

STATE AGENCY BUDGETS

# The Executive Budget

FISCAL YEARS 2010 AND 2011

Janet Napolitano

GOVERNOR



#### **Provisions for Individuals with Disabilities**

Individuals who have a disability and require reasonable accommodation in order to use this document are encouraged to contact the Governor's Office of Strategic Planning and Budgeting at 602-542-5381.





JANET NAPOLITANO  
GOVERNOR

STATE OF ARIZONA  
OFFICE OF THE GOVERNOR  
1700 WEST WASHINGTON STREET, PHOENIX, ARIZONA 85007

MAIN PHONE: 602-542-4331  
FACSIMILE: 602-542-7601

January 2009

To the Honorable Members of the  
Forty-Ninth Arizona Legislature:

As the first regular session of the Forty-Ninth Legislature convenes, we face economic conditions that will test the mettle of elected officials in every state, in Washington, D.C., and throughout the world. The global recession has wreaked havoc on our economy, moved Congress and President Bush to provide billions of dollars to the financial industry and private companies, and inflicted unprecedented state budgetary shortfalls across the country. The causes of the downturn in Arizona mirror those in other states: depressed real estate markets, scarcity of credit, and low consumer confidence.

The consensus among economists is that the economic situation will not improve until, at the earliest, the second half of 2009. We can expect that, by that time, State government will begin to feel fiscal relief brought by federal economic stimulus programs and the benefits of our own budget management efforts.

As the Legislative and Executive branches work together to resolve the Fiscal Year 2009 General Fund shortfall and consider State agency budgets for FY 2010, it is essential that the solutions to the State's immediate fiscal challenges respect the need to safeguard and provide for Arizona's future. We must continue to pursue these critical objectives:

- Improve our education system, from early childhood education through the highest degree levels of our colleges and universities.
- Protect, to the maximum extent possible, our most vulnerable citizens.
- Maintain public safety throughout the state.
- Promote the long-term health of Arizona's economy.

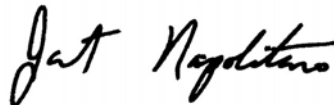
In order to meet these requirements for Fiscal Years 2009 and 2010, I propose a Budget Management Plan that will maximize our support of K-12 classroom education, minimize harmful impacts on the State's universities and community colleges, and preserve health and care services for needy children and adults. Further, we will ensure our citizens' safety by maintaining the strength of the Department of Public Safety and the Department of Corrections. It is also essential that we honor our commitment to support development of Arizona's bioresearch industry and make other key enhancements to our economic system.

This future-oriented perspective will be achieved without a general tax increase. As described in the Budget Management Plan for Fiscal Years 2009 and 2010, we can cut budgets, transfer non-General Fund revenues to the General Fund, and securitize Lottery and Tobacco Settlement revenue streams to benefit the General Fund. We should also count on the planned arrival, in the spring of this year, of federal economic stimulus funds that will provide an immediate and noticeable jump-start to Arizona's economy. The stimulus funds will reflect both the recession-related impacts on state government budgets and the need for investment in education, transportation and other infrastructure.

While this is not the time to fund new initiatives, it is a time for State government to position itself to move quickly and decisively as Arizona and the nation inevitably emerge from the current recessionary cycle. As revenue streams improve, we should use "trigger" protocols to restore suspended funding in programs critical to our future, including education and health and human services.

The Executive Budget Recommendation for Fiscal Years 2009, 2010 and 2011 provides a roadmap for navigating these very difficult economic times, and I encourage you to follow it as our branches develop sound solutions to meet the fiscal challenges of the next two fiscal years.

Yours very truly,

A handwritten signature in black ink that reads "Janet Napolitano". The signature is written in a cursive, flowing style.

Janet Napolitano  
Governor

JN/neh

## TABLE OF CONTENTS

---

Assumptions & Methodology in Building a Budget .....	1	Health Services, Department of.....	74
<b>AGENCY OPERATING BUDGET DETAIL</b>		Historical Society, Arizona.....	78
Accountancy Board, State Board of .....	5	Historical Society, Prescott.....	79
Acupuncture Board of Examiners .....	6	Homeopathic Medical Examiners, Board of .....	80
Administration, Arizona Department of .....	7	Housing, Arizona Department of.....	81
Administrative Hearings, Office of .....	9	Indian Affairs, Arizona Commission of .....	82
Agriculture, Arizona Department of.....	10	Industrial Commission of Arizona.....	83
Arizona Health Care Cost Containment System .....	12	Insurance, Department of.....	84
Appraisal, State Board of .....	16	Judiciary .....	86
Arts, Commission on the .....	17	Juvenile Corrections, Department of .....	88
Attorney General - Department of Law .....	18	Land, State Department.....	89
Automobile Theft Authority.....	20	Law Enforcement Merit System Council.....	90
Barbers Examiners, Board of .....	21	Legislature	
Behavioral Health Examiners, Board of.....	22	Auditor General .....	91
Biomedical Research Commission.....	23	House of Representatives .....	92
Capital Post-Conviction Public Defender Office.....	24	Joint Legislative Budget Committee.....	93
Charter Schools, State Board for .....	25	Legislative Council .....	94
Chiropractic Examiners, State Board of .....	26	Library, Archives, and Public Records.....	95
Commerce, Department of .....	27	Senate .....	96
Community Colleges, Arizona.....	29	Liquor Licenses and Control, Department of .....	97
Contractors, Registrar of .....	30	Lottery Commission, Arizona State .....	98
Corporation Commission.....	31	Medical Board, Arizona.....	99
Corrections, Department of .....	32	Medical Student Loans, Board of .....	100
Cosmetology, Board of.....	36	Mine Inspector, State .....	101
Criminal Justice Commission, Arizona.....	38	Mines and Mineral Resources, Department of .....	102
Deaf and Blind, State Schools for the.....	39	Naturopathic Physicians, Medical Examiners Board of .....	103
Deaf and Hard of Hearing, Commission for the.....	40	Navigable Stream Adjudication Commission .....	104
Dental Examiners, State Board of .....	41	Nursing, State Board of .....	105
Drug and Gang Prevention Resource Center, Arizona....	42	Nursing Care Institution Administration Examiners .....	107
Economic Security, Department of .....	43	Occupational Therapy Examiners, Board of .....	108
Education, Department of.....	50	Opticians, State Board of Dispensing .....	109
Emergency and Military Affairs, Department of .....	53	Optometry, State Board of.....	110
Environmental Quality, Department of .....	54	Osteopathic Examiners, Board of .....	111
Equal Opportunity, Governor's Office for.....	56	Parks Board, State.....	112
Equalization, State Board of .....	57	Personnel Board .....	113
Executive Clemency, Department of .....	58	Pest Management, Office of .....	114
Exposition and State Fair, Arizona .....	59	Pharmacy, Arizona State Board of.....	115
Financial Institutions, State Department of .....	60	Physical Therapy Examiners, Board of.....	116
Fire, Building and Life Safety, Department of.....	61	Pioneers' Home, Arizona .....	117
Forester, Arizona State .....	62	Podiatry Examiners, State Board of .....	118
Funeral Directors and Embalmers, State Board of.....	63	Postsecondary Education, Commission for .....	119
Game and Fish Department.....	64	Private Post Secondary Education, State Board of.....	120
Gaming, Department of .....	68	Psychologist Examiners, State Board of .....	121
Geological Survey, Arizona.....	70	Public Safety, Department of .....	122
Government Information Technology Agency .....	71	Racing, Arizona Department of.....	125
Governor's Office.....	72	Radiation Regulatory Agency.....	126
Governor's Office of Strategic Planning and Budgeting..	73	Rangers' Pension, Arizona .....	127
		Real Estate, Department of.....	128

Residential Utility Consumer Office.....	129
Respiratory Care Examiners, Board of.....	130
Retirement System, Arizona State .....	131
Revenue, Department of .....	133
School Facilities Board.....	134
Secretary of State - Department of State.....	136
State Boards Office.....	138
Tax Appeals, State Board of.....	139
Technical Registration, State Board of .....	140
Tourism, Office of .....	141
Transportation, Department of .....	142
Treasurer, State.....	144
Universities	
Regents, Arizona Board of.....	145
Arizona State University – Tempe.....	146
Arizona State University – Polytechnic .....	147
Arizona State University – West.....	149
Northern Arizona University.....	150
University of Arizona – Main Campus.....	152
University of Arizona – Health Sciences Center.....	154
Veterans’ Services, Department of.....	155
Veterinary Medical Examining, State Board of .....	156
Water Resources, Department of .....	157
Weights and Measures, Department of .....	159

**PROPOSED AGENCY EXPENDITURE SUSPENSIONS**

Executive Recommended FY 2009 and FY 2010 Agency Expenditure Suspensions .....	161
---	-----

**EFFICIENCY REVIEW .....** 169

**GLOSSARY**

Budget Terms .....	207
Acronyms.....	212
Government Organization Chart.....	215
Resources .....	216

**ACKNOWLEDGEMENT**

**DEDICATION**



**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*

A.R.S. § 35-101 ESTABLISHES a bifurcated budget process by defining 16 agencies as “annual budget units” and the remaining agencies as “biennial budget units.” Those 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, the Court of Appeals, and Superior Court.

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 (OSP) 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 an additional 30 days.

Annually, between 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 and prepares the Legislative budget recommendation, the Analysis and Recommendations Book. Included in the publication is an analysis of the Executive Recommendation.

Legislative review and deliberation of the two budgets presented typically begins 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 the JLBC Staff budget, or they may elect to

adopt a budget containing elements of both or entirely new 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, the bills are then presented to the Governor for signature.

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 through the Legislative 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. With the exception of capital outlay items, encumbrances outstanding at the end of the fiscal year can be liquidated during a four-week administrative period known as the “13th month.” Capital outlay appropriations and their encumbrances 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 requests in excess of \$500,000 that were related to substance abuse were required to be accompanied by an approved Project Investment Justification for Substance Abuse Programs (PIJ-SAP). The PIJ-SAP went through a separate review conducted by the Arizona Substance Abuse Partnership (ASAP).

## BUDGET BOUNDARIES

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

- annualization of programs partially funded;
- lease and rent rate adjustments; and
- elimination of one-time expenditures.

The adjustments are then added to the agency’s most recent fiscal year appropriation to calculate the base budget on which the upcoming year(s) budget is built.

**ADMINISTRATIVE COSTS**

To comply with A.R.S. § 35-115, each agency reports administrative costs with their 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.

**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.

Beginning with the FY 2006 and FY 2007 Executive Recommendation, the process for selecting agency performance measures has been modified. The OSPB, in consultation with the agencies, has selected a series or “family” of performance measures that will most accurately communicate both what the agency is doing, as well as how well the agency is doing it. The hope is that this change 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 every even-numbered year. The FY 2007-2009 MASTER LIST is available at [www.ospb.state.az.us](http://www.ospb.state.az.us). This reference document contains a more comprehensive listing of performance measures for every program and subprogram within a budget unit.

**TECHNICAL ADJUSTMENTS**

The FY 2010 and FY 2011 Executive Budget Recommendation 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.

**Employee-Related Expenditures.** Two separate rates are used in calculating 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 GITA, 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 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 \$102,000 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 developed rates that remain flat over FY 2010 and FY 2011. The Executive Recommendation provides full funding for this ERE component in FY 2010, and the General Fund requirement is reflected on the Sources and Uses statement. The agency detail on the General Fund and Other Fund allocations are available at OSPB.

*Unemployment Insurance.* The rate of 0.15% of Personal Services is used for FY 2010. Any additional funding issues recommended beyond agencies’ base budgets contain the commensurate unemployment insurance funding.

*Personnel Division Pro Rata.* The rate of 1.07% 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.

*GITA Pro Rata.* The rate of 0.2% of Personal Services is assessed on all agencies (except the universities and community colleges) to fund the operations of the Government Information Technology Agency.

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

*Retirement.* The following rates were used for FY 2010:

<b>Retirement Group</b>	<b>Rate</b>
State Retirement.....	9.00
Correctional Service Officers .....	9.19
NAU Police .....	25.36
UA Police.....	20.01
ASU Police .....	19.96
Parks .....	17.51
Game and Fish.....	37.09
DEMA Fire Fighters .....	16.46
Attorney General Investigators .....	46.39
Liquor Commission Investigators.....	19.02
Juvenile Corrections .....	8.41
Public Safety.....	31.95
Capitol Police.....	11.00
University Optional Retirement .....	7.00
Elected Officials Retirement Plan (State)....	14.25

The General Fund portion of the decreased 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.* The rate of \$40 per authorized FTE is used.

*Health and Dental Insurance.* The FY 2010 Executive Recommendation provides funding for an estimated \$42.0 million General Fund increase in health insurance costs, which is re-

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

*Retirement Accumulated Sick Leave Fund.* Laws 1997, Chapter 291, created the Retirement Accumulated Sick Leave Fund. The FY 2010 Executive Recommendation provides for a 0.4% pro rata assessment against Personal Services. The money in this Fund will be used to compensate retiring employees for unused sick leave in a three-tiered system.

**Risk management.** The Department of Administration's Risk Management Division developed rates that are the same in FY 2010 and FY 2011.

**Rent.** Rent amounts for State agencies occupying ADOA space are unchanged from FY 2009. The square footage calculation is based on documentation prepared by the Department of Administration's Facilities Management Division detailing actual and planned occupancy as of August 31, 2008.

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.

All rent amounts for agencies occupying private space are based on estimated rent charges as specified in the lease agreements.

**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 annualization of one-time equipment purchases approved in the FY 2009 appropriation.

## OTHER RECOMMENDATIONS

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

**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

FY 2010 FY 2011

## Mission:

To protect the public's welfare by ensuring that only qualified persons and firms are licensed or registered to practice public accountancy and that appropriate standards of competency and practice are established and enforced.

## 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 10,300 licensees and 3,000 firms.

Agency Summary				
Program/ Cost Center	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Certification, Registration, and Regulation	1,488.4	2,350.1	1,892.1	1,892.1
Agency Total	1,488.4	2,350.1	1,892.1	1,892.1
Category				
FTE	13.0	13.0	13.0	13.0
Personal Services	566.8	642.0	642.0	642.0
ERE Amount	222.0	251.5	251.5	251.5
Prof. And Outside Services	447.0	555.9	555.9	555.9
Travel - In State	2.8	3.4	3.4	3.4
Travel - Out of State	10.1	13.0	13.0	13.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	213.4	874.3	416.3	416.3
Equipment	21.9	10.0	10.0	10.0
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	4.4	0.0	0.0	0.0
Agency Total	1,488.4	2,350.1	1,892.1	1,892.1
Fund				
Accountancy Board	1,488.4	2,350.1	1,892.1	1,892.1
Agency Total	1,488.4	2,350.1	1,892.1	1,892.1

## Executive Recommendations

FY 2010 FY 2011

### Executive Issues

**Reduce Appropriation** (458.0) (458.0)

In order to maintain a positive fund balance through FY 2011, the Board must reduce its expenditures. To better align the fund with Board needs and revenues, the recommendation includes a decrease of (\$458,000) in expenditure authority for the

Accountancy Board Fund for FY 2010 and FY 2011.

Accountancy Board Fund (458.0) (458.0)

## FY 2009 Supplemental Recommendations

FY 2009

### Reduce Appropriation

(458.0)

In order to maintain an adequate fund balance to meet the Board's needs in FY 2010 and FY 2011, a decrease of (\$458,000) in expenditure authority for the Accountancy Board Fund is recommended for FY 2009.

Accountancy Board Fund (458.0)

## Performance Measures

	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Expected	Expected	Expected
Number of complaint files established	94	120	120	120
Number of exam candidates approved by Board to sit for the Uniform CPA exam	534	550	550	550
Number of certificates issued	449	400	400	400
Number of firms registered	100	100	100	100
Percent of applicants reporting very good or excellent service	80	85	85	85

## Administrative Costs

	FY 2010	FY 2011
Administrative Costs	152.2	152.2
Agency Request	2,350.0	2,350.0
Administrative Cost Percentage	6.48%	6.48%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

# Acupuncture Board of Examiners

FY 2010 FY 2011

## Mission:

To protect the health, safety, and welfare of the citizens of Arizona 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.

Program/ Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Licensing and Regulation	120.1	129.2	129.2	142.1
Agency Total	120.1	129.2	129.2	142.1
<i>Category</i>				
FTE	1.0	1.0	1.0	1.0
Personal Services	69.5	69.5	69.5	80.2
ERE Amount	14.6	14.6	14.6	16.8
Prof. And Outside Services	25.8	24.0	24.0	24.0
Travel - In State	1.5	1.0	1.0	1.0
Travel - Out of State	1.2	0.1	0.1	0.1
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	7.5	20.0	20.0	20.0
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 Total	120.1	129.2	129.2	142.1
<i>Fund</i>				
Acupuncture Board of Examiners	120.1	129.2	129.2	142.1
Agency Total	120.1	129.2	129.2	142.1

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 Annual Leave Payout	0.0	0.0	0.0	12.9
-------------------------	-----	-----	-----	------

## Executive Recommendations

FY 2010 FY 2011

### Executive Issues

**Annual Leave Pay Out** 0.0 12.9

The Board anticipates that its 1.0 FTE will leave in FY 2011, and the Executive recommends a \$12,900 special line appropriation for FY 2011 for an annual leave payout. If the appropriation is not used for the final leave payout, it will revert to the Acupuncture

Board of Examiners Fund.

Acupuncture Board of Examiners Fund 0.0 12.9

## Performance Measures

	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Expected	Expected	Expected
Number of applications received	76	80	85	85
Number of renewals issued	491	500	520	520
Number of investigations conducted	5	10	10	10
Total number of licensees	468	475	480	480
Total number of auricular acupuncture certificate holders	63	65	65	65

## Administrative Costs

	FY 2010	FY 2011
Administrative Costs	5.0	6.0
Agency Request	129.0	142.0
Administrative Cost Percentage	3.88%	4.23%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

# 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 Agency provides leadership, direction, financial and management information and support; financial and procurement support services; facility planning, design, development, construction, operations and maintenance; timely, customer-driven professional human resources services; business-enhancing information services to ADOA, state agencies, and Arizona citizens; customer service to small licensing agencies in general accounting and centralized office support; distribution of surplus state and federal personal property through a system that maximizes the dollar return to the state on property sold; clean, safe, and environmentally friendly vehicles; an orderly, secure and safe 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 to state employee customers who have work-related injuries. The agency has three goals: to maintain the continuity of State Government operations to ensure the safe and efficient delivery of government services, to attract and retain a high-performance team of employees, and to aggressively pursue innovative solutions and opportunities.

Agency Summary				
Program/Cost Center	FY 2008 Actual	FY 2009 Approp.	FY 2010 Agency Req.	FY 2010 Exec. Rec.
Administration	1,639.2	1,347.5	1,347.5	1,347.5
Financial Services	22,368.8	14,135.3	19,165.4	14,135.3
Facilities Management	20,745.9	21,343.0	22,245.9	21,343.0
Human Resources	22,499.3	23,822.0	24,756.0	22,704.0
Information Technology Services	28,216.8	32,831.1	36,099.7	32,831.1
Support Services	15,800.4	19,150.3	19,150.3	19,150.3
Capitol Police	2,962.9	2,913.7	3,194.2	2,913.7
Risk Management	72,150.6	92,959.5	100,222.6	99,681.6
Agency Total	186,383.9	208,502.4	226,181.6	214,106.5
<i>Category</i>				
FTE	863.7	863.7	888.7	876.7
Personal Services	32,990.9	37,483.1	38,629.4	36,390.0
ERE Amount	12,075.1	13,847.0	14,224.9	13,645.0
Prof. And Outside Services	24,526.1	33,528.6	39,613.3	34,897.5
Travel - In State	297.1	424.9	436.9	427.9
Travel - Out of State	31.1	49.2	49.2	49.2
Aid to Others	500.0	500.0	500.0	500.0
Other Operating Expenses	97,729.3	109,957.3	116,435.2	115,232.1
Equipment	11,816.3	10,010.2	13,340.6	10,012.7
Capital Outlay	71.6	0.0	0.0	0.0
Cost Allocation	1,699.9	1,646.9	1,646.9	1,646.9
Transfers Out	4,646.5	1,055.2	1,305.2	1,305.2
Agency Total	186,383.9	208,502.4	226,181.6	214,106.5

Fund

General Fund	35,359.3	27,109.6	32,139.7	27,109.6
Personnel Division Fund	17,798.6	18,418.0	18,880.8	17,300.0
Capital Outlay Stabilization	11,975.9	13,000.6	13,902.2	13,000.6
Corrections Fund	700.4	732.3	733.6	732.3
Air Quality Fund	573.9	850.1	850.1	850.1
Special Employee Health	4,784.4	5,487.3	5,958.5	5,487.3
Highway User Revenue Fund	145.0	0.0	0.0	0.0
Motor Pool Revolving	11,575.1	12,726.8	12,726.8	12,726.8
State Surplus Property	2,709.5	4,258.0	4,258.0	4,258.0
Federal Surplus Materials Property	151.0	449.3	449.3	449.3
Risk Management Fund	73,245.7	93,491.1	101,034.7	100,213.2
Automation Operations Fund	23,261.8	24,087.5	24,090.4	24,087.5
Telecommunications Fund	4,103.3	7,891.8	11,157.5	7,891.8
Agency Total	186,383.9	208,502.4	226,181.6	214,106.5

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 ENSCO COP	7,289.4	2,867.3	2,868.2	2,867.3
SLI AFIS Program and Support	1,039.6	1,120.5	1,120.5	1,120.5
SLI Fair and Legal Employment Act	2,430.0	2,430.0	2,430.0	2,430.0
SLI Relocation	0.1	60.0	60.0	60.0
SLI Utilities	7,705.8	7,975.6	7,975.6	7,975.6
SLI Human Resource Information System	4,239.1	4,354.0	4,599.8	4,599.8
SLI Employee Wellness Program	300.0	300.0	300.0	300.0
SLI Health Savings Account Plan Design	17.5	0.0	0.0	0.0
SLI Statewide Telecommunications Management Contract Lease Payment	851.7	851.8	851.8	851.8
SLI State Surplus Property Sales Proceeds	1,556.4	3,000.0	3,000.0	3,000.0
SLI Risk Management Losses	36,450.3	45,371.3	51,314.9	51,314.9
SLI Workers Compensation Losses	23,463.7	30,112.3	29,148.2	29,148.2
SLI External Legal Services	2,480.5	5,592.2	6,585.3	6,585.3
SLI Nonlegal Related Expenditures	2,220.5	3,153.9	3,608.2	3,608.2
SLI Highway Hazards Assessments	145.0	0.0	0.0	0.0
SLI Burke Settlement	0.0	532.0	532.0	0.0
SLI Large Loss Support Unit	0.0	0.0	0.0	827.2

## Executive Recommendations

FY 2010

## Executive Issues

	<u>FY 2010</u>
<b>AFIS Replacement</b>	0.0
State government should begin planning for the replacement of its aging financial systems. For FY 2010, the Executive recommendation includes \$3.8 million from the non-appropriated AFIS II Collections Fund for replacement of the Arizona Financial Information System (AFIS). This recommendation requires approval from the Government Information Technology Agency and the Information Technology Authorization Committee.	
General Fund	0.0

<b>Large Loss Support Unit</b>	827.2
State government has a number of unique exposures that have caused significant losses and have the potential for more. For FY 2010, the recommendation includes \$827,200 and 1.0 FTE position from the Risk Management Fund for a Large Loss Support Unit that would reduce the liability attributable to these unique exposures. The recommendation includes \$500,000 for professional and outside services.	
Risk Management Fund	827.2

<b>Risk Management/Workers' Compensation Adjustment</b>	6,426.9
The Executive recommends an increase of \$6.4 million from the Risk Management Fund for actuarially determined claims. The recommendation includes increases of \$993,100 for the External Legal Services special line item, \$454,300 for the Nonlegal Related Expenditures special line item, \$5.9 million for the Risk Management Losses special line item, and a decrease of (\$964,100) from the Workers Compensation Losses special line item.	
Risk Management Fund	6,426.9

<b>Human Resources Information Solution COP Payment</b>	245.8
The Executive Recommendation includes \$245,800 from the Personnel Division Fund to cover a scheduled increase in the Certificate of Participation (COP) payment for the Human Resources Information Solution.	
Personnel Division Fund	245.8

<b>Personnel Division Fund</b>	(1,363.8)
For FY 2010, the recommendation includes a reduction of (\$1.4 million) from the Personnel Division Fund. This reduction is required because of projected decreases in revenue in the Fund.	
Personnel Division Fund	(1,363.8)

<b>Burke Settlement</b>	(532.0)
For FY 2010, the recommendation includes a reduction of (\$532,000) from the Risk Management Fund for one-time expenses related to attorney fees for the Burke lawsuit.	
Risk Management Fund	(532.0)

	<u>FY 2010</u>
<b>Security in Phoenix &amp; Tucson</b>	0.0
During the FY 2008 appropriation process, \$515,100 was provided for Capitol Police Security enhancements, but no additional FTE positions were provided. The Executive Recommendation includes an increase of 12.0 FTE positions, but no additional funding from the Risk Management Fund, for officers providing security in Phoenix and Tucson.	
Risk Management Fund	0.0

**Performance Measures**

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
	<u>Actual</u>	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>
Percentage of ADOA's services with a minimum customer satisfaction rating of 6.0, based on annual survey (scale 1-8)	83	n/a	80	80
Customer satisfaction rating with building maintenance (scale 1-8)	5.95	7.70	6.80	6.80
Customer satisfaction rating with benefit plans (scale 1-8)	6.61	n/a	6.70	6.80
Customer satisfaction rating with mainframe processing (scale 1-8)	6.93	n/a	6.00	6.00
Customer satisfaction rating with administration of payroll process (scale 1-8)	6.8	n/a	6.5	6.5
Customer satisfaction rating with tenant improvement process (scale 1-8)	7.42	7.70	7.00	7.00
Customer satisfaction rating with voice telecommunications services (scale 1-8)	6.31	6.70	6.70	6.70
Percentage of enterprise application development work completed within negotiated timeframe	100	100	90	90
Customer satisfaction rating with information and data security services (scale 1-8)	5.58	n/a	6.0	6.0
Average response time to Capitol Police emergency calls (minutes:seconds)	2:27	1:52	2:00	2:00
Statewide incident rate per 100 Full Time Equivalent (FTE) positions (accepted Risk Management claims)	4.4	4.5	5.4	5.4

**Administrative Costs**

	<u>FY 2010</u>
Administrative Costs	3,910.6
Agency Request	1,324,547.0
Administrative Cost Percentage	0.30%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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 Agency commenced operation January 1, 1996. Previously, administrative hearings were conducted "in-house" in each respective state agency or occupational board. The creation of the Office of Administrative Hearings as a separate agency charged with providing administrative law judges has interjected increased professional detachment and physical distance to ensure confidence in the independence and fairness of administrative hearings.

Program/ Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Hearings	1,299.1	1,299.2	1,299.2	1,299.2
Agency Total	1,299.1	1,299.2	1,299.2	1,299.2
<i>Category</i>				
FTE	14.0	15.0	15.0	15.0
Personal Services	776.1	779.3	779.3	779.3
ERE Amount	282.4	281.1	281.1	281.1
Prof. And Outside Services	2.8	2.8	2.8	2.8
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	237.8	236.0	236.0	236.0
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 Total	1,299.1	1,299.2	1,299.2	1,299.2
<i>Fund</i>				
General Fund	1,284.7	1,284.7	1,284.7	1,284.7
Healthcare Group Fund	14.4	14.5	14.5	14.5
Agency Total	1,299.1	1,299.2	1,299.2	1,299.2

### Performance Measures

	FY 2008 Actual	FY 2009 Expected	FY 2010 Expected	FY 2011 Expected
Percent of evaluations rating the administrative law judge excellent or good in impartiality	97.72	97.72	97.72	97.72
Average days from request for hearing to first date of hearing	58.84	58.84	58.84	58.84
Average number of days from the conclusion of the hearing to transmission of the decision to the agency	17.57	17.57	17.57	17.57
Number of hearings held	3298	3298	3298	3298

## Administrative Costs

	FY 2010	FY 2011
Administrative Costs	188.5	188.5
Agency Request	2,883.0	2,883.0
Administrative Cost Percentage	6.54%	6.54%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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. The Food Safety and Quality Assurance program protects against the distribution of unsafe, unwholesome, and improperly labeled meat, poultry, ratites, milk, and eggs. The Non-Food Product Quality Assurance program protects the public's interest by ensuring the quality of feeds, fertilizers, pesticides and seed. The Animal Disease Ownership and Welfare Protection program protects agricultural animals from disease and abuse, livestock owners against theft, and the public from harmful livestock interactions. The Pest Exclusion and Management program ensures the provision of pest-free agricultural products and protects the public from plant pests through prevention, control, and eradication. The Native Plant and Cultural Resources Protection program protects and conserves Arizona's native plants, historical sites, and other natural resources for present and future generations to enjoy and appreciate. The Pesticide Compliance and Worker Safety program protects public health, agricultural workers, and the environment by ensuring the proper use of crop protection products. The State Agricultural Laboratory supports the Department of Agriculture and other regulatory agencies in protecting consumers and natural resources through the provision of quality laboratory services. The Agricultural Consultation and Training program is an innovative compliance assistance program that guides the agricultural community in a non-enforcement posture on regulatory matters, and administers the Livestock and Crop Conservation and Specialty Crop Block Grant Programs. The limited Commodity Development and Promotion program primarily reflects the funding of the industry councils, which is provided through self-assessed fees paid by growers/producers. Finally, the Administrative Services program provides leadership to ensure timely and efficient support services to all Department of Agriculture programs.

Program/Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Food Safety and Quality Assurance	2,975.0	3,454.9	3,598.4	3,557.8
Non-Food Product Quality Assurance	897.7	847.8	1,000.4	1,000.4
Animal Disease, Ownership and Welfare Protection	2,762.0	2,748.7	2,748.7	2,789.3
Pest Exclusion and Management	4,025.5	3,470.7	3,530.7	3,530.7
Native Plant and Cultural Resources Protection	110.4	194.7	164.0	164.0

Pesticide Compliance and Worker safety	364.1	288.0	288.0	288.0
Administrative Services	1,588.9	1,667.4	1,667.4	1,667.4
State Agricultural Laboratory	1,771.8	2,160.0	2,245.9	2,245.9
Agricultural Consultation and Training	259.5	269.9	269.9	269.9
Agency Total	14,754.9	15,102.1	15,513.4	15,513.4

Category				
FTE	249.2	249.2	251.2	251.2
Personal Services	8,045.8	7,801.7	7,937.4	7,937.4
ERE Amount	3,607.6	3,565.1	3,608.0	3,608.0
Prof. And Outside Services	337.8	380.2	532.8	592.8
Travel - In State	677.4	859.3	942.6	882.6
Travel - Out of State	21.5	17.1	18.6	18.6
Food	0.0	163.3	132.6	132.6
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	1,900.6	2,016.5	2,039.5	2,039.5
Equipment	158.5	298.9	301.9	301.9
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	5.7	0.0	0.0	0.0
Agency Total	14,754.9	15,102.1	15,513.4	15,513.4

Fund				
General Fund	11,903.8	11,640.4	11,640.4	11,640.4
Agricultural Consulting/Training Program	104.8	106.7	106.7	106.7
Agriculture Commercial Feed	298.7	300.3	300.3	300.3
Egg & Egg Product Control Fund	671.1	897.8	1,000.7	1,000.7
Pesticide Fund	371.6	386.2	407.0	407.0
Agriculture Dangerous Plants	0.0	40.0	100.0	100.0
Agriculture Seed Law	54.7	54.3	89.8	89.8
Livestock Custody Fund	52.2	79.4	120.0	120.0
Fertilizer Materials Fund	307.7	306.1	488.3	488.3
Citrus, Fruit, & Vegetable Revolving	873.1	1,087.0	1,087.0	1,087.0
Aquaculture Fund	6.8	9.2	9.2	9.2
AZ Protected Native Plant	110.4	194.7	164.0	164.0
Agency Total	14,754.9	15,102.1	15,513.4	15,513.4

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 Animal Damage Control	81.3	65.0	65.0	65.0
SLI Red Imported Fire Ant	23.2	23.2	23.2	23.2
SLI Agriculture Employment Relations Board	17.0	23.3	23.3	23.3

### Executive Recommendations

FY 2010   FY 2011

#### Executive Issues

<b>Spending Authority for Other Appropriated Funds</b>	356.1	356.1
--	-------	-------

The Executive recommends extending the expenditure authority

FY 2010   FY 2011

of the Department's other appropriated funds by \$356,100 in FY 2010 and FY 2011 to respond to increasing demands on associated programs. These adjustments would align with the anticipated revenues generated from the fee structure.

Egg and Egg Product Control Fund	102.9	102.9
Pesticide Fund	20.8	20.8
Agriculture Dangerous Plants Fund	60.0	60.0
Livestock Custody Fund	40.6	40.6
Fertilizer Materials Fund	131.8	131.8

**Position Adjustment at the State**                                      85.9     85.9

**Agricultural Laboratory**

For the benefit of public safety and the security of Arizona's food supply, the Executive recommends an increase of \$85,900 in other appropriated funds to remedy compensation inequality at the State Agricultural Lab, as identified by the Department of Administration.

Agriculture Seed Law Fund	35.5	35.5
Fertilizer Materials Fund	50.4	50.4

**Temporary Reduction in Expenditure Authority**                                      (30.7)     (30.7)

The Executive recommends a temporary reduction in the expenditure authority in FY 2009, FY 2010 and FY 2011 of the Arizona Protected Native Plant Fund fund to ensure it does not become insolvent. To support this, the Executive supports a decrease in authority of \$29,300 in FY 2009 and \$30,700 in FY 2010 and FY 2011.

AZ Protected Native Plant Fund	(30.7)	(30.7)
--------------------------------	--------	--------

**FY 2009 Supplemental Recommendations**

	<u>FY 2009</u>
<b>Temporary Reduction in Expenditure Authority</b>	(29.3)
AZ Protected Native Plant Fund	(29.3)

**Performance Measures**

	<u>FY 2008</u> <u>Actual</u>	<u>FY 2009</u> <u>Expected</u>	<u>FY 2010</u> <u>Expected</u>	<u>FY 2011</u> <u>Expected</u>
Number of federal-state and citrus, fruit, and vegetable produce inspections	47,761	51,000	51,000	51,000
Percent of meat and poultry product tests in compliance with bacteria, drug and chemical residue requirements	99.49	99	99	99
Number of feed, fertilizer, pesticide and seed labels inspected in the market place	21,981	22,000	22,000	22,000
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	16,119	20,000	20,000	20,000
Percent of agency staff turnover	28.81	25	25	25
Percent of overall customer satisfaction rating for laboratory services	95	92	80	88
Number of agricultural consultation and training compliance issues addressed	558	600	630	660
Number of native plant cases with successful compliance	15	15	15	15
Percent of inspected trucks rejected at ports	3	0	0	0

**Administrative Costs**

	<u>FY 2010</u>	<u>FY 2011</u>
Administrative Costs	2,044.6	2,044.6
Agency Request	29,170.0	29,150.0
Administrative Cost Percentage	7.01%	7.01%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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:

The Arizona Health Care Cost Containment System (AHCCCS), which serves as the state's Medicaid agency, is a health care program primarily targeted to serve low-income Arizonans. AHCCCS is a partnership that includes the state, its counties, the federal government, program contractors and health plans from the public and private sector, and AHCCCS members.

The AHCCCS Administration's main responsibility is to plan, develop, implement, and administer health care programs for low income Arizonans, based on competitively bid prepaid capitated contracts designed to provide quality health care while containing costs. The Administration's additional responsibilities are setting policy and controls for eligibility administration, member enrollment, quality assurance of medical care, provider and plan oversight, and procurement of contract providers.

Major medical programs are acute care, behavioral health services, long term care, and a premium-based program known as Healthcare Group (HCG). The AHCCCS Administration determines eligibility for the Arizona Long Term Care System (ALTCSS), Children's Health Insurance Program (KidsCare), Qualified Medicare Beneficiaries, and for 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), which is under the U.S. Department of Health and Human Services.

Program/Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Agency Req.	FY 2010 Exec. Rec.
Administration	62,894.2	58,323.5	61,471.6	58,809.7
Long Term Care	144,872.2	162,030.8	191,653.6	197,448.0
Acute Care	787,388.7	916,350.8	1,031,499.5	1,015,824.0
Proposition 204	276,781.7	380,491.6	547,397.4	534,115.7
Healthcare Group	12,338.1	11,526.8	11,526.8	11,526.8
Children's Health Insurance Program	170,978.4	189,530.7	197,858.0	178,631.6
Agency Total	1,455,253.3	1,718,254.2	2,041,406.9	1,996,355.8

Category	FY 2008 Actual	FY 2009 Approp.	FY 2010 Agency Req.	FY 2010 Exec. Rec.
FTE	1,629.6	1,635.8	1,644.6	1,635.8
Personal Services	27,968.1	27,158.0	27,600.3	27,158.0
ERE Amount	17,459.1	16,899.9	17,067.4	16,899.9
Prof. And Outside Services	3,416.8	2,890.3	3,520.2	2,890.3
Travel - In State	52.7	77.0	85.4	77.0
Travel - Out of State	32.5	26.6	37.6	26.6
Aid to Others	1,305,466.4	1,586,963.1	1,905,591.1	1,864,252.8
Other Operating Expenses	9,987.6	9,739.3	11,350.9	10,429.7
Equipment	229.0	208.0	1,862.0	208.0
Transfers Out	90,641.1	74,292.0	74,292.0	74,413.5
Agency Total	1,455,253.3	1,718,254.2	2,041,406.9	1,996,355.8

Fund	FY 2008 Actual	FY 2009 Approp.	FY 2010 Agency Req.	FY 2010 Exec. Rec.
General Fund	1,219,660.1	1,425,272.3	1,789,395.9	1,773,699.5
Tobacco Tax and Health Care Fund	60,727.2	62,886.2	62,886.2	52,399.1
Tobacco Products Tax Fund	24,205.2	25,716.5	25,716.5	21,960.0
Children's Health Insurance Program	133,887.4	145,970.9	154,040.5	138,807.9
Budget Neutrality Compliance Fund	9,709.9	48,634.3	2,841.0	2,962.5
Healthcare Group Fund	5,088.1	6,526.8	6,526.8	6,526.8
Temporary Medical Coverage Fund	1,975.4	3,247.2	0.0	0.0
Agency Total	1,455,253.3	1,718,254.2	2,041,406.9	1,996,355.8

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	FY 2008 Actual	FY 2009 Approp.	FY 2010 Agency Req.	FY 2010 Exec. Rec.
SLI 211 System	1,260.3	0.0	0.0	0.0
SLI DES Eligibility System Upgrade	94.9	1,300.0	1,300.0	1,300.0
SLI Long Term Care Clawback Payments	9,947.5	11,307.2	9,240.1	9,648.8
SLI LTC Part D Copayments	870.4	470.3	1,275.2	1,230.2
SLI Rural Hospital Reimbursement	4,100.9	4,148.6	4,164.2	4,164.1
SLI Acute Care Clawback Payments	26,734.6	28,844.6	31,312.4	32,378.0
SLI Acute Care Part D Copayments	2,602.1	1,029.7	3,824.6	3,697.2
SLI SSDI Temporary Medical Coverage	9,922.0	3,247.2	0.0	0.0

## Executive Recommendations

FY 2010

### Executive Issues

#### Caseload and Inflation

287,396.7

The Executive recommends a total increase of \$287.4 million for forecast caseload and inflation growth in AHCCCS programs, which includes a General Fund increase of \$294.8 million and a Children's Health Insurance Program (CHIP) Fund reduction of (\$7.4 million). The recommended expenditure changes are driven by the growth in the number of members (caseload), rate inflation, and changes in the Federal Medical Assistance Percentage (FMAP).

For AHCCCS's largest program – Capitation – the Executive forecasts a caseload increase of 9.1% in June 2009 over June 2008, and 6.1% in June 2010 over June 2009. This reflects a continuation of the growth trend over the most recent 12-month period, from December 2007 to November 2008. This trend is applied in addition to a one-month increase of 1.8% in December 2008 over November 2008, based on agency-reported preliminary actual expenditures for December. Capitation rate growth is forecast at 6% for contract year 2010. The forecast also includes an FMAP of 65.75% for contract year 2010.

General Fund	294,807.4
Children's Health Insurance Program Fund	(7,410.7)

FY 2010

**Tobacco Tax Offset** 7,888.7

Tobacco Tax collections are utilized in the AHCCCS Acute Care and Proposition 204 programs. For every additional dollar collected, one less dollar of General Fund money is required. For FY 2010, the Executive forecasts a reduction of (\$22.1 million) in total Tobacco Tax collections. This amount includes reductions of (\$10.5 million) in the Medically Needy account of the Tobacco Tax and Health Care Fund and (\$3.8 million) in the Emergency Health Services account of the Tobacco Products Tax Fund. Additionally, the Executive forecasts a reduction of (\$7.9 million) in the non-appropriated Proposition 204 Protection Account of the Tobacco Products Tax Fund. As this fund is non-appropriated, this amount is not included here. The forecast revenue losses result in an Executive recommendation for corresponding expenditure reductions from these funds. These reductions are offset by an increased General Fund recommendation of \$22.1 million.

General Fund	22,132.3
Tobacco Tax and Health Care Fund	(10,487.1)
Tobacco Products Tax Fund	(3,756.5)

**Tobacco Settlement Offset** (4,276.1)

The Executive recommends a General Fund reduction of (\$4.3 million) as a result of the preliminary forecast increase of \$4.3 million in tobacco settlement receipts in FY 2009 over the FY 2009 appropriation. The Tobacco Litigation Settlement Fund is non-appropriated, so this increase is not reflected here. Given the variability in tobacco settlement receipts, the FY 2009 forecast is also used as the FY 2010 forecast pending further information.

General Fund	(4,276.1)
--------------	-----------

**Eliminate Increased County Contributions** 0.0

The Executive recommends the elimination in FY 2010 of appropriation authority for the expenditure of two FY 2009 deposits of county money, totaling \$45.8 million, in the Budget Neutrality Compliance Fund (BNCF). The first deposit is \$17.8 million of prior-year reversions from the Arizona Long Term Care System Fund that, rather than being refunded to counties per A.R.S. § 11-292(M), is mandated in session law to be deposited in the BNCF. The second is a BNCF deposit of \$24.2 million from Maricopa County and \$3.8 million from Pima County, also mandated in session law. Note that, as part of the statewide FY 2010 Budget Management Plan, the Executive recommends the continuation of these payments from Maricopa and Pima Counties, but proposes transferring the money from the BNCF to the General Fund. Because this \$45.8 million in BNCF expenditures offsets General Fund State Match for AHCCCS programs in FY 2009, its elimination in FY 2010 requires an increased appropriation of \$45.8 million General Fund.

General Fund	45,793.3
Budget Neutrality Compliance Fund	(45,793.3)

FY 2010

**Outlier Methodology Change - Year 3** (10,800.0)

The Executive recommends a (\$10.8 million) General Fund reduction for the increased savings in the third year of the three-year implementation of an outlier methodology change that was first adopted for FY 2008. This change represented a shift of payment methodology for extraordinarily expensive billings from a single statewide ratio of costs to hospital charges (the Cost-to-Charge ratio, or CCR) to the most recent, and annually updated, Medicare-calculated statewide urban and statewide rural CCRs. Given that hospital charges were estimated to have grown more rapidly than costs, and the CCRs had not been updated since 1998, this change is estimated to save \$25.6 million in State match in FY 2010. This amount is \$10.8 million more than the outlier methodology change savings estimated for FY 2009.

General Fund	(10,800.0)
--------------	------------

**ADOA Data Center and Rent Obligations** 811.9

The Executive recommends a total increase for Data Center and rent charges of \$811,900, of which \$564,200 is General Fund and \$247,700 is the Children's Health Insurance Program (CHIP) Fund. The General Fund figure includes \$59,800 for private sector rent and \$504,400 for the AHCCCS usage of the ADOA Data Center. Both of these costs represent obligations that, if not funded, will have to be paid from the AHCCCS base budget.

General Fund	564.2
Children's Health Insurance Program Fund	247.7

**BNCF Inflationary Adjustment** 0.0

The Executive recommends a reduction in the General Fund appropriation and an increase in the Budget Neutrality Compliance Fund appropriation for the inflationary adjustment required by A.R.S. § 11-292(O).

General Fund	(121.5)
Budget Neutrality Compliance Fund	121.5

**Maricopa County Contribution Inflationary Adjustment** 327.6

The Executive recommends \$327,600 from the General Fund to replace an inflationary reduction to the Maricopa County contribution for Acute Care costs, as mandated by A.R.S. § 11-292.

General Fund	327.6
--------------	-------

**Acute Care SSDI - TMC** (3,247.2)

The Executive recommends the continued suspension of the Temporary Medical Coverage Program. Accordingly, the Executive continues the (\$8.4 million) FY 2009 General Fund suspension into FY 2010 and recommends a reduction of (\$3.2 million) in FY 2010 to eliminate the appropriation from the Temporary Medical Coverage Fund.

Temporary Medical Coverage Fund	(3,247.2)
---------------------------------	-----------

**FY 2009 Supplemental Recommendations**

FY 2009

**Caseload and Inflation** 68,915.3

The Executive recommends a General Fund increase of \$85.4 million for caseload expenditures that are forecast to exceed the current appropriation in FY 2009.

General Fund	85,400.4
Children's Health Insurance Program Fund	(16,485.1)

**Tobacco Tax Offset** 5,633.1

Tobacco Tax collections are utilized within the AHCCCS Acute Care and Proposition 204 programs. For every additional dollar collected, one less dollar of General Fund money is required. For FY 2009, the Executive forecasts a reduction of (\$15.7 million) in total Tobacco Tax collections. This includes a reduction of (\$7.4 million) in the Medically Needy account of the Tobacco Tax and Health Care Fund and (\$2.7 million) in the Emergency Health Services account of the Tobacco Products Tax Fund. Additionally, the Executive forecasts a reduction of (\$5.6 million) in revenue to the non-appropriated Proposition 204 Protection Account of the Tobacco Products Tax Fund. As this fund is non-appropriated this amount does not appear here. These forecast revenue losses result in an Executive recommendation for corresponding expenditure reductions from these funds. These reductions are offset by an increased General Fund recommendation of \$15.7 million.

General Fund	15,710.2
Tobacco Tax and Health Care Fund	(7,394.7)
Tobacco Products Tax Fund	(2,682.4)

**Tobacco Settlement Offset** (4,276.1)

The Executive recommends a General Fund reduction of \$4.3 million as a result of the preliminary forecast increase of \$4.3 million in tobacco settlement receipts in FY 2009 over the FY 2009 appropriation. The Tobacco Litigation Settlement Fund is non-appropriated, so this increase is not reflected in this publication.

General Fund	(4,276.1)
--------------	-----------

**Eliminate Increased County Contributions** 0.0

In current law, \$24.2 million from Maricopa County and \$3.8 million from Pima County is transferred to the Budget Neutrality Compliance Fund (BNCF). Additionally, \$17.8 million of prior-year reversions from the Arizona Long Term Care System Fund, rather than being refunded to counties per A.R.S. § 11-292(M), is mandated in session law to be deposited in the BNCF. These monies are appropriated to AHCCCS as state match for the Arizona Long-Term Care System in place of General Fund.

In past fiscal relief bills, the federal government has required that, as a condition of the receipt of federal relief by the states, the proportion of state match expenses incurred by local governments be no higher than it was in the year preceding the current year. Assuming that this language is also included in the current year fiscal relief bill, this shift of expenses from the General Fund to the BNCF would likely put Arizona in violation of that requirement. Accordingly, the Executive proposes changing the session law so that the transfer is deposited directly into the State General Fund.

In the AHCCCS appropriation, the Executive recommends that the BNCF appropriation be reduced by (\$45.8 million) and the General Fund appropriation be increased by \$45.8 million. The transfer from the counties will be implemented, but it will be reflected as a revenue increase to the General Fund.

General Fund	45,793.3
Budget Neutrality Compliance Fund	(45,793.3)

## Performance Measures

	FY 2007 <u>Actual</u>	FY 2008 <u>Actual</u>	FY 2009 <u>Expected</u>	FY 2010 <u>Expected</u>
Percent of invoices paid within 30 days	96	94	95	95
Percent of total programmatic payments completed electronically	96.6	96.8	90	90
Percent of enrollees filing a grievance	.28	.15	.5	.5
Member satisfaction: percent of choice exercised in moving from current health plan	3.5	2.1	3.5	3.5
Percent of applications processed on time	91	89	97	97
Cost avoidance from Predetermination Quality Control Program (in millions)	16.61	19.39	19.39	19.39
Percent of members utilizing home and community based services	64	64.09	65.3	65.3
Percent of well child visits in the first 15 months of life - Early Periodic Screening, Diagnosis and Treatment	57	57	58	60
➤ <i>The current national mean for Medicaid managed care plans is 47%, so AHCCCS is performing well above the comparable national average.</i>				
Percent of women receiving cervical screening within a three year period	57	60	62	64
KidsCare monthly enrollment	64,446	65,832	71,624	78,429
Percent of children with access to primary care provider	76	77	80	83
➤ <i>Changed measurement to rate by age group. Projections revised based on data obtained from AHCCCS Data Decision Support System (ADDS), with projected rates by specific age group. The above rates are for members ages 1-19 enrolled under KidsCare.</i>				
Percent of employee turnover	18.93	13.03	16	16

## Administrative Costs

	<u>FY 2010</u>
Administrative Costs	47,309.3
Agency Request	9,751,623.0
Administrative Cost Percentage	0.49%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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 Board. 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.

The State Board of Appraisal is mandated by federal Title XI.

Program/ Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Licensure/Certification/Regulation	607.5	621.8	621.8	621.8
Agency Total	607.5	621.8	621.8	621.8
<i>Category</i>				
FTE	4.5	4.5	4.5	4.5
Personal Services	232.7	284.1	284.1	284.1
ERE Amount	88.2	80.8	80.8	80.8
Prof. And Outside Services	185.3	159.9	159.9	159.9
Travel - In State	7.7	7.6	7.6	7.6
Travel - Out of State	4.5	4.0	4.0	4.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	84.3	80.6	80.6	80.6
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	4.8	4.8	4.8	4.8
Agency Total	607.5	621.8	621.8	621.8
<i>Fund</i>				
Board of Appraisal Fund	607.5	621.8	621.8	621.8
Agency Total	607.5	621.8	621.8	621.8

### Performance Measures

	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Expected	Expected	Expected
Number of new and existing licensees	3,317	2,745	2,745	2,745
Number of complaints received against appraisers	247	250	275	275
Average days from receipt of complaint to resolution	123	130	130	130

### Administrative Costs

	FY 2010	FY 2011
Administrative Costs	1.5	1.5
Agency Request	622.0	622.0
Administrative Cost Percentage	0.24%	0.24%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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 (ACA) supports a statewide arts industry that serves Arizona residents and visitors. Through education, economic development and citizen engagement, the arts help build communities that are healthy, vital and creative. The Commission provides Arizonans and Arizona communities with direct training, technical assistance, resources and grants to build and stabilize an arts industry that can serve Arizona citizens into the future. The Commission maximizes resources in four key areas: Partnerships, Leadership Activities, Services and Strategic Funding. The 15 Governor-appointed Commissioners and agency staff work in partnership with arts organizations, artists, schools and communities to deliver meaningful arts experiences, enhance academic performance in schools and celebrate our collective heritage.

Program/ Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Arts Support	2,023.4	1,930.8	1,930.8	1,930.8
Agency Total	2,023.4	1,930.8	1,930.8	1,930.8
<i>Category</i>				
FTE	11.5	11.5	11.5	11.5
Personal Services	468.0	420.5	420.5	420.5
ERE Amount	117.2	123.0	123.0	123.0
Prof. And Outside Services	24.4	25.2	25.2	25.2
Travel - In State	8.8	6.1	6.1	6.1
Travel - Out of State	3.4	10.0	10.0	10.0
Aid to Others	1,344.4	1,245.5	1,245.5	1,245.5
Other Operating Expenses	27.4	95.0	95.0	95.0
Equipment	29.8	5.5	5.5	5.5
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 Total	2,023.4	1,930.8	1,930.8	1,930.8
<i>Fund</i>				
General Fund	2,023.4	1,930.8	1,930.8	1,930.8
Agency Total	2,023.4	1,930.8	1,930.8	1,930.8

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 Community Service Project	1,360.3	1,263.1	1,263.1	1,263.1
-------------------------------	---------	---------	---------	---------

## Performance Measures

	FY 2008 Actual	FY 2009 Expected	FY 2010 Expected	FY 2011 Expected
Individuals benefiting from programs sponsored by agency (in thousands)	7,141.0	7,200.0	7,250.0	7,300.0
➤ <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 ACA grants; figures provided by grantees as a part of their annual final reports.</i>				
Constituent satisfaction ratings (scale of 0-8)	7.20	7.00	7.00	7.00
➤ <i>Figures for this measure are compiled by Commission staff and reflect ratings from the agency's annual satisfaction survey as well as evaluations from all presentations, convenings, workshops and review panels. Though the Commission has enjoyed superior constituent satisfaction ratings for several fiscal years, we are not projecting an increase given the fact that our rating is already so high.</i>				
The cumulative contributions to Arizona ArtShare increase in both non-designated funds and contributions to arts organization endowments (in thousands)	43,289.0	44,000.0	44,500.0	45,000.0
➤ <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 Commission.</i>				

## Administrative Costs

	FY 2010	FY 2011
Administrative Costs	253.1	253.1
Agency Request	5,644.0	5,644.0
Administrative Cost Percentage	4.48%	4.48%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

## 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. The fundamental obligation of the Attorney General is to act as legal advisor to all state agencies except those few exempted by law. Additionally, 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 comprised of eight divisions. These divisions are the Child and Family Protection Division, the Civil Division, the Civil Rights Division, the Criminal Division, the Finance Division, the Public Advocacy Division, the Administrative Operations Division, and Executive Administration. Each division is further organized into sections which specialize in a particular area of practice.

Agency Summary				
<i>Program/ Cost Center</i>	<i>FY 2008 Actual</i>	<i>FY 2009 Approp.</i>	<i>FY 2010 Exec. Rec.</i>	<i>FY 2011 Exec. Rec.</i>
Legal Services	54,622.2	59,005.1	59,673.4	59,673.4
Central Administration	7,438.8	6,317.8	6,317.8	6,317.8
Agency Total	62,061.0	65,322.9	65,991.2	65,991.2
<i>Category</i>				
FTE	644.9	644.9	644.9	644.9
Personal Services	36,352.4	38,412.6	38,976.4	38,976.4
ERE Amount	11,496.1	11,992.6	12,097.1	12,097.1
Prof. And Outside Services	1,557.6	3,395.5	3,395.5	3,395.5
Travel - In State	243.8	236.1	236.1	236.1
Travel - Out of State	125.9	94.5	94.5	94.5
Aid to Others	2,663.1	2,693.9	2,693.9	2,693.9
Other Operating Expenses	7,897.2	7,493.6	7,493.6	7,493.6
Equipment	607.3	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	1,117.6	1,004.1	1,004.1	1,004.1
Agency Total	62,061.0	65,322.9	65,991.2	65,991.2
<i>Fund</i>				
General Fund	23,964.8	23,107.4	23,775.7	23,775.7
Consumer Protection/Fraud Revolving Fund	2,134.8	3,948.7	3,948.7	3,948.7
Attorney General Antitrust Revolving	142.6	239.9	239.9	239.9
Attorney General Collection Enforcement	3,640.0	4,916.3	4,916.3	4,916.3

Attorney General Agency Services Fund	13,127.6	13,378.8	13,378.8	13,378.8
Victims Rights Fund	3,242.9	3,277.4	3,277.4	3,277.4
Risk Management Fund	9,138.5	9,771.5	9,771.5	9,771.5
Attorney General Legal Services Cost Allocation Fund	6,669.8	6,682.9	6,682.9	6,682.9
Agency Total	62,061.0	65,322.9	65,991.2	65,991.2

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 Grand Jury	177.6	179.0	179.0	179.0
SLI Victims' Rights	3,242.9	3,277.4	3,277.4	3,277.4
SLI Crane Lawsuit	1.1	0.0	0.0	0.0
SLI Military Airport Planning	67.6	100.0	100.0	100.0

### Executive Recommendations

FY 2010   FY 2011

**Executive Issues**

**Continuation of Vital CERF Funding** 0.0      0.0

In FY 2004, the Attorney General's Office was appropriated a \$1.5 million increase from the Collection Enforcement Revolving Fund (CERF) to fund 23.0 FTE positions. The FY 2005 appropriation continued the increase and included an additional \$200,000 for expert witness fees. The appropriations for FYs 2006, 2007, 2008 and 2009 have continued the \$1.7 million increase. The Criminal Justice Budget Reconciliation Bills have, beginning in FY 2005, included language that allows the Attorney General's Office to use CERF monies for operating expenses. The Executive recommends giving permanent authority to the Attorney General to use CERF monies for operating expenses. The \$1.7 million appropriation would remain unchanged from FY 2009.

Attorney General Collection Enforcement Fund	0.0	0.0
--	-----	-----

	<u>FY 2010</u>	<u>FY 2011</u>
<b>Tobacco Master Settlement Agreement</b>	0.0	0.0
<b>Arbitration</b>		

In 1998, 46 states, including Arizona, signed an agreement with the five largest tobacco manufacturers that gives the states billions of dollars and requires the states to "diligently enforce" the tobacco master settlement agreement (MSA). Arizona and the other states are involved in a legal action brought by the participating tobacco companies, which are challenging whether the states have diligently enforced the MSA. The challenge is being arbitrated. If the State of Arizona prevails, the tobacco companies will owe the State \$11.1 million; if the State loses, the tobacco companies could withhold up to \$91.6 million in future payments. Laws 2008, Chapter 286 authorized the Attorney General's Office to use \$1.7 million from the Consumer Fraud Revolving Fund to fund arbitration expenses. The Executive recommends that the Attorney General's Office be given authority for the continued use of \$1.7 million from the Consumer Fraud Revolving Fund for arbitration costs, as the legal action is likely to extend past June 30, 2009.

Consumer Protection/Fraud Revolving Fund	0.0	0.0
--	-----	-----

<b>Legal Services Cost Allocation Fund</b>	668.3	668.3
--	-------	-------

The Legal Services Cost Allocation Fund was established by A.R.S. § 41-191.09 to provide reimbursement to the Department of Law for general agency counsel. All state appropriated and non-appropriated funds contribute a pro rata share of 0.675 percent of total payroll for each fund. Due to the fluctuations in the State's payroll every two weeks, the amount deposited in the Fund for the Department of Law's use is inconsistent. To provide stability for the Department, the Executive recommends an increase of \$668,300 to the Attorney General's General Fund appropriation.

General Fund	668.3	668.3
--------------	-------	-------

### **FY 2009 Supplemental Recommendations**

	<u>FY 2009</u>
<b>Interagency Service Agreements</b>	1,337.9

The Attorney General's Office provides contracted legal services for state agencies, boards and commissions through interagency service agreements. However, as state agencies are implementing budget reductions, the Attorney General's Office is experiencing a reduction of funding through interagency service agreements due to cancellation or reduction of contracted legal services by state agencies. The Executive recommends a General Fund increase to provide stability for the Attorney General's Office due to the cancellation and reduction of interagency service agreements.

General Fund	1,337.9
--------------	---------

### **Performance Measures**

	<u>FY 2008</u> <u>Actual</u>	<u>FY 2009</u> <u>Expected</u>	<u>FY 2010</u> <u>Expected</u>	<u>FY 2011</u> <u>Expected</u>
Percentage of cases resolved using voluntary settlement agreements	15.0	12.0	12.0	13.0
➤ <i>The Division has an experienced and well-staffed Conflict Resolution Program that was very successful in increasing the number of cases resolved using voluntary settlement agreements during FY2008. In addition, our experienced litigation attorneys resolved numerous administrative cases through voluntary settlement agreements.</i>				
Percentage of death penalty sentences affirmed by the Arizona Supreme Court	100	90	90	90
Customer satisfaction rating for client agencies (scale of 1 to 8, with 8 the highest)	7.17	7.20	7.20	7.20
Days to respond to a request for a legal opinion	42	60	60	60
➤ <i>FY2008 Actual was less than expected due to a decrease in opinion requests and a higher number of same day and/or one-day turnarounds.</i>				
Percent of agency staff turnover	18.70	18.70	18.70	18.70

### **Administrative Costs**

	<u>FY 2010</u>	<u>FY 2011</u>
Administrative Costs	0.0	0.0
Agency Request	98,602.0	97,017.0
Administrative Cost Percentage	0.00%	0.00%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

# Automobile Theft Authority

## Mission:

To deter vehicle theft through a statewide cooperative effort by supporting law enforcement activities, vertical prosecution, and public awareness/community education programs.

## Description:

The Arizona Automobile Theft Authority (AATA) analyzes the crime of vehicle theft, develops deterrence strategies, and promotes successful methods to address the problem. Funding is used to support law enforcement activities, vertical prosecution, and public awareness/ community education programs designed to combat and deter vehicle theft statewide.

Program/ Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Automobile Theft Authority	5,435.3	6,016.7	6,016.7	6,016.7
Agency Total	5,435.3	6,016.7	6,016.7	6,016.7
<i>Category</i>				
FTE	6.0	6.0	6.0	6.0
Personal Services	337.5	339.3	339.3	339.3
ERE Amount	122.3	144.2	144.2	144.2
Prof. And Outside Services	9.4	16.1	16.1	16.1
Travel - In State	4.8	4.8	4.8	4.8
Travel - Out of State	11.9	11.9	11.9	11.9
Aid to Others	4,807.7	5,343.4	5,343.4	5,343.4
Other Operating Expenses	138.8	141.7	141.7	141.7
Equipment	2.9	15.3	15.3	15.3
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 Total	5,435.3	6,016.7	6,016.7	6,016.7
<i>Fund</i>				
Automobile Theft Authority	5,435.3	6,016.7	6,016.7	6,016.7
Fund				
Agency Total	5,435.3	6,016.7	6,016.7	6,016.7

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 Auto Theft Authority Grants	4,807.7	5,293.4	5,293.4	5,293.4
SLI Reimbursable Programs	0.0	50.0	50.0	50.0

## Performance Measures

	FY 2008 Actual	FY 2009 Expected	FY 2010 Expected	FY 2011 Expected
Number of vehicle theft rate statewide (# per 100,000 population)	n/a	930	920	910
➤ FY 2007 actual is not available because data is collected on a calendar year basis using data provided by the FBI Unified Crime Report and is not available until October of the following calendar year.				
Customer satisfaction rating (scale of 1-3, 1 highest rating)	1	1	1	1
Number of felony arrests by Task Force	326	300	300	300
Number of "chop shops" investigated by Task Force	27	30	30	30
Return on investment (for every dollar funded by the Arizona Auto Theft Authority amount recovered by Task Force)	14.03	12.00	12.00	12.00

## Administrative Costs

	FY 2010	FY 2011
Administrative Costs	373.7	373.7
Agency Request	6,017.0	6,017.0
Administrative Cost Percentage	6.21%	6.21%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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.

Agency Summary				
<i>Program/ Cost Center</i>	<i>FY 2008 Actual</i>	<i>FY 2009 Approp.</i>	<i>FY 2010 Exec. Rec.</i>	<i>FY 2011 Exec. Rec.</i>
Licensing and Regulation	272.1	328.2	328.2	349.2
Agency Total	272.1	328.2	328.2	349.2
<i>Category</i>				
FTE	3.6	4.0	4.0	4.0
Personal Services	152.8	162.6	162.6	180.1
ERE Amount	57.7	57.7	57.7	61.2
Prof. And Outside Services	2.7	20.4	20.4	20.4
Travel - In State	16.3	44.0	44.0	44.0
Travel - Out of State	3.9	2.6	2.6	2.6
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	32.4	39.9	39.9	39.9
Equipment	6.3	1.0	1.0	1.0
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 Total	272.1	328.2	328.2	349.2
<i>Fund</i>				
Barber Examiners Board	272.1	328.2	328.2	349.2
Agency Total	272.1	328.2	328.2	349.2

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 Annual Leave Payout	0.0	0.0	0.0	21.0
-------------------------	-----	-----	-----	------

## Executive Recommendations

FY 2010   FY 2011

### Executive Issues

**Annual Leave Payout** 0.0   21.0

The Executive recommends a \$21,000 special line appropriation for the annual leave payouts for three employees eligible for retirement in FY 2011. If the funding is not used for annual leave payout, it will revert to the Board of Barbers Fund.

Barber Examiners Board Fund	0.0	21.0
-----------------------------	-----	------

## Performance Measures

	FY 2008	FY 2009	FY 2010	FY 2011
	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>	<u>Expected</u>
Number of barber/instructor and shop/school licenses	6,891	7,000	7,200	7,400
Number of complaints received	350	330	340	350
Average number of calendar days from receipt of application to issuance or denial	2	3	3	3
Number of inspections conducted	1,619	3,200	3,200	3,200

## Administrative Costs

	<u>FY 2010</u>	<u>FY 2011</u>
Administrative Costs	21.2	21.2
Agency Request	328.0	378.0
Administrative Cost Percentage	6.46%	5.61%

The agency request represents all funds, not just appropriated funds.

These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

## Board of Behavioral Health Examiners

FY 2010 FY 2011

### 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 8,000 behavioral health professionals, which requires that 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.

Program/ Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Licensing and Regulation	1,342.4	1,367.2	1,440.1	1,446.1
Agency Total	1,342.4	1,367.2	1,440.1	1,446.1
<i>Category</i>				
FTE	17.0	17.0	17.0	17.0
Personal Services	659.3	700.1	700.1	700.1
ERE Amount	260.7	322.5	322.5	322.5
Prof. And Outside Services	224.6	158.7	231.6	237.6
Travel - In State	2.9	10.0	10.0	10.0
Travel - Out of State	1.2	8.3	8.3	8.3
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	178.7	164.5	164.5	164.5
Equipment	9.9	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	5.1	0.0	0.0	0.0
Agency Total	1,342.4	1,367.2	1,440.1	1,446.1
<i>Fund</i>				
Behavioral Health Examiner Fund	1,342.4	1,367.2	1,440.1	1,446.1
Agency Total	1,342.4	1,367.2	1,440.1	1,446.1

### Executive Recommendations

FY 2010 FY 2011

#### Executive Issues

**Increase In Legal Services Expenses** 36.8 42.8

On average, the Board has suspended or revoked the licenses of 20 licensees annually since 2007. Typical complaints resulting in revocation include billing fraud, taking financial advantage of a client, drug or alcohol addiction problems, engaging in sexual activity with current or former clients, and failure to comply with Board regulations. The current FY 2009 budget to employ an Assistant Attorney General (AAG) is \$119,900, while the actual

cost is \$150,700. In FY 2010 and FY 2011, the AAG's expenses will increase by \$6,000 each year, as stipulated in cost projections by the Office of the Attorney General. Because of the increase in the Board's cost for the AAG services, in FY 2009 the Board has contracted for only 80% of its AAG's time, which has required the Board to delay hearings. Due to a large backlog of cases and the increased expense of contracting for an Assistant Attorney General (AAG), the Executive recommends increases, from the Behavioral Health Fund, of \$36,800 in FY 2010 and \$42,800 in FY 2011, which will allow the Board to hear cases throughout FY 2010 and FY 2011.

Behavioral Health Examiners Fund 36.8 42.8

#### Increase in Formal Hearing Expenses

36.1 36.1

The Board has not received a funding increase since FY 2006. Since that time, fees paid to the Office of Administrative Hearings, court reporter fees and expert witness fees increased by \$10,600 between FY 2006 and FY 2007 and by \$15,500 between FY 2007 and FY 2008 and are expected to increase by \$10,000 in FY 2009. The Board is delaying formal hearings due to a lack of appropriation. The Executive recommends an increase of \$36,100 in FY 2010 and \$36,100 in FY 2011 from the Behavioral Health Fund in order to pay for increased expenses without inhibiting the Board's ability to operate and process complaints. The Board raised renewal fees in the beginning of FY 2009 to support increased appropriations. If the Board lacks adequate resources to prosecute complaints, it will be forced to settle without going into formal hearings, seriously compromising its ability to impose adequate sanctions to protect the public from incompetent or predatory licensees.

Behavioral Health Examiners Fund 36.1 36.1

### Performance Measures

	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Expected	Expected	Expected
Number of new and existing licenses issued	8,241	7,861	7,960	8,087
Average number of days to renew a license from receipt of application to issuance	17	20	20	20
Average days to resolve a complaint	570	500	300	180
Number of complaints received about licensees	118	150	150	150

### Administrative Costs

	FY 2010	FY 2011
Administrative Costs	115.0	115.0
Agency Request	1,473.0	1,476.0
Administrative Cost Percentage	7.81%	7.79%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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 the projects to ensure contract compliance and serves as the technology transfer agent for discoveries made using state funding. The Commission also awards and manages additional contracts designed to advance biotechnology in the academic, non-profit and for-profit sectors in Arizona.

Agency Summary				
<i>Program/ Cost Center</i>	<i>FY 2008 Actual</i>	<i>FY 2009 Approp.</i>	<i>FY 2010 Exec. Rec.</i>	<i>FY 2011 Exec. Rec.</i>
Arizona Biomedical Research Commission	0.0	500.0	500.0	500.0
Agency Total	0.0	500.0	500.0	500.0
<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	500.0	500.0	500.0
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 Total	0.0	500.0	500.0	500.0
<i>Fund</i>				
Health Research Fund	0.0	500.0	500.0	500.0
Agency Total	0.0	500.0	500.0	500.0

### Administrative Costs

	<u>FY 2010</u>	<u>FY 2011</u>
Administrative Costs	629.0	629.0
Agency Request	15,719.0	15,719.0
Administrative Cost Percentage	4.00%	4.00%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

## 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 State Capital Post-Conviction Public Defender Office was established by Laws 2006, Chapter 369, 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 will accept appointments from the Supreme Court to the extent resources allow. Counties are responsible for reimbursing the state for one-half of the resources expended, limited to \$30,000 per case.

The Agency is bound by the Arizona Rules of Criminal Procedure, specifically, Rule 6.8, which provides that counsel shall be guided by the performance standards in the 2003 American Bar Association Guidelines for the Appointment and Performance of Defense Counsel in Death Penalty Cases. The Guidelines, require, among other things, the formation of a defense team consisting of two lawyers, a mitigation specialist, and an investigator for each case. At least one member of the team must be qualified by training and experience to screen individuals for the presence of mental or psychological disorders or impairments. Expert witnesses will be frequently utilized by the Agency.

### Administrative Costs

	FY 2010	FY 2011
Administrative Costs	168.8	169.0
Agency Request	1,821.0	1,777.0
Administrative Cost Percentage	9.27%	9.51%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

---

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

---

#### Agency Summary

Program/ Cost Center	FY 2008 <i>Actual</i>	FY 2009 <i>Approp.</i>	FY 2010 <i>Exec. Rec.</i>	FY 2011 <i>Exec. Rec.</i>
Capital Post-Conviction Public Defender	779.2	870.9	870.9	870.9
Agency Total	779.2	870.9	870.9	870.9
<i>Category</i>				
FTE	7.0	7.0	7.0	7.0
Personal Services	397.4	498.6	498.6	498.6
ERE Amount	132.8	152.7	152.7	152.7
Prof. And Outside Services	59.8	87.5	87.5	87.5
Travel - In State	2.0	3.5	3.5	3.5
Travel - Out of State	10.8	20.0	20.0	20.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	109.9	101.6	101.6	101.6
Equipment	66.5	7.0	7.0	7.0
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 Total	779.2	870.9	870.9	870.9
<i>Fund</i>				
General Fund	779.2	870.9	870.9	870.9
Agency Total	779.2	870.9	870.9	870.9



# 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 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.

Program/ Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
State Board for Charter Schools	811.3	828.7	828.7	828.7
Agency Total	811.3	828.7	828.7	828.7
<i>Category</i>				
FTE	8.0	8.0	8.0	8.0
Personal Services	447.3	455.2	455.2	455.2
ERE Amount	185.1	185.1	185.1	185.1
Prof. And Outside Services	27.8	43.1	43.1	43.1
Travel - In State	7.2	13.3	13.3	13.3
Travel - Out of State	2.8	3.0	3.0	3.0
Aid to Others	0.1	0.0	0.0	0.0
Other Operating Expenses	138.3	129.0	129.0	129.0
Equipment	2.7	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 Total	811.3	828.7	828.7	828.7
<i>Fund</i>				
General Fund	811.3	828.7	828.7	828.7
Agency Total	811.3	828.7	828.7	828.7

# Performance Measures

	FY 2008 Actual	FY 2009 Expected	FY 2010 Expected	FY 2011 Expected
Number of sponsorship applications received	34	34	34	34
➤ <i>This number reflects the total number of unique applications received.</i>				
Number of sponsorship applications approved	13	15	15	15
Number of sponsored charters with one or more sites in operation	341	351	361	371
➤ <i>The numbers include all State Board of Education sponsored schools since the Charter School Board has agreed to provide oversight for these schools.</i>				
Number of sponsored charter school sites in operation	439	443	447	451
➤ <i>The numbers include all State Board of Education sponsored schools since the Charter School Board has agreed to provide oversight for these schools.</i>				
Number of annual on-site monitoring visits	141	104	145	168
Customer satisfaction survey (Scale 1-8)	6.4	6.6	6.8	7
Number of annual complaints regarding sponsored schools	104	100	95	90

# Administrative Costs

	FY 2010	FY 2011
Administrative Costs	34.6	34.6
Agency Request	1,056.0	1,045.0
Administrative Cost Percentage	3.28%	3.31%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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 of Chiropractic Examiners 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 backgrounds of applicants for licensure and complaints made against chiropractors and conducts administrative hearings as required. The Board provides information to the public concerning applicants, licensees, and regulatory actions taken. These functions are accomplished through a fees-financed program of examination, licensure, and regulation.

Program/ Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Licensing and Regulation	617.1	520.4	474.8	464.8
Agency Total	617.1	520.4	474.8	464.8
<i>Category</i>				
FTE	5.0	5.0	5.0	5.0
Personal Services	254.7	254.6	254.6	254.6
ERE Amount	84.3	84.3	84.3	84.3
Prof. And Outside Services	84.3	88.5	42.9	32.9
Travel - In State	7.8	8.3	8.3	8.3
Travel - Out of State	2.1	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	73.2	84.7	84.7	84.7
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	109.2	0.0	0.0	0.0
Agency Total	617.1	520.4	474.8	464.8
<i>Fund</i>				
Chiropractic Examiners Board	617.1	520.4	474.8	464.8
Agency Total	617.1	520.4	474.8	464.8

### Executive Recommendations

FY 2010   FY 2011

#### Executive Issues

**Appropriation Reduction** (45.6) (55.6)

The Board's appropriation has historically been higher than revenues, and it seeks to align its expenditures with anticipated revenues. The Executive recommends reductions from the Chiropractic Examiners Board Fund of (\$45,600) in FY 2010 and (\$55,600) in FY 2011.

Chiropractic Examiners Board Fund (45.6) (55.6)

### Performance Measures

	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Expected	Expected	Expected
Number of licenses eligible for renewal	2,619	2,700	2,620	2,620
Percent of license renewal applications processed within 15 business days	94	95	95	95
Total number of investigations conducted	224	200	150	150

### Administrative Costs

	FY 2010	FY 2011
Administrative Costs	70.1	70.1
Agency Request	475.0	465.0
Administrative Cost Percentage	14.76%	15.08%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

## 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 Department develops and implements the state's economic development plan directed at creating and retaining quality jobs statewide. Accordingly, the Department implements strategies that promote Arizona's global competitiveness; collects and disseminates economic and business-related information; supports community infrastructure and economic planning in rural areas; 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.

Program/ Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Administration and Finance	2,659.7	2,773.2	2,955.0	2,955.0
Business Development	2,987.4	3,673.2	3,673.2	3,673.2
Workforce Development	2,941.3	2,821.9	2,821.9	2,821.9
Community Development	7,183.2	1,801.4	3,801.4	3,801.4
Agency Total	15,771.6	11,069.7	13,251.5	13,251.5
<i>Category</i>				
FTE	79.9	73.9	74.9	74.9
Personal Services	3,528.0	3,682.5	3,817.5	3,817.5
ERE Amount	1,147.1	1,268.8	1,302.6	1,302.6
Prof. And Outside Services	1,347.4	1,418.7	1,418.7	1,418.7
Travel - In State	74.5	85.3	85.3	85.3
Travel - Out of State	49.6	60.0	60.0	60.0
Aid to Others	203.9	297.0	297.0	297.0
Other Operating Expenses	1,216.6	1,516.2	3,524.2	3,524.2
Equipment	72.2	59.2	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	8,132.3	2,682.0	2,682.0	2,682.0
Agency Total	15,771.6	11,069.7	13,251.5	13,251.5
<i>Fund</i>				
General Fund	13,470.4	7,385.2	9,817.0	9,817.0
Lottery Fund	279.0	286.2	286.2	286.2
Commerce Development Bond Fund	140.4	144.7	144.7	144.7
Commerce and Economic Development	1,881.8	3,068.7	2,818.7	2,818.7
Oil Overcharge Fund	0.0	184.9	184.9	184.9
Agency Total	15,771.6	11,069.7	13,251.5	13,251.5

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 Women & Minority-Owned Business	94.6	129.6	129.6	129.6
-------------------------------------	------	-------	-------	-------

SLI Small Business Advocate	110.7	127.0	127.0	127.0
SLI International Trade Offices	1,491.4	1,716.6	1,716.6	1,716.6
SLI CEDC Commission	250.9	196.5	196.5	196.5
SLI Nation Law Center	200.0	200.0	200.0	200.0
SLI Advertising and Promotion	414.0	659.2	659.2	659.2
SLI Sonora Trade Office	25.0	25.0	25.0	25.0
SLI Rural Economic Development	319.4	340.1	340.1	340.1
SLI Economic Development Matching Funds	33.7	104.0	104.0	104.0
SLI Main Street	112.5	130.0	130.0	130.0
SLI Rural Economic Development Initiative (REDI) Matching Grants	33.1	45.0	45.0	45.0
SLI Military Airport Planning	4,608.2	100.0	2,100.0	2,100.0

### Executive Recommendations

FY 2010   FY 2011

**Executive Issues**

**Population Statistics Unit Requirements** 181.8   181.8

Consistent with the findings and enhancement recommendations by the Arizona Data Estimates and Population Task Force (ADEPT), the Executive recommends additional resources to strengthen the Department's research capabilities in order to meet State and local government needs. The ADEPT recommendations call for creating a State Demographer position and strengthening labor market information analysis. The recommendation provides \$116,300 to establish 1.0 FTE State Demographer position that will focus on removing the program's shortcomings and lead the Population Statistics Unit to work on active and applied research. Also included in the recommendation is \$65,500 for 1.0 unfunded vacant research position to support rural and small Arizona communities.

General Fund 181.8   181.8

**Military Installation Planning** 2,000.0   2,000.0

Laws 2004, Chapter 235, appropriates \$4.8 million annually from the General Fund to the Military Installation Fund. Due to a revenue shortfall, in FY 2009 this amount was temporarily eliminated. For FY 2010 and FY 2011, the recommendation would include session law to suspend the amount provided in Chapter 235 and appropriate \$2 million from the General Fund to the Military Installation Fund.

General Fund 2,000.0   2,000.0

	<u>FY 2010</u>	<u>FY 2011</u>
<b>CEDC Fund - Funding Shift and GF Restoration</b>	0.0	0.0
<p>The Commerce and Economic Development Commission (CEDC) Fund provides funding for business retention, expansion and relocation and the creation and expansion of economic activities in Arizona's disadvantaged areas. Funding for the CEDC Fund is derived from two special instant lottery games each fiscal year. Statutes require that no more than 21.5% of the revenues from those games be transferred to the CEDC Fund. The instability and limitations of that funding mechanism significantly impede the Department's business development and retention efforts, creating a competitive disadvantage when recruiting new companies. Rather than providing funding from the General Fund or other funding sources, the Legislature has appropriated a large portion of the CEDC Fund (\$3.0 million) in FY 2009. The relatively high ongoing obligations imposed through the appropriation process have restricted the CEDC's efforts to meet its statutory mandate as intended in the enabling legislation. In 2007, the Legislature approved this fund shift but, due to the FY 2009 projected revenue shortfall, the funding was suspended. The recommendation shifts \$250,000 and 3.0 FTE from the CEDC Fund to the General Fund, and will help free up \$250,000 for the CEDC program to provide financial assistance to small business and strengthen the State's efforts for job creation and business investment.</p>		
General Fund	250.0	250.0
Commerce and Economic Development Fund	(250.0)	(250.0)

### Performance Measures

	<u>FY 2008</u> <u>Actual</u>	<u>FY 2009</u> <u>Expected</u>	<u>FY 2010</u> <u>Expected</u>	<u>FY 2011</u> <u>Expected</u>
Percent of surveys marked "very good" or "excellent" from annual survey of Administration Division's internal customers	78	78	78	80
Total number of jobs created by companies participating in the Enterprise Zone program	5,248	4,700	4,200	4,200
Capital investment made by companies participating in Enterprise Zone program (property tax and income tax programs) (in millions)	796.9	717	645	645
Potential foreign investors attracted to Arizona for site visits	13	6	6	14
Number of companies recruited to rural locations	10	10	11	11
Average hourly wage rate per job	19.78	19.00	21.00	21.00
➤ <i>Based on companies receiving business development assistance.</i>				
Jobs created by companies utilizing Commerce Business Development programs	7,156	8,000	8,000	8,000
Number of new company relocations, expansions	40	50	42	42
Number of companies assisted	87	75	75	75
Number of workers under contract to be trained	18,270	15,000	15,000	15,000
➤ <i>Forecasted to go through training to increase their job skills.</i>				
Number of projects attracted or facilitated	36	32	32	32

### Administrative Costs

	<u>FY 2010</u>	<u>FY 2011</u>
Administrative Costs	1,866.4	1,866.4
Agency Request	86,049.0	86,049.0
Administrative Cost Percentage	2.17%	2.17%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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:**

The Arizona community college system is comprised of 10 community college districts and 1 provisional district. 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.

Agency Summary				
Program/ Cost Center	FY 2008 <i>Actual</i>	FY 2009 <i>Approp.</i>	FY 2010 <i>Agency Req.</i>	FY 2010 <i>Exec. Rec.</i>
Operating State Aid	120,053.0	116,308.8	121,723.4	117,574.6
Capital Outlay State Aid	21,054.0	500.0	19,932.8	0.0
Equalization Aid	23,493.8	27,927.0	35,926.9	27,927.0
Gila Provisional Community College	194.0	194.0	194.0	194.0
Dine College	1,750.0	1,750.0	1,750.0	1,750.0
Rural County Reimbursement Subsidy	1,200.0	1,000.0	1,000.0	1,000.0
Agency Total	167,744.8	147,679.8	180,527.1	148,445.6
<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	167,744.8	147,679.8	180,527.1	148,445.6
Other Operating Expenses	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0
Agency Total	167,744.8	147,679.8	180,527.1	148,445.6
<i>Fund</i>				
General Fund	167,744.8	147,679.8	180,527.1	148,445.6
Agency Total	167,744.8	147,679.8	180,527.1	148,445.6

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 Operating Cochise	8,401.4	8,303.1	8,836.0	8,836.0
SLI Operating Coconino	3,334.6	3,245.4	3,369.1	3,245.4
SLI Operating Gila	620.5	713.0	798.7	775.9
SLI Operating Graham	5,370.4	5,173.2	5,370.4	5,173.2
SLI Operating Maricopa	57,528.3	55,416.1	57,528.3	55,416.1
SLI Operating Mohave	4,196.9	4,063.3	4,344.5	4,344.5
SLI Operating Navajo	4,412.3	4,250.3	4,250.3	4,250.3
SLI Operating Pima	19,593.5	18,874.1	19,986.3	18,874.1
SLI Operating Pinal	6,052.0	5,854.3	6,077.4	5,879.7
SLI Operating Yavapai	4,820.4	4,903.4	5,158.3	4,964.3
SLI Operating Yuma/La Paz	5,722.7	5,512.6	6,004.1	5,815.1
SLI Capital Outlay Cochise	1,060.6	0.0	1,095.0	0.0
SLI Capital Outlay Coconino	423.8	0.0	420.8	0.0
SLI Capital Outlay Gila	133.4	0.0	171.2	0.0
SLI Capital Outlay Graham	510.1	0.0	477.3	0.0

SLI Capital Outlay Maricopa	11,204.0	0.0	10,910.7	0.0
SLI Capital Outlay Mohave	591.2	0.0	601.9	0.0
SLI Capital Outlay Navajo	1,505.7	500.0	483.8	0.0
SLI Capital Outlay Pima	3,198.9	0.0	3,235.5	0.0
SLI Capital Outlay Pinal	797.6	0.0	800.5	0.0
SLI Capital Outlay Yavapai	703.9	0.0	774.9	0.0
SLI Capital Outlay Yuma/La Paz	924.8	0.0	961.2	0.0
SLI Equalization Cochise	4,669.7	5,833.4	8,062.6	5,833.4
SLI Equalization Graham	13,146.5	14,775.7	18,027.1	14,775.7
SLI Equalization Navajo	4,305.2	5,386.5	6,826.8	5,386.5
SLI Equalization Yuma/La Paz	1,372.4	1,931.4	3,010.4	1,931.4

## Executive Recommendations

FY 2010

**Executive Issues**

**Increase in State Aid**

1,265.8

The Executive recommends \$1.3 million for increased State aid pursuant to A.R.S. § 15-1466. The most recent audited Full-time Student Equivalent (FTSE) number is 118,434. Six districts reported enrollment growth eligible for increased State aid, and four districts reported enrollment declines from the previous year.

The formula adjusts State aid for districts in which growth exceeds the highest audited FTSE count recorded from and after FY 2004. Adjustments are calculated by multiplying the difference between the most recent audited FTSE number and the second-highest count from FY 2004 onward by the most recent appropriated average State aid amount per FTSE. Statute prohibits an automatic adjustment for enrollment declines.

**General Fund**

1,265.8

**Capital Outlay**

(500.0)

The Executive recommends suspending capital outlay assistance for FY 2010 due to the ongoing State budget shortfall. A.R.S. § 15-1464 requires State capital outlay assistance per FTSE on a graduated scale based on district size. Statute provides automatic adjustment for both FTSE count increases and decreases. This recommendation reduces statutory funding by \$19.4 million General Fund, continuing the suspension from FY 2009.

**General Fund**

(500.0)

**Equalization Aid**

0.0

The Executive recommends suspending equalization aid increases for FY 2010. A.R.S. § 15-1468 requires additional State funding assistance to community college districts with property tax bases below a statutory threshold. Four districts receive this funding adjustment annually: Cochise, Graham, Navajo and Yuma/La Paz. Equalization funding would remain at FY 2009 levels.

**General Fund**

0.0

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

## 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. It administers the Residential Contractors Recovery Fund, designed to reimburse residential property owners for improper workmanship by licensed residential contractors.

Agency Summary				
Program/ Cost Center	FY 2008 <i>Actual</i>	FY 2009 <i>Approp.</i>	FY 2010 <i>Exec. Rec.</i>	FY 2011 <i>Exec. Rec.</i>
Regulatory Affairs	11,671.1	12,147.0	12,163.8	12,223.5
Agency Total	11,671.1	12,147.0	12,163.8	12,223.5
<i>Category</i>				
FTE	144.8	144.8	144.8	144.8
Personal Services	5,274.3	5,819.0	5,819.0	5,819.0
ERE Amount	1,983.2	2,241.5	2,241.5	2,241.5
Prof. And Outside Services	461.8	354.8	354.8	354.8
Travel - In State	351.0	505.1	505.1	505.1
Travel - Out of State	2.5	11.8	11.8	11.8
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	1,300.8	2,134.9	2,151.7	2,211.4
Equipment	1,295.2	210.8	210.8	210.8
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	1,002.3	869.1	869.1	869.1
Agency Total	11,671.1	12,147.0	12,163.8	12,223.5
<i>Fund</i>				
Registrar of Contractors Fund	11,671.1	12,147.0	12,163.8	12,223.5
Agency Total	11,671.1	12,147.0	12,163.8	12,223.5

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 Incentive Pay	51.2	113.7	113.7	113.7
SLI Office of Administrative Hearings	1,002.3	1,002.3	1,002.3	1,002.3
SLI Information Management System	594.0	506.5	506.5	506.5

### Executive Recommendations

FY 2010   FY 2011

**Executive Issues**

**Rent Contractual Increase** 16.8      76.5

The recommendation includes \$16,800 in FY 2010 and \$76,500 in FY 2011 to cover rent charges.

Registrar of Contractors Fund 16.8      76.5

### Performance Measures

	FY 2008 <u>Actual</u>	FY 2009 <u>Expected</u>	FY 2010 <u>Expected</u>	FY 2011 <u>Expected</u>
Total inspections conducted	NA	NA	17,000	17,000
Total number of contractors licensed in state	60,164	62,579	64,947	67,315
Number of complaints received - unlicensed contractors	2,243	2,069	2,021	1,973

### Administrative Costs

	<u>FY 2010</u>	<u>FY 2011</u>
Administrative Costs	1,351.6	1,351.6
Agency Request	18,917.0	18,977.0
Administrative Cost Percentage	7.14%	7.12%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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 2008 or 2010. The seats are staggered 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, 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.

Program/ Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Administration	3,171.8	2,749.4	2,749.4	2,749.4
Hearings	1,487.5	1,614.1	1,614.1	1,614.1
Corporations	4,940.9	5,162.3	5,162.3	5,162.3
Securities	4,826.4	4,992.5	4,992.5	4,992.5
Railroad Safety	671.4	606.7	606.7	606.7
Pipeline Safety	1,416.7	1,374.4	1,374.4	1,374.4
Utilities	6,027.6	6,738.9	6,738.9	6,738.9
Legal	1,900.5	2,034.9	2,034.9	2,034.9
Information Technology	3,113.7	3,744.1	3,290.1	2,934.1
Agency Total	27,556.5	29,017.3	28,563.3	28,207.3
<i>Category</i>				
FTE	321.3	330.3	330.3	330.3
Personal Services	16,100.3	17,298.7	17,298.7	17,298.7
ERE Amount	5,549.7	5,892.1	5,892.1	5,892.1
Prof. And Outside Services	1,502.2	709.1	709.1	709.1
Travel - In State	273.5	284.6	284.6	284.6
Travel - Out of State	63.5	127.1	127.1	127.1
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	3,151.4	4,506.0	4,052.0	3,696.0
Equipment	709.6	455.5	455.5	455.5
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	206.3	(255.8)	(255.8)	(255.8)
Agency Total	27,556.5	29,017.3	28,563.3	28,207.3
<i>Fund</i>				
General Fund	5,655.6	4,791.7	4,791.7	4,791.7
Utility Regulation Revolving	13,444.8	14,467.9	14,467.9	14,467.9

Pipeline Safety Revolving	47.4	0.0	0.0	0.0
Securities Regulatory & Enforcement	3,652.6	3,946.0	3,946.0	3,946.0
Public Access Fund	3,783.4	4,832.0	4,378.0	4,022.0
Securities Investment Management Fund	924.8	928.6	928.6	928.6
Arizona Arts Trust Fund	47.9	51.1	51.1	51.1
Agency Total	27,556.5	29,017.3	28,563.3	28,207.3

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 Same Day Service	0.0	270.6	270.6	270.6
SLI Utility Audits and Studies	579.6	380.0	380.0	380.0
SLI Same Day Service	0.0	129.8	129.8	129.8

## Executive Recommendations

FY 2010   FY 2011

### Executive Issues

**STARPLUS Development** (454.0) (810.0)

In FY 2010, the Commission will complete the development phase of the STARPLUS project and begin the testing and implementation phases. The costs described in the original project investment justification are higher than the current estimates, but the current estimates are more realistic in light of the current economy. The recommendation provides a reduction of (\$454,000) in FY 2010 and (\$810,000) in FY 2011.

**Public Access Fund** (454.0) (810.0)

## Performance Measures

	FY 2008 Actual	FY 2009 Expected	FY 2010 Expected	FY 2011 Expected
Range of days to process expedited requests - corporate filings	2-5	2-5	2-5	2-5
Range of weeks to process regular requests - Corporate Filings	3-6	3-6	3-6	3-6
Total active corporations and Limited Liability Corporations recorded	536,851	570,000	605,000	665,000
Number of complaints	245	250	250	250
Number of grade crossing accidents	31	35	35	35
Total number of Interstate pipeline safety violations	3	0	0	0

## Administrative Costs

	<u>FY 2010</u>	<u>FY 2011</u>
Administrative Costs	5,759.5	5,759.5
Agency Request	28,866.0	28,599.0
Administrative Cost Percentage	19.95%	20.14%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

## Department of Corrections

**Mission:**

To recruit and recognize a well-trained, professional work force to serve and protect our communities and their crime victims by effectively employing the field's best security practices and proven re-entry programming to prepare offenders for their release and reintegration in the communities of Arizona as civil, productive citizens.

**Description:**

The Department serves and protects the people of the state of Arizona by incarcerating inmates in its correctional facilities and supervising released offenders in the community in keeping with the field's best practices, periodically assessing their needs and risks and providing commensurate levels of supervision and program services that promote literacy, employability, sobriety and accountability to crime victims, thereby reducing the possibility of relapse, revocation and recidivism and increasing the likelihood the felon population will be law-abiding and productive as they serve their sentences and later, when they are released.

State Charitable, Penal & Reformatory Land Earnings	562.0	4,062.5	4,062.5	0.0
Agency Total	934,330.5	999,701.5	1,155,196.0	1,067,348.0

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	19,351.0	23,831.4	24,645.5	23,831.4
Overtime/Compensatory Time				
SLI Private Prison Per Diem	80,206.3	82,952.7	104,798.0	96,814.4

### Executive Recommendations

FY 2010

### Executive Issues

Agency Summary				
<i>Program/ Cost Center</i>	<i>FY 2008 Actual</i>	<i>FY 2009 Approp.</i>	<i>FY 2010 Agency Req.</i>	<i>FY 2010 Exec. Rec.</i>
Prison Operations and Services	885,782.1	950,744.1	1,059,793.9	1,016,390.6
Community Corrections	12,546.1	12,997.1	14,126.7	12,997.1
Administration	36,002.3	35,960.3	81,275.4	37,960.3
Agency Total	934,330.5	999,701.5	1,155,196.0	1,067,348.0
<i>Category</i>				
FTE	9,755.9	9,932.5	10,876.8	10,328.5
Personal Services	422,579.0	421,922.8	446,551.6	427,324.1
ERE Amount	172,130.3	167,790.5	177,548.4	170,195.6
Prof. And Outside Services	175,019.6	228,104.6	271,345.5	270,666.8
Travel - In State	147.4	165.6	172.2	165.6
Travel - Out of State	110.7	154.0	154.0	154.0
Food	36,678.1	39,662.2	42,759.5	39,662.2
Aid to Others	298.7	330.9	330.9	330.9
Other Operating Expenses	79,033.3	88,109.9	114,992.7	95,793.4
Equipment	5,230.8	3,661.9	51,542.1	11,256.3
Capital Outlay	1,442.6	1,605.3	1,605.3	1,605.3
Transfers Out	41,660.0	48,193.8	48,193.8	50,193.8
Agency Total	934,330.5	999,701.5	1,155,196.0	1,067,348.0
<i>Fund</i>				
General Fund	884,274.5	947,476.0	1,102,970.5	1,024,285.0
Corrections Fund	27,799.1	29,054.8	29,054.8	29,054.8
State Education Fund for Correctional Education	451.5	424.0	424.0	424.0
DOC - Alcohol Abuse Treatment	555.4	599.3	599.3	599.3
Transition Office Fund	180.0	180.0	180.0	180.0
Transition Program Drug Treatment Fund	387.3	600.0	600.0	600.0
Prison Construction and Operations Fund	17,535.3	15,050.0	15,050.0	11,450.0
Penitentiary Land Earnings	2,585.4	2,254.9	2,254.9	754.9



FY 2010

FY 2010

**State Prisons Bed Plan**

0.0

On November 30, 2008, the State Prison System held 39,499 inmates, exceeding by 12% the existing facilities' design capacity of 35,286. The additional 4,213 inmates are temporarily accommodated in emergency, makeshift beds until more permanent facilities are available. During FY 2010, barring any changes to the criminal code or the criminal justice system, the inmate population is expected to grow at the rate of 150 per month, for a net increase of 2,700 inmates.

During the 2007 session, the Legislature authorized 6,000 new permanent prison beds: a 2,000-bed expansion of the Management and Training Corporation (MTC) private prison in Kingman and expansions of state-operated prisons at Perryville (1,000 beds), Tucson (1,000 beds) and Yuma (2,000 beds). The Kingman beds are scheduled to be available by January 2010. MTC has experienced substantial delays in securing financing but has assured the State that the new beds will be available by January 2010. The 4,000 beds at the public prisons will be available in March 2010 and are on schedule. If there are no other changes to the prison capacity, the bed deficit on January 1, 2010, is estimated to be 5,411. Currently, the prisons can reasonably accommodate 3,500 inmates in temporary beds without making substantial infrastructure upgrades (e.g., fresh water and waste water capacity, electrical and plumbing lines, and expanded structures).

During the 2008 session, \$14.3 million was appropriated to provide more capacity (presumably provisional out-of-state rental beds), and that funding would have been sufficient to provide about 800 beds. However, part of the Executive Budget Management Plan to balance the FY 2009 State General Fund budget is a \$6 million reduction, decreasing the \$14.3 million appropriation to just \$8.3 million.

The Executive recommends a short-term increase of 1,000 provisional beds in early FY 2010 until the new 6,000 beds are available in the spring of 2010. The recommendation will result in a 4,500-bed deficit by January 1, 2010, when the Kingman beds are scheduled to open, but it will substantially reduce the problems and risks of severe overcrowding.

Long term, there is a projected need for additional beds in late-spring of 2012.

General Fund

0.0

**Executive Recommendation Bed Plan**

Assumes No Criminal Code Changes

	Capacity Changes		Capacity	Projected Population	Bed Deficit
	No.	Type			
Mar-09	300	New Provisional Beds	35,586	40,099	(4,513)
Apr-09	400	New Provisional Beds	35,986	40,249	(4,263)
May-09	52	New Provisional Beds	36,038	40,399	(4,361)
Jul-09	400	of 1,000 Provisional	36,438	40,699	(4,261)
Aug-09	400	of 1,000 Provisional	36,838	40,849	(4,011)
Sep-09	200	of 1,000 Provisional	37,038	40,999	(3,961)
Jan-10	400	of 2,000 New Private	37,438	41,599	(4,161)
Feb-10	400	of 2,000 New Private	37,838	41,749	(3,911)
Mar-10	500	of 4,000 New Public	38,338	41,899	(3,561)
Mar-10	500	of 2,000 New Private	38,838	41,899	(3,061)
Apr-10	400	of 4,000 New Public	39,238	42,049	(2,811)
Apr-10	(500)	Provisional	38,738	42,049	(3,311)
Apr-10	400	of 2,000 New Private	39,138	42,049	(2,911)
May-10	300	of 2,000 New Private	39,438	42,199	(2,761)
May-10	(500)	Provisional	38,938	42,199	(3,261)
Jun-10	500	of 4,000 New Public	39,438	42,349	(2,911)
Oct-10	400	of 4,000 New Public	39,838	42,949	(3,111)
Dec-10	400	of 4,000 New Public	40,238	43,249	(3,011)
Mar-11	500	of 4,000 New Public	40,738	43,699	(2,961)
Jun-11	400	of 4,000 New Public	41,138	44,149	(3,011)
Sep-11	400	of 4,000 New Public	41,538	44,599	(3,061)
Dec-11	500	of 4,000 New Public	42,038	45,049	(3,011)
<b>TOTALS</b>					
	752	Total Provisional Beds			
	2,000	Total Private Beds			
	<u>4,000</u>	Total Public Beds			
	6,752				

**Annualize Cost of Beds Opened in FY 2009** 5,258.7

A portion of the \$14.3 million in increased funding appropriated for FY 2009 is for prison capacity expansion. The additional capacity includes 200 inmates on an emergency makeshift basis at the privately operated Central Arizona Correctional Facility in Florence, at a per-diem rate of \$31.50 or \$2.3 million. The additional capacity also includes 752 new provisional beds, with an estimated per-diem rate of \$63.00, or \$17.3 million per year. The Executive recommends \$5.3 million to annualize these expenditures.

**General Fund** 5,258.7

	<u>FY 2010</u>
<b>2,000 New Private Prison Beds</b>	13,992.7
<p>During the 2007 session, the Legislature authorized 2,000 new private prison beds. The estimated date to begin opening these beds was originally January 2009, but multiple delays have pushed that back to January 2010. The Executive recommends \$14.0 million to open these beds beginning January 4, 2010, based on loading 100 inmates per week at the rate of \$60.25 per day per bed. Included in this amount is \$131,100 for 4.0 FTE positions beginning in January 2010. These positions are responsible for inmate discipline, the determination of good-time credits required by truth-in-sentencing, and the monitoring of the private vendor contract. The judgment of inmate discipline, which affects the amount of time an inmate must serve in prison, cannot be delegated to the private vendor.</p>	
General Fund	13,992.7

<b>4,000 New State Beds</b>	16,877.0
<p>In the 2007 session, the Legislature authorized a 4,000-bed expansion of existing State-operated prisons. The beds, which will begin opening in March 2010, are located at Perryville (1,000 beds), Tucson (1,000) and Yuma (2,000). For FY 2010 the Executive recommends \$3.9 million for training 392 new staff, \$7.6 million for start-up equipment, and \$5.4 million for operating costs for the first 1,400 beds. The Executive recommendation provides for 500 beds in March 2010, 400 beds in April 2010, and 500 in June 2010. All of the new units will be minimum- to medium-security facilities.</p>	
General Fund	16,877.0

<b>1,000 Additional Provisional Beds</b>	18,293.5
<p>By the time the 2,000 private and 4,000 public beds open in late FY 2010 and throughout FY 2011, the bed deficit is expected to reach 5,411. The Executive recommends \$18.3 million to address, in part, that degree of overcrowding, which poses serious safety risks to inmates and correction officers. If provisional beds are available, the Executive recommendation is to purchase 1,000 provisional beds beginning July 6, 2009. After the 6,000 new permanent beds currently being constructed have started to open, the provisional beds will be eliminated starting in April and May of 2010. If provisional beds are not available in July 2009, the Executive plan would be to upgrade the infrastructure in existing prisons to accommodate the expected influx of inmates. In the absence of this funding, the prisons will have approximately 2,000 more inmates than can safely be housed in existing facilities.</p>	
General Fund	18,293.5

	<u>FY 2010</u>
<b>Population Growth, Inmate Marginal Costs</b>	6,355.8
<p>When new prisons are opened, funding is appropriated for staffing and equipping the facilities. Expenses directly related to individual inmates (e.g., food, clothing and minor medical) are funded each year as the number of inmates increases. For over a decade, the amount funded for these marginal costs has been set at \$3,531 per inmate in a State prison. The Executive projects net population growth at the prisons in the near future to average 150 new inmates each month, or 1,800 additional inmates during FY 2010. The Executive recommends \$6.4 million for marginal cost expenditures.</p>	
General Fund	6,355.8

<b>Medical Inflation</b>	4,868.8
<p>For FY 2009, the Department is appropriated \$81.1 million for outside medical expenditures. The Executive recommends a 6% inflationary increase for those costs, matching the increase provided to long-term, acute-care expenditures paid by AHCCCS. Outside medical expenses include hospitals, special use of outside physicians or medical specialists, pharmaceuticals, transportation, laboratory services, and medical and dental supplies.</p>	
General Fund	4,868.8

<b>Other Funds Expenditure Adjustments</b>	0.0
<p>In the spring of 2008, it appeared that large balances in some appropriated funds would allow the Department to cover expenditures of \$4.7 million from other funds rather than the General Fund. Actual revenues in FY 2009 are \$5.3 million below the spring expectations and will require the Department to reduce operational expenditures by that amount during FY 2009.</p>	

<p>For FY 2010, those other funds have been depleted and many other funds are experiencing reduced revenue deposits. This requires that some of the Department's expenditures again be funded from the General Fund, and the Executive recommends \$9.2 million for this purpose. Expenditure shifts are recommended from the Penitentiary Land Fund (\$1.5 million), the Prison Construction and Operating Fund (\$3.6 million), and the State Charitable, Penal and Reformatory Institutions Fund (\$4.1 million).</p>	
General Fund	9,162.5
Prison Construction and Operations Fund	(3,600.0)
Penitentiary Land Earnings Fund	(1,500.0)
State Charitable, Penal & Reformatory Land Earnings Fund	(4,062.5)

FY 2010

**Future Prison Sites Evaluation**

2,000.0

The State prison system has exhausted the available space for future expansion, and the Executive recommends \$2.0 million to evaluate potential future sites. The process of siting new prisons must be legislatively completed before design and construction can proceed. The evaluation process includes finding an appropriate site for the area's population, staffing the facilities, addressing environmental and archeological concerns, and achieving operational efficiency with the rest of the prison system. Recommendations and options would be presented to the Legislature during the 2010 session.

General Fund 2,000.0

---

**Performance Measures**

	FY 2007 Actual	FY 2008 Actual	FY 2009 Expected	FY 2010 <u>Expected</u>
Number of escapes of inmates from any location	2	2	0	0
Average daily inmate population	35,798	37,919	40,079	42,239
Average daily bed deficit	2,942	6,159	2,319	4,479

---

**Administrative Costs**

FY 2010

Administrative Costs	11,321.0
Agency Request	1,217,782.0
Administrative Cost Percentage	0.93%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

---

*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 cosmetology laws and rules by efficient regulation of salons, schools, and individuals who practice cosmetology.

**Description:**

The Board of Cosmetology is mandated to protect the public in Arizona. It 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 hearings and imposes enforcement action when appropriate. The Board establishes health and safety standards, as well as educational and curriculum standards and oversight. The Board 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. Electronic service convenience is available to the Board's customers, along with other strategic uses of technology to provide efficient government and reduce the overall costs and demands on full-time employees and other resources.

The Board has experienced an explosion of growth during the past decade. Through efficient use of technology and careful monitoring of resources, the Board has systematically provided enhanced systems, additional full-time employees (FTE's) or additional facilities.

The Board is recognized by national industry entities as being progressive, insightful, and a leader in cosmetology regulation.

Program/Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Licensing and Regulation	1,827.3	1,747.8	1,794.1	1,815.8
Agency Total	1,827.3	1,747.8	1,794.1	1,815.8
<i>Category</i>				
FTE	24.5	24.5	24.5	24.5
Personal Services	856.0	722.4	722.4	722.4
ERE Amount	336.2	320.8	320.8	320.8
Prof. And Outside Services	94.0	128.1	151.0	168.6
Travel - In State	50.7	51.4	51.4	51.4
Travel - Out of State	17.5	5.1	5.1	5.1
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	400.1	481.7	494.9	509.2
Equipment	72.8	38.3	48.5	38.3
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 Total	1,827.3	1,747.8	1,794.1	1,815.8
<i>Fund</i>				
Cosmetology Board	1,827.3	1,747.8	1,794.1	1,815.8
Agency Total	1,827.3	1,747.8	1,794.1	1,815.8

### Executive Recommendations

FY 2010   FY 2011

**Executive Issues**

**Operating Expenses** 29.6      61.5

Between FY 2007 and FY 2008, the number of applicants and services increased by 5%. That growth rate is expected to continue during the current fiscal year and into the future. To help offset the Agency's increasing operational costs, the Executive recommends increases of \$29,600 in FY 2010 and \$61,500 in FY 2011 from the Board of Cosmetology Fund.

Cosmetology Board Fund 29.6      61.5

**Lawful Presence** 6.5      6.5

Per Laws 2008, Chapter 152, the Board must spend more time processing applications and resubmissions to verify each applicant's lawful presence in the United States. Accordingly, the Executive recommends an increase of \$6,500 from the Board of Cosmetology Fund to cover the necessary increase in personnel expenditures.

Cosmetology Board Fund 6.5      6.5

**Protect IT Equipment** 10.2      0.0

The Executive recommends a one-time increase of \$10,200 from the Board of Cosmetology Fund for the purchase of a server cabinet to protect the Board's five servers.

Cosmetology Board Fund 10.2      0.0

### FY 2009 Supplemental Recommendations

FY 2009

**Cosmetology Fund Adjustment** 350.0

Laws 2008, Chapter 285, included a \$1.8 million transfer from the Board's fund to the General Fund which has left the Board with insufficient funds to cover its FY 2009 appropriation. The Executive recommends a transfer of \$350,000 from the General Fund to allow the Board of Cosmetology Fund to remain solvent through FY 2009.

General Fund 350.0

### Performance Measures

	FY 2008 <u>Actual</u>	FY 2009 <u>Expected</u>	FY 2010 <u>Expected</u>	FY 2011 <u>Expected</u>
Average calendar days from receipt of completed application to issuance of license	15	20	10	5
Total individuals and establishments licensed	101,094	106,000	111,000	116,000
Total inspections conducted	5,828	9,600	9,600	9,600
Total complaints and application denials	2,165	2,500	2,500	2,500

### Administrative Costs

	<u>FY 2010</u>	<u>FY 2011</u>
Administrative Costs	182.0	182.0
Agency Request	1,903.0	1,903.0
Administrative Cost Percentage	9.56%	9.56%

The agency request represents all funds, not just appropriated funds.

These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

---

*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 Arizona Criminal Justice Commission is a nineteen-member, statutorily-authorized entity which is mandated to carry out various coordinating, administrative, management, monitoring, and reporting functions regarding the criminal justice system in Arizona. The nineteen Commission members are appointed by the Governor, according to statutory guidelines, and represent the various elements of the criminal justice system in the State. Ten of the nineteen are county or local elected officials and the remainder are appointed criminal justice agency heads. In addition to its statutorily-mandated duties, the Commission is the state agency responsible for the acquisition of several formula criminal justice grants each year and for the management, administration, and reporting on these federal grants. The Commission generates reports regarding the Criminal Justice Records Improvement Program and State Identification Program grants to the US Department of Justice, Bureau of Justice Assistance and the National Criminal History Improvement Program to the Bureau of Justice Statistics. The Commission also develops and publishes an annual records improvement plan.

Program/Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Agency Management	484.5	296.2	296.2	296.2
Crime Victims	4,368.3	4,265.6	4,265.6	4,265.6
Statistical Analysis Center	25.0	0.0	25.0	0.0
Crime Control	3,141.2	3,245.5	3,245.5	3,245.5
Criminal Justice System Improvement	6.5	1.6	1.6	1.6
<b>Agency Total</b>	<b>8,025.5</b>	<b>7,808.9</b>	<b>7,833.9</b>	<b>7,808.9</b>
<i>Category</i>				
FTE	8.0	8.0	8.0	8.0
Personal Services	398.5	406.2	406.2	406.2
ERE Amount	133.7	139.3	139.3	139.3
Prof. And Outside Services	250.9	119.5	144.5	119.5
Travel - In State	10.0	10.9	10.9	10.9
Travel - Out of State	6.9	5.0	5.0	5.0
Aid to Others	7,129.3	7,023.7	7,023.7	7,023.7
Other Operating Expenses	83.3	104.3	104.3	104.3
Equipment	12.9	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

	0.0	0.0	0.0	0.0
Transfers Out				
<b>Agency Total</b>	<b>8,025.5</b>	<b>7,808.9</b>	<b>7,833.9</b>	<b>7,808.9</b>
<i>Fund</i>				
General Fund	1,067.7	1,172.0	1,172.0	1,172.0
Criminal Justice Enhancement Fund	896.2	785.2	810.2	785.2
Victims Compensation and Assistance Fund	4,011.3	3,800.0	3,800.0	3,800.0
State Aid to County Attorneys Fund	1,052.5	1,052.5	1,052.5	1,052.5
State Aid to Indigent Defense Fund	997.8	999.2	999.2	999.2
<b>Agency Total</b>	<b>8,025.5</b>	<b>7,808.9</b>	<b>7,833.9</b>	<b>7,808.9</b>

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	4,011.3	3,800.0	3,800.0	3,800.0
SLI State Aid to County Attorneys	1,052.5	1,052.5	1,052.5	1,052.5
SLI State Aid to Indigent Defense	997.8	999.2	999.2	999.2
SLI Rural State Aid to County Attorneys	157.7	157.7	157.7	157.7
SLI Rural State Aid to Indigent Defense	149.9	150.1	150.1	150.1

### Executive Recommendations

FY 2010   FY 2011

#### Executive Issues

**Arizona Youth Survey** 25.0   0.0

Per A.R.S. § 41-2416, the Commission administers the Arizona Youth Survey every two years to gather data from students on the prevalence of drug use, gang activity, and risk and protective factors. The Executive recommends a one-time increase of \$25,000 in FY 2010 to administer the survey.

**Criminal Justice Enhancement Fund** 25.0   0.0

#### Performance Measures

	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Expected	Expected	Expected
Applicants requesting funds	47	50	50	50
Number of arrests made by grant-funded task forces	7,707	5,000	5,000	5,000
Number of studies/reports completed and published	8	30	15	15

#### Administrative Costs

	FY 2010	FY 2011
Administrative Costs	733.4	733.4
Agency Request	38,575.0	36,324.0
Administrative Cost Percentage	1.90%	2.02%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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 the parents, school districts, advocacy organizations, business and community members to create nurturing environments in which children with sensory impairments feel valued, develop their unique abilities, strive to achieve academic excellence, and develop skills to help them become productive and responsible members of society. This mission is based upon the belief that all children with sensory impairments can learn and that every effort must be made to ensure that students are provided with a thorough and efficient education in a safe environment where students can fulfill their academic potential.

### Description:

The Arizona State Schools for the Deaf and the Blind (ASDB) consists of a variety of programs that provide education and evaluation to sensory-impaired children and youth 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. Sensory impaired 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 a limited number of referred sensory impaired children with multiple disabilities.

Program/Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Phoenix Day School	8,403.3	9,159.5	9,159.5	9,159.5
Tucson Campus	16,921.9	17,274.3	17,274.3	17,274.3
Regional Cooperatives	1,541.8	1,447.6	1,447.6	1,447.6
Preschool	4,003.6	4,118.0	4,118.0	4,118.0
Administration	3,655.7	4,707.7	4,707.7	4,707.7
Agency Total	34,526.3	36,707.1	36,707.1	36,707.1
<i>Category</i>				
FTE	587.2	587.2	587.2	587.2
Personal Services	19,368.5	20,861.4	20,861.4	20,861.4
ERE Amount	7,631.2	7,953.0	7,953.0	7,953.0
Prof. And Outside Services	1,005.4	733.8	733.8	733.8
Travel - In State	56.5	22.0	22.0	22.0
Travel - Out of State	8.9	18.7	18.7	18.7
Food	111.4	180.1	180.1	180.1
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	5,083.1	5,968.0	5,968.0	5,968.0
Equipment	1,274.6	970.1	970.1	970.1
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	(13.3)	0.0	0.0	0.0
Agency Total	34,526.3	36,707.1	36,707.1	36,707.1

Fund

General Fund	20,226.8	22,011.7	22,011.7	22,011.7
Schools for the Deaf & Blind Fund	14,299.5	14,695.4	14,695.4	14,695.4
Agency Total	34,526.3	36,707.1	36,707.1	36,707.1

### Performance Measures

	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Expected	Expected	Expected
Percent of parents rating overall quality of services as good or excellent based on annual survey PDS	98	95	95	95
Percent of Phoenix students successful in transition settings three years after graduation	0	90	0	0
Percent of parents satisfied with the quality of the program in Phoenix	95	95	95	95
Percent of Tucson students successful in transition settings three years after graduation	0	90	0	0
Percent of parents satisfied with the quality of the program in Tucson	98	90	95	95

### Administrative Costs

	FY 2010	FY 2011
Administrative Costs	3,772.8	3,772.8
Agency Request	64,280.0	63,984.0
Administrative Cost Percentage	5.87%	5.90%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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 benefit also from ACDHH information, programs and activities. An excellent example of services benefiting the community: ACDHH Deaf and Hard of Hearing Specialists provide sensitivity training for State agencies or other organizations and groups that work with 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 (FCC). ACDHH is also mandated to provide licensing of American Sign Language interpreters and certification of American Sign Language teachers.

Agency Total	4,472.5	5,441.1	5,441.1	5,441.1
--------------	---------	---------	---------	---------

### Performance Measures

	FY 2008 <u>Actual</u>	FY 2009 <u>Expected</u>	FY 2010 <u>Expected</u>	FY 2011 <u>Expected</u>
Annual call minutes for the telecommunications relay service	1,160,411	1,300,000	1,276,767	1,622,782
Number of equipment distributed to consumers	1,766	1,500	1,500	1,500
Percent of customer satisfaction with equipment distribution voucher program	97.87	97	90	90
Number of applications distributed to consumers regarding the equipment distribution program	2,000	1,500	1,500	1,500
➤ <i>AZTEDP applications are primarily available at demonstration sites.</i>				
Number of licensed general interpreters	26	28	31	36
➤ <i>Legal &amp; Provisional</i>				
Percent of telecommunication relay service calls completed without a complaint	99.98	98	99.90	99.90

### Administrative Costs

	<u>FY 2010</u>	<u>FY 2011</u>
Administrative Costs	300.9	300.9
Agency Request	5,441.0	5,441.0
Administrative Cost Percentage	5.53%	5.53%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

### Agency Summary

<i>Program/ Cost Center</i>	<i>FY 2008 Actual</i>	<i>FY 2009 Approp.</i>	<i>FY 2010 Exec. Rec.</i>	<i>FY 2011 Exec. Rec.</i>
Council Activities	1,800.2	2,675.5	2,675.5	2,675.5
TDD (Telecommunication Device for the Deaf)	2,672.3	2,765.6	2,765.6	2,765.6
Agency Total	4,472.5	5,441.1	5,441.1	5,441.1

*Category*

FTE	16.0	16.0	16.0	16.0
Personal Services	795.9	795.8	795.8	795.8
ERE Amount	295.6	295.7	295.7	295.7
Prof. And Outside Services	801.7	1,622.9	1,622.9	1,622.9
Travel - In State	40.9	47.0	47.0	47.0
Travel - Out of State	27.0	26.2	26.2	26.2
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	1,987.9	2,001.2	2,001.2	2,001.2
Equipment	523.5	596.3	596.3	596.3
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	56.0	56.0	56.0
Agency Total	4,472.5	5,441.1	5,441.1	5,441.1

*Fund*

Telecommunication for the Deaf	4,472.5	5,441.1	5,441.1	5,441.1
--------------------------------	---------	---------	---------	---------



## 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.

Agency Summary				
Program/ Cost Center	FY 2008 <i>Actual</i>	FY 2009 <i>Approp.</i>	FY 2010 <i>Exec. Rec.</i>	FY 2011 <i>Exec. Rec.</i>
Licensing and Regulation	1,097.8	1,102.8	1,106.6	1,114.8
Agency Total	1,097.8	1,102.8	1,106.6	1,114.8
<i>Category</i>				
FTE	11.0	11.0	11.0	11.0
Personal Services	480.2	536.5	536.5	536.5
ERE Amount	160.2	143.9	143.9	143.9
Prof. And Outside Services	230.8	259.7	259.7	259.7
Travel - In State	4.0	3.2	3.2	3.2
Travel - Out of State	8.9	5.5	5.5	5.5
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	203.8	130.3	134.1	142.3
Equipment	8.8	23.7	23.7	23.7
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	1.1	0.0	0.0	0.0
Agency Total	1,097.8	1,102.8	1,106.6	1,114.8
<i>Fund</i>				
Dental Board Fund	1,097.8	1,102.8	1,106.6	1,114.8
Agency Total	1,097.8	1,102.8	1,106.6	1,114.8

### Executive Recommendations

	FY 2010	FY 2011
<b>Executive Issues</b>		
<b>Private Rent Increase</b>	3.8	12.0
The Executive recommends \$3,800 in FY 2010 and \$12,000 in FY 2011 for increasing costs in private rent.		
Dental Board Fund	3.8	12.0

### Performance Measures

	FY 2008 <u>Actual</u>	FY 2009 <u>Expected</u>	FY 2010 <u>Expected</u>	FY 2011 <u>Expected</u>
Total number of individuals or facilities licensed	7913	8637	8401	8653
Customer satisfaction rating (scale 1-5)	5	4	4	4
Average number of calendar days from receipt of complaint to resolution of complaint	124	150	150	150
Total number of investigations conducted	536	503	520	520
Total number of complaints received annually	529	453	482	482
Average calendar days to renew a license (from receipt of application to issuance)	10	10	10	10

### Administrative Costs

	FY 2010	FY 2011
Administrative Costs	56.9	56.9
Agency Request	1,190.0	1,176.0
Administrative Cost Percentage	4.78%	4.84%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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.

## Performance Measures

	FY 2008 <u>Actual</u>	FY 2009 <u>Expected</u>	FY 2010 <u>Expected</u>	FY 2011 <u>Expected</u>
Prevention service requests completed (in thousands)	2.6	2.5	2.5	2.5
Prevention materials disseminated (in thousands)	133.5	30.0	35.0	35.0
Number of people directly and indirectly impacted (in thousands)	28.6	35.0	25.0	25.0

## Administrative Costs

	<u>FY 2010</u>	<u>FY 2011</u>
Administrative Costs	170.0	170.0
Agency Request	2,032.0	2,032.0
Administrative Cost Percentage	8.37%	8.37%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

### Agency Summary

<i>Program/Cost Center</i>	<i>FY 2008 Actual</i>	<i>FY 2009 Approp.</i>	<i>FY 2010 Exec. Rec.</i>	<i>FY 2011 Exec. Rec.</i>
Drug and Gang Prevention Center	500.6	639.0	639.0	639.0
Agency Total	500.6	639.0	639.0	639.0
<i>Category</i>				
FTE	6.3	6.3	6.3	6.3
Personal Services	287.2	358.9	358.9	358.9
ERE Amount	108.3	107.5	107.5	107.5
Prof. And Outside Services	4.4	28.0	28.0	28.0
Travel - In State	2.4	5.5	5.5	5.5
Travel - Out of State	2.0	8.2	8.2	8.2
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	89.6	124.1	124.1	124.1
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	4.4	6.8	6.8	6.8
Transfers Out	0.0	0.0	0.0	0.0
Agency Total	500.6	639.0	639.0	639.0
<i>Fund</i>				
Drug and Gang Prevention Fund	257.3	302.4	302.4	302.4
Intergovernmental Agreements and Grant Funds	243.3	336.6	336.6	336.6
Agency Total	500.6	639.0	639.0	639.0

## 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; 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.

### Agency Summary

Program/Cost Center	FY 2008 Actual	FY 2009 Approp.	FY 2010 Agency Req.	FY 2010 Exec. Rec.
---------------------	-------------------	--------------------	------------------------	-----------------------

Administration	42,193.2	46,114.7	38,754.9	35,781.0
Developmental Disabilities	348,313.2	372,007.5	424,074.6	417,474.6
Benefits and Medical Eligibility	163,501.0	174,203.0	180,714.1	177,684.3
Child Support Enforcement	23,339.4	24,094.9	25,088.2	25,088.2
Aging and Community Services	49,446.7	52,490.1	57,085.5	55,435.5
Children, Youth and Families	302,094.3	329,863.3	373,948.8	370,800.9
Employment and Rehabilitation Services	274,935.0	314,073.3	331,767.5	331,589.0
Agency Total	1,203,822.8	1,312,846.8	1,431,433.6	1,413,853.5
<i>Category</i>				
FTE	4,062.1	4,201.0	4,545.3	4,316.9
Personal Services	153,702.6	169,306.7	181,436.7	173,320.0
ERE Amount	62,712.7	66,221.4	71,496.4	67,800.2
Prof. And Outside Services	29,209.4	33,059.5	33,275.3	33,069.5
Travel - In State	3,418.1	3,882.4	5,022.2	4,336.1
Travel - Out of State	51.0	50.6	50.6	50.6
Food	356.9	376.6	376.6	376.6
Aid to Others	905,387.1	989,676.0	1,077,853.5	1,072,250.2
Other Operating Expenses	41,658.3	43,775.6	53,639.4	55,543.2
Equipment	7,316.9	6,479.9	8,264.8	7,089.0
Capital Outlay	9.8	18.1	18.1	18.1
Agency Total	1,203,822.8	1,312,846.8	1,431,433.6	1,413,853.5
<i>Fund</i>				
General Fund	785,264.1	808,328.1	936,076.4	917,296.3
Tobacco Tax and Health Care Fund	119.0	200.0	200.0	200.0
Workforce Investment Grant	35,758.4	55,938.3	55,938.3	55,938.3
Temporary Assistance for Needy Families	229,260.3	281,716.1	269,969.9	269,969.9
Child Care and Development Fund	109,494.7	112,159.0	110,420.6	110,420.6
Special Administration Fund	1,466.4	1,574.4	1,735.4	1,735.4
Child Support Enforcement Administration Fund	14,679.4	15,126.4	16,030.6	16,030.6
Domestic Violence Shelter Fund	1,700.0	1,700.0	1,700.0	1,700.0
Child Abuse Prevention Fund	39.4	1,576.9	1,576.9	1,576.9
Children and Family Services Training Program Fund	83.1	209.6	209.6	209.6
Public Assistance Collections Fund	268.2	516.6	516.6	516.6
Department Long-Term Care System Fund	22,064.5	26,468.5	29,726.4	30,926.4
Spinal and Head Injuries Trust Fund	2,337.3	2,565.7	2,565.7	2,565.7
Utility Assistance Fund	500.0	0.0	0.0	0.0
Risk Management Fund	271.5	271.5	271.5	271.5
Indirect Cost Recovery Fund	0.0	1,000.0	1,000.0	1,000.0
Reed Act Fund	516.5	3,495.7	3,495.7	3,495.7
Agency Total	1,203,822.8	1,312,846.8	1,431,433.6	1,413,853.5

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 Finger Imaging	561.0	738.8	738.8	738.8	SLI Grandparent Kinship Care	0.0	0.0	1,000.0	1,000.0
SLI Attorney General Legal Services	932.7	1,042.0	1,142.1	1,042.0	SLI Children Support Services	62,311.3	76,082.4	82,070.4	83,564.1
SLI Tri-Agency Disaster Recovery	271.5	271.5	271.5	271.5	SLI CPS Emergency Placement	5,158.3	5,186.5	7,035.5	6,967.3
SLI Document Management	0.0	494.5	494.5	494.5	SLI CPS Residential Placement	17,678.7	17,710.0	22,520.7	21,876.2
SLI Case Management Title XIX	13,261.3	14,419.2	15,872.8	15,792.1	SLI Foster Care Placement	28,460.8	23,362.6	27,771.1	27,384.3
SLI Case Management State-Only	4,531.1	4,496.0	8,832.8	4,496.0	SLI Education and Training Vouchers	329.2	700.0	700.0	700.0
SLI Home and Community Based Services Title XIX	203,268.9	207,289.9	245,306.0	245,282.9	SLI Healthy Families	10,750.0	10,750.0	10,750.0	10,750.0
SLI Home and Community Based Services State-Only	34,451.3	36,697.5	39,328.7	36,697.5	SLI Family Builders Program	5,181.5	5,200.0	5,200.0	5,200.0
SLI Institutional Services Title XIX	4,486.4	5,167.6	5,167.6	5,167.6	SLI Intensive Family Services	1,985.6	1,985.6	1,985.6	1,985.6
SLI Institutional Services State-Only	153.7	294.9	294.9	294.9	SLI Child Abuse Prevention	39.4	826.9	826.9	826.9
SLI Medical Services	38,585.1	46,098.4	46,460.8	46,456.7	SLI Homeless Youth Intervention	367.7	400.0	400.0	400.0
SLI ATP-Coolidge Title XIX	5,690.7	5,762.3	5,947.4	5,945.2	SLI Comprehensive Medical and Dental Program	2,057.0	2,057.0	2,057.0	2,057.0
SLI ATP-Coolidge State-Only	77.5	566.4	566.4	566.4	SLI Joint Substance Abuse - AZ Families (FIRST)	6,077.6	7,224.5	9,724.5	7,224.5
SLI State-Funded Long Term Care Services	24,986.2	26,383.3	26,383.3	26,383.3	SLI Permanent Guardianship Subsidy	6,952.6	8,935.3	9,112.1	8,935.3
SLI Autism Training and Oversight	119.0	200.0	200.0	200.0	SLI Adoption Services	49,044.8	55,244.6	63,402.6	64,123.3
SLI Medicare Clawback Payments	2,184.4	2,206.6	2,206.6	2,206.6	SLI Adoption Services - Family Preservation Projects	289.5	700.0	700.0	700.0
SLI Children's Autism Intensive Behavioral Treatment Services	0.0	1,800.0	1,800.0	1,800.0	SLI CPS Appeals	732.1	732.3	732.3	732.3
SLI Children's Autism Intensive Early Intervention Services for Toddlers	205.3	500.0	500.0	500.0	SLI CYF Attorney General Legal Services	12,190.7	12,168.8	14,564.6	12,168.8
SLI Arizona Early Intervention Program	0.0	3,500.0	3,500.0	3,500.0	SLI Independent Living Maintenance	3,136.0	3,136.0	4,223.8	4,223.8
SLI TANF Cash Benefits	118,953.3	123,220.0	122,426.4	122,426.4	SLI JOBS	18,793.7	23,573.7	23,463.7	23,463.7
SLI Tribal Pass-Thru Funding	3,859.9	4,288.7	5,192.3	5,192.3	SLI Day Care Subsidy	156,821.4	162,289.0	176,689.0	176,539.0
SLI General Assistance	1,979.9	2,060.8	2,060.8	2,060.8	SLI Transitional Child Care	29,728.0	36,193.0	36,193.0	36,193.0
SLI Tuberculosis Control Payments	14.8	32.2	32.2	32.2	SLI Vocational Rehabilitation Services	4,857.7	4,919.1	4,919.1	4,919.1
SLI Eligibility System Upgrade	0.0	6,431.3	6,431.3	6,431.3	SLI Independent Living Rehabilitation Services	2,382.6	2,491.9	2,491.9	2,491.9
SLI Document Management	494.5	0.0	0.0	0.0	SLI Summer Youth Employment and Training	1,250.0	750.0	750.0	750.0
SLI Genetic Testing	122.4	122.4	122.4	122.4	SLI Workforce Investment Act - Discretionary	2,633.9	3,614.0	3,614.0	3,614.0
SLI CSE Attorney General Legal Services	3,243.2	3,314.0	3,314.0	3,314.0	SLI Workforce Investment Act - Local Governments	33,066.7	48,040.6	48,040.6	48,040.6
SLI County Participation	553.3	1,384.1	1,384.1	1,384.1					
SLI Adult Services	16,772.0	18,977.7	18,977.7	18,977.7					
SLI Community and Emergency Services	5,336.8	5,424.9	5,424.9	5,424.9					
SLI Coordinated Hunger Program	1,857.2	2,014.6	2,014.6	2,014.6					
SLI Coordinated Homeless Program	2,626.2	2,804.9	2,804.9	2,804.9					
SLI Domestic Violence Prevention	14,812.3	15,947.4	19,247.4	17,597.4					
SLI Community-Based Marriage and Communication Skills Program Fund Deposit	950.0	0.0	0.0	0.0					
SLI Lifespan Respite Care	51.2	500.0	500.0	500.0					

## Executive Recommendations

FY 2010

## Executive Issues

FY 2010

**Child Protective Services Staffing - Year 2** 3,603.5

Arizona has developed caseload-specific standards for CPS Workers and a plan to hire enough workers to meet those standards. The standards include a maximum caseload burden of 10 investigations per month, 16 out-of-home children, or 19 in-home cases per month. In FY 2007, caseloads were 19.2% above these standards. In FY 2009, the Executive and Legislature approved 61 new CPS Case Managers and support staff to combat the rising caseload ratios facing CPS workers. This was the first year of a three-year initiative to meet the standards outlined above. Unfortunately, the State's financial outlook will likely delay this three-year plan and keep caseload ratios relatively high. The Executive recommends \$3.6 million from the General Fund to hire an additional 36 caseworkers and 18 support staff. This will move the ratios from 14% above the standard to 10% and alleviate some of the excess caseloads of CPS workers.

General Fund 3,603.5

---

**Adoption Subsidy** 8,878.7

When a child cannot be reunited with their parents, the Department looks at other options to place a child in a permanent home. Adoption is a lengthy legal process in which the birth parents' rights are severed from the child. At the time this recommendation was prepared, there were 1,954 children in care with a case plan goal of adoption. It is anticipated that the adoption caseload will increase to an average of 13,731 children per month, and the average subsidy payment will be \$710 per child. The Executive recommends \$8.9 million from the General Fund for Adoption Subsidy caseload growth.

General Fund 8,878.7

---

FY 2010

**Children Services** 19,626.5

The Executive recommends \$19.6 million from the General Fund for Children Services. The majority of the necessary funding is to backfill an existing shortfall or cover rising costs, rather than to accommodate new caseload growth. The Executive projects the FY 2009 structural shortfall to be over \$14.1 million General Fund.

Since the 2003 Special Session, DES has focused on in-home services for children in the CPS system. Those efforts have been successful, as in-home cases have grown by 72% and out-of-home placements have been relatively flat over the last three years. Unfortunately, the federal government does not reimburse the Department for in-home placements, and the Department has struggled to overcome that lack of reimbursement. The federal government does reimburse up to 50% of the cost to remove a child from their home.

The Deficit Reduction Act of 2005 has forced the Department to license caretakers in order to qualify for federal funding. Unlicensed placements, despite being preferable to group homes or shelters, do not receive federal funding. Therefore, the Department has worked to move children into licensed foster homes, rather than unlicensed homes or group homes. The growth in foster care is the result of decreased placements of children in congregate and unlicensed settings.

Increased funding is required in the Emergency Placement and Residential Placement special line items because new requests for proposals must be released for group homes and shelters over the next year. Those providers have not received an increase in funding for several years, so it is anticipated that costs will rise under the new contracts.

The Independent Living Maintenance program accounts for nearly \$1.1 million of the funding. The Executive anticipates an average monthly caseload of 443 clients at \$795 per month.

General Fund 19,626.5

---

FY 2010

FY 2010

**Domestic Violence Intervention**

1,650.0

In FY 2007 the Governor created a multi-year plan to end the domestic violence (DV) turn away rate. The plan reflects the State’s commitment to the DV community to provide the operating costs for shelters and beds if funds for capital needs could be raised privately. While the number of people turned away has fallen, more than 10,000 victims of domestic violence were turned away in FY 2008 due to lack of available space. In FY 2009, the third year of the plan, additional funding for the shelters was suspended due to budget constraints.

The Executive recommends \$1.7 million from the General Fund to begin to address the remaining shortfall of available domestic violence shelter beds. This funding will provide operating dollars for over 60 new beds, which will serve an additional 800 to 900 battered women and children seeking shelter.

General Fund 1,650.0

**Federal Block Grant Backfills**

0.0

The Executive recommends funding the Temporary Assistance for Needy Families (TANF) Federal Block Grant structural shortfall with \$11.7 million from the General Fund. The Executive also recommends backfilling the Child Care and Development Fund (CCDF) Federal Block Grant with \$1.7 million from the General Fund. The CCDF has historically been over-appropriated to spend down the carry-forward balance in the fund. That balance is nearly exhausted; if the funds are not replaced, it will result in a cut to child care program funding. Similarly, the existing TANF Block Grant had been over-appropriated by \$4.7 million in order to spend down the excess fund balance, which is now exhausted. An additional \$7 million in one-time TANF Contingency Funds was appropriated to ongoing programs in FY 2009. Thus, the entire TANF Block Grant offset totals \$11.7 million.

General Fund 13,484.6

Temporary Assistance for Needy Families (11,746.2)

Child Care and Development Fund (1,738.4)

**Child Care**

16,050.3

Child care is a critical program for parents struggling to find work. The alternative to providing child care assistance is for the parents to either leave the child in an unsafe environment or quit their jobs to care for the children, which leads to more public assistance for the family. The Executive recommends \$16.1 million from the General Fund for child care caseload growth. Of this amount, \$4.7 million is carried forward from the supplemental need in FY 2009. A General Appropriation Act footnote states, “It is the intent of the Legislature to fully fund Child Care caseloads and not create a wait list.”

General Fund 16,050.3

**Technical Adjustments**

5,523.1

The Executive recommends several budgetary changes to better reflect where actual costs occur. It also recommends changes in FTE levels and expenditure authority to correct omissions from previous years’ budgets. The recommendations have zero General Fund impact, and are all technical in nature.

1. Occupancy and Telecommunications: Beginning in FY 2009, occupancy and telecommunication costs will be charged to the benefiting programs’ budgets within DES, rather than to Administrative Support. When funds are spent out of the Child Support Enforcement Fund and the Long Term Care System Fund in the Administrative Division, they are considered non-appropriated; conversely, when they are spent out of the programs, the expenditures are considered appropriated. Therefore, the recommendation includes shifting the expenditures for these funds from non-appropriated to appropriated. There is a net-zero impact to each of the impacted funds.

2. San Carlos Apache Tribe: Effective May 1, 2008, the Tribe will be responsible for its own TANF program. To reflect this change, a transfer of \$903,600 in General Fund support dollars should be transferred from the TANF Cash Benefits special line item (SLI) and Jobs SLI to the Tribal-Pass-Through Funding SLI. These funds have historically been used by DES to administer the Tribe’s TANF program. There is a net-zero impact to the funding sources for this issue, as it represents a permanent allocation transfer.

3. TANF Maintenance of Effort Shift: In order for the Department to draw down \$40 million in TANF Contingency Funds, it must meet certain Maintenance of Effort (MOE) requirements. A significant portion of MOE funds were historically located in the Day Care Subsidy SLI, which is allowable for the TANF Block Grant MOE but not for TANF Contingency Funds. In order to continue to receive those additional funds, the Department must swap \$58 million General Fund in the Day Care Subsidy SLI with \$58 million TANF in the TANF Cash Benefits SLI. There is a total fund net-zero impact, as the fund swaps offset.

4. Family Assistance Administration FTE: In FY 2009, the Department was granted \$3.1 million to hire 55.9 Eligibility Workers. The 55.9 positions were not appropriated, but the Department was permitted to transfer authorized FTE positions from within its budget. The Department requests a permanent transfer of 55.9 FTE positions from the Jobs SLI to the Division of Benefits and Medical Eligibility operating budget to reflect this shift. There is no funding impact, as this recommendation represents a shift of FTE authority only.

5. Division of Child Support Enforcement FTE: The Deficit Reduction Act of 2005 required states to review child support orders for cases receiving TANF Cash Benefits every three years. Funding for 24.8 additional FTE was authorized in the FY 2008

FY 2010

budget, but the FTE authority was never appropriated. The Department requests that the FTE authority be appropriated to the Division of Child Support Enforcement’s operating budget. There is no funding impact, as this recommendation only adds FTE authority for which funding has already been appropriated.

6. Child Support County Participation: The Department contracts with counties to run their own child support enforcement programs. The funds provided by the counties are used to pull down federal Title IV-D matching funds for local county expenditures. The expenditure authority for these federal funds has been constant since FY 2003, even though the county matching funds have increased significantly. The Department requests an increase of \$1.8 million in federal expenditure authority in the County Participation SLI to pull down the maximum federal match. There is no impact to appropriated funds, but this recommendation would allow the Department to pull down an additional \$1.8 million in matching Title IV-D funds to be passed through to the counties to run their own child support enforcement programs.

7. Special Administration Fund: With the transfer of the Research Administration from the Department of Economic Security to the Department of Commerce, DES requests that \$161,000 in Special Administration Funds be taken out of the administration budget and used to offset costs in the Jobs SLI. The Special Administration funding was eliminated from the Administrative Division in the FY 2009 budget, rather than transferred to the JOBS SLI, creating a shortfall in the DES budget. The Department requests that the Special Administrative Fund appropriation of \$161,000 be reinstated and placed in the JOBS program, a more appropriate place for expenditures from this fund. They also request that an equivalent amount of General Fund dollars be sent to the Administrative Division from the JOBS program. This recommendation would increase the appropriation from the Special Administration Fund by \$161,000 but would have no General Fund impact.

8. Grandparent Kinship Care: The Grandparent Kinship Care program was created two years ago with an appropriation of \$1.0 million General Fund to the Foster Care Placement SLI in the Division of Children, Youth and Families. However, the program does not require contact with the child welfare system. A more appropriate place for these funds would be in the Division of Aging and Community Services (DACs), since the local Area Agencies on Aging are administering this program. DES is requesting the creation of a new special line item in DACs and placing the funding there. This recommendation has no funding impact, as it merely shifts a program from the Division of Children, Youth and Families to the Division on Aging and Community Service.

9. The Executive also recommends reducing several expenditure

FY 2010

plans for non-appropriated funds so that the agency may operate within decreased revenue projections.

General Fund	0.0
Temporary Assistance for Needy Families	0.0
Child Care and Development Fund	0.0
Special Administration Fund	161.0
Child Support Enforcement Administration Fund	904.2
Department Long-Term Care System Fund	4,457.9
Spinal and Head Injuries Trust Fund	0.0

**Developmental Disabilities** 40,674.6

Arizona’s Developmentally Disabled population continues to grow steadily. The population receiving these services includes Arizona residents who have chronic developmental disabilities that manifest prior to age 18. Afflictions include but are not limited to cerebral palsy, epilepsy, autism or a cognitive disability. These disabilities must limit three or more areas of major life activities, including self-care, language, learning, mobility, self-direction, capacity for independent living, and economic self-sufficiency. ALTCS eligibility also includes a requirement that the individual must have an income below 300% of the Supplemental Security Income eligibility limit of \$1,869 per month.

The Executive recommends \$40.7 million from the General Fund for Developmentally Disabled capitation and population growth. It is anticipated that the Developmentally Disabled population will increase by 6.1% in FY 2010, and the capitation rate is expected to increase by 3.3% and the FMAP to move to 65.75%. The Executive also recommends 83 total FTE positions to manage the increased caseload. Of this request, approximately \$8 million is a carry-forward of an FY 2009 supplemental need in this program. Within this recommendation, \$1.2 million is attributable to the under-funding of the premium tax. Since it was implemented in FY 2004, the premium tax appropriation has grown to \$17.2 million. The estimated premium tax payment for FY 2009 is \$18.4 million.

General Fund	40,674.6
--------------	----------

FY 2010

**Division of Children, Youth, and Families Operating Shortfall** 5,000.0

To ensure adequate funding for CPS staff, the Executive recommends that the FY 2009 \$5.0 million supplemental recommendation from the General Fund be ongoing. The Department's appropriation is not adequate to support full staffing in addition to the overtime that is necessary to manage the CPS workload. State and federal laws require that 100% of CPS reports be investigated; they also require regular visitation with children and families involved in the child welfare system. There are many more mandates on CPS, such as investigation timelines, guidelines to documentation, and court appearances. Without the continuation of the supplemental funding, the Department will have no choice but to hold CPS worker positions vacant to pay for underfunded operating costs.

General Fund 5,000.0

**FY 2009 Supplemental Recommendations**

FY 2009

**Adoption Subsidy** 1,600.0

When a child cannot be safely returned to their home and the court has severed parental rights, the Department seeks to move that child to permanency. Individuals who adopt a child from the child welfare system are provided a subsidy to allow them to financially support that child. The Executive projects a funding shortfall of \$2.7 million in the Adoption Services program in FY 2009. The shortfall is a function of an underestimation of the caseload. According to the JLBC Appropriations Report, the appropriation assumes an average monthly caseload of 11,950, while the Department is projecting 12,369. However, as a result of its success in increasing the number of children who achieve permanency through adoption, the Department recently received a federal bonus of \$1.1 million. Applying these funds to the shortfall reduces the Executive Recommendation to approximately \$1.6 million from the General Fund.

General Fund 1,600.0

**Children Services** 14,133.9

Children Services provides for the placement costs of children who have been removed from their home as well as the supportive services designed to allow children to remain safely in their homes or to return home more quickly. Costs have grown, due primarily to the expansion and enhancement of in-home services, though some of the increase is a result of caseloads and costs in out-of-home care. Increased investment in in-home services has greatly slowed the growth in out-of-home care but has not resulted in declines that are as substantial as were projected. Additionally, though less expensive than out-of-home services, in-home services generally are not eligible for federal Title IV-E funding, which eliminates some of the savings. The Executive recommends \$14.1 million from the General Fund for the Children Services shortfall in FY 2009.

General Fund 14,133.9

**Child Care** 4,700.0

A child care shortfall was expected when the FY 2009 budget was enacted. The shortfall is driven by growing caseloads across the program, including Cash Assistance-related cases, families involved in the child welfare system, and low-income working families. Based on current caseloads and costs, the estimated shortfall is \$7.1 million. The Department, though, has identified \$2.4 million in funding to mitigate this total. Specifically, Laws 1998, Chapter 208 appropriated \$6.1 million from the Temporary Assistance for Needy Families block grant for child care eligibility and administration. The appropriation was exempted from lapsing and approximately \$2.4 million remains.

In recognition of the deficit, a footnote was included in the appropriations act that stated, "It is the intent of the Legislature to fully fund child care caseloads and not create a wait list." Therefore, the Executive recommends \$4.7 million from the General Fund to avoid the creation of a child care waiting list. Without this funding, it is estimated that the waiting list would grow to approximately 5,500 children by the end of the fiscal year.

General Fund 4,700.0



**Developmental Disabilities** 6,300.0

The Arizona Long Term Care System (ALTCS) for individuals with developmental disabilities is an entitlement under Arizona’s Medicaid state plan. This Medicaid-funded program must provide services to all eligible individuals. The shortfall results from an underestimation of the capitation rate in the development of the FY 2009 budget. Specifically, the budget assumed that the rate would be \$3,424.52 per member per month, while it is actually \$3,502.63. This actuarially established rate does not include any programmatic enhancements or expansions; it represents only the funding necessary to operate the program according to statutory and contractual requirements. Holding all other budget assumptions constant, the shortfall resulting from the underfunding of the capitation rate is \$17.7 million in total funds. The General Fund requirement is \$6.3 million. The entitlement nature of this program prevents the Department from arbitrarily reducing services to individuals with developmental disabilities.

General Fund 6,300.0

**Division of Children, Youth, and Families Operating Shortfall** 5,000.0

The Department’s Division of Children, Youth and Families (DCYF) operates Child Protective Services (CPS). Increasing in-home and out-of-home caseloads and reports of abuse and neglect of children drives the operating budget of this Division. In FY 2008, workloads exceeded the Arizona-specific caseload standards by 21 percent. The FY 2009 budget included funding for the first of a three-year plan to achieve the standard. Even when the staff is hired, caseloads are estimated to exceed the standards by 14% this year.

The Executive recommends \$5.0 million General Fund to offset the existing shortfall in the Division of Children, Youth and Families.

The work of CPS is, in many regards, dictated by State and federal laws, which makes it difficult to reduce its functions in order to reduce costs. For example, a State appropriations act footnote requires that 100% of CPS reports be investigated, and State and federal statutes require regular visitation with children and families involved in the child welfare system. There are many more mandates on CPS, such as investigation timelines, guidelines to documentation, and court appearances. The Department’s appropriation, however, is not adequate to support full staffing in addition to the overtime that is necessary to manage this workload.

General Fund 5,000.0

**Performance Measures**

	FY 2007 Actual	FY 2008 Actual	FY 2009 Expected	FY 2010 Expected
Child protective services response rate (percent)	100	100	100	100
Average number of consumers with developmental disabilities served	18,631	19,700	20,882	22,135
Total Office of Accounts Receivable and Collections cost per dollar to administer, bill, and collect debts	.0608	0.1	0.1	0.1
Adult Protective Services investigation percentage rate	95.54	100	100	100
Average cash benefits caseload (unduplicated)	37,616	37,030	37,832	38,652
Number of substantiated reports of child maltreatment	2,380	*	2,800	2,800
Number of children with finalized adoptions	1,468	*	1,500	1,500
Percent of children in out-of-home care who exit the child welfare system who achieve permanent placement through reunification, adoption, or legal guardianship	33	*	34	34
Percent of refugee medical assistance program eligibility determinations made within 48 hours of receipt of a complete application	100	100	100	100
Percent of total food stamp payments issued accurately	95	95.8	95.5	95.5
Percent of child protective service reports that are substantiated	8.26	*	8.0	8.0
Total average number of children in Day Care Subsidy program per month	35,818	37,396	39,334	40,715
Ratio of current IV-D child support collected and distributed to current IV-D support due	49.44	50.9	52.4	53.9
Average cost per participant	519	252	519	519
Number of Cash Assistance employment placements	16,780	17,902	17,902	17,902
Average number of consumers with developmental disabilities served	8,483	8,770	9,068	9,340

**Administrative Costs**

	FY 2010
Administrative Costs	201,947.6
Agency Request	4,011,088.0
Administrative Cost Percentage	5.03%
The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.	
<i>The Executive recommends a lump-sum appropriation by program with special line items.</i>	

## 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 official under the Arizona State Constitution. The Superintendent leads the State of Arizona in developing and implementing educational guidelines. Through the various programs within the Arizona Department of Education, the Superintendent oversees direct services to 237 locally governed school districts and 364 Charter Holders operating at over 478 Charter sites. 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 current, reliable, and accurate information on the status and needs of the public school system.

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	3,496,825.2	3,614,397.9	3,857,739.0	3,842,811.9
SLI Additional State Aid	366,134.8	404,880.5	418,380.5	418,380.5
SLI Other State Aid to Districts	700.5	983.9	983.9	983.9
SLI AIMS Intervention and Dropout Prevention	5,601.1	5,050.0	5,050.0	5,050.0
SLI Special Education Vouchers	25,237.7	35,237.7	41,861.3	35,237.7
SLI Extended School Year	(2.4)	500.0	500.0	500.0
SLI Early Childhood Block Grant	18,372.1	19,438.1	19,438.1	19,438.1
SLI Vocational Education Block Grant	11,967.2	11,467.7	11,467.7	11,467.7
SLI Chemical Abuse	717.7	817.1	817.1	817.1
SLI School Safety	6,294.8	6,786.5	6,786.5	6,786.5
SLI Teacher Certification	1,783.2	1,971.4	1,971.4	1,971.4
SLI Parental Choice for Reading Success	975.0	1,000.0	1,000.0	1,000.0

Program/ Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Agency Req.	FY 2010 Exec. Rec.
State Board of Education/Vocational and Technological Education	517.1	3,573.0	3,573.0	3,573.0
School Finance - Payment and Financial Compliance	3,865,636.2	4,022,359.1	4,279,200.2	4,264,273.1
School Accountability and Improvement	21,183.5	19,936.3	63,420.7	24,936.3
Education Services	93,881.1	139,682.3	147,115.0	139,682.3
Professional Development Administration	6,966.2	3,309.1	3,309.1	3,309.1
	9,784.2	7,134.7	8,968.1	7,134.7
<b>Agency Total</b>	<b>3,997,968.3</b>	<b>4,195,994.5</b>	<b>4,505,586.1</b>	<b>4,442,908.5</b>
<i>Category</i>				
FTE	258.2	255.8	284.3	255.8
Personal Services	12,821.9	13,929.0	15,764.0	13,929.0
ERE Amount	3,730.1	4,097.3	4,691.7	4,097.3
Prof. And Outside Services	16,857.3	14,914.1	48,646.1	19,914.1
Travel - In State	257.8	184.3	304.3	184.3
Travel - Out of State	6.2	4.7	4.7	4.7
Aid to Others	3,925,633.6	4,158,941.8	4,422,406.5	4,400,855.8
Other Operating Expenses	5,371.2	3,905.3	13,742.8	3,905.3
Equipment	1,790.0	18.0	26.0	18.0
Transfers Out	31,500.2	0.0	0.0	0.0
<b>Agency Total</b>	<b>3,997,968.3</b>	<b>4,195,994.5</b>	<b>4,505,586.1</b>	<b>4,442,908.5</b>
<i>Fund</i>				
General Fund	3,943,009.3	4,141,201.0	4,450,792.6	4,388,115.0
Teacher Certification Fund	2,084.0	2,572.8	2,572.8	2,572.8
School Accountability Fund Prop 301	7,626.2	7,000.0	7,000.0	7,000.0
Golden Rule Special Plate Fund	28.1	0.0	0.0	0.0
Public Institutions Permanent School Earnings	45,220.7	45,220.7	45,220.7	45,220.7
<b>Agency Total</b>	<b>3,997,968.3</b>	<b>4,195,994.5</b>	<b>4,505,586.1</b>	<b>4,442,908.5</b>

### Executive Recommendations

FY 2010

**Executive Issues**

**AIMS Assessment Section, Achievement Testing** 5,000.0  
 Pursuant to A.R.S. § 15-741, achievement testing is required for K-12 students in grades selected by the Superintendent of Public Instruction using a norm-referenced test (grades 2 & 9) and AIMS testing in at least 4 grades, selected by the State Board (grades 3 through 8, 10 and retakes for high school students).

The Executive recommends \$5.0 million from the General Fund in FY 2010 for AIMS testing.

**General Fund** 5,000.0

FY 2010

**Basic State Aid FY 2010** 228,414.0

Basic State Aid constitutes the State's financial obligation for funding K-12 public schools. A component of Basic State Aid is Equalization Assistance, or formula funding, for traditional public schools. The average daily membership (ADM) of each school district from the prior year is multiplied by a weighted factor (which varies with the grade and special needs of individual students) and then multiplied by a statutorily determined support, or per pupil, amount. Since the formula is based on prior academic year ADM, it may be increased to account for growth during the current academic year. In determining the equalization base, or spending limit, the formula incorporates Transportation and Capital funding as well.

School districts receive Basic State Aid when their local share, funded through property taxes, does not meet or exceed their equalization base amount. Districts that are able to raise the amount of their equalization base through their local share do not receive this funding. This equalization assistance represents the State's portion of the K-12 funding, referred to as Basic State Aid. The concept of equalization ensures that all school districts receive an equal share of the education dollar while taking into account the financial capacity of each school district.

Traditional school districts are one component of Basic State Aid. Charter Schools (which are funded using a current year funding formula), juvenile correctional facilities, and adult correctional facilities that accommodate minors also receive assistance through formulas different from those employed by traditional school districts.

As required by Laws 2000, Fifth Special Session, Chapter 1, the formula used to calculate Basic State Aid includes an inflation factor. Pursuant to A.R.S. § 15-901.01, beginning in FY 2007 the inflation factor is the lesser of (a) 2% or (b) the change in the GDP price deflator from the second preceding calendar year to the calendar year immediately preceding the budget year.

The Executive recommends \$228.4 million in FY 2010 from the General Fund to fully fund the K-12 school finance formula, using the following assumptions: (a) 2% enrollment growth, (b) 8% net assessed valuation (NAV), (c) 2% deflator, (d) truth in taxation, (e) 50% for rapid-decline districts, (f) phase-in for excess utilities, and (g) an offset for the reinstatement of the Statewide Equalization Tax Rate.

General Fund 228,414.0

---

FY 2010

**Additional State Aid** 13,500.0

A.R.S. § 15-972 requires the State to pay 37% of each homeowner's primary property tax rate as a "rebate," up to a maximum of \$540. Laws 2007, Chapter 258, accelerates the enacted reduction in business property tax rates. This increased cost to the State was offset by the elimination of excess utilities in FY 2009. Additionally, Article IX, Section 18 of the Arizona Constitution limits residential tax obligations to 1% of the home's cash value. All Class 3 properties are eligible for both the "homeowner's rebate" and the 1% cap.

The Executive recommends a net increase of approximately \$13.5 million General Fund in FY 2010 for Additional State Aid for ongoing property value growth and tax rate changes. This assumes the extension of the desegregation "soft cap" pursuant to Laws 2006, Chapter 53, § 18.

General Fund 13,500.0

---

## Performance Measures

	FY 2007 <u>Actual</u>	FY 2008 <u>Actual</u>	FY 2009 <u>Expected</u>	FY 2010 <u>Expected</u>
Percent of Arizona high school students who enter 9th grade and graduate within four years	69	73	74	75
➤ <i>Fiscal Year data represents class cohort from 2 years previously (i.e. FY 2005 = Class of 2003).</i>				
Number of investigative cases closed	287	226	290	290
Number of days to process budget analysis from July 18	68	*102	102	102
➤ <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	99	99	100
Percent of students with disabilities with proficient performance in reading in grade 3	39	36	39	40
Percent of students with disabilities with proficient performance in reading in grade 5	30	31	33	34
Percent of students with disabilities with proficient performance in reading in grade 8	21	22	23	24
Percent of students with disabilities with proficient performance in reading in grade 10	27	28	30	31
Percent of local education agencies (with ELL students receiving state/federal funding) in full compliance with federal, state and ADE policy issues	55	58	58	59
Percent of calls that are resolved by the Support Center	91	89	92	85
Number of schools participating in department special initiatives	341	376	380	400
Maximum number of days to process complete certification applications	8	21	18	14

### Administrative Costs

	<u>FY 2010</u>
Administrative Costs	11,294.3
Agency Request	6,374,601.0
Administrative Cost Percentage	0.18%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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.

Program/ Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Administration	1,979.1	2,252.3	2,252.3	2,252.3
Military Affairs	6,545.3	6,235.7	6,622.7	6,672.7
Emergency Management	2,345.2	5,565.0	5,565.0	6,477.2
Agency Total	10,869.6	14,053.0	14,440.0	15,402.2
<i>Category</i>				
FTE	71.4	72.4	72.4	72.4
Personal Services	3,430.4	3,203.0	3,203.0	3,203.0
ERE Amount	1,112.8	1,150.8	1,150.8	1,150.8
Prof. And Outside Services	125.3	232.3	232.3	232.3
Travel - In State	83.5	105.1	105.1	105.1
Travel - Out of State	41.4	63.9	63.9	63.9
Food	59.3	120.3	120.3	120.3
Aid to Others	562.3	3,054.1	3,054.1	3,054.1
Other Operating Expenses	3,155.4	3,486.3	3,873.3	4,835.5
Equipment	251.9	263.1	263.1	263.1
Capital Outlay	0.0	175.0	175.0	175.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	0.0	0.0	0.0
Transfers Out	2,047.3	2,199.1	2,199.1	2,199.1
Agency Total	10,869.6	14,053.0	14,440.0	15,402.2
<i>Fund</i>				
General Fund	10,814.0	13,920.3	14,307.3	15,269.5
Emergency Response Fund	55.6	132.7	132.7	132.7
Agency Total	10,869.6	14,053.0	14,440.0	15,402.2

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 Guardsmen Tuition Reimbursement	1,317.3	1,446.0	1,446.0	1,446.0
SLI Civil Air Patrol	27.1	54.7	54.7	54.7
SLI Governor's Emergency Funds	541.9	3,500.0	3,500.0	3,500.0

# Executive Recommendations

FY 2010 FY 2011

## Executive Issues

### State Land lease

387.0 437.0

The Executive recommendation provides for State Land lease increases. Previously, federal monies were used to pay for these leases, but DEMA has been advised that federal monies may not be used for that purpose.

General Fund 387.0 437.0

### Emergency Operation Center Lease Purchase

0.0 912.2

In 2008, the Legislature authorized the Department of Administration to issue a Certificate of Participation to expand the State Emergency Operations Center, with debt service starting in FY 2011. The Executive recommends \$912,200 from the General Fund for the first debt service payment.

General Fund 0.0 912.2

## Performance Measures

	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Expected	Expected	Expected
Percent of Air National Guard soldiers re-enlisted	90	90	89	88
Percent of Army National Guard soldiers re-enlisted	73	82	82	82
Number of communities with sustained Disaster Resistant Community Programs	106	109	112	115
Percent of requests for contingency exercise assistance supported	0	100	0	0
Average number of months of community recovery time from declaration of emergency to termination of emergency	16.4	15.0	15.0	15.0
Number of Project Challenge graduates annually	114	200	200	200

## Administrative Costs

	FY 2010	FY 2011
Administrative Costs	1,993.8	1,993.8
Agency Request	82,428.0	82,338.0
Administrative Cost Percentage	2.42%	2.42%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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.

Agency Summary				
<i>Program/ Cost Center</i>	<i>FY 2008 Actual</i>	<i>FY 2009 Approp.</i>	<i>FY 2010 Exec. Rec.</i>	<i>FY 2011 Exec. Rec.</i>
Administration	17,715.9	15,880.3	15,880.3	15,880.3
Air Quality	46,711.1	50,748.8	50,748.8	50,748.8
Waste Program	4,771.9	21,521.7	21,835.3	21,835.3
Water Quality Program	11,841.9	13,038.8	13,038.8	13,038.8
Agency Total	81,040.9	101,189.6	101,503.2	101,503.2
<i>Category</i>				
FTE	473.4	473.4	476.4	476.4
Personal Services	19,662.4	22,320.2	22,459.7	22,459.7
ERE Amount	6,880.5	7,618.1	7,667.2	7,667.2
Prof. And Outside Services	35,207.8	39,885.8	39,885.8	39,885.8
Travel - In State	498.8	545.3	545.3	545.3
Travel - Out of State	20.2	40.3	40.3	40.3
Aid to Others	3,299.6	1,856.9	1,856.9	1,856.9
Other Operating Expenses	8,315.2	6,736.0	6,861.0	6,861.0
Equipment	589.4	479.0	479.0	479.0
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	4,464.8	5,721.4	5,721.4	5,721.4
Transfers Out	2,102.2	15,986.6	15,986.6	15,986.6
Agency Total	81,040.9	101,189.6	101,503.2	101,503.2
<i>Fund</i>				
General Fund	17,323.1	24,080.2	29,080.2	29,080.2
DEQ Emissions Inspection	33,375.3	37,470.7	37,470.7	37,470.7
Hazardous Waste Management	189.1	795.0	795.0	795.0
Air Quality Fund	5,567.4	5,227.5	5,227.5	5,227.5
Clean Water Revolving Fund	0.0	5,000.0	0.0	0.0
Underground Storage Tank Revolving	3.3	22.0	22.0	22.0
Recycling Fund	1,939.6	2,325.8	2,325.8	2,325.8
Permit Administration	5,710.6	5,992.3	6,305.9	6,305.9
Solid Waste Fee Fund	928.6	1,503.1	1,503.1	1,503.1
Used Oil Fund	10.4	137.8	137.8	137.8
Water Quality Fee Fund	3,763.3	5,887.0	5,887.0	5,887.0
Indirect Cost Fund	12,230.1	12,748.2	12,748.2	12,748.2
Agency Total	81,040.9	101,189.6	101,503.2	101,503.2

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 Transfer to Counties	1,841.8	1,841.9	1,841.9	1,841.9
--------------------------	---------	---------	---------	---------

SLI Emissions Control Contractor Payments	30,707.8	33,239.6	33,239.6	33,239.6
SLI Waste Tire Program	47.7	53.6	53.6	53.6
SLI WQARF Priority Site Remediation	0.0	15,000.0	15,000.0	15,000.0
SLI Clean Water	1,425.2	0.0	0.0	0.0
SLI Safe Drinking Water	669.9	845.1	845.1	845.1

## Executive Recommendations

FY 2010   FY 2011

### Executive Issues

<b>Restoration of GF One Time Offsets and Reductions</b>	0.0	0.0
--	-----	-----

The Executive recommendation restores \$5.0 million from the General Fund and reduces by the same amount the one-time appropriation from the Clean Water Revolving Fund. Due to the projected FY 2009 budget shortfall, Laws 2008, Chapter 285, (General Appropriation Act) included a fund shift of \$5.0 million to use monies from the Clean Water Revolving Fund and reduced General Fund expenses by the same amount. Based on federal and adopted state laws relating to the Revolving Fund, the U.S. Environmental Protection Agency has indicated that monies in the Clean Water Revolving cannot be used for operating purposes.

General Fund	5,000.0	5,000.0
Clean Water Revolving Fund	(5,000.0)	(5,000.0)

<b>Air Permits Admin Fund Expenditure Authority</b>	313.6	313.6
---	-------	-------

The recommendation increases the expenditure authority from the Air Permit Administration by \$313,600 and 3.0 FTE inspectors. This increase is needed to enable the Department to meet statutory requirements and access the non-General Fund monies that are available in the Fund.

Permit Administration Fund	313.6	313.6
----------------------------	-------	-------

## Performance Measures

	FY 2008 <u>Actual</u>	FY 2009 <u>Expected</u>	FY 2010 <u>Expected</u>	FY 2011 <u>Expected</u>
Number of non-attainment areas exceeding national ambient air quality standards.	5	5	5	5
Percentage of facilities from Drinking Water Priority Log assigned to enforcement staff.	100.0	100.0	100.0	100.0
Percent reduction in drinking water plan review processing time.	24.7	10.0	10.0	10.0
Percent reduction in Arizona pollutant discharge elimination system (AZDPDES) permit processing time.	25.02	N/A	N/A	N/A
Percent reduction in Aquifer protection permit processing time.	N/A	15.0	15.0	15.0
➤ <i>Measure effective FY2009.</i>				
Percentage of statutorily set permit timelines met through License Time Frame rule.	99.47	99.0	99.0	99.0
Customer satisfaction rating for citizens (scale of 1-8)	7.7	7.4	7.4	7.4
Number of days per year exceeding National Ambient Air Quality Standards (NAAQS) for Ozone (O3), Carbon Monoxide (CO), or Particulates (PM10).	0.0	0.0	0.0	0.0
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)	84.5	82.0	82.0	82.0

### Administrative Costs

	<u>FY 2010</u>	<u>FY 2011</u>
Administrative Costs	16,230.5	16,230.5
Agency Request	334,042.0	334,042.0
Administrative Cost Percentage	4.86%	4.86%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

## 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 not any discriminatory practices in State government.

### Description:

The 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.

Program/ Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Equal Opportunity	249.2	249.3	249.3	249.3
Agency Total	249.2	249.3	249.3	249.3
<i>Category</i>				
FTE	3.0	3.0	3.0	3.0
Personal Services	156.6	143.3	143.3	143.3
ERE Amount	53.1	48.8	48.8	48.8
Prof. And Outside Services	3.1	5.1	5.1	5.1
Travel - In State	0.0	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	36.4	45.8	45.8	45.8
Equipment	0.0	4.3	4.3	4.3
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 Total	249.2	249.3	249.3	249.3
<i>Fund</i>				
General Fund	249.2	249.3	249.3	249.3
Agency Total	249.2	249.3	249.3	249.3

## Performance Measures

	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Expected	Expected	Expected
Number of calls answered providing information and assistance regarding Equal Opportunity rules and regulations	702	655	700	700
Total training hours provided to state employees	818	1,159	900	900
Number of community organizations contacted by the Governor's Office for Equal Opportunity to help facilitate the dissemination of information regarding employment opportunities	276	357	250	250
Number of minority/women-owned businesses contacted and provided with information regarding state contracting opportunities	2,767	3,155	2,500	2,500
Number of persons trained in mediation	0	0	0	0

## Administrative Costs

	FY 2010	FY 2011
Administrative Costs	191.2	191.2
Agency Request	317.0	317.0
Administrative Cost Percentage	60.32%	60.32%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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 thirty-three members, thirteen appointed by the Governor, including the Chairman, and ten members from both Maricopa and Pima counties. The Board's jurisdiction is primarily over locally assessed real and personal property in Maricopa and Pima counties. Under A.R.S. §§ 42-14001 et al, the Board's authority extends to centrally assessed property statewide. The State Board of Equalization also can provide hearing officer services for outlying counties. Currently, the SBOE provides services to La Paz, Mohave, Navajo, Pinal and Yavapai counties. The Board, formerly Division I of the State Board of Tax Appeals, was created on August 1, 1995 through a consolidation of the appeals process.

## Administrative Costs

	FY 2010	FY 2011
Administrative Costs	120.4	120.4
Agency Request	656.0	656.0
Administrative Cost Percentage	18.35%	18.35%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

### Agency Summary

Program/ Cost Center	FY 2008 <i>Actual</i>	FY 2009 <i>Approp.</i>	FY 2010 <i>Exec. Rec.</i>	FY 2011 <i>Exec. Rec.</i>
State Board of Equalization	638.9	656.2	656.2	656.2
Agency Total	638.9	656.2	656.2	656.2
<i>Category</i>				
FTE	7.0	7.0	7.0	7.0
Personal Services	375.0	419.5	419.5	419.5
ERE Amount	129.3	113.3	113.3	113.3
Prof. And Outside Services	12.0	15.3	15.3	15.3
Travel - In State	2.6	3.5	3.5	3.5
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	101.6	96.6	96.6	96.6
Equipment	18.4	8.0	8.0	8.0
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 Total	638.9	656.2	656.2	656.2
<i>Fund</i>				
General Fund	638.9	656.2	656.2	656.2
Agency Total	638.9	656.2	656.2	656.2

### Performance Measures

	FY 2008 <i>Actual</i>	FY 2009 <i>Expected</i>	FY 2010 <u>Expected</u>	FY 2011 <u>Expected</u>
Cost per parcel (in dollars)	13	12	12	12
Parcels appeals received	51,200	52,500	55,000	56,000

## 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.

Program/ Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Board of Executive Clemency	1,097.2	1,097.6	1,097.6	1,097.6
Agency Total	1,097.2	1,097.6	1,097.6	1,097.6
<i>Category</i>				
FTE	14.0	17.0	17.0	17.0
Personal Services	635.7	633.1	633.1	633.1
ERE Amount	260.7	266.4	266.4	266.4
Prof. And Outside Services	11.6	4.0	4.0	4.0
Travel - In State	5.9	7.0	7.0	7.0
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	176.0	180.1	180.1	180.1
Equipment	7.3	7.0	7.0	7.0
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 Total	1,097.2	1,097.6	1,097.6	1,097.6
<i>Fund</i>				
General Fund	1,097.2	1,097.6	1,097.6	1,097.6
Agency Total	1,097.2	1,097.6	1,097.6	1,097.6

### Performance Measures

	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Expected	Expected	Expected
Number of parole hearings scheduled	725	800	800	800
Percent of parole grants	18	37	37	37
Number of revocations	2,443	3,220	3,220	3,220
Number of victims notified	2,743	3,900	3,900	3,900

## Administrative Costs

	FY 2010	FY 2011
Administrative Costs	166.5	158.0
Agency Request	1,404.0	1,334.0
Administrative Cost Percentage	11.86%	11.84%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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.

## Administrative Costs

	FY 2010	FY 2011
Administrative Costs	1,303.2	1,340.0
Agency Request	16,700.0	16,700.0
Administrative Cost Percentage	7.80%	8.02%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

Program/ Cost Center	Agency Summary			
	FY 2008 <i>Actual</i>	FY 2009 <i>Approp.</i>	FY 2010 <i>Exec. Rec.</i>	FY 2011 <i>Exec. Rec.</i>
Interim Events	4,309.3	7,674.0	7,674.0	7,674.0
State Fair Operations	10,439.0	8,625.6	8,625.6	8,625.6
Agency Total	14,748.3	16,299.6	16,299.6	16,299.6
<i>Category</i>				
FTE	182.7	186.0	186.0	186.0
Personal Services	4,326.0	4,615.4	4,615.4	4,615.4
ERE Amount	1,171.9	1,258.9	1,258.9	1,258.9
Prof. And Outside Services	2,990.9	3,132.0	3,132.0	3,132.0
Travel - In State	2.2	13.1	13.1	13.1
Travel - Out of State	7.0	19.4	19.4	19.4
Aid to Others	3.0	8.0	8.0	8.0
Other Operating Expenses	3,503.6	4,652.8	4,652.8	4,652.8
Equipment	222.4	0.0	0.0	0.0
Capital Outlay	2,521.3	2,600.0	2,600.0	2,600.0
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 Total	14,748.3	16,299.6	16,299.6	16,299.6
<i>Fund</i>				
Coliseum & Exposition Center	14,748.3	16,299.6	16,299.6	16,299.6
Agency Total	14,748.3	16,299.6	16,299.6	16,299.6

### Performance Measures

	FY 2008 <i>Actual</i>	FY 2009 <i>Expected</i>	FY 2010 <i>Expected</i>	FY 2011 <i>Expected</i>
Fair attendance (in thousands)	1,214.4	1,300.0	1,300.0	1,300.0
New revenue received from alternative sources (in dollars)	52,700	100,000	15,000	15,000
Number of guest service contacts	157	170	184	199

# State Department of Financial Institutions

FY 2010 FY 2011

## Mission:

To regulate the Financial Industry to promote integrity within the industry and to foster economic growth, while providing outstanding consumer support.

## Description:

The Arizona Department of Financial Institutions is charged with the licensing, supervision, and regulation of state chartered financial institutions and enterprises. The supervisory role is twofold: 1) ensuring the safety and soundness of state chartered financial entities and 2) verifying compliance with applicable state and federal laws. The Department also investigates complaints that are filed by consumers against licensed entities where violations of state law or rules have been alleged and directs appropriate remedial action if the violations are substantiated. The Department serves nearly 4,200 entities licensed to conduct business in the State as well as all Arizona citizens receiving services from these regulated companies.

Agency Summary				
Program/ Cost Center	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Office of Supervision	2,520.7	2,465.5	2,794.7	2,610.2
Office of Regulatory Affairs	1,314.3	1,320.8	3,378.6	2,522.1
Receiverships	47.7	23.0	23.0	23.0
Agency Total	3,882.7	3,809.3	6,196.3	5,155.3
Category				
FTE	57.1	57.1	73.1	74.1
Personal Services	2,501.8	2,481.3	3,051.7	3,092.8
ERE Amount	828.1	826.0	1,050.0	1,065.2
Prof. And Outside Services	41.0	3.9	878.9	287.1
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	510.8	498.1	616.1	595.1
Equipment	1.0	0.0	199.6	45.1
Capital Outlay	0.0	0.0	400.0	70.0
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 Total	3,882.7	3,809.3	6,196.3	5,155.3
Fund				
General Fund	3,882.7	3,809.3	3,809.3	3,809.3
Banking Department Revolving	0.0	0.0	2,387.0	1,346.0
Agency Total	3,882.7	3,809.3	6,196.3	5,155.3

## Executive Recommendations

FY 2010 FY 2011

### Executive Issues

**Loan Originator Licensing Budget and 16 FTE** 1,728.6 1,056.8

The Executive recommends \$1,728,600 and 14 FTE in FY 2010 and \$1,056,800 and 2 FTE in FY 2011 respectively as part of a good

faith effort to comply with new state and federal regulations regarding loan originator licensing.

Banking Department Revolving Fund 1,728.6 1,056.8

**IT Budget and 3 IT Specialists** 658.4 289.2

To help ensure compliance with both new and existing statute and federal law, the Executive recommends \$658,400 and 2 FTE in FY 2010. In addition 1 FTE and \$289,200 should be added in FY 2011.

Banking Department Revolving Fund 658.4 289.2

## Performance Measures

	FY 2008 Actual	FY 2009 Expected	FY 2010 Expected	FY 2011 Expected
Average number of calendar days from receipt to resolution of regular complaint	160	250	200	200
Percent of complainants indicating they receive good or better overall service from the Department	80	75	75	75
Open receiverships (at any point in fiscal year)	0	1	2	2
Percent of examinations receiving a satisfactory composite rating	85	85	85	85
Percent of examination reports mailed within 25 days of completion of all examination procedures	21	20	20	20
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)	52.8	55	55	55

## Administrative Costs

	FY 2010	FY 2011
Administrative Costs	547.7	547.7
Agency Request	9,983.0	8,939.0
Administrative Cost Percentage	5.49%	6.13%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

## 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 and training related to 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 latter enforces the State Fire Code and provides training and education for fire personnel and the general public. The Office of Manufactured Housing 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.

## Performance Measures

	FY 2008 Actual	FY 2009 Expected	FY 2010 Expected	FY 2011 Expected
Average days from receipt of complete application to granting of license	2	2	2	2
Number of enforcement inspections for new construction	452	600	800	1,000
Total individuals or facilities licensed	1,721	1,800	1,825	1,850
Number of persons trained in fire and life safety issues	33	30	300	500

## Administrative Costs

	FY 2010	FY 2011
Administrative Costs	322.0	329.0
Agency Request	6,098.0	6,176.0
Administrative Cost Percentage	5.28%	5.33%

The agency request represents all funds, not just appropriated funds.

These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

### Agency Summary

Program/ Cost Center	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Administration	1,672.5	1,621.3	1,621.3	1,621.3
Manufactured Housing	963.8	990.6	990.6	990.6
State Fire Marshal	973.5	974.9	974.9	974.9
Agency Total	3,609.8	3,586.8	3,586.8	3,586.8
<i>Category</i>				
FTE	43.1	43.1	43.1	43.1
Personal Services	2,005.3	2,005.1	2,005.1	2,005.1
ERE Amount	766.1	766.3	766.3	766.3
Prof. And Outside Services	46.9	47.2	47.2	47.2
Travel - In State	219.1	287.6	287.6	287.6
Travel - Out of State	2.7	2.6	2.6	2.6
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	484.9	478.0	478.0	478.0
Equipment	84.8	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 Total	3,609.8	3,586.8	3,586.8	3,586.8
<i>Fund</i>				
General Fund	3,609.8	3,586.8	3,586.8	3,586.8
Agency Total	3,609.8	3,586.8	3,586.8	3,586.8

## Arizona State Forester

**Mission:**

To provide for the prevention and suppression of wildfires on state and private lands, located outside incorporated municipalities, 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.

## Administrative Costs

	FY 2010	FY 2011
Administrative Costs	879.5	879.5
Agency Request	34,630.0	34,148.0
Administrative Cost Percentage	2.54%	2.58%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

### Agency Summary

Program/ Cost Center	FY 2008 <i>Actual</i>	FY 2009 <i>Approp.</i>	FY 2010 <i>Exec. Rec.</i>	FY 2011 <i>Exec. Rec.</i>
State Forester	8,227.5	6,921.9	6,921.9	6,921.9
Agency Total	8,227.5	6,921.9	6,921.9	6,921.9
<i>Category</i>				
FTE	60.0	60.0	60.0	60.0
Personal Services	2,137.9	2,599.1	2,599.1	2,599.1
ERE Amount	749.8	876.3	876.3	876.3
Prof. And Outside Services	4.0	0.0	0.0	0.0
Travel - In State	78.2	34.9	34.9	34.9
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	200.0	0.0	0.0	0.0
Other Operating Expenses	530.6	206.6	206.6	206.6
Equipment	509.6	205.0	205.0	205.0
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	4,017.4	3,000.0	3,000.0	3,000.0
Agency Total	8,227.5	6,921.9	6,921.9	6,921.9
<i>Fund</i>				
General Fund	8,227.5	6,921.9	6,921.9	6,921.9
Agency Total	8,227.5	6,921.9	6,921.9	6,921.9

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 Inmate Fire Crews	1,189.9	1,208.7	1,208.7	1,208.7
SLI Fire Suppression Operating Expenses	2,844.4	2,713.2	2,713.2	2,713.2

# State Board of Funeral Directors & Embalmers

FY 2010 FY 2011

## 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.

Program/ Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Licensing and Regulation	349.8	350.0	350.0	350.0
Agency Total	349.8	350.0	350.0	350.0
<i>Category</i>				
FTE	4.0	4.0	4.0	4.0
Personal Services	216.4	216.4	216.4	216.4
ERE Amount	47.7	47.6	47.6	47.6
Prof. And Outside Services	57.4	24.8	24.8	24.8
Travel - In State	10.8	10.0	10.0	10.0
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	16.8	51.2	51.2	51.2
Equipment	0.7	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 Total	349.8	350.0	350.0	350.0
<i>Fund</i>				
Funeral Directors & Embalmers	349.8	350.0	350.0	350.0
Agency Total	349.8	350.0	350.0	350.0

## Executive Recommendations

FY 2010 FY 2011

### Executive Issues

**Fee Increases** 0.0 0.0

The Executive recommends increasing licensing and renewal fees to replace lost interest income due to FY 2009's Legislative Fund Transfer of \$496,000. The Executive recommends increasing fees to \$100 for a funeral director license, \$100 for an embalmer license, \$100 for an embalmer's assistant registration, \$100 for an intern license, \$100 for a funeral director or embalmer license for a person who does not reside in this state, \$100 for a prearranged funeral salesperson registration, \$100 for a funeral establishment license, and \$100 for a prearranged funeral sales establishment endorsement. The Executive recommends increasing the licensing

and renewal fees to \$240 per retort for a crematory license and \$100 for a cremationist license. The Executive recommends increasing license and registration issuance fees to \$100 for a funeral director license, \$100 for an embalmer license, \$100 for an embalmer's assistant registration, \$100 for an intern license, \$100 for a prearranged funeral salesperson registration and \$100 for a cremationist license. The Executive recommends increasing renewal fees to \$100 for a funeral director license, \$100 for an embalmer license, \$100 for an embalmer's assistant registration, \$100 for an intern license, \$100 for an apprentice embalmer registration, \$100 for an assistant funeral director registration and \$100 for a prearranged funeral salesperson registration. The Executive recommends increasing the fee for an establishment license to \$6 for each disposition performed by the establishment. The Executive recommends increasing the fee for an interim funeral establishment permit to \$50. The current fee structure has been in place since May 1998.

Funeral Directors and Embalmers Fund 0.0 0.0

## Performance Measures

	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Expected	Expected	Expected
Number of inspections	170	100	100	100
Number of complaints received	48	50	50	50
Number of licenses	1,779	1,800	1,830	1,860

## Administrative Costs

	FY 2010	FY 2011
	Administrative Costs	49.2
Agency Request	350.0	364.0
Administrative Cost Percentage	14.06%	13.24%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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 (AGFD) operates pursuant to A.R.S. Titles 5, 17 and 28. Accordingly, the AGFD has statutory authorities related to wildlife, watercraft, and off-highway vehicles (OHV). In short, the AGFD manages Arizona's wildlife resources, regulates watercraft use and enforces wildlife, watercraft and OHV laws under the control of the Arizona Game and Fish Commission, a 5-member panel appointed by the Governor. Under provisions of A.R.S. § 17-231, the Arizona Game and Fish Commission establishes policy for the management, preservation, and harvest of wildlife.

The Commission makes rules and regulations for managing, conserving, and protecting wildlife and fisheries resources, and for safe and regulated watercraft and off-highway vehicle operations. When managing wildlife resources, the Department considers historical, current and projected biological needs and constraints, social science (public input and opinions), and economic impacts of the resource to Arizona communities. The Department ensures the diversity of wildlife that resides in Arizona is maintained, and has been working diligently to reintroduce once extirpated (native) species such as the black-footed ferret, California condor, Mexican gray wolf, and Gila trout. Efforts at restoring threatened and endangered species have enabled a few species, such as the peregrine falcon to be delisted (removed from the federal Endangered Species List).

The Department also plays a key role in environmental education and promoting safe outdoor recreational opportunities, including shooting ranges and watchable wildlife. Hunting, fishing, shooting sports, and watchable wildlife contribute more than a billion dollars annually to the State of Arizona, and AGFD works to ensure that our wildlife resources and natural heritage is preserved for current and future generations. Off-highway vehicle and watercraft use also contribute significantly to Arizona's economy and enjoyment of the outdoors.

The Department has four divisions that, along with the Director's Office, work to accomplish the Department's mission.

Field Operations Division is comprised of six Regional Offices, and the Law Enforcement Branch. The division implements program objectives that pertain to wildlife resource management and enforcement, watercraft and OHV activities, including enforcement and education. The regional offices are located in Pinetop, Flagstaff, Kingman, Yuma, Tucson and Mesa, and include remote duty post wildlife managers (enforcement officers).

Wildlife Management Division is comprised of the Fisheries, Game, Habitat, Nongame and Research branches. This division gives program direction and provides assistance for the Department's wildlife programs.

The Information and Education Division has two branches. The Information Branch is responsible for most public communication, license sales, media relations and one-to-one customer communication. Communication vehicles include a magazine, television series and the AGFD's Web site, azgfd.gov. The Education Branch conducts and coordinate courses in environmental education, including hunting, fishing, shooting sports and boating safety. They also guide AGFD's hunter recruitment and retention efforts. The Division operates and assists shooting ranges statewide as part of its responsibility to promote the safe and responsible use of firearms.

The Special Services Division is comprised of four branches: Development, Finance and Accounting, Information Systems and Support Services. The Development Branch is primarily responsible for managing programs for wildlife water development, habitat enhancement and maintenance, boating access and improving public access to state, federal, and private lands for recreational opportunities.

The Finance and Accounting Branch provides finance and accounting support, provides financial and cost statements, and oversees watercraft registration, license dealers and big-game draws. The Information Systems Branch provides data processing capabilities, including systems analysis and design. In addition, they also provide support for AGFD computers, phone systems, and network connections to a variety of agencies on a statewide basis. The Support Services Branch is responsible for procuring goods and services, coordinating maintenance of Department vehicles, disposing of surplus property and providing warehousing and mail and courier services.

<i>Program/ Cost Center</i>	<i>Agency Summary</i>			
	<i>FY 2008 Actual</i>	<i>FY 2009 Approp.</i>	<i>FY 2010 Exec. Rec.</i>	<i>FY 2011 Exec. Rec.</i>
Central Administrative Services	3,549.2	3,077.5	3,077.5	3,077.5
Off-Highway Vehicle/Watercraft	5,583.0	3,927.6	5,977.4	5,998.3
Nongame and Endangered Wildlife	5,832.1	1,381.0	1,885.8	1,702.7
Game Management	13,436.9	16,366.6	18,269.2	18,316.1
Sportfish Management	7,587.3	10,789.5	12,003.0	12,039.2
Agency Total	35,988.5	35,542.2	41,212.9	41,133.8
<i>Category</i>				
FTE	273.5	273.5	273.5	273.5
Personal Services	13,678.9	13,277.0	13,866.2	14,455.2
ERE Amount	6,326.2	7,225.0	7,388.5	7,551.9
Prof. And Outside Services	2,950.3	534.0	519.0	519.0
Travel - In State	248.2	312.1	312.1	312.1



Travel - Out of State	90.0	30.7	30.7	30.7
Aid to Others	663.6	0.0	0.0	0.0
Other Operating Expenses	6,211.2	9,436.0	13,591.2	13,168.5
Equipment	2,008.8	1,556.6	1,334.4	925.6
Capital Outlay	680.4	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	3,130.9	3,170.8	4,170.8	4,170.8
Agency Total	35,988.5	35,542.2	41,212.9	41,133.8

<i>Fund</i>				
Game & Fish Fund	28,211.4	31,178.5	34,799.4	34,699.4
Game & Fish Watercraft License	5,629.8	3,974.4	6,024.2	6,045.1
Game/Non-Game Fund	234.5	329.9	329.9	329.9
Waterfowl Conservation	21.1	43.4	43.4	43.4
Wildlife Endowment Fund	0.0	16.0	16.0	16.0
Wildlife Habitat Restoration and Enhancement Fund	1,891.7	0.0	0.0	0.0
Agency Total	35,988.5	35,542.2	41,212.9	41,133.8

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 Dingell-Johnson/Pittman-Robertson Federal Matching	1,404.0	1,404.0	1,404.0	1,404.0
SLI Dingell-Johnson/Pittman-Robertson Federal Matching	1,404.0	1,404.0	2,404.0	2,404.0

### Executive Recommendations

FY 2010 FY 2011

#### Executive Issues

##### Field Vehicle Replacements

The Executive recommendation includes \$837,000 for FY 2010 to replace 27 vehicles and \$528,200 for FY 2011 to replace 17 vehicles. This would allow the Department to utilize the statewide contract and replace vehicles whose warranties have expired and that have been driven over 100,000 miles.

Game and Fish Fund	837.0	528.2
--------------------	-------	-------

##### DJ/PR State Match Increase

The federal allocation is expected to increase in FY 2010 and FY 2011 by approximately \$3.0 million. The Commission is required to provide the State match in order to access the available federal funds. The recommendation includes \$1.0 million in FY 2010 and FY 2011 to enable the Commission to meet the match requirement.

Game and Fish Fund	1,000.0	1,000.0
--------------------	---------	---------

#### Statewide Restoration Projects

The recommendation provides \$1.0 million in FY 2010 and FY 2011 for five restoration projects: the North Kaibab Deer Project (\$203,500); restoration of pronghorn habitat (\$375,000); stream rehabilitation (\$299,000); restoration on the Kofa National Wildlife Refuge (\$78,000); and predation management activities in the Black Mountains in Mohave County (\$49,500).

Game and Fish Fund	1,005.0	1,005.0
--------------------	---------	---------

#### Commission Shooting Range Safety Projects

The recommendation provides \$730,000 in FY 2010 and \$680,000 in FY 2011 to upgrade and improve the safety of shooting range facilities.

Game and Fish Fund	730.0	680.0
--------------------	-------	-------

#### License Sale Technology System

The recommendation provides \$105,000 in FY 2010 and FY 2011 to enable the Department to expand and upgrade its distribution points of license sales and improve customer services at license dealers and its public office locations. The recommended funding allows for the purchase of computer hardware and required software. This investment will allow the Commission to improve sales, better track sales data and enhance its marketing and management decisions.

Game and Fish Fund	105.0	105.0
--------------------	-------	-------

#### Arizona Urban Fishing Program

The recommendation includes \$135,900 from the Game and Fish Fund to cover inflationary costs of purchasing over 232 pounds of fish annually, acquiring new lakes, and improving customer services.

Game and Fish Fund	135.9	135.9
--------------------	-------	-------

#### Position Classification Review - Wildlife Series

In 2008, the Department of Administration reviewed the Game and Fish Department's Wildlife series job classifications and recommended that they be adjusted to higher pay grades. Employee salaries in these positions are typically 20% less than market averages and are significantly less than their counterparts in many other municipal and county public agencies. The Executive Recommendation includes \$732,600 from the Game and Fish Fund and \$20,100 from the Watercraft Licensing Fund for market salary adjustments for employees occupying Wildlife series job classification, effective January 2010. For FY 2011, the Recommendation provides annual funding for this classification issue, including \$1.5 million from the Game and Fish Fund and \$40,000 from the Watercraft Licensing Fund.

Game and Fish Fund	732.6	1,465.1
Watercraft Licensing Fund	20.1	40.0

	FY 2010	FY 2011
<b>Personal Computer and Software Replacement</b>	687.8	323.4
The recommendation includes \$687,800 in FY 2010 and \$323,400 in FY 2011 to replace outdated personal computers and software.		
Game and Fish Fund	587.8	223.4
Watercraft Licensing Fund	100.0	100.0
<b>Lower Gila River Wildlife Area - Game Management</b>	75.0	75.0
The Executive recommends \$75,000 in FY 2010 and FY 2011 to continue the Commission's efforts to enhance the wildlife resources near the Lower Gila Wildlife Area. The Department plans to improve the irrigation capabilities and increase the acreage of croplands planted for wildlife food crops. Target species would include small game such as white-winged and mourning dove, quail, and rabbits. Big game would include javelina, and mule deer.		
Game and Fish Fund	75.0	75.0
<b>Communication Equipment and Software</b>	257.5	157.5
The recommendation includes \$257,500 in FY 2010 and \$157,500 in FY 2011 to enable the Commission to replace and upgrade various communication equipment and licensing software. The recommended funding provides \$30,000 for remote internet connections to improve connectivity and productivity at the field offices; \$37,500 for the software maintenance for the Department's geographic information system; \$90,000 for web hosting and technical support; \$100,000 for the replacement of obsolete video production equipment.		
Game and Fish Fund	257.5	157.5
<b>Funding Support for Field Operations</b>	92.5	84.2
The recommendation includes an increase of \$92,500 in FY 2010 and \$84,200 in FY 2011 to allow the Commission to meet increased operational costs and maintain adequate support for its statewide field operations.		
Game and Fish Fund	87.1	77.8
Watercraft Licensing Fund	5.4	6.4
<b>Life Jacket Loaner Program</b>	50.0	50.0
The recommendation includes \$50,000 in FY 2010 and FY 2011 to continue funding for a life jacket program.		
Watercraft Licensing Fund	50.0	50.0
<b>Boating Safety Education and OUI Reduction</b>	385.0	385.0
The recommendation provides \$385,000 in FY 2010 and FY 2011 to improve boating safety education and strengthen operating-under-the-influence (OUI) activities.		
Watercraft Licensing Fund	385.0	385.0

	FY 2010	FY 2011
<b>Hunting and Fishing Resources - Marketing</b>	75.0	75.0
The recommendation provides \$75,000 in FY 2010 and FY 2011 to increase awareness, promote and market hunting and fishing activities in Arizona. In FY 2010, the Department will allocate \$50,000 in FY 2010 and \$50,000 in FY 2011 to direct its marketing efforts on anglers who had previously purchased licenses but failed to renew them annually. The recommended funding will provide an increase of \$25,000 for public awareness and appreciation of Arizona's hunting resources and opportunities.		
Game and Fish Fund	75.0	75.0
<b>Radio Towers - Communication and Safety</b>	250.0	250.0
The Executive recommends \$250,000 in FY 2010 and FY 2011 for the purchase of radio towers in the lower and upper regions of the Colorado River. Establishing radio communication will enhance the Department's field operations network and support the State's enforcement and monitoring with other entities.		
Watercraft Licensing Fund	250.0	250.0
<b>One-Time Equipment Funding</b>	(2,767.7)	(2,767.7)
The recommendation includes a decrease of (\$2.8 million) in FY 2010 and FY 2011 to reflect one-time funding that was appropriated for equipment in FY 2009.		
Game and Fish Fund	(2,007.0)	(2,007.0)
Watercraft Licensing Fund	(760.7)	(760.7)
<b>Restore the Legislative Fund Transfers</b>	2,000.0	2,000.0
The recommendation restores the expenditure authority in the Watercraft Licensing Fund. Laws 2008, Chapter 285, (General Appropriation Act) provided a temporary adjustment in the appropriated spending authority for the Watercraft Licensing Fund in order to allow a fund transfer to the General Fund in FY 2009. The recommendation makes this adjustment to align the program's operating base with the expenditure plans for FY 2010 and FY 2011.		
Watercraft Licensing Fund	2,000.0	2,000.0

## Performance Measures

	FY 2008 <u>Actual</u>	FY 2009 <u>Expected</u>	FY 2010 <u>Expected</u>	FY 2011 <u>Expected</u>
Number of Arizona Game and Fish Department watercraft enforcement hours	17,205	17,500	17,500	17,500
➤ <i>Decrease may be due to vacant positions and fewer recreation days (economy).</i>				
Number of observed watercraft violations	598	1,000	1,000	1,000
➤ <i>Decrease may be due to vacant positions and fewer recreation days (economy).</i>				
Number of watercraft registered in Arizona	147,066	145,000	145,000	145,000
Watercraft registration renewal processing time by mail (in days)	4	4	4	4
Number of watercraft user contacts made by field officers	5,323	11,000	11,000	11,000
➤ <i>Decrease may be due to vacant positions and fewer recreation days (economy).</i>				
Number of students completing Arizona Game and Fish Department sponsored watercraft safety classes	794	850	900	1000
Number of off-highway user contacts by Arizona Game and Fish Department field officers	6,084	10,000	10,000	10,000
➤ <i>Decrease may be due to vacant positions and fewer recreation days (economy).</i>				
Ratio of number of big game permit tags to the number of people applying	.42	.42	.40	.40
Number of off-highway vehicle violations observed	243	900	900	900
➤ <i>Decrease may be due to vacant positions and fewer recreation days (economy).</i>				
Number of urban fishing licenses sold	41,923	42,000	42,500	43,500
➤ <i>Total urban fishing related licenses sold.</i>				

## Administrative Costs

	<u>FY 2010</u>	<u>FY 2011</u>
Administrative Costs	5,520.1	5,520.1
Agency Request	104,102.0	102,558.0
Administrative Cost Percentage	5.30%	5.38%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

## Department of Gaming

FY 2010 FY 2011

### 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 monitors 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. It 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.

Program/ Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Enforcement	10,578.1	14,313.8	11,175.8	12,249.2
Certification	1,887.2	2,247.2	1,959.7	1,959.7
Agency Total	12,465.3	16,561.0	13,135.5	14,208.9
<i>Category</i>				
FTE	123.0	123.0	123.0	123.0
Personal Services	6,127.9	5,575.4	5,575.4	5,575.4
ERE Amount	2,140.1	1,829.7	1,829.7	1,829.7
Prof. And Outside Services	2,068.2	3,850.5	2,668.3	3,148.7
Travel - In State	293.3	594.4	594.4	594.4
Travel - Out of State	126.3	250.2	250.2	250.2
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	1,430.9	1,440.5	1,451.7	1,623.7
Equipment	273.3	3,019.1	764.6	1,185.6
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	5.3	1.2	1.2	1.2
Agency Total	12,465.3	16,561.0	13,135.5	14,208.9
<i>Fund</i>				
Lottery Fund	300.0	300.0	300.0	300.0
Permanent Tribal-State Compact Fund	1,887.2	2,247.2	1,959.7	1,959.7
Arizona Benefits Fund	10,278.1	14,013.8	10,875.8	11,949.2
Agency Total	12,465.3	16,561.0	13,135.5	14,208.9

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 Problem Gambling	2,159.9	3,185.1	2,277.4	2,472.6
SLI Joint Monitoring System	206.8	2,442.1	233.3	0.0
SLI Casino Operations Certification	1,887.2	2,247.2	1,959.7	1,959.7

### Executive Recommendations

FY 2010 FY 2011

#### Executive Issues

### Joint Monitoring System

(2,208.8) (1,748.1)

For FY 2010, the recommendation eliminates (\$2.2 million) of one-time equipment funding from the Arizona Benefits Fund for the joint monitoring system. The Department believes that the systems will be fully implemented in FY 2010. In FY 2011, the ongoing costs for the joint monitoring system will be combined with the operating budget. The projected ongoing costs of the systems in FY 2011, including network carrier charges, network equipment maintenance, end-of-life server and end-of-life network equipment replacement charges, security consulting services for required system security audits, and other ongoing costs are approximately \$694,000. Of that amount, \$233,300 will remain in the base budget in FY 2010. The recommended net increase for FY 2011 is \$460,700.

Arizona Benefits Fund (2,208.8) (1,748.1)

### Problem Gambling

(907.7) (712.5)

For FY 2010, the appropriation for problem gambling would be reduced by (\$907,700) from the Arizona Benefits Fund. For FY 2011, as revenues begin to increase, the Department would spend an additional \$195,200 for treatment provider costs.

Arizona Benefits Fund (907.7) (712.5)

### Certification Reductions

(287.5) (287.5)

The Department anticipates a declining need for expert assistance during the State certification process. For FY 2010 and for FY 2011, the recommendation reduces funding from the Tribal-State Compact Fund for expert assistance (\$274,500) and one-time equipment (\$13,000).

Permanent Tribal-State Compact Fund (287.5) (287.5)

### Information Technology

(32.7) 373.5

For FY 2010 and for FY 2011, the recommendation includes a (\$32,700) reduction from the Arizona Benefits Fund for one-time equipment. In FY 2011, the recommendation includes \$406,200 from the Arizona Benefits Fund. The Department would replace end-of-life equipment such as servers, desktops, laptops and network devices and purchase desktop software licenses and maintenance agreements.

Arizona Benefits Fund (32.7) 373.5

### Private Rent Increase

11.2 22.5

For FY 2010, the recommendation includes an increase of \$11,200 from the Arizona Benefits Fund for private rent increases. The recommendation also includes \$22,500 in FY 2011. The Department will see 2% and 3% annual rent increases for, respectively, its Phoenix and Flagstaff offices.

Arizona Benefits Fund 11.2 22.5

### Performance Measures

	<u>FY 2008</u> <u>Actual</u>	<u>FY 2009</u> <u>Expected</u>	<u>FY 2010</u> <u>Expected</u>	<u>FY 2011</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	95	95	95	95
Total number of individual applications received	9,709	12,100	12,000	12,000
Total number of days elapsed from receipt of completed application to the issuance of temporary certification	12	12	12	12

### Administrative Costs

	<u>FY 2010</u>	<u>FY 2011</u>
Administrative Costs	1,884.2	1,884.2
Agency Request	13,135.0	14,233.0
Administrative Cost Percentage	14.34%	13.24%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

## 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.

## Performance Measures

	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Expected	Expected	Expected
Number of talks given or fieldtrips led	126	40	40	40
Percent increase (decrease) in number of publications sold	-15	-10	2	2
➤ <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	-6.3	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	8	8	8	8
➤ <i>Less technical things are selling, more interest in general use/recreation</i>				
Quality of products sold, 1-5 (highest) scale	5	4.8	4.8	4.8
Satisfaction with mail order service provided, 1-5 (highest) scale	4.9	4.9	4.9	4.9
Average days to issue a permit	3	5	5	5
Compliance and safety inspections made	28	28	28	28

## Administrative Costs

	<u>FY 2010</u>	<u>FY 2011</u>
Administrative Costs	259.7	259.7
Agency Request	3,238.0	3,162.0
Administrative Cost Percentage	8.02%	8.21%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

### Agency Summary

Program/ Cost Center	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Approp.	Exec. Rec.	Exec. Rec.
Arizona Geological Survey	1,101.3	1,102.5	1,102.5	1,102.5
Agency Total	1,101.3	1,102.5	1,102.5	1,102.5
<i>Category</i>				
FTE	9.5	9.5	9.5	9.5
Personal Services	596.9	590.6	590.6	590.6
ERE Amount	169.6	211.0	211.0	211.0
Prof. And Outside Services	0.0	1.0	1.0	1.0
Travel - In State	51.5	51.5	51.5	51.5
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	280.6	246.4	246.4	246.4
Equipment	2.3	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 Total	1,101.3	1,102.5	1,102.5	1,102.5
<i>Fund</i>				
General Fund	1,101.3	1,102.5	1,102.5	1,102.5
Agency Total	1,101.3	1,102.5	1,102.5	1,102.5

# Government Information Technology Agency

FY 2010 FY 2011

## 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 harmonized IT direction for both infrastructure and security and privacy concerns. In addition, under ARS 41-3541, the agency is responsible for the design and development of real-time interoperable communications between local, county, state, tribal and federal public safety organizations through the Public Safety Communications Commission.

Program/ Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Government Information Technology Agency	4,497.0	11,257.7	6,407.7	6,407.7
Public Safety Communications Commission	893.4	880.6	880.6	880.6
Agency Total	5,390.4	12,138.3	7,288.3	7,288.3
<i>Category</i>				
FTE	33.0	33.0	33.0	33.0
Personal Services	2,332.7	2,766.5	2,766.5	2,766.5
ERE Amount	678.0	801.3	801.3	801.3
Prof. And Outside Services	1,197.0	1,550.3	1,550.3	1,550.3
Travel - In State	3.1	20.8	20.8	20.8
Travel - Out of State	9.9	24.5	24.5	24.5
Aid to Others	147.1	935.0	935.0	935.0
Other Operating Expenses	770.9	1,713.7	1,130.5	1,130.5
Equipment	219.7	59.4	59.4	59.4
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	32.0	4,266.8	0.0	0.0
Agency Total	5,390.4	12,138.3	7,288.3	7,288.3
<i>Fund</i>				
General Fund	1,744.9	3,455.7	3,455.7	3,455.7
Information Technology Fund	3,296.9	3,682.6	3,682.6	3,682.6
State Web Portal Fund	348.6	5,000.0	150.0	150.0
Agency Total	5,390.4	12,138.3	7,288.3	7,288.3

## Executive Recommendations

FY 2010 FY 2011

## Executive Issues

### Web Portal Fund

(4,850.0) (4,850.0)

For FY 2010 and for FY 2011, the recommendation includes a reduction of (\$4.9 million) from the Web Portal Fund to more accurately reflect the Agency's expenditures from the Fund.

### State Web Portal Fund

(4,850.0) (4,850.0)

## Performance Measures

	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Expected	Expected	Expected
Number of transactions accessible through the web portal	81	85	90	90
Average number of calendar days to review information technology projects	4	12	12	12

## Administrative Costs

	FY 2010	FY 2011
Administrative Costs	720.8	720.8
Agency Request	17,360.0	20,983.0
Administrative Cost Percentage	4.15%	3.44%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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.

---

Agency Summary				
<i>Program/ Cost Center</i>	<i>FY 2008 Actual</i>	<i>FY 2009 Approp.</i>	<i>FY 2010 Exec. Rec.</i>	<i>FY 2011 Exec. Rec.</i>
Governor's Office	6,621.1	7,136.0	7,136.0	7,136.0
Agency Total	6,621.1	7,136.0	7,136.0	7,136.0
<i>Fund</i>				
General Fund	6,621.1	7,136.0	7,136.0	7,136.0
Agency Total	6,621.1	7,136.0	7,136.0	7,136.0

---

*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				
<i>Program/Cost Center</i>	<i>FY 2008 Actual</i>	<i>FY 2009 Approp.</i>	<i>FY 2010 Exec. Rec.</i>	<i>FY 2011 Exec. Rec.</i>
Office of Strategic Planning and Budgeting	2,230.7	2,198.5	2,198.5	2,198.5
Agency Total	2,230.7	2,198.5	2,198.5	2,198.5
<i>Fund</i>				
General Fund	2,230.7	2,198.5	2,198.5	2,198.5
Agency Total	2,230.7	2,198.5	2,198.5	2,198.5

**Administrative Costs**

	<u>FY 2010</u>	<u>FY 2011</u>
Administrative Costs	54.3	54.3
Agency Request	2,198.0	2,198.0
Administrative Cost Percentage	2.47%	2.47%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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 & prevention services, services for the seriously mentally ill, title XIX adults and children, non-Title XIX adults and children, Regional Behavioral Health Authorities contract compliance, consumer rights, and quality management; the Arizona State Hospital, including adolescent services, adult civil services, adult forensic services, and the Arizona Community & Protection Treatment Center; and the licensing and certification of health and child care facilities.

Agency Summary				
<i>Program/Cost Center</i>	<i>FY 2008 Actual</i>	<i>FY 2009 Approp.</i>	<i>FY 2010 Agency Req.</i>	<i>FY 2010 Exec. Rec.</i>
Administration	37,392.9	36,390.3	36,390.3	39,502.0
Public Health	54,987.2	45,398.1	46,148.1	45,660.6
Family Health	43,945.4	50,404.8	54,341.5	53,188.4
Behavioral Health	431,499.4	477,642.4	538,794.1	541,117.9
Arizona State Hospital	73,781.3	74,397.9	74,397.9	73,397.9
Agency Total	641,606.2	684,233.5	750,071.9	752,866.8
<i>Category</i>				
FTE	1,709.7	1,706.7	1,706.7	1,706.7
Personal Services	66,794.1	67,327.6	67,327.6	67,327.6
ERE Amount	24,768.0	24,549.2	24,549.2	24,549.2
Prof. And Outside Services	11,421.3	11,256.2	11,256.2	10,256.2
Travel - In State	482.7	701.9	701.9	701.9
Travel - Out of State	98.7	103.9	103.9	103.9
Aid to Others	153,913.7	151,169.3	217,007.7	217,690.9
Other Operating Expenses	34,262.7	31,097.5	31,097.5	34,209.2
Equipment	1,354.2	1,211.8	1,211.8	1,211.8
Transfers Out	348,510.8	396,816.1	396,816.1	396,816.1
Agency Total	641,606.2	684,233.5	750,071.9	752,866.8
<i>Fund</i>				
General Fund	577,756.1	611,507.2	712,070.4	686,744.6
Tobacco Tax and Health Care Fund	30,666.6	35,824.8	4,900.0	30,620.7
Capital Outlay Stabilization	1,558.8	1,578.0	1,578.0	1,578.0
Child Care and Development Fund	811.7	829.2	829.2	829.2
Health Research Fund	1,000.0	1,000.0	1,000.0	1,000.0
Emergency Medical Operating Services	4,949.2	5,983.1	5,983.1	5,983.1
Newborn Screening Program Fund	5,238.2	6,805.3	6,805.3	6,805.3

Substance Abuse Services Fund	2,500.0	2,500.0	2,500.0	2,500.0
Nursing Care Institution Resident Protection Revolving Fund	360.0	38.0	38.0	38.0
Environmental Laboratory Licensure Revolving	752.6	970.6	970.6	970.6
Child Fatality Review Fund	99.1	99.1	99.1	99.1
Vital Records Electronic Systems Fund	471.1	499.7	499.7	499.7
Hearing and Speech Professionals Fund	339.8	340.2	340.2	340.2
The Arizona State Hospital Fund	5,660.9	6,032.6	3,032.6	5,032.6
DHS State Hospital Land Earnings	276.2	1,150.0	350.0	750.0
DHS - Indirect Cost Fund	9,165.9	9,075.7	9,075.7	9,075.7
Agency Total	641,606.2	684,233.5	750,071.9	752,866.8

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 Assurance and Licensure	10,662.6	10,011.9	10,011.9	10,011.9
SLI Newborn Screening Program	0.0	478.6	478.6	478.6
SLI Indirect Fund	8,165.9	8,075.7	8,075.7	8,075.7
SLI Hearing and Speech Professionals	339.8	340.2	340.2	340.2
SLI Nursing Care Institution Incentive Grants	360.0	0.0	0.0	0.0
SLI Tuberculosis Provider Care and Control	1,035.5	1,210.5	1,210.5	1,210.5
SLI Direct Grants	460.3	460.3	460.3	460.3
SLI Vaccines	8,848.8	5,382.9	5,382.9	5,382.9
SLI Reimbursement to Counties	67.9	67.9	67.9	67.9
SLI Loan Repayment Services	114.1	750.0	750.0	750.0
SLI Kidney Program	46.3	0.0	0.0	0.0
SLI STD Control Subventions	23.0	0.0	0.0	0.0
SLI AIDS Reporting & Surveillance	1,089.3	1,125.0	1,125.0	1,125.0
SLI Laboratory Services	4,877.6	5,059.2	5,059.2	5,059.2
SLI Alzheimer's Disease Research	4,000.0	4,000.0	4,000.0	4,000.0
SLI EMS Operations	3,114.7	3,233.8	3,233.8	3,233.8
SLI Trauma Advisory Board	391.5	405.4	405.4	405.4
SLI University of Arizona Poison Center	1,275.0	1,275.0	1,275.0	1,275.0
SLI Community Health Centers	14,828.3	13,481.4	13,481.4	13,481.4
SLI Vital Records (Ch. 176)	2.1	0.0	0.0	0.0
SLI Vital Records Maintenance	471.1	499.7	499.7	499.7
SLI Hepatitis C Surveillance	249.9	309.4	309.4	309.4
SLI Arizona Statewide Immunization Information System	496.0	477.6	477.6	477.6
SLI County Public Health	200.0	0.0	0.0	0.0
SLI Telemedicine	192.0	260.0	260.0	260.0
SLI Renal/Nonrenal Disease Management	393.5	198.0	198.0	198.0

SLI Diabetes Prevention and Control	347.8	100.0	100.0	100.0	SLI Prop 204 Seriously Mentally Ill	54,532.0	71,300.6	82,796.6	81,204.8
SLI Scorpion Antivenom	125.7	150.0	150.0	150.0	SLI Prop 204 General Mental Health and Substance Abuse	29,575.9	36,964.9	42,284.9	43,091.2
SLI Poison Control Centers	693.8	675.0	675.0	675.0	SLI Prop 204 Children's Behavioral Health	1,550.3	1,546.5	1,546.5	4,158.6
SLI Statewide Emergency Trauma System	13.5	0.0	0.0	0.0	SLI Medicare Clawback Payments	9,771.9	10,718.1	10,718.1	10,718.1
SLI Osteoporosis Outreach	172.1	0.0	0.0	0.0	SLI Dual Eligible Part D Co-pay Subsidy	802.6	802.6	802.6	802.6
SLI Autism Services	4,464.0	0.0	0.0	0.0	SLI Contract Compliance	1,961.1	1,856.1	1,856.1	1,856.1
SLI Primary Trauma Centers - Southern Arizona	177.0	0.0	0.0	0.0	SLI Youth Methamphetamine Prevention Programs	285.8	0.0	0.0	0.0
SLI Teratogen Program	60.0	60.0	60.0	60.0	SLI Community Placement Treatment	6,671.2	6,704.8	6,704.8	6,704.8
SLI Valley Fever	261.6	0.0	0.0	0.0	SLI Community Protection & Treatment Center	10,880.3	10,630.2	10,630.2	10,630.2
SLI Children's Rehabilitative Services	3,587.0	3,587.0	3,587.0	3,587.0	SLI Electronic Medical Records	168.3	300.0	300.0	300.0
SLI AHCCCS - CRS	21,517.0	27,688.8	31,625.5	30,519.4	<b>Executive Recommendations</b>				
SLI Adult Cystic Fibrosis	105.2	105.2	105.2	105.2	<u>FY 2010</u>				
SLI Adult Sickle Cell Anemia	30.7	33.0	33.0	33.0	<b>Executive Issues</b>				
SLI High Risk Perinatal Services	4,506.1	5,230.6	5,230.6	5,230.6	<b>Behavioral Health Services- Title XIX State Match</b> 68,632.6				
SLI Nutrition Services	321.8	0.0	0.0	0.0	The Department of Health Services is responsible for providing behavioral health services to Title XIX-eligible clients from the Seriously Mentally Ill (SMI), General Mental Health/Substance Abuse, Children's Behavioral Health populations, and the DES-Developmentally Disabled populations. Caseloads and capitation rates continue to rise, while the Federal Medical Assistance Percentage (FMAP) continues to change. The Executive recommends \$68.6 million General Fund for Behavioral Health Services caseload growth. Of this amount, \$15.7 million is a carry-forward of the FY 2009 supplemental for this population. The Executive estimates that, consistent with historical increases, the capitation rate will increase by 6% in FY 2010. The FMAP will be at 65.75% in FY 2010.				
SLI County Prenatal Services Grant	988.9	1,033.6	1,033.6	1,033.6	<b>General Fund</b> 68,632.6				
SLI Health Start	162.2	0.0	0.0	0.0	<b>CRS Title XIX State Match Requirement</b> 2,830.6				
SLI Child Fatality Review Team	99.1	246.3	246.3	246.3	The Children's Rehabilitative Services (CRS) program is responsible for providing specialty care for Title XIX-eligible children who are medically fragile or physically disabled and require complex care. Without access to age-appropriate interventions, this extremely vulnerable population will have life-long impacts on their quality of life. For FY 2010, the Executive recommends \$2.8 million for CRS caseload growth. Population growth has slowed substantially from FYs 2004 to 2008; in the last two complete fiscal years this rate has stabilized below 2.5% and is anticipated to be 1.8% in FY 2009. Therefore, the Executive assumes a 2% growth rate in FY 2010. This equates to a caseload increase of approximately 324 new clients per month over FY 2009 levels. Capitation rates are estimated to grow by 6%, and the FMAP will be 65.75%.				
SLI Newborn Screening Program	5,238.2	6,326.7	6,326.7	6,326.7	<b>General Fund</b> 2,830.6				
SLI Medicaid Special Exemption Payments	459.3	615.3	615.3	615.3					
SLI Breast and Cervical Cancer Screening	1,045.8	1,015.8	1,015.8	1,015.8					
SLI Abstinence Funding	1,109.1	0.0	0.0	0.0					
SLI Folic Acid	290.6	400.0	400.0	353.0					
SLI Mobile Dental Units	168.2	0.0	0.0	0.0					
SLI Women's Services	385.5	0.0	0.0	0.0					
SLI Senior Food Programs	297.5	500.0	500.0	500.0					
SLI Children's Behavioral Health	9,133.3	8,851.8	8,851.8	8,851.8					
SLI Children's Behavioral Health - State Match (TXIX)	116,973.1	122,432.7	136,543.3	143,230.6					
SLI Seriously Emotionally Handicapped Children	7.7	0.0	0.0	0.0					
SLI Seriously Mentally Ill (TXIX)	57,425.7	68,585.4	80,568.6	88,608.4					
SLI Seriously Mentally Ill (non-TXIX)	57,055.1	61,116.7	71,616.7	55,959.6					
SLI Title XIX Administration	3,038.6	2,029.8	2,029.8	2,379.9					
SLI Court Monitoring	197.5	197.5	197.5	197.5					
SLI Mental Health (Non-TXIX)	2,444.1	2,447.3	2,447.3	2,447.3					
SLI Substance Abuse (Non-TXIX)	14,553.7	13,635.4	13,635.4	13,635.4					
SLI Mental Health & Substance Abuse State Match (TXIX)	31,879.1	36,133.3	42,114.5	43,537.1					
SLI Arnold v. Sarn	27,400.6	27,500.0	27,500.0	27,500.0					
SLI Medicaid Special Exemption Payments	6,257.2	6,969.1	7,956.6	8,176.6					
SLI Prop 204 Administration	2,130.2	2,130.2	2,903.4	2,337.9					

FY 2010

FY 2010

**Public Health Preparedness State Match**

262.5

Beginning in FY 2010, the U.S. Department of Health and Human Services will require a state match to receive funding from the CDC Public Health Emergency Preparedness Cooperative Agreement. The current award level to Arizona is \$15 million per year. The new federal mandate would require a 5% public or private state match. In FY 2011 and beyond, the match rate for the State will be 10%.

In FY 2010, a total of \$750,000 will be necessary to meet the federal match requirement. Approximately 65% of these funds are passed-through to local or tribal governments. The Executive recommends appropriating \$262,500 from the General Fund in order to pull down the State portion of the \$15 million.

The Executive also recommends that, as a condition of receiving the pass-through dollars, the local and tribal governments must provide a 5% match for their portions of the grant in FY 2010 and a 10% match in FY 2011 and beyond. The local and tribal governments would be responsible for \$487,500 in FY 2010 and \$975,000 in FY 2011. The State would be responsible for the remainder.

General Fund 262.5

**Charge Rural Counties for RTC Costs (1,000.0)**

The Arizona State Hospital Fund was established to reduce General Fund obligations from the State Hospital. Revenues come from Title XIX collections and Restoration to Competency (RTC) billings. Currently, the Hospital is authorized to bill only Maricopa County, Pima County and the cities for 86% of the cost RTC referrals; the Hospital cannot bill rural counties for RTC referrals. This has led to an ASH funding shortfall of approximately \$4.0 million annually. The Hospital implemented efficiencies to offset \$1.0 million in costs, leaving a \$3.0 million shortfall.

The Executive recommends charging the rural counties for 86% of the cost of care for RTC patients that are sent to the State Hospital, which is the same cost charged to the cities. With the current cost of care at an average of \$598 per patient per day, this reimbursement would cost the counties \$514.28 per patient per day. The Executive projects that this will increase revenues to the fund by approximately \$3.0 million annually, eliminating the need for a General Fund offset to lost revenues. Furthermore, the appropriation from the Arizona State Hospital Fund should be reduced by \$1.0 million to reflect the efficiencies currently implemented by the Hospital.

The Arizona State Hospital Fund (1,000.0)

**ASH- State Land Earnings**

0.0

The Executive recommends offsetting \$400,000 in appropriation authority from the Arizona State Hospital Land Fund with General Fund monies. In FY 2009, the ASH Land Fund's expenditure authority was increased by \$800,000 in order to reduce General Fund obligations to the State Hospital. The Arizona Enabling Act requires that the ASH Land Fund be utilized only for the State Hospital. This fund shift was meant to be one-time in nature, because the Fund's balance could sustain this increased spending for only one fiscal year.

Approximately 25% of the Fund's revenue comes from Treasurer interest income from investments in stocks, bonds and other interest-bearing securities. Given the current condition of the markets, it is highly unlikely that this source of revenue will approach FY 2008 levels. Because of this, the Fund cannot sustain a second year at the higher expenditure authority level.

The Executive anticipates Fund revenues to be approximately \$400,000 in FY 2009 and in FY 2010. If that occurs, at the current appropriated levels there would be an FY 2010 funding shortfall of \$300,000 to \$400,000. Thus, at least a portion of the appropriation must be offset with General Fund monies to avoid cuts to the State Hospital's operating budget.

General Fund 400.0  
DHS State Hospital Land Earnings Fund (400.0)

**Tobacco Tax Revenue Decrease (5,204.1)**

The FY 2010 Tobacco Tax revenues are projected to be 5.5% lower than those collected in FY 2009. As a result the capped programs funded by the Medically Needy Account and the Health Education Account must be reduced to accommodate the lower revenues. The Executive recommends reducing the appropriation from the Tobacco Tax and Health Care Fund by (\$5.2 million). This includes a (\$47,000) decrease from the Folic Acid program and a (\$5.2 million) decrease to the Seriously Mentally Ill Program.

Tobacco Tax and Health Care Fund (5,204.1)

**New Forensic Unit at the Arizona State Hospital 3,111.7**

In FY 2008, the Legislature approved \$32.2 million in lease-purchase financing for the demolition and construction of a new Forensic Building at the Arizona State Hospital. The debt-service payment due in FY 2010 is for \$3.1 million. The Executive recommends funding the first COP payment with \$3.1 million from the General Fund.

General Fund 3,111.7

**FY 2009 Supplemental Recommendations**

FY 2009

**Behavioral Health Services- Title XIX State Match 15,664.3**

The Department of Health Services is responsible for behavioral health services to Title XIX-eligible clients from the Seriously Mentally Ill (SMI), General Mental Health / Substance Abuse, and Children’s Behavioral Health populations. The Executive recommends \$15.7 million from the General Fund for a supplemental in FY 2009 for the Behavioral Health Services Title XIX state match.

General Fund	15,664.3
<b>Tobacco Tax Revenue Decrease</b>	<b>(3,683.4)</b>

The FY 2009 Tobacco Tax revenues are projected to be 3.2% lower than those collected in FY 2008. As a result the capped programs funded by the Medically Needy Account and the Health Education Account must be reduced to accommodate the lower revenues. The Executive recommends reducing the appropriation from the Tobacco Tax and Health Care Fund by (\$3.7 million). This includes a (\$47,000) decrease from the Folic Acid program and a (\$3.6 million) decrease to the Seriously Mentally Ill Program.

Tobacco Tax and Health Care Fund	(3,683.4)
----------------------------------	-----------

**Performance Measures**

	<u>FY 2007</u> <u>Actual</u>	<u>FY 2008</u> <u>Actual</u>	<u>FY 2009</u> <u>Expected</u>	<u>FY 2010</u> <u>Expected</u>
Percent of staff turnover during the first 12 months of employment	3	6.3	6	7
Percent of child care license renewals granted within licensing timeframes	97	99	99	100
Percent of child care complaint investigations initiated within investigative guidelines	99	99	95	95
Percent of health care licensure renewals granted within licensing timeframes	74	77	85	85
Percent of health care complaint investigations initiated within investigative guidelines	68	71	80	80
Percent of agency staff turnover	16.7	22.4	11.5	17.5
Percent of eligible Title XIX population enrolled in behavioral health treatment programs	11.0	11.4	11.5	11.5
Number of public health and emergency response professionals on Health Alert Network	3,226	1,592	3,400	5,600
Immunization rate among 2-year old children	82	78	84	84

**Administrative Costs**

	<u>FY 2010</u>
Administrative Costs	26,156.2
Agency Request	2,383,078.0
Administrative Cost Percentage	1.10%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

## 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 supported, nonprofit, state trust agency. It is governed by a policy-making board, comprised of 31 individual members, elected from the membership and representing each county in the state. The board-designated organizational structure consists of seven divisions, four of which have museums that directly support the mission of the Society by collecting, preserving, interpreting, and disseminating historical materials. These 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 Publications Division supports the mission by producing the Journal of Arizona History, various historical books, and by maintaining the general editorial standards of written materials for the Society. 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. The Community Outreach Program certifies and supports 63 local historical societies in preserving and disseminating Arizona history. The Society also supports other board-approved community activities that relate to its mission.

Agency Summary				
Program/Cost Center	FY 2008 <i>Actual</i>	FY 2009 <i>Approp.</i>	FY 2010 <i>Exec. Rec.</i>	FY 2011 <i>Exec. Rec.</i>
Arizona Historical Society	4,623.4	4,625.1	4,625.1	4,625.1
Agency Total	4,623.4	4,625.1	4,625.1	4,625.1
Category				
FTE	52.2	59.9	59.9	59.9
Personal Services	1,695.9	1,789.5	1,789.5	1,789.5
ERE Amount	708.1	715.4	715.4	715.4
Prof. And Outside Services	70.8	77.8	77.8	77.8
Travel - In State	0.0	3.6	3.6	3.6
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	54.0	44.2	44.2	44.2
Other Operating Expenses	2,018.0	1,994.6	1,994.6	1,800.4
Equipment	70.0	0.0	0.0	0.0
Capital Outlay	6.6	0.0	0.0	194.2
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 Total	4,623.4	4,625.1	4,625.1	4,625.1
Fund				
General Fund	4,430.2	4,430.9	4,430.9	4,430.9
Capital Outlay Stabilization	193.2	194.2	194.2	194.2
Agency Total	4,623.4	4,625.1	4,625.1	4,625.1

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 Field Services and Grants	71.4	65.0	0.0	0.0
SLI Papago Park	2,194.3	2,130.3	0.0	0.0

### Executive Recommendations

FY 2010   FY 2011

**Executive Issues**

<b>Removal of Special Line Items (SLI) Designation</b>	0.0	0.0
--	-----	-----

The Executive recommends removing the line items a) Papago Park Museum and b) Field Services and Grants. This will give the agency the ability to reallocate scarce resources where needed, particularly during periods of reduced budgets.

General Fund	0.0	0.0
Capital Outlay Stabilization Fund	0.0	0.0

### Performance Measures

	FY 2008 <u>Actual</u>	FY 2009 <u>Expected</u>	FY 2010 <u>Expected</u>	FY 2011 <u>Expected</u>
Public program attendance	189,242	200,000	200,000	200,000
Number of museum visitors and researchers	96,892	100,000	100,000	100,000
Number of volunteer hours	48,231	50,000	50,000	55,000

### Administrative Costs

	<u>FY 2010</u>	<u>FY 2011</u>
Administrative Costs	1,206.9	1,206.9
Agency Request	30,882.0	37,195.0
Administrative Cost Percentage	3.91%	3.24%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

# Prescott Historical Society of Arizona

## Mission:

To: serve as an educational and cultural center, which fosters public and community understanding and appreciation of historical, social, and natural aspects of Arizona, with emphasis on the Central Highlands, and which promotes involvement in and support for research, collections, conservation, exhibits, and related programs.

## Description:

The Prescott Historical Society operates the Sharlot Hall Museum, which was founded in 1928 and is 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, artifacts storage of extensive historic and prehistoric objects,. A large Archive-Library, in an adjacent state of the art structure built in 1993 houses approximately 100,000 images and documents. A branch museum at the VA Center interprets the history of Ft. 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, and education tour as well as outreach opportunities for children and adults. All these activities contribute significantly to cultural tourism enhancing the quality of life for the local community and contributing to the economic well being of the local area and the state.

## Performance Measures

	FY 2008 <u>Actual</u>	FY 2009 <u>Expected</u>	FY 2010 <u>Expected</u>	FY 2011 <u>Expected</u>
Number of people served (includes museum, festival, and theatre attendees; and researchers)	29,925	30,200	31,000	33,000
Percent of museum clients pleased with service	97.5	98	98	98
Number of volunteer hours	37,538	38,000	39,000	39,500
Capital campaign dollars raised to build new square footage (in thousands)	110.0	190.0	100.0	2,000.0

## Administrative Costs

	<u>FY 2010</u>	<u>FY 2011</u>
Administrative Costs	166.7	166.7
Agency Request	1,833.0	2,010.0
Administrative Cost Percentage	9.09%	8.29%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

## Agency Summary

<i>Program/Cost Center</i>	<i>FY 2008 Actual</i>	<i>FY 2009 Approp.</i>	<i>FY 2010 Exec. Rec.</i>	<i>FY 2011 Exec. Rec.</i>
Sharlot Hall Museum	762.6	762.8	762.8	762.8
Agency Total	762.6	762.8	762.8	762.8
<i>Category</i>				
FTE	11.0	12.0	12.0	12.0
Personal Services	459.4	470.5	470.5	470.5
ERE Amount	226.8	223.5	223.5	223.5
Prof. And Outside Services	1.3	1.0	1.0	1.0
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	75.1	67.8	67.8	67.8
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 Total	762.6	762.8	762.8	762.8
<i>Fund</i>				
General Fund	762.6	762.8	762.8	762.8
Agency Total	762.6	762.8	762.8	762.8

## 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.

Program/Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Licensing and Regulation	95.1	117.3	127.8	125.1
Agency Total	95.1	117.3	127.8	125.1
<i>Category</i>				
FTE	1.0	1.0	1.0	1.0
Personal Services	45.8	54.8	62.0	62.0
ERE Amount	22.4	21.3	22.7	22.7
Prof. And Outside Services	21.2	35.0	37.7	35.0
Travel - In State	1.0	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	4.7	4.1	4.1	4.1
Equipment	0.0	0.8	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 Total	95.1	117.3	127.8	125.1
<i>Fund</i>				
Homeopathic Medical Examiners	95.1	117.3	127.8	125.1
Agency Total	95.1	117.3	127.8	125.1

## Executive Recommendations

FY 2010 FY 2011

### Executive Issues

**Adjust Employee Hours** 8.6 8.6

In 2007, the Auditor General conducted a performance audit and sunset review of the Board. Addressing the concerns raised in the audit will require the Executive Director, who currently works 35 hours per week, to work a full 40-hour week. The Executive recommends \$8,600 for the additional five hours per week.

Homeopathic Medical Examiners Fund 8.6 8.6

**One time funding Computer replacement** (0.8) (0.8)  
**FY 2009**

The Executive recommends a decrease of (\$800) for one-time equipment purchased in FY 2009.

Homeopathic Medical Examiners Fund (0.8) (0.8)

**Rule Writer** 2.7 0.0

The Executive recommends a one year \$2,700 increase from the Board's fund for additional rule-making costs in FY 2010. This is in addition to the monies provided by Laws 2008, Chapter 285.

Homeopathic Medical Examiners Fund 2.7 0.0

### Performance Measures

	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Expected	Expected	Expected
Number of complaints or inquiries received	20	18	22	23
Percent of complaints resolved within 180 days.	47	55	60	62
➤ 8 out of 17 complaints closed in less than 120 days				
Number of licenses renewed	206	210	213	215
➤ Total includes number of physicians, dispensing permits, assistants, and cbelation permits renewed.				

### Administrative Costs

	<u>FY 2010</u>	<u>FY 2011</u>
Administrative Costs	5.6	5.0
Agency Request	129.0	126.0
Administrative Cost Percentage	4.34%	3.97%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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.

## Performance Measures

	FY 2008 Actual	FY 2009 Expected	FY 2010 Expected	FY 2011 Expected
Total number of affordable rental units assisted/produced	3,266	3,397	3,533	3,638
Total number of individuals assisted with information on available affordable rental units through the agency's website	155,237	159,894	164,690	169,632
Total number of publicly funded rental units monitored for health and safety issues	13,372	15,092	21,329	24,603
➤ <i>The number of units required to be monitored is expected to increase annually due to addition of new units being created through ADOH's rental programs.</i>				
Results of customer satisfaction survey (7=excellent; 4=satisfactory; 1=poor)	5.19	5.29	5.4	5.5
Total number of low-income households assisted into homeownership through the homeownership program	645	664	684	704
Total number of households assisted with eviction or foreclosure in order to prevent homelessness	12,348	12,471	12,596	9,447
➤ <i>Due to the foreclosure crisis, in FY2008 the agency allocated additional dollars to this program.</i>				

Program/ Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Department of Housing	886.5	944.8	944.8	944.8
Agency Total	886.5	944.8	944.8	944.8
<i>Category</i>				
FTE	12.0	12.0	12.0	12.0
Personal Services	606.3	666.4	666.4	666.4
ERE Amount	219.0	229.0	229.0	229.0
Prof. And Outside Services	11.6	12.1	12.1	12.1
Travel - In State	16.6	15.8	15.8	15.8
Travel - Out of State	1.6	4.3	4.3	4.3
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	24.2	16.0	16.0	16.0
Equipment	7.2	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	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	0.0
Agency Total	886.5	944.8	944.8	944.8
<i>Fund</i>				
Housing Trust Fund	886.5	944.8	944.8	944.8
Agency Total	886.5	944.8	944.8	944.8

## Administrative Costs

	FY 2010	FY 2011
Administrative Costs	1,499.8	1,544.7
Agency Request	122,818.0	126,371.0
Administrative Cost Percentage	1.22%	1.22%
The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.		
<i>The Executive recommends a lump-sum appropriation to the agency.</i>		

## Arizona Commission of Indian Affairs

**Mission:**

To build partnerships, improve intergovernmental relations, and enhance social and economic prosperity for the 22 Tribes/Nations of Arizona.

**Description:**

The Arizona Commission of Indian Affairs (ACIA) has a legislative mandate (A.R.S. § 41-541 to 41-545) to assist and support state and federal agencies in assisting Indians and Tribal councils to develop mutual goals, to design projects for achieving goals and to implement their plans. The Commission also has the following responsibilities: collect and provide facts needed by Tribal, State and Federal agencies to work together effectively, advise the Governor and the Legislature in Tribal issues, confer and coordinate with other governmental entities and legislative committees regarding Indian needs and goals, improve relationships between Indians and non-Indians, raise awareness of the needs of Indians in the state, promote increased participation by Indians in local and state affairs, assist Tribal groups in self-government, and assist urban Indians.

### Administrative Costs

	FY 2010	FY 2011
Administrative Costs	6.7	6.7
Agency Request	307.0	302.0
Administrative Cost Percentage	2.18%	2.22%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

#### Agency Summary

Program/ Cost Center	FY 2008 <i>Actual</i>	FY 2009 <i>Approp.</i>	FY 2010 <i>Exec. Rec.</i>	FY 2011 <i>Exec. Rec.</i>
Indian Affairs	212.2	234.4	234.4	234.4
Agency Total	212.2	234.4	234.4	234.4
<i>Category</i>				
FTE	3.0	3.0	3.0	3.0
Personal Services	138.0	140.5	140.5	140.5
ERE Amount	35.0	35.2	35.2	35.2
Prof. And Outside Services	3.5	3.7	3.7	3.7
Travel - In State	7.8	5.7	5.7	5.7
Travel - Out of State	3.2	3.6	3.6	3.6
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	24.0	44.9	44.9	44.9
Equipment	0.7	0.8	0.8	0.8
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 Total	212.2	234.4	234.4	234.4
<i>Fund</i>				
General Fund	212.2	234.4	234.4	234.4
Agency Total	212.2	234.4	234.4	234.4

### Performance Measures

	FY 2008 <i>Actual</i>	FY 2009 <i>Expected</i>	FY 2010 <i>Expected</i>	FY 2011 <i>Expected</i>
Percent of customer surveys rating overall satisfaction as good, better or excellent	73	75	75	75
Holding at least two post Town Hall meeting/Legislative workshops	1	2	2	2

## 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 cover 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 provision of workers' compensation benefits for claimants of uninsured employers, insolvent carriers, and bankrupt self-insured employers.

Program/ Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Administration	3,759.3	4,108.3	4,108.3	4,108.3
Claims	3,522.4	3,846.7	3,846.7	3,846.7
Administrative Law Judge	5,099.0	5,545.9	5,545.9	5,545.9
Labor	737.1	881.4	881.4	881.4
ADOSH	2,904.9	2,713.1	2,713.1	2,713.1
Special Fund	788.5	1,029.7	1,029.7	1,029.7
Legal Counsel	1,628.8	1,734.6	1,734.6	1,734.6
Agency Total	18,440.0	19,859.7	19,859.7	19,859.7
<i>Category</i>				
FTE	294.0	294.0	294.0	294.0
Personal Services	8,953.2	10,524.8	10,524.8	10,524.8
ERE Amount	3,387.6	3,767.6	3,767.6	3,767.6
Prof. And Outside Services	1,312.8	1,318.0	1,318.0	1,318.0
Travel - In State	181.6	191.5	191.5	191.5
Travel - Out of State	2.5	6.5	6.5	6.5
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	2,552.8	2,409.8	2,409.8	2,409.8
Equipment	27.7	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	2,021.8	1,641.5	1,641.5	1,641.5
Agency Total	18,440.0	19,859.7	19,859.7	19,859.7
<i>Fund</i>				
Industrial Commission Administration Fund	18,440.0	19,859.7	19,859.7	19,859.7
Agency Total	18,440.0	19,859.7	19,859.7	19,859.7

## Performance Measures

	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Expected	Expected	Expected
Number of wage determinations issued	19,123	16,000	16,000	16,000
Number of claims for workers' compensation processed	122,101	150,000	150,000	150,000
Number of petitions for hearing received: workers compensation	6,783	6,750	6,750	6,800
Number of hearings conducted by the administrative law judge division	5,157	5,150	5,200	5,200
Number of injury reports reviewed	1,128	1,200	1,200	1,200
Number of claims filed	3,295	3,000	3,000	3,000
Number of health compliance inspections	392	500	500	500
Number of safety compliance inspections	1,020	1,250	1,300	1,300
Number of compliance referrals	2,037	2,100	2,100	2,100
Number of claimants contacted	2,665	5,000	5,000	5,000

## Administrative Costs

	FY 2010	FY 2011
Administrative Costs	2,333.0	2,333.0
Agency Request	24,824.0	24,824.0
Administrative Cost Percentage	9.40%	9.40%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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.

Program/ Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Policy and Administration	1,360.9	1,369.2	1,341.0	1,341.0
Solvency Regulation	422.5	522.8	522.8	522.8
Consumer Support	3,245.6	3,212.4	3,250.1	3,250.1
Fraud Investigation and Deterrence	1,310.8	1,381.9	1,381.9	1,381.9
Licensing	749.2	663.6	679.5	679.5
Premium Tax Collections and Analysis	246.2	219.8	219.8	219.8
Agency Total	7,335.2	7,369.7	7,395.1	7,395.1
<i>Category</i>				
FTE	99.0	106.5	97.8	97.8
Personal Services	4,359.9	4,338.7	4,415.8	4,415.8
ERE Amount	1,630.5	1,629.9	1,578.2	1,578.2
Prof. And Outside Services	335.7	313.0	313.0	313.0
Travel - In State	55.5	55.9	55.9	55.9
Travel - Out of State	4.6	4.9	4.9	4.9
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	908.8	1,000.0	1,000.0	1,000.0
Equipment	40.2	27.3	27.3	27.3
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 Total	7,335.2	7,369.7	7,395.1	7,395.1
<i>Fund</i>				
General Fund	7,233.1	7,369.7	7,395.1	7,395.1
Tobacco Tax and Health Care Fund	102.1	0.0	0.0	0.0
Agency Total	7,335.2	7,369.7	7,395.1	7,395.1

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 Managed Care Oversight	627.3	638.0	0.0	0.0
----------------------------	-------	-------	-----	-----

### Executive Recommendations

FY 2010   FY 2011

**Executive Issues**

**Increase Legislative Assessment Cap** 0.0   0.0  
 The Assessment Fund for Voluntary Plans was established to help businesses find liability insurance. To fund this service, Arizona liability insurers pay annual assessments of \$200, the maximum allowed by statute. However, due to rising operating costs, the \$200 assessment is no longer adequate to fund current services. To enable the Department to carry out its responsibilities, the Executive recommends the annual assessment limit be increased in statute to \$400 per insurer.

General Fund	0.0	0.0
--------------	-----	-----

**Fill Vacant Licensing Position** 31.2   31.2

The Executive recommends an increase of \$31,200 to fund one vacant Examiner Technician II position. Filling the position is necessary to enforce Laws 2008, Chapter 152, designed to prevent the hiring of illegal immigrants.

General Fund	31.2	31.2
--------------	------	------

**Fill Vacant Life and Health Analyst Position** 60.6   60.6

The Executive recommends an increase of \$60,600 to fill the Life and Health Insurance Analyst Supervisor position. Filling the position would enhance consumer protection by significantly reducing the automatic approval of forms and rates the Department would otherwise be unable to review within statutory timeframes.

General Fund	60.6	60.6
--------------	------	------

**Adjust FTE Count** (66.4)   (66.4)

As requested by the Agency, the Executive recommends a decrease of 8.7 currently unfunded FTE positions and the associated ERE costs of (\$66,400).

General Fund	(66.4)	(66.4)
--------------	--------	--------

**Appropriate Managed Care Oversight SLI in Lump Sum** 0.0   0.0

The Executive recommends that the Managed Care and Dental Plan Oversight special line item be included in the Agency's lump sum appropriation. This would provide needed flexibility, allowing the Agency to integrate managed care oversight into its Consumer Support program and to focus resources on the Department's most critical functions.

General Fund	0.0	0.0
--------------	-----	-----

## Performance Measures

	FY 2008 <u>Actual</u>	FY 2009 <u>Expected</u>	FY 2010 <u>Expected</u>	FY 2011 <u>Expected</u>
Percent of survey respondents indicating satisfied or better	97.5	80.0	80.0	80.0
Percent of survey respondents indicating satisfied or better with assistance rendered	71.6	70.0	70.0	70.0
Average calendar days to complete an investigation for investigations completed during the year	191.5	180.0	180.0	180.0
Average Licensing Time Frames days required to render a decision on a producer license application from the date it was received	1.5	15.0	30.0	45.0
➤ <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 agency staff turnover	9.7	10.0	12.0	15.0
Number of new domestic receiverships	0	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 complaint warranting an investigation	72.6	120.0	120.0	120.0
Average calendar days to complete substantive review of Property and Casualty form filings	6.3	20.0	20.0	20.0
Average calendar days to complete substantive review of file-and-use rate filings.	12.4	15.0	15.0	15.0

## Administrative Costs

	<u>FY 2010</u>	<u>FY 2011</u>
Administrative Costs	1,536.2	1,536.2
Agency Request	21,386.0	21,408.0
Administrative Cost Percentage	7.18%	7.18%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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 2010 Agency Request table in the Appendix of this document. The FY 2010 Executive Recommendation is shown for computational purposes only.

**Agency Summary**

<i>Program/ Cost Center</i>	<i>FY 2008 Actual</i>	<i>FY 2009 Approp.</i>	<i>FY 2010 Agency Req.</i>	<i>FY 2010 Exec. Rec.</i>
Justices and Support - Supreme	4,277.7	4,348.1	4,437.2	4,348.1
Administrative Supervision - Supreme	8,411.6	8,150.7	8,150.7	8,150.7
Regulatory Activities - Supreme	993.4	1,187.5	1,187.5	1,187.5
Court Assistance - Supreme	2,279.3	3,095.7	3,095.7	3,095.7
Family Services - Supreme	6,253.7	7,065.4	7,065.4	7,065.4
Judicial Nominations & Performance Review	322.4	323.3	323.3	323.3
Commission on Judicial Conduct	458.3	436.9	436.9	436.9
State Aid	8,588.2	10,095.6	14,039.0	10,095.6
County Reimbursement	238.4	208.8	208.8	208.8
Automation	12,699.4	13,833.0	18,333.0	13,833.0
Court of Appeals - Division I	9,761.2	9,637.0	9,873.8	9,637.0
Court of Appeals - Division II	4,319.1	4,288.2	4,377.0	4,288.2
Judicial Compensation - Superior	17,640.9	18,073.6	19,298.6	18,073.6
Adult Probation Services - Superior	28,839.9	30,333.7	32,519.4	30,333.7

Juvenile Probation Services - Superior	53,992.9	53,118.1	54,274.5	53,118.1
Special Master - Superior	0.0	20.0	20.0	20.0
Adult and Juvenile Drug Court	992.8	1,013.6	1,056.7	1,013.6
JCEF Probation	3,425.2	3,421.5	3,421.5	3,421.5
Agency Total	163,494.4	168,650.7	182,119.0	168,650.7

*Category*

FTE	578.8	578.8	579.8	578.8
Personal Services	34,531.8	35,730.4	36,898.3	35,730.4
ERE Amount	9,109.0	10,437.5	10,909.3	10,437.5
Prof. And Outside Services	2,569.6	354.1	354.1	354.1
Travel - In State	334.4	361.6	361.6	361.6
Travel - Out of State	54.9	60.1	60.1	60.1
Aid to Others	73,294.6	79,996.4	91,825.0	79,996.4
Other Operating Expenses	10,989.6	9,813.6	9,813.6	9,813.6
Equipment	497.9	36.4	36.4	36.4
Transfers Out	32,112.6	31,860.6	31,860.6	31,860.6
Agency Total	163,494.4	168,650.7	182,119.0	168,650.7

*Fund*

General Fund	126,611.4	126,324.4	130,849.3	126,324.4
Supreme Court CJEF Disbursements	10,604.2	10,071.7	11,571.7	10,071.7
Judicial Collection - Enhancement	15,140.7	15,425.3	19,925.3	15,425.3
Defensive Driving Fund	3,614.4	5,393.6	5,393.6	5,393.6
Court Appointed Special Advocate Fund	2,675.7	3,449.2	3,449.2	3,449.2
Confidential Intermediary Fund	428.3	484.6	484.6	484.6
Drug Treatment and Education Fund	500.0	500.0	500.0	500.0
State Aid to Courts Fund	3,919.7	2,945.3	2,945.3	2,945.3
Photo Enforcement	0.0	4,056.6	7,000.0	4,056.6
Agency Total	163,494.4	168,650.7	182,119.0	168,650.7

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 Adult Standard Probation	13,961.1	15,051.1	16,508.9	15,051.1
SLI Adult Intensive Probation	11,606.3	11,330.5	11,252.3	11,330.5
SLI Community Punishment	1,990.4	2,861.3	3,134.5	2,861.3
SLI Interstate Compact - Adult Probation	639.9	654.2	687.1	654.2
SLI Juvenile Standard Probation	5,152.1	4,724.2	4,724.2	4,724.2
SLI Juvenile Intensive Probation	10,250.2	9,882.1	9,882.1	9,882.1
SLI Juvenile Treatment Services	22,470.5	22,493.3	23,649.7	22,493.3
SLI Family Counseling	656.1	660.4	660.4	660.4
SLI Progressively Increasing Consequences (PIC-Act)	10,334.3	10,160.3	10,160.3	10,160.3
SLI Juvenile Crime Reduction Fund	5,129.7	5,197.8	5,197.8	5,197.8

### Performance Measures

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
	<u>Actual</u>	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>
Internal and external users connected to the Arizona Judicial Information Network	7,449	7,477	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	148	130.5	180	180

### Administrative Costs

	<u>FY 2010</u>
Administrative Costs	9,858.9
Agency Request	206,005.0
Administrative Cost Percentage	4.79%

The agency request represents all funds, not just appropriated funds.  
These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

---

## 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 Arizona Department of Juvenile Corrections (ADJC) is the state agency responsible for juveniles adjudicated delinquent and committed to its jurisdiction by the county juvenile courts. The ADJC is accountable to the citizens of Arizona for the promotion of public safety through the management of the state's secure juvenile facilities and the development and provision of a continuum of services to juvenile offenders, including rehabilitation, treatment, and education.

<b>Agency Summary</b>				
<i>Program/ Cost Center</i>	<i>FY 2008 Actual</i>	<i>FY 2009 Approp.</i>	<i>FY 2010 Agency Req.</i>	<i>FY 2010 Exec. Rec.</i>
Rehabilitation	35,976.9	36,179.3	36,996.6	36,179.3
Housing	37,856.8	36,788.6	38,109.3	36,788.6
Administration	10,999.9	9,402.5	9,402.5	9,402.5
Agency Total	84,833.6	82,370.4	84,508.4	82,370.4
<i>Category</i>				
FTE	1,163.7	1,163.7	1,183.7	1,163.7
Personal Services	50,535.1	51,661.9	52,542.3	51,668.2
ERE Amount	16,604.0	17,276.0	17,628.2	17,269.7
Prof. And Outside Services	4,152.5	3,203.4	4,003.1	3,203.4
Travel - In State	845.3	919.4	921.9	919.4
Travel - Out of State	24.0	29.8	29.8	29.8
Food	710.5	725.0	746.0	725.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	9,583.4	8,114.9	8,197.1	8,114.9
Equipment	2,130.4	240.0	240.0	240.0
Capital Outlay	252.0	0.0	0.0	0.0
Transfers Out	(3.6)	200.0	200.0	200.0
Agency Total	84,833.6	82,370.4	84,508.4	82,370.4
<i>Fund</i>				
General Fund	80,019.3	74,700.4	80,038.4	78,400.4
Juvenile Corrections CJEF Distribution	686.5	686.6	686.6	686.6
Juvenile Education Fund	2,337.4	2,684.8	2,684.8	2,684.8
Endowments/Land Earnings	1,790.4	4,298.6	1,098.6	598.6
Agency Total	84,833.6	82,370.4	84,508.4	82,370.4

### Executive Recommendations

FY 2010

**Executive Issues**

**Fund Shift - Land Fund** 0.0

For FY 2009, \$3,700,000 was shifted from the General Fund to the State Charitable, Penal and Reformatory Land Fund to offset expenses at the Department. The Executive recommends reversing this fund shift.

General Fund	3,700.0
Endowments/Land Earnings Fund	(3,700.0)

### Performance Measures

	<u>FY 2007 Actual</u>	<u>FY 2008 Actual</u>	<u>FY 2009 Expected</u>	<u>FY 2010 Expected</u>
Percent of juveniles incarcerated within 12 months of release	36	33	35	35
Number of escapes	0	0	0	0
Average yearly cost per bed in secure care.	119,536	125,174	100,000	100,000
Annual staff turnover rate	28.0	27.0	26.0	27.0
Percent of staff indicating satisfaction with their jobs	75	75	75	75
Percent of youth passing the GED test.	54	56	56	56
Percent of youth showing progress in their primary treatment problem area	30	61	70	70

### Administrative Costs

	<u>FY 2010</u>
Administrative Costs	6,107.9
Agency Request	87,874.0
Administrative Cost Percentage	6.95%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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. The Department also contains the Arizona State Forestry Division managed by the Governor-appointed State Forester, which operates the State's Wildland Fire Prevention and Suppression Programs on state and private lands outside incorporated areas.

Program/Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Trust Management and Revenue Generation	17,273.1	16,406.0	16,431.0	16,431.0
Outside Assistance and Grants	815.6	792.5	792.5	792.5
Agency Total	18,088.7	17,198.5	17,223.5	17,223.5
<i>Category</i>				
FTE	172.9	174.9	174.9	174.9
Personal Services	7,049.4	7,718.6	7,718.6	7,718.6
ERE Amount	2,368.0	2,520.3	2,520.3	2,520.3
Prof. And Outside Services	3,702.9	2,460.0	2,485.0	2,485.0
Travel - In State	207.3	293.5	293.5	293.5
Travel - Out of State	11.9	1.5	1.5	1.5
Aid to Others	650.0	638.4	638.4	638.4
Other Operating Expenses	3,417.6	3,335.2	3,335.2	3,335.2
Equipment	549.1	231.0	231.0	231.0
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	132.5	0.0	0.0	0.0
Agency Total	18,088.7	17,198.5	17,223.5	17,223.5
<i>Fund</i>				
General Fund	17,828.7	16,438.5	16,463.5	16,463.5
Environmental Special Plate Fund	260.0	260.0	260.0	260.0
Due Diligence Fund	0.0	500.0	500.0	500.0
Agency Total	18,088.7	17,198.5	17,223.5	17,223.5

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 CAP User Fees	1,143.6	1,263.3	1,263.3	1,263.3
-------------------	---------	---------	---------	---------

## Executive Recommendations

FY 2010   FY 2011

### Executive Issues

**New ADWR Rules** 25.0   25.0

To assist in compliance with new regulations for the transportation of groundwater by the Arizona Department of Water Resources, the Executive recommends \$25,000 in FY 2010 and FY 2011.

General Fund 25.0   25.0

## Performance Measures

	FY 2008 Actual	FY 2009 Expected	FY 2010 Expected	FY 2011 Expected
Percent of agency staff turnover	11.8	8.0	8.0	8.0
Total expendable receipts, excluding interest on permanent fund and school leases (millions)	114.2	96.1	158.2	265.6
Total annual revenue to permanent fund (millions)	255.9	180.7	174.0	183.2
Percent increase in commercial leasing revenue	20.0	1.9	8.3	7.7
In-house appraisal turnaround time (days from administrator request to receipt by section manager)	40	70	60	60

## Administrative Costs

	<u>FY 2010</u>	<u>FY 2011</u>
Administrative Costs	1,283.2	1,283.2
Agency Request	21,651.0	22,401.0
Administrative Cost Percentage	5.93%	5.73%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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 (LEMSC) consists of three members appointed by the Governor for six-year terms. Members are chosen on the basis of experience in and sympathy with merit principles of public employment. Members shall not have held elective public office within one year before appointment and shall not hold any other political office while serving on the LEMSC. The LEMSC shall adopt rules it deems necessary for establishing: 1) a classification and compensation plan for all covered positions under the jurisdiction of the LEMSC and establishing standards and qualifications for all classified positions; 2) a plan for fair and impartial selection, appointment, probation, promotion, retention, and separation or removal from service by resignation, retirement, reduction in force or dismissal of all classified employees; 3) a performance appraisal system for evaluating the work performance of Department of Public Safety (DPS) and Arizona Peace Officer Standards and Training Board (AZPOST) employees; 4) procedures for the conduct of hearings of employee grievances brought before the LEMSC relating to classification, compensation, and the employee appraisal system; 5) procedures for the conduct of hearings on appeals from an order of the director of DPS in connection with suspension, demotion, reduction in pay, loss of accrued leave time, or dismissal of a classified employee.

Program/Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Law Enforcement Merit System Council	76.8	76.9	78.3	78.3
Agency Total	76.8	76.9	78.3	78.3
<i>Category</i>				
FTE	1.0	1.0	1.0	1.0
Personal Services	57.6	57.2	58.4	58.4
ERE Amount	11.2	16.0	16.2	16.2
Prof. And Outside Services	0.1	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	7.9	3.7	3.7	3.7
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 Total	76.8	76.9	78.3	78.3
<i>Fund</i>				
General Fund	76.8	76.9	78.3	78.3

Agency Total 76.8 76.9 78.3 78.3

### Executive Recommendations

FY 2010 FY 2011

#### Executive Issues

Personal Services and ERE 1.4 1.4

In January 2007, the Council's sole FTE received a scheduled base salary increase and performance pay. Funding was requested for, but not included in, the FY 2009 budget to fully fund the incumbent's current salary and ERE. The Executive recommends \$1,400 in FY 2010 and FY 2011 to fully fund the Council's personal services and ERE costs.

General Fund 1.4 1.4

#### Performance Measures

	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Expected	Expected	Expected
Number of appeals/grievances filed	6	7	5	5
Number of appeal hearings conducted	1	5	5	5
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	139	120	120	120
Average cost of an appeal/grievance hearing (in dollars)	781	781	781	890
Number of rehearing requests filed	0	0	0	0
Number of classifications reviewed to determine proper job description and market value	58	20	20	20
Number of position audits conducted to determine proper classification	7	6	6	6
Number of job descriptions reviewed to determine suitability to classification	1	5	5	5
Number of test plans reviewed for selection and promotional processes	57	50	50	50
Number of covered employees dismissed	5	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 2010 and FY 2011 Executive Recommendations, the FY 2009 Appropriations were used for the Legislative branch recommendations.

<i>Program/ Cost Center</i>	<b>Agency Summary</b>			
	<i>FY 2008 Actual</i>	<i>FY 2009 Approp.</i>	<i>FY 2010 Exec. Rec.</i>	<i>FY 2011 Exec. Rec.</i>
Auditor General	17,480.1	17,502.6	17,502.6	17,502.6
Agency Total	17,480.1	17,502.6	17,502.6	17,502.6
<i>Category</i>				
FTE	209.4	209.4	209.4	209.4
Personal Services	11,647.6	11,515.7	11,515.7	11,515.7
ERE Amount	3,329.2	3,369.5	3,369.5	3,369.5
Prof. And Outside Services	632.5	499.1	499.1	499.1
Travel - In State	122.1	290.8	290.8	290.8
Travel - Out of State	21.4	4.5	4.5	4.5
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	1,166.9	1,255.7	1,255.7	1,255.7
Equipment	560.4	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 Total	17,480.1	17,502.6	17,502.6	17,502.6
<i>Fund</i>				
General Fund	17,480.1	17,502.6	17,502.6	17,502.6
Agency Total	17,480.1	17,502.6	17,502.6	17,502.6

## Performance Measures

	FY 2008	FY 2009	FY 2010	FY 2011
	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>	<u>Expected</u>
Percentage of single audit reports accepted by cognizant agency	100	100	100	100
Percentage of administrative recommendations implemented or adopted within two years for performance audits	99	90	90	90
Percentage of single audit recommendations implemented or adopted within one year for financial audits	50	65	65	65
Percentage of legislative recommendations implemented or adopted within two years	NA	60	60	60
Percentage of staff turnover	18	20	20	20

## Administrative Costs

	<u>FY 2010</u>	<u>FY 2011</u>
Administrative Costs	1,215.4	1,215.4
Agency Request	19,202.0	19,271.0
Administrative Cost Percentage	6.33%	6.31%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

## 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.

**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 2010 and FY 2011 Executive Recommendations, the FY 2009 Appropriations were used for the Legislative branch recommendations.

<b>Agency Summary</b>				
<i>Program/ Cost Center</i>	<i>FY 2008 Actual</i>	<i>FY 2009 Approp.</i>	<i>FY 2010 Exec. Rec.</i>	<i>FY 2011 Exec. Rec.</i>
House of Representatives	12,152.1	13,653.4	13,653.4	13,653.4
Agency Total	12,152.1	13,653.4	13,653.4	13,653.4
<i>Fund</i>				
General Fund	12,152.1	13,653.4	13,653.4	13,653.4
Agency Total	12,152.1	13,653.4	13,653.4	13,653.4

## 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 2010 and FY 2011 Executive Recommendations, the FY 2009 Appropriations were used for the Legislative branch recommendations.

<i>Program/ Cost Center</i>	<i>Agency Summary</i>			
	<i>FY 2008 Actual</i>	<i>FY 2009 Approp.</i>	<i>FY 2010 Exec. Rec.</i>	<i>FY 2011 Exec. Rec.</i>
Joint Legislative Budget Committee	727.8	2,877.0	2,877.0	2,877.0
Agency Total	727.8	2,877.0	2,877.0	2,877.0
<i>Fund</i>				
General Fund	727.8	2,877.0	2,877.0	2,877.0
Agency Total	727.8	2,877.0	2,877.0	2,877.0

## 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 2010 and FY 2011 Executive Recommendations, the FY 2009 Appropriations were used for the Legislative branch recommendations.

<b>Agency Summary</b>				
<i>Program/ Cost Center</i>	<i>FY 2008 Actual</i>	<i>FY 2009 Approp.</i>	<i>FY 2010 Exec. Rec.</i>	<i>FY 2011 Exec. Rec.</i>
Legislative Council	5,299.1	5,414.7	5,414.7	5,414.7
Agency Total	5,299.1	5,414.7	5,414.7	5,414.7
<i>Fund</i>				
General Fund	5,299.1	5,414.7	5,414.7	5,414.7
Agency Total	5,299.1	5,414.7	5,414.7	5,414.7

## Arizona State Library, Archives & Public Records

**Mission:**

To serve the Arizona Legislature and Arizonans by providing public access to public information, fostering historical/cultural collaborative research and information projects, and ensuring that Arizona's history is documented and preserved.

**Description:**

The Arizona State Library, Archives and Public Records provides information services as authorized by law. Research and reference services are provided in the subject areas of law, government, public policy, genealogy, and Arizoniana. Consultant services are offered to public libraries to strengthen county and local library services and to government agencies of the cities, counties, and state to assist them in the management of official records. State and federal grants for public libraries and other authorized services are administered and monitored. Special library and information services are offered for anyone who is unable to read or use standard printed materials as a result of temporary or permanent visual or physical limitations. Public records are identified, preserved, and when appropriate disposed of through archival retention programs. Exhibits are created to educate the public regarding governmental and Arizona history and the legislative process. These services are provided through the divisions of the Agency: History and Archives, Braille and Talking Book Library, Library Development, Museum, Records Management, and Research and Law Library. The Agency also has responsibility for the Board of the Library, Archives and Public Records; the Arizona Board of Library Examiners; the Arizona County Librarians; Arizona Historical Records Advisory Board; the Arizona State Board on Geographic and Historic Names; and the Arizona Historical Advisory Commission, including the Arizona Centennial planning efforts.

**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 2010 and FY 2011 Executive Recommendations, the FY 2009 Appropriations were used for the Legislative branch recommendations.

### Agency Summary

<i>Program/Cost Center</i>	<i>FY 2008 Actual</i>	<i>FY 2009 Approp.</i>	<i>FY 2010 Exec. Rec.</i>	<i>FY 2011 Exec. Rec.</i>
Library, Archives and Public Records	8,042.1	8,054.8	8,054.8	8,054.8
Agency Total	8,042.1	8,054.8	8,054.8	8,054.8

*Category*

FTE	115.8	115.8	115.8	115.8
Personal Services	4,280.5	4,250.5	4,250.5	4,250.5
ERE Amount	1,563.7	1,543.7	1,543.7	1,543.7
Prof. And Outside Services	88.1	65.2	65.2	65.2
Travel - In State	4.8	4.8	4.8	4.8
Travel - Out of State	15.5	15.5	15.5	15.5
Aid to Others	656.1	761.4	761.4	761.4

Other Operating Expenses	1,396.6	1,371.7	1,371.7	1,371.7
Equipment	21.8	22.2	22.2	22.2
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	15.0	19.8	19.8	19.8
Agency Total	8,042.1	8,054.8	8,054.8	8,054.8

*Fund*

General Fund	7,445.9	7,378.9	7,378.9	7,378.9
Records Services Fund	596.2	675.9	675.9	675.9
Agency Total	8,042.1	8,054.8	8,054.8	8,054.8

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 Library, Archives and Public Records	596.2	675.9	675.9	675.9
SLI Grants-in-aid	570.4	651.4	651.4	651.4
SLI Radio Reading for the Blind	97.0	97.0	97.0	97.0

### Performance Measures

	<u>FY 2008 Actual</u>	<u>FY 2009 Expected</u>	<u>FY 2010 Expected</u>	<u>FY 2011 Expected</u>
Collaboration - Total activities/contacts.	105,054	78,300	86,950	98,100
Leg info services - Total activities/contacts.	21,484	19,762	20,560	21,905
Public access - Total contacts (In thousands).	45,030.2	34,640.4	35,692.9	35,710.8
Customer satisfaction.	7.5	7.6	7.6	7.6
Preservation - Total items/contacts(In thousands).	79,281.1	72,220.0	77,305.0	77,365.0

### Administrative Costs

	<u>FY 2010</u>	<u>FY 2011</u>
Administrative Costs	447.7	447.7
Agency Request	11,704.0	11,704.0
Administrative Cost Percentage	3.83%	3.83%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

## 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 2010 and FY 2011 Executive Recommendations, the FY 2009 Appropriations were used for the Legislative branch recommendations.

Agency Summary				
<i>Program/Cost Center</i>	<i>FY 2008 Actual</i>	<i>FY 2009 Approp.</i>	<i>FY 2010 Exec. Rec.</i>	<i>FY 2011 Exec. Rec.</i>
Senate	7,531.5	9,036.2	9,036.2	9,036.2
Agency Total	7,531.5	9,036.2	9,036.2	9,036.2
<i>Fund</i>				
General Fund	7,531.5	9,036.2	9,036.2	9,036.2
Agency Total	7,531.5	9,036.2	9,036.2	9,036.2



## 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.

## Performance Measures

	FY 2008 Actual	FY 2009 Expected	FY 2010 Expected	FY 2011 Expected
Percentage of liquor law compliance cases processed in less than 90 calendar days	85	95	95	95
Average number of calendar days to complete an investigative complaint	24	35	35	35
Number of new licenses, transferred licenses, and renewals issued	13,260	13,500	13,500	13,500
Percent of surveyed licensees reporting very good or excellent service	85.00	80.00	80.00	80.00
Number of investigations completed resulting in compliance actions	334	500	500	500
Number of random liquor inspections completed	4660	4700	4700	4700

## Administrative Costs

	FY 2010	FY 2011
Administrative Costs	433.3	433.3
Agency Request	4,443.0	4,443.0
Administrative Cost Percentage	9.75%	9.75%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

### Agency Summary

Program/Cost Center	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Administration	1,351.8	1,417.0	1,417.0	1,417.0
Investigations	1,456.5	1,428.4	1,428.4	1,428.4
Licensing	655.8	629.4	629.4	629.4
Agency Total	3,464.1	3,474.8	3,474.8	3,474.8
<i>Category</i>				
FTE	47.2	47.2	47.2	47.2
Personal Services	1,860.0	1,918.5	1,918.5	1,918.5
ERE Amount	750.4	823.9	823.9	823.9
Prof. And Outside Services	59.1	55.5	55.5	55.5
Travel - In State	207.5	206.5	206.5	206.5
Travel - Out of State	5.9	4.5	4.5	4.5
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	481.1	465.9	465.9	465.9
Equipment	100.1	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 Total	3,464.1	3,474.8	3,474.8	3,474.8
<i>Fund</i>				
General Fund	3,464.1	3,474.8	3,474.8	3,474.8
Agency Total	3,464.1	3,474.8	3,474.8	3,474.8

# Arizona State Lottery Commission

FY 2010 FY 2011

## Mission:

To support Arizona programs for the public benefit by maximizing revenue in a responsible manner.

## Description:

The Arizona Lottery was established to maximize revenue dedicated to various beneficiaries through statutory formulas pursuant to A.R.S. § 5-501. 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.

Program/ Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Lottery	67,114.5	80,257.3	80,492.9	80,423.9
Agency Total	67,114.5	80,257.3	80,492.9	80,423.9
<b>Category</b>				
FTE	110.0	110.0	115.0	115.0
Personal Services	4,421.6	4,972.1	5,136.7	5,136.7
ERE Amount	1,660.1	1,724.9	1,796.0	1,796.0
Prof. And Outside Services	11,341.5	11,624.1	11,624.1	11,624.1
Travel - In State	306.6	269.8	269.8	269.8
Travel - Out of State	15.9	16.7	16.7	16.7
Aid to Others	0.0	50.0	50.0	50.0
Other Operating Expenses	49,034.1	61,526.6	61,526.6	61,526.6
Equipment	248.7	73.1	73.0	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	86.0	0.0	0.0	0.0
Agency Total	67,114.5	80,257.3	80,492.9	80,423.9
<b>Fund</b>				
Lottery Fund	67,114.5	80,257.3	80,492.9	80,423.9
Agency Total	67,114.5	80,257.3	80,492.9	80,423.9

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 Tickets	7,424.5	9,283.7	9,283.7	9,283.7
SLI Advertising	10,786.4	20,162.7	20,162.7	20,162.7
SLI On-Line Vendor Fees	8,975.0	9,031.2	9,031.2	9,031.2
SLI Retailer Commissions	32,000.7	32,284.6	32,284.6	32,284.6
SLI Telecommunications	376.4	629.4	629.4	629.4
SLI Sales Incentive Program	45.4	50.0	50.0	50.0

## Executive Recommendations

FY 2010 FY 2011

### Executive Issues

**Equipment** (69.1) (69.1)

For FY 2010 and FY 2011, the recommendation eliminates (\$69,100) for one-time equipment in FY 2009 associated with the Lottery's technology replacement schedule.

Lottery Fund (69.1) (69.1)

## Personnel Funding

304.7 235.7

The Executive recommends \$304,700 in FY 2010 and \$235,700 in FY 2011 for an additional sales team of 5.0 FTE sales representatives and 1.0 FTE product assistant. The new sales team is expected to generate over \$4.0 million in additional revenue annually.

Lottery Fund 304.7 235.7

## Performance Measures

	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Expected	Expected	Expected
Percent of retailers expressing overall satisfaction with Lottery services	94	95	95	96
Percent of agency staff turnover	13.6	7.0	7.0	7.0
Dollar amount of instant ticket sales (in millions)	252.4	315.5	361.4	395.8
Dollar amount of on-line sales (in millions)	220.5	260.6	277.0	299.0
Average dollar amount of sales per ticket vending machine.	125,900	143,100	163,000	200,000
Percent of lottery ticket sales distributed to state beneficiaries	30.6	27.4	24.1	24.1
Percent of active retailer accounts in good standing	99.6	99.1	99.2	99.3

## Administrative Costs

	FY 2010	FY 2011
Administrative Costs	5,489.8	5,476.8
Agency Request	741,181.0	741,040.0
Administrative Cost Percentage	0.74%	0.74%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

# Arizona Medical Board

FY 2010 FY 2011

**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 20,000 licensees.

appropriation for this repayment will effectively cut the Board’s budget by 2.4% in FY 2010 and in FY 2011, thus increasing processing times and delaying investigations. The Executive recommends \$146,100 in FY 2010 and \$146,100 in FY 2011 from the Medical Board Fund to fund the repayment to Risk Management.

Medical Examiners Board Fund	146.1	146.1
------------------------------	-------	-------

Program/ Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Licensing, Regulation, & Rehabilitation	5,650.6	5,822.6	5,968.7	5,968.7
Agency Total	5,650.6	5,822.6	5,968.7	5,968.7
<i>Category</i>				
FTE	58.5	58.5	58.5	58.5
Personal Services	2,704.9	2,866.4	2,866.4	2,866.4
ERE Amount	937.6	990.1	990.1	990.1
Prof. And Outside Services	898.1	1,141.5	1,141.5	1,141.5
Travel - In State	23.7	23.0	23.0	23.0
Travel - Out of State	7.6	14.0	14.0	14.0
Food	4.8	5.0	5.0	5.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	830.2	675.1	821.2	821.2
Equipment	209.2	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	34.5	43.3	43.3	43.3
Agency Total	5,650.6	5,822.6	5,968.7	5,968.7
<i>Fund</i>				
Medical Examiners Board	5,650.6	5,822.6	5,968.7	5,968.7
Agency Total	5,650.6	5,822.6	5,968.7	5,968.7

**Performance Measures**

	FY 2008 Actual	FY 2009 Expected	FY 2010 Expected	FY 2011 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	115	120	120	120
Average number of days to complete an physician assistant investigation	101	120	120	120
Medical doctor cases referred to formal hearing	69	45	45	45
Average number of days to resolve a medical doctor case	164	180	180	180
Average number of days to resolve a physician assistant case	144	180	180	180
Average score of agency-wide customer service satisfaction surveys (scale of 1-8)	7.9	7.5	7.5	7.5

➤ Methodology for calculating survey results changed starting FY08

**Administrative Costs**

	FY 2010	FY 2011
Administrative Costs	675.4	675.4
Agency Request	6,006.0	6,006.0
Administrative Cost Percentage	11.25%	11.25%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

**Executive Recommendations**

FY 2010 FY 2011

**Executive Issues**

**Reimbursement Costs to Risk Management** 146.1 146.1

In July 2007 the Arizona Medical Board suspended one of its licensees, based on evidence that he posed a threat to public health and safety. The suspended licensee initiated a successful legal action against the Board, and in June 2008 the court awarded him fees and costs in the amount of \$292,200. Risk Management requires the Board to fully reimburse the Risk Management Fund in the next budget cycle, 50% in FY 2010 and 50% in FY 2011. The Board did not anticipate this cost, and failure to increase the

## Board of Medical Student Loans

### Mission:

To recruit physicians to provide service to rural and other medically underserved areas, medically underserved populations, and Indian reservations in Arizona and to increase 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) which opened in the Fall 2007 and increased the applicant pool. The Board consists of eight members who review student applications and make decisions necessary for the operation of the program. Students must be Arizona residents. The Medical Student Loan Program gives preference to medical students who have financial need and who sign contracts to provide primary care in eligible service areas; the Board may approve service in other specialties of recognized need in Arizona. For each year of funding received, recipients must provide one year of service in a designated area, with a minimum two-year service commitment. For 30 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 now A. T. Still University have joined the UA College of Medicine and provide services at no cost to publicize and coordinate the student application and interview process, coordinate the funding process, and track the participants. Vital to the success of the program is the cooperation and assistance provided by ADHS, which assists the Board in the selection of loan recipients and the coordination of service sites, as well as by providing one employee to serve on the Medical Student Loans Board.

Program/Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Medical Student Loan Program	1,618.5	1,430.8	1,128.7	1,128.7
Agency Total	1,618.5	1,430.8	1,128.7	1,128.7
<b>Category</b>				
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	1,618.5	1,430.8	1,128.7	1,128.7
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 Total	1,618.5	1,430.8	1,128.7	1,128.7
<b>Fund</b>				
General Fund	1,500.0	1,121.0	1,121.0	1,121.0
Medical Student Loan Fund	118.5	309.8	7.7	7.7
Agency Total	1,618.5	1,430.8	1,128.7	1,128.7

### Executive Recommendations

FY 2010    FY 2011

#### **Executive Issues**

**Technical Adjustment** (302.1) (302.1)  
The Executive recommends a reduction in appropriation of (\$302,100) for FY 2010 and FY 2011, as the Medical Student Loan Fund will have expended its balance by the end of FY 2009. The recommendation will reduce the appropriation authority for the Fund to \$7,700, equal to expected annual revenues.

Med Student Loan Fund (302.1) (302.1)

### Performance Measures

	FY 2008 Actual	FY 2009 Expected	FY 2010 Expected	FY 2011 Expected
Loan provided to each public medical school student (in thousands of dollars)	36.9	38.5	39.2	40.0
<ul style="list-style-type: none"> <li>➤ Tuition varies with graduating class at UA College of Medicine but most students funded received \$36,867 in FY 2008.</li> </ul>				
Loan as a percent of average annual cost of public medical education	100	94	92	90
Administration as a per cent of total cost	0.0	0.0	0.0	0.0
<ul style="list-style-type: none"> <li>➤ 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 are the cooperation and assistance provided by the Arizona Department of Health Services. Board members serve with no compensation.</li> </ul>				
Students funded per year	40	31	25	24
<ul style="list-style-type: none"> <li>➤ 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.</li> </ul>				
Physicians in service	13	12	16	13
Physicians practicing in eligible service areas after service requirement is met	33	33	33	33
<ul style="list-style-type: none"> <li>➤ FY 2008: Two additional physicians were continuing to practice at the same location as previously, but the areas were no longer designated as Health Professional Shortage Areas this last year, which is the ultimate goal.</li> </ul>				
Percent of physicians who have provided service in eligible sites	90	91	92	93

*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 state-wide 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 Agency 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 Agency 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 Agency 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.

Program/Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Mining Safety Enforcement	1,635.1	1,568.4	1,568.4	1,568.4
Mined Land Reclamation	278.9	0.0	155.8	7.5
Agency Total	1,914.0	1,568.4	1,724.2	1,575.9
<i>Category</i>				
FTE	17.0	17.0	17.0	17.0
Personal Services	683.0	824.3	824.3	824.3
ERE Amount	244.8	304.4	304.4	304.4
Prof. And Outside Services	320.6	75.0	198.1	80.5
Travel - In State	169.8	190.0	196.0	190.5
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	259.8	172.7	199.4	174.2
Equipment	183.8	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	50.0	0.0	0.0	0.0
Agency Total	1,914.0	1,568.4	1,724.2	1,575.9
<i>Fund</i>				
General Fund	1,635.1	1,568.4	1,568.4	1,568.4
Aggregate Mining Reclamation Fund	278.9	0.0	155.8	7.5
Agency Total	1,914.0	1,568.4	1,724.2	1,575.9

## Executive Recommendations

FY 2010 FY 2011

### Executive Issues

Executive Issue	FY 2010	FY 2011
<b>Aggregate Mine Land Reclamation Issue</b>	155.8	7.5
Laws 2005, Chapter 322, established the legislatively appropriated Aggregate Mining Reclamation Fund. Aggregate mining operations must submit reclamation plans at a fee of \$3,800 per plan. Two-thirds of the fee is used to pay the consultants who conduct the compliance review and approval portions of the reclamation plan process, while the Mine Inspector uses the remaining one-third to pay for the administrative costs of reviewing the reclamation plans and notifying adjacent property owners of the aggregate mining unit. The Executive recommends \$155,800 in FY 2010 and \$7,500 in FY 2011 from the Aggregate Mining Reclamation Fund to pay for the administrative and public notification costs of the reclamation process.		
Aggregate Mining Reclamation Fund	155.8	7.5

### FY 2009 Supplemental Recommendations

	FY 2009
<b>Aggregate Mine Land Reclamation Issue</b>	177.7
Aggregate Mining Reclamation Fund	177.7

### Performance Measures

	FY 2008 Actual	FY 2009 Expected	FY 2010 Expected	FY 2011 Expected
Percent mandated inspections completed	72.6	80	80	80
Number of reportable (lost time) mine accidents	174	150	160	160
➤ <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	656	632	600	610
Customer satisfaction rating for Mines (scale 1-8)	6	6	6	6
Number of abandoned mine openings secured	70	70	70	70
➤ <i>Secured on State Lands</i>				
Number of Arizona miners and contractors trained	6098	7783	7000	7000
Number of annual mined land reclamation compliance reviews	40	210	230	250

### Administrative Costs

	FY 2010	FY 2011
Administrative Costs	294.0	294.0
Agency Request	2,514.0	2,356.0
Administrative Cost Percentage	11.69%	12.48%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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. In addition, the Department of Mines and Mineral Resources of the State of Arizona (DMMR) maintains a world-class mining and mineral museum that portrays the economic and aesthetic value of minerals and educates the public with regard to the critical role of minerals and mineral resources in our society.

### Description:

The Department of Mines and Mineral Resources (DMMR) of the State of Arizona is a non-regulatory agency. The primary duties of the Department are to promote and advocate 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 in various formats, so that it is protected from destruction. The Department provides evaluation and assistance to government agencies and the public and performs surveys of potential economic mineral resources. It monitors current mining and exploration activities and serves as a source of information for mineral information, which it publishes and disseminates. DMMR cooperates with the Arizona Corporation Commission and other agencies in the administration of state laws, and assists various agencies in the identification of mineral resources and educating them relating thereto. The Department maintains a mineral museum which serves to educate the children and the public of the importance of minerals in our society and their aesthetic value. It holds classes in lapidary, silversmithing, and related activities.

Agency Total	924.5	947.8	947.8	947.8
<i>Fund</i>				
General Fund	924.5	947.8	947.8	947.8
Agency Total	924.5	947.8	947.8	947.8

### Performance Measures

	FY 2008 Actual	FY 2009 Expected	FY 2010 Expected	FY 2011 Expected
Number of student museum visitors (in thousands)	25	15	15	15
➤ <i>Price of gasoline is up dramatically, so the number of school willing to send students on field trip may be limited in future.</i>				
Number of museum visitors, including students (in thousands)	48	40	40	40
Number of customers provided with mining and mineral information	360	300	250	250
➤ <i>Depends on the strength of mineral prices. With new mines opening up these may fall which, in turn, will decrease in the number of customers requesting information.</i>				
Department customer satisfaction survey rating (on a scale of 1 to 5 with five being the highest)	4.9	4.9	4.9	4.9

### Administrative Costs

	FY 2010	FY 2011
Administrative Costs	107.0	107.0
Agency Request	1,455.0	1,455.0
Administrative Cost Percentage	7.35%	7.35%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

### Agency Summary

Program/Cost Center	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Mineral Development and Promotion	924.5	947.8	947.8	947.8
Agency Total	924.5	947.8	947.8	947.8

### Category

Category	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
FTE	7.0	7.0	7.0	7.0
Personal Services	350.7	349.5	349.5	349.5
ERE Amount	96.4	96.3	96.3	96.3
Prof. And Outside Services	2.7	2.9	2.9	2.9
Travel - In State	3.5	0.0	0.0	0.0
Travel - Out of State	5.5	7.0	7.0	7.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	464.0	491.9	491.9	491.9
Equipment	1.7	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

## 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 is responsible for ensuring public safety and well-being through the regulation of 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 approving training requirements, recognizing a national examination, establishing rules, and conducting investigations and hearings into allegations of incompetence and unprofessional conduct.

Program/ Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Naturopathic Licensing and Regulation	591.5	604.3	604.3	604.3
Agency Total	591.5	604.3	604.3	604.3
<i>Category</i>				
FTE	6.0	6.0	6.0	6.0
Personal Services	328.3	330.1	330.1	330.1
ERE Amount	95.9	96.0	96.0	96.0
Prof. And Outside Services	98.6	101.0	101.0	101.0
Travel - In State	3.0	3.7	3.7	3.7
Travel - Out of State	1.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	63.3	67.1	67.1	67.1
Equipment	1.4	6.4	6.4	6.4
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	0.0	0.0	0.0	0.0
Agency Total	591.5	604.3	604.3	604.3

### Fund

Naturopathic Board	591.5	604.3	604.3	604.3
Agency Total	591.5	604.3	604.3	604.3

### Performance Measures

	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Expected	Expected	Expected
Massage therapy applications received for initial licensure and biennial renewal.	4,005	4,000	4,000	4,000
➤ <i>Licensing began in FY05</i>				
Average number of days to resolve a massage therapy complaint	218	210	210	210
➤ <i>Hiring freeze has resulted in understaffing investigations which has lengthened adjudication time frames.</i>				
Active physician licenses	562	550	575	575
Complaints received against licensed or certified persons	30	32	32	32
Complaints resolved in same fiscal year	24	26	26	26

### Administrative Costs

	FY 2010	FY 2011
Administrative Costs	65.0	63.3
Agency Request	687.0	666.0
Administrative Cost Percentage	9.46%	9.50%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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. NOTE: All evidentiary navigability hearings have been completed and the Commission is in the report writing phase, report ratification phase, 9 month appeal time and appeals processes. The Commission Sunset date is June 30, 2012.

### Description:

The Navigable Stream Adjudication Commission (ANSAC) is a five-member commission appointed by the Governor and confirmed by the Senate. Title to the beds of Arizona rivers and streams that were navigable as of statehood are subject to state ownership, and title to the beds of Arizona rivers and streams that were not navigable as of statehood are subject to private ownership. Arizona did 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 will continue to remain clouded until ANSAC completes its work. 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. The Colorado River is excluded from the Commission process based on established ownership by the federal government. Barring court mandates for further action, the Commission's work is presently scheduled to be completed by June 30, 2012.

General Fund	217.6	180.8	180.8	180.8
Agency Total	217.6	180.8	180.8	180.8

### Performance Measures

	FY 2008 Actual	FY 2009 Expected	FY 2010 Expected	FY 2011 Expected
Number of Arizona rivers and streams adjudicated	5	7	7	1
Number of hearings under 2001/current statutes	0	0	0	0
Cost per hearing to study watercourses (in thousands of dollars)	0	0	0	0
Customer satisfaction rating for hearing attendees (scale 1-8)	7.5	7.5	7.5	7.5
Number of final reports approved by Commission	5	7	7	1

### Administrative Costs

	FY 2010	FY 2011
Administrative Costs	16.0	16.0
Agency Request	181.0	181.0
Administrative Cost Percentage	8.84%	8.84%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

### Agency Summary

Program/ Cost Center	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Approp.	Exec. Rec.	Exec. Rec.
Stream Adjudication	217.6	180.8	180.8	180.8
Agency Total	217.6	180.8	180.8	180.8
<i>Category</i>				
FTE	1.0	1.0	1.0	1.0
Personal Services	52.1	52.1	52.1	52.1
ERE Amount	26.4	26.2	26.2	26.2
Prof. And Outside Services	123.1	80.6	80.6	80.6
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	16.0	21.9	21.9	21.9
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 Total	217.6	180.8	180.8	180.8

*Fund*



# State Board of Nursing

FY 2010 FY 2011

## 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.

Program/ Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Nursing Assistant	125.4	167.3	167.3	167.3
Licensing and Regulation - RN/LPN	3,871.2	4,134.9	4,134.9	4,134.9
Agency Total	3,996.6	4,302.2	4,302.2	4,302.2
<i>Category</i>				
FTE	40.7	41.2	41.2	41.2
Personal Services	1,945.9	2,196.6	2,196.6	2,196.6
ERE Amount	653.6	871.2	871.2	871.2
Prof. And Outside Services	482.7	544.7	544.7	544.7
Travel - In State	8.6	9.9	9.9	9.9
Travel - Out of State	9.7	10.9	10.9	10.9
Food	0.1	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	527.6	558.6	558.6	558.6
Equipment	368.4	82.1	82.1	82.1
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	28.2	28.2	28.2
Agency Total	3,996.6	4,302.2	4,302.2	4,302.2
<i>Fund</i>				
General Fund	125.4	167.3	167.3	167.3
Nursing Board	3,871.2	4,134.9	4,134.9	4,134.9
Agency Total	3,996.6	4,302.2	4,302.2	4,302.2

## Executive Recommendations

FY 2010 FY 2011

### Executive Issues

#### Increase Fee Caps

0.0 0.0

The Executive recommends raising fee caps to ensure the Board's fiscal solvency. The Executive recommends raising fee caps to the following amounts: \$75 for a nursing assistant certification examination with documentation, \$75 for a nursing assistant endorsement with documentation, \$200 for an RN/LPN examination and licensure, \$125 for an RN/LPN second examination, and \$60 for processing fingerprint cards. The Executive recommends raising fee caps for initial certifications to

the following amounts: \$115 for an initial school nurse application, \$200 for an initial nurse practitioner application, \$200 for an application to prescribe medication, \$200 for an application to prescribe and dispense medication, \$200 for a clinical nursing specialist certification and \$200 for initial certification of an RN anesthetist with prescribing privileges. The Executive recommends raising temporary licensure/certification fee caps to the following amounts: \$60 for an RN/LPN temporary license, \$60 for a nursing assistant temporary certification, \$60 for an NP temporary certification, and \$60 for a clinical nursing specialist temporary certification. The Executive recommends raising renewal fee caps to the following amounts: \$75 for a nursing assistant license renewal, \$180 for renewal of an RN/LPN license offline, \$180 for renewal of an RN/LPN license online, \$75 for renewal of a school nurse certificate, \$200 for renewal of an RN/LPN expired license and \$35 for renewal of a nursing assistant expired license. The Executive recommends raising late fee caps to the following amounts: \$35 for late renewal of nursing assistant certification per each year since last renewed (capping at \$100), \$75 for late renewal of an RN/LPN license per each year since last renewed (capping at \$250). The Executive recommends raising reinstatement fee caps to \$200 for a RN/LPN reinstatement. The Executive recommends raising public information fee caps to the following: \$75 for publications prepared by the board, \$35 for copying a nursing program transcript, \$60 for providing verification to another state or country of licensure for endorsement, certification for advanced practice or for nursing assistant certification. The Executive recommends raising other processing fee caps to the following: \$40 for failing to notify the board of a change of residence address pursuant to section 32-1609, \$40 for issuing a duplicate license or name change (RN/LPN), \$35 for issuing a duplicate license or name change for a nursing assistant, \$5 for providing notary services and \$300 for registration for board seminars and workshops. The Executive recommends granting the Board of Nursing emergency authority to bypass rulemaking to allow immediate fee increases.

Nursing Board Fund 0.0 0.0

## Performance Measures

	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Expected	Expected	Expected
Total licensees Registered Nurses and Licensed Practical Nurses	78,948	84,000	86,000	88,000
Total complaints received	875	900	925	950
Total individuals certified as nursing assistants	21,903	22,000	22,500	22,500
Average calendar days from receipt of complaint to resolution	206	175	200	200

### Administrative Costs

	<u>FY 2010</u>	<u>FY 2011</u>
Administrative Costs	519.6	519.6
Agency Request	4,717.0	4,717.0
Administrative Cost Percentage	11.02%	11.02%

The agency request represents all funds, not just appropriated funds.

These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

---

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

---

## Nursing Care Ins. Admin. Examiners

FY 2010 FY 2011

### 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 fees-financed program of examination, licensure, and regulation.

fiscal solvency. The Executive recommends raising fee caps to the following amounts for Administrators: \$200 for initial application, \$400 for a license as a nursing care institution administrator, \$600 for renewing an active biennial license, \$200 for renewing an inactive biennial license, \$200 for readministering the state examination, \$100 for a duplicate License, \$100 for a late renewal penalty, and \$25 for certifying licensure status. The Executive recommends raising fee caps to the following amounts for Managers: \$200 for initial application, \$200 for examination, \$200 for issuance of certificate, \$300 for renewing an active license, \$200 for renewing an inactive license, \$150 for issuing a temporary license, \$100 for a duplicate license, and \$100 for a late renewal penalty. The Executive recommends granting the Board of Examiners of Nursing Care Institution Administrators and Assisted Living Facility Managers emergency authority to bypass rulemaking to allow immediate fee increases.

Nursing Care Institution Admin/ACHMC Fund	0.0	0.0
---	-----	-----

Program/ Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Licensing and Regulation	315.3	377.7	377.7	377.7
Agency Total	315.3	377.7	377.7	377.7
<i>Category</i>				
FTE	5.0	5.0	5.0	5.0
Personal Services	164.4	218.7	218.7	218.7
ERE Amount	53.0	65.8	65.8	65.8
Prof. And Outside Services	26.4	24.4	24.4	24.4
Travel - In State	5.8	6.0	6.0	6.0
Travel - Out of State	2.4	4.1	4.1	4.1
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	62.3	58.7	58.7	58.7
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	1.0	0.0	0.0	0.0
Agency Total	315.3	377.7	377.7	377.7
<i>Fund</i>				
Nursing Care Institution Administrators/ACHMC	315.3	377.7	377.7	377.7
Agency Total	315.3	377.7	377.7	377.7

### Performance Measures

	FY 2008 Actual	FY 2009 Expected	FY 2010 Expected	FY 2011 Expected
Number of complaint and application investigations conducted	144	182	190	200
Number of new and existing licenses	3,045	3,430	3,128	3,485
Average calendar days to renew a license	2	4	4	4
Customer satisfaction (scale of 1-8)	7.8	7.0	7.0	7.0
➤ In FY 2006, a survey of customer satisfaction was not conducted.				
Administration as percent of total cost	4.3	4.3	4.2	4.2

### Administrative Costs

	FY 2010	FY 2011
Administrative Costs	16.0	16.0
Agency Request	378.0	378.0
Administrative Cost Percentage	4.23%	4.23%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

### Executive Recommendations

FY 2010 FY 2011

#### Executive Issues

**Fee Increase** 0.0 0.0

The Executive recommends raising fee caps to ensure the Board's

## Board of Occupational Therapy Examiners

### Mission:

To ensure the public's health, safety, and welfare by licensing and regulating individuals who provide occupational therapy services or athletic training.

### Description:

The Board of Occupational Therapy Examiners is a regulatory board, which issues and renews bi-annually approximately 2,247 licenses for the occupational therapy profession and 463 licenses for the athletic training profession. By law, the Board requires 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 inquires from consumers as to the license status of individual occupational therapy professionals and athletic trainers.

## Administrative Costs

	<u>FY 2010</u>	<u>FY 2011</u>
Administrative Costs	4.0	4.0
Agency Request	245.0	245.0
Administrative Cost Percentage	1.63%	1.63%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

### Agency Summary

<i>Program/ Cost Center</i>	<i>FY 2008 Actual</i>	<i>FY 2009 Approp.</i>	<i>FY 2010 Exec. Rec.</i>	<i>FY 2011 Exec. Rec.</i>
Licensing and Regulation	163.2	175.8	175.8	175.8
Athletic Trainers Licensing and Regulation	62.1	69.1	69.1	69.1
Agency Total	225.3	244.9	244.9	244.9

### Category

FTE	3.3	3.3	3.3	3.3
Personal Services	121.2	131.4	131.4	131.4
ERE Amount	43.3	47.7	47.7	47.7
Prof. And Outside Services	22.7	10.5	10.5	10.5
Travel - In State	2.0	9.0	9.0	9.0
Travel - Out of State	0.6	5.0	5.0	5.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	33.6	41.3	41.3	41.3
Equipment	1.9	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 Total	225.3	244.9	244.9	244.9

### Fund

Occupational Therapy Fund	225.3	244.9	244.9	244.9
Agency Total	225.3	244.9	244.9	244.9

## Performance Measures

	<u>FY 2008 Actual</u>	<u>FY 2009 Expected</u>	<u>FY 2010 Expected</u>	<u>FY 2011 Expected</u>
Number of occupational therapy complaints received	13	15	17	17
Number of individuals licensed as occupational therapists	2,247	2,328	2,416	2,515
Number of athletic training licenses issued	67	70	75	80
Number of athletic training complaints received	3	5	5	6

## 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 624 opticians and 263 optical establishments licensed to practice in the state, as well as all Arizona citizens who receive these professional services.

## Administrative Costs

	FY 2010	FY 2011
Administrative Costs	6.5	6.5
Agency Request	130.0	130.0
Administrative Cost Percentage	5.00%	5.00%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

### Agency Summary

Program/ Cost Center	FY 2008 <i>Actual</i>	FY 2009 <i>Approp.</i>	FY 2010 <i>Exec. Rec.</i>	FY 2011 <i>Exec. Rec.</i>
Licensing and Regulation	121.4	124.3	124.3	124.3
Agency Total	121.4	124.3	124.3	124.3
<i>Category</i>				
FTE	1.0	1.0	1.0	1.0
Personal Services	58.1	58.9	58.9	58.9
ERE Amount	22.6	22.6	22.6	22.6
Prof. And Outside Services	29.2	28.7	28.7	28.7
Travel - In State	4.5	5.5	5.5	5.5
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	7.0	8.6	8.6	8.6
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 Total	121.4	124.3	124.3	124.3
<i>Fund</i>				
Dispensing Opticians Board	121.4	124.3	124.3	124.3
Agency Total	121.4	124.3	124.3	124.3

### Performance Measures

	FY 2008 <i>Actual</i>	FY 2009 <i>Expected</i>	FY 2010 <i>Expected</i>	FY 2011 <i>Expected</i>
Optician licenses issued	70	50	50	50
Establishment renewal applications processed	207	350	300	300
<i>➤ establishments are renewed June 30 so total carries over to next fiscal year</i>				
Complaints about licensees received and investigated	13	15	20	20
Number of days from receipt of complaint until completion	69	80	80	80
<i>➤ number of days is average of all complaints</i>				

## 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.

Agency Summary				
<i>Program/ Cost Center</i>	<i>FY 2008 Actual</i>	<i>FY 2009 Approp.</i>	<i>FY 2010 Exec. Rec.</i>	<i>FY 2011 Exec. Rec.</i>
Licensing and Regulation	187.7	202.2	202.2	202.2
Agency Total	187.7	202.2	202.2	202.2
<i>Category</i>				
FTE	2.0	2.0	2.0	2.0
Personal Services	104.0	97.6	97.6	97.6
ERE Amount	36.5	33.7	33.7	33.7
Prof. And Outside Services	27.6	37.9	37.9	37.9
Travel - In State	0.6	0.5	0.5	0.5
Travel - Out of State	0.8	8.0	8.0	8.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	18.2	24.3	24.3	24.3
Equipment	0.0	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 Total	187.7	202.2	202.2	202.2
<i>Fund</i>				
Board of Optometry Fund	187.7	202.2	202.2	202.2
Agency Total	187.7	202.2	202.2	202.2

### Performance Measures

	<u>FY 2008 Actual</u>	<u>FY 2009 Expected</u>	<u>FY 2010 Expected</u>	<u>FY 2011 Expected</u>
Active licensees	988	1,000	1,000	1,000
Total number of complaints received	57	55	50	50
Total number of disciplinary actions	0	5	3	3

### Administrative Costs

	<u>FY 2010</u>	<u>FY 2011</u>
Administrative Costs	8.0	8.0
Agency Request	202.0	202.0
Administrative Cost Percentage	3.96%	3.96%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

## Arizona Board of Osteopathic Examiners

FY 2010 FY 2011

### 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, which is distinguished from traditional medicine in that it focuses on preventive care with a special emphasis on the musculo-skeletal system. The system of hands-on techniques helps alleviate pain, restores motion, supports the body's natural functions and influences the body's structure to help it function more efficiently. There are approximately 2,200 licensed osteopathic doctors in Arizona. The Board is comprised of five doctors and two members of the public, which are all appointed by the Governor to five-year terms. The Board is responsible for the licensure and regulation of members of the Osteopathic medical community, the enforcement of standards of practice, and the review and adjudication of complaints.

recommends \$411,900 from the General Fund to provide stability for the Board's fund at the beginning of the fiscal year. Without the additional support from the General Fund, the Board will not have sufficient funds to operate.

General Fund 411.9 0.0

### Performance Measures

	FY 2008 Actual	FY 2009 Expected	FY 2010 Expected	FY 2011 Expected
Administration as percent of total cost	0	10	10	15
Customer satisfaction rating (1-8)	7.1	7.2	7.3	7.3
Average days to issue new license	51	45	43	40
Number of new and existing licenses	2,262	2,390	2,350	2,432
Complaints investigated	191	225	225	225
Average calendar days to resolve a complaint	360	225	200	180

### Administrative Costs

	FY 2010	FY 2011
Administrative Costs	118.0	118.0
Agency Request	1,199.0	786.0
Administrative Cost Percentage	9.84%	15.01%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

### Agency Summary

Program/ Cost Center	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Licensing and Regulation	698.4	698.7	1,110.6	698.7
Agency Total	698.4	698.7	1,110.6	698.7
<i>Category</i>				
FTE	6.7	6.7	6.7	6.7
Personal Services	352.3	352.2	543.0	352.2
ERE Amount	107.6	107.6	144.7	107.6
Prof. And Outside Services	113.7	78.5	141.8	78.5
Travel - In State	1.0	1.0	1.6	1.0
Travel - Out of State	2.6	3.0	4.0	3.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	101.1	100.9	190.0	100.9
Equipment	12.2	54.0	84.0	54.0
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	7.9	1.5	1.5	1.5
Agency Total	698.4	698.7	1,110.6	698.7
<i>Fund</i>				
General Fund	0.0	0.0	411.9	0.0
Osteopathic Examiners Board	698.4	698.7	698.7	698.7
Agency Total	698.4	698.7	1,110.6	698.7

### Executive Recommendations

FY 2010 FY 2011

### Executive Issues

General Fund Backfill 411.9 0.0

Laws 2008, Chapter 285, included a \$541,100 transfer from the Board's fund to the General Fund, which leaves the Fund with cash flow issues at the beginning of FY 2010. The Executive

# 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:**

Under the direction of the Arizona State Parks Board, the agency develops and manages thirty State parks and natural areas and provides safe and enjoyable facilities and programs for over two million visitors annually. The Board also, upon recommendation of several advisory committees, provides approximately \$40 million in financial incentives annually to government and nongovernment entities through eight different grant programs. Through the State Historic Preservation Office, the Agency preserves Arizona's prehistoric and historic resources. The Agency also coordinates two Recreational Trails programs, one for motorized and one for non-motorized trail activities. The Agency coordinates statewide resource planning, public involvement and educational opportunities through partnerships for public purposes. State Parks is comprised of the Director's Office and three divisions: Parks, Partnerships, and Administration.

Agency Summary				
Program/ Cost Center	FY 2008 <i>Actual</i>	FY 2009 <i>Approp.</i>	FY 2010 <i>Exec. Rec.</i>	FY 2011 <i>Exec. Rec.</i>
Park Development and Operation	12,254.8	12,684.0	12,748.7	12,748.7
Partnerships and Grants	22,755.0	21,656.4	21,656.4	21,656.4
Administration	2,725.0	3,022.5	3,022.5	3,022.5
Agency Total	37,734.8	37,362.9	37,427.6	37,427.6
Category				
FTE	249.3	249.3	249.3	249.3
Personal Services	8,277.4	8,970.0	9,022.8	9,022.8
ERE Amount	3,983.1	4,258.4	4,270.3	4,270.3
Prof. And Outside Services	75.1	6.2	6.2	6.2
Travel - In State	104.2	115.2	115.2	115.2
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	2,274.3	1,092.7	1,092.7	1,092.7
Other Operating Expenses	2,745.5	2,710.4	2,710.4	2,710.4
Equipment	149.7	85.0	85.0	85.0
Capital Outlay	0.5	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	20,125.0	20,125.0	20,125.0	20,125.0
Agency Total	37,734.8	37,362.9	37,427.6	37,427.6
Fund				
General Fund	27,784.5	28,463.2	28,463.2	28,463.2
Reservation Surcharge	347.5	548.0	548.0	548.0
Revolving Fund				
Capital Outlay Stabilization	0.5	0.0	0.0	0.0
Boating Safety Fund	2,274.3	1,092.7	1,092.7	1,092.7
State Parks Enhancement	7,328.0	7,259.0	7,323.7	7,323.7
Agency Total	37,734.8	37,362.9	37,427.6	37,427.6

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 Arizona Trail	125.0	125.0	125.0	125.0
SLI Growing Smarter	20,000.0	20,000.0	20,000.0	20,000.0

## Executive Recommendations

FY 2010   FY 2011

**Executive Issues**

**Loss of City and Private Participation** 64.7   64.7

To ensure the protection of critically endangered environmental areas, the Executive recommends \$64,700 in additional expenditure authority from the State Park Enhancement Fund for the Sonoita Creek Natural Area.

State Parks Enhancement Fund 64.7   64.7

## Performance Measures

	FY 2008 <u>Actual</u>	FY 2009 <u>Expected</u>	FY 2010 <u>Expected</u>	FY 2011 <u>Expected</u>
Percentage of employee turnover	17.9	15	15	15
Annual park attendance (in thousands)	2,348.3	2,400.0	2,450	2,500
Percent of park visitors that are satisfied	97	95	95	95
Number of new acres of open space and parkland space purchased by State Parks or facilitated through its grant programs	1,815	2,000	2,000	2,000
Average cost per state park visitor (in dollars)	0.98	1.20	1.20	1.20

## Administrative Costs

	<u>FY 2010</u>	<u>FY 2011</u>
Administrative Costs	3,453.1	3,453.1
Agency Request	110,444.0	110,444.0
Administrative Cost Percentage	3.13%	3.13%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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



## Personnel Board

### Mission:

To provide an efficient and impartial hearing process while carrying out its 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.

Program/Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Appeals/Complaints	349.0	372.4	372.4	372.4
Agency Total	349.0	372.4	372.4	372.4
<i>Category</i>				
FTE	3.0	3.0	3.0	3.0
Personal Services	103.0	122.2	122.2	122.2
ERE Amount	41.0	42.1	42.1	42.1
Prof. And Outside Services	153.7	155.4	155.4	155.4
Travel - In State	0.6	2.2	2.2	2.2
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	43.3	49.7	49.7	49.7
Equipment	7.4	0.8	0.8	0.8
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 Total	349.0	372.4	372.4	372.4
<i>Fund</i>				
General Fund	349.0	372.4	372.4	372.4
Agency Total	349.0	372.4	372.4	372.4

## Performance Measures

	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Expected	Expected	Expected
Number of appeals/complaints filed	76	84	84	84
Average days from receipt of an appeal/complaint until the board issues a final order	113	115	115	115
Average cost of an appeal/complaint (dollars)	1,216	1,550	1,625	1,690
Percent of customers rating overall hearing process as good to excellent	90	90	90	90

## Administrative Costs

	FY 2010	FY 2011
Administrative Costs	30.3	30.3
Agency Request	422.0	430.0
Administrative Cost Percentage	7.18%	7.05%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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.

Program/ Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Licensing and Regulation	2,518.0	2,774.3	2,645.3	2,645.3
Agency Total	2,518.0	2,774.3	2,645.3	2,645.3
<i>Category</i>				
FTE	38.0	34.0	33.0	33.0
Personal Services	1,378.5	1,446.5	1,374.5	1,374.5
ERE Amount	568.4	618.4	595.9	595.9
Prof. And Outside Services	90.2	178.5	144.0	144.0
Travel - In State	128.2	106.1	106.1	106.1
Travel - Out of State	1.2	10.0	10.0	10.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	290.0	351.2	351.2	351.2
Equipment	36.0	55.6	55.6	55.6
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	25.5	8.0	8.0	8.0
Agency Total	2,518.0	2,774.3	2,645.3	2,645.3
<i>Fund</i>				
Structural Pest Control	2,518.0	2,774.3	2,645.3	2,645.3
Agency Total	2,518.0	2,774.3	2,645.3	2,645.3

### Executive Recommendations

FY 2010 FY 2011

#### Executive Issues

**Appropriation Reduction** (129.0) (129.0)

The Executive recommends a decrease of (\$129,000) and 1.0 FTE Executive Consultant position to align the agency's expenditures with anticipated revenues.

Structural Pest Control Fund (129.0) (129.0)

### Performance Measures

	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Expected	Expected	Expected
Total inspections conducted (use and non-use).	5,485	5,000	5,000	5,000
Average calendar days from receipt of completed application to ruling on application for Applicator testing.	20	20	20	20
Total of all licenses issued.	9,864	10,300	10,300	10,300
Total consumer and agency generated complaints.	33	40	40	40
Average calendar days from receipt of complaint to resolution	216	220	220	220

### Administrative Costs

	FY 2010	FY 2011
Administrative Costs	172.2	172.2
Agency Request	2,751.0	2,644.0
Administrative Cost Percentage	6.26%	6.51%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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.

Program/ Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Licensing and Regulation	2,664.7	1,920.9	1,920.9	1,920.9
Agency Total	2,664.7	1,920.9	1,920.9	1,920.9
<i>Category</i>				
FTE	14.0	14.0	14.0	14.0
Personal Services	1,019.8	1,053.3	1,053.3	1,053.3
ERE Amount	307.9	307.6	307.6	307.6
Prof. And Outside Services	118.7	152.0	152.0	152.0
Travel - In State	49.7	10.0	10.0	10.0
Travel - Out of State	4.4	0.0	0.0	0.0
Aid to Others	542.6	131.5	131.5	131.5
Other Operating Expenses	220.7	266.0	266.0	266.0
Equipment	1.9	0.5	0.5	0.5
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	399.0	0.0	0.0	0.0
Agency Total	2,664.7	1,920.9	1,920.9	1,920.9
<i>Fund</i>				
Pharmacy Board	2,664.7	1,920.9	1,920.9	1,920.9
Agency Total	2,664.7	1,920.9	1,920.9	1,920.9

### FY 2009 Supplemental Recommendations

FY 2009

**Pharmacy Fund Adjustment** 300.0

Laws 2008, Chapter 285, included a \$549,700 transfer from the Board's fund to the General Fund, which has left the Board with insufficient cash flow to meet its FY 2009 appropriation. The Executive recommends a transfer of \$300,000 from the General Fund to allow the Pharmacy Fund to remain solvent through FY 2009.

General Fund 300.0

### Performance Measures

	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Expected	Expected	Expected
Total number of complaints received	163	175	190	200
Total number of inspections conducted	2,866	2,907	2,962	3,049
Total number licenses/renewals issued	17,122	19,072	21,059	23,009

➤ Total number licenses/renewals issued in FY

### Administrative Costs

	FY 2010	FY 2011
Administrative Costs	100.0	100.0
Agency Request	2,099.0	2,099.0
Administrative Cost Percentage	4.76%	4.76%

The agency request represents all funds, not just appropriated funds.

These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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 well-being 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 4,000 professionals licensed and certified to practice in the State. 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.

#### Agency Summary

Program/ Cost Center	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Approp.	Exec. Rec.	Exec. Rec.
Licensing and Regulation	466.8	360.2	360.2	360.2
Agency Total	466.8	360.2	360.2	360.2
<i>Category</i>				
FTE	3.6	3.6	3.6	3.6
Personal Services	184.5	188.3	188.3	188.3
ERE Amount	47.4	47.7	47.7	47.7
Prof. And Outside Services	36.3	48.9	48.9	48.9
Travel - In State	6.0	7.6	7.6	7.6
Travel - Out of State	2.2	0.9	0.9	0.9
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	56.5	59.3	59.3	59.3
Equipment	29.4	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	104.5	3.0	3.0	3.0
Agency Total	466.8	360.2	360.2	360.2
<i>Fund</i>				
Physical Therapy Fund	466.8	360.2	360.2	360.2
Agency Total	466.8	360.2	360.2	360.2

## Performance Measures

	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Expected	Expected	Expected
Number of licenses/certificates renewed	11	3,600	25	3700
➤ <i>FY 2005 estimate reflects renewals processed from July 1 through August 31, which represents the majority of renewals.</i>				
Total number of complaints received	47	60	65	70
➤ <i>Total number of complaints received.</i>				
Number of new licenses or certificates issued	303	310	310	310
➤ <i>Number of new licenses and certificates issued</i>				

## Administrative Costs

	FY 2010	FY 2011
Administrative Costs	29.8	29.8
Agency Request	360.0	360.0
Administrative Cost Percentage	8.28%	8.28%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

## Arizona Pioneers' Home

FY 2010 FY 2011

### Mission:

To provide long-term health care services to Arizona pioneers and disabled miners who meet statutory admission criteria.

### 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 120 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.

Program/ Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Arizona Pioneers' Home	6,278.1	6,675.1	6,675.1	6,675.1
Agency Total	6,278.1	6,675.1	6,675.1	6,675.1
<i>Category</i>				
FTE	115.8	115.8	115.8	115.8
Personal Services	3,442.4	3,883.6	3,575.0	3,575.0
ERE Amount	1,801.8	1,494.8	1,909.0	1,909.0
Prof. And Outside Services	121.6	131.7	130.0	130.0
Travel - In State	24.5	25.0	25.0	25.0
Travel - Out of State	0.0	0.0	0.0	0.0
Food	192.7	202.2	205.0	205.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	682.1	912.8	806.1	806.1
Equipment	13.0	25.0	25.0	25.0
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 Total	6,278.1	6,675.1	6,675.1	6,675.1
<i>Fund</i>				
General Fund	1,123.9	24.0	24.0	24.0
Pioneers' Home State Charitable Earnings	3,483.7	3,663.5	3,753.9	3,753.9
Pioneers' Home Miners' Hospital	1,670.5	2,987.6	2,897.2	2,897.2
Agency Total	6,278.1	6,675.1	6,675.1	6,675.1

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 Prescription Drugs	190.9	258.0	240.0	240.0
------------------------	-------	-------	-------	-------

### Executive Recommendations

FY 2010 FY 2011

### Executive Issues

Budget Realignment/RN-LPN Wage Standardization 0.0 0.0

In recent years, the Pioneers' Home has been over-appropriated for Personal Services and under-appropriated for Employee Related Expenses (ERE). As the Home has a modified lump-sum budget, it has had to obtain JLBC permission to move these monies in FY 2007 and FY 2008. Accordingly, the Executive recommends a base modification in FY 2010 and FY 2011 to realign the budget, with no net increase. This recommended base modification includes an increase of \$414,200 in appropriation to ERE to align the Home's appropriation with anticipated expenditures and an increase of \$2,800 in Food due to an expected annual census increase of four residents per year. A reduction of (\$308,600) from the Pioneers' Home State Charitable Earning Fund from Personal Services partially offsets these increases. Additionally, the Executive recommends a reduction of (\$18,000) from the Prescription Drug SLI and a reduction of (\$90,400) from the Miners' Hospital Fund to pay for the rest of the recommended ERE and Food increases.

General Fund	0.0	0.0
Pioneers' Home State Charitable Earnings Fund	90.4	90.4
Pioneers' Home Miners' Hospital Fund	(90.4)	(90.4)

### Performance Measures

	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Expected	Expected	Expected
Residents rating of good or excellent (percent)	97	98	98	98
Average census	123	127	130	135
Number of citations from inspections	2	3	3	3
Monthly cost per resident (in dollars)	4,196	4,380	4,336	4,175

### Administrative Costs

	FY 2010	FY 2011
Administrative Costs	365.6	365.6
Agency Request	6,764.0	6,764.0
Administrative Cost Percentage	5.41%	5.41%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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 citizens of Arizona by regulating and maintaining standards of practice in the field of podiatric medicine.

### Description:

The Board licenses and regulates doctors of podiatric medicine, which 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.

Program/ Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Licensing and Regulation	108.3	143.6	143.6	143.6
Agency Total	108.3	143.6	143.6	143.6
<i>Category</i>				
FTE	1.0	1.0	1.0	1.0
Personal Services	49.8	64.1	64.1	64.1
ERE Amount	10.8	23.4	23.4	23.4
Prof. And Outside Services	37.1	11.5	11.5	11.5
Travel - In State	0.6	1.0	1.0	1.0
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	9.8	41.5	41.5	41.5
Equipment	0.2	2.1	2.1	2.1
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 Total	108.3	143.6	143.6	143.6
<i>Fund</i>				
Podiatry Examiners Board	108.3	143.6	143.6	143.6
Agency Total	108.3	143.6	143.6	143.6

### Performance Measures

	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Expected	Expected	Expected
Number of complaints received	55	60	55	50
Number of investigations concluded	48	50	50	50
Number of licensees	352	365	370	370

### Administrative Costs

	FY 2010	FY 2011
Administrative Costs	6.6	6.6
Agency Request	144.0	144.0
Administrative Cost Percentage	4.58%	4.58%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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 is comprised of 16 Commissioners representing all sectors of postsecondary education including public universities, private colleges, proprietary degree-granting institutions, independent colleges, career schools, and public community colleges. In addition, K-12, charter schools, and the general public are represented. The Commission provides a forum for all sectors of higher education to dialogue, partner, and problem solve issues of mutual interest. Administrative responsibilities of the ACPE include: the Arizona Family College Savings Program, Leveraging Educational Assistance Partnership, Private Postsecondary Student Financial Assistance Program PFAP, Postsecondary Education Grant Program, and grant repayment programs. In addition, the Commission provides information to students and families to plan for, transition into, and succeed in postsecondary education through a variety of educational programs and publications.

Program/ Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Postsecondary Commission	6,411.4	8,230.1	7,830.1	7,830.1
Agency Total	6,411.4	8,230.1	7,830.1	7,830.1
<i>Category</i>				
FTE	7.0	7.0	5.0	5.0
Personal Services	147.5	305.6	301.7	301.7
ERE Amount	79.0	90.4	89.3	89.3
Prof. And Outside Services	199.3	309.0	214.8	214.8
Travel - In State	2.0	3.3	3.0	3.0
Travel - Out of State	3.4	5.6	5.6	5.6
Aid to Others	3,489.5	4,269.5	4,269.5	4,269.5
Other Operating Expenses	79.6	185.1	184.6	184.6
Equipment	4.6	5.0	5.0	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	0.0	0.0	0.0
Transfers Out	2,406.5	3,056.6	2,756.6	2,756.6
Agency Total	6,411.4	8,230.1	7,830.1	7,830.1
<i>Fund</i>				
General Fund	3,725.3	4,377.4	3,977.4	3,977.4
Postsecondary Education Fund	2,686.1	3,852.7	3,852.7	3,852.7
Agency Total	6,411.4	8,230.1	7,830.1	7,830.1

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 Family College Savings Program	111.5	152.6	152.6	152.6
SLI Minority Education Policy Analysis Center	13.6	100.3	100.3	100.3

SLI College and Career Guide	1.7	21.2	21.2	21.2
SLI College Goal Sunday (Twelve Plus Partnership)	102.5	130.8	130.8	130.8
SLI PPE Financial Assistance Program (PFAP)	800.0	400.0	400.0	400.0
SLI Leveraging Educational Assistance Partnership (LEAP)	3,486.5	4,264.5	4,264.5	4,264.5
SLI Postsecondary Education Grant Program	1,605.2	2,656.6	2,356.6	2,356.6
SLI Case Managers	99.3	100.0	0.0	0.0

## Executive Recommendations

FY 2010 FY 2011

### Executive Issues

#### One-Time Adjustment

(300.0) (300.0)

The Executive recommends a decrease of (\$300,000) for FY 2010 and FY 2011. The Commission received appropriations of \$300,000 for both FY 2008 and FY 2009 for a one-time IT database project.

General Fund

(300.0) (300.0)

#### Eliminate Case Managers

(100.0) (100.0)

The Executive recommends removing funding for new and unfilled case manager positions for a total savings of (\$100,000).

General Fund

(100.0) (100.0)

## Performance Measures

	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Expected	Expected	Expected
Number of LEAP student awardees	4,823	3700	3700	3700
Percent of good or excellent service via evaluation surveys	91	91	90	90
Number of Arizona Education Loan Program student borrowers	196,944	236,727	286,168	0
Number of Postsecondary Education Financial Assistance Program student awards	50	120	120	120
Number of Arizona Family College Savings Program accounts	46,999	50,000	53,000	56,000
Number of Arizona College & Career Guides distributed	0	14,000	14,000	14,000
Attendees at College Goal Sunday	3,421	2,800	2,800	2,800

## Administrative Costs

FY 2010 FY 2011

Administrative Costs

489.8 489.9

Agency Request

14,608.0 14,608.0

Administrative Cost Percentage

3.35% 3.35%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

## State Board for Private Postsecondary Education

### Mission:

To protect the health, safety, and welfare of Arizona citizens by regulating private postsecondary educational institutions and providing services to their students.

### Description:

The Board licenses and regulates approximately 192 private postsecondary educational institutions, serving approximately 343,800 students annually. The Board acts on license applications, 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.

Program/ Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Licensing and Regulation	304.4	334.7	334.7	334.7
Agency Total	304.4	334.7	334.7	334.7
<i>Category</i>				
FTE	3.5	3.5	3.5	3.5
Personal Services	169.1	189.6	189.6	189.6
ERE Amount	61.7	67.3	67.3	67.3
Prof. And Outside Services	16.9	27.2	27.2	27.2
Travel - In State	0.9	2.0	2.0	2.0
Travel - Out of State	0.9	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	48.8	46.3	46.3	46.3
Equipment	0.0	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	6.1	(3.5)	(3.5)	(3.5)
Agency Total	304.4	334.7	334.7	334.7
<i>Fund</i>				
Private Postsecondary Education	304.4	334.7	334.7	334.7
Agency Total	304.4	334.7	334.7	334.7

## Performance Measures

	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Expected	Expected	Expected
Average number of calendar days to pay claims	28	60	60	60
Customer Satisfaction Survey (scale of 1-8)	7.9	7.8	7.9	7.9
Number of non-student complaints investigated	10	20	20	20
Total number of institutions licensed	192	200	210	220
Total number of renewal licenses approved	306	314	324	334
Number of annual inspections conducted	44	35	35	35
Number of students enrolled	343,779	350,000	355,000	360,000
Number of annual student complaints investigated	24	20	20	20

## Administrative Costs

	FY 2010	FY 2011
Administrative Costs	20.3	20.3
Agency Request	680.0	680.0
Administrative Cost Percentage	2.99%	2.99%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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.

Agency Summary				
Program/ Cost Center	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Licensing and Regulation	367.6	407.9	870.9	407.9
Agency Total	367.6	407.9	870.9	407.9
<b>Category</b>				
FTE	4.0	4.0	4.0	4.0
Personal Services	226.4	226.4	226.4	226.4
ERE Amount	64.6	64.6	64.6	64.6
Prof. And Outside Services	15.9	24.9	24.9	24.9
Travel - In State	7.4	8.3	8.3	8.3
Travel - Out of State	4.9	5.0	5.0	5.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	47.9	65.5	65.5	65.5
Equipment	0.5	8.6	8.6	8.6
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	4.6	467.6	4.6
Agency Total	367.6	407.9	870.9	407.9
<b>Fund</b>				
General Fund	0.0	0.0	463.0	0.0
Psychologist Examiners Board	367.6	407.9	407.9	407.9
Agency Total	367.6	407.9	870.9	407.9

### Executive Recommendations

FY 2010 FY 2011

#### Executive Issues

**Psychology Fund Adjustment** 463.0 0.0

Laws 2008, Chapter 285, included a \$563,000 transfer from the Board's Fund to the General Fund. The transfer leaves the Board with insufficient funds to cover its FY 2010 expenditures. The Executive recommends a transfer of \$463,000 from the General Fund to allow the Psychology Fund to remain solvent through FY 2010.

General Fund 463.0 0.0

### Performance Measures

	FY 2008 Actual	FY 2009 Expected	FY 2010 Expected	FY 2011 Expected
Number of licensees (active/inactive)	1,831	1,805	1,805	1,805
➤ Assuming a 2% attrition rate each year				
Number of investigations	49	49	49	49
Customer satisfaction rating (scale 1-8)	7.64	7.5	7.5	7.5

### Administrative Costs

	FY 2010	FY 2011
Administrative Costs	37.1	37.1
Agency Request	484.0	460.0
Administrative Cost Percentage	7.67%	8.07%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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.

Program/ Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Agency Support	29,672.1	31,406.4	31,406.4	31,406.4
Highway Patrol	101,614.3	127,102.0	125,572.6	127,954.9
Criminal Investigations	43,143.2	58,030.5	55,246.9	55,246.9
Criminal Justice Support	47,535.9	40,372.7	39,521.2	43,064.7
Public Safety Communications Commission	0.0	0.0	(358.5)	(358.5)
Agency Total	221,965.5	256,911.6	251,388.6	257,314.4
<i>Category</i>				
FTE	2,095.8	2,121.8	2,133.8	2,133.8
Personal Services	116,263.9	115,413.8	113,359.2	115,044.4
ERE Amount	52,417.4	60,118.8	59,389.8	60,086.9
Prof. And Outside Services	1,605.2	22,368.9	21,616.5	21,616.5
Travel - In State	853.6	1,122.1	1,122.1	1,122.1
Travel - Out of State	290.3	237.4	237.4	237.4
Aid to Others	1,924.5	9,896.4	9,896.4	9,896.4
Other Operating Expenses	28,598.7	29,263.8	28,053.8	31,597.3
Equipment	15,775.6	17,119.9	16,342.9	16,342.9
Capital Outlay	1.0	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	4,235.3	1,370.5	1,370.5	1,370.5
Agency Total	221,965.5	256,911.6	251,388.6	257,314.4
<i>Fund</i>				
General Fund	118,648.7	63,459.7	63,101.2	65,483.5
State Highway Fund	51,770.0	41,050.5	41,050.5	41,050.5
Arizona Highway Patrol Fund	19,917.1	22,223.3	18,662.7	18,662.7
Safety Enforcement and Transportation Infrastructure	1,557.2	1,615.6	1,615.6	1,615.6
Crime Laboratory Assessment	5,857.8	5,847.9	5,847.9	5,847.9

Auto Fingerprint Identification	2,714.4	3,293.4	3,421.9	3,481.4
DNA Identification System Fund	4,557.7	4,604.6	3,624.6	7,108.6
Motorcycle Safety Fund	0.0	205.0	205.0	205.0
Parity Compensation Fund	3,398.3	3,539.5	3,539.5	3,539.5
Highway User Revenue Fund	9,955.8	84,949.5	84,949.5	84,949.5
Criminal Justice Enhancement Fund	3,275.7	3,292.1	3,292.1	3,292.1
Risk Management Fund	312.8	296.2	296.2	296.2
Highway Photo Radar	0.0	22,534.3	21,781.9	21,781.9
Agency Total	221,965.5	256,911.6	251,388.6	257,314.4

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 GITEM	17,340.7	32,306.2	32,306.2	32,306.2
-----------	----------	----------	----------	----------

### Executive Recommendations

FY 2010   FY 2011

#### Executive Issues

**FTE Authority for Photo Enforcement Program** 0.0      0.0

The Executive recommendation includes 12.0 FTE positions for the Photo Enforcement program. Laws 2008, Chapter 286, established and appropriated funding for the program, and funding for the positions is already in the base.

Highway Photo Radar	0.0	0.0
---------------------	-----	-----

**End Helicopter Lease Purchase** (777.0)      (777.0)

The Executive recommends a (\$777,000) Highway Patrol Fund reduction to eliminate replacement helicopter lease-purchase financing funding. DPS purchased a replacement helicopter using lease-purchase financing at a cost of \$777,000 per year over three years. The final payment was made in FY 2009.

Arizona Highway Patrol Fund	(777.0)	(777.0)
-----------------------------	---------	---------

**Annualize Photo Enforcement Vendor Payments** (752.4)      (752.4)

Laws 2008, Chapter 286, appropriated \$20.4 million to DPS for vendor payments at an estimated cost of \$47.48 per paid citation. The actual contracted cost for vendor payments is \$29.70 per paid citation. For FY 2010 and FY 2011, it is estimated there will be 660,234 paid citations at a cost of \$29.70 per paid citation for a total of \$19.6 million to be paid to the vendor. The Executive recommends a (\$752,400) Photo Enforcement Fund reduction for payments to the vendor.

Highway Photo Radar	(752.4)	(752.4)
---------------------	---------	---------

	<u>FY 2010</u>	<u>FY 2011</u>
<b>Highway Patrol Fund Revenue Deficit</b>	(2,783.6)	(2,783.6)
Highway Patrol Fund expenditures have increased in recent years, while revenue has declined, forcing DPS to absorb increasing deficits. The problem has increased significantly over the past few years, due to declining revenues from the Insurance Premium Tax, the main source of Fund revenue. The Executive recommends a reduction of (\$2.8 million) to the Highway Patrol Fund appropriation.		
Arizona Highway Patrol Fund	(2,783.6)	(2,783.6)

<b>Public Safety Communications Commission</b>	(358.5)	(358.5)
Laws 2004, Chapter 275, appropriated \$3.0 million in non-lapsing monies to DPS for the development and implementation of interoperability by the Public Safety Communications Commission. Laws 2008, Chapter 285, transferred \$880,600 and operation of the Public Safety Communications Commission from DPS to GITA. The Executive recommends a (\$358,500) General Fund reduction to transfer the remaining FY 2005 non-lapsing monies to GITA for the Public Safety Communications Commission.		
General Fund	(358.5)	(358.5)

<b>Automated Fingerprint System Maintenance</b>	128.5	188.0
In FY 2007, the Arizona Automated Fingerprint Identification System was upgraded and paid for with lease-purchase financing over five years. The new system has been under warranty since it was purchased, which covered annual maintenance costs, but beginning in FY 2009 DPS must pay those costs. The Executive recommends \$128,500 in FY 2010 and \$188,000 in FY 2011 to pay the annual maintenance costs for the Automated Fingerprint Identification System.		
Auto Fingerprint Identification Fund	128.5	188.0

<b>Sworn Salary Adjustments</b>	0.0	1,274.0
In 2005, a \$15.0 million multi-year plan was adopted for officer salaries over the course of five years, at \$3.0 million per year. FY 2009 was to be the final year of the plan. Laws 2008, Chapter 285, funded only part of the final \$3.0 million in FY 2009, with intent language stating that the remaining amount would be funded in FY 2010. The Executive recommends a one-year delay in funding for sworn salary adjustments and recommends \$1.3 million in FY 2011 to complete the five-year plan.		
General Fund	0.0	1,274.0

	<u>FY 2010</u>	<u>FY 2011</u>
<b>Officer Pay Plan</b>	0.0	1,108.3
The Executive recommends \$1.1 million in FY 2011 to fund the normal salary progression for 49 officer positions authorized in FY 2005 and FY 2007, which is a one-year delay in funding. New officer salary progression is set up on a three-step plan. The first step is the minimum pay level of \$45,955. After three years, officers move to the second step, or mid-point pay level, which is \$55,169. The third step is the maximum level at \$64,383. The pay plan will move 35 newly authorized officers in FY 2007 from the minimum to the mid-point level in FY 2010 and 14 officers authorized in FY 2005 from the mid-point to the maximum level in FY 2011.		
General Fund	0.0	1,108.3

<b>DNA Testing</b>	(980.0)	2,504.0
The Executive recommends a one-year delay of the appropriations from the Arizona DNA Identification System Fund for the expanded DNA testing program. To fund the operating costs for expanded DNA testing provisions, as well as the design and construction of an expanded crime lab in Phoenix, Laws 2007, Chapter 261, originally appropriated \$2.0 million in FY 2008, \$3.0 million in FY 2009, \$3.5 million in FY 2010, \$3.4 million in FY 2011 and \$3.5 million in FY 2012 from the Arizona DNA Identification System Fund. Laws 2008, Chapter 285, reduced the FY 2009 appropriation by \$2.0 million to delay the construction of the lab.		
DNA Identification System Fund	(980.0)	2,504.0

### **FY 2009 Supplemental Recommendations**

	<u>FY 2009</u>
<b>GIITEM Non-Lapsing Date Correction</b>	0.0
Laws 2008, Chapter 285, authorized \$10.0 million from the General Fund in the GIITEM special line item for immigration enforcement grants and included language that the \$10.0 million appropriation was exempt from A.R.S. 35-190 relating to the lapsing of appropriations. However, the language included a lapsing date of June 30, 2009, which was a drafting error. The Executive recommends that the lapsing date be corrected to June 30, 2010.	
General Fund	0.0

**Photo Enforcement Statutory Correction** 0.0

Laws 2008, Chapter 286, established the photo enforcement program and included language that the Department of Transportation would not consider a photo enforcement violation for the purpose of determining whether a person’s driver license should be suspended or revoked. This conflicts with federal regulations which require all violations of those holding Commercial Driver’s Licenses to be reported and without a correction the State is subject to having federal highway dollars withheld. The Executive recommends amending the statutory language to authorize the reporting of violations for drivers holding commercial drivers licenses.

Highway Photo Radar 0.0

**Performance Measures**

	FY 2008 <u>Actual</u>	FY 2009 <u>Expected</u>	FY 2010 <u>Expected</u>	FY 2011 <u>Expected</u>
Percent of Automated Fingerprint Id System (AFIS) reliability	99.6	98	98	98
Percent of employees terminating employment (excludes non-Department of Public Safety task force members and retirements)	5.2	5.0	5.0	5.0
Number of clandestine labs dismantled and distribution networks disrupted	27	30	30	30
Percent of crime lab cases over 30 days old	4.7	4.0	4.0	4.0
➤ 7 positions held vacant due to budget shortfalls.				
Fatal highway collisions on Department of Public Safety patrolled roads	289	304	294	275
Percent of total Department of Public Safety investigated highway collisions related to alcohol	3.96	4.32	4.27	4.23

**Administrative Costs**

	<u>FY 2010</u>	<u>FY 2011</u>
Administrative Costs	46,262.3	46,262.3
Agency Request	348,592.0	347,804.0
Administrative Cost Percentage	13.27%	13.30%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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 of Racing regulates the Arizona pari-mutuel horse and greyhound racing industries. The Department oversees and supervises all commercial horse, greyhound and county fair racing meetings, including all live and simulcast racing; issues permits for all approved commercial horse, greyhound and county fair racing meetings; supervises operation of off-track betting sites; conducts background checks and licenses all racing participants; collects state revenues generated by race meetings; 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 to protect the industry participants and the public. The Department also regulates and supervises all boxing, kickboxing, tough man, unarmed combat, and mixed martial arts events in Arizona to ensure that all events under Boxing Commission jurisdiction held in the state are sanctioned by the Arizona State Boxing Commission and that all participants are duly licensed.

### Performance Measures

	FY 2008 <u>Actual</u>	FY 2009 <u>Expected</u>	FY 2010 <u>Expected</u>	FY 2011 <u>Expected</u>
Number of greyhound racing investigations conducted regarding compliance with rules	1,210	800	400	1,000
Percent of greyhound racing licensees with disciplinary action	0.9	1.0	1.0	1.0
Number of county fair racing investigations resulting in disciplinary action	61	65	65	60
Number of horse racing investigations conducted regarding compliance with rules	2,022	1,005	750	450
Number of boxing licenses issued	458	850	900	950
Percent of total horse racing licensees with disciplinary action	5.73	3.15	2.00	4.00

### Administrative Costs

	<u>FY 2010</u>	<u>FY 2011</u>
Administrative Costs	186.0	186.0
Agency Request	5,566.0	5,566.0
Administrative Cost Percentage	3.34%	3.34%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

#### Agency Summary

<i>Program/Cost Center</i>	<i>FY 2008 Actual</i>	<i>FY 2009 Approp.</i>	<i>FY 2010 Exec. Rec.</i>	<i>FY 2011 Exec. Rec.</i>
Commercial Racing	2,613.5	2,580.1	2,580.1	2,580.1
County Fair Racing	466.1	460.1	460.1	460.1
Boxing Commission	97.0	96.7	96.7	96.7
Agency Total	3,176.6	3,136.9	3,136.9	3,136.9
<i>Category</i>				
FTE	46.5	46.5	46.5	46.5
Personal Services	1,838.0	1,841.2	1,841.2	1,841.2
ERE Amount	583.3	491.9	491.9	491.9
Prof. And Outside Services	207.2	274.9	274.9	274.9
Travel - In State	161.0	116.2	116.2	116.2
Travel - Out of State	3.2	4.0	4.0	4.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	331.9	392.7	392.7	392.7
Equipment	52.0	16.0	16.0	16.0
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 Total	3,176.6	3,136.9	3,136.9	3,136.9
<i>Fund</i>				
General Fund	2,673.7	2,623.3	2,623.3	2,623.3
Racing Administration Fund	62.7	66.8	66.8	66.8
County Fair Racing	440.2	446.8	446.8	446.8
Agency Total	3,176.6	3,136.9	3,136.9	3,136.9

## Radiation Regulatory Agency

FY 2010    FY 2011

### 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.

General Fund

(20.0)    (20.0)

Program/ Cost Center	Agency Summary			
	FY 2008 <i>Actual</i>	FY 2009 <i>Approp.</i>	FY 2010 <i>Exec. Rec.</i>	FY 2011 <i>Exec. Rec.</i>
Radioactive Materials/Non-Ionizing Radiation	506.3	636.5	616.5	616.5
X-Ray Compliance	429.8	531.8	531.8	531.8
Emergency Response	169.0	164.7	164.7	164.7
Radiation Measurement Laboratory	443.5	442.3	442.3	442.3
Medical Radiation Technology Board	288.0	288.8	288.8	288.8
<b>Agency Total</b>	<b>1,836.6</b>	<b>2,064.1</b>	<b>2,044.1</b>	<b>2,044.1</b>
<i>Category</i>				
FTE	27.5	30.5	30.5	30.5
Personal Services	1,194.5	1,289.6	1,289.6	1,289.6
ERE Amount	434.7	473.3	473.3	473.3
Prof. And Outside Services	8.6	8.6	8.6	8.6
Travel - In State	15.5	27.8	27.8	27.8
Travel - Out of State	6.6	11.3	11.3	11.3
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	149.4	226.2	208.2	208.2
Equipment	20.5	27.3	25.3	25.3
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	6.8	0.0	0.0	0.0
<b>Agency Total</b>	<b>1,836.6</b>	<b>2,064.1</b>	<b>2,044.1</b>	<b>2,044.1</b>
<i>Fund</i>				
General Fund	1,548.6	1,775.3	1,755.3	1,755.3
State Radiologic Technologist Certification	288.0	288.8	288.8	288.8
<b>Agency Total</b>	<b>1,836.6</b>	<b>2,064.1</b>	<b>2,044.1</b>	<b>2,044.1</b>

### Executive Recommendations

FY 2010    FY 2011

#### Executive Issues

**One-time Equipment and Training Expenses** (20.0)    (20.0)

The Executive recommends a decrease of (\$20,000) in one-time monies appropriated from the General Fund in FY 2009 for training and equipment expenses related to improving radioactive materials compliance.

### Performance Measures

	FY 2008 <u>Actual</u>	FY 2009 <u>Expected</u>	FY 2010 <u>Expected</u>	FY 2011 <u>Expected</u>
Number of radioactive materials inspections	155	160	160	161
<i>➤ Estimates assume that budget request for additional staffing is approved.</i>				
Number of environmental sample analyses	6,509	6,500	6,500	6,500
Number of active medical radiologic technologist certificates	8,385	8,550	8,700	9,100
Percent of x-ray tubes overdue for inspection	39.60	29.0	25.0	25.0
<i>➤ Staffing shortages will force the percentage overdue for inspection to increase.</i>				

### Administrative Costs

	FY 2010	FY 2011
Administrative Costs	408.8	408.8
Agency Request	3,087.0	3,082.0
Administrative Cost Percentage	13.24%	13.26%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

## Arizona Rangers' Pension

**Mission:**

To provide compensation for time spent as an Arizona Ranger.

**Description:**

The Arizona Rangers' Pension provides monthly benefits for the last surviving spouse of a retired Arizona Ranger.

<i>Program/ Cost Center</i>	Agency Summary			
	<i>FY 2008 Actual</i>	<i>FY 2009 Approp.</i>	<i>FY 2010 Exec. Rec.</i>	<i>FY 2011 Exec. Rec.</i>
Arizona Rangers' Pensions	13.4	13.7	14.0	14.3
Agency Total	13.4	13.7	14.0	14.3
<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	13.4	13.7	14.0	14.3
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	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 Total	13.4	13.7	14.0	14.3
<i>Fund</i>				
General Fund	13.4	13.7	14.0	14.3
Agency Total	13.4	13.7	14.0	14.3

### Executive Recommendations

FY 2010   FY 2011

**Executive Issues**

**Inflation Adjustment** 0.3      0.6

A.R.S. § 41-951(B) requires that the Rangers' Pension receive an annual inflation adjustment based on the annual change in the gross domestic product (GDP) price deflator. A.R.S. § 41-563 defines the GDP price deflator as the average of the four implicit price deflators for the GDP reported by the U.S. Department of Commerce for the four quarters of the calendar year. The Executive recommends an inflation increase of \$300 in FY 2010 and \$600 in FY 2011.

General Fund 0.3      0.6

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

## Department of Real Estate

### Mission:

To protect the public interest through licensure, regulation, and education of the real estate profession in the State of Arizona.

### Description:

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 activities of licensees, investigates complaints against licensees and land developers, and participates in administrative hearings pertaining to their conduct. The Department regulates the sale of subdivided and certain unsubdivided lands, timeshares, condominiums, membership campgrounds, and cemeteries. The Department also administers two recovery fund programs—one is available to persons who have sustained out-of-pocket losses and have obtained an otherwise uncollectible money judgment against a licensee for conduct violating statutory duty; the other is available to persons who have sustained out-of-pocket losses and have obtained an otherwise uncollectible money judgment against a developer for an unfinished condominium project.

Program/Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Licensing and Regulation	4,365.5	4,236.5	4,276.5	4,276.5
Agency Total	4,365.5	4,236.5	4,276.5	4,276.5
<i>Category</i>				
FTE	72.4	74.4	74.4	74.4
Personal Services	2,486.5	2,534.8	2,568.3	2,568.3
ERE Amount	992.2	1,037.4	1,043.9	1,043.9
Prof. And Outside Services	65.3	94.6	94.6	94.6
Travel - In State	31.8	30.0	30.0	30.0
Travel - Out of State	2.2	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	630.0	539.7	539.7	539.7
Equipment	154.6	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	2.9	0.0	0.0	0.0
Agency Total	4,365.5	4,236.5	4,276.5	4,276.5
<i>Fund</i>				
General Fund	4,365.5	4,236.5	4,276.5	4,276.5
Agency Total	4,365.5	4,236.5	4,276.5	4,276.5

### Executive Recommendations

FY 2010 FY 2011

### Executive Issues

### Restore Funding for Mission Critical Position

FY 2010 FY 2011

40.0 40.0

The Executive recommends an increase of \$40,000 from the General Fund to restore funding for one subdivision investigator. This would enable the Department to complete more investigations, providing better protection for real estate consumers while effectively offsetting the cost to the General Fund through collection of civil penalties.

General Fund 40.0 40.0

### Performance Measures

	FY 2008 Actual	FY 2009 Expected	FY 2010 Expected	FY 2011 Expected
Number of real estate licensees	96,508	97,000	98,000	99,000
➤ <i>Number reflects actual count of licensees. This includes individuals, brokers, and entities.</i>				
Number of subdivision filings received	1,172	1,200	1,200	1,200
➤ <i>Includes amendments</i>				
Percent of department customer service surveys indicating good to excellent service	99	99	99	99
Average days from receipt of application to issuance of real estate license	1	1	1	1
Total real estate applications received	87,332	80,000	20,000	20,000
Average calendar days from receipt of real estate or subdivision complaint to resolution	224	180	180	180
Average number of calendar days to issue deficiency letter on subdivision applications received	31.8	40	40	40
Total real estate or subdivision complaints investigated	1,391	1,500	1,500	1,500

### Administrative Costs

	<u>FY 2010</u>	<u>FY 2011</u>
Administrative Costs	607.6	607.6
Agency Request	4,758.0	4,797.0
Administrative Cost Percentage	12.77%	12.67%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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



## Residential Utility Consumer Office

### Mission:

To obtain the lowest reasonable utility rates for residential consumers by advocating on their behalf in regulatory proceedings involving public service corporations, except member-owned nonprofit cooperative corporations, before the Corporation Commission.

### Description:

The Residential Utility Consumer Office (RUCO) examines primarily rate cases presented to the Corporation Commission and applies accounting, legal and other criteria for determining in which cases to intervene. The technical and legal staff researches and analyzes these cases and, with the targeted use of specialized consultants, determines an appropriate position for residential ratepayers. RUCO then advocates that position before Commission proceedings.

Agency Summary				
<i>Program/ Cost Center</i>	<i>FY 2008 Actual</i>	<i>FY 2009 Approp.</i>	<i>FY 2010 Exec. Rec.</i>	<i>FY 2011 Exec. Rec.</i>
Ratepayer Representation	1,141.5	1,302.0	1,302.0	1,302.0
Agency Total	1,141.5	1,302.0	1,302.0	1,302.0
<i>Category</i>				
FTE	12.0	12.0	12.0	12.0
Personal Services	742.5	745.6	745.6	745.6
ERE Amount	225.5	230.5	230.5	230.5
Prof. And Outside Services	17.4	147.4	147.4	147.4
Travel - In State	1.3	8.6	8.6	8.6
Travel - Out of State	5.8	7.0	7.0	7.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	144.4	162.9	162.9	162.9
Equipment	4.6	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 Total	1,141.5	1,302.0	1,302.0	1,302.0
<i>Fund</i>				
Residential Utility Consumer Office Revolving	1,141.5	1,302.0	1,302.0	1,302.0
Agency Total	1,141.5	1,302.0	1,302.0	1,302.0

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 Professional Witnesses Appropriation	16.7	145.0	145.0	145.0
---	------	-------	-------	-------

### Performance Measures

	<i>FY 2008 Actual</i>	<i>FY 2009 Expected</i>	<i>FY 2010 Expected</i>	<i>FY 2011 Expected</i>
Number of cases analyzed	70	75	75	75
RUCO interventions in rate making	6	8	8	8
Customer satisfaction rating for residential utility customers (scale 1-8)	7	7	7	7

## Administrative Costs

	<i>FY 2010</i>	<i>FY 2011</i>
Administrative Costs	40.8	40.6
Agency Request	1,319.0	1,310.0
Administrative Cost Percentage	3.09%	3.10%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

## 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.

### Administrative Costs

	FY 2010	FY 2011
Administrative Costs	1.0	1.0
Agency Request	289.0	286.0
Administrative Cost Percentage	0.35%	0.35%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

#### Agency Summary

Program/ Cost Center	FY 2008 <i>Actual</i>	FY 2009 <i>Approp.</i>	FY 2010 <i>Exec. Rec.</i>	FY 2011 <i>Exec. Rec.</i>
Licensing and Regulation	229.0	261.6	261.6	261.6
Agency Total	229.0	261.6	261.6	261.6
<i>Category</i>				
FTE	3.5	3.5	3.5	3.5
Personal Services	149.3	170.5	170.5	170.5
ERE Amount	51.3	50.9	50.9	50.9
Prof. And Outside Services	4.4	4.5	4.5	4.5
Travel - In State	1.9	1.8	1.8	1.8
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	18.2	33.9	33.9	33.9
Equipment	3.9	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 Total	229.0	261.6	261.6	261.6
<i>Fund</i>				
Board of Respiratory Care Examiners	229.0	261.6	261.6	261.6
Agency Total	229.0	261.6	261.6	261.6

### Performance Measures

	FY 2008 <i>Actual</i>	FY 2009 <i>Expected</i>	FY 2010 <i>Expected</i>	FY 2011 <i>Expected</i>
Total number of practitioners investigated	97	100	105	110
Average days from receipt of complaint to resolution	120	150	155	160
Total number of applications for permanent licenses	1,843	1,843	1,900	1,900

# Arizona State Retirement System

FY 2010 FY 2011

## 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, local and county governments, and the State of Arizona. As of June 30, 2008, the ASRS had a market value of approximately \$25.6 billion dollars and had a total membership of approximately 540,000 members (actively contributing, inactive, retired, and disabled members).

Program/ Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Member Services	11,826.5	12,906.0	14,898.4	14,650.9
Administration and Support	6,968.8	7,014.4	7,255.0	7,327.4
Investment Management	1,251.9	1,307.6	1,307.6	1,307.6
Information Technology Plan	2,818.5	2,819.0	0.0	0.0
Agency Total	22,865.7	24,047.0	23,461.0	23,285.9
<i>Category</i>				
FTE	235.0	236.0	240.0	242.5
Personal Services	11,241.4	12,094.8	12,283.5	12,380.3
ERE Amount	4,153.2	4,192.2	4,250.5	4,288.0
Prof. And Outside Services	4,103.6	3,694.1	3,586.5	3,586.5
Travel - In State	59.4	53.6	53.6	53.6
Travel - Out of State	51.0	25.0	25.0	25.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	2,232.1	2,754.0	2,788.3	2,530.9
Equipment	1,019.9	1,223.3	463.6	411.6
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	5.1	10.0	10.0	10.0
Agency Total	22,865.7	24,047.0	23,461.0	23,285.9
<i>Fund</i>				
Retirement System Appropriated	20,115.9	21,247.0	20,661.0	20,485.9
LTD Trust Fund	2,749.8	2,800.0	2,800.0	2,800.0
Agency Total	22,865.7	24,047.0	23,461.0	23,285.9

## Executive Recommendations

FY 2010 FY 2011

### Executive Issues

#### Member Services

339.3 417.1

The recommendation includes an increase of \$339,300 and 4.0 FTE positions in FY 2010 and \$417,100 and 5.5 FTE positions in FY

2011 from the State Retirement System Administration Account for the agency's member services program. Additional part-time positions would assist during times when service levels deteriorate due to insufficient staffing levels. Resources are required for review of pending requests. The agency also needs a position for accounting support. Another T-1 line would increase bandwidth, allowing for more incoming and outgoing transactions without degradation of speed. Additional funding would also allow ASRS to locate lost members and cover increases for postage.

Retirement System Appropriated Fund 339.3 417.1

#### Budget Control and Development Specialist

0.0 72.4

For FY 2011, the recommendation includes \$72,400 and 1.0 FTE position from the State Retirement System Administration Account for a budget control and development specialist. The agency has only one position to manage and monitor its budget. This limits the resources that are available to conduct research, manage project expenditures, monitor spending, and work with the divisions.

Retirement System Appropriated Fund 0.0 72.4

#### Technology Enhancements

(787.7) (1,113.0)

The recommendation reduces funding available for technology enhancements by (\$787,700) in FY 2010 and (\$1.1 million) in FY 2011 from the State Retirement System Administration Account. This is a scheduled reduction. The recommended funding completes the enhancements to the network environment and creates a more comprehensive, interoperable and adaptive IT framework.

Retirement System Appropriated Fund (787.7) (1,113.0)

#### Divestment and Administration Procedures

(137.6) (137.6)

During the 2008 legislative session, H.B. 2151 and S.B. 1489 included appropriations to the agency totaling \$90,000 and 1.0 FTE position from the State Retirement System Administration Account. The Executive recommendation continues funding for these issues and moves those funds to the investment management program. H.B. 2151 requires divestment from businesses associated with Iran, and S.B. 1489 requires divestment from countries designated by the state department as state sponsors of terrorism. The recommendation also includes a reduction of (\$137,600) from the State Retirement System Administration Account for one-time costs related to administration procedures.

Retirement System Appropriated Fund (137.6) (137.6)

	<u>FY 2010</u>	<u>FY 2011</u>
<b>Information Technology Plan</b>	0.0	0.0
<p>In September 2008, the agency's information technology plan was 100% complete. The Executive recommendation transfers these funds from the IT plan special line item to the operating budget. There is no net change in funding for this issue.</p>		
Retirement System Appropriated Fund	0.0	0.0

---

**Performance Measures**

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>	<u>Expected</u>
Percent of overall member satisfaction with the service purchase process (objective 90%)	87	90	90	90
Percentage of overall member satisfaction with Telephone Service at the Arizona State Retirement System (objective 90%)	95	90	90	90
Percentage of investment returns	-7.6	8.0	8.0	8.0
Percentage of liability funded	82.8	n/a	n/a	n/a

➤ *Estimate provided by actuary on 8/19/08.*

---

**Administrative Costs**

	<u>FY 2010</u>	<u>FY 2011</u>
Administrative Costs	9,087.1	9,189.6
Agency Request	73,398.0	77,198.0
Administrative Cost Percentage	12.38%	11.90%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

---

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

---

# Department of Revenue

FY 2010 FY 2011

## Mission:

To administer tax laws fairly and efficiently for the people of Arizona.

## Description:

Pursuant to Arizona Revised Statutes Title 42, the Department of Revenue (the Department) 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.

at the East Valley office. The Department has operated this field office for the last twenty years to provide services with easy access for individual and business taxpayers in Chandler, Gilbert, Mesa, Tempe and Queen Creek.

General Fund 122.4 122.4

Agency Summary				
Program/ Cost Center	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Service	15,459.5	13,491.6	13,491.6	13,491.6
Processing	8,560.0	8,738.9	8,738.9	8,738.9
Education and Compliance	28,973.3	28,274.5	28,274.5	28,274.5
Agency Support	29,753.9	27,902.4	28,024.8	28,024.8
Agency Total	82,746.7	78,407.4	78,529.8	78,529.8
<i>Category</i>				
FTE	1,164.0	1,164.0	1,164.0	1,164.0
Personal Services	40,976.5	43,374.8	43,374.8	43,374.8
ERE Amount	15,911.7	16,285.5	16,285.5	16,285.5
Prof. And Outside Services	8,529.5	5,281.7	5,281.7	5,281.7
Travel - In State	370.6	435.3	435.3	435.3
Travel - Out of State	315.0	413.5	413.5	413.5
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	14,608.1	11,320.0	11,442.4	11,442.4
Equipment	887.3	1,293.5	1,293.5	1,293.5
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	1,148.0	3.1	3.1	3.1
Agency Total	82,746.7	78,407.4	78,529.8	78,529.8
<i>Fund</i>				
General Fund	74,391.8	73,918.6	74,041.0	74,041.0
Tobacco Tax and Health Care Fund	628.2	662.8	662.8	662.8
DOR Unclaimed Property	5,555.9	3,404.0	3,404.0	3,404.0
DOR Liability Setoff Fund	284.4	422.0	422.0	422.0
Risk Management Fund	1,886.4	0.0	0.0	0.0
Agency Total	82,746.7	78,407.4	78,529.8	78,529.8

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	121.5	123.3	123.3	123.3
-------------------------------------	-------	-------	-------	-------

## Executive Recommendations

FY 2010 FY 2011

### Executive Issues

**East Valley Office Rental Costs** 122.4 122.4

The recommendation includes an increase of \$122,400 to cover contractual rent cost increases required in the Department's lease

## Performance Measures

	FY 2008 Actual	FY 2009 Expected	FY 2010 Expected	FY 2011 Expected
Average annual turnover rate for employees	18.27	18.00	18.00	18.00
➤ <i>Level performance estimates are based on current year's rate. Turnover is an indicator.</i>				
Customer satisfaction rating for Taxpayer Information and Assistance section (scale 1-5)	4.75	4.70	4.65	4.60
➤ <i>It is anticipated that taxpayer calls and contacts will increase over the next few years but a growth in the workforce is not anticipated.</i>				
Percent of accounts that collector contacts within 30 calendar days of that account being assigned a delinquent account	100	100	100	100
➤ <i>With BRITS automation, letters are sent to every taxpayer upon being assigned as a delinquent account.</i>				
Percentage of delinquent accounts collected	60.14	60.00	60.00	65.00
➤ <i>The measure includes TPT collections only.</i>				
Average calendar days to refund total Individual Income tax checks (paper warrants and electronic deposits)	7.59	8.00	8.00	8.00
➤ <i>We plan on maintaining future service levels with no anticipated increase in staff.</i>				
Percent of non-audit revenue to total revenue	98.00	97.90	97.80	97.70
➤ <i>The FY08 actual result is calculated using a preliminary gross revenue number which was not available at the time of this report.</i>				
Percent of written inquiries answered within 30 calendar days in Taxpayer Information and Assistance section	54	55	55	55
➤ <i>Level performance estimates are based on assumptions of similar workforce with future increased volume of inquiries.</i>				

## Administrative Costs

	FY 2010	FY 2011
Administrative Costs	4,298.1	4,298.1
Agency Request	179,844.0	179,844.0
Administrative Cost Percentage	2.39%	2.39%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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 help ensure that 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. The Board also administers an Emergency Deficiencies program in the event that a school district has a serious need for materials, services, construction, or expenses in excess of the district's adopted budget that seriously threatens the functioning of the school district, the preservation or protection of property or public health, safety, and welfare.

Program/Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Agency Req.	FY 2010 Exec. Rec.
School Facilities Board	73,789.5	101,217.2	373,931.5	204,237.5
Agency Total	73,789.5	101,217.2	373,931.5	204,237.5
<i>Category</i>				
FTE	20.0	20.0	20.0	20.0
Personal Services	1,031.3	1,140.6	1,140.6	1,140.6
ERE Amount	327.4	333.6	333.6	333.6
Prof. And Outside Services	227.3	220.1	220.1	220.1
Travel - In State	23.3	39.3	39.3	39.3
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	(20,000.0)
Other Operating Expenses	194.5	217.7	217.7	217.7
Equipment	17.6	3.8	3.8	3.8
Transfers Out	71,968.1	99,262.1	371,976.4	222,282.4
Agency Total	73,789.5	101,217.2	373,931.5	204,237.5
<i>Fund</i>				
General Fund	73,789.5	101,217.2	373,931.5	204,237.5
Agency Total	73,789.5	101,217.2	373,931.5	204,237.5

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 Building Renewal	0.0	0.0	235,977.5	66,283.5
SLI New School Facilities	71,967.2	0.0	36,736.8	36,736.8

## Executive Recommendations

FY 2010

### Executive Issues

#### New School Construction

0.0

The Executive recommends \$200.0 million in lease-to-own financing for new school construction for FY 2010. The FY 2009 budget included a one-year moratorium on new school construction, preventing the Board from awarding funds for the design and construction of new schools. The FY 2010 recommendation provides funding for projects already in construction and new space to be awarded in FY 2010.

General Fund

0.0

#### New Construction Lease-to-Own Debt Service

36,736.8

New school construction was funded with lease-to-own financing in FYs 2003, 2004 and 2005, resulting in an annual debt service payment. The FY 2009 budget included authority to fund new school construction with lease-to-own financing as well. The Executive recommends \$36.7 million from the General Fund in FY 2010 to adjust for the increase in debt service costs.

General Fund

36,736.8

#### Building Renewal

86,283.5

The School Facilities Board distributes Building Renewal funds for maintenance and refurbishing projects in order to help districts maintain minimally adequate facilities as set forth in A.R.S. § 15-2031. The Executive recommends an increase of \$86.3 million for Building Renewal in FY 2010. No funding was provided for the Building Renewal formula in FY 2009.

General Fund

86,283.5

#### Building Renewal Grants

(20,000.0)

The FY 2009 budget did not provide funding for the Building Renewal formula; instead, it included \$20.0 million in one-time funding to provide grant funding for Building Renewal projects. The Executive recommends removing the \$20.0 million from the Board's budget, since traditional Building Renewal funding is being recommended for FY 2010.

General Fund

(20,000.0)

## Performance Measures

	FY 2007 <u>Actual</u>	FY 2008 <u>Actual</u>	FY 2009 <u>Expected</u>	FY 2010 <u>Expected</u>
Percent of all school districts rating the Boards' services as satisfactory, good, or excellent in annual survey	98	98	98	98
Percent of all school district schools inspected to ensure minimum adequacy guidelines	5	9	22	21
<p>➤ <i>The staff of the School Facilities Board was unable to meet its performance target due to lack of staff coupled with prioritizing new construction efforts. Thanks to the help of the Governor and the Legislature, the agency received two new liaison positions in the FY 2008 budget, which enabled some resources to be dedicated toward the school inspection process.</i></p>				
Percent of inspected schools determined to have an adequate preventative maintenance program	58	58	58	58
Number of new school construction projects completed	26	29	25	4

## Administrative Costs

	<u>FY 2010</u>
Administrative Costs	269.7
Agency Request	1,136,748.0
Administrative Cost Percentage	0.02%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

## Department of State - Secretary of State

### Mission:

To serve the people of the State of Arizona, to execute with integrity the duties required by the Arizona Constitution, and to provide accurate and timely information while ensuring that public dollars are well spent. The mission of the Secretary of State's office is also to provide stewardship of public resources by facilitating access and efficiently maintaining the filing of government records and information; encouraging participation and demanding honesty in the state's election process; effectively working with counties to implement a uniform, statewide voter registration system; expeditiously and efficiently upgrading State voting devices; offering registration and certification services of business transactions; fulfilling publishing requirements of all official acts of the State of Arizona including its chapter laws, rules and regulations; appointing notaries public and maintaining their filing information; attesting to all official acts of the Governor; and acting as an ambassador for the State of Arizona, its people, and its way of life.

### Description:

The Department of State was created by the Arizona Constitution and 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. 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 Secretary of State is also the "Chief State Election Officer" who administers election functions, including canvass and certification of statewide elections, and coordinates statewide voter registration as pursuant to the National Voter Registration Act of 1993. 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 the State's boards and commissions; appoints notaries public; and applies apostilles to all international transactions.

Program/Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Constitution and Administration	935.3	987.7	987.7	987.7
Business Services	1,180.8	1,157.2	1,139.0	1,157.2
Public Services	489.6	573.0	573.0	573.0
Election Services	7,090.1	8,363.0	5,013.0	8,963.0
Agency Total	9,695.8	11,080.9	7,712.7	11,680.9
<i>Category</i>				
FTE	48.3	48.3	46.3	48.3
Personal Services	1,886.4	2,119.0	2,054.0	2,119.0
ERE Amount	377.9	626.3	603.1	626.3

Prof. And Outside Services	1,651.5	612.4	612.4	612.4
Travel - In State	10.9	15.9	15.9	15.9
Travel - Out of State	14.1	18.2	18.2	18.2
Aid to Others	4,631.3	6,900.0	3,550.0	7,500.0
Other Operating Expenses	1,028.1	789.1	859.1	789.1
Equipment	95.6	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 Total	9,695.8	11,080.9	7,712.7	11,680.9

### Fund

General Fund	7,047.4	6,980.7	3,710.7	7,580.7
Election Systems Improvement Fund	2,648.4	4,002.0	4,002.0	4,002.0
Professional Employer Organization Fund	0.0	98.2	0.0	98.2
Agency Total	9,695.8	11,080.9	7,712.7	11,680.9

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 Help America Vote Act (HAVA)	2,648.4	4,002.0	4,002.0	4,002.0
----------------------------------	---------	---------	---------	---------

## Executive Recommendations

FY 2010 FY 2011

### Executive Issues

**Primary & General Election** (3,350.0) 600.0

For FY 2010 the Executive recommends a decrease of (\$3.4 million) for one-time funding associated with elections occurring during FY 2009. This decrease would leave the agency with \$50,000 to fund preparations for the calendar year 2010 elections. For FY 2011 the Executive recommends an increase of \$600,000 to defray rising costs associated with the 2010 Primary and General elections.

General Fund (3,350.0) 600.0

**Professional Employer Organization Registry Start-up Funding** 80.0 0.0

The Executive recommends a one-time increase of \$80,000 from the General Fund for the creation of the Professional Employer Organization database required by A.R.S. § 23-563.

General Fund 80.0 0.0

**Suspension of Professional Employer Registration** (98.2) 0.0

Laws of 2008, Chapter 291, suspended the requirement that the Secretary of State register Professional Employer Organizations until July 1, 2010. This recommendation implements this legislation.

Professional Employer Organization Fund (98.2) 0.0

## FY 2009 Supplemental Recommendations

FY 2009



**Suspension of Professional Employer Registration (98.2)**

Laws of 2008, Chapter 291, suspended the requirement that the Secretary of State register Professional Employer Organizations until July 1, 2010. This recommendation implements this legislation.

**Professional Employer Organization Fund (98.2)**

**Performance Measures**

	FY 2008 <u>Actual</u>	FY 2009 <u>Expected</u>	FY 2010 <u>Expected</u>	FY 2011 <u>Expected</u>
Percent of votes cast on provisional ballots compared to total voter registration	1.23	2.5	0	1.5
Total voter registration	2,734,000	2,775,000	2,825,000	2,900,000
Percent of delinquent campaign finance filings	12.0	12.0	14.0	14.0
Percent of delinquent elected official financial disclosure statement	3.61	5.0	5.0	5.0
Percent of delinquent lobbyist reports	4.6	3.5	3.5	3.5
Percent of staff indicating that they feel they have the necessary resources to effectively perform their job	75	80	85	90
Average number of business days to process charitable organizations registrations	12	10	5	3
Average number of business days to process trade name applications	10	10	3	3
Average number of business days to process trademark applications	10	10	3	3
Average number of business days to process Uniform Commercial Code filings	5	5	3	3
Average number of business days to process athlete agents registrations	5	5	3	3
Average number of business days to process telephone solicitors registrations	10	7	3	3
Average number of business days to process notary commissions	15	7	5	3
Average number of business days to process limited/limited liability partnerships and foreign limited liability partnerships filings	5	5	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

**Administrative Costs**

	FY 2010	FY 2011
Administrative Costs	304.8	304.8
Agency Request	8,122.0	11,992.0
Administrative Cost Percentage	3.75%	2.54%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

## State Boards Office

**Mission:**

To provide effective and efficient accounting and office support services to small licensing agencies to enable them to service the public.

**Description:**

The program provides support services to small licensing agencies in the areas of reception services, budgeting, personnel, accounting, payroll and agency liaison among a variety of state programs.

<i>Program/ Cost Center</i>	Agency Summary			
	<i>FY 2008 Actual</i>	<i>FY 2009 Approp.</i>	<i>FY 2010 Exec. Rec.</i>	<i>FY 2011 Exec. Rec.</i>
Support Services	263.9	284.7	284.7	284.7
Agency Total	263.9	284.7	284.7	284.7
<i>Category</i>				
FTE	3.0	3.0	3.0	3.0
Personal Services	130.6	143.2	143.2	143.2
ERE Amount	50.6	45.1	45.1	45.1
Prof. And Outside Services	2.0	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	80.7	96.4	96.4	96.4
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 Total	263.9	284.7	284.7	284.7
<i>Fund</i>				
Admin - Special Services	263.9	284.7	284.7	284.7
Agency Total	263.9	284.7	284.7	284.7

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

## State Board of Tax Appeals

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

### 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.

Program/ Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
State Board of Tax Appeals	269.4	310.6	310.6	310.6
Agency Total	269.4	310.6	310.6	310.6
<i>Category</i>				
FTE	4.0	4.0	4.0	4.0
Personal Services	170.1	216.8	216.8	216.8
ERE Amount	43.7	48.8	48.8	48.8
Prof. And Outside Services	0.6	0.9	0.9	0.9
Travel - In State	0.9	0.9	0.9	0.9
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	52.9	43.2	43.2	43.2
Equipment	1.2	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 Total	269.4	310.6	310.6	310.6
<i>Fund</i>				
General Fund	269.4	310.6	310.6	310.6
Agency Total	269.4	310.6	310.6	310.6

### Performance Measures

	FY 2008 Actual	FY 2009 Expected	FY 2010 Expected	FY 2011 Expected
Caseload processing (and number of issues)	17(35)	70(120)	80(135)	90(150)
Number of tax appeals resolved	10	50	60	70
Number backlogged requiring written decision	0	10	15	20
Number of months to process appeal	4.5	5.0	5.5	5.5

### Administrative Costs

	FY 2010	FY 2011
Administrative Costs	38.5	39.0
Agency Request	311.0	311.0
Administrative Cost Percentage	12.38%	12.54%

The agency request represents all funds, not just appropriated funds.

These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

## 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.

Agency Summary				
Program/ Cost Center	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Licensing and Regulation	1,476.1	1,745.2	1,827.2	1,852.7
Agency Total	1,476.1	1,745.2	1,827.2	1,852.7
<i>Category</i>				
FTE	23.0	23.0	23.0	23.0
Personal Services	746.8	847.8	847.8	847.8
ERE Amount	270.0	323.1	323.1	323.1
Prof. And Outside Services	95.6	152.3	234.3	259.8
Travel - In State	9.1	12.4	12.4	12.4
Travel - Out of State	16.5	16.0	16.0	16.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	314.2	371.1	371.1	371.1
Equipment	8.9	22.5	22.5	22.5
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	15.0	0.0	0.0	0.0
Agency Total	1,476.1	1,745.2	1,827.2	1,852.7
<i>Fund</i>				
Technical Registration Board	1,476.1	1,745.2	1,827.2	1,852.7
Agency Total	1,476.1	1,745.2	1,827.2	1,852.7

### Executive Recommendations

FY 2010 FY 2011

#### Executive Issues

**ADOA - Information Services Division** 72.0 95.0

To ensure system integrity of the Board's software system, the Executive recommends \$72,000 in FY 2010 and \$95,000 in FY 2011 for critical database maintenance costs.

Technical Registration Board Fund 72.0 95.0

**Attorney General Contract** 10.0 12.5

The Executive recommends \$10,000 and \$12,500 in FY 2010 and FY 2011 to address the growing cost of Attorney General services.

Technical Registration Board Fund 10.0 12.5

### Performance Measures

	FY 2008 Actual	FY 2009 Expected	FY 2010 Expected	FY 2011 Expected
Total number of professional licensees	32,122	32,122	32,122	32,122
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	99	100	100
Number of complaints received	191	191	191	191

### Administrative Costs

	<u>FY 2010</u>	<u>FY 2011</u>
Administrative Costs	144.5	144.5
Agency Request	2,067.0	2,140.0
Administrative Cost Percentage	6.99%	6.75%

The agency request represents all funds, not just appropriated funds.

These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

## Arizona Office of Tourism

FY 2010 FY 2011

### 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 Office of Tourism (AOT) 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; travel sales and marketing programs; media and public communications; promoting and developing tourism-related business in Arizona; undertaking research to guide tourism development plans for the State and to establish the Office as a central clearinghouse for tourism-related data; and providing information and assistance as needed by citizens, business enterprises, industry organizations, and governmental agencies on matters related to the mission of the Office.

Program/ Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Office of Tourism	15,488.0	15,022.9	16,004.9	16,822.9
Agency Total	15,488.0	15,022.9	16,004.9	16,822.9
<i>Category</i>				
FTE	36.0	36.0	36.0	36.0
Personal Services	2,035.3	2,022.8	2,022.8	2,022.8
ERE Amount	613.6	592.1	592.1	592.1
Prof. And Outside Services	3,975.4	2,087.7	2,087.7	2,087.7
Travel - In State	35.8	18.8	18.8	18.8
Travel - Out of State	144.9	76.1	76.1	76.1
Aid to Others	1,349.0	708.4	708.4	708.4
Other Operating Expenses	6,230.0	3,350.1	4,332.1	5,150.1
Equipment	56.6	29.6	29.6	29.6
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	1,047.4	6,137.3	6,137.3	6,137.3
Agency Total	15,488.0	15,022.9	16,004.9	16,822.9
<i>Fund</i>				
General Fund	15,488.0	15,022.9	16,004.9	16,822.9
Agency Total	15,488.0	15,022.9	16,004.9	16,822.9

### Executive Recommendations

FY 2010 FY 2011

#### Executive Issues

**Statutory Funding Increase** 982.0 1,800.0

The Executive recommendation includes a biennium increase of \$1.9 million above the FY 2009 appropriation, per A.R.S. §§ 41-2306 and 45-5029. In the November 2000 general election, Maricopa County voters approved Proposition 302 to provide additional resources to promote Arizona tourism. Prop. 302 provided that the Office of Tourism would receive 3.5% of bed

tax, 3% of amusement tax, and 2% of restaurant tax collections from the previous year. The statutory transfer amount is estimated at \$16.0 million in FY 2010 and \$16.8 million in FY 2011. The Executive recommendation includes this increase as required in statutes.

General Fund 982.0 1,800.0

### Performance Measures

	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Expected	Expected	Expected
Number of domestic tourists (in millions)	33.2	30	30	30
Number of visitors to the Welcome Center	119,689	110,000	115,000	120,000
➤ <i>Higher gas prices and a faltering economy have impacted the drive market. We anticipate a rebound in FY10.</i>				
Cost per inquiry for advertising-generated requests for Arizona travel planning information (in dollars)	30.05	28.68	27.8	26.8
➤ <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)	257	244	251	261
➤ <i>The combination of the Arizona Official State Visitors' Guide being available online and a faltering economy have driven down the demand for hard copies in the short term, but we anticipate a rebound starting in FY10. Even with online availability, many people see the book online and order a hard copy anyway.</i>				
Customer satisfaction rating for travel kits program (scale 1-5, 5=very satisfied)	4.54	4.5	4.5	4.5

### Administrative Costs

	FY 2010	FY 2011
Administrative Costs	668.0	668.0
Agency Request	27,675.0	27,675.0
Administrative Cost Percentage	2.41%	2.41%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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 that links Arizona to the global economy, promotes economic prosperity and demonstrates respect for Arizona's environment and quality of life.

**Description:**

The Arizona Department of Transportation was established in 1974. It is the state agency charged with planning, developing, maintaining and operating facilities for the efficient movement of people and products by surface and air throughout Arizona. The Department is also the statewide agency that registers motor vehicles and aircraft, licenses drivers, collects revenues, and investigates new transportation systems. It serves its customer base through geographically dispersed facilities. Most administrative activities are housed in the headquarters facilities in Phoenix. Field activities include ten district offices that oversee roadway construction and maintenance, twenty-two ports of entry that check commercial vehicles for compliance with size and weight laws, and sixty-seven Motor Vehicle Division Field Offices that provide title and registration and driver license services.

Program/Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Agency Req.	FY 2010 Exec. Rec.
Administration	45,461.9	45,470.0	45,970.0	45,470.0
Intermodal Transportation	294,271.1	309,977.6	331,844.9	311,455.8
Motor Vehicle Division	110,080.0	110,725.2	114,725.2	110,918.6
Aeronautics Division	2,586.0	2,337.0	2,337.0	2,447.0
Agency Total	452,399.0	468,509.8	494,877.1	470,291.4
<i>Category</i>				
FTE	4,755.0	4,748.0	4,835.0	4,754.0
Personal Services	190,704.0	193,648.2	198,281.9	193,919.2
ERE Amount	83,043.3	84,433.2	86,257.8	84,540.6
Prof. And Outside Services	9,751.6	9,838.4	14,338.4	9,838.4
Travel - In State	2,547.3	3,341.3	3,341.3	3,356.3
Travel - Out of State	156.6	181.1	181.1	181.1
Aid to Others	1.1	0.0	0.0	0.0
Other Operating Expenses	143,365.0	153,801.7	169,210.7	153,809.7
Equipment	21,594.3	22,511.8	22,511.8	17,658.8
Capital Outlay	107.3	98.8	98.8	98.8
Cost Allocation	0.0	0.0	0.0	5,288.3
Transfers Out	1,128.5	655.3	655.3	1,600.2
Agency Total	452,399.0	468,509.8	494,877.1	470,291.4
<i>Fund</i>				
General Fund	75.7	84.6	84.6	84.6
State Aviation Fund	2,586.0	2,337.0	2,337.0	2,447.0
State Highway Fund	408,356.9	420,035.8	446,403.1	426,870.4
Transportation Department Equipment Fund	34,554.1	38,960.4	38,960.4	33,797.4
Safety Enforcement and Transportation Infrastructure	2,108.1	2,158.0	2,158.0	2,158.0
Air Quality Fund	71.8	71.7	71.7	71.7
Vehicle Inspection & Title Enforcement	1,665.3	1,682.5	1,682.5	1,682.5

Motor Vehicle Liability Insurance Enforcement	2,254.1	2,419.5	2,419.5	2,419.5
Driving Under Influence Abatement Fund	143.3	143.3	143.3	143.3
Highway User Revenue Fund	583.7	617.0	617.0	617.0
Agency Total	452,399.0	468,509.8	494,877.1	470,291.4

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 Attorney General Legal Services	3,052.6	3,052.6	3,052.6	3,052.6
SLI New Third Party Funding	689.5	960.3	960.3	960.3
SLI Abandoned Vehicle Administration	978.0	1,039.8	1,039.8	1,039.8
SLI Fraud Investigation	360.3	788.3	788.3	788.3

### Executive Recommendations

FY 2010

**Executive Issues**

**Highway Maintenance and Safety** 5,010.1

The Department is required to maintain and operate newly completed roadway miles that are added to the inventory through new highway construction. The recommendation provides \$711,400 and 6.0 FTE Traffic Signal Technician positions to operate and repair roadway lighting and variable signs in various areas of the state; \$3.3 million to meet the incremental cost of adding 330 new lane miles; and \$1 million to cover increasing maintenance and repair costs such as cable barriers, drainage, signals etc. The additional funding is needed to help maintain the State's transportation infrastructure, improve roadway conditions and ensure the safety of highway users.

State Highway Fund 5,010.1

**Equipment Maintenance and Machinery Replacement** 1,934.5

ADOT's fleet totals about 4700 pieces of equipment and is valued at \$143 million. Nearly 40% of those assets, with a replacement value of \$55.3 million, are old or obsolete based on economic retention criteria. The Executive recommends \$1.9 million to maintain and replace outdated equipment.

State Aviation Fund 110.0

State Highway Fund 1,824.5

**Expenditure Authority Adjustment** (5,163.0)

The recommendation includes a (\$5.2 million) reduction in the expenditure authority to reflect the level of project revenues.

Transportation Department Equipment Fund (5,163.0)

### FY 2009 Supplemental Recommendations

FY 2009

**Expenditure Authority Adjustment** (3,800.0)

The recommendation includes a (\$3.8 million) reduction in the expenditure authority to reflect the level of available revenues.

Transportation Department Equipment Fund (3,800.0)

**Performance Measures**

	FY 2007 Actual	FY 2008 Actual	FY 2009 Expected	FY 2010 <u>Expected</u>
Percent of highway construction projects completed on schedule	96.5	96.6	97	97
Percent of all vehicle registration renewals completed through alternate methods	79.1	79.4	79.4	79.4
Total Internet transactions and activities (in thousands)	7,100	8,425	8,500	9,100
Percent projects completed on schedule	85	92	90	90
Percent of dollars awarded vs. planned	100	100	100	100
Administrative expenses as percentage of operating budget	7.7	2.5	5.0	5.0
Agency turnover rate (percentage)	17.0	13.0	14.0	14.0
Highway User Revenue Fund revenue forecast range (percent)	-1.2	-6.6	+2.0/-1.0	+2.0/-1.0
Regional Area Revolving Fund revenue forecast range (percent)	-1.2	-7.0	+2.0/-1.0	+2.0/-1.0

**Administrative Costs**

	<u>FY 2010</u>
Administrative Costs	16,500.0
Agency Request	3,098,211.0
Administrative Cost Percentage	0.53%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

## 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.

Agency Summary				
<i>Program/ Cost Center</i>	<i>FY 2008 Actual</i>	<i>FY 2009 Approp.</i>	<i>FY 2010 Exec. Rec.</i>	<i>FY 2011 Exec. Rec.</i>
Treasurer's Office	21,034.1	5,076.6	5,076.6	5,076.6
Agency Total	21,034.1	5,076.6	5,076.6	5,076.6
<i>Category</i>				
FTE	34.4	34.4	34.4	34.4
Personal Services	1,750.6	1,644.0	1,644.0	1,644.0
ERE Amount	595.1	582.8	582.8	582.8
Prof. And Outside Services	509.6	308.6	308.6	308.6
Travel - In State	3.7	1.8	1.8	1.8
Travel - Out of State	4.5	1.2	1.2	1.2
Aid to Others	1,905.9	2,230.1	2,230.1	2,230.1
Other Operating Expenses	305.1	308.1	308.1	308.1
Equipment	85.0	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	15,874.6	0.0	0.0	0.0
Agency Total	21,034.1	5,076.6	5,076.6	5,076.6
<i>Fund</i>				
General Fund	21,000.3	5,075.3	5,075.3	5,075.3
State Treasurer's Management Fund	33.8	1.3	1.3	1.3
Agency Total	21,034.1	5,076.6	5,076.6	5,076.6

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 Justice of the Peace Salaries	1,905.9	2,230.1	2,230.1	2,230.1
-----------------------------------	---------	---------	---------	---------

## Performance Measures

	FY 2008 <u>Actual</u>	FY 2009 <u>Expected</u>	FY 2010 <u>Expected</u>	FY 2011 <u>Expected</u>
Customer satisfaction rating for State Agency depositors (scale 1-8).	7.03	7.10	7.10	7.10
Customer satisfaction rating for distribution recipients (scale 1-8).	7.01	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	5	5	5
Average days to correct non-compliant trades.	0	1	1	1

## Administrative Costs

	FY 2010	FY 2011
Administrative Costs	393.2	393.2
Agency Request	5,277.0	5,197.0
Administrative Cost Percentage	7.45%	7.57%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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 authorities, the Board makes planning and policy decisions regarding the state universities. The Board hires the university presidents and the executive director for the Board, to whom the Board assigns the responsibility of management. The Board acts as 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.

Program/ Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Agency Req.	FY 2010 Exec. Rec.
Governance	2,398.0	2,398.5	2,423.6	2,398.5
Student Assistance	17,308.2	17,943.9	20,515.3	17,943.9
Agency Total	19,706.2	20,342.4	22,938.9	20,342.4
<i>Category</i>				
FTE	27.9	27.9	27.9	27.9
Personal Services	1,497.7	1,635.2	1,635.2	1,635.2
ERE Amount	488.9	448.2	448.2	448.2
Prof. And Outside Services	135.7	0.0	0.0	0.0
Travel - In State	1.1	0.0	0.0	0.0
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	17,192.2	17,823.9	20,390.3	17,823.9
Other Operating Expenses	390.6	435.1	465.2	435.1
Equipment	0.0	0.0	0.0	0.0
Agency Total	19,706.2	20,342.4	22,938.9	20,342.4
<i>Fund</i>				
General Fund	19,706.2	20,342.4	22,938.9	20,342.4
Agency Total	19,706.2	20,342.4	22,938.9	20,342.4

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 WICHE Office	116.0	120.0	125.0	120.0
SLI WICHE Student Subsidies	4,104.3	4,111.0	4,430.0	4,111.0
SLI Arizona Financial Aid Trust - AFAT	10,041.2	10,041.2	12,033.6	10,041.2
SLI Arizona Teachers Incentive Program - ATIP	90.0	90.0	95.0	90.0
SLI Arizona Transfer Articulation Support System - ATASS	213.7	213.7	213.7	213.7
SLI Nursing Education	1,368.0	1,368.0	1,368.0	1,368.0

SLI Math and Science Teacher Initiative	1,375.0	2,000.0	2,250.0	2,000.0
---	---------	---------	---------	---------

## Performance Measures

	FY 2007	FY 2008	FY 2009	FY 2010
	Actual	Actual	Expected	Expected
Number of first year Western Interstate Commission for Higher Education awards	68	63	41	60
Percent of action plan objectives substantially completed	100	n/a	n/a	n/a
Audits performed on universities	7	3	4	4
Total number of Western Interstate Commission for Higher Education awards	182	193	186	203

## Administrative Costs

	FY 2010
Administrative Costs	1,381.1
Agency Request	133,884.0
Administrative Cost Percentage	1.03%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

# ASU - Tempe

FY 2010

## 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 50,000 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.

Program/Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Agency Req.	FY 2010 Exec. Rec.
Instruction	386,037.3	408,127.5	428,081.2	411,263.1
Organized Research	16,152.3	16,126.4	16,126.4	16,126.4
Public Service	940.6	958.5	958.5	958.5
Academic Support	57,952.9	63,736.2	65,140.2	63,736.2
Student Services	30,436.5	31,407.8	31,407.8	31,407.8
Institutional Support	124,645.7	136,751.3	138,584.8	136,751.3
Agency Total	616,165.3	657,107.7	680,298.9	660,243.3
<i>Category</i>				
FTE	6,968.9	7,073.0	7,316.8	7,105.0
Personal Services	388,765.9	406,145.5	421,600.9	408,384.8
ERE Amount	102,574.4	109,513.1	113,822.0	109,989.2
Prof. And Outside Services	33,068.6	37,577.0	38,277.0	37,577.0
Travel - In State	280.6	310.7	320.9	310.7
Travel - Out of State	4,120.9	4,643.4	4,704.6	4,643.4
Library Acquisitions	9,733.9	10,389.3	10,889.3	10,389.3
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	58,758.2	67,162.4	68,255.0	67,467.6
Equipment	18,862.8	21,366.3	22,429.2	21,481.3
Agency Total	616,165.3	657,107.7	680,298.9	660,243.3
<i>Fund</i>				
General Fund	404,668.4	396,428.7	419,034.2	399,564.3
ASU Collections - Appropriated	211,496.9	260,679.0	261,264.7	260,679.0
Agency Total	616,165.3	657,107.7	680,298.9	660,243.3

## Executive Recommendations

FY 2010

## Executive Issues

## Degree Production Funding

3,135.6

The Executive recommends using a new degree production funding formula amount of \$3.1 million General Fund and 32.0 FTE for FY 2010. The degree production formula links some State funding for growth to degree production and economic impact, rather than strictly to enrollment growth. This method aligns funding with universities' unique ability to provide Arizona with a better educated workforce and citizenry, with all of the associated positive social and economic benefits.

The degree production formula is as follows: the increase in undergraduate degrees projected for FY 2010 multiplied by the aggregate expected economic impact of the degrees, measured as the average salary difference between a bachelor's degree holder and a high school graduate as provided by U.S. Census data. The resultant total is then funded at 25%, representing the State support level. The same formula applies for graduate degrees but with a commensurate increase reflecting the higher economic impact of graduate degrees versus high school diplomas as measured by the U.S. Census.

General Fund 3,135.6

## Performance Measures

	FY 2007 Actual	FY 2008 Actual	FY 2009 Expected	FY 2010 Expected
First professional degrees granted	193	238	249	261
Percent of graduating seniors who rate their overall university experience as good or excellent	95	93	95	95
Percent of full-time undergraduate students enrolled per semester in three or more primary courses with ranked faculty	69	70	70	70
Number of Bachelors degrees granted	7,847	8,303	8,653	9,018
Percent of agency staff turnover (classified staff only)	12.9	18.2	18.5	18.5
Doctorate degrees granted	400	415	446	479
Masters degrees granted	2,768	2,515	2,554	2,594
➤ Reflects Tempe campus and Downtown campus. Previously reported all campuses.				
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)	192	202	226	252

## Administrative Costs

	FY 2010
Administrative Costs	9,869.5
Agency Request	1,645,010.0
Administrative Cost Percentage	0.60%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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. Currently, programs are offered in aeronautical management technology, agribusiness, applied biological sciences, applied psychology, applied science, business administration, computing studies, education, electronics engineering technology, exercise and wellness, human health studies, industrial management technology, interdisciplinary studies, manufacturing engineering technology, mechanical engineering technology, multimedia writing and technical communication, and nutrition. 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.

Agency Total	48,795.3	59,609.4	66,886.8	60,174.8
<i>Fund</i>				
General Fund	25,471.1	30,489.2	37,150.9	31,054.6
ASU Collections - Appropriated	21,324.2	27,120.2	27,735.9	27,120.2
Technology and Research Initiative Fund	2,000.0	2,000.0	2,000.0	2,000.0
Agency Total	48,795.3	59,609.4	66,886.8	60,174.8

### Executive Recommendations

FY 2010

**Executive Issues**

**Degree Production Funding**

565.4

The Executive recommends using a new degree production funding formula amount of \$565,400 General Fund and 8.0 FTE for FY 2010. The degree production formula links some State funding for growth to degree production and economic impact, rather than strictly to enrollment growth. This method aligns funding with universities' unique ability to provide Arizona with a better educated workforce and citizenry, with all of the associated positive social and economic benefits.

The degree production formula is as follows: the increase in undergraduate degrees projected for FY 2010 multiplied by the aggregate expected economic impact of the degrees, measured as the average salary difference between a bachelor's degree holder and a high school graduate as provided by U.S. Census data. The resultant total is then funded at 25%, representing the State support level. The same formula applies for graduate degrees but with a commensurate increase reflecting the higher economic impact of graduate degrees versus high school diplomas as measured by the U.S. Census.

**General Fund**

565.4

#### Agency Summary

<i>Program/Cost Center</i>	<i>FY 2008 Actual</i>	<i>FY 2009 Approp.</i>	<i>FY 2010 Agency Req.</i>	<i>FY 2010 Exec. Rec.</i>
Instruction	34,275.9	34,109.5	41,386.9	34,674.9
Academic Support	3,455.3	7,243.1	7,243.1	7,243.1
Student Services	1,045.7	2,498.3	2,498.3	2,498.3
Institutional Support	10,018.4	15,758.5	15,758.5	15,758.5
Agency Total	48,795.3	59,609.4	66,886.8	60,174.8

*Category*

FTE	546.0	580.1	653.6	586.1
Personal Services	25,678.5	31,225.5	36,381.0	31,645.4
ERE Amount	7,249.8	8,545.1	10,030.7	8,638.1
Prof. And Outside Services	7,146.8	4,123.5	4,123.5	4,123.5
Travel - In State	31.8	69.8	69.8	69.8
Travel - Out of State	205.1	133.6	133.6	133.6
Library Acquisitions	163.7	502.6	502.6	502.6
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	5,629.3	11,684.1	11,938.2	11,715.9
Equipment	690.3	1,325.2	1,707.4	1,345.9
Transfers Out	2,000.0	2,000.0	2,000.0	2,000.0

#### Performance Measures

	<i>FY 2007 Actual</i>	<i>FY 2008 Actual</i>	<i>FY 2009 Expected</i>	<i>FY 2010 Expected</i>
Percent of graduating students who rate their overall experience at ASU Polytechnic as good or excellent	97	94	95	95
Fall semester enrollment (headcount)	6,545	8,752	10,050	12,056
Percent of full-time undergraduate students enrolled per semester in three or more primary courses with ranked faculty	66	67	68	68
Number of degrees granted	849	863	914	987
Number of Bachelors degrees granted	710	724	758	819
Number of Masters degrees granted	139	139	156	168
Average number of years taken to graduate for student who began as freshmen	5.3	5.1	5.0	5.0
Percent of agency staff turnover (classified staff only)	8.0	12	12.3	12.3

## Administrative Costs

FY 2010

Administrative Costs	1,755.4
Agency Request	97,661.0
Administrative Cost Percentage	1.80%

The agency request represents all funds, not just appropriated funds.  
These administrative costs are estimated for the express purpose of  
satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

---

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

---

## ASU - West

FY 2010

### 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-solving oriented.

### Description:

ASU at the West campus is located in Phoenix and serves more than 8,600 residential and commuter students of diverse ages, ethnicity, and experiences 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.

### Degree Production Funding

738.5

The Executive recommends using a new degree production funding formula amount of \$738,500 General Fund and 10.0 FTE for FY 2010. The degree production formula links some State funding for growth to degree production and economic impact, rather than strictly to enrollment growth. This method aligns funding with universities' unique ability to provide Arizona with a better educated workforce and citizenry, with all of the associated positive social and economic benefits.

The degree production formula is as follows: the increase in undergraduate degrees projected for FY 2010 multiplied by the aggregate expected economic impact of the degrees, measured as the average salary difference between a bachelor's degree holder and a high school graduate as provided by U.S. Census data. The resultant total is then funded at 25%, representing the State support level. The same formula applies for graduate degrees but with a commensurate increase reflecting the higher economic impact of graduate degrees versus high school diplomas as measured by the U.S. Census.

General Fund

738.5

Program/Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Agency Req.	FY 2010 Exec. Rec.
Instruction	42,368.3	42,233.6	47,728.9	42,972.1
Academic Support	11,949.1	13,876.4	13,876.4	13,876.4
Student Services	6,281.2	7,988.1	7,988.1	7,988.1
Institutional Support	17,066.3	18,354.8	18,354.8	18,354.8
Agency Total	77,664.9	82,452.9	87,948.2	83,191.4
<i>Category</i>				
FTE	814.0	868.0	924.0	875.0
Personal Services	41,475.5	44,296.4	48,224.4	44,786.3
ERE Amount	11,655.0	12,103.8	13,186.3	12,214.9
Prof. And Outside Services	14,261.4	16,833.3	16,833.3	16,833.3
Travel - In State	52.5	5.0	5.0	5.0
Travel - Out of State	352.1	25.9	25.9	25.9
Library Acquisitions	1,270.3	1,231.0	1,231.0	1,231.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	5,826.0	6,190.0	6,383.6	6,271.2
Equipment	1,172.1	167.5	458.7	223.8
Transfers Out	1,600.0	1,600.0	1,600.0	1,600.0
Agency Total	77,664.9	82,452.9	87,948.2	83,191.4
<i>Fund</i>				
General Fund	52,739.0	53,279.7	58,768.8	54,018.2
ASU Collections - Appropriated	23,325.9	27,573.2	27,579.4	27,573.2
Technology and Research Initiative Fund	1,600.0	1,600.0	1,600.0	1,600.0
Agency Total	77,664.9	82,452.9	87,948.2	83,191.4

### Performance Measures

	FY 2007	FY 2008	FY 2009	FY 2010
	Actual	Actual	Expected	Expected
Percent of graduating seniors who rate their overall university experience as good or excellent	95	97	97	97
Percent of full-time undergraduate students enrolled per semester in three or more primary courses with ranked faculty	56	60	62	62
Number of degrees granted	1,850	2,015	2,117	2,223
Number of Bachelors degrees granted	1,574	1,651	1,732	1,818
Number of Masters degrees granted	276	364	384	406
Fall semester enrollment (full-time equivalent)	6,529	6,964	7,700	8,500
Percent of agency staff turnover (classified staff only)	15.0	11.7	13.0	13.0

### Administrative Costs

	FY 2010
Administrative Costs	1,451.1
Agency Request	125,069.0
Administrative Cost Percentage	1.16%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

### Executive Recommendations

FY 2010

### Executive Issues

# Northern Arizona University

FY 2010

## 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 has a rich history of delivering top-quality undergraduate education. Today that mission is enhanced by innovative graduate programs, research, distance learning, and service to communities throughout the state of Arizona. NAU is classified as a public higher research university with its main campus in Flagstaff. NAU-Yuma, recently designated as a Hispanic Serving Institution (HSI), by the Department of Education shares a campus with Arizona Western College in Yuma, Arizona. NAU-Distance Learning is located at 38 other campuses or sites throughout Arizona serving more than 7,000 students. Northern Arizona University recorded the largest enrollment in the institution's 109-year history, with a student population of 22,507, with 1,155 students over last fall's enrollment, with 5,720 graduate students and 16,787 undergraduate students. Winter and spring enrollment set records as well.

## Executive Issues

### Enrollment Growth

4,792.9

NAU has experienced a sharp increase in undergraduate enrollment over the past four years, rising from over 14,500 students to more than 17,000 for FY 2010. The university does not have enough resources to accommodate these additional students. Because of the State's fiscal situation, the Executive recommends \$4.8 million and 48.0 FTE, which represents funding 50% of the statutory 22:1 enrollment growth formula.

### General Fund

4,792.9

### Degree Production Funding

919.5

The Executive recommends using a new degree production funding formula amount of \$919,500 General Fund and 9.0 FTE for FY 2010. The degree production formula links some State funding for growth to degree production and economic impact, rather than strictly to enrollment growth. This method aligns funding with universities' unique ability to provide Arizona with a better educated workforce and citizenry, with all of the associated positive social and economic benefits.

The degree production formula is as follows: the increase in undergraduate degrees projected for FY 2010 multiplied by the aggregate expected economic impact of the degrees, measured as the average salary difference between a bachelor's degree holder and a high school graduate as provided by U.S. Census data. The resultant total is then funded at 25%, representing the State support level. The same formula applies for graduate degrees but with a commensurate increase reflecting the higher economic impact of graduate degrees versus high school diplomas as measured by the U.S. Census.

### General Fund

919.5

Program/ Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Agency Req.	FY 2010 Exec. Rec.
Instruction	114,102.7	116,833.6	127,648.6	122,546.0
Organized Research	3,637.4	3,837.3	3,837.3	3,837.3
Public Service	2,433.9	4,447.7	4,447.7	4,447.7
Academic Support	19,455.1	19,622.7	21,911.8	19,622.7
Student Services	16,477.4	17,647.1	17,717.6	17,647.1
Institutional Support	51,181.8	51,793.0	51,793.0	51,793.0
Agency Total	207,288.3	214,181.4	227,356.0	219,893.8
<i>Category</i>				
FTE	2,170.8	2,238.8	2,366.0	2,295.8
Personal Services	124,384.9	134,099.3	142,251.3	138,094.8
ERE Amount	39,999.7	43,172.0	46,269.1	44,222.3
Prof. And Outside Services	5,676.3	1,999.7	2,599.7	1,999.7
Travel - In State	725.3	701.7	762.3	701.7
Travel - Out of State	890.4	37.1	90.8	37.1
Library Acquisitions	1,915.2	1,902.9	1,930.9	1,902.9
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	31,998.9	30,803.4	31,375.1	31,173.9
Equipment	1,697.6	1,465.3	2,076.8	1,761.4
Agency Total	207,288.3	214,181.4	227,356.0	219,893.8
<i>Fund</i>				
General Fund	159,465.1	161,560.9	174,735.5	167,273.3
NAU Collections - Appropriated	47,823.2	52,620.5	52,620.5	52,620.5
Agency Total	207,288.3	214,181.4	227,356.0	219,893.8

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 NAU Yuma	2,853.7	2,993.5	2,993.5	2,993.5
--------------	---------	---------	---------	---------

## Executive Recommendations

### Performance Measures

	FY 2007 <u>Actual</u>	FY 2008 <u>Actual</u>	FY 2009 <u>Expected</u>	FY 2010 <u>Expected</u>
Percent of graduating seniors who rate their overall university experience as good or excellent	96	96	96	96
Graduate degrees awarded-first professional category	41	52	50	50
Average number of years taken to graduate for students who began as freshmen	4.5	4.5	4.5	4.5
Total degrees and certificates granted.	5,037	5,014	5,025	5,025
Bachelor degrees granted to statewide students	775	700	725	725
Graduate degrees granted (Statewide and Online only)	1,361	1,295	1,350	1,350
Graduate degrees awarded at the master's level	1,896	1,747	1825	1830
Graduate degrees awarded at the doctoral level	47	35	40	40
Percentage of full-time, undergraduate students enrolled per semester in three or more primary courses with ranked faculty	81	81	83	83
Number of Bachelor degrees granted	2,851	2,849	2975	3195
Percent of agency staff turnover	15	15	15	15

### Administrative Costs

	<u>FY 2010</u>
Administrative Costs	4,765.3
Agency Request	447,944.0
Administrative Cost Percentage	1.06%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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 38,052 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.

Program/Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Agency Req.	FY 2010 Exec. Rec.
Instruction	200,452.5	215,026.0	227,178.9	216,523.0
Organized Research	25,273.6	25,159.2	25,159.2	25,159.2
Public Service	4,473.6	4,302.4	4,302.4	4,302.4
Academic Support	61,678.2	56,856.5	57,835.3	56,856.5
Student Services	13,822.8	14,721.1	15,121.3	14,721.1
Instruction	14,253.0	14,253.0	14,253.0	14,253.0
Institutional Support	120,840.8	110,347.1	110,347.1	110,347.1
Agriculture	56,380.5	53,624.3	53,868.7	53,624.3
Agency Total	497,175.0	494,289.6	508,065.9	495,786.6
<i>Category</i>				
FTE	5,667.8	5,679.5	5,759.0	5,693.5
Personal Services	303,564.7	308,684.6	317,858.2	309,667.7
ERE Amount	91,332.9	97,403.1	100,240.1	97,633.5
Prof. And Outside Services	4,443.8	4,034.4	4,034.4	4,034.4
Travel - In State	321.5	724.4	979.9	724.4
Travel - Out of State	736.7	158.3	190.0	158.3
Library Acquisitions	8,796.4	8,228.7	8,228.7	8,228.7
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	85,226.3	72,494.4	73,684.8	72,705.0
Equipment	2,752.7	2,561.7	2,849.8	2,634.6
Agency Total	497,175.0	494,289.6	508,065.9	495,786.6
<i>Fund</i>				
General Fund	351,637.2	340,316.6	354,092.9	341,813.6
U of A Main Campus - Collections - Appropriated	145,537.8	153,973.0	153,973.0	153,973.0
Agency Total	497,175.0	494,289.6	508,065.9	495,786.6

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 Sierra Vista Campus	5,207.1	5,434.8	5,770.4	5,434.8
SLI Research Infrastructure	14,253.0	14,253.0	14,253.0	14,253.0
Lease-Purchase Payment				

## Executive Recommendations

FY 2010

### Executive Issues

#### Degree Production Funding

1,497.0

The Executive recommends using a new degree production funding formula amount of \$1.5 million General Fund and 14.0 FTE for FY 2010. The degree production formula links some State funding for growth to degree production and economic impact, rather than strictly to enrollment growth. This method aligns funding with universities' unique ability to provide Arizona with a better educated workforce and citizenry, with all of the associated positive social and economic benefits.

The degree production formula is as follows: the increase in undergraduate degrees projected for FY 2010 multiplied by the aggregate expected economic impact of the degrees, measured as the average salary difference between a bachelor's degree holder and a high school graduate as provided by U.S. Census data. The resultant total is then funded at 25%, representing the State support level. The same formula applies for graduate degrees but with a commensurate increase reflecting the higher economic impact of graduate degrees versus high school diplomas as measured by the U.S. Census.

#### General Fund

1,497.0

### Performance Measures

	FY 2007	FY 2008	FY 2009	FY 2010
	Actual	Actual	Expected	Expected
Average number of years taken to graduate for students who began as freshmen	4.6	4.6	4.6	4.5
Agency staff turnover (percent)	14.9	13.9	14.5	14.5
Gifts, grants, and contracts (millions)	450	345	359	373
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)	75	68	71	75
Total number of degrees granted	7,777	7,098	7,253	7,393
Bachelors degrees granted	5,564	5,241	5,350	5,450
Masters degrees granted	1,399	1,313	1,343	1,373
First Professional degrees granted	354	146	150	150
Doctorate degrees granted	460	398	410	420



## Administrative Costs

FY 2010

Administrative Costs	9,498.1
Agency Request	1,465,290.0
Administrative Cost Percentage	0.65%

The agency request represents all funds, not just appropriated funds.  
These administrative costs are estimated for the express purpose of  
satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

---

*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.

Agency Summary				
<i>Program/Cost Center</i>	<i>FY 2008 Actual</i>	<i>FY 2009 Approp.</i>	<i>FY 2010 Agency Req.</i>	<i>FY 2010 Exec. Rec.</i>
Instruction	48,166.6	49,082.9	52,396.3	49,082.9
Organized Research	3,895.5	3,306.7	3,306.7	3,306.7
Public Service	3,239.1	3,076.9	3,091.9	3,076.9
Public Service	9,969.7	9,521.1	9,521.1	9,521.1
Academic Support	16,767.0	14,043.7	14,068.7	14,043.7
Student Services	1,952.0	1,643.2	1,643.2	1,643.2
Institutional Support	806.1	642.7	642.7	642.7
College of Medicine - Phoenix	9,820.2	12,782.0	24,782.0	12,782.0
Agency Total	94,616.2	94,099.2	109,452.6	94,099.2
<i>Category</i>				
FTE	967.1	966.1	1,073.9	966.1
Personal Services	57,538.3	69,815.8	77,901.1	69,815.8
ERE Amount	15,417.2	15,256.7	17,581.2	15,256.7
Prof. And Outside Services	11,797.2	1,037.8	2,304.7	1,037.8
Travel - In State	115.3	118.5	144.1	118.5
Travel - Out of State	260.8	11.6	42.4	11.6
Library Acquisitions	1,218.8	1,018.5	1,518.5	1,018.5
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	7,078.4	6,126.9	9,145.3	6,126.9
Equipment	1,190.2	713.4	815.3	713.4
Agency Total	94,616.2	94,099.2	109,452.6	94,099.2
<i>Fund</i>				
General Fund	80,548.0	77,996.6	93,350.0	77,996.6
U of A College of Medical - Collections - Appropriated	14,068.2	16,102.6	16,102.6	16,102.6
Agency Total	94,616.2	94,099.2	109,452.6	94,099.2

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 Liver Research Institute	526.7	522.4	522.4	522.4
SLI Telemedicine Network	2,230.8	2,132.2	2,132.2	2,132.2
SLI Clinical Rural Rotations	437.4	414.6	414.6	414.6
SLI Clinical Teaching Support	9,969.7	9,521.1	9,521.1	9,521.1

## Performance Measures

	<u>FY 2007 Actual</u>	<u>FY 2008 Actual</u>	<u>FY 2009 Expected</u>	<u>FY 2010 Expected</u>
Number of Degrees Granted BA/BS and MA/MS	166	475	488	497
Number of degrees granted-PhD	14	54	55	56
Percent of students passing Step I of the United States Medical Licensing Exam on the first try	97	N/A	98	N/A
Percent of students passing Step II of the United States Medical Licensing Exam on the first try	94	N/A	95	N/A
Percent of students indicating satisfied or very satisfied with their medical education on the Association of American Medical Colleges graduation questionnaire	97	N/A	95	N/A

## Administrative Costs

	<u>FY 2010</u>
Administrative Costs	0.0
Agency Request	309,015.0
Administrative Cost Percentage	0.00%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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 Arizona Department of Veterans' Services assists veterans, their dependents, and/or survivors in developing and filing claims through the U.S. Department of Veterans Affairs to obtain federal entitlements in the areas of disability, pension, insurance, burial, etc. The Department also provides fiduciary services to incapacitated veterans, surviving spouses, or minor children. In addition, the Department operates the Arizona State Veteran Home, a 200-bed skilled nursing facility that provides long-term care services to veterans and their spouses. The Department operates a state veteran cemetery in Sierra Vista and will be opening a second in the northern part of the state. The ADVS is designated as the "State Approving Agency," and is responsible for approving and supervising all institutions and establishments in Arizona that offer education and training to veterans.

Agency Summary				
Program/ Cost Center	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Administration	1,780.2	1,598.2	1,598.2	1,598.2
Veterans' Conservatorship/ Guardianship	1,143.0	1,285.5	1,285.5	1,285.5
Veterans' Benefits Counseling Services	2,997.6	3,129.2	3,129.2	3,129.2
State Veterans' Home	16,814.4	16,598.8	16,598.8	16,598.8
Arizona Veterans' Cemeteries	277.5	279.1	279.1	279.1
Agency Total	23,012.7	22,890.8	22,890.8	22,890.8
Category				
FTE	342.0	359.0	359.0	359.0
Personal Services	12,617.0	11,243.0	11,243.0	11,243.0
ERE Amount	5,094.9	5,623.6	5,623.6	5,623.6
Prof. And Outside Services	1,566.4	1,400.6	1,400.6	1,400.6
Travel - In State	92.1	143.0	143.0	143.0
Travel - Out of State	13.6	2.0	2.0	2.0
Food	472.9	500.0	500.0	500.0
Aid to Others	29.2	29.2	29.2	29.2
Other Operating Expenses	2,564.5	2,393.8	2,393.8	2,393.8
Equipment	562.1	653.0	653.0	653.0
Capital Outlay	0.0	902.6	902.6	902.6
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 Total	23,012.7	22,890.8	22,890.8	22,890.8
Fund				
General Fund	8,758.1	8,399.5	8,399.5	8,399.5
Veterans' Conservatorship Fund	677.3	747.5	747.5	747.5
State Home for Veterans Trust	13,577.3	13,743.8	13,743.8	13,743.8
Agency Total	23,012.7	22,890.8	22,890.8	22,890.8

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 Veterans' Organizations	29.2	29.2	29.2	29.2
Contracts				

### Performance Measures

	FY 2008 Actual	FY 2009 Expected	FY 2010 Expected	FY 2011 Expected
Human service specialist to client ratio	1:35	1:45	1:45	1:45
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)	136.3	140.4	144.6	148.94
Percentage of customers rating the overall delivery of services as 1 to 3, using a 1-5 scale where 1 represents "Extremely Satisfied" and 5 represents "Extremely Dissatisfied."	92	93	94	95
➤ <i>The survey has been redesigned with a numeric score.</i>				
Expenditures of federal dollars in Arizona by the U.S. Department of Veterans Affairs (in millions of dollars)	1,692	1,726	1,760	1,796
➤ <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)	5,045	5,196	5,352	5,513
➤ <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	41.95	40	40	40
Average annual occupancy rate (in percent)	87.5	90	92.5	93.5
Active caseload at end of fiscal year	363	370	380	390

### Administrative Costs

	FY 2010	FY 2011
Administrative Costs	1,370.0	1,404.3
Agency Request	29,052.0	29,052.0
Administrative Cost Percentage	4.72%	4.83%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*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.

Program/ Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Licensing and Regulation	449.5	468.3	468.3	468.3
Agency Total	449.5	468.3	468.3	468.3
<i>Category</i>				
FTE	5.5	5.5	5.5	5.5
Personal Services	235.3	247.7	247.7	247.7
ERE Amount	85.7	73.2	73.2	73.2
Prof. And Outside Services	58.3	68.2	68.2	68.2
Travel - In State	4.7	9.1	9.1	9.1
Travel - Out of State	0.0	1.0	1.0	1.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	60.9	68.9	68.9	68.9
Equipment	4.6	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 Total	449.5	468.3	468.3	468.3
<i>Fund</i>				
Veterinary Medical Examiners Board	449.5	468.3	468.3	468.3
Agency Total	449.5	468.3	468.3	468.3

### FY 2009 Supplemental Recommendations

FY 2009

#### Veterinary Fund Adjustment

300.0

Laws 2008, Chapter 285, included a \$609,500 transfer from the Board's Fund to the General Fund. The transfer leaves the Board with insufficient funds to cover its FY 2009 appropriation. The Executive recommends a transfer of \$300,000 from the General Fund to allow the Veterinary Fund to remain solvent through FY 2010.

General Fund

300.0

### Performance Measures

	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Expected	Expected	Expected
Percent of customers responding excellent or good on customer satisfaction survey	95	90	90	90
Number of annual investigations conducted	135	150	120	120
Total number of veterinarians licensed annually, including renewals	1,968	1,800	1,800	1,800
Average number of calendar days from receipt to granting of license	60	60	60	60
Number of complaints docketed	74	85	80	80
Number of complaints resolved	73	80	60	60
Average number of calendar days from receipt of complaint to resolution	70	80	90	120

### Administrative Costs

	FY 2010	FY 2011
Administrative Costs	32.2	33.5
Agency Request	468.0	468.0
Administrative Cost Percentage	6.88%	7.16%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

# Department of Water Resources

FY 2010 FY 2011

## 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.

Program/ Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
Agency Support	5,919.2	5,032.6	5,032.6	5,715.2
Water Management and Statewide Planning	15,490.3	19,800.7	18,800.7	17,800.7
Dam Safety and Flood Warning	926.0	1,043.9	1,043.9	1,043.9
Agency Total	22,335.5	25,877.2	24,877.2	24,559.8
<i>Category</i>				
FTE	198.1	231.7	231.7	231.7
Personal Services	11,323.3	11,955.5	11,955.5	11,955.5
ERE Amount	3,857.2	4,075.8	4,075.8	4,075.8
Prof. And Outside Services	2,546.8	5,319.2	4,419.2	3,419.2
Travel - In State	401.0	441.0	471.0	471.0
Travel - Out of State	41.7	39.0	39.0	39.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	3,474.5	3,107.1	2,877.1	(1,440.3)
Equipment	691.0	528.4	628.4	628.4
Capital Outlay	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0
Cost Allocation	0.0	411.2	411.2	5,411.2
Transfers Out	0.0	0.0	0.0	0.0
Agency Total	22,335.5	25,877.2	24,877.2	24,559.8
<i>Fund</i>				
General Fund	22,330.8	17,858.1	20,308.1	25,440.7
Arizona Water Banking Fund	0.0	6,900.0	3,450.0	(2,000.0)
Assured and Adequate Water Supply Administration Fund	4.7	1,119.1	1,119.1	1,119.1
Agency Total	22,335.5	25,877.2	24,877.2	24,559.8

## Executive Recommendations

FY 2010 FY 2011

### Executive Issues

**Restore Funding for Water Programs** 0.0 (4,450.0)

Laws 2008, Chapter 285, (General Appropriations Act) reduced the Department's operating budget by \$4.9 million and authorized it to temporarily use the Water Banking Fund. The Executive recommends reductions of (\$2.5 million) in FY 2010 and (\$6.9 million) in FY 2011 to eliminate the Department's reliance on the Water Banking Fund. To partially offset this reduction, the recommendation also includes \$2.5 million in FY 2010 and in FY 2011 from the General Fund.

General Fund	2,450.0	2,450.0
Arizona Water Banking Fund	(2,450.0)	(6,900.0)

### Statutory Funding - Water Protection Fund

(1,000.0) 3,000.0  
A.R.S. § 45-2112 appropriates \$5.0 million annually from the State General Fund to the Water Protection Fund for projects benefiting rivers and riparian habitat. The primary purpose of the WPF is to provide grants for projects that are designed to maintain, enhance and restore rivers and streams and riparian resources, including fish and wildlife that are dependent on these habitats. The recommendation transfers \$1.0 million in FY 2010 from the Water Banking Fund and \$5.0 million in FY 2011 from the General Fund to the Water Protection Fund. For FY 2010, the Executive recommends that a session law provision be added to suspend A.R.S. § 45-2112 to state that the transfer amount to the Water Protection Fund be specified in the General Appropriation Act.

General Fund	0.0	5,000.0
Arizona Water Banking Fund	(1,000.0)	(2,000.0)

### Contractual Rent

0.0 132.6  
The recommendation includes \$132,600 in FY 2011 to cover rent payment obligations.

General Fund	0.0	132.6
--------------	-----	-------

### Performance Measures

	FY 2008 Actual	FY 2009 Expected	FY 2010 Expected	FY 2011 Expected
Percent of Arizona's annual entitlement to Colorado River water beneficially used	100	100	100	100
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

### Administrative Costs

	FY 2010	FY 2011
Administrative Costs	2,994.6	2,994.6
Agency Request	55,941.0	56,068.0
Administrative Cost Percentage	5.35%	5.34%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

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

## Department of Weights and Measures

FY 2010 FY 2011

### Mission:

To ensure equity and accuracy and the effective communication of weight and measurement standards and to promote clean air through regulation of petroleum products and dispensing systems within the Arizona marketplace.

### Description:

The Department of Weights and Measures ensures that commercial devices used for the sale or use of items by weight or measure are correct and accurate for their intended use, houses and maintains the state's primary standards, prevents unfair dealing by weight or measure in commodities sold and purchased in this state, ensures proper labeling of products sold by weight or measure, ensures pricing of all commodities is in conformance with state law and rules, and licenses weighmasters and registered service agencies and their employees who are responsible for weight certification and calibration of devices in the marketplace. The Department also regulates two petroleum-related environmental programs: Oxygenated Fuel and Vapor Recovery. The major stakeholders of the Agency are all people who buy, sell, service, or receive items, commodities, or services by weight, measure, or count within Arizona.

Program/ Cost Center	Agency Summary			
	FY 2008 Actual	FY 2009 Approp.	FY 2010 Exec. Rec.	FY 2011 Exec. Rec.
General Services	1,736.6	1,917.6	1,907.5	1,907.5
Air Quality Oxygenated Fuel	892.3	885.4	866.3	866.3
Vapor Recovery	595.7	657.5	657.5	657.5
Agency Total	3,224.6	3,460.5	3,431.3	3,431.3
<i>Category</i>				
FTE	41.9	41.9	41.9	41.9
Personal Services	1,573.7	1,679.0	1,679.0	1,679.0
ERE Amount	613.3	619.5	619.5	619.5
Prof. And Outside Services	270.5	310.5	310.5	310.5
Travel - In State	181.2	225.3	225.3	225.3
Travel - Out of State	14.9	20.1	20.1	20.1
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	437.8	525.5	525.5	525.5
Equipment	133.2	80.6	51.4	51.4
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	0.0	0.0	0.0	0.0
Agency Total	3,224.6	3,460.5	3,431.3	3,431.3
<i>Fund</i>				
General Fund	1,603.4	1,593.6	1,584.6	1,584.6
Air Quality Fund	1,488.0	1,542.9	1,523.8	1,523.8
Motor Vehicle Liability Insurance Enforcement	133.2	324.0	322.9	322.9
Agency Total	3,224.6	3,460.5	3,431.3	3,431.3

### Executive Recommendations

FY 2010 FY 2011

### Executive Issues

#### Accreditation & One-Time Equipment (29.2) (29.2)

In FY 2009, the Department received one-time equipment funding of \$42,200. For FY 2010 and FY 2011, the Executive recommends a (\$29,200) decrease, leaving \$13,000 to cover annual recalibration costs for the State Metrology Lab. This appropriation would help ensure the integrity and continued use of laboratory equipment, enabling the Metrology Lab to maintain accreditation and carry out its statutory responsibilities.

General Fund	(9.0)	(9.0)
Air Quality Fund	(19.1)	(19.1)
Motor Vehicle Liability Insurance Enforcement Fund	(1.1)	(1.1)

### Performance Measures

	FY 2008 Actual	FY 2009 Expected	FY 2010 Expected	FY 2011 Expected
Percent of Arizona Clean Burning Gasoline (AzCBG's) in compliance.	98	100	100	100
Percent of facilities inspected annually that are in compliance.	88	87	89	90
Percent of new facilities in compliance with vapor recovery standards.	88	87	89	90
Percent of UPC (price scanning) devices in compliance.	76	79	77	78

### Administrative Costs


	FY 2010	FY 2011
Administrative Costs	697.0	697.0
Agency Request	3,484.0	3,478.0
Administrative Cost Percentage	20.01%	20.04%

The agency request represents all funds, not just appropriated funds. These administrative costs are estimated for the express purpose of satisfying A.R.S. § 35-115.5 and should not be used for any other purpose.

*The Executive recommends a lump-sum appropriation by program.*







**FY 2009 and FY 2010  
Agency Expenditure  
Suspensions**



## FY 2009 and FY 2010 Recommended Expenditure Suspensions

Agency	FY 2009		FY 2010	
	General Fund	Other Funds	General Fund	Other Funds
<b>Accountancy Board</b>				
Board Modernization - Board Fund		164,507		0
<b>Acupuncture Board</b>				
Unpaid Leave - Board Fund		9,044		9,044
<b>Department of Administration</b>				
Operating Suspension	1,347,700		1,400,422	
Utilities	69,500		105,500	
Reduce Telecommunications Program Office Spending - Telecomm's Fund		250,000		250,000
Residual Fund Balance - ERE Benefits		500,000		0
Eliminate FY 2009 Rate Reduction to Agencies - Automation Fund		1,100,000		1,100,000
Eliminate Remaining Wellness Funding & Reduce Spending - Special		600,000		600,000
Employee Health Insurance Trust				
Eliminate Transparency Initiative - AFIS II Collection		500,000		0
Reduce Vehicle Purchases - Motor Pool Revolving		700,000		0
<b>Office of Administrative Hearings</b>				
Operating Suspension	140,000		140,000	
Dismiss Admin Law Judge - IGA/ISA Fund		111,870		111,870
<b>Department of Agriculture</b>				
Operating Suspension	600,000		600,000	
Utilize Fund Balance - Indirect Cost		300,000		300,000
CDFA Agreement - Designated Funds		70,000		70,000
Pesticide Recycling - Pesticide		50,000		50,000
Beef Council Admin Fee - Designated Funds		26,957		26,957
<b>Arizona Health Care Cost Containment System</b>				
Eliminate Prop 204 County Hold Harmless Appropriation	4,825,600		4,825,600	
HealthCare Group Subsidy	1,000,000		1,000,000	
Administration/Operating Suspension	1,000,000		1,000,000	
Reduce Disproportionate Share Private Hospital Payments	3,495,000		3,495,000	
Unspent GME	600,000		0	
Reduce Physician Reimbursement Rate	1,000,000		0	
<b>Commission on the Arts</b>				
Operating Suspension	200,000		180,000	
Spending Suspension - Arts Trust		115,948		0
<b>Attorney General - Department of Law</b>				
Lump Sum Suspension	606,790		606,790	
Expenditure Suspensions - OF		950,973		950,973
<b>Auditor General</b>				
Expenditure Suspensions	927,600		927,600	
Expenditure Suspensions - OF		118,993		118,993
<b>Barber Examiners</b>				
Operating Expenses - Barber Board		28,280		28,280
<b>Behavioral Health Examiners</b>				
Vacancy Savings - Behavioral Health Examiners		89,450		89,450
Formal Hearing Suspension - Behavioral Health Examiners		6,300		6,300
<b>Chiropractic Board</b>				
Operating Suspension - Chiropractic Board		36,428		36,428
<b>Capital Post Conviction Public Defender Office</b>				
Operating Suspension	50,000		50,100	
<b>State Board for Charter Schools</b>				
Operating Suspension	41,100		41,100	

Agency	FY 2009		FY 2010	
	General Fund	Other Funds	General Fund	Other Funds
<b>Department of Commerce</b>				
Operating Suspension	319,400		331,356	
Interest - 21 Century Fund		480,600		
Less Training Dollars - Workforce Job Training		1,836,034		1,000,000
<b>Community Colleges</b>				
Operating Suspension	16,000,000		24,000,000	
<b>Corporation Commission</b>				
Lump Sum Suspension	400,000		400,000	
Expenditure Suspension		0		400,000
<b>Department of Corrections</b>				
Provisional Beds	6,000,000		0	
Delay Startup Costs - State Charitable Penal and Reformatory Land		2,822,000		0
Stop Payment of Criminal Justice Enhancement Funding - CJEF		3,462,670		5,000,000
<b>Criminal Justice Commission</b>				
No Agency Response Attainable - OF		1,134,413		1,134,413
<b>Schools for the Deaf and the Blind</b>				
School Bus Replacement	369,000		369,000	
<b>Deaf and the Hard of Hearing</b>				
Operating Suspension - Telecom Fund		210,739		460,000
<b>Dental Examiners</b>				
Operating Budget - Dental Board		77,667		10,000
<b>Dispensing Opticians</b>				
Suspension of Expenditures - Dispensing Opticians Board		5,888		5,888
<b>Drug and Gang Prevention Resource Center</b>				
		44,730		44,730
<b>Department of Economic Security</b>				
Eliminate Eligibility System Upgrade	7,000,000		7,731,300	
Operating Suspension	6,900,000		6,900,000	
Eliminate Autism Appropriations	900,000		1,800,000	
Suspend Lottery Transfer to Homeless Programs	1,000,000		1,000,000	
Eliminate AAA's FY 2007 Capacity Building/Adult Services	2,000,000		2,000,000	
Rollback FY 2008 DD Provider Rate Increase	2,624,700		0	
New LIHEAP to Backfill GF	1,290,000		0	
Additional Budget Reductions	610,000		0	
IT Services - Risk Management Fund		135,500		271,000
Contract Suspension - Marriage and Communication Skills		271,000		0
Fund Balance Transfer - Domestic Violence Shelter		320,000		0
<b>Department of Education</b>				
Voucher Funds	2,000,000			
Operating Budget Suspensions	4,108,400		4,108,400	
Soft Capital Suspension	20,665,300		0	
Expenditure Suspensions - OF		797,174		
<b>Department of Emergency and Military Affairs</b>				
Civil Air Patrol	54,700		54,700	
AZ 211	73,200		73,200	
Statutory Appropriation for Emergencies	1,000,000		1,000,000	
Operating Suspension	261,100		1,500,700	
Local Emergency Planning Grants - Emergency Response		22,379		22,379

Agency	FY 2009		FY 2010	
	General Fund	Other Funds	General Fund	Other Funds
<b>Department of Environmental Quality</b>				
County Travel Suspension	1,500,000		1,500,000	
Deferral of Fee Schedule Change for Vehicle Emission Inspections		5,600,000		0
Reduce CIT Funding of WQARF - Water Quality Assurance Revolving		2,588,300		2,588,300
Eliminate Payment to Policy Commission and Technical Appeals Panel - Underground Storage Tank Revolving Fund		22,000		22,000
Suspend Entire Program - Used Oil		137,800		137,200
Reduce Contract commitments - Centralized Monitoring Fund		100,000		100,000
Reduce Contract commitments - Voluntary Remediation		75,000		0
Reduce Grants - Recycling		100,000		400,000
Reduce Appropriation Authority - Hazardous Waste Management		300,000		300,000
Reduce Repair and Retrofits - Retrofit		200,000		0
Restrict data collection contract - Air Permits Administration		50,000		50,000
<b>Governor's Office for Equal Opportunity</b>				
Operating Suspension	30,000		30,000	
<b>Board of Executive Clemency</b>				
Reduce Operating Expenses Staff Reduction Operating Suspension	40,900		40,900	
<b>Department of Financial Institutions</b>				
Operating Budget Suspensions	200,000		0	
Receivership Expenses - Receivership		30,000		30,000
Mortgage Fraud Investigations - Special Revolving		71,031		71,031
<b>Department of Fire, Building and Life Safety</b>				
Operating Suspension	400,000		400,000	
Reduced Operating - Building and Fire Safety		44,860		0
<b>Office of the State Forester</b>				
Community Protection Initiative Fund	40,000		0	
Vacancy Savings	152,600		152,600	
Fire Suppression Fund		1,653,813		1,653,813
<b>Funeral Directors &amp; Embalmers</b>				
Professional and Outside Services		7,500		7,500
Non Capital Equipment		1,000		1,000
In-State Travel		3,500		3,500
<b>Game and Fish</b>				
Watercraft Patrols - Watercraft Law Enforcement		350,000		350,000
OHV Patrols - OHV Law Enforcement		400,000		400,000
Habitat Restoration and Enhancement Projects - Wildlife Habitat		145,000		145,000
OHV Enforcement and Rider Education Program		507,900		507,900
<b>Arizona Geological Survey</b>				
Operating Suspensions	120,000		120,000	
<b>Government Information Technology Agency</b>				
E-Health	250,000		250,000	
No Agency Response Attainable		349,124		349,124
<b>Governor's Office</b>				
Operating Budget Suspensions	475,000		475,000	
<b>Governor's Office of Strategic Planning and Budgeting</b>				
Lump Sum Suspension	75,000		75,000	

Agency	FY 2009		FY 2010	
	General Fund	Other Funds	General Fund	Other Funds
<b>Department of Health Services</b>				
Administration Operating Budget	700,000		700,000	
Family Health Services - Operating Budget	580,000		580,000	
Public Health Operating Budget	720,000		720,000	
Behavioral Health Operating Budget, Prop. 204 Administration - State Match, Contract Compliance	400,000		400,000	
Laboratory Services	320,000		320,000	
Hepatitis C Surveillance	226,000		226,000	
Teratogen	60,000		60,000	
County TB Provider Care and Control	242,000		242,000	
Direct Grants to Counties	200,000		200,000	
Loan Repayment	20,000		20,000	
Alzheimer's Disease Research	750,000		750,000	
Crisis Intervention Training Grants	250,000		250,000	
Eliminate All State Poison Control Center Funding	0		0	
Reduce Disease Control Programs	174,700		174,700	
Assurance & Licensure	150,000		150,000	
Non-Title XIX Substance Abuse	1,190,000		1,190,000	
Lump Sum Reduction				
Newborn Screening Indirect Costs - Newborn Screening		478,600		478,600
Newborn Screening Program - Newborn Screening		100,000		100,000
High Risk Perinatal Program - EMS		150,000		150,000
EMS Operating Budget Suspension - EMS		100,000		100,000
Public Health Operating Budget - EMS		50,000		50,000
<b>Arizona Historical Society</b>				
Operating Suspension	400,000		400,000	
Operating Suspension - OF		40,782		40,782
<b>House of Representatives</b>				
	723,600		723,600	
<b>Housing</b>				
Owner-Occupied Housing Rehabilitation Program - Housing Trust		200,000		200,000
Down Payment Closing Cost Assistance - Urban Housing Trust		2,000,000		2,000,000
Land Trust Incentive - Housing Trust		1,000,000		1,000,000
Rental Development/Recapitalization Set-aside - Housing Trust		29,499		29,499
<b>Commission of Indian Affairs</b>				
Operating Suspension	24,000		24,000	
<b>Industrial Commission</b>				
Operating Suspension - OF		1,404,137		2,808,274
<b>Department of Insurance</b>				
Operating Suspension	222,600		264,000	
Change funding for Senior Legal Analyst		30,622		40,000
<b>Joint Legislative Budget Committee</b>				
	152,500		152,500	
<b>Judiciary</b>				
	10,000,000		10,000,000	
<b>Department of Juvenile Corrections</b>				
Operating Suspension	2,500,000		3,000,000	
Education Grants - Indirect Cost Recovery		37,002		37,002
<b>Land Department</b>				
Fund Shift to Fee Account	150,000		150,000	
End Colorado River Study	60,000		60,000	

Agency	FY 2009		FY 2010	
	General Fund	Other Funds	General Fund	Other Funds
Eliminate FTE	200,000		200,000	
Reduce Planning and Engineering	300,000		300,000	
End NRCDC Support	283,800		283,800	
Administrative Efficiencies	6,200		6,200	
Fire Suppression	3,000,000		3,000,000	
Trust Management Self-Funding Program	6,000,000		11,000,000	
Trust Land Management Funding Reduction				
Operating Reduction				
NRCDCs - Environmental Special Plate		18,200		18,200
<b>Legislative Council</b>	287,000		287,000	
<b>Library, Archives and Public Records</b>	351,400		351,400	
Expenditure Suspension - Elected Official		13,300		13,300
<b>Department of Liquor Licenses and Control</b>				
Operating Suspension	335,900		387,000	
Eliminate Special Investigator - Surcharge K		25,207		43,700
Eliminate Special Investigator - Surcharge L		23,457		40,700
<b>Medical Board</b>				
Eliminate Use of Temporary Position in Licensing		5,300		5,300
Reduce In-State Travel		7,000		7,000
Administrative Hearing Costs to Licensees		5,000		5,000
Reduce Printing, Long Distance & Postage		6,900		6,900
Reduce Intra-Agency Agreement with Central		8,000		8,000
		135,600		135,600
Continue Vacancies: Investigator, Part-Time Medical Consultant Positions				
Eliminate Membership Dues, Conferences/Training, Subscriptions		12,800		12,800
Release Licensees Currently in the Monitored Aftercare Program		37,300		37,300
Transfer National Practitioner Data Bank Costs to Licensee		11,900		11,900
Reduce OMC Clinical Reviews Conducted by Outside Medical Consultants		29,000		29,000
Reduce Expert Witness Costs		10,300		10,300
Eliminate 3 FTE - Medical Board Fund		147,917		147,917
<b>Board of Medical Student Loans</b>				
Reduce Loans to Students	120,000		120,000	
<b>Mine Inspector</b>				
Operating Budget Suspensions	54,000		54,000	
<b>Naturopathic Board</b>				
Attorney General Fees		7,167		7,167
Travel		2,833		2,833
Operating Costs		10,000		10,000
<b>Navigable Streams Adjudication Commission</b>				
Outside Professional Services	20,000		20,000	
<b>Nursing</b>				
Further Delay Mandated Website Changes		152,198		0
Delay in Hiring Database Programmer		53,245		0
Software/Hardware		45,000		45,000
Office Supplies		15,000		15,000
Office of Administrative Hearings Fees		12,000		10,922
Court Reporting		12,000		10,921
<b>Nursing Care Administrators Board</b>				
Non-Capital Equipment		11,839		11,839
<b>Occupational Therapy Examiners</b>				
Operating Expenses - OF		17,143		17,143
<b>Office of Pest Management</b>				
Vacancy Savings - Structural Pest Control		194,373		194,373

Agency	FY 2009		FY 2010	
	General Fund	Other Funds	General Fund	Other Funds
Operating Suspensions - OF		6,283,054		3,200,000
<b>Power Authority</b>				
Operating Suspensions - OF		2,189,747		2,189,747
<b>Personnel Board</b>				
Software Upgrades				
In-State Travel				
Vacancy Savings				
Hearing Officers & Outside Counsel				
Other Suspensions				
Operating Suspension	40,100		40,100	
<b>Commission for Postsecondary Education</b>				
Unobligated Grant Funding	1,000,000		1,000,000	
Eliminate Travel, Implement ER Items - Private Postsecondary Education		3,000		6,000
Fund Balance Transfer - Private Postsecondary Education		100,000		0
<b>Prescott Historical Society</b>				
Operating Suspension	50,000		50,000	
<b>Department of Public Safety</b>				
GIITEM Grants for County Attorneys	300,000		300,000	
GIITEM Local Immigration Enforcement Grants	7,000,000		4,000,000	
GIITEM DPS Immigration Personnel	700,000		700,000	
Photo Enforcement Vendor Payments	5,000,000		752,400	
Operating Budget	1,000,000		1,000,000	
GangNet/Crime Analysts - SLI	400,000		400,000	
County Gang Prosecution - SLI	350,000		700,000	
Sex Offender Fee Sweep - Sex Offender Notification		50,000		0
CCW Fee Sweep - Highway Patrol		500,000		0
Impound Fee Sweep - Highway Patrol		500,000		0
AFIT Western Union Settlement - Administration		685,400		0
Operating Suspension - Joint Fund		1,489,000		2,131,596
Reduce Overtime by 5% and Highway Patrol Vehicles - HURF		1,521,600		1,521,600
<b>Department of Racing</b>				
Operating Suspension	250,000		300,000	
Award Suspension - Breeders Award		100,000		100,000
Award Suspension - County Fair Betterment		86,462		86,462
<b>Radiation Regulatory Agency</b>				
Operating Suspension	200,000		180,000	
<b>Department of Real Estate</b>				
Operating Suspension	320,000		350,000	
Private Industry to Fund Part of COE - Real Estate Ed. Revolving Fund		3,850		5,000
<b>Board of Regents</b>				
FY 2008 Math & Science	1,500,000		1,500,000	
<b>Registrar of Contractors</b>				
FY08 ROCIMS SLI - Registrar of Contractors		300,000		400,000
FY09 ROCIMS SLI - Registrar of Contractors		306,500		0
<b>Residential Utility Consumer Office</b>				
Operating Suspension - RUCO Revolving		122,003		0
<b>Respiratory Care Examiners</b>				
Delay Payments to ADOA, Other Agencies		18,312		18,312
<b>Department of Revenue</b>				
Operating Suspension	1,000,000		1,000,000	
Operating Suspension - Unclaimed Property		42,500		60,000
<b>School Facilities Board</b>				
Operating Budget	200,000		200,000	
Building Renewal Grants	12,555,899		0	



Agency	FY 2009		FY 2010	
	General Fund	Other Funds	General Fund	Other Funds
<b>Secretary of State - Department of State</b>				
Operating Suspensions	70,000		70,000	
<b>Senate</b>	478,900		478,900	
<b>Board of Tax Appeals</b>				
Operating Expenditures	30,000		30,000	
<b>Technical Registration</b>				
RIF 1 Investigator Position - OF		22,164		40,000
<b>Office of Tourism</b>				
Reduce Marketing and Promotion	2,000,000		2,000,000	
<b>Department of Transportation</b>				
Operating Suspension	10,000		0	
Project Cancellations - Economic Strength Project		950,000		1,000,000
FY 2008 Capital Outlay - GCA H20 Tank Refurb - Aviation		559,900		0
Operating Suspension - Transportation Equipment Revolving		1,500,000		500,000
Operating Suspension - Vehicle Inspection Enforcement		300,000		300,000
Operating Suspension - Safety Enforcement & Trans. Infrastructure		275,000		150,000
Operating Suspension - Liability Insurance Enforcement		600,000		200,000
Defer Federal Grant Reimbursement - Aviation		2,904,200		1,000,000
<b>State Treasurer</b>				
Operating Suspension	70,000		70,000	
<b>Universities</b>	50,000,000		50,000,000	
<b>Veterans' Services</b>				
Various Military Installation Property Acquisitions - Military Installation		1,729,126		1,729,126
<b>Department of Water Resources</b>				
Rural Water Studies Suspension	500,000		500,000	
Water Program/Fund	3,000,000		3,000,000	
Operating Suspension	500,000		500,000	
Operating Suspension - Flood Warning System		10,000		10,000
Operating Suspension - Water Protection		30,000		30,000
Operating Suspension - Adjudication		10,000		10,000
Operating Suspension - Dam Repair		10,000		10,000
Operating Suspension - Purchase and Retirement		20,000		20,000
Operating Suspensions - OF		420,000		0
Operating Reduction	160,000		160,000	
<b>Capital Outlay Appropriations</b>				
Miscellaneous Projects	2,000,000		0	
Reduce ADOA Building Renewal	0			
<b>TOTALS</b>	<b>214,621,189</b>	<b>60,378,811</b>	<b>174,731,868</b>	<b>41,823,188</b>

SUMMARY - TOTAL SPENDING SUSPENSIONS		
	FY 2009	FY 2010
<b>TOTAL AGENCY GF SUSPENSIONS</b>	<b>214,621,189</b>	<b>174,731,868</b>
<b>OTHER HUMAN RESOURCE SUSPENSIONS</b>	<b>25,000,000</b>	<b>12,600,000</b>
<b>SUSPENSIONS FROM OTHER FUNDS</b>	<b>60,378,811</b>	<b>41,823,188</b>
<b>TOTAL - ALL FUNDS</b>	<b>300,000,000</b>	<b>229,155,056</b>

\*These proposed cut figures were originally based on one half of a year's appropriation. Beginning January 1, for each month that passes without a legislative mandate to reduce or eliminate these programs, 1/6 of the proposed cut amount will no longer be available. These programs cannot be reduced or eliminated without legislation.





## **Efficiency Review**



## Arizona Department of Administration

	<i>FY 2010 Agency Request Prior to Efficiency Initiatives</i>	<i>FY 2010 Agency Request Post Efficiency Initiatives</i>	<i>FY 2010 Efficiency Initiative</i>
Administration	1,545.7	1,402.4	143.3
Financial Services	244,782.6	220,065.6	24,717.0
Facilities Management	37,538.4	36,570.4	968.0
Human Resources	930,648.0	869,327.4	61,320.6
Information Technology Services	65,314.9	65,124.9	190.0
Support Services	25,543.2	24,613.3	929.9
Capitol Police	4,607.8	4,607.8	0.0
Risk Management	102,835.6	102,835.6	0.0
<b>Agency Total (All Funds)</b>	<b>1,412,816.2</b>	<b>1,324,547.4</b>	<b>88,268.8</b>
Appropriated Funds		226,181.6	
Non-appropriated Funds		1,098,365.8	

### New Efficiency Review Issues

2010 Savings Previously Published 87,893.2

### FY 2009 Efficiency Review Savings Allocations

#### Employee Benefits

State Government will reduce year-to-year growth in employee health insurance costs through its conversion to a self-insurance program. The new benefit options program was implemented effective October 1, 2004, and 60,000 employees and retirees are enrolled in the self-insured medical plan, surpassing the 59,000 prior enrollment under the CIGNA fully insured medical plan.

**Other** 59,000.0  
Agencies cost avoidance will be determined by the specific agency

#### Energy Conservation

Opportunities exist to lower the State's utility expenditures. Changing existing lighting, installing occupancy sensors and programmable thermostats, replacing standard motors with energy efficient models, establishing energy conservation programs, and other strategies have proven effective in saving energy and reducing utility bills. While some changes have been performed in ADOA-run buildings, more can be done. In addition, buildings that are not managed by ADOA - such as AHCCCS, ADOT, DES, Corrections, and Juvenile Corrections - have not taken full advantage of these energy efficiencies. To save energy, State agencies should consider developing energy efficiency plans rolling savings into new technologies that would help them realize even greater cost savings.

**Absorb Cost Increases of Ongoing Operations** 568.0  
Savings accumulate in the COSF Utilities SLI; monies in the SLI are available for purchasing utilities services.

### Fleet Consolidation

A 1994 Auditor General study, which found that more than ten agencies managed their own fleets, recommended that fleet management be consolidated under one entity. Considering the number of State-owned vehicles, consolidation could result in considerable savings. There may also be opportunities for State agencies to use fleet vehicles more efficiently, as some State agencies may be underutilizing vehicles that are leased from the Department of Administration. ADOA standards provide that such vehicles should be used between 10,000 and 15,000 miles each year. In cases where vehicle usage falls below that standard, redeploying vehicles could result in efficiencies.

**Other** 929.9  
The savings accumulate to several agencies.

### Hiring Gateway

The hiring gateway is the new paperless recruiting and hiring system, which was deployed to all agencies in April 2005. A preliminary efficiency assessment suggested that there has been a 10% savings due to improved staff productivity and a 50% savings as a result of eliminating paper résumé processing. Reduced advertising costs resulted in a 35% savings. The program was fully implemented in FY 2006.

**Other** 2,320.6  
The savings will accumulate to several agencies.

### Leasing/Space Utilization

The Department of Administration (ADOA) Capitol Mall Master Plan for facility development offers the potential for savings in the leasing program. Through the Privatized Lease to Own (PLTO) program, ADOA has been developing lease-purchase office space on the Capitol Mall through the reversion of private sector leases. If another PLTO project were to be constructed, annual lease savings significantly greater than 1% could be achieved on the leases reverted into that building. Unfortunately, ADOA does not have the authority to negotiate leases for other agencies or to direct other agencies to renegotiate their leases; such action requires an Executive order.

**Other** 400.0  
The savings accumulate to the agencies.

### SCIFI Agency Server Hosting

ADOA will host servers for large agencies in lieu of large agencies building their own secure data centers. The savings accrue as cost avoidance for the data center construction costs.

**Other** 190.0  
The savings accumulate to other agencies.

### Statewide E-Procurement

State Government is modernizing and integrating its procurement system to reduce the cost of goods and services it purchases. The Value in Procurement (VIP) program will identify and document savings over the next three years by re-engineering procurement business processes and relationships among State agencies to effectively leverage the State's purchasing power. All agencies are expected to achieve savings through participation in VIP. Savings are used for unfunded employee-related expenditure increases.

**Other** 24,717.0  
The savings accumulate to the agencies.

**Training Consolidation**

Many agencies provide training similar to that offered by many other State agencies. Such training could be consolidated under and provided by Arizona Government University (AzGU) at a reduced cost. AzGU has developed the infrastructure to streamline these administrative functions across agencies, thus eliminating redundancies in curriculum development, scheduling, registration and record keeping; using trainers more efficiently; and reducing costs of materials and outside vendors.

<b>Other</b>	143.3
The savings accumulate with the agencies.	
	88,268.8

**Arizona Department of Agriculture**

	<i>FY 2010 Agency Request Prior to Efficiency Initiatives</i>	<i>FY 2010 Agency Request Post Efficiency Initiatives</i>	<i>FY 2010 Efficiency Initiative</i>
Food Safety and Quality Assurance	7,709.3	7,690.0	19.3
Non-Food Product Quality Assurance	1,004.7	1,004.5	0.2
Animal Disease, Ownership and Welfare Protection	3,787.9	3,687.0	100.9
Pest Exclusion and Management	5,471.6	4,542.3	929.3
Native Plant and Cultural Resources Protection	325.3	325.3	0.0
Pesticide Compliance and Worker safety	782.5	741.8	40.7
Administrative Services	2,092.8	2,067.9	24.9
State Agricultural Laboratory	2,590.8	2,579.3	11.5
Agricultural Consultation and Training	3,499.4	3,488.4	11.0
Commodity Development and Promotion	3,043.8	3,043.7	0.1
<b>Agency Total (All Funds)</b>	<b>30,308.1</b>	<b>29,170.2</b>	<b>1,137.9</b>
Appropriated Funds		15,719.5	
Non-appropriated Funds		13,450.7	

**New Efficiency Review Issues**

2010 Savings Previously Published	197.9
-----------------------------------	-------

**FY 2009 Efficiency Review Savings Allocations**

**AZNet Early Pay Discount**

The Department began paying AZNET charges early resulting in savings of \$2,500 for FY 2006. AZNET provides a 2% early pay credit if payments are received within 15 days of invoice.

<b>Absorb Cost Increases of Ongoing Operations</b>	2.5
Offset increased costs.	

**Closure of Ports of Entry to Agricultural Inspections**

The Department of Agriculture discontinued its inspections at the port of entry at the start of FY 2009. Personnel costs associated with this were eliminated, thus reducing the overall size of the agency's expenditures.

<b>Other</b>	928.0
\$1.1 million General Fund appropriation reduction	

**Electronic communications**

The Department achieved savings from enhanced use of electronic communications instead of traditional mailing of such items as reports, council member communications, and licensing applicant communications.

**Absorb Cost Increases of Ongoing Operations** 1.0

Offset the General Fund reduction in the Agency's budget since FY 2002 as well as increased health and retirement benefit and gasoline costs.

**Fleet**

The Department reduced its motor pool fleet by 22 vehicles by combining travel when possible, by cross-training employees so that fewer employees need to travel in order to provide service, and by reimbursing employees for use of their own vehicles when that is more cost effective than utilizing a motor pool vehicle.

**Absorb Cost Increases of Ongoing Operations** 148.3

Offset the General Fund reduction in the Agency's budget since FY 2002 as well as increased health and retirement benefit and gasoline costs.

**Purchasing**

In an effort to reduce costs, the Department has reduced cell phone and desk phone services and pagers.

**Absorb Cost Increases of Ongoing Operations** 16.6

Offset the General Fund reduction in the Agency's budget since FY 2002 as well as increased health and retirement benefit and gasoline costs.

**Yuma Office Relocation**

The Department's Yuma office moved to a smaller, older facility. The savings represent a reduction of \$1,000 in utility costs in the smaller facility. The Department also saved \$28,500 in rent. Previously, commercial office space was leased at a cost of \$2,575 per month. The current office space consists of several prefabricated units from the State Hospital. The office is located on the University of Arizona Extension Farm at a cost of \$200 per month.

**Absorb Cost Increases of Ongoing Operations** 29.5

Offset the General Fund reduction in the Agency's budget since FY 2002 as well as increased health and retirement benefit and gasoline costs.

1,125.9

**Arizona Health Care Cost Containment System**

	<i>FY 2010 Agency Request Prior to Efficiency Initiatives</i>	<i>FY 2010 Agency Request Post Efficiency Initiatives</i>	<i>FY 2010 Efficiency Initiative</i>
Administration	163,395.5	159,642.9	3,752.6
Long Term Care	2,354,845.1	2,312,635.7	42,209.4
Acute Care	4,591,358.0	4,463,582.3	127,775.7
Proposition 204	2,604,757.3	2,525,523.9	79,233.4
Healthcare Group	65,721.5	65,717.3	4.2
Children's Health Insurance Program	205,503.2	197,930.8	7,572.4
Medicaid in the Public Schools	29,389.8	26,589.8	2,800.0
<b>Agency Total (All Funds)</b>	<b>10,014,970.4</b>	<b>9,751,622.7</b>	<b>263,347.7</b>
Appropriated Funds		2,041,406.9	
Non-appropriated Funds		7,710,215.8	

**New Efficiency Review Issues**

2010 Savings Previously Published 154,258.1

**FY 2009 Efficiency Review Savings Allocations**

**340B Prescription Pricing Opportunities**

AHCCCS is seeking a single-source contract to take advantage of 340B drug pricing (which is about 20% lower than average Medicaid pricing) for anti-hemolytic blood factors. The agency is also assessing models and pricing opportunities to allow other State entities to take advantage of 340B drug pricing. Implementing these procedures will help to reduce overall medical inflation costs, effectively reducing future requests for the Acute Care program.

**Absorb Cost Increases of Ongoing Operations** 8,126.1

Savings resulting from this initiative will be used to support member growth and increases in medical and drug costs to Medicaid.

**Actuarial Services**

Prior to 2004, AHCCCS contracted with an external actuarial firm for the provision of actuarial services. The primary assistance provided by the actuaries was the development of capitation rates for the Acute, ALTCS, and CMDP programs. In 2004 AHCCCS established an Actuarial Unit in the Division of Health Care Management. The use of in-house staff has resulted in a number of significant advantages for AHCCCS including, but not limited to: reduced costs, the building of institutional knowledge about capitation rate development, greater ability to respond to questions by contractors and others about capitation rates, and the availability of highly-trained analysts for expanded fiscal analyses.

**Absorb Cost Increases of Ongoing Operations** 395.2

Savings are being used to offset the increased costs of ongoing operations and reduced administrative funding resulting from budget cuts.

### Claims Validator

AHCCCS purchased a software program that will electronically and systematically analyze all data transactions uploaded from AHCCCS' partners and automatically filter out invalid data. This software program will automate a currently manual process. The agency will realize savings in productivity of approximately \$900,000 per year. However, the cost of the Automated software will exceed productivity savings in the first year, with savings expected to be realized in SFY09. Staff used to manually identify invalid data will be redeployed to work on projects that have been previously placed on hold.

**Other** 762.5  
Savings will be reinvested to work on projects that have been previously placed on hold.

### Copier Maintenance Reduction

During FY 2008 AHCCCS reviewed the IKON Copier Maintenance Contract to implement cost savings for FY 2009 and beyond. Several changes were made to the contract to create a substantial savings to the Agency.

**Other** 684.0  
Savings are being used to offset the increased costs of ongoing operations and reduced administrative funding resulting from budget cuts.

### E-Learning

AHCCCS is using E-Learning to support Virtual Office and save time and money over the classroom alternative. Savings will be gained by avoiding both travel costs and trainer salaries and benefits.

**Technology** 210.4  
The savings will be reallocated to additional E-Learning efforts.

### Electronic Claims Submission (ECS)

AHCCCS has increased the number of providers submitting claims electronically by conducting outreach to hospital providers and making necessary enhancements to internet features that allow providers to submit claims electronically. Electronic claims eliminate the manual process of opening mail, batching claims, scanning claims, and data entry of claims.

**Other** 96.0  
This issue allows AHCCCS to redeploy one staff person from data entry to work on other claims related projects.

### Eliminate Direct Deposit Remittances

During FY 2008 the Agency implemented a change to the payroll process by eliminating the paper direct deposit remittance.

**Absorb Cost Increases of Ongoing Operations** 12.9  
Savings are being used to offset the increased costs of ongoing operations and reduced administrative funding resulting from budget cuts.

### Energy Initiative

This initiative is an energy objective pursuant to Executive Order Number 2001-08 to reduce energy consumption by 10% in year 2008 and 15% in the year 2010. AHCCCS will control energy usage through developing and implementing cost effective programs and promote and encourage employee awareness and training through an established Energy Awareness Team. A formal plan has been developed and tracking costs will be implemented and reported when available. Additional energy savings are being realized with the implementation of programs such as Virtual Office.

**Absorb Cost Increases of Ongoing Operations** 32.5  
Savings are being used to offset the increased costs of ongoing operations and reduced administrative funding resulting from budget cuts.

### Fee-For-Service (FFS) Prescription Benefit

AHCCCS implemented the following opportunities identified for cost reduction and avoidance: adoption of step therapy guidelines to encourage prescribing generic or low-cost brand drugs (cost reduction); diagnosis and age-appropriate criteria for use of selected drugs (cost avoidance); and quantity limits per prescription of selected drugs (cost avoidance). The formulary enhancements were applied to new prescriptions for these drugs, and fee-for-service members on established therapies were continued.

**Absorb Cost Increases of Ongoing Operations** 214.2  
Cost savings from implementing this initiative will help to reduce overall medical cost of inflation.

### Fleet Management

The agency sold or salvaged 32 vehicles in FY 2003, which provides ongoing savings in vehicle maintenance. Maintenance costs increase by approximately 10% annually, which is reflected in the savings for these 32 vehicles.

**Absorb Cost Increases of Ongoing Operations** 139.0  
The amount continues to be used to cover the increasing costs of maintenance and fuel.

### Medicaid School-Based Claiming

AHCCCS previously contracted with two third-party administrators to claim funds for administrative outreach and direct medical services provided by schools. These contracts were combined into a single contract with a single entity, resulting in reduced costs to schools.

**Other** 2,800.0  
This issue created savings for the schools.



**Outlier Payment Methodology**

Outlier claims are done for inpatient hospital stays for which the operating costs per day are significantly higher than average (extraordinary).

Hospital Outlier claims increased from 2% of all inpatient hospital claims in 2001 to 11.5% in 2005. Payments totaled \$9.8 million in 2001 and jumped to \$112 million in 2005.

Pursuant to Statute, AHCCCS provided a recommendation to the Legislature for updating outlier qualification and payment methodologies. The recommendation was signed into law by Governor Napolitano in the 2007 Session; the new methodology went into effect on October 1, 2007. Those that qualify for outlier were re-priced using the revised methodology and those that do not qualify were re-priced at the AHCCCS per diem rates.

**Absorb Cost Increases of Ongoing Operations** 43,200.0

Savings from this project will help to reduce the overall medical liability placed on General and Federal Funds.

**Outpatient Hospital Payment Methodology**

The agency has obtained statutory authority to establish a published fee schedule for laboratory, radiology, emergency room and outpatient surgery services. In the past, the agency paid a percentage of hospitals' billed charges. If the legislation had not passed, AHCCCS would have faced double-digit cost pressures in outpatient expenditures.

**Absorb Cost Increases of Ongoing Operations** 145,622.9

This issue is a cost avoidance for the agency that will help reduce the effect of inflation on AHCCCS programs.

**Postage Reduction**

During FY 2008 AHCCCS reviewed its use of postage to implement cost savings for FY 2008 and beyond. Several changes were made that will not dramatically impact services and will create an ongoing savings to AHCCCS' ongoing operations.

**Absorb Cost Increases of Ongoing Operations** 414.2

Savings are being used to offset the increased costs of ongoing operations and reduced administrative funding resulting from budget cuts.

**Training**

The agency has eliminated the training manager position by consolidating training within the agency and using on-line and computer-based training.

**Absorb Cost Increases of Ongoing Operations** 60.0

Savings are being used to offset the increased costs of ongoing operations and reduced administrative funding resulting from budget cuts.

**Virtual Office (VO)**

AHCCCS Virtual Office (VO) allows individuals to work at home or at a remote location for the entire workweek. No designated individual workspace is provided at the office. AHCCCS conducted a pilot project that included four employees sent to work from home. Studies of this pilot group showed a number of savings, including space savings, productivity improvements, and employee retention. AHCCCS has expanded this program to include 43 employees and continues to examine options for development of this program.

**Technology** 1,728.6

Savings are being used to offset the increased costs of ongoing operations and reduced administrative funding resulting from budget cuts.

204,498.5

## Department of Commerce

	<i>FY 2010 Agency Request Prior to Efficiency Initiatives</i>	<i>FY 2010 Agency Request Post Efficiency Initiatives</i>	<i>FY 2010 Efficiency Initiative</i>
Administration and Finance	32,604.9	32,462.7	142.2
Business Development	4,646.3	4,523.3	123.0
Workforce Development	29,982.4	29,976.5	5.9
Community Development	19,194.0	19,086.8	107.2
<b>Agency Total (All Funds)</b>	<b>86,427.6</b>	<b>86,049.3</b>	<b>378.3</b>
Appropriated Funds		18,674.0	
Non-appropriated Funds		67,375.3	

### New Efficiency Review Issues

2010 Savings Previously Published	389.4
-----------------------------------	-------

### FY 2009 Efficiency Review Savings Allocations

#### Fleet Management - Cost Reduction

In an effort to fully comply with Executive Order 2003-14, which called for more efficient travel, the Department has sought to prioritize all requests for travel and to limit approval to those trips that are mission critical. The Department has also reduced the size of the fleet by returning vehicles to the State Motor Pool.

<b>Other</b>	8.1
Agency budget reduction.	

#### Maintenance

The Department has reduced and centralized various computer equipment such as laptops, projectors, copiers, and faxes. The remaining equipment will be replaced with new technology which will result in lower maintenance expenses.

<b>Other</b>	11.8
Agency Budget Reduction	

#### Organization Changes

The Agency changed process, reviewed archives, purged controlled ordering and reduced space requirements by 1,400 sq ft @ \$19.50 per sq ft - new annual expense will be \$27,300 less. Agency increased staff by 30% utilizing the same amount of square footage as in previous years.

<b>Other</b>	49.3
Agency budget reduction.	

#### Reduce Cost for Trade Memberships

In an effort to achieve savings, the Department has reduced the number of duplicative memberships in professional and business organizations.

<b>Other</b>	31.3
Agency budget reduction.	

#### Reduce Telecommunication Costs

The Department eliminated the number of mobile telephones used by its employees and placed all remaining contracts on shared-minute plans.

<b>Other</b>	27.1
Agency budget reduction.	

### Vacancy Savings

In an effort to achieve savings, the Department has not filled three vacant positions.

<b>Other</b>	309.6
Agency budget reduction.	
	<hr/>
	437.2

## Department of Corrections

	<i>FY 2010 Agency Request Prior to Efficiency Initiatives</i>	<i>FY 2010 Agency Request Post Efficiency Initiatives</i>	<i>FY 2010 Efficiency Initiative</i>
Prison Operations and Services	1,124,187.2	1,119,153.3	5,033.9
Community Corrections	16,737.4	16,737.4	0.0
Administration	82,606.5	81,891.5	715.0
<b>Agency Total (All Funds)</b>	<b>1,223,531.1</b>	<b>1,217,782.2</b>	<b>5,748.9</b>
Appropriated Funds		1,155,196.0	
Non-appropriated Funds		62,586.2	

### New Efficiency Review Issues

2010 Savings Previously Published 7,633.0

### FY 2009 Efficiency Review Savings Allocations

#### Consolidated Purchasing and Warehousing

Based on current usage, product standardization and vendor discounts, ADC expects to realize a \$235,120 spending reduction in FY 2009.

Waxie Sanitary Supply Estimated Spending Reductions by Category:

Product Changes	\$64,070
Account Discounts	\$28,000
Transactional Discounts	\$21,000
Scheduled Delivery	\$ 6,000

= \$119,070 Direct Savings

+ \$116,050 Supply Chain Management Savings

(Discounts for electronic payment, electronic ordering, volume ordering and educational institutions)

= \$235,120 Total Estimated Annual Reduction

**Absorb Cost Increases of Ongoing Operations 235.1**

#### Elective Crime Victim Notification by E-mail

When it is practical to do so, the Department is notifying crime victims by e-mail rather than by postal service.

**Absorb Cost Increases of Ongoing Operations 120.0**

#### Electronic communications

The Department changed the connecting line for its inmate information database from an old analog line to a newer connection of local area networks, which has improved the performance of the system and reduced operating costs by \$12,000 per year.

In addition, the Department eliminated hard copy newsletters, daily and weekly reports, and calendars.

**Absorb Cost Increases of Ongoing Operations 32.4**

Offset increased utility costs.

#### Energy

Lower energy costs at the central office buildings due to the installation of individual light switches and motion detectors in January 2004.

**Absorb Cost Increases of Ongoing Operations 5.6**

Offset increased utility costs.

### Halfway-Back Process

The Department has been focusing on reducing the number of parolees whose parole is revoked and returned to prison. Since implementing this approach, the Department has been able to reduce the number of parolees returning to prison by one inmate for every three that are released to parole.

**Absorb Cost Increases of Ongoing Operations 81.5**

### ICE-ADC Interagency Agreement

FY 06 Cost Avoidance (12/05-6/06): \$3,280,555 (53,135 bed savings days x \$61.74)

FY 07 Cost Avoidance: \$6,594,696 (106,814 bed savings days x \$61.74)

FY 08 Cost Avoidance: \$11,434,186 (185,199 bed savings day x \$61.74)

Cost Savings Since ICE Trained ADC Staff Deployed (12/05-6/08): \$21,309,438

**Absorb Cost Increases of Ongoing Operations 11,000.0**

### Lethal Fence

During FY 2005 the Department installed a lethal fence at the central unit of the Florence prison, which allowed for the reduction of 21 Correctional Officer positions that worked in guard towers.

**Absorb Cost Increases of Ongoing Operations 111.9**

### Lower Custody Bed Savings

In early FY 2005 the Department constructed its first level-one beds rather than the traditional level-two beds. By constructing 1,000 level-one beds rather than level-two beds, the annual lease-purchase payments are reduced by \$1.2 million and annual operating costs are reduced by \$3.6 million.

**Absorb Cost Increases of Ongoing Operations 4,840.5**

### Prevent Turnover through Labor Relations Retention Officer

ADC spends at least \$32,883 to hire and train one Correctional Officer: Recruitment - \$2,267 Training - \$8,088 Post Coverage - \$22,528 Total: \$32,883

Retention Officer annual salary + ERE = \$52,800

In FY07, 36 resignations were averted statewide (36 x \$32,883 = \$1,183,788, minus \$52,800 (RO salary + ERE) = \$1,130,988)

FY07 Cost Avoidance = \$1,130,988

FY08 Cost Avoidance = \$3,103,968

96 rescinded resignations x \$32,883 = \$3,156,768 - \$52,800 = \$3,103,968

**Absorb Cost Increases of Ongoing Operations 3,104.0**

### Privatization of Inmate Stores

The privatization and consolidation of inmate stores throughout prison system allowed the security staff assigned to store operations to be redeployed.

**Absorb Cost Increases of Ongoing Operations 558.0**

**Purchasing**

Emphasis is on early and on-time payment discounts.

**Absorb Cost Increases of Ongoing Operations** 6.6

20,095.6

**Department of Economic Security**

	<i>FY 2010 Agency Request Prior to Efficiency Initiatives</i>	<i>FY 2010 Agency Request Post Efficiency Initiatives</i>	<i>FY 2010 Efficiency Initiative</i>
Administration	112,841.9	104,098.1	8,743.8
Developmental Disabilities	1,088,003.3	1,086,972.7	1,030.6
Benefits and Medical Eligibility	1,203,723.5	1,155,593.6	48,129.9
Child Support Enforcement	68,016.1	70,437.4	(2,421.3)
Aging and Community Services	120,693.6	120,741.4	(47.8)
Children, Youth and Families	616,680.9	587,022.7	29,658.2
Employment and Rehabilitation Services	886,662.3	886,222.4	439.9
<b>Agency Total (All Funds)</b>	<b>4,096,621.6</b>	<b>4,011,088.3</b>	<b>85,533.3</b>
Appropriated Funds		1,431,433.6	
Non-appropriated Funds		2,579,654.7	

**New Efficiency Review Issues**

**FAA Centralized Communication Center**

By processing customer information changes through a centralized Communication Center, DES will save approximately 5 minutes per change. The Communication Center utilizes an Integrated Voice Response System, which allows staff to work on other claims, rather than manually enter personal information. 96,000 changes are received each month, which translates into 46 FTE positions per year. DES will use the time savings to offset future FAA staffing increases in future years.

All Funds Savings	994.9
2010 Savings Previously Published	77,254.1

**FY 2009 Efficiency Review Savings Allocations**

**Copier/Fax Service Agreements**

The Department reduced copier and fax costs through multiple strategies that included directing all offices to scrutinize the amounts paid for copier and fax service agreements and expanding the sharing of copy equipment. The reduced cost of purchasing fax equipment contributed to the practicality of reducing fax maintenance costs. However it is anticipated that the Department will have additional equipment and equipment maintenance needs as it seeks to rebuild its capacity to meet the service needs of a growing client population. Cost savings should remain flat in the near future, however, due to the fact that newer equipment is less prone to breakage, and warranty agreements will cover any unforeseen costs in the years immediately following a new purchase.

**Absorb Cost Increases of Ongoing Operations** 807.0  
Savings will be applied to shortfalls resulting from lump sum reductions and unfunded insurance, retirement, and rental increases.

### Electronic Pay Card

Rather than issue paper warrants for payment, the Department implemented electronic fund disbursement processes for unemployment insurance benefit recipients. By utilizing electronic transactions, the Department reduces the number of paper warrants used in a year. This generates savings of \$0.06 per transaction.

<b>Other</b>	602.2
Savings offset a reduction in available federal grant funds for the UI program.	
<b>Absorb Cost Increases of Ongoing Operations</b>	556.1
Savings will be applied to shortfalls resulting from lump sum reductions and unfunded insurance, retirement, and rental increases.	

### FAA Centralized Communication Center

By processing customer information changes through a centralized Communication Center, DES will save approximately 5 minutes per change. The Communication Center utilizes an Integrated Voice Response System, which allows staff to work on other claims, rather than manually enter personal information. 96,000 changes are received each month, which translates into 46 FTE positions per year. DES will use the time savings to offset future FAA staffing increases in future years.

<b>Absorb Cost Increases of Ongoing Operations</b>	941.7
Savings will be applied to shortfalls resulting from lump sum reductions and unfunded insurance, retirement, and rental increases.	

### Foster Care

The Department has increased its recruitment of foster homes. In addition to providing a more familial environment for children in the State's care, foster homes are significantly less expensive than congregate care settings such as shelters and group homes. The State pays about \$600 per month for a foster home, compared with congregate settings that range from \$1,000 to \$4,000 per month.

<b>Other</b>	27,620.2
This cost avoidance has reduced the cost of the Children's Services program.	

### Integrated Services

As the Department moves more families off of TANF Cash Assistance and into self-sufficiency, the amount of TANF money needed to support this population is decreased. In FY 2006, the Department moved over 4,000 families off of TANF Cash Assistance and into permanent jobs. While caseloads are on the upswing due to the economy, they are still well below FY 2002 levels.

<b>Other</b>	44,173.0
These funds have been expropriated.	

### Leverage IT Resources

Using existing funding, the Department established an internal enterprise application development group to eliminate the need for application development consultants on limited projects. The fees charged by these consultants were thus eliminated, which will save the Department approximately \$370,900 per year going forward.

<b>Absorb Cost Increases of Ongoing Operations</b>	370.9
Savings will be applied to shortfalls resulting from lump sum reductions and unfunded insurance, retirement, and rental increases.	

### Limit Purchases

By limiting capital and non-capital equipment expenditures, purchasing generic products instead of brand names, and limiting purchases of data processing supplies and furniture under \$5,000, the Department will save over \$4.5 million annually.

<b>Absorb Cost Increases of Ongoing Operations</b>	2,665.3
Savings will be applied to shortfalls resulting from lump sum reductions and unfunded insurance, retirement, and rental increases.	

### Limit Repairs

DES limits the time and money spent on repairs of office furniture and equipment. The Department now coordinates equipment needs and equipment surpluses in order to reduce the amount of necessary repairs. DES is also relying on the Department of Administration repair unit, which is cheaper than an outside vendor, for fax machine service in the Phoenix metro area. By limiting the volume of repairs of office furniture, DES expects to save \$2.2 million annually.

<b>Absorb Cost Increases of Ongoing Operations</b>	1,348.4
Savings will be applied to shortfalls resulting from lump sum reductions and unfunded insurance, retirement, and rental increases.	

### P-Cards

P-cards streamline purchasing by shortening the budget cycle, facilitating purchases, and tracking transactions. They also provide the vendor with a single lump-sum payment at the end of the month.

<b>Absorb Cost Increases of Ongoing Operations</b>	720.9
Savings will be applied to shortfalls resulting from lump sum reductions and unfunded insurance, retirement, and rental increases.	

### Streamline Licensing

The Department streamlined the foster home licensing process by consolidating forms in a manner that eliminated duplicative questions, training contracted service providers, amending standard operating procedures until foster home licensing rules can be updated, and transferring DHS foster home inspection responsibility to DES. The Department processed an average of 297 foster home applications per month at an average cost of \$421.23 during FY 2004. In FY 2006, DES processed 423.3 applications a month at an average cost of \$295.30. This is a cost avoidance of \$125.93 per application. In FY 2009, the number of applications per month rose to over 700.

<b>Service Delivery</b>	1,135.6
Savings have allowed the Department to handle increased applications while improving processing time.	

### Travel

DES has instituted a number of policies to reduce its travel expenses, including a greater utilization of teleconferencing and videoconferencing, the restriction of most out-of-state travel to one FTE position per trip, and the implementation of a new tracking system for out-of-state travel to identify opportunities for added efficiency. Savings were calculated by comparisons to the base year of FY 2002 for in-state and out-of-state travel, excluding motor pool costs.

<b>Absorb Cost Increases of Ongoing Operations</b>	362.9
Savings will be applied to shortfalls resulting from lump sum reductions and unfunded insurance, retirement, and rental increases.	

### Virtual Office

The Department began to research virtual office as a business practice in December 2006 with the formation of a Steering Committee. The Steering Committee established a process to research and implement a virtual office pilot within DES. This research, which included AHCCCS and DOA's Office of Telework, developed an organizational readiness assessment to determine the appropriateness of virtual office opportunities. Four proposals were received and assessed by the Steering Committee. Due to their compatible work processes, Unemployment Insurance adjudication staff in Tucson and Yuma were selected for the pilot transition to a virtual office setting. The total projected cost avoidance was calculated based upon the number of staff at each location and the total square footage that will be saved through the implementation of this initiative.

<b>Absorb Cost Increases of Ongoing Operations</b>	24.0
Savings will be applied to shortfalls resulting from lump sum reductions and unfunded insurance, retirement, and rental increases.	
	<hr/>
	81,328.2

### **Department of Emergency and Military Affairs**

	<i>FY 2010 Agency Request Prior to Efficiency Initiatives</i>	<i>FY 2010 Agency Request Post Efficiency Initiatives</i>	<i>FY 2010 Efficiency Initiative</i>
Administration	2,260.3	2,252.3	8.0
Military Affairs	51,934.8	51,786.9	147.9
Emergency Management	28,388.7	28,388.7	0.0
<b>Agency Total (All Funds)</b>	<b>82,583.8</b>	<b>82,427.9</b>	<b>155.9</b>
Appropriated Funds		16,352.2	
Non-appropriated Funds		66,075.7	

### New Efficiency Review Issues

2010 Savings Previously Published	106.0
-----------------------------------	-------

### FY 2009 Efficiency Review Savings Allocations

#### Ecological Building (Eco-Building)

Through the use of a solar power system at the National Guard's Eco-Building, the Department's utility costs have been reduced.

<b>Work Environment Enhancement</b>	5.2
Funds were used for the maintenance and repair of the Arizona National Guard facilities.	

#### Electronic Communications

The Department publishes its annual report to its website instead of printing it.

<b>Other</b>	8.0
The savings will be utilized to help offset increased health and retirement benefit costs.	

#### Qualified Recycling Program (ORP)

The Agency has established a Qualified Recycling Program that produces revenues from the sale of recyclable commodities to support the Program and other allowed programs. The Program promotes cost-effective waste prevention and recycling of reusable materials in all of its facilities.

<b>Work Environment Enhancement</b>	11.0
Funds were used for the maintenance and repair of the Arizona National Guard facilities.	

#### WAATS Solar Farm

The Department uses a solar farm to supplement power usage, which has resulted in a decrease of 31% in utility costs for the Western Army Aviation Training Site.

<b>Work Environment Enhancement</b>	41.0
Funds were used for the maintenance and repair of the Arizona National Guard facilities.	

---

65.2

## Department of Environmental Quality

	<i>FY 2010 Agency Request Prior to Efficiency Initiatives</i>	<i>FY 2010 Agency Request Post Efficiency Initiatives</i>	<i>FY 2010 Efficiency Initiative</i>
Administration	16,431.3	16,241.4	189.9
Air Quality	57,608.3	57,597.3	11.0
Waste Program	87,829.0	87,813.1	15.9
Water Quality Program	172,397.2	172,389.9	7.3
<b>Agency Total (All Funds)</b>	<b>334,265.8</b>	<b>334,041.7</b>	<b>224.1</b>
Appropriated Funds		104,294.7	
Non-appropriated Funds		229,747.0	

### New Efficiency Review Issues

#### Request To Fill Process Improvement

Staff has estimated that the time spent on every approved request to fill takes approximately 3 cumulative hours across agency program divisions. It is estimated that the average hourly cost incurred is approximately \$30 per hour. In 2007 there were 149 requests to fill. Our savings is estimated at approximately \$13,500 per year (3hr x \$30hr x 149). The hourly salary is based on a combination of executive staff, mid-level managers and business staff salaries. (No savings were realized in 2008 as a result of the statewide hiring freeze.)

All Funds Savings	13.5
2010 Savings Previously Published	217.4

### FY 2009 Efficiency Review Savings Allocations

#### ADOT Postage Contract

The Department contracted postage and mailing services with ADOT. By using ADOT's substantial mailing resources, the Department has accrued savings by avoiding direct postage costs and from not leasing postage equipment.

<b>Absorb Cost Increases of Ongoing Operations</b>	13.8
Savings will be allocated across all ADEQ programs to offset unfunded salary and ERE increases.	

#### FAX Machine Replacement

The Department replaced fax machines with multi-functional devices. Cost savings will be realized through lower support costs in purchasing separate toner and paper.

<b>Absorb Cost Increases of Ongoing Operations</b>	5.0
Savings will be allocated across all ADEQ programs to offset unfunded salary and ERE increases.	

#### Out of State Travel

The Department saved \$9,100 from the reduction of out-of-state travel expenditures. This reduction was accomplished by a change in approval process.

<b>Absorb Cost Increases of Ongoing Operations</b>	9.1
Savings will be allocated across all ADEQ programs to offset unfunded salary and ERE increases.	

### P-Card Savings

As a cost savings initiative, the Department has increased its use of electronic transactions as a method of payment for collecting fees and licensures. This has allowed the Department to avoid costs associated with paper transactions.

<b>Absorb Cost Increases of Ongoing Operations</b>	88.5
Savings will be allocated across all ADEQ programs to offset unfunded salary and ERE increases.	

### Printer & Copier Replacement

The Department replaced printers with multi-functional devices that reduce the price per print/copy impression, and the contractor factors in support costs with the individual cost per impression.

<b>Absorb Cost Increases of Ongoing Operations</b>	34.1
Savings will be allocated across all ADEQ programs to offset unfunded salary and ERE increases.	

### Reduce Transportation Cost - Fleet Management

The Department has been able to accrue savings by returning vehicles to the ADOA fleet and bringing a consultant in-house as an employee instead of paying higher contract costs.

<b>Absorb Cost Increases of Ongoing Operations</b>	56.8
Savings will be allocated across all ADEQ programs to offset unfunded salary and ERE increases.	

### Request To Fill Process Improvement

Staff has estimated that the time spent on every approved request to fill takes approximately 3 cumulative hours across agency program divisions. It is estimated that the average hourly cost incurred is approximately \$30 per hour. In 2007 there were 149 requests to fill. Our savings is estimated at approximately \$13,500 per year (3hr x \$30hr x 149). The hourly salary is based on a combination of executive staff, mid-level managers and business staff salaries. (No savings were realized in 2008 as a result of the statewide hiring freeze.)

<b>Absorb Cost Increases of Ongoing Operations</b>	13.5
Savings will be allocated across all ADEQ programs to offset unfunded salary and ERE increases.	

### Web Conferencing

Staff prepared a document that estimated the following components: Fuel saved; mileage costs avoided; and the hourly wages of productivity lost in transit to and from statewide meetings from Flagstaff and Tucson. Fuel is currently estimated at \$3.62/gallon saved; ADOA Fleet usage charge is 5 cents per mile; and hours saved is 2 hours en route to and from each regional office multiplied by hourly salary costs of 2 staff members from each region multiplied by 50 weeks per year. Currently, the calculation includes costs for other web conferencing licenses, but estimated savings for additional employees using the web conferencing technology is not available at this time.

<b>Absorb Cost Increases of Ongoing Operations</b>	3.3
Savings will be allocated across all ADEQ programs to offset unfunded salary and ERE increases.	

224.1

## Governor's Office for Equal Opportunity

	<i>FY 2010 Agency Request Prior to Efficiency Initiatives</i>	<i>FY 2010 Agency Request Post Efficiency Initiatives</i>	<i>FY 2010 Efficiency Initiative</i>
Equal Opportunity	320.5	317.3	3.2
<b>Agency Total (All Funds)</b>	320.5	317.3	3.2
Appropriated Funds		249.3	
Non-appropriated Funds		68.0	

### New Efficiency Review Issues

#### **Training**

By developing diversity management and cultural competency plans for large state agencies in-house, the Office can avoid the cost of contracting this out to a professional outside service.

All Funds Savings	0.0
2010 Savings Previously Published	3.2

### FY 2009 Efficiency Review Savings Allocations

#### **Electronic Communications**

The Office is using electronic communications to reduce printing and mailing costs. During 2004, the GOEO launched a functioning informational website to aid the public in self-assistance. This reduced the amount of paper reproduction and mailing costs and increased efficiency in the use of employees' time.

**Other** 0.9

The savings were applied to the unfunded additional cost of employee-related expenditures, including the increases in the Office's contribution to retirement and health benefits.

#### **Purchasing**

The Office is taking advantage of early payment discounts.

**Other** 2.3

The savings were applied to the unfunded additional cost of employee-related expenditures, including the increases in the Office's contribution to retirement and health benefits.

3.2

## State Department of Financial Institutions

	<i>FY 2010 Agency Request Prior to Efficiency Initiatives</i>	<i>FY 2010 Agency Request Post Efficiency Initiatives</i>	<i>FY 2010 Efficiency Initiative</i>
Office of Supervision	6,445.8	6,441.8	4.0
Office of Regulatory Affairs	3,498.5	3,474.6	23.9
Receiverships	66.3	66.3	0.0
<b>Agency Total (All Funds)</b>	10,010.6	9,982.7	27.9
Appropriated Funds		8,459.4	
Non-appropriated Funds		1,523.3	

### New Efficiency Review Issues

#### **Conversion to Web Portal and State Common Licensing System**

The Department is initiating a project to allow for on-line license renewal. The net savings are projected at \$10,000 in FY 2009 and \$20,000 in FY 2010. The Department's estimate for savings is based on management's belief that on-line licensing and renewal will result in the avoidance of approximately 750 hours of processing time by the Licensing and Administrative Divisions combined in FY 2009 and 1,500 hours of processing time if the project is fully implemented in FY 2010.

All Funds Savings	10.0
2010 Savings Previously Published	5.3

### FY 2009 Efficiency Review Savings Allocations

#### **Electronic Distribution of Department Newsletter**

The Department of Financial Institutions issues an annual newsletter. When last published in FY 2007, the cost associated with this was \$4,600. The agency will eliminate these costs in future years by distributing the update through email.

**Absorb Cost Increases of Ongoing Operations** 4.6

The Department's budget was reduced by \$200K (5%) in FY08. The 5% lump sum reduction remains in place for FY09. The savings from these efforts will be used to help offset the impact of the recent budget cut.

#### **Executive order response**

In an effort to accrue savings, the Department has curtailed out-of-state travel expenditures and has ensured that all vendor discounts are taken. In addition, the use of electronic communications has been promoted more aggressively, resulting in savings from the use of less paper and postage.

**Absorb Cost Increases of Ongoing Operations** 3.3

The Department's budget was reduced by \$200K (5%) in FY08. The 5% lump sum reduction remains in place for FY09. The savings from these efforts will be used to help offset the impact of the recent budget cut.

7.9



## Arizona Game & Fish Department

	<i>FY 2010 Agency Request Prior to Efficiency Initiatives</i>	<i>FY 2010 Agency Request Post Efficiency Initiatives</i>	<i>FY 2010 Efficiency Initiative</i>
Central Administrative Services	3,395.2	3,395.2	0.0
Off-Highway Vehicle/Watercraft	9,814.3	9,814.3	0.0
Nongame and Endangered Wildlife	21,246.4	21,224.4	22.0
Game Management	39,313.4	39,291.4	22.0
Sportfish Management	30,398.5	30,376.5	22.0
<b>Agency Total (All Funds)</b>	<b>104,167.8</b>	<b>104,101.8</b>	<b>66.0</b>
Appropriated Funds		41,809.5	
Non-appropriated Funds		62,292.3	

### New Efficiency Review Issues

2010 Savings Previously Published 2,500.1

### FY 2009 Efficiency Review Savings Allocations

#### Conference Rooms Savings/Efficiencies

Off site meetings no longer required for large group meetings estimated at \$250.00 per room rental per meeting (based on cost figures from hotel venues paid for off-site room space while at our old office location). Eagle Room - 114 meetings @ \$200.00 total cost avoidance \$22,800.

External agency use of conference rooms - (5 occurrences @ \$250.00) \$1,250.00 cost avoidance for other agencies. Phoenix area Arizona Game and Fish Commission meetings in 2008. Cost avoidance dues to no longer having to rent hotel space for monthly Commission meetings. Two meetings @ \$7,000. Total cost avoidance \$14,000.00. (note: travel costs avoidance - estimate based on 2008 average costs for all meetings).

Bunk-house savings. (137 overnight stays by employees/volunteers X's multiplier of \$80..) - total cost avoidance \$10,960.00.

Outside non-governmental organization use of rooms. 12 meetings X's \$200.00 - Total cost avoidance \$2,400.00.

**Absorb Cost Increases of Ongoing Operations** 76.8  
Savings passed onto work unit budgets

#### Electronic communications

The Department achieved savings from enhanced utilization of electronic communications instead of traditional mailings for items such as printed newsletters and various documents and reports. The Department's website was improved to allow several newsletters and communication with employees, commissioners and stakeholders to be distributed electronically. On-line and electronic versions for rules and regulations, including certain reference books provided to Officers, replaced costly paper-printed copies.

**Other** 283.9  
The savings are utilized to offset budgetary constraints due to modest revenue growth.

### Electronic Forms, Renewal notices, Renewal notices/Report reminders for all special licenses, mailing lists, meeting reminders, letters, wildlife and recreation information, training and meeting calendars, etc. that can be posted and sent electronically

The Department is working on an initiative to standardize, develop and maintain electronic application forms of all agency-related information that can be posted and sent electronically via email.

**Absorb Cost Increases of Ongoing Operations** 4.4  
Savings will be used to cover increased gas prices and sampling costs.

### Expand Discount and Incentives from Vendors

The Department strengthened its policies to pay all invoices within the terms established with existing vendors but also to pursue available discounts by reaching out to vendors and seeking discounts as an incentive for furthering business.

**Other** 30.2  
Savings are used to offset increased expenditures associated with improvements made to enhance customer service.

### Green Building Energy Efficiency

In an effort to accrue savings, the Agency has implemented an energy efficiency program that allows for utilities savings. By installing energy-efficient lighting, air conditioning, motors, the Agency is able to lower operating costs and redirect resources to other areas.

**Other** 94.9  
Savings are used to offset increased expenditures associated with improvements made to enhance customer service.

### PC Bulk Buy Replacement

Working with the Western States Contracting Alliance and the State of Arizona's Enterprise Procurement Service, the Department joined with participating states in cooperative multi-State contracting to achieve cost-effective and efficient acquisition of quality products and services.

**Other** 18.9  
Savings are used to offset increased expenditures associated with improvements made to enhance customer service.

### Personal Watercraft Loaner Program

Cost Savings are realized by obtaining the use of four @ \$8000.00 Personal Watercrafts (P.W.C.) at no cost. The Department is only required to purchase fuel for the P.W.C.'s.

**Other** 32.0  
The Department will use these savings to cover expenses associated with technology updates.

### Streamline Procurement Process for Small Purchase Order

The Department streamlined the procurement process, allowing items costing \$1,000 or less to be acquired without preparing a requisition or purchase order, thus eliminating unnecessary processing costs.

**Other** 248.6  
Savings are being redirected to cover the increase in gas prices.

### Volunteer Program - Increase Effectiveness and Participation

The Department was able to accrue savings by utilizing volunteer trainers to educate volunteers on how to educate the public on wildlife and related outdoor issues.

**Other** 3,000.0  
Savings are used to absorb ongoing costs of unfunded programs.

3,789.7

## Department of Gaming

	<i>FY 2010 Agency Request Prior to Efficiency Initiatives</i>	<i>FY 2010 Agency Request Post Efficiency Initiatives</i>	<i>FY 2010 Efficiency Initiative</i>
Enforcement	11,553.1	11,175.4	377.7
Certification	1,959.7	1,959.7	0.0
<b>Agency Total (All Funds)</b>	<b>13,512.8</b>	<b>13,135.1</b>	<b>377.7</b>
Appropriated Funds		13,135.1	
Non-appropriated Funds		0.0	

### New Efficiency Review Issues

#### **Information Technology (4)**

In FY 2008, the agency will complete its conversion of server computers from physical to virtual, by hosting multiple servers on a single physical platform using virtualization software. This will reduce the total number of physical servers we use, which will result in significant cost savings in server replacements.

All Funds Savings	35.3
2010 Savings Previously Published	307.6

### FY 2009 Efficiency Review Savings Allocations

#### Electronic communications

The agency converted its annual report from hard copy format to electronic format, which is available on its website. Additionally, the agency is coordinating with DPS to receive criminal history information from DPS electronically.

**Absorb Cost Increases of Ongoing Operations** 5.0

The efficiency savings will be applied to the unfunded additional cost of employee-related expenditures, including the increase in the Department's contribution to health benefits.

#### Electronic Imaging/Document Management

In FY 2006 the agency implemented an electronic imaging system that will store the remainder of business records that cannot be stored in IDPoint, the agency's electronic licensing and regulatory system. This will make it easier and more efficient to locate and retrieve necessary records.

**Absorb Cost Increases of Ongoing Operations** 37.1

The efficiency savings will be applied to the unfunded additional cost of employee-related expenditures, including the increases in the Department's contribution to health benefits.

#### Fleet

Because other agencies reverted vehicles to ADOA, the agency obtained two vehicles at no cost. Additionally, the agency reduced by two the number of vehicles it was appropriated funds to purchase, which saved the cost of purchasing the vehicles and the monthly maintenance cost for the vehicles.

**Absorb Cost Increases of Ongoing Operations** 13.3

The efficiency savings will be applied to the unfunded additional cost of employee-related expenditures, including the increases in the Department's contribution to State retirement and health benefits.

#### Fleet (2)

In FY 2005, as a result of the agency's efforts to use its vehicles more efficiently and to reduce vehicle maintenance costs, the agency was able to return to ADOA Fleet Management two vehicles that had been obtained in FY 2004 at no cost. The agency was also able to save the monthly maintenance cost of these vehicles.

**Absorb Cost Increases of Ongoing Operations** 13.3

The efficiency savings will be applied to the unfunded additional cost of employee-related expenditures, including the increases in the Department's contribution to State retirement and health benefits.

#### Information technology

The Department implemented a new electronic licensing and regulatory system (IDPoint) that integrated databases and decreased the need to create and maintain paper documents. Using IDPoint, the Department automated the printing of individual certification documents. The Department obtains credit reports electronically for vendor certification applicants rather than through a dial-up method in which the reports were printed manually, and their gaming device technicians use laptop computers in the casinos to input device information. In the past, they manually completed a worksheet with this information and later entered it into a database in the office.

**Absorb Cost Increases of Ongoing Operations** 60.0

The efficiency savings will be applied to the unfunded additional cost of employee-related expenditures, including the increases in the Department's contribution to State retirement and health benefits.

#### Information Technology (2)

In FY 2008, the department will be implementing an audit software program to be used by both the field auditors who perform compact compliance reviews and the tribal contribution auditors who perform reviews on the contributions reported and received from the tribes. Currently, the department has been performing these functions using a data base that is not designed for audits. It is anticipated that the audit software program will be far more efficient for the auditors.

**Absorb Cost Increases of Ongoing Operations** 151.9

The efficiency savings in FY 2009 will be applied to the unfunded additional cost of employee-related expenditures, including the increases in the Department's contribution to State retirement, health benefits, and general salary increases.

#### Information Technology (3)

Using the system, the Office of Problem Gambling will receive billing electronically from its treatment providers via this web-based system, which will automatically populate the system's data base with information contained on intake forms, surveys, and the actual billing. This information is currently input manually into different data bases. The OPG will also be able to perform financial tracking electronically rather than manually. The system will enable OPG to significantly reduce the time it takes to prepare for auditing treatment providers. The system will also enable OPG to generate reports electronically rather than manually, significantly reducing the time that it takes to perform these tasks.

**Absorb Cost Increases of Ongoing Operations** 28.1

The efficiency savings in FY 2009 will be applied to unfunded additional cost of employee-related expenditures, including the increases in the Department's contributions to health benefits.

**Information Technology (4)**

In FY 2008, the agency will complete its conversion of server computers from physical to virtual, by hosting multiple servers on a single physical platform using virtualization software. This will reduce the total number of physical servers we use, which will result in significant cost savings in server replacements.

**Absorb Cost Increases of Ongoing Operations** 35.3

This efficiency savings will be applied to the unfunded additional AZNET costs.

**Telecommunication**

Beginning in FY 2007, in an effort to minimize the projected increase in telecommunication costs relating to the statewide Accenture contract, the agency is planning to eliminate landline phones for approximately 25 FTEs who work primarily in the field and/or who already have other available modes of communication.

**Absorb Cost Increases of Ongoing Operations** 19.3

The efficiency savings in FY 2009 will be applied to the additional unfunded AZNET costs.

**Telecommunications (2)**

In late FY 2006, in an effort to reduce cell phone costs, the agency performed an audit of its cell phone plans and compared them to plans that were, at that time, available on state contract. The Department was able to negotiate a much better rate for more hours, which resulted in a savings to the department.

**Absorb Cost Increases of Ongoing Operations** 7.7

The efficiency savings in FY 2009 will be applied to unfunded and additional AZNET costs.

371.0

**Department of Health Services**

	<i>FY 2010 Agency Request Prior to Efficiency Initiatives</i>	<i>FY 2010 Agency Request Post Efficiency Initiatives</i>	<i>FY 2010 Efficiency Initiative</i>
Administration	42,566.9	42,443.1	123.8
Public Health	137,725.8	137,725.8	0.0
Family Health	332,951.0	332,351.0	600.0
Behavioral Health	1,807,617.7	1,796,028.6	11,589.1
Arizona State Hospital	74,673.0	74,529.5	143.5
<b>Agency Total (All Funds)</b>	<b>2,395,534.4</b>	<b>2,383,078.0</b>	<b>12,456.4</b>
Appropriated Funds		750,071.9	
Non-appropriated Funds		1,633,006.1	

**New Efficiency Review Issues**

2010 Savings Previously Published 8,789.4

**FY 2009 Efficiency Review Savings Allocations**

**Behavioral Health Service Contractor Cost Reductions**

The Department reduced by 1% contractors' allowed administrative costs and profit within Title XIX Medicaid capitation rates. This was possible in part by streamlining the client intake and assessment process for persons receiving behavioral health services. The new process requires contractors to complete 3.3 million fewer sheets of paper and saves contractors approximately 99,000 staff hours devoted to paperwork annually. The same processes are planned for future years, although savings in FYs 2009 and 2010 will vary according to the capitation rates set by the actuaries, as well as on growth in member months.

**Service Delivery** 10,068.7

Reduce future year requests by the Department

**Learning Management Systems**

Savings based on the number of employees who will train on the internet-based e-learning system and the number of programs offered by the system.

**Absorb Cost Increases of Ongoing Operations** 600.0

Savings will be used to offset lump sum reductions and increased maintenance, improvement, and operating costs.

**Patient/Resident Damage**

The Arizona State Hospital is allowed to recover costs from a patient who intentionally damages the facility. For FY 2005, \$541 was collected for intentional patient damage; this amount serves as the benchmark for future year savings. The implementation of this policy appears to serve as a deterrent to destructive behavior, and reduced incidents translate directly to facility maintenance savings.

**Absorb Cost Increases of Ongoing Operations** 1.0

Savings will be used to offset lump sum reductions and increased maintenance, improvement, and operating costs.

**Personnel Advertising**

Personnel advertising for the Arizona State Hospital has been consolidated, with primary ads being run bi-weekly. This should create more savings to the Department than in past years.

**Absorb Cost Increases of Ongoing Operations** 40.0

Savings will be used to offset lump sum reductions and increased maintenance, improvement, and operating costs.

**Restoration to Competency Medical Care**

At the inception of the Restoration to Competency (RTC) program, the Arizona State Hospital paid for 100% of medical care for RTC patients, including outpatient care required after discharge from the State Hospital, even though outside medical care was not included in the hospital's rate structure. Effective in FY 2006, counties are billed for a portion of outpatient medical care for RTC patients, generating ongoing savings for the hospital.

**Absorb Cost Increases of Ongoing Operations** 5.0

Savings will be used to offset lump sum reductions and increased maintenance, improvement, and operating costs.

**Telecommuting Services**

The savings are based on the number of employees who will telecommute each fiscal year and the reduced PC usage. Savings for FY 2008 is based on 450 employees using "Go To My PC" at \$120 per license. VPN is a flat fee of \$35,000 per year. The estimated savings for FY 2009 and FY 2010 is based on a growth of 5% each year in the number of VPN users verses an individual license through "Go To My PC".

**Absorb Cost Increases of Ongoing Operations** 116.2

Savings will be used to offset lump sum reductions and increased maintenance, improvement, and operating costs.

**Title XIX Coverage for Department of Juvenile Corrections Youth in the State Hospital**

The medical costs are now covered under Title XIX for youth under the custody of the Department of Juvenile Corrections who are hospitalized at the Arizona State Hospital. As a result, the Department will encounter a cost avoidance of \$100,000 per year.

**Absorb Cost Increases of Ongoing Operations** 100.0

Savings will be used to offset lump sum reductions and increased maintenance, improvement, and operating costs.

10,930.9

**Department of Homeland Security**

	<i>FY 2010 Agency Request Prior to Efficiency Initiatives</i>	<i>FY 2010 Agency Request Post Efficiency Initiatives</i>	<i>FY 2010 Efficiency Initiative</i>
Department of Homeland Security	48,867.6	48,797.9	69.7
<b>Agency Total (All Funds)</b>	48,867.6	48,797.9	69.7
Appropriated Funds		2,099.9	
Non-appropriated Funds		46,698.0	

**New Efficiency Review Issues**

**Out of State Travel Savings**

The department reduced out of state travel to only the most mission-critical travel.

All Funds Savings 10.0

**FY 2009 Efficiency Review Savings Allocations**

**Mobile Communications Provider**

The Department changed mobile communication providers resulting in approximately \$250.00 per month saved.

**Absorb Cost Increases of Ongoing Operations** 2.8

Reallocated to fund increases in rent and other operating expenditures.

**Utilization of Interns**

The Department developed an internship program resulting in the equivalent of approximately 1 full-time employee.

**Service Delivery** 53.6

Reallocated to produce improved customer service for stakeholders.

56.4

## Arizona Department of Housing

	<i>FY 2010 Agency Request Prior to Efficiency Initiatives</i>	<i>FY 2010 Agency Request Post Efficiency Initiatives</i>	<i>FY 2010 Efficiency Initiative</i>
Department of Housing	117,935.0	117,688.8	246.2
Housing Finance Authority	5,129.7	5,129.7	0.0
<b>Agency Total (All Funds)</b>	<b>123,064.7</b>	<b>122,818.5</b>	<b>246.2</b>
Appropriated Funds		1,136.4	
Non-appropriated Funds		121,682.1	

### New Efficiency Review Issues

#### **Information Technology**

The Department of Housing entered into an ISA with the Department of Commerce, rather than hiring additional in-house IT FTE positions. The difference between the contracted ISA (\$51,000) versus the cost of the FTE (\$131,000) provides an annual cost avoidance of \$80,000. The Department also makes use of excess space in the ADEQ server room to reduce electrical costs within its own location. The vast majority of these costs come from cooling the room where the IT equipment is located. Since the ADEQ space is already cooled, it is less expensive to house equipment in that environment rather than creating a new cooled environment. The avoidance of supplemental air conditioning units saves the Department \$27,000 annually.

All Funds Savings	81.1
2010 Savings Previously Published	123.5

### FY 2009 Efficiency Review Savings Allocations

#### **Electronic communications**

The Department made materials available to the public on its website and distributed its newsletter electronically. The Department uses a common database across programs, which has reduced duplication with federal systems. When the Department was part of the Department of Commerce, it provided paper documents. The electronic format has been the business practice since the Department of Housing split from Commerce, and no actual money has been saved.

<b>Absorb Cost Increases of Ongoing Operations</b>	74.0
Cost avoidances will allow the Agency to address other operating costs.	

#### **Information Technology**

The Department of Housing entered into an ISA with the Department of Commerce, rather than hiring additional in-house IT FTE positions. The difference between the contracted ISA (\$51,000) versus the cost of the FTE (\$131,000) provides an annual cost avoidance of \$80,000. The Department also makes use of excess space in the ADEQ server room to reduce electrical costs within its own location. The vast majority of these costs come from cooling the room where the IT equipment is located. Since the ADEQ space is already cooled, it is less expensive to house equipment in that environment rather than creating a new cooled environment. The avoidance of supplemental air conditioning units saves the Department \$27,000 annually.

<b>Absorb Cost Increases of Ongoing Operations</b>	83.5
Cost avoidances will allow the agency to address other operating costs	

### Purchasing Discounts

The Department of Housing has utilized two vendors that offer discounts for early payments. The savings in FY 2006 was \$400. Contract disputes limited the Department from realizing the full savings from early payments. Moving forward, the Department anticipates those full savings will be \$1000 annually.

<b>Absorb Cost Increases of Ongoing Operations</b>	1.5
Savings are rolled forward for use in future year budgeting.	

### Training

The Department of Housing has not changed any business practices for efficiency but has been efficient since implementation by not sending staff to out-of-state training and instead utilizing free in-state training offered by HUD. Since out-of-state travel has never been budgeted for these training trips, these funds can be used to offset other operating costs.

<b>Absorb Cost Increases of Ongoing Operations</b>	32.3
Cost avoidances will allow the agency to address other operating costs.	

### Travel expenses

The Department of Housing reviewed all requests for in-state and out-of-state travel budgets prior to the beginning of the year, with the agency approving travel considered crucial for the fulfillment of its mission. Any travel requests not approved by the Director prior to the beginning of the fiscal year are considered to be a cost avoidance. The number of denied requests has fallen in the last year due to the fact that staff have requested fewer travel plans in response to the Director's denials.

<b>Absorb Cost Increases of Ongoing Operations</b>	47.9
Savings carried over to future year budgets.	

239.2

## Department of Insurance

	<i>FY 2010 Agency Request Prior to Efficiency Initiatives</i>	<i>FY 2010 Agency Request Post Efficiency Initiatives</i>	<i>FY 2010 Efficiency Initiative</i>
Policy and Administration	1,481.8	1,467.7	14.1
Solvency Regulation	11,344.0	11,344.0	0.0
Consumer Support	5,736.9	5,736.9	0.0
Fraud Investigation and Deterrence	1,522.5	1,522.5	0.0
Licensing	1,183.4	834.5	348.9
Premium Tax Collections and Analysis	223.3	219.1	4.2
Captive Insurer Program	261.5	261.5	0.0
<b>Agency Total (All Funds)</b>	<b>21,753.4</b>	<b>21,386.2</b>	<b>367.2</b>
Appropriated Funds		7,691.8	
Non-appropriated Funds		13,694.4	

### New Efficiency Review Issues

2010 Savings Previously Published	348.3
-----------------------------------	-------

### FY 2009 Efficiency Review Savings Allocations

#### Automated License Application Processing

The Department utilizes the National Insurance Producer Registry to electronically determine whether an insurance licensee has had disciplinary action taken against him or her in another state. While decreasing labor costs for the Department, the system also generates more fee revenue because it is now easier for non-resident licensees to apply in multiple states.

<b>Other</b>	108.0
--------------	-------

Increase license fee revenues for General Fund by making licensing easier.

<b>Absorb Cost Increases of Ongoing Operations</b>	103.7
--	-------

Help achieve required budget reductions.

#### Directory Assistance Listing

The Department has reduced the number of its directory assistance listings at DexOnline from 189 to 24. This will save \$667 each month.

<b>Absorb Cost Increases of Ongoing Operations</b>	8.0
--	-----

Help achieve required budget reductions.

#### Electronic communications

The Department shifted its production of newsletters and press releases from paper publishing to electronic publishing.

<b>Absorb Cost Increases of Ongoing Operations</b>	2.4
--	-----

Absorb some unfunded office space rent costs.

### Lengthened License Term

The license term for insurance professionals was extended from two years to four. Consequently, as of FY 2007, the Department processes half as many license renewals each year. While the Department continues to capture the same amount of revenue from renewal fees, there are lower costs related to the processing of license renewal applications.

<b>Absorb Cost Increases of Ongoing Operations</b>	70.8
--	------

Help achieve required budget reductions.

### License Record Self-service

The Department recently developed an online license information update and renewal system which enabled currently licensed insurance professionals to update their own demographic information and renew licenses online. Although 58.3% of renewal applications were processed through the online system in FY 2008, the Department expects to process only 30% online this year due to the new immigration law requiring the verification of lawful presence.

<b>Absorb Cost Increases of Ongoing Operations</b>	33.6
--	------

Help achieve required budget reductions.

### Online Premium Tax Filing and Payment

The Department has created a system to accept insurance premium tax installment payments online. For the end of FY 2009, this is expected to save the Department 92 hours of processing time, or \$2000.

<b>Other</b>	2.0
--------------	-----

Allow revenue auditors to audit more tax returns, potentially increasing audit recoveries deposited to the General Fund.

### Paperless Licensing

The Department of Insurance no longer issues physical license certificates on costly counterfeit-resistant stock that must be sent in costly customized envelopes. Instead, up-to-date license information is available on the Department's web site.

<b>Absorb Cost Increases of Ongoing Operations</b>	26.1
--	------

Absorb increases in other operating costs.

### Shared Courier Trips

The Department shares courier responsibilities with the Department of Financial Institutions and the Department of Real Estate to decrease trips to the Capitol Mall.

<b>Absorb Cost Increases of Ongoing Operations</b>	3.9
--	-----

Help achieve required budget reductions.

---

358.5

## Department of Juvenile Corrections

	<i>FY 2010 Agency Request Prior to Efficiency Initiatives</i>	<i>FY 2010 Agency Request Post Efficiency Initiatives</i>	<i>FY 2010 Efficiency Initiative</i>
Rehabilitation	39,471.0	39,272.8	198.2
Housing	39,138.8	39,098.5	40.3
Administration	9,574.0	9,502.8	71.2
<b>Agency Total (All Funds)</b>	<b>88,183.8</b>	<b>87,874.1</b>	<b>309.7</b>
Appropriated Funds		84,508.4	
Non-appropriated Funds		3,365.7	

### New Efficiency Review Issues

2010 Savings Previously Published 1,932.0

### FY 2009 Efficiency Review Savings Allocations

#### ASH Federal Participation

In FY 2006, the Department pursued greater cooperation with the Department of Health Services (DHS) and the Arizona Health Care Cost Containment System (AHCCCS). The purpose of this endeavor was to increase federal participation for Department costs when youths are committed to the Arizona State Hospital (ASH). These services are reimbursable under the federal Title XIX program. The Department needed to increase the awareness of its youth and their eligibility to DHS and AHCCCS and delineated an operating process to utilize federal funds for these services.

In recent years the Department has expended approximately \$250,000 for civil commitment services for at-risk youth. Under this new operating procedure, the Department anticipates saving \$125,000 annually.

**Absorb Cost Increases of Ongoing Operations** 109.9  
FY 2009 savings will be used to offset increased utility, food and fuel costs

#### Cell Phone Reviews

The Department has aggressively reviewed the need for cell phones, implemented ways to use them more efficiently, and started to reduce the number of cell phones used by the Administration and Community Care programs. Some of the reductions were offset by a U.S. Department of Justice investigation, which recommended additional cell phones, largely for the Investigations and Inspections staff in the Administration program. Review of cell phone usage in other areas of the Department will continue.

**Absorb Cost Increases of Ongoing Operations** 45.6  
Savings will be used to offset increased utility, food and fuel costs.

#### Classroom Phones

Historically teachers have had both a radio and phone in their classrooms. These communication devices were used to contact security staff in the event of a disruption by a youth. In April, 2007 teachers were re-trained on the proper use of the radio and in most cases were given new equipment including ear buds. In May 2007, 66 telephones were removed from classrooms with an estimated annual savings of \$46,000.

**Absorb Cost Increases of Ongoing Operations** 42.1  
Savings will be used to offset increased utility, food and fuel costs.

### Electronic Communication

During FY 2004 the Department began publishing its newsletters in-house, transmitting common forms and documents electronically rather than using hard copies. The Department also makes many documents available electronically on the internet rather than distributing paper copies.

**Absorb Cost Increases of Ongoing Operations** 8.1  
Savings will be used to offset increased utility, fuel and food costs.

### Eliminate Contracted Parole Officers

Prior to FY 2003 the Department contracted with private vendors to provide outreach and tracking services in Pima County. During 2004 the Department eliminated this contract and hired two parole officers to perform the services previously provided by the contract. This saves the Department approximately \$218,900 per year.

**Absorb Cost Increases of Ongoing Operations** 18.0  
Savings will be used to offset increased utility, food and fuel costs.

### Equipment maintenance

During FY 2004 the Department incorporated digital copiers into its computer network, thereby eliminating 14 stand-alone laser printers along with maintenance costs for each printer.

**Absorb Cost Increases of Ongoing Operations** 1.4  
Savings will be used to offset increase utility, food and fuel costs.

### In-state Travel Reductions

The Department reduced its vehicle fleet by three vehicles. This will save the Department \$22,600.

**Absorb Cost Increases of Ongoing Operations** 6.7  
Savings will be used to offset increased utility, fuel and food costs.

### Lexan Glass Replacement

A majority of existing AMS housing unit windows are 3/8 inch lexan that need to be frequently replaced due to damage. Rather than replacing the 3/8 inch lexan with another 3/8 inch, the agency is using a combination of 1/4 inch and 1/8 inch lexan. The 1/8 inch piece of lexan is placed on top of the 1/4 inch piece of lexan. When damage occurs the cheaper 1/8 inch piece of lexan is replaced rather than the more expensive 3/8 inch piece.

**Absorb Cost Increases of Ongoing Operations** 18.6  
Savings will be used to offset increased utility, food and fuel costs.

### Meal Receipt Requirement

FY 2009 Estimate:

\$4,139 (meal reimbursements from 2/1/07-5/8/07)

-

\$450 (meal reimbursements from 2/1/08-5/8/08)

= \$3,689/3\*12=\$14,756

Less 12% increase in utility, food and fuel costs

= \$38,896

**Absorb Cost Increases of Ongoing Operations** 38.9  
Savings will be used to offset increased utility, fuel and food costs.

**Rural Parole Virtual Office**

The involvement of a youth's family in their treatment is important to their success. Due to the extreme rural location of many families, it is difficult and expensive for them to travel to the safe schools to attend MDT meetings and to meet with their assigned Case Manager. Rural Parole Officers are also a vital member of the youth's MDT. MDT meetings are held for each youth once per month at the safe school. In May 2007 Rural Parole Officers were issued laptops with wireless internet capability and webcams. This reduces the travel time/cost of the Rural Parole Officers and families by allowing them to attend the MDT via the webcams.

**Absorb Cost Increases of Ongoing Operations** 12.7

Savings will be used to offset increased utility, fuel and food costs.

**T- 8 Lighting Conversion**

In FY 2005, the Department installed energy-saving fluorescent lighting in the Catalina Mountain School in Tucson. As a result, the Department has realized \$1,800 per year in lower utility costs.

**Absorb Cost Increases of Ongoing Operations** 1.5

Savings will be used to offset utility, fuel and food cost increases.

**Video Conferencing Solution**

In FY 2006, the Department, as part of a federal Re-Entry pilot program, implemented a video conferencing solution to improve Department communications. This solution connected all of the Department's facilities, Central Office and the Tucson parole office via video conferencing equipment. The use of this equipment has quickly spread throughout the Department's operations. From parole hearings, to training classes, video conferencing is connecting the Department without the expense of travel or excess time. Department employees do not need to travel as much for meetings saving both time and travel expenses.

The Department estimates the net savings to be approximately 12,000 annually. Although, this amount may appear marginal, the impact video conferencing has made upon the Department is unmistakable.

The savings consist of \$35,000 less in travel costs; less for meals, private vehicle reimbursement, and fuel costs. With an additional \$27,000 of staff time savings, time they don't have to waste in transit. Although this savings is in productivity and not tangible dollars, the Department recognizes the productivity impact. This \$62,000 of savings is offset by a \$50,000 increase in costs to maintain the system- primarily due to the AZNet MPLS data connections for the system

**Absorb Cost Increases of Ongoing Operations** 55.1

Savings will be used to offset increases budget reductions.

358.6

**State Land Department**

	<i>FY 2010 Agency Request Prior to Efficiency Initiatives</i>	<i>FY 2010 Agency Request Post Efficiency Initiatives</i>	<i>FY 2010 Efficiency Initiative</i>
Trust Management and Revenue Generation	20,008.7	19,853.7	155.0
Outside Assistance and Grants	1,797.8	1,797.6	0.2
<b>Agency Total (All Funds)</b>	<b>21,806.5</b>	<b>21,651.3</b>	<b>155.2</b>
Appropriated Funds		20,662.8	
Non-appropriated Funds		988.5	

**New Efficiency Review Issues**

2010 Savings Previously Published	41.3
-----------------------------------	------

**FY 2009 Efficiency Review Savings Allocations**

**ADWR Well Testing**

The Arizona Department of Water Resources (ADWR) tests about 200 wells on State Trust land each year. To do this, the ADWR obtains a right-of-entry to test the well and requests the lessee's contact information. The Land Department recently worked with ADWR to issue one encompassing right-of-entry for testing wells and provided them a copy of a GIS database with lessee information. This will save ADWR and Land Department staff time.

**Service Delivery** 1.0

The staff time is reallocated to the other water issues on State Trust land.

**E-Certified Mail**

The Department replaced its mail machine at the end of FY 2006. One of the features of the new machine is the ability to send "e-certified" mail instead of the traditional certified "green cards". Instead of receiving physical signature cards for certified letters sent, the U.S. Post Office either retains the signature for two years, for access when needed for a fee, or sends it to a third party for download by the Department. The cost for sending "e-certified" mail is less expensive than the traditional certified mail.

**Absorb Cost Increases of Ongoing Operations** 1.3

The savings helps pay for the additional maintenance costs of the new mail machine.

**Electronic communications**

Before FY 2004 the State Parks Department funded the sale of recreational permits. That funding no longer exists, but the Land Department must still provide permits. In an effort to absorb the elimination of that funding, the Department is discontinuing the printing and mailing of renewal reminder cards.

**Absorb Cost Increases of Ongoing Operations** 1.5

The savings are used to minimize the cost of the unfunded program.

**Absorb Cost Increases of Ongoing Operations** 1.6

The savings were and are used to help offset the unfunded health insurance increases.



**Fleet**

Beginning in FY 2004, the Department returned three vehicles to the motor pool and saved the monthly replacement expense of \$411 per vehicle.

**Absorb Cost Increases of Ongoing Operations** 14.8

The savings were and are used to help offset the unfunded health insurance increases.

**Office leasing**

The consolidation of files has freed up 769 square feet of storage space rented by the Land Department from the Department of Administration. The Department is in need of additional land management staff, and the newly available space mitigates the need to rent more space for the additional staff.

**Absorb Cost Increases of Ongoing Operations** 5.0

The additional space required for the new positions appropriated to the Department was limited.

**Office Supplies**

The Department is limiting its purchase of office supplies to the most economical choices available, thus allowing the Department to achieve some savings.

**Absorb Cost Increases of Ongoing Operations** 2.0

The savings were and are used to help offset the unfunded health insurance increases.

**Personal Vehicle Use**

In an effort to accrue savings, the Department is allowing employees to use personal vehicles for State business only when no State vehicle is available.

**Absorb Cost Increases of Ongoing Operations** 1.0

These savings will help offset the rising fuel costs.

**Prepaid Appraisals**

The Land Department have presided over an increase in pre-paid appraisal by applicants. This reduces costs to the General Fund, which must otherwise underwrite the procedure.

**Absorb Cost Increases of Ongoing Operations** 116.1

Additional funds are not required to fund increases in volume and price of appraisals.

**Printing**

The Department is severely restricting color printing on internal printers. Through this initiative, the Department has been able to accrue some savings by using fewer ink cartridges and less special paper.

**Absorb Cost Increases of Ongoing Operations** 0.3

The savings were and are used to help offset the unfunded health insurance increases.

**Travel**

Rather than holding quarterly annual meetings of all Department staff, the all-inclusive meetings occur twice a year, saving both travel costs and staff time. The amount saved from staff time not spent at meetings is still being paid, but staff is using its time for more productive uses.

**Absorb Cost Increases of Ongoing Operations** 11.4

The savings were and are used to help offset the unfunded health insurance increases.

**Travel Reimbursement Policy**

The Department has provided to the employees more education on statewide travel reimbursement policies. This education effort is especially important for the temporary firefighters, as they do most of the traveling and have the greatest turnover rate, and has resulted in savings for the Department.

**Absorb Cost Increases of Ongoing Operations** 0.2

The savings help pay for the increased costs of fire suppression.

156.2

## Department of Liquor Licenses and Control

	<i>FY 2010 Agency Request Prior to Efficiency Initiatives</i>	<i>FY 2010 Agency Request Post Efficiency Initiatives</i>	<i>FY 2010 Efficiency Initiative</i>
Administration	1,452.1	1,443.0	9.1
Investigations	2,347.8	2,333.2	14.6
Licensing	667.1	667.1	0.0
<b>Agency Total (All Funds)</b>	<b>4,467.0</b>	<b>4,443.3</b>	<b>23.7</b>
Appropriated Funds		3,583.1	
Non-appropriated Funds		860.2	

### New Efficiency Review Issues

#### Operating Costs

Previously, cases to be heard before the State Liquor Board were copied and mailed to each Board Member. The Board secretary now scans the documents and saves them to a flash drive, which is then sent to the seven Board Members.

All Funds Savings 4.4

#### Office Remodel

After receiving quotes from a vendor for the purchase and labor to configure office units in the Tucson office, the Department utilized a current employee to reconfigure the offices by using existing office units. This resulted in no additional costs to the Department.

All Funds Savings 2.0

2010 Savings Previously Published 9.0

### FY 2009 Efficiency Review Savings Allocations

#### Digital Recorder

The Liquor Board's hearings require transcription and previously a court reporter was hired to provide that service. To save on costs, a digital recorder was purchased and the Board's secretary now transcribes the hearings. This will generate on-going savings for the Department.

**Absorb Cost Increases of Ongoing Operations** 4.2

Savings realized from the purchase of the digital recorder were reallocated to the salary of the Liquor Board secretary. The board secretary's salary was raised because of the high turnover for that position.

4.2

## Arizona State Lottery Commission

	<i>FY 2010 Agency Request Prior to Efficiency Initiatives</i>	<i>FY 2010 Agency Request Post Efficiency Initiatives</i>	<i>FY 2010 Efficiency Initiative</i>
Lottery	744,552.1	741,181.1	3,371.0
<b>Agency Total (All Funds)</b>	<b>744,552.1</b>	<b>741,181.1</b>	<b>3,371.0</b>
Appropriated Funds		80,881.1	
Non-appropriated Funds		660,300.0	

### New Efficiency Review Issues

#### Family of games

By advertising The Pick, Pick 5, and Pick 3 as a family of games, the Commission is able to maximize marketing of three games for minimal cost.

All Funds Savings 107.5

#### Enterprise Solution Multi-Media

The Lottery has about 2600 retailers, each with an online terminal to sell and validate tickets. As part of the online contract, the Lottery has added the ESMM player displays (17" LCD screens) to each online terminal. On these point-of-sale displays, the Lottery can load and rotate messages to: advertise products, do Amber Alerts, remind player age requirements, discuss 'Where the Money Goes', advertise jackpots, etc. This is high-impact, very flexible communication, usually to a captive audience (customers waiting in a queue to complete their purchases.)

All Funds Savings 75.0

#### Sales Staff's wrapped vehicles advertise Lottery

Lottery's sales staff use wrapped vehicles (about 20 vehicles in the field) which advertise the Lottery with eye-catching graphics. These mobile billboards cover the entire state of Arizona and represent a low-cost form of advertising.

All Funds Savings 60.0

#### Discontinue printing/distribution of game flyers to retailers

The Lottery prints over 50 instant ticket games a year. The Lottery used to provide flyers to retailers as part of distribution of the new games however upon surveying the retailers the Lottery learned that they did not see any benefit to receiving these flyers. The Lottery has discontinued the printing and distribution of these game flyers.

All Funds Savings 25.0

#### In house record retention and destruction

The Lottery has moved from outsourcing the storing and ultimate destruction of its archived records to managing those functions on-site, using existing warehouse space and its own industrial shredder.

All Funds Savings 2.3

#### Single commercial targeting both general and Hispanic markets

The Lottery produced one commercial designed to reach both the general market and the Hispanic market, thereby saving the cost of producing a second commercial.

All Funds Savings 0.0

**Negotiated bonus air time-Jubilee ticket**

A promotional opportunity was developed with ABC 15 in connection with an instant ticket game, \$250,000 Jubilee. The end result, mutually beneficial to ABC TV and the Lottery, culminated in a promotion that included a seven-minutes TV broadcast of prize awards to eligible Jubilee ticket purchasers.

All Funds Savings	0.0
2010 Savings Previously Published	4,056.6

**FY 2009 Efficiency Review Savings Allocations**

**"Winning Numbers" Hotline**

The call center industry is very competitive and offers technological advances. The new vendor contract allows the Lottery to take advantage of associated cost savings.

<b>Other</b>	40.0
All savings realized will pass through to the beneficiary distributions.	

**Chain retailer billing**

The Commission has implemented an initiative to electronically transmit billing statements to chain retailers. The Commission realizes savings in paper, labor, and postage costs.

<b>Work Environment Enhancement</b>	17.0
Savings used to offset operating costs increases; remainder flows down to beneficiaries.	

**Discontinue printing/distribution of game flyers to retailers**

The Lottery prints over 50 instant ticket games a year. The Lottery used to provide flyers to retailers as part of distribution of the new games however upon surveying the retailers the Lottery learned that they did not see any benefit to receiving these flyers. The Lottery has discontinued the printing and distribution of these game flyers.

<b>Other</b>	25.0
Savings in marketing is redirected to other marketing outreach efforts.	

**Drawing - Auditors**

The Commission switched to a digital draw system that eliminated the need for audits at each drawing. There is a net savings on an annual basis as a result of the change to the digital draw system.

<b>Other</b>	55.0
All savings realized will pass through to the beneficiary distribution.	

**Electronic communications**

The Commission is utilizing electronic distribution of the Commissioner packets prior to the Lottery Commission meetings. This permits late packet content changes since the delivery time is virtually eliminated.

<b>Other</b>	5.0
All savings realized will pass through to the beneficiary distributions.	

**Enterprise Solution Multi-Media**

The Lottery has about 2600 retailers, each with an online terminal to sell and validate tickets. As part of the online contract, the Lottery has added the ESMM player displays (17" LCD screens) to each online terminal. On these point-of-sale displays, the Lottery can load and rotate messages to: advertise products, do Amber Alerts, remind player age requirements, discuss 'Where the Money Goes', advertise jackpots, etc. This is high-impact, very flexible communication, usually to a captive audience (customers waiting in a queue to complete their purchases.)

<b>Other</b>	75.0
Any marketing savings is redirected to new marketing outreach efforts.	

**FY07-08 - Expanded winning numbers broadcast coverage**

The use of a Digital Draw System (DDS), rather than a ball-drawing at a television partner site, enables the Commission to produce a drawing visual that can be provided to, and used by, broadcasters in different parts of the state. By going to the new DDS process, the Commission is now able to get drawings beyond the Phoenix market area by entering into agreements with broadcasters in other areas of the state. This provides greater exposure in television markets and produces efficiencies in the Commission's advertising and marketing.

<b>Other</b>	2,025.0
Costs are available for other marketing outreach.	

**FY08 - Retailer Relicensing Initiative**

The Commission is implemented an initiative that produces savings in labor and postage costs. Instead of mailing applications to prospective retailers, the Commission is making the application packet available online for download.

<b>Technology</b>	1.0
For Web project	

**In house record retention and destruction**

The Lottery has moved from outsourcing the storing and ultimate destruction of its archived records to managing those functions on-site, using existing warehouse space and its own industrial shredder.

<b>Absorb Cost Increases of Ongoing Operations</b>	2.3
--	-----

**Money balancing time reduced**

In FY 2005, the Commission purchased money counting machines for the Phoenix and Tucson Lottery claim stores. The machines reduced the time to perform cash balancing activities by one-half.

<b>Other</b>	15.3
All savings realized will pass through to the beneficiary distributions.	

**Office Supply Centralization**

By centralizing office supply sourcing this year, the lottery will be able to realize new savings of over \$20,000 each year.

<b>Other</b>	11.0
All savings realized will pass through to the beneficiary distributions.	

### Outsourcing promotion team

The Lottery had 2.5 FTE staff positions dedicated to manning promotional events for the Lottery. The work of these staff members was supplemented by hourly temp workers. The Lottery has eliminated these staff positions, outsourcing the responsibilities through our marketing partner and paying hourly for only the actual staff and actual time required to man the events.

**Absorb Cost Increases of Ongoing Operations** 128.1

### Paper Reduction

The Commission has implemented an initiative that produces savings in paper costs. Nightly IT reports are now available online and the Commission is encouraging employees to print on both sides of a piece of paper.

**Technology** 4.3

Savings will be used to invest in software technology.

### Sales Staff's wrapped vehicles advertise Lottery

Lottery's sales staff use wrapped vehicles (about 20 vehicles in the field) which advertise the Lottery with eye-catching graphics. These mobile billboards cover the entire state of Arizona and represent a low-cost form of advertising.

**Other** 10.0

All marketing savings are redirected to other marketing efforts.

### Winner Claim Forms

Prior to this functionality, the Lottery printed multi-part forms, which were required to be available at every retailer location. In addition to the cost of the forms, estimated to be \$1,000 annually, forms had to be delivered to approximately 2600 retailers. The Lottery was responsible for maintaining adequate quantities at retailer locations. Single-page forms print by retailer request. Forms are smaller, making them easier for the Lottery to store (we are required to retain winner forms for seven years). Although not a direct savings for the Lottery, it is less expensive for players to mail in forms.

**Other** 1.0

All savings realized will pass through to the beneficiary distributions.

2,415.0

## State Parks Board

	<i>FY 2010 Agency Request Prior to Efficiency Initiatives</i>	<i>FY 2010 Agency Request Post Efficiency Initiatives</i>	<i>FY 2010 Efficiency Initiative</i>
Park Development and Operation	33,539.3	29,226.8	4,312.5
Partnerships and Grants	75,255.6	75,232.3	23.3
Administration	5,988.4	5,984.7	3.7
<b>Agency Total (All Funds)</b>	<b>114,783.3</b>	<b>110,443.8</b>	<b>4,339.5</b>
Appropriated Funds		41,089.2	
Non-appropriated Funds		69,354.6	

### New Efficiency Review Issues

2010 Savings Previously Published 4,380.5

### FY 2009 Efficiency Review Savings Allocations

#### Getting National Training to be Conducted in Arizona

State Parks was able to evince savings by convincing national-level training to be held in the state, thereby eliminating most travel costs associated with the event.

**Absorb Cost Increases of Ongoing Operations** 30.0

#### Increased volunteer hours

In an effort to handle an increase in parks visits, the Department has decided to increase the number of volunteer hours by 5% per year instead of hiring additional Park Rangers.

**Absorb Cost Increases of Ongoing Operations** 3,970.0

Available resources will be used to absorb costs for ongoing operations.

#### Individual Printer Tracking System

The State Parks Board has acquired software that will track and manage employee's printer usage. It will identify areas in which the agency can use less and as a result, save money.

**Absorb Cost Increases of Ongoing Operations** 2.4

Offset the increase in paper costs.

#### Kartchner Internet Reservation System

The Department has implemented an Internet reservation system. Savings accrued by the reduction of 2.0 FTE in FY 2009.

**Service Delivery** 33.2

FTE used for expanded group tour operator service and administration.

**Absorb Cost Increases of Ongoing Operations** 66.4

Funds used to offset cost of internet reservation system.

#### Scientific Studies using Volunteers

State Parks expects to conduct one or more biological studies on Parks land during the next two years. A large study can cost around \$50,000 but the Board intends to seek assistance of retired biologists to volunteer for the studies. One or more should be completed during FY 2010.

**Absorb Cost Increases of Ongoing Operations** 10.0

Enables Arizona State Parks to meet increasing need for studies without increasing the budget for such studies.

**Using park facilities to reduce In State Travel Lodging Costs**

State Parks has implemented a program whereby employees use otherwise empty park space to stay overnight when required. This averts the cost of hotels estimated at an average of \$60 per night. For FY 2009, this resulted in savings of \$25,000. State Parks expects to continue the program with FY 2010 savings estimated at \$25,000.

<b>Absorb Cost Increases of Ongoing Operations</b>	25.0
Other increases in travel costs were offset by the reduction in lodging costs.	
Other increases in travel costs were offset by the reduction in lodging costs.	
	4,137.0

**Department of Public Safety**

	<i>FY 2010 Agency Request Prior to Efficiency Initiatives</i>	<i>FY 2010 Agency Request Post Efficiency Initiatives</i>	<i>FY 2010 Efficiency Initiative</i>
Agency Support	45,851.1	45,298.9	552.2
Highway Patrol	152,607.4	151,520.7	1,086.7
Criminal Investigations	74,485.4	72,735.2	1,750.2
Criminal Justice Support	71,180.9	70,953.9	227.0
Arizona Peace Officer Standards and Training	8,083.4	8,083.4	0.0
Public Safety Communications Commission			0.0
<b>Agency Total (All Funds)</b>	352,208.2	348,592.1	3,616.1
Appropriated Funds		273,567.5	
Non-appropriated Funds		75,024.6	

**New Efficiency Review Issues**

**Lateral Hiring**

Savings come from avoiding police academy training costs and cadet payroll costs while at the police academy. Savings are somewhat offset by the higher salary cost of a pre-certified, "lateral", officer compared to a new cadet. Net savings are estimated to be \$27,400 per lateral hire. In FY 2007, DPS hired 39 lateral officers.

All Funds Savings	822.0
2010 Savings Previously Published	2,794.1

**FY 2009 Efficiency Review Savings Allocations**

**"Tan Day" Patrols**

The department incurred savings by conducting "tan day" patrols. On "tan days", sworn officers who hold management and administrative positions spend the day conducting patrols instead of working in the office. While serving to enhance public safety, "tan days" also produce a savings to the department over utilizing patrol officers on overtime to do the same work.

<b>Service Delivery</b>	33.2
Regular officer time freed up translates into better service to the public through more enforcement action.	

**ACTIC Lease Negotiations**

The Department negotiated a lease for space for the Arizona Counter-Terrorism Intelligence Center that has the advantages of lower rental charges, lower cost for tenant improvements, and savings from buying used modular furniture.

<b>Other</b>	1,600.0
ACTIC leases costs are unfunded. Savings reduce the costs that have to be absorbed elsewhere in the Department's budget.	

### Area Office Network Access

Until recently, the Department used long distance services to pay for mainframe computer connections to area offices around the state. The Department will now use faster, bundled data lines at a lower cost.

**Absorb Cost Increases of Ongoing Operations** 65.0  
Savings reallocated to budget shortfalls in telecommunications and mainframe computing.

### Background Investigations Conducted by Retired Officers

The Department saves money by hiring retired officers to conduct background investigations instead of non-retired officers with higher benefit costs. This saves the Department about \$500 per investigation.

**Service Delivery** 37.3  
Officers not having to do background checks can perform other public safety functions (e.g., patrolling the highways).

### CCW Paper Reduction

The Department receives approximately 200,000 e-mail messages from the FBI each year. The e-mails were automatically printed on two pages; however, the new software allows for the printing of the same information on one page. This has cut paper costs in half as well as reduced toner costs.

**Absorb Cost Increases of Ongoing Operations** 3.2  
Offset operating supply cost increases.

### Contact Tracking System

In FY 2004 the Department replaced its Scantron contact tracking system with an optical scanning system. Both systems capture critical information about the nature of each public contact, but the scanning system requires vastly less officer/employee time. Under the Scantron system, an officer or other employee had to complete a "bubble sheet" in addition to the normal contact documentation (citation, warning, repair order, etc.). The optical system instead reads the original documentation, thus eliminating a step. This saves the Department from hiring additional data entry staff.

**Service Delivery** 231.5  
Monies that would otherwise be used for data entry staff are instead used for direct service provision (e.g., Highway Patrol).

### Convert Sworn Positions to Civilian Status

Where appropriate, the department is converting sworn administrative positions to civilian status. This saves the department because civilians employees are less costly in terms of salary and benefit costs.

**Service Delivery** 209.3  
Savings used in a variety of ways to improve service delivery (e.g., filling additional positions, paying overtime, implementing technology projects).

### Electronic communications

The Department has converted a number of paper documents to an electronic format. For example, Crime Lab reports are now reproduced electronically rather than in hard-copy format, and annual reports are posted to the agency website rather than distributed in paper form.

**Absorb Cost Increases of Ongoing Operations** 74.0  
Savings were used to cover operating cost increases.

### Energy

The Department has instituted a number of energy-saving measures, including installing programmable thermostats, adding insulated glass and window shading, reducing lighting levels, and installing efficient lighting.

**Absorb Cost Increases of Ongoing Operations** 72.4  
Savings will be used for increased utility and building maintenance costs.

### Lateral Hiring

Savings come from avoiding police academy training costs and cadet payroll costs while at the police academy. Savings are somewhat offset by the higher salary cost of a pre-certified, "lateral", officer compared to a new cadet. Net savings are estimated to be \$27,400 per lateral hire. In FY 2007, DPS hired 39 lateral officers.

**Service Delivery** 822.0  
Savings are used to pay higher salaries necessary to attract lateral officers.

used to pay higher salaries necessary to attract lateral officers.

### License Plate Readers

In FY 2007, LPRs generated 85 stolen vehicle recoveries. These recoveries equate to an increase of 2.8% compared to the number of vehicles recovered by the Department's Vehicle Theft Task Force in the prior year. The cost avoidance is calculated as 2.8% of the task force's budget, under the theory that a similar increase in recoveries would have required a similar increase in funding.

**Service Delivery** 125.0  
Increases service delivery for the same cost.

### Reduce Fuel Consumption

Numerous strategies are being employed to reduce consumption of fuel, including carpooling to meetings, ensuring proper tire inflation, encouraging good driving practices, telecommuting, alternative work schedules, purchasing more fuel-efficient vehicles, and changing dispatching procedures. The Department expects to reduce the amount of fuel used by as much as 1% in FY 2006 and 2% in FYs 2007, 2008, and 2009.

**Absorb Cost Increases of Ongoing Operations** 242.2  
Savings would be used offset increases in fuel prices.

### Windshield Replacement and Repair

The Department has realized cost savings by, where appropriate, repairing windshields instead of replacing them.

**Absorb Cost Increases of Ongoing Operations** 6.0  
Savings used to offset increasing vehicle repair and maintenance costs.

3,521.1

## Arizona Department of Racing

	<i>FY 2010 Agency Request Prior to Efficiency Initiatives</i>	<i>FY 2010 Agency Request Post Efficiency Initiatives</i>	<i>FY 2010 Efficiency Initiative</i>
Commercial Racing	3,922.5	3,922.5	0.0
County Fair Racing	1,460.1	1,460.1	0.0
Boxing Commission	182.9	182.9	0.0
<b>Agency Total (All Funds)</b>	<b>5,565.5</b>	<b>5,565.5</b>	<b>0.0</b>
Appropriated Funds		3,415.5	
Non-appropriated Funds		2,150.0	

### New Efficiency Review Issues

2010 Savings Previously Published	142.0
-----------------------------------	-------

### FY 2009 Efficiency Review Savings Allocations

#### Electronic Communications

The Department transferred a number of reports and documents, including its annual report, from hard copy to electronic format for transmission to the Racing Commission, Department employees and industry stakeholders. Additionally, the Department developed a new computer application that allows racetrack permittees to submit required reports through the Internet rather than hard copies.

#### **Absorb Cost Increases of Ongoing Operations** 1.3

These savings are used to pay for a portion of the unfunded employer cost of Health, Dental and Life insurance increases and the unfunded portion of increased employer retirement costs.

#### False Application Processing

The Department improved the processing of false applications in three ways: First, the Department updated its application to provide more clarity, better instructions and a list of criminal history that may result in license denial. Second, the processing of false applications is now centralized in the main office with the decision-making function transferred from the Stewards to the Director, which allows the Stewards time to perform other regulatory functions. Lastly, the Department was able to reduce the number of cases and the number of false applications from racetrack employees by establishing a pre-employment screening policy. Racetracks perform drug screening on employment candidates and explain the Department's licensing requirements and reasons for denial.

#### **Service Delivery** 13.5

The Department is able to reallocate staff to other regulatory responsibilities when the number of false applications is reduced.

#### Fleet

Four of the ten vehicles originally in use at the Department have been returned to the Arizona Department of Administration (ADOA) fleet management section, which reduced the Department's fleet permanently.

#### **Absorb Cost Increases of Ongoing Operations** 10.9

These savings are used to pay for a portion of the unfunded employer cost of Health, Dental and Life insurance increases and the unfunded portion of increased employer retirement costs.

#### Greyhound Drug Testing

The Department reduced the number of drug tests performed on greyhounds. In FY 2006, 0.0% of all greyhound tests and 1.33% of all horse drug tests resulted in a positive finding. The Department determined that it is more critical to its mission to perform other tests, test dogs in a different manner, or regulate the dog racing industry using alternate methods.

#### **Service Delivery** 25.0

The Department reallocates these savings for additional horse drug testing and other alternate methods of enforcement and regulation. The amount wagered on horse races is over 64% of the total, and a greater investment is made by each participant.

#### New Website

A new Department website has been developed to meet the "same look - same feel" requirements of the Governor's Office. The new website provides more detailed information about the Department's services and requirements, provides customer forms, answers frequently asked questions, and provides links to various industry organizations and government agencies to assist customers in gathering information that otherwise would have to be obtained and transmitted by Department employees.

#### **Absorb Cost Increases of Ongoing Operations** 0.8

The Department uses this savings to offset part of the unfunded cost of increased salaries.

#### Overtime

The Department developed a new policy to guide supervisors and employees on how to avoid overtime. The policy provides flexibility and alternatives, such as flexible schedules and reassignment of responsibilities. It also requires employees to receive approval from their supervisors and the Director prior to incurring overtime. This policy encourages cooperation and expands cross-training opportunities for employees and supervisors by requiring continuous communication and planning.

#### **Absorb Cost Increases of Ongoing Operations** 5.5

These savings are used to pay for a portion of the unfunded employer cost of Health, Dental and Life insurance increases and the unfunded portion of increased employer retirement costs.

#### Procurement & Administrative Policies & Procedures

The Department restructured its procurement and administrative process to obtain best available pricing; reduce purchase requisition processing time, order duplication, and errors; and ensure that calculation and payment errors are discovered and corrected in a timely fashion. Additionally, the Department reduced supplies inventory, developed a replacement schedule, and limited the types and quantities of supplies that can be ordered.

#### **Technology** 26.0

The Department will continue to allocate part of its efficiency review savings towards acquisition of computer technology that had been delayed when the Department's budget was reduced in previous fiscal years.

### Simplified Permit Renewal Application

The Department initiated a new policy regarding racing permit renewals by racetrack owners. The Department has reduced the number of renewal application copies a racetrack owner has to submit from 10 hard copies to 1 hard copy and 1 electronic copy. Each application requires large amounts of supporting documentation. By reducing the number of required hard copies, the Department is saving storage space. In addition, the Department simplified the application form. This has produced efficiencies in staff time when evaluating the application forms.

#### **Absorb Cost Increases of Ongoing Operations** 1.2

The Department pays for increased in-state travel costs that were approved and not funded.

### Staff Positions

The Department replaced one full-time Veterinarian Assistant position with two part-time seasonal Veterinarian Assistant positions. This eliminated certain employee-related and travel expenses because the employees are hired from the region where they work instead of traveling where one full-time employee would be needed. Pursuant to personnel rules, the two part-time seasonal positions are not eligible for benefits.

#### **Absorb Cost Increases of Ongoing Operations** 2.7

These savings are used to pay for a portion of the unfunded employer cost of Health, Dental and Life insurance increases and the unfunded portion of increased employer retirement costs.

### Travel - Lodging

The Department developed a new travel policy that the Department of Administration approved to better manage travel expenses and educate employees to encourage better expense practices when employees travel.

#### **Service Delivery** 21.0

The Department reallocates these savings for additional horse drug testing and other alternate methods of enforcement and regulation. The amount wagered on horse races is over 64% of the total, and a greater investment is made by each participant.

### Travel - Meals and Mileage

The Department developed a new travel policy which the Department of Administration approved to better manage travel expenses and educate employees about better expense practices when employees travel. Employees are required to provide receipts for meal reimbursement if requesting the ADOA in-state rate. Employees who do not provide receipts receive a reduced meals rate. Employees are allowed to use their private vehicles at a reduced mileage rate of 15 cents per mile when State vehicles are available. Additionally, employees are required to carpool if traveling to the same general location and their official business starts and ends within one-half hour of each other.

#### **Service Delivery** 10.5

The Department reallocates these savings for additional horse drug testing and other alternate methods of enforcement and regulation. The amount wagered on horse races is over 64% of the total, and a greater investment is made by each participant.

118.4

## Department of Real Estate

	<i>FY 2010 Agency Request Prior to Efficiency Initiatives</i>	<i>FY 2010 Agency Request Post Efficiency Initiatives</i>	<i>FY 2010 Efficiency Initiative</i>
Licensing and Regulation	4,990.8	4,757.5	233.3
<b>Agency Total (All Funds)</b>	<b>4,990.8</b>	<b>4,757.5</b>	<b>233.3</b>
Appropriated Funds		4,476.2	
Non-appropriated Funds		281.3	

### New Efficiency Review Issues

#### New Travel Policy

As of June 2007, the Department uses state-owned vehicles to travel outside the office. Before they had individuals or groups take their own vehicles and receive reimbursement from the agency after the fact.

All Funds Savings 12.0

2010 Savings Previously Published 103.5

### FY 2009 Efficiency Review Savings Allocations

#### Accelerated Settlement Agreement Process (ASAP)

To facilitate the processing of relatively minor violations, the Department developed the Accelerated Settlement Agreement Process (ASAP) in January 2006. A one-page consent agreement is provided to licensees who 1) fail to disclose convictions, adverse judgments, or other issues to the Department within 10 days as required, 2) continue to conduct licensed activity after their license expires, or 3) conduct illegal advertising. Over 95% of the licensees presented with the opportunity to accept an ASAP do so. This enables the Department to close these cases quickly and focus on more serious cases in which the public has been harmed.

**Revertments** 100.0

Will deposit 100% of penalties collected into the General Fund.

#### Electronic License Certificates

The Agency reduced licensing costs by making the process electronic.

**Other** 35.0

Budget cuts

#### New Travel Policy

As of June 2007, the Department uses state-owned vehicles to travel outside the office. Before they had individuals or groups take their own vehicles and receive reimbursement from the agency after the fact.

**Other** 12.0

Budget cuts

#### Require Licensees to Use Online System

Licensees are now required to submit continuing education information online. The data is automatically updated in the licensees' files and on the public database.

**Service Delivery** 18.8

Focus staff on other duties as assigned. No real savings - this is a cost avoidance.



**Savings in Postage**

The Department now sends renewal notices via email, which saves paper, postage, and handling costs. The email also encourages licensees to use the new online renewal system.

<b>Other</b>	13.5
Budget cuts	_____
	179.3

**Registrar of Contractors**

	<i>FY 2010 Agency Request Prior to Efficiency Initiatives</i>	<i>FY 2010 Agency Request Post Efficiency Initiatives</i>	<i>FY 2010 Efficiency Initiative</i>
Regulatory Affairs	12,163.8	12,163.8	0.0
Recovery Fund	6,753.4	6,753.4	0.0
<b>Agency Total (All Funds)</b>	18,917.2	18,917.2	0.0
Appropriated Funds		12,163.8	
Non-appropriated Funds		6,753.4	

**New Efficiency Review Issues**

2010 Savings Previously Published	7.0
-----------------------------------	-----

**FY 2009 Efficiency Review Savings Allocations**

**Electronic communications**

The Registrar of Contractors’ newsletter was printed and mailed twice a year. The newsletter is now available online, which eliminates the printing and postage costs.

<b>Technology</b>	193.6
Savings will be utilized in technology enhancements.	

**Equipment maintenance contracts**

The Registrar has cancelled all maintenance contracts for fax machines. The machines have rarely malfunctioned, and the agency believes it will save money by paying for repairs only on an as-needed basis.

<b>Absorb Cost Increases of Ongoing Operations</b>	7.6
Savings will be used to cover increased cost of paper and supplies.	

**Mail Operations**

The Registrar has leased postage meters for its seven field offices, centralized the mailing of information requests, and utilized the use of postcard hearing notices. This has resulted in supply, postage, and efficiency savings for the agency.

<b>Absorb Cost Increases of Ongoing Operations</b>	7.0
Savings will be used to offset increases in postage.	

**Printing costs**

Twice each year the Registrar prints a booklet of statutes and rules. Due to the booklet’s size, the agency had been unable to print it in-house. By splitting the booklet into two smaller editions, the agency can print the booklet with its own equipment.

<b>Service Delivery</b>	31.7
FTE was used to enhance service delivery in another department.	

**Resource Utilization**

The agency has consolidated over 50 separate cell phone accounts into one pooled account and reconfigured the legal and accounting departments to promote better workflow and efficiency.

<b>Absorb Cost Increases of Ongoing Operations</b>	11.0
Savings will be used to fund temporary services during staffing shortages.	

**Retiree Retention Initiative Program (RIPP)**

Amount carried forward from prior year's.

**Service Delivery** 36.0

Savings from this initiative will be used to fund additional training for staff to improve service levels.

**Server Hosting**

The cost avoidance savings were calculated from three main areas. First, annual maintenance contracts of \$40,000 were eliminated. Second, the \$30,000 required for maintaining the server's independent power supply, heating/cooling equipment, and fire suppression devices were eliminated. Third, as the agency moved to a new location it was able to avoid the \$9,400 that would have been required for additional floor space for the server environment.

**Absorb Cost Increases of Ongoing Operations** 79.4

Savings were used to fund increased cost in other technology.

**Web-Based Services**

The agency IT staff designed an internal survey card system automating the internal survey process. The IT personnel also designed an electronic agency IT Help Desk to capture and track work requests and implemented and required electronic calendaring agency-wide. Also, in August 2005, the agency deployed an on-licensing renewal process available to contractors. The savings from these initiatives are realized from reduced staff time, increased accuracy of the process, reduced paper use, and reduced, postage, and printing costs.

**Technology** 15.0

Savings will be used to implement additional new technology.

381.3

**Residential Utility Consumer Office**

	<i>FY 2010 Agency Request Prior to Efficiency Initiatives</i>	<i>FY 2010 Agency Request Post Efficiency Initiatives</i>	<i>FY 2010 Efficiency Initiative</i>
Ratepayer Representation	1,360.5	1,319.3	41.2
<b>Agency Total (All Funds)</b>	1,360.5	1,319.3	41.2
Appropriated Funds		1,319.3	

**New Efficiency Review Issues**

**Information Technology Maintenance**

RUCO currently contracts with an outside vendor at a rate of \$120 per hour for computer and network maintenance. Over the last two years, the agency has used an outside vendor at an average of \$2,000 per year. The agency will use in-house staff for approximately half of these services, at a cost of \$50 per hour in personal services and employee related expenses.

All Funds Savings 1.2

**Administrative Savings**

By maximizing the use of two-sided copying and printing and by instituting controls on the purchase of office supplies and other equipment, RUCO expects to save approximately \$1000 per year in administrative costs.

All Funds Savings 1.0

2010 Savings Previously Published 36.7

## Department of Revenue

	<i>FY 2010 Agency Request Prior to Efficiency Initiatives</i>	<i>FY 2010 Agency Request Post Efficiency Initiatives</i>	<i>FY 2010 Efficiency Initiative</i>
Service	112,646.5	112,069.0	577.5
Processing	8,882.5	8,738.9	143.6
Education and Compliance	28,509.8	28,509.8	0.0
Agency Support	30,634.0	30,525.8	108.2
<b>Agency Total (All Funds)</b>	<b>180,672.8</b>	<b>179,843.5</b>	<b>829.3</b>
Appropriated Funds		81,029.8	
Non-appropriated Funds		98,813.7	

### New Efficiency Review Issues

2010 Savings Previously Published	728.9
-----------------------------------	-------

### FY 2009 Efficiency Review Savings Allocations

#### Copier Maintenance

In FY 2007, the Department had 35 copiers (some as old as 10 years) that would have cost at least \$109,091 to maintain in FY 2008 under the new statewide copier maintenance contract. The decision was made to make a capital investment in 24 new copiers, and to remove the 35 old, more expensive copiers. The maintenance cost for FY 08 was \$31,132, resulting in a savings of \$77,959.

**Absorb Cost Increases of Ongoing Operations** 78.0

These savings will be used to help offset other cost increases.

#### E-file income tax returns

The Department has encouraged taxpayers to e-file their tax returns. Savings are accrued through reduced data entry, postage, temporary workers, and supplies.

**Absorb Cost Increases of Ongoing Operations** 476.5

All savings are dedicated to backfill underfunded baseline expenditures.

#### Fax Machine Maintenance

The Department converted fax machine maintenance from annual contracts to a per service call charge basis.

**Absorb Cost Increases of Ongoing Operations** 7.8

All savings are dedicated to backfill underfunded baseline expenditures.

#### Microfilming of Tax Returns

The Department contracted out the microfilming of tax returns to a private vendor, saving \$14.11 per box for microfilming. In addition, no temporary employees were required, and permanent FTE positions were reassigned to other jobs in the Department.

**Service Delivery** 143.6

The agency reallocated these saving to redeploy FTE positions to help with the keying of individual tax returns.

### Property Tax Publishing and Training

The Department uses CDs and the Internet for the publishing and distribution of property tax forms and studies. The Department had previously used hard copies.

**Absorb Cost Increases of Ongoing Operations** 16.6

All savings are dedicated to backfill underfunded baseline expenditures.

### Unclaimed Property Efficiencies

The Department implemented the use of a BRITS tool to locate hard-to-find property owners. The Department also moved the disposal of mutual funds in-house, which resulted in savings from no longer using an outside vendor.

**Service Delivery** 84.4

These savings will allow the Unclaimed Property Unit (Non-GF) to provide a better level of service in attempting to locate property owners.

806.9

## School Facilities Board

	<i>FY 2010 Agency Request Prior to Efficiency Initiatives</i>	<i>FY 2010 Agency Request Post Efficiency Initiatives</i>	<i>FY 2010 Efficiency Initiative</i>
School Facilities Board	1,136,747.5	1,136,747.5	0.0
<b>Agency Total (All Funds)</b>	<b>1,136,747.5</b>	<b>1,136,747.5</b>	<b>0.0</b>
Appropriated Funds		373,931.5	
Non-appropriated Funds		762,816.0	

### New Efficiency Review Issues

#### **Guaranteed Maximum Price (GMP) Review**

Estimation is based on SFB calculation of savings due to constraints placed on construction projects. SFB expects savings to decrease by 30% per year as construction managers adjust methods for pricing according to SFB standards, thus resulting in more difficult to quantify cost avoidance.

All Funds Savings	6,600.0
2010 Savings Previously Published	2,558.0

### FY 2009 Efficiency Review Savings Allocations

#### Electronic communications

This estimate is an internal goal not completely verified through AFIS as there is not a separate comp object for paper. SFB is assuming the balance of the FY 04 savings are through reductions in paper (copier) costs. SFB is committed to these savings FY 05-FY 08. For internal printing, expenditures decreased from \$2,045 in FY '03 to \$1,026 in FY '04, for a difference of \$1,019. For postage and delivery, expenditures decreased from \$7,135 in FY '03 to \$6,483 in FY '04, for a difference of \$652. The total savings is \$1,671.

<b>Absorb Cost Increases of Ongoing Operations</b>	6.0
Savings are used to offset unfunded increases in health insurance, retirement increase, and COSF rent.	

#### Employee Sharing

The arrangement began May 27, 2008 and is ongoing. This analysis assumes the arrangement will end on October 1, 2008. SFB savings is based on the estimated hourly cost of a temporary receptionist.

<b>Absorb Cost Increases of Ongoing Operations</b>	5.6
Savings are used to absorb unfunded health insurance and COSF rent increases.	

#### Interest savings

Refinancing the Qualified Zone Academy Bonds is estimated to save \$10,765,260 over the 15 year life of the bonds. While there will be savings in the area of \$1 million in FY 2005 and FY 2008, the repayment schedule contains higher payments in FY 2006 and FY 2007 amounting to an additional \$400,000 each year.

<b>Other</b>	981.5
The savings is a cost comparison between a bond issue versus a QZAB issue. Because the SFB never issued the bonds there was never a true savings to the operating budget. However, if the bonds were issued in lieu of the QZABs the debt service would have b	

## Land Trust Refunding

Debt service is reduced by approximately:

FY 08	FY 09	FY 10	
\$6,133,120	\$1,185,200	\$1,185,200	
<b>Revertments</b>			1,185.2
Savings produced by the refunding are expendable earnings of the State Land Trust and serve as an offset to General Fund expenditures.			

### Refunding Prop 301 Revenue Bonds

Debt service is reduced by approximately \$1.6 million per year for a total nominal savings of \$24.5 million over 16 years.

<b>Other</b>	1,576.5
The debt service was reduced. The savings flow to other recipients of Prop 301 monies, notably the Classroom Site Fund.	

### Travel

Savings were estimated for relocation of annual study session at \$2,000 (15 attendees x \$67/night X 2 nights) + \$3,000 reduction in motor pool (employee) and personal car mileage (board members) through increased use of local venues for board meetings.

<b>Absorb Cost Increases of Ongoing Operations</b>	5.0
Savings are used to absorb underfunded health insurance and COSF rent increases.	

### Waterless Urinals

Each urinal is estimated to save 40,000 gallons of water per year. According to DOA, the average cost of water for the state is .005176 per gallon. For FY 2008, we assumed 25 percent of the estimated 80,000 gallons per year savings, but the savings (\$104) were offset by the cost of the urinals (\$920). Out year savings assume a 2 percent inflation rate on water costs.

<b>Absorb Cost Increases of Ongoing Operations</b>	0.4
Savings are used to absorb unfunded health insurance and COSF rent increases.	
	<hr/>
	3,760.2

## Arizona Office of Tourism

	<i>FY 2010 Agency Request Prior to Efficiency Initiatives</i>	<i>FY 2010 Agency Request Post Efficiency Initiatives</i>	<i>FY 2010 Efficiency Initiative</i>
Office of Tourism	15,022.9	15,022.9	0.0
Tourism Promotion	12,651.9	12,651.9	0.0
<b>Agency Total (All Funds)</b>	<b>27,674.8</b>	<b>27,674.8</b>	<b>0.0</b>
Appropriated Funds		15,022.9	
Non-appropriated Funds		12,651.9	

### New Efficiency Review Issues

2010 Savings Previously Published	439.1
-----------------------------------	-------

### FY 2009 Efficiency Review Savings Allocations

#### Electronic Communications

The Office achieved savings from enhanced utilization of electronic communications instead of traditional mailings for items such as printed newsletters and various documents and reports. The department's website was improved to allow several newsletters and communication with employees and stakeholders to be distributed electronically. Online and electronic services have improved to provide timely information to consumers and prospective visitors to Arizona, thus reducing costs for printing and fulfillment materials.

**Absorb Cost Increases of Ongoing Operations** 454.5

Savings allocated to marketing dollars to offset increased costs, enhance current activities and participate in new opportunities to promote tourism in Arizona.

#### Fleet Management - Cost Reduction

After reassessing its needs for transportation, the Office decided to return two vehicles to the State Motor Pool, thus reducing its operating costs.

**Absorb Cost Increases of Ongoing Operations** 10.3

Savings allocated to increase costs of rent and telecommunication charges.

#### Fulfillment

OSVG online is estimated by number of guides ordered online times bulk class postage cost.

RSL processing is estimated by number of leads processed in-house times cost per lead of data entry out of house.

International Postcard distribution is estimated by number of postcards sent times postage cost.

**Absorb Cost Increases of Ongoing Operations** 26.2

Funds allocated to improve current fulfillment activities and also expand data analysis to increase reach and efficiency of target marketing.

#### Fulfillment Services

In an effort to efficiently administer resources, the Office has contracted with a single vendor for mailing services, warehousing and inventory.

**Absorb Cost Increases of Ongoing Operations** 9.3

Funds allocated to improve current fulfillment activities and also expand data analysis to increase reach and efficiency of target marketing.

## Motor Pool

**Service Delivery** 3.8

Savings allocated to project costs by various divisions within AOT.

**Absorb Cost Increases of Ongoing Operations** 0.7

Savings allocated to offset increased administrative and operational services.

#### Office Equipment

In an effort to find savings and increase efficiency throughout the agency's internal printing activities, AOT plans to convert existing and/or purchase new printers with duplexing features and to set all staff workstations to default to that process.

**Technology** 1.0

Savings allocated to offset the administrative cost of office supplies and maintenance contracts.

#### Purchasing

Under a revised process for purchasing administrative and office supplies, supplies are ordered no more than once per month to encourage better coordination of needs and inventory. This measure has enabled the Office to reduce purchasing costs.

**Work Environment Enhancement** 2.7

Funds allocated to offset increased administrative expenses, such as rent, phone, operational services.

508.5

## Department of Transportation

	<i>FY 2010 Agency Request Prior to Efficiency Initiatives</i>	<i>FY 2010 Agency Request Post Efficiency Initiatives</i>	<i>FY 2010 Efficiency Initiative</i>
Administration	53,237.8	52,497.8	740.0
Intermodal Transportation	2,880,921.8	2,880,371.8	550.0
Motor Vehicle Division	117,069.3	116,954.3	115.0
Aeronautics Division	48,387.0	48,387.0	0.0
<b>Agency Total (All Funds)</b>	<b>3,099,615.9</b>	<b>3,098,210.9</b>	<b>1,405.0</b>
Appropriated Funds		494,877.1	
Non-appropriated Funds		2,603,333.8	

### New Efficiency Review Issues

2010 Savings Previously Published 1,596.0

### FY 2009 Efficiency Review Savings Allocations

#### Air Filter Regeneration

Compare the costs of purchasing new filters with that of the regenerated filters.

**Absorb Cost Increases of Ongoing Operations** 50.0

Savings will be used to pay for increased vehicle maintenance costs.

#### APS/SRP Rebate Program

By replacing non-programmable thermostats with programmable ones ADOT has been able to take advantage of rebate programs offered by APS and SRP. To date ADOT has realized a savings of \$40,000 from APS and \$8,200 from the SRP program that was recently reintroduced.

**Absorb Cost Increases of Ongoing Operations** 50.0

Savings will be used to pay for building maintenance.

#### Electronic Direct Deposit

Analysis the cost of the previous method where it took staff time to prepare and distribute the pay stubs as well as the cost of postage.

**Absorb Cost Increases of Ongoing Operations** 130.0

#### MVD Enforcement Personnel Web-Based Training

Take the cost to send the officers around the state to attend formal classroom training. These cost include vehicle usage, per diem, class fees, and lost productivity, with the computer based training flat rate of \$150.00 per year per officer.

**Absorb Cost Increases of Ongoing Operations** 115.0

Savings will be used to off-set higher operating costs.

### Reduce/Consolidate Phones

ADOT has partnered with AZNet to review its circuit inventory, land lines, long-distance charges, eliminate 800 numbers, and circuit re-engineering. Furthermore, ADOT does a routine review of cell phone and Blackberry usage to ensure calling plans are appropriate to the business purpose and inactive phones are disconnected in a timely manner. ADOT, by disconnecting desk phones in vacant cubicles, save approximately \$700 per phone per year. The savings estimate is \$1,310,000 based on a one-time savings of \$750K and an annual savings of \$560K.

**Absorb Cost Increases of Ongoing Operations** 560.0

Savings to be used to absorb cost increases.

### Truck Class Downsizing

A savings is realized by purchasing 150 1/2 to trucks over the next three years rather than spending funds to upgrade 3/4 ton trucks. Also there is a difference in operating costs between a 3/4 ton truck and a 1/2 ton truck, including fuel costs.

**Absorb Cost Increases of Ongoing Operations** 500.0

Savings will be used to pay for increased costs.

1,405.0

## Department of Veterans' Services

	<i>FY 2010 Agency Request Prior to Efficiency Initiatives</i>	<i>FY 2010 Agency Request Post Efficiency Initiatives</i>	<i>FY 2010 Efficiency Initiative</i>
Administration	7,497.2	7,497.2	0.0
Veterans' Conservatorship/ Guardianship	1,285.5	1,285.5	0.0
Veterans' Benefits Counseling Services	3,129.2	3,129.2	0.0
State Veterans' Home	16,932.4	16,676.8	255.6
Arizona Veterans' Cemeteries	680.6	463.6	217.0
<b>Agency Total (All Funds)</b>	<b>29,524.9</b>	<b>29,052.3</b>	<b>472.6</b>
Appropriated Funds		22,890.8	
Non-appropriated Funds		6,161.5	

### New Efficiency Review Issues

#### **Uniforms**

The Department discontinued stipends to employees called "Uniform Allowance" and instituted uniform leasing.

All Funds Savings 20.7

2010 Savings Previously Published 7.7

### FY 2009 Efficiency Review Savings Allocations

#### Cemetery Beautification Projects

The cemetery relied upon landscaping services provided by non-paid staff and expects to receive the benefits of non-paid staff labor in FY 2009 and FY 2010.

**Absorb Cost Increases of Ongoing Operations** 116.8

Supporting salaries and ERE for paid staff at the cemetery plus landscaping equipment and materials.

#### Contracting for Laundry Services

Savings of \$70,196 are expected for a full fiscal year of contracted laundry services when the average daily resident census is 181. The savings for FY 2009 has been adjusted to reflect a lower census and a six-month delay in the new vendor being awarded the contract.

**Absorb Cost Increases of Ongoing Operations** 27.3

Savings will lower operating costs for the Home (a self-funding program)

#### Elimination of the Veterans Business Advocacy Group

The Administrative Assistant position and the Assistant Deputy Director position were both eliminated. The Assistant Deputy Director position was reassigned to manage the Veterans Service Division, which supplies veteran benefit counseling; the core business of the agency.

**Absorb Cost Increases of Ongoing Operations** 130.0

Reduction in administrative operating costs - Salaries and ERE

#### Fleet Management

The Department cut back on approximately 1,000 travel miles during the summer months of July through September.

**Absorb Cost Increases of Ongoing Operations** 1.0

Savings will result in a lower operating cost for the Arizona State Veteran Home, a self-funded program.

#### Gift Shop Operations

Volunteer staffing of the Gift Shop enable the personal service and employee related expense savings.

**Absorb Cost Increases of Ongoing Operations** 42.3

Savings will lower operating costs for the Home (a self-funding program)

#### Historical Soldier Memorial Cemetery Project

The cemetery is responsible to bury the 70 historical soldiers and Veterans' Services is completing this project solely using donations.

**Absorb Cost Increases of Ongoing Operations** 105.0

The cemetery did not inter the historical soldiers in the "modern" portion of the cemetery, thereby avoiding the costs to bury soldiers from that time. Cost avoidance will result in more money available for operations and supplies.

#### Replacing the Chaplain Program with Volunteers

The paid position of Chaplain has been eliminated and replaced by local volunteers who carry out the Chaplain's duties.

**Absorb Cost Increases of Ongoing Operations** 120.0

Savings will reduce costs to operate the Home (a self-funding program)

#### Telemedicine

The telemedicine project was determined to be inefficient for the Arizona State Veterans Home due to the close proximity of the VA Medical Center and ease of transport.

**Other** 10.0

The program will be discontinued and funds will no longer be encumbered from the Veterans Donation Fund. It is essentially reverting funds back to that program for use in other activities which benefit Arizona veterans.

#### Uniforms

The Department discontinued stipends to employees called "Uniform Allowance" and instituted uniform leasing.

**Absorb Cost Increases of Ongoing Operations** 22.1

Reabsorb expenses which are paid by the residents of ASVH. ASVH is self-funded & no taxpayer funds are used to cover operating expenses.

574.5

## Department of Water Resources

	<i>FY 2010 Agency Request Prior to Efficiency Initiatives</i>	<i>FY 2010 Agency Request Post Efficiency Initiatives</i>	<i>FY 2010 Efficiency Initiative</i>
Agency Support	6,689.7	6,689.7	0.0
Water Management and Statewide Planning	47,765.3	47,765.3	0.0
Dam Safety and Flood Warning	1,485.6	1,485.6	0.0
<b>Agency Total (All Funds)</b>	<b>55,940.6</b>	<b>55,940.6</b>	<b>0.0</b>
Appropriated Funds		23,881.2	
Non-appropriated Funds		32,059.4	

### New Efficiency Review Issues

2010 Savings Previously Published	120.5
-----------------------------------	-------

### FY 2009 Efficiency Review Savings Allocations

#### Discontinue Purchase of Preprinted Return Address Envelopes

The cost differential between preprinted and blank envelopes on State contract is approximately \$3.0 thousand per year for quantity used by the Agency. Since recipient addresses are currently printed on envelopes using printers, negligible additional expense would be incurred for printing the return address at the same time.

Additional savings would be realized due to the fact that preprinted envelopes must be purchased by the box and some areas of the Agency use very few envelopes. We could purchase generic, plain envelopes and they could be shared by all areas.

**Absorb Cost Increases of Ongoing Operations** 3.0

The savings will be used to offset the increases in cost of recycled paper used for printers and copiers throughout the Agency.

#### Document Imaging Project

The Department is currently working on a document imaging process. With this new system, the Department will save time and staff needed to process requests for information and reduction of space needed for paper files. The cost of imaging documents will absorb any savings generated by a reduction in staff time and storage space.

**Absorb Cost Increases of Ongoing Operations** 120.0

Savings are used to absorb the cost of imaging and storing the documents.

#### Electronic Communications

The Department achieved savings from enhanced utilization of electronic communications instead of traditional mailings for items such as printed newsletters and various documents and reports. The Department's website was also improved to allow several newsletters and communication with employees and stakeholders to be distributed electronically.

**Absorb Cost Increases of Ongoing Operations** 0.5

Savings realized will be used to partially offset higher fuel costs for fleet services charges.

#### Eliminate Distribution of Payroll Direct Deposit Notices

Manually sorting, folding, stuffing and distributing paychecks on a biweekly basis accounts for approximately one man-day per month of labor in the Accounting department. In addition, window envelopes are used for each paycheck and notice. This will be eliminated as a result of the discontinuance of direct deposit notices.

Eliminating direct deposit notices will save the Agency approximately \$2.2 thousand per year in labor and materials charges.

**Absorb Cost Increases of Ongoing Operations** 2.2

Savings will be used to offset the increased cost of paper to the Agency.

#### Postage Meter Rentals

By purchasing stamps for outlying offices instead of paying rent on postage meters we expect to reduce postage costs for the Agency. We plan to use the stamps by mail program. Postage stamps can be ordered online and delivered to outlying offices for a one dollar per transaction fee. This fee is less than the cost of agency personnel driving to the post office and waiting in line.

**Absorb Cost Increases of Ongoing Operations** 2.0

Savings will be used to absorb postage cost increases.

127.7



## Department of Weights and Measures

	<i>FY 2010 Agency Request Prior to Efficiency Initiatives</i>	<i>FY 2010 Agency Request Post Efficiency Initiatives</i>	<i>FY 2010 Efficiency Initiative</i>
General Services	2,041.0	1,940.7	100.3
Air Quality Oxygenated Fuel	1,013.4	885.4	128.0
Vapor Recovery	659.7	657.5	2.2
<b>Agency Total (All Funds)</b>	<b>3,714.1</b>	<b>3,483.6</b>	<b>230.5</b>
Appropriated Funds		3,483.6	

### New Efficiency Review Issues

2010 Savings Previously Published 70.3

### FY 2009 Efficiency Review Savings Allocations

#### Audit and Reduce Underused Telecommunication Service

Department has eliminated underused telecommunication services.

**Absorb Cost Increases of Ongoing Operations** 18.3

Apply savings to existing program needs

#### Change in Terminal Audit Protocol

The Department has changed its protocol, reducing the amount of travel necessary to complete audits.

**Absorb Cost Increases of Ongoing Operations** 29.0

The savings will be used to purchase needed equipment for the program

#### Decrease Transportation Cost - Fleet Management

The Department has instituted a take home vehicle policy. This allows investigators in the Phoenix area to start and end their workday from home rather than returning vehicles to the Glendale office. This saves the Department an average of 467 miles of unnecessary travel each day.

**Absorb Cost Increases of Ongoing Operations** 18.2

Savings will continue to be used to absorb costs of ongoing operations.

#### Direct Deposit Paycheck

The Department has realized travel and personnel savings by implementing direct deposit.

**Service Delivery** 2.9

Reallocate to fund ongoing programs

#### Electronic Communications

The Department now has a program that automatically notifies a licensee when the license is past due. This allows the Department to save time spent on initial calls and follow-up calls.

**Absorb Cost Increases of Ongoing Operations** 5.8

Savings will continue to be used to cover increased operating costs.

#### Electronic communications - Online data entry of complaints

The Department's website allows citizens to file complaints and check inspection results online. This reduces the labor costs of registering complaints and eliminates the need for inspectors to call with investigation results.

**Service Delivery** 2.2

Savings will be used to cover for programming expenditures needed for the online complaint process.

#### Electronic Communications - Online entry of CBG batch data

The Department has created a new computer program for the industry to enter Cleaner Burning Gasoline (CBG) data. This initiative saves Department staff approximately 20 hours per month in data entry time.

**Absorb Cost Increases of Ongoing Operations** 3.7

Savings will be used to cover computer programming expenditures associated with ma

#### Electronic Communications - Online payment/licensing

The Department now accepts licensing and civil penalty payments online, allowing the Department to save postage and time.

**Technology** 2.0

Savings will be used to cover programming expenses associated with running the Department's website.

#### Electronic Communications - Online scheduling

The Department's website now allows Vapor Recovery inspections to be scheduled online. This initiative creates savings by reducing the amount of time staff spends scheduling these inspections.

**Absorb Cost Increases of Ongoing Operations** 2.2

Savings will be used to cover expenditures to operate the program

#### Gravimetric Lab in Metrology

The construction of an in-house gravimetric lab has allowed the Department to avoid biannual testing fees and shipping expenses for 5 volumetric units.

**Service Delivery** 16.7

Savings will be used to cover expenditures to operate the program

#### Reduce Mailing and Postage Cost

The Department has reduced printing and postage costs by emailing quarterly newsletters to stakeholders.

**Absorb Cost Increases of Ongoing Operations** 1.6

The savings will be used to cover increased operating expenditures

#### Reverse Osmosis and De-ionized Water Systems for Metrology

The Department installed a reverse osmosis water system for the Metrology lab. This initiative has reduced costs in water usage and maintenance.

**Absorb Cost Increases of Ongoing Operations** 4.4

Savings was used to pay for equipment.

#### Rural Investigators

The Agency has hired rural investigators to reduce the time and travel costs of servicing rural areas from Phoenix.

**Absorb Cost Increases of Ongoing Operations** 13.0

Helps pay rising gasoline prices and increases the number of inspections that can be done statewide.

#### Streamline Civil Penalty Process

To increase efficiency, the Department changed the way in which civil penalties are issued. As a result of this initiative, copies of civil penalty letters are no longer sent through certified mail, thus avoiding postage and labor costs.

**Absorb Cost Increases of Ongoing Operations** 10.6

Savings will be used for equipment upgrade and maintenance

**Streamline Licensing Procedures**

The Department saves 14.5 hours each month by using a folder/insertter and postage machine to prepare licensing billing.

**Technology** 2.9

Savings will pay for equipment/maintenance and programing.

**Zeltex Fuel Analyzer**

With 6 Zeltex analyzers, the Department can now analyze most motor fuel samples in the field, decreasing transportation and laboratory costs.

**Absorb Cost Increases of Ongoing Operations** 95.3

Cover cost of equipment and offset expenses

---

228.8



## **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*.<sup>1</sup>

**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 as part of the agency budget request, that will allow a partially funded program to operate for a full year.

**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 State-wide 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 childcare).

**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.

**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

<sup>1</sup> Italicized terms are defined in this Glossary.

who meet the legal criteria for eligibility to the specified program.

**category 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 State-wide 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 State-wide 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** 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.

---

**efficiency** A *performance measure* that reflects productivity or the cost of providing a good or service.

**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** 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 Statute. 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.)

**FPL** SEE Federal Poverty Level

**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 State-wide 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** The "Master List of State Government Programs." *Budget reform legislation* requires *OSP* 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 of State Government Programs*.

**Other Appropriated Funds** All amounts, excluding *General Fund* amounts, appropriated by the Legislature for predetermined uses. These are also called *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. Compensation per diem 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*, *efficiency*, *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. The statutory deadline for completion of the phase-in for all State agencies is *State fiscal year 2006*.

**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 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** Two or more integral components 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 purposes without the approval of the Director of the Department of Administration: merit increases for State employees; funding for reclassified positions; and creation of new positions that exceed the total number of authorized *FTE*, as approved by the Legislature.

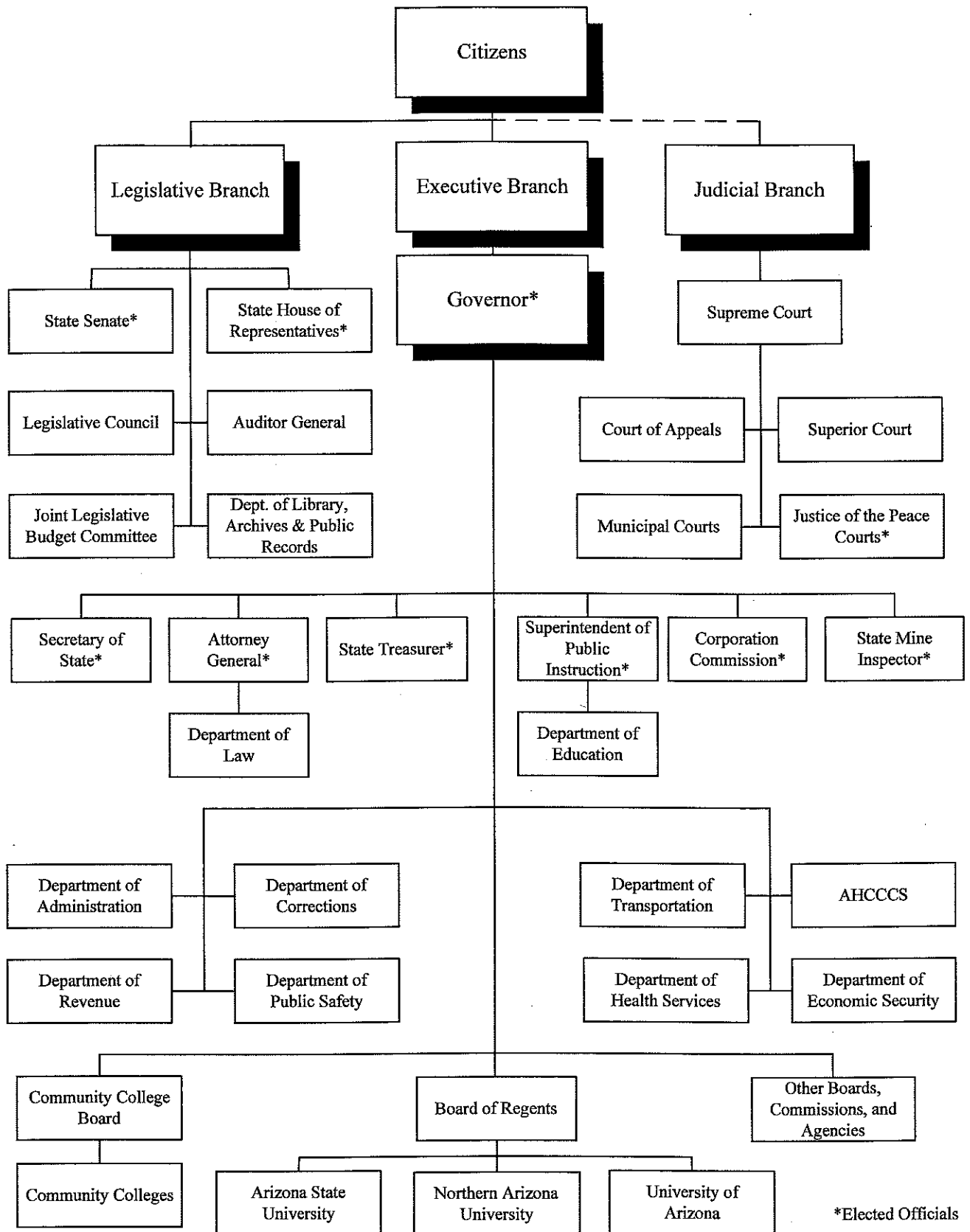
# Acronyms

<b>A.R.S.</b> Arizona Revised Statutes	<b>AOOE</b> All Other-Operating Expenditures	<b>CJEF</b> Criminal Justice Enhancement Fund
<b>AAC</b> Arizona Administrative Code	<b>APP</b> Aquifer Protection Permit	<b>CLIA</b> Clinical Lab Inspections Act
<b>ABOR</b> Arizona Board of Regents	<b>APS</b> Adult Protective Services	<b>CMDP</b> Comprehensive Medical and Dental Plan
<b>ACJC</b> Arizona Criminal Justice Commission	<b>ARF</b> Automation Revolving Fund	<b>CMR</b> Classification Maintenance Review
<b>ACJIS</b> Arizona Criminal Justice Information System	<b>ARRT</b> American Registry of Radiological Technologists	<b>COP</b> Certificate of Participation
<b>ACW</b> Arizona Center for Women	<b>ASDB</b> Arizona School for the Deaf and the Blind	<b>COSF</b> Capital Outlay Stabilization Fund
<b>ADA</b> Americans with Disabilities Act	<b>ASH</b> Arizona State Hospital	<b>CPS</b> Child Protective Services
<b>ADC</b> Arizona Department of Corrections	<b>ASPC</b> Arizona State Prison Complex	<b>CRIPA</b> Civil Rights of Institutionalized Persons Act
<b>ADE</b> Arizona Department of Education	<b>ASRS</b> Arizona State Retirement System	<b>CRS</b> Children's Rehabilitative Services
<b>ADJC</b> Arizona Department of Juvenile Corrections	<b>ASU</b> Arizona State University	<b>CSMS</b> Combined Support Maintenance Shop
<b>ADM</b> Average Daily Membership	<b>ASUE</b> Arizona State University East	<b>CSO</b> Correctional Service Officer
<b>ADMIN</b> Administration	<b>ASUMC</b> Arizona State University Main Campus	<b>CWA</b> Clean Water Act
<b>ADOA</b> Arizona Department of Administration	<b>ATA</b> Automobile Theft Authority	<b>CWRF</b> Clean Water Revolving Fund
<b>ADOT</b> Arizona Department of Transportation	<b>ATDA</b> Arizona Technology Development Authority	<b>DACS</b> Division of Aging and Community Services
<b>ADP</b> Average Daily Population	<b>AVSC</b> Arizona Veterans' Service Commission	<b>DBME</b> Division of Benefits and Medical Eligibility
<b>AERB</b> Agriculture Employment Relations Board	<b>AZAFIS</b> Arizona Automated Fingerprint Identification System	<b>DCFS</b> Division of Children and Family Services
<b>AFDC</b> Aid for Families with Dependent Children	<b>AZGS</b> Arizona Geological Survey	<b>DD</b> Dually Diagnosed or Developmentally Disabled
<b>AFIN</b> Arizona Fingerprint Identification Network	<b>BIFO</b> Border Infrastructure Finance Office	<b>DDD</b> Division of Developmental Disabilities
<b>AFIS</b> Arizona Financial Information System	<b>CAE</b> Commission on the Arizona Environment	<b>DDSA</b> Disability Determination Services Administration
<b>AFUND</b> Appropriated Fund	<b>CAP</b> Child Abuse Prevention	<b>DEA</b> Drug Enforcement Account
<b>AG</b> Attorney General	<b>CBHS</b> Children's Behavioral Health Services	<b>DEMA</b> Department of Emergency and Military Affairs
<b>AGFD</b> Arizona Game and Fish Department	<b>CCDF</b> Child Care Development Fund	<b>DEQ</b> Department of Environmental Quality
<b>AHCCCS</b> Arizona Health Care Cost Containment System	<b>CEDC</b> Commerce and Economic Development Commission	<b>DERS</b> Division of Employment and Rehabilitative Services
<b>AHS</b> Arizona Historical Society	<b>CERF</b> Collection Enforcement Revolving Fund	<b>DES</b> Department of Economic Security
<b>AIDA</b> Arizona International Development Authority	<b>CHC</b> Community Health Center	<b>DHS</b> Department of Health Services
<b>ALTCS</b> Arizona Long-Term Care System	<b>CHILDS</b> Children's Information Library and Data Source	<b>DJC</b> Department of Juvenile Corrections
	<b>CIS</b> Client Information System	

<b>DOA</b> Department of Administration	<b>GITA</b> Government Information Technology Agency	<b>MDSSI</b> Multiply Disabled Severely Sensory Impaired
<b>DOI</b> Department of Insurance	<b>H.B.</b> House Bill	<b>MEDICS</b> Medical Eligibility Determinations and Information Control System
<b>DOR</b> Department of Revenue	<b>HAP</b> Hazardous Air Pollutant	<b>MIPS</b> Million Instructions Per Second or Medicaid in the Public Schools
<b>DPS</b> Department of Public Safety	<b>HCBS</b> Home and Community Based Services	<b>MIS</b> Management Information System
<b>DSH</b> Disproportionate Share Hospital (payments) <i>See Glossary</i>	<b>HI</b> Hearing Impaired	<b>MNMI</b> Medically Needy Medically Indigent
<b>DWI</b> Driving While Intoxicated	<b>HMO</b> Health Maintenance Organization	<b>MVD</b> Motor Vehicle Division
<b>DWR</b> Department of Water Resources	<b>HRMS</b> Human Resource Management System	<b>NADB</b> North American Development Bank
<b>EAC</b> Eligible Assistance Children	<b>HURF</b> Highway User Revenue Fund	<b>NAFTA</b> North American Free Trade Agreement
<b>EDP</b> Electronic Data Processing	<b>IGA</b> Intergovernmental Agreement	<b>NAIC</b> National Association of Insurance Commissioners
<b>EEO</b> Equal Employment Opportunity	<b>IHS</b> Indian Health Service	<b>NAU</b> Northern Arizona University
<b>ELIC</b> Eligible Low-Income Children	<b>IM 240</b> Inspection and Maintenance 240 Second Emission Test	<b>NLCIFT</b> National Law Center for Inter-American Free Trade
<b>EMS</b> Emergency Medical Services	<b>IOCC</b> Inter-State Oil Compact Commission	<b>NRCD</b> Natural Resource Conservation District
<b>EMSCOM</b> Emergency Medical Services Communications	<b>IRM</b> Information Resource Management	<b>OAH</b> Office of Administrative Hearings
<b>EMSOF</b> Emergency Medical Services Operating Fund	<b>IRMG</b> Information Resource Management Group	<b>OGCC</b> Oil and Gas Conservation Commission
<b>EPA</b> Environmental Protection Agency	<b>ISD</b> Information Services Division	<b>OPM</b> Office of Pest Management
<b>EPSDT</b> Early Periodic Screening, Diagnostic, and Testing	<b>ISP</b> Institutional Support Payments	<b>OSHA</b> Occupation Safety and Health
<b>ERE</b> Employee-Related Expenditures	<b>IT</b> Information Technology	<b>OSPB</b> Office of Strategic Planning and Budgeting
<b>FES</b> Federal Emergency Services	<b>ITAC</b> Information Technology Authorization Committee	<b>PAS</b> Prior Authorization Screening
<b>FFP</b> Federal Financial Participation	<b>JCCR</b> Joint Committee on Capital Review	<b>PASARR</b> Pre-admission Screening and Annual Resident Review
<b>FHAMIS</b> Family Health Administration Management Information System	<b>JCEF</b> Judicial Collection Enhancement Fund	<b>PDSD</b> Phoenix Day School for the Deaf
<b>FICA</b> Federal Insurance Contribution Act	<b>JLBC</b> Joint Legislative Budget Committee	<b>PERIS</b> Public Employee Retirement Information System
<b>FMAP</b> Federal Matching Assistance Payments	<b>JOBS</b> Job Opportunity and Basic Skills	<b>POV</b> Privately Owned Vehicle
<b>FMCS</b> Financial Management Control System	<b>LAN</b> Local Area Network	<b>PRWORA</b> Personal Responsibility and Work Opportunity Reconciliation Act of 1986
<b>FPL</b> Federal Poverty Level	<b>LES</b> Licensing and Enforcement Section	<b>PS</b> Personal Services
<b>FTE</b> Full-Time Equivalent	<b>LGIP</b> Local Government Investment Pool	<b>PSPRS</b> Public Safety Personnel Retirement System
<b>GAAP</b> Generally Accepted Accounting Principles	<b>LTC</b> Long Term Care	<b>QMB</b> Qualified Medicare Beneficiary
<b>GADA</b> Greater Arizona Development Authority	<b>MAG</b> Maricopa Association of Governments	<b>RARF</b> Regional Area Road Fund
<b>GAO</b> General Accounting Office	<b>MAO</b> Medical Assistance Only	
<b>GDP</b> Gross Domestic Product	<b>MARS</b> Management and Reporting System	
<b>GIITEM</b> Gang Intelligence and Immigration Team Enforcement Mission	<b>MD</b> Multiply Disabled	

<b>RCF</b> Registrar of Contractors Fund	<b>SLI</b> Special Line Item	<b>UAHSC</b> University of Arizona Health Sciences Center
<b>REDI</b> Rural Economic Development Initiative	<b>SLIAG</b> State Legalization Impact Assistance Grant	<b>USAS</b> Uniform State-wide Accounting System
<b>REM</b> Retain, Eliminate or Modify	<b>SMI</b> Serious Mental Illness or Seriously Mentally Ill	<b>USGS</b> United States Geological Survey
<b>RIF</b> Reduction-in-Force	<b>SOBRA</b> Sixth Omnibus Reconciliation Act	<b>UST</b> Underground Storage Tank
<b>RMIS</b> Risk Management Information System	<b>SPAR</b> Strategic Program Authorization Review	<b>VA</b> Veterans Affairs
<b>RTC</b> Residential Treatment Center or Return to Custody	<b>SPO</b> State Purchasing Office	<b>VEI</b> Vehicle Emission Inspections
<b>RUCO</b> Residential Utility Consumer Office	<b>SPU</b> Special Population Unit	<b>VI</b> Visually Impaired
<b>S.B.</b> Senate Bill	<b>SR&amp;E</b> Securities Regulation and Enforcement	<b>VR</b> Vocational Rehabilitation
<b>SAMHC</b> Southern Arizona Mental Health Center	<b>SSI</b> Supplemental Security Income	<b>VRIRF</b> Victims' Rights Implementation Revolving fund
<b>SAVE</b> Systematic Alien Verification for Entitlements	<b>SSIG</b> State Student Incentive Grant	<b>WAN</b> Wide Area Network
<b>SBAC</b> Small Business Assistance Center	<b>SSRE</b> State Share of Retained Earnings	<b>WATS</b> Wide Area Telephone System
<b>SBCS</b> State Board for Charter Schools	<b>SWCAP</b> State-wide Cost Allocation Plan	<b>WFRJT</b> Work Force Recruitment and Job Training
<b>SBE</b> State Board of Education	<b>T&amp;R</b> Title and Registration	<b>WICHE</b> Western Inter-State Commission on Higher Education
<b>SBIR</b> Small Business Innovative Research	<b>TANF</b> Temporary Assistance for Needy Families	<b>WIFA</b> Water Infrastructure Finance Authority
<b>SBOE</b> State Board of Equalization	<b>TB</b> Tuberculosis	<b>WIPP</b> Work Incentive Pay Plan
<b>SCHIP</b> State Children's Health Insurance Program	<b>TCC</b> Transitional Child Care	<b>WPF</b> Water Protection Fund
<b>SDWA</b> Safe Drinking Water Act	<b>TDD</b> Telecommunication Devices for the Deaf	<b>WQAB</b> Water Quality Appeals Board
<b>SDWRF</b> Safe Drinking Water Revolving Fund	<b>TIFS</b> Tourism Investment Fund Sharing	<b>WQARF</b> Water Quality Assurance Revolving Fund
<b>SES</b> State Emergency Services	<b>TPO</b> Telecommunications Policy Office	
	<b>UA</b> University of Arizona	

# Arizona State Government Organization



\*Elected Officials

### **BUDGET**

The following budget resources are available at [www.ospb.state.az.us](http://www.ospb.state.az.us)

- Governor's Budget Management Plan for Fiscal Years 2009 and 2010
- FY 2010 and FY 2011 Executive Budget - Summary
- FY 2010 and FY 2011 Executive Budget – State Agency Budgets
- FY 2010 and FY 2011 Executive Budget - Appendix
- Statement of Federal Funds for Fiscal Years 2007 through 2009
- Calculation of the Appropriation Limit for Fiscal Years 2007 through 2009

### **STRATEGIC PLANNING**

The following planning resources are available at [www.ospb.state.az.us](http://www.ospb.state.az.us)

- Master List of State Government Programs for Fiscal Years 2007 through 2009
- 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)

# Acknowledgement

Governor Napolitano gratefully acknowledges  
the skilled and dedicated efforts of the staff of the  
Governor's Office of Strategic Planning and Budgeting

\*\*\*\*\*

<i>Director</i>	James J. Apperson
<i>Assistant Directors</i>	Marcel Benberou Bret Cloninger Bill Greeney
<i>Chief Economist</i>	Norm Selover
<i>Team Leader</i>	Stacey Morley
<i>Budget Analysts</i>	Matt Gottheiner Chris Hall Melissa Harto Patrick Makin Brandon Nee Kris Okazaki Illya Riske Thomas Soteros-McNamara Jennifer Uharriet
<i>Economist</i>	Duong Nguyen
<i>Senior Systems Analyst</i>	Richard Sietz
<i>Systems Analyst</i>	Joy Su
<i>Office Manager</i>	Pamela Ray

## IN MEMORY OF JON K. HOBERG



The Governor's Office of Strategic Planning and Budgeting dedicates this budget book to the memory of Jon Hoberg.

Jon joined the OSPB staff in 1997. During his years as a systems analyst he served with a passion to automate State Government's budget and planning functions, and much of his work was focused on improving data collection processes for OSPB and all State agencies. Jon was instrumental in the evolution of the budget development tool known as BUDDIES, as well as the AZIPS strategic planning tool.

Jon will be remembered as an inspirational and tireless man who spent long hours finding the right solution to data management issues. Jon brought a wonderful sense of humor and intellectual curiosity that endeared him to his colleagues.

Jon's contributions and strength of character enriched many lives. He will be greatly missed.