY 2010, lump-sum reductions of (\$458,500) and (\$598,200), respectively, were realized. An (\$803,600) General Fund program reduction in FY 2010 changed the appropriations to \$3.1 million in FY 2009 and \$2.2 million in FY 2010. This represents an appropriation reduction of 40% over three years.

In FY 2011, the appropriation was reduced to \$2 million due to lump-sum and salary reductions.

Executive Appropriation Recommendations

	<u>FY 2012</u>	<u>FY 2013</u>
Baseline Adjustments		
Rent Standard Adjustment	(40.8)	(36.1)
General Fund	(40.8)	(36.1)
<hr/>		
Risk Standard Adjustment	(2.7)	(2.7)
General Fund	(2.7)	(2.7)

Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>	<u>Expected</u>
Average days from receipt of complete application to granting of license	2	2	2	2
Number of enforcement inspections for new construction	827	650	650	650
Total individuals or facilities licensed	1630	1600	1600	1600
Number of persons trained in fire and life safety issues	9	0	0	0

The Executive recommends a lump-sum appropriation to the agency.

Arizona State Forester

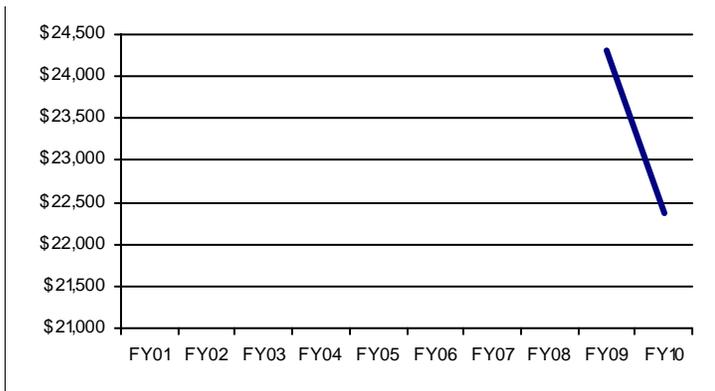
Mission:

To provide for the prevention and suppression of wildfires on state and private lands located outside incorporated municipalities, utilizing state and private Forestry programs, and primarily through the use of cooperative agreements with local fire departments, other state and federal agencies and persons organized to prevent and suppress wildfires.

Description:

The Forestry Division provides for the prevention and suppression of wildfires on state and private lands, located outside incorporated municipalities, through the use of cooperative agreements with local fire departments, other state and federal agencies and persons organized to prevent and suppress wildfires. The division also maintains in-house overhead and firefighting capabilities through the qualifications of its own employees. Through the division's programs, 22,400,000 acres of state and private land are protected.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
State Forester	9,169.0	5,971.1	0.0	0.0
Agency - Approp. Funds	9,169.0	5,971.1	0.0	0.0
<i>Category</i>				
FTE	52.0	52.0	0.0	0.0
Personal Services	2,399.3	2,399.3	0.0	0.0
ERE Amount	923.1	923.1	0.0	0.0
Prof. And Outside Services	35.0	35.0	0.0	0.0
Travel - In State	0.0	0.0	0.0	0.0
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	75.0	75.0	0.0	0.0
Other Operating Expenses	342.2	342.2	0.0	0.0
Equipment	0.4	0.4	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	5,394.0	2,196.1	0.0	0.0
Agency - Approp. Funds	9,169.0	5,971.1	0.0	0.0

Appropriated Fund

General Fund	9,169.0	5,971.1	0.0	0.0
Agency - Approp. Funds	9,169.0	5,971.1	0.0	0.0

The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI Inmate Fire Crews	1,341.9	700.0	0.0	0.0
SLI Fire Suppression	5,556.0	3,000.0	0.0	0.0

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Cooperative Forestry Fund	6,360.1	6,360.1	0.0	0.0
Federal Economic Recovery Fund	0.0	1,307.5	0.0	0.0
Fire Suppression Fund	13,027.2	13,027.2	0.0	0.0
Agency - Nonapp. Funds	19,387.3	20,694.8	0.0	0.0

Agency Total - All Funds	28,556.3	26,665.9	0.0	0.0
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Federal Funds Expenditures - as reported by Agency

	FY 2010 Actual	FY 2011 Exp. Plan	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	4,167.0	6,720.1	4,999.0	2,853.5

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

Recent Appropriation Activity/Perspective

A (26%) reduction in the appropriation for the State Forester occurred between FY 2007 and FY 2011. Fortunately, that series of reductions has coincided with surprisingly quiet fire seasons. As a result, the agency has absorbed many of the funding cuts by reducing spending for administrative personnel and pre-suppression and inmate fire crews.

The State Forester has sought new ways to leverage its resources in response to these reductions. As an example, the state wildfire dispatch center is operated in partnership with the federal Bureau of Land Management. The agency has been able to benefit from physical proximity and from federal investments in radios and other technology that would otherwise be unavailable to the Forester. The agency has increased the fee it charges fire districts to use its inmate fire crews, with the intent of making the program more self-reliant.

Continued reductions to the Forester's budget would have a significant impact on public safety in Arizona. This is because the severity of fires is determined not only by the amount of resources used to fight it, but also by the speed in which those resources can be deployed. The distance involved in those responses has increased in recent years, in part because people continue to move farther away from established urban areas and because Arizonans continue to use the outdoors for more and more types of activities.

Executive Appropriation Recommendations

	FY 2012	FY 2013
Baseline Adjustments		
Rent Standard Adjustment	1.3	3.9
General Fund	1.3	3.9

FY 2012 FY 2013

Risk Standard Adjustment	(1.0)	(1.0)
General Fund	(1.0)	(1.0)

Other Adjustments

Consolidation of Forestry into Emergency Management	(5,971.4)	(5,974.0)
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The Department of Emergency and Military Affairs (DEMA) and the State Forester are emergency management agencies. To obtain the most efficient response to all emergencies, the Executive recommends consolidating the State Forester within DEMA. The State Forester will move its office from 1100 W. Washington into DEMA-provided space.

General Fund	(5,971.4)	(5,974.0)
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The functions and responsibilities of this agency are recommended to be absorbed by the Department of Military and Emergency Services.

State Board of Funeral Directors & Embalmers

Mission:

To maintain and enforce a set of standards that provides protection for the health, safety, and welfare of Arizona citizens by educating the consumer and by actively and impartially regulating those licensed to provide funeral goods and services.

Description:

The Board of Funeral Directors and Embalmers examines and licenses individuals that provide funeral goods and services. The Board also receives complaints against licensees, investigates allegations, and administratively adjudicates complaints. The Board oversees approximately 1,800 licensees practicing in the state and serves all Arizona citizens who receive funeral goods and services.

Other Operating Expenses	36.3	50.3	49.8	49.8
Equipment	0.9	3.8	3.8	3.8
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.4	0.0	0.0	0.0
Agency - Approp. Funds	274.7	344.1	343.6	343.6

Appropriated Fund

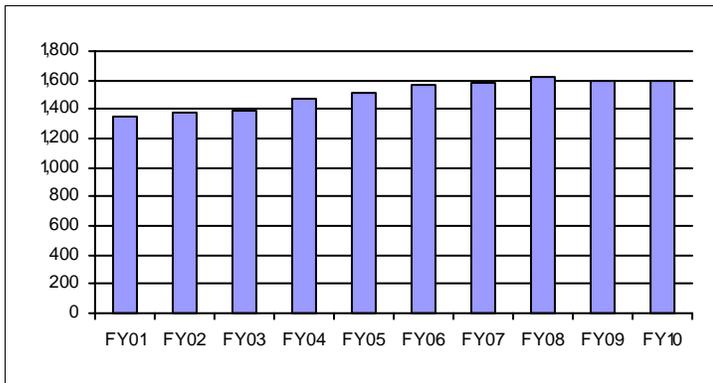
Funeral Directors & Embalmers	274.7	344.1	343.6	343.6
Agency - Approp. Funds	274.7	344.1	343.6	343.6

Recent Appropriation Activity/Perspective

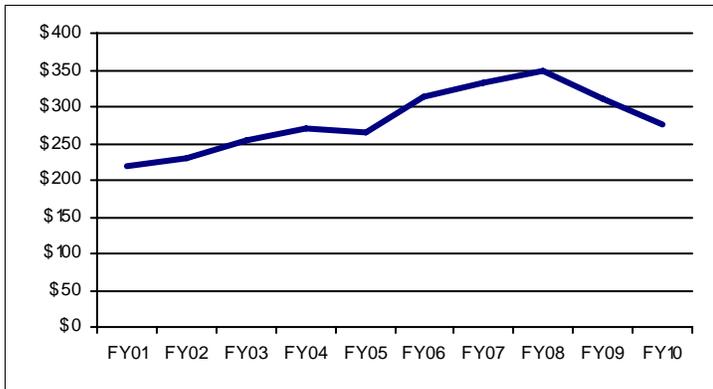
In FY 2007, the Funeral Directors and Embalmers Board had an appropriation of \$333,100 from the Funeral Directors and Embalmers Board Fund. Since that time, the Board's appropriation has increased by 3% overall, sustained employee pay reductions and furloughs that have been imposed throughout State government, and reduced its workforce by 25%.

Additionally, (\$100,000) and (\$491,700) from the Funeral Directors and Embalmers Board Fund was transferred to the General Fund in, respectively, FY 2008 and FY 2009. Due to the timing of the Fund's cash flows, the transfer in FY 2009 put the agency in danger of fiscal insolvency. The Board then laid off its Deputy Director in order to cope with the impending budget deficit, thus reducing inspections of funeral homes and crematoriums from once a year to once every two years. In FY 2010, the Funeral Directors and Embalmers Board was appropriated \$100,000 from the General fund in order to address the agency's deficit.

Number of Licensees



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	274.7	344.1	343.6	343.6
Agency - Approp. Funds	274.7	344.1	343.6	343.6
<i>Category</i>				
FTE	4.0	4.0	4.0	4.0
Personal Services	166.1	185.0	185.0	185.0
ERE Amount	35.1	40.0	40.0	40.0
Prof. And Outside Services	35.4	56.0	56.0	56.0
Travel - In State	0.5	9.0	9.0	9.0
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0

Executive Appropriation Recommendations

FY 2012 FY 2013

Baseline Adjustments

Risk Standard Adjustment	(0.5)	(0.5)
Funeral Directors and Embalmers Fund	(0.5)	(0.5)

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected	FY 2013 Expected
Number of inspections	0	150	0	0
Number of complaints received	20	20	25	25
Number of licenses	1,600	1,640	1,670	1,700

The Executive recommends a lump-sum appropriation to the agency.

Arizona Game & Fish Department

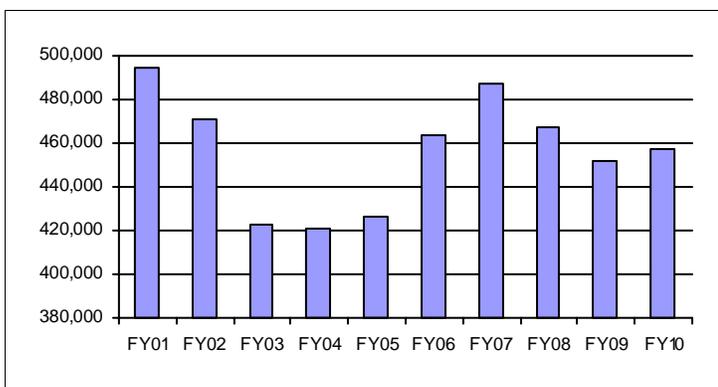
Mission:

To conserve, enhance, and restore Arizona's diverse wildlife resources and habitats through aggressive protection and management programs; and to provide wildlife resources and safe watercraft and off-highway vehicle recreation for the enjoyment, appreciation, and use by present and future generations.

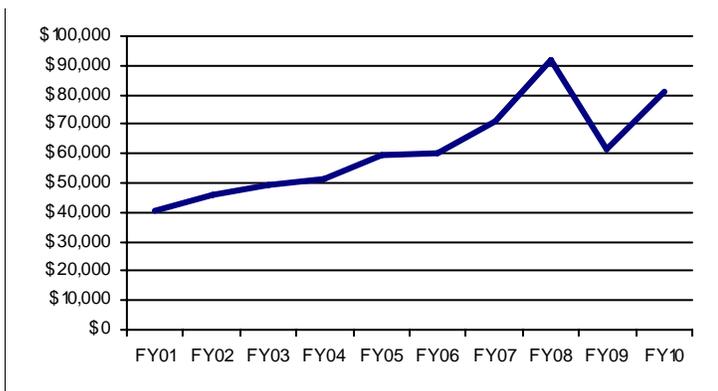
Description:

The Arizona Game and Fish Department is the state agency charged with the conservation, enhancement and restoration of Arizona's wildlife resources and habitats, and with the regulation and enforcement of watercraft and off-highway vehicles. The Department manages Arizona wildlife populations through the operation of hunting and fishing license programs, enforcement actions for the unlawful taking of game, and wildlife habitat protection and development.

Number of Licenses Sold



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Central Administrative Services	3,643.4	3,258.5	3,258.5	3,258.5
Off-Highway Vehicle/Watercraft	3,416.1	4,660.6	4,660.6	4,660.6
Nongame and Endangered Wildlife	6,091.3	1,397.6	1,397.6	1,397.6
Game Management	13,044.9	18,480.4	16,758.9	16,758.9
Sportfish Management	8,009.0	11,959.5	11,959.5	11,959.5

Agency - Approp. Funds	34,204.7	39,756.6	38,035.1	38,035.1
<i>Category</i>				
FTE	273.5	273.5	273.5	273.5
Personal Services	14,044.7	13,584.5	13,584.5	13,584.5
ERE Amount	6,882.6	7,634.2	7,634.2	7,634.2
Prof. And Outside Services	1,086.7	534.0	459.0	459.0
Travel - In State	159.3	312.1	312.1	312.1
Travel - Out of State	91.3	30.7	30.7	30.7
Aid to Others	1,250.9	0.0	0.0	0.0
Other Operating Expenses	4,783.6	12,897.7	11,494.4	11,494.4
Equipment	1,472.0	955.5	712.2	712.2
Capital Outlay	605.5	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	3,828.0	3,808.0	3,808.0	3,808.0
Agency - Approp. Funds	34,204.7	39,756.6	38,035.1	38,035.1

Appropriated Fund

Game & Fish Fund	30,411.1	34,701.9	32,980.4	32,980.4
Game & Fish Watercraft License	3,462.9	4,660.6	4,660.6	4,660.6
Game/Non-Game Fund	311.5	334.7	334.7	334.7
Waterfowl Conservation	19.2	43.4	43.4	43.4
Wildlife Endowment Fund	0.0	16.0	16.0	16.0
Agency - Approp. Funds	34,204.7	39,756.6	38,035.1	38,035.1

The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI Dingell-Johnson/Pittman-Robertson Federal Matching	1,904.0	1,904.0	1,904.0	1,904.0
SLI Dingell-Johnson/Pittman-Robertson Federal Matching	1,904.0	1,904.0	1,904.0	1,904.0

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Arizona Game & Fish Commission Heritage	8,399.1	8,932.3	11,385.9	10,607.1
Arizona Wildlife Conservation Fund	5,911.9	5,551.9	6,500.1	6,578.9
Federal Economic Recovery Fund	86.6	0.0	0.0	0.0
Game & Fish Conservation Development Fund	2,505.0	3,200.0	3,200.0	3,200.0
Game & Fish Federal Revolving	32,994.3	36,449.6	33,424.5	32,777.9
Game & Fish Publications Revolving	192.9	122.6	122.6	122.6
Game & Fish Trust	2,182.6	2,341.2	2,341.2	2,341.2
Game & Fish Wildlife Theft Prevention	119.6	146.9	146.9	146.9
Game and Fish Kaibab Cop	129.9	57.0	57.0	57.0
Indirect Cost Recovery Fund	2,435.1	2,602.1	2,541.4	2,541.4
Off-Highway Vehicle Recreation	1,167.5	1,495.7	1,495.7	1,495.7

Non-Appropriated Funds

	FY 2010 <i>Actual</i>	FY 2011 <i>Expend. Plan</i>	FY 2012 <i>Exec. Rec.</i>	FY 2013 <i>Exec. Rec.</i>
Agency - Nonapp. Funds	56,124.6	60,899.3	61,215.3	59,868.7
Agency Total - All Funds	90,329.3	100,655.9	99,250.4	97,903.8

Federal Funds Expenditures - as reported by Agency

	FY 2010 <i>Actual</i>	FY 2011 <i>Exp. Plan</i>	FY 2012 <i>Exp. Plan</i>	FY 2013 <i>Exp. Plan</i>
Agency Total	29,840.6	33,786.3	28,589.0	26,795.1

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

Recent Appropriation Activity/Perspective

For FY 2007, the Department received an operating budget appropriation of \$34.5 million. By FY 2011, the Department’s operating budget appropriation had increased to \$39.8 million, an increase of \$3.3 million, or 15%. During that period, the Department received capital outlay appropriations of \$9.8 million, and \$15.1 million was transferred from Department specialty funds to the General Fund.

Executive Appropriation Recommendations

FY 2012 FY 2013

Baseline Adjustments

Eliminate FY 2011 One-time Funding (1,721.5) (1,721.5)

The Executive recommends reduced appropriations for the following one-time purposes funded in FY 2011: Point of Sale System for License Dealers (\$200,000); Software Maintenance (\$43,300); Leadership Practices Inventory (\$75,000); Habitat Restoration (\$200,000); Bighorn Sheep Restoration (\$127,500); Lower Gila River Wildlife Area (\$75,000); Mogollon Streams Restoration (\$300,000); Grasslands Restoration (\$450,700); and Long-term Access/Landowners Relations (\$250,000).

Game and Fish Fund (1,721.5) (1,721.5)

Performance Measures

	FY 2010 <u>Actual</u>	FY 2011 <u>Expected</u>	FY 2012 <u>Expected</u>	FY 2013 <u>Expected</u>
Number of Arizona Game and Fish Department watercraft enforcement hours	13,000	17,500	0	0
➤ <i>Decrease may be due to vacant positions and fewer recreation days (economy).</i>				
Number of observed watercraft violations	364	1,000	0	0
➤ <i>Decrease may be due to vacant positions and fewer recreation days (economy).</i>				
Number of watercraft registered in Arizona	140,745	145,000	0	0
➤ <i>Number of watercraft registered in Arizona</i>				
Watercraft registration renewal processing time by mail (in days)	4	4	0	0
➤ <i>Watercraft registration renewal processing time by mail (in days)</i>				
Number of watercraft user contacts made by field officers	NA	11,000	0	0
➤ <i>These data are no longer collected and therefore are unavailable.</i>				
Number of students completing	1,083	1000	0	0

Performance Measures

	FY 2010 <u>Actual</u>	FY 2011 <u>Expected</u>	FY 2012 <u>Expected</u>	FY 2013 <u>Expected</u>
Arizona Game and Fish Department sponsored watercraft safety classes				
➤ <i>Number of students completing Arizona Game and Fish Department sponsored watercraft safety classes</i>				
Number of off-highway user contacts by Arizona Game and Fish Department field officers	NA	10,000	0	0
➤ <i>These data are no longer collected and therefore are unavailable.</i>				
Ratio of number of big game permit tags to the number of people applying	.548	.40	0	0
Number of off-highway vehicle violations observed	100	900	0	0
➤ <i>Decrease may be due to vacant positions and fewer recreation days (economy).</i>				
Number of urban fishing licenses sold	32,160	43,500	0	0
➤ <i>Reports prior to FY2009 included all urban fishing related licenses sold. This number includes only Class U licenses.</i>				

The Executive recommends a lump-sum appropriation to the agency with special line items.

Department of Gaming

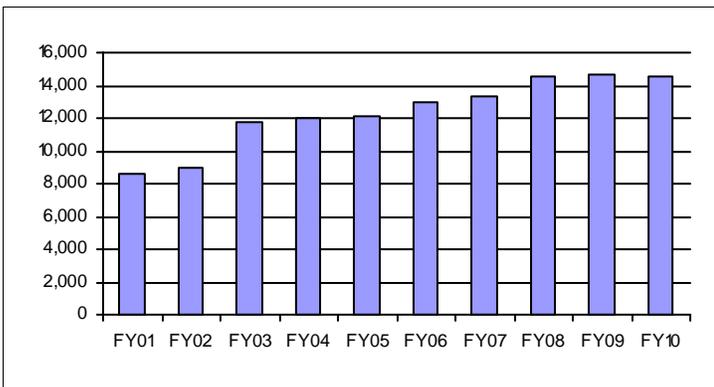
Mission:

To protect the public, ensure compliance with the gaming compacts, and regulate the gaming industry.

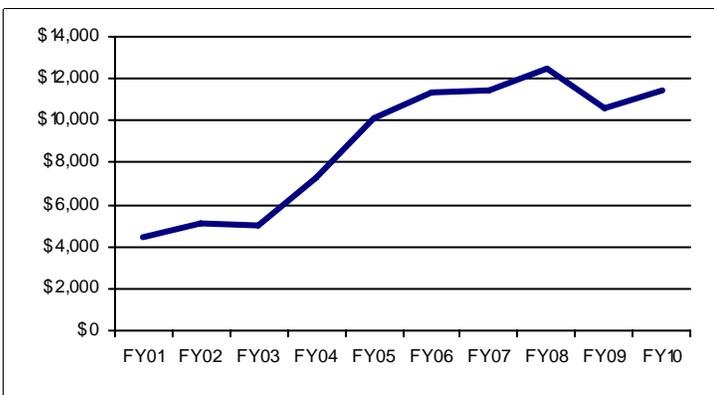
Description:

The Department of Gaming is responsible for carrying out the state's responsibilities under the Tribal-State gaming compacts. The Department acts on behalf of the state to regulate gaming. Its responsibilities include monitoring compliance by the Tribal gaming operations with all compact requirements, including those governing the nature, extent, and conduct of gaming activities; public health, safety, and welfare; and other operational requirements. The Department also conducts background investigations of all prospective gaming employees, management contractors, providers of gaming services, and manufacturers and distributors of gaming devices in order to ensure that unsuitable individuals or companies are not involved in Arizona's gaming industry.

Number of Gaming Devices Monitored



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Enforcement	9,650.8	10,235.5	9,880.1	9,939.2
Certification	1,824.7	2,003.6	2,003.6	2,003.6
Racing	0.0	0.0	3,837.8	3,841.5
Agency - Approp. Funds	11,475.5	12,239.1	15,721.5	15,784.3
<i>Category</i>				
FTE	123.0	123.0	163.5	168.2

Personal Services	5,762.0	6,185.6	7,347.4	7,347.4
ERE Amount	2,115.4	1,948.6	2,417.8	2,417.8
Prof. And Outside Services	2,007.1	2,272.6	2,159.7	2,218.8
Travel - In State	245.6	371.8	419.1	419.1
Travel - Out of State	61.7	77.6	79.3	79.3
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	1,182.4	1,062.7	1,198.5	1,202.2
Equipment	95.1	320.2	320.2	320.2
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	6.2	0.0	1,779.5	1,779.5
Agency - Approp. Funds	11,475.5	12,239.1	15,721.5	15,784.3

Appropriated Fund

General Fund	0.0	0.0	2,795.8	1,779.5
Lottery Fund	300.0	300.0	300.0	300.0
Racing Regulation Fund	0.0	0.0	1,042.0	2,062.0
Permanent Tribal-State Compact Fund	1,824.7	2,003.6	2,003.6	2,003.6
Arizona Benefits Fund	9,350.8	9,935.5	9,580.1	9,639.2
Agency - Approp. Funds	11,475.5	12,239.1	15,721.5	15,784.3

The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI Problem Gambling	1,799.1	2,102.4	1,896.5	1,955.6
SLI Joint Monitoring System	126.3	0.0	0.0	0.0
SLI Casino Operations Certification	1,824.7	2,003.6	2,003.6	2,003.6

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Unarmed Combat Fund	0.0	0.0	16.9	16.9
Agency - Nonapp. Funds	0.0	0.0	16.9	16.9

Agency Total - All Funds	11,475.5	12,239.1	15,738.4	15,801.2
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Recent Appropriation Activity/Perspective

In FY 2007, the Department was appropriated \$11.9 million from the Arizona Benefits Fund, the State Lottery Fund and the Tribal State Compact Fund. Since then, the total appropriation to the Department has grown by 3%.

While the Department has not been directly affected by the State's budgetary crisis (its funding is protected by voter-approved tribal compacts), it has nonetheless been affected by the economic downturn. The Department is totally reliant on a percentage of revenues from the tribal casinos, and, since FY 2008, tribal gaming revenues have been decreasing by about 10% each year. This decrease is largely attributed to the faltering economy, and the revenues available to the Department have similarly decreased.

Executive Appropriation Recommendations

	FY 2012	FY 2013
Baseline Adjustments		
Rent Standard Adjustment	(16.4)	(16.4)
Arizona Benefits Fund	(16.4)	(16.4)

	<u>FY 2012</u>	<u>FY 2013</u>
Risk Standard Adjustment	(2.8)	(2.8)
Arizona Benefits Fund	(2.8)	(2.8)

Other Adjustments

Consolidate Racing within the Department of Gaming	3,837.8	3,841.5
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The Executive recommends that the Department of Racing become a program of the Department of Gaming. Currently, the Department of Racing has an interagency agreement with the Department of Gaming to receive financial and budgetary services. By combining the two departments, additional administrative efficiencies will be realized, while keeping funding sources separate in order to uphold requirements set forth in the Tribal Gaming Compacts.

In order to achieve the expected efficiencies, both departments will begin to share office space, starting July 1, 2011, in the building primarily occupied by the Department of Environmental Quality (DEQ). Moving the Department of Gaming from commercial office space to publicly owned office space will lower DEQ's rent expenditures.

The Department of Gaming will break its current lease and pay an early termination charge of \$219,700. The Department of Gaming's rent in FY 2012 at 1100 W. Washington will be subsidized by DEQ to offset lease termination penalties and moving expenses at the Department of Gaming.

General Fund	2,795.8	1,779.5
Racing Regulation Fund	1,042.0	2,062.0

Solutions to Budget

Expenditure Reduction due to Decreased Revenues	(336.2)	(277.1)
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The Executive recommends reductions of (\$205,900) in FY 2012 and (\$146,800) in FY 2013 from the Arizona Benefits Fund's Problem Gambling Program. Additionally, the Executive recommends a reduction of (\$130,300) in FY 2012 and FY 2013 from the Arizona Benefits Fund's Enforcement Program. Both of these reductions are intended to align the agency's expenditure levels with decreased expected revenues to the Arizona Benefits Fund as a result of decreased revenues.

Arizona Benefits Fund	(336.2)	(277.1)
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Performance Measures

	<u>FY 2010</u> <u>Actual</u>	<u>FY 2011</u> <u>Expected</u>	<u>FY 2012</u> <u>Expected</u>	<u>FY 2013</u> <u>Expected</u>
Total number of days elapsed from receipt of completed application to the issuance of temporary certification	5.24	6	6	6

Performance Measures

	<u>FY 2010</u> <u>Actual</u>	<u>FY 2011</u> <u>Expected</u>	<u>FY 2012</u> <u>Expected</u>	<u>FY 2013</u> <u>Expected</u>
Percentage of facilities reviewed for compact compliance reviews	100	100	100	100
Percent of all gaming devices certified	100	100	100	100
Percent of temporary certifications issued within 20 days	100	95	95	95
Total number of individual applications received	10,435	11,000	11,000	11,000

Arizona Geological Survey

Mission:

To inform and advise the public about the geologic character of Arizona to help meet societal needs for water, energy, and mineral resources and assist in prudently managing the state's land and natural resources.

Description:

Arizona Geological Survey (AZGS) staff perform several important functions for their customers who include governmental agencies, elected officials and staff, environmental and engineering geology firms, hydrologists, energy and mineral resource exploration and production companies, consultants, planners, property owners and potential buyers, attorneys, realtors, insurance companies, tourists, teachers, students, book dealers, professional societies, citizen groups, and interested individuals. First, they inform and advise the public by answering questions, selling maps and reports, maintaining a geology library and databases, giving talks, and leading field trips. Second, they map and characterize rock formations, surficial materials, and mineral and energy resources. Third, they describe and monitor potential hazards and limitations to land and resource management (e.g. earthquakes, flooding, land subsidence and earth fissures, landslides, debris flows, and rock solution). Fourth, they provide support for the Arizona Oil and Gas Conservation Commission.

Equipment	0.7	0.7	0.7	0.7
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	801.1	794.1	894.1	794.1

Appropriated Fund

General Fund	801.1	794.1	894.1	794.1
Agency - Approp. Funds	801.1	794.1	894.1	794.1

Non-Appropriated Funds

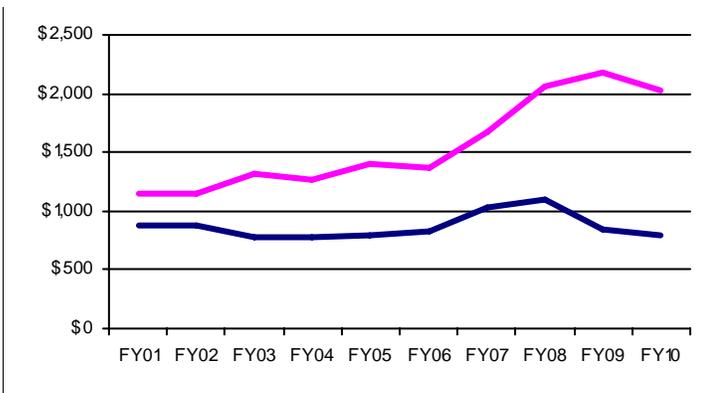
	FY 2010 Actual	FY 2011 Expnd. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Federal Grant	590.1	8,782.4	8,782.4	8,782.4
Geological Survey Fund	850.6	397.6	397.4	397.4
Indirect Cost Recovery Fund	6.9	68.6	68.4	68.4
Agency - Nonapp. Funds	1,447.6	9,248.6	9,248.2	9,248.2
Agency Total - All Funds	2,248.7	10,042.7	10,142.3	10,042.3

Federal Funds Expenditures - as reported by Agency

	FY 2010 Actual	FY 2011 Exp. Plan	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	551.2	8,517.6	7,239.2	6,824.5

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Arizona Geological Survey	801.1	794.1	894.1	794.1
Agency - Approp. Funds	801.1	794.1	894.1	794.1
<i>Category</i>				
FTE	6.3	4.2	4.2	4.2
Personal Services	415.1	420.0	420.0	420.0
ERE Amount	135.4	125.8	125.8	125.8
Prof. And Outside Services	5.2	4.1	4.1	4.1
Travel - In State	0.6	0.0	0.0	0.0
Travel - Out of State	3.4	3.0	3.0	3.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	240.7	240.5	340.5	240.5

Recent Appropriation Activity/Perspective

The Geological Survey has seen its overall appropriation decrease by (28%) between FY 2007 and FY 2011; during that time, the number of employees responsible for tracking the state's natural hazards has fallen by half. The agency also eliminated its administrative footprint in the Phoenix metropolitan area and consolidated its operations at its Tucson headquarters. The Survey also has been unable to offer the same level of outreach as it did in FY 2007; this includes recreational maps, mineral exploration surveys, and information used for primary and secondary school students.

The Survey, in light of these reductions, adopted a self-funding model to support its operations. Most of this new revenue comes from federal research grants. Federal priorities though, do not always align with Arizona's most pressing needs; thus, these grants ensure that the agency will be operational but unable to increase the number of employees studying natural hazards.

Another decrease in appropriations would put some aspects of public safety in jeopardy. The agency would need to devote even more of its remaining resources to match federal funds, thereby reducing, potentially to zero, the number of employees tracking the state's natural hazards. The State would lose the ability to identify and map earth fissures that pose risks to homeowners. It would also lack the resources to assist State, local, federal, and tribal agencies with landslides, erosion and subsidence.

Executive Appropriation Recommendations

Other Adjustments

Agency Consolidation 100.0 0.0

The Executive recommends consolidating the Department of Mines and Mineral Resources within the Arizona Geological Survey. Per Laws 2010, Chapter 227, the Mines and Minerals Museum was transferred to the Arizona Historical Society to become part of a new Centennial Museum. The remaining portion of the Department of Mines and Minerals includes a large repository of historical documents and maps about mining in Arizona.

General Fund 100.0 0.0

Performance Measures

	FY 2010	FY 2011	FY 2012	FY 2013
	Actual	Expected	Expected	Expected
Number of talks given or fieldtrips led	53	40	40	40
Percent increase (decrease) in number of publications sold	38	10	10	10
➤ <i>More info is available via the internet and, less of the technical and topographic maps are needed in hard copy. We will adjust to this change in the market.</i>				
Percent increase (decrease) in sales of technical maps and reports	56	0	0	0
➤ <i>The market is changing as more things are available to be downloaded.</i>				
Percent increase (decrease) in sales of non-technical reports	-38	8	8	8
➤ <i>Less technical things are selling, more interest in general use/recreation</i>				
Quality of products sold, 1-5 (highest) scale	4.8	4.8	4.8	4.8
Satisfaction with mail order service provided, 1-5 (highest) scale	0	4.9	0	0
Average days to issue a permit	2	5	5	5
Compliance and safety inspections made	29	28	28	28

The Executive recommends a lump-sum appropriation to the agency.

Government Information Technology Agency

Mission:

To maximize information technology coordination and connectivity within the state of Arizona ensuring that its information technology infrastructure efficiently and effectively supports state business.

Description:

The Government Information Technology Agency (GITA) is responsible for statewide information technology (IT) planning, coordination and consulting for executive agencies. The GITA Director serves as the Chief Information Officer for the State of Arizona administering the state's IT resources through the establishment of statewide IT policies and standards and serves as a primary focal point for coordination of all IT projects across the state. The agency provides strategic IT planning to establish an effective IT direction for both infrastructure and security/privacy concerns. GITA also serves as a primary focal point for coordination of all IT projects across the state with development costs over \$25,000 that are monitored for potential schedule and cost overruns of which GITA has authority for suspension of expenditures, if risks and slippages are deemed excessive. In collaboration with the Information Technology Authorization Committee (ITAC), comprised of public and private sector members, GITA also monitors and tracks IT projects over \$1 million in total costs. ARS 41-3507 created the Statewide Information Security and Privacy Office (SISPO). The SISPO resides in GITA and is responsible for IT security and privacy strategic planning, facilitation and coordination for the state. Executive Order 2008-10 reinforces the importance of the statewide information security and privacy program and directs agencies to work with SISPO to implement risk mitigation strategies. In addition, under ARS 41-3541 and 41-3542, GITA is responsible for the advancement of real-time interoperable communications between local, county, state, tribal and federal public safety organizations through the Public Safety Communications Advisory Commission (PSCC).

Government Information Technology Agency	2,875.6	7,072.3	0.0	0.0
Public Safety Communications Commission	488.1	742.0	0.0	0.0
Agency - Approp. Funds	3,363.7	7,814.3	0.0	0.0

Category				
FTE	23.0	23.0	0.0	0.0
Personal Services	1,811.8	2,263.5	0.0	0.0
ERE Amount	570.4	559.5	0.0	0.0
Prof. And Outside Services	542.2	558.9	0.0	0.0
Travel - In State	5.6	9.5	0.0	0.0
Travel - Out of State	4.0	9.5	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	398.5	4,362.4	0.0	0.0
Equipment	31.2	51.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	3,363.7	7,814.3	0.0	0.0

Appropriated Fund				
General Fund	488.1	742.0	0.0	0.0
Information Technology Fund	2,758.6	3,172.3	0.0	0.0
State Web Portal Fund	117.0	3,900.0	0.0	0.0
Agency - Approp. Funds	3,363.7	7,814.3	0.0	0.0

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Federal Economic Recovery Fund	406.9	1,431.4	0.0	0.0
Federal Grant	600.7	1,028.8	0.0	0.0
IGA and ISA Fund	18.0	0.0	0.0	0.0
Statewide E-Rate Program Fund	0.0	187.0	0.0	0.0
Agency - Nonapp. Funds	1,025.6	2,647.2	0.0	0.0

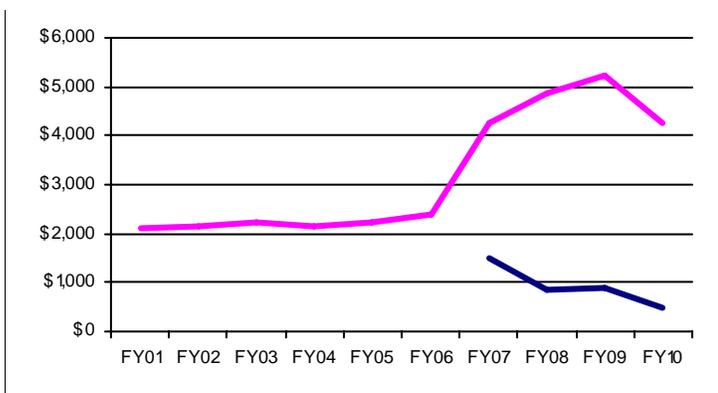
Agency Total - All Funds	4,389.3	10,461.5	0.0	0.0
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Federal Funds Expenditures - as reported by Agency

	FY 2010 Actual	FY 2011 Exp. Plan	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	1,007.1	2,460.2	374.9	80.4

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.

Recent Appropriation Activity/Perspective

The Government Information Technology Agency has had substantial changes to both its appropriated and non-appropriated budgets between FY 2007 and FY 2011. Its General Fund budget was \$1.5 million in FY 2007; by FY 2009, it had ballooned to \$3.4 million, largely because the 2-1-1 program was transferred to GITA from AHCCCS earlier that year, and the Department of Public Safety transferred the PSIC interoperability program to GITA at the end of FY 2008. By the end of FY 2009, however, the 2-1-1 program had been eliminated, in addition to the E-Health

Initiative, both of which were entirely paid for with General Fund money. The FY 2010 General Fund budget for GITA had been reduced to \$818,700, and subsequent cuts lowered that figure to \$742,000 by FY 2011.

GITA's other appropriated fund budget has increased by slightly over 15% since FY 2007, but the majority of that can be attributed to a (\$500,000) cut to the General Fund for the Agency's SISPO program; beginning in FY 2008, the IT Pro-Rata fund became responsible for funding the SISPO program. Notwithstanding this funding shift, the agency's other appropriated fund budget has increased by only 8%. GITA also received several federal grants in FY 2011, including ARRA money for a broadband mapping project in conjunction with the State Land Department. In all, the agency will receive approximately \$1.4 million in federal grant money in FY 2011 for specific initiatives.

Executive Appropriation Recommendations

	<u>FY 2012</u>	<u>FY 2013</u>
Baseline Adjustments		
Rent Standard Adjustment	1.9	5.6
General Fund	0.4	1.3
Information Technology Fund	1.5	4.3
Risk Standard Adjustment		
Information Technology Fund	(1.7)	(1.7)

Baseline Adjustments

Web Portal Reduction	(3,650.0)	(3,650.0)
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Laws 2010, Chapter 283 changed the means by which revenues are deposited into the Web Portal Fund. A previous law required that all revenues earned through the sale of motor vehicle records would be deposited into the Web Portal Fund, and then the company contracted to host the State Web Portal received its annual fee in a payout from the Fund. Because this is a violation of the contract between GITA and the web portal vendor, Laws 2010, Chapter 283 allowed the vendor to retain its fee before revenues were deposited into the Fund. However, the current appropriation for the Fund still includes this \$3.1 million.

To eliminate this double-counting, and to more accurately reflect Fund expenditures, the Executive recommends an appropriation decrease of (\$3.65 million) from the Web Portal Fund. The remaining appropriation will allow the agency to address its other annual expenses for data circuits and hosting charges.

State Web Portal Fund	(3,650.0)	(3,650.0)
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Solutions to Budget

FY 2012 FY 2013

Agency Consolidation with ADOA (4,164.5) (4,168.2)

The Executive recommends transferring all of GITA's current programs to the Department of Administration in FY 2012. This move is designed to achieve administrative efficiencies while maintaining the State's ability to provide quality information technology services to its agencies. Subsequently, the Executive recommends eliminating the FY 2012 budget for GITA but increasing the budget for the Department of Administration to fund these programs.

General Fund	(742.4)	(743.3)
Information Technology Fund	(3,172.1)	(3,174.9)
State Web Portal Fund	(250.0)	(250.0)

FY 2011 Supplemental Recommendations

	<u>FY 2011</u>
Web Portal Reduction	(3,500.0)

The Executive recommends an appropriation decrease of (\$3.5 million) from the Web Portal Fund in FY 2011 to account for an adjustment to the system by which the web portal vendor receives its annual contractual fee, per Laws 2010, Chapter 283. The remaining appropriation will allow the Agency to address other expenses, such as data circuits, hosting charges and retirement of debt obligations.

State Web Portal Fund	(3,500.0)
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The Executive recommends a lump-sum appropriation to the agency.

Office of the Governor

Mission:

To provide leadership for the State of Arizona and to manage the Executive branch of state government to ensure that it efficiently and effectively serves Arizona's citizens.

Description:

The Governor serves as the Chief Executive Officer of Arizona state government. The Constitution provides that the Governor shall be the Commander-in-Chief of Arizona's military forces and authorizes the Governor to grant reprieves, commutations and pardons, pursuant to law. The Governor is also responsible for making appointments to positions in state government pursuant to law, representing Arizona in official dealings with other governmental entities, taking action on bills approved by the Legislature, and informing the public on issues affecting the state.

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Prevention of Child Abuse	450.6	506.5	506.5	506.5
Stimulus Statewide Admin Fund	576.5	1,335.2	1,215.2	1,335.2
Agency - Nonapp. Funds	3,835.7	8,535.0	50,977.6	49,141.5
Agency Total - All Funds	12,673.0	15,495.9	58,059.5	56,223.4

Federal Funds Expenditures - as reported by Agency

	FY 2010 Actual	FY 2011 Exp. Plan	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	911,638.7	148,861.4	20,187.5	19,409.2

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

Recent Appropriation Activity/Perspective

For FY 2007, the Governor's Office was appropriated \$6.6 million. For FY 2008, the budget was increased by \$342,100 for statewide salary increases and by \$500,000 for additional funding. There was a lump-sum reduction of (\$225,000), and (\$3.7 million) was transferred from Governor's Office funds to the General Fund. For FY 2009, there were further reductions of (\$751,000) and an increase of \$50,000 for employee benefits. In addition, there was a one-time increase of \$600,000 to pay leave balances of departing Governor's Office staff. In addition, (\$1.1 million) was transferred from Governor's Office funds to the General Fund. For FY 2010, the budget was increased by \$220,400 for employee benefits and decreased by a lump-sum reduction of (\$561,400). In addition, (\$603,500) was transferred from Governor's Office funds to the General Fund. For FY 2011, appropriations were reduced by another (\$644,400) and (\$27,400) was transfer from Office funds to the General Fund.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Governor's Office	8,837.3	6,960.9	7,081.9	7,081.9
Agency - Approp. Funds	8,837.3	6,960.9	7,081.9	7,081.9
<i>Appropriated Fund</i>				
General Fund	8,837.3	6,960.9	6,895.2	6,895.2
Oil Overcharge Fund	0.0	0.0	186.7	186.7
Agency - Approp. Funds	8,837.3	6,960.9	7,081.9	7,081.9

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
County Fairs, Livestock and Agricultural Promotion Fund	1,782.5	1,807.0	1,807.0	1,807.0
Drug Treatment and Education Fund	0.0	0.0	0.0	0.0
Federal Economic Recovery Fund	0.0	0.0	38,125.4	38,125.4
Federal Grant	0.0	0.0	5,211.4	5,211.4
Governor's Donation Fund	49.4	3,052.5	1,554.8	30.0
IGA and ISA Fund	710.1	985.0	833.9	785.0
Indirect Cost Recovery Fund	266.6	848.8	848.8	632.8
Oil Overcharge Fund	0.0	0.0	874.6	708.2

Executive Appropriation Recommendations

	FY 2012	FY 2013
Other Adjustments		
Rent Standard Adjustment	(42.5)	(42.5)
General Fund	(42.5)	(42.5)
Risk Standard Adjustment	(23.2)	(23.2)
General Fund	(23.2)	(23.2)

Other Adjustments

Commerce Energy Office	186.7	186.7
The Executive recommends transferring the Department of Commerce's Energy Office to the Governor's Office. This funding issue contains the necessary transfers of expenditures to facilitate this change.		
Oil Overcharge Fund	186.7	186.7

The Executive recommends a lump-sum appropriation to the agency.

Governor's Office of Strategic Planning and Budgeting

Mission:

To facilitate the effective and efficient allocation of resources in accordance with fiscally sound principles that will enable the Governor and state government to provide quality services to the citizens of Arizona.

Description:

This office provides a central Executive branch resource for the compilation, analysis, and investigation of state fiscal matters. It advises the Governor in preparation of the Executive budget and advocates for that budget through the legislative process. The office assists and advises all entities of state government in budget development and execution. It also coordinates the process of defining state government programs, developing strategic plans, and measuring program performance to achieve desired results. The office is also responsible for fulfilling constitutionally and legislatively mandated reporting requirements related to the state budget.

Agency Summary - Appropriated Funds

<i>Program/ Cost Center</i>	<i>FY 2010 Actual</i>	<i>FY 2011 Approp.</i>	<i>FY 2012 Exec. Rec.</i>	<i>FY 2013 Exec. Rec.</i>
Office of Strategic Planning and Budgeting	1,937.0	1,936.4	1,935.9	1,935.9
Agency - Approp. Funds	1,937.0	1,936.4	1,935.9	1,935.9
<i>Appropriated Fund</i>				
General Fund	1,937.0	1,936.4	1,935.9	1,935.9
Agency - Approp. Funds	1,937.0	1,936.4	1,935.9	1,935.9

Recent Appropriation Activity/Perspective

For FY 2007, \$2.2 million was appropriated. For FY 2008, \$102,500 was added for statewide salary increases and (\$69,400) was taken as a lump sum reduction. For FY 2009, there were reductions of (\$423,000) and an appropriation for a one-time payment of \$250,000. For FY 2010, there was a lump sum reduction of (\$161,600).

For FY 2011, the Office's appropriation was reduced by another (\$218,700).

Over this period, funding reductions have reduced staffing by 35%.

Executive Appropriation Recommendations

	<u>FY 2012</u>	<u>FY 2013</u>
<u>Baseline Adjustments</u>		
Risk Standard Adjustment	(0.5)	(0.5)
General Fund	(0.5)	(0.5)

The Executive recommends a lump-sum appropriation to the agency.

Department of Health Services

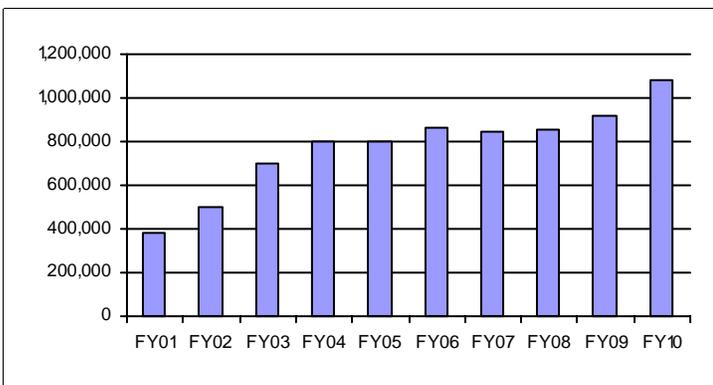
Mission:

To set the standard for personal and community health through direct care delivery, science, public policy, and leadership.

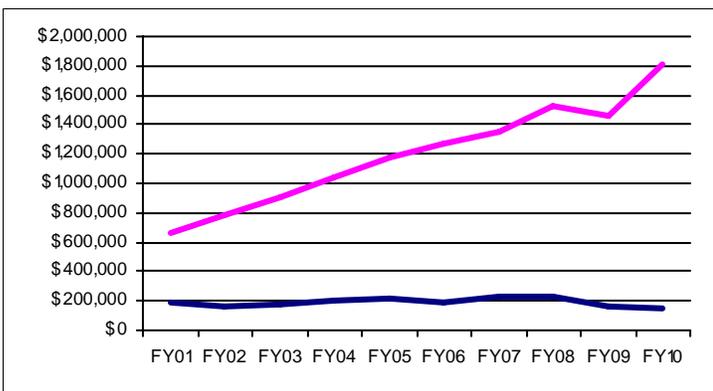
Description:

The Arizona Department of Health Services is responsible for Public Health Services, including the Arizona State Laboratory, epidemiology & disease control, emergency medical services/trauma, public health emergency preparedness & response, public health statistics, vital records, border health, children with special health care needs, health systems development, minority health, chronic disease prevention & nutrition, oral health, tobacco education, and women's & children's health; Behavioral Health Services, including general mental health services, substance abuse treatment & prevention services, services for the seriously mentally ill, title XIX/XXI adults and children, non-Title XIX/XXI adults and children, contract compliance, consumer rights, and quality management; the Arizona State Hospital, including adult civil services, adult forensic services, and the Arizona Community & Protection Treatment Center; and the licensing and certification of health and child care facilities.

Title XIX - BHS Enrollment



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2011 Exec. Rec.	FY 2012 Exec. Rec.
Administration	31,979.8	32,594.5	32,594.5	32,123.0
Public Health	19,554.2	19,460.4	19,460.4	21,435.0

Family Health	31,593.2	33,208.1	39,570.7	50,962.1
Behavioral Health	411,673.6	369,152.6	368,100.2	428,143.8
Arizona State Hospital	64,441.6	67,526.1	67,526.1	67,526.1
Program Transfer	0.0	0.0	0.0	(41,443.9)
Agency - Approp. Funds	559,242.4	521,941.7	527,251.9	558,746.1

Category

FTE	1,469.7	1,513.4	1,513.4	1,509.9
Personal Services	54,753.4	54,771.6	54,771.6	55,071.6
ERE Amount	23,159.1	22,556.1	22,556.1	22,617.8
Prof. And Outside Services	10,239.5	11,741.4	11,741.4	13,061.4
Travel - In State	387.4	372.6	372.6	375.6
Travel - Out of State	44.1	41.3	41.3	47.3
Aid to Others	98,679.9	71,648.1	81,350.5	199,332.2
Other Operating Expenses	28,007.9	27,655.3	25,905.4	25,050.0
Equipment	770.0	760.9	760.9	762.1
Transfers Out	343,201.1	332,394.4	329,752.1	242,428.1
Agency - Approp. Funds	559,242.4	521,941.7	527,251.9	558,746.1

Appropriated Fund

General Fund	485,722.2	438,939.0	444,571.7	470,519.6
Service Fees Increase Fund	567.1	0.0	0.0	0.0
Tobacco Tax and Health Care Fund	37,444.0	36,167.0	37,594.4	38,375.2
Capital Outlay Stabilization	1,550.1	1,587.5	1,587.5	0.0
Health Services Licensing Fund	4,184.0	8,463.3	8,463.3	8,461.6
Child Care and Development Fund	648.1	836.1	836.1	836.1
Health Research Fund	0.0	0.0	0.0	500.0
Emergency Medical Operating Services	4,084.8	5,093.2	5,093.2	5,087.2
Newborn Screening Program Fund	5,685.5	6,749.9	5,000.0	4,500.0
Substance Abuse Services Fund	1,083.3	2,250.0	2,250.0	2,250.0
Nursing Care Institution Resident Protection Revolving Fund	57.4	38.0	38.0	38.0
Environmental Laboratory Licensure Revolving	690.2	924.0	924.0	924.0
Child Fatality Review Fund	99.1	95.4	95.4	95.4
Vital Records Electronic Systems Fund	433.7	426.4	426.4	3,615.3
Hearing and Speech Professionals Fund	628.0	315.7	315.7	315.7
The Arizona State Hospital Fund	8,687.4	11,159.5	11,159.5	14,679.8
DHS State Hospital Land Earnings	420.1	1,150.0	1,150.0	300.0
DHS - Indirect Cost Fund	7,257.4	7,746.7	7,746.7	8,248.2
Agency - Approp. Funds	559,242.4	521,941.7	527,251.9	558,746.1

The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI Assurance and Licensure	9,606.5	9,299.4	9,299.4	9,297.7
SLI Newborn Screening Program	478.6	478.6	478.6	478.6
SLI Indirect Fund	6,399.5	6,888.8	6,888.8	6,157.7
SLI Hearing and Speech Professionals	314.0	315.7	315.7	315.7
SLI Nursing Care Institution Incentive Grants	28.7	38.0	38.0	38.0

SLI Tuberculosis Provider Care and Control	510.5	590.7	590.7	590.7
SLI Loan Repayment Services	163.8	650.0	650.0	650.0
SLI AIDS Reporting & Surveillance	1,000.0	1,000.0	1,000.0	1,000.0
SLI Laboratory Services	4,034.4	4,567.6	4,567.6	4,567.6
SLI Alzheimer's Disease Research	2,250.0	1,125.0	1,125.0	1,125.0
SLI EMS Operations	2,518.0	2,346.8	2,346.8	2,343.1
SLI Trauma Advisory Board	315.8	402.5	402.5	402.5
SLI Vital Records Maintenance	433.7	426.4	426.4	3,615.3
SLI Arizona Statewide Immunization Information System	215.5	210.2	210.2	210.2
SLI Renal/Nonrenal Disease Management	198.0	198.0	198.0	198.0
SLI Scorpion Antivenom	112.5	120.0	120.0	120.0
SLI Poison Control Centers	990.0	990.0	990.0	990.0
SLI AHCCCS - CRS	22,570.2	21,861.7	29,792.2	41,424.0
SLI Adult Cystic Fibrosis	105.2	105.2	105.2	105.2
SLI High Risk Perinatal Services	1,651.5	2,543.4	2,543.4	2,543.4
SLI Child Fatality Review Team	207.6	242.6	242.6	242.6
SLI Newborn Screening Program	5,206.9	6,271.3	4,521.4	4,021.4
SLI Medicaid Special Exemption Payments	568.4	437.2	599.4	850.3
SLI Breast and Cervical Cancer Screening	944.7	1,346.7	1,346.7	1,346.7
SLI Folic Acid	338.7	400.0	419.8	428.5
SLI Children's Behavioral Health	4,097.3	0.0	0.0	0.0
SLI Children's Behavioral Health - State Match (TXIX)	101,632.9	123,806.2	123,048.0	125,140.5
SLI Seriously Mentally Ill (TXIX)	48,943.9	44,710.0	44,251.8	112,580.3
SLI Seriously Mentally Ill (non-TXIX)	58,130.2	0.0	0.0	0.0
SLI Title XIX Administration	5,697.3	2,388.4	2,388.4	2,388.4
SLI Court Monitoring	98.8	0.0	0.0	0.0
SLI Mental Health (Non-TXIX)	1,277.2	0.0	0.0	0.0
SLI Substance Abuse (Non-TXIX)	3,892.0	0.0	0.0	0.0
SLI Mental Health & Substance Abuse State Match (TXIX)	37,568.7	32,299.7	32,045.1	45,520.7
SLI Arnold v. Sarn	27,499.7	0.0	0.0	0.0
SLI Medicaid Special Exemption Payments	7,909.4	6,314.1	6,314.1	8,762.2
SLI Prop 204 Administration	2,130.2	1,642.8	1,642.8	859.6
SLI Prop 204 Seriously Mentally Ill	61,519.7	48,802.5	48,172.9	24,865.4
SLI Prop 204 General Mental Health and Substance Abuse	37,317.9	34,462.9	34,114.1	21,513.8
SLI Prop 204 Children's Behavioral Health	1,262.9	2,106.3	2,095.7	675.2

SLI Medicare Clawback Payments	7,792.9	8,581.5	8,581.5	8,581.5
SLI Contract Compliance	1,182.7	1,195.5	1,195.5	1,195.5
SLI Crisis Services	0.0	16,391.1	17,798.7	18,570.8
SLI Supported Housing	0.0	5,324.8	5,324.8	5,324.8
SLI Non-Title XIX Prescription Medication	0.0	40,154.9	40,154.9	50,454.9
SLI Community Placement Treatment	0.0	1,130.7	1,130.7	1,130.7
SLI Community Protection & Treatment Center	8,749.9	9,696.4	9,696.4	9,696.4

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2011 Exec. Rec.	FY 2012 Exec. Rec.
Addiction Reduction Fund	0.1	0.0	0.0	0.0
Breast and Cervical Cancer Screening and Diagnostic Special Plate Fund	8.4	0.0	0.0	0.0
DHS Agreement	1.1	0.0	0.0	0.0
DHS Donations	427.6	432.1	432.1	432.1
DHS Internal Services	1.2	1.2	1.2	1.2
Disease Control Research Fund	0.0	0.0	0.0	3,524.9
Federal Economic Recovery Fund	12,563.8	8,381.1	8,381.1	8,381.1
Federal Grant	303,565.9	305,118.9	305,118.9	305,118.9
Health Research Fund	0.0	0.0	0.0	8,028.7
IGA and ISA Fund	1,466,100.0	1,413,919.8	1,423,182.0	1,075,961.5
Oral Health Fund	275.3	275.3	275.3	275.3
Risk Assessment Fund	15.6	0.0	0.0	0.0
Smoke-Free Arizona Fund	4,145.5	3,832.9	3,832.9	3,832.9
Statewide Donations	10.2	7.0	7.0	7.0
Tobacco Tax and Health Care Fund	19,012.8	19,012.8	18,574.2	18,960.0
Agency - Nonapp. Funds	1,806,127.5	1,750,981.1	1,759,804.7	1,424,523.6
Agency Total - All Funds	2,365,369.9	2,272,922.8	2,287,056.6	1,983,269.7

Federal Funds Expenditures - as reported by Agency

	FY 2010 Actual	FY 2011 Exp. Plan	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	315,481.7	313,500.0	313,500.0	N/A

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

Recent Appropriation Activity/Perspective

The original FY 2007 General Fund appropriation for DHS was \$549.2 million. The Department's current General Fund appropriation has been reduced to \$438.9 million, despite tremendous growth in the Title XIX Behavioral Health caseload. In that time, Title XIX programs have grown from less than 50% of the overall DHS General Fund expenditures to nearly 75%.

Areas such as Public Health and Family Health have sustained significant funding reductions, and several programs have been eliminated as a result. State funding for community health centers has been eliminated entirely. The State has also shifted to county governments some costs of operating the Arizona State Hospital, which places additional strain on smaller county budgets.

DHS has also reformed the Licensing Division so that the Division is no longer subsidized by the General Fund. Because licensing fees had not been adjusted since the 1970s, childcare providers faced exponential fee increases in an effort to self-fund the Division.

Perhaps the most dramatic impact of the budget reductions came in the non-Title XIX Behavioral Health program, which was largely eliminated. Prior to budget cuts, adults – particularly the seriously mentally ill (SMI) – received wrap-around services and supports. Since that time, these services have largely been stripped away, except for the cost of prescription medication and crisis intervention services. It is still too soon to know the long-range impact of the cuts on this fragile population.

DHS continues to search for additional efficiencies so that it can provide services with fewer resources. This includes shifting FTE positions onto other funds and finding public and private partners to share the burden.

Executive Appropriation Recommendations

FY 2012

Baseline Adjustments

Rent Standard Adjustment	(99.5)
General Fund	862.1
Capital Outlay Stabilization Fund	(1,587.5)
DHS - Indirect Cost Fund	625.9
<hr/>	
Risk Standard Adjustment	(429.4)
General Fund	(297.3)
Health Services Licensing Fund	(1.7)
Emergency Medical Services Operating Fund	(6.0)
DHS - Indirect Cost Fund	(124.4)

Baseline Adjustments

CRS State Match TXIX 21,068.3

The Executive recommends \$21.1 million General Fund to address caseload growth in FY 2012. In the last year, caseload growth has actually been close to 15%, well above the 5% that was budgeted in FY 2011. Therefore, even if caseloads moderate to 5% in FY 2012, the program remains underfunded in its baseline appropriation.

The Executive does not recommend funding capitation growth in FY 2012, as Children’s Rehabilitation Services (CRS) experienced 11% capitation growth in FY 2011 and should hold costs flat as the program transitions to AHCCCS. Both the supplemental recommendation and the CRS transition issues will be addressed below. The Executive attributes \$9.3 million of this request to the expiring enhanced FMAP.

CRS is responsible for providing specialty care for Title XIX-eligible children who are medically fragile/physically disabled and require complex care. Without access to specialty care provided by CRS, the children may experience life-long impacts to their functioning and their quality of life. CRS is a managed care model and is required by federal law to provide State match funds for individuals served through the Title XIX Medicaid program. With the expiration of ARRA in FY 2012, the FMAP will drop from 74.05% to 66.93%, which means the State will have to pick up a much larger portion of the total cost. In FY 2012, this program will transition to the AHCCCS budget.

General Fund 21,068.3

BHS State Match TXIX 138,732.2

The Executive recommends \$138.7 million from the General Fund for Title XIX behavioral health services (BHS) growth. Caseload growth is assumed to be 3.5% through the rest of FY 2011 and then grow to 4% in FY 2012. This is consistent with caseload growth since November 2009 and reflects the assumed caseload growth in the AHCCCS population as well. The Executive does not recommend funding capitation rate growth in FY 2012. Of the total funding need, the Executive estimates \$93.8 million is attributable to backfilling federal matching dollars that were made available through the enhanced Federal Medicaid Assistance Percentage (FMAP).

DHS is responsible for providing BHS to Title XIX-eligible clients. These programs, which serve Seriously Mentally Ill (SMI), General Mental Health/Substance Abuse (GMH/SA) and Children’s Behavioral Health clients, are federally mandated and require State match to be paid through a capitation rate that is independently calculated by actuaries. Factors such as population growth, inflation and FMAP determine the State’s share of the cost. With the expiration of ARRA in FY 2012, the FMAP will drop from 74.05% to 66.93%, which means Arizona will have to pick up a much larger portion of the total cost.

	<u>FY 2012</u>
General Fund	138,732.2
<hr/>	
Seriously Mentally Ill Recategorization	0.0
<p>The Executive recommends shifting \$37.1 million General Fund from Proposition 204 SMI to the base population beginning July 1, 2011. According to DHS, 36% of SMIs would qualify for Title XIX services under the SSI waiver. Moving forward, that portion of Proposition 204 SMIs will be considered to qualify for Title XIX, rather than Proposition 204, under the waiver. This is a net-zero recommendation to the DHS budget.</p> <p>Prop. 204, passed by Arizona voters in 2000 and implemented in 2001, increased AHCCCS eligibility to a minimum of 100% of the federal poverty level for all Arizonans. Childless adults, or the Title XIX Waiver Group (TWGs), included adults with general mental health, substance abuse or serious mental illness (SMI) afflictions. Since that time, AHCCCS has received a waiver to categorize the SMI population as SSI, entitling them to receive Title XIX services regardless of Proposition 204. However, from a budget perspective, the funding for these individuals was never re-categorized to align with the waiver. The funding for many of these individuals remains in the "Proposition 204 Seriously Mentally Ill" special line item, rather than in the "Title XIX Seriously Mentally Ill" special line item, artificially inflating the actual cost of Prop. 204 clients.</p>	
<hr/>	
Biomedical Research Commission	500.0
<p>In 2002, Arizona voters approved Proposition 303, which, among other things, established the Tobacco Tax and Health Care Fund. As part of Prop. 303, five cents of every dollar in that fund were set aside for the Health Research Fund.</p> <p>The Biomedical Research Commission was tasked with overseeing the Health Research Fund. This function will remain with the existing Commission members, however the funding and staff for the Biomedical Research Commission will be transitioned into the DHS budget.</p>	
Health Research Fund	500.0
<hr/>	
<u>Other Adjustments</u>	
CRS Transition to AHCCCS	(41,943.9)

FY 2012

The Executive recommends a (\$41.9 million) General Fund decrease from the DHS budget to signify the transfer of the CRS program. A corresponding General Fund increase can be found in the AHCCCS budget. The transfer includes \$41.4 million General Fund from the CRS special line item and \$519,900 General Fund from corresponding operating costs.

In past years, AHCCCS has contracted with DHS to provide acute care services to children with special medical needs. DHS, in turn, partnered with a provider network to ensure the delivery of these services at an actuarially sound capitation rate. Beginning January 1, 2011, AHCCCS will have begun contracting directly for CRS. As a result, the funding for the program should be removed from the DHS budget and a corresponding increase should occur in the AHCCCS budget. This issue is budget-neutral in the short-term, but, once the transition has been finalized, AHCCCS will work with stakeholders to reform and/or integrate CRS as appropriate.

<u>General Fund</u>	<u>(41,943.9)</u>
<hr/>	
Seriously Mentally Ill Prescription Medications	10,300.0
<p>The Executive recommends \$10.3 million General Fund to cover the cost of prescription medications for seriously mentally ill (SMI) adults who will lose their Medicaid eligibility as a result of the Prop. 204 rollback recommendation on October 1, 2011.</p> <p>DHS currently provides funding to cover the costs of non-Title XIX SMI adults receiving prescription drugs. The Executive projects that, as a result of the rollback, over 5,200 SMI adults will lose their Medicaid eligibility. Each of these individuals utilizes an average of \$220 in prescription drugs each month.</p>	
General Fund	10,300.0
<hr/>	
Technical Adjustment - Tobacco Tax	2,208.2
<p>This recommendation adjusts expenditures of Tobacco Tax - Medically Needy Account and Health Education Account dollars to reflect estimated revenues.</p>	
Tobacco Tax and Health Care Fund	2,208.2
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Solutions to Budget

Vital Records Self-Funding Request	1,983.3
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FY 2012

The Executive recommends a (\$1.2 million) General Fund decrease and a \$3.2 million increase from the Vital Records System fund in order to self-fund the vital records system.

In 2002, the Vital Records Electronic Systems Fund was established to build and maintain an Internet-based death registry. DHS is in the process of rolling out an Internet-based birth registry as well. The system is largely out of date, as the software used to maintain it is no longer supported by the developer. Furthermore, revenues to the fund have been insufficient to make improvements to the system. DHS charges fees well below those of the counties (which also use the statewide system) and other states. Currently, a customer would pay \$10 per certificate received from DHS, which includes a one dollar surcharge that benefits the Child Fatality Review Fund and the Child Abuse Prevention Fund.

Maricopa and Pima counties charge customers \$15 per certificate. Many rural counties do not issue certificates at all; thus, their residents may access certificates only through DHS. DHS will now charge \$19 for certificates and charge the counties a \$4.00 surcharge to issue the same certificates. The \$1.00 surcharge will remain intact as it currently exists. DHS will allocate \$3.6 million of the revenues to updating and maintaining the Vital Records System, and any revenues above that amount would be deposited into the General Fund.

There are several benefits to self-funding Vital Records. In addition to saving over \$1.2 million General Fund each year, this proposal will generate additional revenues to the General Fund of approximately \$400,000 annually. Furthermore, DHS will be able to upgrade its system software/hardware, meeting the standards necessary to access \$200,000 in federal grants. Finally, the system will become more centralized, allowing clients to access records with more timeliness and accuracy.

General Fund	(1,205.6)
Vital Records Electronic Systems Fund	3,188.9
<hr/>	
Sexually Violent Person Commitments	0.0

FY 2012

The Executive recommends a \$3.5 million appropriation increase from the Arizona State Hospital (ASH) Fund and a corresponding decrease of (\$850,000) in the State Hospital Land Earnings Fund and (\$2.7 million) General Fund. This increase of revenue to the ASH Fund reflects charging counties for 50% of the cost related to detaining sexually violent persons (SVPs) at ASH in FY 2012.

ASH houses individuals with serious behavioral health issues, including the sexually violent. These individuals have been deemed too dangerous to release into the general public, so they are committed to the facility by county judges. Prior to FY 2010, DHS picked up 100% of the cost of care for these individuals, despite the fact that the State had no control over commitments. In FY 2010, counties were charged 25% of the cost of care. The current daily cost for an SVP at ASH is \$544.

The process of committing an individual as an SVP involves several steps. First, a County Attorney must petition the court, alleging that the person in question is sexually violent. Upon filing the petition, the court must determine if probable cause exists to name the person an SVP. If the court finds probable cause exists, it must order the person to be detained in a licensed facility under the supervision of the ASH superintendent.

The State Hospital Land Earnings Fund receives revenues from the Land Department for the property where ASH is located. Over \$1.1 million is appropriated from this fund each year; however, revenues have been consistently closer to \$300,000 in recent years due to the economy. The Executive Recommendation would align expenditures with revenues for this fund.

General Fund	(2,670.3)
The Arizona State Hospital Fund	3,520.3
DHS State Hospital Land Earnings Fund	(850.0)
<hr/>	
Technical Adjustment - Newborn Screening Fund	(2,249.9)

FY 2012

The Executive recommends a (\$2.2 million) reduction to the Newborn Screening Fund in order to align the appropriation with actual expenditures. This change is technical in nature and does not reflect any intent to reduce the program.

Fund revenues consist of collections not to exceed \$30 for the first blood and hearing screening and \$40 for the second blood and hearing screening on each Arizona newborn. These funds are used to screen for 29 standard metabolic and congenital disorders, as well as provide follow-up counseling for families of affected infants. In FY 2012 the Executive expects the number of newborns to drop by 10% from FY 2011 levels. This directly impacts revenues and expenditures for this program; if the appropriation level is not adjusted to account for the decreased birth rate, the Fund balance will become negative.

This recommendation carries a risk that, if the caseloads are higher than anticipated, the Department will be able to collect revenues into the fund but will not be able to expend them on screenings in excess of the appropriated level. In order to protect the program from unexpected expenses, the following escalator footnote should be added to the Department's budget: "All Newborn Screening Program Fund monies above \$4,500,000 received by the Department of Health Services are appropriated for the Newborn Screening Program Line Item."

Newborn Screening Program Fund (2,249.9)

Five Percent Provider Rate Reduction (14,117.3)

AHCCCS has re-examined its base costs and determined that the enormous client growth experienced during the recession has resulted in a generally lower-cost population. As a result, provider reimbursements will be reduced by 5%, when possible, to account for these savings. This reduction will be implemented on April 1, 2011, and continued into FY 2012. DHS will also implement the 5% provider reductions, beginning in the last quarter of FY 2011.

The Executive recommends a (\$14.1 million) General Fund reduction in FY 2012 to reflect a 5% provider rate reduction throughout BHS and CRS. Certain reimbursements, such as those associated with prescription drug costs, were not reduced, resulting in an overall capitation rate adjustment of (3.12%).

General Fund (14,117.3)

Prop. 204 Rollback (79,148.8)

FY 2012

The Executive recommends a (\$79.1 million) General Fund decrease from the Behavioral Health budget to reflect the reduction of services for individuals that qualify for Title XIX services under Prop. 204 beginning October 1, 2011.

The proposal would eliminate Medicaid services for all childless adults within the Prop. 204 expansion population, as well as any adult TANF recipients over 50% of the federal poverty level. Any adult that qualifies as SSI would continue to receive Medicaid eligibility.

Please see the AHCCCS budget issue for more details on these budget reductions.

General Fund (79,148.8)

FY 2011 Supplemental Recommendations

FY 2011

CRS State Match TXIX 8,275.0

The Executive recommends an \$8.3 million General Fund supplemental appropriation in FY 2011. Caseload growth has traditionally been assumed to be 5% each year; however, in FY 2010 and FY 2011, caseload growth has actually been close to 15%. In addition, capitation rates were assumed to remain flat in FY 2011, while, in fact, actuarial adjustments increased those rates by 11%. Finally, the Federal Medicaid Assistance Percentage (FMAP) was assumed to be 75.93% in FY 2011 when the budget was finalized. Since that time, FMAP has actually been stepped down to 74.5%. These three factors led to the shortfall within the Children's Rehabilitation Services (CRS) program for the existing year. The FMAP step-down accounts for \$2.2 million of this recommendation.

Because CRS will be transferred to AHCCCS before the end of FY 2011, this funding will be part of an IGA/ISA between DHS and AHCCCS in FY 2011. The higher rates will be built into the FY 2012 budget, when CRS is permanently transitioned to the AHCCCS budget.

CRS is responsible for providing specialty care for Title XIX-eligible children who are medically fragile/physically disabled and require complex care. Without access to specialty care provided by CRS, the children may experience life-long impacts to their functioning and their quality of life. CRS is a managed care model and is required by federal law to provide State match funds for individuals served through the Title XIX Medicaid program.

General Fund 8,275.0

FY 2011

Technical Adjustment - Newborn Screening Fund (1,749.9)

The Executive recommends a (\$1.7 million) reduction to the Newborn Screening Fund in order to align the appropriation with actual expenditures. Fund revenues consist of collections not to exceed \$30 for the first blood and hearing screening and \$40 for the second blood and hearing screening on each Arizona newborn. These funds are used to screen for 29 standard metabolic and congenital disorders, as well as provide follow-up counseling for families of affected infants. In FY 2011, the Executive expects the number of newborns to drop by 10% from FY 2010 levels. This directly impacts revenues and expenditures for this program. If the appropriation level is not adjusted to account for the decreased birth rate, the Fund balance will become negative.

This recommendation carries a risk that, if the caseloads are higher than anticipated, DHS will be able to collect revenues into the Fund but will not be able to expend them on screenings in excess of the appropriated level. In order to protect the program from unexpected expenses, the following escalator footnote should be added to the Department's budget: "All Newborn Screening Program Fund monies above \$4,500,000 received by the Department of Health Services are appropriated for the Newborn Screening Program Line Item."

Newborn Screening Program Fund (1,749.9)

Five Percent Provider Rate Reduction (2,642.3)

AHCCCS has re-examined its base costs and determined that the enormous client growth experienced during the recession has resulted in a generally lower-cost population. As a result, provider reimbursements will be reduced by 5%, when possible, to account for these savings. This reduction will be implemented on April 1, 2011, and continued into FY 2012. DHS will also implement the 5% provider reductions, beginning in the last quarter of FY 2011.

The Executive recommends a (\$2.6 million) General Fund reduction in FY 2011 to reflect a 5% provider rate reduction throughout BHS and CRS in the final quarter of the fiscal year. Certain reimbursements, such as those associated with prescription drug costs, were not reduced, resulting in an overall capitation rate adjustment of (3.12%).

General Fund (2,642.3)

Technical Adjustment - Tobacco Tax 1,427.4

This recommendation adjusts expenditures of Tobacco Tax - Medically Needy Account and Health Education Account dollars to reflect estimated revenues.

Tobacco Tax and Health Care Fund 1,427.4

Performance Measures

	FY 2009 Actual	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected
Percent of child care license renewals granted within licensing timeframes	99	99	100	100
Number of public health and emergency response professionals on Health Alert Network	3,876	5,800	6,000	6,000
Percent of high school youth who smoked in the last month	15.3	19.7	14	14
Immunization rate among 2-year old children	78	86	86	86
Percent of child care complaint investigations initiated within investigative guidelines	100	99	99	99
Percent of health care licensure renewals granted within licensing timeframes	90	99	99	99
Percent of health care complaint investigations initiated within investigative guidelines	74	49	50	60
Percent of agency staff turnover	14.7	14.8	14.7	14.7
Percent of eligible Title XIX population enrolled in behavioral health treatment programs	15.7	16.3	17	17

The Executive recommends a modified lump-sum appropriation by program with special line items.

Performance Measures

	FY 2009 Actual	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected
Percent of staff turnover during the first 12 months of employment	3.5	1.6	4	4

Governor's Office of Highway Safety

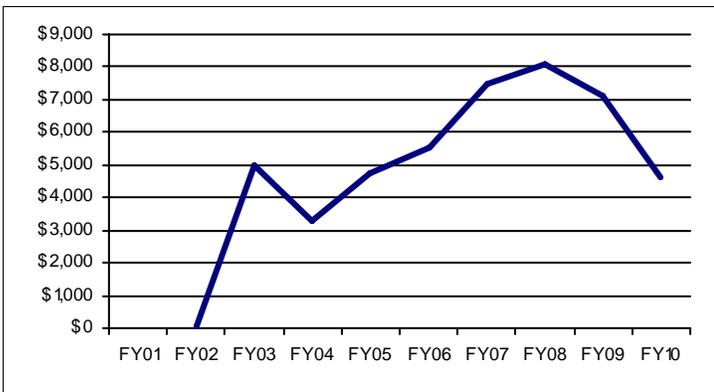
Mission:

To be the focal point for highway safety issues in Arizona, the Governor's Office of Highway Safety (GOHS) provides leadership by developing, promoting, and coordinating programs; influencing public and private policy; and increasing public awareness of highway safety.

Description:

The Governor's Office of Highway Safety (GOHS) develops the Arizona Highway Safety Plan (HSP) through annual problem identification and analysis of traffic records, citations, convictions, judicial outcome, incarcerations, assessments, screening, treatment, prevention, and surveys. The HSP serves as a means for the reduction of traffic crashes, deaths, injuries, and property damage resulting from accidents on public roads. GOHS develops, promotes, and implements effective education, engineering, and enforcement programs toward ending preventable crashes and reducing economic costs associated with vehicle use and highway travel.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Non-Appropriated Funds

	FY 2010 <i>Actual</i>	FY 2011 <i>Expend. Plan</i>	FY 2012 <i>Exec. Rec.</i>	FY 2013 <i>Exec. Rec.</i>
Conferences, Workshops and Other Education	12.3	12.0	12.0	12.0
Federal Grant	13,176.9	10,833.7	10,842.3	10,842.3
IGA and ISA Fund	271.7	207.4	207.4	207.4
Motorcycle Safety Education Fund	100.0	0.0	0.0	0.0
Statewide Donations	75.0	0.0	0.0	0.0
Agency - Nonapp. Funds	13,635.9	11,053.1	11,061.7	11,061.7
Agency Total - All Funds	13,635.9	11,053.1	11,061.7	11,061.7

Federal Funds Expenditures - as reported by Agency

	FY 2010 <i>Actual</i>	FY 2011 <i>Exp. Plan</i>	FY 2012 <i>Exp. Plan</i>	FY 2013 <i>Exp. Plan</i>
Agency Total	13,176.9	10,833.7	9,835.6	9,485.6

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

Arizona Historical Society

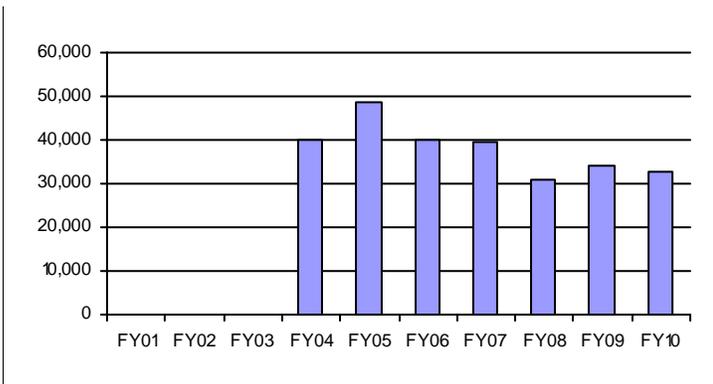
Mission:

To collect, preserve, interpret, and disseminate the history of Arizona, the West, and northern Mexico, as it pertains to Arizona.

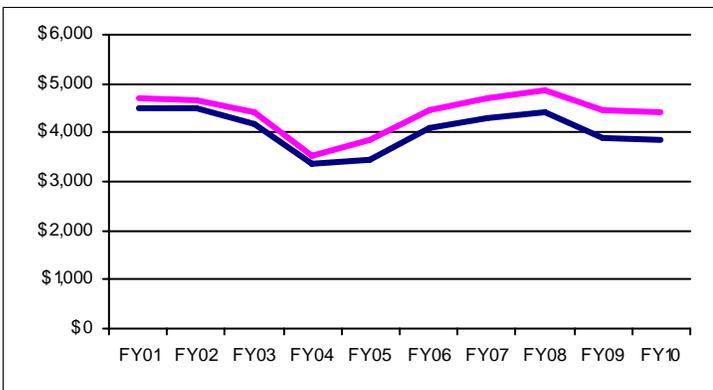
Description:

The Arizona Historical Society (AHS) is a membership and government supported, nonprofit, state agency. It is governed by a membership-elected board representing each county in the state. Museums are located in Flagstaff, Tempe, Tucson, and Yuma. The Society museums maintain extensive library and archival collections used by a diverse general audience. The Society produces the Journal of Arizona History and various historical books. The AHS Board develops the biennial budget and authorizes and approves all expenditures. The Administrative Division provides finance, budget, personnel, and management support to each of the divisions. AHS certifies and supports 63 local historical societies in preserving and disseminating Arizona history. The Society also supports other board-approved community activities.

Museum Attendance



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Arizona Historical Society	4,065.5	6,292.2	3,346.4	3,346.4
Agency - Approp. Funds	4,065.5	6,292.2	3,346.4	3,346.4
<i>Category</i>				
FTE	37.7	51.9	51.9	51.9
Personal Services	1,502.9	1,520.8	1,589.2	1,589.2

ERE Amount	673.1	668.7	701.1	701.1
Prof. And Outside Services	5.0	0.5	0.5	0.5
Travel - In State	0.1	0.0	0.0	0.0
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	41.6	41.7	41.7	41.7
Other Operating Expenses	1,824.3	4,060.5	1,013.9	1,013.9
Equipment	16.1	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	2.4	0.0	0.0	0.0
Agency - Approp. Funds	4,065.5	6,292.2	3,346.4	3,346.4

Appropriated Fund

General Fund	3,871.3	5,861.4	3,346.4	3,346.4
Capital Outlay Stabilization	194.2	430.8	0.0	0.0
Agency - Approp. Funds	4,065.5	6,292.2	3,346.4	3,346.4

The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI Field Services and Grants	65.1	65.0	65.0	65.0
SLI Papago Park	1,907.9	3,606.1	532.1	532.1

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Federal Grant	1.8	0.0	0.0	0.0
Historical Society Preservation/Restoration	14.2	17.5	18.2	18.8
Non-Appropriated Private Grants	35.3	41.2	130.2	48.3
Non-Appropriated Private Operating	339.1	321.7	316.9	316.2
Non-Appropriated Restricted Funds	195.8	162.1	161.5	138.7
Non-Appropriated Trust Funds	9.6	5.7	4.0	4.0
Permanent AZ Historical Society Revolving	343.5	630.9	430.2	616.0
Agency - Nonapp. Funds	939.3	1,179.1	1,061.0	1,142.0
Agency Total - All Funds	5,004.8	7,471.3	4,407.4	4,488.4

Recent Appropriation Activity/Perspective

For FY 2007 the Society was appropriated \$4.5 million. Statewide adjustments and lump-sum reductions changed the appropriation to \$4.6 million in FY 2008. The appropriation shrank to \$4.2 million after additional lump-sum reductions (\$324,100) and personnel reductions (\$89,000). An additional lump-sum reduction of \$147,100 changed the FY 2010 appropriation to \$4.1 million. This represents a total 10.3% reduction over a three-year budget period.

The Society's FY 2011 appropriation rose to \$6.3 million for a final balloon payment for the Papago Park Museum. The Society also received \$589,700 and control of operations for the Mines and Minerals Museum.

Executive Appropriation Recommendations

	<u>FY 2012</u>	<u>FY 2013</u>
<u>Baseline Adjustments</u>		
Risk Standard Adjustment	8.0	8.0
General Fund	8.0	8.0

Rent Standard Adjustment	(3,074.0)	(3,074.0)
General Fund	(2,643.2)	(2,643.2)
Capital Outlay Stabilization Fund	(430.8)	(430.8)

Other Adjustments

Transfer of Mines and Minerals Fund	0.0	0.0
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Laws 2010, Chapter 227 transferred to the Department the responsibility for operating and maintaining the Mines and Minerals Museum but did not transfer the operating fund that supports it. The Executive recommends transferring the Mines and Minerals Fund to the Historical Society and renaming it the Centennial Museum Fund. The fund balance and any revenues generated from the Centennial Museum should be allocated to the fund for the purpose of operating and maintaining the museum.

Centennial Museum Consolidation	120.2	120.2
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Laws 2010, Chapter 227 transferred 1.0 FTE Curator III position, operation of the Mining and Mineral Museum, and \$589,700 for rent from the Department of Mines and Minerals Resources to the Historical Society.

The Executive recommends transitioning the remaining resources from Mines and Minerals to the Arizona Historical Society for the Centennial Museum operation. Additionally, 2.0 FTE and \$120,200 to provide a Curator II position and an Administrative Assistant I position are recommended to prepare and operate the Centennial Museum being constructed in FY 2012 and opening in early FY 2013.

General Fund	120.2	120.2
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Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>	<u>Expected</u>
Public program attendance	185,000	175,000	200,000	200,000
Number of museum visitors and researchers	100,000	145,000	200,000	200,000
Number of volunteer hours	49,200	59,000	65,000	65,000

The Executive recommends a lump-sum appropriation to the agency.

Prescott Historical Society of Arizona

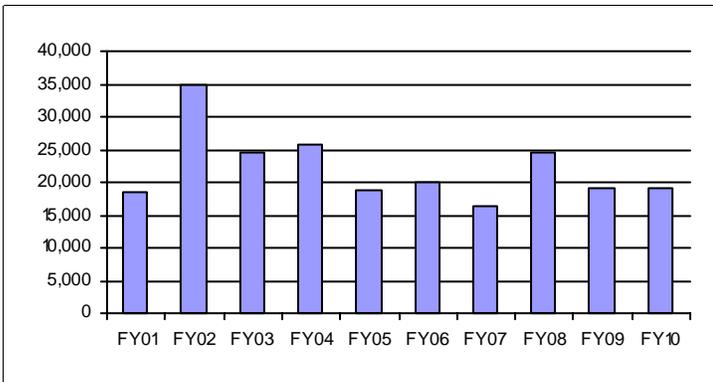
Mission:

To serve as an educational and cultural center, fostering public understanding of historical, social, and natural aspects of Arizona, with emphasis on the Central Highlands. To promote support for research, collections, conservation, exhibits, and related programs.

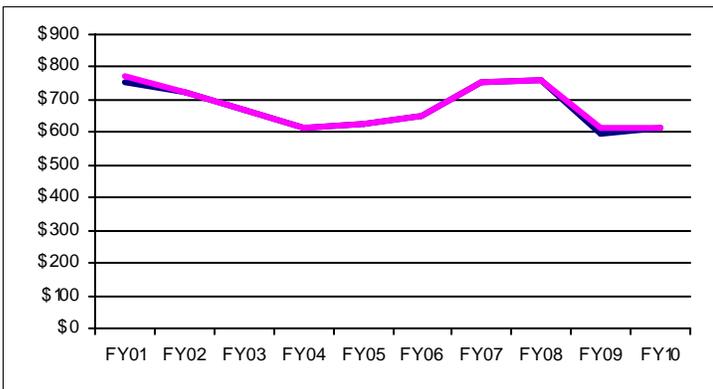
Description:

The Prescott Historical Society operates the Sharlot Hall Museum, founded in 1928 and located on the grounds of the first territorial governor's residence and offices. The nearly 4 acre landscaped campus includes seven restored historic structures, featuring the territorial Governor's Mansion (1864) and the Victorian-era Bashford House (1877). A modern Museum Center (1977) hosts changing exhibits, historic theater, and artifacts storage. A large Archive-Library (1993) houses approximately 100,000 images and documents. A branch museum at the VA Center interprets the history of Fort Whipple. Public programs include the Folk Arts Fair, Prescott Indian Art Market, Folk Music Festival, Day of the Dead (Dia De Los Muertos), Territorial Christmas, Blue Rose Theater historical productions, historical reenactments in both indoor and outdoor settings, heritage gardens, lecture series, education tours and community outreach to children and adults.

Museum Attendance



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Sharlot Hall Museum	614.9	673.7	670.2	670.2

Agency - Approp. Funds	614.9	673.7	670.2	670.2
<i>Category</i>				
FTE	14.0	13.0	13.0	13.0
Personal Services	369.8	414.8	414.8	414.8
ERE Amount	207.1	219.5	219.5	219.5
Prof. And Outside Services	2.5	2.5	2.5	2.5
Travel - In State	0.0	0.0	0.0	0.0
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	35.5	36.9	33.4	33.4
Equipment	0.0	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	614.9	673.7	670.2	670.2

<i>Appropriated Fund</i>				
General Fund	614.9	673.7	670.2	670.2
Agency - Approp. Funds	614.9	673.7	670.2	670.2

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Sharlot Hall Historical Society 501	869.9	869.9	869.9	869.9
Agency - Nonapp. Funds	869.9	869.9	869.9	869.9
Agency Total - All Funds	1,484.8	1,543.6	1,540.1	1,540.1

Recent Appropriation Activity/Perspective

In FY 2007 the Society was appropriated \$750,400.

Statewide adjustments and lump-sum reductions changed the appropriation to \$762,600 in FY 2008. The appropriation was reduced to \$663,100 after additional lump-sum reductions (\$76,300) and personnel reductions (\$23,400). An additional lump-sum reduction of (\$38,200), a personnel reduction of (\$32,900), and operating budget restoration of \$100,000 changed the FY 2010 appropriation to \$691,300. This represents a total (7.8%) reduction over a three-year budget period.

The FY 2011 appropriation remained largely unchanged at \$673,700, with statewide salary reductions causing the decrease.

Executive Appropriation Recommendations

	FY 2012	FY 2013
Baseline Adjustments		
Risk Standard Adjustment	(3.5)	(3.5)
General Fund	(3.5)	(3.5)

The Executive recommends a lump-sum appropriation to the agency.

Department of Homeland Security

Mission:

To enhance Arizona’s preparedness and provide strategic direction for securing Arizona.

Description:

The Arizona Department of Homeland Security provides strategic direction for enhancing regional capability and capacity to prevent terrorist attacks within Arizona, reduce Arizona’s vulnerability to all critical hazards, and minimize the damage and recover from all critical hazards that affect the safety, well-being and economic security of the citizens of Arizona.

Non-Appropriated Funds

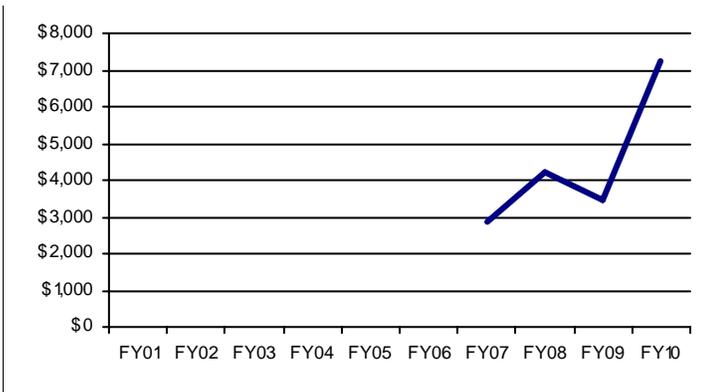
	FY 2010 <i>Actual</i>	FY 2011 <i>Expend. Plan</i>	FY 2012 <i>Exec. Rec.</i>	FY 2013 <i>Exec. Rec.</i>
Agency - Nonapp. Funds	55,712.2	59,083.2	59,084.3	59,084.3
Agency Total - All Funds	55,712.2	59,083.2	59,084.3	59,084.3

Federal Funds Expenditures - as reported by Agency

	FY 2010 <i>Actual</i>	FY 2011 <i>Exp. Plan</i>	FY 2012 <i>Exp. Plan</i>	FY 2013 <i>Exp. Plan</i>
Agency Total	54,952.9	52,484.4	43,978.8	20,405.7

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

<i>Program/Cost Center</i>	FY 2010 <i>Actual</i>	FY 2011 <i>Approp.</i>	FY 2012 <i>Exec. Rec.</i>	FY 2013 <i>Exec. Rec.</i>
Agency - Approp. Funds	0.0	0.0	0.0	0.0
<i>Category</i>				
FTE	0.0	0.0	0.0	0.0
Personal Services	0.0	0.0	0.0	0.0
ERE Amount	0.0	0.0	0.0	0.0
Prof. And Outside Services	0.0	0.0	0.0	0.0
Travel - In State	0.0	0.0	0.0	0.0
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	0.0	0.0	0.0	0.0
<i>Appropriated Fund</i>				
Agency - Approp. Funds	0.0	0.0	0.0	0.0

Non-Appropriated Funds

	FY 2010 <i>Actual</i>	FY 2011 <i>Expend. Plan</i>	FY 2012 <i>Exec. Rec.</i>	FY 2013 <i>Exec. Rec.</i>
Federal Grant	55,712.2	59,083.2	59,084.3	59,084.3

Board of Homeopathic Medical Examiners

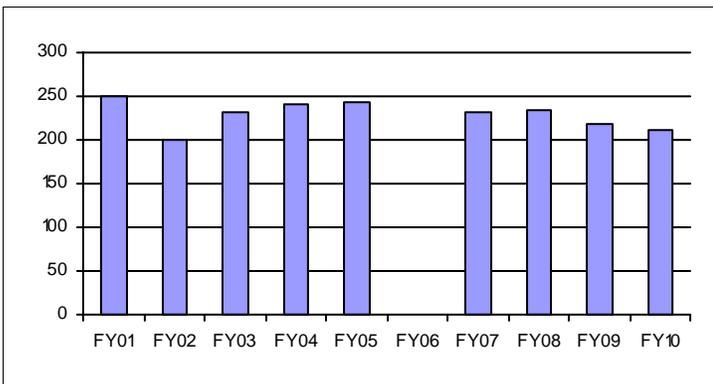
Mission:

To protect the public health, safety, and welfare by regulating Allopathic and Osteopathic physicians who apply for a homeopathic medical license and registering homeopathic medical assistants that work under the supervision of licensed homeopathic physicians that practice within the State of Arizona.

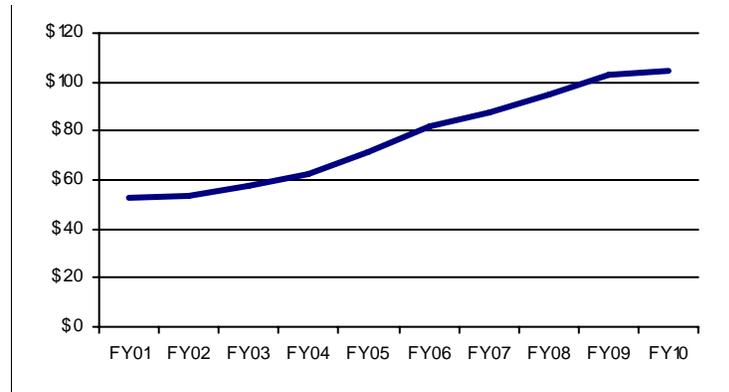
Description:

The Board of Homeopathic Medical Examiners regulates the practice of homeopathic medicine in Arizona. Homeopathy is a form of alternative medicine in which the fundamental premise for treatment is the belief that diseases are cured by medicines, given in tiny doses, that create symptoms similar to those the patient is experiencing, triggering the body's natural immune reactions. The Board reviews and examines the education, experience, and background of applicants to determine if they possess the qualifications required by law to practice homeopathic medicine and any of the subspecialties within the scope of practice. Licensees renew their licenses and dispensing permits annually and provide updated information about the nature of their practices. Upon receipt of complaints against licensed homeopathic physicians, the Board conducts investigations and holds hearings, taking disciplinary action as necessary to protect the public safety. The Board also registers homeopathic medical assistants that work under the supervision of licensed homeopathic physicians within Arizona. Homeopathic medical assistants renew their registrations annually every December. Physician licenses are renewed every year on the initial month of licensure.

Licenses Eligible for Renewal



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	104.7	116.9	107.0	110.0
Agency - Approp. Funds	104.7	116.9	107.0	110.0
<i>Category</i>				
FTE	1.0	1.0	1.0	1.0
Personal Services	52.4	53.1	44.6	47.1
ERE Amount	25.6	22.6	20.8	21.3
Prof. And Outside Services	14.5	18.2	18.2	18.2
Travel - In State	0.9	1.3	1.3	1.3
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	10.5	21.7	22.1	22.1
Equipment	0.8	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	104.7	116.9	107.0	110.0
<i>Appropriated Fund</i>				
Homeopathic Medical Examiners	104.7	116.9	107.0	110.0
Agency - Approp. Funds	104.7	116.9	107.0	110.0

Recent Appropriation Activity/Perspective

The Board received an appropriation of \$87,800 for FY 2007, which increased to \$97,500 for FY 2008. There were various increases in the appropriation for FY 2009, the largest of which was \$22,400, in order to comply with recommendations from an Auditor General performance audit. The appropriation for FY 2009 was \$117,300. The Board's appropriation decreased by (\$12,400) in FY 2010, to \$104,900, and increased by \$12,000, in FY 2011, to \$116,900.

Executive Appropriation Recommendations

	FY 2012	FY 2013
Baseline Adjustments		
Risk Standard Adjustment	0.4	0.4
Homeopathic Medical Examiners Fund	0.4	0.4

Other Adjustments

Annual Leave Payout Reduction (10.3) (7.3)

The Executive recommends a decrease of (\$10,300) from the Homeopathic Medical Examiners Board Fund in FY 2012 and (\$7,300) in FY 2013. This decrease is in response to an increase in FY 2011 that was meant to fund the annual leave payout of the Agency's one employee. The employee has since decided to delay her retirement until FY 2013. The Fund cannot support the entire amount of the original \$10,300 increase in FY 2013, due to reduced revenues to the Fund.

Homeopathic Medical Examiners Fund (10.3) (7.3)

Performance Measures

	FY 2010	FY 2011	FY 2012	FY 2013
	Actual	Expected	<u>Expected</u>	Expected
Number of licenses renewed	168	187	186	186
➤ <i>FY 2010: Total includes 93 physicians, 41 dispensing permits, 17 assistants, and 17 chelation permits renewed.</i>				
Number of complaints or inquiries received	17	20	22	23
Percent of complaints resolved within 180 days.	94	93	95	95
➤ <i>16 out of 17 complaints closed in less than 180 days</i>				

The Executive recommends a lump-sum appropriation to the agency.

Arizona Department of Housing

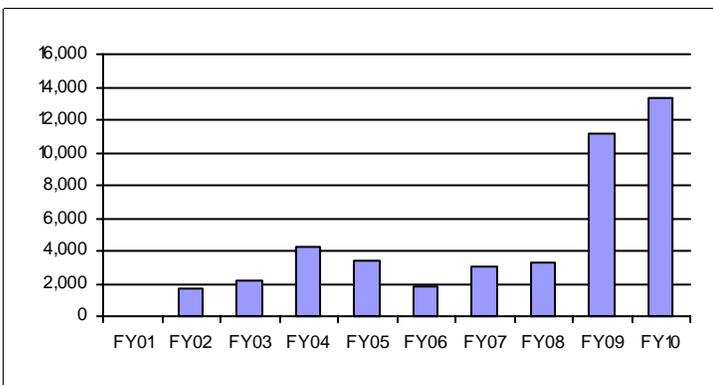
Mission:

To provide housing and community revitalization to benefit the people of Arizona.

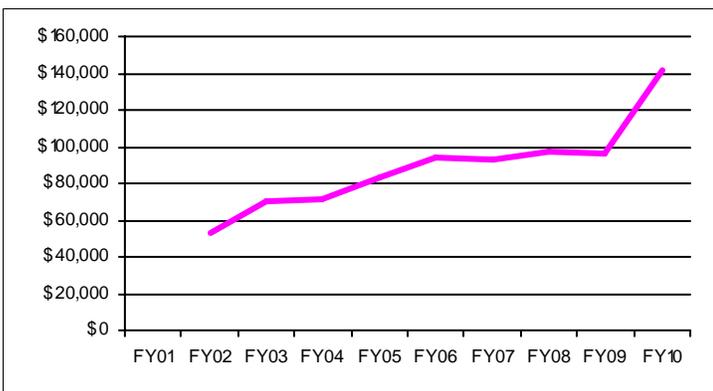
Description:

The Agency provides housing and community revitalization to benefit the people of Arizona by addressing the unique and changing housing needs in this state. As Arizona grows and the economic and special needs of its population change, the Agency is in a position to recognize those unique and changing needs and to respond throughout the state. Creative solutions are developed to be responsive to rural and urban areas as well as to special populations. The Agency is working toward sustaining current initiatives and simultaneously maintaining the flexibility to respond to new demands for affordable housing and smart growth efforts. The department provides both state and federal funding to promote housing and community development activities as well as expertise and technical assistance to address these issues. The agency works closely with local governments, nonprofit and for-profit housing developers, social service agencies, tribal entities, public housing authorities and others to achieve its mission.

Affordable Rentals Produced



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Department of Housing	949.6	927.2	927.2	927.2

Agency - Approp. Funds	949.6	927.2	927.2	927.2
<i>Category</i>				
FTE	11.0	11.0	11.0	11.0
Personal Services	548.4	576.2	576.2	576.2
ERE Amount	198.7	207.5	207.5	207.5
Prof. And Outside Services	46.6	8.9	8.9	8.9
Travel - In State	11.5	3.8	3.8	3.8
Travel - Out of State	0.2	2.6	2.6	2.6
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	140.4	119.0	119.0	119.0
Equipment	2.7	9.2	9.2	9.2
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	1.1	0.0	0.0	0.0
Agency - Approp. Funds	949.6	927.2	927.2	927.2

<i>Appropriated Fund</i>				
Housing Trust Fund	949.6	927.2	927.2	927.2
Agency - Approp. Funds	949.6	927.2	927.2	927.2

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Arizona Department of Housing Program Fund	2,830.7	2,713.3	2,884.0	2,954.0
Federal Economic Recovery Fund	27,048.2	42,491.5	11,170.4	0.0
Federal Grant	99,772.9	93,927.7	78,736.1	80,493.9
Housing Trust Fund	10,480.8	11,588.2	9,315.0	7,723.9
IGA and ISA Fund	2,121.3	547.5	1,991.4	865.0
Agency - Nonapp. Funds	142,253.9	151,268.2	104,096.9	92,036.8

Agency Total - All Funds	143,203.5	152,195.4	105,024.1	92,964.0
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Federal Funds Expenditures - as reported by Agency

	FY 2010 Actual	FY 2011 Exp. Plan	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	126,823.9	136,419.2	89,906.5	80,493.9

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

Recent Appropriation Activity/Perspective

In FY 2007, the Department of Housing had an appropriation of \$728,100 from the Housing Trust Fund. Since that time, the Department's appropriation has grown by 27%, however the Department of Housing's programs primarily rely on two non-appropriated funds, the Housing Trust Fund and the Housing Program Fund, both of which have transferred large amounts to the General Fund. These transfers have directly caused decreases to the agency's operations and forced the agency to eliminate several services.

The Housing Trust Fund historically has received 55% of proceeds from the State's Unclaimed Property, which had increased to \$33.7 million in FY 2008. In FY 2010, the Department of Housing's share of Unclaimed Property was limited to \$10.5 million by the State Legislature. As a result of this reduction as well as transfers of

\$69.1 million from funds at the Department since FY 2008, the Department has had to decrease support for several programs as well as eliminating some programs altogether. Additionally, the Department has reduced staff by 25%.

Support for homeownership programs benefitting moderate and low-income rural residents has been eliminated, thereby limiting the ability of the Arizona Housing Finance Authority (AZHFA) to provide services. The Homes for Arizonans homebuyer assistance program was eliminated, this program used to provide assistance to 250 rural moderate income households annually. Homeless prevention programs have been eliminated, thereby eliminating disbursements of grants to approximately 12,000 households. Emergency home repair programs have been eliminated, these programs used to provide 400 small grants annually to low-income elderly residents to repair their homes. \$2 million in Tribal housing assistance has been eliminated. Gap financing for Low Income Housing Tax Credit projects has also been greatly reduced.

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected	FY 2013 Expected
Total number of affordable rental units assisted/produced	13,342	10,713	10,941	10,986
➤ <i>FY2010 increase in units due to availability of one-time federal stimulus funding.</i>				
Total number of individuals assisted with information on available affordable rental units through the agency's website	194,545	213,999	234,399	258,939
Total number of publicly funded rental units monitored for health and safety issues	13,554	14,000	14,250	14,500
➤ <i>The number of units monitored in FY2010 fell below anticipated levels due to budget related cuts. Nevertheless, required monitoring levels were still met.</i>				
Results of customer satisfaction survey (7=excellent; 4=satisfactory; 1=poor)	5.42	5.46	5.50	5.54
Total number of low-income households assisted into homeownership through the homeownership program	206	199	191	191
➤ <i>Reduced number of households expected to be assisted is due to discontinuance of the Mortgage Credit Certificate Program which assisted more homebuyers with less dollars.</i>				
Total number of households assisted with eviction or foreclosure in order to prevent homelessness	191	1,108	782	0
➤ <i>Due to Housing Trust Fund cuts the agency was forced to eliminate state funding for this assistance. Reduced assistance shown is available through a one-time economic recovery grant.</i>				

The Executive recommends a lump-sum appropriation to the agency.

Arizona Commission of Indian Affairs

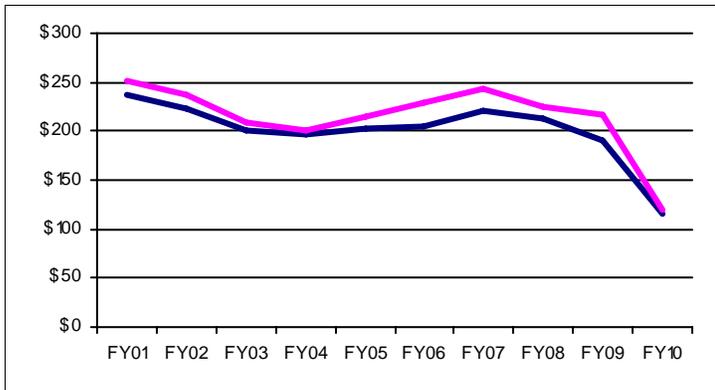
Mission:

To enhance communication and build sustainable relationships between tribal entities and the State of Arizona.

Description:

The Arizona Commission of Indian Affairs has a legislative mandate to assist and support state and federal agencies in assisting Indians and Tribal councils to develop mutual goals; design projects for achieving goals and implement their plans; encourage a spirit of cooperation to guide the continuing government-to-government relationship between the State of Arizona and Tribal Nations and communities located in Arizona; ensure meaningful and timely consultation with Tribal Leaders to facilitate better understanding, informed decision making, and intergovernmental cooperation; establish a spirit of cooperation and collaboration among state agency tribal liaisons in order to share ideas, address needs and effectively implement the mandates outlined in EO 2006-14 and; ensure that state services and resources are available to all eligible citizens residing in Arizona tribal communities to the same extent that such services are available to all other eligible citizens.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Indian Affairs	116.0	63.1	61.9	61.9
Agency - Approp. Funds	116.0	63.1	61.9	61.9

Category	FY 2010	FY 2011	FY 2012	FY 2013
FTE	3.0	3.0	3.0	3.0
Personal Services	46.8	27.1	27.1	27.1
ERE Amount	23.3	13.6	13.6	13.6
Prof. And Outside Services	5.6	4.8	4.8	4.8
Travel - In State	0.7	0.5	0.5	0.5
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	37.3	17.1	15.9	15.9
Equipment	2.3	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0

Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	116.0	63.1	61.9	61.9

Appropriated Fund

General Fund	116.0	63.1	61.9	61.9
Agency - Approp. Funds	116.0	63.1	61.9	61.9

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Arizona Indian Town Hall Fund	4.9	5.0	5.0	5.0
Donations Fund	4.1	5.0	5.0	5.0
Indian Affairs Comm Publications	0.0	2.7	2.7	2.7
Agency - Nonapp. Funds	9.0	12.7	12.7	12.7

Agency Total - All Funds	125.0	75.8	74.6	74.6
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Recent Appropriation Activity/Perspective

In FY 2007, the Commission on Indian Affairs was appropriated \$224,400 from the General Fund. Since that time, its budget has been reduced by (73%), to \$63,100. As a result of budgetary reductions in FY 2009, the Commission was forced to relocate from privately owned office space to smaller quarters in the State's Executive Tower.

In addition to moving, the Commission lost all three of its employees in FY 2009 and was merged with the Governor's Office of Equal Opportunity (GOEO). The Commission shares both office space and an employee with the GOEO, as the current director of the Commission divides her time equally between the two agencies. The Commission continues to schedule and hold its Indian Nations and Tribes Legislative Day annually in January, sponsor the annual Arizona Indian Town Hall and Business Summit, maintain and update a Tribal Resource Directory, and facilitate communication between the Tribes and the State.

Executive Appropriation Recommendations

FY 2012 FY 2013

Baseline Adjustments

Risk Standard Adjustment	(1.2)	(1.2)
General Fund	(1.2)	(1.2)

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected	FY 2013 Expected
Number of projects and activities of each Tribal Liaison subcommittee advertised/publicized	10	8	8	8
Number of meetings facilitated between stakeholders, tribal officials and state officials to communicate and/or collaborate on administrative and legislative issues	22	20	20	20

The Executive recommends a lump-sum appropriation to the agency.

Industrial Commission of Arizona

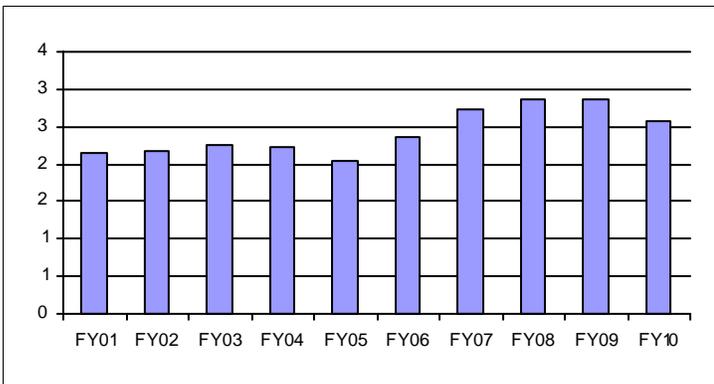
Mission:

To efficiently administer and effectively enforce all applicable laws, rules, and regulations not specifically delegated to others relative to the protection of life, health, safety, and welfare of employees within the State.

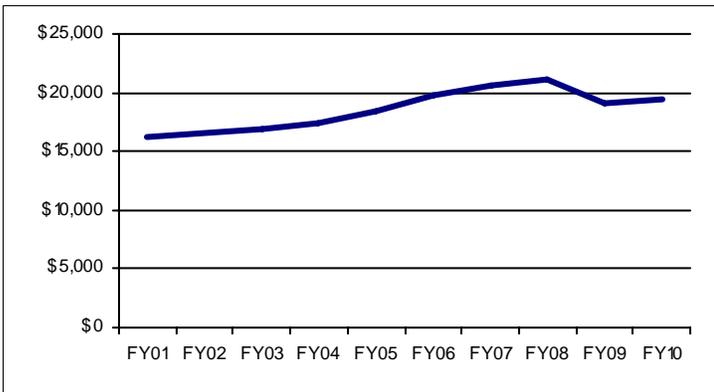
Description:

The Industrial Commission is a regulatory agency that was created in 1925 to oversee the state workers' compensation system. While the Commission is still responsible for its original charge, its role over the years has expanded to include other labor-related issues, including minimum wage laws; occupational safety and health; youth employment laws; resolution of wage related disputes; licensing of employment counseling and talent agencies; vocational rehabilitation; and providing workers' compensation benefits to claimants of uninsured employers, insolvent carriers, and bankrupt self-insured employers.

Total Arizona Workforce (millions)



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Administration	3,983.9	4,027.4	4,027.6	4,027.6
Claims	3,094.1	3,870.6	3,871.0	3,871.0
Administrative Law Judge	4,538.7	5,456.5	5,456.8	5,456.8
Labor	683.3	982.0	982.1	982.1
ADOSH	2,442.8	2,702.3	2,702.4	2,702.4
Special Fund	789.0	1,007.0	1,007.1	1,007.1
Legal Counsel	1,140.7	1,669.9	1,670.0	1,670.0

Agency - Approp. Funds	16,672.5	19,715.7	19,717.0	19,717.0
<i>Category</i>				
FTE	279.0	279.0	279.0	279.0
Personal Services	8,074.3	9,666.1	9,666.1	9,666.1
ERE Amount	3,329.4	4,322.8	4,322.8	4,322.8
Prof. And Outside Services	1,034.0	1,463.4	1,463.4	1,463.4
Travel - In State	125.1	170.8	170.8	170.8
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	2,435.7	2,642.6	2,643.9	2,643.9
Equipment	424.0	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	1,250.0	1,450.0	1,450.0	1,450.0
Agency - Approp. Funds	16,672.5	19,715.7	19,717.0	19,717.0

<i>Appropriated Fund</i>				
Industrial Commission	16,672.5	19,715.7	19,717.0	19,717.0
Administration Fund				
Agency - Approp. Funds	16,672.5	19,715.7	19,717.0	19,717.0

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Federal Grant	3,845.5	4,446.2	4,446.5	4,446.5
Industrial Commission Revolving Fund	113.3	146.2	146.2	146.2
Special Fund	0.0	0.0	10.9	10.9
Agency - Nonapp. Funds	3,958.8	4,592.4	4,603.6	4,603.6

Agency Total - All Funds	20,631.3	24,308.1	24,320.6	24,320.6
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Federal Funds Expenditures - as reported by Agency

	FY 2010 Actual	FY 2011 Exp. Plan	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	3,843.5	4,446.2	4,462.7	4,462.7

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

Recent Appropriation Activity/Perspective

The Commission reduced its expenditures (7.2%) between FY 2007 and FY 2010, despite not being a General Fund agency. During that time, it has been unable to control the volume of cases it must adjudicate. This reduction resulted in lower personnel counts due to layoffs or vacancy savings, and the Commission has responded by diminishing its presence outside of Maricopa County. It has discontinued nearly all hearings in locations other than its Phoenix headquarters; it has also stopped providing free copies of claim files. Attorneys unable to visit Phoenix or Tucson locations to review case files now must purchase a copy from the Commission and have it sent to them.

As part of these changes, the Commission has consolidated its reception and mail systems to manage its traffic better. It also has begun sending claim documents electronically to insurance companies and substituting the Internet for mass mailings.

Additional reductions will have a sizeable impact on Arizona's workforce. Fewer resources compromise the ability of the Commission to hear claims and to enforce labor laws through such entities as the Arizona Department of Occupational Safety and Health (ADOSH).

Weakened enforcement does not only pose a risk to workers, as the General Fund receives around \$1 million per year from fines levied by ADOSH. Moreover, the federal government can revoke the ADOSH state enforcement plan and replace it with its own.

Executive Appropriation Recommendations

FY 2012 FY 2013

Baseline Adjustments

Risk Standard Adjustment	1.3	1.3
Industrial Commission Admin Fund	1.3	1.3

Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>	<u>Expected</u>
Number of wage determinations issued	13,064	12,000	12,000	12,000
Number of claims for workers' compensation processed	87,057	85,000	85,000	85,000
Number of petitions for hearing received: workers compensation	7,096	7,100	7,100	7,100
Number of hearings conducted by the administrative law judge division	4,692	4,700	4,725	4,750
Number of injury reports reviewed	376	500	500	500
Number of claims filed	2,514	3,000	3,000	3,000
Number of health compliance inspections	459	500	500	550
Number of safety compliance inspections	820	900	900	1000
Number of compliance referrals	3,615	3,000	3,000	3,000
Number of claimants contacted	1,934	2,200	2,200	2,200

The Executive recommends a lump-sum appropriation to the agency.

Department of Insurance

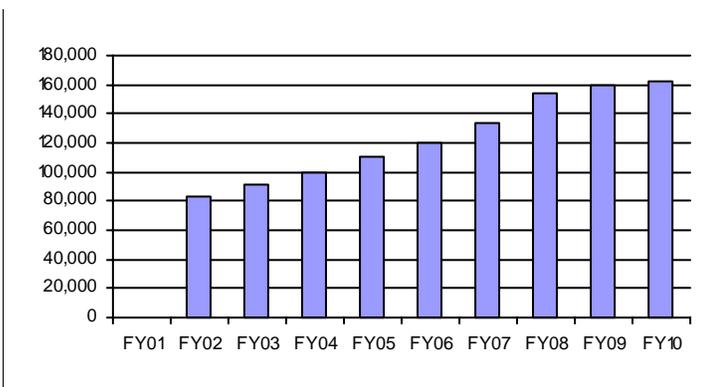
Mission:

To faithfully execute the state insurance laws in a manner that protects insurance consumers and encourages economic development.

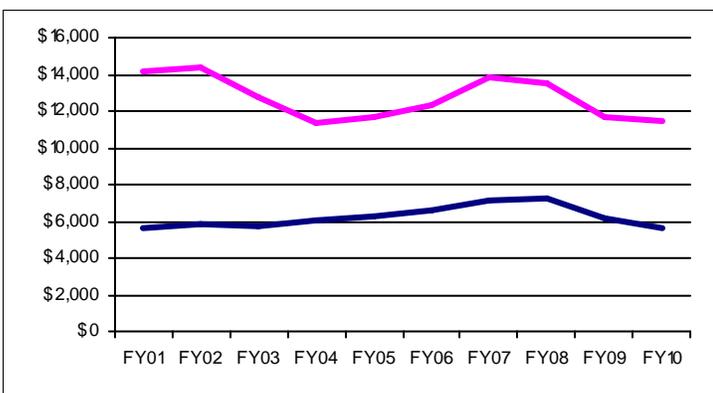
Description:

The Department of Insurance licenses and authorizes the transaction of insurance business by insurers, producers, and other insurance-related entities regulated under A.R.S. § 20; monitors and promotes the financial safety and soundness of insurers transacting business in Arizona; oversees the rehabilitation, liquidation and performance of claims obligations of insolvent insurers; develops and makes insurance-related information publicly available; protects insurance consumers against unfair and illegal market practices; assists consumers with insurance-related questions and problems; investigates cases involving fraudulent insurance claims; oversees the development of the captive insurance industry; and annually collects over \$400 million in insurance premium taxes and other revenues that benefit the General Fund.

Licensed Producers



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Policy and Administration	1,416.9	1,313.5	1,302.0	1,300.7
Solvency Regulation	333.0	321.4	321.2	320.7
Consumer Support	2,481.3	2,374.1	2,346.4	2,343.4

Fraud Investigation and Deterrence	513.7	658.1	653.0	652.5
Licensing	606.4	546.0	538.2	537.4
Premium Tax Collections and Analysis	221.5	255.7	251.8	251.5
Agency - Approp. Funds	5,572.8	5,468.8	5,412.6	5,406.2

Category	FY 2010 Actual	FY 2011 Expd. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
FTE	95.5	90.5	90.5	90.5
Personal Services	3,122.8	3,087.1	3,087.1	3,087.1
ERE Amount	1,398.2	1,318.6	1,318.6	1,318.6
Prof. And Outside Services	179.0	189.4	189.4	189.4
Travel - In State	21.7	23.9	23.9	23.9
Travel - Out of State	1.4	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	808.4	824.1	787.2	787.2
Equipment	41.3	25.7	6.4	0.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	5,572.8	5,468.8	5,412.6	5,406.2

Appropriated Fund	FY 2010 Actual	FY 2011 Expd. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
General Fund	5,572.8	5,468.8	5,412.6	5,406.2
Agency - Approp. Funds	5,572.8	5,468.8	5,412.6	5,406.2

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expd. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Arizona Property & Casualty Insurance Guaranty	647.6	649.0	649.4	650.0
Assessments Fund	157.2	135.3	143.8	143.6
Captive Insurance Fund	151.1	120.4	149.1	148.9
Federal Grant	0.0	0.0	532.3	0.0
Financial Surveillance Fund	405.2	367.0	373.5	373.1
Health Care Appeals Fund	245.4	213.7	211.7	211.5
Insurance Examiners Revolving	4,257.0	4,100.9	4,087.3	4,085.9
Life and Disability Insurance Guaranty	1,216.9	1,220.7	1,221.0	1,221.7
Receivership Liquidation	44.2	44.6	44.1	44.0
Agency - Nonapp. Funds	7,124.6	6,851.6	7,412.2	6,878.7

Agency Total - All Funds	12,697.4	12,320.4	12,824.8	12,284.9
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Federal Funds Expenditures - as reported by Agency

	FY 2010 Actual	FY 2011 Exp. Plan	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	0.0	467.7	532.3	0.0

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

Recent Appropriation Activity/Perspective

The mid-FY 2009 reduction of nearly (\$1.0 million), forced the Department to close its Tucson office and to let go 23 of 87 General Fund FTE positions. Remaining staff were furloughed one day a week for 18 weeks. Because the Fraud Unit has less stringent statutory mandates than other Department divisions, it was

perhaps hardest hit by personnel reductions. The staff of nine special agents was reduced to two. Overall, fraud unit recoveries fell from more than \$2.2 million in FY 2008 to \$323,000 in FY 2010.

By statute, the Department must revise its fees and Fraud Unit assessments each year as necessary, so that expected revenues equal 95% to 110% of the Department's current General Fund appropriation. However, this statute has been suspended since FY 2004. The gap between revenues and expenditures has grown such that the fees and Fraud Unit assessments collected in FY 2010 equaled 169% of the Department's appropriation.

Executive Appropriation Recommendations

	<u>FY 2012</u>	<u>FY 2013</u>
Baseline Adjustments		
Rent Standard Adjustment	0.9	0.9
General Fund	0.9	0.9
Risk Standard Adjustment		
	(37.8)	(37.8)
General Fund	(37.8)	(37.8)

Baseline Adjustments

Telephone System Payment	(19.3)	(25.7)
The Department will make the final quarterly payment for its telephone system in July 2011. Consequently, the Executive recommends a General Fund appropriation decrease of (\$19,300) in FY 2012 and (\$25,700) in FY 2013.		
General Fund	(19.3)	(25.7)

Performance Measures

	<u>FY 2010</u> <u>Actual</u>	<u>FY 2011</u> <u>Expected</u>	<u>FY 2012</u> <u>Expected</u>	<u>FY 2013</u> <u>Expected</u>
Percentage of insurance professionals surveyed who reported they were "satisfied" or better with licensing services	96.5	95.0	95.0	95.0
Percent of survey respondents indicating satisfied or better with assistance rendered	70.8	65.0	60.0	60.0
Average days to complete investigation of insurer-referred cases for cases completed during the year	135.0	350.0	350.0	350.0
➤ <i>Estimates for current and future years assume the Department will not be able to rehire any special agents reduced in force because of FY 2009 budget reductions.</i>				
Average Licensing Time Frames Days* required to render a decision on an insurance professional license application or renewal application from the date it was received	3.4	3.5	3.5	3.5
➤ <i>Licensing Time Frame Days are the overall time frame days, as defined in A.R.S. § 41-1072(2), minus the days that the overall time frame is suspended in accordance with A.R.S. § 41-1074(B).</i>				
Percentage of employee separations to average filled FTE positions	5.2	5.0	5.0	5.0
Number of new domestic receiverships	2	N/A	N/A	N/A
➤ <i>No one can predict the number or timing of insurance company receiverships.</i>				
Average calendar days to complete an investigation after receipt of	59.7	75.0	100.0	125.0

Performance Measures

	<u>FY 2010</u> <u>Actual</u>	<u>FY 2011</u> <u>Expected</u>	<u>FY 2012</u> <u>Expected</u>	<u>FY 2013</u> <u>Expected</u>
complaint warranting an investigation				
➤ <i>The measurement only includes complaints that were investigated and closed and excludes complaints that warrant investigation but cannot be investigated due to resource limitations.</i>				
Average calendar days to complete substantive review of Property and Casualty form filings	4.1	20.0	20.0	20.0
Average days to complete substantive review of file-and-use rate filings	7.9	15.0	15.0	15.0

The Executive recommends a lump-sum appropriation to the agency.

Judiciary

Mission:

To provide Arizona citizens with an independent, accessible, and integrated judicial system that maintains a high degree of public trust and confidence; serves as an asset by dispensing justice, resolving human disputes, and conducting its administrative functions in a fair, equitable, and just manner; and operates efficiently and expeditiously.

Description:

The Arizona Judicial Branch is an integrated, but decentralized, judicial system implementing its constitutional and statutory responsibilities throughout all levels of government - state, county, and city. The Judicial Branch consists of the Supreme Court, Court of Appeals, Superior Court, and limited jurisdiction (municipal and justice of peace) courts. The Arizona Constitution provides for the administrative supervision over all courts to rest with the Chief Justice of the Supreme Court. The Administrative Office of the Courts is charged with assisting the Chief Justice in discharging his/her administrative duties. The Arizona Judicial Council, created in 1990, assists the Supreme Court and the Chief Justice in developing and implementing policies and procedures designed to accomplish the integration of the court system pursuant to the Court's constitutional mandate.

Special Note:

The Executive does not make a recommendation for the Judiciary. As required under A.R.S. § 35-116(C), the Judiciary's request for appropriations is hereby transmitted to the Legislature in the FY 2011 Agency Request table in the Appendix of this document. The FY 2011 Executive Recommendation is shown for computational purposes only.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2011 Exec. Rec.	FY 2012 Exec. Rec.
Justices and Support - Supreme	4,550.3	4,529.3	4,529.3	4,529.3
Administrative Supervision - Supreme	7,796.8	9,634.5	9,634.5	9,176.9
Regulatory Activities - Supreme	902.2	1,146.3	1,146.3	1,146.3
Court Assistance - Supreme	3,095.4	3,025.8	3,025.8	3,037.4

Family Services - Supreme	6,110.9	7,988.2	7,988.2	7,136.3
Judicial Nominations & Performance Review	333.1	424.4	424.4	330.7
Commission on Judicial Conduct	415.9	514.0	514.0	426.9
State Aid	6,390.0	11,240.9	11,240.9	9,342.4
County Reimbursement	187.9	187.9	187.9	187.9
Automation	16,657.3	15,548.1	15,548.1	15,548.1
Court of Appeals - Division I	9,738.7	10,256.2	10,256.2	9,749.6
Court of Appeals - Division II	4,843.2	4,456.5	4,456.5	3,794.3
Judicial Compensation - Superior	16,128.2	7,393.4	7,393.4	7,393.4
Adult Probation Services - Superior	26,366.7	27,253.7	27,253.7	27,253.7
Juvenile Probation Services - Superior	45,167.9	50,914.9	50,914.9	50,914.9
Special Master - Superior	58.2	20.0	20.0	20.0
Adult and Juvenile Drug Court	951.2	1,013.6	1,013.6	1,013.6
JCEF Probation	3,228.0	5,029.7	5,029.7	5,029.7
Agency - Approp. Funds	152,921.9	160,577.4	160,577.4	156,031.4
<i>Category</i>				
FTE	547.4	440.3	440.3	440.3
Personal Services	33,671.7	27,072.2	27,072.2	27,072.2
ERE Amount	10,785.7	9,991.2	9,991.2	9,991.2
Prof. And Outside Services	240.6	286.7	286.7	286.7
Travel - In State	295.1	355.7	355.7	355.7
Travel - Out of State	22.2	24.2	24.2	24.2
Aid to Others	98,043.5	108,848.9	108,848.9	108,848.9
Other Operating Expenses	4,451.3	3,333.2	3,333.2	(1,212.8)
Equipment	129.5	78.0	78.0	78.0
Debt Service	4,400.6	9,782.3	9,782.3	9,782.3
Cost Allocation	77.8	0.0	0.0	0.0
Transfers Out	803.9	805.0	805.0	805.0
Agency - Approp. Funds	152,921.9	160,577.4	160,577.4	156,031.4

<i>Appropriated Fund</i>				
General Fund	115,687.8	113,886.5	113,886.5	111,227.4
Supreme Court CJEF Disbursements	6,585.0	9,909.7	9,909.7	9,909.7
Judicial Collection - Enhancement	19,635.7	18,838.4	18,838.4	18,850.0
Defensive Driving Fund	3,208.6	5,259.2	5,259.2	5,259.2
Court Appointed Special Advocate Fund	2,606.6	3,429.7	3,429.7	3,429.7
Confidential Intermediary Fund	300.7	483.0	483.0	483.0
Drug Treatment and Education Fund	495.9	500.0	500.0	500.0
Photo Enforcement	1,655.6	5,326.1	5,326.1	3,427.6
State Aid to Courts Fund	2,746.0	2,944.8	2,944.8	2,944.8
Agency - Approp. Funds	152,921.9	160,577.4	160,577.4	156,031.4

The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI Adult Standard Probation	13,382.9	13,543.3	13,543.3	13,543.3
SLI Adult Intensive Probation	10,579.4	10,752.3	10,752.3	10,752.3

SLI Community Punishment	1,770.5	2,316.3	2,316.3	2,316.3
SLI Interstate Compact - Adult Probation	633.9	641.8	641.8	641.8
SLI Juvenile Standard Probation	4,780.6	4,606.0	4,606.0	4,606.0
SLI Juvenile Intensive Probation	8,894.4	9,177.5	9,177.5	9,177.5
SLI Juvenile Treatment Services	19,216.5	22,322.7	22,322.7	22,322.7
SLI Family Counseling	638.0	660.4	660.4	660.4
SLI Progressively Increasing Consequences (PIC-Act)	8,886.3	9,024.9	9,024.9	9,024.9
SLI Juvenile Crime Reduction Fund	2,752.1	5,123.4	5,123.4	5,123.4

toward case and cash management system upgrades, and judicial salary increases, is \$168 million with an additional \$6.8 million in fund transfers.

The FY 2011 operating budget is appropriated at \$160.6 million, due primarily to a (\$9.1 million) cost shift to Maricopa County for Maricopa County judges.

Non-Appropriated Funds				
	<i>FY 2010 Actual</i>	<i>FY 2011 Expend. Plan</i>	<i>FY 2011 Exec. Rec.</i>	<i>FY 2012 Exec. Rec.</i>
Alternative Dispute Resolution	158.2	452.4	452.4	452.4
Arizona Lengthy Trial Fund	684.5	976.8	976.8	976.8
Community Punishment Program Fines Fund	3.5	100.0	100.0	100.0
County Public Defender Training Fund	704.5	710.0	710.0	710.0
Court Reporters Fund	113.3	120.5	120.5	120.5
Drug Treatment and Education Fund	3,386.8	3,938.1	3,938.1	3,938.1
Grants and Special Revenues	13,728.0	20,150.2	20,150.2	20,150.2
Juvenile Delinquent Reduction	(2,762.5)	1,874.5	1,874.5	1,874.5
Supreme Court CJEF Disbursements	3,442.2	2,262.5	2,262.5	2,093.2
The State Aid to Detention Fund	15.5	20.0	20.0	20.0
Agency - Nonapp. Funds	19,474.0	30,605.0	30,605.0	30,435.7

Agency Total - All Funds 172,395.9 191,182.4 191,182.4 186,467.1

Federal Funds Expenditures - as reported by Agency

	<i>FY 2010 Actual</i>	<i>FY 2011 Exp. Plan</i>	<i>FY 2012 Exp. Plan</i>	<i>FY 2013 Exp. Plan</i>
Agency Total	3,390.8	3,613.4	3,547.1	N/A

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

Recent Appropriation Activity/Perspective

The Judiciary appropriation was set at \$162.2 million in FY 2007.

In FY 2008, statewide adjustments, State aid increases for processing felony cases, judicial salary increases, and new judgeships raised the appropriation to \$166.1 million. Fund transfers of \$5.6 million were made to the General Fund.

Statewide adjustments, lump-sum and salary reductions, and new photo radar enforcement monies adjusted the FY 2009 appropriation to \$163.4 million, with \$7.6 million in fund transfers.

The FY 2010 appropriation, after special session reductions, continued lump-sum and personnel reductions, \$5.1 million

Performance Measures

	<i>FY 2009 Actual</i>	<i>FY 2010 Actual</i>	<i>FY 2011 Expected</i>	<i>FY 2012 Expected</i>
Internal and external users connected to the Arizona Judicial Information Network	7,461	7,841	7,500	7,500
Percent of all of the courts that have automated case and cash management systems	100	100	100	100
Average days drug case processing	147	136	135	135

Department of Juvenile Corrections

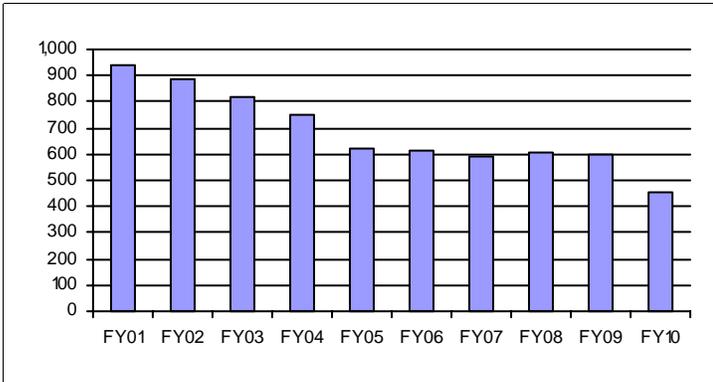
Mission:

To enhance public protection by changing the delinquent thinking and behavior of juvenile offenders committed to the Department.

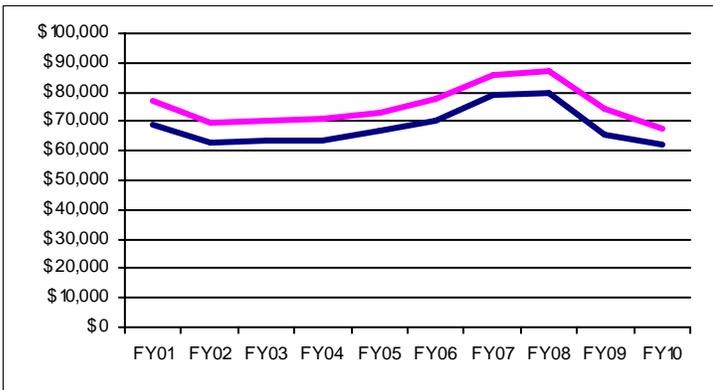
Description:

The Department is responsible for juveniles adjudicated delinquent and committed by the juvenile courts. The Department is accountable to the citizens of Arizona for the promotion of public safety through the management of the state's secure juvenile facilities and it provides services to juvenile offenders including rehabilitation, treatment and education.

Average Daily Population



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2011 Exec. Rec.	FY 2012 Exec. Rec.
Rehabilitation	39,819.1	41,790.8	38,183.0	36,703.1
Housing	19,503.9	11,043.3	11,043.3	9,542.8
Administration	8,014.9	8,074.1	8,074.1	7,045.9
Agency - Approp. Funds	67,337.9	60,908.2	57,300.4	53,291.8

Category

FTE	1,067.7	996.7	996.7	996.7
Personal Services	39,235.4	35,203.9	35,203.9	31,020.3
ERE Amount	17,204.2	15,730.0	15,730.0	13,830.2
Prof. And Outside Services	1,862.2	1,813.6	1,813.6	1,605.1
Travel - In State	629.6	598.7	598.7	523.7
Travel - Out of State	3.6	3.4	3.4	3.0
Food	46.2	43.9	43.9	38.3
Aid to Others	0.0	0.0	0.0	0.0

Other Operating Expenses	7,277.5	6,494.4	2,886.6	5,379.9
Equipment	794.4	720.5	720.5	629.4
Transfers Out	284.9	299.8	299.8	261.9
Agency - Approp. Funds	67,337.9	60,908.2	57,300.4	53,291.8

Appropriated Fund

General Fund	64,200.3	57,008.1	53,400.3	49,413.5
Juvenile Corrections CJEF Distribution	556.1	534.6	534.6	534.6
Juvenile Education Fund	1,482.9	2,266.9	2,266.9	2,245.1
Endowments/Land Earnings	1,098.6	1,098.6	1,098.6	1,098.6
Agency - Approp. Funds	67,337.9	60,908.2	57,300.4	53,291.8

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2011 Exec. Rec.	FY 2012 Exec. Rec.
Department of Juvenile Corrections Fund	44.3	39.9	39.9	39.9
Department of Juvenile Corrections Restitution	21.7	20.6	15.1	18.4
Federal Grant	2,781.8	2,401.9	2,401.9	2,401.9
Indirect Cost Recovery Fund	120.2	114.2	114.2	114.2
Instructional Improvement Fund	2.7	2.5	2.5	2.5
State Ed Sys for Committed Youth Class	180.5	163.8	163.8	163.8
Statewide Donations	1.7	1.3	1.3	1.3
Agency - Nonapp. Funds	3,152.9	2,744.2	2,738.7	2,742.0

Agency Total - All Funds	70,490.8	63,652.4	60,039.1	56,033.8
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Federal Funds Expenditures - as reported by Agency

	FY 2010 Actual	FY 2011 Exp. Plan	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	2,673.3	2,258.4	1,957.4	N/A

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

Recent Appropriation Activity/Perspective

For FY 2007, the Department was appropriated \$84.6 million and had an average daily secure-care population of 593 juveniles.

The average daily population in FY 2008 rose to 603, and the appropriation for that year was increased by \$2.5 million while being reduced by \$1.2 million for one-time expenses in FY 2007. There was also a lump-sum reduction of \$1.1 million, and \$800,000 was transferred from Department funds to the General Fund.

For FY 2009, the average daily population was 595, and the appropriation was reduced by a (\$3.7 million) lump sum, with \$365,000 transferred from Department funds to the General Fund.

For FY 2010, the Department received operating increases of \$1.7 million and reductions of \$14.2 million, with \$555,600 transferred from agency funds to the General Fund. The average daily population dropped to 454 juveniles.

Most recently, for FY 2011 the Department's funding was reduced

by (\$5 million), and \$205,500 of other funds was transferred to the General Fund. The Department's average daily population for FY 2011 was 396 as of December 7, 2010.

Executive Appropriation Recommendations

FY 2012

Baseline Adjustments

Rent Standard Adjustment	44.0
General Fund	44.0
<hr/>	
Risk Standard Adjustment	(444.8)
General Fund	(423.0)
State Education Fund for Committed Youth Fund	(21.8)

Solutions to Budget

Annualization of FY 2011 Reduction	(7,215.6)
For FY 2011, the Executive recommends a 6% reduction in the Department's General Fund appropriation. For FY 2012, the Executive recommends that the reduction be annualized.	
General Fund	(7,215.6)

FY 2011 Supplemental Recommendations

FY 2011

FY 2011 Reduction	(3,607.8)
--------------------------	------------------

For each of the last few years, the Department's average daily population (ADP) has declined. In contrast to FY 2008, when the ADP was 603, the FY 2011 ADP (as of December 7, 2010) had declined by 34% to 397. Also as of December 7, 2010, the population decreased by 12% from the FY 2010 ADP to the FY 2011 ADP. The Executive recommends a reduction of (\$3.6 million).

General Fund	(3,607.8)
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Performance Measures

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
	<u>Actual</u>	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>
Percent of juveniles incarcerated within 12 months of release	38	34	34	34
Number of escapes	0	0	0	0
Average yearly cost per bed in secure care.	114,455	122,378	122,378	122,378
Annual staff turnover rate	28	20	40	50
Percent of staff indicating satisfaction with their jobs	72	NA	20	50
➤ <i>FY2010 Survey was not conducted by ADOA</i>				
Percent of youth passing the GEID test.	50	77	78	79
Percent of youth showing progress in their primary treatment problem area	59	53	50	50

The Executive recommends a lump-sum appropriation to the agency.

State Land Department

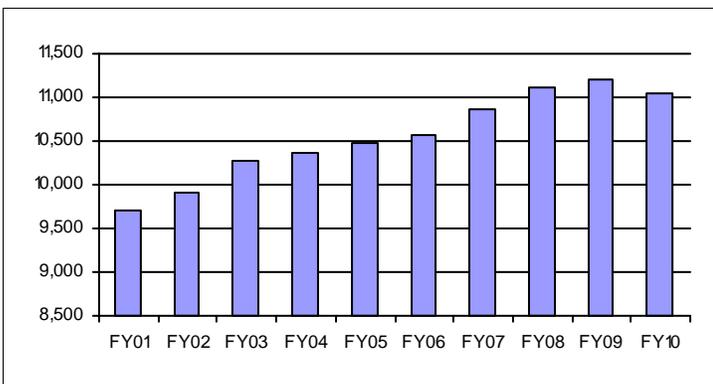
Mission:

To manage State Trust lands and resources to enhance value and optimize economic return for the Trust beneficiaries, consistent with sound stewardship, conservation, and business management principles supporting socio-economic goals for citizens here today and generations yet to come. To manage and provide support for resource conservation programs for the well-being of the public and the State's natural environment.

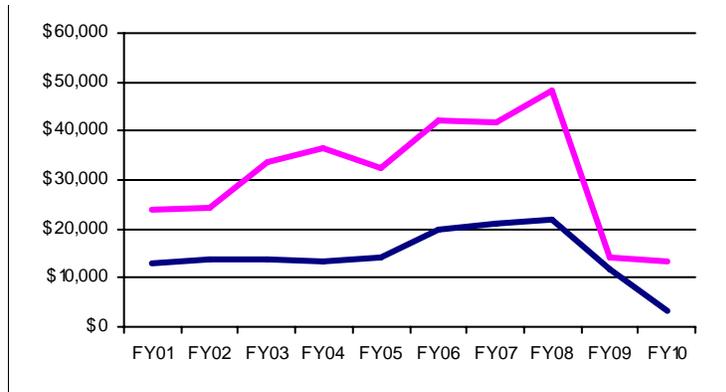
Description:

The State Land Department was established in 1915 to manage the State Trust lands on behalf of the thirteen beneficiaries of that Trust, as established by the State Enabling Act and State Constitution. Each of the approximately 9.3 million acres of land is assigned to one of the beneficiaries, the largest of which is the state's common schools. The Department works to sustain the long-term value for the Trust's beneficiaries by administering, selling, and leasing the State's Trust lands and natural products. The Department also administers the State's Natural Resource Conservation District Program, which involves funding and technical assistance for 32 districts across the State. The Department provides navigability studies to the State's Navigable Streambed Adjudication Commission and staffs the Governor-appointed State Land Board of Appeals. The Commissioner serves as the State Cartographer and the Surveyor-General and the Department provides statewide geological information system services including development and sharing of data layers through the Arizona Land Resources Information System program.

Number of Leases



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Trust Management and Revenue Generation	21,547.2	13,043.4	14,548.9	15,852.6
Outside Assistance and Grants	731.4	817.3	817.1	817.1
Agency - Approp. Funds	22,278.6	13,860.7	15,366.0	16,669.7
<i>Category</i>				
FTE	153.8	152.9	152.9	152.9
Personal Services	6,444.1	6,414.0	7,014.0	6,414.0
ERE Amount	1,963.7	2,942.6	2,942.6	2,942.6
Prof. And Outside Services	352.2	1,790.0	1,790.0	1,790.0
Travel - In State	141.5	152.2	152.2	152.2
Travel - Out of State	0.0	1.5	1.5	1.5
Aid to Others	563.1	650.0	650.0	650.0
Other Operating Expenses	2,293.5	1,860.4	2,765.7	4,669.4
Equipment	240.1	50.0	50.0	50.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	10,280.4	0.0	0.0	0.0
Agency - Approp. Funds	22,278.6	13,860.7	15,366.0	16,669.7
<i>Appropriated Fund</i>				
General Fund	13,627.3	3,212.3	1,248.3	1,248.3
Environmental Special Plate Fund	182.5	260.0	260.0	260.0
AZ Parks Board Heritage Fund	380.6	0.0	0.0	0.0
Due Diligence Fund	7.1	500.0	500.0	500.0
Trust Land Management Fund	8,081.1	9,888.4	13,357.7	14,661.4
Agency - Approp. Funds	22,278.6	13,860.7	15,366.0	16,669.7

The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
SLI CAP User Fees	481.1	385.0	481.2	385.0

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Federal Economic Recovery Fund	129.3	623.6	623.6	623.6
ISA Fund	28.3	11.9	11.9	11.9

	Non-Appropriated Funds			
	<i>FY 2010</i>	<i>FY 2011</i>	<i>FY 2012</i>	<i>FY 2013</i>
	<i>Actual</i>	<i>Expend. Plan</i>	<i>Exec. Rec.</i>	<i>Exec. Rec.</i>
Land Federal Reclaim Trust Fund	48.5	0.0	0.0	0.0
Off-highway Vehicle Recreation Fund	53.8	226.0	226.0	226.0
Resource Analysis Revolving	434.0	161.8	161.8	161.8
Service Fees Increase Fund	456.7	600.0	0.0	0.0
State Land Department Fund	457.4	425.0	425.0	425.0
Agency - Nonapp. Funds	1,608.0	2,048.3	1,448.3	1,448.3
Agency Total - All Funds	23,886.6	15,909.0	16,814.3	18,118.0

Recent Appropriation Activity/Perspective

Budget reductions have lowered the Department's overall appropriation by (27%) from FY 2007 to FY 2011. Fewer resources have caused the Department to be more reactive in administering the Land Trust. Notably, the agency has significantly reduced funding for planning and engineering studies on undeveloped land. The Department has also reduced its work force, which most dramatically affected the units that process new applications for leases on Trust land and investigate trespassing and illegal dumping.

The Department has adopted innovations to address its lower funding levels, including (a) the scheduling of pre-meetings with prospective commercial tenants to streamline the application process for a lease on State Trust land and (b) scheduling Board of Appeals meetings semi-monthly as opposed to monthly, thus reducing the amount of staff meeting preparation time.

Further reductions to the State Land Department pose inherent risks for the State. Trust revenue supports several beneficiaries, including Arizona's public schools. Moreover, agency funding affects revenue not only because of staff levels, but also because of the cost of water rights and other expenditures to make parcels valuable. It is also important to note that reduced funding increases the chance of illegal or dangerous activity on Trust land, which could have serious consequences for communities across the state.

Executive Appropriation Recommendations

	<u>FY 2012</u>	<u>FY 2013</u>
Baseline Adjustments		
Rent Standard Adjustment	(3.9)	1,299.8
General Fund	(0.2)	(0.2)
Trust Land Management Fund	(3.7)	1,300.0
Risk Standard Adjustment	813.0	813.0
Trust Land Management Fund	813.0	813.0

FY 2012 FY 2013

Baseline Adjustments

Continuance of Increased Fees	600.0	600.0
The Executive recommends an increase of \$600,000 in appropriation from the Trust Management Fund. This increase is to reflect higher revenues from Departmental fees.		
Trust Land Management Fund	600.0	600.0

Other Adjustments

CAP Water Rights	96.2	96.2
The Executive recommends making permanent an increase of \$96,200 in the special line item for Central Arizona Project water to account for higher capital charges associated with the price of CAP water.		
General Fund	96.2	96.2

Solutions to Budget

TLMF Shift	0.0	0.0
The Executive recommends a shift of \$2 million from the General Fund to the Trust Management Fund.		
General Fund	(2,060.0)	(2,060.0)
Trust Land Management Fund	2,060.0	2,060.0

FY 2011 Supplemental Recommendations

	<u>FY 2011</u>
CAP Water Rights	96.2
The Executive recommends an increase of \$96,200 in the special line item for Central Arizona Project water in FY 2011 to account for higher capital charges associated with the price of CAP water.	
General Fund	96.2

Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>	<u>Expected</u>
Percent of agency staff turnover	14.8	10	10	10
Total expendable receipts, excluding interest on permanent fund and school leases (millions)	49.9	62.3	49.8	50.0
Total annual revenue to permanent fund (millions)	94.5	120.8	74.6	88.2
Percent increase in commercial leasing revenue	1	-2	5	4
In-house appraisal turnaround time (days from administrator request to receipt by section manager)	85	60	60	60

The Executive recommends a lump-sum appropriation to the agency with special line items.

Law Enforcement Merit System Council

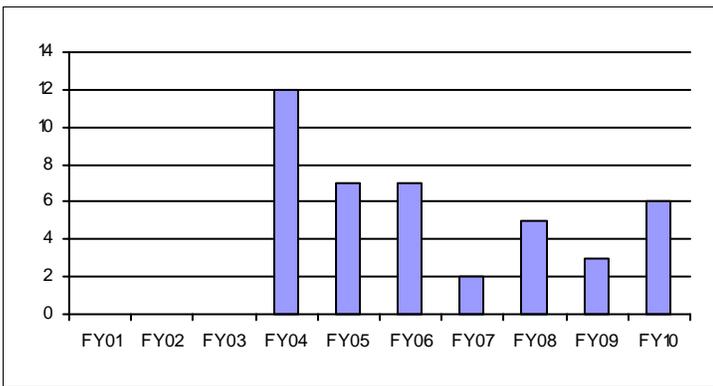
Mission:

To establish and administer an equitable compensation plan while providing oversight for the selection, retention, and disciplinary proceedings affecting employees of those agencies under the Council's jurisdiction.

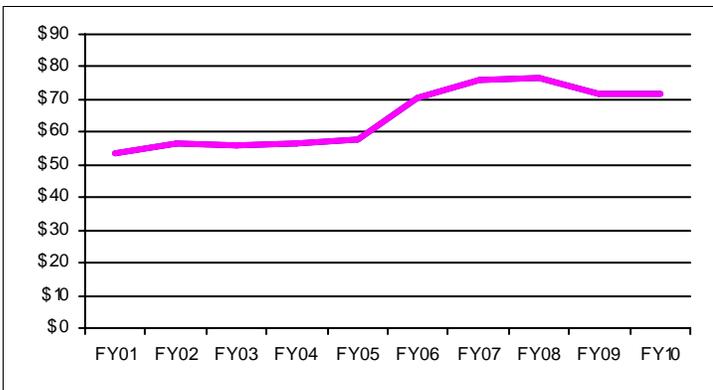
Description:

The Law Enforcement Merit System Council is responsible for establishing a classification and compensation plan for all covered positions, a system of fair personnel policies, a system for performance appraisal, a system of procedures for hearings to handle employee grievances, and a plan for the conduct of hearings on appeal ordered by the DPS director.

Number of Appeals/Grievances Filed



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Law Enforcement Merit System Council	71.8	69.5	69.5	69.5
Agency - Approp. Funds	71.8	69.5	69.5	69.5
Category				
FTE	1.0	1.0	1.0	1.0
Personal Services	57.6	49.9	49.9	49.9
ERE Amount	11.8	10.1	10.1	10.1
Prof. And Outside Services	0.0	0.0	0.0	0.0
Travel - In State	0.0	0.0	0.0	0.0
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0

Other Operating Expenses	2.4	9.5	9.5	9.5
Equipment	0.0	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	71.8	69.5	69.5	69.5

Appropriated Fund

General Fund	71.8	69.5	69.5	69.5
Agency - Approp. Funds	71.8	69.5	69.5	69.5

Recent Appropriation Activity/Perspective

The FY 2007 General Fund appropriation for the Law Enforcement Merit System Council was \$76,400. In FY 2008, the Council reduced its operating expenses due to the budget reduction enacted by Laws 2008, Chapter 53. Due to its small size, the Council did not face reductions in FY 2009 or FY 2010. However, Laws 2009, Fifth Special Session, Chapter 1, did contain a (\$5,800) reduction for the Council.

The FY 2011 appropriation was \$69,500. The decrease was attributable to various statewide adjustments that the Council will absorb through furloughs for its only employee. The Council predicts that its employee will have to take 32 furlough days in FY 2011 to generate the savings needed to implement the decrease.

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected	FY 2013 Expected
Number of appeals/grievances filed	5	5	5	5
Number of appeal hearings conducted	3	5	4	4
Percent of employees receiving discipline who file an appeal	16	10	10	10
Average days from receipt of an appeal/grievance until the Council issues a final order	93	120	120	120
➤ <i>Hearing remainder of FY2008 appeals in FY2009</i>				
Average cost of an appeal/grievance hearing (in dollars)	781	781	781	781
Number of rehearing requests filed	0	0	0	0
Number of classifications reviewed to determine proper job description and market value	0	2	3	3
Number of position audits conducted to determine proper classification	0	2	2	2
Number of job descriptions reviewed to determine suitability to classification	3	5	5	5
Number of test plans reviewed for selection and promotional processes	23	30	40	50
Number of covered employees dismissed	4	5	5	5

The Executive recommends a lump-sum appropriation to the agency.

Auditor General

Mission:

To improve state and local government operations and accountability by independently providing the Legislature, government decision-makers, and the public with timely, accurate, and impartial information; relevant recommendations; and technical assistance.

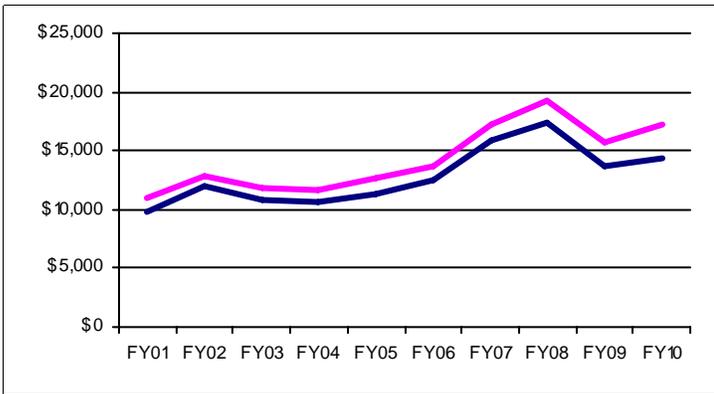
Description:

The Auditor General is appointed by the Joint Legislative Audit Committee and approved by a concurrent resolution of the Legislature. By law, the Auditor General is required to express an opinion on the financial statements of audited entities, and determine compliance with applicable federal and Arizona laws and conduct comprehensive performance evaluations of state agencies and the programs they administer. In addition, the Auditor General is required to conduct performance audits of school districts and monitor the percentage of dollars spent in the classroom. Beginning in fiscal year 2006-2007, the Legislature appropriated monies for the Auditor General to conduct performance and financial audits of English Language Learner programs.

Special Note:

Pursuant to A.R.S. § 35-116(B), the Executive does not make a recommendation on Legislative agencies. For the purposes of developing the FY 2011 Executive Recommendations, the FY 2010 Appropriations were used for the Legislative branch recommendations.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Auditor General	14,333.8	16,447.2	15,860.1	15,860.1
Agency - Approp. Funds	14,333.8	16,447.2	15,860.1	15,860.1
<i>Category</i>				
FTE	205.4	199.4	199.4	199.4
Personal Services	9,212.3	10,100.2	10,100.2	10,100.2
ERE Amount	3,083.4	3,661.3	3,661.3	3,661.3
Prof. And Outside Services	687.6	499.1	499.1	499.1
Travel - In State	50.7	290.8	290.8	290.8
Travel - Out of State	2.6	4.5	4.5	4.5

Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	904.4	1,324.0	736.9	736.9
Equipment	392.8	567.3	567.3	567.3
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	14,333.8	16,447.2	15,860.1	15,860.1

Appropriated Fund

General Fund	14,333.8	16,447.2	15,860.1	15,860.1
Agency - Approp. Funds	14,333.8	16,447.2	15,860.1	15,860.1

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Audit Services	2,949.5	750.1	2,949.5	2,949.5
Agency - Nonapp. Funds	2,949.5	750.1	2,949.5	2,949.5
Agency Total - All Funds	17,283.3	17,197.3	18,809.6	18,809.6

Recent Appropriation Activity/Perspective

For FY 2007, the Auditor General's Office received appropriations totaling \$17.9 million.

For FY 2008, the Office received an increase of \$800,000 for salaries and a procurement study, and its operating budget was decreased by (\$600,000).

For FY 2009, there were additional reductions of (\$2.3 million). The Office was also required to revert (\$2.2 million) of money that had been appropriated in previous years but not expended.

For FY 2010, the (\$2.2 million) in reductions enacted for FY 2009 was restored as an increase to the Office's budget. A subsequent reduction of (\$1.3 million) was enacted.

For FY 2011, Office appropriation was reduced by (\$1.4 million). There have been no fund transfers from Office funds to the General Fund.

Executive Appropriation Recommendations

	FY 2012	FY 2013
Baseline Adjustments		
Rent Standard Adjustment	(572.3)	(572.3)
General Fund	(572.3)	(572.3)
Risk Standard Adjustment		
	(14.8)	(14.8)
General Fund	(14.8)	(14.8)

House of Representatives

Mission:

To serve the public by enacting laws that protect the public safety and welfare, to provide information to the public and to assist members of the public who contact their legislative representatives with questions, problems, or concerns.

Description:

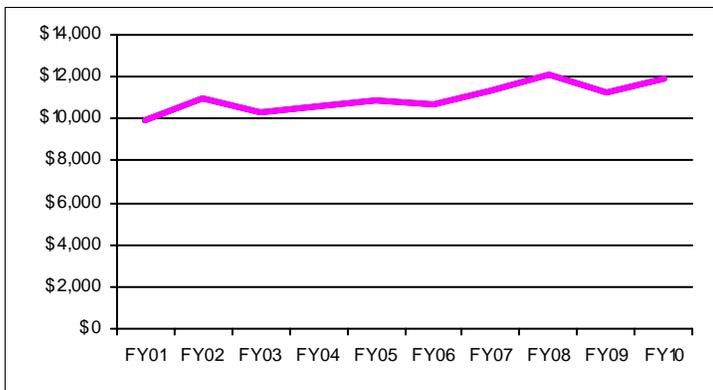
The House of Representatives consists of 60 members elected by the public. Two members are elected from each of the 30 legislative districts in biennial elections. Members of the Legislature participate in activities related to the review and adoption of a wide range of topics that affect the citizens of Arizona. Members serve on standing committees, participate in interim projects and handle constituent concerns.

For FY 2010, there were budget reductions of (\$900,000) and transfers of (\$2.0 million) from the unrevverted balances of prior years' appropriations.

Special Note:

Pursuant to A.R.S. § 35-116(B), the Executive does not make a recommendation on Legislative agencies. For the purposes of developing the FY 2011 Executive Recommendations, the FY 2010 Appropriations were used for the Legislative branch recommendations.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
House of Representatives	11,987.9	12,864.9	12,860.4	12,860.4
Agency - Approp. Funds	11,987.9	12,864.9	12,860.4	12,860.4
<i>Appropriated Fund</i>				
General Fund	11,987.9	12,864.9	12,860.4	12,860.4
Agency - Approp. Funds	11,987.9	12,864.9	12,860.4	12,860.4

Recent Appropriation Activity/Perspective

For FY 2007, the House was appropriated \$13.4 million.

FY 2008, increases were provided for salaries and benefits, \$400,000, and for additional funding, \$500,000. There was a lump sum decrease of (\$600,000).

For FY 2009, (\$4.0 million) was transferred from the unrevverted balances of prior years' appropriations.

Joint Legislative Budget Committee

Mission:

To provide the Arizona Legislature with sound research, analysis, forecasts, and recommendations on state government finances and public policies; to provide the members with high quality work that is factually-based and delivered in a timely and professional manner, so they can make informed public policy decisions that are in the best interests of the citizens of Arizona.

Description:

The Joint Legislative Budget Committee (JLBC) Staff is a statutory agency in the legislative branch of Arizona State Government. The Governing Board is the 16-member Joint Legislative Budget Committee who appoints a Legislative Budget Analyst [Director] who is responsible for hiring other staff as authorized through the appropriations process. The office was established pursuant to A.R.S. § 41-1272 in 1966.

Special Note:

Pursuant to A.R.S. § 35-116(B), the Executive does not make a recommendation on Legislative agencies. For the purposes of developing the FY 2011 Executive Recommendations, the FY 2010 Appropriations were used for the Legislative branch recommendations.

balances of prior years' appropriations.

For FY 2010, the budget was reduced by (\$207,000).

For FY 2011, appropriations were reduced by (\$258,200). Over the period, FTE positions have been reduced from 35 to 29, or 17%.

Executive Appropriation Recommendations

	<u>FY 2012</u>	<u>FY 2013</u>
Baseline Adjustments		
Risk Standard Adjustment	(2.3)	(2.3)
General Fund	(2.3)	(2.3)

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

<i>Program/ Cost Center</i>	<i>FY 2010 Actual</i>	<i>FY 2011 Approp.</i>	<i>FY 2012 Exec. Rec.</i>	<i>FY 2013 Exec. Rec.</i>
Joint Legislative Budget Committee	1,046.0	2,496.7	2,494.4	2,494.4
Agency - Approp. Funds	1,046.0	2,496.7	2,494.4	2,494.4
<i>Appropriated Fund</i>				
General Fund	1,046.0	2,496.7	2,494.4	2,494.4
Agency - Approp. Funds	1,046.0	2,496.7	2,494.4	2,494.4

Recent Appropriation Activity/Perspective

For FY 2007, JLBC was appropriated \$2.9 million.

For FY 2008, increases were provided for salaries and benefits of roughly \$93,000, followed by a reduction of (\$103,000).

For FY 2009, the appropriation was reduced another (\$200,000).

There was also a transfer of (\$1.3 million) from the unexpended

Legislative Council

Mission:

To provide quality legal, research, computer and administrative services to the Arizona Legislature.

Description:

The Legislative Council staff performs the following core functions: drafting of legislative bills, memorials, resolutions, and amendments; review and possible revision of each legislative enactment for technical corrections prior to publication of the Arizona Revised Statutes; enrolling and engrossing of bills and processing of legislative journals; conducting legal research; and operating the legislative computer system.

Special Note:

Pursuant to A.R.S. § 35-116(B), the Executive does not make a recommendation on Legislative agencies. For the purposes of developing the FY 2011 Executive Recommendations, the FY 2010 Appropriations were used for the Legislative branch recommendations.

benefits.

Executive Appropriation Recommendations

	<u>FY 2012</u>	<u>FY 2013</u>
Baseline Adjustments		
Risk Standard Adjustment	(4.0)	(4.0)
General Fund	(4.0)	(4.0)

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

<i>Program/ Cost Center</i>	<i>FY 2010 Actual</i>	<i>FY 2011 Approp.</i>	<i>FY 2012 Exec. Rec.</i>	<i>FY 2013 Exec. Rec.</i>
Legislative Council	4,239.3	4,738.8	4,734.8	4,734.8
Agency - Approp. Funds	4,239.3	4,738.8	4,734.8	4,734.8
<i>Appropriated Fund</i>				
General Fund	4,239.3	4,738.8	4,734.8	4,734.8
Agency - Approp. Funds	4,239.3	4,738.8	4,734.8	4,734.8

Recent Appropriation Activity/Perspective

For FY 2007, \$4.8 million was appropriated.

For FY 2008, (\$2.5 million) was removed, because it was a one-time expense in FY 2007, and (\$171,000) as added as a lump sum appropriation.

For FY 2009, there was a lump sum reduction of (\$656,400) and a salary lump sum reduction of (\$148,500).

For FY 2010, there was an increase of \$131,500 for employee

Senate

Mission:

To serve the Arizona constituency through policy development and enactment of legislation in support of the public health, safety and welfare.

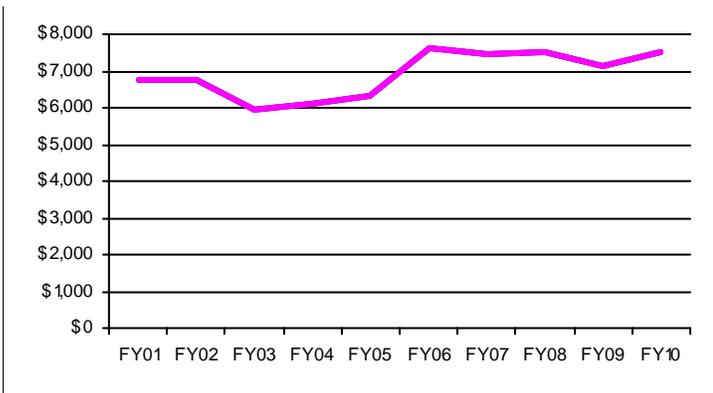
Description:

The Arizona Senate consists of 30 elected members, one from each legislative district. Members are appointed to serve on Senate standing committees, as well as statutory and interim committees. They consider a variety of issues for the purpose of enacting legislation deemed necessary for the public interest.

Special Note:

Pursuant to A.R.S. § 35-116(B), the Executive does not make a recommendation on Legislative agencies. For the purposes of developing the FY 2011 Executive Recommendations, the FY 2010 Appropriations were used for the Legislative branch recommendations.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

<i>Program/ Cost Center</i>	<i>FY 2010 Actual</i>	<i>FY 2011 Approp.</i>	<i>FY 2012 Exec. Rec.</i>	<i>FY 2013 Exec. Rec.</i>
Senate	7,523.7	8,097.6	8,086.3	8,086.3
Agency - Approp. Funds	7,523.7	8,097.6	8,086.3	8,086.3
<i>Appropriated Fund</i>				
General Fund	7,523.7	8,097.6	8,086.3	8,086.3
Agency - Approp. Funds	7,523.7	8,097.6	8,086.3	8,086.3

Recent Appropriation Activity/Perspective

For FY 2007, the Senate was appropriated \$8.7 million.

For FY 2008, about \$300,000 was added for salary increases and benefits and another \$500,000 for additional funding. A lump sum reduction of (\$256,000) was enacted.

For FY 2009, the Senate budget was reduced by (\$401,200).

For FY 2010, there is an increase of \$204,900 for employee benefits and a lump sum reduction of (\$595,100).

Department of Liquor Licenses and Control

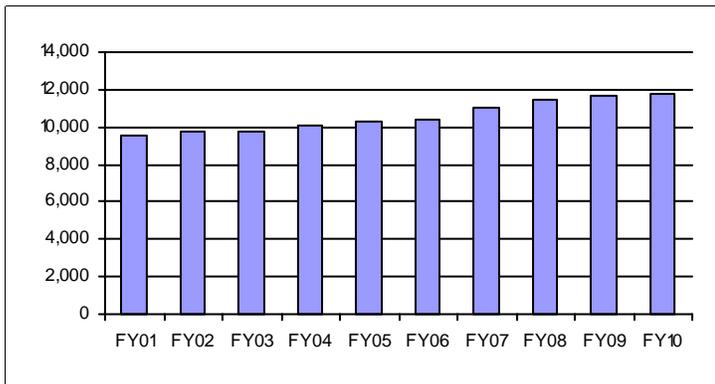
Mission:

To license the liquor industry and assure compliance of liquor laws in the State of Arizona using education, knowledge, communication, collaboration, adjudication and enforcement that result in better health, safety and welfare of Arizona's citizens and their community.

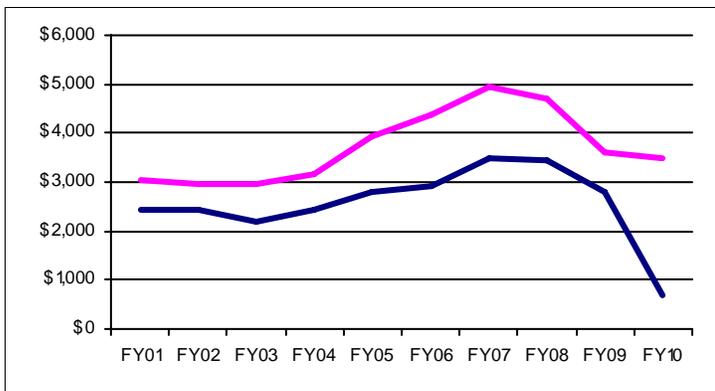
Description:

The Department of Liquor Licenses and Control regulates all businesses dealing with spirituous liquor. The Department processes complaints, police reports, and civil violations regarding licensees. The Department investigates all allegations against licensees, whether criminal or civil, and in collaboration with the Attorney General's Office prosecutes before civil and criminal courts within the State. Further, the Department interacts with the Governor's Office of Highway Safety and the Driving Under the Influence Abatement Council to educate underage youth and reduce underage drinking. The Department meets on a regular basis with the Arizona Licensed Beverage Association, Arizona Beer and Wine Association, Arizona Grocers Association, Arizona Hotel and Motel Association, and Arizona Restaurant Association and various civic organizations statewide. Finally, the Department is responsive to all Arizona citizens who are served and affected by the licensees.

Number of Active Licenses



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Administration	1,263.8	1,022.2	1,018.1	1,018.1
Investigations	778.1	904.7	1,112.0	1,112.0
Licensing	377.9	740.3	717.3	717.3
Agency - Approp. Funds	2,419.8	2,667.2	2,847.4	2,847.4

Category	FY 2010 Actual	FY 2011 Exp. Plan	FY 2012 Exp. Plan	FY 2013 Exp. Plan
FTE	42.2	42.2	42.2	42.2
Personal Services	1,263.5	1,396.4	1,545.8	1,545.8
ERE Amount	538.1	581.6	636.2	636.2
Prof. And Outside Services	27.9	31.6	31.6	31.6
Travel - In State	99.6	154.6	163.6	163.6
Travel - Out of State	2.6	3.2	3.2	3.2
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	483.1	499.8	461.0	461.0
Equipment	5.0	0.0	6.0	6.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	2,419.8	2,667.2	2,847.4	2,847.4

Appropriated Fund	FY 2010 Actual	FY 2011 Exp. Plan	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Liquor Licenses Fund	2,419.8	2,667.2	2,847.4	2,847.4
Agency - Approp. Funds	2,419.8	2,667.2	2,847.4	2,847.4

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Exp. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Attorney General Anti-Racketeering	42.1	28.6	28.6	28.6
Federal Grant	110.0	0.0	0.0	0.0
Liquor License Special Collections	902.2	843.4	839.8	839.8
Agency - Nonapp. Funds	1,054.3	872.0	868.4	868.4

Agency Total - All Funds 3,474.1 3,539.2 3,715.8 3,715.8

Federal Funds Expenditures - as reported by Agency

	FY 2010 Actual	FY 2011 Exp. Plan	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	118.1	0.0	0.0	0.0

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

Recent Appropriation Activity/Perspective

There are currently only 12 licensing staff and 10 investigators to license and regulate over 11,000 licensees each year. The ratio of licensees to investigators is much higher here than in surrounding states. The Department has had to reduce its presence outside of Maricopa County, leaving highly populated areas such as Tucson with a much smaller presence as in past years.

The FY 2007 General Fund appropriation to the Department of Liquor Licenses and Control was \$4.8 million. Laws 2005, Chapter 284 had appropriated \$1.3 million from expected liquor license lottery revenues in FY 2007 to fund the improvement of the Department's data processing systems. In FY 2008, this one-time funding was eliminated. The Department transferred from its Special Collections Fund to the General Fund \$500,000 in FY 2008,

\$670,000 in FY 2009, and \$445,300 in FY 2010.

The Executive recommends a lump-sum appropriation to the agency.

To achieve the budget reductions enacted between FY 2008 and FY 2010, the Department has utilized vacancy savings, reduced travel, returned vehicles to the ADOA fleet due to the elimination of positions, and eliminated investigators and other positions. The Department is a revenue-generating agency, and staff reductions generally result in a loss of revenue for the State.

In FY 2010, the decision was made to move the Department from General Fund funding to a new, Legislatively appropriated Liquor License Fund. Fund revenues come from license application and annual renewal fees and liquor license lottery proceeds.

The Department's total appropriation in FY 2011 was \$2.7 million.

Executive Appropriation Recommendations

	<u>FY 2012</u>	<u>FY 2013</u>
Baseline Adjustments		
Rent Standard Adjustment	(30.4)	(30.4)
Liquor Licenses Fund	(30.4)	(30.4)
Risk Standard Adjustment		
	(14.4)	(14.4)
Liquor Licenses Fund	(14.4)	(14.4)

Other Adjustments

Special Investigators	225.0	225.0
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The Department has lost 16 investigators since the beginning of the current budget crisis, leaving it with only 10 investigators. This has caused the Department to reduce its presence in areas outside of Maricopa County. The Department's ratio of licensees to investigators is much higher than that of comparable states.

The Executive recommends 3.0 FTE special investigator positions. The three new positions will investigate complaints, inspect licensed establishments and enforce liquor law throughout the state. The new investigators will allow the Department to begin to reestablish a greater presence outside of Maricopa County.

Liquor Licenses Fund	225.0	225.0
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Performance Measures

	<u>FY 2010</u> <u>Actual</u>	<u>FY 2011</u> <u>Expected</u>	<u>FY 2012</u> <u>Expected</u>	<u>FY 2013</u> <u>Expected</u>
Percentage of liquor law compliance cases processed in less than 90 calendar days	90	95	95	95
Average number of calendar days to complete an investigative complaint	25	35	35	35
Number of new licenses, transferred licenses, and renewals issued	12,707	12,500	12,500	12,500.
Percent of surveyed licensees reporting very good or excellent service	88	85	85	85
Number of investigations completed resulting in compliance actions	688	600	600	600
Number of random liquor inspections completed	2,712	3,500	3500	3500

Arizona State Lottery Commission

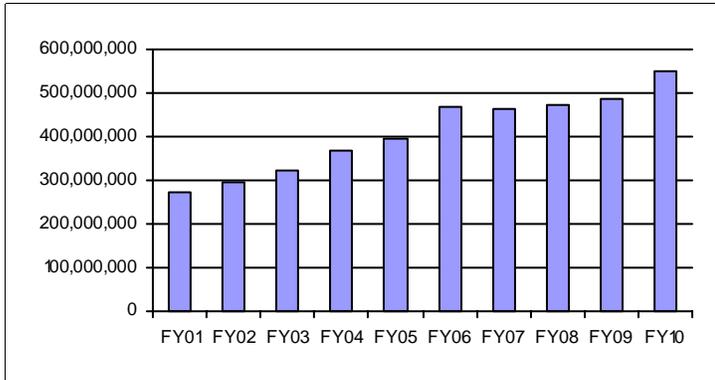
Mission:

To support Arizona public programs by maximizing revenue in a responsible manner.

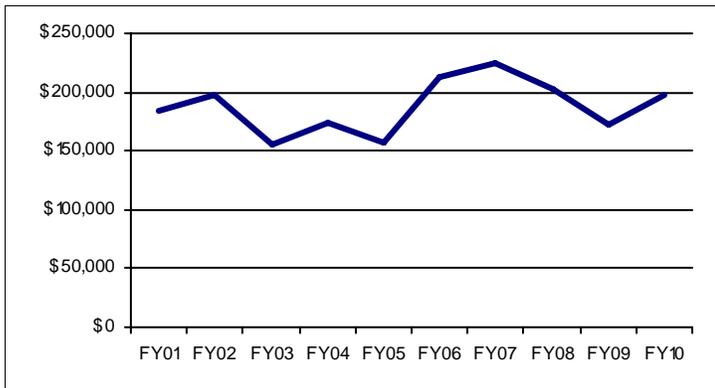
Description:

The Arizona Lottery was established to maximize revenue dedicated to various beneficiaries assigned through a statutory distribution formula. With an advisory commission and an Executive Director appointed by the Governor overseeing operations, the Lottery works with a retailer network to provide players with innovative, entertaining, and rewarding games.

Total Combined Sales



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Lottery	75,565.4	81,041.2	87,984.4	88,779.1
Agency - Approp. Funds	75,565.4	81,041.2	87,984.4	88,779.1

Category	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
FTE	104.0	104.0	104.0	104.0
Personal Services	4,028.6	4,636.8	4,636.8	4,636.8
ERE Amount	1,640.2	1,744.6	1,744.6	1,744.6
Prof. And Outside Services	10,323.0	10,226.2	11,279.1	11,173.1
Travel - In State	207.9	269.8	269.8	269.8
Travel - Out of State	0.0	16.7	16.7	16.7
Aid to Others	397.6	50.0	50.0	50.0
Other Operating Expenses	58,938.7	64,097.1	69,987.4	70,888.1
Equipment	29.4	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0

Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	75,565.4	81,041.2	87,984.4	88,779.1

Appropriated Fund

Lottery Fund	75,565.4	81,041.2	87,984.4	88,779.1
Agency - Approp. Funds	75,565.4	81,041.2	87,984.4	88,779.1

The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI Tickets	10,848.9	12,451.0	12,957.4	13,346.1
SLI Advertising	12,334.0	15,500.0	15,500.0	15,500.0
SLI On-Line Vendor Fees	7,991.5	7,717.1	8,770.0	8,664.0
SLI Retailer Commissions	36,935.0	37,147.0	40,148.2	40,660.2
SLI Telecommunications	384.1	0.0	0.0	0.0
SLI Sales Incentive Program	48.6	50.0	50.0	50.0
SLI Charitable Instant Tab Commissions	0.0	0.0	2,400.0	2,400.0

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Lottery - Prize Fund	104,252.0	329,841.0	329,841.0	329,841.0
Lottery Fund	127,523.1	471,600.0	508,922.9	515,769.8
Agency - Nonapp. Funds	231,775.1	801,441.0	838,763.9	845,610.8
Agency Total - All Funds	307,340.5	882,482.2	926,748.3	934,389.9

Recent Appropriation Activity/Perspective

From FY 2007 to FY 2011, funding for the Lottery Commission increased by 14.5%, from \$70.8 million to \$81 million. Most of the increases in funding were automatically caused by higher Lottery earnings. The increased funding has allowed the Lottery to continue to provide statutory commissions and to increase sales.

In addition, during that period, \$24.3 million of Lottery Fund monies were swept to the General Fund, resulting in decreased revenues to local governments, homeless shelters, health programs, State parks programs, and other Lottery beneficiaries.

Executive Appropriation Recommendations

FY 2012 FY 2013

Other Adjustments

Risk Standard Adjustment	(17.3)	(17.3)
Lottery Fund	(17.3)	(17.3)

	<u>FY 2012</u>	<u>FY 2013</u>
Baseline Adjustments		
Charitable Organizations Instant Tab Commissions	2,400.0	2,400.0

Laws 2010, Chapter 126 authorizes charitable organizations to sell instant tab tickets provided by the Lottery for fundraisers. The retailer commission rate for instant tab ticket games is 20% of sales for charitable organizations, as compared to the commission rate for traditional retailers of 6.5% of sales. The Lottery estimates it will add 300 to 500 charitable organizations as retailers, generating instant tab ticket sales of approximately \$12 million.

To pay for retailer commissions for charitable organizations, the Executive recommends \$2.4 million from the Lottery Fund and the creation of a new special line item for charitable instant tab ticket commissions at a rate of 20% of instant tab ticket sales.

The new line item would be structured similarly to the existing Retailer Commissions line item, except the rate would be 20% of instant tab ticket sales. A separate line item would allow for easy identification of the amount paid to charitable organizations and would eliminate the need for any future funding adjustments, since the appropriation would be structured as a percentage of sales.

Lottery Fund	2,400.0	2,400.0
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Technical Issue - Adjusted Revenue Estimate	4,560.5	5,355.2
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The Lottery Commission's line items for instant tickets, online vendor fees, and retailer commissions have appropriations that are percentages of sales. As sales estimates change, the estimated appropriations must change accordingly.

Lottery Fund	4,560.5	5,355.2
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FY 2011 Supplemental Recommendations

	<u>FY 2011</u>
Technical Issue - Adjusted Revenue Estimate	3,554.0

The Lottery Commission's line items for instant tickets, online vendor fees and retailer commissions have appropriations that are percentages of sales. As sales estimates change, the estimated appropriations must change accordingly.

Lottery Fund	3,554.0
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Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	Actual	Expected	<u>Expected</u>	Expected
Percent of retailers expressing overall satisfaction with Lottery services	97	92	93	94
Percent of agency staff turnover	7	10	7	7
➤ <i>Several employees expected to retire in FY11</i>				
Dollar amount of instant ticket sales (in millions)	336.9	347.0	352.0	352.0
➤ <i>FY11-13 includes estimates for charitable instant tab sales. FY11: \$7M, FY12-13: \$12M.</i>				
Dollar amount of on-line sales (in	214.6	240.8	240.8	240.8

Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	Actual	Expected	Expected	Expected
millions)				
Average dollar amount of sales per ticket vending machine.	156,100	160,000	165,000	167,000
Percent of lottery ticket sales distributed to state beneficiaries	25.7	25.3	25.1	25.1
➤ <i>Percentage for FY11-13 may decrease due to addition of instant tab games sold by charitable organizations. Although these games will contribute to sales, there are no associated state distributions.</i>				
Percent of active retailer accounts in good standing	99.9	99.3	99.4	99.5

The Executive recommends a lump-sum appropriation to the agency with special line items.

Arizona Medical Board

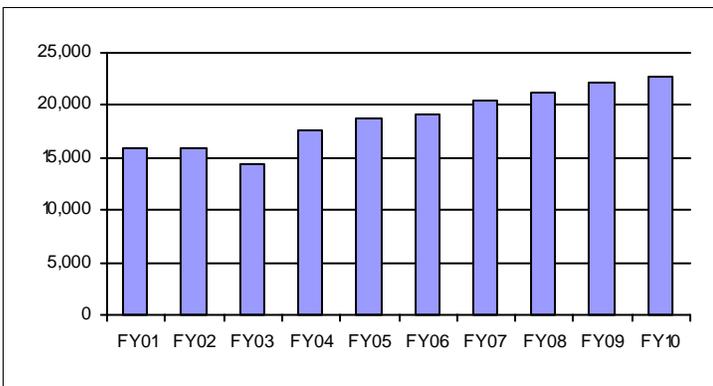
Mission:

To protect public safety through the judicious licensing, regulation, and education of physicians and physician assistants.

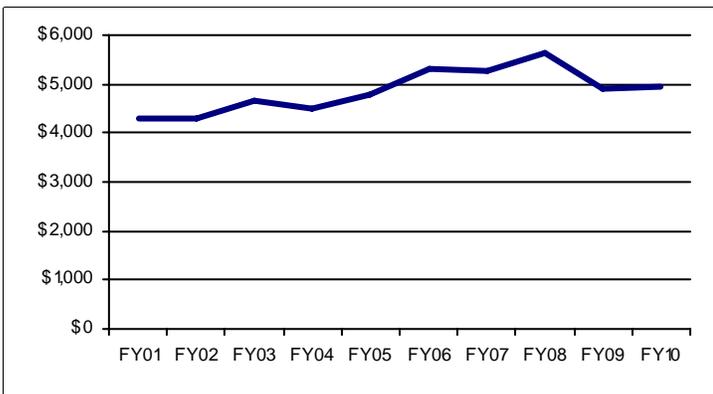
Description:

The Agency staff supports two Boards – the Arizona Medical Board which licenses and regulates allopathic physicians, and the Arizona Regulatory Board of Physician Assistants which licenses and regulates physician assistants. The Agency processes applications for licenses, handles public complaints against licensees, and disseminates information pertaining to licensees and the regulatory process. The two Boards determine and administer disciplinary action in the event of proven violations of their respective practice acts. Together, the two Boards regulate over 22,000 licensees.

Number of Licenses



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing, Regulation, & Rehabilitation	4,938.9	5,771.1	5,942.3	5,942.3
Agency - Approp. Funds	4,938.9	5,771.1	5,942.3	5,942.3
<i>Category</i>				
FTE	58.5	58.5	58.5	58.5
Personal Services	2,417.3	2,764.5	2,764.5	2,764.5
ERE Amount	833.1	1,036.5	1,036.5	1,036.5
Prof. And Outside Services	626.7	999.4	999.4	999.4
Travel - In State	18.1	23.0	23.0	23.0

Travel - Out of State	16.6	14.0	14.0	14.0
Food	1.8	2.5	2.5	2.5
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	847.9	847.0	1,018.2	1,018.2
Equipment	164.4	64.2	64.2	64.2
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	13.0	20.0	20.0	20.0
Agency - Approp. Funds	4,938.9	5,771.1	5,942.3	5,942.3
<i>Appropriated Fund</i>				
Medical Examiners Board	4,938.9	5,771.1	5,942.3	5,942.3
Agency - Approp. Funds	4,938.9	5,771.1	5,942.3	5,942.3

Recent Appropriation Activity/Perspective

In FY 2007, the Medical Board had an appropriation of \$5.7 million from the Medical Board Fund. Since that time, after statewide salary reductions and furloughs, the Board's appropriation has increased by 1% overall.

In FY 2009, the Board began reducing expenditures in order to better prepare for possible budgetary reductions. While the Board has not sustained budget reductions, during the last two fiscal years it has been operating with 11 fewer employees than in FY 2009. Operations have not been significantly affected by this reduction, and the Board plans to continue operations at approximately 15% below appropriation.

Executive Appropriation Recommendations

	FY 2012	FY 2013
Baseline Adjustments		
Risk Standard Adjustment	171.2	171.2
Medical Examiners Board Fund	171.2	171.2

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected	FY 2013 Expected
Average number of days to process an initial medical doctor license upon receipt of completed application	2	2	2	2
Average number of days to process a medical doctor renewal upon receipt of completed application	2	2	2	2
Average number of days to complete an medical doctor investigation	114	140	140	140
Average number of days to complete an physician assistant investigation	106	130	130	130
Medical doctor cases referred to formal hearing	14	20	20	20
➤ <i>Efficient regulation requires that the Office of Administrative Hearings be utilized only when statutorily mandated or when all other options have been exhausted. The Board can maintain its level of disciplinary actions through consent agreements without referring cases to formal hearing.</i>				
Average number of days to resolve a medical doctor case	148	180	180	180
Average number of days to resolve a physician assistant case	142	180	180	180
Average score of agency-wide customer service satisfaction surveys	7.8	7.5	7.5	7.5

Performance Measures

FY 2010	FY 2011	FY 2012	FY 2013
Actual	Expected	<u>Expected</u>	Expected

(scale of 1-8)

The Executive recommends a lump-sum appropriation to the agency.

Board of Medical Student Loans

Mission:

The Board recruits physicians to provide service to rural and other medically underserved areas, medically underserved populations, and Indian reservations in Arizona, with the goal of increasing the number of physicians practicing in these areas by providing educational loans to students at colleges of medicine in Arizona.

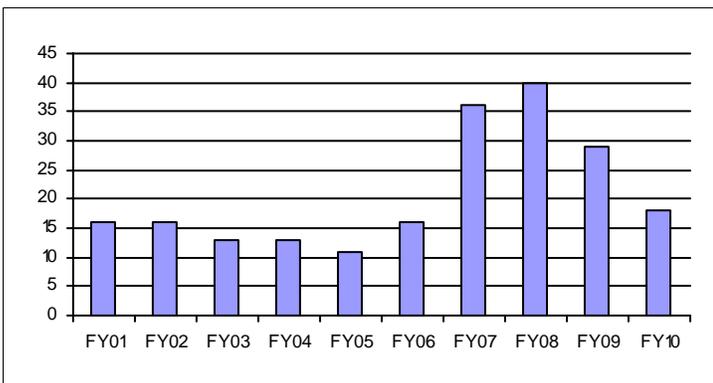
Description:

The Board of Medical Student Loans provides financial assistance to medical students in Arizona, including tuition and a living allowance, through the Arizona Medical Student Loan Program. Participating schools include Midwestern University's AZ College of Osteopathic Medicine (AZCOM), the University of Arizona (UA) College of Medicine, and A. T. Still University's School of Osteopathic Medicine in Arizona (SOMA). The Board consists of eight members who review student applications and make decisions necessary for the operation of the program.

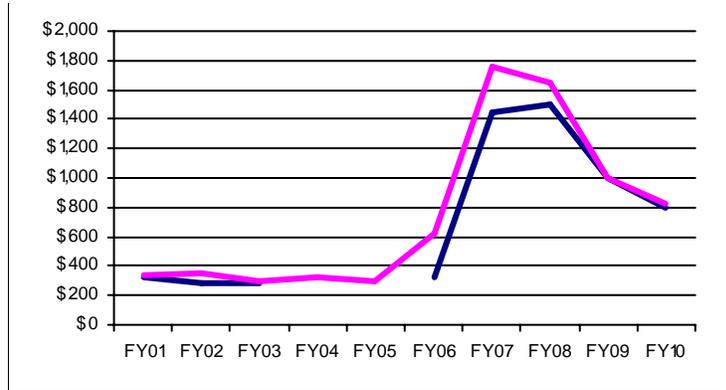
The Medical Student Loan Program gives preference to medical students who have financial need and who demonstrate a commitment to practice medicine in Arizona in an eligible service area. Students must be Arizona residents and sign contracts to provide primary care in eligible service areas. The Board, however, may approve service in other specialties of recognized need in Arizona. Primary care includes Family Practice, general Pediatrics, Obstetrics and Gynecology; general Internal Medicine, and combined Medicine and Pediatrics. For each year of funding received, recipients must provide one year of service in a designated area, with a minimum two-year service commitment and a maximum of 5 years of funding.

For 31 years, UA has provided staff at no charge to the Board to arrange Board meetings, prepare Board reports, collect repayments, coordinate service placement with the Arizona Department of Health Services (ADHS) and the Board, and prepare state budget requests. Since the program was opened to private colleges of medicine in 1999, Midwestern and in 2007, A. T. Still University, participate in the program. The UA College of Medicine and the two private schools provide services at no cost to publicize and coordinate the student application and interview process, coordinate the funding process, and track the participants.

Number of Students Funded



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Medical Student Loan Program	827.5	431.9	160.4	53.8
Agency - Approp. Funds	827.5	431.9	160.4	53.8
<i>Category</i>				
FTE	0.0	0.0	0.0	0.0
Personal Services	0.0	0.0	0.0	0.0
ERE Amount	0.0	0.0	0.0	0.0
Prof. And Outside Services	0.0	0.0	0.0	0.0
Travel - In State	0.0	0.0	0.0	0.0
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	827.5	431.9	160.4	53.8
Other Operating Expenses	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	827.5	431.9	160.4	53.8
<i>Appropriated Fund</i>				
General Fund	801.9	402.9	145.4	53.8
Medical Student Loan Fund	25.6	29.0	15.0	0.0
Agency - Approp. Funds	827.5	431.9	160.4	53.8

Recent Appropriation Activity/Perspective

In FY 2007, the Medical Student Loans Board had a General Fund appropriation of \$1.44 million and provided financial assistance to 36 medical students. Since that time, its appropriation has been reduced by (72%), to \$402,900 and the number of students receiving aid has been reduced to eight.

As part of their financial aid agreement, the students commit to provide medical service to rural and medically underserved areas of Arizona. As a result of decreased funding for this program, the State will have fewer physicians committed to practicing in those areas.

Executive Appropriation Recommendations

FY 2012 FY 2013

Performance Measures

Solutions to Budget

Reduce Medical Student Loan Fund Appropriation (14.0) (29.0)

The Executive recommends that, due to forecast reductions in revenue and fund balance, the appropriation from the Medical Student Loans Board Fund be reduced by (\$14,000) in FY 2012 and by (\$29,000) in FY 2013. The Medical Student Loans Board Fund's source of revenue is repayment of student loans by medical students who fail to work for at least two years in a Medically Underserved Area. Currently, only one former student is in violation of his loan terms and is repaying his loans to the Board.

Med Student Loan Fund (14.0) (29.0)

Freeze New Student Funding (257.5) (349.1)

The Board of Medical Student Loans currently provides tuition and student loans to eight medical students. Five of the students are expected to graduate in FY 2011 and two more will graduate in FY12, leaving one student requiring support in FY 2013. In order to continue funding the students, the Board of Medical Student Loans requires a \$145,400 appropriation in FY 2012 and \$53,800 in FY 2013.

The Executive recommends General Fund reductions of (\$257,500) and (\$349,100), which will prevent the Board from providing financial aid to any additional medical students.

General Fund (257.5) (349.1)

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected	FY 2013 Expected
Loan provided to each public medical school student (in thousands of dollars)	42.4	45.6	47.4	49.3
➤ <i>Loan amount covers tuition and \$20,000 living allowance which assists in covering fees, books, supplies, medical equipment, licensing exams, transportation costs to hospitals and clinics, rent, utilities, food, health insurance, clothing, and miscellaneous expenses.</i>				
Loan as a percent of average annual cost of public medical education	94	94	94	94
➤ <i>Loan amount compared to the average Federal Financial Aid Cost of Attendance for a single student living off-campus and attending the UA College of Medicine.</i>				
Administration as a per cent of total cost	0.0	0.0	0.0	0.0
➤ <i>All appropriated funds are used to assist medical students; no funds are used for the administration of the program. The UA College of Medicine, Midwestern University, and A.T. Still University provide support services at no cost to the Board. Vital to the success of the program is the cooperation and assistance provided by the Arizona Department of Health Services. Board members serve with no compensation.</i>				
Students funded per year	18	8	7	7
➤ <i>Medical students sign contracts with the State of Arizona to serve as physicians in eligible service areas. The decrease in available funding will lead to fewer students in the program. The number of students funded will depend upon State appropriations and the number of public and private medical school students included. Due to the tuition differential, the loan amounts at private schools will fund fewer students.</i>				
Physicians in service	16	14	17	25
➤ <i>Number of physicians serving their commitments during a given year.</i>				
Physicians practicing in eligible service areas after service requirement is met	36	37	39	41

	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected	FY 2013 Expected
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➤ *Number of physicians who have completed their commitments practicing in eligible service areas during a given year.*

Percent of physicians who have provided service in eligible sites	92	93	91	92
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➤ *Percent of physicians who have signed contracts since October 1992 who have or are expected to provide service in eligible service areas.*

The Executive recommends a lump-sum appropriation to the agency.

State Mine Inspector

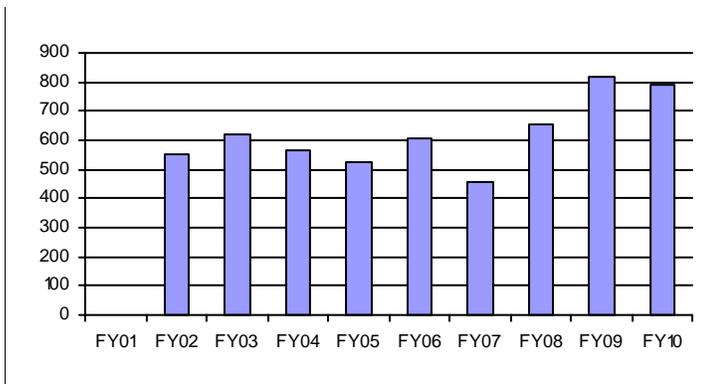
Mission:

To administer and enforce the Mining Code of the State of Arizona for the protection of the life, health and safety of mine employees and the public in Arizona's active, inactive and abandoned mines.

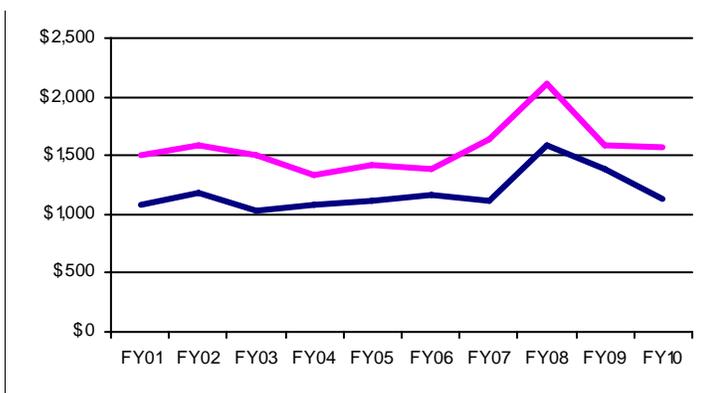
Description:

The State Mine Inspector is a statewide elected constitutional officer and the director of the Office of the State Mine Inspector. This agency enforces statutes, rules and regulations applicable to mine safety, health, explosives and land reclamation. The Office inspects the health and safety conditions and practices at active mining operations; investigates mine accidents, employee and public complaints; and conducts federally-certified miner and instructor safety training. In 2007 the Office administered \$14.5 million in reclamation financial assurance and enforces the Mined Land Reclamation laws, rules and regulations for the restoration of disturbed lands to a safe and stable environmental condition. The Office promotes public safety regarding abandoned mines by "Stay Out Stay Alive" promotions, presentations and publications; complaint investigations; mine owner compliance notifications; and identification, hazard assessment, prioritization, posting and securing of safety hazards. The agency issues permits, licenses and certificates for elevators and electrical connections, and monitors the manufacturing, storing, selling, transferring and disposal of all explosives or blasting agents.

Number of Safety Inspections Completed



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Mining Safety Enforcement	983.9	945.6	986.7	991.1
Abandoned Mines Inventory	149.5	182.0	182.0	182.0
Education and Training	0.0	0.0	0.0	0.0
Mined Land Reclamation	96.9	111.5	38.0	38.0
Agency - Approp. Funds	1,230.3	1,239.1	1,206.7	1,211.1

Category	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
FTE	15.0	14.0	14.0	14.0
Personal Services	593.7	543.8	543.8	543.8
ERE Amount	233.0	246.2	246.2	246.2
Prof. And Outside Services	87.8	127.5	65.3	65.3
Travel - In State	125.0	108.8	108.0	108.0
Travel - Out of State	0.0	6.0	6.0	6.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	166.3	197.0	227.6	232.0
Equipment	24.4	9.8	9.8	9.8
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.1	0.0	0.0	0.0
Agency - Approp. Funds	1,230.3	1,239.1	1,206.7	1,211.1

Appropriated Fund	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
General Fund	1,133.3	1,127.6	1,168.7	1,173.1
Aggregate Mining Reclamation Fund	96.9	111.5	38.0	38.0
Agency - Approp. Funds	1,230.3	1,239.1	1,206.7	1,211.1

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Abandoned Mine Safety	7.6	183.6	0.0	0.0
Federal Education and Training Fund	18.5	66.4	47.3	47.3
Federal Grant	314.4	299.6	299.6	299.6
Agency - Nonapp. Funds	340.5	549.6	346.9	346.9

Agency Total - All Funds 1,570.8 1,788.7 1,553.6 1,558.0

Federal Funds Expenditures - as reported by Agency

	FY 2010 Actual	FY 2011 Exp. Plan	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	333.3	366.0	346.9	346.8

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

Recent Appropriation Activity/Perspective

Match updated expected Agency expenditures.

The FY 2007 General Fund appropriation for the State Mine Inspector's Office was \$1.2 million.

In FY 2008, the agency received General Fund increases to fill five vacant positions and upgrade its telephone system. Also, a one-time deposit was made to the Abandoned Mine Safety Fund, from which contractors are paid to fill, fence or plug abandoned mine shafts. The agency also received a \$1,700 supplemental to rectify an unpaid equipment bill from FY 2005.

Between FY 2009 and FY 2010, the Office has seen decreases to its General Fund appropriation to eliminate one-time equipment and supplemental costs and as part of the lump-sum reductions enacted by the Legislature to address the State's budget shortfalls. To achieve these reductions, the agency has utilized vacancy savings, reduced travel, eliminated training, and cut other operating expenses. All reductions have been implemented in such a way as not to undermine public safety.

In FY 2011, an Aggregate Mine caseload adjustment of (\$41,800) and statewide salary reductions brought the appropriation to \$1.2 million.

Executive Appropriation Recommendations

	<u>FY 2012</u>	<u>FY 2013</u>
Baseline Adjustments		
Rent Standard Adjustment	0.0	4.4
General Fund	0.0	4.4
Risk Standard Adjustment		
General Fund	41.1	41.1
Other Adjustments		
Reclamation Program	(73.5)	(73.5)
<p>The FY 2011 appropriation to the State Mine Inspector included \$111,500 to the Aggregate Mining Reclamation Fund, and a footnote is provided that allows revenue exceeding that amount to be appropriated to the Fund. The agency expects to collect and expend only \$38,000 in FY 2012 and FY 2013. The Executive recommends a reduction in appropriation to match expected revenues and further recommends a continuance of the footnote.</p>		
Aggregate Mining Reclamation Fund	(73.5)	(73.5)

Performance Measures

	<u>FY 2010</u> <u>Actual</u>	<u>FY 2011</u> <u>Expected</u>	<u>FY 2012</u> <u>Expected</u>	<u>FY 2013</u> <u>Expected</u>
Percent mandated inspections completed	89	71	70	70
Number of reportable (lost time) mine accidents	191	191	191	191
➤ <i>The number of reportable (lost time) mine accident reflects "only" what is reported to the Arizona State Mine Inspector.</i>				
Number of safety inspections completed	788	627	627	627
Customer satisfaction rating for Mines (scale 1-8)	0	6	6	6
➤ <i>Survey results will be recorded on or before October 1, 2010</i>				
Number of abandoned mine openings secured	73	70	70	70
➤ <i>Secured on State Lands</i>				
Number of Arizona miners and contractors trained	4565	5500	5500	5500
Number of annual mined land reclamation compliance reviews	250	260	270	260

The Executive recommends a lump-sum appropriation to the agency.

Department of Mines and Mineral Resources

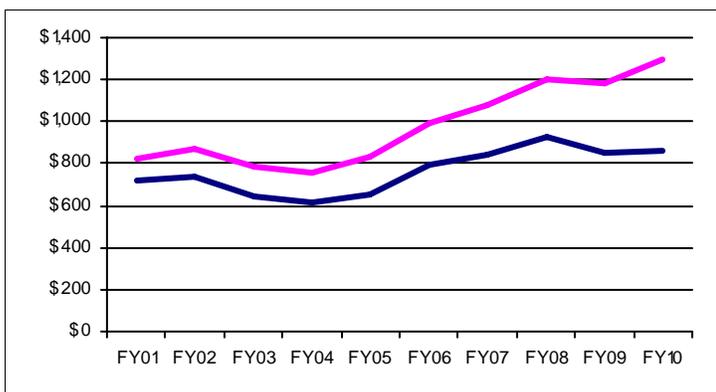
Mission:

To promote and advocate the responsible development of mineral resources, in accordance with accepted principles of sustainable development, and provide pertinent data and support to those seeking to explore and develop mineral resources in the State of Arizona.

Description:

The Department of Mines and Mineral Resources (DMMR) promotes and advocates for the development of the mineral resources and industry in the state. This is accomplished by participating in conferences, seminars, news media, and other appropriate mechanisms. DMMR conducts studies of properties and claims to assist in the exploration and development of minerals and maintains a repository of mining and mineral information. It monitors current mining and exploration activities and serves as a source of information for mineral information.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Mineral Development and Promotion	858.2	226.1	0.0	0.0
Agency - Approp. Funds	858.2	226.1	0.0	0.0
<i>Category</i>				
FTE	7.0	3.0	0.0	0.0
Personal Services	282.9	146.1	0.0	0.0
ERE Amount	114.2	70.2	0.0	0.0
Prof. And Outside Services	2.9	2.9	0.0	0.0
Travel - In State	0.0	0.0	0.0	0.0
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	456.5	6.9	0.0	0.0
Equipment	1.7	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	858.2	226.1	0.0	0.0

Appropriated Fund

General Fund	858.2	226.1	0.0	0.0
Agency - Approp. Funds	858.2	226.1	0.0	0.0
Non-Appropriated Funds				
	<i>FY 2010 Actual</i>	<i>FY 2011 Expend. Plan</i>	<i>FY 2012 Exec. Rec.</i>	<i>FY 2013 Exec. Rec.</i>
Federal Grant	0.0	25.3	0.0	0.0
Mines & Mineral Resources	444.8	322.1	0.0	0.0
Agency - Nonapp. Funds	444.8	347.4	0.0	0.0
Agency Total - All Funds	1,303.0	573.5	0.0	0.0

Executive Appropriation Recommendations

FY 2012 FY 2013

Baseline Adjustments

Risk Standard Adjustment	(5.9)	(5.9)
General Fund	(5.9)	(5.9)

Solutions to Budget

Consolidation of Mineral Resources Programs	(220.2)	(220.2)
The Executive recommends adjusting the Department's General Fund appropriation by (\$220,200) in FY 2012 and FY 2013. This is intended to facilitate consolidation of the State's mineral resource development programs within the Arizona Geological Survey.		
General Fund	(220.2)	(220.2)

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected	FY 2013 Expected
Number of students visiting agency.	21.5	0	0	0
Number of total requests.	50.4	0	0	0
Number of customers provided with mining and mineral information	410	150	150	150
Department customer satisfaction survey rating (on a scale of 1 to 5 with five being the highest)	0	4.9	0	0

The functions and responsibilities of this agency are recommended to be absorbed by the Arizona Geological Survey and Historical Society.

Naturopathic Physicians Board of Medical Examiners

Mission:

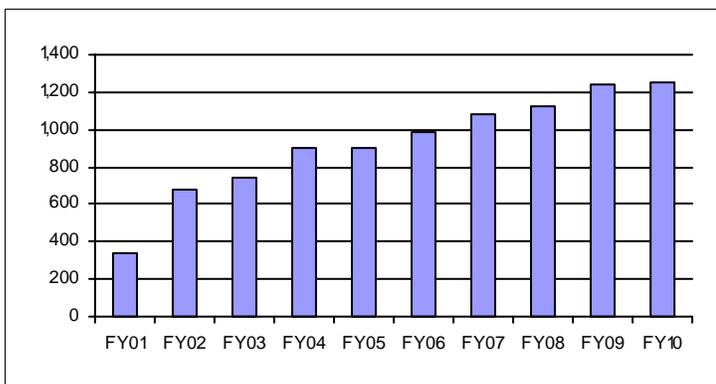
To protect the health, safety and welfare of the public by regulating the practice of naturopathic medicine and massage therapy.

Description:

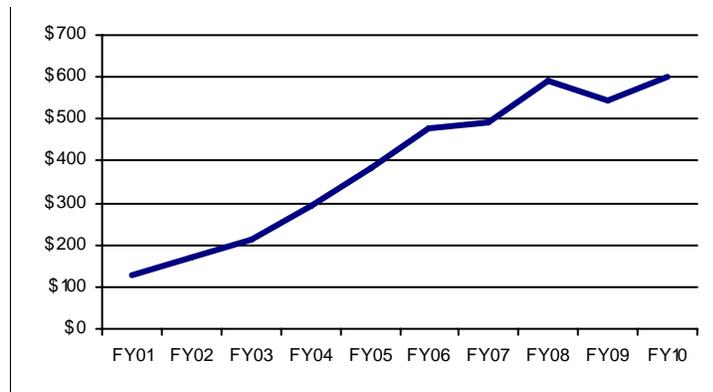
The Agency regulates both naturopathic physicians and massage therapists, each of which is governed by a Governor-appointed board. The Naturopathic Physicians Medical Board regulates the naturopathic field of medicine, which uses various methods to treat patients including nutritional supplements, herbal medicine, homeopathy, pharmaceuticals and lifestyle counseling. The Board regulates physicians who engage in the practice of naturopathic medicine, including certification of those in specialty practice. Further, the Board certifies graduates and medical students to engage in internship, preceptorship, and postdoctoral training programs and certifies medical assistants and approves clinical training programs for medical students. Finally, the Naturopathic Board certifies naturopathic physicians to dispense natural substances, drugs, and devices from their offices and conducts investigations and hearings into allegations of medical incompetence and unprofessional conduct.

The Board of Massage Therapy regulates and licenses massage therapists by recognizing a national examination, establishing rules, and conducting investigations and hearings into allegations of incompetence and unprofessional conduct.

Number of Naturopathic Medicine Licenses/Certificates Issued



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Naturopathic Licensing and Regulation	602.8	595.1	595.7	595.7
Agency - Approp. Funds	602.8	595.1	595.7	595.7
<i>Category</i>				
FTE	7.0	7.0	7.0	7.0
Personal Services	319.5	318.0	318.0	318.0
ERE Amount	90.3	90.7	90.7	90.7
Prof. And Outside Services	96.4	91.3	91.3	91.3
Travel - In State	2.0	2.0	2.0	2.0
Travel - Out of State	2.2	2.0	2.0	2.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	75.5	79.0	79.6	79.6
Equipment	16.2	12.1	12.1	12.1
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.7	0.0	0.0	0.0
Agency - Approp. Funds	602.8	595.1	595.7	595.7
<i>Appropriated Fund</i>				
Naturopathic Board	602.8	595.1	595.7	595.7
Agency - Approp. Funds	602.8	595.1	595.7	595.7

Recent Appropriation Activity/Perspective

From FY 2007 to FY 2011, the Board's appropriation increased by 20.5%, from \$493,700 to \$595,100. The increased spending authority is primarily for increased investigational and legal support and increased health insurance and other fixed costs.

In addition, during that period, the agency has transferred \$1.6 million to the General Fund. The transfers created cash-flow and other problems for the Board, because the transfers allowed for only small carry-forward balances.

Executive Appropriation Recommendations

FY 2012 FY 2013

Baseline Adjustments

	<u>FY 2012</u>	<u>FY 2013</u>
Risk Standard Adjustment	0.6	0.6
Naturopathic Board Fund	0.6	0.6

Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>	<u>Expected</u>
Massage therapy applications received for initial licensure and biennial renewal.	4940	4,500	4500	4500
➤ <i>Licensing began in FY05</i>				
Average number of days to resolve a massage therapy complaint	128	180	180	180
Active physician licenses	637	675	700	725
Complaints received against licensed or certified persons	20	25	25	25
Complaints resolved in same fiscal year	12	15	15	15

The Executive recommends a lump-sum appropriation to the agency.

Arizona Navigable Stream Adjudication Commission

Mission:

To determine which of Arizona's 39,039 rivers and streams were and were not navigable at the time of statehood, February 14, 1912 and to determine the public trust values of those rivers and streams that were navigable. In addition, the Commission must defend appeals and other legal actions that are filed in State Court, and complete Commission reports to be recorded in each appropriate county following appeals processes.

Description:

Arizona did not determine ownership of any of the 39,039 rivers and streams at the time of statehood and as a result, as many as 100,000 property titles remain clouded. Before ownership can be determined, it must be established if any of Arizona's waterways are navigable. This is because the portion of a streambed that is navigable is owned only by the State. The Commission is charged with gathering evidence, holding hearings, and making final determinations regarding navigability of the 39,039 streams and rivers in Arizona as of February 14, 1912. Barring court mandates for further action, the Commission's work is presently scheduled to be completed by June 30, 2012.

Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	113.6	133.5	133.4	133.4
<i>Appropriated Fund</i>				
General Fund	113.6	133.5	133.4	133.4
Agency - Approp. Funds	113.6	133.5	133.4	133.4

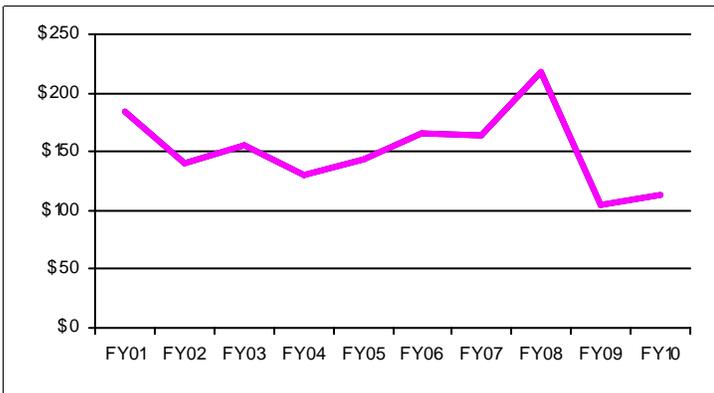
Recent Appropriation Activity/Perspective

The Commission's budget has been reduced by (50%) from FY 2007 to FY 2011. This has had a direct impact on the ability of the agency to finish its work in a timely fashion. Funding cuts have limited the agency's progress towards final adjudication of Arizona's streambeds to the point that the Commission's sunset date has been extended from FY 2008 to FY 2012.

The Commission has responded to these reductions by focusing first on the most urgent issues and then determining what can be deferred into future years.

Continued reductions are likely to require the Legislature to extend the agency's sunset date beyond FY 2012, as well as jeopardize the agency's ability to respond to cases currently on appeal.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Stream Adjudication	113.6	133.5	133.4	133.4
Agency - Approp. Funds	113.6	133.5	133.4	133.4
<i>Category</i>				
FTE	2.0	2.0	2.0	2.0
Personal Services	52.2	48.1	48.1	48.1
ERE Amount	26.8	25.4	25.4	25.4
Prof. And Outside Services	15.7	24.4	24.4	24.4
Travel - In State	0.0	0.0	0.0	0.0
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	18.9	35.6	35.5	35.5
Equipment	0.0	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0

Executive Appropriation Recommendations

FY 2012 FY 2013

Baseline Adjustments

Risk Standard Adjustment	(0.1)	(0.1)
General Fund	(0.1)	(0.1)

Other Adjustments

Continuance of Risk Management BRB Language	0.0	0.0
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The Executive recommends for FY 2012 and FY 2013 the continuation of BRB language that permits the Commission to use the Risk Management Fund to pay up to \$80,000 per year for the agency's legal expenses in excess of its appropriation.

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected	FY 2013 Expected
Number of Arizona rivers and streams adjudicated, including the necessity to alter and ratify remaining reports that comport with information requested by courts.	0	8	8	8
➤ <i>Number of Arizona rivers and streams adjudicated, includes necessity to alter and ratify remaining reports to comport with information requested by the Courts.</i>				
Cost per hearing to study watercourses (in thousands of dollars)	0	20	20	20
Customer satisfaction rating for hearing attendees (scale 1-8)	0	7.5	8	8
Number of final reports approved by Commission	0	12	8	2

The Executive recommends a lump-sum appropriation to the agency.

State Board of Nursing

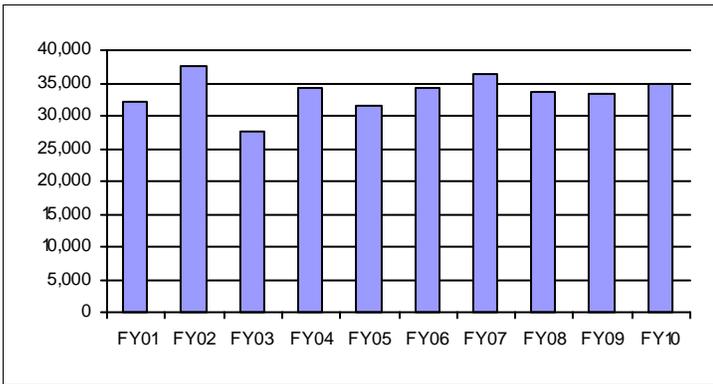
Mission:

To protect the public health, safety, and welfare through the safe and competent practice of nurses and nursing assistants.

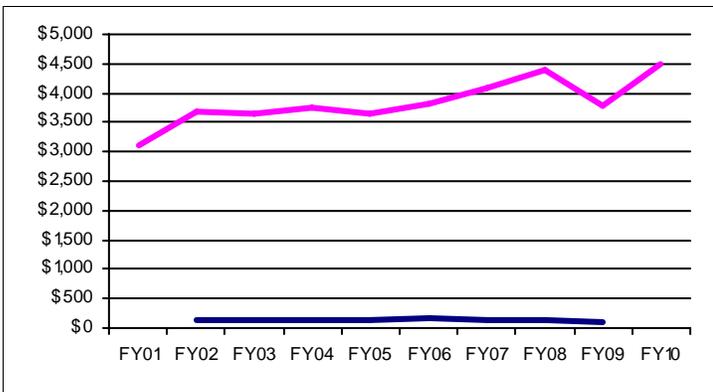
Description:

The State Board of Nursing protects the public by assuring that standards of practice are defined and that persons engaged in the practice of nursing are competent. It approves individuals for licensure, registration, and certification; approves educational programs for nurses and nursing assistants; investigates complaints concerning licensee and certificate holder compliance with the law; and determines and administers disciplinary actions in the event of proven violations of the Nurse Practice Act.

Total Licenses Issued



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation - RN/LPN	3,972.1	4,074.4	4,070.6	4,070.6
Agency - Approp. Funds	3,972.1	4,074.4	4,070.6	4,070.6
Category				
FTE	41.2	41.2	41.2	41.2
Personal Services	2,133.9	2,004.3	2,004.3	2,004.3
ERE Amount	747.4	727.7	727.7	727.7
Prof. And Outside Services	510.1	627.3	627.3	627.3
Travel - In State	4.3	5.0	5.0	5.0
Travel - Out of State	2.8	4.0	4.0	4.0
Aid to Others	0.0	0.0	0.0	0.0

Other Operating Expenses	520.5	576.7	572.9	572.9
Equipment	40.5	105.4	105.4	105.4
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	12.6	24.0	24.0	24.0
Agency - Approp. Funds	3,972.1	4,074.4	4,070.6	4,070.6

Appropriated Fund

Nursing Board	3,972.1	4,074.4	4,070.6	4,070.6
Agency - Approp. Funds	3,972.1	4,074.4	4,070.6	4,070.6

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Federal Grant	534.3	414.6	414.6	414.6
Agency - Nonapp. Funds	534.3	414.6	414.6	414.6

Agency Total - All Funds	4,506.4	4,489.0	4,485.2	4,485.2
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Federal Funds Expenditures - as reported by Agency

	FY 2010 Actual	FY 2011 Exp. Plan	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	534.3	414.6	414.6	414.6

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

Recent Appropriation Activity/Perspective

The Board has not experienced significant operational changes since FY 2007. To offset Federal funding reductions, and to assist with defraying other operational costs, the appropriation for the Nursing Board fund has actually increased by almost 20% since FY 2007, from \$3.39 million in FY 2007 to \$4.07 million for FY 2011.

Executive Appropriation Recommendations

	FY 2012	FY 2013
Baseline Adjustments		
Risk Standard Adjustment	(3.8)	(3.8)
Nursing Board Fund	(3.8)	(3.8)

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected	FY 2013 Expected
Total licensees Registered Nurses and Licensed Practical Nurses	82385	82000	82000	82000
Total complaints received	978	980	980	980
Total individuals certified as nursing assistants	24589	24,500	24,500	24500
Average calendar days from receipt of complaint to resolution	240	230	220	220

The Executive recommends a lump-sum appropriation to the agency.

Nursing Care Ins. Admin. Examiners

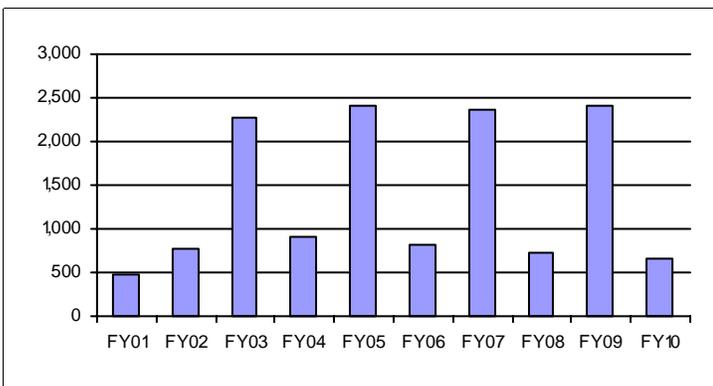
Mission:

To protect the health, welfare, and safety of Arizona citizens who seek and use the services of nursing care institution administrators and assisted living facility managers.

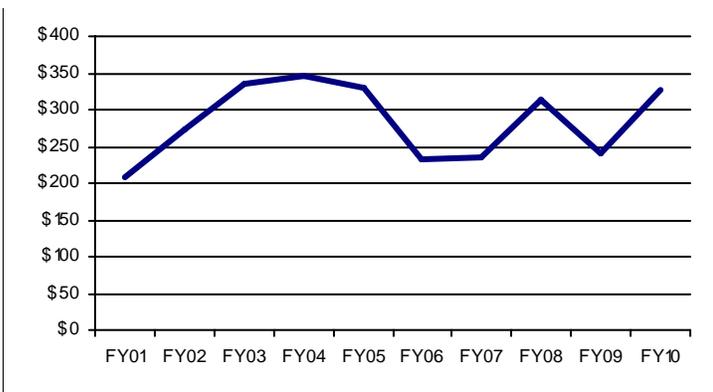
Description:

The Board evaluates applications from individuals seeking nursing home administrator licenses and assisted living facility manager certificates. The Board investigates the credentials and backgrounds of applicants, conducts examinations, and processes the applications. The Board also evaluates and processes applications for renewal of administrator licenses and manager certificates. Both administrators and managers are required by law to meet continuing education requirements. The Board approves continuing education programs and ensures that the requirements are met. The Board investigates complaints against administrators and managers received from citizens or the Department of Health Services. The Board imposes appropriate disciplinary action and enforces compliance with such discipline. The Board provides information to the public concerning applicants, licensees and certificate holders, and regulatory actions taken. All of these Board functions are accomplished through a fee-financed program of examination, licensure, and regulation.

Number of Licenses Issued



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	326.9	373.2	367.8	367.8

Agency - Approp. Funds	326.9	373.2	367.8	367.8
<i>Category</i>				
FTE	5.0	5.0	5.0	5.0
Personal Services	168.4	211.4	211.4	211.4
ERE Amount	72.4	68.4	68.4	68.4
Prof. And Outside Services	30.2	30.0	30.0	30.0
Travel - In State	4.9	6.0	6.0	6.0
Travel - Out of State	0.0	4.1	4.1	4.1
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	50.4	52.7	47.3	47.3
Equipment	0.6	0.6	0.6	0.6
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	326.9	373.2	367.8	367.8
<i>Appropriated Fund</i>				
Nursing Care Institution Administrators/ACHMC	326.9	373.2	367.8	367.8
Agency - Approp. Funds	326.9	373.2	367.8	367.8

Recent Appropriation Activity/Perspective

The Board's operating environment and activity changed very little from FY 2007 to FY 2011; accordingly, its appropriated budget changed nominally, decreasing just over 8% while the total State budget for other appropriated funds actually increased from FY 2007 to FY 2011 by 11%. The Board has not had any significant transfers from its one operating fund, as revenues and expenditures have been closely aligned for the past several years.

Executive Appropriation Recommendations

	FY 2012	FY 2013
Baseline Adjustments		
Risk Standard Adjustment	(5.4)	(5.4)
Nursing Care Institution Admin/ACHMC Fund	(5.4)	(5.4)

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected	FY 2013 Expected
Number of complaint and application investigations conducted	112	115	118	120
Number of new and existing licenses	2996	3380	3200	3510
Average calendar days to renew a license	3	4	3	4
Customer satisfaction (scale of 1-8)	7.8	7.5	7.5	7.5
➤ In FY 2006, a survey of customer satisfaction was not conducted.				
Administration as percent of total cost	4.3	4.2	4.3	4.4

The Executive recommends a lump-sum appropriation to the agency.

Board of Occupational Therapy Examiners

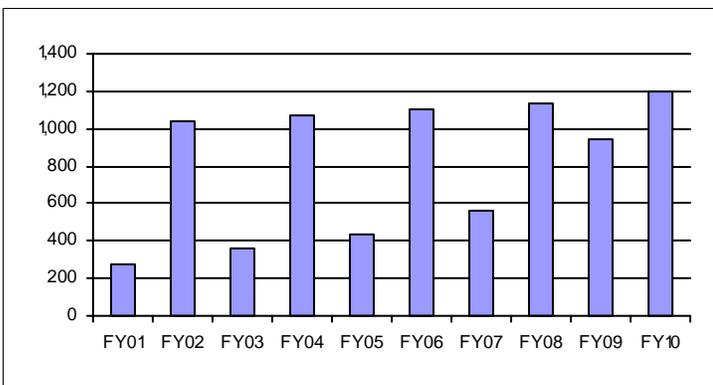
Mission:

To protect the health, safety, and welfare of the public by licensing and regulating individuals who provide occupational therapy services or athletic training.

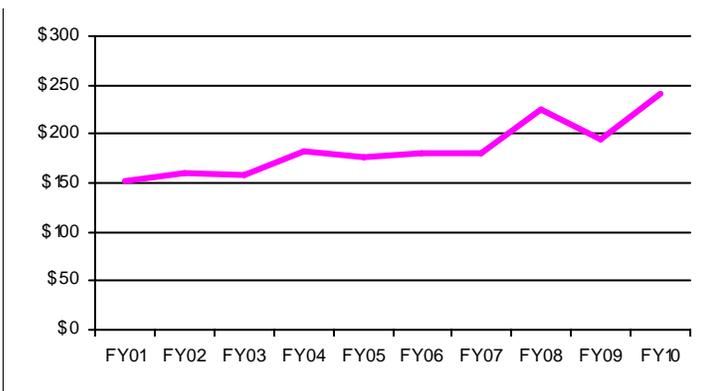
Description:

The Board of Occupational Therapy Examiners is a regulatory board that issues and renews approximately 1,800 licenses for occupational therapy professionals. The Board of Athletic Training is a regulatory board that issues and renews approximately 530 licenses for athletic training professionals. By law, the Boards require that each applicant meet minimum standards of education, experience, and competency. The Board also receives and investigates complaints, takes appropriate disciplinary action, and responds to inquiries from consumers as to the license status of occupational therapy and athletic training professionals.

Number of Occupational Therapy Renewal Licenses Issued



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	144.2	160.0	160.0	160.0
Athletic Trainers Licensing and Regulation	98.0	101.7	101.9	101.9
Agency - Approp. Funds	242.2	261.7	261.9	261.9
<i>Category</i>				
FTE	3.0	3.0	3.0	3.0
Personal Services	148.7	144.4	144.4	144.4
ERE Amount	43.2	61.6	61.6	61.6

Prof. And Outside Services	8.3	8.4	8.4	8.4
Travel - In State	3.0	2.4	2.4	2.4
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	38.9	44.9	44.4	44.4
Equipment	0.1	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.7	0.7
Agency - Approp. Funds	242.2	261.7	261.9	261.9
<i>Appropriated Fund</i>				
Occupational Therapy Fund	242.2	261.7	160.0	160.0
Athletic Training Fund	0.0	0.0	101.9	101.9
Agency - Approp. Funds	242.2	261.7	261.9	261.9

Recent Appropriation Activity/Perspective

From FY 2007 to FY 2011, the Board's appropriation increased by 9.5%, from \$239,000 to \$261,700. The increased spending authority is primarily for increased health insurance and other fixed costs. In addition, during that period, the agency has transferred \$241,700 to the General Fund. The transfers have not adversely impacted the Board's operations, with the possible exception of minor cash-flow issues.

Executive Appropriation Recommendations

	FY 2012	FY 2013
Baseline Adjustments		
Risk Standard Adjustment	0.2	0.2
Athletic Training Fund	0.2	0.2

Baseline Adjustments

Athletic Training Fund	0.0	0.0
The Executive recommends a decrease of \$(101,700) from the Occupational Therapy Fund and a corresponding increase of \$101,700 from the Athletic Training Fund to allow the Board to function within existing law.		
Occupational Therapy Fund	(101.7)	(101.7)
Athletic Training Fund	101.7	101.7

FY 2011 Supplemental Recommendations

	FY 2011
Athletic Training Fund	0.0
The Executive recommends, for FY 2011, a decrease of (\$101,700) from the Occupational Therapy Fund and a corresponding increase of \$101,700 from the Athletic Training Fund to allow the Board to function within existing law.	

In addition, the Executive recommends that the fund balance of and all revenues received by the Athletic Training sub-account of the Occupational Therapy Fund be transferred to the Athletic Training Fund and that these changes be retroactive to July 1, 2010.

	FY 2011
Occupational Therapy Fund	(101.7)
Athletic Training Fund	101.7

Performance Measures

	FY 2010	FY 2011	FY 2012	FY 2013
	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>	<u>Expected</u>
Number of occupational therapy complaints received	34	24	20	17
Number of individuals licensed as occupational therapists	1781	2000	2000	2000
Number of athletic training licenses issued	63	100	120	130
Number of athletic training complaints received	14	7	6	5

The Executive recommends a lump-sum appropriation to the agency.

State Board of Dispensing Opticians

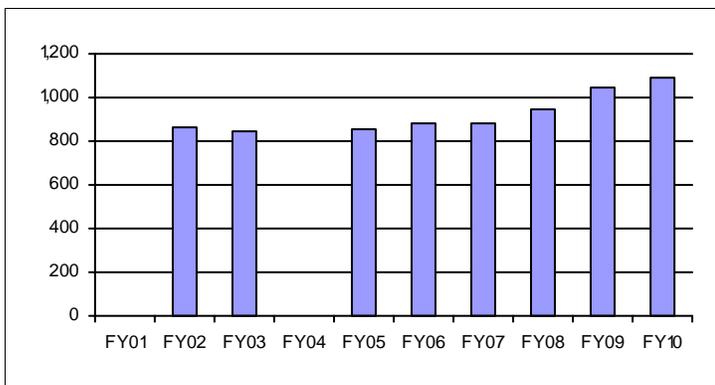
Mission:

To protect the visual health of the citizens of Arizona by regulating and maintaining standards of practice in the field of opticianry.

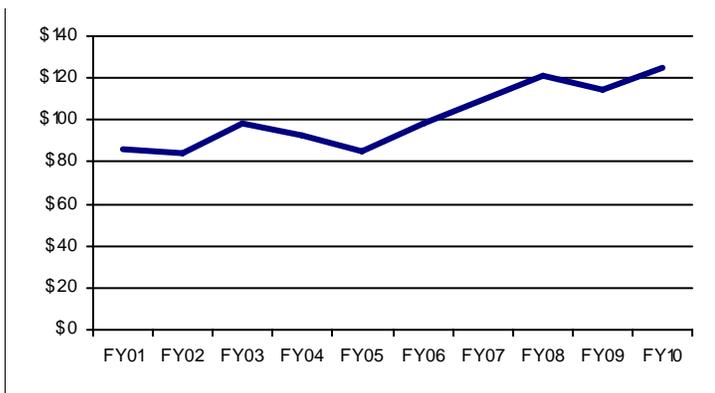
Description:

The Board of Dispensing Opticians examines and licenses professionals to practice in the field of opticianry and licenses optical establishments. This Board is distinguished from the Board of Optometry, which regulates optometrists, whereas dispensing opticians fill orders for and fit persons with corrective eyewear. The Board of Dispensing Opticians accepts complaints against licensees, investigates allegations, and administratively adjudicates complaints. The Board serves 725 opticians and 321 optical establishments licensed to practice in the state, as well as all Arizona citizens who receive these professional services.

Number of Licensees



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Category	FY01	FY02	FY03	FY04
FTE	1.0	1.0	1.0	1.0
Personal Services	59.2	59.9	59.9	59.9
ERE Amount	23.9	24.0	24.0	24.0
Prof. And Outside Services	20.8	23.5	23.5	23.5
Travel - In State	9.1	8.8	8.8	8.8
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	11.8	11.8	11.8	11.8
Equipment	0.0	0.0	4.5	0.0

Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	124.8	128.0	132.5	128.0

Appropriated Fund

Dispensing Opticians Board Fund	124.8	128.0	132.5	128.0
Agency - Approp. Funds	124.8	128.0	132.5	128.0

Recent Appropriation Activity/Perspective

The Board's FY 2007 appropriation was \$110,100, increasing to \$127,400 in FY 2008 and decreasing to \$124,300 in FY 2009. In FY 2010, the Board's appropriation was \$125,200. In FY 2011 the Board's appropriation increased by \$2,800 to \$128,000. All appropriations come from the Dispensing Opticians Board Fund.

Executive Appropriation Recommendations

FY 2012 FY 2013

Other Adjustments

Testing Equipment 4.5 0.0

The Executive recommends an increase of \$4,500 from the Dispensing Opticians Board Fund to replace six obsolete lensometers that are used in the practical examination for dispensing optician licensees.

Dispensing Opticians Board Fund 4.5 0.0

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected	FY 2013 Expected
Optician licenses issued	55	60	60	65
Establishment renewal applications processed	333	350	365	370
➤ establishments are renewed June 30 so total carries over to next fiscal year				
Complaints about licensees received and investigated	0	5	5	5
Number of days from receipt of complaint until completion	0	80	80	80
➤ number of days is average of all complaints				

The Executive recommends a lump-sum appropriation to the agency.

State Board of Optometry

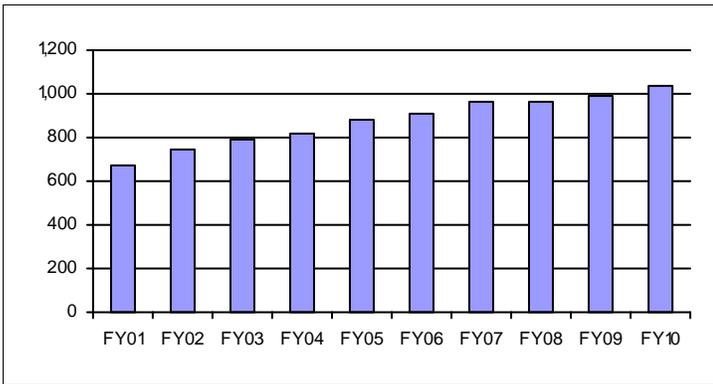
Mission:

To protect the health, safety, and welfare of Arizona citizens by regulating and achieving the highest standards in the optometry profession.

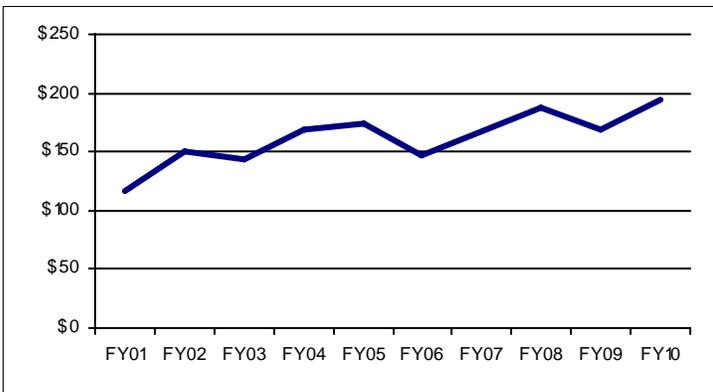
Description:

The Arizona State Board of Optometry examines, licenses, and regulates the profession of Optometric Doctors (O.D.). In addition, the Board registers out-of-state replacement contact lens dispensers. The Board investigates complaints alleging violations of the Optometric Practice Act and takes administrative regulatory action when required. Currently there are approximately 988 professionals licensed to practice in the State.

Number of Licensees



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	193.8	199.2	199.0	199.0
Agency - Approp. Funds	193.8	199.2	199.0	199.0

Category

FTE	2.0	2.0	2.0	2.0
Personal Services	106.5	107.5	107.5	107.5
ERE Amount	38.4	40.0	40.0	40.0
Prof. And Outside Services	22.1	27.0	27.0	27.0
Travel - In State	0.4	0.6	0.6	0.6
Travel - Out of State	1.8	3.0	3.0	3.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	24.6	20.7	20.5	20.5

Equipment	0.0	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.4	0.4	0.4
Agency - Approp. Funds	193.8	199.2	199.0	199.0

Appropriated Fund

Board of Optometry Fund	193.8	199.2	199.0	199.0
Agency - Approp. Funds	193.8	199.2	199.0	199.0

Recent Appropriation Activity/Perspective

The Board received a \$193,900 appropriation for FY 2007, increasing slightly to \$203,500 in FY 2008 as a result of standard adjustment increases. This was followed by a decrease of (\$1,300) for FY 2009, leaving the agency with an appropriation of \$202,200. Also, the Board transferred \$185,600 from the Board of Optometry Fund in FY 2009. The appropriation was increased for FY 2010 by \$900, for a total of \$203,400. There was a decrease of (\$4,200) for statewide adjustments in FY 2011, for an appropriation of \$199,200.

Executive Appropriation Recommendations

FY 2012 FY 2013

Baseline Adjustments

Risk Standard Adjustment	(0.2)	(0.2)
Board of Optometry Fund	(0.2)	(0.2)

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected	FY 2013 Expected
Active licensees	1043	1050	1060	1070
Total number of complaints received	20	45	45	45
Total number of disciplinary actions	0	3	3	3

The Executive recommends a lump-sum appropriation to the agency.

OSHA Review Board

FY 2012 FY 2013

Mission:

To be an independent body that adjudicates appeals of administrative law judge decisions regarding citations issued by the Arizona Division of Occupational Safety and Health, a division of the Industrial Commission.

Description:

The review board is an independent body and not directly a part of the Industrial Commission. The board consists of five members appointed by the Governor. One member shall be a representative of management, one member shall be a representative of labor and three members shall be representatives of the general public. The Industrial Commission is responsible for all budgetary actions, including providing administrative support.

Per A.R.S. § 23-423, the review board hears and rules on appeals regarding administrative law judge decisions of contested Occupational Safety and Health inspections. All ADOSH cases start with an informal conference with the Industrial Commission's OSHA division director. If a case is not resolved, the cited employer can request a hearing before an Industrial Commission administrative law judge. If either the director of OSHA or the cited employer disagrees with the outcome of that ruling, that ruling can be appealed before the review board. The decisions of the review board can be appealed to the Court of Appeals.

Other Adjustments

Caseload Increase	15.0	15.0
For FY 2012 and FY 2013, the Executive recommends an appropriation of \$15,000 to support the operations of the Occupational Safety and Health Administration Review Board.		
General Fund	15.0	15.0

The Executive recommends a lump-sum appropriation to the agency.

Agency Summary - Appropriated Funds

<i>Program/ Cost Center</i>	<i>FY 2010 Actual</i>	<i>FY 2011 Approp.</i>	<i>FY 2012 Exec. Rec.</i>	<i>FY 2013 Exec. Rec.</i>
Agency - Approp. Funds	19.2	0.0	15.0	15.0
<i>Category</i>				
FTE	0.0	0.0	0.0	0.0
Personal Services	0.0	0.0	0.0	0.0
ERE Amount	0.0	0.0	0.0	0.0
Prof. And Outside Services	19.2	0.0	15.0	15.0
Travel - In State	0.0	0.0	0.0	0.0
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	19.2	0.0	15.0	15.0
<i>Appropriated Fund</i>				
General Fund	19.2	0.0	15.0	15.0
Agency - Approp. Funds	19.2	0.0	15.0	15.0

Executive Appropriation Recommendations

Arizona Board of Osteopathic Examiners

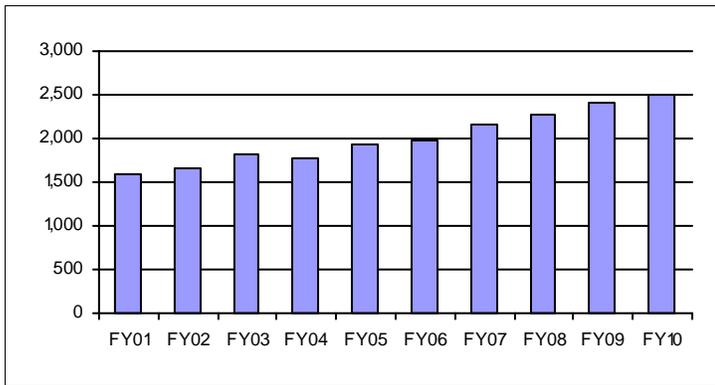
Mission:

To protect the public health and safety of people in the State of Arizona through the regulation of physicians licensed to practice osteopathic medicine and surgery in the State.

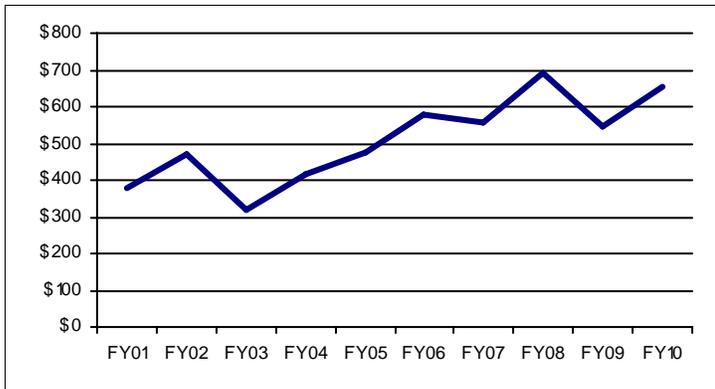
Description:

The Board of Osteopathic Examiners licenses and regulates osteopathic physicians in the State of Arizona. There are approximately 2,400 licensed osteopathic doctors in Arizona. The Board is comprised of five doctors and two members of the public, who are appointed by the Governor to five-year terms. The Board is responsible for the licensure and regulation of osteopathic physicians and residents, the enforcement of standards of practice, and the review and adjudication of complaints.

Number of Licensees



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	658.3	702.7	709.7	709.7
Agency - Approp. Funds	658.3	702.7	709.7	709.7
Category				
FTE	6.7	6.7	6.7	6.7
Personal Services	337.4	337.7	337.7	337.7
ERE Amount	103.8	112.6	112.6	112.6
Prof. And Outside Services	52.7	92.0	99.5	99.5
Travel - In State	0.0	1.0	1.0	1.0
Travel - Out of State	1.5	3.0	3.0	3.0
Aid to Others	0.0	0.0	0.0	0.0

Other Operating Expenses	105.7	119.6	119.1	119.1
Equipment	55.0	36.8	36.8	36.8
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	2.2	0.0	0.0	0.0
Agency - Approp. Funds	658.3	702.7	709.7	709.7
Appropriated Fund				
Osteopathic Examiners Board	658.3	702.7	709.7	709.7
Agency - Approp. Funds	658.3	702.7	709.7	709.7

Recent Appropriation Activity/Perspective

The Board receives all of its funding from the Osteopathic Examiners Board Fund, from which the Board was appropriated \$655,900 in FY 2007. The appropriation for FY 2008 increased to \$692,100 due to increases for compliance personnel, IT improvements and other standard adjustments. In FY 2008 and FY 2009, the Fund transferred, respectively, \$250,000 and \$541,100 to the General Fund.

The Board's appropriation increased slightly in FY 2009, to \$698,700, and in FY 2010, to \$702,000. The Board's appropriation in FY 2011 is \$702,700, as a result of an increase of \$13,500 for OAH hearings and a decrease of \$12,800 for statewide adjustments.

Executive Appropriation Recommendations

FY 2012 FY 2013

Baseline Adjustments

Risk Standard Adjustment	(0.5)	(0.5)
Osteopathic Examiners Board Fund	(0.5)	(0.5)

Other Adjustments

Hearings at the Office of Administrative Hearings	7.5	7.5
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The Executive recommends an increase of \$7,500 from the Osteopathic Examiners Board Fund in FY 2012 and FY 2013. The request will fund approximately three days of hearings for cases the Board sends to the Office of Administrative Hearings. Such proceedings include license revocation hearings, appeals from denial of a license, and other complex cases that can be most quickly and efficiently handled by OAH.

Osteopathic Examiners Board Fund	7.5	7.5
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Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected	FY 2013 Expected
Administration as percent of total cost	16	20	20	20
Customer satisfaction rating (1-8)	7.1	7.0	7.0	7.0
Average days to issue new license	68	70	70	70
Number of new and existing licenses	2426	2,500	2600	2700
Complaints investigated	158	165	165	165
Average calendar days to resolve a	378	360	360	360

Performance Measures

FY 2010	FY 2011	FY 2012	FY 2013
Actual	Expected	<u>Expected</u>	Expected

complaint

The Executive recommends a lump-sum appropriation to the agency.

Parents Commission on Drug Education & Prevention

The Executive does not make specific recommendations for this agency because all of the funding sources are not subject to annual legislative appropriation.

Mission:

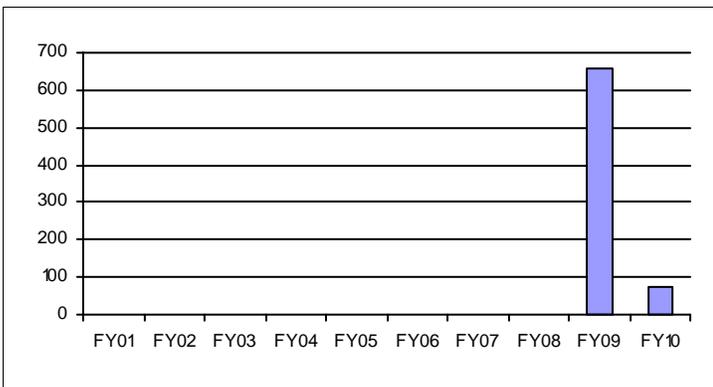
To fund programs that increase and enhance parental involvement, and increase education about the serious risks and public health problems caused by the abuse of alcohol and controlled substances.

Description:

The Arizona Parents Commission on Drug Education and Prevention, also known as the Parents Commission, was created by voter initiative in 1996 and established by A.R.S. §41-1604.17. The Parents Commission is comprised of nine members appointed to the Commission by the Governor to serve two-year terms. Membership consists of five parents of children currently enrolled in Arizona schools and one representative each from the education, county probation, prevention and treatment, and law enforcement professions.

The Arizona Parents Commission on Drug Education and Prevention receives fifty percent of the monies deposited in the Drug Treatment and Education Fund to provide funding for programs that will increase and enhance parental involvement and will increase education about the serious risks and public health problems caused by the abuse of alcohol and controlled substances. The Drug Treatment and Education Fund, established by A.R.S. §13-901.02, receives seven percent of tax revenue collected on spirituous liquors and eighteen percent of tax revenue collected on vinous and malt liquor.

Number of Public Awareness Events Sponsored



Agency Summary - Appropriated Funds

Non-Appropriated Funds

	<i>FY 2010 Actual</i>	<i>FY 2011 Expend. Plan</i>	<i>FY 2012 Exec. Rec.</i>	<i>FY 2013 Exec. Rec.</i>
Drug Treatment and Education Fund	899.3	6,799.0	3,629.9	3,629.9
Agency - Nonapp. Funds	899.3	6,799.0	3,629.9	3,629.9
Agency Total - All Funds	899.3	6,799.0	3,629.9	3,629.9

State Parks Board

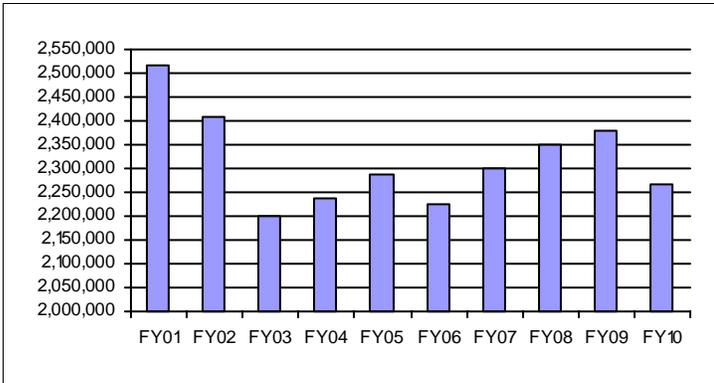
Mission:

To manage and conserve Arizona's natural, cultural, and recreational resources for the benefit of the people, both in our parks and through our partners.

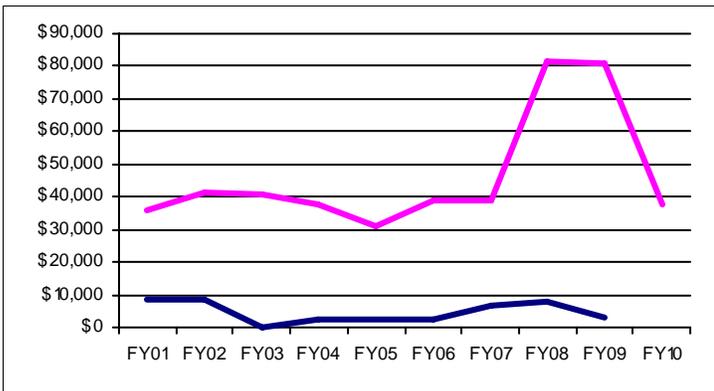
Description:

The State Parks Board develops and manages 27 State parks and natural areas that have traditionally experienced over two million visitors per year. The Department also administers local grant programs and operates the State Historic Preservation Office.

Total Visitation



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Park Development and Operation	7,016.0	8,606.1	12,046.7	12,046.7
Partnerships and Grants	20,000.0	20,500.0	500.0	500.0
Administration	437.0	0.0	0.0	0.0
Agency - Approp. Funds	27,453.0	29,106.1	12,546.7	12,546.7

Category	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
FTE	303.3	139.0	139.0	139.0
Personal Services	4,191.2	5,147.2	5,147.2	5,147.2
ERE Amount	2,006.3	2,368.6	2,368.6	2,368.6
Prof. And Outside Services	1.0	100.0	100.0	100.0
Travel - In State	1.5	1.3	1.3	1.3
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	500.0	500.0	500.0
Other Operating Expenses	1,234.8	948.3	4,388.9	4,388.9

Equipment	12.6	40.7	40.7	40.7
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	20,005.5	20,000.0	0.0	0.0
Agency - Approp. Funds	27,453.0	29,106.1	12,546.7	12,546.7

Appropriated Fund

General Fund	20,000.0	20,000.0	0.0	0.0
Reservation Surcharge Revolving Fund	340.1	206.4	340.0	340.0
Boating Safety Fund	0.0	1,092.7	2,206.7	2,206.7
State Parks Enhancement	7,112.9	7,807.0	10,000.0	10,000.0
Agency - Approp. Funds	27,453.0	29,106.1	12,546.7	12,546.7

The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI Growing Smarter	20,000.0	20,000.0	0.0	0.0
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Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Arizona Trail Fund	25.8	0.0	0.0	0.0
AZ Parks Board Heritage Fund	9,158.9	5,647.9	0.0	0.0
Federal Grant	3,630.5	5,309.6	5,309.6	5,309.6
Land Conservation Fund	12,388.9	69,348.6	0.0	0.2
Off-Highway Vehicle Recreation Fund	1,089.6	2,740.0	2,444.5	2,444.5
Partnership Fund	176.7	716.7	716.7	716.7
Publications and Souvenir Revolving	442.9	289.8	289.8	289.8
State Lake Improvement	4,949.4	5,944.7	6,131.0	5,798.5
State Parks Donations	97.3	350.0	50.0	50.0
State Parks Enhancement	24.8	0.0	0.0	0.0
Agency - Nonapp. Funds	31,984.7	90,347.3	14,941.6	14,609.3
Agency Total - All Funds	59,437.7	119,453.4	27,488.3	27,156.0

Federal Funds Expenditures - as reported by Agency

	FY 2010 Actual	FY 2011 Exp. Plan	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	3,631.8	3,308.9	955.3	896.5

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

Recent Appropriation Activity/Perspective

The State Parks' appropriated operations budget decreased by (47%) from FY 2007 to FY 2011. As a result, two-thirds of all parks in the system are closed or subject to closure. Nearly all the agency's staff members responsible for issuing grants have been let go.

Board staff has responded by exploring new operational strategies, as well as reaching out to form partnerships with local communities.

Additional reductions to the State Parks' appropriation will increase the chance that more parks will be closed on an indefinite basis. Closures in the immediate term represent a public safety

risk for local communities. Affected municipalities, however, would have fewer resources to address this risk, as closure of the parks likely would have a negative impact on the very local revenue streams that support services in those areas.

The Executive recommends a lump-sum appropriation to the agency with special line items.

Executive Appropriation Recommendations

	<u>FY 2012</u>	<u>FY 2013</u>
Baseline Adjustments		
Increase to Enhancement Fund Appropriation	2,193.0	2,193.0
The Executive recommends an increase of \$2.2 million from the State Parks Enhancement Fund to reflect higher revenues.		
State Parks Enhancement Fund	2,193.0	2,193.0
Conclusion of Growing Smarter Program		
	(20,000.0)	(20,000.0)
The Executive recommends a (\$20 million) reduction in the Board's General Fund appropriation to coincide with the expiration of the Growing Smarter Program.		
General Fund	(20,000.0)	(20,000.0)
Continuation of LEBSF for Agency Operations		
	1,114.0	1,114.0
The Executive recommends an increase of \$1.1 million from the Law Enforcement Boating Safety Fund for the operation of State parks.		
Boating Safety Fund	1,114.0	1,114.0
Solutions to Budget		
Consolidation of Kartchner Caverns State Park Line	0.0	0.0
The Executive recommends a shift of the \$2.2 million special line appropriation for Kartchner State Caverns to be included in the Board's lump sum appropriation.		
RSF Clarification of Ending Cash Balances		
	133.6	133.6
The Executive recommends a \$133,600 increase in the appropriation of the Reservation Surcharge Fund to make agency operations more fungible.		
Reservation Surcharge Revolving Fund	133.6	133.6

Performance Measures

	FY 2010	FY 2011	FY 2012	FY 2013
	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>	<u>Expected</u>
Percentage of employee turnover	36	15	15	15
Annual park attendance (in thousands)	2,212	2,200	2,200	2,100
➤ <i>Revised Annual Attendance Forecast</i>				
Percent of park visitors that are satisfied	95	95	95	95
Number of new acres of open space and parkland space purchased by State Parks or facilitated through its grant programs	0.0	0.0	0.0	0.0
Average cost per state park visitor (in dollars)	.15	.25	.25	.25

Personnel Board

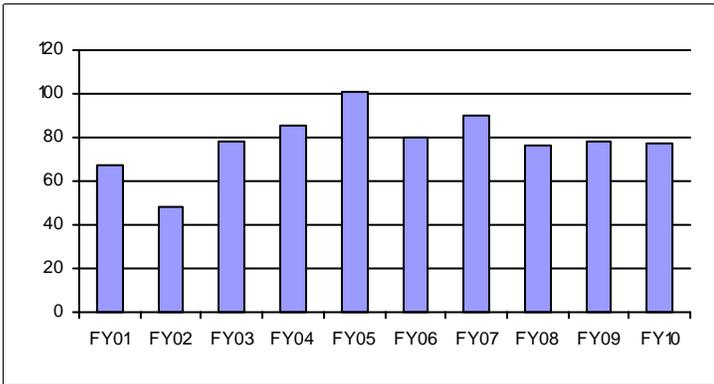
Mission:

To provide an efficient and impartial hearing process while carrying out the Board's statutory mandate to hear and review disciplinary appeals and whistleblower complaints filed by state employees, former state employees, and other individuals referenced in statute.

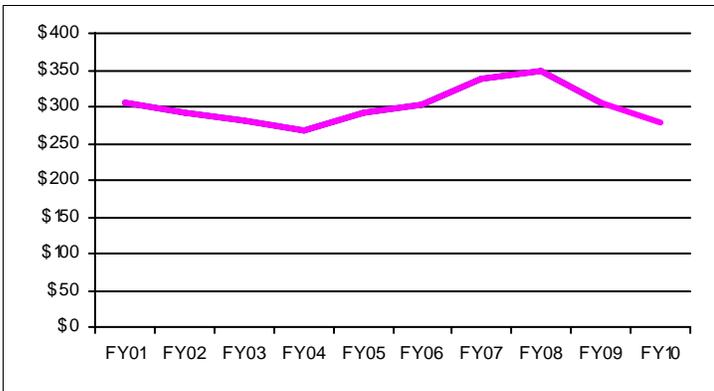
Description:

The Personnel Board is responsible for hearing and reviewing, via an administrative hearing process, appeals filed by state employees who have been dismissed from state service, suspended for more than 40 working hours, or demoted resulting from disciplinary action. The Board also hears and reviews complaints filed under the whistleblower statute. Under the direction of the presiding hearing officer, the proceedings are conducted on an informal basis through the taking of direct testimony, the cross examination of witnesses, and the admission of evidence. A record of the proceedings is taken and made available, upon request, to hearing officers, board members, and parties to the appeal. The hearing officer determines the facts based on the evidence presented and makes a recommendation regarding discipline to the Board. Board members are subsequently provided with case information so they may determine proper discipline.

Number of Appeals/Complaints Filed



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Personnel Board	278.7	373.2	372.9	372.9

Appeals/Complaints	278.7	373.2	372.9	372.9
Agency - Approp. Funds	278.7	373.2	372.9	372.9
<i>Category</i>				
FTE	3.0	3.0	3.0	3.0
Personal Services	103.0	99.1	99.1	99.1
ERE Amount	27.1	44.3	44.3	44.3
Prof. And Outside Services	104.4	186.4	186.4	186.4
Travel - In State	1.0	2.4	2.4	2.4
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	41.1	40.8	40.5	40.5
Equipment	2.1	0.2	0.2	0.2
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	278.7	373.2	372.9	372.9
<i>Appropriated Fund</i>				
Personnel Division Fund	278.7	373.2	372.9	372.9
Agency - Approp. Funds	278.7	373.2	372.9	372.9

Recent Appropriation Activity/Perspective

Due to budget reductions and delayed funding, the Board had to rely on volunteer hearing officers for 10 months of calendar year 2010. Consequently, the average number of days to address an appeal or complaint increased from 113 in FY 2008 to 214 in FY 2010.

The new personnel pro rata charge of .03% went into full effect in November 2010, and an appropriation increase of \$48,500 for FY 2011 restored the Board's ability to use contract hearing officers year-round.

Executive Appropriation Recommendations

FY 2012 FY 2013

Baseline Adjustments

Risk Standard Adjustment	(0.3)	(0.3)
Personnel Division Fund	(0.3)	(0.3)

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected	FY 2013 Expected
Number of appeals/complaints filed	77	85	85	85
Average days from receipt of an appeal/complaint until the Board issues a final order	214	115	115	115
Average cost of an appeal/complaint (dollars)	820	1,300	1,300	1,300
Percent of customers rating overall hearing process as good to excellent	100	100	100	100

The Executive recommends a lump-sum appropriation to the agency.

Office of Pest Management

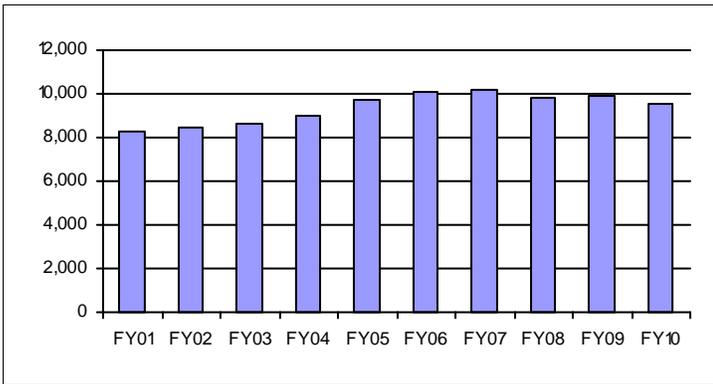
Mission:

To advocate and promote, through education, training and enforcement, the safe application of pest control technologies, which will result in the maximization of the health and safety of the residents of Arizona, and the protection of their property and the environment.

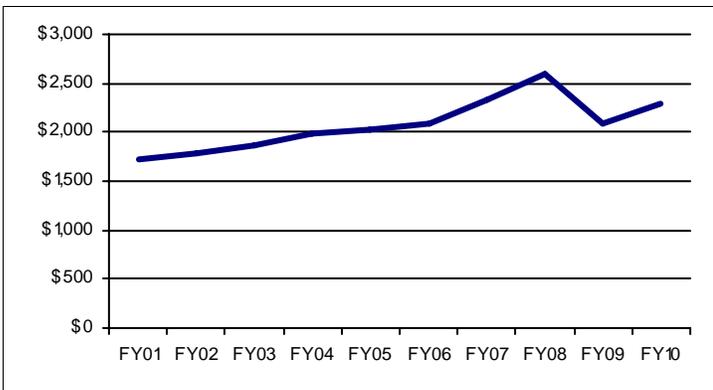
Description:

The Office of Pest Management (OPM) licenses and regulates pest control companies, qualifying parties, and applicators; provides education and training to applicants and licensees; and provides education and information to the public regarding pest control activities in non-agricultural settings.

Number of Licenses Issued



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	2,014.6	2,268.9	2,253.7	2,253.7
Agency - Approp. Funds	2,014.6	2,268.9	2,253.7	2,253.7
<i>Category</i>				
FTE	40.0	40.0	40.0	40.0
Personal Services	1,167.5	1,389.3	1,389.3	1,389.3
ERE Amount	504.2	504.2	504.2	504.2
Prof. And Outside Services	99.3	109.4	109.4	109.4
Travel - In State	62.3	62.2	62.2	62.2
Travel - Out of State	0.2	5.3	5.3	5.3
Food	4.9	19.6	19.6	19.6
Aid to Others	0.0	0.0	0.0	0.0

Other Operating Expenses	166.7	123.4	108.2	108.2
Equipment	6.0	47.5	47.5	47.5
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	3.5	8.0	8.0	8.0
Agency - Approp. Funds	2,014.6	2,268.9	2,253.7	2,253.7

Appropriated Fund

Structural Pest Control	2,014.6	2,268.9	2,253.7	2,253.7
Agency - Approp. Funds	2,014.6	2,268.9	2,253.7	2,253.7

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Federal Grant	122.1	114.3	114.3	109.9
Service Fees Increase Fund	147.8	273.8	0.0	0.0
Agency - Nonapp. Funds	269.9	388.1	114.3	109.9
Agency Total - All Funds	2,284.5	2,657.0	2,368.0	2,363.6

Federal Funds Expenditures - as reported by Agency

	FY 2010 Actual	FY 2011 Exp. Plan	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	122.1	114.3	109.5	109.5

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

Recent Appropriation Activity/Perspective

In FY 2007 the Commission was appropriated \$2.3 million.

The FY 2008 appropriation grew to \$2.9 million, to fund an overhaul of the agency that included the addition of its Northern Arizona Office, accounting staff, an attorney, and information technology and consulting funding, as well as equipment upgrades.

Elimination of one-time funding, statewide adjustments, and additional monies for legal and accounting services dropped the FY 2009 baseline to \$2.8 million. The Commission began having cash-flow problems after a \$554,900 fund transfer, and its expenditures fell below its appropriation by 15%.

An appropriation adjustment of \$130,300 was made in FY 2010 to account for falling revenues, creating an appropriation level of \$2.7 million. The agency is expected to expend 15% below appropriation again in FY 2010.

The Commission's FY 2011 appropriation was reduced to \$2.3 million to more accurately align expenditures with revenue. Additional fee authority of \$525,000 was provided as session law in the budget bills to generate enough revenue for operation.

Executive Appropriation Recommendations

FY 2012 FY 2013

Baseline Adjustments

	<u>FY 2012</u>	<u>FY 2013</u>
Rent Standard Adjustment	(6.1)	(6.1)
Structural Pest Control Fund	(6.1)	(6.1)
<hr/>		
Risk Standard Adjustment	(9.1)	(9.1)
Structural Pest Control Fund	(9.1)	(9.1)
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Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>	<u>Expected</u>
Total inspections conducted (use and non-use).	4,008	3,800	3,800	3,800
Average calendar days from receipt of completed application to ruling on application for Applicator testing.	3	15	15	15
Total of all licenses issued.	9,745	9,500	9,500	9,500
Total consumer and agency generated complaints.	128	100	100	100
Average calendar days from receipt of complaint to resolution	180	190	190	190

The Executive recommends a lump-sum appropriation to the agency.

Arizona State Board of Pharmacy

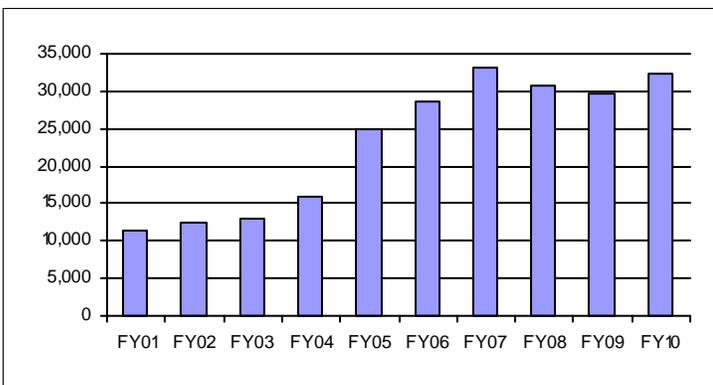
Mission:

To protect the health, safety and welfare of the citizens of Arizona by regulating the practice of pharmacy and the distribution, sale and storage of prescription medications and devices and non-prescription medications.

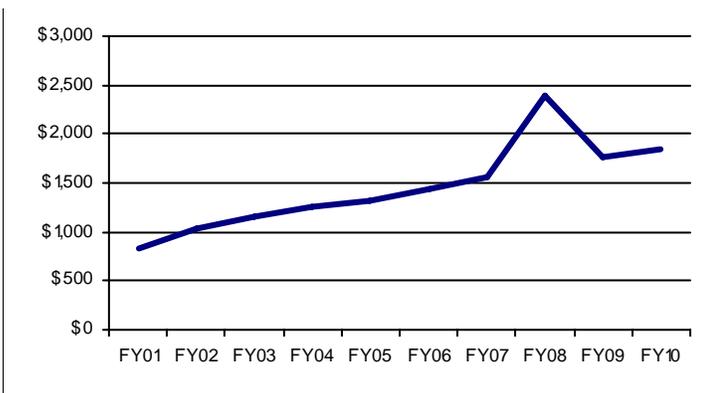
Description:

The Board of Pharmacy has four primary functions. The first is to issue licenses to pharmacists, pharmacy interns and pharmacy technicians. Additionally, it is responsible for issuing permits to pharmacies, manufacturers, wholesalers and distributors. The Board also conducts compliance inspections of permitted facilities, and investigates complaints and adjudicates violations of applicable state and federal laws and rules. Lastly, the agency promulgates and reviews state rules and regulations in regard to the industry.

Number of Licensees



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	1,787.7	1,949.0	1,950.4	1,950.4
Agency - Approp. Funds	1,787.7	1,949.0	1,950.4	1,950.4
<i>Category</i>				
FTE	14.0	15.0	15.0	15.0
Personal Services	872.9	1,103.0	1,103.0	1,103.0
ERE Amount	277.6	365.8	365.8	365.8
Prof. And Outside Services	101.4	171.4	171.4	171.4
Travel - In State	37.2	50.0	50.0	50.0

Travel - Out of State	0.4	1.0	1.0	1.0
Aid to Others	92.6	0.0	0.0	0.0
Other Operating Expenses	265.6	257.8	259.2	259.2
Equipment	0.0	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	140.0	0.0	0.0	0.0
Agency - Approp. Funds	1,787.7	1,949.0	1,950.4	1,950.4

Appropriated Fund

Pharmacy Board	1,787.7	1,949.0	1,950.4	1,950.4
Agency - Approp. Funds	1,787.7	1,949.0	1,950.4	1,950.4

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Controlled Substance Prescription Monitoring Program	140.0	370.0	300.0	300.0
Federal Grant	4.3	1.5	1.5	1.5
Agency - Nonapp. Funds	144.3	371.5	301.5	301.5

Agency Total - All Funds	1,932.0	2,320.5	2,251.9	2,251.9
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Recent Appropriation Activity/Perspective

The Board's FY 2007 appropriation was \$1.6 million, increasing to \$2.5 million in FY 2008 due to increases for a Compliance Officer Position, salary increases, a substance abuse program, and the University of Arizona School of Pharmacy, and for an intergovernmental agreement with the Attorney General's Office. During FY 2008, the Board also had \$2.5 million transferred from the Pharmacy Board Fund.

The Board's appropriation decreased to \$1.9 million in FY 2009. The Board also transferred \$549,700 from the Board of Pharmacy Fund to the General Fund.

In FY 2010, the Board's appropriation was \$1.9 million, which increased by \$17,600 in FY 2011. The changes from last year are as follows.

Executive Appropriation Recommendations

FY 2012 FY 2013

Baseline Adjustments

Risk Standard Adjustment	1.4	1.4
Pharmacy Board Fund	1.4	1.4

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected	FY 2013 Expected
Total number of inspections conducted	1871	2100	2100	2100

The Executive recommends a modified lump-sum appropriation to the agency.

Board of Physical Therapy Examiners

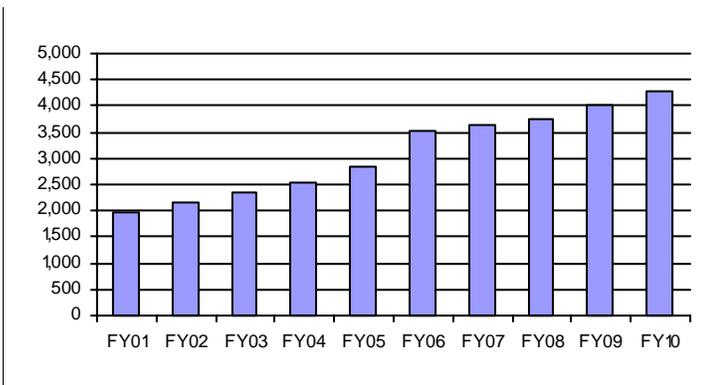
Mission:

To process applications for licensure as a physical therapist and certification as a physical therapist assistant, and to enforce the statutory provisions of the Arizona Physical Therapy Practice Act for purposes of protecting the health, safety and welfare of the public from the incompetent, unethical and/or illegal practice of physical therapy.

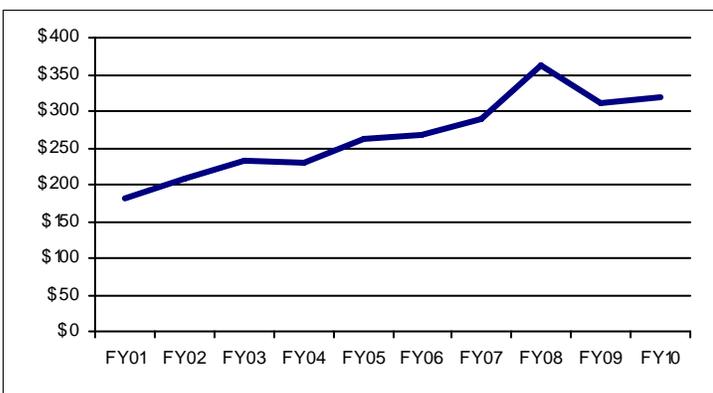
Description:

The State Board of Physical Therapy licenses qualified physical therapists and certifies qualified physical therapist assistants, investigates and adjudicates complaints, assesses continuing competence, and enforces the standards of practice for the physical therapy profession. The Board regulates approximately 4,100 professionals licensed and certified to practice in the State. In addition, as of September 2011, the Board will regulate business entities that provide physical therapy services. The Board serves all citizens of and visitors to the state who receive physical therapy care by an Arizona licensed physical therapist or a certified physical therapist assistant.

Number of Renewed Licenses



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	321.1	355.9	364.3	364.3
Agency - Approp. Funds	321.1	355.9	364.3	364.3

Category

FTE	3.8	3.8	3.8	3.8
Personal Services	158.1	157.5	157.5	157.5
ERE Amount	63.3	70.0	70.0	70.0
Prof. And Outside Services	35.7	53.6	56.6	56.6
Travel - In State	3.7	7.1	7.1	7.1
Travel - Out of State	0.0	0.9	0.9	0.9
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	41.3	56.7	58.4	58.4
Equipment	17.8	4.7	3.4	3.4
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	1.2	5.4	10.4	10.4

Agency - Approp. Funds	321.1	355.9	364.3	364.3
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Appropriated Fund

Physical Therapy Fund	321.1	355.9	364.3	364.3
Agency - Approp. Funds	321.1	355.9	364.3	364.3

Recent Appropriation Activity/Perspective

From FY 2007 to FY 2011, the Board's appropriation increased by 21.2%, from \$293,700 to \$355,900. The increased spending authority is primarily for higher regulatory costs, health insurance, and other fixed costs. In addition, during that period, the Board has transferred \$100,000 to the General Fund. The transfers have not adversely impacted the operations of the agency with the possible exception of minor cash-flow issues.

Executive Appropriation Recommendations

FY 2012 FY 2013

Baseline Adjustments

Risk Standard Adjustment	(0.1)	(0.1)
Physical Therapy Fund	(0.1)	(0.1)

Other Adjustments

Investigative Costs	8.0	8.0
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The Executive recommends \$8,000 from the Physical Therapy Fund for consultant investigators to manage the workload associated with a growing volume of complaints and for Office of Administrative Hearings costs incurred when a complaint results in an appeal.

Physical Therapy Fund	8.0	8.0
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Information Technology Improvements	0.5	0.5
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The Executive recommends \$500 from the Physical Therapy Fund for increased website and data back-up capacity, to reduce staff time in answering phone calls from licensees and the public, to reduce future increases in storage costs, to improve data reliability, and to create a system that is more responsive to records requests.

Physical Therapy Fund	0.5	0.5
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Performance Measures

	FY 2010 <u>Actual</u>	FY 2011 <u>Expected</u>	FY 2012 <u>Expected</u>	FY 2013 <u>Expected</u>
Total number of complaints received	45	70	60	70
➤ <i>Total number of complaints received.</i>				
Number of new licenses or certificates issued	402	310	330	330
➤ <i>Number of new licenses and certificates issued</i>				
Number of licenses/certificates renewed	20	3,700	0	3,800
➤ <i>FY 2012 estimate reflects renewals processed during a non-renewal year. Renewals will begin in late June early August of 2010.</i>				

The Executive recommends a lump-sum appropriation to the agency.

Arizona Pioneers' Home

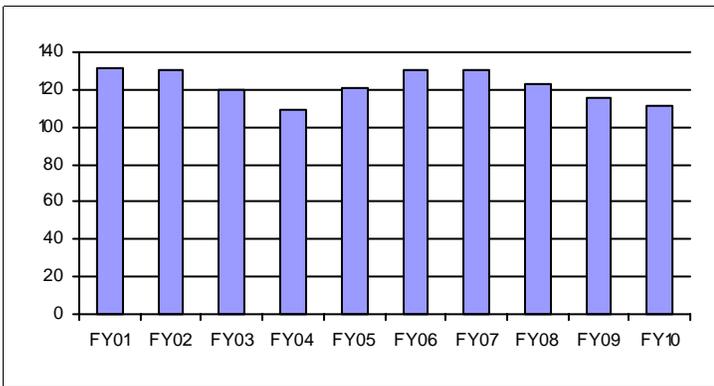
Mission:

To provide a home for Arizona pioneers and disabled miners that delivers the optimal physical, emotional, and spiritual care in a homelike and compassionate environment. Quality of care is provided in a professional manner, protecting dignity and honoring the personal directives of each resident in life as well as death while considering the uniqueness of each individual.

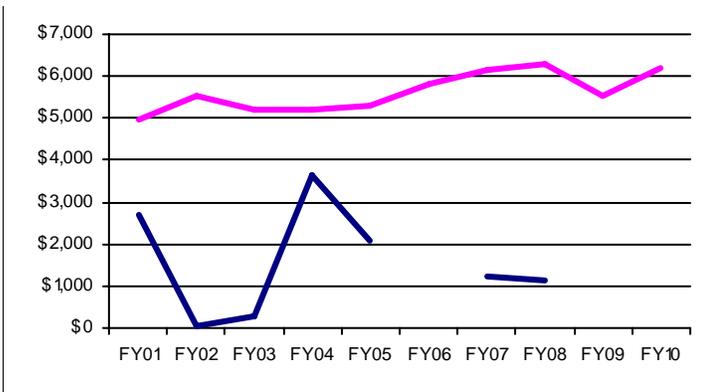
Description:

The Arizona Pioneers' Home was established in 1909 by the Territorial government of Arizona as a home for the aged and infirm to repay the faithful and longtime Arizona residents who helped pioneer and build the state. It opened its doors in 1911. In 1929, the scope of the home was broadened to also be Arizona's hospital for disabled miners. The Arizona Pioneers' Home is a continuing care retirement home presently serving 108 Arizona pioneers and disabled miners. The Pioneers' Home employees provide direct nursing care, food service, activities, social services, housekeeping, laundry, maintenance, business and administrative services and support to the residents, and strive to meet state and federal nursing facility standards through modeling best practices. The Home is surveyed each year by the Arizona Department of Health Service's Office of Long Term Care.

Average number of residents



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Arizona Pioneers' Home	6,160.3	6,177.4	6,140.0	6,140.0

Agency - Approp. Funds	6,160.3	6,177.4	6,140.0	6,140.0
<i>Category</i>				
FTE	115.8	115.8	115.8	115.8
Personal Services	3,391.1	3,349.2	3,334.8	3,334.8
ERE Amount	1,714.3	1,714.3	1,721.9	1,721.9
Prof. And Outside Services	113.9	91.8	98.6	98.6
Travel - In State	23.0	23.0	23.0	23.0
Travel - Out of State	0.0	0.0	0.0	0.0
Food	180.5	182.8	182.8	182.8
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	722.9	800.0	762.6	762.6
Equipment	14.6	16.3	16.3	16.3
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	6,160.3	6,177.4	6,140.0	6,140.0
<i>Appropriated Fund</i>				
General Fund	0.0	1,570.9	4,125.8	3,152.8
Pioneers' Home State Charitable Earnings	3,541.1	2,051.6	2,014.2	1,170.4
Pioneers' Home Miners' Hospital	2,619.2	2,554.9	0.0	1,816.8
Agency - Approp. Funds	6,160.3	6,177.4	6,140.0	6,140.0

The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI Prescription Drugs	182.5	240.0	240.0	240.0
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Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Pioneers' Home Cemetery Proceeds	21.2	21.2	21.2	21.2
Agency - Nonapp. Funds	21.2	21.2	21.2	21.2
Agency Total - All Funds	6,181.5	6,198.6	6,161.2	6,161.2

Recent Appropriation Activity/Perspective

In FY 2007, the Pioneers' Home had a General Fund appropriation of \$1.3 million and a total appropriation of \$6.4 million. Since then, the Home's General Fund appropriation has grown by 23%. Overall, operations at the Pioneers' Home have been generally unaffected by the State's budget crisis.

In FY 2009, the Home's General Fund appropriation was eliminated and replaced by increases in appropriation from the State Charitable Land Trust Fund and the Miners' Hospital Fund. However, as revenues to both of these funds have been insufficient to totally support the Pioneers' Home, the Home required a General Fund appropriation in FY 2011.

Executive Appropriation Recommendations

FY 2012 FY 2013

Baseline Adjustments

	<u>FY 2012</u>	<u>FY 2013</u>
Risk Standard Adjustment	(37.4)	(37.4)
Pioneers' Home State Charitable Earnings Fund	(37.4)	(37.4)

Other Adjustments

Operating funds for Pioneers' Home	0.0	0.0
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The Executive recommends increasing the Pioneers' Fund General Fund appropriation by \$2.5 million in FY 2012 and by \$1.6 million in FY 2013. The Executive also recommends reducing the agency's appropriation from the State Charitable Earnings Fund by (\$843,800) in FY 2013 and reducing the appropriation from the Miners' Hospital Fund by (\$2.5 million) in FY 2012 and by (\$738,100) in FY 2013.

Historically, the Pioneers' Home has relied heavily on the Miners' Hospital Fund and State Charitable Earnings Fund for operations. In FY 2012 and FY 2013, both funds are expected to receive reduced revenues, and both fund balances are expected to be insufficient to wholly support operations at the Pioneers' Home without additional General Fund appropriation.

General Fund	2,554.9	1,581.9
Pioneers' Home State Charitable Earnings Fund	0.0	(843.8)
Pioneers' Home Miners' Hospital Fund	(2,554.9)	(738.1)

Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>	<u>Expected</u>
Residents rating of good or excellent (percent)	97	97	98	98
Average census	111	108	105	102
Number of citations from inspections	10	8	6	4
Monthly cost per resident (in dollars)	4585	4,500	4,500	4,500

The Executive recommends a modified lump-sum appropriation to the agency with special line items.

State Board of Podiatry Examiners

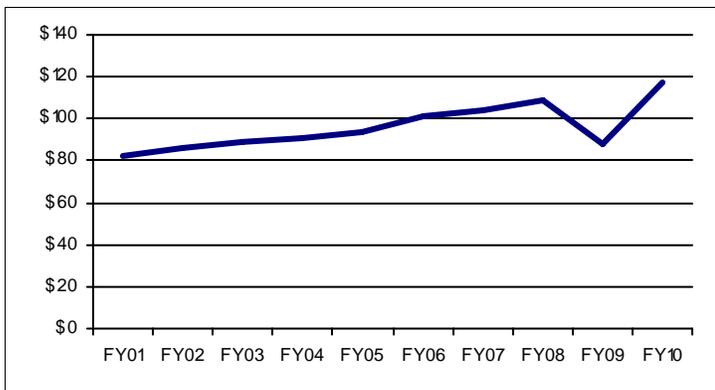
Mission:

To protect the health, safety, and welfare of the public by regulating and maintaining standards of practice in the field of podiatric medicine.

Description:

The Board licenses and regulates doctors of podiatric medicine, who specialize in the diagnosis and treatment of the foot, ankle, and lower leg. The Board evaluates the professional competency of podiatrists seeking to be licensed in the State of Arizona. Further, the Board promotes continued competency and fitness by investigating complaints made against practitioners, holding hearings, monitoring the activities of its licensees, and enforcing the standards of practice for the podiatric profession as set forth by law.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	117.6	142.4	142.1	142.1
Agency - Approp. Funds	117.6	142.4	142.1	142.1
<i>Category</i>				
FTE	1.0	1.0	1.0	1.0
Personal Services	64.3	65.5	65.5	65.5
ERE Amount	18.6	19.0	19.0	19.0
Prof. And Outside Services	20.8	35.1	35.1	35.1
Travel - In State	0.7	0.7	0.7	0.7
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	12.7	19.7	19.4	19.4
Equipment	0.2	2.4	2.4	2.4
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.3	0.0	0.0	0.0
Agency - Approp. Funds	117.6	142.4	142.1	142.1
<i>Appropriated Fund</i>				
Podiatry Examiners Board	117.6	142.4	142.1	142.1
Agency - Approp. Funds	117.6	142.4	142.1	142.1

Recent Appropriation Activity/Perspective

From FY 2007 to FY 2011, the Board's appropriation increased by 16.8%, from \$121,900 to \$142,400. The increased spending authority is primarily for increased health insurance and other fixed costs.

Executive Appropriation Recommendations

	FY 2012	FY 2013
Baseline Adjustments		
Risk Standard Adjustment	(0.3)	(0.3)
Podiatry Examiners Board Fund	(0.3)	(0.3)

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected	FY 2013 Expected
Number of complaints received	40	50	50	50
Number of investigations concluded	23	60	40	40
Number of licensees	382	380	380	385

The Executive recommends a lump-sum appropriation to the agency.

Commission for Postsecondary Education

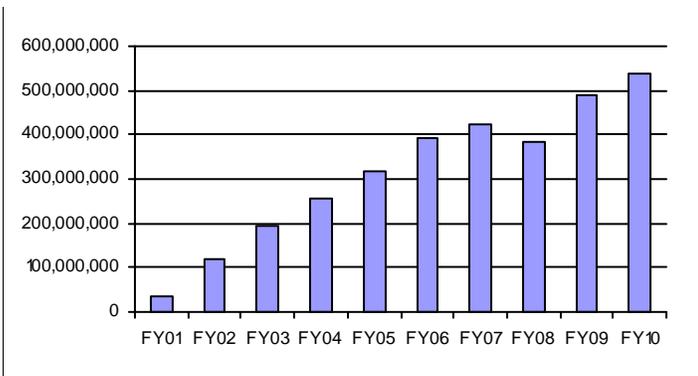
Mission:

To expand access and increase success in postsecondary education for Arizona citizens.

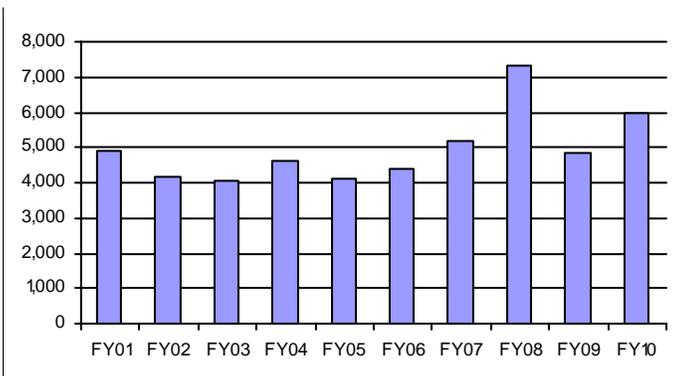
Description:

The Arizona Commission for Postsecondary Education (ACPE), is comprised of 16 Commissioners representing all sectors of postsecondary education including public universities, private universities, proprietary degree-granting institutions, independent colleges, career schools, and public community colleges. The Commission provides a forum for all sectors of higher education to dialogue, partner, and resolve issues of mutual interest. ACPE administers the Arizona Family College Savings Program, and provides information to students and families to plan for, transition into, and succeed in postsecondary education through a variety of educational programs and publications.

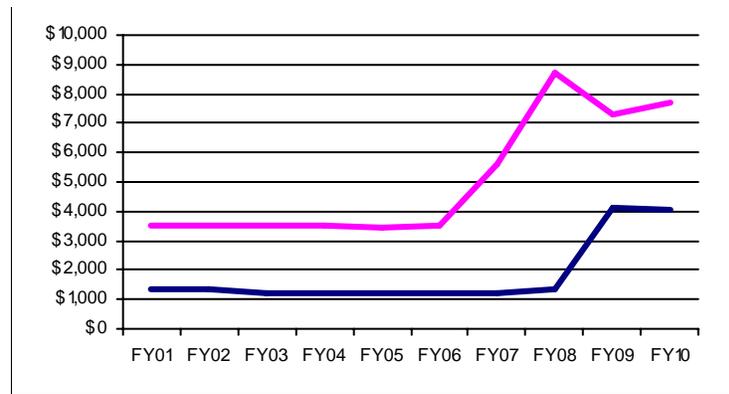
Total Assets Under Management



Total Number of Scholarships, Grants, Loans



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Postsecondary Commission	7,335.9	5,058.3	5,058.0	4,949.0
Agency - Approp. Funds	7,335.9	5,058.3	5,058.0	4,949.0
<i>Category</i>				
FTE	11.0	5.0	5.0	5.0
Personal Services	316.4	294.6	294.6	294.6
ERE Amount	123.4	98.2	98.2	98.2
Prof. And Outside Services	268.2	207.9	207.9	207.9
Travel - In State	0.5	1.5	1.5	1.5
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	6,529.0	4,268.5	4,268.5	4,163.5
Other Operating Expenses	96.4	183.1	182.8	178.8
Equipment	2.0	4.5	4.5	4.5
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	7,335.9	5,058.3	5,058.0	4,949.0
<i>Appropriated Fund</i>				
General Fund	4,041.3	1,220.8	1,220.8	1,220.8
Postsecondary Education Fund	3,294.6	3,837.5	3,837.2	3,728.2
Agency - Approp. Funds	7,335.9	5,058.3	5,058.0	4,949.0

The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI	FY 2010	FY 2011	FY 2012	FY 2013
SLI Family College Savings Program	151.8	149.5	214.9	240.7
SLI Minority Education Policy Analysis Center	97.0	100.0	100.0	100.0
SLI College and Career Guide	13.7	21.2	21.2	21.2
SLI College Goal Sunday (Twelve Plus Partnership)	74.1	130.5	130.5	130.5
SLI PPE Financial Assistance Program (PFAP)	323.8	0.0	0.0	0.0
SLI Leveraging Educational Assistance Partnership (LEAP)	4,046.1	4,264.5	4,264.5	4,159.5
SLI Postsecondary Education Grant Program	2,421.8	0.0	0.0	0.0
SLI Case Managers	74.9	0.0	0.0	0.0

Non-Appropriated Funds

	FY 2010 <i>Actual</i>	FY 2011 <i>Expend. Plan</i>	FY 2012 <i>Exec. Rec.</i>	FY 2013 <i>Exec. Rec.</i>
Early Graduation Scholarship Fund	371.0	350.0	302.3	0.0
Federal Grant	0.0	3,168.2	3,168.2	3,168.2
Postsecondary Education Grant Program	5.2	0.0	0.0	0.0
Agency - Nonapp. Funds	376.2	3,518.2	3,470.5	3,168.2
Agency Total - All Funds	7,712.1	8,576.5	8,528.5	8,117.2

Federal Funds Expenditures - as reported by Agency

	FY 2010 <i>Actual</i>	FY 2011 <i>Exp. Plan</i>	FY 2012 <i>Exp. Plan</i>	FY 2013 <i>Exp. Plan</i>
Agency Total	1,719.9	3,168.2	3,168.2	3,168.2

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

Recent Appropriation Activity/Perspective

From FY 2007 to FY 2011, funding for the Commission for Postsecondary Education from the General Fund was reduced by (81.6%), from \$6.6 million to \$1.2 million, while the Commission's spending authority from the Postsecondary Education Fund increased by 30.9%, from \$2.9 million to \$3.8 million. Overall, the Commission's budget decreased by (47%), from \$9.6 million to \$5.1 million. In addition, the agency has transferred a total of \$6.9 million to the General Fund.

These cuts and transfers have significantly reduced the Commission's ability to provide financial aid to high school students who graduate early, lower-income students, and students attending private postsecondary institutions. The Commission laid off 6 of its 11 staff members, renegotiated its rent, and reduced other operating expenses.

The Commission has been able to replace some of the lost state-provided financial aid through federal grants.

Executive Appropriation Recommendations

	FY 2012	FY 2013
Baseline Adjustments		
Risk Standard Adjustment	(0.3)	(4.3)
Postsecondary Education Fund	(0.3)	(4.3)

Other Adjustments

LEAP - Expenditure Plan Adjustment	0.0	(105.0)
The Executive recommends reducing the Leveraging Educational Assistance Partnership (LEAP) special line item by (\$105,000) in FY 2013 to account for insufficient revenues to the Postsecondary Education Fund. The FY 2012 LEAP appropriation from the Postsecondary Education Fund is greater than the program's projected revenues, and such expenditures would cause the fund to go negative in FY 2013. This issue aligns planned expenditures with planned revenues to the Postsecondary Education Fund.		
Postsecondary Education Fund	0.0	(105.0)

FY 2012 FY 2013

Solutions to Budget

Transferring Spending Authority 0.0 0.0
Revenues for the Family College Savings Program are anticipated to grow beyond the program's spending authority by \$65,400 in FY 2012 and by \$94,200 in FY 2013. Therefore, the Executive recommends that \$65,400 be moved from the Commission's operating lump sum to the Family College Savings special line item for FY 2012 and \$94,200 be moved for FY 2013.

The Arizona Family College Savings Program allows families to save for college using tax-sheltered 529 accounts. Since 2002, the assets under management in the Program have increased by almost 500%. As assets under management increase, 529-provider fees (the source of revenue for the program) increase as well.

In addition, the Executive recommends that a footnote be added to the Commission's budget that allows the Commission to spend 529-plan provider fee revenues if those revenues exceed the appropriation in the Family College Savings special line item.

Performance Measures

	FY 2010 <i>Actual</i>	FY 2011 <i>Expected</i>	FY 2012 <i>Expected</i>	FY 2013 <i>Expected</i>
Number of LEAP student awardees	3,043	3,000	3,000	3,000
Percent of good or excellent service via evaluation surveys	89	90	90	90
Number of Arizona Education Loan Program student borrowers	219,005	220,000	220,000	220,000
Number of Postsecondary Education Financial Assistance Program student awards	161	0	0	0
Number of Arizona Family College Savings Program accounts	55,000	56,000	58,000	60,000
Number of Arizona College & Career Guides distributed	12,000	13,000	0	0
Attendees at College Goal Sunday	3,437	3,200	3,000	3,000

The Executive recommends a lump-sum appropriation by program with special line items.

Power Authority

Mission:

To be an active leader in managing electric resources in a safe and environmentally prudent manner and to provide active representation on behalf of the State of Arizona at federal, state, and local forums on issues that impact the public power community as a whole and issues that specifically involve Arizona and the Authority's power resources.

Description:

The Arizona Power Authority (APA) manages Arizona's allocation of hydroelectric power from the Hoover Dam for the overall benefit of the State. The APA cooperates with federal, state, and non-governmental agencies to address regulatory, environmental, and other matters that impact electric power and water uses of the Colorado river. In addition, the APA serves as an information resource for its customers on topics that impact their electric resources and the utilization of these resources. The Authority may also pursue generation and/or transmission projects that are within the APA's legislative mandate and are in the best interest of the State of Arizona.

Agency Summary - Appropriated Funds

Non-Appropriated Funds

	<i>FY 2010 Actual</i>	<i>FY 2011 Expend. Plan</i>	<i>FY 2012 Exec. Rec.</i>	<i>FY 2013 Exec. Rec.</i>
APA - General Fund	5,650.1	4,180.5	4,180.5	4,180.5
Fund Deposits	31,633.2	33,027.9	33,031.5	33,031.5
Interest Income	21.8	21.8	21.8	21.8
Agency - Nonapp. Funds	37,305.1	37,230.2	37,233.8	37,233.8
Agency Total - All Funds	37,305.1	37,230.2	37,233.8	37,233.8

The Executive does not make specific recommendations for this agency because all of the funding sources are not subject to annual legislative appropriation.

State Board for Private Postsecondary Education

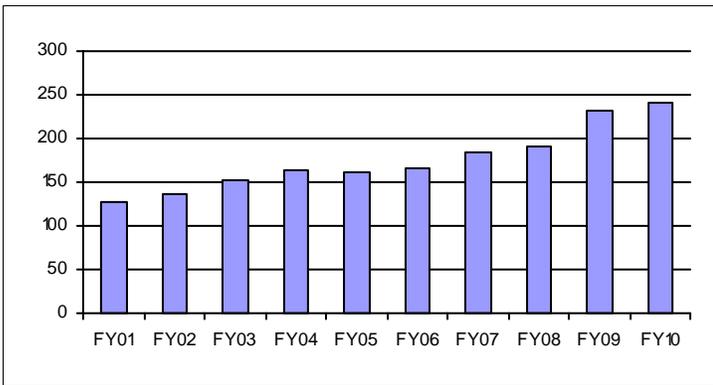
Mission:

To protect the health, safety, and welfare of the public by regulating private postsecondary educational institutions and providing services to their students.

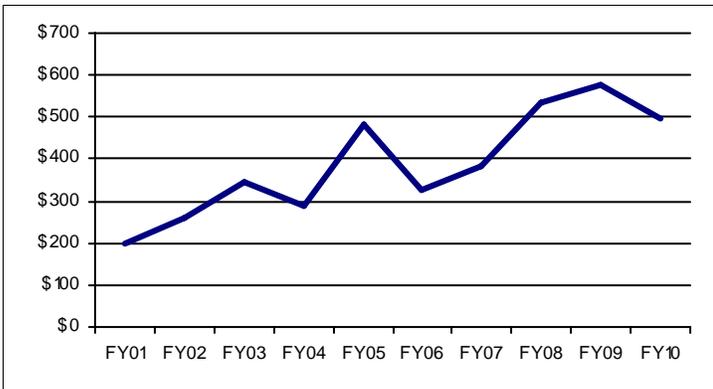
Description:

The Board licenses and regulates 242 private postsecondary educational institutions who serve approximately 590,000 students annually. The Board determines compliance, investigates complaints and violations, and takes disciplinary action. The Board also administers the Student Tuition Recovery Fund, which provides financial restitution to students injured by private postsecondary institutional closures and provides students access to their educational records.

Institutions Licensed



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	334.9	330.5	331.0	331.0
Agency - Approp. Funds	334.9	330.5	331.0	331.0
Category				
FTE	4.0	4.0	4.0	4.0
Personal Services	193.5	181.4	181.4	181.4
ERE Amount	86.8	71.1	71.1	71.1
Prof. And Outside Services	19.2	27.4	27.4	27.4
Travel - In State	0.7	2.0	2.0	2.0
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0

Other Operating Expenses	34.3	42.8	43.3	43.3
Equipment	0.4	5.8	5.8	5.8
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	334.9	330.5	331.0	331.0

Appropriated Fund

Private Postsecondary Education	334.9	330.5	331.0	331.0
Agency - Approp. Funds	334.9	330.5	331.0	331.0

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Student Tuition Recovery	109.5	160.9	160.9	160.9
Agency - Nonapp. Funds	109.5	160.9	160.9	160.9

Agency Total - All Funds	444.4	491.4	491.9	491.9
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Recent Appropriation Activity/Perspective

From FY 2007 to FY 2011, the appropriation for the State Board of Private Postsecondary Education increased by 3.8%, from \$318,400 to \$330,500. The increased spending authority is primarily for higher health insurance and other fixed costs. In addition, during that period, the Board has transferred \$145,900 to the General Fund. The transfers have not adversely impacted the Board's operations, except for minor cash-flow issues.

Executive Appropriation Recommendations

FY 2012 FY 2013

Baseline Adjustments

Risk Standard Adjustment	0.5	0.5
Private Postsecondary Education Fund	0.5	0.5

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected	FY 2013 Expected
Average number of calendar days to pay claims	60	60	60	60
Customer Satisfaction Survey (scale of 1-8)	8.	7.9	7.9	7.9
Number of non-student complaints investigated	9	20	20	20
Total number of institutions licensed	242	242	242	242
Total number of renewal licenses approved	230	230	230	230
Number of annual inspections conducted	22	20	20	20
Number of students enrolled	593,926	600,000	610,000	620,000
Number of annual student complaints investigated	12	20	20	20

The Executive recommends a lump-sum appropriation to the agency.

State Board of Psychologist Examiners

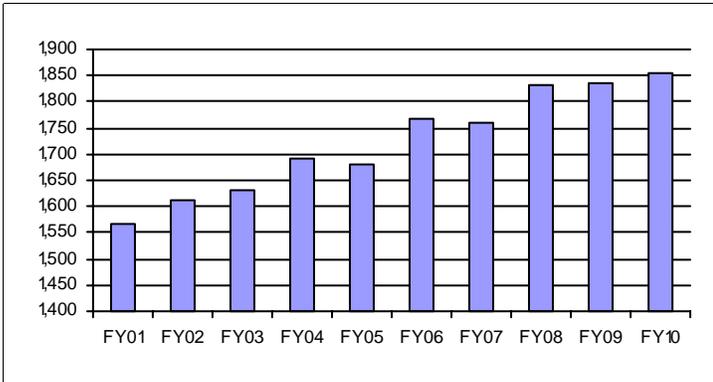
Mission:

To protect the health, safety, and welfare of Arizona citizens by regulating the psychology profession.

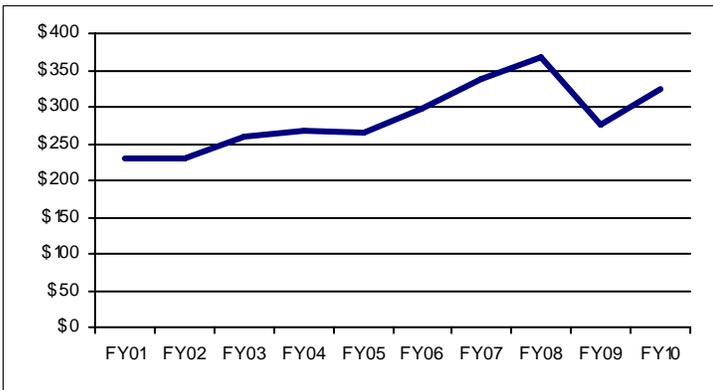
Description:

The State Board of Psychologist Examiners licenses and regulates professionals to practice in the field of psychology. The Board accepts complaints against licensees, investigates allegations, and administratively adjudicates complaints. The Board serves psychologists licensed to practice in the State, as well as all Arizona citizens who receive these professional services.

Number of Licensees



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	324.8	324.0	313.3	313.3
Behavior Analyst	0.0	35.5	35.5	35.5
Agency - Approp. Funds	324.8	359.5	348.8	348.8
<i>Category</i>				
FTE	4.0	4.0	4.0	4.0
Personal Services	170.2	190.3	190.3	190.3
ERE Amount	61.4	77.8	77.8	77.8
Prof. And Outside Services	36.9	37.4	37.4	37.4
Travel - In State	6.3	7.7	7.7	7.7
Travel - Out of State	2.6	2.1	2.1	2.1
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	46.5	44.2	33.5	33.5
Equipment	0.3	0.0	0.0	0.0

Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.6	0.0	0.0	0.0
Agency - Approp. Funds	324.8	359.5	348.8	348.8

Appropriated Fund

Psychologist Examiners Board	324.8	359.5	348.8	348.8
Agency - Approp. Funds	324.8	359.5	348.8	348.8

Recent Appropriation Activity/Perspective

In FY 2007 the agency was appropriated \$381,300 from the Psychologist Examiners Fund. The FY 2008 and 2009 appropriations were for one-time equipment expenses, board member reimbursements, and computers. The FY 2010 appropriation decreased to eliminate one-time computer funding. Finally, the FY 2011 appropriation was reduced by (\$71,800) to match expenditures with revenues and by (\$6,100) for salary lump-sum and health insurance adjustments, and was increased by \$36,000 for the addition of the licensing of behavior analysts.

The Psychologist Examiners Fund was subject to a fund transfer of \$263,000 in FY 2009, which has caused the Board to decrease expenditures to avoid cash flow issues in future years.

Executive Appropriation Recommendations

FY 2012 FY 2013

Baseline Adjustments

Risk Standard Adjustment	(10.7)	(10.7)
Psychologist Examiners Board Fund	(10.7)	(10.7)

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected	FY 2013 Expected
Number of licensees (active/inactive)	1856	1829	1880	1852
Number of investigations	44	44	44	44
Customer satisfaction rating (scale 1-8)	7.1	7.1	7.1	7.1

The Executive recommends a lump-sum appropriation to the agency.

Department of Public Safety

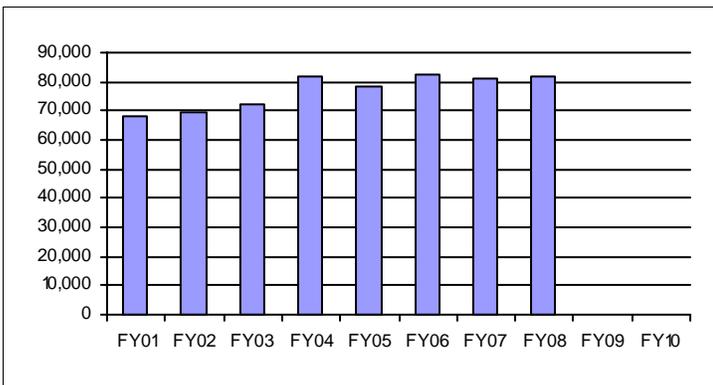
Mission:

To protect human life and property by enforcing state laws, deterring criminal activity, assuring highway and public safety, and providing vital scientific, technical, and operational support to other criminal justice agencies.

Description:

The Arizona Department of Public Safety enforces state law with primary responsibility in the areas of traffic safety, criminal interdiction, narcotics, organized crime, auto theft, and specific regulatory functions. Services include homeland security, criminal intelligence, scientific analysis, aviation support, emergency first care, criminal information systems, training, and statewide communications. Operational and technical assistance is provided to local and state agencies and other components of the criminal justice community. The department also promotes and enhances the quality of public safety through cooperative enforcement and community awareness programs.

Average Daily Miles Traveled



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Director's Office	27,491.1	16,198.4	16,154.5	16,154.5
Highway Patrol	101,756.5	102,632.4	94,258.4	94,260.1
Criminal Investigations	40,116.1	40,908.2	40,710.3	40,710.3
Technical Services	43,165.7	59,541.7	61,761.1	61,761.1
Agency - Approp. Funds	212,529.4	219,280.7	212,884.3	212,886.0

Category

FTE	2,096.8	2,081.8	2,139.8	2,139.8
Personal Services	110,159.2	106,268.6	110,287.2	110,287.2
ERE Amount	56,131.5	57,276.6	58,249.8	58,249.8
Prof. And Outside Services	8,729.9	12,249.1	1,503.1	1,503.1
Travel - In State	174.5	652.3	652.3	652.3
Travel - Out of State	92.0	210.6	210.6	210.6
Aid to Others	2,045.9	4,025.5	4,025.5	4,025.5
Other Operating Expenses	26,178.7	28,752.5	27,825.2	27,826.9
Equipment	4,974.1	3,823.5	4,108.6	4,108.6
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	4,043.6	6,022.0	6,022.0	6,022.0
Agency - Approp. Funds	212,529.4	219,280.7	212,884.3	212,886.0

Appropriated Fund

General Fund	39,862.3	43,070.3	45,773.7	45,775.4
State Highway Fund	41,256.0	41,521.2	0.0	0.0
Arizona Highway Patrol Fund	18,193.2	18,679.0	18,591.2	18,591.2
Safety Enforcement and Transportation Infrastructure	1,504.6	1,518.8	1,509.1	1,509.1
Crime Laboratory Assessment	4,833.3	872.5	871.2	871.2
Auto Fingerprint Identification	2,969.5	3,012.7	3,011.6	3,011.6
DNA Identification System Fund	2,977.0	3,987.5	6,344.3	6,344.3
Photo Enforcement Fund	10,246.2	11,064.8	0.0	0.0
Motorcycle Safety Fund	205.0	205.0	205.0	205.0
Parity Compensation Fund	2,199.5	1,823.3	1,823.3	1,823.3
Highway User Revenue Fund	78,626.2	79,215.7	119,961.0	119,961.0
DPS Criminal Justice Enhancement Fund	2,863.1	2,886.5	2,877.5	2,877.5
Risk Management Fund	278.7	296.2	817.8	817.8
Crime Laboratory Operations Fund	6,514.8	11,127.2	11,098.6	11,098.6
Agency - Approp. Funds	212,529.4	219,280.7	212,884.3	212,886.0

The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI GITEM	17,678.7	21,021.2	20,950.8	20,950.8
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Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Board of Fingerprinting Fund	641.2	786.3	714.0	714.0
Capitol Police Towing Fund	0.0	0.0	82.7	82.7
DPS Administration Fund	1,875.1	1,417.5	1,092.2	980.9
DPS Anti-Racketeering	3,169.2	5,187.4	5,186.6	5,186.6
DPS Licensing Fund	1,027.3	887.1	882.8	882.8
DPS Peace Officers Training	5,368.2	8,155.1	7,391.3	6,750.3
DPS Records Processing Fund	4,832.0	5,000.3	4,996.4	4,996.4
Families of Fallen Police Officers Special Plate Fund	100.0	125.0	125.0	125.0
Federal Economic Recovery Fund	2,222.1	4,888.9	460.9	0.0

Non-Appropriated Funds

	FY 2010 <i>Actual</i>	FY 2011 <i>Expend. Plan</i>	FY 2012 <i>Exec. Rec.</i>	FY 2013 <i>Exec. Rec.</i>
Federal Grant	32,470.4	38,516.3	15,488.9	19,332.9
Fingerprint Clearance Card Fund	2,816.6	3,683.3	3,673.1	3,673.1
IGA and ISA Fund	5,661.4	6,911.6	7,394.6	6,883.2
Indirect Cost Recovery Fund	467.3	2,184.1	911.2	511.7
Motor Carrier Safety Revolving	0.0	12.8	12.8	12.8
Photo Enforcement Fund	4,056.6	5,330.1	0.0	0.0
Public Safety Equipment Fund	1,472.7	2,907.4	3,397.9	3,397.9
State Traffic and Parking Control Fund	0.0	0.0	1.2	1.2
Agency - Nonapp. Funds	66,180.1	85,993.2	51,811.6	53,531.5
Agency Total - All Funds	278,709.5	305,273.9	264,695.9	266,417.5

Federal Funds Expenditures - as reported by Agency

	FY 2010 <i>Actual</i>	FY 2011 <i>Exp. Plan</i>	FY 2012 <i>Exp. Plan</i>	FY 2013 <i>Exp. Plan</i>
Agency Total	34,692.4	43,431.5	15,949.8	19,332.9

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

Recent Appropriation Activity/Perspective

Since the beginning of FY 2008, DPS's core appropriated budget has been reduced by (\$28.4 million), or (11.9%). The core budget excludes some special line item appropriations due to their volatility (e.g., the creation and elimination of the Photo Enforcement Program).

Since FY 2008, DPS has experienced an appropriated staffing reduction of (130) FTE – 44 sworn officers and 86 civilian employees – through attrition or layoff. Of this total, (16) civilian employees were laid off. The staffing reduction equates to 7.4% of employees who are supported by appropriated funds.

In addition to personnel reductions, DPS has eliminated (\$7.5 million) in replacement equipment funding and (\$3.6 million) in overtime funding. In the short run, the loss of the equipment funding will not have a significant impact on DPS services; however, if the loss of equipment funding continues over the long term, DPS must make reductions elsewhere to provide necessary equipment, such as Highway Patrol vehicles and scientific equipment for the Crime Lab. The overtime reduction equates to the loss of about 64,286 hours or 31 full-time employees and would have been mainly used for officers.

The reduction in resources has begun to have an impact on service levels in some key areas, while other areas have been able to maintain existing levels. Despite having fewer Highway Patrol officers, fatal highway collisions have remained fairly level (213 in FY 2009 and 226 in FY 2010), as has the average number of days to process an arrest disposition in the criminal history information system (three days in FY 2009 and two days in FY 2010). On the

other hand, the Department's Aviation Unit was able to respond to fewer requests for assistance (96% in FY 2009 and 93% in FY 2010) and crime lab cases over 30 days old have increased (4.9% in FY 2009 and 5.6% in FY 2010).

Executive Appropriation Recommendations

	FY 2012	FY 2013
Baseline Adjustments		
Risk Standard Adjustment	(1,113.2)	(1,113.2)
General Fund	(185.8)	(185.8)
State Highway Fund	(283.1)	(283.1)
Arizona Highway Patrol Fund	(87.8)	(87.8)
Safety Enforcement and Transportation Infrastructure Fund	(9.7)	(9.7)
Crime Laboratory Assessment Fund	(1.3)	(1.3)
Auto Fingerprint Identification Fund	(1.1)	(1.1)
DNA Identification System Fund	(11.0)	(11.0)
Photo Enforcement Fund	(3.0)	(3.0)
Highway User Revenue Fund	(492.8)	(492.8)
DPS Criminal Justice Enhancement Fund	(9.0)	(9.0)
Crime Laboratory Operations	(28.6)	(28.6)

Baseline Adjustments

Eliminate Photo Enforcement Program (11,061.8) (11,061.8)
The Executive recommends a decrease of (\$11.1 million) in FY 2012 and FY 2013 for the elimination of State Photo Enforcement.

The Executive recommends amending the State Photo Enforcement Program's enabling statute to allow a photo enforcement program if instituted by the Legislature, rather than by the DPS Director. The Executive also recommends removing from statute any references to the State Photo Enforcement Program.

Photo Enforcement Fund	(11,061.8)	(11,061.8)
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Other Adjustments

Transfer of Capitol Police to DPS 2,410.8 2,412.5
The Executive recommends transferring Capitol Police from the Department of Administration to DPS and a funding increase to accommodate this transfer.

General Fund	1,889.2	1,890.9
Risk Management Fund	521.6	521.6

Capitol Police Salary Adjustment 1,000.0 1,000.0
The Executive recommends an increase in FY 2012 and FY 2013 to fund salary adjustments for Capitol Police officers after the transfer of Capitol Police oversight to DPS.

General Fund	1,000.0	1,000.0
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	<u>FY 2012</u>	<u>FY 2013</u>
DNA Testing Expansion	2,367.8	2,367.8
As an interim step to further expansion of DNA testing, the Executive recommends obtaining DNA samples from all persons convicted and incarcerated. The expansion of this program will be funded by a 2.4% surcharge on fines, forfeitures and penalties which will be deposited in the DNA Identification System Fund. The Executive recommends an increase to fund testing expansion.		
DNA Identification System Fund	2,367.8	2,367.8

Solutions to Budget

Suspension of State Highway Spending Caps	0.0	0.0
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The Executive recommends continuing the suspension of DPS spending caps from the State Highway Fund and the Highway User Revenue Fund through FY 2013.

Shift in Highway Expenditures	0.0	0.0
The Executive recommends an increase from the Highway User Revenue Fund to replace a corresponding decrease from the State Highway Fund.		
State Highway Fund	(41,238.1)	(41,238.1)
Highway User Revenue Fund	41,238.1	41,238.1

Diversion of Revenues to Public Safety Equipment Fund	0.0	0.0
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The Executive recommends diverting revenues from the State Aid to County Attorneys Fund and the State Aid to Indigent Defense Fund to the Public Safety Equipment Fund.

Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>	<u>Expected</u>
Percent of Automated Fingerprint Id System (AFIS) reliability	99.9	99	99	99
Percent of employees terminating employment (excludes non-Department of Public Safety task force members and retirements)	2.6	5.0	5.0	5.0
Percent of crime lab cases over 30 days old	5.6	5.5	5.5	5.5
Fatal highway collisions on Department of Public Safety patrolled roads	226	215	205	195
Percent of total Department of Public Safety investigated highway collisions related to alcohol	3.53	0	0	0

The Executive recommends a lump-sum appropriation to the agency with special line items.

Arizona Department of Racing

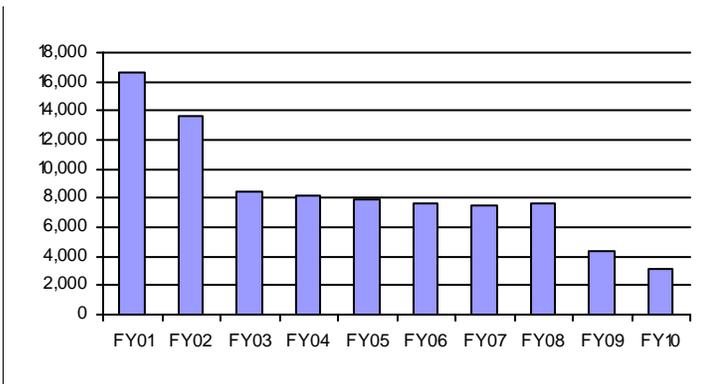
Mission:

To regulate and supervise pari-mutuel racing and wagering conducted in Arizona in order to protect racing participants and the wagering public. To regulate and supervise boxing events conducted in Arizona to protect all participants in these events.

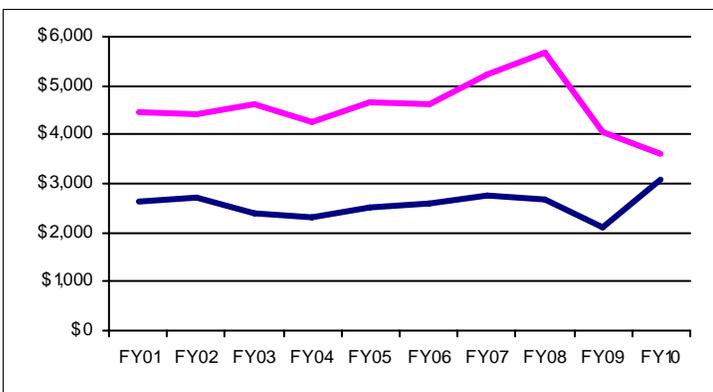
Description:

The Department regulates the Arizona pari-mutuel horse and greyhound racing industries. The Department oversees, supervises and issues permits for all commercial horse, greyhound and county fair racing, including all live and simulcast racing; supervises off-track betting sites; conducts background checks and licenses all racing participants; collects state revenues generated by races; promotes and encourages the breeding of horses and greyhounds in the state; promotes and encourages the adoption of retired racehorses and retired greyhounds; and enforces laws and rules related to racing and wagering. The Department also regulates and supervises all professional boxing events and all mixed martial arts (MMA) contests in Arizona.

Number of Animals Sampled for Drug Testing



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Commercial Racing	2,281.7	1,558.8	0.0	0.0
County Fair Racing	2,689.6	2,204.8	0.0	0.0
Agency - Approp. Funds	4,971.3	3,863.6	0.0	0.0

Category

FTE	40.5	40.5	0.0	0.0
Personal Services	1,430.3	1,273.5	0.0	0.0
ERE Amount	534.5	487.8	0.0	0.0
Prof. And Outside Services	111.3	93.0	0.0	0.0
Travel - In State	111.3	47.3	0.0	0.0
Travel - Out of State	1.5	1.7	0.0	0.0
Aid to Others	519.4	0.0	0.0	0.0
Other Operating Expenses	482.0	180.8	0.0	0.0
Equipment	1.5	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	1,779.5	1,779.5	0.0	0.0
Agency - Approp. Funds	4,971.3	3,863.6	0.0	0.0

Appropriated Fund

General Fund	4,963.5	3,863.6	0.0	0.0
Racing Administration Fund	7.8	0.0	0.0	0.0
Agency - Approp. Funds	4,971.3	3,863.6	0.0	0.0

The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI Racing Administration	0.0	67.0	0.0	0.0
Horse Racing				
SLI County Fair Racing	0.0	400.0	0.0	0.0
SLI County Fairs Livestock and Agricultural Promotion	1,779.5	1,779.5	0.0	0.0

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
AZ Stallion Award Fund	79.4	0.0	0.0	0.0
Breeders Award Fund	385.1	0.0	0.0	0.0
County Fair Racing Fund	8.4	0.0	0.0	0.0
County Fairs Racing Betterment Fund	339.6	0.0	0.0	0.0
Racing Commission Bond Deposit Fund	(4.4)	0.0	0.0	0.0
Racing Investigation Fund	30.7	0.0	0.0	0.0
Unarmed Combat Fund	(13.0)	16.9	0.0	0.0
Agency - Nonapp. Funds	825.8	16.9	0.0	0.0
Agency Total - All Funds	5,797.1	3,880.5	0.0	0.0

Recent Appropriation Activity/Perspective

In FY 2007 the Department received a \$3.1 million appropriation. In FY 2008, it received increases for County fair racing, the racing administration fund, and mid-year lump-sum reductions of \$231,800, totaling \$3 million. Fund transfers totaled \$575,000. In FY 2009, additional lump-sum reductions brought the appropriation to \$2.8 million, with \$743,200 in fund transfers.

In FY 2010 the Department shifted to the Department's General Fund appropriation funds that historically were supported by unclaimed property proceeds, changing the total appropriation to \$6.1 million. The Department will allocate some reductions from the special line item appropriations to keep from diminishing animal drug testing completely.

The FY 2011 appropriation is \$3.9 million due to a total reduction of Breeder Awards, County Fair Betterment, and Stallion Award monies. The Department has seen its ability to drug test animals decline dramatically during the budget crisis.

FY 2012 FY 2013

Consolidate Racing within the Department of Gaming (3,837.8) (3,841.5)

The Executive recommends that the Department of Racing become a program of the Department of Gaming. Currently, the Department of Racing has an interagency agreement with the Department of Gaming to receive financial and budgetary services. By combining the two departments, additional administrative efficiencies will be realized, while keeping funding sources separate in order to uphold requirements set forth in the Tribal Gaming Compacts.

In order to achieve the expected efficiencies, both departments will begin to share office space, starting July 1, 2011, in the building primarily occupied by the Department of Environmental Quality (DEQ). Moving the Department of Gaming from commercial office space to publicly owned office space will lower DEQ's rent expenditures.

The Department of Gaming will break its current lease and pay an early termination charge of \$219,700. The Department of Gaming's rent in FY 2012 at 1100 W. Washington will be subsidized by DEQ to offset lease termination penalties and moving expenses at the Department of Gaming.

General Fund	(2,795.8)	(1,779.5)
Racing Regulation Fund	(1,042.0)	(2,062.0)

Solutions to Budget

Self Funding 0.0 0.0

The Executive recommends a plan to self-fund the Department by FY 2013 by granting the Racing Commission and the Boxing and Mixed Martial Arts Commission the ability to raise or develop fees that will support the Department's mission. A two-year elimination of the General Fund appropriation will begin with a 50% reduction in FY 2012 and then 100% in FY 2013. Budget Reconciliation Bill (BRB) provisions will be needed to allow the Department to increase revenue, exempt the Director from rule-making requirements until July 1, 2012, and create and appropriate the Racing Regulation Fund.

General Fund	(1,042.0)	(2,062.0)
Racing Regulation Fund	1,042.0	2,062.0

Executive Appropriation Recommendations

FY 2012 FY 2013

Baseline Adjustments

Risk Standard Adjustment	(27.6)	(27.6)
General Fund	(27.6)	(27.6)

Rent Standard Adjustment	1.8	5.5
General Fund	1.8	5.5

Baseline Adjustments

5th Special Session Reduction Plan Allocation	0.0	0.0
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As part of the enacted FY 2011 appropriations, a \$460,400 lump-sum reduction was taken from the Department's lump-sum operating appropriation, with the stipulation that the Department was to later determine how to allocate that reduction among its several appropriations.

The Executive recommends continuing the Department's FY 2011 allocation plan of reducing the County Fair Racing and Racing Administration special line items by (\$400,000) and (\$60,400), respectively.

Allocation Change/ SLI Removal	0.0	0.0
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After the allocation of the (\$460,400) lump-sum reduction, the Racing Administration special line item appropriation contains \$6,600. The Executive recommends allocating the remaining \$6,600 in the Racing Administration SLI to the Department's operating lump-sum budget and removing all unfunded special line items.

Other Adjustments

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected	FY 2013 Expected
Number of greyhound racing investigations conducted regarding compliance with rules	18	30	25	25
Percent of greyhound racing licensees with disciplinary action	.05	.07	.07	.07
Number of county fair racing investigations resulting in disciplinary action	11	20	15	15
Number of horse racing investigations conducted regarding	90	120	100	100

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 <u>Expected</u>	FY 2013 Expected
compliance with rules				
Number of boxing & MMA licenses issued	560	550	550	550
➤ <i>Eff FY'10: Reflects number of boxing & MMA licenses issued</i>				
Percent of total horse racing licensees with disciplinary action	4.00	5.00	5.00	5.00

The functions and responsibilities of this agency are recommended to be absorbed by the Department of Gaming.

Radiation Regulatory Agency

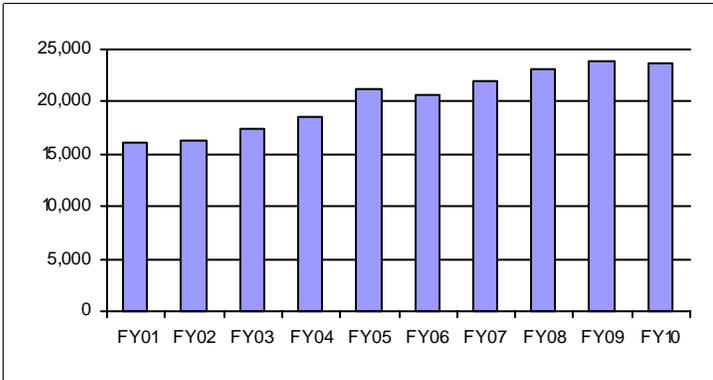
Mission:

To protect the health and safety of Arizonans from unnecessary radiation exposure from all natural and man-made sources.

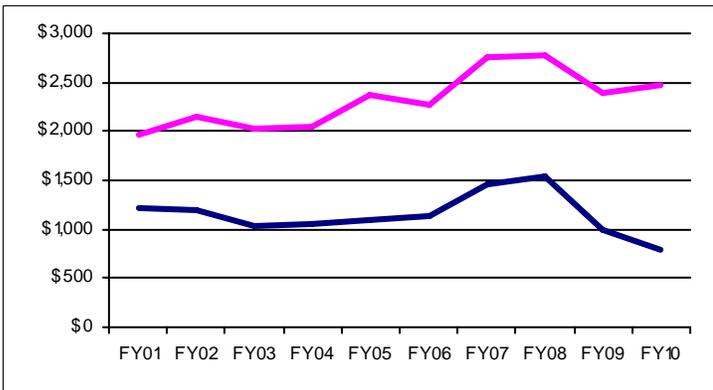
Description:

The Arizona Radiation Regulatory Agency provides protection from unnecessary radiation exposure through inspection of radiation sources and their uses, effective response to radiological incidents, environmental sampling, and the certification of those using nuclear medicine technology and those operating X-ray equipment.

Total Licenses, Registrations, Certificates Issued



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Radioactive Materials/Non-Ionizing Radiation	221.8	220.8	268.4	268.4
X-Ray Compliance	444.7	428.4	777.5	777.5
Emergency Response	628.0	627.9	676.7	676.7
Radiation Measurement Laboratory	122.3	119.4	170.4	170.4
Medical Radiation Technology Board	220.4	265.2	263.3	263.3
Agency - Approp. Funds	1,637.2	1,661.7	2,156.3	2,156.3
<i>Category</i>				
FTE	27.0	27.0	27.0	27.0
Personal Services	562.6	564.1	842.7	842.7
ERE Amount	313.2	307.2	401.7	401.7

Prof. And Outside Services	6.6	6.5	10.9	10.9
Travel - In State	0.5	0.4	10.4	10.4
Travel - Out of State	(0.2)	(0.2)	(0.2)	(0.2)
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	125.4	154.7	239.3	239.3
Equipment	1.1	1.1	23.6	23.6
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	628.0	627.9	627.9	627.9
Agency - Approp. Funds	1,637.2	1,661.7	2,156.3	2,156.3

Appropriated Fund

General Fund	1,416.8	1,396.5	1,893.0	1,893.0
State Radiologic Technologist Certification	220.4	265.2	263.3	263.3
Agency - Approp. Funds	1,637.2	1,661.7	2,156.3	2,156.3

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expnd. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Federal Grant	531.8	531.6	531.6	531.6
Laser Safety Fund	0.0	65.0	65.0	65.0
Nuclear Emergency Management	635.2	631.5	693.2	653.2
Service Fees Increase Fund	306.0	500.4	0.0	0.0
Agency - Nonapp. Funds	1,473.0	1,728.5	1,289.8	1,249.8

Agency Total - All Funds

Agency Total - All Funds	3,110.2	3,390.2	3,446.1	3,406.1
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Federal Funds Expenditures - as reported by Agency

	FY 2010 Actual	FY 2011 Exp. Plan	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	341.0	293.6	293.6	293.6

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

Recent Appropriation Activity/Perspective

The most significant change to the Radiation Regulatory Agency's budget occurred in FY 2009, when its General Fund appropriation was cut by \$400,000, or nearly 20%. However, the agency was given authority to raise its fees to offset this loss in General Fund appropriation; this excess fee revenue has since been deposited into a non-appropriated Service Fees Increase Fund, which initially had a spending cap of \$400,000. Subsequent cuts to the agency's General Fund appropriation have resulted in the spending cap being raised to \$500,000 for this fund, with a commensurate ability to raise fees up to this level.

Overall, the agency has lost approximately \$650,000 in General Fund appropriation since FY 2007, which it has been able to partially recoup through \$500,000 of fee increases. The agency has also seen funding for its Nuclear Emergency Management Fund climb by approximately 5%, while appropriation for the Medical Radiologist Technician Fund has been cut by nearly 6%.

Executive Appropriation Recommendations

FY 2012 FY 2013

FY 2012 FY 2013

Baseline Adjustments

Risk Standard Adjustment	(5.4)	(5.4)
General Fund	(3.5)	(3.5)
State Radiologic Technologist Certification Fund	(1.9)	(1.9)

Baseline Adjustments

Fee Increase Authority	500.0	500.0
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The Executive recommends elimination of the Service Fees Increase Fund and recommends that all revenues formerly deposited into that fund be deposited into the General Fund. To offset the loss of revenue available to the agency for core services, the Executive recommends increasing the agency's General Fund appropriation by \$500,000.

Laws 2008, Chapter 291 allowed the agency to increase its fees by \$400,000 to offset a commensurate General Fund appropriation cut. The fee-increase revenue was deposited into a separate non-appropriated fund from which the agency was allowed to spend up to \$400,000 annually. Subsequent legislation increased this cap to \$500,000, as the agency's General Fund appropriation was cut even further.

General Fund	500.0	500.0
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Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>	<u>Expected</u>
Number of radioactive materials inspections	126	150	150	150
➤ <i>Estimates assume that budget request for additional staffing is approved.</i>				
Number of environmental sample analyses	5,000	6,000	6,000	6,000
Number of active medical radiologic technologist certificates	8,517	8,600	8,600	8,600
Percent of x-ray tubes overdue for inspection	19.2	22.0	23	23

➤ *Staffing shortages will force the percentage overdue for inspection to remain flat.*

The Executive recommends a lump-sum appropriation to the agency.

Department of Real Estate

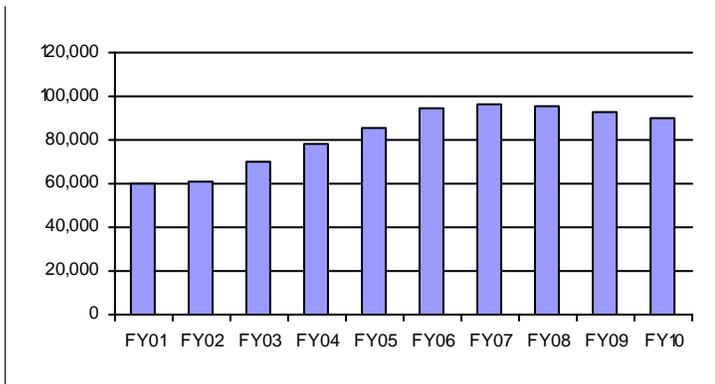
Mission:

To serve and protect the public interest through efficient and timely licensure, balanced regulation, and proactive education of the real estate profession in the State of Arizona.

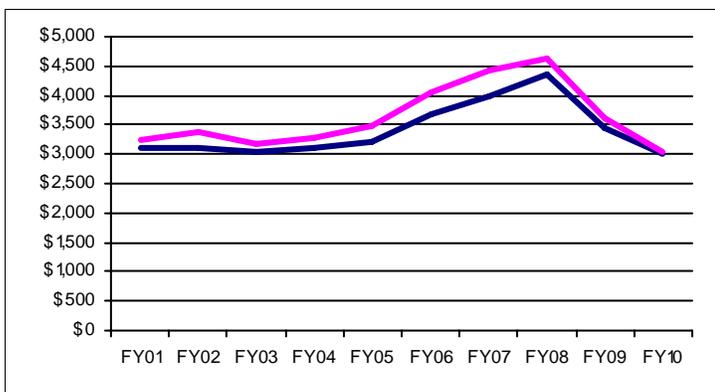
Description:

Pursuant to A.R.S. Title 32, Chapter 20 and the Administrative Code Title 4, Chapter 28, the Department regulates real estate licensees (including residential sales, brokers, companies, property managers, business brokers, and commercial brokers), private cemeteries, and membership camping licensees. The Department also regulates real estate educators and schools, monitoring pre-licensing and continuing education courses to ensure the quality content of courses and the competence of instructors, as well as the quality and timeliness of materials being taught. The Department oversees the administration of licensing examinations as well as the activities of licensees to ensure compliance with the Arizona Revised Statutes and the Commissioner's Rules.

Number of Licenses



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	3,008.0	2,987.3	3,197.0	3,065.0
Agency - Approp. Funds	3,008.0	2,987.3	3,197.0	3,065.0
<i>Category</i>				
FTE	58.0	55.0	55.0	55.0
Personal Services	1,604.7	1,536.6	1,698.3	1,698.3

ERE Amount	835.4	834.2	904.5	904.5
Prof. And Outside Services	45.1	15.3	15.3	15.3
Travel - In State	2.5	10.0	10.0	10.0
Travel - Out of State	0.1	2.0	2.0	2.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	505.0	578.2	535.5	423.9
Equipment	15.2	11.0	31.4	11.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	3,008.0	2,987.3	3,197.0	3,065.0

Appropriated Fund

General Fund	3,008.0	2,987.3	3,197.0	3,065.0
Agency - Approp. Funds	3,008.0	2,987.3	3,197.0	3,065.0

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Real Estate Education Revolving	49.9	25.0	25.0	25.0
Real Estate Recovery	3.4	140.0	140.0	140.0
Agency - Nonapp. Funds	53.3	165.0	165.0	165.0

Agency Total - All Funds	3,061.3	3,152.3	3,362.0	3,230.0
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Recent Appropriation Activity/Perspective

The Department has seen its appropriated budget decrease by more than 25% between FY 2007 and FY 2011, from \$3.9 million in FY 2007 to \$2.9 million in FY 2011. To accommodate this reduction, the agency has eliminated nearly 50% of its staff since FY 2007. In that year, the Department employed 61.4 FTE; today that total has dropped to just 31.0, the lowest total of employees on staff for the Department since the early 1990s. The most significant reduction has been to the auditing and investigations staff: The agency employed 14 investigators in FY 2007; today the investigative staff is down to five. Moreover, the Department has only one auditor on staff, with four additional vacancies. As a result of the attrition in the investigation and auditing division, a substantial backlog of investigations cases has amassed, and the average processing time per case has grown considerably.

Despite the budget cuts and staff downsizing, the Department has made several significant achievements since FY 2007. It was the first State licensing agency to adopt on-line licensing in FY 2005 using the State web portal, and while only 10-12% of all license renewals were processed on-line in FY 2005, by FY 2010 the number had grown to nearly 93%. In the future, the agency seeks to adopt on-line processing for new license applications and eventually achieve 100% on-line processing of all applications, both new and renewal. Since the current commissioner was appointed in FY 2009, the Department has adopted a new professional climate that stresses collaborative problem-solving with streamlined processes and re-emphasizes customer service: Machine-automated responses to phone calls have largely been eliminated in favor of personal responses by staff members; the

Southern Arizona office staff has been reduced significantly and the office closed for business on Tuesday and Thursday to diminish costs; the agency has terminated its service contracts with other State agencies; the renewal period for licensees was changed from a four-year to a two-year cycle to eliminate the need to adjust the fee schedule annually. These and other changes have been made to allow the agency to operate effectively with a diminished budget.

FY 2012 FY 2013

Executive Appropriation Recommendations

	FY 2012	FY 2013
Baseline Adjustments		
Rent Standard Adjustment	(31.2)	(31.2)
General Fund	(31.2)	(31.2)
Risk Standard Adjustment		
General Fund	(12.0)	(12.0)
Other Adjustments		
Auditor	47.7	47.7

To assist the Department in managing the impending workload increase resulting from the adjustment to the broker renewal cycle, the Executive recommends an additional \$47,700 from the General Fund to restore funding for an auditor.

Laws 2010, Chapter 166 altered the renewal cycle for all real estate brokers and salespersons from four to two years. A.R.S. § 32-2151.01 requires the Department to audit all broker renewal applications in addition to new applications for a broker's license. As a result of Laws 2010, Chapter 166, for FY 2011 and FY 2012 the Department is estimating a 75% increase over FY 2010 in broker renewals. Furthermore, while the Department once had 4.0 FTE appropriated auditors on staff, it currently has only 1.0 FTE.

With an extra auditor on staff, the Department estimates that it could earn between \$25,000 and \$50,000 in additional revenue resulting from civil fines generated by the auditing process.

Education Auditor

42.4 42.4

The Executive recommends \$42,400 from the General Fund in FY 2012 and FY 2013 to restore funding for an education auditor to allow the Department to fulfill its mandate to properly certify all real estate schools, courses and instructors,

A.R.S. § 32-2135 mandates that the Department audit all schools offering courses leading to licensure of real estate professionals, in addition to the schools' courses and instructors. However, because the Department has not had an education auditor since FY 2008, this mandate has been fulfilled using a "self reporting" system; moreover, the Department has no means to authenticate data provided by schools and instructors.

The Department estimates that, by adding this position, between \$40,000 and \$50,000 in revenue could be earned annually through auditing and the resulting civil fines.

General Fund 42.4 42.4

Information Technology Specialist

53.2 (63.8)

The Executive recommends an additional \$53,200 from the General Fund for an Information Technology Specialist to (a) update existing software for licensing and developing a replacement document management system and (b) program a web-based reporting system for investigations data.

The Department successfully implemented an online license renewal program in 2005 using the State web portal. It now seeks to enhance its on-line licensing system to allow processing of new applications through the web portal. Furthermore, the Department is attempting to implement an electronic document management system to support record keeping.

As a result of these two projects, the Department will realize \$117,000 in administrative savings in FY 2013. Therefore, the FY 2013 budget for the Department has been adjusted accordingly to account for these savings.

General Fund 53.2 (63.8)

	<u>FY 2012</u>	<u>FY 2013</u>
Investigations Assistance	94.6	94.6

The Executive recommends \$94,600 from the General Fund to restore funding for an investigator and a settlement officer. This increase in funding will help the Department eliminate the backlog of pending investigations, shorten the processing time for each investigation, handle the projected increase in complaints, and properly administer civil penalties when necessary.

The Department's Investigations and Enforcement and Compliance Divisions work in concert to investigate complaints by the public against real estate professionals and to enforce civil penalties against parties deemed guilty through the investigations process. Two of the primary positions in these divisions are investigators, who perform the investigations, and settlement officers, who review investigations and make final decisions on imposing appropriate civil penalties.

The Department currently employs 5.0 FTE investigators (down from 14.0 in FY 2008), but only 2.0 FTE for general real estate investigations. There is a backlog of 300 general real estate investigations, with an average processing time of 380 days, and each investigator handles an average of 72 cases per year. Furthermore, the Department anticipates an increase in complaints against property management companies and against real estate professionals in general, due to the industry's distressed market conditions.

The Department estimates that, with these additions, it can generate an additional \$80,000 to \$120,000 in revenue annually through civil fines.

General Fund	94.6	94.6
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Information Technology Server Replacement/Upgrade	15.0	0.0
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The Executive recommends \$15,000 in FY 2012 for server upgrades and replacement to accommodate the data storage requirements of the new IT programs proposed by the Department.

The Department was one of the first State agencies that successfully implemented an online license renewal system utilizing the State web portal. The Department now seeks to expand its online services to include new license applications, in addition to the implementation of an electronic document management system. The current server capacity of the Department is insufficient to store and backup this substantial new influx of data. Moreover, most of the Department's servers are out of warranty and severely outdated.

General Fund	15.0	0.0
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Performance Measures

	<u>FY 2010</u> <u>Actual</u>	<u>FY 2011</u> <u>Expected</u>	<u>FY 2012</u> <u>Expected</u>	<u>FY 2013</u> <u>Expected</u>
Number of real estate licenses	89443	88000	86500	85000
➤ <i>Number reflects actual count of licenses. This includes individuals, brokers, and entities.</i>				
Number of subdivision filings received	357	400	450	500
➤ <i>Includes amendments</i>				
Percent of department customer service surveys indicating good to excellent service	100	99	99	99
Average days from receipt of application to issuance of real estate license	1	1	1	1
Total real estate applications received	11300	10800	37900	33700
➤ <i>New Applicants & Renewals</i>				
Average calendar days from receipt of real estate or subdivision complaint to resolution	286	280	250	230
➤ <i>FY2009 actual should have been 236 as stats for real estate complaints only were reported. Budget cuts and reduced staffing levels have negatively impacted processing times for investigations.</i>				
Average number of calendar days to issue deficiency letter on subdivision applications received	22	25	25	25
Total real estate or subdivision complaints investigated	1055	1100	1200	1300

The Executive recommends a lump-sum appropriation to the agency.

Performance Measures

<u>FY 2010</u> <u>Actual</u>	<u>FY 2011</u> <u>Expected</u>	<u>FY 2012</u> <u>Expected</u>	<u>FY 2013</u> <u>Expected</u>
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Residential Utility Consumer Office

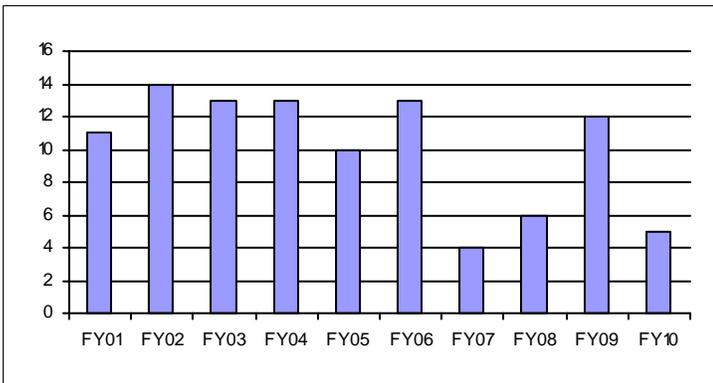
Mission:

To represent the interests of residential ratepayers before the Arizona Corporation Commission and advocate for reasonable utility rates and reliable and safe utility service.

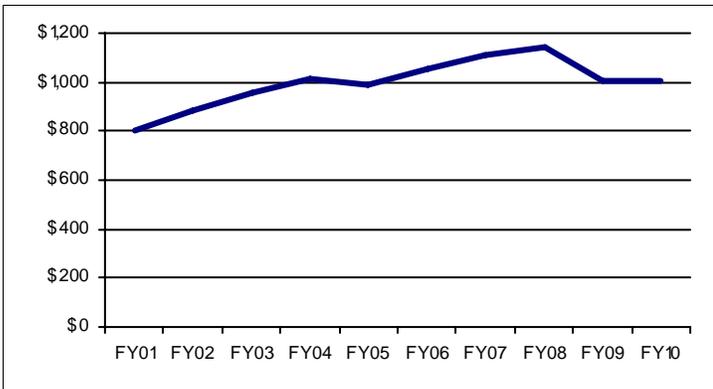
Description:

The Residential Utility Consumer Office (RUCO) is an agency comprised mainly of attorneys and financial analysts. RUCO participates in matters before the Corporation Commission regarding utility rate increases, renewable energy standards, and Commission rulemaking. RUCO reviews utility financial records, conducts discovery, offers testimony and presents witnesses at evidentiary hearings to argue positions in favor of residential utility ratepayers.

Number of Interventions in Rate Making



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Ratepayer Representation	1,003.4	1,287.1	1,287.4	1,290.2
Agency - Approp. Funds	1,003.4	1,287.1	1,287.4	1,290.2
<i>Category</i>				
FTE	11.0	11.0	11.0	11.0
Personal Services	574.8	720.4	720.4	720.4
ERE Amount	208.7	240.8	240.8	240.8
Prof. And Outside Services	61.3	147.4	147.4	147.4
Travel - In State	3.1	8.6	8.6	8.6
Travel - Out of State	0.0	7.0	7.0	7.0
Aid to Others	0.0	0.0	0.0	0.0

Other Operating Expenses	155.4	162.9	163.2	166.0
Equipment	0.1	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	1,003.4	1,287.1	1,287.4	1,290.2

Appropriated Fund

Residential Utility Consumer Office Revolving	1,003.4	1,287.1	1,287.4	1,290.2
Agency - Approp. Funds	1,003.4	1,287.1	1,287.4	1,290.2

The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI Professional Witnesses	59.4	145.0	145.0	145.0
Appropriation				

Recent Appropriation Activity/Perspective

Funding for RUCO has varied very little since FY 2007. In fact, its total appropriated budget has increased by less than 1% since FY 2007. This includes a \$145,000 special line item non-lapsing appropriation for professional witnesses that the Office has received annually since well before FY 2007. The Office has consistently spent far less than \$145,000 annually on professional witnesses – as little as \$16,700 in FY 2008 and \$31,200 in FY 2009 – but foresees increasing its spending on professional witnesses substantially in FY 2012 and FY 2013. Furthermore, the Office contributed \$219,400 to the General Fund in FY 2009 through a fund transfer.

Executive Appropriation Recommendations

	FY 2012	FY 2013
Baseline Adjustments		
Rent Standard Adjustment	1.4	4.2
Residential Utility Consumer Office	1.4	4.2
Revolving Fund		
Risk Standard Adjustment		
Residential Utility Consumer Office	(1.1)	(1.1)
Revolving Fund		

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected	FY 2013 Expected
Number of cases analyzed	40	30	30	30
RUCO interventions in rate making	5	5	3	3
Customer satisfaction rating for residential utility customers (scale 1-8)	7	7	7	7

The Executive recommends a lump-sum appropriation to the agency with special line items.

Independent Redistricting Commission

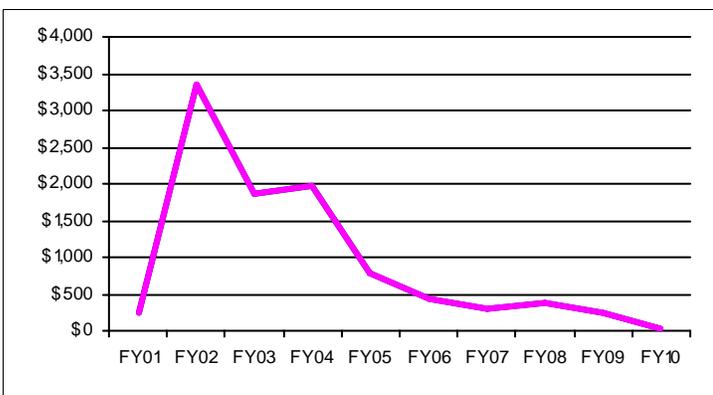
Mission:

To administer the fair and balanced redistricting of congressional and legislative districts for the State of Arizona.

Description:

The Independent Redistricting Commission was established with the approval of Proposition 106 by voters in November 2000. The Commission has five members, four of whom are selected by the House and Senate majority and minority leadership. The final member is selected by the other four members and cannot be registered with a political party already represented on the Commission. The five-member Commission is responsible for redrawing Arizona's congressional and legislative district boundaries based on the decennial census.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Independent Redistricting Commission	26.1	500.0	2,998.8	1,668.8
Agency - Approp. Funds	26.1	500.0	2,998.8	1,668.8
<i>Category</i>				
FTE	0.0	0.0	0.0	0.0
Personal Services	18.2	132.0	532.0	532.0
ERE Amount	2.7	39.6	219.6	219.6
Prof. And Outside Services	4.3	111.0	331.0	331.0
Travel - In State	0.0	2.0	27.0	27.0
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	0.9	200.4	1,829.2	529.2
Equipment	0.0	15.0	60.0	30.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	26.1	500.0	2,998.8	1,668.8
<i>Appropriated Fund</i>				
General Fund	26.1	500.0	2,998.8	1,668.8
Agency - Approp. Funds	26.1	500.0	2,998.8	1,668.8

Recent Appropriation Activity/ Perspective

For the first redistricting cycle, Proposition 106 specifically granted the Commission \$6 million in FY 2001. An additional \$4.2 million was appropriated in FY 2004 for ongoing costs of litigation that continued through July 2009. Expenditures for the Commission's first redistricting cycle totaled \$9.6 million, as shown in the chart to the left.

Executive Appropriation Recommendations

FY 2012 FY 2013

Baseline Adjustments

Risk Standard Adjustment	(1.2)	(1.2)
General Fund	(1.2)	(1.2)

Other Adjustments

New Redistricting Cycle	2,500.0	1,170.0
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The Executive-recommended \$2.5 million increase for FY 2012 and \$1.2 million for FY 2013 would bring total Commission appropriations to \$5.2 million for the second redistricting cycle. This is approximately (5%) less than the amount spent during the first three years of the first redistricting cycle. Utilizing the services of the Attorney General's Office rather than outside counsel may be one way to reduce expenditures. It is recommended that these appropriations be non-lapsing.

General Fund	2,500.0	1,170.0
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The Executive recommends a lump-sum appropriation to the agency.

Board of Respiratory Care Examiners

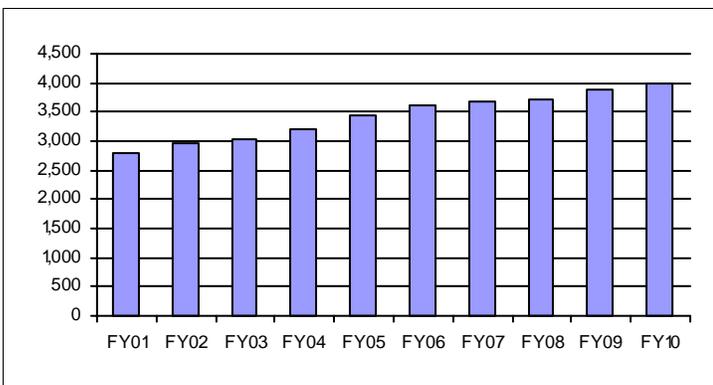
Mission:

To exercise state regulatory authority over respiratory care practitioners by granting licenses; maintaining public records for all practitioners within Arizona; and enforcing rules and statutes to ensure the public health, welfare, and safety.

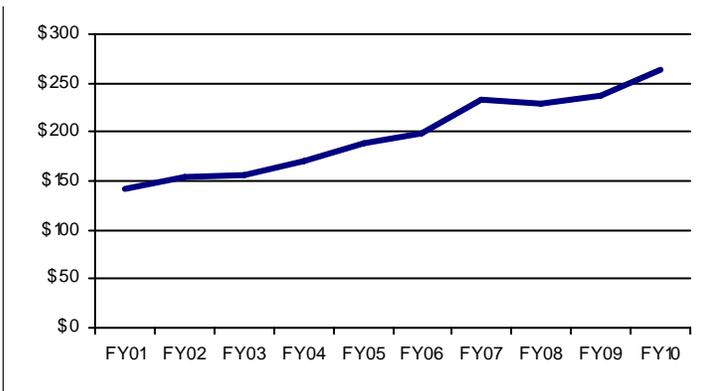
Description:

Respiratory Care Practitioners work in therapeutic, surgical, and/or clinical settings to monitor respiration and lung health, as well as to diagnose and treat disorders. The Board of Respiratory Care Examiners regulates the practice of respiratory care in Arizona. The Board examines and licenses respiratory care practitioners based on minimum competency standards set by the Legislature. Additionally, the Board enforces state laws, rules, and regulations set forth to ensure public safety and investigates complaints filed against a member of the professional community.

Number of Licensees



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	263.1	263.0	311.5	263.7
Agency - Approp. Funds	263.1	263.0	311.5	263.7
<i>Category</i>				
FTE	3.5	3.5	3.5	3.5
Personal Services	162.5	162.6	162.6	162.6
ERE Amount	53.2	54.4	54.4	54.4
Prof. And Outside Services	5.2	5.2	49.2	5.2
Travel - In State	0.6	0.8	0.8	0.8

Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	40.1	32.0	36.5	32.7
Equipment	1.1	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.4	8.0	8.0	8.0
Agency - Approp. Funds	263.1	263.0	311.5	263.7
<i>Appropriated Fund</i>				
Board of Respiratory Care Examiners	263.1	263.0	311.5	263.7
Agency - Approp. Funds	263.1	263.0	311.5	263.7

Recent Appropriation Activity/Perspective

The Board of Respiratory Care Examiners was appropriated \$239,100 in FY 2007. In FY 2008, the appropriation was increased to \$263,200 as a result of standard increases, new software, additional staff, and additional operating expenses. The Board's FY 2009 appropriation remained the same and increased in FY 2010 to \$263,100.

Executive Appropriation Recommendations

	FY 2012	FY 2013
Baseline Adjustments		
Risk Standard Adjustment	(0.5)	(0.5)
Board of Respiratory Care Examiners Fund	(0.5)	(0.5)

Other Adjustments

	FY 2012	FY 2013
GITA Mandated Firewall	5.0	1.2
The Executive recommends an increase of \$5,000 in FY 2012 and \$1,200 in FY 2013 to fund the purchase of a firewall to protect its data. The Board currently operates behind the firewall of another State agency, which is reluctant to continue the current operation.		
Board of Respiratory Care Examiners Fund	5.0	1.2

	FY 2012	FY 2013
Database Repair	44.0	0.0
The Executive recommends an increase of \$44,000 in FY 2012 to fund an overhaul of the Board's database, which is barely functional and is no longer supported by the State-contracted vendor. Funds for the project are contingent upon completion of a PIJ.		
Board of Respiratory Care Examiners Fund	44.0	0.0

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected	FY 2013 Expected
Total number of practitioners investigated	104	110	110	110
Average days from receipt of complaint to resolution	154	160	160	160
Total number of applications for permanent licenses	1578	1,600	1,600	1610

The Executive recommends a lump-sum appropriation to the agency.

Arizona State Retirement System

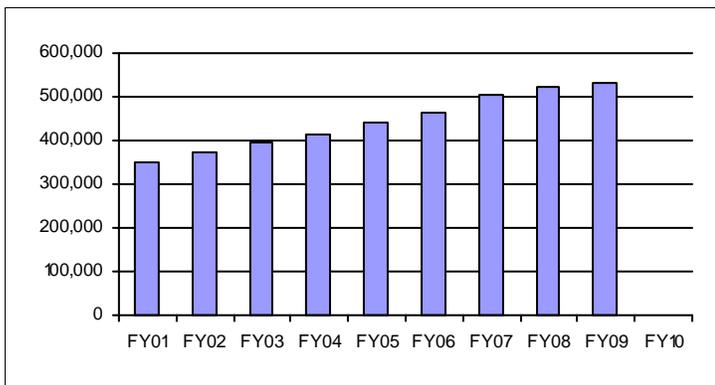
Mission:

To benefit our members, the Arizona State Retirement System (ASRS) will be a leading state benefit plan administrator in the areas of core member services, funded status, investment performance, and operational effectiveness, while keeping program benefits and associated costs relatively aligned and maintaining actuarial and fiscal integrity.

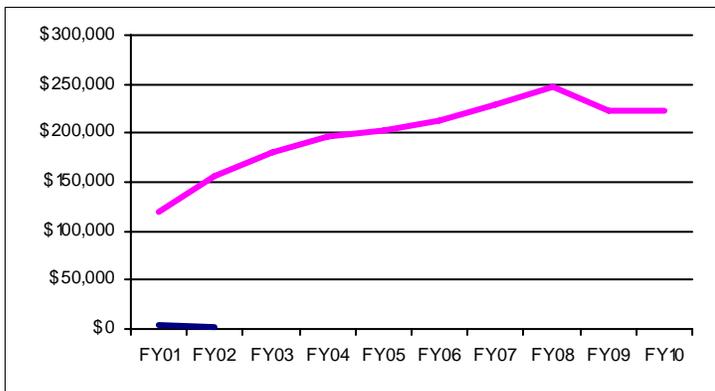
Description:

The Arizona State Retirement System provides pension, survivor, disability, health insurance, and educational services for most public sector employers in Arizona, including state universities and colleges, public school districts, and state and local governments.

Total Membership



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Member Services	14,516.7	16,100.3	14,770.6	14,770.6
Administration and Support	6,885.5	7,231.8	7,270.5	7,270.5
Investment Management	1,369.9	1,379.7	1,682.4	1,668.4
Agency - Approp. Funds	22,772.1	24,711.8	23,723.5	23,709.5
Category				
FTE	236.0	236.0	238.0	238.0
Personal Services	11,223.2	11,866.9	12,091.9	12,091.9
ERE Amount	4,255.3	4,668.5	4,727.4	4,727.4
Prof. And Outside Services	4,231.4	5,223.5	3,881.8	3,881.8
Travel - In State	43.2	53.6	53.6	53.6

Travel - Out of State	31.5	25.0	25.0	25.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	2,522.1	2,486.8	2,542.3	2,542.3
Equipment	461.7	377.5	391.5	377.5
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	3.7	10.0	10.0	10.0
Agency - Approp. Funds	22,772.1	24,711.8	23,723.5	23,709.5

Appropriated Fund

Retirement System Appropriated	19,983.9	21,911.8	20,923.5	20,909.5
LTD Trust Fund	2,788.2	2,800.0	2,800.0	2,800.0
Agency - Approp. Funds	22,772.1	24,711.8	23,723.5	23,709.5

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Arizona State Retirement System	40,734.4	55,211.5	58,951.7	63,739.7
LTD Trust Fund	28.8	0.0	0.0	0.0
Agency - Nonapp. Funds	40,763.2	55,211.5	58,951.7	63,739.7
Agency Total - All Funds	63,535.3	79,923.3	82,675.2	87,449.2

Recent Appropriation Activity/Perspective

The ASRS was appropriated \$21.1 million in FY 2007. Its appropriation in FY 2008 was increased for records management, investment management personnel, filling vacant positions, increased salaries, and technology upgrades. An FY 2009 increase was due to the need to divest from any companies affiliated with Iran. The ASRS appropriation for FY 2010 decreased to eliminate one-time funding. An increase in FY 2011 was granted to allow the agency to implement several plan design changes.

Executive Appropriation Recommendations

FY 2012 FY 2013

Baseline Adjustments

Risk Standard Adjustment	38.7	38.7
Retirement System Appropriated Fund	38.7	38.7

Other Adjustments

Investment Management Program	302.7	288.7
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The Executive recommends, for FY 2012, an increase of 2.0 FTE positions and \$302,700 and, for FY 2013, an increase of 2.0 FTE positions and \$288,700 to oversee and maintain complex asset allocations that are currently maintained and monitored by outside consultants.

Retirement System Appropriated Fund	302.7	288.7
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Risk Management Strategies

12.0 12.0

The Executive recommends an increase of \$12,000 in FY 2012 and FY 2013 to fund ongoing operating maintenance costs of software that encrypts and stores electronic communication at ASRS.

Retirement System Appropriated Fund	12.0	12.0
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FY 2012 FY 2013

Solutions to Budget

Plan Design Changes (1,341.7) (1,341.7)

The Executive recommends a decrease of (\$1.3 million) in FY 2012 and FY 2013 to reflect the removal of one-time plan design changes enacted by Laws 2010, Ch 50.

Retirement System Appropriated Fund (1,341.7) (1,341.7)

Performance Measures

	FY 2010	FY 2011	FY 2012	FY 2013
	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>	<u>Expected</u>
Percent of overall member satisfaction with the service purchase process (objective 90%)	89	90	90	90
Percentage of overall member satisfaction with Telephone Service at the Arizona State Retirement System (objective 90%)	96	90	90	90
Percentage of investment returns	14.9	8.0	8.0	8.0
➤ <i>one-year return figure</i>				
Percentage of liability funded	76.43	n/a	n/a	n/a
➤ <i>Actuarial value for the total Plan (401a and 401b) as of 6/30/10.</i>				

The Executive recommends a lump-sum appropriation to the agency.

Department of Revenue

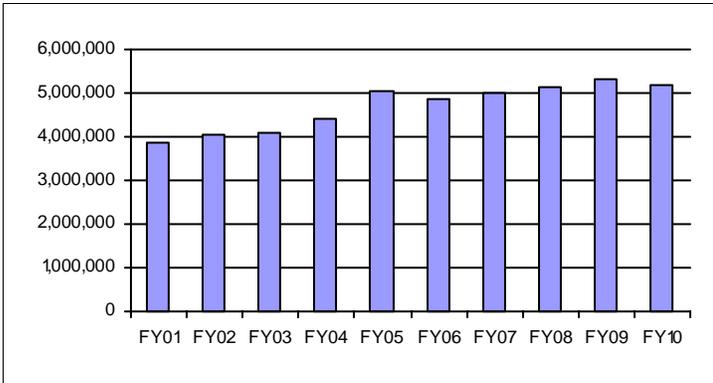
Mission:

Administer tax laws fairly and efficiently for the people of Arizona.

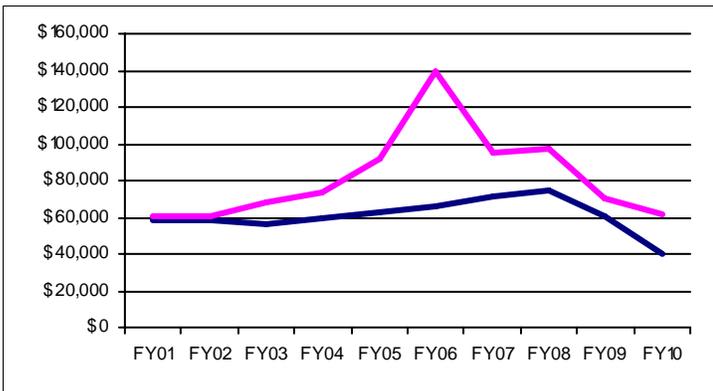
Description:

Pursuant to Arizona Revised Statutes Title 42, the Department of Revenue administers and enforces the collection of individual and corporate income, transaction privilege, withholding and luxury taxes. The Department oversees the fifteen county assessors in the administration of state property tax laws.

Total Returns Processed



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Service	8,489.2	10,109.0	10,109.0	10,109.0
Processing	6,763.0	7,952.1	7,951.1	7,948.4
Education and Compliance	16,829.9	22,097.5	22,096.0	22,094.1
Agency Support	27,865.2	27,276.7	26,528.6	29,628.8
Agency - Approp. Funds	59,947.3	67,435.3	66,684.7	69,780.3
<i>Category</i>				
FTE	863.0	935.0	935.0	935.0
Personal Services	31,443.8	35,985.8	35,985.8	35,985.8
ERE Amount	11,154.4	14,043.3	14,043.3	14,043.3
Prof. And Outside Services	4,219.9	4,777.6	4,777.6	4,777.6
Travel - In State	207.1	304.6	304.6	304.6
Travel - Out of State	67.6	422.5	422.5	422.5
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	10,712.5	11,274.0	10,523.4	13,619.0

Equipment	914.4	627.5	627.5	627.5
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	1,227.6	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	59,947.3	67,435.3	66,684.7	69,780.3

Appropriated Fund

General Fund	39,584.6	43,709.0	42,960.9	46,061.1
Tobacco Tax and Health Care Fund	667.2	673.2	671.7	669.8
Department of Revenue Administrative Fund	19,336.4	22,662.5	22,662.5	22,662.5
DOR Liability Setoff Fund	359.1	390.6	389.6	386.9
Agency - Approp. Funds	59,947.3	67,435.3	66,684.7	69,780.3

The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI Attorney General Legal Services	120.1	120.1	120.1	120.1
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Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Client County Equipment Capitalization	141.7	100.0	0.0	0.0
DOR Estate & Unclaimed	160,002.7	63,040.0	63,040.0	63,040.0
Escheated Estates	95.8	0.0	0.0	0.0
Federal Deposit Insurance Corp Trust Fund	14.7	0.0	0.0	0.0
Public-Private Partnership Contract Fund	1,982.1	0.0	0.0	0.0
Revenue Publication Revolving	13.3	30.0	30.0	30.0
Tobacco Products Tax Fund	0.0	1,945.4	1,945.4	1,945.4
Tobacco Tax and Health Care Fund	0.0	642.3	0.0	0.0
Agency - Nonapp. Funds	162,250.3	65,757.7	65,015.4	65,015.4
Agency Total - All Funds	222,197.6	133,193.0	131,700.1	134,795.7

Recent Appropriation Activity/Perspective

In FY 2008, the Department of Revenue had a (\$477,500) lump-sum reduction from its \$76.9 million appropriation. Additionally, it sustained fund sweeps of (\$1.1 million) from the Estate and Unclaimed Property Fund and (\$1 million) from the Liability Setoff Fund. The impacts of these reductions and transfers were not significant.

In FY 2009, the Department's General Fund appropriation was \$73.9 million. In Laws 2009, 1st Special Session, Chapter 1, Sections 3 and 6, the Department's funding was cut by (\$7.4 million) for FY 2009 and (\$11.1 million) for FY 2010. Additionally, it sustained personnel expense reductions of (\$2.1 million) in FY 2009 and (\$5 million) in FY 2010 and was required to transfer (\$983,400) from the Liability Setoff Fund, (\$1.3 million) from the Estate and Unclaimed Property Fund, (\$189,600) from the Escheated Estates Fund and (\$147,500) from the Client County Equipment Capitalization Fund.

As a result of these reductions, the agency was forced to lay off 208 collectors and auditors, directly undermining its revenue-generating capacity. As another consequence, the Service Employees International Union (SEIU) sued the State, claiming that the terminations violated the Arizona Administrative Code by failing to provide five days' advance notice of termination and violated due process rights under the Arizona constitution. The outcome of the legal action was unknown as the Executive Budget Recommendation went to print.

In FY 2010, the Department began with an appropriation of \$40.7 million from the General Fund and \$24.5 million from the Department of Revenue Administrative Fund. The latter fund was created to partially shift agency support from the General Fund onto a new fund receiving revenues from Unclaimed Property proceeds. Additionally, from FY 2009 reductions, the agency was required to transfer (\$1.4 million) from the Estate and Unclaimed Property Fund and (\$323,500) from the Liability Setoff Fund.

Finally, Laws 2009, 5th Special Session, Chapter 1, Section 1, further reduces General Fund appropriations in FY 2010 by (\$3 million) and reduces appropriation and sweeps funds from the Department of Revenue Administrative Fund by (\$1.8 million). While these reductions in FY 2010 will not severely impact the agency due to vacancy savings and an unexpected excess appropriation in FY 2009, continuation of this reduction into FY 2011 will decrease General Fund revenues from the Auditing and Collections divisions at the Department of Revenue.

Executive Appropriation Recommendations

	<u>FY 2012</u>	<u>FY 2013</u>
Baseline Adjustments		
Rent Standard Adjustment	(548.9)	2,546.7
General Fund	(548.9)	2,551.3
Tobacco Tax and Health Care Fund	0.0	(1.9)
DOR Liability Setoff Fund	0.0	(2.7)
Risk Standard Adjustment		
General Fund	(201.7)	(201.7)
General Fund	(199.2)	(199.2)
Tobacco Tax and Health Care Fund	(1.5)	(1.5)
DOR Liability Setoff Fund	(1.0)	(1.0)

Performance Measures

	<u>FY 2010</u> <u>Actual</u>	<u>FY 2011</u> <u>Expected</u>	<u>FY 2012</u> <u>Expected</u>	<u>FY 2013</u> <u>Expected</u>
Average annual turnover rate for employees	13.02	15.00	15.00	15.00
Customer satisfaction rating for Taxpayer Information and Assistance section (scale 1-5)	4.35	4.00	4.10	4.20
Percent of accounts that collector contacts within 30 calendar days of that account being assigned a delinquent account	100	100	100	100

Performance Measures

	<u>FY 2010</u> <u>Actual</u>	<u>FY 2011</u> <u>Expected</u>	<u>FY 2012</u> <u>Expected</u>	<u>FY 2013</u> <u>Expected</u>
➤ <i>With BRITS automation, letters are sent to every taxpayer upon being assigned as a delinquent account. The Department considers letters as contacts.</i>				
Percentage of delinquent accounts collected	51.90	52.64	52.64	52.64
➤ <i>This measure tracks and reports TPT collections only.</i>				
Average calendar days to refund total Individual Income tax checks (paper warrants and electronic deposits)	5.21	6.5	6.5	6.5
Percent of non-audit revenue to total revenue	98.54	98.50	98.49	98.48
➤ <i>The FY2010 result was calculated using a preliminary gross revenue number; FY2010 gross revenue data will not be available until the publication of DOR's 2010 Annual Report.</i>				
Percent of written inquiries answered within 30 calendar days in Taxpayer Information and Assistance section	84	80	80	80

The Executive recommends a lump-sum appropriation to the agency with special line items.

School Facilities Board

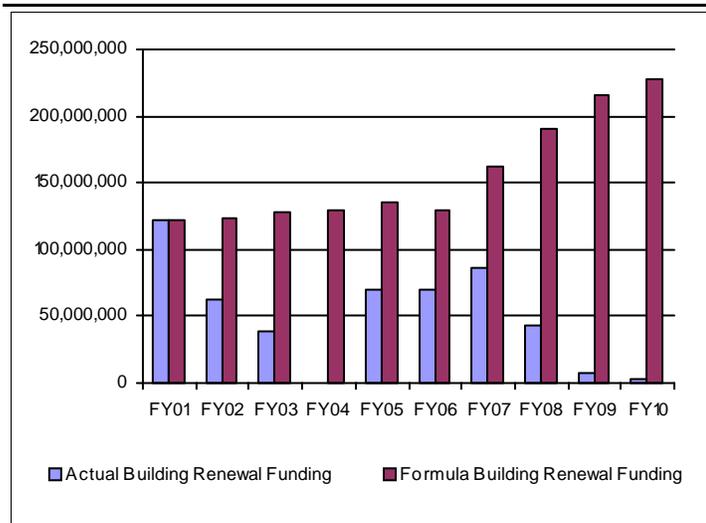
Mission:

To provide financial and technical assistance to ensure school districts maintain buildings and equipment at minimum adequacy standards so that students can achieve academic success.

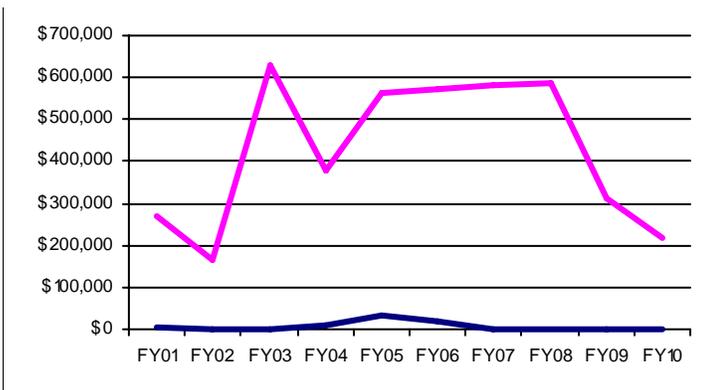
Description:

The School Facilities Board was created by Laws 1998, 5th Special Session, Chapter 1 through legislation commonly known as Students FIRST. The School Facilities Board consists of nine governor-appointed voting members and the Superintendent of Public Instruction who serves as a non-voting member. The Board is charged with administration of three capital programs: (a) New School Facilities, (b) Building Renewal, and (c) Emergency Deficiencies Corrections.

In order to effectively evaluate the State's school capital needs, the Board maintains a facilities database consisting of information reported by each school district that aids the Board in determining the funding level for building renewal and the construction of new facilities. Through periodic inspections, the Board is mandated to ensure compliance with building adequacy standards and routine preventative maintenance guidelines with respect to the new construction of buildings and maintenance of existing buildings.



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2011 Exec. Rec.	FY 2012 Exec. Rec.
School Facilities Board	104,773.6	67,580.5	67,580.5	171,496.2
Agency - Approp. Funds	104,773.6	67,580.5	67,580.5	171,496.2

Category	FY 2010 Actual	FY 2011 Approp.	FY 2011 Exec. Rec.	FY 2012 Exec. Rec.
FTE	20.0	20.0	20.0	23.0
Personal Services	775.5	760.4	760.4	910.4
ERE Amount	299.9	259.0	259.0	313.9
Prof. And Outside Services	134.9	144.0	144.0	144.0
Travel - In State	18.5	30.0	30.0	100.6
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	184.9	193.4	193.4	191.7
Equipment	8.7	5.7	5.7	10.9
Transfers Out	103,351.2	66,188.0	66,188.0	169,824.7
Agency - Approp. Funds	104,773.6	67,580.5	67,580.5	171,496.2

Appropriated Fund	FY 2010 Actual	FY 2011 Approp.	FY 2011 Exec. Rec.	FY 2012 Exec. Rec.
General Fund	104,773.6	67,580.5	67,580.5	171,496.2
Agency - Approp. Funds	104,773.6	67,580.5	67,580.5	171,496.2

The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI	FY 2010 Actual	FY 2011 Approp.	FY 2011 Exec. Rec.	FY 2012 Exec. Rec.
SLI Building Renewal	2,667.9	2,667.9	2,667.9	9,719.3
SLI New School Facilities	100,683.3	63,520.1	63,520.1	160,105.4

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2011 Exec. Rec.	FY 2012 Exec. Rec.
Arizona Energy and Water Savings Grant Fund	215.0	154.4	138.4	0.0
Building Renewal Grant Fund	4,753.6	5,577.0	5,577.0	5,577.0
Emergency Deficiencies Correction Fund	1,596.8	345.2	345.2	118.8
Federal Economic Recovery Fund	59.6	13,428.0	13,428.0	5,780.4
Lease to Own Debt Service	108,627.0	63,545.4	63,545.4	160,130.7
New School Facilities Fund	5,768.9	146,005.2	135,105.2	34,870.6
School Facilities Deficiencies Corrections	332.4	468.9	468.9	0.0
School Facilities Revenue Bond Debt Service	64,306.7	63,612.4	63,612.4	64,211.8
State School Trust Revenue Bond Debt Svc	24,250.3	24,250.6	24,250.6	24,247.5
Agency - Nonapp. Funds	209,910.3	317,387.1	306,471.1	294,936.8
Agency Total - All Funds	314,683.9	384,967.6	374,051.6	466,433.0

Federal Funds Expenditures - as reported by Agency	FY 2010 Actual	FY 2011 Exp. Plan	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	59.6	13,428.0	5,780.4	N/A

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

Recent Appropriation Activity/Perspective

From FY 2007 to FY 2011, General Fund support for the Board was reduced by (83.7%), from \$413.8 million to \$67.6 million.

In FY 2007, \$86.3 million was appropriated for school district building renewal funding. In FY 2008, building renewal funding was reduced to \$43.1 million; the following fiscal year, building renewal formula funding was replaced with \$7 million appropriated for building renewal grants. In FY 2010, the amount appropriated for building renewal grants was reduced to \$2.7 million, and that amount continued into FY 2011. According to formula, building renewal funding in FY 2011 should be \$231.7 million. The lack of funding for building renewal will result in deferred maintenance for schools across the state.

In FY 2007, the New School Facilities program received a General Fund appropriation of \$250 million, and in FY 2008 that amount was increased to \$362 million. In FY 2009, General Fund support was replaced with authority for the Board to issue lease-to-own agreements to fund new school construction. In FY 2010, no additional new school construction was authorized. In FY 2011, \$100 million in lease-to-own authority was given to the Board in order to fund a handful of new school construction projects.

The new school construction program provides funding to school districts to build new K-12 school facilities, and funds are allocated to school districts according to statute. The lack of funding may result in unmet school facility needs and perhaps legal challenges to the State's school capital finance system.

From FY 2007 to FY 2011, the Board's operating budget has been reduced from a high of \$2 million in FY 2008 to \$1.4 million in FY 2011, a reduction of (28.8%). As a result, the Board has reduced its staff from 20 filled FTE positions to 14 funded FTE positions.

Finally, the Board has transferred \$5.2 million of excess fund balances to the General Fund. The transfers have not adversely impacted the operations of the agency, with the possible exception of minor cash-flow issues.

Executive Appropriation Recommendations

FY 2012

Baseline Adjustments

Risk Standard Adjustment	(1.7)
General Fund	(1.7)

Baseline Adjustments

New Construction Lease-to-Own Debt Service	96,585.3
The Executive recommends \$96.6 million from the General Fund to pay for increased Lease-to-Own debt service for new school construction. The debt service payments in FY 2011 are \$63.5 million, increasing in FY 2012 to \$160.1 million. The large increase in debt service is due to refunding certificates of participation that significantly reduced debt service costs in FY 2011.	
General Fund	96,585.3

Other Adjustments

Building Renewal Grants	7,332.1
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FY 2012

The Executive recommends \$7.3 million to fund building renewal grants, for a total appropriation of \$10 million to the Building Renewal Grants special line item.

In FY 2009, \$20 million was appropriated from the General Fund for building renewal grants. Through budget cuts, the amount appropriated has dropped to \$2.7 million in FY 2011.

Since FY 2009, building renewal formula funding has ceased, while building renewal demand has grown as measured by SFB's building renewal formula. Because of this, district building renewal fund balances have, for the most part, been spent causing more districts to request building renewal grants. At least \$9.5 million in qualified building renewal grant requests have been received by the Board and the Board is constantly receiving more building renewal grant requests.

\$10 million in building renewal grants should be adequate to stave off emergencies while protecting the General Fund during the budget crisis.

General Fund	7,332.1
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Preventative Maintenance Specialists	0.0
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The Executive recommends enhancing the School Facilities Board's preventative maintenance (PM) program by moving \$280,700 from the Building Renewal Grant special line item to the Board's operating lump sum. This amount will pay for 2 PM specialists and 1 PM program supervisor to train school districts to proactively maintain their facilities. Currently, the Board has only one PM specialist. With a prioritized, proactive PM program, school districts will ultimately reduce their overall repair costs and their strain on the State's building renewal grant program.

With the Executive's recommendation for \$10 million to pay for building renewal grants, and with the \$280,700 being transferred to the Board's operating lump sum for preventative maintenance specialists, the final building renewal grants appropriation will be \$9.7 million for FY 2012.

Of the \$280,700, \$5,100 is for one-time equipment costs.

Performance Measures

	FY 2009 Actual	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected
Percent of all school districts rating the Boards' services as satisfactory, good, or excellent in annual survey	93	96	98	99
Percent of all school district schools inspected to ensure minimum adequacy guidelines	9	8	20	20
➤ <i>The staff of the School Facilities Board was unable to meet its performance target due to lack of staff. Due to budget reductions, two (2) of the four (4) staff positions that perform inspections were cut.</i>				
Percent of inspected schools determined to have an adequate preventative maintenance program	71	79	80	85

Performance Measures

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
	<u>Actual</u>	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>
Number of new school construction projects completed	26	6	0	10

The Executive recommends a lump-sum appropriation to the agency with special line items.

Department of State - Secretary of State

Mission:

To help all Arizonans enjoy a better quality of life through participation, understanding, and confidence in state government by providing fair, honest, and accurate elections; keeping complete and accurate records that are accessible to the public; and providing excellent service to enhance business formation, protect business property, and enable business transactions.

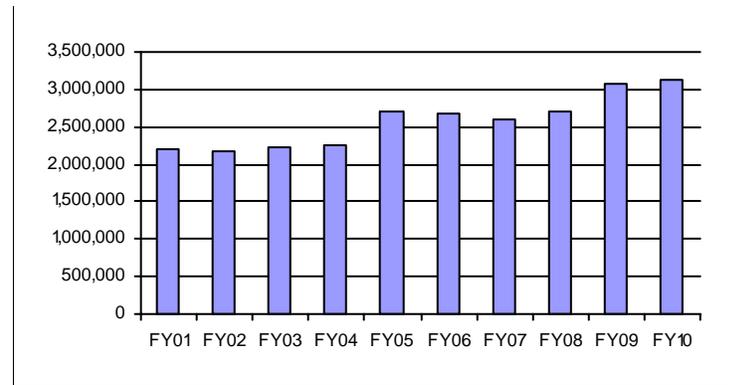
As a division of the Department of State, the mission of the Arizona State Library, Archives and Public Records is to serve Arizona government and Arizonans by providing access to public information, fostering historical/cultural collaborative research and information projects, and ensuring that Arizona's history is documented and preserved.

Description:

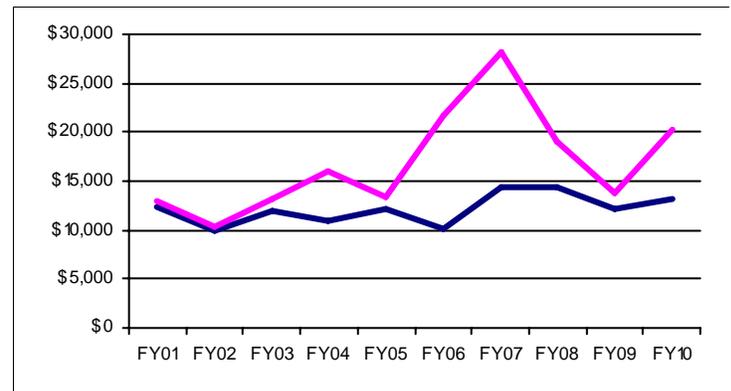
The Department of State is headed by a publicly elected Secretary of State, who serves as Acting Governor in the absence of the Governor and succeeds the Governor should a vacancy occur. The Secretary of State is the keeper of the Great Seal of the State of Arizona and is also the Chief State Election Officer who administers election functions, including canvass and certification of statewide elections, and coordinates statewide voter registration. The Secretary of State's office receives and records various filings, including Uniform Commercial Code transactions, trademark and trade name registrations, and limited partnership and limited liability partnership filings. The office is also responsible for registration of lobbyists and acceptance of periodic lobbyist filings and campaign finance filings; publishes all official acts of the State of Arizona including laws, the Arizona Administrative Code, and the Arizona Administrative Register; files the notices of the Governor's appointments to State boards and commissions; appoints notaries public; and applies apostilles to all international transactions.

The Arizona State Library, Archives and Public Records division provides general information services as well as research and reference services in the subject areas of law, government, public policy, genealogy, and Arizoniana. The division administers state and federal grants for public libraries and offers consultant services to both public libraries and government agencies. The division also offers special library and information services for anyone who is unable to read or use standard printed materials as a result of temporary or permanent visual or physical limitations, manages public record archival retention programs, and creates exhibits to educate the public regarding governmental and Arizona history and the legislative process.

Registered Voters As Of January 1



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Constitution and Administration	1,042.7	1,082.4	1,180.7	1,180.7
Business Services	1,099.0	1,148.9	1,142.1	1,142.1
Public Services	320.3	328.4	328.4	328.4
Election Services	7,128.9	13,368.9	7,368.9	7,368.9
Library, Archives and Public Records	6,887.0	6,976.1	8,776.2	9,462.6
Agency - Approp. Funds	16,477.9	22,904.7	18,796.3	19,482.7
<i>Category</i>				
FTE	145.1	139.1	139.1	139.1
Personal Services	5,325.1	5,457.6	5,387.6	5,387.6
ERE Amount	2,160.1	2,388.1	2,368.1	2,368.1
Prof. And Outside Services	1,628.0	1,866.8	1,866.8	1,866.8
Travel - In State	13.7	15.3	15.3	15.3
Travel - Out of State	16.1	14.2	14.2	14.2
Aid to Others	1,536.5	1,639.2	1,639.2	1,639.2
Other Operating Expenses	5,526.7	4,707.0	6,688.6	7,375.0
Equipment	115.4	95.5	95.5	95.5
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	156.3	6,721.0	721.0	721.0
Agency - Approp. Funds	16,477.9	22,904.7	18,796.3	19,482.7
<i>Appropriated Fund</i>				
General Fund	13,310.1	13,301.8	15,288.4	15,974.8

Election Systems Improvement Fund	2,562.7	8,934.2	2,934.2	2,934.2
Records Services Fund	605.1	668.7	573.7	573.7
Agency - Approp. Funds	16,477.9	22,904.7	18,796.3	19,482.7

The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI Help America Vote Act (HAVA)	2,562.7	8,934.2	2,934.2	2,934.2
SLI Special Election	3,762.2	0.0	0.0	0.0
SLI Library, Archives and Public Records	614.0	668.7	705.2	1,123.2
SLI Grants-in-aid	498.7	651.4	651.4	651.4
SLI Radio Reading for the Blind	97.0	97.0	97.0	97.0

Non-Appropriated Funds

	<u>FY 2010</u> <i>Actual</i>	<u>FY 2011</u> <i>Expend. Plan</i>	<u>FY 2012</u> <i>Exec. Rec.</i>	<u>FY 2013</u> <i>Exec. Rec.</i>
Arizona Centennial Account	15.0	31.5	31.5	31.5
Data Processing Acquisition Fund	96.9	96.9	96.9	96.9
Federal Grant Fund	3,622.8	5,633.9	4,283.9	3,483.9
Gift Shop Revolving Fund	88.5	88.4	88.4	88.4
Health Care Directives Registry	3.6	0.1	0.0	0.0
Notary Bond Fund	82.3	80.5	80.5	80.5
Standing Political Committee Administration Fund	0.0	0.0	20.2	20.2
State Library Fund	131.7	264.8	264.8	264.8
Agency - Nonapp. Funds	4,040.8	6,196.1	4,866.2	4,066.2
Agency Total - All Funds	20,518.7	29,100.8	23,662.5	23,548.9

Federal Funds Expenditures - as reported by Agency

	<u>FY 2010</u> <i>Actual</i>	<u>FY 2011</u> <i>Exp. Plan</i>	<u>FY 2012</u> <i>Exp. Plan</i>	<u>FY 2013</u> <i>Exp. Plan</i>
Agency Total	6,106.1	8,124.4	3,112.9	2,490.5

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

Recent Appropriation Activity/Perspective

The most significant reductions to the Secretary of State's budget occurred in the State Library, Archives and Public Records before the two agencies were merged. In mid-FY 2009, the State Library's appropriations and fund balances were reduced by (\$1.5 million). The Agency let go approximately 19% of its staff and reduced operating hours in six of its seven divisions. The Polly Rosenbaum Archives Building was closed to regular public access within weeks of its dedication.

Despite budget reductions and fund transfers, the Secretary of State's Office has continued to focus on automating services to increase efficiency and improve customer service.

Executive Appropriation Recommendations

FY 2012 FY 2013

Baseline Adjustments

	<u>FY 2012</u>	<u>FY 2013</u>
Rent Standard Adjustment	119.1	805.5
General Fund	119.1	805.5

Risk Standard Adjustment	77.5	77.5
General Fund	77.5	77.5

Baseline Adjustments

Polly Rosenbaum Archives Building	1,705.0	1,705.0
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The Executive recommends a statutory change to clarify the transfer of State Library Buildings from the Legislative Branch to the Executive. This would officially move the Polly Rosenbaum Archives Building into the ADOA Building System in FY 2012. The Executive recommends a General Fund appropriation increase of \$1.7 million to fund the annual rent payment due to the Capital Outlay Stabilization Fund.

General Fund	1,705.0	1,705.0
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Other Adjustments

Chavez v. Brewer	85.0	85.0
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The Executive recommends an increase of \$85,000 for litigation costs associated with the Chavez v. Brewer case, relating to the selection of direct electronic voting systems.

General Fund	85.0	85.0
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Record Services Fund	(95.0)	(95.0)
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The Executive recommends an appropriation decrease of (\$95,000) from the Records Services Fund to better align the appropriation with anticipated revenues. Continuing appropriation authority from prior years is available to offset the reduction if needed.

Records Services Fund	(95.0)	(95.0)
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Election Systems Improvement Fund	(6,000.0)	(6,000.0)
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The Executive recommends a reduction of (\$6 million) from the Election Systems Improvement Fund in order to bring the appropriation more in line with planned expenditures and available funding.

Election Systems Improvement Fund	(6,000.0)	(6,000.0)
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FY 2011 Supplemental Recommendations

	<u>FY 2011</u>
Record Services Fund	(120.0)

The Executive recommends an appropriation decrease of (\$120,000) from the Records Services Fund in FY 2011 in order to better align the appropriation with anticipated revenues. Continuing appropriation authority from prior years is available to offset the reduction if needed.

Records Services Fund	(120.0)
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Performance Measures

<u>FY 2010</u> <i>Actual</i>	<u>FY 2011</u> <i>Expected</i>	<u>FY 2012</u> <i>Expected</i>	<u>FY 2013</u> <i>Expected</i>
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Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 <u>Expected</u>	FY 2013 Expected
Percent of votes cast on provisional ballots compared to total voter registration	2	2	2	2
Total voter registration	3,093,647	3,110,000	3,110,000	3,110,000
Percent of delinquent campaign finance filings	9.94	10.0	10.0	10.0
Percent of delinquent elected official financial disclosure statements	1.3	2.0	2.0	2.0
Percent of delinquent lobbyist reports	8.3	6.0	6.0	6.0
Percent of staff indicating they feel they have the necessary resources to effectively perform their job	100	100	100	100
Average number of business days to process charitable organizations registrations	5	5	5	5
Average number of business days to process trade name applications	6	5	5	5
Average number of business days to process trademark applications	7	5	5	5
Average number of business days to process Uniform Commercial Code filings	3	3	3	3
Average number of business days to process athlete agents registrations	3	3	3	3
Average number of business days to process telephone solicitors registrations	3	3	3	3
Average number of business days to process notary commissions	4	3	3	3
Average number of business days to process limited/limited liability partnerships and foreign limited liability partnerships filings	3	3	3	3
Percent of customers indicating they found the public information they were seeking	100	100	100	100
Percent of statutory publications provided	100	100	100	100
Collaboration - Total activities/contacts	294,199	130,700	130,700	130,700
Leg info services - Total activities/contacts	16,957	16,355	16,355	16,355
Public Access - Total contacts (in thousands)	87,303.8	93,973.5	93,973.5	93,973.5
Public Access - Customer satisfaction	7.6	7.6	7.6	7.6
Preservation - Total items/contacts (in thousands)	57,645.3	55,416.2	55,416.2	55,416.2

The Executive recommends a lump-sum appropriation to the agency with special line items.

State Boards Office

The Executive recommends a lump-sum appropriation to the agency.

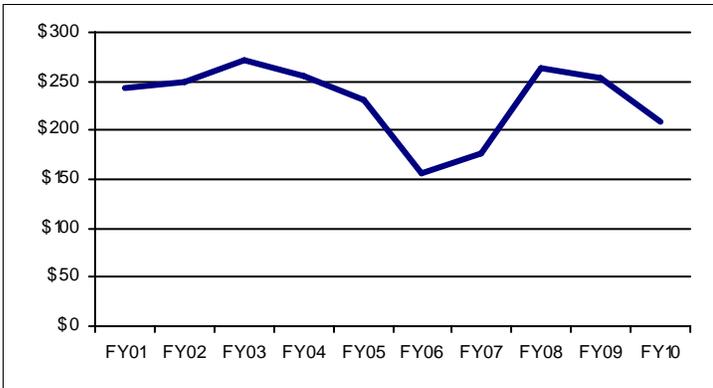
Mission:

To provide effective and efficient support services to small licensing agencies.

Description:

The State Boards Office operates within the Department of Administration and offers support services to small licensing agencies in the areas of reception services, budgeting, personnel, accounting, and payroll.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Support Services	208.4	220.9	220.9	220.9
Agency - Approp. Funds	208.4	220.9	220.9	220.9
<i>Category</i>				
FTE	3.0	3.0	3.0	3.0
Personal Services	131.2	137.4	137.4	137.4
ERE Amount	46.9	53.3	53.3	53.3
Prof. And Outside Services	0.4	0.4	0.4	0.4
Travel - In State	0.0	0.0	0.0	0.0
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	29.6	29.8	29.8	29.8
Equipment	0.0	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.3	0.0	0.0	0.0
Agency - Approp. Funds	208.4	220.9	220.9	220.9
<i>Appropriated Fund</i>				
Admin - Special Services	208.4	220.9	220.9	220.9
Agency - Approp. Funds	208.4	220.9	220.9	220.9

Recent Appropriation Activity/Perspective

The State Boards Office's appropriation for FY 2007 was \$180,800. In FY 2008, it increased due to a joint office costs increase. The FY 2009 and FY 2010 appropriations were both just less than \$285,000. In FY 2011, the Office's appropriation decreased to \$220,900.

State Board of Tax Appeals

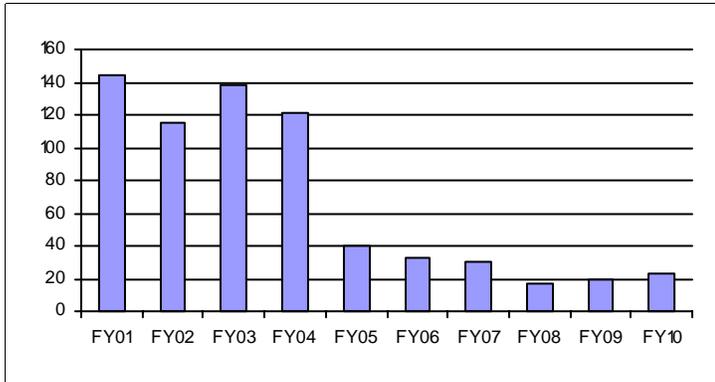
Mission:

To provide an independent appeals process for taxpayers with adverse decisions from the Department of Revenue and Office of Administrative Hearings, and to resolve jurisdictional disputes between municipalities regarding the imposition of transaction privilege and use taxes.

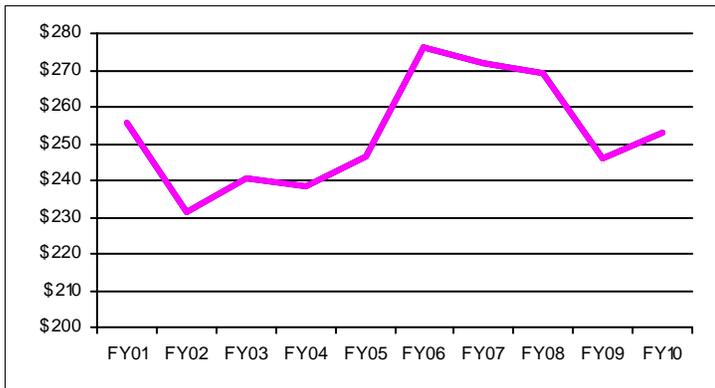
Description:

The State Board of Tax Appeals hears and decides appeals filed by taxpayers and Arizona municipalities concerning income, transaction privilege, use, luxury, and estate taxes.

Number of Tax Appeal Cases



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
State Board of Tax Appeals	252.8	252.7	252.9	253.7
Agency - Approp. Funds	252.8	252.7	252.9	253.7
<i>Category</i>				
FTE	4.0	4.0	4.0	4.0
Personal Services	165.7	168.7	168.7	168.7
ERE Amount	45.6	43.9	43.9	43.9
Prof. And Outside Services	1.1	1.1	1.1	1.1
Travel - In State	0.1	0.4	0.4	0.4
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	40.3	38.6	38.8	39.6
Equipment	0.0	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0

Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	252.8	252.7	252.9	253.7
<i>Appropriated Fund</i>				
General Fund	252.8	252.7	252.9	253.7
Agency - Approp. Funds	252.8	252.7	252.9	253.7

Recent Appropriation Activity/Perspective

Funding for the Board has steadily declined for many years, starting even before FY 2007. In FY 2007, its original appropriated budget, which is entirely from the General Fund, was \$307,500. By FY 2011, that total had dwindled to \$252,000, an 18% decrease. With the future expansion of auditing staff at the Department of Revenue, the Board foresees a likely increase in tax appeals cases being filed in FY 2012 and FY 2013; therefore, it may become increasingly difficult for the Board to handle its workload in coming years with its existing budget.

Executive Appropriation Recommendations

	FY 2012	FY 2013
Baseline Adjustments		
Rent Standard Adjustment	0.4	1.2
General Fund	0.4	1.2
Risk Standard Adjustment	(0.2)	(0.2)
General Fund	(0.2)	(0.2)

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected	FY 2013 Expected
Caseload processing (and number of issues)	23(47)	65(100)	70(120)	80(160)
Number of tax appeals resolved	9	30	40	50
Number backlogged requiring written decision	1	16	20	20
Number of months to process appeal	7.5	7.5	6.5	6.5

The Executive recommends a lump-sum appropriation to the agency.

State Board of Technical Registration

Mission:

To protect the public by setting appropriate registration qualifications and enforcing State Statutes relating to the practice of all Board regulated professions and occupations.

Description:

The Agency's duties are to screen applicants; adopt and administer qualifying examinations as needed to determine whether minimum standards for registration or certification have been satisfied; to enforce professional practice standards for registrants and certificate holders; and to enforce statutes relating to unlicensed practice.

Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency - Approp. Funds	1,451.2	1,729.2	1,830.8	1,735.1

Appropriated Fund

Technical Registration Board	1,451.2	1,729.2	1,830.8	1,735.1
Agency - Approp. Funds	1,451.2	1,729.2	1,830.8	1,735.1

Recent Appropriation Activity/Perspective

The Board's \$1.5 million appropriation for FY 2007 increased in FY 2008 to accommodate new staff and a centralized cost increase. Since FY 2008, the Board has seen little change to its appropriation. The Board transferred \$978,700 from the Technical Registration Board Fund in FY 2009. In FY 2010, the Board was appropriated \$1,754,800. The Board's FY 2011 appropriation was \$1,729,200 million, a decrease of (\$27,200) from FY 2010 as a result of statewide adjustments.

Executive Appropriation Recommendations

FY 2012 FY 2013

Baseline Adjustments

Rent Standard Adjustment	2.2	6.5
Technical Registration Board Fund	2.2	6.5

Risk Standard Adjustment

Technical Registration Board Fund	(0.6)	(0.6)
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Other Adjustments

Transition from AS/400 Computer System	100.0	0.0
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The Executive recommends an increase of \$100,000 from the Technical Registration Board Fund in FY 2012 to fund the Board's transition from an antiquated AS/400 computer system that is past end-of-life. The only employee at DOA who is proficient in such archaic systems is eligible for retirement. The Board will transition to a system supported by CAVU, which is the same system that supports a number of licensing and regulatory agencies in the State. The expenditure of the recommended funds is contingent on PIJ approval.

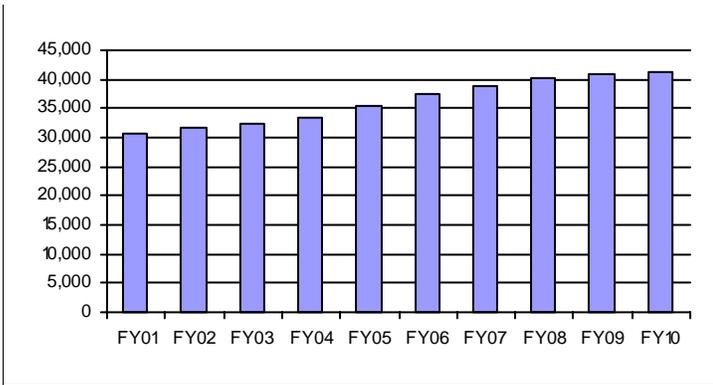
Technical Registration Board Fund	100.0	0.0
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Performance Measures

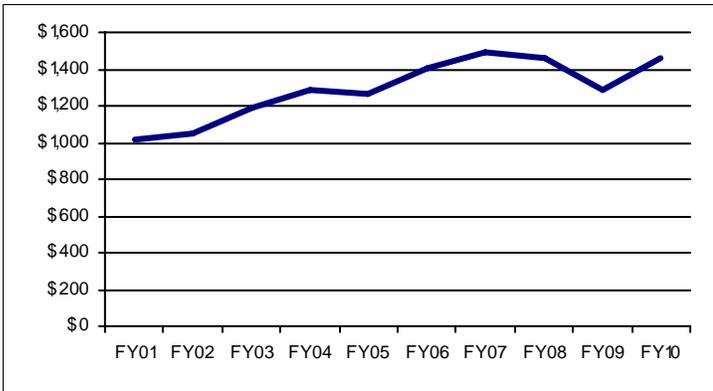
	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected	FY 2013 Expected
Total number of professional licensees	32018	32018	32018	32018
Percent of persons grading response to request for information as good or better	100	100	100	100
Percent of complaints resolved by informal methods	100	100	100	100
Number of complaints received	154	154	154	154

The Executive recommends a lump-sum appropriation to the agency.

Number of Licensees



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	1,451.2	1,729.2	1,830.8	1,735.1
Agency - Approp. Funds	1,451.2	1,729.2	1,830.8	1,735.1
<i>Category</i>				
FTE	20.0	23.0	23.0	23.0
Personal Services	753.9	813.1	813.1	813.1
ERE Amount	280.6	330.1	330.1	330.1
Prof. And Outside Services	63.6	152.8	252.8	152.8
Travel - In State	6.7	12.4	12.4	12.4
Travel - Out of State	13.6	16.0	16.0	16.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	326.4	382.3	383.9	388.2
Equipment	6.4	22.5	22.5	22.5

Arizona Office of Tourism

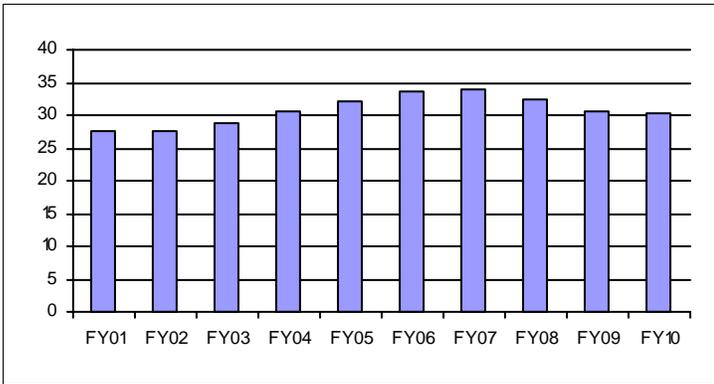
Mission:

To enhance the state economy and the quality of life for all Arizonans by expanding travel activity and increasing related revenues through tourism promotion and development.

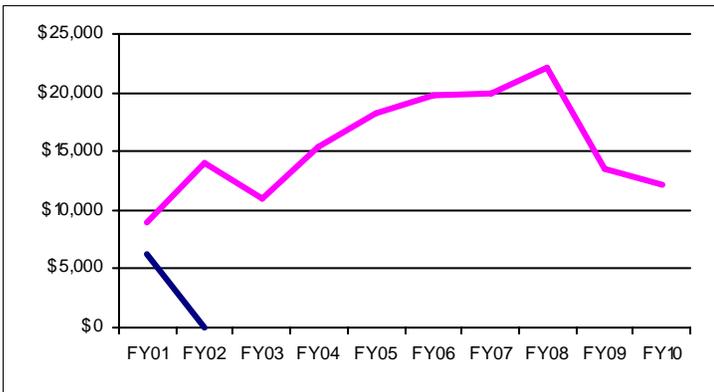
Description:

The Arizona Office of Tourism employs a marketing and customer-service orientation in performing its statutory duties as follows: planning and developing a comprehensive in-state, national, and international marketing plan that includes advertising campaigns; promoting and developing tourism-related business in Arizona; undertaking research to guide tourism development plans for the State; establishing the Office as a central clearinghouse for tourism-related data; and providing information and assistance as needed by citizens, businesses, industry organizations, and governmental agencies on matters related to Tourism.

Domestic Overnight Visitation (millions)



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Office of Tourism	0.0	0.0	1,000.0	1,000.0
Agency - Approp. Funds	0.0	0.0	1,000.0	1,000.0
<i>Category</i>				
FTE	0.0	0.0	0.0	0.0
Personal Services	0.0	0.0	0.0	0.0
ERE Amount	0.0	0.0	0.0	0.0
Prof. And Outside Services	0.0	0.0	0.0	0.0

Travel - In State	0.0	0.0	0.0	0.0
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	1,000.0	1,000.0
Agency - Approp. Funds	0.0	0.0	1,000.0	1,000.0

Appropriated Fund

General Fund	0.0	0.0	1,000.0	1,000.0
Agency - Approp. Funds	0.0	0.0	1,000.0	1,000.0

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Tourism Fund	18,232.6	12,424.8	12,426.2	12,430.7
Agency - Nonapp. Funds	18,232.6	12,424.8	12,426.2	12,430.7
Agency Total - All Funds	18,232.6	12,424.8	13,426.2	13,430.7

Recent Appropriation Activity/Perspective

From FY 2007 to FY 2011, formula funding for the Office of Tourism, about \$15 million, was eliminated, making the Office operate using only non-tax revenues. The agency currently pays for its operating costs using 50% of revenues from the Arizona Tourism and Sports Authority which in FY 2011 is estimated to be \$2.7 million.

In addition to the cuts, the Office of Tourism has transferred \$8 million to the General Fund.

These cuts and transfers have caused the office to lay-off more than one-third of its staff, significantly reduce the number of target markets, reduce grants to rural Arizona communities for advertising, and significantly reduce statewide advertising both domestically and internationally.

Executive Appropriation Recommendations

	FY 2012	FY 2013
Other Adjustments		
Tourism Industry Donations Match	1,000.0	1,000.0
The Executive recommends an industry donations match where donations from the tourism industry to the Tourism Fund are matched dollar-for-dollar up to \$1 million by the General Fund in FY 2012 and FY 2013.		
General Fund	1,000.0	1,000.0

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected	FY 2013 Expected
Number of domestic tourists (in millions)	30.5	30	29	28

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 <u>Expected</u>	FY 2013 Expected
➤ <i>Research has shown that a decrease in a destination's tourism marketing budget results in a decline in visitation volume to that destination. Because of this, we are anticipating a decline in visitation volume in the long run.</i>				
Number of visitors to the Welcome Center	123,500	125,000	125,000	125,000
Cost per inquiry for advertising-generated requests for Arizona travel planning information (in dollars)	18.6	10.2	9.8	9.6
➤ <i>As traffic to our web site grows, more inquiries are spread across a finite advertising budget, so cost per inquiry decreases.</i>				
Number of inquiries for Arizona travel packet (in thousands)	226	236	244	251
➤ <i>Research Studies show that travelers view a hard copy guide as a primary source of information.</i>				
Customer satisfaction rating for travel kits program (scale 1-5, 5=very satisfied)	4.5	4.5	4.5	4.5

The Executive recommends a lump-sum appropriation to the agency.

Department of Transportation

Mission:

To provide products and services for a safe, efficient, cost-effective transportation system.

Description:

The Arizona Department of Transportation is the state agency responsible for collecting transportation revenues and for planning, constructing, and maintaining Arizona's highway infrastructure for the safe and efficient movement of people and products throughout the state. The transportation system, with more than 19,000 travel-lane miles, supports the state's economy and quality of life. In addition, ADOT issues development grants to public airports for improvement projects, and owns and maintains the Grand Canyon National Park Airport.

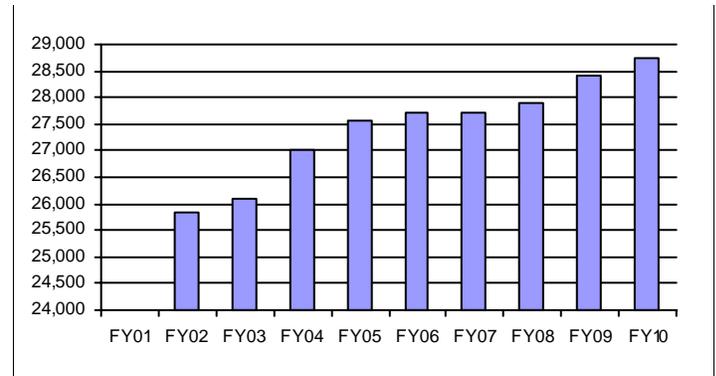
ADOT works with various customers and stakeholders to identify significant transportation issues in Arizona and improve existing systems and practices. The Arizona Long-Range Transportation Plan builds on numerous studies and plans that guide ADOT in identifying future needs, developing solutions, and delivering projects that address the transportation challenges Arizona will face over the next 20 years. The Five-Year Transportation Facilities Construction Program and the collection of the maximum amount of transportation revenue are critical to the delivery of major state transportation projects by assisting decision makers in prioritizing projects and allocating corresponding funds.

The Motor Vehicle Division (MVD) is responsible for providing motor vehicle title and registration services, issuing driver credentials, e-government (ServiceArizona), and commercial motor carrier services. Third-party providers support MVD field offices by offering residents an alternative and convenient way to do business with MVD.

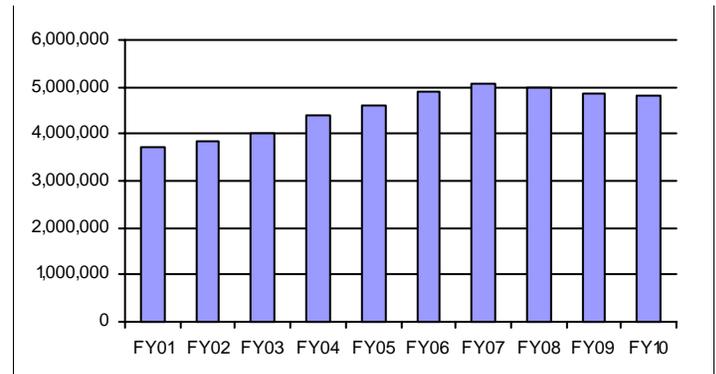
Effective July 2010, the Enforcement and Compliance Division was created, assuming enforcement and compliance responsibilities previously carried out by MVD. This new division is responsible for commercial vehicle enforcement, registration compliance, and conducting administrative hearings involving DUI-related offenses and driver license suspension/revocation. It also oversees the agency's Office of the Inspector General.

Revenues collected from fuel taxes, motor carrier fees, motor vehicle registration fees, vehicle license taxes (VLT), and other miscellaneous fees build and operate the state's transportation systems and fund other related expenditures. The health of these revenues directly impacts ADOT's ability to successfully deliver a range of transportation projects that will help create jobs and deliver economic and quality-of-life benefits for Arizona residents and businesses.

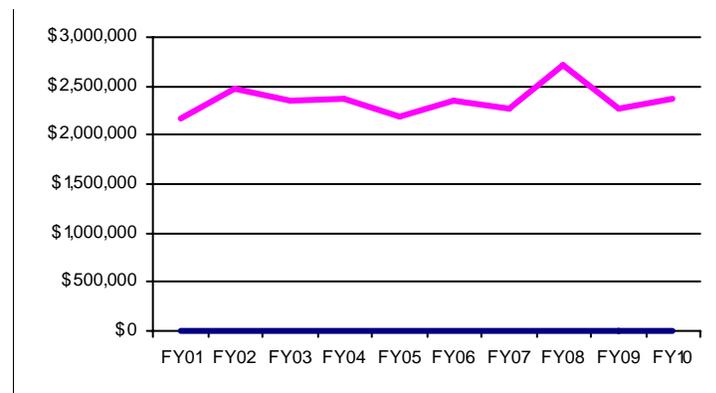
Maintenance Lane Miles



Total Commercial and Non-Commercial Vehicles



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010	FY 2011	FY 2011	FY 2012
	Actual	Approp.	Exec. Rec.	Exec. Rec.
Administration	46,440.8	49,545.0	49,545.0	49,545.0
Intermodal Transportation	141,922.3	218,831.1	218,831.1	218,831.1
Motor Vehicle Division	81,624.8	91,885.7	91,885.7	91,885.7
Agency - Approp. Funds	269,987.9	360,261.8	360,261.8	360,261.8
<i>Category</i>				
FTE	4,548.0	4,548.0	4,548.0	4,548.0
Personal Services	125,975.7	151,748.9	151,748.9	151,748.9
ERE Amount	56,499.5	64,706.1	64,706.1	64,706.1
Prof. And Outside Services	4,654.5	4,825.4	4,825.4	4,825.4
Travel - In State	944.6	636.4	636.4	636.4
Travel - Out of State	62.9	67.0	67.0	67.0
Aid to Others	0.0	0.0	0.0	0.0

Other Operating Expenses	78,169.0	127,103.8	127,103.8	127,103.8
Equipment	3,383.2	11,094.7	11,094.7	11,094.7
Capital Outlay	73.6	77.3	77.3	77.3
Transfers Out	224.9	2.2	2.2	2.2
Agency - Approp. Funds	269,987.9	360,261.8	360,261.8	360,261.8

Appropriated Fund

General Fund	57.4	54.6	54.6	54.6
State Aviation Fund	1,719.1	1,592.7	1,592.7	1,592.7
State Highway Fund	247,870.6	325,794.9	325,794.9	325,794.9
Transportation Department Equipment Fund	15,345.0	27,592.0	27,592.0	27,592.0
Safety Enforcement and Transportation Infrastructure	1,693.3	1,866.2	1,866.2	1,866.2
Air Quality Fund	47.6	72.9	72.9	72.9
Vehicle Inspection & Title Enforcement	1,458.9	1,449.2	1,449.2	1,449.2
Motor Vehicle Liability Insurance Enforcement	1,084.6	1,066.4	1,066.4	1,066.4
Driving Under Influence Abatement Fund	145.4	148.1	148.1	148.1
Highway User Revenue Fund	566.0	624.8	624.8	624.8
Agency - Approp. Funds	269,987.9	360,261.8	360,261.8	360,261.8

The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI Attorney General Legal Services	2,874.9	2,895.6	2,895.6	2,895.6
SLI New Third Party Funding	673.0	940.1	940.1	940.1
SLI Abandoned Vehicle Administration	766.7	1,021.6	1,021.6	1,021.6
SLI Fraud Investigation	341.6	753.9	753.9	753.9

Non-Appropriated Funds

	<i>FY 2010 Actual</i>	<i>FY 2011 Expend. Plan</i>	<i>FY 2011 Exec. Rec.</i>	<i>FY 2012 Exec. Rec.</i>
ADOT Federal Programs	22,700.7	20,600.0	20,600.0	20,600.0
ADOT-Maricopa-Regional-Area Bond Revolving	291,322.8	603,139.0	603,139.0	603,139.0
Arizona Highways Magazine Fund	4,989.7	5,226.0	5,226.0	4,659.1
AZ Prof Baseball Club Special Plate Fund	204.9	200.0	200.0	200.0
AZ Prof Basketball Club Special Plate Fund	29.8	0.0	0.0	0.0
AZ Prof Football Special Plate Fund	0.0	200.0	135.0	135.0
Bond Proceeds	536,761.0	348,207.1	283,190.6	175,607.0
Cash Deposits Fund	3.9	50.0	50.0	50.0
Debt Service	268,880.2	312,671.5	329,599.6	299,533.4
Economic Strength Project	220.1	250.0	250.0	250.0
Grant Anticipation Notes Fund	41,539.7	0.0	85,404.0	55,289.4
Highway Expansion & Extension Loan Program	152.8	183.4	183.4	183.4
Highway User Revenue Fund	631,455.9	636,025.1	636,025.1	636,025.1
Local Agency Deposits Fund	71,471.5	50.0	50.0	50.0

Non-Appropriated Funds

	<i>FY 2010 Actual</i>	<i>FY 2011 Expend. Plan</i>	<i>FY 2011 Exec. Rec.</i>	<i>FY 2012 Exec. Rec.</i>
Motor Carrier Safety Revolving	26.1	0.0	0.0	0.0
Motor Vehicle Liability Insurance Enforcement Fund	0.0	324.2	0.0	0.0
Railroad Corridor Acquisition Fund	3.1	165.2	165.1	0.0
Safety Enforcement and Transportation Infrastructure	1,504.8	1,520.8	1,520.8	1,520.8
STAN, MAG, PAG, TOC	0.0	42,130.4	0.0	0.0
State Aviation Fund	9,601.8	18,851.7	18,851.7	18,851.7
State Highway Fund	743,173.8	711,169.8	711,169.8	738,406.8
Statewide Employee Recognition Gifts/Donations	20.0	50.0	40.0	40.0
Transplantation Awareness Special Plate	0.0	60.0	45.0	45.0
Transportation Accelerated Interest Reimbursement Acct	0.0	3,320.6	0.0	0.0
Transportation Department Equipment Fund	2.0	0.0	0.0	0.0
Vehicle Inspection and Title Enforcement Fund	0.1	2.0	2.0	2.0
Agency - Nonapp. Funds	2,624,064.7	2,704,396.8	2,695,847.1	2,554,587.7

Agency Total - All Funds 2,894,052.6 3,064,658.6 3,056,108.9 2,914,849.5

Recent Appropriation Activity/Perspective

In FY 2007 the Department of Transportation was appropriated \$43.9 million for its Administration Program; \$287.6 million to the Highways Program; \$105.9 million to the Motor Vehicle Division (MVD) Program; and \$2.2 million to the Aeronautics Program. Appropriated Capital Outlay totaled \$567.9 million.

In FY 2008 the Administrative Program grew to \$45.5 million, the Highways Program to \$307.4 million (for highway maintenance mile growth and an increase in the number of engineers employed within the Department), the MVD to \$111.8 million (for a number of issues including fraud investigation, abandoned vehicle administration, and customer service equipment), and the Aeronautics Program to \$2.6 million (most notably for Grand Canyon Airport equipment and phone system upgrades). The Capital Outlay for construction and buildings was appropriated at \$351.7 million. Most of this change was the result of Statewide Transportation Acceleration Needs (STAN) account monies that were spent in FY 2007. The account was established in 2006 to accelerate construction projects and appropriated \$245 million and \$62 million in FY 2006 and 2007, respectively. Fund transfers totaled \$29.7 million in FY 2008. Additionally, the DPS transfer from the State Highway Fund (SHF) was increased from the statutory \$10 million to \$52 million.

Beginning in FY 2009, the Department began operating below appropriation as a result of declining revenues. SHF spending was appropriated at \$420 million; however, the Department was able

to spend only \$363.7 million, or 14% less than appropriated. As a result, the Department was forced to lay off MVD staff and reduce road maintenance. The Capital Outlay appropriation remained almost unchanged at \$350.1 million. Fund transfers in FY 2009 totaled \$204 million. The \$10 million HURF transfer to the Department of Public Safety (DPS) was increased to \$85 million, and the \$10 million SHF transfer to DPS increased to \$41.3 million.

In FY 2010, the SHF operating budget was appropriated at \$398.2 million but was reduced mid-year to \$322.4 million. The Department continued to operate at 12% below its adjusted level. Additional cuts, such as the closure of 12 MVD offices and the short-term shut-down of 13 highway rest areas, were necessary.

The FY 2011 SHF appropriation is set at \$325.8 million. Revenue is projected to be below this amount, continuing to provide no State money toward the construction program.

Performance Measures

	FY 2009 Actual	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected
Regional Area Revolving Fund revenue forecast range (percent)	-13.7	0	+2.0/-1.0	+2.0/-1.0
Percent of highway construction projects completed on schedule	96.3	98	97	97.5

The Executive recommends a lump-sum appropriation by program with special line items.

Executive Appropriation Recommendations

FY 2012

Other Adjustments

Shift DPS Transfer from State Highway Fund to HURF 0.0

State Highway Fund (SHF) monies may only be used for State transportation purposes. Currently, the Department of Public Safety (DPS) receives annual transfers of \$78.6 million from the Highway User Revenue Fund (HURF) and \$41.3 million from the SHF. The monies allocated to DPS from the SHF are dedicated to Highway Patrol operations only.

The Executive recommends allocating the SHF transfer to HURF, creating a single payment to DPS of \$119.9 million from HURF.

Continuation/ Additional VLT Transfer 0.0

For FY 2011, a \$43.2 million transfer to the General Fund was enacted from Vehicle License Tax revenues designated for the State Highway Fund. The Executive recommends a continuation of the \$43.2 million VLT transfer as well as an additional \$23.6 million.

Performance Measures

	FY 2009 Actual	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected
Percent of all vehicle registration renewals completed through alternate methods	78.9	80.3	80.4	80.4
Total Internet transactions and activities (in thousands)	7,953	7,810	7,996	7,996
Percent projects completed on schedule	95	95	95	95
Percent of dollars awarded vs. planned	100	100	100	100
Administrative expenses as percentage of operating budget	5.0	0.5	1.0	1.0
➤ <i>The objective for FY 2010 was 1.0.</i>				
Agency turnover rate (percentage)	7.0	10	14.0	14.0
Highway User Revenue Fund revenue forecast range (percent)	-10.0	-4.3	+2.0/-1.0	+2.0/-1.0

State Treasurer

Mission:

To protect taxpayer money by serving as the State's Bank and fiduciary agent, providing investment management, financial information and services.

Description:

The primary responsibilities of the elected State Treasurer are to receive and keep custody over all monies belonging to the State that are not required to be kept by some other entity; to pay warrants of the Department of Administration; and to keep an account of all monies received and disbursed. The Office also invests state monies and operates the local government investment pool (LGIP) for public entities throughout the State.

Equipment	0.0	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	11,055.2	0.0	0.0	0.0
Agency - Approp. Funds	14,622.9	3,698.4	3,707.1	3,707.1

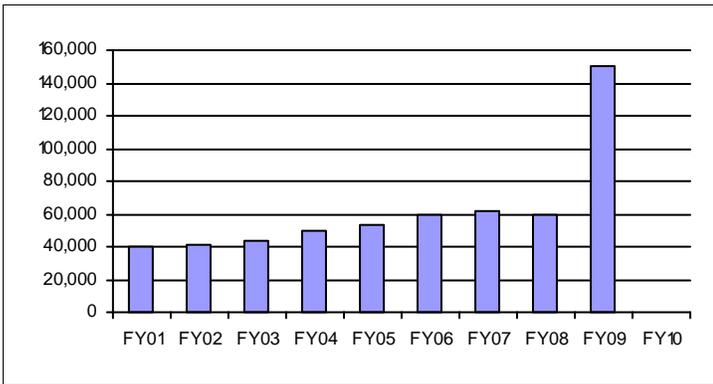
Appropriated Fund

General Fund	14,565.8	1,115.1	1,115.1	1,115.1
State Treasurer's Operating Fund	0.0	2,495.0	2,503.7	2,503.7
State Treasurer's Management Fund	57.1	88.3	88.3	88.3
Agency - Approp. Funds	14,622.9	3,698.4	3,707.1	3,707.1

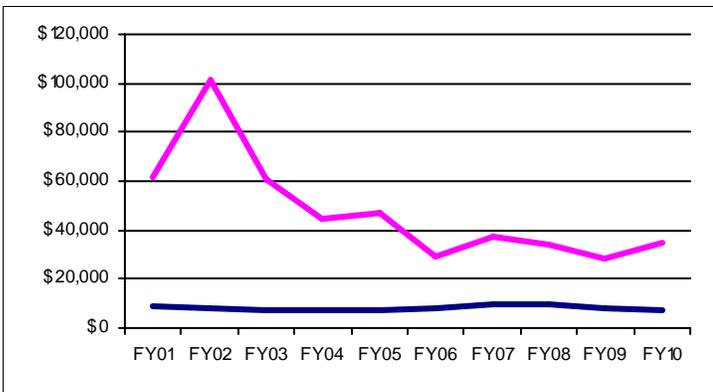
The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI Justice of the Peace Salaries	1,023.0	1,115.1	1,115.1	1,115.1
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Total Assets Under Management, Deposits, Distributions (millions)



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Treasurer's Office	14,622.9	3,698.4	3,707.1	3,707.1
Agency - Approp. Funds	14,622.9	3,698.4	3,707.1	3,707.1
<i>Category</i>				
FTE	31.4	29.4	29.4	29.4
Personal Services	1,504.8	1,521.3	1,521.3	1,521.3
ERE Amount	556.0	587.5	587.5	587.5
Prof. And Outside Services	216.8	172.0	172.0	172.0
Travel - In State	0.3	1.0	1.0	1.0
Travel - Out of State	0.1	0.0	0.0	0.0
Aid to Others	1,023.0	1,115.1	1,115.1	1,115.1
Other Operating Expenses	266.7	301.5	310.2	310.2

Recent Appropriation Activity/Perspective

For FY 2007, the Treasurer's Office had an appropriation of \$5.8 million: \$2.9 million for the State share of Justice for the Peace salaries and \$ 2.9 million for Treasurer Office operations. Since the initial appropriation in FY 2007, the State share of Justice of the Peace salaries, appropriated via the State Treasurer's Office, has been reduced from \$2.9 million in FY 2007 to \$1.1 million in FY 2011. During that time, appropriations for operation of the Office have been reduced from \$2.9 million in FY 2007 to \$2.6 million in FY 2011 – an (8%) reduction – resulting in a staff reduction of 15%, or 5.0 FTE positions.

Executive Appropriation Recommendations

	FY 2012	FY 2013
<u>Baseline Adjustments</u>		
Risk Standard Adjustment	8.7	8.7
State Treasurer's Operating Fund	8.7	8.7

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected	FY 2013 Expected
Customer satisfaction rating for State Agency depositors (scale 1-8).	7.53	7.10	7.10	7.10
Customer satisfaction rating for distribution recipients (scale 1-8).	7.29	7.10	7.10	7.10
Percent of distributions sent successfully and accurately.	100	98	98	98
Percent of outgoing wires sent successfully and accurately.	100	99	99	99
Number of non-compliant trades.	0	3	3	3
Average days to correct non-compliant trades.	0	1	1	1

The Executive recommends a lump-sum appropriation to the agency with special line items.

Arizona Board of Regents

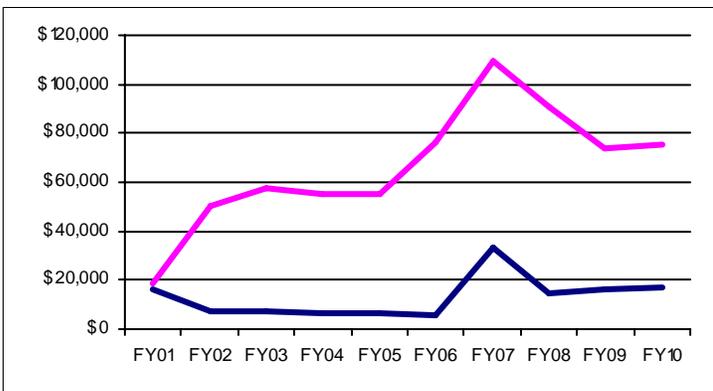
Mission:

To increase the educational attainment of Arizona citizens by producing enough high-quality university degrees for the State to be nationally competitive by the year 2020; to increase the prominence of the system's research enterprise so that it can contribute to the knowledge economy and improve the quality of life in Arizona; and to provide the educated workforce needed to fill shortages and to stimulate demand for higher paying jobs in Arizona.

Description:

The Arizona Board of Regents is the governing body for Arizona's three state universities. Consistent with its constitutional authority, the Board makes planning and policy decisions regarding the state universities. The Board hires the university presidents and the president for the Board, to whom the Board assigns the responsibility of management. The Board is the legal entity responsible for the universities and accounts to the legislative and executive branches of government for the resources appropriated to the universities and the Board.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2011 Exec. Rec.	FY 2012 Exec. Rec.
Governance	2,472.1	2,383.5	2,383.5	2,369.6
Student Assistance	16,114.9	14,751.9	14,751.9	14,575.9
Agency - Approp. Funds	18,587.0	17,135.4	17,135.4	16,945.5

Category	FY 2010 Actual	FY 2011 Approp.	FY 2011 Exec. Rec.	FY 2012 Exec. Rec.
FTE	25.9	25.9	25.9	25.9
Personal Services	1,008.8	1,596.4	1,596.4	1,596.4
ERE Amount	482.5	436.5	436.5	436.5
Prof. And Outside Services	(11.1)	0.0	0.0	0.0
Travel - In State	0.2	0.0	0.0	0.0
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	16,640.3	14,626.9	14,626.9	14,450.9
Other Operating Expenses	466.3	475.6	475.6	461.7
Equipment	0.0	0.0	0.0	0.0
Agency - Approp. Funds	18,587.0	17,135.4	17,135.4	16,945.5

Appropriated Fund	FY 2010 Actual	FY 2011 Approp.	FY 2011 Exec. Rec.	FY 2012 Exec. Rec.
General Fund	18,587.0	17,135.4	17,135.4	16,945.5

Agency - Approp. Funds	18,587.0	17,135.4	17,135.4	16,945.5
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The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI WICHE Office	125.0	125.0	125.0	125.0
SLI WICHE Student Subsidies	4,095.5	4,106.0	4,106.0	4,106.0
SLI Arizona Financial Aid Trust - AFAT	10,041.2	10,041.2	10,041.2	10,041.2
SLI Arizona Teachers Incentive Program - ATIP	90.0	90.0	90.0	90.0
SLI Arizona Transfer Articulation Support System - ATASS	213.7	213.7	213.7	213.7
SLI Nursing Education	1,368.0	0.0	0.0	0.0
SLI Math and Science Teacher Initiative	181.5	176.0	176.0	0.0

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2011 Exec. Rec.	FY 2012 Exec. Rec.
A & M College Land Earnings	83.2	138.7	138.7	135.9
ABOR Local Fund	2,338.1	2,050.6	2,050.6	1,726.4
Federal Grant	1,964.8	1,343.6	1,343.6	1,306.3
Mathematics, Science and Special Education Teacher Student Loan Fund	532.2	482.8	357.8	0.0
Military Institute Land Earnings	79.1	83.9	83.9	83.8
Normal School Land Earnings	218.3	219.0	219.0	219.0
Nursing Education Demo Project	1,368.0	0.0	0.0	0.0
Technology and Research Initiative Fund	53,294.4	53,156.6	53,156.6	54,590.0
Universities Land Earnings	1,937.0	2,849.7	2,849.7	2,317.9
Agency - Nonapp. Funds	61,815.1	60,324.9	60,199.9	60,379.3
Agency Total - All Funds	80,402.1	77,460.3	77,335.3	77,324.8

Federal Funds Expenditures - as reported by Agency

	FY 2010 Actual	FY 2011 Exp. Plan	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	1,964.8	1,343.6	1,306.3	N/A

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

Recent Appropriation Activity/Perspective

After reaching peak levels of state funding (General Fund) for FY 2008, in excess of \$1.1 billion, funding decreased to \$890 million for FY 2010 and FY 2011. While state funding has declined, all other revenue sources have continued to grow. Projected total revenues, all sources, for FY 2011 are \$750 million greater than FY 2008. For FY 2009 & 2010, Universities received approximately \$225 million in State Fiscal Stabilization Fund monies to offset portions of state funding cuts.

Executive Appropriation Recommendations

FY 2012

FY 2012

Other Adjustments

Risk Standard Adjustment	(13.9)
General Fund	(13.9)

Other Adjustments

Math and Science Teacher Initiative	(176.0)
Administration of the Math and Science Teacher Initiative Fund was transferred to the Commission for Postsecondary Education by Laws 2010.	
General Fund	(176.0)

Performance Measures

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
	<u>Actual</u>	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>
Number of first year Western Interstate Commission for Higher Education awards	63	46	51	55
Percent of action plan objectives substantially completed	0	0	0	0
Audits performed on universities	4	4	0	0
Total number of Western Interstate Commission for Higher Education awards	193	199	177	191

The Executive recommends a lump-sum appropriation to the agency with special line items.

ASU - Tempe

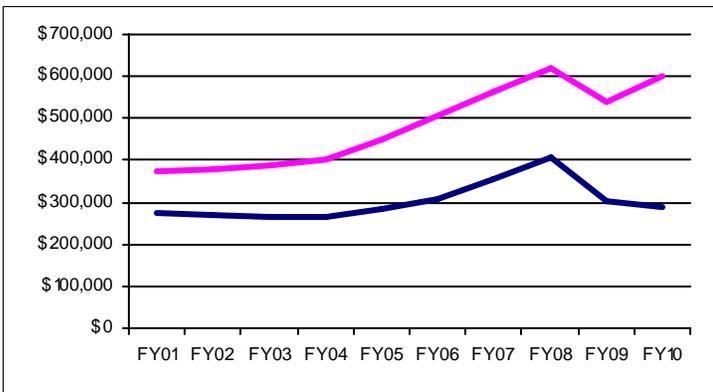
Mission:

To provide outstanding programs of undergraduate and graduate education, cutting-edge research, and public service for the citizens of the State of Arizona with special emphasis on the Phoenix metropolitan area.

Description:

Arizona State University at the Tempe Campus, which includes the Downtown Phoenix campus, is a major public research university offering programs from the baccalaureate through the doctorate to over 58,000 Tempe campus and over 13,000 Downtown campus full-time and part-time students and applying the strongest features of the traditional major research university to the rapidly evolving needs of the metropolitan Phoenix area and Arizona. The Tempe campus plays an extensive role within Arizona State University by providing high quality graduate training at the doctoral level and serving as the only Carnegie Foundation-designated Doctoral/Research-Extensive campus in the metropolitan Phoenix area.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2011 Exec. Rec.	FY 2012 Exec. Rec.
Instruction	357,839.5	419,191.0	419,191.0	409,018.5
Organized Research	18,771.4	17,162.4	17,162.4	17,162.4
Public Service	1,081.5	937.3	937.3	937.3
Academic Support	80,919.5	73,130.1	73,130.1	62,485.1
Student Services	26,632.4	30,175.3	30,175.3	28,175.3
Institutional Support	149,142.6	138,776.9	138,776.9	96,776.9
Agency - Approp. Funds	634,386.9	679,373.0	679,373.0	614,555.5

Category	FY 2010 Actual	FY 2011 Actual	FY 2011 Expected	FY 2012 Expected
FTE	6,695.3	6,868.8	6,868.8	6,868.8
Personal Services	373,808.1	405,622.4	405,622.4	405,622.4
ERE Amount	111,972.9	117,915.4	117,915.4	117,915.4
Prof. And Outside Services	46,564.0	43,485.4	43,485.4	30,485.4
Travel - In State	246.2	255.3	255.3	255.3
Travel - Out of State	3,006.4	2,827.7	2,827.7	2,827.7
Library Acquisitions	9,419.3	8,943.2	8,943.2	3,943.2
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	75,521.7	87,759.2	87,759.2	42,586.7
Equipment	13,848.3	12,564.4	12,564.4	10,919.4

Agency - Approp. Funds	634,386.9	679,373.0	679,373.0	614,555.5
<i>Appropriated Fund</i>				
General Fund	326,349.1	326,349.1	326,349.1	261,531.6
ASU Collections - Appropriated	308,037.8	353,023.9	353,023.9	353,023.9
Agency - Approp. Funds	634,386.9	679,373.0	679,373.0	614,555.5

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2011 Exec. Rec.	FY 2012 Exec. Rec.
Auxiliary Funds	152,712.3	152,552.6	152,552.6	160,180.1
Designated Funds	305,403.5	423,653.3	423,653.3	446,546.9
Endowment and Life Income	1,579.7	0.0	0.0	0.0
Federal Economic Recovery Fund	32,501.6	866.9	866.9	0.0
Federal Grants	225,961.5	238,050.7	238,050.7	246,326.0
Federal Indirect Cost Recovery Fund	44,448.0	50,459.3	50,459.3	55,505.2
Indirect Cost Recovery Fund	2,577.4	4,198.1	4,198.1	4,617.9
Loan Fund	224.7	0.0	0.0	0.0
Restricted Funds	107,437.0	127,916.9	127,916.9	131,443.1
Agency - Nonapp. Funds	872,845.7	997,697.8	997,697.8	1,044,619.2

Agency Total - All Funds	1,507,232.6	1,677,070.8	1,677,070.8	1,659,174.7
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Recent Appropriation Activity/Perspective

[Please see Board of Regents for university budget context information]

Executive Appropriation Recommendations

FY 2012

Other Adjustments

Risk Standard Adjustment	(1,395.5)
General Fund	(1,395.5)

Solutions to Budget

General Fund Appropriation Adjustment	(63,422.0)
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The Executive recommends a reduction to General Fund appropriations to Universities totaling (\$170.0 million). The \$170.0 million has been allocated based on each University's FY 2011 General Fund appropriations. The reduction includes pay reductions pursuant to 2010, 7th Special Session, Chapter 3, Section 8.

General Fund	(63,422.0)
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Performance Measures

	FY 2009 Actual	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected
Average years taken by freshman students to complete a baccalaureate degree program	4.7	4.7	4.6	4.6
External dollars received for research and creative activity (in millions of dollars)	221	318	381	419
First professional degrees granted	179	166	167	169

Performance Measures

	FY 2009	FY 2010	FY 2011	FY 2012
	<u>Actual</u>	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>
Percent of graduating seniors who rate their overall university experience as good or excellent	93	93	94	94
Percent of full-time undergraduate students enrolled per semester in three or more primary courses with ranked faculty	76	83	83	83
Number of Bachelors degrees granted	8,887	9,339	9,791	10,265
Percent of agency staff turnover (classified staff only)	15.9	15.9	16.0	16.1
Doctorate degrees granted	564	476	507	540
Masters degrees granted	2,940	3,074	3,205	3,341

The Executive recommends a lump-sum appropriation to the agency.

ASU - Polytechnic

Mission:

To emphasize professional and technological programs based in the liberal arts and sciences and engage in intellectual inquiry focused on addressing societal needs by offering undergraduate and graduate programs primarily in professional and technological fields and in selected areas of the liberal arts and sciences; engaging in forms of scholarship involved with discovering, integrating, applying, and transmitting knowledge to address the conditions and concerns of society; and working with community partners in accomplishing all aspects of this mission.

Description:

ASU at the Polytechnic campus serves students and the metropolitan area through baccalaureate and graduate degree programs as well as through applied research and service. All programs at ASU at the Polytechnic campus provide students with the knowledge and extensive technological competence to succeed in their chosen professions and further learning. ASU at the Polytechnic campus offers a campus environment that places students at the center, embraces diversity and interdisciplinary inquiry, and strives to integrate the academic and social lives of students. ASU at the Polytechnic campus offers programs with outcomes directly relevant to the needs of society and the community, emphasizing collaboration and partnership to foster the educational, economic, and cultural development of local communities, the metropolitan area, the state, and the nation.

Travel - In State	17.1	42.3	42.3	42.3
Travel - Out of State	187.6	113.5	113.5	113.5
Library Acquisitions	150.1	150.1	150.1	150.1
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	8,549.7	9,474.6	9,474.6	7,398.9
Equipment	1,626.8	1,244.9	1,244.9	1,244.9
Agency - Approp. Funds	55,923.1	61,430.7	61,430.7	56,451.0

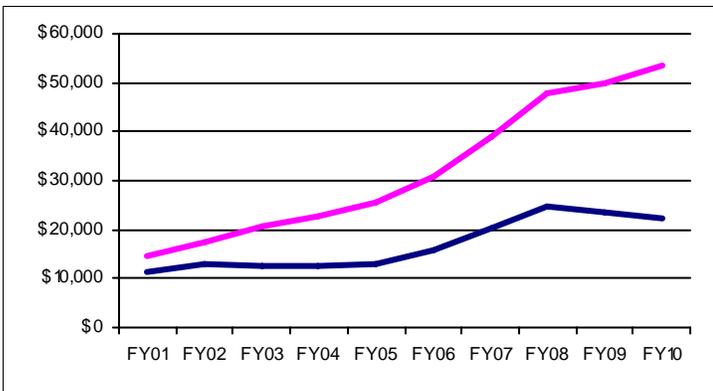
Appropriated Fund

General Fund	23,101.3	25,101.3	25,101.3	20,121.6
ASU Collections - Appropriated	30,821.8	34,329.4	34,329.4	34,329.4
Technology and Research Initiative Fund	2,000.0	2,000.0	2,000.0	2,000.0
Agency - Approp. Funds	55,923.1	61,430.7	61,430.7	56,451.0

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2011 Exec. Rec.	FY 2012 Exec. Rec.
Auxiliary Funds	13.2	(13.9)	(13.9)	(14.5)
Designated Funds	18,252.3	22,518.3	22,518.3	22,368.8
Endowment and Life Income	13.6	0.0	0.0	0.0
Federal Grants	3,768.0	2,987.4	2,987.4	3,154.5
Federal Indirect Cost Recovery Fund	928.7	769.2	769.2	846.1
Indirect Cost Recovery Fund	207.7	354.8	354.8	390.3
Restricted Funds	1,968.9	4,442.3	4,442.3	4,562.4
Agency - Nonapp. Funds	25,152.4	31,058.1	31,058.1	31,307.6
Agency Total - All Funds	81,075.5	92,488.8	92,488.8	87,758.6

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2011 Exec. Rec.	FY 2012 Exec. Rec.
Instruction	30,128.1	30,744.4	30,744.4	30,668.7
Academic Support	6,959.3	9,553.0	9,553.0	9,553.0
Student Services	2,910.8	4,115.8	4,115.8	4,115.8
Institutional Support	15,924.9	17,017.5	17,017.5	12,113.5
Agency - Approp. Funds	55,923.1	61,430.7	61,430.7	56,451.0

Category

FTE	552.2	526.1	526.1	526.1
Personal Services	26,855.4	28,220.5	28,220.5	28,220.5
ERE Amount	7,620.4	8,217.1	8,217.1	8,217.1
Prof. And Outside Services	10,916.0	13,967.7	13,967.7	11,063.7

Recent Appropriation Activity/Perspective

[Please see Board of Regents for university budget context information]

Executive Appropriation Recommendations

FY 2012

Other Adjustments

Risk Standard Adjustment	(75.7)
General Fund	(75.7)

Solutions to Budget

General Fund Appropriation Adjustment	(4,904.0)
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The Executive recommends a reduction to General Fund appropriations to Universities totaling (\$170.0 million). The \$170.0 million has been allocated based on each University's FY 2011 General Fund appropriations. The reduction includes pay reductions pursuant to 2010, 7th Special Session, Chapter 3, Section 8.

General Fund	(4,904.0)
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Performance Measures

	FY 2009 Actual	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected
Average number of years taken to graduate for student who began as	5.0	5.4	5.0	5.0

Performance Measures

	FY 2009 <u>Actual</u>	FY 2010 <u>Actual</u>	FY 2011 <u>Expected</u>	FY 2012 <u>Expected</u>
freshmen				
Percent of agency staff turnover (classified staff only)	13.1	15.8	15.0	15.2
Percent of graduating students who rate their overall experience at ASU Polytechnic as good or excellent	95	94	95	95
Fall semester enrollment (headcount)	9,614	9,146	9,700	10,000
Percent of full-time undergraduate students enrolled per semester in three or more primary courses with ranked faculty	67	85	85	85
Number of degrees granted	1,044	1,193	1,294	1,404
Number of Bachelors degrees granted	842	945	1,012	1,084
Number of Masters degrees granted	198	248	281	319

The Executive recommends a lump-sum appropriation to the agency.

ASU - West

Mission:

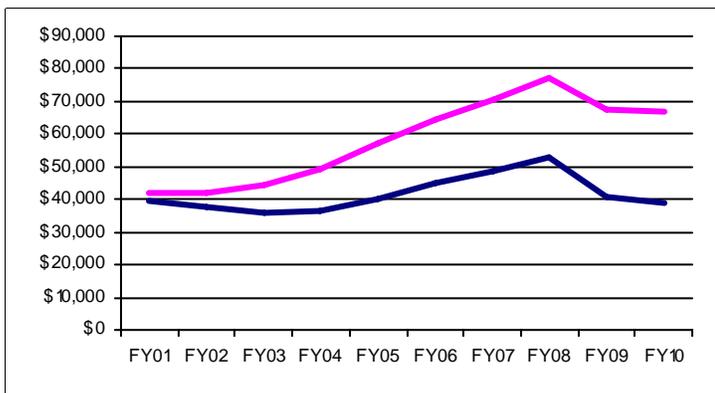
To become a comprehensive campus that balances the traditions of liberal arts education with responsiveness to the dynamics of workforce requirements. The West campus colleges and schools are committed to teaching and research that are innovative, interdisciplinary, collaborative and problem-based.

Description:

ASU at the West campus is located in Phoenix and serves more than 10,000 residential and commuter students of diverse ages, ethnicity, and experience through baccalaureate programs, master's programs, doctoral programs and certificate programs. The West campus focuses on developing a learning community that addresses the needs of a diverse metropolitan environment. It does this by offering learner-centered academic programs that enhance learning through teaching, service and enrichment opportunities; promoting discovery and innovation; pursuing new knowledge; introducing insights and creative ideas through instruction; encouraging direct involvement in new fields of inquiry; investigating important community-based issues; and integrating with the community through service based on scholarship.

	919.1	763.7	763.7	463.7
Equipment				
Agency - Approp. Funds	73,209.0	74,935.5	74,935.5	65,929.7
<i>Appropriated Fund</i>				
General Fund	42,335.7	43,935.7	43,935.7	34,929.9
ASU Collections - Appropriated	29,273.3	29,399.8	29,399.8	29,399.8
Technology and Research Initiative Fund	1,600.0	1,600.0	1,600.0	1,600.0
Agency - Approp. Funds	73,209.0	74,935.5	74,935.5	65,929.7
Non-Appropriated Funds				
	<i>FY 2010 Actual</i>	<i>FY 2011 Expend. Plan</i>	<i>FY 2011 Exec. Rec.</i>	<i>FY 2012 Exec. Rec.</i>
Auxiliary Funds	(42.6)	293.2	293.2	307.9
Designated Funds	24,474.6	29,199.2	29,199.2	27,944.2
Endowment and Life Income	41.5	0.0	0.0	0.0
Federal Grants	2,954.0	4,344.7	4,344.7	4,599.5
Federal Indirect Cost Recovery Fund	455.5	915.7	915.7	1,007.3
Indirect Cost Recovery Fund	33.5	181.3	181.3	199.4
Restricted Funds	3,701.1	5,565.0	5,565.0	5,607.7
Agency - Nonapp. Funds	31,617.6	40,499.1	40,499.1	39,666.0
Agency Total - All Funds	104,826.6	115,434.6	115,434.6	105,595.7

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2011 Exec. Rec.	FY 2012 Exec. Rec.
Instruction	32,487.2	31,539.3	31,539.3	30,441.5
Academic Support	14,245.7	15,624.4	15,624.4	12,640.4
Student Services	7,845.5	9,927.9	9,927.9	9,503.9
Institutional Support	18,630.6	17,843.9	17,843.9	13,343.9
Agency - Approp. Funds	73,209.0	74,935.5	74,935.5	65,929.7

Category	FY 2010 Actual	FY 2011 Approp.	FY 2011 Exec. Rec.	FY 2012 Exec. Rec.
FTE	834.7	1,795.8	1,795.8	1,795.8
Personal Services	35,299.2	36,126.7	36,126.7	36,126.7
ERE Amount	10,303.4	10,829.6	10,829.6	10,829.6
Prof. And Outside Services	18,731.5	20,840.3	20,840.3	14,282.3
Travel - In State	22.0	11.4	11.4	11.4
Travel - Out of State	215.0	131.6	131.6	131.6
Library Acquisitions	1,231.0	1,231.0	1,231.0	481.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	6,487.8	5,001.2	5,001.2	3,603.4

Recent Appropriation Activity/Perspective

[Please see Board of Regents for university budget context information]

Executive Appropriation Recommendations

FY 2012

Other Adjustments

Risk Standard Adjustment	(97.8)
General Fund	(97.8)

Solutions to Budget

General Fund Appropriation Adjustment	(8,908.0)
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The Executive recommends a reduction to General Fund appropriations to Universities totaling (\$170.0 million). The \$170.0 million has been allocated based on each University's FY 2011 General Fund appropriations. The reduction includes pay reductions pursuant to 2010, 7th Special Session, Chapter 3, Section 8.

General Fund	(8,908.0)
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Performance Measures

	FY 2009 Actual	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected
Percent of graduating seniors who rate their overall university experience as good or excellent	95	93	94	94
Percent of full-time undergraduate students enrolled per semester in three or more primary courses with ranked faculty	69	82	82	82
Number of degrees granted	1,996	2,132	2,213	2,317

Performance Measures

	FY 2009	FY 2010	FY 2011	FY 2012
	<u>Actual</u>	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>
Number of Bachelors degrees granted	1,500	1,526	1,546	1,566
Number of Masters degrees granted	477	592	667	750
Fall semester enrollment (full-time equivalent)	7,694	6,604	6,200	6,400
Percent of agency staff turnover (classified staff only)	7.6	15.1	12.6	13.1

The Executive recommends a lump-sum appropriation to the agency.

Northern Arizona University

Mission:

To provide an outstanding undergraduate residential education strengthened by research, graduate, and professional programs and sophisticated methods of distance delivery.

Description:

Founded in 1899, Northern Arizona University is a vibrant community committed to teaching as learning, research as innovation, and service as shared leadership.

Accredited by the North Central Association of Colleges and Schools, the university values and promotes an ethnically rich and diverse university community and graduates who are prepared to contribute to the social, economic, and environmental needs of a changing world. It inspires students to become active citizens, leaders, visionaries, and problem solvers with an understanding of global issues.

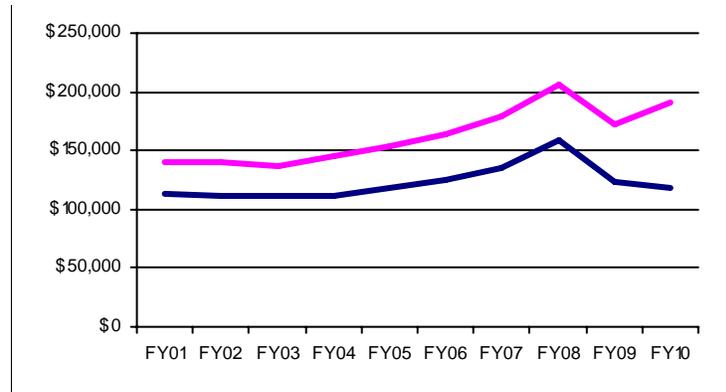
Northern Arizona University, part of the Arizona University System, embraces the AUS vision of being a “top-performing state university system, nationally recognized for excellence in academic and research pursuits that support and stimulate a growing vibrant economy and a high quality of life for Arizonans.”

Northern Arizona University’s beautiful 740 acre campus promotes sustainable practices including progressive recycling efforts, shuttle buses powered with biodiesel, and has completed the construction of three new energy-efficient buildings certified by the U.S. Green Building Council.

Northern Arizona University has been listed in the Princeton Review’s Guide to 286 Green Colleges for demonstrating “an exemplary commitment to sustainability.” The Princeton Review cited the university’s three LEED-certified buildings in 2009—since then it has added a fourth—calling NAU a “green building superstar.” It also repeated the Chronicle of Higher Education’s naming of the Applied Research and Development building as the “greenest building in higher education.”

With a growing enrollment of 25,204 students from 48 states and 75 countries, Northern Arizona University reaches out to students regionally with satellite campuses and opportunities for distance learning. From its inception, NAU has implemented innovative and accountable teaching practices, including the effective use of technology.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2011 Exec. Rec.	FY 2012 Exec. Rec.
Instruction	110,996.9	118,079.2	118,079.2	112,445.2
Organized Research	2,920.2	2,412.6	2,412.6	2,412.6
Public Service	4,996.0	4,737.1	4,737.1	4,737.1
Academic Support	18,944.2	20,280.4	20,280.4	17,580.4
Student Services	14,310.8	15,941.1	15,941.1	14,480.1
Institutional Support	54,321.6	53,177.8	53,177.8	37,177.8
Agency - Approp. Funds	206,489.7	214,628.2	214,628.2	188,833.2
<i>Category</i>				
FTE	1,973.0	1,989.0	1,989.0	1,989.0
Personal Services	126,299.9	132,423.8	132,423.8	132,423.8
ERE Amount	38,249.6	40,995.6	40,995.6	40,995.6
Prof. And Outside Services	6,820.4	1,915.5	1,915.5	1,915.5
Travel - In State	376.9	589.3	589.3	589.3
Travel - Out of State	382.4	0.0	0.0	0.0
Library Acquisitions	1,809.7	1,794.6	1,794.6	594.6
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	30,705.0	35,715.7	35,715.7	11,120.7
Equipment	1,845.8	1,193.7	1,193.7	1,193.7
Agency - Approp. Funds	206,489.7	214,628.2	214,628.2	188,833.2
<i>Appropriated Fund</i>				
General Fund	133,420.8	133,118.1	133,118.1	107,323.1
NAU Collections - Appropriated	73,068.9	81,510.1	81,510.1	81,510.1
Agency - Approp. Funds	206,489.7	214,628.2	214,628.2	188,833.2

The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI	FY 2010	FY 2011	FY 2011	FY 2012
SLI NAU Yuma	2,512.0	2,999.6	2,999.6	2,999.6

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2011 Exec. Rec.	FY 2012 Exec. Rec.
Auxiliary Funds	46,107.2	57,379.1	57,379.1	60,235.6
Designated Funds	66,101.3	127,326.0	127,326.0	113,007.1
Federal Economic Recovery Fund	10,935.0	0.0	0.0	0.0
Federal Grants	62,996.7	62,613.0	62,613.0	63,239.1
Federal Indirect Cost Recovery Fund	2,624.5	2,657.1	2,657.1	2,683.7
Indirect Cost Recovery Fund	946.7	958.9	958.9	968.5

Non-Appropriated Funds

	FY 2010 <i>Actual</i>	FY 2011 <i>Expend. Plan</i>	FY 2011 <i>Exec. Rec.</i>	FY 2012 <i>Exec. Rec.</i>
Loan Fund	276.8	300.0	300.0	325.0
Restricted Funds	28,248.4	28,530.9	28,530.9	28,816.2
Agency - Nonapp. Funds	218,236.6	279,765.0	279,765.0	269,275.2
Agency Total - All Funds	424,726.3	494,393.2	494,393.2	458,108.4

Federal Funds Expenditures - as reported by Agency

	FY 2010 <i>Actual</i>	FY 2011 <i>Exp. Plan</i>	FY 2012 <i>Exp. Plan</i>	FY 2013 <i>Exp. Plan</i>
Agency Total	76,556.2	65,270.1	65,922.8	N/A

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

Recent Appropriation Activity/Perspective

[Please see Board of Regents for university budget context information]

Executive Appropriation Recommendations

FY 2012

Solutions to Budget

General Fund Appropriation Adjustment (25,795.0)

The Executive recommends a reduction to General Fund appropriations to Universities totaling (\$170.0 million). The \$170.0 million has been allocated based on each University's FY 2011 General Fund appropriations. The reduction includes pay reductions pursuant to 2010, 7th Special Session, Chapter 3, Section 8.

General Fund (25,795.0)

Performance Measures

	FY 2009 <i>Actual</i>	FY 2010 <i>Actual</i>	FY 2011 <i>Expected</i>	FY 2012 <i>Expected</i>
Percent of graduating seniors who rate their overall university experience as good or excellent	96	96	96	96
Graduate degrees awarded-first professional category	47	46	48	48
➤ <i>Doctorate degrees awarded in the DPT category.</i>				
Average number of years taken to graduate for students who began as freshmen	4.6	4.6	4.6	4.6
➤ <i>First-time, full-time freshmen</i>				
Total degrees and certificates granted.	5,484	5,759	5,775	5,825
➤ <i>Total degrees and certificates granted (includes all campuses).</i>				
Bachelor degrees granted to statewide students	789	992	925	925
➤ <i>Bachelor degrees granted to statewide students, (includes community campuses and online only).</i>				
Graduate degrees granted (Statewide and Online only)	1,345	1,237	1,350	1,350
➤ <i>Graduate degrees granted (Statewide and Online only, includes masters and doctorates.)</i>				
Graduate degrees awarded at the master's level	1,719	1,697	1,725	1,725
Graduate degrees awarded at the doctoral level	56	45	50	50
Percentage of full-time, undergraduate students enrolled per semester in	80	77	79	79

Performance Measures

	FY 2009 <i>Actual</i>	FY 2010 <i>Actual</i>	FY 2011 <i>Expected</i>	FY 2012 <i>Expected</i>
three or more primary courses with ranked faculty				
Number of Bachelor degrees granted	3,277	3,333	3,350	3,400
Percent of agency staff turnover	11	14	13	13

The Executive recommends a lump-sum appropriation to the agency with special line items.

University of Arizona - Main Campus

Mission:

To improve life for the people of Arizona and beyond through education, research, creative expression, and community engagement.

Description:

The University of Arizona in Tucson, including its branch-campuses in Sierra Vista and downtown Phoenix, is a land-grant, doctoral research university ranking among the nation's best public universities. Its research and development expenditures place it among the nation's top public universities and it is a member of the Association of American Universities. It offers a broad array of programs leading to degrees from baccalaureate through the doctorate for a total student body enrollment of 38,767 full-time and part-time students. As a land-grant university, it maintains programs in production agriculture and mining and serves the State through its cooperative extension services, technology transfer, economic development assistance, and cultural programming. The University provides distinguished undergraduate, graduate, and professional education; excels in basic and applied research and creative achievement; and promotes the integration of the product of these activities and achievements of regional, national, and international significance into everyday life.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2011 Exec. Rec.	FY 2012 Exec. Rec.
Instruction	190,556.8	245,870.8	245,870.8	246,342.3
Organized Research	30,776.0	22,686.4	22,686.4	22,686.4
Public Service	3,616.4	3,655.3	3,655.3	3,655.3
Academic Support	57,445.6	53,925.6	53,925.6	46,653.6
Student Services	10,472.7	13,266.0	13,266.0	11,416.0
Instruction	14,253.0	14,253.0	14,253.0	14,253.0
Institutional Support	139,739.6	115,535.9	115,535.9	72,535.9
Agriculture	50,304.8	50,375.7	50,375.7	50,375.7
Agency - Approp. Funds	497,164.9	519,568.7	519,568.7	467,918.2

Category	FY 2010 Actual	FY 2011 Approp.	FY 2011 Exec. Rec.	FY 2012 Exec. Rec.
FTE	5,105.6	5,805.6	5,805.6	5,805.6
Personal Services	285,608.2	329,234.0	329,234.0	329,234.0

ERE Amount	83,158.5	95,839.3	95,839.3	94,839.3
Prof. And Outside Services	16,016.6	12,437.8	12,437.8	4,437.8
Travel - In State	181.2	607.2	607.2	607.2
Travel - Out of State	433.7	107.4	107.4	107.4
Library Acquisitions	9,604.8	8,128.7	8,128.7	1,628.7
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	100,841.8	71,731.7	71,731.7	35,581.2
Equipment	1,320.1	1,482.6	1,482.6	1,482.6
Agency - Approp. Funds	497,164.9	519,568.7	519,568.7	467,918.2

Appropriated Fund

General Fund	274,456.6	271,315.5	271,315.5	219,665.0
U of A Main Campus - Collections - Appropriated	222,708.3	248,253.2	248,253.2	248,253.2
Agency - Approp. Funds	497,164.9	519,568.7	519,568.7	467,918.2

The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI UofA South	5,136.6	5,222.8	5,222.8	5,222.8
SLI Research Infrastructure Lease-Purchase Payment	14,253.0	14,253.0	14,253.0	14,253.0

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2011 Exec. Rec.	FY 2012 Exec. Rec.
Auxiliary Funds	286,960.6	286,717.2	286,717.2	290,490.5
Designated Funds	316,938.2	357,743.7	357,743.7	362,081.5
Endowment and Life Income	(1,431.2)	(445.5)	(445.5)	(449.9)
Federal Grants	230,573.5	204,733.2	204,733.2	207,239.7
Federal Indirect Cost Recovery Fund	42,315.7	43,162.1	43,162.1	44,025.3
Indirect Cost Recovery Fund	10,840.9	11,057.7	11,057.7	11,278.8
Loan Fund	721.9	731.0	731.0	740.2
Restricted Funds	161,061.3	172,530.2	172,530.2	172,530.2
Agency - Nonapp. Funds	1,047,980.9	1,076,229.6	1,076,229.6	1,087,936.3
Agency Total - All Funds	1,545,145.8	1,595,798.3	1,595,798.3	1,555,854.5

Recent Appropriation Activity/Perspective

[Please see Board of Regents for university budget context information]

Executive Appropriation Recommendations

FY 2012

Other Adjustments

Risk Standard Adjustment	471.5
General Fund	471.5

Solutions to Budget

General Fund Appropriation Adjustment (52,122.0)

The Executive recommends a reduction to General Fund appropriations to Universities totaling (\$170.0 million). The \$170.0 million has been allocated based on each University's FY 2011 General Fund appropriations. The reduction includes pay reductions pursuant to 2010, 7th Special Session, Chapter 3, Section 8.

General Fund (52,122.0)

Performance Measures

	FY 2009	FY 2010	FY 2011	FY 2012
	<u>Actual</u>	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>
Average number of years taken to graduate for students who began as freshmen	4.5	4.5	4.4	4.4
Agency staff turnover (percent)	14.1	12.8	14.5	14.5
Gifts, grants, and contracts (millions)	374	411	432	455
Graduating seniors who rate their overall experience as good or excellent (percent)	95	95	95	95
Full-time undergraduate students enrolled per semester in three or more primary courses with ranked faculty (percentage)	71	72	75	75
Total number of degrees granted	7,400	7,596	7,840	8,091
Bachelors degrees granted	5,457	5,785	5,970	6,162
Masters degrees granted	1,380	1,220	1,260	1,300
First Professional degrees granted	144	161	166	171
Doctorate degrees granted	419	430	444	458

The Executive recommends a lump-sum appropriation to the agency with special line items.

University of Arizona - Health Sciences Center

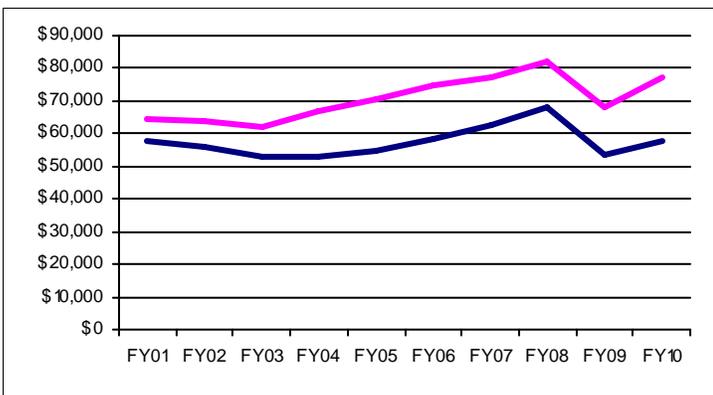
Mission:

To provide distinguished undergraduate, graduate, and professional health sciences education; to engage in basic and applied research of regional, national, and international significance; to create and disseminate knowledge; and to seek to integrate creative achievement into everyday life.

Description:

The Arizona Health Sciences Center (AHSC) in Tucson is the State's only academic health sciences center. It provides the State and its people education, research, patient care, and services through its Colleges of Medicine, Nursing, Pharmacy, Public Health, Phoenix Medical Campus, University Medical Center, and university physicians. AHSC serves as the core of a broad network of State-wide health services, health education, health restoration, health promotion, and illness prevention.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2011 Exec. Rec.	FY 2012 Exec. Rec.
Instruction	46,426.4	51,039.0	51,039.0	42,628.9
Organized Research	3,925.8	3,542.4	3,542.4	3,416.2
Public Service	2,767.6	2,800.8	2,800.8	2,736.5
Public Service	8,551.8	8,587.0	8,587.0	8,587.0
Academic Support	16,914.8	14,796.2	14,796.2	9,298.5
Student Services	1,720.0	1,693.0	1,693.0	1,220.0
Institutional Support	1,715.9	1,583.4	1,583.4	1,305.7
College of Medicine - Phoenix	13,226.7	14,451.3	14,451.3	14,451.3
Agency - Approp. Funds	95,249.0	98,493.1	98,493.1	83,644.1

Category

FTE	929.1	979.2	979.2	979.2
Personal Services	57,706.9	74,004.9	74,004.9	67,032.8
ERE Amount	15,562.0	15,914.4	15,914.4	13,068.7
Prof. And Outside Services	11,510.7	1,692.5	1,692.5	621.3
Travel - In State	88.7	100.4	100.4	76.3
Travel - Out of State	233.9	7.7	7.7	7.7
Library Acquisitions	1,142.5	872.2	872.2	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	6,675.7	5,426.8	5,426.8	2,565.0
Equipment	2,328.6	474.2	474.2	272.3

Agency - Approp. Funds	95,249.0	98,493.1	98,493.1	83,644.1
<i>Appropriated Fund</i>				
General Fund	74,073.6	73,234.9	73,234.9	58,385.9
U of A Main Campus - Collections - Appropriated	21,175.4	25,258.2	25,258.2	25,258.2
Agency - Approp. Funds	95,249.0	98,493.1	98,493.1	83,644.1

The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI Liver Research Institute	484.4	477.3	477.3	477.3
SLI Telemedicine Network	1,937.7	1,937.7	1,937.7	1,937.7
SLI Clinical Rural Rotations	348.1	373.3	373.3	373.3
SLI Clinical Teaching Support	8,551.8	8,587.0	8,587.0	8,587.0

Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2011 Exec. Rec.	FY 2012 Exec. Rec.
Auxiliary Funds	10,593.0	10,281.0	10,281.0	10,456.5
Designated Funds	17,353.4	19,344.5	19,344.5	19,599.1
Endowment and Life Income	(774.6)	(782.3)	(782.3)	(790.1)
Federal Grants	69,022.1	69,978.0	69,978.0	70,948.7
Federal Indirect Cost Recovery Fund	22,083.9	22,525.6	22,525.6	22,976.2
Indirect Cost Recovery Fund	6,067.0	6,188.3	6,188.3	6,312.1
Restricted Funds	88,956.4	90,434.9	90,434.9	90,434.9
Agency - Nonapp. Funds	213,301.2	217,970.0	217,970.0	219,937.4
Agency Total - All Funds	308,550.2	316,463.1	316,463.1	303,581.5

Recent Appropriation Activity/Perspective

[Please see Board of Regents for university budget context information]

Executive Appropriation Recommendations

FY 2012

Solutions to Budget

General Fund Appropriation Adjustment (14,849.0)

The Executive recommends a reduction to General Fund appropriations to Universities totaling (\$170.0 million). The \$170.0 million has been allocated based on each University's FY 2011 General Fund appropriations. The reduction includes pay reductions pursuant to 2010, 7th Special Session, Chapter 3, Section 8.

General Fund (14,849.0)

Performance Measures

	FY 2009 Actual	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected
Number of Degrees Granted BA/BS and MA/MS	580	562	580	599
Number of degrees granted-PhD	60	41	42	43

The Executive recommends a lump-sum appropriation to the agency with special line items.

Department of Veterans' Services

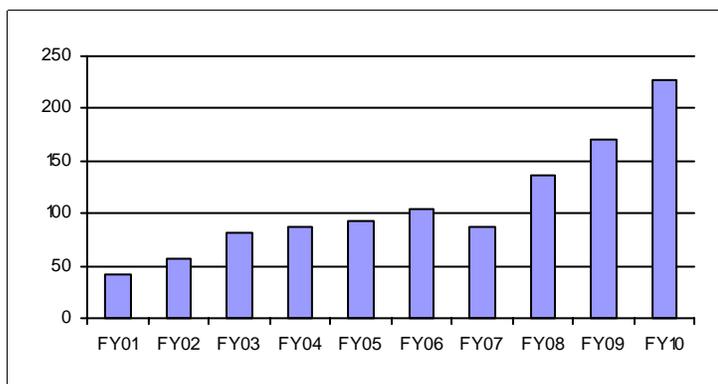
Mission:

To enrich and honor Arizona's veterans and their families through education, advocacy, and service.

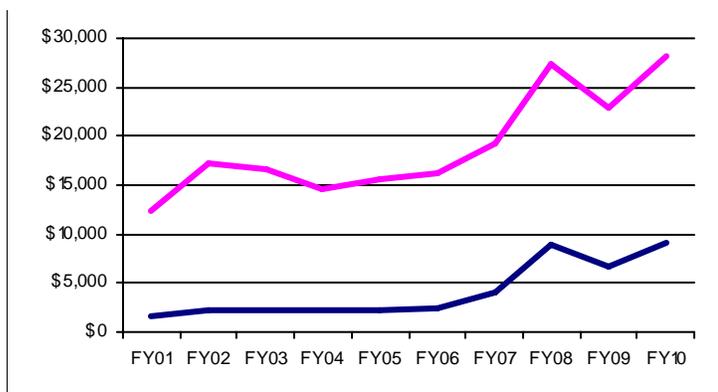
Description:

The core business of the Arizona Department of Veterans' Services (ADVS) is assisting veterans and their eligible dependents obtain federal entitlements, such as VA claims for disability, pension and insurance. All other agency services are derived from this central premise. ADVS's largest Division is the Arizona State Veteran Home in Phoenix, a self-funded skilled nursing facility that provides long-term care services to veterans and their spouses. A second nursing facility in Tucson is currently under construction and will be operational by September, 2011. The Department also serves as financial guardian and/or conservator to incapacitated veterans and their eligible dependents, typically when their families are unable to provide that service for themselves. ADVS operates a state veteran cemetery in Sierra Vista. ADVS is designated as the State Approving Agency and thus, works with institutions that provide education and training to veterans with educational benefits. ADVS also administers the "Troops to Teachers" program to help military personnel transition to new careers as public school teachers.

Millions in Aid Received by Veterans



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Administration	1,630.3	1,675.6	1,675.6	1,675.6

Veterans' Conservatorship/Guardianship	1,293.8	1,251.8	1,444.5	1,444.5
Veterans' Benefits Counseling Services	2,970.0	2,942.6	2,942.6	2,942.6
State Veterans' Home	17,208.8	16,959.8	21,728.5	26,820.0
Arizona Veterans' Cemeteries	281.3	280.0	280.0	280.0

Agency - Approp. Funds	23,384.2	23,109.8	28,071.2	33,162.7
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Category	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
FTE	340.3	356.3	500.3	500.3
Personal Services	11,363.5	11,785.6	14,099.3	16,027.0
ERE Amount	4,792.6	5,093.0	6,111.0	7,002.0
Prof. And Outside Services	1,365.4	1,147.8	1,419.6	2,249.3
Travel - In State	77.8	78.0	79.6	82.0
Travel - Out of State	17.8	33.0	35.2	38.5
Food	494.2	408.0	595.9	732.2
Aid to Others	18.0	29.2	29.2	29.2
Other Operating Expenses	2,909.4	2,820.9	3,987.1	5,288.2
Equipment	106.6	659.3	659.3	659.3
Capital Outlay	2,238.9	1,055.0	1,055.0	1,055.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0

Agency - Approp. Funds	23,384.2	23,109.8	28,071.2	33,162.7
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Appropriated Fund	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
General Fund	9,164.6	5,392.7	7,378.4	5,392.7
Veterans' Conservatorship Fund	747.3	757.3	950.0	950.0
State Home for Veterans Trust	13,472.3	16,959.8	19,742.8	26,820.0

Agency - Approp. Funds	23,384.2	23,109.8	28,071.2	33,162.7
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The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI Veterans' Organizations Contracts	18.0	29.2	29.2	29.2
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Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Federal Economic Recovery Fund	1,022.4	13,793.4	2,329.0	0.0
Federal Grant	940.1	707.6	546.2	546.2
IGA and ISA Between State Agencies	145.1	480.5	0.0	0.0
Military Family Relief Fund	126.3	1,050.0	1,050.0	1,050.0
Military Installation Fund	1,537.7	979.6	0.0	0.0
Southern Arizona Veterans Cemetery	84.7	117.3	117.3	117.3
Statewide Employee Recognition Gifts/Donations	1.4	3.5	3.5	3.5
Veterans' Donation Fund	901.8	831.0	2,631.0	831.0

Non-Appropriated Funds

	FY 2010 <i>Actual</i>	FY 2011 <i>Expnd. Plan</i>	FY 2012 <i>Exec. Rec.</i>	FY 2013 <i>Exec. Rec.</i>
Agency - Nonapp. Funds	4,759.5	17,962.9	6,677.0	2,548.0
Agency Total - All Funds	28,143.7	41,072.7	34,748.2	35,710.7

Federal Funds Expenditures - as reported by Agency

	FY 2010 <i>Actual</i>	FY 2011 <i>Exp. Plan</i>	FY 2012 <i>Exp. Plan</i>	FY 2013 <i>Exp. Plan</i>
Agency Total	1,962.6	14,585.7	2,790.5	546.2

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

Recent Appropriation Activity/Perspective

In FY 2007, the Department received a \$4.1 million General Fund appropriation which has fluctuated significantly in the succeeding years. For example, the Department's budget grew by 84% in FY 2009 and, in FY 2011, dropped to \$5.4 million. Overall, since FY 2009, General Fund support for the Department has declined by (37%), including a permanent reduction of (\$224,400) in the Veterans' Benefits Counseling program from FY 2009 to FY 2010 and a reduction of (\$2.8 million) for the State Veteran Home in Phoenix.

As a result of the (\$224,200) reduction for Veterans' Benefits Counseling, five Veterans' Benefits Counselor (VBC) positions have been held vacant. VBCs have a direct impact on the amount of financial benefits Arizona's veterans receive annually: The average annual veteran's compensation claim is \$8,400; with VBC representation, the average claim increases by \$6,500.

Meanwhile, most of the (\$2.8 million) reduction for the State Veteran Home in Phoenix is a result of transferring support from the General Fund to the State Home for Veterans Trust Fund. Additionally, this reduction has delayed completion of capital projects and the purchasing of patient equipment.

Executive Appropriation Recommendations

	FY 2012	FY 2013
Baseline Adjustments		
Risk Standard Adjustment	36.9	36.9
State Home for Veterans Trust Fund	36.9	36.9

FY 2012 FY 2013

Other Adjustments

Operating funds for the State Veteran Home-Tucson	4,731.8	9,823.3
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The Executive recommends \$2 million from the General Fund, \$2.7 million from the State Veteran Home Trust Fund, \$1.8 million from the Veterans' Donation Fund in FY 2012, and \$9.7 million from the State Veteran Home Trust Fund in FY 2013 for expected operating expenditures at the State Veteran Home currently under construction in Tucson.

Expenditures are projected to outpace revenues to the new Veterans' Home in Tucson for FY 2012 (the first fiscal year of operations) by \$3.8 million, but revenues are expected to provide sufficient support for operating expenditures by FY 2013 and will subsequently not require further General Fund support.

The Veterans' Home in Tucson is expected to begin admitting patients in September, 2011 and will reach 48% capacity by June 2012. The Department anticipates that census rates will continue to grow throughout FY 2013 and end FY 2013 at 95% capacity, with an average daily census of 114.

General Fund	1,985.7	0.0
State Home for Veterans Trust Fund	2,746.1	9,823.3

Increase in the Conservatorship Trust Fund 192.7 192.7

To increase the Conservatorship program's capacity to serve veterans, the Executive recommends \$192,700 from the State Veterans' Conservatorship Fund. The recommendation provides \$162,900 to hire three Human Service Specialists, \$25,000 for outside legal services, and \$4,800 for other operating expenditures. The funding will enable the Department to provide an additional 105 veteran clients with below-market rate financial services. Revenues to the State Veterans' Conservatorship Fund are expected to increase by approximately \$241,600 annually with this increased client base, which will be sufficient to account for the increased expenditures.

Veterans' Conservatorship Fund	192.7	192.7
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Performance Measures

	FY 2010 <u>Actual</u>	FY 2011 <u>Expected</u>	FY 2012 <u>Expected</u>	FY 2013 <u>Expected</u>
Human service specialist to client ratio	1:40	1:40	1:40	1:40
Monetary awards reported on claims and appeals filed by the state veterans' benefits counselors on behalf of Arizona veterans (expressed in millions of dollars for award the Department expects to receive)	227.5	234.5	250	265
Percentage of customers rating the overall delivery of service as 1 to 3, using a 1-5 scale where 1 represents "Extremely Satisfied" and 5 represents "Extremely Dissatisfied."	96	95	95	95
➤ <i>The survey has been redesigned with a numeric score.</i>				
Expenditures of federal dollars in	2129	2160	2193	2226

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 <u>Expected</u>	FY 2013 Expected
Arizona by the U.S. Department of Veterans Affairs (in millions of dollars)				
➤ <i>VA expenditures are reported as of 9/30 of the previous year.</i>				
The number of federal dollars per veteran entering the Arizona economy (expressed as dollars per Veteran per year)	5662	5823	5975	6136
➤ <i>Expressed in terms of actual dollars; no "multiplier effect" has been included in the reported figure.</i>				
Percent of agency staff turnover (covered positions) as reported by the Arizona Department of Administration	25.2	27	30	35
➤ <i>Long-term care staff turnover has historically increased the agency's rate.</i>				
Average annual occupancy rate (in percent)	86.45	90	91	92.5
Active caseload at end of fiscal year	240	270	310	340
➤ <i>Includes open decedent accounts.</i>				

The Executive recommends a lump-sum appropriation to the agency with special line items.

State Veterinary Medical Examining Board

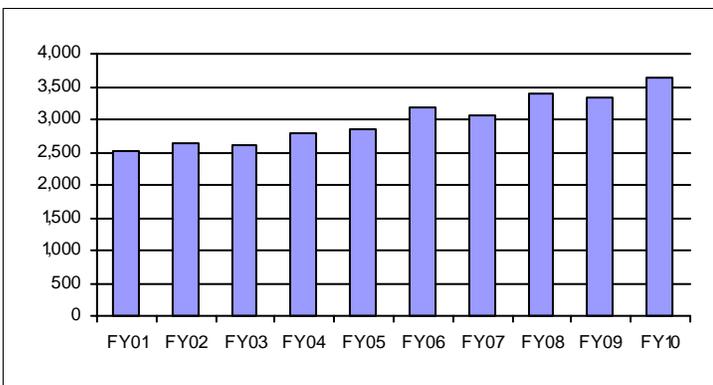
Mission:

To protect the health, safety, and welfare of Arizona citizens as well as the welfare of animals by the regulation of veterinarians, veterinary technicians, veterinary premises, and animal crematories.

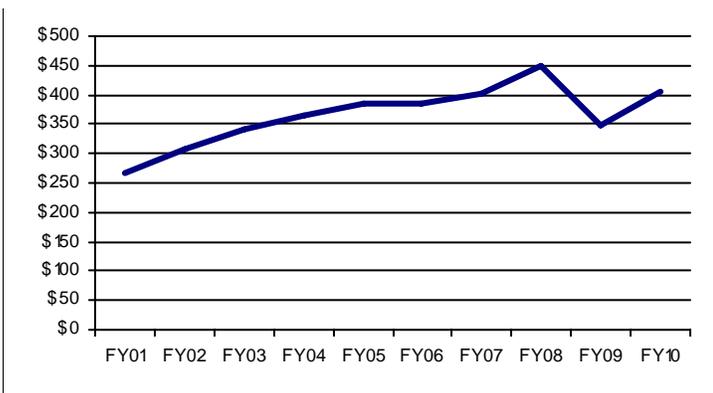
Description:

The Board consists of nine members appointed by the Governor for five-year terms. The Board is responsible for licensing veterinarians, certifying veterinary technicians, licensing veterinary medical premises, and licensing animal crematories. The Board administers examinations for veterinarians and veterinary technicians, inspects all fixed locations for veterinary medical premises and animal crematories, investigates complaints and violations, and takes appropriate regulatory disciplinary action to ensure the public's protection.

Number of Licensees



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	406.4	461.7	461.0	461.0
Agency - Approp. Funds	406.4	461.7	461.0	461.0

Category

FTE	4.5	5.0	5.0	5.0
Personal Services	222.4	250.2	250.2	250.2
ERE Amount	83.3	88.0	88.0	88.0
Prof. And Outside Services	39.3	41.9	41.9	41.9
Travel - In State	3.4	6.8	6.8	6.8

Travel - Out of State	0.0	1.5	1.5	1.5
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	56.2	61.0	60.3	60.3
Equipment	1.8	4.0	4.0	4.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	8.3	8.3	8.3
Agency - Approp. Funds	406.4	461.7	461.0	461.0
<i>Appropriated Fund</i>				
Veterinary Medical Examiners Board	406.4	461.7	461.0	461.0
Agency - Approp. Funds	406.4	461.7	461.0	461.0

Recent Appropriation Activity/Perspective

The Board's appropriation for FY 2007 was \$442,900, increasing to \$477,700 in FY 2008 and decreasing to \$468,300 in FY 2009. The Board also transferred \$609,500 from the Veterinary Medical Fund in FY 2009. The Board's appropriation for FY 2010 was \$470,400, decreasing by (\$8,700) in FY 2011 to \$461,700.

Executive Appropriation Recommendations

	FY 2012	FY 2013
Baseline Adjustments		
Risk Standard Adjustment	(0.7)	(0.7)
Veterinary Medical Examiners Board Fund	(0.7)	(0.7)

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected	FY 2013 Expected
Percent of customers responding excellent or good on customer satisfaction survey	98	90	90	90
Number of annual investigations conducted	168	150	150	150
Total number of veterinarians licensed annually, including renewals	2058	1,650	1800	1900
Average number of calendar days from receipt to granting of license	60	60	60	60
Number of complaints docketed	142	140	140	125
Number of complaints resolved	112	105	115	115
Average number of calendar days from receipt of complaint to resolution	150	120	120	120

The Executive recommends a lump-sum appropriation to the agency.

Department of Water Resources

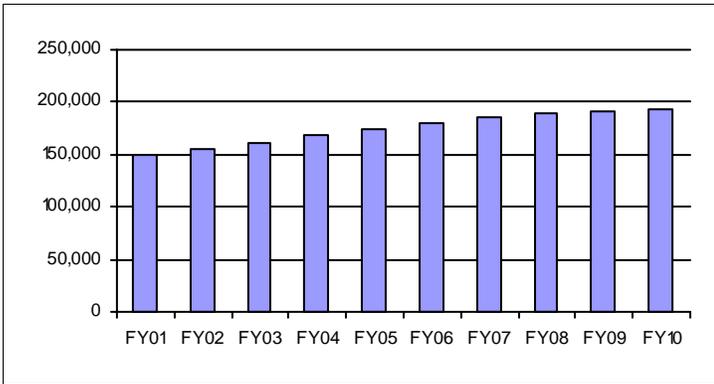
Mission:

To ensure a long-term, safe, sufficient, and secure water supply for the State; to develop public policies which promote the efficient use and equitable distribution of water in an environmentally and economically sound manner; and to promote the management of floodplains and dams to reduce loss of life and damage to property.

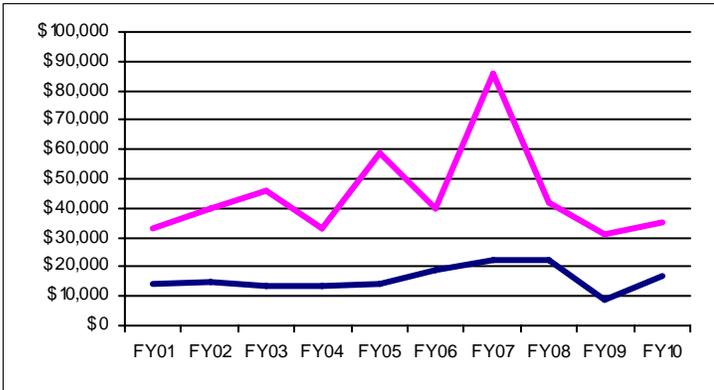
Description:

The Department of Water Resources (DWR) was established in 1980 to administer all state water laws except those laws relating to water quality. Primary responsibilities include implementing the Groundwater Code, supporting the adjudication of water rights, ensuring the safety of dams, managing floods, implementing surface water laws, surveying water resources statewide, and assessing water quality in conjunction with the Department of Environmental Quality.

Number of Wells



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Agency Support	4,844.5	2,452.0	2,250.8	2,250.8
Water Management and Statewide Planning	11,258.5	9,472.1	9,472.1	9,472.1
Dam Safety and Flood Warning	890.3	1,060.0	1,060.0	1,060.0
Agency - Approp. Funds	16,993.3	12,984.1	12,782.9	12,782.9

Category

FTE	192.8	207.2	207.2	207.2
Personal Services	9,534.6	7,604.8	7,604.8	7,604.8
ERE Amount	3,766.3	2,823.5	2,823.5	2,823.5
Prof. And Outside Services	706.7	738.6	738.6	738.6
Travel - In State	229.4	253.0	253.0	253.0
Travel - Out of State	9.1	36.5	36.5	36.5
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	2,661.9	1,351.6	1,150.4	1,150.4
Equipment	19.4	80.0	80.0	80.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	65.9	96.1	96.1	96.1
Transfers Out	0.0	0.0	0.0	0.0

Agency - Approp. Funds	16,993.3	12,984.1	12,782.9	12,782.9
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Appropriated Fund

General Fund	16,837.7	7,052.9	6,257.3	6,257.3
Water Resources Fund	0.0	5,662.9	6,257.3	6,257.3
Assured and Adequate Water Supply Administration Fund	155.6	268.3	268.3	268.3

Agency - Approp. Funds	16,993.3	12,984.1	12,782.9	12,782.9
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Non-Appropriated Funds

	FY 2010 Actual	FY 2011 Expnd. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Arizona Water Banking Fund	15,686.5	4,467.6	4,467.6	4,467.6
Arizona Water Protection Fund	1,657.5	1,751.8	1,751.8	1,157.8
Arizona Water Quality Fund	307.8	199.3	199.3	199.3
Augmentation Fund	1,097.3	864.7	864.7	864.7
Colorado River Water Use Fee Clearing Fund	9.8	6.6	6.6	6.6
Dam Repair Fund	161.5	275.0	275.0	275.0
Federal Grant	328.2	367.0	367.0	367.0
Flood Warning System Fund	26.0	25.0	25.0	25.0
General Adjudication Fund	18.8	1.8	1.8	1.8
IGA and ISA Fund	125.1	227.5	227.5	227.5
Indirect Cost Recovery Fund	40.1	1,273.5	1,173.5	573.5
Statewide Donations	105.4	65.0	65.0	65.0
Water Resources Production and Copying	5.5	12.0	12.0	12.0
Water Resources Publication and Mailing	8.6	12.0	12.0	12.0
Well Administration and Enforcement Fund	173.5	222.0	222.0	222.0

Agency - Nonapp. Funds	19,751.6	9,770.8	9,670.8	8,476.8
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Agency Total - All Funds	36,744.9	22,754.9	22,453.7	21,259.7
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Federal Funds Expenditures - as reported by Agency

	FY 2010 Actual	FY 2011 Exp. Plan	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	328.0	367.2	0.0	0.0

These are the Federal expenditures reported by the agencies and, in most cases, are included in the Appropriated or Non-Appropriated Funds expenditures listed above.

Recent Appropriation Activity/Perspective

From FY 2007 to FY 2011, the Department's appropriated budget has declined by (40%). Nonetheless, it has sought to further its mission, despite losing over half of its employees. Most visibly, the Department responded by closing its four regional offices for active management areas. Just as significant, however, is that the number of water level measurements is likely to fall by half, undermining the reliability of Departmental projections about Arizona's water supply.

As part of these changes, the Department has sought to utilize the Internet to receive permit and license requests and to disseminate information. The agency hopes to expand this process to include a real-time element that would allow applicants to see current information at the time a permit is requested.

More extensive reductions to the Department's budget will have significant impacts for the state's economic growth. Water availability is declining, especially for sources that Arizona shares with other states. Inaccuracy in the State's understanding of its own water supply heightens the risk that Arizona will forfeit part of the water to which it is entitled.

Executive Appropriation Recommendations

	<u>FY 2012</u>	<u>FY 2013</u>
Baseline Adjustments		
Rent Standard Adjustment	(186.2)	(186.2)
Water Resources Fund	(186.2)	(186.2)
Risk Standard Adjustment		
	(15.0)	(15.0)
Water Resources Fund	(15.0)	(15.0)

Solutions to Budget

Continued Shift to Self-Funding 0.0 0.0

For FY 2011, the Department was appropriated \$7.1 million from the General Fund. In addition, the Department was authorized to raise \$5.7 million from increased user fees to support the rest of the Department's operations. However, the increased fees are expected to raise only \$600,000.

For FY 2012, the Executive recommends implementing user fees to be paid by municipalities in an effort to replace the unrealized fees established for FY 2011. These fees are expected to raise up to \$7.0 million per year. Each municipality's fee will be population based. It is the Executive's recommendation that municipalities with populations under 10,000 be exempt from these fees.

As part of the self-funding move, the Executive is recommending equal amounts of the Department's operations be funded by the General Fund and user fees in the Water Resources Fund.

General Fund	(795.6)	(795.6)
Water Resources Fund	795.6	795.6

Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>	<u>Expected</u>
Percent of Arizona's annual	100	100	100	100

Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>	<u>Expected</u>
entitlement to Colorado River water beneficially used				
Number of dams classified in a non-emergency unsafe condition	13	13	13	13
Per capita water use in the Active Management Areas (in acre feet)	2.74	2.74	2.74	2.74
Percent of unused entitlement recharged	95	95	95	95

The Executive recommends a lump-sum appropriation to the agency.

Department of Weights and Measures

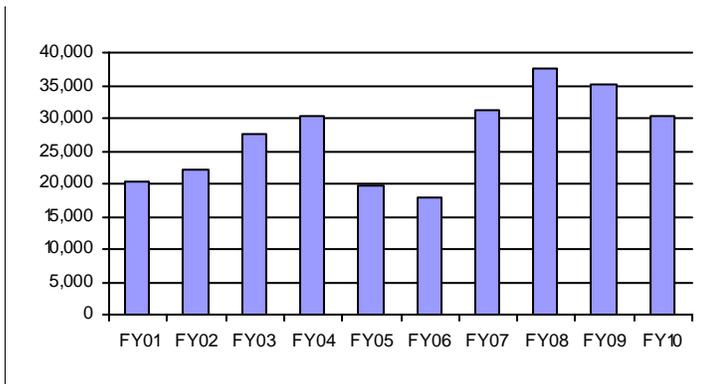
Mission:

To protect the integrity of Arizona's marketplace by ensuring that equity and accuracy are preserved in commerce through fair and evident regulation and the effective communication of weight and measurement standards.

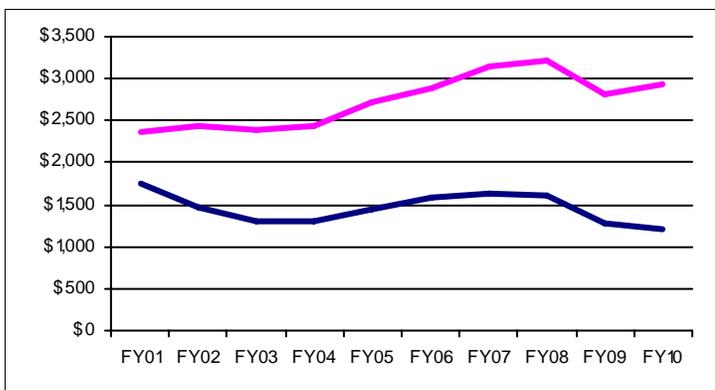
Description:

The Department of Weights and Measures ensures that every commercial device used for the sale of commodities by either weight, measure or count is licensed and accurate for its intended use; ensures, by way of random inspections, that such commodities are properly labeled and priced in conformance with state rules and regulations; maintains custody of the state's primary standards and keeps an accurate record of all standards and equipment; collects samples of motor fuel that is stored, sold, exposed or offered for sale to determine if such motor fuel meets the required standards; inspects all mandated stage 1 and stage 2 vapor recovery systems in the state to determine if such systems are in compliance with the law.

Number of Inspections



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2010 Actual	FY 2011 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
General Services	1,528.0	1,514.5	1,513.9	1,513.9
Air Quality Oxygenated Fuel	784.1	778.9	778.5	778.5
Vapor Recovery	621.5	631.4	631.1	631.1
Agency - Approp. Funds	2,933.6	2,924.8	2,923.5	2,923.5

Category

FTE	37.4	36.4	36.4	36.4
Personal Services	1,443.5	1,198.2	1,198.2	1,198.2
ERE Amount	616.0	561.0	561.0	561.0
Prof. And Outside Services	131.7	439.0	439.0	439.0
Travel - In State	136.8	213.6	213.6	213.6
Travel - Out of State	4.1	12.0	12.0	12.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	433.7	418.0	416.7	416.7
Equipment	167.8	83.0	83.0	83.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0

Agency - Approp. Funds	2,933.6	2,924.8	2,923.5	2,923.5
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Appropriated Fund

General Fund	1,216.1	1,197.8	1,197.5	1,197.5
Air Quality Fund	1,405.6	1,410.3	1,409.6	1,409.6
Motor Vehicle Liability Insurance Enforcement	311.9	316.7	316.4	316.4
Agency - Approp. Funds	2,933.6	2,924.8	2,923.5	2,923.5

Recent Appropriation Activity/Perspective

The Department's budget has been cut considerably since FY 2007. Its General Fund appropriation decreased by nearly (28%) between FY 2007 and FY 2011, and its appropriation to the Air Quality Fund, which is used for all vapor recovery and fueling station inspections, has decreased by 2.5% since FY 2007. Funding for the Motor Vehicle Liability Fund, however, has more than doubled since FY 2007, as the Department has become responsible for more activities relying on the Fund, such as tracking the insurance and license records for all taxis, limousines, and livery vehicles. The Department has experienced some staff attrition in the past few years as well, including the loss of its director and long-time deputy director in FY 2010.

Executive Appropriation Recommendations

	FY 2012	FY 2013
Baseline Adjustments		
Risk Standard Adjustment	(1.3)	(1.3)
General Fund	(0.3)	(0.3)
Air Quality Fund	(0.7)	(0.7)
Motor Vehicle Liability Insurance Enforcement Fund	(0.3)	(0.3)

Performance Measures

	FY 2010 Actual	FY 2011 Expected	FY 2012 Expected	FY 2013 Expected
Percent of Arizona Clean Burning Gasoline (AzCBG's) in compliance.	98	98	98	98
Percent of facilities inspected annually that are in compliance.	89	89	89	89
Percent of UPC (price scanning) devices in compliance.	87	81	81	81

The Executive recommends a lump-sum appropriation by program.

Fund Transfer Recommendations Beyond Those Currently Enacted

	New FY 2011 Transfers	New FY 2012 Transfers	Continuing FY 2012 Transfers
A.R.C.O.R. Enterprises Revolving Fund (4002)	\$0	\$0	\$293,500
ABOR Local Fund (8900BRA)	\$0	\$0	\$265,400
Accountancy Board Fund (2001)	\$700,000	\$0	\$31,600
Acupuncture Board Fund (2412)	\$13,800	\$10,100	\$3,900
ADOA Special Events Fund (2503)	\$0	\$0	\$2,100
AFIS II Collections Fund (4203)	\$0	\$0	\$442,200
Agency Services Fund (2157)	\$0	\$0	\$384,100
Aggregate Mining Reclamation Fund (2511)	\$0	\$0	\$2,500
Agriculture Administrative Support Fund (2436)	\$0	\$0	\$1,300
Agriculture Commercial Feed Fund (2012)	\$0	\$0	\$5,800
Agriculture Designated/Donations (3011AHA)	\$0	\$0	\$9,000
Agriculture Fertilizer Materials Fund (2081)	\$0	\$0	\$8,100
Agriculture Seed Law Fund (2064)	\$0	\$0	\$1,100
AHCCCS - 3rd Party Collection Fund (3791)	\$0	\$0	\$608,200
AHCCCS Intergovernmental Service Fund (2438)	\$0	\$0	\$653,500
Air Quality Fund (2226)	\$0	\$0	\$890,800
Alternative Dispute Resolution Fund (3245)	\$0	\$0	\$77,900
Arizona Arts Trust Fund (3014)	\$0	\$0	\$116,900
Arizona Commission on Criminal Justice Fund (2134)	\$0	\$0	\$670,900
Arizona Department of Housing Program Fund (2200)	\$0	\$1,216,900	\$1,040,600
Arizona Lengthy Trial Fund (2382)	\$0	\$0	\$400
Arizona Protected Native Plants Fund (2298)	\$0	\$0	\$1,900
Arizona Water Banking Fund (2110)	\$0	\$0	\$312,000
Arizona Water Protection Fund (1302)	\$0	\$0	\$53,300
Arizona Water Quality Fund (2304)	\$0	\$0	\$92,500
ASDB Cooperative Services Fund (4221)	\$2,580,000	\$0	\$253,500
ASDB Facilities Use Fund (Enterprise Fund) (4222)	\$0	\$0	\$600
Assessment Fund for Voluntary Plans (2316)	\$30,000	\$32,000	\$4,600
Assistance for Education Fund (2420)	\$368,900	\$0	\$0
Assured and Adequate Water Supply Administration Fund (2509)	\$0	\$0	\$12,300
Athletic Training Fund (2583)	\$0	\$2,800	\$0
Attorney General Antitrust Revolving Fund (2016)	\$0	\$0	\$3,900
Attorney General CJEF Distributions Fund (2068)	\$0	\$0	\$334,500
Attorney General Collection Enforcement Fund (2132)	\$0	\$0	\$40,500
Attorney General Consumer Fraud Fund (2014)	\$0	\$0	\$517,400
Attorney General Legal Services Cost Allocation Fund (4240)	\$0	\$0	\$220,600
Augmentation Fund (2213)	\$0	\$0	\$52,400
Auto Fingerprint Identification Fund (2286)	\$0	\$0	\$11,000
Automation Operations Fund (4230)	\$0	\$0	\$837,300
Automobile Theft Prevention Authority Fund (2060)	\$0	\$0	\$893,800
AZ Game & Fish Heritage Fund (2295)	\$0	\$0	\$125,500

Fund Transfer Recommendations Beyond Those Currently Enacted

	New FY 2011 Transfers	New FY 2012 Transfers	Continuing FY 2012 Transfers
AZ Stallion Award Fund (2315)	\$0	\$6,600	\$0
Banking Department Revolving Fund (2126)	\$0	\$0	\$5,500
Barber Examiners Board Fund (2007)	\$10,000	\$0	\$8,100
Behavioral Health Examiners Fund (2256)	\$566,200	\$0	\$30,400
Blind Industries Fund (4003)	\$0	\$0	\$244,100
Board of Appraisal Fund (2270)	\$0	\$150,000	\$10,800
Board of Fingerprinting Fund (2435)	\$100,000	\$90,000	\$13,200
Board of Optometry Fund (2023)	\$50,000	\$8,000	\$5,800
Board of Respiratory Care Examiners Fund (2269)	\$150,000	\$40,000	\$8,600
Breeders Award Fund (2206)	\$0	\$1,500	\$0
Capital Outlay Stabilization Fund (1600)	\$0	\$0	\$107,800
Capitol Police Administrative Towing Fund (1999)	\$0	\$0	\$600
Captive Insurance Regulatory and Supervision Fund (2377)	\$0	\$0	\$70,600
Centralized Monitoring Fund (2308)	\$0	\$0	\$134,300
Child Abuse Prevention & Treatment Fund (2162)	\$0	\$0	\$118,300
Child Fatality Review Fund (3036)	\$0	\$0	\$3,700
Child/Family Services Training Program Fund (2173)	\$0	\$0	\$2,500
Chiropractic Examiners Board Fund (2010)	\$20,000	\$0	\$13,100
Citizens Clean Election Fund (2425)	\$20,000,000	\$27,000,000	\$0
Citrus, Fruit, & Vegetable Revolving Fund (2260)	\$0	\$0	\$15,800
Coliseum & Exposition Center Fund (4001)	\$0	\$0	\$106,200
Community Corrections Enhancement Fund (2395)	\$0	\$500,000	\$0
Confidential Intermediary & Private Fiduciary Fund (2276)	\$0	\$0	\$11,000
Constable Ethics Standards and Training Fund (2346)	\$100,000	\$60,000	\$0
Construction Insurance Fund (4219)	\$0	\$0	\$201,600
CO-OP State Purchasing Fund (4213)	\$0	\$0	\$7,900
Cooperative Forestry Program Fund (2232)	\$0	\$0	\$45,400
Cosmetology Board Fund (2017)	\$1,200,000	\$1,000,000	\$34,800
County Public Defender Training Fund (3013)	\$0	\$0	\$71,400
Court Appointed Special Advocate Fund (2275)	\$0	\$0	\$21,100
Court Reporters Fund (2440)	\$0	\$0	\$3,900
Crime Lab Operations Fund (4237)	\$0	\$0	\$3,554,700
Crime Laboratory Assessment Fund (2282)	\$250,000	\$200,000	\$0
Criminal Case Processing Fund (2461)	\$0	\$0	\$2,700
Criminal Justice Enhancement Fund (3702)	\$450,000	\$450,000	\$0
D.E.Q. Emissions Inspection Fund (2082)	\$0	\$8,000,000	\$503,800
Data Processing Acquisition Fund (2265)	\$65,000	\$0	\$4,500
Defensive Driving Fund (2247)	\$0	\$0	\$143,400
Dental Board Fund (2020)	\$800,000	\$500,000	\$21,000
Department of Economic Security Long-Term Care System Fund (2224)	\$30,000,000	\$30,000,000	\$0

Fund Transfer Recommendations Beyond Those Currently Enacted

	New FY 2011 Transfers	New FY 2012 Transfers	Continuing FY 2012 Transfers
Department of Juvenile Corrections Fund (3024)	\$0	\$0	\$1,800
Department of Public Safety Licensing Fund (2490)	\$0	\$0	\$191,200
Department of Revenue Administration Fund (1993)	\$3,325,100	\$0	\$1,837,500
DEQ Donations Fund (3006)	\$0	\$0	\$80,000
DHS Substance Abuse Treatment Fund (2227)	\$0	\$800,000	\$0
Dispensing Opticians Board Fund (2046)	\$75,000	\$15,000	\$2,500
DNA Identification System Fund (2337)	\$0	\$2,540,000	\$49,100
Donations - D.P.S. Fund (3123)	\$0	\$0	\$528,400
DOR Liability Setoff Fund (2179)	\$0	\$0	\$38,000
DPS Administration Fund (2322)	\$0	\$0	\$252,300
DPS Joint Fund - Control Fund (2085)	\$0	\$0	\$3,850,400
DPS Peace Officers Training Fund (2049)	\$0	\$0	\$863,800
DPS Records Processing Fund (2278)	\$75,000	\$75,000	\$27,500
Driving Under Influence Abatement Fund (2422)	\$0	\$649,200	\$112,500
Drug and Gang Prevention Fund (2280)	\$0	\$200,000	\$67,200
Drug Treatment and Education Fund - Judiciary (2277COU)	\$0	\$0	\$43,600
Drug Treatment and Education Fund - Parents Commission on Drug Education and Prevention (2277PCA)	\$0	\$0	\$645,100
Early Graduation Scholarship Fund (2364)	\$291,800	\$0	\$0
Economic Security Special Administration Fund (2066)	\$0	\$0	\$439,100
Education Commodity Fund (4210)	\$0	\$0	\$2,900
Education Internal Services Fund (4209)	\$0	\$0	\$795,400
Education Printing Fund (4211)	\$0	\$0	\$371,200
Emergency Medical Services Operating Fund (2171)	\$0	\$1,000,000	\$86,500
Emergency Response Fund (3031)	\$0	\$0	\$132,700
Emergency Telecommunications Services Revolving Fund (2176)	\$0	\$0	\$2,212,100
Environmental Lab Licensure Revolving Fund (3017)	\$0	\$0	\$60,200
Financial Services Fund (1998)	\$0	\$1,000,000	\$18,500
Financial Surveillance Fund (2473)	\$0	\$0	\$45,700
Fingerprint Clearance Card Fund (2433)	\$1,500,000	\$700,000	\$475,800
Fire Suppression Fund (2360)	\$0	\$0	\$280,100
Funeral Directors & Embalmers Fund (2026)	\$0	\$50,000	\$8,600
Game & Fish Watercraft License Fund (2079)	\$0	\$500,000	\$49,200
Geological Donations Fund (3030)	\$0	\$0	\$26,300
Gift Shop Revolving Fund (4008)	\$0	\$0	\$1,900
Greater AZ Development Authority Revolving Fund (2311)	\$0	\$0	\$4,200
Hazardous Waste Management Fund (2178)	\$0	\$0	\$62,300
Health Care Appeals Fund (2467)	\$25,000	\$30,000	\$5,400
Health Services Licensing Fund (1995)	\$0	\$0	\$304,000
Healthcare Group Fund (2506)	\$0	\$0	\$443,400
Hearing and Speech Professionals Fund (3041)	\$0	\$0	\$30,500

Fund Transfer Recommendations Beyond Those Currently Enacted

	New FY 2011 Transfers	New FY 2012 Transfers	Continuing FY 2012 Transfers
Highway Patrol Fund (2032PSA)	\$0	\$0	\$1,897,000
Homeopathic Medical Examiners Fund (2041)	\$0	\$0	\$2,200
Housing Trust Fund (2235)	\$0	\$4,541,100	\$1,487,400
IGA and ISA Fund (2500GVA)	\$0	\$0	\$15,800
IGA and ISA Fund (2500EDA)	\$1,500,000	\$600,000	\$0
IGA and ISA Fund (2500AGA)	\$0	\$0	\$49,900
IGA and ISA Fund (2500EPA)	\$0	\$0	\$19,800
IGA and ISA Fund (2500ADA)	\$0	\$0	\$57,400
IGA and ISA Fund (2500EVA)	\$0	\$0	\$17,400
IGA and ISA Fund (2500PSA)	\$0	\$0	\$143,100
IGA and ISA Fund (2500DCA)	\$0	\$0	\$2,500
IGA and ISA Fund (2500HDA)	\$0	\$0	\$258,900
IGA and ISA Fund (2500BDA)	\$0	\$0	\$2,700
IGA and ISA Fund (2500HGA)	\$0	\$0	\$31,400
IGA and ISA Fund (2500HSA)	\$0	\$0	\$642,000
Indirect Cost Fund (7000)	\$0	\$0	\$2,589,900
Indirect Cost Recovery Fund (9000WCA)	\$0	\$0	\$376,500
Indirect Cost Recovery Fund (9000GVA)	\$0	\$0	\$11,600
Indirect Cost Recovery Fund (9000DCA)	\$0	\$0	\$800
Indirect Cost Recovery Fund (9000PSA)	\$0	\$0	\$183,500
Indirect Cost Recovery Fund (9000EDA)	\$0	\$0	\$493,000
Indirect Fund (9001)	\$0	\$0	\$1,426,500
Information Technology Fund (2152)	\$0	\$0	\$78,600
Inmate Store Proceeds Fund (2505)	\$0	\$2,500,000	\$0
Institutional & Engineering Control Fund (2563)	\$0	\$0	\$300
Insurance Examiners' Revolving Fund (2034)	\$0	\$0	\$970,600
Investment Management Regulatory & Enforcement Fund (2404)	\$0	\$0	\$248,200
Judicial Collection Enhancement Fund (2246)	\$0	\$0	\$210,100
Juvenile Corrections - C.J.E.F. Distributions Fund (2281)	\$0	\$0	\$152,000
Juvenile Delinquent Reduction Fund (2193)	\$0	\$0	\$528,300
Liquor License Special Collections Fund (3008)	\$0	\$0	\$26,000
Liquor Licenses Fund (1996)	\$0	\$0	\$286,600
Lottery Fund (2122)	\$0	\$0	\$1,779,300
Medical Examiners Board Fund (2038)	\$768,900	\$244,400	\$122,100
Monies on Demand - Public Access Fund (2334)	\$244,500	\$0	\$0
Motor Pool Revolving Fund (4204)	\$0	\$0	\$26,800
Motorcycle Safety Fund (2479)	\$50,000	\$31,900	\$0
Naturopathic Board Fund (2042)	\$209,200	\$190,400	\$10,300
Newborn Screening Program Fund (2184)	\$0	\$0	\$72,300
Notary Bond Fund (2387)	\$0	\$0	\$3,500
Nuclear Emergency Management Fund (2138)	\$0	\$0	\$28,000

Fund Transfer Recommendations Beyond Those Currently Enacted

	New FY 2011 Transfers	New FY 2012 Transfers	Continuing FY 2012 Transfers
Nursing Board Fund (2044)	\$0	\$1,200,000	\$104,000
Nursing Care Institute Admin/ACHMC Fund (2043)	\$0	\$0	\$8,800
Nursing Education Demo Project (2514)	\$0	\$1,993,800	\$0
Occupational Therapy Fund (2263)	\$0	\$0	\$4,400
Off-Highway Vehicle Recreation Fund (2253)	\$0	\$0	\$133,000
Osteopathic Examiners Board Fund (2048)	\$180,000	\$270,000	\$17,100
Parity Compensation Fund (2510)	\$1,000,000	\$600,000	\$0
Permanent AZ Historical Society Revolving Fund (2900)	\$0	\$0	\$2,100
Permit Administration Fund (2328)	\$0	\$0	\$894,500
Personnel Division Fund (1107)	\$0	\$0	\$228,400
Pharmacy Board Fund (2052PMA)	\$1,000,000	\$800,000	\$46,000
Physical Therapy Examiners Board Fund (2053)	\$243,800	\$0	\$8,400
Pipeline Safety Revolving Fund (2174)	\$72,100	\$0	\$0
Podiatry Examiners Board Fund (2055POA)	\$61,900	\$10,100	\$3,200
Postsecondary Education Fund (2405)	\$0	\$0	\$20,000
Postsecondary Education Grant Fund (2530)	\$0	\$28,300	\$0
Postsecondary Education Voucher Fund (2128)	\$0	\$31,300	\$0
Private Postsecondary Education Fund (2056)	\$318,100	\$87,600	\$9,800
Psychologist Examiners Board Fund (2058)	\$0	\$0	\$8,400
Public Access Fund (2333)	\$0	\$0	\$148,700
Public Assistance Collections Fund (2217)	\$0	\$0	\$92,200
Racing Commission Bond Deposit Fund (3720)	\$0	\$25,000	\$0
Racing/Betterment Fund (2207)	\$0	\$56,300	\$0
Radiation Certification Fund (2061)	\$0	\$0	\$27,800
Records Services Fund (2431)	\$0	\$0	\$13,900
Recycling Fund (2289)	\$0	\$0	\$1,517,900
Registrar of Contractors Fund (2406)	\$0	\$0	\$221,200
Residential Utility Consumer Office Revolving Fund (2175)	\$0	\$0	\$30,300
Risk Assessment Fund (2427)	\$0	\$2,700	\$500
Risk Management Fund (4216)	\$0	\$0	\$1,849,500
School Facilities Revenue Bond Debt Service Fund (5010)	\$0	\$850,000	\$0
Schools for the Deaf & Blind Fund (2444)	\$0	\$0	\$220,600
Securities Regulatory and Enforcement Fund (2264)	\$0	\$0	\$135,500
Service Fees Increase Fund (1050AEA)	\$0	\$291,100	\$0
Solid Waste Fee Fund (3110)	\$0	\$0	\$369,500
Special Education Fund (1009)	\$2,700,000	\$0	\$0
Special Employee Health Insurance Trust Fund (3015)	\$0	\$0	\$335,800
Special Services Fund (4208)	\$0	\$0	\$7,000
Spinal and Head Injuries Trust Fund (2335)	\$0	\$0	\$452,400
State Aid to Indigent Defense Fund (2445)	\$0	\$400,000	\$0
State Aid to the Courts Fund (2446)	\$0	\$0	\$1,000

Fund Transfer Recommendations Beyond Those Currently Enacted

	New FY 2011 <u>Transfers</u>	New FY 2012 <u>Transfers</u>	Continuing FY 2012 <u>Transfers</u>
State Aviation Fund (2005)	\$3,200,000	\$0	\$0
State Chemist Pesticide Fund (2051)	\$0	\$0	\$7,700
State DOC Revolving-Transition Fund (2515)	\$0	\$2,000,000	\$0
State Ed Sys for Committed Youth Class Fund (2487)	\$0	\$0	\$38,100
State Educational Fund for Correctional Education (2107)	\$0	\$750,000	\$4,400
State Employee Travel Reduction Fund (2261)	\$0	\$0	\$45,900
State School Trust Revenue Bond Debt Service Fund (5030)	\$0	\$110,000	\$0
State Surplus Materials Revolving Fund (4214)	\$0	\$0	\$18,700
State Traffic and Parking Control Fund (2453)	\$0	\$0	\$400
State Web Portal Fund (2531)	\$0	\$5,400,000	\$1,100,000
Statewide Donations Fund (2025EDA)	\$250,000	\$0	\$0
Statewide Payroll Fund (9200)	\$300,000	\$150,000	\$0
Structural Pest Control Fund (2050)	\$0	\$0	\$62,600
Supreme Court CJEF Disbursements Fund (2075)	\$0	\$0	\$170,600
Teacher Certification Fund - OF (2399)	\$0	\$0	\$372,500
Technical Registration Board Fund (2070)	\$600,000	\$450,000	\$41,600
Telecommunication Fund for the Deaf (2047)	\$200,000	\$200,000	\$1,405,300
Telecommunications Fund (4231)	\$0	\$0	\$1,414,100
Tobacco Tax and Health Care Fund (1306)	\$0	\$0	\$80,800
Transition Office Fund (2379)	\$0	\$750,000	\$0
Transition Services Fund (2383)	\$0	\$2,000,000	\$0
Underground Storage Tank Revolving Fund (2271)	\$0	\$1,378,300	\$4,776,100
Utility Regulating Revolving Fund (2172)	\$0	\$0	\$1,511,700
Veterinary Medical Examiners Board Fund (2078)	\$0	\$0	\$11,400
Victim Witness Assistance Fund (2228)	\$0	\$0	\$1,800
Victims' Compensation Fund (2198)	\$0	\$0	\$307,500
Victims' Rights Implementation Fund (3215)	\$0	\$0	\$44,400
Vital Records Electronic Systems Fund (3039)	\$0	\$0	\$7,300
Voluntary Remediation Fund (2564)	\$0	\$0	\$25,500
Voluntary Vehicle Repair Fund (2365)	\$0	\$0	\$747,200
Water Quality Assurance Revolving Fund (2221)	\$0	\$0	\$510,600
Water Quality Fee Fund (4100)	\$0	\$0	\$783,600
Well Administration and Enforcement Fund (2491)	\$0	\$0	\$123,000
Work Force Recruitment and Job Training Fund (1237)	\$0	\$0	\$5,000
	<u>\$75,644,300</u>	<u>\$104,769,400</u>	<u>\$64,032,900</u>



Legislative Changes

Proposed Legislative Changes

The following changes are necessary to implement the Executive Budget Recommendation for Fiscal Years 2011, 2012 and 2013

ADMINISTRATION, DEPARTMENT OF

FY 2012

New Telecommunications Contract. Include a footnote specifying that the Telecommunications Fund appropriation is an estimate based on the current operations of the Telecommunications Program Office. The appropriation shall be adjusted as necessary to reflect any additional costs that may be incurred in transitioning to a new statewide telecommunications contract during FY 2012. These additional expenditures are subject to review by the Joint Legislative Budget Committee.

Government Information Technology Agency (GITA) Consolidation. As permanent law, transfer all funding and statutory authority for GITA into the Department of Administration.

Building Renewal Charge. Add statutory language allowing the Department of Administration to charge a fee to cover the costs of Building Renewal in the ADOA Building System. Charges would apply to each agency in the Building System. Only Corrections complexes, Game and Fish, and Lottery would be exempt.

AFIS II Collections Fund. Continue footnote allowing the Agency to collect an amount not to exceed \$1,762,600 from other funding sources, excluding Federal Funds, to recover pro rata costs of operating AFIS II.

Automation Operations Fund. Continue footnote specifying that the appropriation of the Automation Operations Fund shall be adjusted as necessary to reflect receipts and projects of the Automation Operation Center.

AGRICULTURE, DEPARTMENT OF

FY 2012 and FY 2013

Fee Authority. Eliminate the Service Fees Increase Fund but maintain increased fee and expenditure authority originally granted in FY 2009.

ADMINISTRATIVE HEARINGS, OFFICE OF

FY 2012 and FY 2013

Scheduling Hearings. Continue existing session law to suspend the statutory requirement that the Office of Administrative Hearings must schedule a hearing within 60 days of receiving a case.

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

FY 2011

Capitation Payments Deferral Suspension. Eliminate the suspension of FY 2011 capitation payments in Chapter 10, Seventh Special Session, Section 31.

Ambulance Reimbursement. Set the base support for ambulance services at 72.6% of the rates established by the Department of Health Services.

FY 2012

Proposition 204 Suspension Waiver. Mandate that AHCCCS apply to the Secretary of the U.S. Department of Health and Human Services for a waiver that will allow AHCCCS to reduce eligibility for populations for which coverage was optional prior to the passage of the Patient Protection and Affordable Care Act. (The revised program is designed to be supported by the Tobacco Settlement Fund and the Tobacco Tax Proposition 204 Protection Account.) This waiver is to be effective through January 1, 2014. Exempt AHCCCS from rule-making to implement these changes.

Capitation Payments Deferral Resumption. Restore the requirement that AHCCCS defer acute capitation payments for up to two months and pay interest at a rate of 0.5% per year.

Prescription Drug Rebate Fund. Establish the non-appropriated Prescription Drug Rebate Fund, to include drug rebate collections and interest. The Fund is to be used to pay program administration, refund the federal share of money collected, and support AHCCCS program costs.

Ambulance Reimbursement. Set the base support for ambulance services at 72.6% of the rates established by the Department of Health Services. For FY 2012, AHCCCS may reduce rates by up to an additional 5%.

Hospital Reimbursement. Add the requirement that AHCCCS pay either (a) 95% of the statewide urban and rural average Medicare cost-to-charge ratios or (b) Centers for Medicare and Medicaid Services approved cost-to-charge ratios for extraordinarily expensive patients (outliers). Also, mandate that AHCCCS freeze hospital inpatient rates, outpatient rates and cost-to-charge ratios for outliers. Finally, allow AHCCCS to cut these rates by up to 5%.

County Acute Care Contributions. Require the counties to contribute, through the Disproportionate Uncompensated Care (DUC) Pool and County Acute Contribution, a total of \$51,251,500 for the AHCCCS Acute Care program.

Disproportionate Share Hospital. Establish Disproportionate Share payments from the Maricopa Special Health

Care District (\$55,507,500), the Arizona State Hospital (\$28,474,900) and the private hospitals (\$9,284,800).

Local and Tribal Spending. Allow AHCCCS to spend federal monies received as a result of local and tribal spending.

County Acute Refunds. Require AHCCCS to refund to counties, by December 31 of the following year, the portion of AHCCCS acute capitation expenditures that the counties paid in any given year in excess of 7.26% of the total acute capitation State match.

County ALTCS Refunds. Require AHCCCS to refund to counties, by December 31 of the following year, their portion of reverted Arizona Long-term Care System Fund reversions as determined by the "circuit breakers" established in A.R.S. § 11-292(C).

Managed Care Organization Risk Contingency and Administrative Funding. Continue the reduction from 2% to 1% in risk contingency and from 8.5% to 8% in administrative allowance in the capitation rates paid to the health plans. These reductions have been in place since FY 2009.

Children's Rehabilitative Services Transfer from DHS. As permanent law, transfer all funding and statutory authority related to CRS from the Department of Health Services to AHCCCS.

ATTORNEY GENERAL

FY 2012 and FY 2013

Consumer Fraud Fund Expenditure Authority. Authorize the Attorney General to expend any revenues received in excess of \$2.8 million in the Attorney General Consumer Fraud Fund in FY 2012. Continue this authority in FY 2013.

Agency Services Fund Expenditure Authority. Authorize the Attorney General to expend any revenues received in excess of \$12,358,200 in the Attorney General Agency Services Fund in FY 2012. Continue this authority in FY 2013.

AUTOMOBILE THEFT AUTHORITY

FY 2012 and FY 2013

Additional Expenditure Authority. Authorize the Automobile Theft Authority to expend any revenues received in excess of \$4,285,000 in the Automobile Theft Authority Fund in FY 2012. Before the expenditure of any Automobile Theft Authority Fund monies in excess of \$4,285,000, the Agency shall submit the intended use of the monies for review by the Joint Legislative Budget Committee. Continue this authority in FY 2013.

CAPITAL POST-CONVICTION PUBLIC DEFENDER OFFICE

FY 2012 and FY 2013

Capital Post-Conviction Public Defender Fund. Authorize the Capital Post-Conviction Public Defender Office to expend any revenues received in excess of \$162,400 in the Capital Post-Conviction Public Defender Fund during FY 2012. Before the expenditure of these increased monies, the Office shall report the intended use of the monies to the Joint Legislative Budget Committee. Continue this authority in FY 2013.

Attorney General Pro Rata Charge. Exempt the Post-Conviction Public Defender Office from the Attorney General pro rata charge in order to avoid a conflict of interest.

COMMUNITY COLLEGES

FY 2012

Rural County Reimbursement. Remove Santa Cruz County from the Rural County Reimbursement Subsidy footnote in the Appropriations Act.

Operating Aid Reduction. Continue to suspend the Operating State Aid formula in A.R.S. § 15-1466 and direct that Operating State Aid in FY 2012 be the amount in the General Appropriations Act.

Capital Outlay Aid Formula Funding. Continue to suspend the Capital Outlay State Aid formula in A.R.S. § 15-1464.

CONTRACTORS, REGISTRAR OF

FY 2012 and FY 2013

Residential Contractors' Recovery Fund. Continue session law permitting the Registrar of Contractors greater flexibility in using the balance of the Residential Contractors' Recovery Fund.

CORRECTIONS, DEPARTMENT OF

FY 2012

State Charitable, Penal and Reformatory Institutions Land Fund. Continue the 25% distribution of revenues into the State Charitable, Penal and Reformatory Institutions Land Fund.

Penitentiary Land Fund. Continue the 100% distribution of revenues into the Penitentiary Land Fund for the Department of Corrections (DOC).

New Building Preventative Maintenance Fund. Redirect to this Fund all revenues from the Special Services Fund, Inmate Store Proceeds Fund, and ACI Revolving Fund.

Inmate Visitor Background Checks. Allow the DOC Director to set a fee to conduct background checks for inmate visitors.

Inmate Banking Fee. Allow the DOC Director to set a fee for deposits into inmates' personal accounts.

Correctional Officers. Enact session law to appropriate funding for Years 2 and 3 of the three-year program to increase the number of Correctional Officer IIs.

State Education Fund for Committed Youth. As Session Law, authorize the expenditure of all revenues deposited into the Education Fund for Committed Youth.

DRUG AND GANG PREVENTION RESOURCE CENTER

FY 2012 and FY 2013

Agency Elimination. Eliminate the Center's appropriation and statutory mandates.

ECONOMIC SECURITY, DEPARTMENT OF

FY 2012

Domestic Violence Prevention Fund. Continue the footnote that authorizes the Department of Economic Security (DES) to expend Domestic Violence Prevention Fund revenues in excess of \$2.2 million.

Child Support Enforcement Fund. Continue the footnote that authorizes DES to expend Child Support Enforcement Fund retained earnings in excess of \$16.4 million.

EDUCATION, DEPARTMENT OF

FY 2011

Teacher Certification Account Balance. Transfer the balance in the Teacher Certification account as of July 1, 2010, to the Teacher Certification Fund established pursuant to Laws 2010, Chapter 306, to be available to the Department of Education for use in Fiscal Year 2011. The Teacher Certification account shall no longer be used for the accounting of revenues and expenditures.

Deferral of State Aid. Defer an additional \$245,000,000 of school district state aid, bringing the total FY 2011 deferral amount to \$1,197,627,700.

FY 2012

Deferral of State Aid. Continue the deferral of School District State Aid, in the amount of \$1,197,627,700, into FY 2013.

Small School Adjustment. Restore the Small School Adjustment to the Additional State Aid calculated amount for school districts that have not exceeded the student count limits.

Soft Capital Allocation Limit, Lump-Sum Reduction. As session law, continue the lump-sum reduction to school district soft capital allocation.

Additional Assistance, Lump-Sum Reduction. As session law, continue the \$10 million lump-sum reduction to charter school Additional Assistance.

School District Actual Utilities Cost Adjustment. Repeal the school district Actual Utilities Adjustment.

Career Ladder Phase-Out. As session law, begin phasing-out the Career Ladder program, with the increase being limited to 4% for FY 2012 and 3% for FY 2013. Each subsequent year will reduce the increase by an additional percentage point.

Joint Technological Education District Funding. As session law, continue limitation of Joint Technological Education District funding at 91%.

Special Education Fund. Reduce the General Fund appropriation by \$2 million.

Arizona Online Instruction. As permanent law, eliminate transportation and facilities funding from Charter School Additional Assistance for Arizona Online Instruction (AOI). Also exclude AOI student counts and average daily membership (ADM) from the determination of transportation funding for school districts and from monies provided by the School Fa-

ilities Board for Building Renewal and New School Construction.

Arizona Online Instruction, Districts. As permanent law, clarify that growth in AOI student counts, which is included in Sudden Growth, is limited to 95% or 98% for full and part-time enrollment, respectively.

Additional Lump-Sum Reductions to School District Capital Outlay Revenue Limit and Charter School Additional Assistance. As session law, reduce the School District Capital Outlay Revenue Limit and Charter School Additional Assistance, allocated based on each entity's un-weighted student count.

Shortfall/Surplus Reporting. Amend session law to continue quarterly reporting of appropriation shortfall/surplus amounts through December, shifting to monthly reporting requirements for the second half of the year. Continue session law requiring payment database copies, with supporting data, for all monthly apportionment payments.

P-20 Council and Statewide Longitudinal Data System. Codify the P-20 council, funded by a fee equal to approximately \$12 per student in K-12 and postsecondary education, as well as preschool programs for children with disabilities. This revenue source will also fund a new statewide longitudinal student data system.

EMERGENCY AND MILITARY AFFAIRS, DEPARTMENT OF

FY 2012 and FY 2013

Emergency Fund. Enact session law to reduce to \$2.9 million the amount of liabilities for emergencies that can be incurred in each of FY 2012 and FY 2013.

Military Installation Fund. Increase to \$4,825,000 the reduction of the General Fund appropriation to the Military Installation Fund for FY 2012 and FY 2013 in each fiscal year.

State Forester Consolidation. As permanent law, transfer the funding and statutory authority for the State Forester into the Department of Emergency and Military Affairs.

ENVIRONMENTAL QUALITY, DEPARTMENT OF

FY 2012 and FY 2013

Fee Structure. For FY 2012, continue FY 2011 fee authority and provide language allowing fee changes and a rule-making exemption for the Waste Program through FY 2013.

EXECUTIVE CLEMENCY, DEPARTMENT OF

FY 2012 and FY 2013

Part-Time Status of Board Members. Continue the part-time status of Board members through FY 2013.

GAMING, DEPARTMENT OF

FY 2012 and FY 2013

Racing Department Consolidation. As permanent law, transfer all funding and statutory responsibility of the Department of Racing into the Department of Gaming.

GEOLOGICAL SURVEY, ARIZONA

FY 2012 and FY 2013

Department of Mines and Mineral Resources Consolidation. As permanent law, transfer funding and statutory authority for the Department of Mines and Mineral Resources into the Arizona Geological Survey.

HEALTH SERVICES, DEPARTMENT OF

FY 2011

Newborn Screening Fund Footnote. Create an escalator footnote that allows the Department of Health Services (DHS) to expend Newborn Screening Fund revenues in excess of the appropriation.

FY 2012

Vital Records Self-Funding. Allow the DHS Director to adjust the fee structure for the Vital Records System in order to make it self-sustaining, and exempt DHS from the rule-making process.

Sexually Violent Person Funding Structure. As session law, require counties to reimburse the Arizona State Hospital (ASH) for 50% of the costs of detaining individuals determined to be, or undergoing determination proceedings to be committed as, a sexually violent person.

Restoration to Competency Funding. As session law, continue the requirement that counties are to reimburse ASH for 100% of the cost of Restoration to Competency (RTC) services.

Newborn Screening Fund Footnote. Create a new escalator footnote that allows DHS to expend Newborn Screening Fund revenues in excess of the appropriation.

State Hospital Land Fund Footnote. Continue the footnote that authorizes DHS to expend all revenues to the ASH Land Fund in excess of the appropriated amount.

Biomedical Research Commission Elimination. As permanent law, eliminate the Biomedical Research Commission and transfer all cash and statutory authority for the Health Research Fund and Disease Control Research Fund to DHS beginning July 1, 2011.

HISTORICAL SOCIETY, ARIZONA

FY 2012 and FY 2013

Centennial Museum Fund. Rename the "Mines and Minerals Fund" the "Centennial Museum Fund" and transfer it to the Arizona Historical Society. Allow the Agency to use the fund balance and any revenues generated from the Centennial Museum for the purpose of operating and maintaining the museum.

Mines and Mineral Resources Consolidation. As permanent law, transfer control of the Mines and Minerals Resource Fund to the Arizona Historical Society.

INDEPENDENT REDISTRICTING COMMISSION

FY 2012 and FY 2013

Non-lapsing Appropriation Authority. Include a footnote specifying that appropriations are non-lapsing, except that all

monies remaining unexpended and unencumbered after payment of fees, costs and expenses of the commission revert to the General Fund.

INSURANCE, DEPARTMENT OF

FY 2012 and FY 2013

Fee and Assessment Adjustment Suspension. Continue to suspend the statutory requirement to revise fees and assessments to equal at least 95% percent but not more than 110% of the Department's appropriated budget.

JUVENILE CORRECTIONS, DEPARTMENT OF

FY 2012

State Charitable, Penal and Reformatory Institutions Land Fund. Continue the 25% distribution of revenues into the State Charitable, Penal and Reformatory Institutions Land Fund.

State Education Fund for Committed Youth. As Session Law, authorize the expenditure of all revenues deposited into the Education Fund for Committed Youth.

LAND DEPARTMENT, STATE

FY 2012 and FY 2013

Natural Resource Conservation Districts. Continue the existing footnote allocating \$30,000 to provide grants to natural resource conservation districts' environmental education centers for FY 2012 and FY 2013.

LEGISLATIVE COUNCIL

FY 2012 and FY 2013

Legislative Buildings. Enact session law to allow Legislative Council to use the remaining appropriations originally designated for the Polly Rosenbaum Archives Building for the maintenance, repair and operation of Legislative buildings.

LOTTERY COMMISSION, ARIZONA

FY 2012 and FY 2013

Instant Ticket Footnote. Continue the footnote explaining that the actual appropriation for the instant ticket line item is 3.6% of actual instant ticket sales.

Online Ticket Sales Footnote. Continue the footnote explaining that the actual appropriation for the online game sales line item is 3.7% of actual online ticket sales.

Retail Ticket Sales Footnote. Continue the footnote explaining that the actual appropriation for ticket retailer commissions is 6.5% of gross lottery game sales with an additional amount not to exceed 0.5% of gross lottery game sales for sales commissions to ticket retailers.

Instant Tab Ticket Footnote. Create a new footnote explaining that the actual appropriation for the instant tab ticket line item is 20% of instant tab ticket sales.

MINE INSPECTOR, STATE

FY 2012 and FY 2013

Reclamation Program. For any revenues received in excess of \$38,000 in the Aggregate Mining Reclamation Fund in FY 2012 and FY 2013, authorize the Mine Inspector to use these monies for the Aggregate Mined Land Reclamation line item. Before the expenditure of any Aggregate Mining Reclamation Fund receipts in excess of \$38,000 in FY 2012 and FY 2013, the State Mine Inspector shall report the intended use of the monies to the Joint Legislative Budget Committee.

NAVIGABLE STREAM ADJUDICATION COMMISSION

FY 2012 and FY 2013

Risk Management Fund. Continue session law to permit the use of the Risk Management Fund for unpaid legal obligations of the Commission.

OCCUPATIONAL THERAPY EXAMINERS

FY 2011

Athletic Training Fund. As permanent law, transfer all cash from the Athletic Training sub-account of the Occupational Therapy Fund to the Athletic Training Fund, retroactive to July 1, 2010.

P-20 COUNCIL

FY 2012 and FY 2013

Establishing the P-20 Council. As permanent law, codify the Executive Order (2009-10) establishing the P-20 Council, with a focus on student performance management for preschool through higher education; and development of a statewide longitudinal data system.

P-20 Council Fund. As permanent law, establish the P-20 Council Fund, which will consist of revenues assessed on all pupils within Arizona's education system. Allow expenditures from the fund to include operational costs and the development of the statewide longitudinal data system.

PARKS BOARD, STATE

FY 2012 and FY 2013

Off-Highway Vehicle Recreation Fund. Continue to allow the State Parks Board to use a portion of the Off-Highway Vehicle Fund for operational expenses.

Law Enforcement and Boating Safety Fund. Continue to allow the State Parks Board to use the Law Enforcement and Boating Safety Fund for operational expenses.

Capital Spending. Continue to suspend the requirement that the State Parks Board use half of its Enhancement Fund monies for capital needs.

State Parks Enhancement Fund. Continue the existing footnote that appropriates \$260,000 from the State Parks Enhancement Fund for Fool Hollow State Park revenue sharing with the City of Show Low and the U.S. Forest Service.

PEST MANAGEMENT, OFFICE OF

FY 2012 and FY 2013

Fee Increase. Continue the increased fee and expenditure authority from FY 2011.

POSTSECONDARY EDUCATION

FY 2012 and FY 2013

Spending Authority. Create a footnote stipulating that, if revenues to the Arizona Family College Savings Program exceed the estimates included in the General Appropriations Act, those monies will be appropriated from the Postsecondary Education Fund to the Family College Savings Program line item.

Institutional Matching. As session law, continue the footnote requiring that institutions participating in the Leveraging Educational Assistance Partnership (LEAP) provide institutional matching funds equal to the amount of funds provided by the State and that administrative expenses for LEAP be paid from institutional matching funds.

Estimated Appropriations. As session law, continue the footnote requiring that the appropriations for the Arizona College and Career Guide, the Arizona Minority Educational Policy Analysis Center, and the Twelve-Plus Partnership be estimates representing all monies distributed to the line items and that the actual appropriations will reflect final receipts to the line items.

PUBLIC SAFETY, DEPARTMENT OF

FY 2012 and FY 2013

Spending Caps. Make permanent the suspension of statutory caps in the Highway User Revenue Fund.

DNA Identification System Fund Appropriation. Reduce a previously enacted appropriation for FY 2012 from the DNA Identification System Fund from \$3,520,000 to \$980,000.

DNA Testing Program. Require that all persons convicted and incarcerated provide a DNA sample to be tested and stored in the DNA database. Authorize a 2.4% surcharge on fines and penalties to fund this expansion of the DNA testing program.

State Aid to County Attorneys. Permanently reallocate to the Public Safety Equipment Fund, surcharges and monies collected by the Supreme Court and the Court of Appeals that are currently deposited to the State Aid to County Attorneys Fund and to the State Aid to Indigent Defense Fund.

Public Safety Equipment Fund. Allow Arizona Criminal Justice Commission (ACJC) revenue to be deposited and spent out of the Public Safety Equipment Fund. Allows the fund to be used to purchase highway patrol vehicles.

Capitol Police. As permanent law, transfer oversight of Capitol Police from the Department of Administration to the Department of Public Safety.

Photo Enforcement. Eliminate the State Photo Enforcement System enabling statutes and allow the establishment of a photo enforcement system by the Legislature.

DPS Joint Fund Footnote. Revert any monies remaining in the DPS Joint Fund to the funds from which they were appropriated in direct proportion to the amount appropriated.

RACING, DEPARTMENT OF

FY 2012 and FY 2013

Self-Funding. Allow the Racing Commission and the Boxing and Mixed Martial Arts Commission to raise or develop fees that will support the mission of the Department and be deposited in the Racing Regulation Fund. Exempt the Department from the rule-making process.

RADIATION REGULATORY AGENCY

FY 2012 and FY 2013

Service Fees Increase Fund. Eliminate the Service Fees Increase Fund but maintain increased fee and expenditure authority currently enacted.

REAL ESTATE, DEPARTMENT OF

FY 2012 and FY 2013

Fee Structure. Enact session law to suspend the requirement that the Department adjust its fee schedule so that revenues equal at least 95% but not more than 110% of its anticipated appropriation for the succeeding fiscal year.

REGENTS, ARIZONA BOARD OF

FY 2012

Reduction to Universities. As session law, allow the Arizona Board of Regents to allocate lump-sum reductions among the various State Universities.

Deferral of General Fund Payment. As session law, continue the deferral of \$200 million in General Fund payments into FY 2013.

SCHOOL FACILITIES BOARD

FY 2012

Building Renewal Formula Funding. As session law, continue to suspend building renewal formula funding in FY 2012.

New School Construction. As session law, continue the moratorium on funding new school construction with no ad-

ditional lease-to-own authorization. Allow funding projects authorized under lease-to-own authorizations granted under the FY 2011 budget and for projects that began prior to FY 2009.

SECRETARY OF STATE – DEPARTMENT OF STATE

FY 2012 and FY 2013

Professional Employer Organization Registration. Amend session law to continue until July 1, 2014, the suspension of the statutory requirement that the Secretary of State register Professional Employer Organizations.

Transfer of State Library Buildings. Amend statute to clarify the transfer of the State Library buildings from the Legislative branch to the Executive.

TRANSPORTATION, DEPARTMENT OF

FY 2012 and FY 2013

Additional Vehicle License Tax Transfer. Continue the \$43.2 million VLT transfer from FY 2011 into FY 2012 and increase the transfer \$23.6 million.

TOURISM, OFFICE OF

FY 2012 and FY 2013

Formula Funding. As permanent law, continue the language that allows the Office of Tourism to use up to 50% of Proposition 302 monies for administration.

Tourism Fund. As session law, match Tourism Fund donations received from the tourism industry dollar-for-dollar up to \$1 million by the General Fund.

TREASURER, STATE

FY 2012 and FY 2013

Justice of the Peace Salaries. As session law, continue to fund the State share of Justice of the Peace salaries at 19.25% through FY 2013.

WATER RESOURCES, DEPARTMENT OF

FY 2012 and FY 2013

Water Protection Fund Deposit. Continue to suspend the requirement that the General Fund deposit \$5 million in the Water Protection Fund each year.



Glossary and Acronyms

Budget Terms

90/10 Professional and occupational regulatory agencies funded through the collection of fees and the issuance of licenses. These agencies retain 90% of the fees collected annually in separate agency fund accounts and deposit 10% of the fees collected into the *General Fund*.¹

accountability Monitoring, measuring, and evaluating the performance and progress of policies, plans and programs to ensure that results are achieved.

actual expenditures Expenditures made in the prior *fiscal year* as reported in the State of Arizona Annual Financial Report, including *Personal Services, Employee-Related Expenditures, All Other Operating Expenditures* and all *special line items* as authorized by the Legislature.

administrative adjustments Adjustments made to reflect expenditures made by an agency after the close of the *fiscal year*. Administrative adjustments include the time period from the close of the 13th month to June 30 of the next fiscal year.

administrative costs Expenses associated with the support, management and oversight of services delivered pursuant to the agency or program *mission*. Typical administrative costs include those associated with accounting, human resources, budgeting, strategic planning, public information, auditing, executive management, etc.

All Other Operating Expenditures (AOOE) Category of expenditure accounts that include Professional and Outside Services, In-State Travel, Out-of-State Travel, Food, *Other Operating Expenditures*, and *Equipment*.

Annual Budget Unit Agencies that are required, pursuant to Laws 2002, Chapter 210, to submit annual budget requests. There are 17 such agencies; the remaining State agencies are biennial budget units.

annualization An adjustment, made to the current year funding base, that will allow a partially funded program to operate for a full year or accounts for a full-year of budget savings due to mid-year reductions.

appropriated fund The Legislatively mandated segregation of funds. It is used and monitored by the *General Accounting Office* as a separate self-balancing set of accounts.

Arizona Administrative Code State agency rules of practice setting forth the nature and requirements of all formal procedures available to the public.

Arizona Financial Information System (AFIS) The statewide accounting system maintained by the Department of Administration.

Arizona Health Care Cost Containment System (AHCCCS) The State's Medicaid program designed to deliver quality managed health care to qualifying individuals.

Arizona Revised Statutes (A.R.S.) The laws governing the State of Arizona.

base budget An adjusted budget base that reflects the current year appropriation, amended to include changes for *standard operating adjustments*.

below-the-line items Specific expenditure or budgetary accounts that have been singled out through the appropriation process to provide high visibility of expenditure. Also known as *special line items*.

biennial budgeting A process that estimates revenues and expenditures for a two-year period.

block grant Allocations of federal money to a state or its subdivisions in accordance with a distribution formula prescribed by law or administrative regulation, for activities of a continuing nature within a restricted subject area (e.g., social services, maternal and child health, and child-care).

budget A financial plan that estimates the revenues and expenditures for a given period of time. (SEE ALSO: *capital outlay* and *operating budget*).

budget program Functions and activities of a *budget unit* or within a budget unit that are pre-planned to fulfill a distinct *mission*.

budget reform legislation Refers to the provisions contained in Laws 1993, Chapter 252; Laws 1994, Chapter 218; Laws 1995, Chapter 283; Laws 1996, Chapter 339; Laws 1997, Chapter 210, and Laws 2002, Chapter 210.

budget unit A department, commission, board, institution or other State organization receiving, expending, disbursing or incurring obligations against State funds.

capital outlay Expenditures for upkeep, preservation, development, improvement or acquisition of lands, buildings or certain associated equipment.

Capital Outlay Stabilization Fund (COSF) A fund into which rent monies collected from agencies occupying State-owned rental space are deposited. The monies partially offset building operating and maintenance costs.

¹ Italicized terms are defined in this Glossary.

categorical eligibility Automatic eligibility for certain federal-State matched public assistance programs, based on criteria established in federal law. Admission to a program (e.g., Medicaid) is mandatory to certain groups of beneficiaries who meet the legal criteria for eligibility to the specified program.

categorical programs A broad category of joint federal-State public assistance programs that provide financial assistance to individuals or that may subsidize a particular activity (e.g., Medicaid pays for medical services on behalf of certain groups of low-income persons).

certificate of participation (COP) A financing tool used by the State for the acquisition and construction of State facilities.

classification salary adjustment (CSA) The review of positions within a specific class to determine whether a change in class or salary is warranted. A CSA is conducted by the Personnel Division of the Department of Administration.

comptroller object code A four-digit code used within the statewide accounting system to identify the detailed revenue or expenditure account affected by a transaction; the lowest level in the object structure.

continuing appropriation An appropriation that is automatically renewed without further Legislative action, period after period, until altered or revoked or liquidated by expenditure.

cost center The allocation of resources by functional area within an agency.

current services budget A financial plan that incorporates the *base budget* needs of an agency and the addition of funding to support demographic growth in client caseloads and workload functions.

decision package A funding request made by State agencies.

detail fund A fund designation used in the statewide accounting system to segregate agency-specific activity. The balance of an *appropriated fund* is comprised of the sum of all of its detail funds.

Disproportionate Share Hospital (DSH) A hospital that serves a disproportionate share of low-income and Medicaid patients, thereby qualifying for federal aid pursuant to Section 1923 of the Social Security Act. The federal basis for payments is either a reflection of a hospital's number of Title XIX in-patient days or a "low-income" utilization rate. States may also establish optional payment categories. Arizona has established optional groups that include county, State and private hospitals.

Employee-Related Expenditures (ERE) The State's contribution to an employee's benefit package. ERE include FICA; retirement; Worker's Compensation; health, dental, and life insurance; unemployment insurance; Personnel Division charges; Government Information Technology Agency charges; and uniforms for certain classes of employees.

entitlement programs A broad category of categorical public assistance programs that provide services (e.g., cash assistance, medical services, etc.) to certain population groups (e.g., low-income families with minor children). Admission is often mandatory for qualified individuals who meet the legal eligibility criteria (e.g., individuals who are low-income and aged, blind or disabled), hence the reference "entitlement."

equipment In the operating budget, a specific item of expenditure divided into capitalized equipment (purchased for \$5,000 or more) and non-capitalized equipment (usually between \$300 and \$4,999).

ERE rate The quotient of *Employee-Related Expenditures* and *Personal Services* expressed as a percentage.

expansion populations Persons who have annual incomes of not more than 100% of the *Federal Poverty Level* and that qualify for AHCCCS benefits due to the expansion of eligibility as a result of Proposition 204.

Executive Issue An adjustment to the prior-year appropriation to change the scope of current programs or service levels.

expenditures See *actual expenditures*.

federal budget neutrality A concept intended to ensure that a waiver cannot be expected to cost the federal government more than it would have cost without the waiver. Arizona is subject to "federal budget neutrality" as part of its 100% of FPL waiver. The waiver is for a five-year period that began on October 1, 2006, and expires September 30, 2011.

federal funds Amounts collected and made available to the State by the federal government, usually in the form of *categorical* or *block grants* and *entitlements*.

Federal Insurance Contribution Act (FICA) Requires employees and employers to make matching contributions into the Social Security fund.

Federal Poverty Level (FPL) Refers to the poverty guidelines, in relation to income standards, as updated annually in the FEDERAL REGISTER by the U.S. Department of Health and Human Services.

Federal Waiver Program Experimental, pilot or demonstration projects that, in the judgment of the Secretary of the U.S. Department of Health and Human Services, are likely to assist in promoting the objectives of the Medicaid Stat-

ute. Projects approved under this authority are referred to as “waiver” programs.

fiscal year The State’s yearly accounting period beginning July 1 and ending June 30. (The federal fiscal year begins October 1 and ends September 30.)

full-time equivalent (FTE) position A position budgeted at 2,080 hours per year.

fund An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves and equities, which are segregated for the purpose of carrying on specific activities in accordance with limitations, restrictions or regulations.

fund balance The excess of the assets of a fund over its liabilities and reserves.

General Accounting Office (GAO) A division of the Department of Administration that provides diverse statewide financial services and ensures compliance with related *statutes* and rules.

General Fund The primary State account into which monies are collected for the general purposes of government. The primary sources of revenues for the General Fund include sales taxes, income taxes and property taxes. The General Fund is also the major expenditure source from which agencies make payments for specified purposes.

grant anticipation note (GAN) A federal finance tool involving bonding that can be issued by the State Transportation Board. The issuance of a GAN allows the State to fund and accelerate highway construction projects with anticipated federal monies.

inflation An allowance made for an increase in price levels of operating expenditures from one *fiscal year* to the next.

input A *performance measure* that identifies the amount of resources needed to provide particular products or services.

Joint Committee on Capital Review (JCCR) Created by Laws 1986, Chapter 85, to establish the Building Renewal Formula, approve the creation of Building Systems, and review the State Capital Improvement Plan. The JCCR is also responsible for reviewing all construction projects before commencement of the project. The JCCR consists of the following 14 members of the Legislature: Chairs of the House and Senate Appropriations Committees, majority and minority leaders from the House and Senate, four members of the House Appropriations Committee, and four members of the Senate Appropriations Committee.

Joint Legislative Budget Committee (JLBC) A Legislative committee consisting of the following 16 members of the Legislature: Majority Leaders of both the House and Senate; Chairs of both the House and Senate Appropriations Committees; Chair of the Senate Finance Committee; Chair of the House Ways and Means Committee; five members of the House Appropriations Committee; and five members of the Senate Appropriations Committee. The JLBC meets as often as is necessary to transact business related to fiscal management of the State’s resources.

Joint Legislative Budget Committee Staff The Legislative counterpart to the Governor’s *Office of Strategic Planning and Budgeting (OSP)*. The Joint Legislative Budget Committee Staff is often referred to as the JLBC but should not be confused with the Legislative committee of the same name. The JLBC Staff prepares an analysis of the Executive Budget as soon as it is presented to the Legislature. The analysis includes the JLBC Staff’s recommendations for revisions in expenditures.

Joint Substance Abuse Treatment Program (JSAT) Also known as “Arizona Families First,” JSAT is a substance abuse program jointly administered by the Department of Economic Security and the Department of Health Services. The program pays for services to parents, guardians or custodians whose substance abuse is a significant barrier to preserving the family. Services can also be provided to federal *TANF* Block Grant recipients whose substance abuse is a significant barrier to obtaining or maintaining employment.

KidsCare The State Children’s Health Insurance Program (SCHIP), created by the passage of the Federal Balanced Budget Act of 1997 and intended to reduce the number of uninsured low-income children nationwide. Administered by *AHCCCS*, KidsCare is Arizona’s response to SCHIP. KidsCare, which was implemented November 1, 1998, is for children up to age 18 whose household incomes exceed the Title XIX eligibility limits but are below 200% of the *Federal Poverty Level (FPL)*.

lapsing appropriation An appropriation that terminates automatically. Except for a *continuing appropriation*, an appropriation is made for a certain period of time, generally one year. At the end of this period (including an *administrative adjustment* period), unexpended or unencumbered balances revert to the fund from which the appropriation was made. Also known as a “reverting appropriation.”

line item appropriation A method of appropriation that separates the budget into specific objects of expenditure. The specific items include *Personal Services, ERE, Professional and Outside Services, In-State Travel, Out-of-State Travel, Food, Other Operating Expenditures, and Equipment*.

lump-sum appropriation An appropriation made for a stated purpose, or for a named department, without specifying further the amounts that may be spent for specific activities or for particular objects of expenditure.

Master List *Budget reform legislation* requires *OSPB* to publish a list of programs run by or overseen by State government. Laws 2002, Chapter 210 slightly changed the format of the Master List and designated this annual submittal as the operational plan for State agencies and conformed to the budget cycles. Required information for each agency, program and subprogram includes the agency description, *mission* statement, strategic issues, and financial and *FTE* position information, as well as the description, *mission* statements, goals, and *performance measures* for all programs and subprograms. *OSPB* still publishes the hard copy report biennially.

means-tested program Eligibility to a public assistance program restricted by an applicant's income or other resources specified by law. Resources include bank accounts and similar liquid assets as well as real estate, automobiles and other personal property whose value exceeds specified financial limits.

mission A brief, comprehensive statement of purpose of an agency, program, or subprogram.

modified lump-sum appropriation A method of appropriation in which *Personal Services*, *Employee-Related Expenditures*, *All Other Operating Expenditures* and *below-the-line items* are specified in the appropriations bill.

modified standard adjustment The difference, as calculated by the agency, between the actual *Personal Services* base and the amount allocated for Personal Services by the agency in its expenditure plan. Any amount identified as a modified standard adjustment must be explained by the agency requesting the adjustment.

non-appropriated funds Generally, funds set up as Enterprise or revolving funds. These funds are considered statutorily appropriated and are not subject to the annual or biennial appropriation process.

non-lapsing appropriation An appropriation that does not revert to the fund from which it was appropriated at the end of the *fiscal year*, as provided by law. (SEE *continuing appropriation*).

object code Refers to the accounting code structure of the Arizona Accounting Manual.

objectives Specific and measurable targets for accomplishing goals.

Office of Strategic Planning and Budgeting (OSPB) A State agency charged with preparing the Governor's budget guidelines and the Executive Budget recommendation for review by the Governor. The Office also facilitates a strategic planning process for State government and is responsible for implementing many of the provisions of *budget reform legislation*. The *OSPB* staff is the Executive counterpart to the *JLBC Staff*.

one-time adjustments Budget adjustments that must be made because of a one-time circumstance that is not continued through the next *fiscal year*. The end of a project would bring about a one-time decrease the following year.

operating budget A plan of all proposed expenditures other than capital expenditures (SEE *capital outlay*). An operating budget is composed of various objects of expenditure, such as *Personal Services*, *ERE*, In-State Travel, etc.

operational plan A practical action-oriented guide that directs goal-setting to achieve meaningful results with the existing resources through the shorter budget cycle period. The operational plan should provide incremental steps towards achieving the strategic long-range plan. SEE ALSO: *Master List*

Other Appropriated Funds All amounts, excluding *General Fund* amounts, appropriated by the Legislature for predetermined uses. These include Special Revenue Funds, revolving funds, etc.

Other Operating Expenditures According to the ARIZONA ACCOUNTING MANUAL, everything using a comptroller object code of 7000. This refers to operating expenditures necessary to operate a budget unit, e.g., office supplies, utilities, communication, etc.

outcome A *performance measure* that reflects the actual results achieved, as well as the impact or benefit, of a program.

output A *performance measure* that focuses on the level of activity in a particular program or subprogram.

per diem compensation Compensation paid to board or commission members for their work. Per diem compensation is a daily rate set statutorily.

per diem travel Cost of meals and incidentals reimbursed to employees and board or commission members.

performance accountability A means of judging policies and programs by measuring their progress toward achieving agreed-on *performance targets*. Performance accountability systems are composed of three components: defining performance measures (including outcomes), measuring performance and reporting results.

performance measures Used to measure results and ensure accountability. (SEE ALSO: *input*, *output*, *outcome*, and *quality*).

performance targets Quantifiable estimates of results expected for a given period of time.

personal services Line item of expenditure for salaries and wages paid to employees, elected officials and board or commission members. Payments for leave categories, overtime and other miscellaneous earnings are also recorded in this line item.

privately owned vehicle (POV) Those miles to be used in calculating reimbursement of staff for use of private vehicles on State business.

privatization The opening of government markets allowing for equitable competition between the private and public sectors for the privilege of delivering services to the public.

program budgeting A budget system that focuses on program *missions*, program achievements, and program cost effectiveness. Pursuant to *statute*, the *program structure* for program budgeting is governed by *The Master List of State Government Programs* structure. Program budgeting is linked to planning and *accountability* through alignment of the structures and merging of the planning and budget information.

program enhancement An upward revision in the funding level of a specific program in order to enhance the level of services being provided by that program.

program structure An orderly, logical arrangement of an organization's programs and subprograms. This structure provides the framework for planning, budgeting and strategic program authorization review.

Proposition 204 Medical Program A voter-approved AHCCCS program that expands eligibility to include individuals whose annual incomes are at or below 100% of the *Federal Poverty Level (FPL)*. The program is funded through monies received by the State from the tobacco litigation settlement tobacco tax funds and the State General Fund.

quality A *performance measure* that reflects the effectiveness in meeting the expectations of customers and stakeholders.

receipts Unless otherwise defined, cash received. There are five general categories of receipts: taxes, licenses and permits, charges for services, fines and forfeitures, and other receipts that do not fall into another category.

resource allocation Determination and allotment of resources or assets necessary to carry out strategies within the priority framework established in the goal-setting process.

revenue Additions to assets that do not increase any liability, do not represent the recovery of an expenditure, do not represent the cancellation of certain liabilities without a corresponding increase in other liabilities or a decrease in

assets, or do not represent contributions of fund capital in Enterprise and Intergovernmental Service Funds.

risk management The charges assessed by the Department of Administration to guard against the risk of loss by an employee or agency acting on behalf of the State of Arizona.

special line items See *below-the-line items*

standard adjustments Changes that must be made to the current year's appropriation to arrive at the new year's *base budget*. Examples of standard adjustments include *annualization* of programs partially funded during the current year, annualization of the pay package, restoration of *vacancy savings*, and one-time increases and decreases.

standard operating adjustments Adjustments to the *base budget* that include *annualization* of programs partially funded by the Legislative appropriation during the current year; annualization of Legislatively authorized pay packages; restoration of *vacancy savings*; and one-time increases or decreases to the *operating budget*.

State service All offices and positions of employment in State government except offices and positions specifically exempted by law from the State personnel system.

statute A written law, either new or revised, enacted by the Legislature and signed by the Governor.

strategic management Process of positioning an organization so it can prosper in the future. The overall framework within which policy development, strategic, operational, *quality* planning, budgeting, *capital outlay* planning, information technology planning, program implementation, and evaluation and *accountability* take place.

strategic plan A visionary guide, based on an examination of internal and external environmental and political factors, that directs goal-setting and future resource requirements to achieve meaningful *results* over time. Strategic projections are long-range and usually cover a five-year period.

Strategic Program Authorization Review (SPAR) A formal review of selected State government programs, *subprograms* or crosscutting functions. The SPARs determine if programs are retained, eliminated or modified.

subprogram An integral component of a program that can be separately analyzed to gain a better understanding of the larger program.

tracking systems Systems that monitor progress, compile management information and keep goals on track.

uniform allowance An amount budgeted for specific agencies for the cost of uniforms required by the agency.

vacancy savings Savings generated by not filling vacant positions, by not filling newly authorized positions, or by filling a vacant position at a lower grade or step. Vacancy savings cannot be expended for any of the following pur-

poses without the approval of the Director of the Department of Administration: merit increases for State employees; funding for reclassified positions; or the creation of new positions that exceed the total number of authorized *FTE*, as approved by the Legislature.

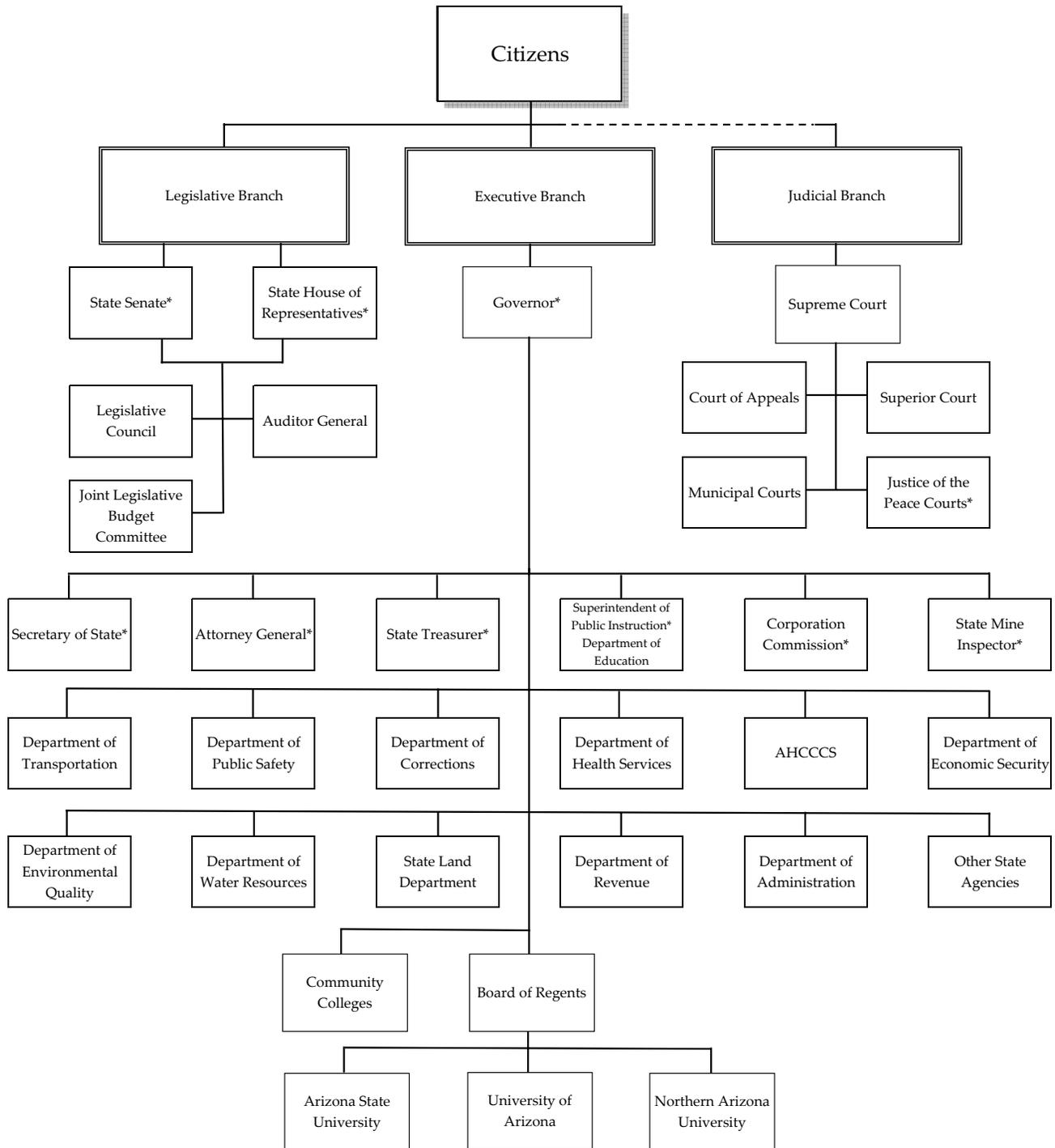
Acronyms

A.R.S. Arizona Revised Statutes	APP Aquifer Protection Permit	CMDP Comprehensive Medical and Dental Plan
AAC Arizona Administrative Code	APS Adult Protective Services	CMR Classification Maintenance Review
ABOR Arizona Board of Regents	ARF Automation Revolving Fund	COP Certificate of Participation
ACJC Arizona Criminal Justice Commission	ARRT American Registry of Radiological Technologists	COSF Capital Outlay Stabilization Fund
ACJIS Arizona Criminal Justice Information System	ASDB Arizona School for the Deaf and the Blind	CPS Child Protective Services
ACW Arizona Center for Women	ASH Arizona State Hospital	CRIPA Civil Rights of Institutionalized Persons Act
ADA Americans with Disabilities Act	ASPC Arizona State Prison Complex	CRS Children’s Rehabilitative Services
ADC Arizona Department of Corrections	ASRS Arizona State Retirement System	CSMS Combined Support Maintenance Shop
ADE Arizona Department of Education	ASU Arizona State University	CSO Correctional Service Officer
ADJC Arizona Department of Juvenile Corrections	ATA Automobile Theft Authority	CWA Clean Water Act
ADM Average Daily Membership	ATDA Arizona Technology Development Authority	CWRF Clean Water Revolving Fund
ADMIN Administration	AVSC Arizona Veterans’ Service Commission	DACS Division of Aging and Community Services
ADOA Arizona Department of Administration	AZAFIS Arizona Automated Fingerprint Identification System	DBME Division of Benefits and Medical Eligibility
ADOT Arizona Department of Transportation	AZGS Arizona Geological Survey	DCFS Division of Children and Family Services
ADP Average Daily Population	BIFO Border Infrastructure Finance Office	DD Dually Diagnosed or Developmentally Disabled
AERB Agriculture Employment Relations Board	CAE Commission on the Arizona Environment	DDD Division of Developmental Disabilities
AFDC Aid for Families with Dependent Children	CAP Child Abuse Prevention	DDSA Disability Determination Services Administration
AFIS Arizona Financial Information System	CBHS Children’s Behavioral Health Services	DEA Drug Enforcement Account
AFUND Appropriated Fund	CCDF Child Care Development Fund	DEMA Department of Emergency and Military Affairs
AG Attorney General	CEDC Commerce and Economic Development Commission	DEQ Department of Environmental Quality
AGFD Arizona Game and Fish Department	CERF Collection Enforcement Revolving Fund	DERS Division of Employment and Rehabilitative Services
AHCCCS Arizona Health Care Cost Containment System	CHC Community Health Center	DES Department of Economic Security
AHS Arizona Historical Society	CHILDS Children’s Information Library and Data Source	DHS Department of Health Services
AIDA Arizona International Development Authority	CIS Client Information System	DJC Department of Juvenile Corrections
ALTCS Arizona Long-Term Care System	CJEF Criminal Justice Enhancement Fund	DOA Department of Administration
AOOE All Other-Operating Expenditures	CLIA Clinical Lab Inspections Act	DOI Department of Insurance

DOR Department of Revenue	HAP Hazardous Air Pollutant	MEDICS Medical Eligibility Determinations and Information Control System
DPS Department of Public Safety	HCBS Home and Community Based Services	MIPS Million Instructions Per Second or Medicaid in the Public Schools
DSH Disproportionate Share Hospital	HI Hearing Impaired	MIS Management Information System
DUI Driving Under the Influence	HMO Health Maintenance Organization	MNMI Medically Needy Medically Indigent
DWR Department of Water Resources	HRMS Human Resource Management System	MVD Motor Vehicle Division
EAC Eligible Assistance Children	HURF Highway User Revenue Fund	NADB North American Development Bank
EDP Electronic Data Processing	IGA Intergovernmental Agreement	NAFTA North American Free Trade Agreement
EEO Equal Employment Opportunity	IHS Indian Health Service	NAIC National Association of Insurance Commissioners
ELIC Eligible Low-Income Children	IM 240 Inspection and Maintenance 240 Second Emission Test	NAU Northern Arizona University
EMS Emergency Medical Services	IOCC Inter-State Oil Compact Commission	NLCIFT National Law Center for Inter-American Free Trade
EMSCOM Emergency Medical Services Communications	IRM Information Resource Management	NRCD Natural Resource Conservation District
EMSOF Emergency Medical Services Operating Fund	IRMG Information Resource Management Group	OAH Office of Administrative Hearings
EPA Environmental Protection Agency	ISD Information Services Division	OGCC Oil and Gas Conservation Commission
EPSDT Early Periodic Screening, Diagnostic, and Testing	ISP Institutional Support Payments	OPM Office of Pest Management
ERE Employee-Related Expenditures	IT Information Technology	OSHA Occupational Safety and Health Administration
FES Federal Emergency Services	ITAC Information Technology Authorization Committee	OSPB Office of Strategic Planning and Budgeting
FFP Federal Financial Participation	JCCR Joint Committee on Capital Review	PAS Prior Authorization Screening
FHAMIS Family Health Administration Management Information System	JCEF Judicial Collection Enhancement Fund	PASARR Pre-admission Screening and Annual Resident Review
FICA Federal Insurance Contribution Act	JLBC Joint Legislative Budget Committee	PDSB Phoenix Day School for the Deaf
FMAP Federal Matching Assistance Payments	JOBS Job Opportunity and Basic Skills	PERIS Public Employee Retirement Information System
FMCS Financial Management Control System	LAN Local Area Network	POV Privately Owned Vehicle
FPL Federal Poverty Level	LES Licensing and Enforcement Section	PRWORA Personal Responsibility and Work Opportunity Reconciliation Act of 1986
FTE Full-Time Equivalent	LGIP Local Government Investment Pool	PS Personal Services
GAAP Generally Accepted Accounting Principles	LTC Long Term Care	PSPRS Public Safety Personnel Retirement System
GADA Greater Arizona Development Authority	MAG Maricopa Association of Governments	QMB Qualified Medicare Beneficiary
GAO General Accounting Office	MAO Medical Assistance Only	RARF Regional Area Road Fund
GDP Gross Domestic Product	MARS Management and Reporting System	RCF Registrar of Contractors Fund
GIITEM Gang and Immigration Intelligence Team Enforcement Mission	MD Multiply Disabled	
GITA Government Information Technology Agency	MDSSI Multiply Disabled Severely Sensory Impaired	
H.B. House Bill		

REDI Rural Economic Development Initiative	SLI Special Line Item	UA University of Arizona
REM Retain, Eliminate or Modify	SLIAG State Legalization Impact Assistance Grant	UAHSC University of Arizona Health Sciences Center
RIF Reduction-in-Force	SMI Serious Mental Illness or Seriously Mentally Ill	USAS Uniform State-wide Accounting System
RMIS Risk Management Information System	SOBRA Sixth Omnibus Budget Reconciliation Act	USGS United States Geological Survey
RTC Residential Treatment Center or Return to Custody	SPAR Strategic Program Authorization Review	UST Underground Storage Tank
RUCO Residential Utility Consumer Office	SPO State Purchasing Office	VA Veterans Affairs
S.B. Senate Bill	SPU Special Population Unit	VEI Vehicle Emission Inspections
SAMHC Southern Arizona Mental Health Center	SR&E Securities Regulation and Enforcement	VI Visually Impaired
SAVE Systematic Alien Verification for Entitlements	SSI Supplemental Security Income	VR Vocational Rehabilitation
SBAC Small Business Assistance Center	SSIG State Student Incentive Grant	VRIRF Victims' Rights Implementation Revolving fund
SBCS State Board for Charter Schools	SSRE State Share of Retained Earnings	WAN Wide Area Network
SBE State Board of Education	SWCAP State-wide Cost Allocation Plan	WATS Wide Area Telephone System
SBIR Small Business Innovative Research	T&R Title and Registration	WFRJT Work Force Recruitment and Job Training
SBOE State Board of Equalization	TANF Temporary Assistance for Needy Families	WICHE Western Inter-State Commission on Higher Education
SCHIP State Children's Health Insurance Program	TB Tuberculosis	WIFA Water Infrastructure Finance Authority
SDWA Safe Drinking Water Act	TCC Transitional Child Care	WIPP Work Incentive Pay Plan
SDWRF Safe Drinking Water Revolving Fund	TDD Telecommunication Devices for the Deaf	WPF Water Protection Fund
SES State Emergency Services	TIFS Tourism Investment Fund Sharing	WQAB Water Quality Appeals Board
	TPO Telecommunications Policy Office	WQARF Water Quality Assurance Revolving Fund

Arizona State Government Organization



* Elected Officials

The following resources are available at www.azospb.gov

BUDGET

- FY 2012 and FY 2013 Executive Budget – Summary
- FY 2012 and FY 2013 Executive Budget – State Agency Budgets
- FY 2012 and FY 2013 Executive Budget – Appendix
- Statement of Federal Funds for Fiscal Years 2008 through 2010
- Calculation of the Appropriation Limit for Fiscal Years 2009 through 2011
- State Budget Reduction Impacts for Fiscal Years 2008 through 2011

STRATEGIC PLANNING

- Master List of State Government Programs for Fiscal Years 2009 through 2011
- Five-Year Strategic Plans for Annual Budget Units
- Managing for Results, 1998 Strategic Planning and Performance Measurement Handbook (recognized by the Council of State Governments as an Exemplary State Management Program)

HISTORICAL PERSPECTIVE

- Revenue Data since 1971
- Expenditure Data since 1979
- Historical Enrollment Data for Major Populations such as Students, Medicaid Clients, Prisoners, and Unemployment

MONTHLY UPDATES

- New Caseload Enrollment Data, updated on the 15th of each month
- Year-to-Date Revenue Collections
- Agency Cash Flow Statements and Projections (coming soon)

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