

STATE AGENCY BUDGETS

The Executive Budget

FISCAL YEAR 2013

Janice K. Brewer

GOVERNOR



JANUARY 2012

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.

TABLE OF CONTENTS

Budget in a Flash

Assumptions & Methodology	1
---------------------------------	---

AGENCY OPERATING BUDGET DETAIL

Accountancy Board, State Board of	5
Acupuncture Board of Examiners	6
Administration, Arizona Department of	7
Administrative Hearings, Office of	11
Agriculture, Arizona Department of	13
Arizona Health Care Cost Containment System	16
Appraisal, State Board of	22
Arts, Commission on the	23
Athletic Trainers, Board of	25
Attorney General - Department of Law	26
Automobile Theft Authority	29
Barbers Examiners, Board of	31
Behavioral Health Examiners, Board of	32
Capital Post-Conviction Public Defender Office	34
Charter Schools, State Board for	35
Chiropractic Examiners, State Board of	37
Citizens Clean Elections Commission	38
Commerce Authority	39
Commerce, Department of	40
Community Colleges, Arizona	42
Constable Ethics Standards and Training Board	43
Contractors, Registrar of	44
Corporation Commission	46
Corrections, Department of	49
Cosmetology, Board of	53
Criminal Justice Commission, Arizona	55
Deaf and Blind, State Schools for the	57
Deaf and Hard of Hearing, Commission for the	59
Dental Examiners, State Board of	61
Early Childhood Development and Health Board	62
Economic Security, Department of	63
Education, Department of	69
Emergency and Military Affairs, Department of	73
Environmental Quality, Department of	75
Equal Opportunity, Governor's Office for	78
Equalization, State Board of	80
Executive Clemency, Board of	81
Exposition and State Fair, Arizona	83
Financial Institutions, State Department of	84
Fingerprinting, Board of	86
Fire, Building and Life Safety, Department of	87
Forester, Arizona State	89
Funeral Directors and Embalmers, State Board of	91
Game and Fish Department	92

Gaming, Department of	94
Geological Survey, Arizona	96
Government Information Technology Agency	98
Governor's Office	99
Governor's Office of Strategic Planning and Budgeting	100
Health Services, Department of	101
Highway Safety, Governor's Office of	105
Historical Society, Arizona	106
Historical Society, Prescott	108
Homeland Security	110
Homeopathic Medical Examiners, Board of	111
Housing, Arizona Department of	113
Independent Redistricting Commission	115
Indian Affairs, Arizona Commission of	116
Industrial Commission of Arizona	118
Insurance, Department of	120
Judiciary	122
Juvenile Corrections, Department of	124
Land, State Department	126
Law Enforcement Merit System Council	128
Legislature	
Auditor General	129
House of Representatives	131
Joint Legislative Budget Committee	132
Legislative Council	133
Senate	134
Liquor Licenses and Control, Department of	135
Lottery Commission, Arizona State	137
Medical Board, Arizona	139
Medical Student Loans, Board of	141
Mine Inspector, State	143
Mines and Mineral Resources, Department of	145
Naturopathic Physicians Board of Medical Examiners	146
Navigable Stream Adjudication Commission	148
Nursing, State Board of	150
Nursing Care Institution Administration Examiners	152
Occupational Therapy Examiners, Board of	154
Opticians, State Board of Dispensing	155
Optometry, State Board of	157
OSHA Review Board	158
Osteopathic Examiners, Board of	159
Parents Commission on Drug Education & Prevention	160
Parks Board, State	161
Personnel Board	163
Pest Management, Office of	165
Pharmacy, Arizona State Board of	167
Physical Therapy Examiners, Board of	169

Pioneers' Home, Arizona	170
Podiatry Examiners, State Board of	172
Postsecondary Education, Commission for.....	173
Power Authority	176
Private Postsecondary Education, State Board for	177
Psychologist Examiners, State Board of	179
Public Safety, Department of.....	180
Racing, Arizona Department of	184
Radiation Regulatory Agency	186
Rangers' Pension, Arizona.....	188
Real Estate, Department of	189
Residential Utility Consumer Office.....	191
Respiratory Care Examiners, Board of.....	192
Retirement System, Arizona State	194
Revenue, Department of	196
School Facilities Board.....	199
Secretary of State - Department of State.....	202
State Boards Office.....	205
Tax Appeals, State Board of.....	206
Technical Registration, State Board of	207
Tourism, Office of	209
Transportation, Department of	211
Treasurer, State.....	214
Universities	
Regents, Board of.....	216
Arizona State University – Tempe.....	218
Arizona State University – Polytechnic	220
Arizona State University – West.....	222
Northern Arizona University.....	224
University of Arizona – Main Campus.....	226
University of Arizona – Health Sciences Center.....	228
Veterans' Services, Department of.....	230
Veterinary Medical Examining, State Board of	232
Water Resources, Department of	234
Weights and Measures, Department of	236
Continuing 2013 Fund Transfers	238
Legislative Changes	245
Glossary	
Budget Terms	251
Acronyms.....	256
Government Organization Chart	259
Resources	260
Acknowledgement	

BUDGET IN A FLASH

EXECUTIVE RECOMMENDATION SUMMARY

Major Highlights of FY 2013

\$526.9 million for AHCCCS Baseline Caseload and Inflation	\$25.8 million for DES TANF Backfill
\$200.0 million for Education Soft Capital	\$20.5 million for Retirement Adjustments
\$95.0 Million for DOA AFIS Replacement and IT modernization	\$17.0 million for DES Adoption Services
\$64.1 million for DHS Title XIX State Match	\$11.4 million for Land Risk Revolving to General Fund
\$53.7 million for Employee Pay Increase	\$10.0 million for SMART Scholarships for Community Colleges
\$50.0 million for Education Move on When Reading	\$9.3 million for DOC Correctional Officers
\$40.0 million for Education Preventative Maintenance	(\$3.8) million for DJC Catalina Mountain School Closure
\$38.7 million for DHS Non-Title XIX SMI Services	(\$7.4) million for Community Colleges Equalization State Aid
\$35.0 million for Education Jobs Backfill	(\$9.1) million for Education Career Ladder Phase Down
\$31.5 million for Commerce Authority Economic Development	(\$37.0) million for Education Homeowner's Rebate Reforms
\$30.0 million for University Performance Funding	(\$70.6) million for Education Basic State Aid
\$27.8 million for AHCCCS Provider Rate Increase	(\$525.1) million for Medicaid Reform Plan

Operating Budgets (in millions)

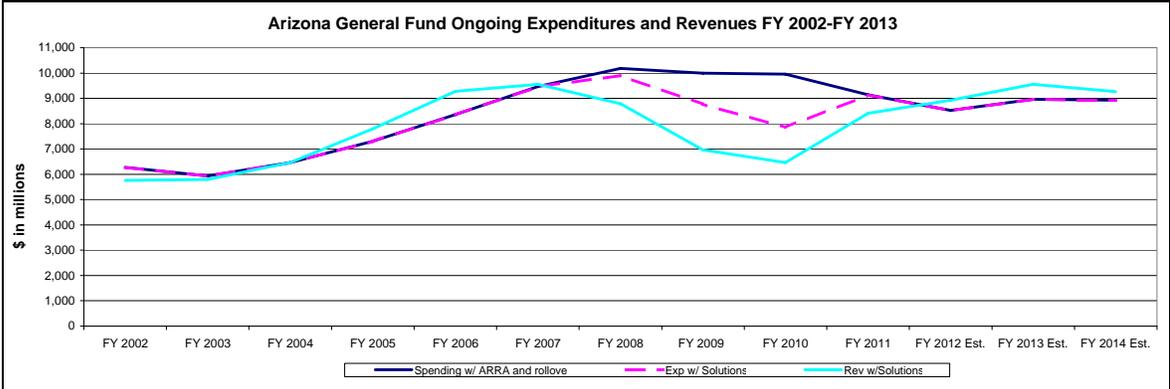
Sources and Uses FY 12 - FY 13

(\$ in millions) Agency:	FY 12	Change	FY 13	(\$ in millions)	FY 12	FY 12	FY 13
	Approp	from FY 12	Recomm.		Approp	Recomm.	Recomm.
Dept. of Economic Security	602.6	61.3	663.9	Balance Forward	(332.3)	3.2	392.0
AHCCCS	1,363.7	32.6	1,396.3	Revenue Estimate	7,375.2	7,633.7	8,018.1
Dept. of Education	3,436.5	214.0	3,650.5	DPS and MVD HURF Shift Savings	62.2	62.2	62.2
School Facilities Board	164.1	8.5	172.6	Agency Fund Transfers	256.1	242.0	124.4
Dept. of Health Services	494.3	111.5	605.8	County Transfers	38.6	38.6	0.0
Dept. of Corrections	948.2	32.7	980.9	Tax Recovery Change	22.0	12.9	0.0
Dept. of Revenue	44.1	9.5	53.6	Temporary One Cent Sales Tax	901.0	911.8	974.3
Forester	6.1	1.0	7.1	Other Adjustments	8.6	8.6	(19.7)
Arizona Pioneers' Home	1.6	(0.7)	0.9	TOTAL SOURCES OF FUNDS	8,331.4	8,913.0	9,551.3
Community Colleges	71.1	(5.3)	65.8	Operating Budgets	8,239.6	8,285.1	8,877.7
University System	682.5	24.3	706.8	27th Payroll	79.0	79.0	0.0
Dept. of Agriculture	7.9	0.3	8.2	Health Insurance Enhancements	(12.0)	(0.2)	0.0
Dept. of Racing	2.8	(1.1)	1.7	Lease Purchase Debt Service	49.1	49.1	84.1
Veterans Services	7.1	(1.8)	5.3	Continuing Approps Expenditures	0.0	40.8	0.0
Historical Society	4.2	(1.0)	3.2	Reversions of Continuing Approps	0.0	0.0	0.0
Department of Public Safety	46.5	17.1	63.6	Other Adjustments	(0.2)	(0.2)	0.0
Secretary of State	13.3	2.2	15.5	Capital	0.0	0.0	50.0
Dept. of Environmental Quality	7.0	0.0	7.0	Administrative Adjustments	73.4	69.1	66.9
Dept. of Water Resources	5.7	2.2	7.9	Reversions	(111.3)	(107.7)	(115.4)
Department of Administration	14.9	91.8	106.7	State Debt Reduction	0.0	106.0	0.0
Dept. of Land	1.2	12.7	13.9	USES OF FUNDS	8,317.6	8,521.0	8,963.3
Attorney General	16.9	8.6	25.5	ENDING BALANCE	13.8	392.0	588.0
Department of Juvenile Corrections	46.7	(2.3)	44.4				
All Others	250.6	20.0	270.6				
Total	8,239.6	638.1	8,877.7				

FY 2012 Supplemental Recommendations

(\$ in thousands)	
AHCCCS-Baseline Caseload and Inflation	485,394.6
SFB-Three-Year Building Renewal Grant Program	100,000.0
DHS-Reallocation from AHCCCS	27,851.3
DHS-Reallocation from DES	13,700.0
DOA-AFIS Replacement	10,000.0
DHS-Arizona State Hospital Fund	2,500.0
AHCCCS-AG Tobacco Litigation	1,364.3
DPS-Adjustment for ERE	777.8
Historical Society-Papago Park Rent Payment	193.7
Fire, Building and Life Safety-Health Insurance Adj	140.9
Corporation Commission-Health Insurance Allocati	75.2
DJC-Catalina Mountain School Closure	(1,600.0)
DES-Reallocation to DHS	(13,700.0)
AHCCCS-Reallocation to DHS	(27,851.3)
Education-Baseline Adjustment	(67,852.8)
AHCCCS-Medicaid Reform Plan	(485,394.6)
Total General Fund Supplementals	45,599.1

Arizona General Fund Ongoing Revenue and Expenditures FY 2002 to FY 2014



MAJOR CHANGES IN FY 2013 GENERAL FUND BUDGETS (Increases to FY 2012)

Major Highlights of FY 2013

Department of Education		Department of Economic Security	
	FY 2013		FY 2013
Soft Capital	200.0	TANF Backfill	25.8
Move on When Reading	50.0	Adoption Services	17.0
Preventative Maintenance	40.0	State Employee Pay Adjustment	7.2
Education Jobs Backfill	35.0	Child Support - Loss of SSRE	4.5
Adult Education Services	4.6	Child Protective Services Improvements	3.7
Career Ladders Phase Down	(9.1)	TXIX Developmental Disabilities	2.8
Homeowner's Rebates Reform	(37.0)	Permanent Guardianship	2.4
Basic State Aid	(70.6)	Health Insurance Rate Reduction	(2.6)
Other Adjustments	1.1	Other Adjustments	0.5
TOTAL	214.0	TOTAL	61.3
Department of Public Safety		AHCCCS	
	FY 2013		FY 2013
Adjustment for ERE	9.2	Baseline Caseload and Inflation	526.9
State Employee Pay Adjustment	6.0	Provider Rate Increase	27.8
Replacement Highway Patrol Vehicles	2.8	AG Tobacco Litigation	1.2
Other Adjustments	(0.9)	IT Network Security Solution	0.9
TOTAL	17.1	Medicaid Reform Plan	(525.1)
		Other Adjustments	0.9
		TOTAL	32.6
School Facilities Board		Department of Health Services	
	FY 2013		FY 2013
New Construction Lease-to-Own Debt Service	9.3	BHS State Match TXIX	64.1
Three-Year Building Renewal Grant Program	1.8	Non-TXIX SMI Services	38.7
Eliminate One-Time Building Renewal Grant Funding	(2.7)	Arizona State Hospital Fund	7.0
Other Adjustments	0.1	State Employee Pay Adjustment	2.3
TOTAL	8.5	Other Adjustments	(0.6)
		TOTAL	111.5
Department of Corrections		Department of Administration	
	FY 2013		FY 2013
State Employee Pay Adjustment	26.3	AFIS Replacement & IT Modernization	95.0
Correctional Officers	9.3	State Employee Pay Adjustment	0.3
Leap Year	(0.8)	Statewide Transparency Website	0.1
Other Adjustments	(2.1)	ENSCO	(1.4)
TOTAL	32.7	Rent Standard Adjustment	(2.1)
		Other Adjustments	(0.1)
		TOTAL	91.8
Department of Juvenile Corrections		Postsecondary Education	
	FY 2013		FY 2013
State Employee Pay Adjustment	1.6	SMART Scholarships for Community College Students	10.0
Catalina Mountain School Closure	(3.8)	TOTAL	10.0
Other Adjustments	(0.1)		
TOTAL	(2.3)		
Department of Racing		Board of Regents	
	FY 2013		FY 2013
Self Funding	(1.1)	University Performance Funding	30.0
TOTAL	(1.1)	Course Redesign Technology and Capital	15.3
		TOTAL	45.3
Community Colleges		Water Resources	
	FY 2013		FY 2013
Operating State Aid Formula Funding	2.1	White Mountain Apache Water Rights Settlement	2.0
Equalization State Aid Formula Funding	(7.4)	Other Adjustments	0.2
TOTAL	(5.3)	TOTAL	2.2
Department of Revenue		Real Estate	
	FY 2013		FY 2013
Refurbish Integrated Tax System	7.1	Auditing and Investigations Staff	0.2
State Employee Pay Adjustment	1.6	Other Adjustments	0.2
Other Adjustments	0.8	TOTAL	0.4
TOTAL	9.5		
Attorney General		Land Department	
	FY 2013		FY 2013
AG Pro-Rata Elimination	6.0	Funding: Risk Revolving to General Fund	11.4
Rent Standard Adjustment	1.0	Rent Standard Adjustment	0.9
Expiring Cross-Border Grant Backfill	0.7	Other Adjustments	0.4
Other Adjustments	0.9	TOTAL	12.7
TOTAL	8.6		
Secretary of State		Weights and Measures	
	FY 2013		FY 2013
Rent Standard Adjustment	1.9	Large Scale Test Truck with Crane	0.3
Persistent Digital Archives and Library Systems	0.2	Other Adjustments	0.0
Chavez Litigation Costs	(0.1)	TOTAL	0.3
Other Adjustments	0.2		
TOTAL	2.2		



Building a Budget

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

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

- Department of Education
- Board of Regents
- Arizona State University
- University of Arizona
- Northern Arizona University
- School Facilities Board
- Department of Economic Security
- Department of Corrections
- Department of Juvenile Corrections
- Arizona Health Care Cost Containment System (AHCCCS)
- Department of Health Services
- Department of Administration
- Department of Transportation
- The Judiciary (Supreme Court, Court of Appeals, Superior Courts)

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

However, the appropriations enacted during the 2011 Legislative session provided expenditure authority for only FY 2012, but not for FY 2013. The Executive has instructed all State agencies to provide formal requests for FY 2013 funding and has developed the Executive Budget recommendation for FY 2013 for all agencies.

BUDGET PROCESS

THE BUDGET PROCESS BEGINS on or before June 1, when the Governor's Office of Strategic Planning & Budgeting (OSP) issues instructions and forms required for agencies to submit their budget requests. Agency requests must be submitted to OSPB by September 1 unless an extension of up to 30 days is granted by the OSPB Director. Copies of the

agencies' budget requests are also provided to the Joint Legislative Budget Committee (JLBC) Staff.

Annually, from September 1 to no later than five days from the opening of the Legislative session, the Executive reviews budget submissions and prepares the Executive Budget. The Budget contains operating and capital outlay expenditure plans, estimated revenues, and any Legislative changes necessary for implementation.

Legislative review and deliberation of the Executive recommendation and other budget options typically begin shortly after the regular session convenes. Public hearings may be held by the Senate and House Appropriation Committees. The Committees may recommend adoption of the Executive budget, or they may elect to recommend a budget containing other elements. Committee recommendations may subsequently become part of floor discussions in both chambers. Legislative leadership must assemble a budget package acceptable to a majority of members in each chamber.

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

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

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

Budgetary control is maintained by appropriation and the Executive Branch allotment process. The allotment process allocates appropriations across the four quarters of the fiscal year.

Unless specifically enacted, operating appropriations lapse at the end of the fiscal year and the cash reverts to its fund source. Capital outlay appropriations continue until the project is completed or abandoned.

BUDGET REQUEST GUIDELINES

STATE AGENCIES WERE NOT RESTRICTED in what could be requested. 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 is receives a separate review by the Strategic Enterprise Technology Office at the Department of Administration.

BUDGET BOUNDARIES

THE STARTING POINT in building the budget, the base appropriation, is the amount appropriated to an agency for FY 2012.

RECOMMENDED CHANGES

THE EXECUTIVE IS RECOMMENDING three basic types of changes to agency appropriations:

- Standard adjustments are technical changes to fundamental operating costs, such as annual changes for rent, retirement contributions, health and dental insurance premiums, or liability insurance.
- Caseload increases or decreases generally require funding changes, assuming the agency's mandates for services are unchanged.
- Other recommendations provide for caseload increases or decreases, changes in legal mandates, and needed funding for the continued operation of State services through maintenance or upkeep of infrastructure or for better or more efficient provision of services.

FY 2013, the Executive Budget separates issues into standard adjustments and all other expenditure changes

ADMINISTRATIVE COSTS

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

BUDGET FORMAT

THE EXECUTIVE BUDGET CONTAINS agency mission statements, descriptions and budget performance measures.

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

for the previous fiscal year and for the budget-recommendation years.

OSPB has selected a series of performance measures that will most accurately communicate what the agency is doing and how well the agency is doing it. The hope is that this will offer decision makers and citizens a better understanding of agencies and their operations with a 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* annually, available at www.azospb.gov/publications. This reference document contains a comprehensive list of descriptions and performance measures for every program and subprogram within State agencies.

STANDARD ADJUSTMENTS

THE FY 2012 EXECUTIVE BUDGET RECOMMENDATION contains a series of technical adjustments, including:

- Employee-Related Expenditures for employee and personal services changes,
- Risk Management, and
- State-owned, private, COP and PLTO rent charges.

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

ERE. Two separate rates are used in calculating Employee-Related Expenditures (ERE) funding requirements for changes to the number of employees or personal services:

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

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

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

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

Workers' Compensation. The Department of Administration's Risk Management Division develops rates every two

years based on data provided by the National Council on Compensation Insurance, agency loss histories, and program budget needs. The Executive Recommendation includes adjustments for the new rates effective in July 2012.

Unemployment Insurance. The rate of 0.4% of Personal Services is used for FY 2013. Any additional funding issues include this cost.

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

Attorney General Pro Rata. Currently, this charge equals 0.675% of personal services and is assessed on all agencies except those specifically exempted by A.R.S. § 41-191.09(D). The pro rata is designated to reimburse the Department of Law for general counsel services. The Federal government has recently disallowed this practice for Federal funds. For FY 2013, the Executive Budget eliminates the Attorney General Pro Rata.

Information Technology 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 Strategic Enterprise Technology Office at the Department of Administration.

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

Retirement. The following rates were used for FY 2013:

Retirement Group.....	Rate
State Retirement.....	10.48
Correctional Service Officers.....	11.14
NAU Police.....	36.81
UA Police.....	25.24
ASU Police.....	24.42
Parks.....	25.16
Game and Fish.....	50.54
DEMA Fire Fighters.....	20.54
Attorney General Investigators.....	136.04
Liquor Commission Investigators.....	46.99
Juvenile Corrections.....	12.30
Public Safety.....	43.71
Capitol Police.....	12.93
University Optional Retirement.....	7.00
Elected Officials Retirement Plan (State).....	36.44

Retirement rate change funding is included in the recommendation for each agency.

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

Health and Dental Insurance. The Executive includes a 13.2% rate reduction for State agencies for the plan year beginning January 1, 2013. No rates changes are anticipated for dental insurance.

Retirement Accumulated Sick Leave Fund. Funding from a 0.4% pro rata assessment against personal services is used to compensate retiring employees for a portion of unused sick leave.

Risk Management. As reported by the Department of Administration, risk management charges for FY 2013 will be the same as FY 2012.

Rent. Rent adjustments for agencies occupying ADOA space are based on a rate of \$15.08 per rentable square foot of office space and \$4.50 per rentable square foot of storage space. Changes for all rent changes are included with the Executive recommendations for each agency.

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

All rent amounts for agencies occupying private space are based on rent charges reported by the agencies.

OTHER RECOMMENDATIONS

- **Judiciary and Legislature.** Except for standard adjustments, the Executive Budget continues Judicial and Legislative agencies at the FY 2012 amounts.
- **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 the Executive Budget Summary book.
- **Actual Expenditures for FY 2011.** The Executive Budget, by law, contains a reporting of the amounts actually expended from the immediately preceding fiscal year's appropriations, by accounting object. The actual expenditures reported are provided by each agency and are reconciled by OSPB to the State Comptroller's Annual Financial Report, by accounting object.

State Board of Accountancy

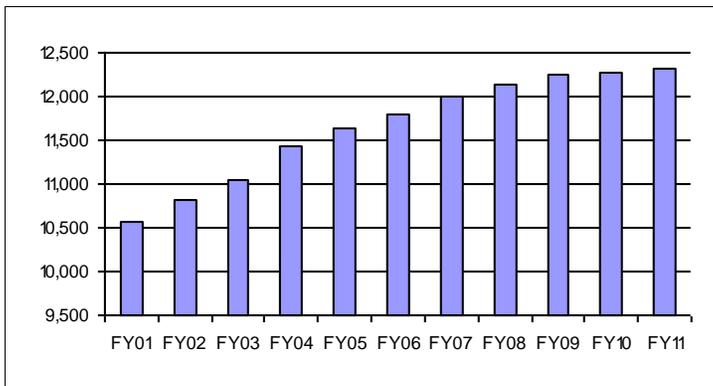
Mission:

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

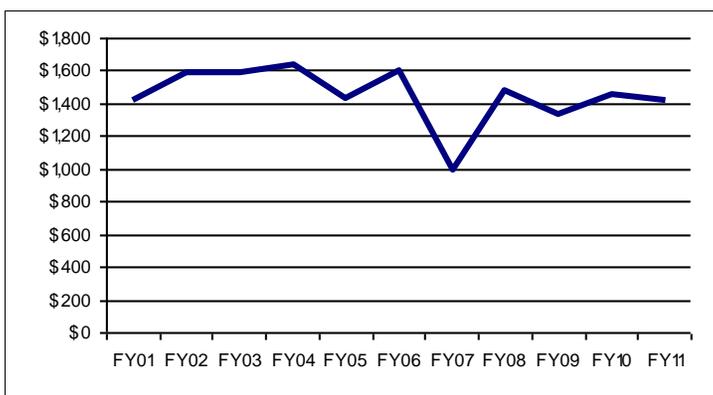
Description:

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

Number of Certified Public Accountants (Calendar Year)



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Certification, Registration, and Regulation	1,434.8	1,887.8	1,887.8	1,924.4
Agency - Approp. Funds	1,434.8	1,887.8	1,887.8	1,924.4
<i>Category</i>				
FTE	13.0	13.0	13.0	13.0
Personal Services	570.8	704.4	704.4	739.6

ERE Amount	273.1	327.3	327.3	326.1
Prof. And Outside Services	362.8	425.1	425.1	425.1
Travel - In State	3.9	6.7	6.7	6.7
Travel - Out of State	3.5	10.1	10.1	10.1
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	182.9	391.0	391.0	393.6
Equipment	31.1	13.2	13.2	13.2
Transfers Out	6.7	10.0	10.0	10.0
Agency - Approp. Funds	1,434.8	1,887.8	1,887.8	1,924.4

Appropriated Fund

Accountancy Board	1,434.8	1,887.8	1,887.8	1,924.4
Agency - Approp. Funds	1,434.8	1,887.8	1,887.8	1,924.4

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 2.7

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Accountancy Board Fund 2.7

Rent Standard Adjustment 2.6

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

Accountancy Board Fund 2.6

Health Insurance Rate Reduction (11.3)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Accountancy Board Fund (11.3)

Other Adjustments

State Employee Pay Adjustment 42.6

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Accountancy Board Fund 42.6

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Percent of applicants reporting very good or excellent service	92	87	90	90
Number of compliance files established	126	142	126	126
Number of exam candidates approved by Board to sit for the Uniform CPA exam	618	496	610	610
Number of certificates issued	439	375	409	409
Number of firms registered	129	118	120	120

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

Acupuncture Board of Examiners

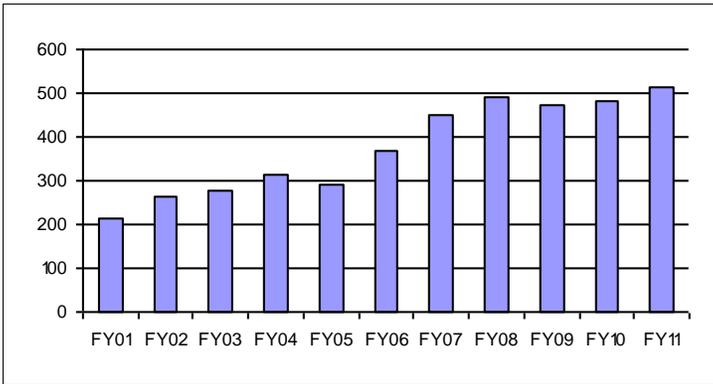
Mission:

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

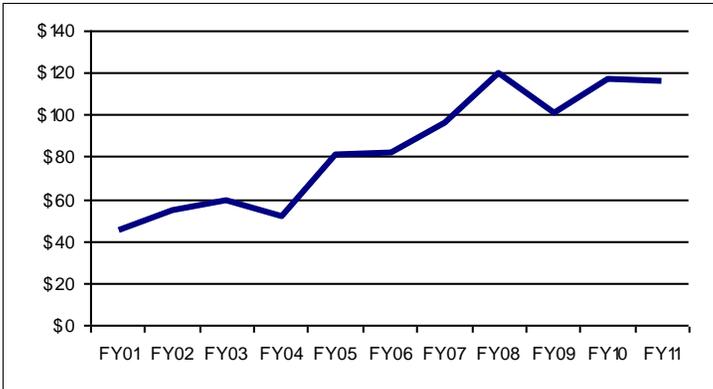
Description:

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

Number of Renewals Issued



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	116.4	125.3	125.3	131.3
Agency - Approp. Funds	116.4	125.3	125.3	131.3

Category

FTE	1.0	1.0	1.0	1.0
Personal Services	72.1	75.3	75.3	79.1
ERE Amount	13.6	16.0	16.0	17.1
Prof. And Outside Services	19.5	20.5	20.5	20.5
Travel - In State	0.5	1.2	1.2	1.2

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	10.7	11.3	11.3	12.4
Equipment	0.0	0.0	0.0	0.0
Agency - Approp. Funds	116.4	125.3	125.3	131.3

Appropriated Fund

Acupuncture Board of Examiners	116.4	125.3	125.3	131.3
Agency - Approp. Funds	116.4	125.3	125.3	131.3

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 0.3

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Acupuncture Board of Examiners Fund 0.3

Rent Standard Adjustment 1.1

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

Acupuncture Board of Examiners Fund 1.1

Other Adjustments

State Employee Pay Adjustment 4.6

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Acupuncture Board of Examiners Fund 4.6

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Number of renewals issued	483	512	525	550
Number of investigations conducted	1	0	8	8
Total number of licensees	488	511	525	550
Total number of auricular acupuncture certificate holders	63	53	65	65
Number of applications received	63	64	75	75

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

Arizona Department of Administration

Mission:

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

Description:

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

Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Administration	543.4	1,660.0	1,660.0	1,696.0
Financial Services	7,964.0	7,369.0	17,369.0	101,181.0
State Procurement Office	2,318.0	1,699.0	1,699.0	1,758.1
Benefits Division	3,840.4	5,020.7	5,020.7	5,116.2
Human Resources	14,463.2	15,278.9	15,278.9	14,921.4
Arizona Strategic Enterprise Technology Office	19,420.5	24,210.0	24,210.0	36,190.6
Capitol Police	2,175.4	0.0	0.0	0.0
Risk Management	71,138.3	90,321.8	100,721.8	92,054.0
General Services Division	31,761.4	35,193.7	35,193.7	33,168.7
Agency - Approp. Funds	153,624.7	180,753.1	201,153.1	286,085.9

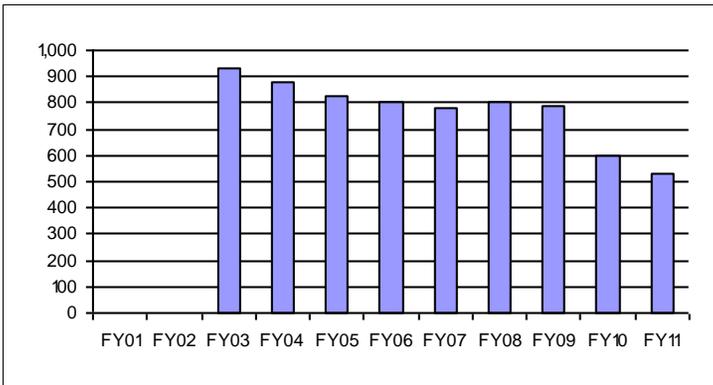
Category	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
FTE	724.7	689.7	689.7	689.7
Personal Services	23,976.7	29,646.2	29,646.2	31,128.5
ERE Amount	10,424.1	11,406.5	11,406.5	11,512.6
Prof. And Outside Services	24,321.0	27,581.9	27,581.9	30,996.9
Travel - In State	341.8	300.5	300.5	300.5
Travel - Out of State	16.1	38.9	38.9	38.9
Aid to Others	1,213.2	1,213.2	1,213.2	1,213.2
Other Operating Expenses	87,224.5	95,284.6	95,284.6	93,414.2
Equipment	4,582.3	3,680.2	3,680.2	11,080.2
Cost Allocation	1,441.0	1,532.7	1,532.7	1,532.7
Transfers Out	83.9	10,068.4	30,468.4	104,868.3
Agency - Approp. Funds	153,624.7	180,753.1	201,153.1	286,085.9

Appropriated Fund	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
General Fund	17,449.8	14,858.6	24,858.6	106,675.7
Personnel Division Fund	13,865.0	14,564.8	14,564.8	14,207.3
Capital Outlay Stabilization	15,843.7	17,903.8	17,903.8	17,872.1
Corrections Fund	442.2	552.5	552.5	569.4
Information Technology Fund	0.0	3,120.5	3,120.5	4,714.6
Air Quality Fund	598.2	714.1	714.1	714.1
State Web Portal Fund	0.0	250.0	250.0	5,850.0
Special Employee Health	3,897.4	5,108.3	5,108.3	5,206.8
Motor Pool Revolving	8,639.8	10,038.9	10,038.9	10,077.9
Admin - Special Services	0.0	0.0	0.0	0.0
State Surplus Property	2,070.2	2,378.8	2,378.8	2,423.8
Federal Surplus Materials Property	96.4	451.4	451.4	452.6
Risk Management Fund	71,682.8	90,321.8	100,721.8	92,054.0
Automation Operations Fund	17,414.7	18,672.4	18,672.4	23,351.4
Telecommunications Fund	1,624.4	1,817.2	1,817.2	1,916.2
Agency - Approp. Funds	153,624.7	180,753.1	201,153.1	286,085.9

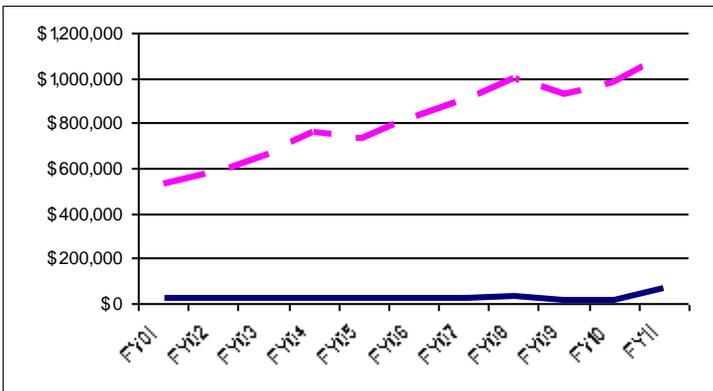
The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI ENSCO COP	2,862.8	1,436.4	1,436.4	0.0
SLI County Attorney Immigration Enforcement	1,213.2	1,213.2	1,213.2	1,213.2
SLI Appropriations for Named Claimants	72.6	0.0	0.0	0.0
SLI HRIS COP	4,749.7	5,550.6	5,550.6	4,954.8
SLI Statewide Telecommunications Contract	381.4	0.0	0.0	0.0

Filled Employee Positions



General Fund and Total Funds Expenditure



SLI Public Safety Communications	0.0	527.2	527.2	542.4
SLI Statewide Information Security and Privacy Office	0.0	853.1	853.1	868.0
SLI Risk Management Administrative Expenses	6,772.3	8,746.1	8,746.1	8,746.1
SLI Risk Management Losses	34,192.8	43,480.2	43,480.2	44,691.2
SLI Workers Compensation Losses	23,796.1	30,620.2	30,620.2	30,955.2
SLI Utilities	7,326.2	7,975.6	7,975.6	8,156.5
SLI State Surplus Property Sales Proceeds	1,152.9	1,260.0	1,260.0	1,260.0

FY 2013

Non-Appropriated Funds

	<i>FY 2011 Actual</i>	<i>FY 2012 Expend. Plan</i>	<i>FY 2012 Exec. Rec.</i>	<i>FY 2013 Exec. Rec.</i>
2010A Lottery Revenue Bond Debt Service	21,630.0	20,709.6	20,709.6	37,499.6
Admin - AFIS II Collections	1,282.3	2,343.6	2,306.6	1,307.2
Admin - Special Services Fund	794.8	737.8	749.0	746.6
ADOA Special Events Fund	2.7	32.9	20.4	22.3
Capitol Police Towing Fund	86.4	0.0	0.0	0.0
Certificate of Participation	132,802.5	93,007.9	93,007.9	114,422.4
Construction Insurance Fund	872.7	2,326.1	2,326.1	2,233.0
Co-op St Purchasing	2,686.3	2,776.6	2,672.5	2,684.7
DOA 911 Emergency Telecommunication Service Revolving	17,137.5	18,834.8	16,963.4	15,675.9
ERE / Benefits Administration	34,479.9	29,793.5	33,113.2	31,902.5
Federal Economic Recovery Fund	4,266.0	11,967.3	8,605.7	7,691.2
Federal Grant	226.5	2,463.9	1,946.3	2,130.8
IGA and ISA Fund	4,693.7	4,057.5	3,584.0	3,433.8
Payroll Administration Fund	16.6	138.2	129.9	143.1
PLTO	12,208.8	12,288.9	12,383.1	12,611.5
Retiree Accumulated Sick Leave	14,615.3	11,965.1	13,428.5	13,054.1
Special Employee Health	656,284.8	656,247.9	644,066.7	712,981.8
State Employee Ride Share	393.3	627.8	612.8	633.8
State Traffic and Parking Control Fund	0.5	0.0	0.0	0.0
Statewide Donations	47.6	112.2	112.2	64.3
Statewide E-Rate Program Fund	0.0	187.0	0.0	7.0
Agency - Nonapp. Funds	904,528.3	870,618.6	856,737.9	959,245.7

Agency Total - All Funds 1,058,153.0 1,051,371.7 1,057,891.0 1,245,331.7

Federal Funds Expenditures - as reported by Agency

	<i>FY 2011 Actual</i>	<i>FY 2012 Exp. Plan</i>	<i>FY 2013 Exp. Plan</i>
Agency Total	4,617.6	14,573.0	5,541.4

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

Executive Appropriation Recommendations

Standard Adjustments

Retirement Standard Adjustment 112.7

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund	19.0
Personnel Division Fund	15.6
Capital Outlay Stabilization Fund	12.4
Corrections Fund	1.0
Information Technology Fund	6.5
Special Employee Health Fund	7.8
Motor Pool Revolving Fund	1.8
State Surplus Property Fund	1.3
Admin - Surplus Property/Federal Fund	0.2
Risk Management Fund	14.5
Automation Operations Fund	30.3
Telecommunications Fund	2.4

Rent Standard Adjustment (1,836.8)

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

General Fund	(2,073.2)
Personnel Division Fund	49.7
Capital Outlay Stabilization Fund	(44.2)
Corrections Fund	3.0
Information Technology Fund	4.7
Special Employee Health Fund	6.5
Motor Pool Revolving Fund	20.1
State Surplus Property Fund	32.3
Risk Management Fund	8.8
Automation Operations Fund	86.4
Telecommunications Fund	69.1

Health Insurance Rate Reduction (318.3)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund	(60.4)
Personnel Division Fund	(46.9)
Capital Outlay Stabilization Fund	(42.2)
Corrections Fund	(1.9)
Information Technology Fund	(9.1)
Special Employee Health Fund	(25.7)
Motor Pool Revolving Fund	(8.0)
State Surplus Property Fund	(7.4)
Admin - Surplus Property/Federal Fund	(1.9)
Risk Management Fund	(41.9)

Automation Operations Fund	(66.0)
Telecommunications Fund	(6.9)

Baseline Adjustments

One-Time COSF Appropriation (613.3)

Laws 2011, Chapter 34 transferred to the Capital Outlay Stabilization Fund \$613,300 from various appropriations made for the Polly Rosenbaum Archives Building. This was a one-time appropriation to the Department and will not be continued in FY 2013.

Capital Outlay Stabilization Fund	(613.3)
-----------------------------------	---------

Insurance Claim-Related Expenditures 1,546.0

The Executive recommends increases of \$1.2 million to the Risk Management Losses and Premiums special line item and \$335,000 to the Workers' Compensation Losses and Premiums special line item for projected increases in claims-related expenditures.

Risk Management Fund	1,546.0
----------------------	---------

HRIS COP Decrease (595.8)

The Executive recommends a decrease of (\$595,800) from the Human Resources Information Solution – Certificate of Participation special line item to coincide with the decrease in the required COP payment in FY 2013.

Personnel Division Fund	(595.8)
-------------------------	---------

ENSCO (1,436.4)

In 1991, State Government withdrew from a hazardous waste processing contract with Environmental Systems Company (ENSCO). To purchase the ENSCO site and settle related claims, the Florence prison was sold for \$54.5 million and leased back to the State through a Certificate of Participation. The final COP payment was made in FY 2012, and the Executive recommends eliminating this special line item in FY 2013.

General Fund	(1,436.4)
--------------	-----------

Other Adjustments

AFIS Replacement & IT Modernization 106,300.0

The Arizona Financial Information System (AFIS), the computer system upon which virtually all of State Government depends, is at end-of-life. Replacing it is critical both to protecting the State against the serious risk of system failure and to modernizing government to serve the citizens of Arizona with greater accountability, transparency and efficiency.

Because AFIS is obsolete, few programmers are familiar with the language in which it is programmed, and the State has only one experienced programmer to address system issues that are arising more and more frequently. Also because of its age, AFIS is unable to provide certain reports and interfaces that would prove valuable in properly managing State agencies.

Additional investments are needed to maintain the State Data Center and better manage the State's critical IT resources. To fund these projects, the Executive recommends increased appropriations for each of the Agency's IT funds as well as a \$95.0 million General Fund appropriation to be deposited into a new Information Technology Modernization Fund.

General Fund	95,000.0
Information Technology Fund	1,500.0
State Web Portal Fund	5,600.0
Automation Operations Fund	4,200.0

Federal Financial Participation Repayment 0.0

The State has several funds (e.g., the Personnel Division Fund and the Risk Management Fund) that collect revenue from State agencies to fund statewide services. Because agencies often pay part of these charges with federal dollars, any fund transfers from these funds are attributable in part to federal monies. While the federal government is willing to pay for services that directly support its work in Arizona, it requires the State repay the federal share of fund transfers made from State service funds.

Additionally, the federal government has disallowed the Attorney General Legal Services Cost Allocation pro rata charge and part of the Information Technology pro rata charge and requires repayment of any federal dollars that were collected for these programs.

In order to resolve these debts, the Executive recommends including language in the General Appropriations Act to allow the Department to use the Risk Management Fund as needed to settle all debts owed to the federal government that are attributable to disallowed expenditures and transfers of federal participation dollars in fiscal years 2011 through 2013.

Polly Rosenbaum Building Operations & Maintenance 300.0

For FY 2012, the Department is using its one-time COSF monies to fund its new responsibility of maintaining the Polly Rosenbaum Archives Building. Because that funding will be eliminated in FY 2013, the Executive recommends an appropriation increase to fund ongoing maintenance and operations costs.

Capital Outlay Stabilization Fund	300.0
-----------------------------------	-------

Utility Increases 180.9

The Executive recommends an increase of \$180,900 to the Utilities special line item to fund an expected increase in utility costs for ADOA-managed buildings.

Capital Outlay Stabilization Fund	180.9
-----------------------------------	-------

Statewide Transparency Website 100.0

Laws 2008, Chapter 312 required the Department to create a website to allow the public to search detailed accounts of the

FY 2013

State's receipts and expenditures. Subsequent legislation expanded the scope of the website, but no funding was provided. While the Agency has absorbed the one-time costs of creating the website, the Executive recommends funding for ongoing operations and maintenance.

General Fund 100.0

AG Pro-Rata Appropriation (200.1)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

General Fund (33.7)
 Personnel Division Fund (27.6)
 Capital Outlay Stabilization Fund (21.9)
 Corrections Fund (1.8)
 Information Technology Fund (11.6)
 Special Employee Health Fund (13.8)
 Motor Pool Revolving Fund (3.2)
 State Surplus Property Fund (2.3)
 Admin - Surplus Property/Federal Fund (0.4)
 Risk Management Fund (25.7)
 Automation Operations Fund (53.8)
 Telecommunications Fund (4.3)

State Employee Pay Adjustment 1,794.0

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund 301.8
 Personnel Division Fund 247.6
 Capital Outlay Stabilization Fund 196.7
 Corrections Fund 16.6
 Information Technology Fund 103.6
 Special Employee Health Fund 123.7
 Motor Pool Revolving Fund 28.3
 State Surplus Property Fund 21.1
 Admin - Surplus Property/Federal Fund 3.3
 Risk Management Fund 230.5
 Automation Operations Fund 482.1
 Telecommunications Fund 38.7

FY 2012 Supplemental Recommendations

FY 2012

AFIS Replacement 10,000.0

FY 2012

The Arizona Financial Information System (AFIS) is at end-of-life and must be replaced in order to avoid the growing threat of system failure. Replacing the system will also increase efficiency across State Government and improve transparency. The Executive recommends initiating this multi-year project immediately and depositing \$10.0 million into a new Information Technology Modernization Fund to cover start-up costs and move the project forward.

General Fund 10,000.0

Federal Financial Participation Repayment 10,400.0

The Executive recommends \$10.4 million be appropriated from the Risk Management Fund to repay debts owed to the federal government due to disallowed expenditures and transfers of federal participation dollars made in fiscal years 2010 and 2011.

Risk Management Fund 10,400.0

Performance Measures

	FY 2010	FY 2011	FY 2012	FY 2013
	Actual	Actual	Expected	Expected
Percentage of ADOA's services with a minimum customer satisfaction rating of 6.0	83	N/A	80	80
Customer satisfaction with building maintenance	5.5	N/A	6.5	6.5
Customer satisfaction with benefit plans	6.52	N/A	6.5	6.5
Customer satisfaction with mainframe processing	7.27	N/A	6.5	6.5
Customer satisfaction with administration of payroll process	6.9	N/A	6.0	6.0
Customer satisfaction with tenant improvement process	4.9	N/A	6.5	6.5
Customer satisfaction with voice telecommunications services	n/a	N/A	N/A	6.7
Percentage of enterprise application development work completed within negotiated timeframe	83	83	90	90
Customer satisfaction with information and data security services	6.79	N/A	6.3	6.3
Statewide incident rate per 100 Full Time Equivalent (FTE) positions (accepted Risk Management claims)	3.93	3.7	5.0	5.0

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

Office of Administrative Hearings

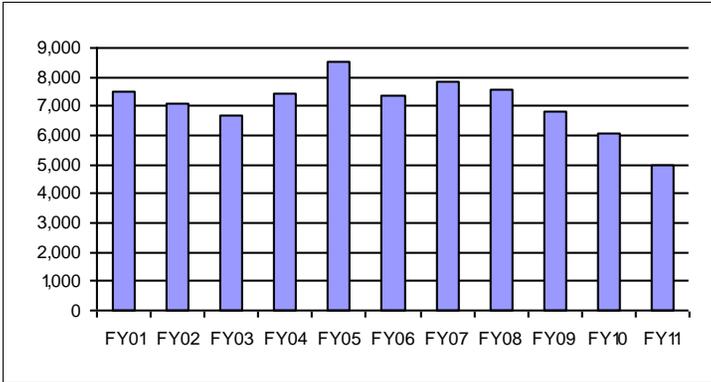
Mission:

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

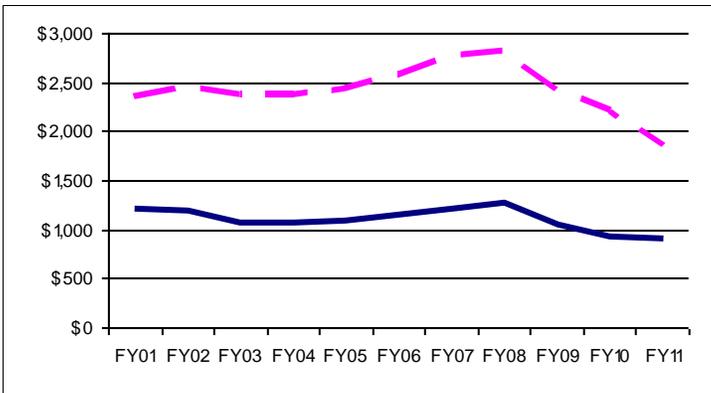
Description:

The Office of Administrative Hearings is the main venue for administrative law hearings in Arizona. Administrative law judges are assigned, on a temporary or permanent basis, to preside over contested cases.

Total Cases



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Hearings	919.6	825.6	825.6	864.1
Agency - Approp. Funds	919.6	825.6	825.6	864.1
<i>Category</i>				
FTE	12.0	12.0	12.0	12.0
Personal Services	554.7	527.5	527.5	553.9
ERE Amount	253.9	219.4	219.4	220.1
Prof. And Outside Services	0.0	0.0	0.0	0.0
Travel - In State	0.0	0.0	0.0	0.0
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	111.0	78.7	78.7	93.7
Equipment	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	(3.6)
Agency - Approp. Funds	919.6	825.6	825.6	864.1

Appropriated Fund

Fund	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
General Fund	905.1	811.1	811.1	850.2
Healthcare Group Fund	14.5	14.5	14.5	13.9
Agency - Approp. Funds	919.6	825.6	825.6	864.1

Non-Appropriated Funds

Fund	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
IGA and ISA Fund	945.1	936.3	936.3	936.3
Agency - Nonapp. Funds	945.1	936.3	936.3	936.3

Agency Total - All Funds	1,864.7	1,761.9	1,761.9	1,800.5
---------------------------------	----------------	----------------	----------------	----------------

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 2.0

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund 2.0

Rent Standard Adjustment 15.0

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

General Fund 15.6

Healthcare Group Fund (0.6)

Health Insurance Rate Reduction (6.7)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund (6.7)

Other Adjustments

AG Pro-Rata Appropriation (3.6)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

General Fund (3.6)

State Employee Pay Adjustment 31.8

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund 31.8

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Percent of evaluations rating the administrative law judge excellent or good in impartiality	94.74	94.95	94.95	94.95
Average days from request for	58.88	53.59	53.59	53.59

Performance Measures

	FY 2010 <u>Actual</u>	FY 2011 <u>Actual</u>	FY 2012 <u>Expected</u>	FY 2013 <u>Expected</u>
hearing to first date of hearing				
Average number of days from the conclusion of the hearing to transmission of the decision to the agency	18.45	17.20	17.20	17.20
Number of hearings held	3368	2246	2246	2246

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

Arizona Department of Agriculture

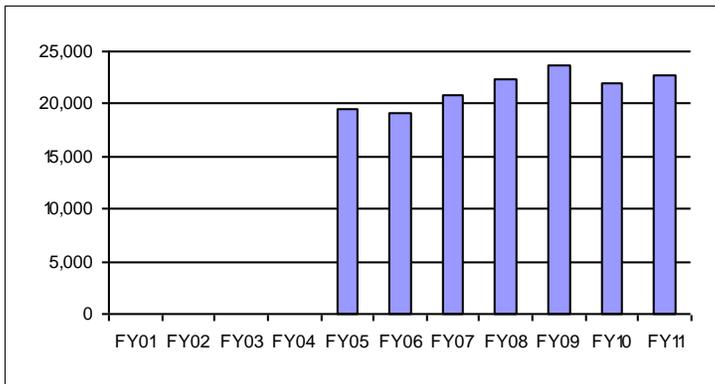
Mission:

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

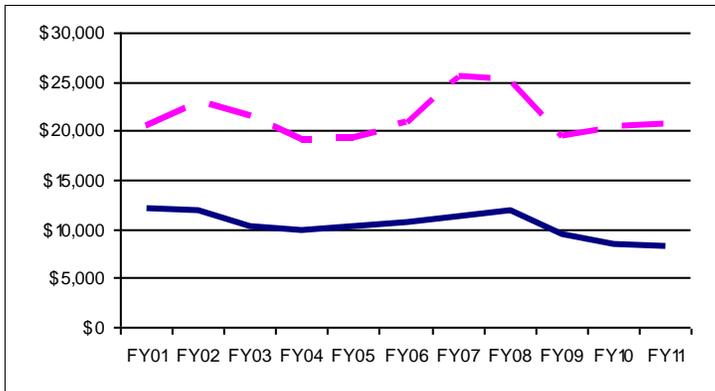
Description:

The Department regulates all aspects of agricultural production and processing in the State, educates industry to foster compliance with regulations, promotes the agricultural community, informs consumers, and protects public health and safety. The Department inspects food, and non-food products, stray and diseased livestock, and areas subject to invasive plant species. Inspections may occur solely at the field or continue at the State Agricultural Laboratory. The Department also provides educational and conservation assistance by promoting best practices, issuing grants, and management of Arizona's native plant species.

Licenses, Permits Issued



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Food Safety and Quality Assurance	2,306.2	2,744.1	2,744.1	2,825.2
Non-Food Product Quality Assurance	803.9	813.2	813.2	837.2
Animal Disease, Ownership and Welfare Protection	2,040.2	2,012.0	2,012.0	2,066.7
Pest Exclusion and Management	3,006.7	2,539.1	2,539.1	2,616.5

Native Plant and Cultural Resources Protection	120.2	90.0	90.0	91.1
Pesticide Compliance and Worker safety	120.5	238.0	238.0	245.3
Administrative Services	1,084.9	1,007.4	1,007.4	1,040.2
State Agricultural Laboratory	1,128.5	1,083.1	1,083.1	1,117.0
Agricultural Consultation and Training	102.7	105.3	105.3	108.6
Agricultural Consultation and Training	128.5	128.5	128.5	132.9
Agency - Approp. Funds	10,842.3	10,760.7	10,760.7	11,080.7

Category

FTE	217.2	206.2	206.2	206.2
Personal Services	5,317.0	5,774.2	5,774.2	6,062.9
ERE Amount	3,020.1	2,583.6	2,583.6	2,576.3
Prof. And Outside Services	435.0	468.3	468.3	468.3
Travel - In State	405.3	528.5	528.5	528.5
Travel - Out of State	13.7	8.7	8.7	8.7
Food	0.0	162.7	162.7	162.7
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	1,401.2	1,088.3	1,088.3	1,126.9
Equipment	250.0	54.3	54.3	54.3
Transfers Out	0.0	92.1	92.1	92.1
Agency - Approp. Funds	10,842.3	10,760.7	10,760.7	11,080.7

Appropriated Fund

General Fund	8,391.7	7,909.4	7,909.4	8,153.5
Agriculture Commercial Feed	298.2	293.4	293.4	301.3
Egg & Egg Product Control Fund	795.6	896.6	896.6	925.3
Pesticide Fund	347.0	489.1	489.1	502.3
Agriculture Dangerous Plants	100.0	125.5	125.5	126.9
Agriculture Seed Law	53.8	52.2	52.2	53.1
Livestock Custody Fund	69.1	120.0	120.0	120.0
Fertilizer Materials Fund	302.7	294.9	294.9	304.4
Citrus, Fruit, & Vegetable Revolving	354.8	480.4	480.4	493.7
Aquaculture Fund	9.2	9.2	9.2	9.2
AZ Protected Native Plant	120.2	90.0	90.0	91.1
Agency - Approp. Funds	10,842.3	10,760.7	10,760.7	11,080.7

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 Animal Damage Control	65.0	65.0	65.0	65.0
SLI Red Imported Fire Ant	23.2	23.2	23.2	23.2
SLI Agriculture Employment Relations Board	23.3	23.3	23.3	23.3
SLI Agricultural Consultation and Training Pari-Mutuel	128.5	128.5	128.5	132.9

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Agricultural Consulting/Training Program Fund	14.2	24.8	24.8	25.9
Agricultural Dangerous Plants Service Fees Increase	38.1	0.0	0.0	0.0

Non-Appropriated Funds

	<i>FY 2011 Actual</i>	<i>FY 2012 Expend. Plan</i>	<i>FY 2012 Exec. Rec.</i>	<i>FY 2013 Exec. Rec.</i>
Agriculture Administrative Support	40.2	49.0	49.0	50.8
Agriculture Designated/Donations	469.5	402.6	402.6	414.1
Arizona Federal/State Inspection Fund	3,307.4	3,260.3	3,260.3	3,348.2
AZ Citrus Research Council	35.0	28.0	28.0	28.0
AZ Iceberg Lettuce Research Fund	127.6	100.0	100.0	86.2
Beef Council Fund	267.4	267.0	267.0	267.0
Commodity Promotion Fund	6.3	10.0	10.0	10.0
Cotton Research and Protection Council Fund	2,542.8	1,964.2	1,964.2	1,999.3
Equine Registration Fund	1.6	1.0	1.0	1.0
Federal Grant	5,566.8	5,788.0	5,788.0	5,879.8
Grain Council	166.8	133.2	133.2	133.2
IGA and ISA Between State Agencies	0.0	75.8	75.8	77.6
Indirect Cost Recovery Fund	92.5	211.0	211.0	226.0
Leafy Green Marketing Committee	183.9	455.0	455.0	455.0
Livestock and Crop Conservation Fund	1,472.3	1,114.5	1,114.5	1,119.1
Livestock Inspection Service Fee Increase Fund	185.9	0.0	0.0	0.0
Nuclear Emergency Management Fund	0.0	92.1	92.1	95.2
Pesticide Service Fee Increase Fund	142.7	0.0	0.0	0.0
Agency - Nonapp. Funds	14,661.0	13,976.5	13,976.5	14,216.4
Agency Total - All Funds	25,503.3	24,737.2	24,737.2	25,297.2

Federal Funds Expenditures - as reported by Agency

	<i>FY 2011 Actual</i>	<i>FY 2012 Exp. Plan</i>	<i>FY 2013 Exp. Plan</i>
Agency Total	5,566.8	5,788.0	4,266.6

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

Executive Appropriation Recommendations

Standard Adjustments

Retirement Standard Adjustment 21.9

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

	FY 2013
General Fund	17.1
Agriculture Commercial Feed Fund	0.5
Egg and Egg Product Control Fund	2.1
Pesticide Fund	0.8
Agriculture Dangerous Plants Fund	0.1
Agriculture Seed Law Fund	0.1

FY 2013

Fertilizer Materials Fund	0.6
Citrus, Fruit, and Vegetable Revolving Fund	0.6
AZ Protected Native Plant Fund	0.1

Rent Standard Adjustment 38.6

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

General Fund	26.7
Agriculture Commercial Feed Fund	1.6
Egg and Egg Product Control Fund	1.4
Pesticide Fund	1.6
Agriculture Seed Law Fund	0.2
Fertilizer Materials Fund	1.6
Citrus, Fruit, and Vegetable Revolving Fund	5.5

Health Insurance Rate Reduction (91.5)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund	(73.7)
Agriculture Commercial Feed Fund	(1.3)
Egg and Egg Product Control Fund	(8.1)
Pesticide Fund	(1.9)
Agriculture Dangerous Plants Fund	(0.4)
Agriculture Seed Law Fund	(0.6)
Fertilizer Materials Fund	(1.5)
Citrus, Fruit, and Vegetable Revolving Fund	(2.9)
AZ Protected Native Plant Fund	(1.1)

Other Adjustments

State Employee Pay Adjustment 351.0

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund	274.0
Agriculture Commercial Feed Fund	7.1
Egg and Egg Product Control Fund	33.3
Pesticide Fund	12.7
Agriculture Dangerous Plants Fund	1.7
Agriculture Seed Law Fund	1.2
Fertilizer Materials Fund	8.8
Citrus, Fruit, and Vegetable Revolving Fund	10.1
AZ Protected Native Plant Fund	2.1

Performance Measures

	<i>FY 2010 Actual</i>	<i>FY 2011 Actual</i>	<i>FY 2012 Expected</i>	<i>FY 2013 Expected</i>
Percent of meat and poultry product tests in compliance with bacteria, drug and chemical residue	99	99	99	99

Performance Measures

	FY 2010	FY 2011	FY 2012	FY 2013
	<u>Actual</u>	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>
requirements				
USDA disease status for Arizona for bovine brucellosis and tuberculosis, and swine pseudo rabies	Free	Free	Free	Free
Number of pest interceptions within the state interior	13,613	9,927	10,000	10,000

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

Arizona Health Care Cost Containment System

Mission:

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

Description:

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

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

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

AHCCCS oversees three main programs:

AHCCCS Acute Care

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

ALTCS

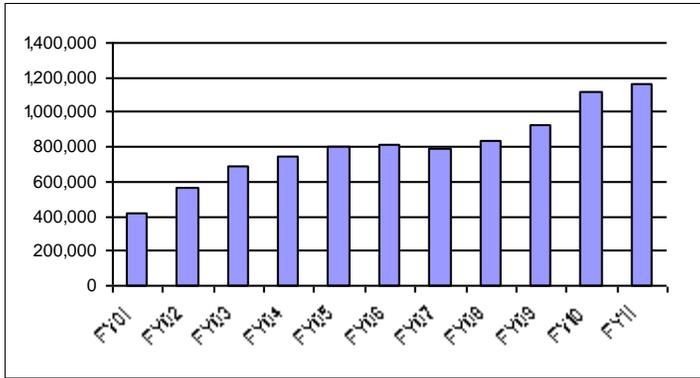
The Arizona Long Term Care System (ALTCS) provides acute care, behavioral health services, long-term care, and case management to individuals who are elderly, physically disabled, or developmentally disabled and meet the criteria for institutionalization. Whereas ALTCS members account for only 3.8% of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

KidsCare

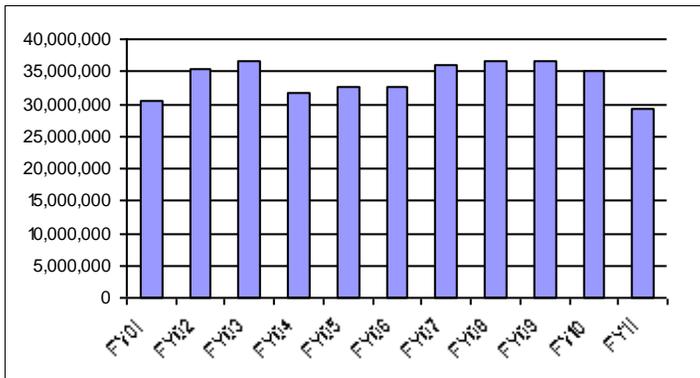
The Children's Health Insurance Program (CHIP), referred to as KidsCare, offers affordable insurance coverage for low-income families. Children under age 19 may qualify for the program if their family's income exceeds the limit allowed for Medicaid eligibility, but is below 200% of the Federal Poverty Level (FPL). With the exception of American Indians, who are exempt in accordance with federal law, parents pay a monthly premium based on income. The KidsCare program results in a federal contribution that equates to a \$3.00 federal match for every \$1.00 spent by the State. As with the Medicaid Acute Care Program, American Indian and Alaska Native children may elect to receive care through an AHCCCS-contracted health plan or the American Indian Health Program. The majority of children enrolled in KidsCare, however, are enrolled in AHCCCS health plans and receive the same services available to children in the Medicaid Acute Care Program. In an effort to comply with Maintenance of Effort (MOE) requirements in the face of significant State budget concerns, enrollment in the KidsCare Program was frozen as of January 1, 2010. As of July 1, 2011 17,642 KidsCare members remain enrolled.

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

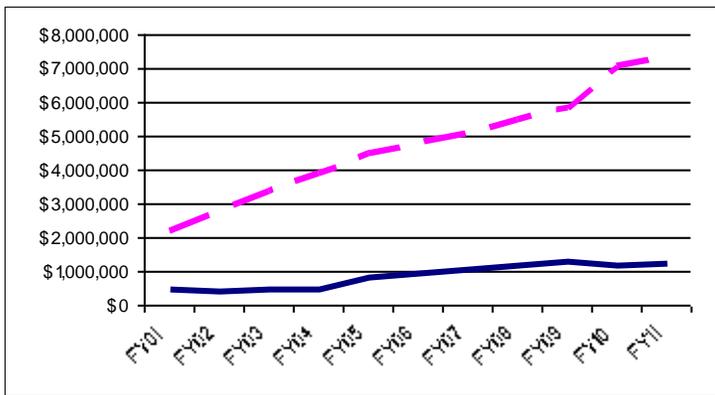
Average Capitated Population



General Fund Core Administration Expenditures



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Administration	46,577.2	52,427.1	53,791.4	55,965.2
Long Term Care	141,106.8	174,385.8	178,427.9	175,668.7
Acute Care	778,426.3	993,537.8	1,125,395.8	1,305,880.5
Proposition 204	396,589.1	179,751.4	75,749.7	(18,030.8)
Healthcare Group	1,773.7	3,496.3	3,496.3	3,603.0
Children's Health Insurance Program	55,122.6	38,193.0	37,059.0	19,213.7
Program Transfer	0.0	36,410.6	42,434.8	47,977.9
Agency - Approp. Funds	1,419,595.6	1,478,202.0	1,516,354.9	1,590,278.2
Category				
FTE	1,415.3	1,407.3	1,407.3	1,421.8
Personal Services	16,501.8	19,245.3	19,245.3	20,671.0

ERE Amount	14,225.8	8,553.4	8,553.4	8,778.9
Prof. And Outside Services	1,471.9	1,836.3	1,836.3	1,971.3
Travel - In State	21.0	39.3	39.3	43.8
Travel - Out of State	10.1	10.8	10.8	10.8
Aid to Others	1,326,376.6	1,389,902.1	1,426,690.7	1,497,882.2
Other Operating Expenses	7,110.6	6,257.4	6,257.4	7,320.7
Equipment	627.5	173.1	173.1	215.2
Transfers Out	53,250.4	52,184.3	53,548.6	53,384.3
Agency - Approp. Funds	1,419,595.6	1,478,202.0	1,516,354.9	1,590,278.2

Appropriated Fund

General Fund	1,301,689.2	1,363,735.0	1,337,248.0	1,396,325.7
Tobacco Tax and Health Care Fund	38,295.8	38,295.8	41,700.9	47,632.7
Tobacco Products Tax Fund	19,222.9	19,222.9	21,225.6	24,158.2
Children's Health Insurance Program	46,276.2	30,176.4	30,176.4	15,076.5
Budget Neutrality Compliance Fund	2,338.0	3,161.1	3,161.1	3,161.1
Healthcare Group Fund	1,773.7	3,496.3	3,496.3	3,603.0
Prescription Drug Rebate Fund	10,000.0	20,114.5	79,346.6	100,321.0
Agency - Approp. Funds	1,419,595.6	1,478,202.0	1,516,354.9	1,590,278.2

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

SLI Long Term Care Clawback Payments	8,735.3	9,876.7	9,876.7	11,205.7
SLI Rural Hospital Reimbursement	3,499.1	4,047.1	3,975.7	4,172.7
SLI Acute Care Clawback Payments	22,126.2	34,142.4	34,241.3	38,204.3
SLI Deferred Capitation	86,311.8	117,688.2	117,688.2	117,688.2

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
AHCCCS - 3rd Party Collection	7,728.7	(3.2)	(3.2)	617.5
AHCCCS Fund	4,914,970.6	3,989,511.8	3,989,511.8	4,417,332.9
AHCCCS Intergovernmental Service Fund	5,978.6	7,000.0	7,000.0	7,137.8
Arizona Tobacco Litigation Settlement Fund	99,161.6	108,211.3	108,211.3	99,130.1
County Funds	0.0	302,984.4	302,984.4	303,069.7
Federal Economic Recovery Fund	746,294.0	110,838.9	110,838.9	49,445.8
Federal Grant	124,672.6	61,692.7	61,692.7	59,813.5
Healthcare Group Fund	36,004.7	29,338.4	29,338.4	27,648.5
IGA and ISA Fund	790,794.0	869,804.3	869,804.3	954,999.2
Long Term Care System Fund	1,649,487.5	1,475,246.0	1,475,246.0	1,472,086.3
Medically Needy Account	35,519.9	38,767.0	38,767.0	38,767.0
Prescription Drug Rebate Fund	(46,385.7)	(70,804.3)	(70,804.3)	(72,572.6)
Prop 202 - Trauma and Emergency Services	16,505.3	19,664.2	19,664.2	20,474.9
Proposition 204 Protection Account	40,367.9	40,367.9	44,573.7	50,732.2
Statewide Donations	12.8	10.0	10.0	10.0

Non-Appropriated Funds

FY 2013

	FY 2011 <i>Actual</i>	FY 2012 <i>Expnd. Plan</i>	FY 2012 <i>Exec. Rec.</i>	FY 2013 <i>Exec. Rec.</i>
Agency - Nonapp. Funds	8,421,112.3	6,982,629.4	6,986,835.2	7,428,692.7
Agency Total - All Funds	9,840,708.0	8,460,831.4	8,503,190.1	9,018,970.9

Federal Funds Expenditures - as reported by Agency

	FY 2011 <i>Actual</i>	FY 2012 <i>Exp. Plan</i>	FY 2013 <i>Exp. Plan</i>
Agency Total	7,291,301.9	5,841,633.1	6,111,441.7

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

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 75.0

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund	64.4
Children's Health Insurance Program Fund	3.3
Healthcare Group Fund	7.0
Prescription Drug Rebate Fund	0.3

Rent Standard Adjustment (0.1)

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

General Fund (0.1)

Health Insurance Rate Reduction (290.0)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund	(259.8)
Children's Health Insurance Program Fund	(19.2)
Healthcare Group Fund	(11.0)

Baseline Adjustments

Baseline Caseload and Inflation

526,040.5

During the 2011 session, the Legislature reduced AHCCCS's appropriation and passed a series of program freezes and cuts, referred to as the "Medicaid Reform Plan," that were necessary to enable AHCCCS to operate within this appropriation. In order to independently track savings due to the Medicaid Reform Plan, the Executive has prepared a separate forecast for baseline caseload and inflation, excluding the reform plan, and then layered on top and listed as a separate budget issue the Medicaid Reform Plan Savings.

For baseline caseload and inflation, the Executive recommends a total increase of \$526.0 million for Caseload and Inflation growth in AHCCCS programs, which includes \$526.9 million from the General Fund and a (\$15.2 million) reduction to the Children's Health Insurance Program (CHIP) Fund. The CHIP Fund reduction is due to the freeze in new membership in KidsCare (the Arizona CHIP program), which has been in place since January 2010. Since that time, KidsCare membership has dropped by 70%, or approximately 31,000 children.

In the baseline forecast for capitation, which is AHCCCS's largest program, the Executive forecasts a caseload increase of 5.1% in June 2012 over June 2011, and 4.4% in June 2013 over June 2012. These growth rates represent the continuation of a significant slowdown in caseload growth from its peak growth of 24% from December 2008 to December 2009, as the Executive forecasts a continued slow recovery in the economy. (AHCCCS caseloads tend to be counter-cyclical, rising when the economy slows, resulting in the loss of jobs and health insurance.)

Capitation rates paid to health plans consist of two elements, outside of policy changes, medical inflation and per-member utilization of services. Each of these elements grow at approximately 3% annually, based on historic averages. In the baseline forecast for capitation rates, the Executive proposes that (a) AHCCCS fund only utilization growth but (b) provider rates be frozen, for an estimated capitation rate change of 3%. In a separate budget issue, the Executive recommends a 3% increase in provider rates for select provider groups.

The recommendation also includes a Federal Medical Assistance Percentage (FMAP) of 67.3% for the first quarter of FY 2013 and an FMAP of 65.68% for the remaining three quarters of FY 2013.

As Tobacco Tax revenues are used to offset General Fund obligations, the General Fund figure includes a decrease of (\$24.6 million) as a result of a forecast \$24.6 million increase in AHCCCS Tobacco Tax revenues. Included in the Tobacco Tax increases are \$9.3 million from the appropriated Tobacco Tax and Health Care Fund (Medically Needy Account) and \$4.9 million from the appropriated Tobacco Products Tax Fund (Emergency Health

Services Account). The non-appropriated Proposition 204 Protection Account is also forecast to grow by \$10.4 million. Additionally, the General Fund total includes a \$9.0 million increase to offset a forecast corresponding loss in non-appropriated Tobacco Litigation Settlement Fund receipts.

General Fund	526,922.2
Tobacco Tax and Health Care Fund	9,336.9
Tobacco Products Tax Fund	4,935.3
Children's Health Insurance Program Fund	(15,153.9)

Medicaid Reform Plan (444,883.7)

During the 2011 session, the Legislature reduced AHCCCS's appropriation and passed a series of actions that were necessary to enable AHCCCS to operate within this appropriation, referred to as the "Medicaid Reform Plan." In order to monitor these savings independently of caseload changes, the Executive has forecast the Medicaid Reform Plan savings as a separate budget issue from baseline caseload growth.

The most significant element of the plan was enacted as Laws 2011, 1st Special Session, Chapter 1, requiring AHCCCS to submit a waiver request to the federal government for an exemption to federal law to reduce eligibility for the childless adult and spend-down populations. While some of the provisions of the Medicaid Reform Plan were rejected by the federal government, the State has implemented population freezes and cuts, provider rate reductions, a limitation on inpatient hospital stays, and the use of the Prescription Drug Rebate Fund to offset General Fund costs.

The Executive forecasts that, in FY 2013, the AHCCCS portion of the Medicaid Reform Plan will save Arizona (\$525.1 million) General Fund. Of this amount, (\$80.2 million) is due to the use of the Prescription Drug Rebate Fund to offset General Fund appropriations.

General Fund	(525,085.2)
Prescription Drug Rebate Fund	80,201.5

Other Adjustments

Provider Rate Increase 27,830.4

Since the beginning of the recession in 2008, Arizona Medicaid providers have sustained a series of rate freezes and cuts. The Executive recommends a 3% provider rate increase for physicians, behavioral health service providers, nursing facilities, home service providers and ambulatory surgery centers for services provided after October 1, 2012. Before implementing any rate increases, AHCCCS must ensure that the increases are consistent with federal requirements, including any appropriate cost studies.

The Executive recommends \$27.8 million General Fund for the estimated State costs of these provider rate increases.

General Fund	27,830.4
--------------	----------

IT Network Security Solution

941.0

A recent series of successful hacking attacks, including one against the Department of Public Safety's computer systems, has highlighted the State's information technology vulnerability. Given the vast quantity of personal data contained in its databases, AHCCCS faces a particularly significant liability.

The Executive recommends \$1.9 million total fund, of which \$923,900 is General Fund and \$17,100 is CHIP Fund, to provide a Security Monitoring, Analysis, and Response System to centralize, detect, mitigate and report on priority threats and to purchase and deploy improved encryption technologies.

Ongoing costs in FY 2014 and beyond are expected to be \$106,800 (General Fund) for software licensing and maintenance.

General Fund	923.9
Children's Health Insurance Program Fund	17.1

SSI MAO Temporary Staff

0.0

One of the unintended consequences of the recent freeze in coverage for childless adults is that many of those individuals have sought continued medical coverage through the SSI MAO (Supplemental Security Income/Medical Assistance Only) program. During the first four months of FY 2012, the number of SSI MAO applications has almost doubled. Along with the rest of State Government, during the budget crisis AHCCCS absorbed significant reductions in its administrative budget, leaving the agency with few resources available to shift to this unit.

The unit performs two primary tasks: (1) initial determinations for eligibility and (2) redeterminations of existing members' eligibility. The federal Centers for Medicare and Medicaid Services (CMS) mandates standards for error rates and timeliness only for initial determinations. Facing a large workload increase, AHCCCS has thus been forced to shift resources to processing of initial applications, thereby delaying redeterminations of eligibility. As the Executive Recommendation was issued, 72% of redeterminations were 90 days or more past due. As, historically, approximately 9% of redeterminations result in members being found no longer eligible for AHCCCS services, these delays in redeterminations result in AHCCCS continuing to pay capitation payments for ineligible members.

The Executive recommends an additional 24.0 temporary eligibility determination staff for AHCCCS at a General Fund cost of \$608,000, to be matched with the same amount of federal funds. However, since the work performed by these staff will avoid increased cost due to delayed redeterminations, the Executive proposes shifting this amount from the Capitation program to the Administration program at AHCCCS, for a zero net cost to the General Fund. Further, the Executive recognizes that, should federal health reform stay in place, with the January 1, 2014, mandated increases in Medicaid populations and linkages to the

FY 2013

Health Exchange, the staffing situation in the Medicaid agencies will require further evaluation. Thus, the Executive is designating these positions as temporary.

AG Tobacco Litigation 1,200.0

Beginning in April 2012, the Attorney General’s Office will be defending the State in arbitration to determine if the State has diligently enforced the tobacco master settlement agreement. The arbitration in April will cover the monies the State received in 2003. The State is responsible for participating in arbitration for both the common case (all members of the agreement) and then the state specific case.

The Executive recommends General Fund increases of \$1.4 million in FY 2012 and \$1.2 million in FY 2013 for professional and outside services and travel costs of defending the State's enforcement of the tobacco master settlement agreement. The Executive proposes that the appropriation be made in AHCCCS' budget and that the AG's Office execute an ISA with AHCCCS.

General Fund 1,200.0

CRS Base Modification 0.0

In Laws 2011, Chapter 31, Children's Rehabilitative Services (CRS), including both program and administrative funding, was relocated from the Department of Health Services to AHCCCS. However, when the funding was moved, it was all placed in the program portion of the AHCCCS budget. The Executive recommends an additional 5.0 FTE positions and an accompanying fund shift from the CRS special line item to the AHCCCS Operating Lump Sum, for a zero net impact on the General Fund.

State Employee Pay Adjustment 1,163.1

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund 994.9
Children's Health Insurance Program Fund 52.8
Healthcare Group Fund 110.7
Prescription Drug Rebate Fund 4.7

FY 2012 Supplemental Recommendations

Baseline Caseload and Inflation FY 2012
490,802.4

FY 2012

During the 2011 session, the Legislature reduced AHCCCS's appropriation and passed a series of program freezes and cuts, referred to as the “Medicaid Reform Plan,” that were necessary to enable AHCCCS to operate within this appropriation. In order to independently track savings due to the Medicaid Reform Plan, the Executive has prepared a separate forecast for baseline caseload and inflation, excluding the reform plan, and then layered on top and listed as a separate budget issue the Medicaid Reform Plan Savings.

For baseline caseload and inflation, the Executive recommends a total increase of \$490.8 million for Caseload and Inflation growth in AHCCCS programs, which includes \$485.4 million from the General Fund and a \$9.6 million increase in tobacco tax funds. Included in the Tobacco Tax increases are \$3.4 million from the appropriated Tobacco Tax and Health Care Fund (Medically Needy Account) and \$2.0 million from the appropriated Tobacco Products Tax Fund (Emergency Health Services Account). The non-appropriated Proposition 204 Protection Account is also forecast to grow by \$4.2 million. Additionally, the General Fund total includes a \$9.0 million increase to offset a forecast corresponding loss in non-appropriated Tobacco Litigation Settlement Fund receipts.

General Fund 485,394.6
Tobacco Tax and Health Care Fund 3,405.1
Tobacco Products Tax Fund 2,002.7

Medicaid Reform Plan (426,162.5)

During the 2011 session, the Legislature reduced AHCCCS's appropriation and passed a series of actions that were necessary to enable AHCCCS to operate within this appropriation, which is referred to as the “Medicaid Reform Plan.” In order to monitor these savings independently of caseload changes, the Executive has forecast the Medicaid Reform Plan savings as a separate budget issue from baseline caseload growth.

The most significant element of the plan was enacted as Laws 2011, 1st Special Session, Chapter 1, requiring AHCCCS to submit a waiver request to the federal government for an exemption to federal law to reduce eligibility for the childless adult and spend-down populations. While some of the provisions of the Medicaid Reform Plan were rejected by the federal government, the State has implemented population freezes and cuts, provider rate reductions, a limitation on inpatient hospital stays, and the use of the Prescription Drug Rebate Fund to offset General Fund costs.

The Executive forecasts that, in FY 2012, the AHCCCS portion of the Medicaid Reform Plan will save Arizona (\$485.4 million). Of this amount, (\$59.2 million) is due to the use of the Prescription Drug Rebate Fund to offset General Fund appropriations.

General Fund (485,394.6)
Prescription Drug Rebate Fund 59,232.1

FY 2012
(27,851.3)

Reallocation to DHS

The federal Patient Protection and Affordable Care Act (PPACA), commonly referred to as “federal health reform,” permits states to claim rebates from drug manufacturers for members that receive drugs through Medicaid Managed Care Organizations in the same manner as members that receive drugs through fee-for-service programs. The State's portion of these reimbursements is 15.1% of the Average Manufacturer Price for brand name drugs and 11% for generic prescription drugs, divided between the federal government and State at the Federal Medical Assistance Percentage (FMAP).

In FY 2012, the Executive recommends using prescription drug rebate funds to offset AHCCCS General Fund costs, which will enable Arizona to avoid a General Fund supplemental appropriation to the Medicaid agencies as a group (i.e., AHCCCS, DHS and DES). Appropriating the drug rebate funds to AHCCCS will make \$27.9 million of General Fund available to be reallocated to the Department of Health Services to avoid a shortfall in that agency. Within the AHCCCS budget, as viewed in isolation, the Executive proposes reducing AHCCCS' General Fund appropriation by (\$27.9 million).

General Fund (27,851.3)

AG Tobacco Litigation 1,364.3

Beginning in April 2012 the Attorney General’s Office will be defending the State in arbitration to determine if the State has diligently enforced the tobacco master settlement agreement. The arbitration in April will cover the monies the State received in 2003. The State is responsible for participating in arbitration for both the common case (all members of the agreement) and then the state specific case.

The Executive recommends General Fund increases of \$1.4 million in FY 2012 and \$1.2 million in FY 2013 for professional and outside services and travel costs of defending the State's enforcement of the tobacco master settlement agreement. The Executive proposes that the appropriation be made in AHCCCS' budget and that the AG's Office execute an ISA with AHCCCS.

General Fund 1,364.3

Performance Measures

	<u>FY 2010</u> <u>Actual</u>	<u>FY 2011</u> <u>Actual</u>	<u>FY 2012</u> <u>Expected</u>	<u>FY 2013</u> <u>Expected</u>
Percent of administrative invoices paid within 30 days	94.3	97.4	97.0	97.0
➤ <i>Refers to administrative invoices</i>				
Percent of total programmatic payments completed electronically	97.5	98.3	97.0	97.0
Percent of enrollees filing a grievance	0.9	0.2	1.0	0.5
Member satisfaction: percent of choice exercised in moving from current health plan	2.0	1.5	4.5	4.5
Percent of applications processed on time	83	84	97	97

Performance Measures

	<u>FY 2010</u> <u>Actual</u>	<u>FY 2011</u> <u>Actual</u>	<u>FY 2012</u> <u>Expected</u>	<u>FY 2013</u> <u>Expected</u>
Cost avoidance from Predetermination Quality Control Program (in millions)	15.26	23.14	15.75	15.75
Percent of members utilizing home and community based services	70.5	72.4	72.0	73.0
Percent of well child visits in the first 15 months of life - Early Periodic Screening, Diagnosis and Treatment	62.7	63.4	62.0	64.0
➤ <i>The current HEDIS national mean for Medicaid managed care plans is 45%, so AHCCCS is performing well above the comparable national average.</i>				
Percent of women receiving cervical screening within a three year period	62.8	60.9	58.0	55.0
Percent of well child visits in the first 15 months of life - Early Periodic Screening, Diagnosis and Treatment	62.7	63.4	64.0	65.0
KidsCare monthly enrollment	30,672	18,464	12,602	11,213
Percent of children with access to primary care provider	88.8	90.0	90.0	91.0
Percent of employee turnover	21.9	14.6	13.4	15.0

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

State Board of Appraisal

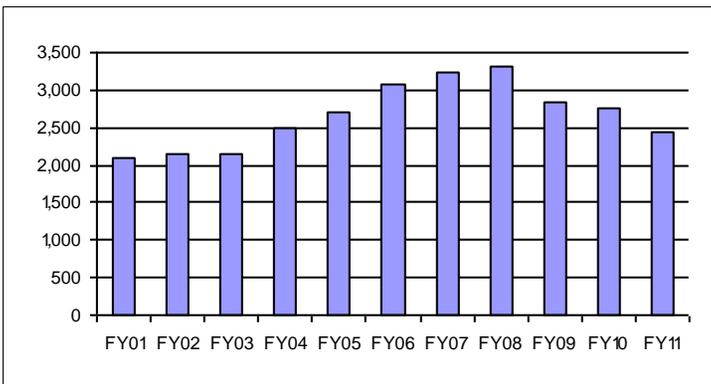
Mission:

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

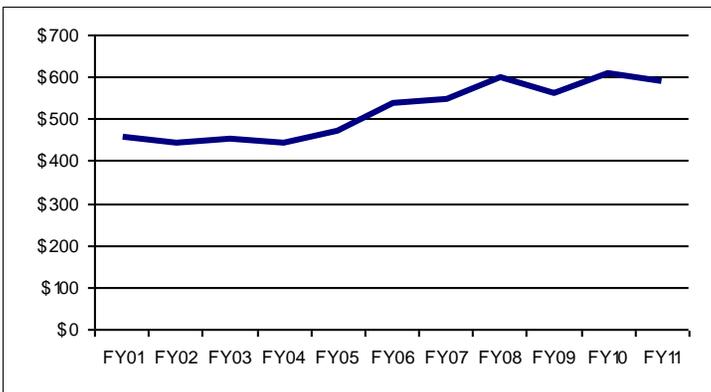
Description:

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

Number of Licensees



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensure/Certification/Regulation	605.7	755.5	755.5	777.3
Agency - Approp. Funds	605.7	755.5	755.5	777.3
<i>Category</i>				
FTE	4.5	5.5	5.5	5.5
Personal Services	233.1	298.9	298.9	313.8
ERE Amount	101.6	125.1	125.1	125.3

Prof. And Outside Services	153.1	221.6	221.6	221.6
Travel - In State	6.2	8.0	8.0	8.0
Travel - Out of State	5.9	17.0	17.0	17.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	70.9	57.5	57.5	64.2
Equipment	19.7	5.5	5.5	5.5
Cost Allocation	0.0	10.0	10.0	10.0
Transfers Out	15.2	11.9	11.9	11.9
Agency - Approp. Funds	605.7	755.5	755.5	777.3

Appropriated Fund

Board of Appraisal Fund	605.7	755.5	755.5	777.3
Agency - Approp. Funds	605.7	755.5	755.5	777.3

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 1.1

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Board of Appraisal Fund 1.1

Rent Standard Adjustment 6.7

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

Board of Appraisal Fund 6.7

Health Insurance Rate Reduction (4.0)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Board of Appraisal Fund (4.0)

Other Adjustments

State Employee Pay Adjustment 18.0

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Board of Appraisal Fund 18.0

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Average days from receipt of complaint to resolution	135	130	130	130
Number of new and existing licensees	2,745	2,437	2,341	2,285
Number of complaints received against appraisers	265	170	170	170

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

Arizona Commission on the Arts

Mission:

To imagine an Arizona where everyone can participate in and experience the arts.

Description:

The Arizona Commission on the Arts is a 45-year old agency of the State of Arizona whose primary functions include providing leadership, programs, services and grants to support the availability and sustainability of arts and arts education programs. These functions are coincident with the agency's statutorily required duties which include (ARS §41-982, §41-983):

Stimulating the arts in Arizona by encouraging the study and presentation of the arts as well as encouraging public interest and participation;

Working with arts organizations in the State to encourage public participation in and appreciation of the arts; and

Encouraging public interest in the State's cultural heritage and expanding the State's cultural resources.

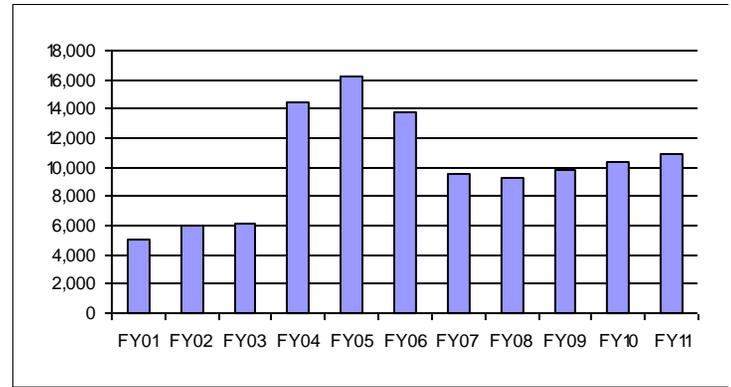
Through the Arts Commission, the State of Arizona and the National Endowment for the Arts make strategic investments of public dollars to support the statewide arts and culture sector, helping Arizona communities to attract and retain skilled workers and creative businesses. This public investment leverages additional contributions from the private sector, increasing the sustainability of Arizona's arts and culture sector and thereby promoting statewide economic growth.

The Arts Commission's other significant function is to compete for, receive and disburse federal arts funding from the National Endowment for the Arts (ARS §41-983). (60% of the NEA's grantmaking budget is delivered via direct grants to nonprofit organizations across the nation; 40% is delivered via a competitive grant process to state and regional arts agencies, as Partnership Agreements.) To receive federal arts funding, state arts agencies must meet criteria outlined by the NEA.

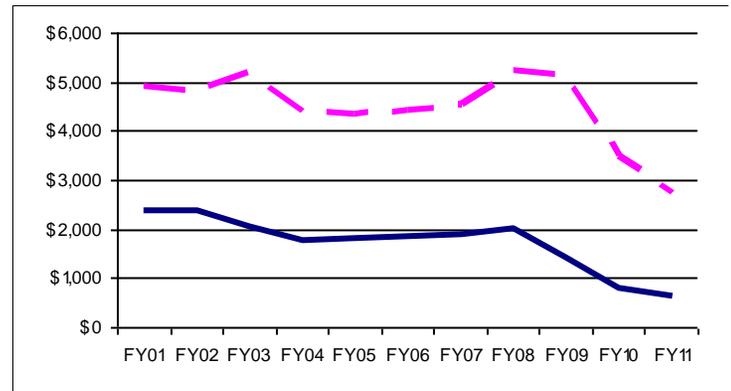
In addition, in keeping with the arts and culture sector's "matched investment" infrastructure, state arts agencies are required to match their annual NEA grant on a one-to-one basis with a guaranteed allocation of state funds. Since its inception, the Arizona Commission on the Arts has successfully competed for over \$30 million in federal funding, which was delivered through grants, programs and services statewide.

Annually, Arts Commission grants and programs serve 8 million people, and 1.4 million Arizona youth are served by Arts Commission-sponsored arts education programs in charter, private and public schools. The Arts Commission maximizes resources in three key areas: Leadership and Partnerships; Programs and Services; and Strategic Funding.

Number of Outreach Activities



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Arts Support	652.5	0.0	0.0	0.0
Agency - Approp. Funds	652.5	0.0	0.0	0.0
<i>Category</i>				
FTE	10.5	0.0	0.0	0.0
Personal Services	316.7	0.0	0.0	0.0
ERE Amount	143.5	0.0	0.0	0.0
Prof. And Outside Services	18.5	0.0	0.0	0.0
Travel - In State	2.3	0.0	0.0	0.0
Travel - Out of State	1.9	0.0	0.0	0.0
Aid to Others	58.4	0.0	0.0	0.0
Other Operating Expenses	107.6	0.0	0.0	0.0
Equipment	3.6	0.0	0.0	0.0
Agency - Approp. Funds	652.5	0.0	0.0	0.0
<i>Appropriated Fund</i>				
General Fund	652.5	0.0	0.0	0.0
Agency - Approp. Funds	652.5	0.0	0.0	0.0

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Arizona Arts Endowment Expend Trust	11.5	0.0	0.0	0.0
Arizona Arts Trust Fund	1,067.9	1,547.6	1,547.6	1,545.9
Arizona Commission on the Arts	60.9	103.6	103.6	103.6

Non-Appropriated Funds

	<u>FY 2011</u> <i>Actual</i>	<u>FY 2012</u> <i>Expend. Plan</i>	<u>FY 2012</u> <i>Exec. Rec.</i>	<u>FY 2013</u> <i>Exec. Rec.</i>
Federal Economic Recovery Fund	64.7	0.0	0.0	0.0
Federal Grant	900.3	899.5	899.5	906.9
Agency - Nonapp. Funds	2,105.3	2,550.7	2,550.7	2,556.4
Agency Total - All Funds	2,757.8	2,550.7	2,550.7	2,556.4

Federal Funds Expenditures - as reported by Agency

	<u>FY 2011</u> <i>Actual</i>	<u>FY 2012</u> <i>Exp. Plan</i>	<u>FY 2013</u> <i>Exp. Plan</i>
Agency Total	975.7	896.1	896.1

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

Performance Measures

	<u>FY 2010</u> <i>Actual</i>	<u>FY 2011</u> <i>Actual</i>	<u>FY 2012</u> <i>Expected</i>	<u>FY 2013</u> <i>Expected</i>
Individuals benefiting from programs sponsored by Agency (in thousands)	10,965.0	8,457.0	8,400.00	8,500.0
➤ <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 Arts Commission grants; figures provided by grantees as a part of their annual final reports.</i>				
Constituent satisfaction ratings (scale of 1-8)	7.00	7.00	7.00	7.10
➤ <i>Figures for this measure are compiled by Arts Commission staff and reflect ratings from the Agency's annual satisfaction survey as well as evaluations from all presentations, convenings, workshops and review panels.</i>				
Cumulative contributions to Arizona ArtShare including both non-designated funds and contributions to arts organization endowments (in thousands)	21,000.0	0.0	0.0	0.0
➤ <i>Figures for this measure are no longer collected, as the Arizona Arts Endowment Fund was eliminated in three separate budget-balancing actions in FY2010 and FY2011. The matching program, which collected data to account for private contributions to arts organizations' endowments, was therefore discontinued.</i>				

The Executive recommends no appropriation for this agency.

State Board of Athletic Trainers

FY 2013

Mission:

To protect the health, safety, and welfare of the public by licensing and regulating individuals who provide athletic training services.

Description:

The Board of Athletic Training is a regulatory board, which issues and annually renews approximately 530 licenses for the athletic training profession and continues to monitor 337 closed licenses. 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 inquiries from consumers as to the license status of individual athletic training professionals.

Other Adjustments

State Employee Pay Adjustment 3.5

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Athletic Training Fund 3.5

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

Agency Summary - Appropriated Funds

<i>Program/ Cost Center</i>	<i>FY 2011 Actual</i>	<i>FY 2012 Approp.</i>	<i>FY 2012 Exec. Rec.</i>	<i>FY 2013 Exec. Rec.</i>
Licensing and Regulation	95.9	101.2	101.2	104.3
Agency - Approp. Funds	95.9	101.2	101.2	104.3
<i>Category</i>				
FTE	1.5	1.5	1.5	1.5
Personal Services	65.9	60.8	60.8	63.8
ERE Amount	27.4	17.2	17.2	17.3
Prof. And Outside Services	0.0	0.0	0.0	0.0
Travel - In State	0.0	0.6	0.6	0.6
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	2.6	22.6	22.6	22.6
Equipment	0.0	0.0	0.0	0.0
Agency - Approp. Funds	95.9	101.2	101.2	104.3
<i>Appropriated Fund</i>				
Athletic Training Fund	95.9	101.2	101.2	104.3
Agency - Approp. Funds	95.9	101.2	101.2	104.3

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 0.2

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Athletic Training Fund 0.2

Health Insurance Rate Reduction (0.6)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Athletic Training Fund (0.6)

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 by upholding the Constitution and enforcing the law in a fair and just manner.

Description:

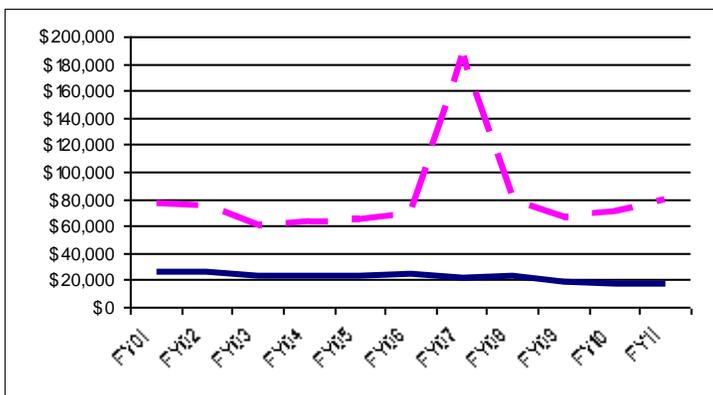
The Attorney General is a Constitutionally establish, elected position and holds office for a four-year term. The Attorney General is legal advisor to all state agencies, boards and commissions, except those few exempted by law. Other primary responsibilities include prosecuting and defending proceedings in which the State has an interest and rendering written opinions upon questions of law.

Attorney General Collection Enforcement	3,297.5	5,291.9	5,291.9	5,404.2
Attorney General Agency Services Fund	11,953.4	13,004.0	13,004.0	13,004.0
Victims Rights Fund	3,151.8	3,238.7	3,238.7	3,253.4
Risk Management Fund	7,622.2	8,765.9	8,765.9	9,444.1
Attorney General Legal Services Cost Allocation Fund	5,447.8	5,397.1	5,397.1	0.0
Agency - Approp. Funds	50,877.2	56,310.1	56,310.1	60,195.9

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 Grand Jury	175.2	176.8	176.8	181.1
SLI Victims' Rights	3,151.8	3,238.7	3,238.7	3,253.4
SLI Military Airport Planning	84.9	84.7	84.7	88.9

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Legal Services	42,505.6	47,281.7	47,281.7	46,093.6
Central Administration	8,371.6	9,028.4	9,028.4	14,102.4
Agency - Approp. Funds	50,877.2	56,310.1	56,310.1	60,195.9

Category	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
FTE	550.8	592.9	592.9	592.9
Personal Services	29,371.3	31,515.9	31,515.9	34,601.0
ERE Amount	10,451.3	11,051.0	11,051.0	11,161.6
Prof. And Outside Services	940.2	3,476.7	3,476.7	3,476.7
Travel - In State	81.5	92.3	92.3	99.9
Travel - Out of State	91.9	140.3	140.3	152.1
Aid to Others	2,671.1	2,692.8	2,692.8	2,692.8
Other Operating Expenses	5,267.5	5,200.8	5,200.8	5,871.5
Equipment	858.8	697.3	697.3	697.3
Transfers Out	1,143.6	1,443.0	1,443.0	1,443.0
Agency - Approp. Funds	50,877.2	56,310.1	56,310.1	60,195.9

Appropriated Fund	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
General Fund	17,237.4	16,931.5	16,931.5	25,460.6
Consumer Protection/Fraud Revolving Fund	2,020.5	3,439.8	3,439.8	3,494.2
Attorney General Antitrust Revolving	146.6	241.2	241.2	135.5

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
AG Trust Fund	0.0	5.0	5.0	(0.1)
Attorney General Anti-Racketeering	28,907.5	26,495.7	26,495.7	26,663.6
Attorney General CJEF Distributions	5,026.0	3,769.3	3,674.9	3,671.1
Court Ordered Trust Fund	5,309.0	2,509.4	2,509.4	2,509.4
Criminal Case Processing Fund	77.1	78.4	78.4	81.5
Federal Economic Recovery Fund	3,863.4	1,315.6	1,315.6	(175.3)
Federal Grants	3,371.8	5,096.2	5,096.2	5,241.7
IGA and ISA Fund	3,011.8	1,337.3	1,337.3	1,375.1
Indirect Cost Recovery Fund	83.9	2,149.0	2,149.0	2,211.9
Microsoft Settlement Fund	338.9	96.8	96.8	0.0
Prosecuting Attorney Council	1,491.8	1,540.0	1,540.0	1,540.0
Victim Witness Assistance	41.7	43.9	43.9	44.8
Agency - Nonapp. Funds	51,522.9	44,436.6	44,342.2	43,163.6
Agency Total - All Funds	102,400.1	100,746.7	100,652.3	103,359.6

Federal Funds Expenditures - as reported by Agency

	FY 2011 Actual	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	7,235.4	6,439.3	5,037.2

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

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Rent Standard Adjustment 1,324.2

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

General Fund 950.4

Consumer Protection/Fraud Revolving Fund 12.3

Attorney General Antitrust Revolving Fund 0.5

FY 2013

FY 2013

Attorney General Collection Enforcement Fund	7.3
Attorney General Agency Services Fund	40.9
Victims Rights Fund	2.1
Risk Management Fund	310.7

Retirement Standard Adjustment 303.1

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund	114.9
Consumer Protection/Fraud Revolving Fund	15.5
Attorney General Antitrust Revolving Fund	1.3
Attorney General Collection Enforcement Fund	18.1
Attorney General Agency Services Fund	87.8
Victims Rights Fund	2.5
Risk Management Fund	63.0

Health Insurance Rate Reduction (270.7)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund	(128.2)
Consumer Protection/Fraud Revolving Fund	(18.4)
Attorney General Antitrust Revolving Fund	(0.8)
Attorney General Collection Enforcement Fund	(10.9)
Attorney General Agency Services Fund	(63.9)
Victims Rights Fund	(3.6)
Risk Management Fund	(44.9)

Baseline Adjustments

Revenue and Expenditure Alignment (723.9)

The Executive recommends reducing the appropriations to the Attorney General Anti-Trust Revolving Fund, Consumer Protection Fraud Revolving Fund and Attorney General Agency Services Fund to align the appropriation with the revenue into the Fund.

Consumer Protection/Fraud Revolving Fund	(54.0)
Attorney General Antitrust Revolving Fund	(113.9)
Attorney General Agency Services Fund	(556.0)

Other Adjustments

Tobacco Litigation- ISA with AHCCCS 0.0

Beginning in April 2012 the Attorney General's Office will be defending the State in arbitration to determine if the State has diligently enforced the tobacco master settlement agreement. The arbitration in April will cover the monies the State received in 2003. The State is responsible for participating in arbitration for both the common case (all members of the agreement) and then the state specific case.

The Executive recommends \$1.4 million General Fund in FY 2012 and \$1.2 million General Fund in FY 2013 to pay for Tobacco Litigation expenses relating to professional and outside services and travel expenses. This appropriation will be made in AHCCCS's budget and the AG's Office will execute an ISA with AHCCCS.

AG Pro-Rata Elimination 602.9

The Attorney General (AG) Legal Services Cost Allocation Fund receives 0.675% of total payroll for most agencies. This AG Pro-Rata is applied to payroll for all agencies not exempted in A.R.S. § 41-191.09. The AG's Office uses the monies to provide legal counsel to all State agencies. The Federal government has recently disallowed this practice for federal funds.

The Executive recommends (a) eliminating the AG Pro-Rata, (b) increasing by \$6.0 million the General Fund appropriation for the AG's Office, (c) reducing the General Fund and Other Appropriated funds' appropriations in an amount equivalent to the total paid for the AG Pro-Rata in FY 2012, (d) assessing and transferring to the General Fund \$2.0 million across all funds not containing federal dollars, (e) transferring the remaining balance in the Attorney General Legal Services Cost Allocation fund to the General Fund on July 1, 2012, and (f) eliminating the Attorney General Legal Services Cost Allocation fund on July 1, 2012.

General Fund	6,000.0
Attorney General Legal Services Cost Allocation Fund	(5,397.1)

Expiring Cross-Border Grant Backfill 727.3

An ARRA grant that the Attorney General's Office used to support cross-border prosecutions of anti-racketeering cases expired in 2011. The Executive recommends funding to retain 9.0 FTE positions.

General Fund	727.3
--------------	-------

State Employee Pay Adjustment 1,923.0

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund	864.7
Consumer Protection/Fraud Revolving Fund	99.0
Attorney General Antitrust Revolving Fund	7.2
Attorney General Collection Enforcement Fund	97.8
Attorney General Agency Services Fund	491.2
Victims Rights Fund	13.7
Risk Management Fund	349.4

Fund Transfer Elimination/Delayed Benefits Exemption 0.0

The Executive recommends eliminating the fund transfer from the Consumer Fraud Revolving Fund and the Agency Services Fund.

FY 2013

The Executive also recommends exempting the Agency Services Fund from the uncaptured pay savings, delayed employee benefits and retirement adjustments in the General Appropriations Act.

Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	<u>Actual</u>	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>
Percentage of cases resolved using voluntary settlement agreements	12	14	15	15
Percentage of death penalty sentences affirmed by the Arizona Supreme Court	90	88	95	95
Customer satisfaction rating for client agencies (scale of 1 to 8, with 8 the highest)	7.15	7.44	7.50	7.50
Days to respond to a request for a legal opinion	82.2	43	50	50

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

Automobile Theft Authority

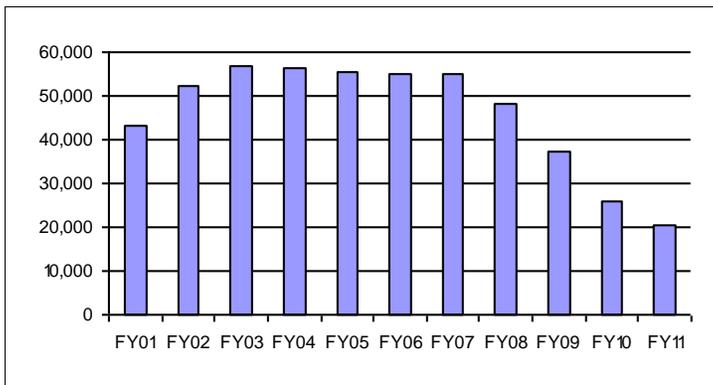
Mission:

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

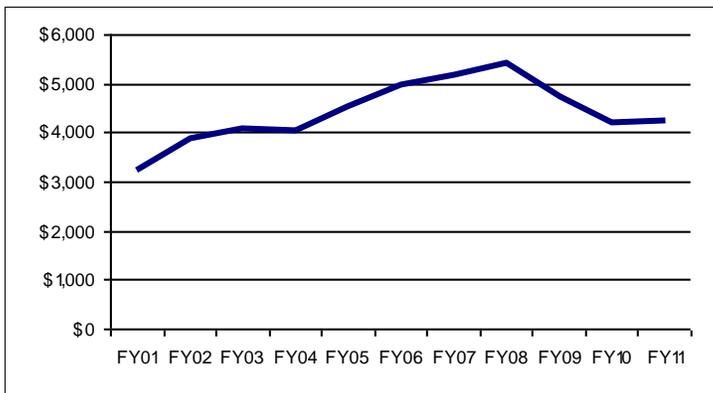
Description:

The Arizona Automobile Theft Authority (AATA) acts as a catalyst to spur the most effective and efficient law enforcement strategies and tactics to combat auto theft. Auto theft in Arizona is significantly a crime of facilitation and is an integral part of the illegal alien and narcotics trafficking trade that permeates our state.

Number of Auto Thefts



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Automobile Theft Authority	4,270.4	4,273.6	4,273.6	4,296.9
Agency - Approp. Funds	4,270.4	4,273.6	4,273.6	4,296.9

Category	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
FTE	6.0	6.0	6.0	6.0
Personal Services	215.1	312.2	312.2	327.8
ERE Amount	83.5	118.1	118.1	119.7
Prof. And Outside Services	13.2	16.5	16.5	16.5
Travel - In State	2.8	8.0	8.0	8.0
Travel - Out of State	2.0	6.0	6.0	6.0
Aid to Others	3,837.0	3,657.7	3,657.7	3,657.7
Other Operating Expenses	115.2	145.6	145.6	153.8
Equipment	1.6	9.5	9.5	9.5

Transfers Out	0.0	0.0	0.0	(2.1)
Agency - Approp. Funds	4,270.4	4,273.6	4,273.6	4,296.9

Appropriated Fund

Automobile Theft Authority Fund	4,270.4	4,273.6	4,273.6	4,296.9
Agency - Approp. Funds	4,270.4	4,273.6	4,273.6	4,296.9

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 Auto Theft Authority Grants	3,838.0	3,607.7	3,607.7	3,607.7
SLI Reimbursable Programs	0.0	50.0	50.0	50.0

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Federal Grant	2.3	0.0	0.0	0.0
Agency - Nonapp. Funds	2.3	0.0	0.0	0.0
Agency Total - All Funds	4,272.7	4,273.6	4,273.6	4,296.9

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 1.2

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Automobile Theft Authority Fund 1.2

Rent Standard Adjustment 8.2

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

Automobile Theft Authority Fund 8.2

Health Insurance Rate Reduction (2.9)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Automobile Theft Authority Fund (2.9)

Other Adjustments

AG Pro-Rata Appropriation (2.1)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

Automobile Theft Authority Fund (2.1)

State Employee Pay Adjustment 18.9

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Automobile Theft Authority Fund 18.9

Performance Measures

	FY 2010	FY 2011	FY 2012	FY 2013
	<u>Actual</u>	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>
Arizona vehicle theft rate (# per 100,000 population)	380	317	297	281

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

Board of Barber Examiners

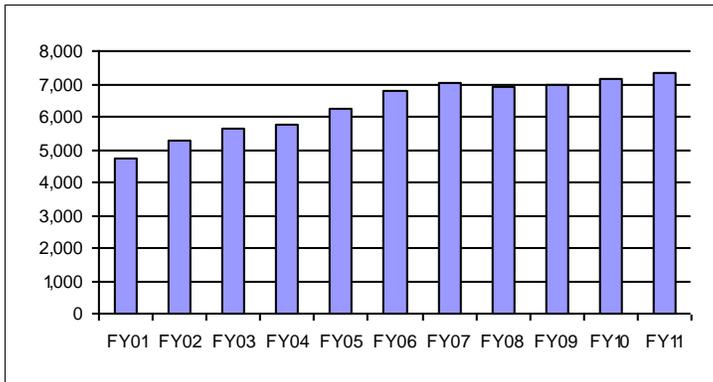
Mission:

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

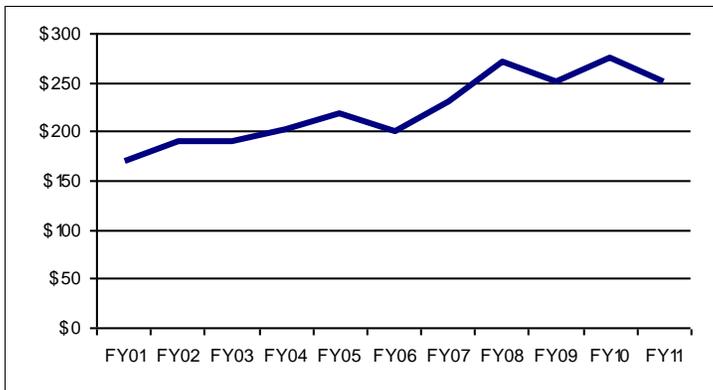
Description:

The Board administers barbering examinations, grants and renews licenses, inspects barbering establishments, investigates consumer complaints regarding unlawful activities, and takes measures to resolve complaints, including holding hearings, levying fines, and suspending or revoking licenses.

Number of Licenses



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	250.5	320.7	320.7	333.5
Agency - Approp. Funds	250.5	320.7	320.7	333.5
<i>Category</i>				
FTE	3.5	4.0	4.0	4.0
Personal Services	147.1	187.5	187.5	196.9
ERE Amount	47.2	65.1	65.1	65.6
Prof. And Outside Services	4.6	5.1	5.1	5.1
Travel - In State	15.9	23.6	23.6	23.6
Travel - Out of State	3.7	4.0	4.0	4.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	31.9	34.3	34.3	37.2
Equipment	0.1	1.1	1.1	1.1
Agency - Approp. Funds	250.5	320.7	320.7	333.5

Appropriated Fund

Barber Examiners Board	250.5	320.7	320.7	333.5
Agency - Approp. Funds	250.5	320.7	320.7	333.5

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 0.7

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Barber Examiners Board Fund 0.7

Rent Standard Adjustment 2.9

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

Barber Examiners Board Fund 2.9

Health Insurance Rate Reduction (2.2)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Barber Examiners Board Fund (2.2)

Other Adjustments

Health Insurance Rate Reduction 0.0

State Employee Pay Adjustment 11.4

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Barber Examiners Board Fund 11.4

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Number of all licenses	7,125	7356	7575	7800
Number of complaints received	334	350	350	350
Average number of calendar days from receipt of application to acceptance or denial	.17	.15	3	3
Number of inspections conducted	1798	2306	3,200	3,200

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

Board of Behavioral Health Examiners

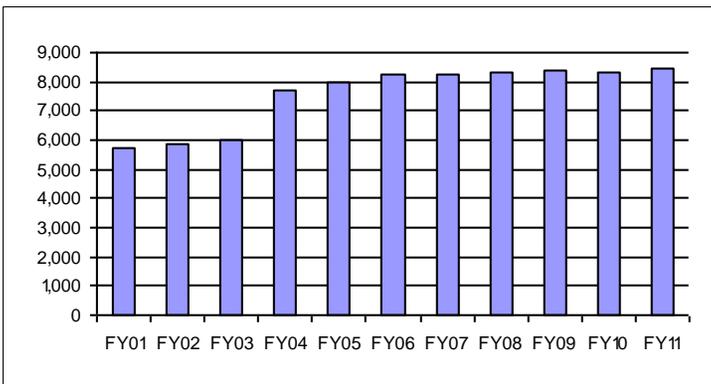
Mission:

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

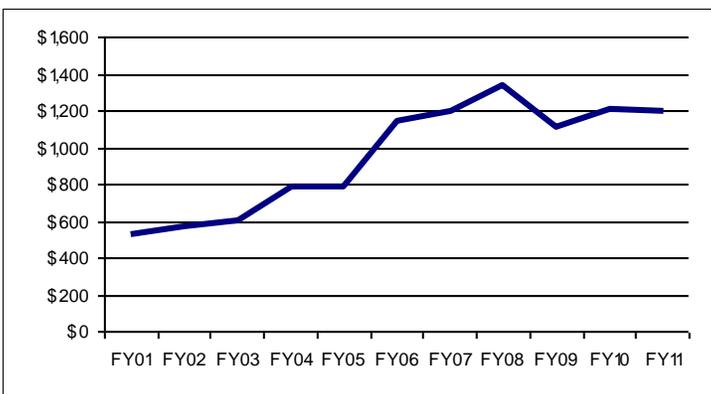
Description:

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

Number of Licenses Issued



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	1,203.1	1,458.7	1,458.7	1,635.7
Agency - Approp. Funds	1,203.1	1,458.7	1,458.7	1,635.7
<i>Category</i>				
FTE	17.0	17.0	17.0	17.0
Personal Services	531.3	667.1	667.1	700.5
ERE Amount	261.0	355.5	355.5	354.0
Prof. And Outside Services	229.7	244.3	244.3	333.8

Travel - In State	2.4	10.0	10.0	10.0
Travel - Out of State	0.0	8.3	8.3	8.3
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	152.5	170.4	170.4	170.4
Equipment	25.8	3.1	3.1	58.7
Transfers Out	0.4	0.0	0.0	0.0
Agency - Approp. Funds	1,203.1	1,458.7	1,458.7	1,635.7
<i>Appropriated Fund</i>				
Behavioral Health Examiner Fund	1,203.1	1,458.7	1,458.7	1,635.7
Agency - Approp. Funds	1,203.1	1,458.7	1,458.7	1,635.7

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 2.5

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Behavioral Health Examiners Fund 2.5

Health Insurance Rate Reduction (11.1)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Behavioral Health Examiners Fund (11.1)

Other Adjustments

Counseling Curriculum Review 24.0

A.R.S. § 32-3301 charges the Board's Counseling Credentialing Committee with the review of educational requirements for applicants to be licensed as professional and associate counselors. In cases where the academic program completed by the applicant is regionally accredited, but is not accredited by one of the major national accrediting councils, the Committee is required by statute to review the specific curriculum to ensure that the school's curriculum meets licensing standards. The four counseling professionals and one public member that make up the Counseling Credentialing Committee are focused on reviewing the credentials of specific candidates for licensure as professional and associate counselors, but they are generally not experts in academia or in the specific knowledge required to evaluate specific course content. The Executive recommends funding to consult with two experts with the proper academic background to perform curriculum reviews on behalf of the Committee. This funding will pay for approximately 192 consulting hours.

Behavioral Health Examiners Fund 24.0

Information Technology Upgrades: Phase I 105.6

In 2009, the Board approved an increase in the fee for license renewals from \$250 to \$350 every two years and implemented a new license issuance fee. Part of the purpose of the fee increase

FY 2013

was to generate additional funding to improve service to the regulated community and reduce processing times through the use of technology. Accordingly, the Executive recommends an appropriation to begin to develop an electronic system of storing and distributing investigation files to Board members for each complaint received.

The current process of distributing investigation files involves producing approximately 25 copies of each investigation file and mailing copies to Board and Credentialing Committee members. With the new paperless investigation system, files will be stored electronically and distributed to Board and Committee members on encrypted flash drives.

Currently, the Board accepts only check or money order payment. The Executive recommendation includes \$20,000 to modify processes to allow licensees to pay by credit card.

The Board will also begin developing a replacement licensing system in FY 2013. The current licensing system lacks functionality and is not capable of interfacing with the Board's accounting functions, leading to financial risk to the Board and the State. The Board will accomplish the technology upgrades in two phases between FY 2013 and FY 2014. The FY 2014 cost is estimated to be \$267,000 to complete the licensing system upgrades.

Behavioral Health Examiners Fund	105.6
<hr/>	
Legal Services Adjustment	15.5

The Board contracts with the Attorney General's Office to prosecute cases in which the Board seeks disciplinary action against a licensee. In FY 2012, the costs charged to the Board for legal services increased by \$15,500 over the appropriated amount. There is currently a backlog of 13 cases requiring Attorney General services, equating to a six-month processing timeframe for formal hearings for cases remanded by the Board. Due to budget constraints, the Board will contract for a lower volume of Attorney General services in FY 2012; however, in order to avoid further increases in the backlog of complaints requiring a formal hearing, the Executive recommends increasing the appropriation for this service in FY 2013.

Behavioral Health Examiners Fund	15.5
<hr/>	
State Employee Pay Adjustment	40.5

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Behavioral Health Examiners Fund	40.5
<hr/>	

Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	<u>Actual</u>	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>
Average number of days to renew a license from receipt of application to issuance	29	20	30	30
Average days to resolve a complaint	396	305	350	350
Number of complaints received about licensees	127	161	160	160

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

Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	<u>Actual</u>	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>
Number of new and existing licenses issued	8,333	8,435	8,450	8,450

State Capital Post-Conviction Public Defender Office

Mission:

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

Description:

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

Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	57.6	65.5	65.5	65.5
Equipment	0.3	13.5	13.5	13.5
Agency - Approp. Funds	726.8	849.9	849.9	874.8
<i>Appropriated Fund</i>				
General Fund	633.8	688.9	688.9	713.8
Capital Postconviction Public Defender Office Fund	93.0	161.0	161.0	161.0
Agency - Approp. Funds	726.8	849.9	849.9	874.8

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 1.8

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund 1.8

Health Insurance Rate Reduction (4.9)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund (4.9)

Other Adjustments

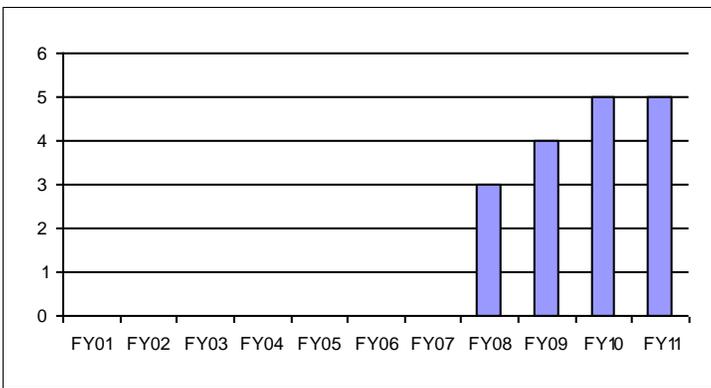
State Employee Pay Adjustment 28.0

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

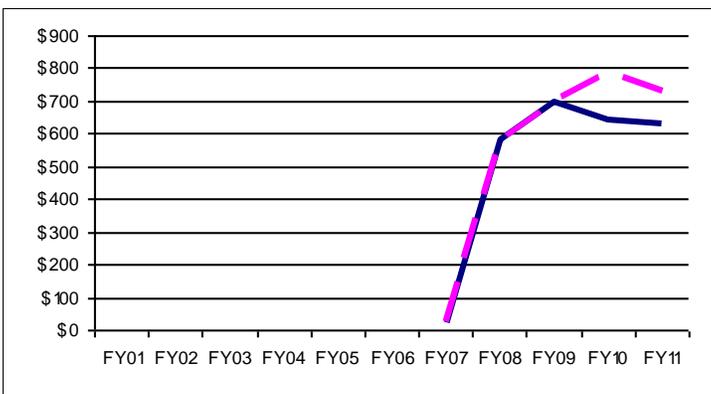
General Fund 28.0

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

Number of Assigned Cases



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Capital Post-Conviction Public Defender	726.8	849.9	849.9	874.8
Agency - Approp. Funds	726.8	849.9	849.9	874.8
<i>Category</i>				
FTE	6.0	6.0	6.0	6.0
Personal Services	437.7	464.0	464.0	487.2
ERE Amount	167.3	186.0	186.0	187.7
Prof. And Outside Services	57.5	108.9	108.9	108.9
Travel - In State	3.3	6.0	6.0	6.0
Travel - Out of State	3.0	6.0	6.0	6.0

State Board for Charter Schools

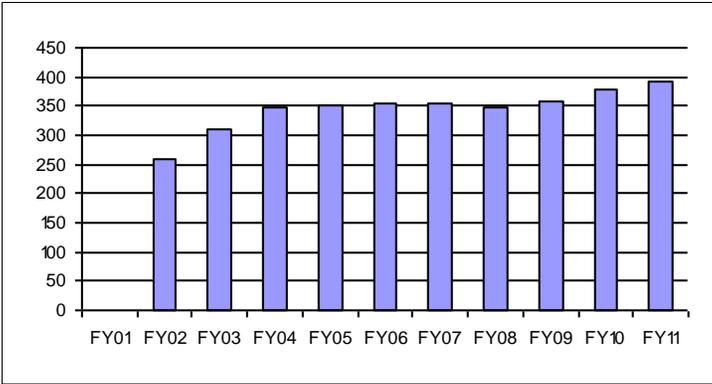
Mission:

To improve public education in Arizona by sponsoring charter schools that provide quality educational choices.

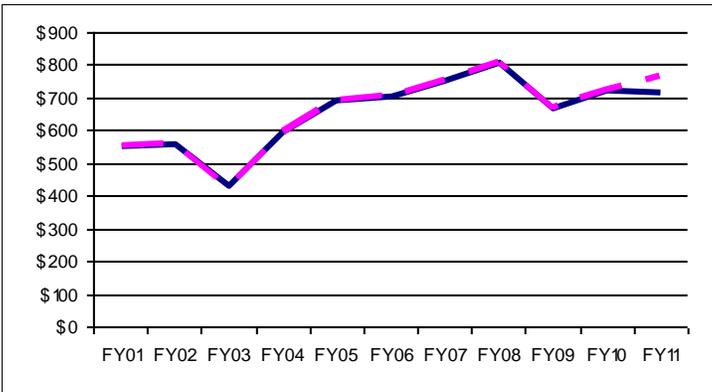
Description:

The Arizona State Board of Charter Schools reviews new, replication, and renewal applications and grants charters to qualified applicants and oversees the academic, fiscal and organizational compliance of the charter schools it sponsors.

Number of Charters



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
State Board for Charter Schools	715.3	750.6	750.6	865.9
Agency - Approp. Funds	715.3	750.6	750.6	865.9
<i>Category</i>				
FTE	8.0	8.0	8.0	9.0
Personal Services	321.4	416.6	416.6	477.4
ERE Amount	162.7	180.9	180.9	197.8
Prof. And Outside Services	60.2	31.6	31.6	31.6
Travel - In State	1.3	3.1	3.1	3.1
Travel - Out of State	0.9	3.2	3.2	3.2
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	152.1	113.2	113.2	149.8
Equipment	16.7	2.0	2.0	5.8
Transfers Out	0.0	0.0	0.0	(2.8)
Agency - Approp. Funds	715.3	750.6	750.6	865.9

Appropriated Fund

General Fund	715.3	750.6	750.6	865.9
Agency - Approp. Funds	715.3	750.6	750.6	865.9

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Charter AZ Online	48.0	36.0	36.0	27.0
Instruction Processing Fund				
Agency - Nonapp. Funds	48.0	36.0	36.0	27.0
Agency Total - All Funds	763.3	786.6	786.6	892.9

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 1.6

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund 1.6

Rent Standard Adjustment 36.6

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

General Fund 36.6

Health Insurance Rate Reduction (5.4)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund (5.4)

Other Adjustments

Increase in Caseload and Statutory Requirements 60.2

Due to the continuing increase in responsibilities without additional resources, the Board has experienced challenges in meeting its statutory mandates, processing timeframes and reporting requirements. There is currently 1.0 FTE position dedicated to processing renewal applications, conducting interval reviews and monitoring performance management plans. In FY 2011, the Board spent approximately \$40,000 for contract services in order to complete interval reviews and renewal applications and still struggled to complete its obligations. The Executive recommends an increase of \$60,043 and 1.0 FTE position to provide an additional CS Program Specialist to assist the Board in meeting statutory obligations in a timely and effective manner.

General Fund 60.2

AG Pro-Rata Appropriation (2.8)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

FY 2013

General Fund (2.8)

State Employee Pay Adjustment 25.1

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund 25.1

Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	<u>Actual</u>	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>
Number of sponsored charters with one or more sites in operation	378	391	405	400
➤ <i>The numbers include the 13 remaining State Board of Education sponsored schools since the Charter School Board provides oversight of these charters.</i>				
Number of sponsored charter school sites in operation	496	517	531	526
➤ <i>The numbers include all State Board of Education sponsored schools, but not district sponsored schools.</i>				
Number of annual on-site monitoring visits	81	104	142	71
Number of annual complaints regarding sponsored schools	129	123	120	120
➤ <i>Complaints are reviewed for contractual compliance and processed accordingly.</i>				

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

State Board of Chiropractic Examiners

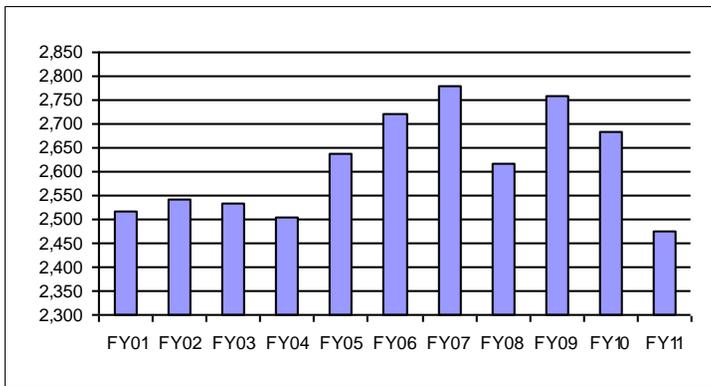
Mission:

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

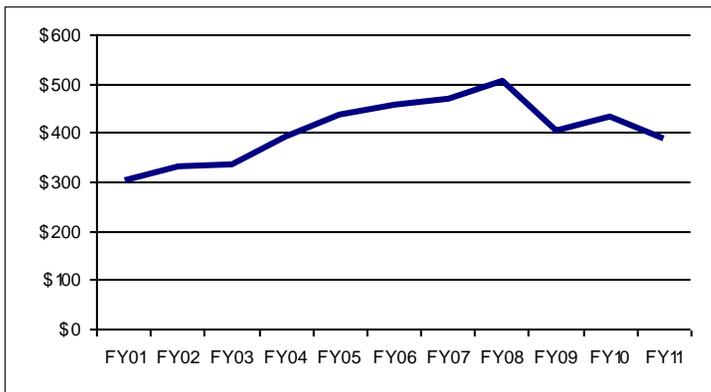
Description:

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

Number of Licenses



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	390.0	449.3	449.3	463.5
Agency - Approp. Funds	390.0	449.3	449.3	463.5
Category				
FTE	5.0	5.0	5.0	5.0
Personal Services	222.1	248.6	248.6	261.0
ERE Amount	69.9	84.1	84.1	86.1
Prof. And Outside Services	14.6	31.4	31.4	31.4
Travel - In State	7.6	5.0	5.0	5.0
Travel - Out of State	1.2	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	73.1	77.2	77.2	80.0

Equipment	1.6	3.0	3.0	0.0
Agency - Approp. Funds	390.0	449.3	449.3	463.5
<i>Appropriated Fund</i>				
Chiropractic Examiners Board	390.0	449.3	449.3	463.5
Agency - Approp. Funds	390.0	449.3	449.3	463.5

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 0.9

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Chiropractic Examiners Board Fund 0.9

Health Insurance Rate Reduction (1.5)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Chiropractic Examiners Board Fund (1.5)

Other Adjustments

Eliminate FY 2012 One-time Funding (3.0)

The Executive recommends reduced appropriations for the one-time FY 2012 funding of replacement computer equipment.

Chiropractic Examiners Board Fund (3.0)

Private Rent Increase 2.8

The Executive recommends an appropriation increase of \$2,800 in FY 13 for a rental increase of \$15.40 per square foot to \$16.60.

Chiropractic Examiners Board Fund 2.8

State Employee Pay Adjustment 15.0

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Chiropractic Examiners Board Fund 15.0

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Number of licenses eligible for renewal	2,493	2,473	2,500	2,500
Percent of license renewal applications processed within 15 business days	100	100	95	95
Total number of investigations conducted	164	190	165	165

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

Citizens' Clean Elections Commission

Mission:

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

Description:

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

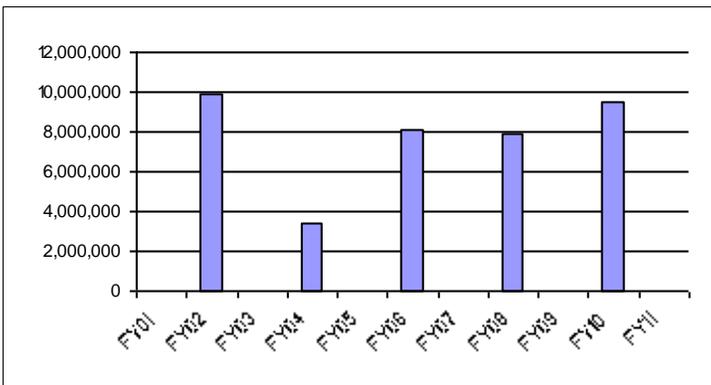
Agency Summary - Appropriated Funds

	Non-Appropriated Funds			
	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Citizens Clean Election Fund	31,891.6	16,264.8	6,264.8	6,348.9
Agency - Nonapp. Funds	31,891.6	16,264.8	6,264.8	6,348.9
Agency Total - All Funds	31,891.6	16,264.8	6,264.8	6,348.9

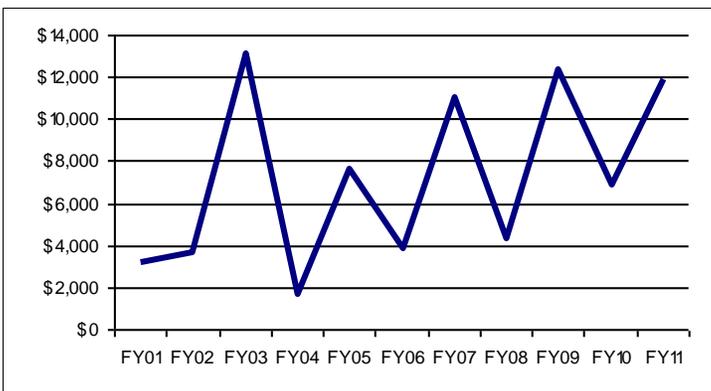
Performance Measures

	FY 2010	FY 2011	FY 2012	FY 2013
	Actual	Actual	Expected	Expected
Number of candidate statement pamphlets mailed to AZ households (calendar years in thousands)	0	3,800.0	3,800.0	3,800.0
Number of certified participating candidates (calendar years)	129	125	85	125
Total funds distributed to participating candidates (calendar years in thousands)	1,600.0	4,500.0	2,337.0	2,794.0
Percent of candidates submitting candidate statements (calendar years)	125	175	175	175
Percent of cap spent on administration and enforcement (calendar years)	3.5	9.0	9.0	9.0
Percent of cap applied to voter education (calendar years)	18.0	19.0	18.0	20.0

Total Candidate Funding



General Fund and Total Funds Expenditure



Commerce Authority

Mission:

To provide private sector leadership in growing and diversifying the economy of Arizona, create high quality employment through expansion, attraction and retention of business, and market Arizona for the purpose of expansion, attraction and retention of businesses.

Description:

The Arizona Commerce Authority (Authority) was established through Executive Order 2010-12, and is charged with the following responsibilities: job creation and expansion of capital investment through business attraction, expansion and retention, including business incubation and entrepreneurship; create, monitor and execute a comprehensive economic and workforce strategy; manage and administer economic development and workforce programs; provide statewide marketing leadership; utilize all means necessary, prudent and practical to integrate private sector-based innovation, flexibility, focus and responsiveness; and advance public policy to meet its objectives.

Agency Summary - Appropriated Funds

<i>Program/Cost Center</i>	<i>FY 2011 Actual</i>	<i>FY 2012 Approp.</i>	<i>FY 2012 Exec. Rec.</i>	<i>FY 2013 Exec. Rec.</i>
Arizona Commerce Authority	0.0	31,500.0	31,500.0	31,500.0
Agency - Approp. Funds	0.0	31,500.0	31,500.0	31,500.0
<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	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	31,500.0	31,500.0	31,500.0
Other Operating Expenses	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0
Agency - Approp. Funds	0.0	31,500.0	31,500.0	31,500.0
<i>Appropriated Fund</i>				
General Fund	0.0	31,500.0	31,500.0	31,500.0
Agency - Approp. Funds	0.0	31,500.0	31,500.0	31,500.0

Non-Appropriated Funds

	<i>FY 2011 Actual</i>	<i>FY 2012 Expend. Plan</i>	<i>FY 2012 Exec. Rec.</i>	<i>FY 2013 Exec. Rec.</i>
Arizona Commerce Authority Carryover	0.0	11,984.4	11,371.0	1.0
Arizona Commerce Authority Fund	0.0	10,000.0	10,000.0	10,000.0
Arizona Competes Fund	0.0	25,000.0	25,000.0	25,000.0
Community Development Bond Fund	0.0	7.1	7.1	7.1
Federal Grant Fund	0.0	1,263.8	1,263.8	942.2
Work Force Recruitment and Job Training Fund	0.0	5,998.8	5,998.8	5,999.4

Non-Appropriated Funds

	<i>FY 2011 Actual</i>	<i>FY 2012 Expend. Plan</i>	<i>FY 2012 Exec. Rec.</i>	<i>FY 2013 Exec. Rec.</i>
Agency - Nonapp. Funds	0.0	54,254.1	53,640.7	41,949.7
Agency Total - All Funds	0.0	85,754.1	85,140.7	73,449.7

Federal Funds Expenditures - as reported by Agency

	<i>FY 2011 Actual</i>	<i>FY 2012 Exp. Plan</i>	<i>FY 2013 Exp. Plan</i>
Agency Total	0.0	1,263.9	942.1

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

Performance Measures

	<i>FY 2010 Actual</i>	<i>FY 2011 Actual</i>	<i>FY 2012 Expected</i>	<i>FY 2013 Expected</i>
Number of companies assisted	0	0	80	80
Number of workers under contract to be trained	0	0	10,000	11,000
Potential foreign investors attracted to Arizona for site visits	0	0	14	14
Number of companies recruited to rural locations	0	0	5	5
Locate/expansion capital investments (in millions)	0	0	412	412
Average hourly wage rate per job	0	0	19.00	19.00
Jobs created by companies utilizing Arizona Commerce Authority business development programs	0	0	10,000	10,000
Number of new company relocations/expansions	0	0	15	15

Department of Commerce

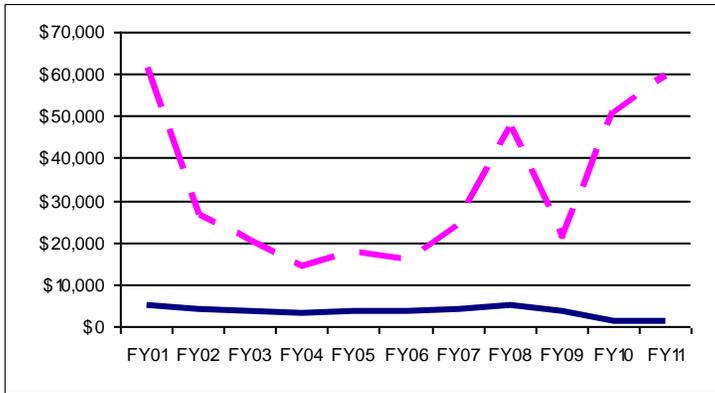
Mission:

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

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011	FY 2012	FY 2012	FY 2013
	Actual	Approp.	Exec. Rec.	Exec. Rec.
Administration and Research	613.8	0.0	0.0	0.0
Community Development	2,639.9	0.0	0.0	0.0
Business Development	3,623.3	0.0	0.0	0.0
Agency - Approp. Funds	6,877.0	0.0	0.0	0.0
<i>Category</i>				
FTE	28.3	0.0	0.0	0.0
Personal Services	1,471.5	0.0	0.0	0.0
ERE Amount	524.5	0.0	0.0	0.0
Prof. And Outside Services	1,615.8	0.0	0.0	0.0
Travel - In State	20.5	0.0	0.0	0.0
Travel - Out of State	63.7	0.0	0.0	0.0
Aid to Others	168.7	0.0	0.0	0.0
Other Operating Expenses	616.9	0.0	0.0	0.0
Equipment	83.4	0.0	0.0	0.0
Transfers Out	2,312.0	0.0	0.0	0.0
Agency - Approp. Funds	6,877.0	0.0	0.0	0.0
<i>Appropriated Fund</i>				
General Fund	3,473.1	0.0	0.0	0.0
Lottery Fund	180.9	0.0	0.0	0.0

Commerce and Economic Development	3,223.0	0.0	0.0	0.0
Agency - Approp. Funds	6,877.0	0.0	0.0	0.0

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

SLI CEDC Commission	180.9	0.0	0.0	0.0
SLI Women & Minority-Owned Business	90.3	0.0	0.0	0.0
SLI Small Business Advocate	121.3	0.0	0.0	0.0
SLI International Trade Offices	1,590.7	0.0	0.0	0.0
SLI Nation Law Center	150.0	0.0	0.0	0.0
SLI Advertising and Promotion	536.5	0.0	0.0	0.0
SLI Sonora Trade Office	25.0	0.0	0.0	0.0
SLI Rural Economic Development	337.7	0.0	0.0	0.0
SLI Economic Development Matching Funds	104.0	0.0	0.0	0.0
SLI Main Street	128.2	0.0	0.0	0.0
SLI Rural Economic Development Initiative (REDI) Matching Grants	45.0	0.0	0.0	0.0
SLI Military Airport Planning	2,025.0	0.0	0.0	0.0

Non-Appropriated Funds

	FY 2011	FY 2012	FY 2012	FY 2013
	Actual	Expend. Plan	Exec. Rec.	Exec. Rec.
Arizona Job Training Fund	2,343.9	0.0	0.0	0.0
CEDC Local Communities Fund	10.0	0.0	129.4	0.0
Commerce & Economic Development	18.7	0.0	8,448.7	0.0
Commerce Development Bond Fund	0.6	0.0	1,007.1	0.0
Commerce Donations Fund	792.8	0.0	471.2	0.0
Commerce Workshops	125.6	0.0	87.0	0.0
Federal Economic Recovery Fund	57,655.6	0.0	0.0	0.0
Federal Grant	7,691.5	0.0	1,005.1	0.0
Greater AZ Development Authority Revolving	206.9	0.0	0.0	0.0
IGA and ISA Between State Agencies	1,263.2	0.0	0.0	0.0
Indirect Cost Recovery Fund	199.6	0.0	0.0	0.0
Military Installation Fund	5,167.9	0.0	0.0	0.0
Nursing Education Demo Project	186.6	0.0	2,607.2	0.0
Oil Overcharge Fund	451.7	0.0	0.0	0.0
Agency - Nonapp. Funds	76,114.6	0.0	13,755.7	0.0
Agency Total - All Funds	82,991.6	0.0	13,755.7	0.0

Federal Funds Expenditures - as reported by Agency

	FY 2011	FY 2012	FY 2013
	Actual	Exp. Plan	Exp. Plan
Agency Total	65,346.0	0.0	0.0

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

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Percent of surveys marked "very good" or "excellent" from annual survey of Administration Division's internal customers	81	82	na	na
Total number of jobs created by companies participating in the Enterprise Zone program	3,785	3890	na	na
Capital investment made by companies participating in Enterprise Zone program (property tax and income tax programs) (in millions)	1,299	1348	na	na
Potential foreign investors attracted to Arizona for site visits	27	26	na	na
Number of companies recruited to rural locations	19	3	na	na
Average hourly wage rate per job	15.95	19.00	na	na
➤ <i>Based on companies receiving business development assistance.</i>				
Jobs created by companies utilizing Commerce Business Development programs	2551	10634	na	na
Number of new company relocations, expansions	15	30	na	na
Number of companies assisted	0	55	na	na
Number of workers under contract to be trained	0	11,954	na	na
➤ <i>Forecasted to go through training to increase their job skills.</i>				
Number of projects attracted or facilitated	30	na	na	na

Arizona Community Colleges

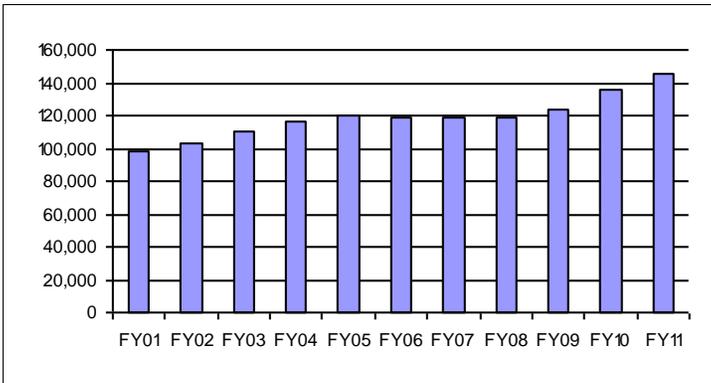
Mission:

To provide quality, accessible, and affordable higher-education.

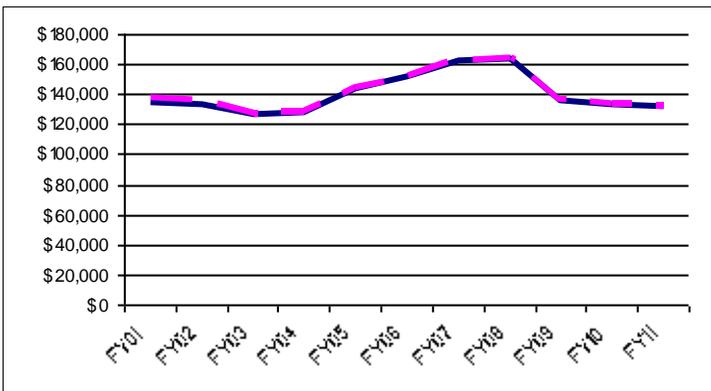
Description:

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

Full-Time Equivalent Student Enrollment



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Operating State Aid	97,556.8	33,324.4	33,324.4	35,491.7
Equalization Aid	34,869.5	35,252.9	35,252.9	27,842.6
Dine College	1,918.0	1,662.9	1,662.9	1,662.9
Rural County Reimbursement Subsidy	1,000.0	848.8	848.8	848.8
Agency - Approp. Funds	135,344.3	71,089.0	71,089.0	65,846.0

Category	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
FTE	0.0	0.0	0.0	0.0
Personal Services	0.0	0.0	0.0	0.0
ERE Amount	0.0	0.0	0.0	0.0
Prof. And Outside Services	0.0	0.0	0.0	0.0
Travel - In State	0.0	0.0	0.0	0.0
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	135,344.3	71,089.0	71,089.0	65,846.0
Other Operating Expenses	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0

Agency - Approp. Funds	135,344.3	71,089.0	71,089.0	65,846.0
<i>Appropriated Fund</i>				
General Fund	135,344.3	71,089.0	71,089.0	65,846.0
Agency - Approp. Funds	135,344.3	71,089.0	71,089.0	65,846.0

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 Operating Cochise	7,488.7	5,572.0	5,572.0	5,784.6
SLI Operating Coconino	2,679.4	1,836.0	1,836.0	1,847.9
SLI Operating Gila	658.4	428.1	428.1	410.0
SLI Operating Graham	4,243.9	2,260.0	2,260.0	2,373.2
SLI Operating Maricopa	45,327.4	6,891.2	6,891.2	8,315.7
SLI Operating Mohave	3,682.9	1,792.2	1,792.2	1,785.6
SLI Operating Navajo	3,590.0	1,730.1	1,730.1	1,689.7
SLI Operating Pima	15,942.1	7,146.4	7,146.4	7,353.5
SLI Operating Pinal	4,935.1	2,086.2	2,086.2	2,107.8
SLI Operating Santa Cruz	0.0	0.0	0.0	63.5
SLI Operating Yavapai	4,196.0	899.2	899.2	957.6
SLI Operating Yuma/La Paz	4,812.9	2,683.0	2,683.0	2,802.6
SLI Equalization Cochise	7,841.8	8,048.9	8,048.9	5,611.5
SLI Equalization Graham	17,465.4	19,345.7	19,345.7	16,864.0
SLI Equalization Navajo	6,624.0	6,451.7	6,451.7	5,367.1
SLI Equalization Yuma/La Paz	2,938.3	1,406.6	1,406.6	0.0

Executive Appropriation Recommendations

FY 2013

Baseline Adjustments

Operating State Aid Formula Funding 2,167.3

From FY 2010 to FY 2011, total Community College enrollment grew by more than 7%. The Executive recommends \$2.2 million for Operating State Aid formula funding.

The Operating State Aid formula is based on enrollment growth and the previous year's Operating State Aid.

General Fund 2,167.3

Equalization State Aid Formula Funding (7,410.3)

The Executive recommends decreases totaling (\$7.4 million) for Equalization State Aid to the Cochise, Graham, Navajo and Yuma/La Paz community college districts in accordance with formula. The decreases reflect the fact that property tax values for districts that receive Equalization Aid decreased less than the average for all rural Arizona counties.

The Equalization State Aid Formula is designed to make up for the lack of sufficient property tax base for certain districts.

General Fund (7,410.3)

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

Constable Ethics Standards & Training Board

Mission:

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

Description:

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

Agency Summary - Appropriated Funds

Non-Appropriated Funds

	<i>FY 2011 Actual</i>	<i>FY 2012 Expend. Plan</i>	<i>FY 2012 Exec. Rec.</i>	<i>FY 2013 Exec. Rec.</i>
Constable Ethics Standards and Training	188.6	245.3	245.3	245.3
Agency - Nonapp. Funds	188.6	245.3	245.3	245.3
Agency Total - All Funds	188.6	245.3	245.3	245.3

Registrar of Contractors

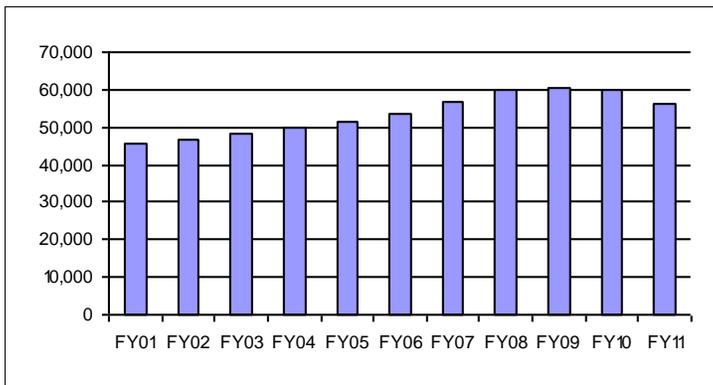
Mission:

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

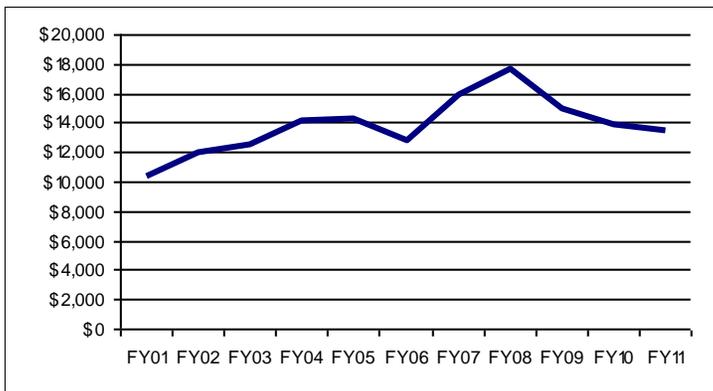
Description:

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

Number of Licenses



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Regulatory Affairs	7,904.2	12,002.7	12,002.7	12,095.2
Agency - Approp. Funds	7,904.2	12,002.7	12,002.7	12,095.2

Category	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
FTE	144.8	144.8	144.8	144.8
Personal Services	3,850.0	5,519.2	5,519.2	5,795.2
ERE Amount	1,726.3	2,274.5	2,274.5	2,290.5
Prof. And Outside Services	102.5	405.3	405.3	405.3
Travel - In State	171.2	505.1	505.1	505.1
Travel - Out of State	0.0	11.8	11.8	11.8
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	1,440.0	2,168.9	2,168.9	1,969.4
Equipment	79.7	100.3	100.3	100.3

Transfers Out	534.5	1,017.6	1,017.6	1,017.6
Agency - Approp. Funds	7,904.2	12,002.7	12,002.7	12,095.2

Appropriated Fund

Registrar of Contractors Fund	7,904.2	12,002.7	12,002.7	12,095.2
Agency - Approp. Funds	7,904.2	12,002.7	12,002.7	12,095.2

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 Office of Administrative Hearings	534.5	1,017.6	1,017.6	1,017.6
SLI Information Management System	365.9	0.0	0.0	0.0

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Residential Contractors' Recovery Fund	6,160.4	4,952.2	4,952.2	10,957.1
Agency - Nonapp. Funds	6,160.4	4,952.2	4,952.2	10,957.1
Agency Total - All Funds	14,064.6	16,954.9	16,954.9	23,052.3

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 21.0

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Registrar of Contractors Fund 21.0

Rent Standard Adjustment (199.5)

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

Registrar of Contractors Fund (199.5)

Health Insurance Rate Reduction (63.4)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Registrar of Contractors Fund (63.4)

Other Adjustments

State Employee Pay Adjustment 334.4

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Registrar of Contractors Fund 334.4

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Total complaints closed through compliance	4,542	3,762	3,762	3,762
Total number of contractors licensed	58,358	56,050	56,050	56,050

Performance Measures

	FY 2010 <u>Actual</u>	FY 2011 <u>Actual</u>	FY 2012 <u>Expected</u>	FY 2013 <u>Expected</u>
in state				
Number of complaints received - unlicensed contractors	1,985	1,725	1,725	1,725

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

Corporation Commission

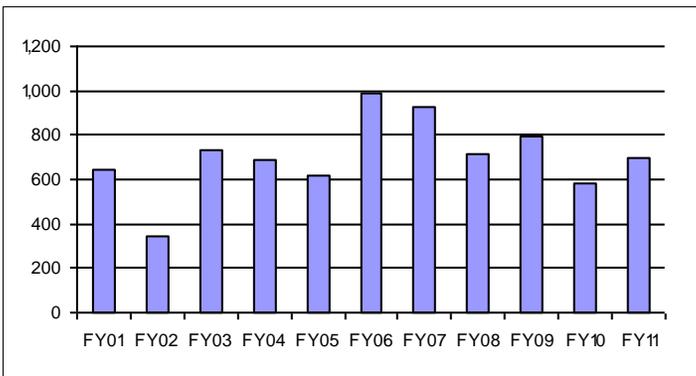
Mission:

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.

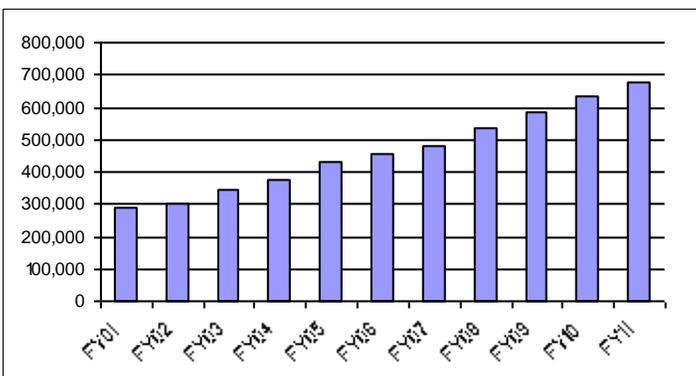
Description:

The Corporation Commission was established by Article 15 of the State Constitution and is composed of five elected Commissioners. Commissioners are currently serving terms that expire in 2012 or 2014. The seats are staggered in four-year terms. Staffing is provided in seven divisions, each headed by a division director serving under the Commission's Executive Director, who is the chief executive officer and responsible for the day-to-day operations of the divisions. The Commission's primary responsibilities include reviewing and establishing public utility rates, regulating the sale of securities, ensuring pipeline and railroad safety, and administering the Arizona Corporations Code. The Commission also serves as the repository of corporate annual reports and other publicly available documents filed by corporations in accordance with state law.

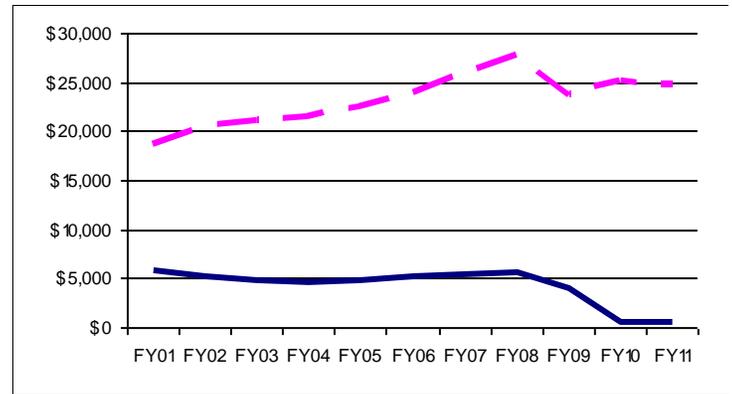
Hearings Decisions for Utility Rate or Securities Violations Cases



Total Number of Active Corporations and LLCs



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Administration	3,017.3	2,925.1	2,925.1	3,339.5
Hearings	1,525.2	1,547.5	1,547.5	2,006.1
Corporations	4,018.5	4,120.7	4,120.7	4,290.9
Securities	4,308.8	4,363.0	4,338.0	4,531.8
Railroad Safety	613.7	586.4	661.4	676.5
Pipeline Safety	869.8	900.0	900.0	932.9
Utilities	5,455.0	5,419.2	5,419.2	5,888.5
Legal	1,766.9	1,797.4	1,797.4	1,912.3
Information Technology	2,186.7	2,212.8	2,162.8	2,228.1
Agency - Approp. Funds	23,761.9	23,872.1	23,872.1	25,806.5

Category

FTE	308.3	308.3	308.3	308.3
Personal Services	14,075.4	14,586.1	14,587.1	15,846.6
ERE Amount	5,613.0	5,887.5	5,887.9	6,026.9
Prof. And Outside Services	685.8	570.0	570.0	570.0
Travel - In State	133.5	129.9	129.9	129.9
Travel - Out of State	72.3	67.5	67.5	67.5
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	2,837.7	2,431.1	2,429.7	2,533.1
Equipment	291.6	200.0	200.0	432.5
Transfers Out	52.6	0.0	0.0	200.0
Agency - Approp. Funds	23,761.9	23,872.1	23,872.1	25,806.5

Appropriated Fund

General Fund	619.9	511.4	586.4	597.5
Utility Regulation Revolving	12,682.1	12,597.6	12,597.6	14,089.2
Securities Regulatory & Enforcement	4,235.9	4,217.4	4,192.4	4,376.1
Public Access Fund	5,479.0	5,817.1	5,767.1	5,989.6
Securities Investment Management Fund	694.0	678.7	678.7	703.2
Arizona Arts Trust Fund	51.0	49.9	49.9	50.9
Agency - Approp. Funds	23,761.9	23,872.1	23,872.1	25,806.5

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

SLI Same Day Service	0.0	270.6	270.6	279.5
SLI Utility Audits and Studies	0.0	380.0	380.0	380.0
SLI Same Day Service	0.0	129.8	129.8	134.4

Non-Appropriated Funds

	FY 2011 <i>Actual</i>	FY 2012 <i>Expend. Plan</i>	FY 2012 <i>Exec. Rec.</i>	FY 2013 <i>Exec. Rec.</i>
Federal Economic Recovery Fund	291.3	310.0	310.0	271.3
Federal Grant	875.1	630.3	630.3	643.1
Statewide Donations Fund	21.9	0.0	0.0	0.0
Utility Siting Fund	14.0	0.0	0.0	0.0
Agency - Nonapp. Funds	1,202.3	940.3	940.3	914.4
Agency Total - All Funds	24,964.2	24,812.4	24,812.4	26,720.9

Federal Funds Expenditures - as reported by Agency

	FY 2011 <i>Actual</i>	FY 2012 <i>Exp. Plan</i>	FY 2013 <i>Exp. Plan</i>
Agency Total	1,166.4	979.5	901.6

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

FY 2013

Baseline Adjustments

Health Insurance Allocation Adjustment 0.0

The Executive recommends a \$75,000 increase from the General Fund as a technical revision to update health insurance allocations included in the FY 2012 General Appropriations Act. The Executive further recommends that the \$75,000 General Fund appropriation be offset by transferring \$50,000 to the General Fund from the Public Access Fund and by transferring \$25,000 to the General Fund from the Securities Regulatory and Enforcement Fund in FY 2013, for a zero net impact to the General Fund.

General Fund	75.0
Security Regulatory and Enforcement Fund	(25.0)
Public Access Fund	(50.0)

Other Adjustments

Hearing Case Efficiencies 1,097.6

During FY 2011, the Commission held 509 hearings, arbitrations and procedural conferences. The vast majority of hearings are held in Phoenix, in the Commission's only large hearing room. Hearings have increased in complexity, and the time needed to conduct hearings increased by over 32% between FY 2008 and FY 2011.

From filing to implementation, the typical rate change for a large utility is an 18- to 24-month process. That time period is due primarily to over-booking of the Commission's main hearing room and insufficient staff to process rate cases. The delay in rate change approvals negatively affects customers, as the utility is not able to generate sufficient revenues necessary to invest in infrastructure to expand service or make service improvements in a timely manner.

The Executive recommends the construction of an additional hearing room and sufficient funding for the Commission to fill the following positions: (1) two administrative law judges to hear and process rate cases, (2) one Hearings Division support staff, (3) one senior level accountant to provide financial analysis support for rate cases, and (4) four utilities analysts to provide technical support for rate cases.

The Executive expects that, with the construction of a new hearing room and the hiring of new staff, the length of time from rate case filing to implementation of the rate change will decrease to approximately 12 months.

Utility Regulation Revolving Fund	1,097.6
-----------------------------------	---------

State Employee Pay Adjustment 858.2

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund	14.3
Utility Regulation Revolving Fund	450.9

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Rent Standard Adjustment 103.2

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

General Fund	(0.4)
Utility Regulation Revolving Fund	14.3
Security Regulatory and Enforcement Fund	40.3
Public Access Fund	49.0

Retirement Standard Adjustment 58.7

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund	1.1
Utility Regulation Revolving Fund	28.6
Security Regulatory and Enforcement Fund	11.8
Public Access Fund	14.9
Securities Investment Management Fund	2.2
Arizona Arts Trust Fund	0.1

Health Insurance Rate Reduction (183.3)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund	(3.9)
Utility Regulation Revolving Fund	(99.8)
Security Regulatory and Enforcement Fund	(28.5)
Public Access Fund	(43.6)
Securities Investment Management Fund	(6.6)
Arizona Arts Trust Fund	(0.9)

FY 2013

Security Regulatory and Enforcement Fund	160.1
Public Access Fund	202.2
Securities Investment Management Fund	28.9
Arizona Arts Trust Fund	1.8

FY 2012 Supplemental Recommendations

FY 2012

Health Insurance Allocation Adjustment 0.0

The Executive recommends a \$75,000 increase from the General Fund as a technical revision to enact updates to the health insurance allocations included in the FY 2012 General Appropriations Act. The Executive further recommends that the \$75,000 appropriation be offset by transferring \$50,000 to the General Fund from the Public Access Fund and by transferring \$25,000 to the General Fund from the Securities Regulatory and Enforcement Fund in FY 2012.

General Fund	75.0
Security Regulatory and Enforcement Fund	(25.0)
Public Access Fund	(50.0)

Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	<u>Actual</u>	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>
Range of days to process expedited requests - corporate filings	3-14	2-8	2-5	2-5
Range of weeks to process regular requests - Corporate Filings	3-8	5-7	4-6	3-6
Total active corporations and Limited Liability Corporations recorded	635,858	678,983	685,000	685,000
Number of complaints	392	306	250	250
Number of grade crossing accidents	20	19	25	25
Total number of Interstate pipeline safety violations	0	2	0	0

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

Department of Corrections

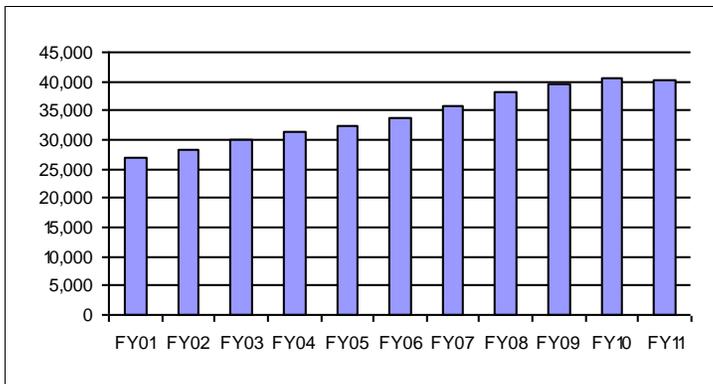
Mission:

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

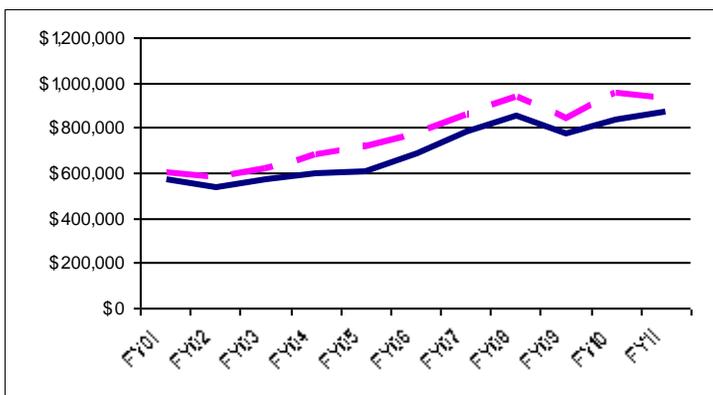
Description:

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

Average Daily Population



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
---------------------	-------------------	--------------------	-----------------------	-----------------------

Prison Operations and Services	877,568.2	949,166.0	949,166.0	984,224.9
Community Corrections Administration	11,103.3	13,529.3	13,529.3	14,739.3
	42,389.2	36,142.4	36,142.4	37,207.8
Agency - Approp. Funds	931,060.7	998,837.7	998,837.7	1,036,171.9

Category

FTE	10,015.2	10,015.2	10,015.2	10,168.2
Personal Services	409,787.8	428,352.3	428,352.3	455,704.7
ERE Amount	186,539.5	199,680.0	199,680.0	208,091.7
Prof. And Outside Services	135,841.8	146,544.8	146,544.8	145,978.0
Travel - In State	137.6	159.0	159.0	159.0
Travel - Out of State	57.0	66.6	66.6	66.6
Food	43,827.8	47,634.4	47,634.4	47,500.0
Aid to Others	257.0	299.9	299.9	299.9
Other Operating Expenses	106,578.3	119,058.3	119,058.3	119,308.2
Equipment	14,237.5	12,216.8	12,216.8	6,800.7
Capital Outlay	0.0	0.0	0.0	5,000.0
Transfers Out	33,796.4	44,825.6	44,825.6	47,263.1
Agency - Approp. Funds	931,060.7	998,837.7	998,837.7	1,036,171.9

Appropriated Fund

General Fund	899,401.6	948,188.6	948,188.6	980,922.9
Corrections Fund	23,010.7	27,517.6	27,517.6	32,017.6
State Education Fund for Correctional Education	413.9	503.5	503.5	524.5
DOC - Alcohol Abuse Treatment	0.0	554.4	554.4	554.4
Transition Program Fund	180.0	930.0	930.0	3,485.0
Transition Services Fund	555.0	2,555.0	2,555.0	828.9
Prison Construction and Operations Fund	7,499.4	13,249.4	13,249.4	11,499.4
DOC Building Renewal & Preventive Maintenance	0.0	0.0	0.0	5,000.0
Penitentiary Land Earnings	0.0	1,979.2	1,979.2	979.2
State Charitable, Penal & Reformatory Land Earnings	0.0	3,360.0	3,360.0	360.0
Agency - Approp. Funds	931,060.7	998,837.7	998,837.7	1,036,171.9

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 Overtime/Compensatory Time	28,951.4	16,847.8	16,847.8	17,933.7
SLI Private Prison Per Diem	112,356.1	127,999.1	127,999.1	127,636.6
SLI Narrowband Radio Conversation	0.0	5,750.0	5,750.0	0.0

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
ARCOR Enterprises Revolving	31,669.5	34,267.0	34,267.0	34,572.5
Community Corrections Enhancement Fund	18.1	100.0	100.0	100.0
Corrections Donations	65.4	66.0	66.0	66.0
DOC Special Services Fund	2,564.8	4,926.0	4,926.0	4,926.0
Federal Economic Recovery Fund	320.7	6,231.7	6,231.6	0.0
Federal Grant	11,690.7	11,543.5	11,543.5	10,749.7
IGA and ISA Fund	107.7	135.0	135.0	58.7
Indirect Cost Recovery Fund	711.5	1,018.9	1,018.9	1,019.8

Non-Appropriated Funds

	<i>FY 2011 Actual</i>	<i>FY 2012 Expend. Plan</i>	<i>FY 2012 Exec. Rec.</i>	<i>FY 2013 Exec. Rec.</i>
Inmate Store Proceeds Fund	5.3	4,500.8	4,500.8	4,500.8
Risk Management Insurance Reimbursement	326.9	360.0	360.0	360.0
State Charitable, Penal & Reformatory Land Earnings	274.2	0.0	0.0	0.0
State DOC Revolving-Transition	2,647.0	2,301.1	2,301.1	2,301.1
Agency - Nonapp. Funds	50,401.8	65,450.0	65,449.9	58,654.6
Agency Total - All Funds	981,462.4	1,064,287.7	1,064,287.6	1,094,826.6

Federal Funds Expenditures - as reported by Agency

	<i>FY 2011 Actual</i>	<i>FY 2012 Exp. Plan</i>	<i>FY 2013 Exp. Plan</i>
Agency Total	12,011.3	17,797.4	10,710.8

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

FY 2013

Baseline Adjustments

Transition Services Consolidation 828.9

The Transition Services program is funded by both the Transition Program Fund and the Transition Services Fund. Laws 2010, Chapter 54, required the deposit of revenues into a "Transition Services Fund", which was never created by statute. This caused an unnecessary new fund to be established to receive revenues. The oversight makes operating the program from two programs cumbersome and inefficient.

The Executive recommends eliminating the Transition Services Fund and moving the \$2.6 million appropriation and the FY 2012 ending fund balance to the Transition Program Fund.

Transition Program Fund	2,555.0
Transition Services Fund	(1,726.1)

Leap Year (800.1)

The Executive recommends the elimination of FY 2012 one-time funding for leap year.

General Fund	(800.1)
--------------	---------

Radio Conversions (5,750.0)

The Executive recommends the elimination of FY 2012 one-time funding for the conversion of radios to narrowband.

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

Department of Corrections Building Renewal 5,000.0

Laws 2011, Chapter 34, created the Department of Corrections Building Renewal Fund and provides that the Department of Administration administer the fund. Laws 2011, Chapter 25, appropriated \$4.6 million from the Fund to be used for the Department of Correction's building renewal and preventive maintenance projects. The Executive recommends moving administration of the Fund to the Department of Corrections and appropriating \$5.0 million for FY 2013.

DOC Building Renewal & Preventive Maintenance	5,000.0
---	---------

Other Adjustments

Correctional Officers 9,256.0

The Executive recommends 306.0 FTE Correctional Officer II positions to achieve two important security objectives.

First, the number of Correctional Officers needed to secure a prison is determined by the layout of the building and the risk-level of the inmates. Each Correctional Officer post is assigned to a specific space. Currently, the Department has 193.0 unfilled security posts inside the prisons.

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 7,531.1

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund	7,525.1
State Education Fund for Correctional Education Fund	6.0

Rent Standard Adjustment 348.8

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

General Fund	348.8
--------------	-------

Health Insurance Rate Reduction (7,010.0)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund	(7,006.3)
State Education Fund for Correctional Education Fund	(3.7)

Second, when an inmate is transported outside the prison for medical care, the Correctional Officers who provide security for the transport must leave their regular duty posts, often resulting in security gaps. The Department uses 235,040 man-hours to cover hospital transportation security, an equivalent of 113.0 full-time Correctional Officers.

The Executive recommends implementing the increased staffing over two fiscal years, a total of 153.0 officers in FY 2013 and 153.0 in FY 2014.

General Fund	9,256.0
--------------	---------

State Prisons Bed Plan	0.0
-------------------------------	------------

Current Status

On October 31, 2011, the State Prison System held 40,154 inmates, exceeding the system’s rated capacity of 37,159. To provide housing for the 2,995 surplus inmate population, the Department has created 5,284 temporary beds in unorthodox areas of the prisons (e.g., barber shops, day rooms and libraries) and through the use of bunk beds. The temporary beds also can serve as emergency space for the safe operations of a prison.

Since the end of FY 2001, the number of makeshift temporary beds has increased from 2,096 to the current 5,284. As the number of temporary beds has increased, the relative safety of the more recently created temporary beds has decreased. Creating more temporary beds is not advisable.

Population Growth

For over 20 years, the prison population grew steadily by about 115 inmates per month, with the total population peaking at 40,766 in October 2009. Since then, through the end of October 2011, the population has declined by an average of 26 inmates per month. Barring a dramatic shift of inmates, during FY 2012 and FY 2013 the prison population is expected to have zero growth.

During the recent period of prison population contraction, the Department has seen growth in specific custody levels and subgroups of the inmate population. The maximum-custody population has grown by an average of 12 inmates per month over the past two years, while the total inmate population has declined by a monthly average of 26. With the same growth rate expected to continue, the Department will exceed the prisons’ rated and temporary bed capacity at the maximum-custody level by March 2013.

The sex offender population makes up 14% of the total prison population, with the majority housed within the medium-custody level. This population has grown by 4.1% over the last year.

The protective segregation population is made up of prisoners

who cannot be housed with the general population inmates because of threats and conflicts due to such things as religion, race, gang affiliation, type of crime, etc. The population of this subgroup was 791 in FY 2008 and is expected to triple to 2,441 in FY 2012. Both of these subsets must be segregated from the general population as well as from each other.

Current Problem

A vacancy rate of at least five percent is necessary within each custody level to allow for the safe management of a prison population that is becoming exceedingly subdivided into incompatible groups of inmates. Housing restrictions, maintenance, disturbances and emergencies all require movement of inmates. The movement of inmates creates greater risk of escape and of harm to correctional staff and inmates. The lower the vacancy rate, the more frequently the inmates must be moved to manage a compatible housing plan of multiple-custody levels and subgroups.

The prison system as a whole has a vacancy rate of about 6%. Unfortunately, a majority of the vacant beds are isolated to the female and minimum-custody male populations. The male inmate population across all custody levels has about a four percent vacancy rate, with the medium-custody male population having less than one percent of vacant bed space for management (this includes the use of 2,928 temporary beds, 40% more than the entire system used in FY 2001). The current maximum-custody male population has a bed vacancy rate of 6%. However, at the current growth rate of 12 inmates per month, the Department will have exhausted its vacant maximum-level beds by April 2013.

5,000 New Private Beds Authorized in 2009

Laws 2009, Third Special Session, Chapter 6, requires the Department to issue a request for proposals and contract for 5,000 private prison beds. The Legislature enacted the provision based on the assumption that the prison population would grow by 114 inmates per month during Fiscal Years 2010 and 2011 and perhaps beyond. Considering the dramatic change in population growth and the inflexible language that requires the Department to contract for exactly 5,000 private prison beds, and not a lesser amount, the Executive canceled the request for proposals on December 22, 2011.

2,000 New Private Beds

To deal with the rapid growth of specific medium-custody, sex offender and protected-segregation populations, the Executive recommends a private contract for 2,000 male, medium-custody beds planned to open in January 2014.

500 Maximum Male Beds

FY 2013

The maximum-custody population growth will require the immediate construction of new State beds. The Executive recommends allocating \$50.0 million to construct 500 maximum-custody male beds on the site of the Rast Unit at the Lewis Prison in Buckeye. The beds will be planned to open beginning in July 2014.

Corrections Fund Revenue Redirection 4,500.0

Laws 2011, Chapter 33, allows the Director to establish fees assessed for (a) deposits made to prisoner spendable accounts and (b) background checks for inmate visitors. Fee revenues are deposited in the Department of Corrections Building Renewal Fund. The same legislation mandates transfers of \$500,000 from the Inmate Store Proceeds Fund, \$500,000 from the Special Services Fund, and \$1.0 million from the Arizona Correctional Industries Revolving Fund.

These sources as originally proposed were expected to provide enough revenue for the \$4.6 million appropriation in FY 2012. However, the final version of the fee language is expected to produce revenues of only \$2.2 million.

To ensure a sufficient and consistent source of revenue to the Fund for the immediate future, the Executive recommends a \$4.5 million transfer from the Corrections Fund in FY 2013 and again in FY 2014.

Corrections Fund 4,500.0

AG Pro-Rata Appropriation (2,891.4)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

General Fund (2,889.1)
State Education Fund for Correctional Education Fund (2.3)

State Employee Pay Adjustment 26,320.9

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund 26,299.9
State Education Fund for Correctional Education Fund 21.0

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Number of escapes of inmates from any location	1	4	0	0
Average daily inmate population	40,458	40,226	40,154	40,154
Average daily bed deficit	4,638	2,621	3,751	3,751

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

Board of Cosmetology

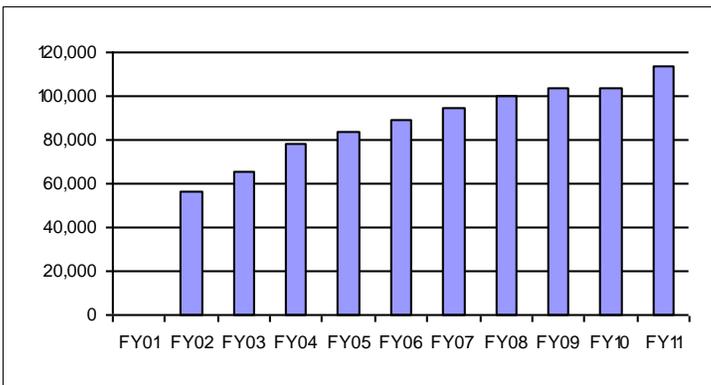
Mission:

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

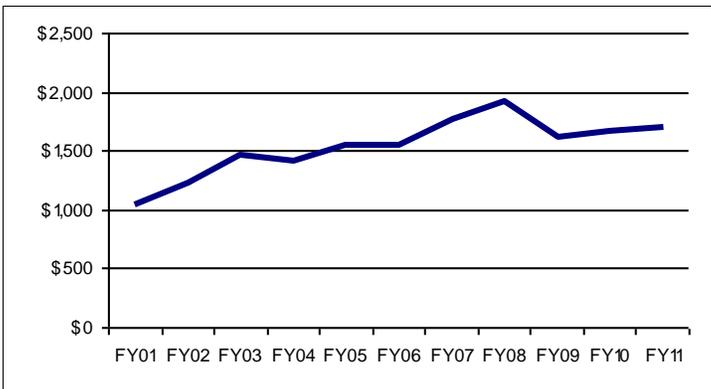
Description:

In order to achieve its mandate of protecting the public in Arizona, the Board of Cosmetology issues 12 categories of licenses to salons, schools and individuals who qualify by reciprocity or through the administration of a written and practical examination. The Board enforces regulation by routine health and safety inspections of salons and schools, investigates consumer complaints, conducts hearing and imposes enforcement action when appropriate. The Board also establishes health and safety standards, educational and curriculum standards and oversight, and provides monthly classes on infection control and law and regulation practices for the general licensing population by registration. The Board also uses the educational classes for remediation and regulatory rehabilitation of violators by Board Order as terms of probation, and Laws 2011 Chapter 199 mandates infection protection and law classes for all reciprocity applicants. Furthermore, the Board offers electronic services to customers to increase efficiency and reduce the demands on full-time staff. The Board is recognized by national industry entities as being progressive, insightful, and a leader in cosmetology regulation.

Total Licenses Issued



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	1,678.2	1,742.1	1,742.1	1,775.9
Agency - Approp. Funds	1,678.2	1,742.1	1,742.1	1,775.9
<i>Category</i>				
FTE	24.5	24.5	24.5	24.5
Personal Services	621.5	702.0	702.0	737.1
ERE Amount	288.8	306.2	306.2	304.9
Prof. And Outside Services	212.4	92.7	92.7	92.7
Travel - In State	34.8	35.0	35.0	35.0
Travel - Out of State	10.5	10.5	10.5	10.5
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	483.8	556.8	556.8	556.8
Equipment	26.4	38.9	38.9	38.9
Transfers Out	0.2	0.0	0.0	0.0
Agency - Approp. Funds	1,678.2	1,742.1	1,742.1	1,775.9
<i>Appropriated Fund</i>				
Cosmetology Board	1,678.2	1,742.1	1,742.1	1,775.9
Agency - Approp. Funds	1,678.2	1,742.1	1,742.1	1,775.9
Non-Appropriated Funds				
	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Cosmetology Board	23.4	157.1	157.1	157.1
Agency - Nonapp. Funds	23.4	157.1	157.1	157.1
Agency Total - All Funds	1,701.6	1,899.2	1,899.2	1,933.0

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 2.7

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Cosmetology Board Fund 2.7

Health Insurance Rate Reduction (11.6)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Cosmetology Board Fund (11.6)

Other Adjustments

State Employee Pay Adjustment 42.7

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Cosmetology Board Fund 42.7

Performance Measures

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

Performance Measures

	FY 2010	FY 2011	FY 2012	FY 2013
	<u>Actual</u>	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>
Average calendar days from receipt of completed application to issuance of license	21	17	17	17
Total individuals and establishments licensed	107,000	113,188	118,000	123,000
Total inspections conducted	5,975	6,148	6,300	6,300
Total complaints and application denials	2,473	2,354	2,400	2,400

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

Arizona Criminal Justice Commission

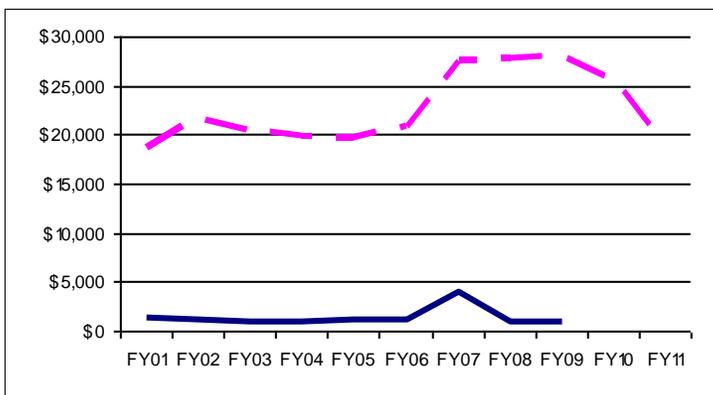
Mission:

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

Description:

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

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Agency Management	261.6	295.9	295.9	304.0
Crime Victims	3,373.4	4,085.4	4,085.4	4,092.1
Statistical Analysis Center	128.5	234.7	234.7	237.6
Crime Control	1,704.5	1,001.1	1,001.1	1,002.0
Criminal Justice System Improvement	18.8	8.4	8.4	8.7
Agency - Approp. Funds	5,486.8	5,625.5	5,625.5	5,644.4
<i>Category</i>				
FTE	8.0	8.0	8.0	8.0
Personal Services	396.5	430.6	430.6	452.2
ERE Amount	161.7	145.6	145.6	145.5
Prof. And Outside Services	114.0	187.3	187.3	187.3
Travel - In State	6.2	8.1	8.1	8.1
Travel - Out of State	4.6	6.4	6.4	6.4
Aid to Others	4,689.4	4,718.1	4,718.1	4,718.1
Other Operating Expenses	53.4	56.5	56.5	56.8
Equipment	15.5	27.4	27.4	27.4
Transfers Out	45.5	45.5	45.5	42.6
Agency - Approp. Funds	5,486.8	5,625.5	5,625.5	5,644.4

Appropriated Fund

Criminal Justice Enhancement Fund	590.9	624.7	624.7	640.7
-----------------------------------	-------	-------	-------	-------

Victims Compensation and Assistance Fund	3,093.5	3,792.5	3,792.5	3,792.5
Drug and Gang Prevention Resource Center Fund	128.5	234.7	234.7	237.6
State Aid to County Attorneys Fund	973.6	973.6	973.6	973.6
State Aid to Indigent Defense Fund	700.3	0.0	0.0	0.0
Agency - Approp. Funds	5,486.8	5,625.5	5,625.5	5,644.4

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 Victim Compensation and Assistance	3,093.5	3,792.5	3,792.5	3,792.5
SLI State Aid to County Attorneys	973.6	973.6	973.6	973.6
SLI State Aid to Indigent Defense	700.3	0.0	0.0	0.0

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expnd. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Criminal Justice Enhancement Fund	4,036.9	3,941.8	3,941.8	5,560.3
Driving Under Influence Abatement Fund	(48.1)	0.0	0.0	0.0
Federal Economic Recovery Fund	11,033.9	3,279.2	3,279.2	0.0
Federal Grant	4,203.5	14,986.8	14,986.8	10,749.6
Agency - Nonapp. Funds	19,226.2	22,207.8	22,207.8	16,309.8
Agency Total - All Funds	24,713.0	27,833.3	27,833.3	21,954.2

Federal Funds Expenditures - as reported by Agency

	FY 2011 Actual	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	14,194.0	19,059.8	10,654.6

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

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 1.6

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Criminal Justice Enhancement Fund 1.4

Drug and Gang Prevention Resource Center Fund 0.2

Rent Standard Adjustment 0.3

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

Drug and Gang Prevention Resource Center Fund 0.3

Health Insurance Rate Reduction (6.2)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning

FY 2013

January 1, 2013.

Criminal Justice Enhancement Fund	(5.3)
Drug and Gang Prevention Resource Center Fund	(0.9)

Other Adjustments

State Aid to Indigent Defense Fund	0.0
---	-----

In the FY 2012 budget, the revenues that went to the State Aid to Indigent Defense Fund were diverted to the GIITEM Fund Border Security and Law Enforcement Subaccount during FY 2012.

The Executive recommends continuing to divert this revenue to the GIITEM Fund Border Security and Law Enforcement Subaccount as permanent law.

AG Pro-Rata Appropriation	(2.9)
----------------------------------	-------

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

Criminal Justice Enhancement Fund	(2.5)
Drug and Gang Prevention Resource Center Fund	(0.4)

State Employee Pay Adjustment	26.1
--------------------------------------	------

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Criminal Justice Enhancement Fund	22.4
Drug and Gang Prevention Resource Center Fund	3.7

Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	Actual	Actual	Expected	Expected
Applicants requesting funds	53	56	55	55
Number of arrests made by grant-funded task forces	7,811	6858	6500	6500
Number of studies/reports completed and published	11	52	20	40

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

Arizona State Schools for the Deaf and the Blind

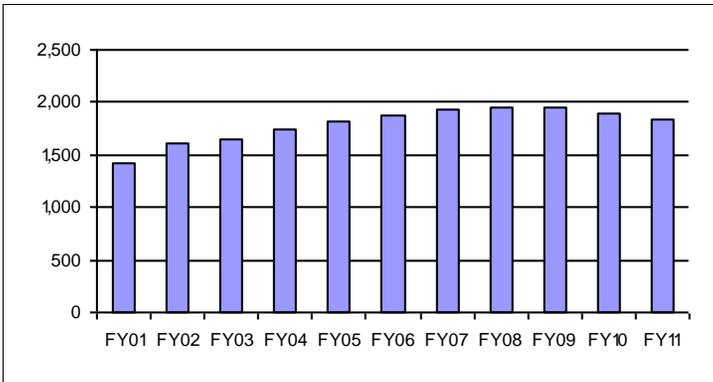
Mission:

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

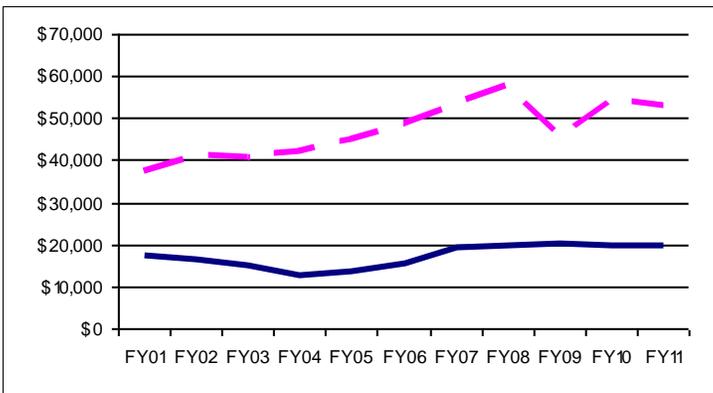
Description:

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

Number of Students Served



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Phoenix Day School	8,527.5	9,613.1	9,613.1	9,834.0
Tucson Campus	16,311.7	14,001.8	14,001.8	14,090.3
Regional Cooperatives	848.7	797.5	797.5	816.9
Preschool	4,034.8	5,412.4	5,412.4	5,521.5
Administration	4,138.4	3,587.0	3,587.0	3,668.3

Agency - Approp. Funds	33,861.1	33,411.8	33,411.8	33,931.0
<i>Category</i>				
FTE	572.2	572.2	572.2	572.2
Personal Services	16,858.5	18,816.0	18,816.0	19,756.8
ERE Amount	8,055.2	9,068.8	9,068.8	9,016.7
Prof. And Outside Services	1,770.0	1,665.5	1,665.5	1,665.5
Travel - In State	21.9	20.4	20.4	20.4
Travel - Out of State	40.1	39.7	39.7	39.7
Food	121.8	79.8	79.8	79.8
Aid to Others	11.9	0.0	0.0	0.0
Other Operating Expenses	5,456.0	2,484.6	2,484.6	2,242.1
Equipment	1,061.4	1,237.0	1,237.0	1,237.0
Capital Outlay	2.4	0.0	0.0	0.0
Transfers Out	461.9	0.0	0.0	(127.0)
Agency - Approp. Funds	33,861.1	33,411.8	33,411.8	33,931.0

<i>Appropriated Fund</i>				
General Fund	21,511.2	20,686.3	20,686.3	20,963.4
Schools for the Deaf & Blind Fund	12,349.9	12,725.5	12,725.5	12,967.6
Agency - Approp. Funds	33,861.1	33,411.8	33,411.8	33,931.0

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
ASDB Classroom Site Fund	1,589.9	1,762.3	1,762.3	1,826.0
ASDB Cooperative Services	16,267.0	16,327.5	16,327.5	16,700.9
Facilities Use Fund	66.6	105.5	105.5	106.6
Federal Grant	2,688.1	3,669.4	3,669.4	2,541.4
Instructional Improvement Fund	27.9	243.3	243.3	0.0
State Grants	24.8	32.9	32.9	33.1
Trust Fund	136.2	175.0	175.0	176.3
Agency - Nonapp. Funds	20,800.5	22,315.9	22,315.9	21,384.4
Agency Total - All Funds	54,661.6	55,727.7	55,727.7	55,315.4

Federal Funds Expenditures - as reported by Agency

	FY 2011 Actual	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	2,688.1	3,670.3	2,632.8

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

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 71.5

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund 41.9
Schools for the Deaf and Blind Fund 29.6

Rent Standard Adjustment (242.5)

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

FY 2013

General Fund	(121.7)
Schools for the Deaf and Blind Fund	(120.8)

Health Insurance Rate Reduction (316.0)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund	(233.1)
Schools for the Deaf and Blind Fund	(82.9)

Other Adjustments

AG Pro-Rata Appropriation (127.0)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

General Fund	(74.5)
Schools for the Deaf and Blind Fund	(52.5)

State Employee Pay Adjustment 1,133.2

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund	664.4
Schools for the Deaf and Blind Fund	468.8

Performance Measures

	FY 2010	FY 2011	FY 2012	FY 2013
	Actual	Actual	Expected	Expected
Percent of parents rating overall quality of services as good or excellent based on annual survey PDS	99	98	95	95
Percent of Phoenix students successful in transition settings three years after graduation	77	88	90	90
Percent of parents satisfied with the quality of the program in Phoenix	98	96	95	95
Percent of Tucson students successful in transition settings three years after graduation	89	89	90	90
Percent of parents satisfied with the quality of the program in Tucson	98	99	95	95

The Executive recommends a lump-sum appropriation by program.

Commission for the Deaf and the Hard of Hearing

Mission:

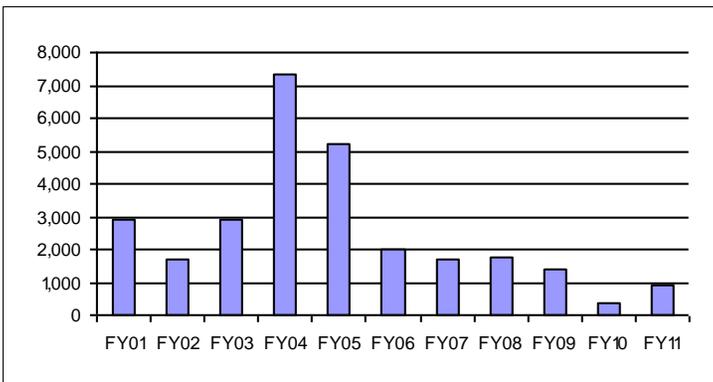
To ensure, in partnership with the public and private sectors, accessibility for the Deaf, Hard of Hearing, DeafBlind and persons with speech difficulties to improve their quality of life.

Description:

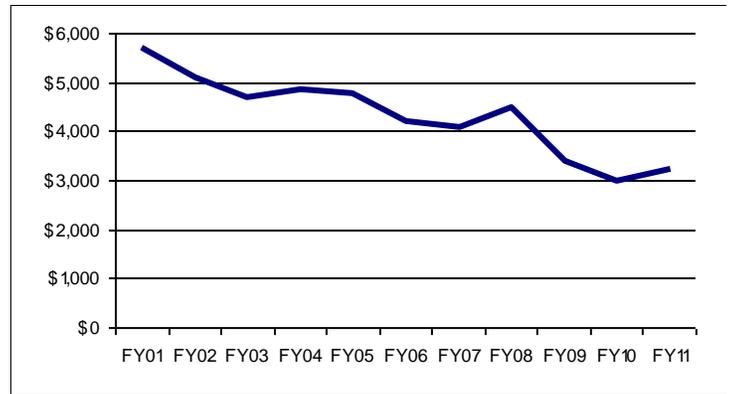
The Arizona Commission for the Deaf and the Hard of Hearing (ACDHH) acts as an information bureau for the Deaf, Hard of Hearing, Deaf Blind, and individuals with speech difficulties, as well as for state agencies and institutions providing services to those consumers. Local government and other public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

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

Telecommunications Devices Distributed



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Council Activities	1,231.6	1,734.4	1,734.4	1,783.5
TDD (Telecommunication Device for the Deaf)	2,011.6	2,011.3	2,011.3	2,239.4
Agency - Approp. Funds	3,243.2	3,745.7	3,745.7	4,022.9
<i>Category</i>				
FTE	15.0	15.0	15.0	15.0
Personal Services	622.1	692.9	692.9	727.6
ERE Amount	255.1	278.1	278.1	278.6
Prof. And Outside Services	432.4	385.8	385.8	385.8
Travel - In State	9.9	61.5	61.5	61.5
Travel - Out of State	5.9	4.9	4.9	4.9
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	1,750.1	2,057.1	2,057.1	2,303.7
Equipment	165.9	219.4	219.4	219.4
Capital Outlay	0.0	46.0	46.0	46.0
Transfers Out	1.8	0.0	0.0	(4.7)
Agency - Approp. Funds	3,243.2	3,745.7	3,745.7	4,022.9
<i>Appropriated Fund</i>				
Telecommunication for the Deaf	3,243.2	3,745.7	3,745.7	4,022.9
Agency - Approp. Funds	3,243.2	3,745.7	3,745.7	4,022.9
Non-Appropriated Funds				
	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Agency - Nonapp. Funds	0.0	0.0	0.0	0.0
Agency Total - All Funds	3,243.2	3,745.7	3,745.7	4,022.9

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 2.6

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Telecom for the Deaf Fund 2.6

Rent Standard Adjustment 25.8

FY 2013

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

Telecom for the Deaf Fund 25.8

Health Insurance Rate Reduction (9.3)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Telecom for the Deaf Fund (9.3)

Other Adjustments

Arizona Relay Service 220.8

As mandated in statute and required by the Americans with Disabilities Act, the Commission administers the Arizona Relay Service (AZRS) to facilitate telephone service for individuals who are deaf, hard of hearing, or speech disabled. The Executive recommends funding be expanded outreach efforts as part of the new AZRS contract that is expected to be executed during FY 2013. The Executive also recommends funding for the anticipated increase in call volume.

Telecom for the Deaf Fund 220.8

AG Pro-Rata Appropriation (4.7)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

Telecom for the Deaf Fund (4.7)

State Employee Pay Adjustment 41.9

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Telecom for the Deaf Fund 41.9

Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	<u>Actual</u>	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>
Number of general licensed interpreters	286	293	320	350
Annual call minutes for the telecommunications relay service	1,285,155	907,938	1,200,000	1,260,000
Number of equipment distributed to consumers	359	900	1,100	1,100
➤ <i>Resumed Voucher Program</i>				
Percent of customer satisfaction with equipment distribution voucher program	96.3	97	90	90
Number of applications distributed to consumers regarding the equipment distribution program	2,340	994	1,500	1,500
Percent of telecommunications relay service calls completed without a complaint	99.5	99.9	99.5	99.5

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

State Board of Dental Examiners

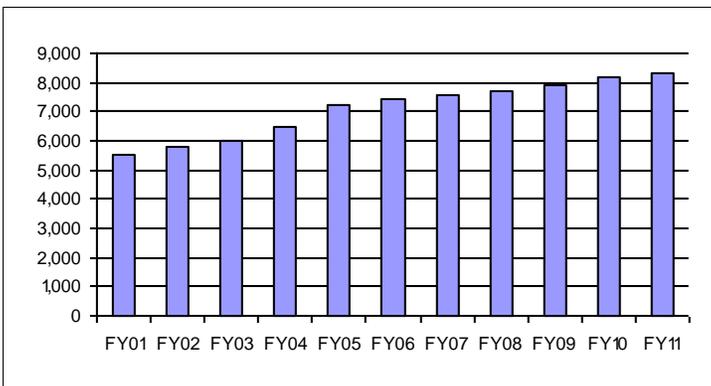
Mission:

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

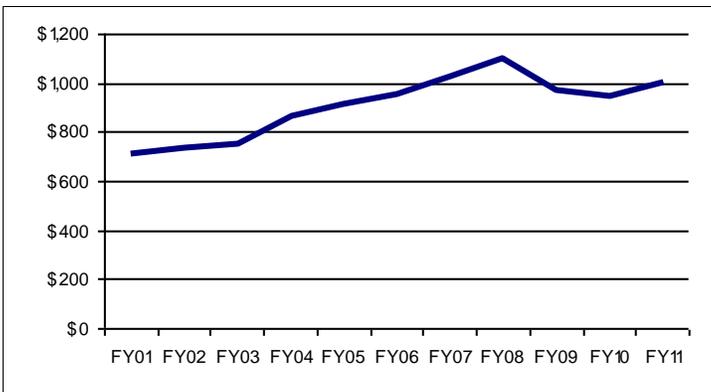
Description:

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

Number of Licenses Issued



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	1,004.1	1,183.8	1,183.8	1,210.3
Agency - Approp. Funds	1,004.1	1,183.8	1,183.8	1,210.3

Category

FTE	11.0	11.0	11.0	11.0
Personal Services	400.8	525.3	525.3	551.6
ERE Amount	166.7	144.4	144.4	144.6
Prof. And Outside Services	190.0	299.2	299.2	299.2
Travel - In State	2.6	3.2	3.2	3.2
Travel - Out of State	1.7	5.5	5.5	5.5

Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	159.8	182.5	182.5	182.5
Equipment	81.5	23.7	23.7	23.7
Transfers Out	1.0	0.0	0.0	0.0
Agency - Approp. Funds	1,004.1	1,183.8	1,183.8	1,210.3

Appropriated Fund

Dental Board Fund	1,004.1	1,183.8	1,183.8	1,210.3
Agency - Approp. Funds	1,004.1	1,183.8	1,183.8	1,210.3

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 2.0

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Dental Board Fund 2.0

Health Insurance Rate Reduction (7.3)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Dental Board Fund (7.3)

Other Adjustments

State Employee Pay Adjustment 31.8

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Dental Board Fund 31.8

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Total number of individuals or facilities licensed	8,161	8364	8566	8668
Customer satisfaction rating (scale 1-5)	5	5	4	4
Average number of calendar days from receipt of complaint to resolution of complaint	114	104	150	150
Total number of investigations conducted	454	326	447	447
Total number of complaints received annually	370	276	368	368
Average calendar days to renew a license (from receipt of application to issuance)	10	10	10	10

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

Arizona Early Childhood Development and Health Board

Mission:

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

Description:

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

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

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

Non-Appropriated Funds

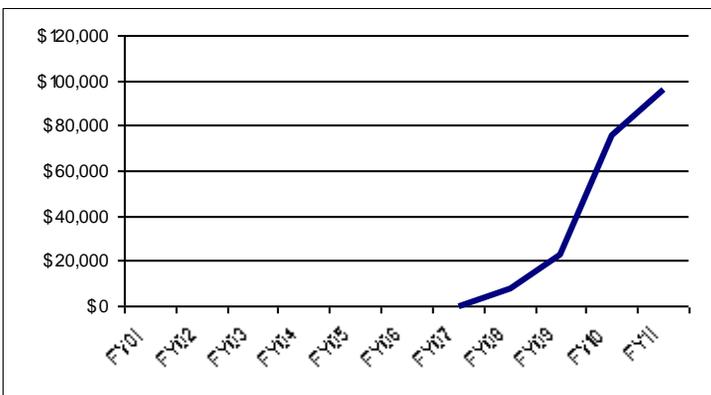
	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Federal Economic Recovery Fund	1,033.5	1,456.1	1,456.1	1,456.1
Federal Grant	87.5	23.0	23.0	23.0
Agency - Nonapp. Funds	113,840.2	240,435.1	240,435.1	152,699.4
Agency Total - All Funds	113,840.2	240,435.1	240,435.1	152,699.4

Federal Funds Expenditures - as reported by Agency

	FY 2011 Actual	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	1,121.0	1,479.1	1,479.1

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

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Early Childhood Development and Health Fund	112,719.2	238,956.0	238,956.0	151,220.3

Department of Economic Security

Mission:

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

Description:

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

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

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

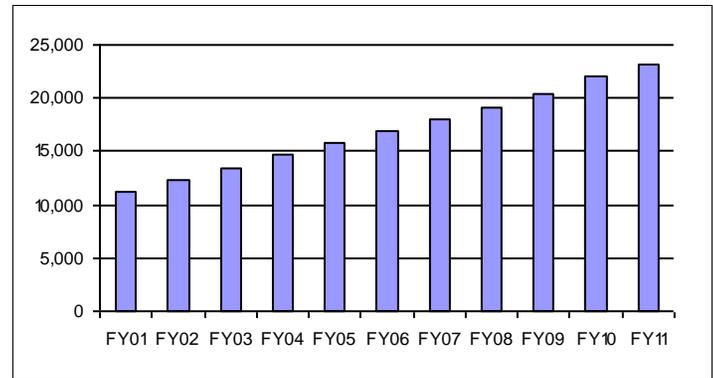
The Department's objective is to move beyond simply delivering services to ensuring that these services are offered to improve outcomes and are integrated to best meet the clients' needs in the most effective and efficient manner possible. Emphasis is on assisting individuals and families to gain the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

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

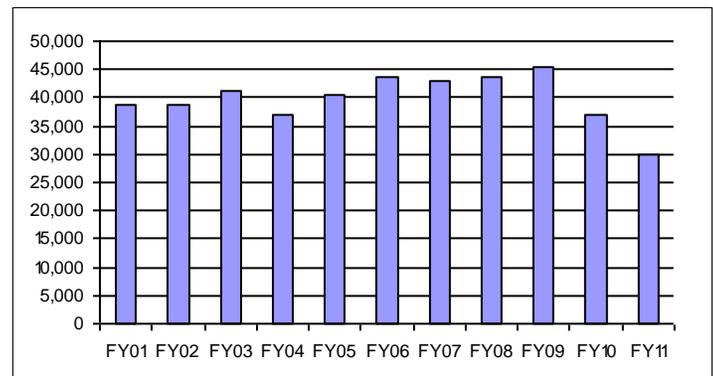
- Strengthen individuals and families
- Increase self-sufficiency
- Collaborate with communities to increase capacity
- Increase efficiency and effectiveness through innovation and accountability

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.

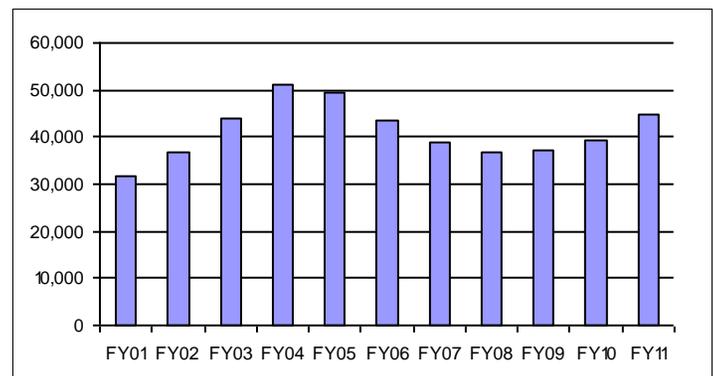
Title XIX - DD Enrollment



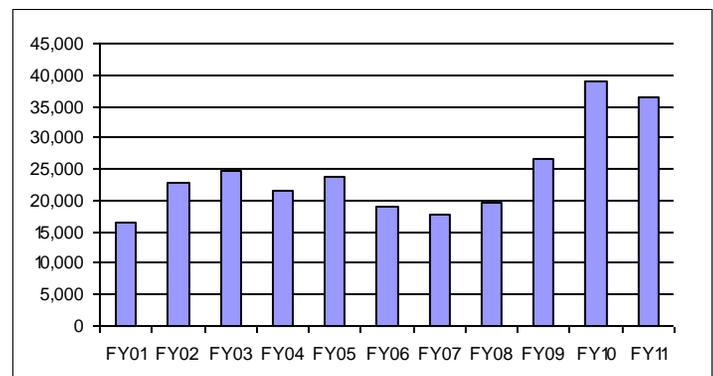
Child Care Enrollment



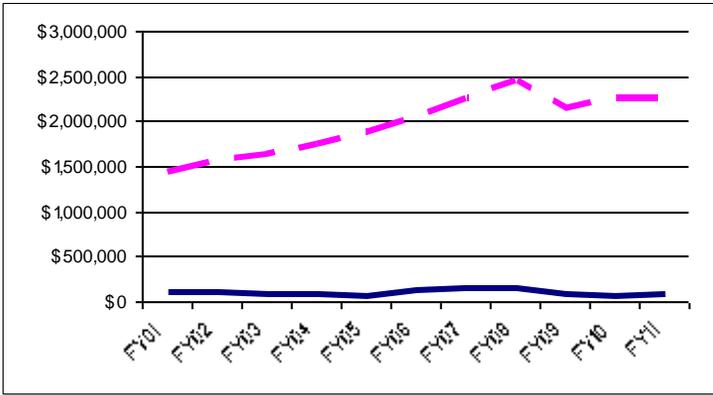
TANF Cash Benefits Enrollment



Unemployment Insurance Enrollment



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Administration	64,984.0	77,384.4	77,384.4	78,268.7
Developmental Disabilities	264,669.6	366,043.0	352,343.0	369,646.4
Benefits and Medical Eligibility	107,301.3	88,367.7	88,367.7	89,079.0
Child Support Enforcement	17,318.2	20,945.8	20,945.8	25,868.6
Aging and Community Services	30,020.8	32,491.2	32,491.2	32,628.4
Children, Youth and Families	282,478.4	281,395.8	281,395.8	306,952.7
Employment and Rehabilitation Services	203,534.0	217,233.3	217,233.3	217,703.9
Agency - Approp. Funds	970,306.3	1,083,861.2	1,070,161.2	1,120,147.7

Category	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
FTE	3,726.0	3,726.0	3,726.0	3,837.0
Personal Services	110,517.4	132,649.2	132,649.2	144,319.4
ERE Amount	52,092.4	61,876.8	61,876.8	63,031.4
Prof. And Outside Services	23,745.2	28,516.1	28,516.1	28,516.1
Travel - In State	1,653.6	1,913.8	1,913.8	1,913.8
Travel - Out of State	16.9	17.5	17.5	17.5
Food	281.7	575.3	575.3	575.3
Aid to Others	726,076.9	804,789.4	791,089.4	827,003.6
Other Operating Expenses	44,953.0	44,367.6	44,367.6	45,617.7
Equipment	10,967.6	9,154.1	9,154.1	9,154.1
Capital Outlay	1.6	1.4	1.4	1.4
Cost Allocation	0.0	0.0	0.0	(2.6)
Agency - Approp. Funds	970,306.3	1,083,861.2	1,070,161.2	1,120,147.7

Appropriated Fund	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
General Fund	538,226.9	602,603.3	588,903.3	663,859.8
Workforce Investment Grant	47,190.5	56,029.8	56,029.8	56,062.2
Temporary Assistance for Needy Families	235,736.7	239,304.4	239,304.4	213,655.5
Child Care and Development Fund	112,440.9	130,567.5	130,567.5	130,884.2
Special Administration Fund	9.2	1,129.9	1,129.9	1,129.9
Child Support Enforcement Administration Fund	10,327.0	16,534.9	16,534.9	16,832.8
Domestic Violence Shelter Fund	2,220.0	2,220.0	2,220.0	2,220.0
Child Abuse Prevention Fund	0.0	1,459.1	1,459.1	1,459.1

Children and Family Services Training Program Fund	32.1	205.3	205.3	212.7
Public Assistance Collections Fund	90.2	423.9	423.9	436.5
Department Long-Term Care System Fund	22,416.9	30,518.4	30,518.4	30,520.5
Spinal and Head Injuries Trust Fund	1,615.9	1,864.7	1,864.7	1,874.5
Indirect Cost Recovery Fund	0.0	1,000.0	1,000.0	1,000.0
Agency - Approp. Funds	970,306.3	1,083,861.2	1,070,161.2	1,120,147.7

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 Finger Imaging	551.1	0.0	0.0	0.0
SLI Attorney General Legal Services	782.3	14,717.5	14,717.5	15,150.1
SLI Payment "Deferral"	32,000.0	35,000.0	35,000.0	35,000.0
SLI Case Management Title XIX	11,076.9	10,943.6	10,943.6	11,208.4
SLI Case Management State-Only	3,887.3	3,846.0	3,846.0	3,942.3
SLI Home and Community Based Services Title XIX	148,537.8	227,063.6	213,363.6	229,959.2
SLI Home and Community Based Services State-Only	17,111.9	32,615.3	32,615.3	32,632.3
SLI Institutional Services Title XIX	5,365.0	5,351.6	5,351.6	5,383.0
SLI Medical Services	38,562.9	38,552.8	38,552.8	38,579.1
SLI ATP-Coolidge Title XIX	4,754.2	4,704.0	4,704.0	4,793.1
SLI State-Funded Long Term Care Services	21,916.9	26,528.1	26,528.1	26,530.2
SLI Medicare Clawback Payments	1,731.3	2,496.9	2,496.9	2,496.9
SLI Arizona Early Intervention Program	407.3	0.0	0.0	0.0
SLI TANF Cash Benefits	65,515.8	44,999.4	44,999.4	44,999.4
SLI Tribal Pass-Thru Funding	4,629.7	4,680.3	4,680.3	4,680.3
SLI Tuberculosis Control Payments	6.1	0.0	0.0	0.0
SLI CSE Attorney General Legal Services	3,022.5	0.0	0.0	0.0
SLI County Participation	577.7	1,339.1	1,339.1	1,339.1
SLI Adult Services	6,820.4	6,924.1	6,924.1	6,924.1
SLI Community and Emergency Services	3,297.4	3,724.0	3,724.0	3,724.0
SLI Coordinated Hunger Program	1,583.0	1,754.6	1,754.6	1,754.6
SLI Coordinated Homeless Program	2,481.2	2,522.6	2,522.6	2,522.6
SLI Domestic Violence Prevention	11,479.1	12,123.7	12,123.7	12,123.7
SLI Children Support Services	55,554.7	68,867.6	68,867.6	68,867.6
SLI CPS Emergency Placement	4,700.7	0.0	0.0	0.0
SLI CPS Residential Placement	17,275.2	0.0	0.0	0.0
SLI Foster Care Placement	19,173.7	21,212.6	21,212.6	21,212.6
SLI Comprehensive Medical and Dental Program	1,517.8	0.0	0.0	0.0

SLI Joint Substance Abuse - AZ Familes (FIRST)	7,730.6	0.0	0.0	0.0
SLI Permanent Guardianship Subsidy	11,220.7	8,815.3	8,815.3	11,215.3
SLI Adoption Services	59,299.3	57,744.6	57,744.6	74,772.0
SLI CPS Appeals	700.6	0.0	0.0	0.0
SLI CYF Attorney General Legal Services	10,942.2	0.0	0.0	0.0
SLI Independent Living Maintenance	2,369.6	2,719.3	2,719.3	2,719.3
SLI CPS Emergency and Residential Placement	0.0	22,201.7	22,201.7	22,201.7
SLI JOBS	11,229.3	13,005.6	13,005.6	13,005.6
SLI Day Care Subsidy	94,771.2	121,396.6	121,396.6	121,396.6
SLI Transitional Child Care	20,918.7	0.0	0.0	0.0
SLI Vocational Rehabilitation Services	3,939.8	5,088.5	5,088.5	5,088.5
SLI Independent Living Rehabilitation Services	1,137.3	0.0	0.0	0.0
SLI Workforce Investment Act - Discretionary	4,496.9	0.0	0.0	0.0
SLI Workforce Investment Act - Local Governments	39,516.9	0.0	0.0	0.0
SLI Workforce Investment Act Services	0.0	51,654.6	51,654.6	51,654.6

Non-Appropriated Funds

	<i>FY 2011 Actual</i>	<i>FY 2012 Expend. Plan</i>	<i>FY 2012 Exec. Rec.</i>	<i>FY 2013 Exec. Rec.</i>
Arizona Job Training Fund	1,390.3	1,322.7	1,322.7	1,367.6
Child Passenger Restraint Fund	116.0	116.0	116.0	116.0
Child Support Enforcement Administration Fund	39,378.4	40,320.2	40,320.2	31,760.9
DD Client Investment	11.8	9.1	9.1	9.1
Department Long-Term Care System Fund	596,201.3	640,587.6	640,587.6	647,570.4
Developmentally Disabled Client Trust	24.2	21.7	21.7	21.7
Economic Security Client Trust	458.7	1,350.0	1,350.0	1,350.0
Economic Security CPA Investments	0.0	162.0	162.0	162.0
Economic Security Donations	3.3	3.3	3.3	3.3
Federal Grant	3,327,641.0	2,692,527.7	2,692,527.7	2,360,729.0
Industries for the Blind Fund	19,137.9	19,706.9	19,706.9	19,876.5
Neighbors Helping Neighbors	62.4	62.0	62.0	62.0
Non Lapsing GF Tribal Capital	0.0	3.6	0.0	0.0
Revenue From State or Local Agency	206.9	200.0	200.0	200.0
Special Olympics Fund	107.5	91.5	91.5	91.5
Unemployment Insurance Benefits	646,059.5	218,470.2	218,470.2	183,669.1
Unemployment Special Assessment Fund	0.0	164,700.0	164,700.0	56,800.0

Non-Appropriated Funds

	<i>FY 2011 Actual</i>	<i>FY 2012 Expend. Plan</i>	<i>FY 2012 Exec. Rec.</i>	<i>FY 2013 Exec. Rec.</i>
Agency - Nonapp. Funds	4,630,799.2	3,779,654.5	3,779,650.9	3,303,789.0
Agency Total - All Funds	5,601,105.5	4,863,515.7	4,849,812.1	4,423,936.7

Federal Funds Expenditures - as reported by Agency

	<i>FY 2011 Actual</i>	<i>FY 2012 Exp. Plan</i>	<i>FY 2013 Exp. Plan</i>
Agency Total	3,661,077.5	3,064,304.4	2,676,684.9

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

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 504.1

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund	303.6
Workforce Investment Grant Fund	2.9
Temporary Assistance for Needy Families	149.2
Child Care and Development Fund	23.8
Child Support Enforcement Administration Fund	22.5
Children and Family Services Training Program Fund	0.4
Public Assistance Collections Fund	0.9
Department Long-Term Care System Fund	0.2
Spinal and Head Injuries Trust Fund	0.7

Rent Standard Adjustment 67.8

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

General Fund	37.8
Temporary Assistance for Needy Families	30.5
Child Care and Development Fund	(0.8)
Child Support Enforcement Administration Fund	(0.3)
Public Assistance Collections Fund	0.3
Spinal and Head Injuries Trust Fund	0.3

Health Insurance Rate Reduction (2,757.1)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund	(2,571.4)
Workforce Investment Grant Fund	(16.4)
Child Care and Development Fund	(84.4)
Child Support Enforcement Administration Fund	(81.5)
Department Long-Term Care System Fund	(0.8)
Spinal and Head Injuries Trust Fund	(2.5)

Baseline Adjustments

TANF Backfill 0.0

In recent years, the State of Arizona has received additional Temporary Assistance for Needy Families (TANF) dollars that have been used to offset reductions to the DES General Fund budget. In FY 2013, some of the temporary influxes of federal funding will expire, leaving a (\$25.8 million) shortfall in the DES budget.

There are two primary causes of the TANF funding shortfall in FY 2013:

1. TANF Supplemental Grants for Population Increases. From 1998 to 2011, the federal government provided a “population supplemental” to the TANF Block Grant for states that experienced high levels of growth and also had low levels of welfare spending per capita. Arizona was one of 17 states that qualified for this funding. Federal authorization for the population supplemental expired on June 30, 2011.
2. TANF Funding Cliff. In FY 2011, the Legislature appropriated an additional \$15.0 million in TANF expenditure authority to spend down excess fund balance and offset General Fund reductions. This increase was always intended to be temporary in nature. Now the fund balance is exhausted, and the appropriation authority exceeds the available TANF dollars allocated to the State. In addition, the TANF emergency and contingency funds will no longer be available to the State, resulting in an ongoing shortfall.

The Executive recommends \$25.8 million to offset the loss of equivalent TANF Block Grant dollars. Without these funds, it is likely that DES will be forced to make substantial reductions to programs funded with TANF dollars, many of which exist in the Division of Children, Youth and Families. It should also be noted that the Department was able to secure \$10.0 million in additional TANF contingency funds for FY 2012. So while the Department will be able to carry additional balance forward into FY 2013 to reduce its initial need to backfill lost federal dollars, the contingency funds will likely not be available again in FY 2013; therefore, the Department will need to backfill an additional \$10.0 million in FY 2014 to avoid making further cuts to programs funded with TANF dollars.

General Fund	25,828.6
Temporary Assistance for Needy Families	(25,828.6)

TXIX Developmental Disabilities 2,786.8

The Division of Developmental Disabilities (DDD) serves vulnerable individuals whose disabilities must manifest prior to age 18 and are attributable to cerebral palsy, epilepsy, autism or cognitive disability. Those individuals also must have substantial functional limitation in three or more areas of major life activities,

such as self-care, language, learning, mobility, self-direction, capacity for independent living, and economic self-sufficiency.

This federally mandated program seeks to maximize the independence of individuals enrolled in the program. While capitation rate changes have yielded savings in recent years, they have not fully offset caseload growth for this mandatory population. The population is estimated to exceed 25,000 clients in FY 2013. The Executive recommends \$2.8 million in FY 2013 for 4% caseload growth in Title XIX Developmental Disabilities.

General Fund	2,786.8
--------------	---------

Child Support - Loss of SSRE 4,527.5

When a family applies for TANF Cash Assistance, they must assign to the Department their right to collect child support. That assignment is referred to as the State Share of Retained Earnings (SSRE). With the reductions to the timeframe that a family may remain on TANF Cash Assistance passed in Laws 2011, Chapter 32, the amount of the earnings that can be retained by the State has been reduced by an estimated \$4.5 million, which in turn will cost the State an additional \$9.0 million in federal match. This \$13.5 million reduction is almost 30% of the Division of Child Support Enforcement’s operating budget.

However, the Division is still under tight federal requirements to ensure timely and accurate collections on behalf of their clients. Without replacement funding, the Division will have to cut its workforce by 55% to remain within budget. If performance suffers as a result of these cuts, an additional \$6.4 million in federal incentive grants may be lost due to failure to achieve sufficient performance levels.

The eligibility changes for TANF Cash Assistance have undercut the SSRE to the point that, if the Division does not receive additional funding, it will have to change the way it serves clients. This interruption would undermine the efforts that have improved the program’s national ranking from 49th in 2006 to 28th in 2010. The Executive recommends \$4.5 million to maintain the Division’s normal operations.

General Fund	4,527.5
--------------	---------

Adoption Services 17,027.4

The Adoption Services program provides adoption subsidies to parents who adopt a child with physical, mental or developmental disabilities. The average subsidy is currently \$689 per child per month. This is a substantially lower cost than the alternative congregate settings, which cost in excess of \$3,000 per child per month. With the economic downturn and the availability of federal stimulus dollars, the State has been able to maintain the program without further State investment.

The special needs adoptee population is estimated to exceed 16,000 clients in FY 2013. As federal stimulus dollars are no longer

available, the program can no longer keep pace with caseload growth within its existing funding structure. The Executive recommends \$17.0 million for 11% caseload growth in Adoption Services in FY 2013.

General Fund 17,027.4

Permanent Guardianship 2,400.0

When a child is removed from his or her home and cannot safely be returned, the Department makes an effort to place that child with other family members. In many cases, those family members may not want to sever the parental rights of their relatives but are willing to act as the permanent legal guardian for the child. When this occurs, the Department provides a small subsidy to the guardian to assist with the costs of caring for the child. Currently, the average subsidy is approximately \$385 per child per month.

Recent changes in the Cash Assistance program have impacted the eligibility of children in the Permanent Guardianship program. Previously, for children in the program who also qualified for TANF Cash Assistance, their TANF benefit would be used to offset the cost of the guardianship subsidy. With restricted eligibility levels, fewer children qualify for the funding offset, creating a (\$2.4 million) shortfall in the Permanent Guardianship program. The population is estimated to exceed 2,600 clients in FY 2013. As the Department can no longer keep pace within its current funding, the Executive recommends \$2.4 million in FY 2013.

General Fund 2,400.0

Other Adjustments

Child Protective Services Improvements 3,710.0

A thorough analysis of Child Protective Services (CPS), commissioned by the Governor’s Office and conducted by DES and the Arizona Child Safety Task Force, indicates that several key functions require improvement. The Executive Recommendation includes \$3.7 million from the General Fund to support enhancement of CPS in certain critical areas.

DES has made a concerted effort to improve Department-wide accountability, particularly within areas of concern such as CPS, including the creation of a separate Office of Accountability in 2011. To reinforce accountability within CPS, the Executive recommends funding in FY 2013 for four new management positions to oversee operations in critical areas that affect CPS. These positions will consist of (1) a Special Advisor for Investigations to oversee all investigations involving cases of criminal conduct; (2) a Manager of Intake and Hotline Operations to improve efficiency within the CPS hotline; (3) a Manager of Quality Case Management to work closely with DES executive leadership in ensuring alignment with Division-wide process improvements and policy initiatives and managing analysis of cross-regional data; and (4) a Manager for Community Partnerships to coordinate activities between CPS and partnering

organizations, such as the statewide child advocacy centers.

Employee turnover among CPS investigators has historically been high, a situation generally attributed to low compensation and little opportunity for advancement in a demanding position. To help retain productive CPS investigators, the Executive also recommends funding for the promotion of approximately 175 CPS Specialist III positions – approximately 18% of the current investigations workforce – to a newly created CPS Specialist IV position. The promoted employees will have opportunities to perform supervisory duties while still working in the field as investigators. Each CPS Specialist IV employee will also receive a commensurate salary increase.

One of the key findings of the Arizona Child Safety Task Force was the inadequacy of CPS investigative practices in cases involving child abuse, neglect and other criminal conduct. DES reported that, of the 2,233 cases of criminal conduct in FY 2011 (including 1,300 in Maricopa County), only about one-third received intervention from one of the 19 statewide child advocacy centers. To add a law enforcement presence to cases that exceed the advocacy centers’ resources, the Executive recommends funding for 28 new investigative specialist positions. The new positions will be filled by former law enforcement professionals who will be deployed either in the child advocacy centers or in CPS offices that demonstrate particular need for law enforcement acumen. The investigative specialists will conduct training for CPS staff related to interviewing, evidence collection, forensics and document preparation. Moreover, these new positions will (a) provide critical expertise in handling cases involving criminal conduct, (b) conduct training to other law enforcement personnel on CPS policies and procedures, and (c) travel with CPS investigators in the field when the situation may call for a law enforcement presence.

General Fund 3,710.0

Align Revenues and Expenditures (2.6)

Public Assistance Collections Fund (2.6)

State Employee Pay Adjustment 8,022.6

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund 7,206.2

Workforce Investment Grant Fund 45.9

Child Care and Development Fund 378.1

Child Support Enforcement Administration Fund 357.3

Children and Family Services Training Program Fund 7.0

Public Assistance Collections Fund 14.0

Department Long-Term Care System Fund 2.8

Spinal and Head Injuries Trust Fund 11.3

FY 2012 Supplemental Recommendations

FY 2012
(13,700.0)

Reallocation to Department of Health Services

The enacted FY 2012 budget included several cost-saving measures that affected all Title XIX State agencies, including AHCCCS, DES and the Department of Health Services (DHS). It was later determined that an additional appropriation totaling \$13.7 million was available in the DES Developmental Disabilities Program budget, while an equal amount was deficient in the DHS budget. Consequently, the Executive recommends decreasing the DES appropriated budget in FY 2012 by (\$13.7 million) and increasing the FY 2012 DHS budget by the same amount.

General Fund (13,700.0)

Performance Measures

	FY 2010 <u>Actual</u>	FY 2011 <u>Actual</u>	FY 2012 <u>Expected</u>	FY 2013 <u>Expected</u>
Child protective services response rate (percent)	98.6	100.0	100.0	100.0
Average number of consumers with developmental disabilities served	22,295	23,194	24,260	25,417
Total Office of Accounts Receivable and Collections cost per dollar to administer, bill, and collect debts	0.06	0.06	0.06	0.06
Adult Protective Services investigation percentage rate	100	100	100	100
Percent of total nutrition assistance payments issued accurately	95.0	94.6	95.0	95.0
Percent of child protective service reports that are substantiated	9.0	13.0	13.0	13.0
Ratio of current IV-D child support collected and distributed to current IV-D support due	50.55	51.11	53.99	53.99
Number of Cash Assistance employment placements	9,535	4,647	4,600	4,600
Average number of consumers with developmental disabilities served	8,313	7,790	7,800	7,800

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

Department of Education

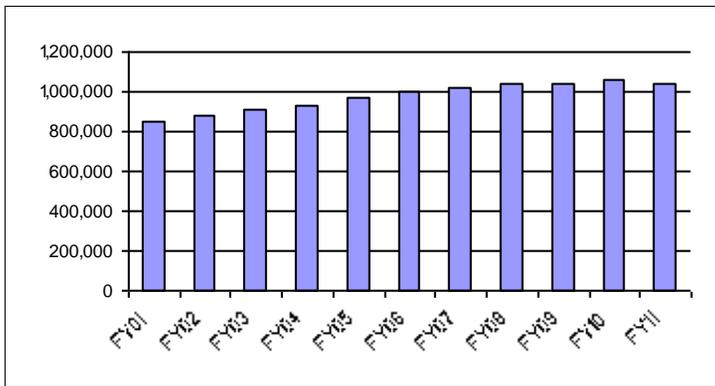
Mission:

To serve Arizona's education community, ensuring every student has access to an excellent education.

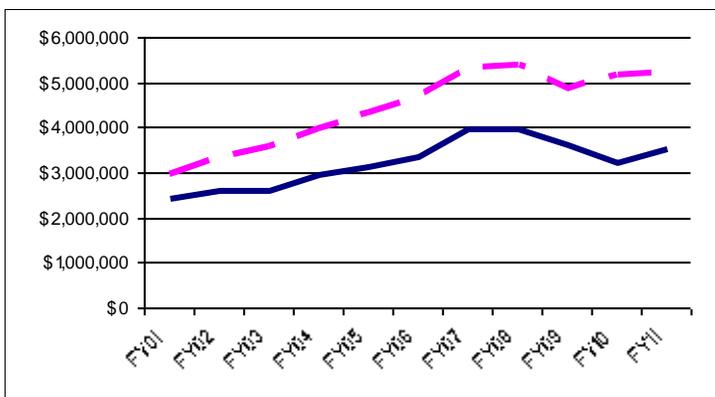
Description:

The Arizona Department of Education is administered by the Superintendent of Public Instruction, an elected position pursuant to the Arizona State Constitution. The Superintendent, in conjunction with the State Board of Education, leads the State in developing and implementing educational guidelines and standards. Through various programs within the Department, the Superintendent oversees direct services to 238 locally governed school districts, including 13 vocational districts and 9 accommodation districts. The Superintendent, in conjunction with the State Board for Charter Schools oversees 387 charters. The Department executes the educational guidelines through evaluation, training, school improvement assistance, dissemination of information, and administration and allocation of funds. The Department also serves as the primary source for information on the status and needs of the public school system.

Total Average Daily Membership



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
State Board of Education/Vocational and Technological Education	908.4	894.4	894.4	1,599.5
School Finance - Payment and Financial Compliance	3,449,676.9	3,414,172.5	3,346,319.7	3,622,532.6

School Accountability and Improvement	7,793.0	9,142.1	9,142.1	9,182.1
Education Services	58,324.2	57,484.3	57,484.3	62,187.0
Professional Development	1,932.4	2,715.0	2,715.0	2,787.1
Administration	6,034.0	9,079.7	9,079.7	14,390.3
Agency - Approp. Funds	3,524,668.9	3,493,488.0	3,425,635.2	3,712,678.6

Category

FTE	168.2	212.9	212.9	222.9
Personal Services	8,101.7	8,787.7	8,787.7	10,004.3
ERE Amount	3,561.8	4,170.0	4,170.0	4,457.1
Prof. And Outside Services	10,120.6	11,508.5	11,508.5	14,687.5
Travel - In State	61.4	127.7	127.7	132.7
Travel - Out of State	10.6	40.0	40.0	144.0
Aid to Others	3,452,879.1	3,423,306.3	3,355,453.5	3,635,796.1
Other Operating Expenses	2,921.4	3,427.2	3,427.2	5,395.6
Equipment	235.5	87.1	87.1	87.1
Transfers Out	46,776.8	42,033.5	42,033.5	41,974.2
Agency - Approp. Funds	3,524,668.9	3,493,488.0	3,425,635.2	3,712,678.6

Appropriated Fund

General Fund	3,488,598.3	3,436,528.7	3,368,675.9	3,650,480.0
School Accountability Fund Prop 301	4,132.2	7,000.0	7,000.0	7,062.7
Teacher Certification Fund	2,300.6	2,283.8	2,283.8	2,348.2
Arizona Structured English Immersion Fund	(2,859.3)	0.0	0.0	0.0
Education Learning and Accountability	0.0	1,200.0	1,200.0	6,312.3
Public Institutions	32,497.1	46,475.5	46,475.5	46,475.5
Permanent School Earnings				
Agency - Approp. Funds	3,524,668.9	3,493,488.0	3,425,635.2	3,712,678.6

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 Basic State Aid	3,032,725.2	3,061,663.6	2,993,810.8	3,307,023.7
SLI Additional State Aid	414,716.4	351,525.0	351,525.0	314,525.0
SLI Other State Aid to Districts	588.7	983.9	983.9	983.9
SLI Special Education Vouchers	35,242.1	33,242.1	33,242.1	33,242.1
SLI Vocational Education Block Grant	11,503.9	11,492.7	11,492.7	11,556.3
SLI School Safety	1,291.5	0.0	0.0	0.0
SLI Teacher Certification	1,798.0	1,781.2	1,781.2	1,826.5

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Additional School Days	86,280.5	86,280.5	86,280.5	86,280.5
Arizona Structured English Immersion Fund	0.0	12,791.4	12,791.4	12,791.4
Arizona Youth Farm Loan Fund	95.0	100.0	100.0	100.0
AZ Argicultural Youth Special Plate Fund	11.7	11.7	11.7	11.7
Character Education Fund	285.8	201.1	171.0	200.0
Character Education Special Plate Fund	42.0	42.0	42.0	42.0
Classroom Site Fund	271,846.1	290,213.5	290,213.5	290,213.5
DOE Internal Services Fund	3,107.0	3,984.8	3,870.4	2,859.2
Education Commodity	139.9	157.2	157.2	160.6

Non-Appropriated Funds

	<i>FY 2011 Actual</i>	<i>FY 2012 Expend. Plan</i>	<i>FY 2012 Exec. Rec.</i>	<i>FY 2013 Exec. Rec.</i>
Education Printing	1,043.3	1,256.7	1,256.7	1,284.6
English Learner Class Personnel Bonus	111.5	0.0	0.0	0.0
Failing Schools Tutoring Fund	1,502.3	1,500.0	1,500.0	1,502.3
Federal Economic Recovery Fund	344,414.7	150,869.9	150,869.9	150,915.2
Federal Grant	981,115.8	1,048,563.5	1,048,563.5	1,049,494.7
Golden Rule Special Plate Fund	172.2	172.2	172.2	172.2
IGA and ISA Fund	7,664.2	7,927.9	7,927.9	7,928.4
Indirect Cost Recovery Fund	3,512.0	4,832.9	4,832.9	4,971.8
Instructional Improvement Fund	49,568.4	39,300.0	39,300.0	39,300.0
School Safety Prop 301 Funds	7,112.3	7,787.9	7,787.9	7,792.4
Special Education Fund	33,252.1	33,820.0	33,820.0	33,823.0
Statewide Donations	121.8	117.0	117.0	117.0
Agency - Nonapp. Funds	1,791,398.6	1,689,930.2	1,689,785.7	1,689,960.5
Agency Total - All Funds	5,316,067.5	5,183,418.2	5,115,420.9	5,402,639.1

Federal Funds Expenditures - as reported by Agency

	<i>FY 2011 Actual</i>	<i>FY 2012 Exp. Plan</i>	<i>FY 2013 Exp. Plan</i>
Agency Total	1,325,754.1	1,234,846.2	1,165,495.0

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

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Rent Standard Adjustment 37.0

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

General Fund 28.1

School Accountability Fund Prop 301 Fund 2.2

Teacher Certification Fund 6.7

Retirement Standard Adjustment 18.4

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund 9.3

School Accountability Fund Prop 301 Fund 4.4

Teacher Certification Fund 4.7

Health Insurance Rate Reduction (82.1)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund (62.4)

FY 2013

School Accountability Fund Prop 301 Fund (6.1)

Teacher Certification Fund (13.6)

Baseline Adjustments

Basic State Aid FY 2013 (70,577.8)

The Executive recommends a decrease of (\$70.6 million) in Basic State Aid for changes in average daily membership (ADM) and net assessed valuations. This includes a (1.9%) decline in ADM and a (6.5%) decline in net assessed valuations from the FY 2012 appropriated amount.

General Fund (70,577.8)

Edu Jobs Backfill 35,000.0

The Executive recommends an increase to restore a one-time Capital Outlay Revenue Limit (CORL) reduction that was made in FY 2012 due to the availability of Federal Education Jobs Act funding.

General Fund 35,000.0

Career Ladder Phase Down (9,062.1)

The Executive recommends a decrease to Basic State Aid for the phase-down of the Career Ladder program. The program provided increased expenditure capacity to participating districts to support performance pay. Originally proposed at 5.5%, the increase was limited to 4% for FY 2012. Pursuant to Laws 2011, Chapter 29, the Career Ladder program will continue to be phased down to 3%, 2% and 1% for, respectively, FY 2013, FY 2014 and FY 2015 before being completely eliminated in FY 2016.

General Fund (9,062.1)

Homeowner's Rebate Reforms (37,000.0)

The Executive recommends a decrease of (\$37.0 million) in Additional State Aid to adjust for reforms enacted in Laws 2011, 2nd Special Session, Chapter 1 that limit the homeowner's rebate to properties of residence.

General Fund (37,000.0)

Other Adjustments

Soft Capital 200,000.0

The K-12 funding formula provides school districts with money for soft capital, which includes short-term capital items such as computers, software, library materials, etc. The soft capital allocation for districts is determined using the legislated per pupil amount and the district's ADM.

After experiencing several cuts, soft capital is currently funded at approximately 10% of the formula amount. The Executive recommends an increase of \$200 million in the school district soft capital allocation, to include \$100 million in the base and \$100 million of onetime funding. The base increase will retire \$100 million in deferred payments.

	<u>FY 2013</u>
General Fund	200,000.0
<hr/>	
Move On When Reading	50,000.0

A.R.S. § 15-701 requires that “a pupil not be promoted from third grade if the pupil obtains a score on the reading portion of the Arizona instrument to measure standards test demonstrates that the pupil’s reading fall far below third grade level,” with the exception of good cause exemptions. Also referred to as "Move on When Reading," the initiative requires school districts and charter schools to offer at least one intervention and remedial strategy developed by the State Board of Education.

The Executive recommendation provides reading specialists and development and implementation of comprehensive curriculum, intervention and remediation programs to begin in kindergarten. The funding will be generated by an increase in the K-8 Group A weight.

The K-12 formula uses per-pupil weights to account for the different costs associated with educating different types of students. The elementary weight is currently lower than the high school weight, to reflect the presumed higher costs of educating high school students. The Executive recommends increasing the elementary weight from 1.158 to 1.179 to provide funding for Move on When Reading. The additional funding generated by the increase in the K-8 Group A weight can be used only on programs and services that align with A.R.S. § 15-701 in grades K-3.

General Fund	50,000.0
<hr/>	
Capital - Preventive Maintenance	40,000.0

The Executive recommends an increase for Capital Outlay Revenue Limit and Charter School Additional Assistance for preventive maintenance.

General Fund	40,000.0
<hr/>	

Adult Education Services	4,591.4
---------------------------------	---------

According to the U.S. Department of Labor, the median annual income of a person with less than a high school diploma is \$8,580 less per year than a high school graduate. Approximately 825,000, or 17%, of Arizonans age 16 or older do not have a high school diploma or GED and are not enrolled in school. The loss of individual income attributable to the lack of high school-level education represents a total yearly loss of nearly \$7.1 billion in statewide taxable income.

The Arizona Department of Education's Adult Education Services program provides funding to 26 programs statewide through a rigorous and competitive grant program. Arizona's adult education system ranks fourth in the nation in educational gains, as reported by the U.S. Department of Education’s Office of Vocational and Adult Education.

Without additional funding, the State will lose eligibility for the

FY 2013

federal Workforce Investment Act dollars targeting adult education and will lose capacity to serve Arizona’s undereducated adults and support economic recovery in the state. The Executive recommendation is the minimum required to draw down \$11.8 million in federal Workforce Investment Act dollars and maintain adult education services statewide.

General Fund	4,591.4
<hr/>	

School Safety	686.6
----------------------	-------

The State Board of Education's Investigative Unit is responsible for investigating all allegations of immoral or unprofessional conduct against certified personnel. During the investigative period, certified individuals may continue to work in Arizona schools, provided their fingerprint clearance remains valid. The insufficient staffing level has resulted in inadequate and/or delayed investigations. The Executive recommends \$186,600 and 2.0 FTE investigator positions to assist with increased case productivity. The proposed staffing levels will increase the number of cases closed each year and decrease the time to process cases.

The Board will also take administrative action through rulemaking to restructure existing hearing processes to make them more efficient and better able to accommodate the increased number of adjudications. In addition, the Board will review potential statutory reforms that would require automatic suspension and/or revocation of licensure for specified acts of misconduct. In addition to the proposed changes to the Investigative Unit, the Executive recommends \$500,000 to the Department of Education to fund coordination with the State Board of Education in finalizing the development of a database that would provide a mechanism to search educator information such as certification and disciplinary information.

General Fund	686.6
<hr/>	

AELAS- AZ Education Learning & Accountability System	5,112.3
---	---------

Laws 2011, Chapter 29, Section 5 established the Education Learning and Accountability Fund as the funding source for the new statewide data system for public preschool, K-12 and postsecondary education. Fund revenues include a General Fund appropriation and revenue from a per-FTSE fee to community colleges and universities. The Executive recommends adjusting the appropriation to match available funds.

Education Learning and Accountability	5,112.3
<hr/>	

AZ English Language Proficiency Assessment Revision	0.0
--	-----

Federal law requires that Arizona develop English language proficiency standards and assessments for English Language Learners (ELL). In order to meet No Child Left Behind requirements and the needs of ELL students, the standards have been revised to include language skills that are linked to the

FY 2013

Common Core State Standards (CCSS), English Language Arts, Math, Science and Social Studies standards.

The standards revision process is complete and in order to comply with federal law, the Arizona English Language Learner Assessment (AZELLA) needs to be modified to align with the new standards. The Executive Recommendation transfers \$5.5 million from the Arizona Structured English Immersion Fund to the English Learner Administration SLI for development and administration of the AZELLA 3.

AG Pro-Rata Appropriation (59.3)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

General Fund	(43.2)
School Accountability Fund Prop 301 Fund	(7.8)
Teacher Certification Fund	(8.4)

State Employee Pay Adjustment 526.2

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund	381.3
School Accountability Fund Prop 301 Fund	70.0
Teacher Certification Fund	74.9

FY 2012 Supplemental Recommendations

FY 2012

Baseline Adjustment (67,852.8)

The Executive recommends a decrease of (\$67.9 million) to adjust for variances between projected and actual amounts for student enrollment and assessed valuations.

Districts are currently funded on prior year 100th day average daily membership (ADM) plus current year growth, while charter schools are funded on current year ADM. According to payment data from the Department, total ADM for districts and charters is (2.3%) lower than projected in FY 2012.

General Fund	(67,852.8)
--------------	------------

Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	<u>Actual</u>	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>
Percent of Arizona high school students who enter 9th grade and graduate within four years	*76	74	76	78
➤ <i>Fiscal Year data represents class cohort from 1 year previous (i.e. FY 2011 = Class of 2010).</i>				
Number of investigative cases closed	295	291	290	290
Number of days to process budget analysis from July 18	103	103	90	85
➤ <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	100	100	100	100

Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	<u>Actual</u>	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>
Improvement Fund (IIP) payments made on a quarterly basis				
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	100	100	100	100
Percent of students with disabilities with proficient performance in reading in grade 3	37	42	44	46
Percent of students with disabilities with proficient performance in reading in grade 5	35	41	43	45
Percent of students with disabilities with proficient performance in reading in grade 8	27	28	29	30
Percent of students with disabilities with proficient performance in reading in grade 10	32	38	40	42
Percent of local education agencies (with ELL students receiving state/federal funding) in full compliance with federal, state and ADE policy issues	50	48*	50	40
➤ <i>*Numbers represent number of LEAs monitored, not percent</i>				
Percent of calls that are resolved by the Support Center	60	85	85	85
Maximum number of days to process complete certification applications	30	28.52	25.67	23.10

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

Department of Emergency and Military Affairs

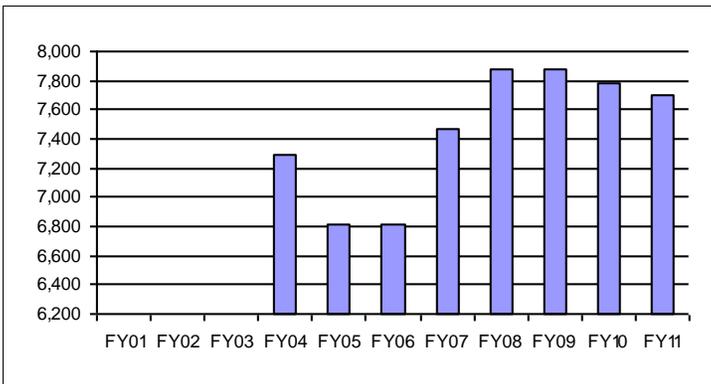
Mission:

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

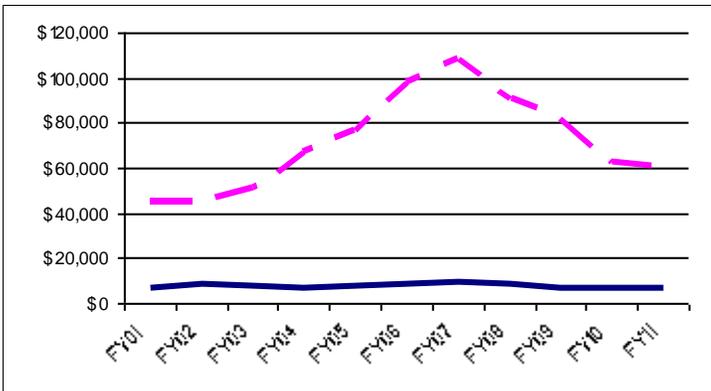
Description:

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

Number of Guard Members in State



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Administration	1,581.9	1,621.3	1,621.3	1,653.4
Military Affairs	4,288.2	2,585.4	2,585.4	2,670.6
Emergency Management	3,217.0	4,741.3	4,608.6	4,650.5
Agency - Approp. Funds	9,087.1	8,948.0	8,815.3	8,974.5
Category				
FTE	35.9	41.4	41.4	41.4
Personal Services	2,757.1	2,157.0	2,157.0	2,264.9
ERE Amount	1,172.3	723.6	723.6	739.5

Prof. And Outside Services	466.5	119.9	119.9	119.9
Travel - In State	105.7	127.4	127.4	127.4
Travel - Out of State	15.0	18.8	18.8	18.8
Food	233.3	0.0	0.0	0.0
Aid to Others	397.4	2,259.0	2,126.3	2,126.3
Other Operating Expenses	1,573.5	1,093.8	1,093.8	1,143.8
Equipment	134.7	131.3	131.3	131.3
Capital Outlay	0.6	0.0	0.0	0.0
Debt Service	8.5	8.5	8.5	8.5
Transfers Out	2,222.5	2,308.7	2,308.7	2,294.1
Agency - Approp. Funds	9,087.1	8,948.0	8,815.3	8,974.5

Appropriated Fund

General Fund	9,079.7	8,815.3	8,815.3	8,974.5
Emergency Response Fund	7.4	132.7	0.0	0.0
Agency - Approp. Funds	9,087.1	8,948.0	8,815.3	8,974.5

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 Military Airport Planning	46.0	90.0	90.0	92.0
SLI Governor's Emergency Funds	1,532.2	2,900.0	2,900.0	2,921.1

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Federal Grant	64,091.3	34,472.8	31,635.7	26,253.6
Indirect Cost Recovery Fund	683.2	1,023.5	1,023.5	1,023.5
National Guard Fund	99.8	99.8	99.8	99.8
National Guard Morale, Welfare and Recreation	8.2	8.2	8.2	8.2
Navajo Camp Fund	11,530.4	11,531.3	11,531.3	11,741.3
Nuclear Emergency Management	897.4	1,004.3	985.7	994.6
Agency - Nonapp. Funds	77,310.3	48,139.9	45,284.2	40,121.1

Agency Total - All Funds

Agency Total - All Funds	86,397.4	57,087.9	54,099.5	49,095.6
--------------------------	----------	----------	----------	----------

Federal Funds Expenditures - as reported by Agency

	FY 2011 Actual	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	64,091.3	34,472.8	26,681.6

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

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 8.2

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund 8.2

Health Insurance Rate Reduction (15.9)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning

FY 2013

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

January 1, 2013.

General Fund (15.9)

Baseline Adjustments

Continue Emergency Response Fund FRAT (132.7)

The Executive recommends continuing an ongoing Fund Reduction and Transfer (FRAT) enacted in FY 2012.

Emergency Response Fund (132.7)

State Land Lease Increase 50.0

The Department leases State Trust Land for training at the Florence Military Reservation. A condition of the lease increases the cost in FY 2013 from \$392,000 to \$442,000. The Executive recommends funding the increase.

General Fund 50.0

Other Adjustments

AG Pro-Rata Appropriation (14.6)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

General Fund (14.6)

State Employee Pay Adjustment 131.5

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund 131.5

FY 2012 Supplemental Recommendations

FY 2012

Continue Emergency Response Fund FRAT (132.7)

The Executive recommends continuing an ongoing Fund Reduction and Transfer (FRAT) enacted in FY 2011.

Emergency Response Fund (132.7)

Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	<u>Actual</u>	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>
Percent of Air National Guard soldiers re-enlisted	93	90	90	90
Percent of Army National Guard soldiers re-enlisted	84	85	85	85
Number of communities with sustained Disaster Resistant Community Programs	117	115	117	117
Percent of requests for contingency exercise assistance supported	100	100	100	100
Average number of months of community recovery time from declaration of emergency to termination of emergency	21.1	19.3	20	20
Number of Project Challenge graduates annually	138	120	150	150

Department of Environmental Quality

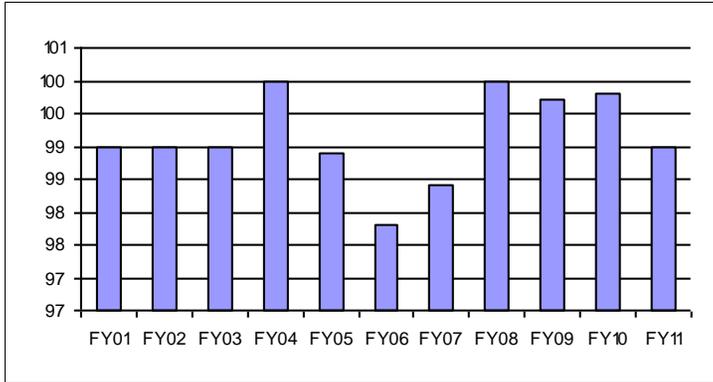
Mission:

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

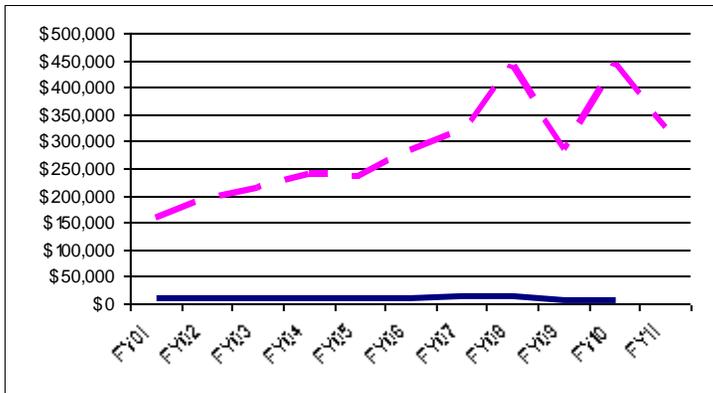
Description:

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.

Percent of permit timelines met through Licensing Time Frames rule



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Administration	11,705.5	12,961.3	12,961.3	13,280.4
Air Quality	31,737.9	37,873.5	37,873.5	38,092.4
Waste Program	9,102.7	10,775.2	10,775.2	10,850.2
Water Quality Program	8,551.4	10,316.7	10,316.7	10,546.7
Agency - Approp. Funds	61,097.4	71,926.7	71,926.7	72,769.8

Category

FTE	401.2	399.0	399.0	399.0
Personal Services	12,545.1	15,572.3	15,572.3	16,350.8
ERE Amount	5,328.6	6,816.6	6,816.6	6,884.3
Prof. And Outside Services	22,182.0	25,681.1	25,681.1	25,681.1
Travel - In State	269.8	437.2	437.2	437.2
Travel - Out of State	3.4	43.3	43.3	43.3
Aid to Others	934.0	1,345.7	1,345.7	1,345.7
Other Operating Expenses	6,157.9	6,993.7	6,993.7	7,095.7

Equipment	474.8	327.9	327.9	327.9
Cost Allocation	5,712.3	7,612.0	7,612.0	7,612.0
Transfers Out	7,489.5	7,096.9	7,096.9	6,991.8
Agency - Approp. Funds	61,097.4	71,926.7	71,926.7	72,769.8

Appropriated Fund

General Fund	7,000.0	7,000.0	7,000.0	7,000.0
DEQ Emissions Inspection	24,039.7	25,518.3	25,518.3	25,560.9
Hazardous Waste Management	942.6	1,706.9	1,706.9	986.2
Air Quality Fund	2,735.4	5,366.0	5,366.0	5,429.8
Clean Water Revolving Fund	4,162.5	0.0	0.0	0.0
Underground Storage Tank Revolving	0.0	22.0	22.0	22.0
Recycling Fund	0.0	0.0	0.0	1,527.2
Permit Administration	4,962.8	6,989.2	6,989.2	7,101.8
Solid Waste Fee Fund	1,147.0	1,907.4	1,907.4	1,175.8
Used Oil Fund	13.1	138.9	138.9	138.9
Water Quality Fee Fund	4,388.9	10,316.7	10,316.7	10,546.7
Indirect Cost Fund	11,705.5	12,961.3	12,961.3	13,280.4
Agency - Approp. Funds	61,097.4	71,926.7	71,926.7	72,769.8

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 Emissions Control	20,832.8	20,119.5	20,119.5	20,119.5
Contractor Payments				
SLI WQARF Priority Site Remediation	7,000.0	7,000.0	7,000.0	7,000.0

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Centralized Monitoring Fund	658.1	779.0	779.0	783.0
Clean Water Revolving Fund	182,139.3	149,101.1	149,101.1	149,126.4
Drinking Water Revolving Fund	69,312.4	66,596.2	66,596.2	66,619.2
Federal Economic Recovery Fund	18,554.8	1,365.5	1,365.5	1,365.5
Federal Grant	17,047.1	19,206.1	19,206.1	19,192.3
Greater AZ Development Authority Revolving Fund	211.5	46.0	46.0	46.0
IGA and ISA Fund	3,530.0	6,573.6	6,573.6	6,685.5
Institutional & Engineering Control Fund	8.7	0.0	0.0	0.0
Specific Site Judgment Fund	12.5	450.0	450.0	450.0
Statewide Employee Recognition Gifts/Donations	7.7	12.3	12.3	12.3
Underground Storage Tank Revolving	21,831.3	22,524.3	22,524.3	22,608.9
Voluntary Remediation Fund	164.2	177.2	177.2	180.1
Water Quality Assurance Revolving Fund	8,986.5	12,852.3	12,852.3	12,929.5

Non-Appropriated Funds

FY 2013

	FY 2011 <i>Actual</i>	FY 2012 <i>Expnd. Plan</i>	FY 2012 <i>Exec. Rec.</i>	FY 2013 <i>Exec. Rec.</i>
Agency - Nonapp. Funds	322,464.2	279,683.6	279,683.6	279,998.7
Agency Total - All Funds	383,561.6	351,610.3	351,610.3	352,768.4

Federal Funds Expenditures - as reported by Agency

	FY 2011 <i>Actual</i>	FY 2012 <i>Exp. Plan</i>	FY 2013 <i>Exp. Plan</i>
Agency Total	35,601.7	21,025.4	21,025.4

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

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 59.2

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

DEQ Emissions Inspection Fund	3.8
Hazardous Waste Management Fund	2.5
Air Quality Fund	5.1
Permit Administration Fund	9.2
Solid Waste Fee Fund	3.0
Water Quality Fee Fund	17.2
Indirect Cost Fund	18.2

Rent Standard Adjustment 102.0

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

Indirect Cost Fund	102.0
--------------------	-------

Health Insurance Rate Reduction (153.5)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

DEQ Emissions Inspection Fund	(15.1)
Hazardous Waste Management Fund	(5.1)
Air Quality Fund	(13.1)
Permit Administration Fund	(26.5)
Solid Waste Fee Fund	(4.4)
Water Quality Fee Fund	(30.6)
Indirect Cost Fund	(58.7)

Baseline Adjustments

Modify Fund Transfers 0.0

In FY 2012, the Department has been legislated \$22.9 million in fund transfers. The projected revenue in several funds is not sufficient to support both the appropriated expenditure level and the transfer amount.

As displayed in the Fund Transfers section of the Executive Budget, the Executive recommends a transfer reduction from the following funds: Air Quality Fund (\$619,500), Permit Administration Fund (\$894,500), Hazardous Waste Management Fund (\$62,300), Institutional & Engineering Control Fund (\$300), Recycling Fund (\$1,517,900), Solid Waste Fee Fund (\$369,500), Specific Site Judgment Fund (\$80,000), Voluntary Remediation Fund (\$783,600) and Water Quality Fee Fund (\$783,600).

The Executive also recommends replacing the transfers from the Indirect Cost Recovery Fund (\$2,589,900) and the IGA/ISA Fund (\$28,600), with an additional transfer amount of \$2,618,500 from the Emissions Inspection Fund to permit the Department maximum flexibility in managing fund balances.

Other Adjustments

Waste Program Appropriation 0.0

The Executive recommends the appropriation of Recycling Fund revenues for use in operating the Department's Waste Program. The Department is implementing new Waste Program fees permitted by Laws 2011, Chapter 220. The Department is allowed a rulemaking exemption to raise fees through September 30, 2013. The Recycling Fund revenue will assist in providing some stability to revenue estimates during this transition.

Hazardous Waste Management Fund	(754.2)
Recycling Fund	1,527.2
Solid Waste Fee Fund	(773.0)

AG Pro-Rata Appropriation (105.1)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

DEQ Emissions Inspection Fund	(6.8)
Hazardous Waste Management Fund	(4.5)
Air Quality Fund	(9.0)
Permit Administration Fund	(16.3)
Solid Waste Fee Fund	(5.4)
Water Quality Fee Fund	(30.6)
Indirect Cost Fund	(32.4)

State Employee Pay Adjustment 940.5

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

FY 2013

DEQ Emissions Inspection Fund	60.7
Hazardous Waste Management Fund	40.6
Air Quality Fund	80.8
Permit Administration Fund	146.2
Solid Waste Fee Fund	48.2
Water Quality Fee Fund	274.0
Indirect Cost Fund	290.0

Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	<u>Actual</u>	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>
Number of non-attainment areas exceeding national ambient air quality standards.	2	0	5	5
Percentage of statutorily set permit timelines met through License Time Frame rule.	99.8	99.0	100.0	100.0
Customer satisfaction rating for citizens (scale of 1-8)	7.8	7.6	N/A	N/A
Number of days per year exceeding National Ambient Air Quality Standards (NAAQS) for Ozone (O3), Carbon Monoxide (CO), or Particulates (PM10).	8.0	0.0	9.0	9.0
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)	88.6	89.8	84.5	84.5

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

Governor's Office for Equal Opportunity

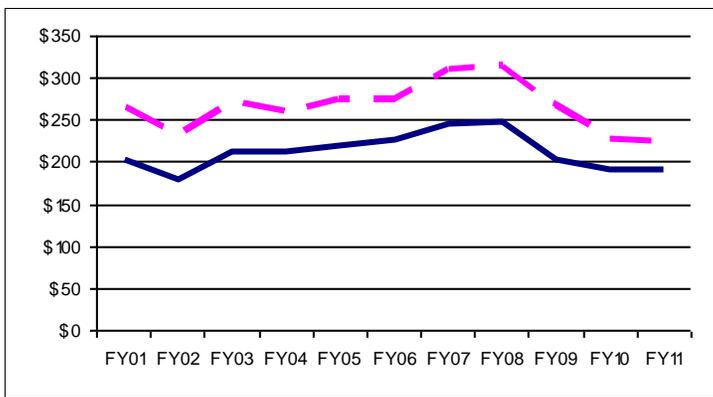
Mission:

To administer and enforce state and federal laws prohibiting discrimination for several thousand state employees to ensure there are no discriminatory practices in State government.

Description:

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

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Equal Opportunity	193.6	187.9	187.9	190.0
Agency - Approp. Funds	193.6	187.9	187.9	190.0
<i>Category</i>				
FTE	4.0	4.0	4.0	4.0
Personal Services	95.0	100.7	100.7	105.7
ERE Amount	31.0	40.3	40.3	40.0
Prof. And Outside Services	2.0	5.0	5.0	5.0
Travel - In State	0.3	1.2	1.2	1.2
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	65.3	40.7	40.7	38.8
Equipment	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	(0.7)
Agency - Approp. Funds	193.6	187.9	187.9	190.0
<i>Appropriated Fund</i>				
General Fund	193.6	187.9	187.9	190.0
Agency - Approp. Funds	193.6	187.9	187.9	190.0

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Federal Grant	68.0	68.0	68.0	68.8

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Agency - Nonapp. Funds	68.0	68.0	68.0	68.8
Agency Total - All Funds	261.6	255.9	255.9	258.8

Federal Funds Expenditures - as reported by Agency

	FY 2011 Actual	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	68.0	68.0	68.0

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

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 0.4

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund 0.4

Rent Standard Adjustment (1.9)

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

General Fund (1.9)

Health Insurance Rate Reduction (1.7)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund (1.7)

Other Adjustments

AG Pro-Rata Appropriation (0.7)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

General Fund (0.7)

State Employee Pay Adjustment 6.0

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund 6.0

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Number of calls answered providing information and assistance regarding Equal Opportunity rules and regulations	600	180	200	200
Total training hours provided to state	340	337	350	350

Performance Measures

	FY 2010 <u>Actual</u>	FY 2011 <u>Actual</u>	FY 2012 <u>Expected</u>	FY 2013 <u>Expected</u>
employees				
Number of community organizations contacted by the Governor's Office for Equal Opportunity to help facilitate the dissemination of information regarding employment opportunities	200	183	200	200
Number of minority/women-owned businesses contacted and provided with information regarding state contracting opportunities	40	92	40	60
Number of persons trained in mediation	1	1	1	2

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

State Board of Equalization

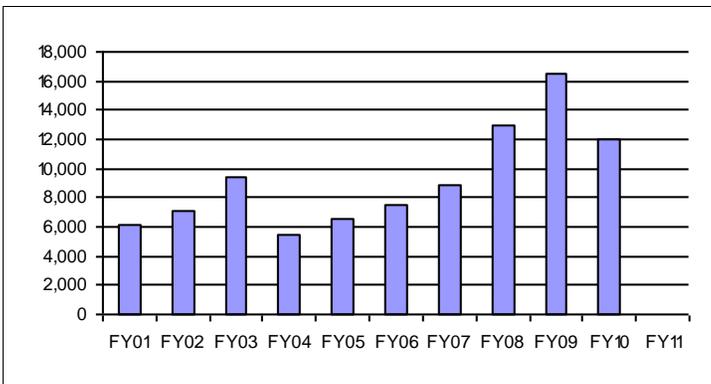
Mission:

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

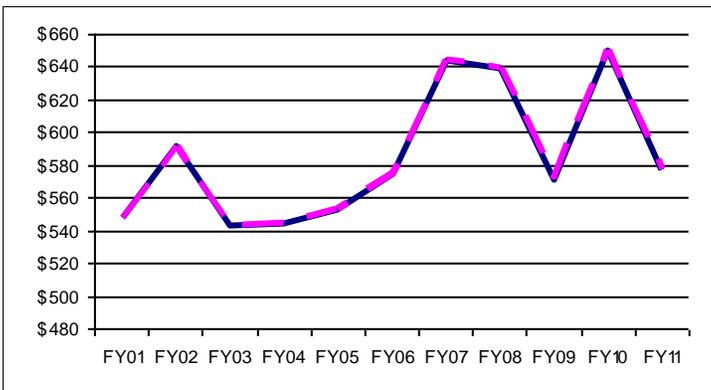
Description:

The State Board of Equalization (SBOE) is comprised of 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.

Total Appeals



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
State Board of Equalization	565.3	625.8	625.8	645.4
Agency - Approp. Funds	565.3	625.8	625.8	645.4

Category

FTE	7.0	7.0	7.0	7.0
Personal Services	296.4	325.8	325.8	342.1

ERE Amount	109.2	113.5	113.5	116.6
Prof. And Outside Services	14.3	29.5	29.5	29.5
Travel - In State	12.8	15.0	15.0	15.0
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	132.5	142.0	142.0	144.4
Equipment	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	(2.2)
Agency - Approp. Funds	565.3	625.8	625.8	645.4

Appropriated Fund

General Fund	565.3	625.8	625.8	645.4
Agency - Approp. Funds	565.3	625.8	625.8	645.4

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 1.2

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund 1.2

Rent Standard Adjustment 2.4

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

General Fund 2.4

Health Insurance Rate Reduction (1.5)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund (1.5)

Other Adjustments

AG Pro-Rata Appropriation (2.2)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

General Fund (2.2)

State Employee Pay Adjustment 19.7

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund 19.7

Agency did not provide performance measure information

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

Board of Executive Clemency

Mission:

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

Description:

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

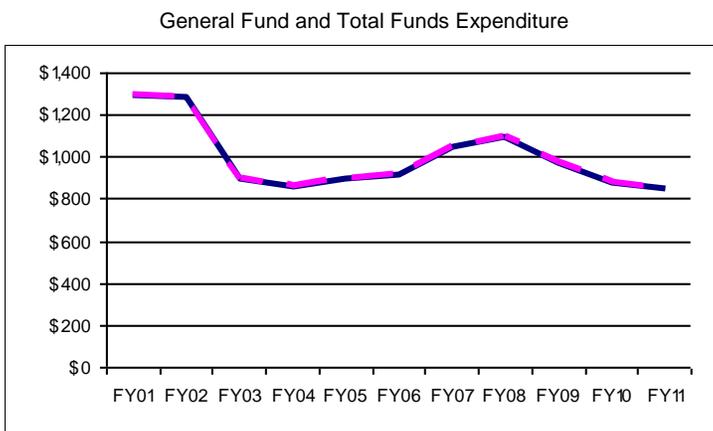
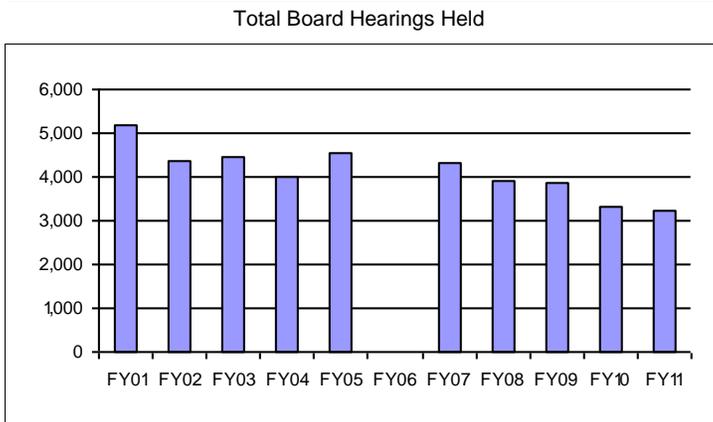
Travel - In State	0.9	1.5	1.5	1.5
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	168.8	122.0	122.0	141.1
Equipment	43.0	2.8	2.8	2.8
Transfers Out	0.0	0.0	0.0	(3.3)
Agency - Approp. Funds	854.1	790.5	790.5	868.2
<i>Appropriated Fund</i>				
General Fund	854.1	790.5	790.5	868.2
Agency - Approp. Funds	854.1	790.5	790.5	868.2

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	13.2	13.2	0.4
-------------------------	-----	------	------	-----

Executive Appropriation Recommendations

FY 2013



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Board of Executive Clemency	854.1	790.5	790.5	868.2
Agency - Approp. Funds	854.1	790.5	790.5	868.2
<i>Category</i>				
FTE	11.0	14.0	14.0	15.0
Personal Services	422.5	486.8	486.8	549.1
ERE Amount	214.1	172.3	172.3	171.8
Prof. And Outside Services	4.8	5.1	5.1	5.1

Standard Adjustments	
Retirement Standard Adjustment	1.8
The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.	
General Fund	1.8
Rent Standard Adjustment	19.1
This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.	
General Fund	19.1
Health Insurance Rate Reduction	(5.1)
The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.	
General Fund	(5.1)
Baseline Adjustments	
Shift Board to Hourly Pay Rate	48.9
The Executive recommends shifting the Board to an hourly pay rate. This change will allow the Board to work full-time, up to 40 hours, and will help to alleviate the case hearing backlog by having more available work hours. The Board will strictly be viewed as hourly employees, and will not receive benefits of any kind.	
General Fund	48.9
Other Adjustments	
SLI Annual Leave Payout	(13.3)
The Executive recommends backing out one-time funding for the annual leave payout of an employee who is eligible to retire in FY 2012.	
General Fund	(13.3)

FY 2013

AG Pro-Rata Appropriation (3.3)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

General Fund (3.3)

State Employee Pay Adjustment 29.5

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund 29.5

Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	<u>Actual</u>	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>
Number of parole hearings scheduled	539	442	800	800
Percent of parole grants	13	26	37	37
Number of revocations	2,463	2,570	2,600	2,600
Number of victims notified	1,410	1,327	2,500	2,500

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

Arizona Exposition & State Fair

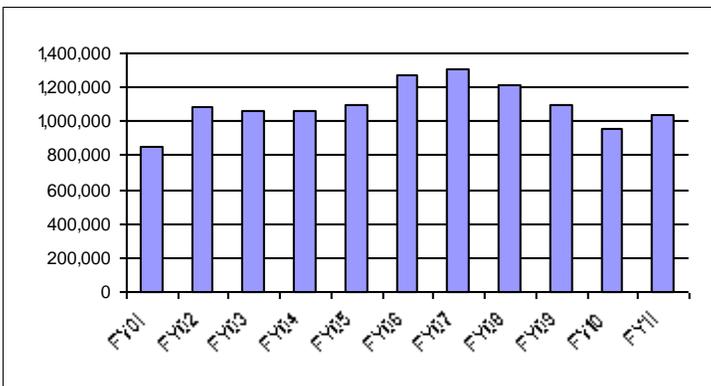
Mission:

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

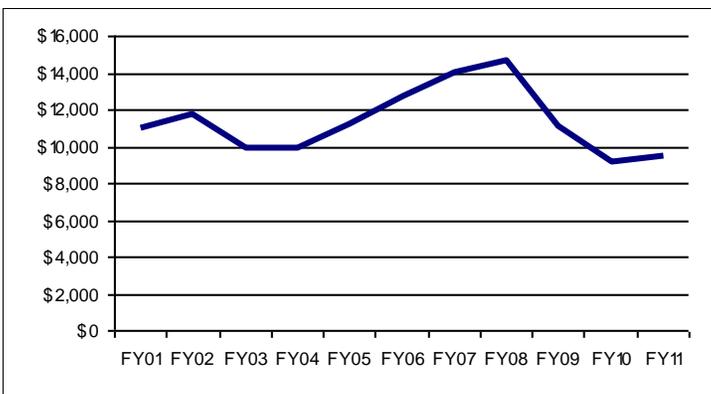
Description:

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

State Fair Attendance by Year



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Interim Events	3,311.5	3,781.7	3,781.7	3,866.0
State Fair Operations	6,134.0	7,314.5	7,314.5	7,415.7
Agency - Approp. Funds	9,445.5	11,096.2	11,096.2	11,281.8

Category

Category	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
FTE	184.0	184.0	184.0	184.0
Personal Services	2,876.0	3,466.1	3,466.1	3,639.5
ERE Amount	766.5	850.0	850.0	885.6
Prof. And Outside Services	2,941.5	3,073.8	3,073.8	3,073.8
Travel - In State	1.9	1.0	1.0	1.0

Travel - Out of State	3.5	4.0	4.0	4.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	2,851.4	3,701.3	3,701.3	3,701.3
Equipment	4.7	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	(23.4)
Agency - Approp. Funds	9,445.5	11,096.2	11,096.2	11,281.8
<i>Appropriated Fund</i>				
Coliseum & Exposition Center	9,445.5	11,096.2	11,096.2	11,281.8
Agency - Approp. Funds	9,445.5	11,096.2	11,096.2	11,281.8

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 13.2

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Coliseum and Expo Center Fund 13.2

Health Insurance Rate Reduction (17.2)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Coliseum and Expo Center Fund (17.2)

Other Adjustments

AG Pro-Rata Appropriation (23.4)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

Coliseum and Expo Center Fund (23.4)

State Employee Pay Adjustment 213.0

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Coliseum and Expo Center Fund 213.0

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Fair attendance (in thousands)	961.44	1,041.0	1,000.0	1,000.0
New revenue received from alternative sources (in dollars)	142,000	465,352	15,000	15,000
Number of guest service contacts	358	337	354	372

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

State Department of Financial Institutions

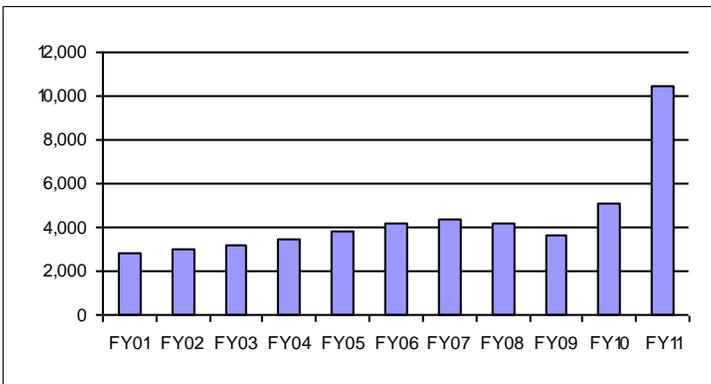
Mission:

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

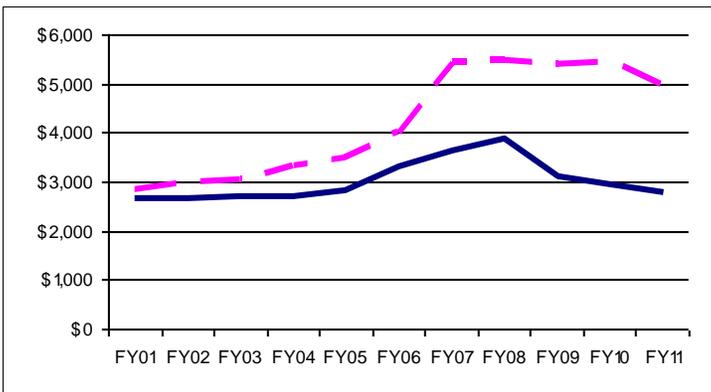
Description:

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

Number of Licenses Issued



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Office of Supervision	1,756.6	1,793.7	1,793.7	2,243.4
Office of Regulatory Affairs	1,435.6	1,639.9	1,639.9	1,804.2
Receiverships	14.9	26.3	26.3	27.1
Agency - Approp. Funds	3,207.1	3,459.9	3,459.9	4,074.7

Category

FTE	55.1	55.1	55.1	58.1
Personal Services	1,657.6	1,941.4	1,941.4	2,290.4
ERE Amount	773.8	836.6	836.6	951.5
Prof. And Outside Services	173.3	294.9	294.9	339.9
Travel - In State	0.5	0.5	0.5	9.5
Travel - Out of State	3.8	1.0	1.0	1.0

Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	470.1	379.0	379.0	408.0
Equipment	128.0	6.5	6.5	22.5
Capital Outlay	0.0	0.0	0.0	65.0
Transfers Out	0.0	0.0	0.0	(13.1)
Agency - Approp. Funds	3,207.1	3,459.9	3,459.9	4,074.7

Appropriated Fund

General Fund	2,794.9	2,726.6	2,726.6	3,025.9
Financial Services Fund	412.2	733.3	733.3	1,048.8
Agency - Approp. Funds	3,207.1	3,459.9	3,459.9	4,074.7

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Banking Department Revolving	398.3	495.4	495.4	495.4
IGA and ISA Fund	68.4	78.4	78.4	80.6
Receivership Revolving Fund	1,285.5	921.2	921.2	2.2
Agency - Nonapp. Funds	1,752.2	1,495.0	1,495.0	578.2
Agency Total - All Funds	4,959.3	4,954.9	4,954.9	4,652.9

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 7.4

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund	6.3
Financial Services Fund	1.1

Rent Standard Adjustment 29.0

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

General Fund	24.3
Financial Services Fund	4.7

Health Insurance Rate Reduction (24.9)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund	(20.3)
Financial Services Fund	(4.6)

Other Adjustments

New Examiners for Loan Originators and Mortgage Licensees 189.1

In 2010, the New Loan Originator Law went into effect, increasing the amount of total mortgage licensees from approximately 1,000 to 7,000. The examination requirement for loan originators is critical to protecting Arizona citizens from mortgage fraud and restoring confidence in the mortgage industry. To handle the expanded case load, the Executive recommends funding 3.0 FTE examiner positions specializing in the mortgage industry. Of the recommended amount, \$8,000 represents one-time equipment costs for the new examiners.

Financial Services Fund 189.1

Bank, Credit Union and Trust Company Examiners 200.4

The Department of Financial Institutions has been placed on accreditation suspension by the Conference of State Bank Supervisors (CSBS) and the National Association of State Credit Union Supervisors (NASCUS). The suspension is the result of the Department's inability to conduct examinations due to inadequate staffing of examiners. Without accreditation, the Department will not be able to carry out its statutory mandate to regulate State-chartered financial institutions.

The Executive recommends funding 3.0 vacant unfunded Bank, Credit Union and Trust Examiner positions. By adding the new examiners, the Department will be able to conduct timely examinations and regain its accreditation. Of the recommended amount, \$8,000 represents one-time equipment costs for the new examiners.

General Fund 200.4

New Licensing System 30.0

In FY 2013, the Executive recommends reimbursing the agency for ongoing maintenance costs of its database management system. The Department made the initial investment in 2009 to replace its homegrown system that has reached end-of-life. The new system will address the inadequacies of the antiquated system by allowing online license renewal, payment processing, and reporting. The implementation of this system is well-timed since the licensee population has nearly tripled since last year.

Financial Services Fund 30.0

Document Management System 80.0

The Executive recommendation provides for computer software and equipment. This expenditure is intended to help the Department automate and streamline its licensing process. The current primarily manual, paper-based license processing operation is labor intensive, redundant, restrictive, and inefficient. Of the amount recommended, \$65,000 is for one-time hardware and equipment.

Financial Services Fund 80.0

AG Pro-Rata Appropriation (13.1)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

General Fund (11.2)

Financial Services Fund (1.9)

State Employee Pay Adjustment 116.9

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund 99.8

Financial Services Fund 17.1

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Average number of calendar days from receipt to resolution of regular complaint	148	318	45	45
Open receiverships (at any point in fiscal year)	1	1	1	0
Percent of examinations receiving a satisfactory composite rating	72	88	80	80
Percent of examination reports mailed within 25 days of completion of all examination procedures	48	85	85	85
Percent of license applications approved within 45 days of receipt (excluding Banks and Credit Unions)	55	61	60	60

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

Board of Fingerprinting

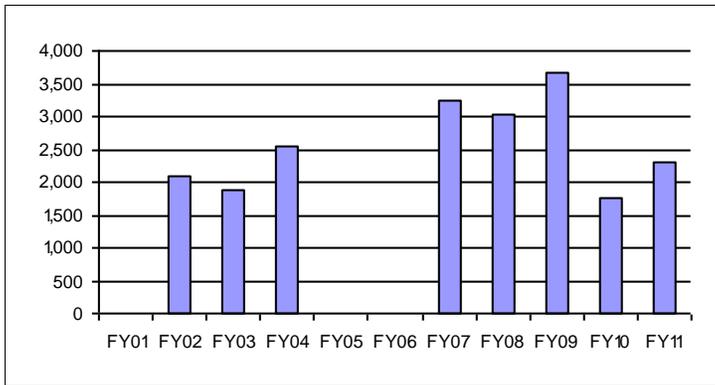
Mission:

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

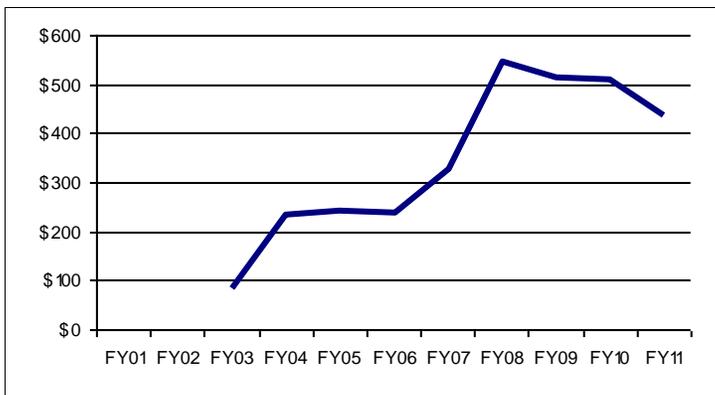
Description:

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

Number of Good-Cause-Exception Requests Received



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Non-Appropriated Funds

	<i>FY 2011 Actual</i>	<i>FY 2012 Expend. Plan</i>	<i>FY 2012 Exec. Rec.</i>	<i>FY 2013 Exec. Rec.</i>
Board of Fingerprinting Fund	439.3	483.0	483.0	491.3
Agency - Nonapp. Funds	439.3	483.0	483.0	491.3
Agency Total - All Funds	439.3	483.0	483.0	491.3

Department of Fire, Building and Life Safety

Mission:

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

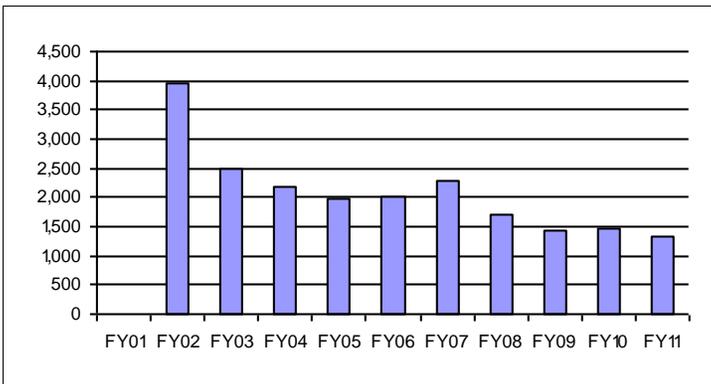
Description:

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

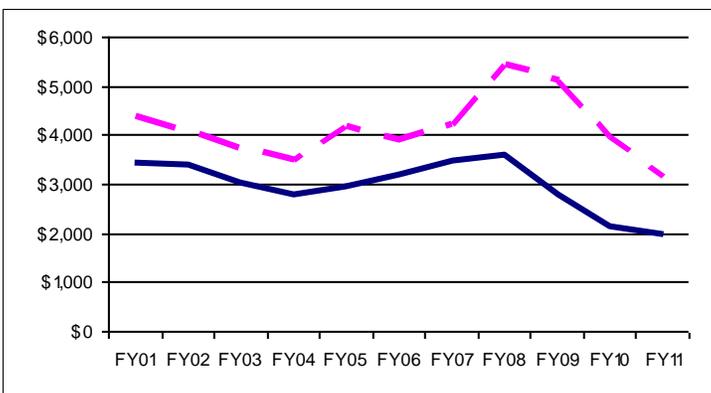
The Office of Manufactured Housing licenses and regulates the production and ownership of manufactured housing; administers funds paid by manufacturers, mobile home park owners and residents; and administers funds reserved for claims filed against the payers or for involuntary relocation. Additionally,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

The State Fire Marshal enforces the State Fire Code through the inspections of schools and public buildings and enforces the Fire Safety Complaint Cigarettes and Fireworks Sales laws.

Number of Licensees



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Administration	747.6	482.1	623.0	495.5
Manufactured Housing	698.4	632.1	632.1	646.8
State Fire Marshal	543.5	579.1	579.1	595.8
Agency - Approp. Funds	1,989.5	1,693.3	1,834.2	1,738.1
<i>Category</i>				
FTE	20.8	22.2	22.2	22.2
Personal Services	944.4	959.2	959.2	1,007.2
ERE Amount	469.4	426.3	567.2	427.5
Prof. And Outside Services	23.2	12.9	12.9	12.9
Travel - In State	164.8	143.0	143.0	143.0
Travel - Out of State	0.1	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	367.2	149.9	149.9	151.9
Equipment	20.4	2.0	2.0	2.0
Transfers Out	0.0	0.0	0.0	(6.5)
Agency - Approp. Funds	1,989.5	1,693.3	1,834.2	1,738.1
<i>Appropriated Fund</i>				
General Fund	1,989.5	1,693.3	1,834.2	1,738.1
Agency - Approp. Funds	1,989.5	1,693.3	1,834.2	1,738.1

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Arson Detection Reward	1.9	0.0	0.0	0.0
Building & Fire Safety Fund	(1.3)	6.1	0.0	0.0
Federal Grant	206.2	232.4	232.4	216.0
IGA and ISA Between State Agencies	27.9	23.7	23.7	23.7
Manufactured Housing Consumer Recovery	129.6	0.0	0.0	0.0
Mobile Home Relocation	857.8	493.7	493.7	504.5
Agency - Nonapp. Funds	1,222.2	755.9	749.8	744.2
Agency Total - All Funds	3,211.7	2,449.2	2,584.0	2,482.2

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 3.6

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund 3.6

Rent Standard Adjustment 2.0

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

General Fund 2.0

Health Insurance Rate Reduction (12.8)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

FY 2013

General Fund (12.8)

Other Adjustments

AG Pro-Rata Appropriation (6.5)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

General Fund (6.5)

State Employee Pay Adjustment 58.4

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund 58.4

FY 2012 Supplemental Recommendations

FY 2012

Health Insurance Adjustment 140.9

The FY 2012 Budget includes a \$140,900 health insurance appropriation adjustment due to a statewide change to the employee health insurance contribution process. The Department's actual expenditures for employee health insurance contributions have not adjusted as predicted.

The Executive recommends an FY 2012 supplemental appropriation to align with actual expenses.

General Fund 140.9

Performance Measures

	<u>FY 2010</u> <u>Actual</u>	<u>FY 2011</u> <u>Actual</u>	<u>FY 2012</u> <u>Expected</u>	<u>FY 2013</u> <u>Expected</u>
Average days from receipt of complete application to granting of license	2	2	2	2
Number of enforcement inspections for new construction	827	1174	1200	1200
Total individuals or facilities licensed	1,630	1,328	1,050	1,050
Number of persons trained in fire and life safety issues	9	0	0	0

The Executive recommends no appropriation for this agency.

Arizona State Forester

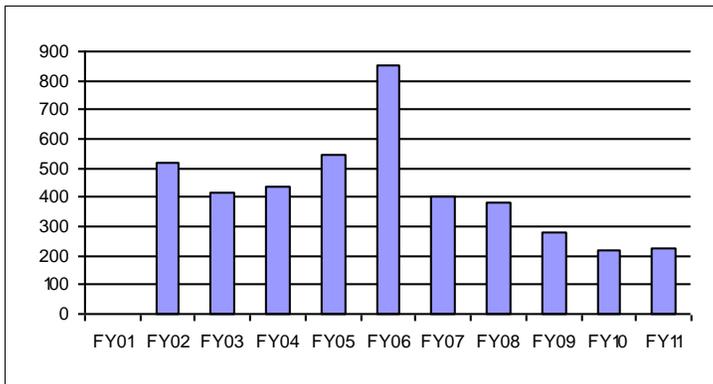
Mission:

To manage and reduce wildfire risk to Arizona's people, communities, and wildland areas and provide forest resource stewardship through strategic implementation of forest health policies and cooperative forestry assistance programs.

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.

Number of Fires on State and Private Lands



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
State Forester	5,822.0	6,052.0	6,052.0	7,148.6
Agency - Approp. Funds	5,822.0	6,052.0	6,052.0	7,148.6
<i>Category</i>				
FTE	38.0	52.0	52.0	52.0
Personal Services	1,848.2	2,034.6	2,034.6	2,136.3
ERE Amount	825.1	835.2	835.2	841.2
Prof. And Outside Services	1,916.7	1,916.7	1,916.7	2,916.7
Travel - In State	120.5	120.5	120.5	120.5
Travel - Out of State	0.0	0.0	0.0	0.0
Food	20.3	20.3	20.3	20.3
Aid to Others	75.0	75.0	75.0	75.0
Other Operating Expenses	1,016.2	1,049.7	1,049.7	1,052.3
Equipment	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	(13.7)
Agency - Approp. Funds	5,822.0	6,052.0	6,052.0	7,148.6
<i>Appropriated Fund</i>				
General Fund	5,822.0	6,052.0	6,052.0	7,148.6
Agency - Approp. Funds	5,822.0	6,052.0	6,052.0	7,148.6

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 Inmate Fire Crews	558.5	695.7	695.7	718.4
SLI Fire Suppression	3,000.0	3,000.0	3,000.0	4,003.6

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Cooperative Forestry Fund	6,821.6	6,443.6	6,443.6	6,476.5
Federal Economic Recovery Fund	98.8	1,216.0	1,216.0	1,216.0
Fire Suppression Fund	8,203.0	16,303.0	16,303.0	15,779.8
Agency - Nonapp. Funds	15,123.4	23,962.6	23,962.6	23,472.2
Agency Total - All Funds	20,945.4	30,014.6	30,014.6	30,620.8

Federal Funds Expenditures - as reported by Agency

	FY 2011 Actual	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	6,580.3	9,141.9	5,128.8

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

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 7.7

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund 7.7

Rent Standard Adjustment 2.6

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

General Fund 2.6

Health Insurance Rate Reduction (23.6)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund (23.6)

Other Adjustments

Increase in Statutory Appropriation 1,000.0

The Executive recommends an increase in the statutorily permitted appropriation for fire pre-positioning and suppression of \$1.0 million beginning in FY 2013. This is due to the increasing role and responsibility of the State in protecting private landowners from the threat of wildfires and the greater interaction between large fires and growing housing areas.

General Fund 1,000.0

Exemption from Continued FRAT 0.0

The Executive recommends that the FRAT for the Fire Suppression Fund of \$296,500 be discontinued. The Forester needs

FY 2013

every dollar for reimbursements related to the Horseshoe, Monument, and Wallow fires.

The total State share of expenses associated with the Horseshoe, Monument, and Wallow fires is estimated at \$3.2 million.

AG Pro-Rata Appropriation (13.7)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

General Fund (13.7)

State Employee Pay Adjustment 123.6

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund 123.6

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

State Board of Funeral Directors & Embalmers

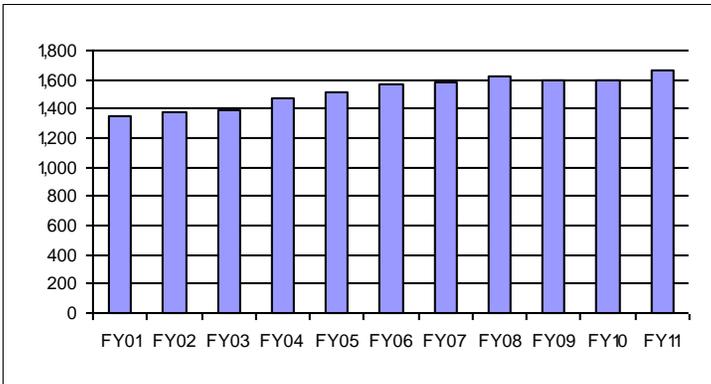
Mission:

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

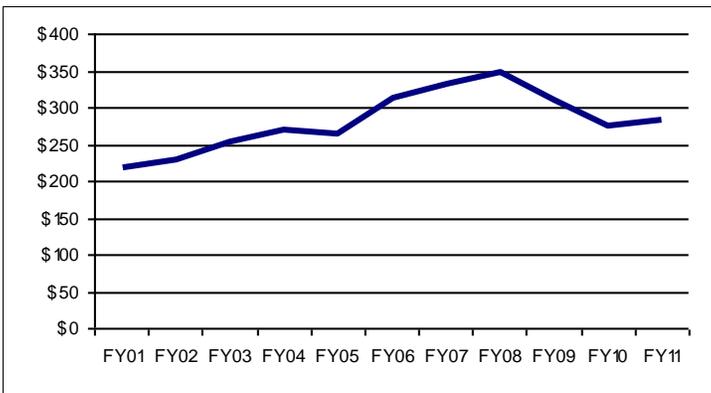
Description:

The Board of Funeral Directors and Embalmers examines and licenses individuals that provide funeral goods and services. The Board also receives complaints against licensees, investigates allegations, and administratively adjudicates complaints. The Board oversees approximately 1,700 licensees practicing in the state and serves all Arizona citizens who receive funeral goods and services.

Number of Licensees



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	284.7	339.6	339.6	354.3
Agency - Approp. Funds	284.7	339.6	339.6	354.3

Category

FTE	4.0	4.0	4.0	4.0
Personal Services	159.9	180.0	180.0	189.0
ERE Amount	35.0	38.0	38.0	40.3
Prof. And Outside Services	43.0	55.3	55.3	55.3
Travel - In State	1.6	5.0	5.0	5.0
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0

Other Operating Expenses	41.7	57.8	57.8	61.2
Equipment	3.5	3.5	3.5	3.5
Agency - Approp. Funds	284.7	339.6	339.6	354.3

Appropriated Fund

Funeral Directors & Embalmers	284.7	339.6	339.6	354.3
Agency - Approp. Funds	284.7	339.6	339.6	354.3

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 0.7

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Funeral Directors and Embalmers Fund 0.7

Rent Standard Adjustment 3.4

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

Funeral Directors and Embalmers Fund 3.4

Health Insurance Rate Reduction (0.4)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Funeral Directors and Embalmers Fund (0.4)

Other Adjustments

State Employee Pay Adjustment 11.0

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Funeral Directors and Embalmers Fund 11.0

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Number of inspections	0	70	150	170
Number of complaints received	20	35	25	25
Number of licenses	1,600	1669	1,670	1,700

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

Arizona Game & Fish Department

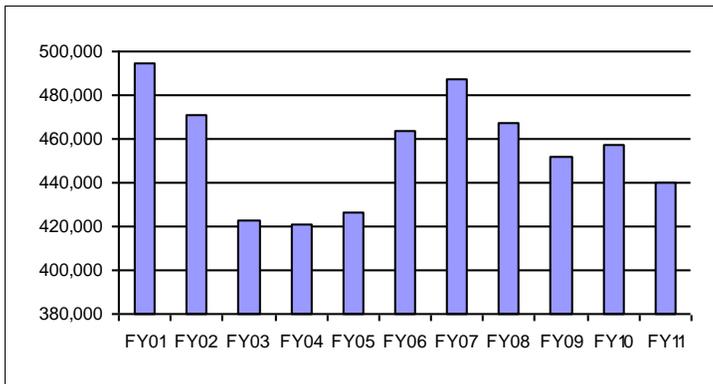
Mission:

To conserve, enhance, and restore Arizona's diverse wildlife resources and habitats through aggressive protection and management programs; and to provide wildlife resources and safe watercraft and off-highway vehicle recreation for the enjoyment, appreciation, and use by present and future generations.

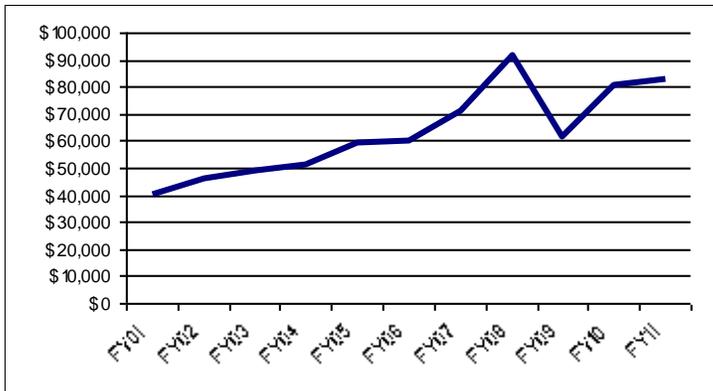
Description:

The Arizona Game and Fish Department is the state agency charged with the conservation, enhancement and restoration of Arizona's wildlife resources and habitats, and with the regulation and enforcement of watercraft and off-highway vehicles. The Department manages Arizona wildlife populations through the operation of hunting and fishing license programs, enforcement actions for the unlawful taking of game, and wildlife habitat protection and development.

Number of Licenses Sold



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Central Administrative Services	5,020.7	4,196.6	4,196.6	4,360.8
Off-Highway Vehicle/Watercraft	3,105.6	4,776.7	4,776.7	4,438.7
Nongame and Endangered Wildlife	6,158.4	8,120.8	8,120.8	8,396.3
Game Management	12,503.0	11,889.1	11,889.1	12,215.8
Sportfish Management	8,197.7	10,037.7	10,037.7	10,309.0

Agency - Approp. Funds	34,985.5	39,020.9	39,020.9	39,720.5
<i>Category</i>				
FTE	273.5	273.5	273.5	273.5
Personal Services	14,064.7	14,815.9	14,815.9	15,556.6
ERE Amount	7,249.7	7,597.3	7,597.3	7,981.2
Prof. And Outside Services	601.7	543.3	543.3	543.3
Travel - In State	209.6	279.9	279.9	279.9
Travel - Out of State	96.1	4.5	4.5	4.5
Aid to Others	688.6	900.0	900.0	900.0
Other Operating Expenses	4,986.2	9,804.2	9,804.2	9,379.2
Equipment	1,270.2	184.0	184.0	184.0
Capital Outlay	2,010.8	1,053.6	1,053.6	1,053.6
Transfers Out	3,808.0	3,838.2	3,838.2	3,838.2

Agency - Approp. Funds	34,985.5	39,020.9	39,020.9	39,720.5
<i>Appropriated Fund</i>				
Game & Fish Fund	29,700.7	32,980.4	32,980.4	33,997.3
Game & Fish Watercraft License	3,152.4	4,646.4	4,646.4	4,314.9
Game/Non-Game Fund	227.6	334.7	334.7	348.9
Capital Improvement Fund	1,885.6	1,000.0	1,000.0	1,000.0
Waterfowl Conservation	19.1	43.4	43.4	43.4
Wildlife Endowment Fund	0.0	16.0	16.0	16.0

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 Dingell-Johnson/Pittman-Robertson Federal Matching	1,904.0	1,904.0	1,904.0	1,904.0
SLI Dingell-Johnson/Pittman-Robertson Federal Matching	1,904.0	1,904.0	1,904.0	1,904.0

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Arizona Game & Fish Commission Heritage	10,792.5	10,075.2	10,075.2	10,327.8
Arizona Wildlife Conservation Fund	5,112.3	6,049.1	6,049.1	6,139.5
Federal Economic Recovery Fund	169.3	447.9	447.9	450.7
Federal Grant	89.4	0.0	0.0	0.0
Game & Fish Conservation Development Fund	1,505.0	1,505.1	1,505.1	1,505.1
Game & Fish Federal Revolving	35,141.5	34,448.0	34,448.0	33,840.8
Game & Fish Publications Revolving	152.9	150.0	150.0	150.0
Game & Fish Trust	2,323.9	2,969.1	2,969.1	2,969.1
Game & Fish Wildlife Theft Prevention	182.3	64.0	64.0	64.0
Game and Fish Kaibab Co-op	7.8	76.5	76.5	76.5
IGA and ISA Fund	10.2	0.0	0.0	0.0
Indirect Cost Recovery Fund	2,480.3	3,829.6	3,829.6	3,915.0
Off-Highway Vehicle Recreation	1,463.3	1,636.0	1,636.0	1,687.4

Non-Appropriated Funds

	<u>FY 2011</u> <i>Actual</i>	<u>FY 2012</u> <i>Expend. Plan</i>	<u>FY 2012</u> <i>Exec. Rec.</i>	<u>FY 2013</u> <i>Exec. Rec.</i>
Agency - Nonapp. Funds	59,430.6	61,250.5	61,250.5	61,125.9
Agency Total - All Funds	94,416.1	100,271.4	100,271.4	100,846.4

Federal Funds Expenditures - as reported by Agency

	<u>FY 2011</u> <i>Actual</i>	<u>FY 2012</u> <i>Exp. Plan</i>	<u>FY 2013</u> <i>Exp. Plan</i>
Agency Total	32,014.8	25,723.9	22,214.8

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

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 329.7

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Game and Fish Fund	296.7
Watercraft Licensing Fund	29.1
Game/Non-game Fund	3.9

Health Insurance Rate Reduction (174.9)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Game and Fish Fund	(153.9)
Watercraft Licensing Fund	(19.6)
Game/Non-game Fund	(1.4)

Baseline Adjustments

Eliminating One-Time Grant and Education Money (425.0)

The Executive recommends a one-time decrease of grant and education monies totaling \$425,000 as requested by the Department.

Watercraft Licensing Fund	(425.0)
---------------------------	---------

Other Adjustments

State Employee Pay Adjustment 969.8

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Game and Fish Fund	874.1
Watercraft Licensing Fund	84.0
Game/Non-game Fund	11.7

Performance Measures

	<u>FY 2010</u> <i>Actual</i>	<u>FY 2011</u> <i>Actual</i>	<u>FY 2012</u> <i>Expected</i>	<u>FY 2013</u> <i>Expected</i>
Number of Arizona Game and Fish	13,000	12,554	0	0

Performance Measures

	<u>FY 2010</u> <i>Actual</i>	<u>FY 2011</u> <i>Actual</i>	<u>FY 2012</u> <i>Expected</i>	<u>FY 2013</u> <i>Expected</i>
Department watercraft enforcement hours				
➤ <i>Decrease may be due to vacant positions and fewer recreation days (economy).</i>				
Number of observed watercraft violations	364	2,461	0	0
➤ <i>Decrease may be due to vacant positions and fewer recreation days (economy).</i>				
Number of watercraft registered in Arizona	140,745	136,925	0	0
➤ <i>Number of watercraft registered in Arizona</i>				
Watercraft registration renewal processing time by mail (in days)	4	5	0	0
➤ <i>Watercraft registration renewal processing time by mail (in days)</i>				
Number of watercraft user contacts made by field officers	NA	7,291	0	0
Number of students completing Arizona Game and Fish Department sponsored watercraft safety classes	1,083	1,166	0	0
➤ <i>Number of students completing Arizona Game and Fish Department sponsored watercraft safety classes</i>				
Number of off-highway user contacts by Arizona Game and Fish Department field officers	NA	NA	0	0
➤ <i>The Arizona Game and Fish Department does not currently record contacts in its Spillman® database system. However, we are currently building a database that will capture contacts and anticipate reporting this data for State FY12.</i>				
Ratio of number of big game permit tags to the number of people applying	.548	.56	0	0
Number of off-highway vehicle violations observed	100	638	0	0
Number of urban fishing licenses sold	32,160	30,998	0	0
➤ <i>Reports prior to FY2009 included all urban fishing related licenses sold. This number includes only Class U licenses.</i>				

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

Department of Gaming

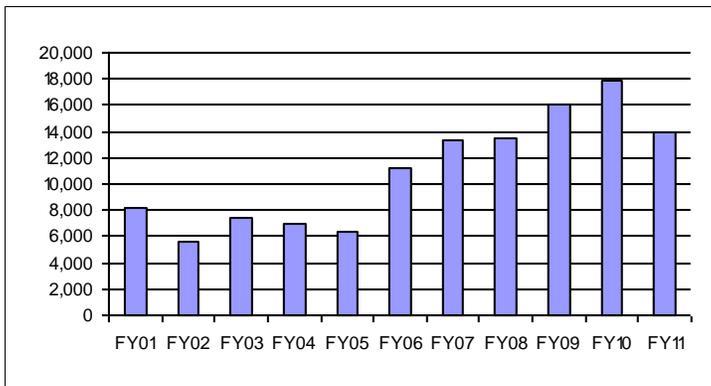
Mission:

To protect the public, enforce Arizona's gambling laws, ensure compliance with the gaming compacts, and regulate the gaming industry.

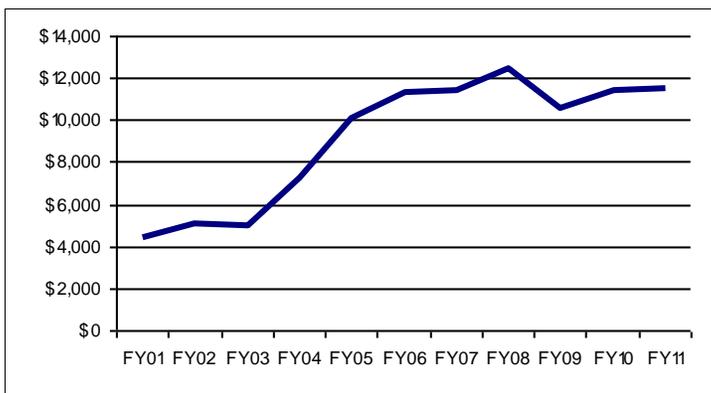
Description:

The Department of Gaming is responsible for enforcing Arizona's gambling laws. This includes enforcement of Arizona's laws prohibiting illegal gambling (A.R.S. Section 5-602.J) and regulating and monitoring tribal compliance with the Tribal-State gaming compacts including their responsibilities concerning the nature, extent, and conduct of gaming activities; public health, safety, and welfare; and other operational requirements. The Department also conducts background investigations of all prospective gaming employees, management contractors, providers of gaming services, and manufacturers and distributors of gaming devices in order to ensure that unsuitable individuals or companies are not involved in Arizona's gaming industry.

Number of Gaming Machines Inspected and Certified



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Enforcement	9,964.7	9,875.9	9,875.9	10,283.0
Certification	1,592.7	1,998.3	1,998.3	2,063.4
Agency - Approp. Funds	11,557.4	11,874.2	11,874.2	12,346.3

Category

FTE	123.0	123.0	123.0	123.0
Personal Services	5,476.4	6,570.0	6,570.0	6,898.5

ERE Amount	2,140.0	2,340.2	2,340.2	2,353.9
Prof. And Outside Services	1,671.5	1,836.2	1,836.2	1,947.6
Travel - In State	260.2	261.8	261.8	261.8
Travel - Out of State	85.9	99.3	99.3	99.3
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	1,639.2	602.0	602.0	664.9
Equipment	280.8	161.3	161.3	161.3
Transfers Out	3.4	3.4	3.4	(40.9)
Agency - Approp. Funds	11,557.4	11,874.2	11,874.2	12,346.3

Appropriated Fund

Lottery Fund	300.0	300.0	300.0	300.0
Permanent Tribal-State Compact Fund	1,592.7	1,998.3	1,998.3	2,063.4
Arizona Benefits Fund	9,664.7	9,575.9	9,575.9	9,983.0
Agency - Approp. Funds	11,557.4	11,874.2	11,874.2	12,346.3

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

SLI Problem Gambling	1,875.5	1,896.5	1,896.5	2,084.6
SLI Casino Operations Certification	1,592.7	1,998.3	1,998.3	2,063.4

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 25.0

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Permanent Tribal-State Compact Fund	5.5
Arizona Benefits Fund	19.5

Rent Standard Adjustment (1.1)

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

Arizona Benefits Fund	(1.1)
-----------------------	-------

Health Insurance Rate Reduction (77.4)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Permanent Tribal-State Compact Fund	(17.2)
Arizona Benefits Fund	(60.2)

Other Adjustments

Increase Awareness and Availability of Problem Gambling Treatment 175.4

Proposition 202, approved by voters in 2002, allocates 2% of tribal gaming revenues to the Department for problem gambling prevention, treatment and education. Based on Executive revenue projections, 2% of tribal gaming revenues to the State equates to an additional \$175,400 in funding for problem gambling.

During FY 2010, 908 individuals received treatment for problem gambling through the Office of Problem Gambling. However, the need for treatment and awareness far outweighs the available resources for problem gambling, as it is estimated that as many as 100,000 adults in Arizona may be in need of treatment.

Arizona Benefits Fund 175.4

AG Pro-Rata Appropriation (44.3)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

Permanent Tribal-State Compact Fund (9.7)

Arizona Benefits Fund (34.6)

State Employee Pay Adjustment 394.6

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Permanent Tribal-State Compact Fund 86.5

Arizona Benefits Fund 308.1

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Percentage of facilities reviewed for compact compliance reviews	100	100	100	100
Percent of all gaming devices certified	100	100	100	100
Percent of temporary certifications issued within 20 days	100	94	95	95
Total number of individual applications received	10,435	8,569	10,000	10,000
Total number of days elapsed from receipt of completed application to the issuance of temporary certification	5.24	4	6	6

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

Arizona Geological Survey

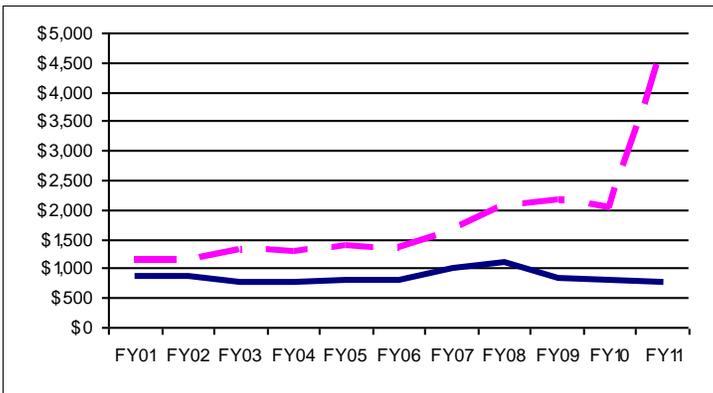
Mission:

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.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Arizona Geological Survey	789.0	865.1	865.1	985.4
Agency - Approp. Funds	789.0	865.1	865.1	985.4
<i>Category</i>				
FTE	6.2	6.2	6.2	6.2
Personal Services	414.3	467.0	467.0	490.4
ERE Amount	155.8	180.0	180.0	181.7
Prof. And Outside Services	4.6	4.6	4.6	4.6
Travel - In State	3.3	3.3	3.3	3.3
Travel - Out of State	3.5	3.5	3.5	3.5
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	205.7	205.7	205.7	304.1
Equipment	1.4	1.0	1.0	1.0

Debt Service	0.4	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	(3.2)
Agency - Approp. Funds	789.0	865.1	865.1	985.4

Appropriated Fund

General Fund	789.0	865.1	865.1	985.4
Agency - Approp. Funds	789.0	865.1	865.1	985.4

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Federal Economic Recovery Fund	3,584.5	4,973.6	4,973.6	4,990.5
Federal Grant	452.2	560.6	560.6	572.9
Geological Survey Fund	499.2	300.8	300.8	306.4
Indirect Cost Recovery Fund	564.9	725.2	725.2	729.9
Agency - Nonapp. Funds	5,100.8	6,560.2	6,560.2	6,599.6
Agency Total - All Funds	5,889.8	7,425.3	7,425.3	7,585.1

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 1.8

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund 1.8

Rent Standard Adjustment 98.4

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

General Fund 98.4

Health Insurance Rate Reduction (5.2)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund (5.2)

Other Adjustments

AG Pro-Rata Appropriation (3.2)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

General Fund (3.2)

State Employee Pay Adjustment 28.5

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund 28.5

Performance Measures

	FY 2010 <u>Actual</u>	FY 2011 <u>Actual</u>	FY 2012 <u>Expected</u>	FY 2013 <u>Expected</u>
Number of talks given or fieldtrips led	53	53	45	50
Percent increase (decrease) in number of publications sold	38	13	10	10
<i>➤ More info is available via the internet and, less of the technical and topographic maps are needed in hard copy. We will adjust to this change in the market.</i>				
Percent increase (decrease) in sales of technical maps and reports	56	-64	10	10
<i>➤ The market is changing as more things are available to be downloaded.</i>				
Percent increase (decrease) in sales of non-technical reports	-38	15	8	8
<i>➤ Less technical things are selling, more interest in general use/recreation</i>				
Average days to issue a permit	2	4	5	5
Compliance and safety inspections made	29	31	28	28

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

Government Information Technology Agency

Mission:

To maximize information technology coordination and connectivity within the state of Arizona ensuring that its information technology infrastructure efficiently and effectively supports state business.

Description:

In previous years, the Government Information Technology Agency (GITA) was responsible for statewide information technology planning, coordination and consulting for executive agencies. Laws 2011, Chapter 27 merged this Agency into the Department of Administration. It is now called the Strategic Transformation and Innovation Office and continues to set the technology, security, privacy, and communication strategies, policies, and procedures for the state of Arizona.

Non-Appropriated Funds

	<i>FY 2011 Actual</i>	<i>FY 2012 Expend. Plan</i>	<i>FY 2012 Exec. Rec.</i>	<i>FY 2013 Exec. Rec.</i>
Agency - Nonapp. Funds	2,012.2	0.0	159.8	0.0
Agency Total - All Funds	5,337.0	0.0	159.8	0.0

Federal Funds Expenditures - as reported by Agency

	<i>FY 2011 Actual</i>	<i>FY 2012 Exp. Plan</i>	<i>FY 2013 Exp. Plan</i>
Agency Total	1,968.0	0.0	0.0

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

Agency Summary - Appropriated Funds

<i>Program/ Cost Center</i>	<i>FY 2011 Actual</i>	<i>FY 2012 Approp.</i>	<i>FY 2012 Exec. Rec.</i>	<i>FY 2013 Exec. Rec.</i>
Government Information Technology Agency	2,738.1	0.0	0.0	0.0
Public Safety Communications Commission	586.7	0.0	0.0	0.0
Agency - Approp. Funds	3,324.8	0.0	0.0	0.0

Category

FTE	29.0	0.0	0.0	0.0
Personal Services	1,516.7	0.0	0.0	0.0
ERE Amount	479.3	0.0	0.0	0.0
Prof. And Outside Services	447.6	0.0	0.0	0.0
Travel - In State	6.8	0.0	0.0	0.0
Travel - Out of State	6.6	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	495.6	0.0	0.0	0.0
Equipment	372.2	0.0	0.0	0.0
Agency - Approp. Funds	3,324.8	0.0	0.0	0.0

Appropriated Fund

General Fund	586.7	0.0	0.0	0.0
Information Technology Fund	2,487.6	0.0	0.0	0.0
State Web Portal Fund	250.5	0.0	0.0	0.0
Agency - Approp. Funds	3,324.8	0.0	0.0	0.0

Non-Appropriated Funds

	<i>FY 2011 Actual</i>	<i>FY 2012 Expend. Plan</i>	<i>FY 2012 Exec. Rec.</i>	<i>FY 2013 Exec. Rec.</i>
Federal Economic Recovery Fund	1,240.4	0.0	69.9	0.0
Federal Grant	771.8	0.0	89.9	0.0

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 Office of the Arizona state government. The Constitution provides that the Governor shall be the Commander-in-Chief of Arizona's military forces and authorizes the Governor to grant reprieves, commutations, and pardons, pursuant to law. The Governor is also responsible for making appointments to positions in state government pursuant to law, representing Arizona in official dealings with other governmental entities, taking action on bills approved by the Legislature, and informing the public on issues affecting the state.

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Prevention of Child Abuse	422.6	512.4	512.4	506.9
Stimulus Statewide Admin Fund	1,392.8	1,215.2	1,215.2	1,223.4
Agency - Nonapp. Funds	294,676.8	219,410.6	218,118.2	28,189.4
Agency Total - All Funds	300,334.4	226,199.2	224,906.8	35,066.1

Federal Funds Expenditures - as reported by Agency

	FY 2011 Actual	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	289,317.9	212,350.7	22,414.2

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

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Rent Standard Adjustment 82.2

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

General Fund 82.2

Health Insurance Rate Reduction (37.1)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund (37.1)

Baseline Adjustments

Oil Overcharge Administration (186.7)

The Oil Overcharge Fund receives revenue from federal oil overcharge settlements and is used for grants and loans for energy development and conservation. The State appropriation was originally intended to provide administration and monitoring of grants and loans; however, for the last five years, the administration of the program has been covered by the non-appropriated portion of the Fund. No money has been expended from the appropriations. The Executive recommends eliminating the appropriation.

Oil Overcharge Fund (186.7)

Other Adjustments

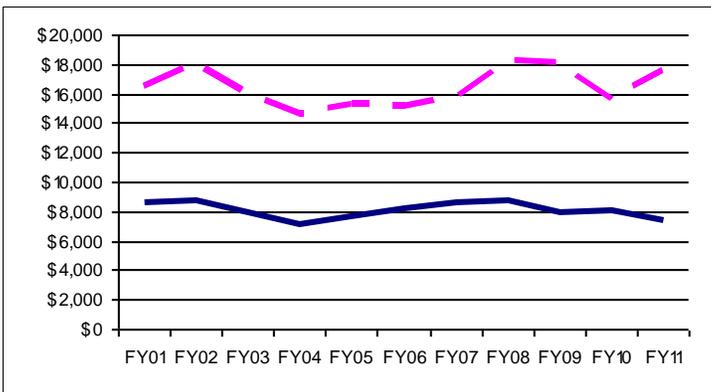
State Employee Pay Adjustment 229.7

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund 229.7

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

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Governor's Office	5,657.6	6,788.6	6,788.6	6,876.7
Agency - Approp. Funds	5,657.6	6,788.6	6,788.6	6,876.7
<i>Appropriated Fund</i>				
General Fund	5,657.6	6,601.9	6,601.9	6,876.7
Oil Overcharge Fund	0.0	186.7	186.7	0.0
Agency - Approp. Funds	5,657.6	6,788.6	6,788.6	6,876.7

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
County Fairs, Livestock and Agricultural Promotion Fund	1,799.5	1,780.0	1,780.0	1,780.0
Federal Economic Recovery Fund	269,516.3	182,419.6	182,419.6	4,124.8
Federal Grant	19,793.2	29,931.1	29,931.1	18,456.5
Governor's Endowment Partnership Fund	0.0	1,286.8	0.0	0.0
IGA and ISA Fund	825.4	985.0	985.0	1,002.6
Inauguration 2011 Fund	66.9	217.1	217.1	0.0
Indirect Cost Recovery Fund	860.2	920.0	920.0	947.5
Oil Overcharge Fund	0.0	143.4	137.8	147.7

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, 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.

FY 2013

General Fund (12.0)

Other Adjustments

AG Pro-Rata Appropriation (8.6)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

General Fund (8.6)

State Employee Pay Adjustment 76.5

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund 76.5

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

Agency Summary - Appropriated Funds

<u>Program/ Cost Center</u>	<u>FY 2011 Actual</u>	<u>FY 2012 Approp.</u>	<u>FY 2012 Exec. Rec.</u>	<u>FY 2013 Exec. Rec.</u>
Office of Strategic Planning and Budgeting	1,816.9	1,874.2	1,874.2	1,993.5
Agency - Approp. Funds	1,816.9	1,874.2	1,874.2	1,993.5
<i>Appropriated Fund</i>				
General Fund	1,816.9	1,874.2	1,874.2	1,993.5
Agency - Approp. Funds	1,816.9	1,874.2	1,874.2	1,993.5

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 4.8

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund 4.8

Rent Standard Adjustment 58.6

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

General Fund 58.6

Health Insurance Rate Reduction (12.0)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Department of Health Services

Mission:

To set the standard for personal and community health through direct care delivery, science, public policy, and leadership.

Description:

The Arizona Department of Health Services is responsible for Public Health Services, including the Arizona State Laboratory, epidemiology & disease control, emergency medical services/trauma, public health emergency preparedness & response, public health statistics, vital records, border health, children with special health care needs, health systems development, minority health, chronic disease prevention & nutrition, oral health, tobacco education, and women's & children's health; Behavioral Health Services, including general mental health services, substance abuse treatment & prevention services, services for the seriously mentally ill, title XIX/XXI adults and children, non-Title XIX/XXI adults and children, contract compliance, consumer rights, and quality management; the Arizona State Hospital, including adult civil services, adult forensic services, and the Arizona Community & Protection Treatment Center; and the licensing and certification of health and child care facilities.

Family Health	30,627.9	10,643.5	10,643.5	10,687.4
Behavioral Health	360,963.1	448,440.5	497,093.6	559,410.1
Arizona State Hospital	62,711.4	1,130.7	3,630.7	631.3
Agency - Approp. Funds	501,466.7	583,048.1	634,201.2	695,525.5

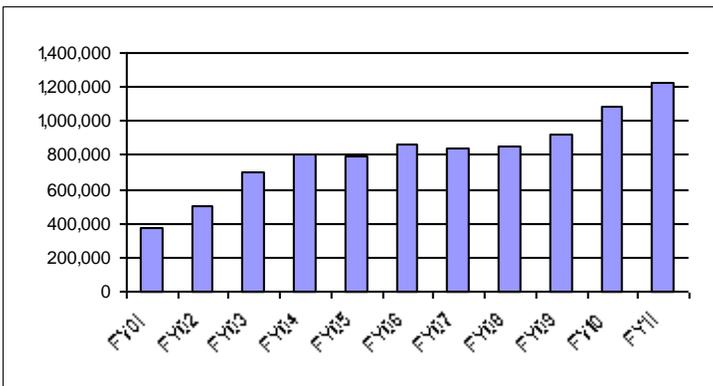
<i>Category</i>				
FTE	1,513.3	1,513.3	1,513.3	1,513.3
Personal Services	49,773.3	50,924.1	50,924.1	53,470.2
ERE Amount	21,246.0	20,769.4	20,769.4	20,813.3
Prof. And Outside Services	11,272.7	13,729.3	13,729.3	13,729.3
Travel - In State	373.4	452.4	452.4	452.4
Travel - Out of State	52.1	66.1	66.1	66.1
Aid to Others	61,483.2	81,250.1	81,250.1	153,527.7
Other Operating Expenses	26,583.8	20,762.2	64,813.5	59,118.3
Equipment	822.9	482.4	482.4	482.4
Transfers Out	329,859.3	394,612.1	401,713.9	393,865.8
Agency - Approp. Funds	501,466.7	583,048.1	634,201.2	695,525.5

<i>Appropriated Fund</i>				
General Fund	428,305.8	494,294.8	538,346.1	605,821.9
Service Fees Increase Fund	52.3	0.0	0.0	0.0
Tobacco Tax and Health Care Fund	34,575.8	35,167.0	42,268.8	43,342.3
Capital Outlay Stabilization	1,587.1	1,245.5	1,245.5	1,363.5
Health Services Licenses Fund	7,623.6	8,260.3	8,260.3	8,000.0
Child Care and Development Fund	820.7	827.8	827.8	845.6
Health Research Fund	0.0	1,500.0	1,500.0	1,500.0
Emergency Medical Operating Services	3,991.7	5,024.3	5,024.3	5,090.2
Newborn Screening Program Fund	4,950.5	6,680.1	6,680.1	6,723.4
Substance Abuse Services Fund	2,250.0	2,250.0	2,250.0	2,250.0
Nursing Care Institution Resident Protection Revolving Fund	0.0	438.0	438.0	439.1
Environmental Laboratory Licensure Revolving	650.0	907.2	907.2	920.2
Child Fatality Review Fund	95.1	92.7	92.7	95.3
Vital Records Electronic Systems Fund	166.8	3,586.0	3,586.0	3,637.5
Hearing and Speech Professionals Fund	309.7	308.1	308.1	313.9
The Arizona State Hospital Fund	8,088.3	13,807.3	13,807.3	6,884.3
DHS State Hospital Land Earnings	169.1	1,150.0	1,150.0	650.0
DHS - Indirect Cost Fund	7,830.2	7,509.0	7,509.0	7,648.1
Agency - Approp. Funds	501,466.7	583,048.1	634,201.2	695,525.5

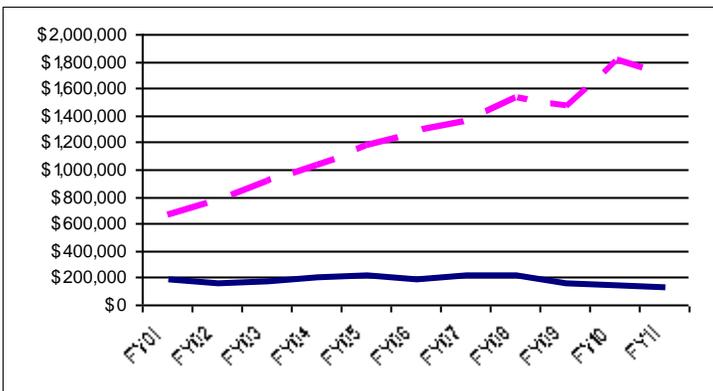
The following is a list of Special Line Items (SLI) which are included in the numbers above but are reflected here for specific disclosure.

SLI Assurance and Licensure	8,496.6	0.0	0.0	0.0
SLI Indirect Fund	7,830.2	0.0	0.0	28.3
SLI Hearing and Speech Professionals	309.7	0.0	0.0	0.0
SLI Tuberculosis Provider Care and Control	503.7	590.7	590.7	590.7
SLI Biomedical Research Comission	0.0	500.0	500.0	500.0

Title XIX - BHS Enrollment



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Administration	30,872.7	118,429.7	118,429.7	120,393.0
Public Health	16,291.6	4,403.7	4,403.7	4,403.7

SLI Loan Repayment Services	107.5	0.0	0.0	0.0
SLI AIDS Reporting & Surveillance	895.5	1,000.0	1,000.0	1,000.0
SLI Laboratory Services	4,124.8	0.0	0.0	0.0
SLI Alzheimer's Disease Research	0.0	1,125.0	1,125.0	1,125.0
SLI EMS Operations	2,353.4	0.0	0.0	0.0
SLI Trauma Advisory Board	345.7	0.0	0.0	0.0
SLI Vital Records Maintenance	166.8	0.0	0.0	0.0
SLI Arizona Statewide Immunization Information System	210.2	0.0	0.0	0.0
SLI Renal/Nonrenal Disease Management	110.0	198.0	198.0	198.0
SLI Scorpion Antivenom	90.0	0.0	0.0	0.0
SLI Poison Control Centers	666.3	990.0	990.0	990.0
SLI AHCCCS - CRS	21,861.7	0.0	0.0	0.0
SLI Adult Cystic Fibrosis	52.6	105.2	105.2	105.2
SLI High Risk Perinatal Services	1,910.4	2,543.4	2,543.4	2,543.4
SLI Child Fatality Review Team	219.3	0.0	0.0	0.0
SLI Newborn Screening Program	4,950.5	6,248.2	6,248.2	6,291.5
SLI Medicaid Special Exemption Payments	437.2	0.0	0.0	0.0
SLI Breast and Cervical Cancer Screening	1,013.8	1,346.7	1,346.7	1,347.2
SLI Folic Acid	182.3	400.0	400.0	400.0
SLI Medicaid Behavioral Health-Traditional	0.0	326,226.0	374,879.1	398,503.6
SLI Medicaid Behavioral Health-Prop 204	0.0	38,378.7	38,378.7	38,378.7
SLI Children's Behavioral Health - State Match (TXIX)	93,506.5	0.0	0.0	0.0
SLI Seriously Mentally Ill (TXIX)	57,581.4	0.0	0.0	0.0
SLI Title XIX Administration	779.5	0.0	0.0	0.0
SLI Mental Health & Substance Abuse State Match (TXIX)	29,704.6	0.0	0.0	0.0
SLI Medicaid Special Exemption Payments	4,455.8	7,292.1	7,292.1	7,292.1
SLI Prop 204 Administration	1,151.9	2,131.4	2,131.4	2,131.4
SLI Prop 204 Seriously Mentally Ill	69,400.8	0.0	0.0	0.0
SLI Prop 204 General Mental Health and Substance Abuse	37,095.9	0.0	0.0	0.0
SLI Prop 204 Children's Behavioral Health	816.8	0.0	0.0	0.0
SLI Medicare Clawback Payments	8,581.5	12,541.5	12,541.5	12,541.5
SLI Contract Compliance	937.1	0.0	0.0	0.0
SLI Crisis Services	16,858.1	16,391.1	16,391.1	16,391.1
SLI Supported Housing	5,019.7	5,324.8	5,324.8	5,324.8
SLI Non-Title XIX Prescription Medication	34,472.3	40,154.9	40,154.9	40,154.9
SLI Community Placement Treatment	0.0	1,130.7	1,130.7	1,130.7

SLI Community Protection & Treatment Center	9,149.2	0.0	0.0	0.0
---	---------	-----	-----	-----

Non-Appropriated Funds

	<i>FY 2011 Actual</i>	<i>FY 2012 Expend. Plan</i>	<i>FY 2012 Exec. Rec.</i>	<i>FY 2013 Exec. Rec.</i>
Breast/Cervical Cancer Plate Fund	189.8	189.8	189.8	189.8
DHS Donations	440.0	440.0	440.0	440.0
DHS Internal Services	(20.7)	0.0	0.0	0.0
Disease Control Research Fund	2,051.9	1,990.2	1,990.2	2,001.5
Federal Economic Recovery Fund	4,848.4	3,781.8	3,781.8	109.6
Federal Grant	292,444.8	291,306.5	291,306.5	291,767.7
Health Research Fund	7,469.8	7,227.5	7,227.5	7,240.0
IGA and ISA Fund	1,491,128.3	1,227,074.6	1,227,074.6	1,245,441.2
Medical Marijuana Fund	655.8	1,500.0	1,500.0	1,524.8
Oral Health Fund	226.1	226.1	226.1	229.9
Risk Assessment Fund	15.8	15.8	15.8	16.4
Smoke-Free Arizona Fund	2,672.8	2,672.8	2,672.8	2,698.6
Statewide Donations	2.5	0.0	0.0	0.0
Tobacco Tax and Health Care Fund	16,121.6	19,000.0	19,000.0	19,055.8
Agency - Nonapp. Funds	1,818,246.9	1,555,425.1	1,555,425.1	1,570,715.3
Agency Total - All Funds	2,319,713.5	2,138,473.2	2,189,626.3	2,266,240.7

Federal Funds Expenditures - as reported by Agency

	<i>FY 2011 Actual</i>	<i>FY 2012 Exp. Plan</i>	<i>FY 2013 Exp. Plan</i>
Agency Total	297,293.0	295,088.7	287,933.0

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

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 193.5

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund	146.3
Health Services Licenses Fund	13.5
Child Care and Development Fund	1.6
Emergency Medical Services Operating Fund	5.8
Newborn Screening Program Fund	3.8
Nursing Care Institution Protection Fund	0.1
Environmental Lab License Revolving Fund	1.2
Child Fatality Review Fund	0.2
Vital Records Electronic Systems Fund	4.5
Hearing and Speech Professionals Fund	0.6
The Arizona State Hospital Fund	6.8
DHS - Indirect Cost Fund	9.1

Health Insurance Rate Reduction (694.1)

FY 2013

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund	(507.8)
Health Services Licenses Fund	(62.2)
Child Care and Development Fund	(7.2)
Emergency Medical Services Operating Fund	(21.7)
Newborn Screening Program Fund	(14.6)
Environmental Lab License Revolving Fund	(5.4)
Child Fatality Review Fund	(1.1)
Vital Records Electronic Systems Fund	(16.9)
Hearing and Speech Professionals Fund	(3.0)
The Arizona State Hospital Fund	(26.9)
DHS - Indirect Cost Fund	(27.3)

Rent Standard Adjustment 164.1

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

General Fund	17.8
Capital Outlay Stabilization Fund	118.0
DHS - Indirect Cost Fund	28.3

Baseline Adjustments

BHS State Match TXIX 72,277.6

The Department is responsible for providing Behavioral Health Services (BHS) to Title XIX-eligible clients. These services, for both children and adults, are federally mandated and require the State match to be paid through a capitation rate. The amount the State is required to match is determined by the Federal Medical Assistance Percentage (FMAP), which determines how much the federal government will contribute each year. For FY 2013, the proposed rate will be 66.09%. The Executive recommends an increase of \$72.3 million to accommodate projected increases of 4% in the eligible population and 3% in the capitation rate.

General Fund	64,102.3
Tobacco Tax and Health Care Fund	8,175.3

Other Adjustments

State Hospital Land Earnings Fund (500.0)

The Executive recommends decreasing the appropriation from the DHS State Hospital Land Earning Fund to better align the appropriation with projected revenue.

DHS State Hospital Land Earnings Fund	(500.0)
---------------------------------------	---------

Health Services Licensing Fund (402.6)

The Executive recommends decreasing the appropriation from the Health Services Licensing Fund to better align revenues and expenditures.

Health Services Licenses Fund	(402.6)
-------------------------------	---------

FY 2013

Non-TXIX SMI Services

38,692.0

In FY 2010, the Executive, in conjunction with the plaintiffs, successfully received a stay of the litigation and enforcement of existing Court Orders until June 30, 2012, relating to the Arnold v. Sarn litigation. The Executive recommends providing the following services for individuals who have a serious mental illness:

- Medication and Medication Services
- Crisis Services
- Supported Employment
- Case Management
- Family and Peer Support
- Supported Housing
- Living Skills Training
- Health Promotion
- Personal Assistance
- Respite Care

The Executive estimates the cost of these services to be \$39.0 million in addition to money already available in the budget for medication and crisis services.

General Fund	38,692.0
--------------	----------

Arizona State Hospital Fund 0.0

Due to changes in county payment requirements for Restoration to Competency patients and for patients housed in the Arizona Community Protections and Treatment Center, the revenue in the Arizona State Hospital (ASH) Fund has been declining and cannot support the appropriation from the fund. The Executive recommends decreasing the appropriation from the ASH Fund by (\$7.0 million) and increasing the appropriation from the General Fund by \$7.0 million.

General Fund	7,000.0
The Arizona State Hospital Fund	(7,000.0)

Newborn Screening Funding 0.0

The Newborn Screening Program checks for 29 congenital and metabolic disorders that have a low incidence in the population but could have devastating consequences if undetected. The program provides an initial screen and a follow-up screen.

The Executive recommends allowing the Director to set the fees for the screen, with a rule-making exemption for the initial fee increase. Additionally, the Executive recommends allowing the Department to expend any revenue received in the fiscal year that exceeds its appropriation for that fiscal year.

AG Pro-Rata Appropriation (343.7)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

	<u>FY 2013</u>
General Fund	(259.8)
Health Services Licenses Fund	(23.9)
Child Care and Development Fund	(2.9)
Emergency Medical Services Operating Fund	(10.3)
Newborn Screening Program Fund	(6.8)
Nursing Care Institution Protection Fund	(0.1)
Environmental Lab License Revolving Fund	(2.2)
Child Fatality Review Fund	(0.4)
Vital Records Electronic Systems Fund	(8.0)
Hearing and Speech Professionals Fund	(1.0)
The Arizona State Hospital Fund	(12.2)
DHS - Indirect Cost Fund	(16.2)

State Employee Pay Adjustment 3,090.6

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund	2,336.4
Health Services Licenses Fund	214.9
Child Care and Development Fund	26.3
Emergency Medical Services Operating Fund	92.1
Newborn Screening Program Fund	60.9
Nursing Care Institution Protection Fund	1.2
Environmental Lab License Revolving Fund	19.3
Child Fatality Review Fund	3.9
Vital Records Electronic Systems Fund	71.9
Hearing and Speech Professionals Fund	9.3
The Arizona State Hospital Fund	109.2
DHS - Indirect Cost Fund	145.2

FY 2012 Supplemental Recommendations

Technical Adjustments- Tobacco Tax FY 2012
7,101.8

The Executive recommendation adjusts expenditures of Tobacco Tax- Medically Needy Account and Health Education Account dollars to reflect estimated revenues.

Tobacco Tax and Health Care Fund	7,101.8
----------------------------------	---------

Arizona State Hospital Fund 2,500.0

In 2010, the revenue for the Arizona State Hospital (ASH) fund was projected to be \$13.4 million in FY 2012, due to changes in County payment requirements for Restoration to Competency patients and for patients housed in the Arizona Community Protection and Treatment Center. The fund is projected to receive only \$6.3 million in revenue in FY 2012 and does not have a sufficient cash balance to support its appropriation. The Executive recommends a one-time backfill of \$2.5 million to the ASH Fund.

General Fund	2,500.0
--------------	---------

Reallocation from AHCCCS FY 2012
27,851.3

In FY 2012, the Executive recommends using prescription drug rebate funds to offset AHCCCS General Fund costs. The General Fund saved by AHCCCS will be reallocated to DHS to offset the supplemental need for behavioral health services.

General Fund	27,851.3
--------------	----------

Reallocation from DES 13,700.0

The enacted FY 2012 budget included several cost-saving measures that affected all Title XIX State agencies, including AHCCCS, the Department of Economic Security (DES) and the Department of Health Services (DHS). It was later determined that an additional appropriation totaling \$13.7 million was available in the DES Developmental Disabilities Program budget, while an equal amount was deficient in the DHS budget. Consequently, the Executive recommends decreasing the FY 2012 DES appropriated budget by (\$13.7 million) and increasing the FY 2012 DHS budget by the same amount.

General Fund	13,700.0
--------------	----------

Performance Measures

	<u>FY 2010</u> <u>Actual</u>	<u>FY 2011</u> <u>Actual</u>	<u>FY 2012</u> <u>Expected</u>	<u>FY 2013</u> <u>Expected</u>
Percent of staff turnover during the first 12 months of employment	1.6	5.28	7	7
Percent of child care license renewals granted within licensing timeframes	99	100	0*	0*
<i>➤ Per S.B. 1315 Child Care licenses are perpetual. No renewals in FY 2012 and FY 2013</i>				
Number of public health and emergency response professionals on Health Alert Network	5,800	6,100	6,300	6,400
Percent of high school youth who smoked in the last month	19.7	20	17	17
Immunization rate among 2-year old children	86	85	86	86
Percent of child care complaint investigations initiated within investigative guidelines	99	100	99	99
Percent of health care licensure renewals granted within licensing timeframes	99	99.98	99	99
Percent of health care complaint investigations initiated within investigative guidelines	49	50.64	53	58
Percent of agency staff turnover	14.8	15.8	15.9	16
Percent of eligible Title XIX population enrolled in behavioral health treatment programs	16.3	15	15	15

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

Governor's Office of Highway Safety

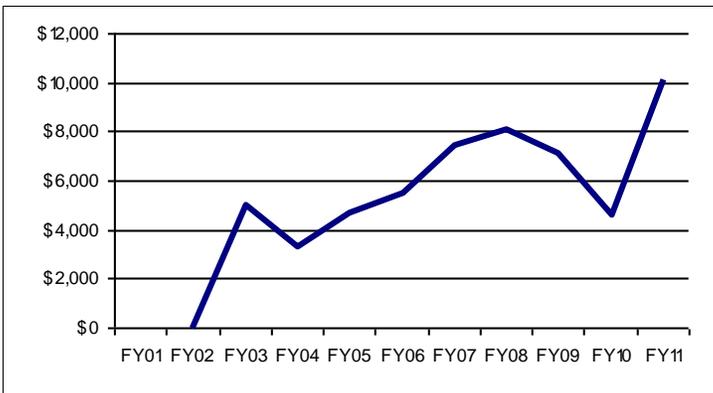
Mission:

To be the focal point for highway safety issues in Arizona, to provide leadership by developing, promoting, and coordinating programs relating to highway safety, to influence public and private policy regarding highway safety, and to increase public awareness of highway safety.

Description:

The Governor's Office of Highway Safety (GOHS) develops the Arizona Highway Safety Plan (HSP) through annual problem identification and analysis of traffic records, citations, convictions, judicial outcome, incarcerations, assessments, screening, treatment, prevention, and surveys. The HSP serves as a means for the reduction of traffic crashes, deaths, injuries, and property damage resulting from accidents on public roads. GOHS develops, promotes, and implements effective education and enforcement programs geared towards ending preventable crashes and reducing economic costs associated with vehicle use and highway travel.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Non-Appropriated Funds

	<i>FY 2011 Actual</i>	<i>FY 2012 Expend. Plan</i>	<i>FY 2012 Exec. Rec.</i>	<i>FY 2013 Exec. Rec.</i>
Federal Grant	11,303.7	6,468.3	6,468.3	6,492.6
IGA and ISA Fund	400.4	401.2	401.2	406.6
Agency - Nonapp. Funds	11,704.1	6,869.5	6,869.5	6,899.2
Agency Total - All Funds	11,704.1	6,869.5	6,869.5	6,899.2

Federal Funds Expenditures - as reported by Agency

	<i>FY 2011 Actual</i>	<i>FY 2012 Exp. Plan</i>	<i>FY 2013 Exp. Plan</i>
Agency Total	11,303.7	6,468.3	6,106.0

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

Arizona Historical Society

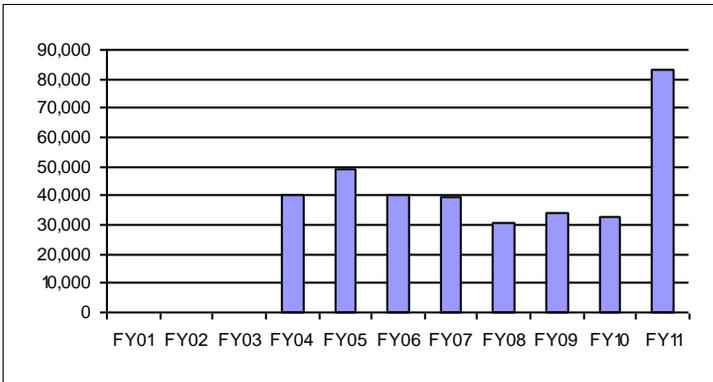
Mission:

To collect, preserve, interpret, and disseminate the history of Arizona, the West, and northern Mexico, as it pertains to Arizona.

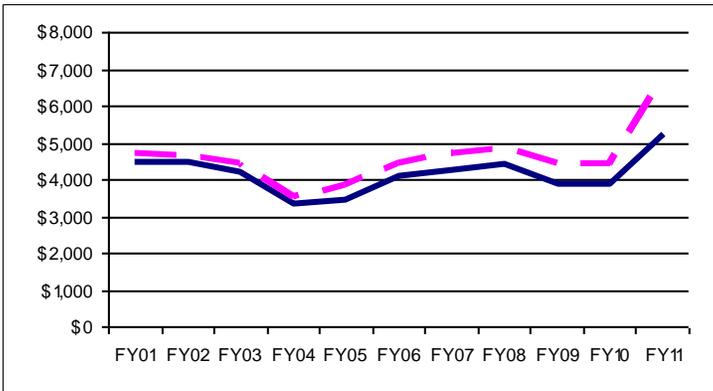
Description:

The Arizona Historical Society (AHS) is a membership and government supported, nonprofit, state agency. It is governed by a membership-elected board representing each county in the state. Museums are located in Flagstaff, Tempe, Tucson, and Yuma. The Society museums maintain extensive library and archival collections used by a diverse general audience. The Society produces the Journal of Arizona History and various historical books. The AHS Board develops the biennial budget and authorizes and approves all expenditures. The Administrative Division provides finance, budget, personnel, and management support to each of the divisions. AHS certifies and supports 63 local historical societies in preserving and disseminating Arizona history. The Society also supports other board-approved community activities.

Museum Attendance



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Arizona Historical Society	5,695.3	4,151.1	4,344.8	3,166.2
Agency - Approp. Funds	5,695.3	4,151.1	4,344.8	3,166.2

Category

FTE	37.7	51.9	51.9	51.9
Personal Services	1,468.9	1,571.1	1,571.1	1,649.7

ERE Amount	677.9	735.9	735.9	735.6
Prof. And Outside Services	1.0	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	41.5	41.7	41.7	41.7
Other Operating Expenses	3,506.0	1,801.4	1,995.1	748.8
Equipment	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	(10.6)
Agency - Approp. Funds	5,695.3	4,151.1	4,344.8	3,166.2

Appropriated Fund

General Fund	5,264.5	4,151.1	4,344.8	3,166.2
Capital Outlay Stabilization	430.8	0.0	0.0	0.0
Agency - Approp. Funds	5,695.3	4,151.1	4,344.8	3,166.2

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 Field Services and Grants	65.0	65.0	65.0	65.9
SLI Papago Park	3,606.2	1,465.3	1,659.0	391.3
SLI Centennial Museum	0.0	589.7	589.7	626.9

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Historical Society Preservation/Restoration	16.7	17.9	17.9	18.8
Mines & Mineral Resources	589.7	0.0	0.0	0.0
Non-Appropriated Private Grants	20.0	37.3	37.3	30.0
Non-Appropriated Private Operating	292.4	360.0	360.0	324.9
Non-Appropriated Restricted Funds	121.5	252.2	252.2	150.3
Non-Appropriated Trust Funds	1.4	4.3	4.3	3.6
Permanent AZ Historical Society Revolving	500.0	585.3	391.6	545.9
Agency - Nonapp. Funds	1,541.7	1,257.0	1,063.3	1,073.5
Agency Total - All Funds	7,237.0	5,408.1	5,408.1	4,239.7

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 6.0

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund 6.0

Rent Standard Adjustment (1,052.6)

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

General Fund (1,052.6)

Health Insurance Rate Reduction (23.3)

The Executive recommendation includes a (13.2%) reduction in

FY 2013

employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund (23.3)

Other Adjustments

AG Pro-Rata Appropriation (10.6)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

General Fund (10.6)

State Employee Pay Adjustment 95.6

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund 95.6

FY 2012 Supplemental Recommendations

FY 2012

Papago Park Rent Payment 193.7

In FY 2010 the Society was appropriated \$1.4 million for lease-purchase payments at the Museum at Papago Park. The Society received an appropriation increase of \$1.7 million in FY 2011 to make a one-time final lease-purchase payment on the property. This raised the total rent allocation for the museum to \$3.1 million.

The FY 2012 appropriation included a rent adjustment of (\$2.1) million leaving \$934,600 for rent expenditures at Papago Park. However, the Society is being billed \$1.1 million for rent at the museum.

The Executive recommends an increase of \$193,700 for FY 2012 for rent payments on the Museum at Papago Park.

General Fund 193.7

Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	Actual	Actual	Expected	Expected
Public program attendance	185,000	167,500	137,500	237,500
Number of museum visitors and researchers	100,000	108,400	85,000	185,000
Number of volunteer hours	49,200	45,000	47,500	47,500

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

Prescott Historical Society of Arizona

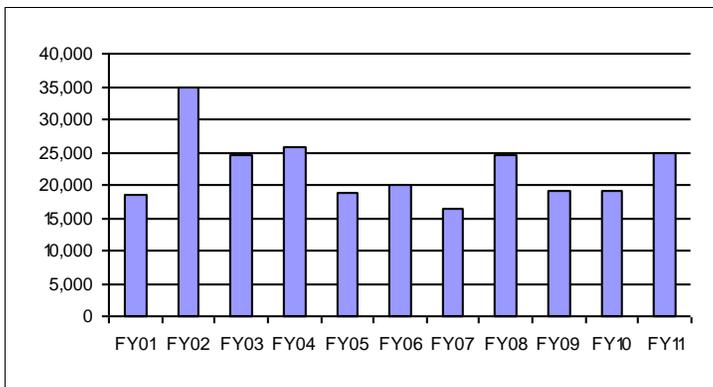
Mission:

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.

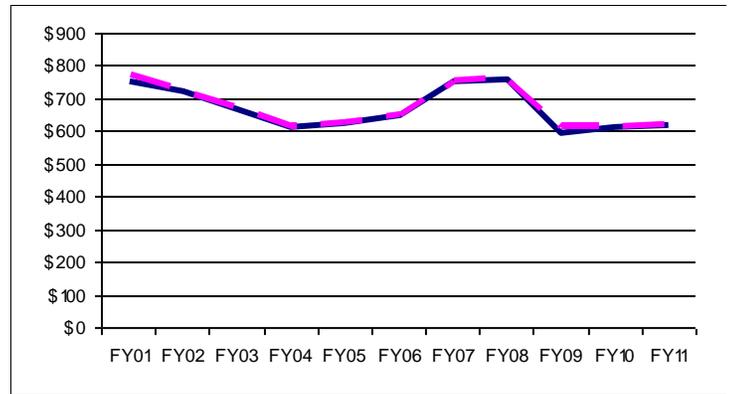
Description:

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.

Museum Attendance



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Sharlot Hall Museum	618.3	652.6	652.6	667.5
Agency - Approp. Funds	618.3	652.6	652.6	667.5
<i>Category</i>				
FTE	10.0	10.0	10.0	10.0
Personal Services	364.5	375.7	375.7	394.5
ERE Amount	208.9	188.6	188.6	187.2
Prof. And Outside Services	1.8	16.0	16.0	16.0
Travel - In State	0.1	0.0	0.0	0.0
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	43.0	72.3	72.3	72.3
Equipment	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	(2.5)
Agency - Approp. Funds	618.3	652.6	652.6	667.5
<i>Appropriated Fund</i>				
General Fund	618.3	652.6	652.6	667.5
Agency - Approp. Funds	618.3	652.6	652.6	667.5

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Sharlot Hall Historical Society 501	803.6	1,760.1	1,760.1	1,775.2
Agency - Nonapp. Funds	803.6	1,760.1	1,760.1	1,775.2
Agency Total - All Funds	1,421.9	2,412.7	2,412.7	2,442.7

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment	1.4
The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.	
General Fund	1.4
Health Insurance Rate Reduction	(7.0)

The Executive recommendation includes a (13.2%) reduction in

FY 2013

employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund (7.0)

Other Adjustments

AG Pro-Rata Appropriation (2.5)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

General Fund (2.5)

State Employee Pay Adjustment 23.0

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund 23.0

Agency did not provide performance measure information

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

Department of Homeland Security

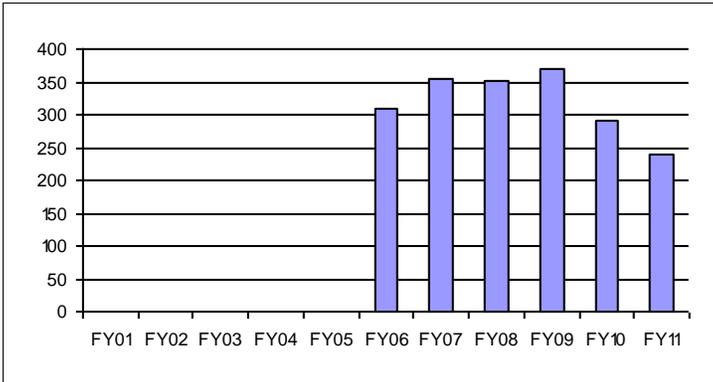
Mission:

To enhance Arizona's preparedness and provide strategic direction for securing Arizona.

Description:

The Arizona Department of Homeland Security provides strategic direction for enhancing regional capability and capacity to prevent terrorist attacks within Arizona, reduce Arizona's vulnerability to all critical hazards, and minimize the damage and recover from all critical hazards that affect the safety, well-being and economic security of the citizens of Arizona.

Number of Grant Projects



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Agency - Approp. Funds	0.0	0.0	0.0	0.0
<i>Category</i>				
FTE	0.0	0.0	0.0	0.0
Personal Services	0.0	0.0	0.0	0.0
ERE Amount	0.0	0.0	0.0	0.0
Prof. And Outside Services	0.0	0.0	0.0	0.0
Travel - In State	0.0	0.0	0.0	0.0
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0
Agency - Approp. Funds	0.0	0.0	0.0	0.0
<i>Appropriated Fund</i>				
Agency - Approp. Funds	0.0	0.0	0.0	0.0

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Federal Grant	45,741.9	50,785.9	50,785.9	50,889.3

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Agency - Nonapp. Funds	45,741.9	50,785.9	50,785.9	50,889.3
Agency Total - All Funds	45,741.9	50,785.9	50,785.9	50,889.3

Federal Funds Expenditures - as reported by Agency

	FY 2011 Actual	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	45,741.9	50,785.9	50,785.9

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

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Total amount of unexpended grant funds reverted to the Federal Government	196,974	305,021	0	0
➤ Results expressed in whole dollars.				
Comply with all federal mandates for the efficient allocation of federal dollars in advance of suspense dates	100	100	100	100
➤ Results expressed as a percentage.				

Board of Homeopathic Medical Examiners

Mission:

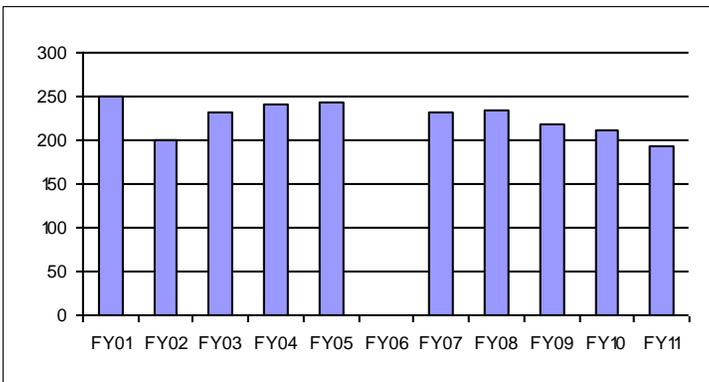
To protect the public health, safety, and welfare by regulating Allopathic and Osteopathic physicians who apply for a homeopathic medical license and registering homeopathic medical assistants that work under the supervision of licensed homeopathic physicians that practice within the State of Arizona. Beginning January 1, 2015 the Board shall also regulate licensees who graduate from an approved school of homeopathic medicine and who become licensed by the Board to practice as a Doctor of Homeopathy.

Description:

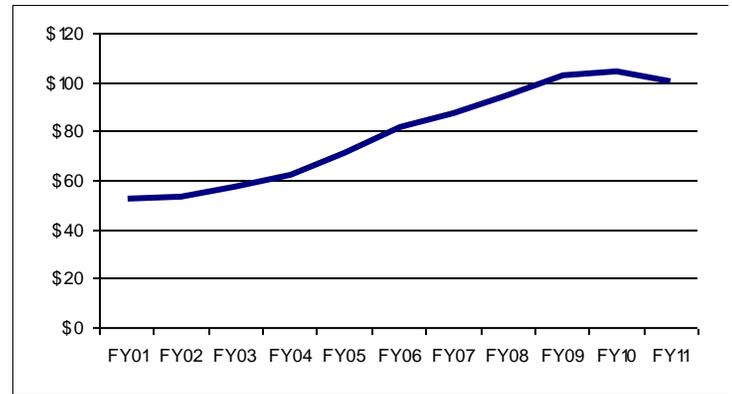
The Board of Homeopathic Medical Examiners regulates the practice of homeopathic medicine in Arizona. Homeopathy is a form of alternative medicine in which the fundamental premise for treatment is the belief that diseases are cured by medicines, given in tiny doses, that create symptoms similar to those 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.

In 2011 the legislature expanded the Board's scope of regulation to include homeopathic doctors who will practice classical homeopathy and nutrition. The first homeopathic doctors will be licensed in January, 2015.

Licenses Eligible for Renewal



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	100.7	105.3	105.3	110.8
Agency - Approp. Funds	100.7	105.3	105.3	110.8
<i>Category</i>				
FTE	1.0	1.0	1.0	1.0
Personal Services	49.2	52.8	52.8	55.4
ERE Amount	26.3	28.4	28.4	28.2
Prof. And Outside Services	14.7	1.0	1.0	3.0
Travel - In State	0.9	1.2	1.2	1.2
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	9.6	21.9	21.9	23.0
Equipment	0.0	0.0	0.0	0.0
Agency - Approp. Funds	100.7	105.3	105.3	110.8
<i>Appropriated Fund</i>				
Homeopathic Medical Examiners	100.7	105.3	105.3	110.8
Agency - Approp. Funds	100.7	105.3	105.3	110.8

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 0.2

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Homeopathic Medical Examiners Fund 0.2

Rent Standard Adjustment 1.1

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

Homeopathic Medical Examiners Fund 1.1

Health Insurance Rate Reduction (1.0)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Homeopathic Medical Examiners Fund (1.0)

Baseline Adjustments

Discontinue Fund Transfer 0.0

The Executive recommends discontinuing \$2,200 in transfers from the Homeopathic Medical Examiners Fund to the General Fund in FY 2013. Revenues to the Board of Homeopathic Examiners declined in FY 2010 and FY 2011 and will no longer support a transfer to the General Fund. The Board is reviewing options to increase fees to generate sufficient revenues to support its regulatory functions.

Other Adjustments

Homeopathic Doctor Examination Development 2.0

The Executive recommends \$2,000 from the Homeopathic Medical Examiners Fund to develop an examination for applicants to be licensed as Doctors of Homeopathy.

Laws 2011, Chapter 186 established a new licensing category of Doctor of Homeopathy (DH) to be regulated by the Board. Previously, to qualify for a license to practice homeopathic medicine, an applicant was required to hold a medical degree from an approved medical school or have completed equivalent education requirements and hold a license in good standing to practice allopathic or osteopathic medicine.

Under the new law, a graduate from an approved homeopathic school of medicine will be able to apply for a DH license without holding a license to practice allopathic or osteopathic medicine. In order to be licensed, the applicant is required to meet certain credentialing requirements and to pass an examination for Doctors of Homeopathy. The first applicants for the DH license are expected during FY 2015. The Executive recommends that the Board contract with an expert to develop an initial bank of questions for the DH exam.

Homeopathic Medical Examiners Fund 2.0

State Employee Pay Adjustment 3.2

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Homeopathic Medical Examiners Fund 3.2

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Number of licenses renewed	168	170	191	191
➤ <i>FY 2011: Total includes 84 physicians, 37 dispensing permits, 19 assistants, and 30 chelation permits renewed.</i>				
Number of complaints or inquiries received	17	7	11	14
Percent of complaints resolved within 180 days.	94	83	90	95
➤ <i>5 out of 6 complaints closed in less than 180 days</i>				

Arizona Department of Housing

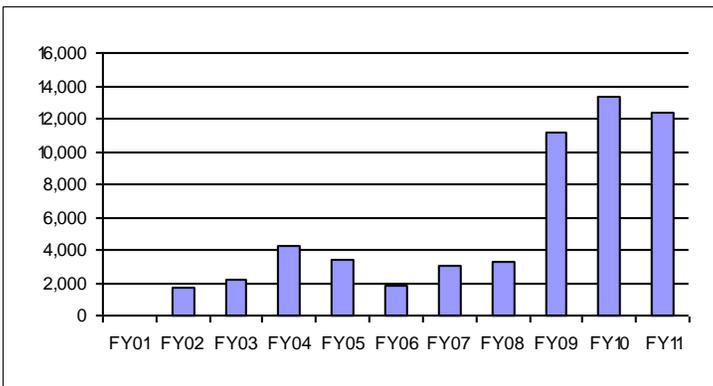
Mission:

To provide housing and community revitalization to benefit the people of Arizona.

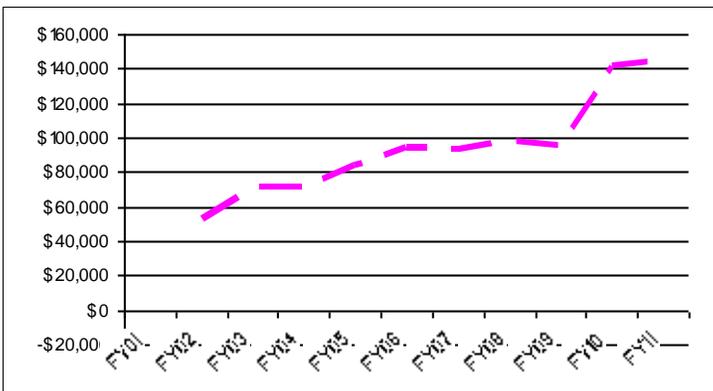
Description:

The Department 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 Department 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 Department 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 Department works closely with local governments, nonprofit and for-profit housing developers, social service agencies, tribal entities, public housing authorities and others to achieve its mission.

Affordable Rentals Produced



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Department of Housing	895.3	916.9	916.9	337.8

Agency - Approp. Funds	895.3	916.9	916.9	337.8
<i>Category</i>				
FTE	11.0	11.0	11.0	3.0
Personal Services	549.7	593.1	593.1	206.1
ERE Amount	202.4	236.1	236.1	80.9
Prof. And Outside Services	18.9	5.1	5.1	3.3
Travel - In State	12.6	6.8	6.8	7.0
Travel - Out of State	0.2	0.4	0.4	1.6
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	107.8	71.2	71.2	40.6
Equipment	3.7	4.2	4.2	2.3
Transfers Out	0.0	0.0	0.0	(4.0)
Agency - Approp. Funds	895.3	916.9	916.9	337.8
<i>Appropriated Fund</i>				
Housing Trust Fund	895.3	916.9	916.9	337.8
Agency - Approp. Funds	895.3	916.9	916.9	337.8

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Arizona Department of Housing Program Fund	2,636.9	2,769.3	2,769.3	2,993.8
Federal Economic Recovery Fund	45,775.7	8,095.5	8,095.5	0.0
Federal Grant	90,320.7	75,074.1	75,074.1	33,214.9
Housing Trust Fund	6,873.8	10,811.0	10,811.0	12,026.2
IGA and ISA Fund	515.7	225.1	225.1	707.8
Agency - Nonapp. Funds	146,122.8	96,975.0	96,975.0	48,942.6
Agency Total - All Funds	147,018.1	97,891.9	97,891.9	49,280.4

Federal Funds Expenditures - as reported by Agency

	FY 2011 Actual	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	136,096.4	83,226.1	33,185.9

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

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 2.3

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Housing Trust Fund 2.3

Rent Standard Adjustment 0.7

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

Housing Trust Fund 0.7

Health Insurance Rate Reduction (6.8)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning

FY 2013

Performance Measures

January 1, 2013.

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

Housing Trust Fund (6.8)

➤ *Number of households assisted with financial assistance to avoid eviction, foreclosure, or re-housing, if homeless due to downturn in economy with economic stimulus funding. Over 7,000 households were also assisted with foreclosure counseling in FY2011.*

Baseline Adjustments

Reduced Housing Trust Fund Administration (607.2)

In FY 2012, unclaimed property revenues to the Housing Trust Fund were reduced from \$10.5 million per year to \$2.5 million per year, resulting in fewer programs and projects being supported by Fund. Consequently, the staffing to administer those programs and projects also decreased, by 8.0 FTE positions. The Executive Recommendation reflects the new level of administration necessary to manage Housing Trust Fund programs in FY 2013.

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

Housing Trust Fund (607.2)

Other Adjustments

AG Pro-Rata Appropriation (4.0)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

Housing Trust Fund (4.0)

State Employee Pay Adjustment 35.9

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Housing Trust Fund 35.9

Performance Measures

	FY 2010 <u>Actual</u>	FY 2011 <u>Actual</u>	FY 2012 <u>Expected</u>	FY 2013 <u>Expected</u>
Total number of affordable rental units assisted/produced	13,342	12,317	9,095	2,633
➤ <i>Total number of affordable rental units expected to be assisted or produced.</i>				
Total number of individuals assisted with information on available affordable rental units through the agency's website	194,545	194,545	200,381	206,392
Total number of publicly funded rental units monitored for health and safety issues	13,554	22,361	21,762	17,777
➤ <i>The number of units monitored is expected to decrease slightly beginning in late FY2012 due to loss of federal monitoring contract.</i>				
Results of customer satisfaction survey (7=excellent; 4=satisfactory; 1=poor)	5.42	5.48	5.58	5.7
➤ <i>The agency has incrementally seen an increase in its overall customer satisfaction score since 2007.</i>				
Total number of low-income households assisted into homeownership through the homeownership program	206	195	214	214
➤ <i>Even though the dollars available (due to reduction in downpayment and closing cost assistance) is expected to go down, the number of households assisted is expected to remain comparable between FY2012 and FY2013.</i>				
Total number of households assisted with eviction or foreclosure in order to prevent homelessness	191	2,952	7,605	3,375

Independent Redistricting Commission

FY 2013

Mission:

To administer the fair and balanced redistricting of congressional and legislative districts for the State of Arizona.

Description:

The Independent Redistricting Commission was established with the approval of Proposition 106 by voters in November 2000. The Commission has five members, four of whom are selected by the House and Senate majority and minority leadership. The final member is selected by the other four members and cannot be registered with a political party already represented on the Commission. The five-member Commission is responsible for redrawing Arizona's congressional and legislative district boundaries based on the decennial census.

Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Independent Redistricting Commission	106.2	3,000.0	3,000.0	1,707.1
Agency - Approp. Funds	106.2	3,000.0	3,000.0	1,707.1
<i>Category</i>				
FTE	2.0	9.0	9.0	9.0
Personal Services	28.0	453.8	453.8	191.1
ERE Amount	6.0	149.5	149.5	53.4
Prof. And Outside Services	36.9	2,052.3	2,052.3	1,380.0
Travel - In State	0.7	40.2	40.2	5.0
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	6.8	126.6	126.6	76.2
Equipment	27.8	177.6	177.6	4.4
Transfers Out	0.0	0.0	0.0	(3.1)
Agency - Approp. Funds	106.2	3,000.0	3,000.0	1,707.1
<i>Appropriated Fund</i>				
General Fund	106.2	3,000.0	3,000.0	1,707.1
Agency - Approp. Funds	106.2	3,000.0	3,000.0	1,707.1

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 0.7

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund 0.7

Rent Standard Adjustment (0.4)

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

General Fund (0.4)

Health Insurance Rate Reduction (1.2)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund (1.2)

Other Adjustments

FY 2013 Funding (1,300.0)

The Executive recommends a decrease of (\$1.3 million) to coincide with the expected decrease in Commission expenditures in FY 2013. The Executive also recommends that the Commission's appropriation be made non-lapsing.

General Fund (1,300.0)

AG Pro-Rata Appropriation (3.1)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

General Fund (3.1)

State Employee Pay Adjustment 11.0

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund 11.0

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

Arizona Commission of Indian Affairs

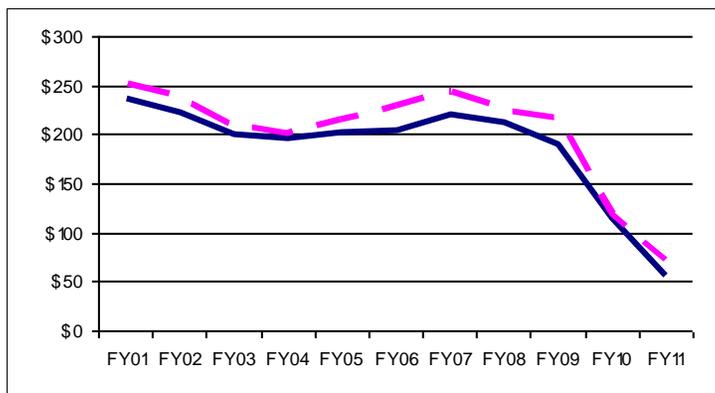
Mission:

To enhance communication and build sustainable relationships between tribal entities and the State of Arizona.

Description:

The Arizona Commission of Indian Affairs (ACIA) has a legislative mandate to assist and support state and federal agencies in assisting Indians and Tribal councils to develop mutual goals; design projects for achieving goals and implement their plans; encourage a spirit of cooperation to guide the continuing government-to-government relationship between the State of Arizona and Tribal Nations and communities located in Arizona; ensure meaningful and timely consultation with Tribal Leaders to facilitate better understanding, informed decision making, and intergovernmental cooperation; establish a spirit of cooperation and collaboration among state agency tribal liaisons in order to share ideas, address needs and effectively implement the mandates outlined in EO 2006-14 and; ensure that state services and resources are available to all eligible citizens residing in Arizona tribal communities to the same extent that such services are available to all other eligible citizens.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Indian Affairs	62.3	54.3	54.3	60.1
Agency - Approp. Funds	62.3	54.3	54.3	60.1
<i>Category</i>				
FTE	3.0	3.0	3.0	3.0
Personal Services	25.9	27.0	27.0	28.4
ERE Amount	12.7	12.2	12.2	12.4
Prof. And Outside Services	0.0	0.0	0.0	0.0
Travel - In State	0.4	0.3	0.3	0.3
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	18.5	14.8	14.8	19.2
Equipment	0.1	0.0	0.0	0.0
Transfers Out	4.7	0.0	0.0	(0.2)
Agency - Approp. Funds	62.3	54.3	54.3	60.1

Appropriated Fund

	62.3	54.3	54.3	60.1
General Fund	62.3	54.3	54.3	60.1
Agency - Approp. Funds	62.3	54.3	54.3	60.1
Non-Appropriated Funds				
	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Arizona Indian Town Hall Fund	10.2	10.2	10.2	10.2
Donations Fund	4.3	17.2	17.2	17.2
Indian Affairs Comm Publications	0.0	1.7	1.7	1.7
Agency - Nonapp. Funds	14.5	29.1	29.1	29.1
Agency Total - All Funds	76.8	83.4	83.4	89.2

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 0.1

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund 0.1

Rent Standard Adjustment 4.4

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

General Fund 4.4

Health Insurance Rate Reduction (0.2)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund (0.2)

Other Adjustments

AG Pro-Rata Appropriation (0.2)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

General Fund (0.2)

State Employee Pay Adjustment 1.7

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund 1.7

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Number of projects and activities of each Tribal Liaison subcommittee advertised/publicized	10	7	8	8
Number of meetings facilitated	22	24	20	20

Performance Measures

FY 2010	FY 2011	FY 2012	FY 2013
<u>Actual</u>	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>

between stakeholders, tribal officials and state officials to communicate and/or collaborate on administrative and legislative issues

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

Industrial Commission of Arizona

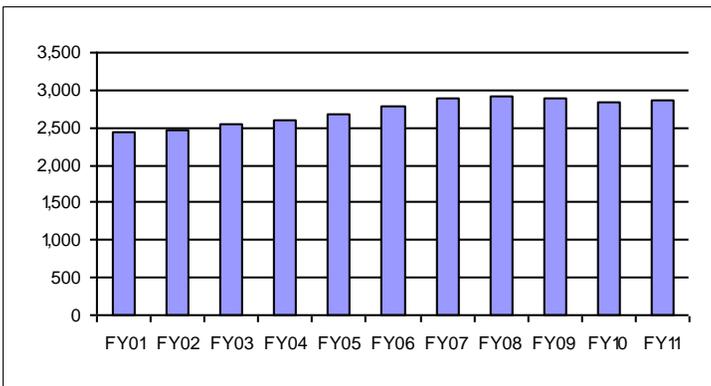
Mission:

To efficiently administer and effectively enforce all applicable laws, rules, and regulations not specifically delegated to others relative to the protection of life, health, safety, and welfare of employees within the State.

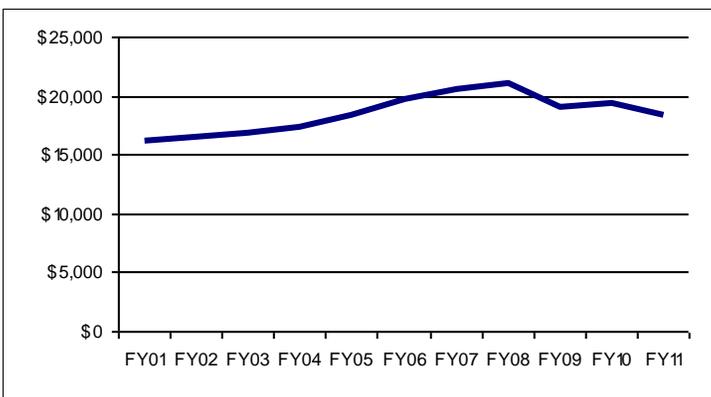
Description:

The Industrial Commission is a regulatory agency that was created in 1925 to oversee the state workers' compensation system. While the Commission is still responsible for its original charge, its role over the years has expanded to include other labor-related issues, including minimum wage laws; occupational safety and health; youth employment laws; resolution of wage related disputes; licensing of employment counseling and talent agencies; vocational rehabilitation; and providing workers' compensation benefits to claimants of uninsured employers, insolvent carriers, and bankrupt self-insured employers.

Total Arizona Workforce (thousands)



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Administration	2,793.8	3,067.4	3,067.4	3,327.2
Claims	2,965.1	3,774.4	3,774.4	3,888.6
Administrative Law Judge	4,555.0	5,308.3	5,308.3	5,440.8
Labor	661.6	962.7	962.7	992.8
ADOSH	2,975.2	4,184.9	4,184.9	4,234.0
Special Fund	732.9	901.0	901.0	930.1
Legal Counsel	777.9	1,351.7	1,351.7	1,519.2

Agency - Approp. Funds	15,461.6	19,550.4	19,550.4	20,332.6
<i>Category</i>				
FTE	279.0	279.0	279.0	284.0
Personal Services	7,440.0	9,590.3	9,590.3	10,258.5
ERE Amount	3,212.1	4,370.7	4,370.7	4,473.5
Prof. And Outside Services	1,219.5	1,189.4	1,189.4	1,189.4
Travel - In State	106.9	107.6	107.6	108.2
Travel - Out of State	0.1	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	2,479.5	2,185.2	2,185.2	2,195.8
Equipment	20.0	18.2	18.2	18.2
Transfers Out	983.5	2,089.0	2,089.0	2,089.0
Agency - Approp. Funds	15,461.6	19,550.4	19,550.4	20,332.6
<i>Appropriated Fund</i>				
Industrial Commission Administration Fund	15,461.6	19,550.4	19,550.4	20,332.6
Agency - Approp. Funds	15,461.6	19,550.4	19,550.4	20,332.6

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Federal Grant	4,660.3	5,432.6	5,432.6	5,568.8
Industrial Commission Revolving Fund	127.0	125.9	125.9	125.9
Agency - Nonapp. Funds	4,787.3	5,558.5	5,558.5	5,694.7
Agency Total - All Funds	20,248.9	25,108.9	25,108.9	26,027.3

Federal Funds Expenditures - as reported by Agency

	FY 2011 Actual	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	4,660.3	5,432.6	5,755.1

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

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 36.4

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Industrial Commission Admin Fund 36.4

Health Insurance Rate Reduction (121.3)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Industrial Commission Admin Fund (121.3)

Other Adjustments

SCF Arizona Privatization 285.8

Laws 2010, Chapter 268 privatized the State Compensation Fund (SCF) and required the Industrial Commission to adopt rules necessary to conform to the SCF's termination. In addition to writing and adopting rules, the Commission must create a new self-insured employer assessment rate formula previously tied to SCF rates. Additionally, as of January 1, 2013, the Commission will be responsible for processing insolvent carrier claims and reporting Special Fund activity to the federal government. Those activities were previously performed by SCF. The Executive recommends an increase to the Commission's Administration Fund and an additional 5.0 FTE positions in order to accomplish these new responsibilities.

At the time of publication, the Executive does not recommend an additional increase for the Information Technology elements of this proposal until a Project Investment Justification (PIJ) is submitted and approved.

Industrial Commission Admin Fund 285.8

State Employee Pay Adjustment 581.3

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Industrial Commission Admin Fund 581.3

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Number of wage determinations issued	13,064	13,577	12,000	12,000
Number of claims for workers' compensation processed	87,057	87,275	87,000	87,000
Number of petitions for hearing received: workers compensation	7,096	6,471	6,500	6,500
Number of hearings conducted by the administrative law judge division	4,692	4,123	4,200	4,250
Number of injury reports reviewed	376	356	400	400
Number of claims filed	2,514	2,554	2,800	2,800
Number of health compliance inspections	459	324	400	450
Number of safety compliance inspections	820	571	600	1,000
Number of compliance referrals	3,615	2,046	2,400	2,500
Number of claimants contacted	1,934	1,287	2,200	2,200

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

Department of Insurance

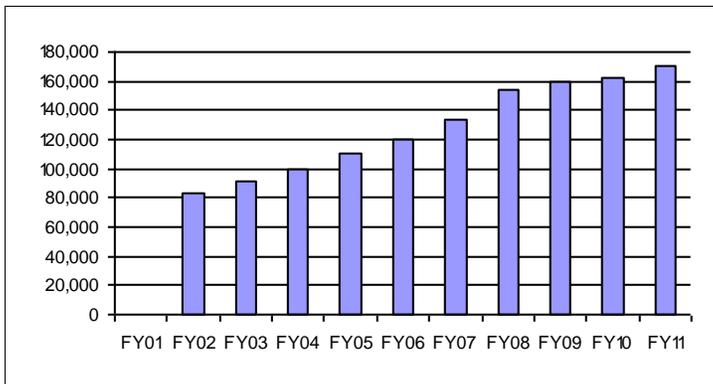
Mission:

To faithfully execute the state insurance laws in a manner that protects insurance consumers and encourages economic development.

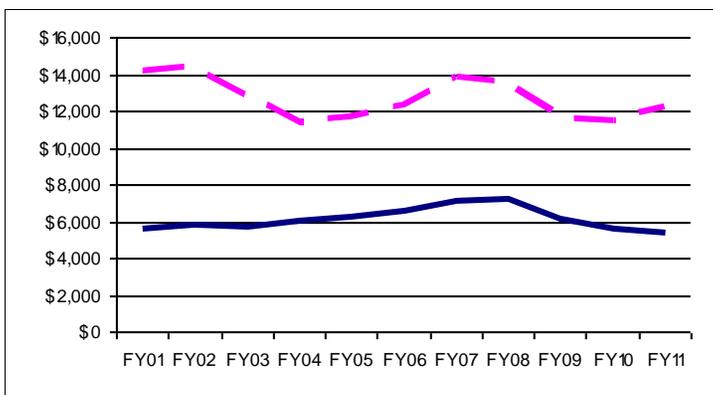
Description:

The Department of Insurance licenses and authorizes the transaction of insurance business by insurers, producers, and other insurance-related entities regulated under A.R.S. § 20; monitors and promotes the financial safety and soundness of insurers transacting business in Arizona; oversees the rehabilitation, liquidation and performance of claims obligations of insolvent insurers; develops and makes insurance-related information publicly available; protects insurance consumers against unfair and illegal market practices; assists consumers with insurance-related questions and problems; investigates cases involving fraudulent insurance claims; oversees the development of the captive insurance industry; and annually collects over \$400 million in insurance premium taxes and other revenues that benefit the General Fund.

Total Producers Licensed on June 30



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Policy and Administration	1,360.0	1,384.1	1,384.1	1,428.1
Solvency Regulation	330.2	258.7	258.7	269.3
Consumer Support	2,347.3	2,147.1	2,147.1	2,228.3

Fraud Investigation and Deterrence	586.1	579.8	579.8	594.2
Licensing	523.2	496.6	496.6	514.8
Premium Tax Collections and Analysis	279.2	317.9	317.9	329.6
Agency - Approp. Funds	5,426.0	5,184.2	5,184.2	5,364.2
<i>Category</i>				
FTE	90.5	90.5	90.5	90.5
Personal Services	2,985.4	3,070.8	3,070.8	3,224.3
ERE Amount	1,372.5	1,241.1	1,241.1	1,241.0
Prof. And Outside Services	190.0	189.4	189.4	189.4
Travel - In State	21.6	23.9	23.9	23.9
Travel - Out of State	3.8	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	756.9	652.6	652.6	699.9
Equipment	95.8	6.4	6.4	6.4
Transfers Out	0.0	0.0	0.0	(20.7)
Agency - Approp. Funds	5,426.0	5,184.2	5,184.2	5,364.2
<i>Appropriated Fund</i>				
General Fund	5,426.0	5,184.2	5,184.2	5,364.2
Agency - Approp. Funds	5,426.0	5,184.2	5,184.2	5,364.2

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Arizona Property & Casualty Insurance Guaranty	608.0	578.1	578.1	589.1
Assessments Fund	141.2	133.1	137.0	141.5
Captive Insurance Fund	144.8	192.6	175.8	191.0
Federal Grant	245.3	341.0	1,072.9	29.1
Financial Surveillance Fund	372.2	265.1	305.8	315.9
Health Care Appeals Fund	229.6	244.1	244.4	249.6
Insurance Examiners Revolving	5,024.0	5,380.6	5,464.1	5,511.0
Life and Disability Insurance Guaranty	1,134.7	1,144.8	1,144.8	1,151.6
Receivership Liquidation	44.3	46.3	43.8	45.4
Agency - Nonapp. Funds	7,944.1	8,325.7	9,166.7	8,224.3
Agency Total - All Funds	13,370.1	13,509.9	14,350.9	13,588.5

Federal Funds Expenditures - as reported by Agency

	FY 2011 Actual	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	245.3	950.3	0.0

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

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 11.2

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund 11.2

FY 2013

Rent Standard Adjustment 47.3
 This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.
 General Fund 47.3

Health Insurance Rate Reduction (43.4)
 The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.
 General Fund (43.4)

Other Adjustments

Eliminate Transfer 0.0
 The Executive recommends eliminating the \$300 fund transfer from the Receivership Liquidation Fund. While the amount is small, the Executive does not support this transfer, as the Fund holds private monies assigned to the Deputy Receiver to administer estates in receivership. Any monies not spent in administering the estates are refunded to the estates.

AG Pro-Rata Appropriation (20.7)
 The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.
 General Fund (20.7)

State Employee Pay Adjustment 185.6
 In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.
 General Fund 185.6

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Number of new domestic receiverships	2	0	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	59.7	66.6	100.0	125.0
➤ <i>The measurement only includes complaints that were investigated and closed and excludes complaints that warrant investigation but cannot be investigated due to resource limitations.</i>				
Average calendar days to complete substantive review of Property and Casualty form filings	4.1	5.0	20.0	20.0
Average days to complete substantive review of file-and-use rate filings	7.9	5.0	15.0	15.0

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

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Percentage of insurance professionals surveyed who reported they were "satisfied" or better with licensing services	96.5	98.6	97.5	97.5
Percent of survey respondents indicating satisfied or better with assistance rendered	70.8	73.1	60.0	60.0
Average days to complete investigation of insurer-referred cases for cases completed during the year	135.0	169.8	350.0	350.0
➤ <i>Estimates for current and future years assume the Department will not be able to rebire any special agents reduced in force because of FY 2009 budget reductions.</i>				
Average Licensing Time Frames Days required to render a decision on an insurance professional license application or renewal application from the date it was received	3.4	2.0	3.5	3.5
➤ <i>Licensing Time Frame Days are the overall time frame days, as defined in A.R.S. § 41-1072(2), minus the days that the overall time frame is suspended in accordance with A.R.S. § 41-1074(B).</i>				
Percentage of employee separations to average filled FTE positions	5.2	12.7	5.0	5.0

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.

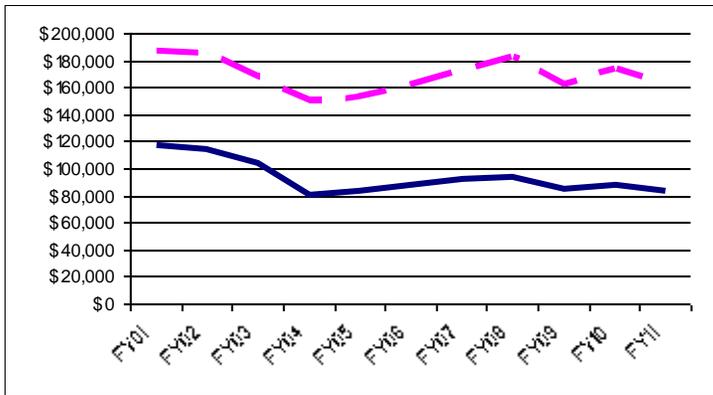
Description:

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 Judiciary has not submitted a request for appropriations for FY 2013. The Executive continues funding for the Judiciary in FY 2013 at the FY 2012 amount plus statewide adjustments.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Justices and Support - Supreme	4,525.1	4,422.3	4,422.3	4,525.6
Administrative Supervision - Supreme	9,461.5	5,690.3	5,690.3	5,750.8
Regulatory Activities - Supreme	855.5	1,127.0	1,127.0	1,155.9
Court Assistance - Supreme	2,808.5	3,020.1	3,020.1	3,018.3
Family Services - Supreme	6,879.0	7,445.7	7,445.7	7,542.7
Judicial Nominations & Performance Review	423.1	417.2	417.2	425.8

Commission on Judicial Conduct	508.0	506.8	506.8	520.9
State Aid	7,076.5	5,904.8	5,904.8	5,907.0
County Reimbursement	187.9	187.9	187.9	187.9
Automation	11,493.3	14,409.1	14,409.1	14,399.0
Court of Appeals - Division I	10,241.8	9,591.2	9,591.2	9,797.3
Court of Appeals - Division II	4,452.1	4,195.1	4,195.1	4,268.4
Judicial Compensation - Superior	7,337.3	7,390.2	7,390.2	7,324.5
Adult Probation Services - Superior	26,254.2	27,208.9	27,208.9	27,269.3
Juvenile Probation Services - Superior	48,544.6	50,881.8	50,881.8	50,956.8
Special Master - Superior	20.0	20.0	20.0	20.0
Adult and Juvenile Drug Court	1,013.6	1,013.6	1,013.6	1,013.6
JCEF Probation	3,487.7	5,028.9	5,028.9	5,027.7
Agency - Approp. Funds	145,569.7	148,460.9	148,460.9	149,111.4

Category

FTE	439.4	439.4	439.4	439.4
Personal Services	26,438.3	27,039.7	27,039.7	27,893.9
ERE Amount	9,695.6	9,522.6	9,522.6	9,403.3
Prof. And Outside Services	641.9	348.9	348.9	348.9
Travel - In State	293.0	392.3	392.3	392.3
Travel - Out of State	19.0	27.2	27.2	27.2
Aid to Others	65,725.7	74,891.9	74,891.9	74,891.9
Other Operating Expenses	4,073.1	2,787.9	2,787.9	2,703.5
Equipment	115.0	0.0	0.0	0.0
Capital Outlay	46.2	0.0	0.0	0.0
Debt Service	8,618.1	3,858.6	3,858.6	3,858.6
Transfers Out	29,903.9	29,591.8	29,591.8	29,591.8
Agency - Approp. Funds	145,569.7	148,460.9	148,460.9	149,111.4

Appropriated Fund

General Fund	113,033.3	108,785.2	108,785.2	109,402.1
Supreme Court CJEF Disbursements	6,350.9	9,891.6	9,891.6	9,894.6
Judicial Collection - Enhancement	16,223.0	18,816.8	18,816.8	18,796.1
Defensive Driving Fund	1,954.1	4,120.2	4,120.2	4,138.5
Court Appointed Special Advocate Fund	1,860.7	2,923.8	2,923.8	2,939.3
Confidential Intermediary Fund	309.6	478.8	478.8	494.9
Drug Treatment and Education Fund	500.0	500.0	500.0	500.0
Photo Enforcement	2,688.5	0.0	0.0	0.0
State Aid to Courts Fund	2,649.6	2,944.5	2,944.5	2,945.8
Agency - Approp. Funds	145,569.7	148,460.9	148,460.9	149,111.4

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

SLI Adult Standard Probation	13,459.1	13,521.5	13,521.5	13,549.9
SLI Adult Intensive Probation	10,723.4	10,737.7	10,737.7	10,760.4
SLI Community Punishment	1,432.0	2,307.9	2,307.9	2,307.9
SLI Interstate Compact - Adult Probation	639.7	641.8	641.8	651.0

SLI Juvenile Standard Probation	4,862.5	4,598.7	4,598.7	4,609.2
SLI Juvenile Intensive Probation	8,759.7	9,163.0	9,163.0	9,179.0
SLI Juvenile Treatment Services	22,160.6	22,311.4	22,311.4	22,357.9
SLI Family Counseling	656.4	660.4	660.4	660.4
SLI Progressively Increasing Consequences (PIC-Act)	9,024.9	9,024.9	9,024.9	9,024.9
SLI Juvenile Crime Reduction Fund	3,080.5	5,123.4	5,123.4	5,125.5

FY 2013

Rent Standard Adjustment (84.4)

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

General Fund (84.4)

Health Insurance Rate Reduction (370.8)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund (252.1)

Supreme Court CJEF Disbursements Fund (28.8)

Judicial Collection - Enhancement Fund (64.7)

Defensive Driving Fund (17.0)

Court Appointed Special Advocate Fund (4.3)

Confidential Intermediary Fund (3.7)

State Aid to Courts Fund (0.2)

Other Adjustments

State Employee Pay Adjustment 1,020.9

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund 890.2

Supreme Court CJEF Disbursements Fund 27.3

Judicial Collection - Enhancement Fund 37.8

Defensive Driving Fund 30.3

Court Appointed Special Advocate Fund 17.0

Confidential Intermediary Fund 17.0

State Aid to Courts Fund 1.3

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Alternative Dispute Resolution	154.4	455.7	455.7	459.8
Arizona Lengthy Trial Fund	602.3	972.5	972.5	973.1
Community Punishment Program Fines Fund	9.5	100.0	100.0	100.0
County Public Defender Training Fund	671.5	710.0	710.0	710.4
Court Reporters Fund	112.4	123.2	123.2	127.3
Drug Treatment and Education Fund	3,386.4	3,784.8	3,784.8	3,803.7
Grants and Special Revenues	14,816.2	23,826.4	23,826.4	24,012.1
Juvenile Delinquent Reduction	(4,390.3)	1,682.5	1,682.5	1,676.3
Supreme Court CJEF Disbursements	2,551.8	2,103.3	2,103.3	2,092.8
The State Aid to Detention Fund	11.6	15.0	15.0	15.0
Agency - Nonapp. Funds	17,925.8	33,773.4	33,773.4	33,970.4

Agency Total - All Funds 163,495.5 182,234.3 182,234.3 183,081.8

Federal Funds Expenditures - as reported by Agency

	FY 2011 Actual	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	3,856.5	3,803.7	2,842.1

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

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 84.8

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund	63.2
Supreme Court CJEF Disbursements Fund	4.5
Judicial Collection - Enhancement Fund	6.2
Defensive Driving Fund	5.0
Court Appointed Special Advocate Fund	2.8
Confidential Intermediary Fund	2.8
State Aid to Courts Fund	0.2

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Internal and external users connected to the Arizona Judicial Information Network	7,841	7,600	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	136	148	135	133

Department of Juvenile Corrections

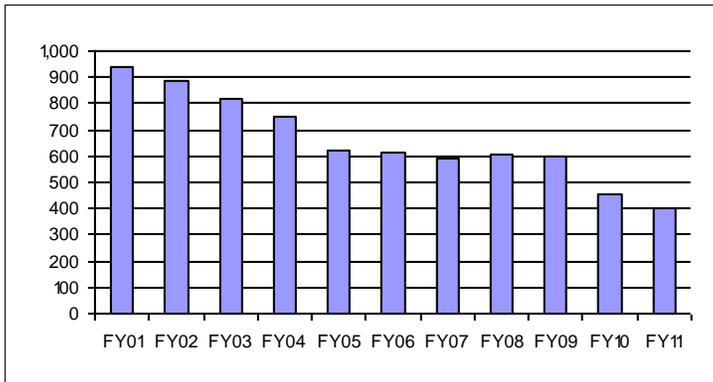
Mission:

To enhance public protection by changing the delinquent thinking and behavior of juvenile offenders committed to the Department.

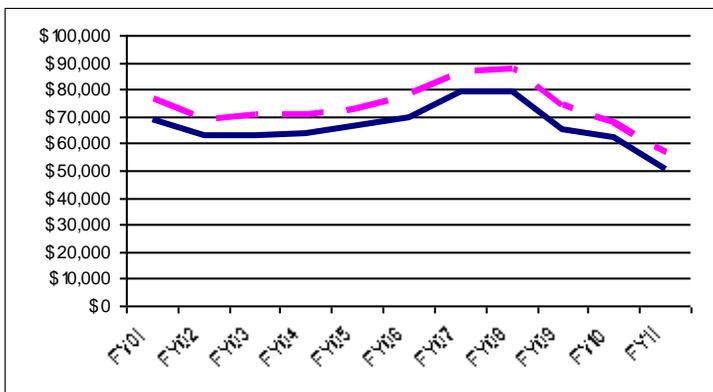
Description:

The Department is responsible for juveniles adjudicated delinquent and committed by the juvenile courts. The Department is accountable to the citizens of Arizona for the promotion of public safety through the management of the state's secure juvenile facilities and it provides services to juvenile offenders including rehabilitation, treatment and education.

Average Daily Population



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Rehabilitation	34,193.1	27,666.1	27,217.5	27,008.0
Housing	12,235.0	15,445.9	14,460.9	13,367.0
Administration	8,517.4	7,478.0	7,311.6	7,272.6
Agency - Approp. Funds	54,945.5	50,590.0	48,990.0	47,647.6

Category

FTE	996.7	876.0	876.0	820.0
Personal Services	29,349.7	27,044.7	25,939.7	26,144.1
ERE Amount	14,964.6	13,347.2	12,852.2	12,778.4
Prof. And Outside Services	2,131.2	2,263.9	2,263.9	2,263.9
Travel - In State	618.6	569.7	569.7	569.7
Travel - Out of State	3.5	3.2	3.2	3.2
Food	54.8	75.5	75.5	75.5
Aid to Others	0.0	0.0	0.0	0.0

Other Operating Expenses	6,508.4	5,985.3	5,985.3	4,694.8
Equipment	1,033.9	1,000.9	1,000.9	1,000.9
Transfers Out	280.8	299.6	299.6	117.0
Agency - Approp. Funds	54,945.5	50,590.0	48,990.0	47,647.6

Appropriated Fund

General Fund	51,191.0	46,729.8	45,129.8	44,356.5
Juvenile Corrections CJEF Distribution	527.7	528.4	528.4	528.4
Juvenile Education Fund	2,128.2	2,233.2	2,233.2	1,664.1
Endowments/Land Earnings	1,098.6	1,098.6	1,098.6	1,098.6
Agency - Approp. Funds	54,945.5	50,590.0	48,990.0	47,647.6

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expnd. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Department of Juvenile Corrections Fund	43.8	58.3	58.3	61.3
Federal Grant	1,642.6	1,823.2	1,823.2	1,857.6
Instructional Improvement Fund	16.6	15.3	15.3	16.2
State Ed Sys for Committed Youth Class	108.8	99.6	99.6	104.3
Statewide Donations	4.8	4.4	4.4	4.4
Agency - Nonapp. Funds	1,816.6	2,000.8	2,000.8	2,043.8

Agency Total - All Funds

Agency Total - All Funds	56,762.1	52,590.8	50,990.8	49,691.3
--------------------------	----------	----------	----------	----------

Federal Funds Expenditures - as reported by Agency

	FY 2011 Actual	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	1,674.0	1,690.4	1,546.1

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

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 518.3

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund 489.8
State Education Fund for Committed Youth Fund 28.5

Rent Standard Adjustment (89.8)

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

General Fund (89.8)

Health Insurance Rate Reduction (408.9)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund (391.7)
State Education Fund for Committed Youth Fund (17.2)

FY 2013

Baseline Adjustments

Catalina Mountain School Closure (3,800.0)

The Executive recommendation annualizes the savings from the closure of Catalina Mountain School in FY 2012.

General Fund (3,800.0)

Other Adjustments

Align Appropriation with Revenue (662.9)

State Education Fund for Committed Youth Fund (662.9)

AG Pro-Rata Appropriation (182.6)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

General Fund (172.5)

State Education Fund for Committed Youth Fund (10.0)

State Employee Pay Adjustment 1,683.4

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund 1,590.9

State Education Fund for Committed Youth Fund 92.5

FY 2012 Supplemental Recommendations

FY 2012

Catalina Mountain School Closure (1,600.0)

On October 1, 2011, the Department closed the Catalina Mountain School. All of the youth housed at that facility and 68.0 of 129.0 FTE positions were transferred to Adobe Mountain School. The closure of Catalina Mountain will give all youth access to the treatment and educational services at Adobe Mountain and increase the Department's efficiency.

The Executive recommendation captures the savings from closing the school.

General Fund (1,600.0)

Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	<u>Actual</u>	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>
Percent of juveniles incarcerated within 12 months of release	34	32	32	32
Number of escapes	0	0	0	0
Average yearly cost per bed in secure care.	122,378	NA	310	310
Annual staff turnover rate	20	14	20	20
Percent of staff indicating satisfaction with their jobs	NA	NA	NA	NA
➤ <i>FY2011 Survey was not conducted by ADOA</i>				
Percent of youth passing the GED test.	77	79	80	80

Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	<u>Actual</u>	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>
Percent of youth showing progress in their primary treatment problem area	53	75	77	77

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

State Land Department

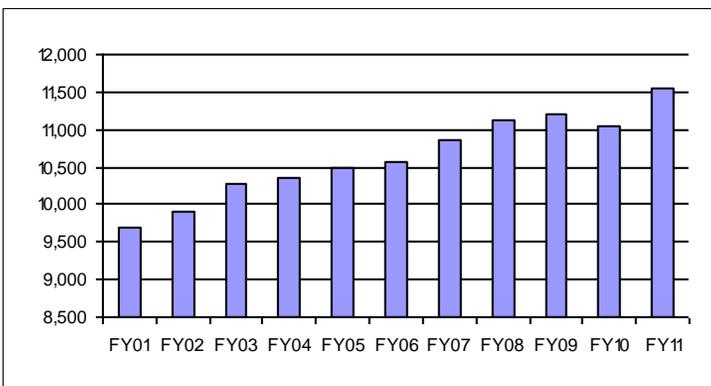
Mission:

To manage State Trust lands and resources to enhance value and optimize economic return for the Trust beneficiaries, consistent with sound stewardship, conservation, and business management principles supporting socio-economic goals for citizens here today and generations yet to come. To manage and provide support for resource conservation programs for the well-being of the public and the State's natural environment.

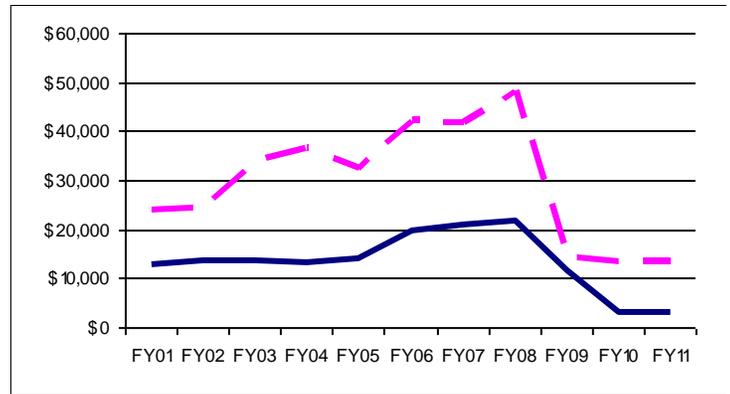
Description:

The State Land Department was established in 1915 to manage the State Trust lands on behalf of the thirteen beneficiaries of that Trust, as established by the State Enabling Act and State Constitution. Each of the approximately 9.3 million acres of land is assigned to one of the beneficiaries, the largest of which is the state's common schools. The Department works to sustain the long-term value for the Trust's beneficiaries by administering, selling, and leasing the State's Trust lands and natural products. The Department also administers the State's Natural Resource Conservation District Program, which involves funding and technical assistance for 32 districts across the State. The Department provides navigability studies to the State's Navigable Streambed Adjudication Commission and staffs the Governor-appointed State Land Board of Appeals. The Commissioner serves as the State Cartographer and the Surveyor-General and the Department provides statewide geological information system services including development and sharing of data layers through the Arizona Land Resources Information System program.

Number of Leases



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Trust Management and Revenue Generation	10,979.9	24,458.0	24,458.0	13,878.6
Outside Assistance and Grants	711.7	779.8	779.8	784.6
Agency - Approp. Funds	11,691.6	25,237.8	25,237.8	14,663.2
<i>Category</i>				
FTE	151.2	151.2	151.2	151.2
Personal Services	5,393.5	6,596.7	6,596.7	6,926.6
ERE Amount	2,189.0	2,797.9	2,797.9	2,957.9
Prof. And Outside Services	900.6	2,126.4	2,126.4	2,126.4
Travel - In State	141.0	140.2	140.2	140.2
Travel - Out of State	1.0	13.9	13.9	13.9
Aid to Others	559.4	650.0	650.0	650.0
Other Operating Expenses	2,241.3	2,671.4	2,671.4	(8,393.1)
Equipment	254.0	133.0	133.0	133.0
Transfers Out	11.8	10,108.3	10,108.3	10,108.3
Agency - Approp. Funds	11,691.6	25,237.8	25,237.8	14,663.2
<i>Appropriated Fund</i>				
General Fund	3,275.1	1,231.8	1,231.8	13,903.2
Environmental Special Plate Fund	172.5	260.0	260.0	260.0
AZ Parks Board Heritage Fund	(3.1)	0.0	0.0	0.0
Due Diligence Fund	0.0	500.0	500.0	500.0
Trust Land Management Fund	8,247.1	13,357.6	13,357.6	0.0
Risk Management Revolving Fund	0.0	9,888.4	9,888.4	0.0
Agency - Approp. Funds	11,691.6	25,237.8	25,237.8	14,663.2

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 CAP User Fees	481.1	481.2	481.2	481.2
-------------------	-------	-------	-------	-------

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Federal Economic Recovery Fund	498.5	867.2	867.2	871.9
ISA Fund	89.3	33.8	33.8	35.7
Land Federal Reclaim Trust Fund	31.7	20.0	20.0	20.0

Non-Appropriated Funds

	<i>FY 2011 Actual</i>	<i>FY 2012 Expend. Plan</i>	<i>FY 2012 Exec. Rec.</i>	<i>FY 2013 Exec. Rec.</i>
Off-highway Vehicle Recreation Fund	71.2	300.0	300.0	300.0
Resource Analysis Revolving	203.9	214.3	214.3	214.3
Service Fees Increase Fund	600.0	0.0	0.0	0.0
State Land Department Fund	269.7	425.0	425.0	390.3
Agency - Nonapp. Funds	1,764.3	1,860.3	1,860.3	1,832.2
Agency Total - All Funds	13,455.9	27,098.1	27,098.1	16,495.4

FY 2013

State Employee Pay Adjustment

399.9

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund

399.9

Performance Measures

	<i>FY 2010 Actual</i>	<i>FY 2011 Actual</i>	<i>FY 2012 Expected</i>	<i>FY 2013 Expected</i>
Percent of agency staff turnover	14.8	5	10	10
Total expendable receipts, excluding interest on permanent fund and school leases (millions)	49.9	49.0	40.9	58.0
Total annual revenue to permanent fund (millions)	94.5	121.7	133.9	88.9
Percent increase in commercial leasing revenue	1	-12	-13	4
In-house appraisal turnaround time (days from administrator request to receipt by section manager)	85	29	30	30

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

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 25.0

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund 25.0

Rent Standard Adjustment 898.5

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

General Fund 898.5

Health Insurance Rate Reduction (77.0)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund (77.0)

Other Adjustments

Funding: Move Risk Revolving to General Fund (11,821.0)

In FY 2012, the Legislature funded the Department from Land Trust revenues, but Court decisions have barred the use of Trust Land revenues for the Department's operations. The disallowed appropriation from the Land Trust Management Fund was replaced by the Risk Management Revolving Fund for FY 2012. The Department may continue its appeal of the ruling. The Executive recommends a shift of \$11.4 million from the Trust Land Management Fund to the General Fund.

The recommendation also removes all appropriations from the Trust Land Management Fund and will direct all deposits from fees that are currently deposited into the Trust Land Management Fund into the General Fund plus any remaining balance.

General Fund 11,425.0
Trust Land Management Fund (13,357.6)
Risk Management Revolving Fund (9,888.4)

Law Enforcement Merit System Council

FY 2013

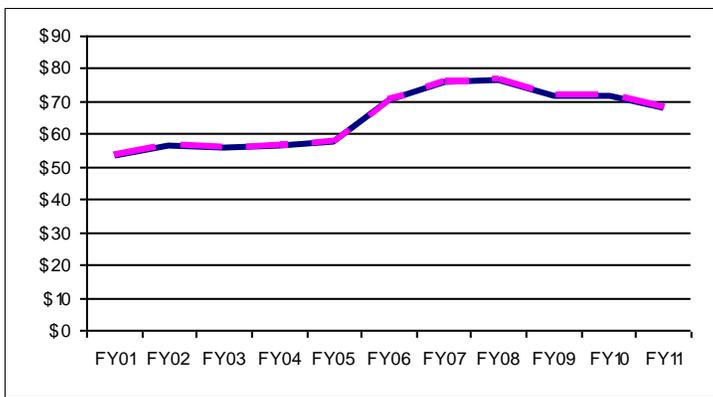
Mission:

To establish and administer an equitable compensation plan while providing oversight for the selection, retention, and disciplinary proceedings affecting employees of those agencies under the Council's jurisdiction.

Description:

The Law Enforcement Merit System Council is responsible for establishing a classification and compensation plan for all covered positions, a system of fair personnel policies, a system for performance appraisal, a system of procedures for hearings to handle employee grievances, and a plan for the conduct of hearings on appeal ordered by the DPS director.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Law Enforcement Merit System Council	68.1	70.2	70.2	71.7
Agency - Approp. Funds	68.1	70.2	70.2	71.7
<i>Category</i>				
FTE	1.0	1.0	1.0	1.0
Personal Services	47.1	37.0	37.0	38.9
ERE Amount	9.8	22.2	22.2	22.0
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
Food	0.9	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	8.9	11.0	11.0	11.0
Equipment	1.4	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	(0.2)
Agency - Approp. Funds	68.1	70.2	70.2	71.7
<i>Appropriated Fund</i>				
General Fund	68.1	70.2	70.2	71.7
Agency - Approp. Funds	68.1	70.2	70.2	71.7

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 0.1

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund 0.1

Health Insurance Rate Reduction (0.7)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund (0.7)

Other Adjustments

AG Pro-Rata Appropriation (0.2)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

General Fund (0.2)

State Employee Pay Adjustment 2.3

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund 2.3

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Number of appeals/grievances filed	5	1	5	5
Number of appeal hearings conducted	3	3	4	4
Percent of employees receiving discipline who file an appeal	16	9	10	10
Average days from receipt of an appeal/grievance until the Council issues a final order	93	177	120	120
➤ Rise in days to complete hearing due to Council short 1 member for 3 months.				
Average cost of an appeal/grievance hearing (in dollars)	781	461	461	461
Number of rehearing requests filed	0	0	0	0
Number of classifications reviewed to determine proper job description and market value	0	35	10	10
Number of position audits conducted to determine proper classification	0	1	2	2
Number of job descriptions reviewed to determine suitability to classification	3	9	5	5
Number of test plans reviewed for selection and promotional processes	23	17	23	29
Number of covered employees dismissed	4	4	4	4

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.

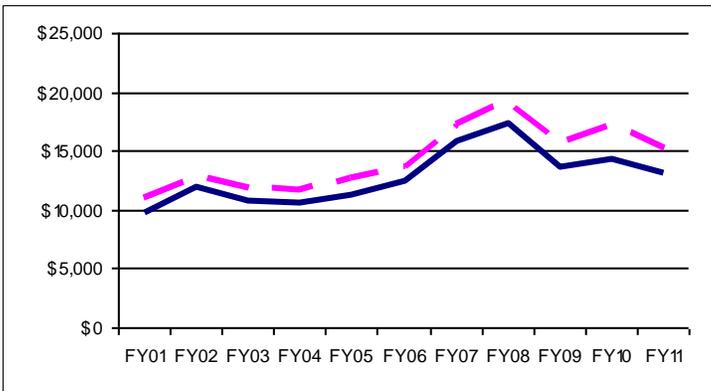
Description:

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:

The Auditor General has not submitted a request for appropriations for FY 2013. The Executive continues funding for the House in FY 2013 at the FY 2012 amount plus statewide adjustments.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Auditor General	16,405.1	16,156.0	16,156.0	16,350.4
Agency - Approp. Funds	16,405.1	16,156.0	16,156.0	16,350.4
Category				
FTE	199.4	199.4	199.4	199.4
Personal Services	10,065.1	10,065.1	10,065.1	10,568.4
ERE Amount	3,654.3	3,670.2	3,670.2	3,682.9
Prof. And Outside Services	499.1	499.1	499.1	499.1
Travel - In State	290.8	290.8	290.8	290.8
Travel - Out of State	4.5	4.5	4.5	4.5
Aid to Others	0.0	0.0	0.0	0.0

Other Operating Expenses	1,324.0	1,059.0	1,059.0	737.4
Equipment	567.3	567.3	567.3	567.3
Agency - Approp. Funds	16,405.1	16,156.0	16,156.0	16,350.4

Appropriated Fund

General Fund	16,405.1	16,156.0	16,156.0	16,350.4
Agency - Approp. Funds	16,405.1	16,156.0	16,156.0	16,350.4

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Audit Services	1,984.7	1,984.7	1,984.7	2,042.8
Agency - Nonapp. Funds	1,984.7	1,984.7	1,984.7	2,042.8
Agency Total - All Funds	18,389.8	18,140.7	18,140.7	18,393.2

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 38.2

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund 38.2

Rent Standard Adjustment (321.6)

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

General Fund (321.6)

Health Insurance Rate Reduction (126.1)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund (126.1)

Other Adjustments

State Employee Pay Adjustment 603.9

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund 603.9

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
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	98	99	90	90
Percentage of single audit recommendations implemented or adopted within one year for financial audits	55	60	65	65
Percentage of legislative	67	100	60	60

Performance Measures

	FY 2010 <u>Actual</u>	FY 2011 <u>Actual</u>	FY 2012 <u>Expected</u>	FY 2013 <u>Expected</u>
recommendations implemented or adopted within two years				
Percentage of staff turnover	8	8	20	20

House of Representatives

FY 2013

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:

The House has not submitted a request for appropriations for FY 2013. The Executive continues funding for the House in FY 2013 at the FY 2012 amount plus statewide adjustments.

Health Insurance Rate Reduction

(127.7)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund (127.7)

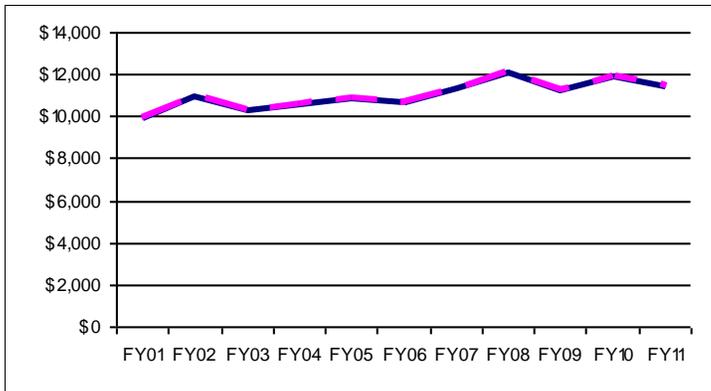
Other Adjustments

State Employee Pay Adjustment 451.6

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund 451.6

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
House of Representatives	11,470.7	12,993.7	12,993.7	13,345.1
Agency - Approp. Funds	11,470.7	12,993.7	12,993.7	13,345.1
<i>Appropriated Fund</i>				
General Fund	11,470.7	12,993.7	12,993.7	13,345.1
Agency - Approp. Funds	11,470.7	12,993.7	12,993.7	13,345.1

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 27.5

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund 27.5

Joint Legislative Budget Committee

FY 2013

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 interest 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:

JLBC has not submitted a request for appropriations for FY 2013. The Executive continues funding for JLBC in FY 2013 at the FY 2012 amount plus statewide adjustments.

Standard Adjustments

Retirement Standard Adjustment 6.5

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund 6.5

Health Insurance Rate Reduction (14.2)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund (14.2)

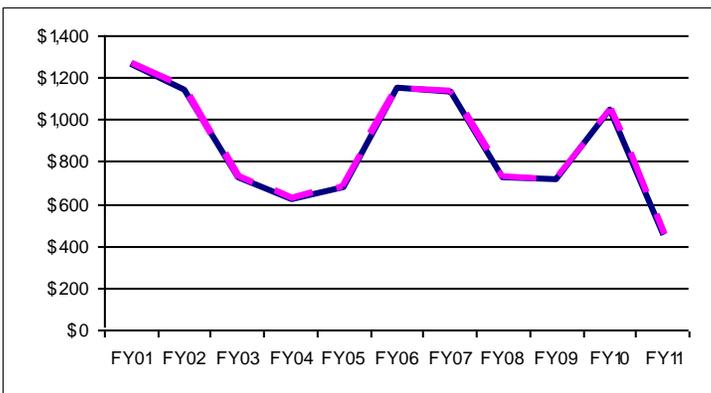
Other Adjustments

State Employee Pay Adjustment 102.1

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund 102.1

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Joint Legislative Budget Committee	450.9	2,399.9	2,399.9	2,494.3
Agency - Approp. Funds	450.9	2,399.9	2,399.9	2,494.3
<i>Appropriated Fund</i>				
General Fund	450.9	2,399.9	2,399.9	2,494.3
Agency - Approp. Funds	450.9	2,399.9	2,399.9	2,494.3

Executive Appropriation Recommendations

FY 2013

Legislative Council

FY 2013

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.

employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund (26.8)

Other Adjustments

State Employee Pay Adjustment 165.9

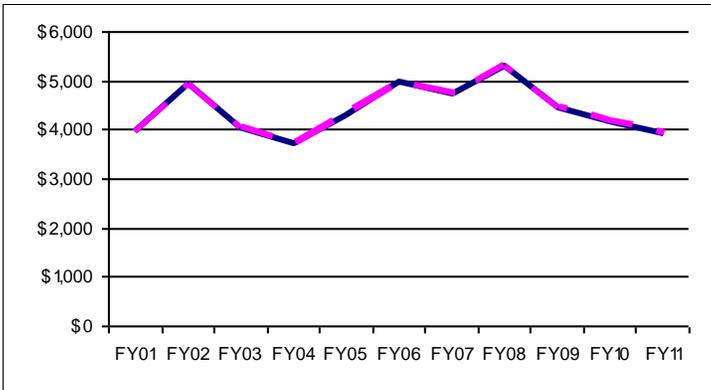
In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund 165.9

Special Note:

The Legislative Council has not submitted a request for appropriations for FY 2013. The Executive continues funding for the Legislative Council in FY 2013 at the FY 2012 amount plus statewide adjustments.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Legislative Council	3,914.0	4,654.1	4,654.1	4,803.7
Agency - Approp. Funds	3,914.0	4,654.1	4,654.1	4,803.7
<i>Appropriated Fund</i>				
General Fund	3,914.0	4,654.1	4,654.1	4,803.7
Agency - Approp. Funds	3,914.0	4,654.1	4,654.1	4,803.7

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 10.5

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund 10.5

Health Insurance Rate Reduction (26.8)

The Executive recommendation includes a (13.2%) reduction in

Senate

FY 2013

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:

The Senate has not submitted a request for appropriations for FY 2013. The Executive continues funding for the Senate in FY 2013 at the FY 2012 amount plus statewide adjustments.

January 1, 2013.

General Fund (73.6)

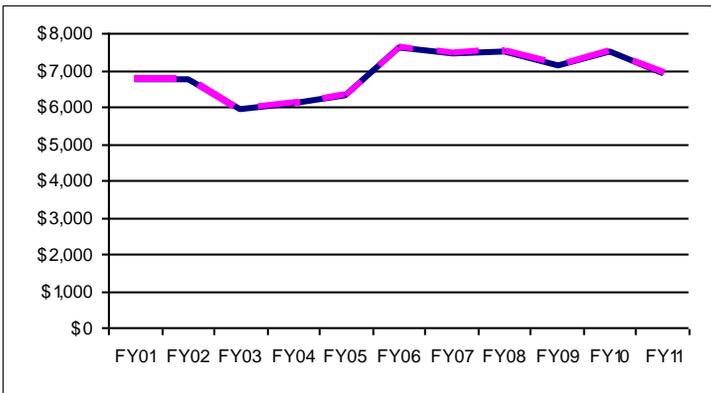
Other Adjustments

State Employee Pay Adjustment 309.4

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund 309.4

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 <i>Actual</i>	FY 2012 <i>Approp.</i>	FY 2012 <i>Exec. Rec.</i>	FY 2013 <i>Exec. Rec.</i>
Senate	6,932.5	7,985.2	7,985.2	8,240.1
Agency - Approp. Funds	6,932.5	7,985.2	7,985.2	8,240.1
<i>Appropriated Fund</i>				
General Fund	6,932.5	7,985.2	7,985.2	8,240.1
Agency - Approp. Funds	6,932.5	7,985.2	7,985.2	8,240.1

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 19.1

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund 19.1

Health Insurance Rate Reduction (73.6)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning

Department of Liquor Licenses and Control

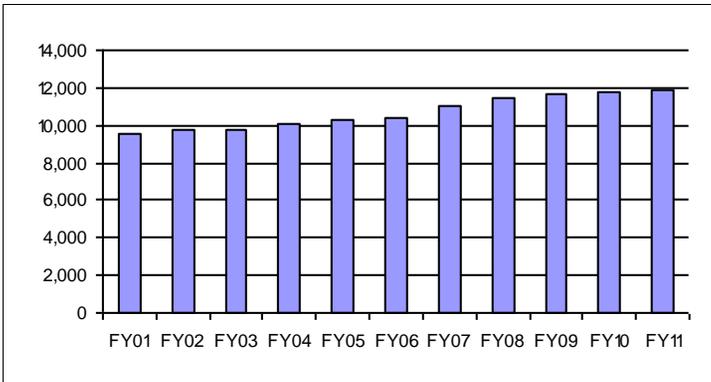
Mission:

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.

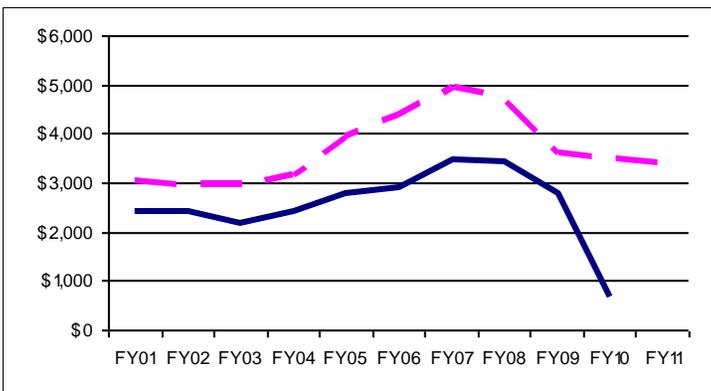
Description:

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, Arizona Restaurant Association and various civic organizations statewide. Finally, the Department is responsive to all Arizona citizens who are served and affected by the licensees.

Number of Active Licenses



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Administration	833.4	960.9	960.9	990.1
Investigations	932.5	1,116.3	1,116.3	1,150.7
Licensing	616.0	738.4	738.4	765.6
Agency - Approp. Funds	2,381.9	2,815.6	2,815.6	2,906.4

Category	FY 2011 Actual	FY 2012 Expd. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
FTE	41.0	44.0	44.0	44.0
Personal Services	1,290.2	1,454.8	1,454.8	1,527.6
ERE Amount	579.7	680.4	680.4	709.8
Prof. And Outside Services	40.4	40.4	40.4	40.4
Travel - In State	106.7	110.4	110.4	110.4
Travel - Out of State	2.3	3.3	3.3	3.3
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	240.4	496.3	496.3	494.7
Equipment	35.7	30.0	30.0	30.0
Transfers Out	86.5	0.0	0.0	(9.8)
Agency - Approp. Funds	2,381.9	2,815.6	2,815.6	2,906.4

Appropriated Fund	FY 2011 Actual	FY 2012 Expd. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Liquor Licenses Fund	2,381.9	2,815.6	2,815.6	2,906.4
Agency - Approp. Funds	2,381.9	2,815.6	2,815.6	2,906.4

Non-Appropriated Funds	FY 2011 Actual	FY 2012 Expd. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Attorney General Anti-Racketeering	18.9	9.7	9.7	9.7
Federal Grant	111.4	45.4	45.4	47.8
Liquor License Special Collections	773.3	966.4	966.4	998.5
Agency - Nonapp. Funds	903.6	1,021.5	1,021.5	1,056.0

Agency Total - All Funds	FY 2011 Actual	FY 2012 Expd. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Agency Total - All Funds	3,285.5	3,837.1	3,837.1	3,962.4

Federal Funds Expenditures - as reported by Agency	FY 2011 Actual	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	111.4	0.0	0.0

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

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 31.3

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Liquor Licenses Fund 31.3

Rent Standard Adjustment (1.6)

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

Liquor Licenses Fund (1.6)

Health Insurance Rate Reduction (17.5)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning

FY 2013

January 1, 2013.

Liquor Licenses Fund (17.5)

Other Adjustments

AG Pro-Rata Appropriation (9.8)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

Liquor Licenses Fund (9.8)

State Employee Pay Adjustment 88.4

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Liquor Licenses Fund 88.4

Performance Measures

	FY 2010 <u>Actual</u>	FY 2011 <u>Actual</u>	FY 2012 <u>Expected</u>	FY 2013 <u>Expected</u>
Percentage of liquor law compliance cases processed in less than 90 calendar days	90	98	95	95
Average number of calendar days to complete an investigative complaint	25	30	35	35
Number of new licenses, transferred licenses, and renewals issued	12,707	13,281	13,500	13,500
Percent of surveyed licensees reporting very good or excellent service	88	87	85	85
Number of investigations completed resulting in compliance actions	688	754	750	750
Number of random liquor inspections completed	2,712	2,098	2,500	2,500

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

Arizona State Lottery Commission

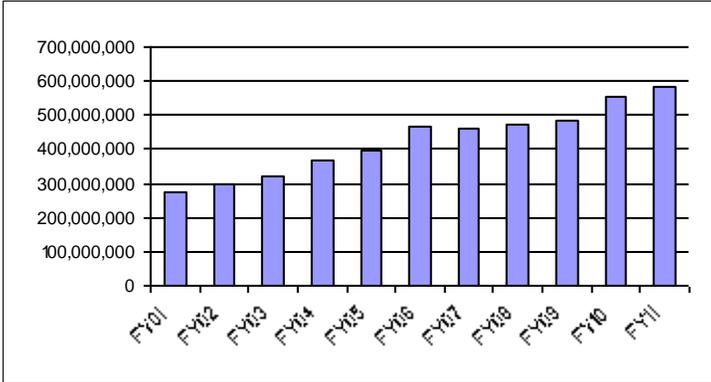
Mission:

To support Arizona public programs by maximizing net revenue in a responsible manner.

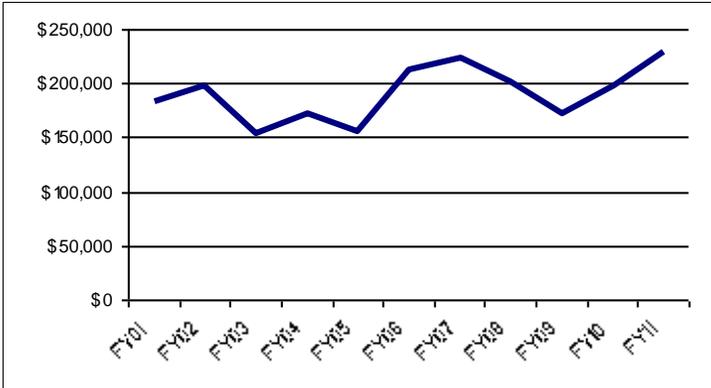
Description:

The Arizona Lottery was established to maximize net revenue dedicated to various beneficiaries assigned through a statutory distribution formula. With an advisory commission and an Executive Director appointed by the Governor overseeing operations, the Lottery works with a retailer network to provide players with innovative, entertaining, and rewarding games.

Total Combined Sales



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Lottery	77,656.6	86,848.8	86,579.1	87,501.2
Agency - Approp. Funds	77,656.6	86,848.8	86,579.1	87,501.2

Category	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
FTE	104.0	104.0	104.0	104.0
Personal Services	4,015.1	4,617.3	4,617.3	4,848.2
ERE Amount	1,729.5	1,681.6	1,681.6	1,685.2
Prof. And Outside Services	9,373.7	8,889.0	8,889.0	8,889.0
Travel - In State	212.4	269.8	269.8	269.8
Travel - Out of State	5.4	16.7	16.7	16.7
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	62,275.2	71,364.4	71,094.7	71,813.4
Equipment	45.2	10.0	10.0	10.0
Transfers Out	0.1	0.0	0.0	(31.2)

Agency - Approp. Funds	77,656.6	86,848.8	86,579.1	87,501.2
<i>Appropriated Fund</i>				
Lottery Fund	77,656.6	86,848.8	86,579.1	87,501.2
Agency - Approp. Funds	77,656.6	86,848.8	86,579.1	87,501.2

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 Tickets	9,286.7	14,608.7	14,093.3	14,374.5
SLI Advertising	14,486.3	15,500.0	15,500.0	15,500.0
SLI On-Line Vendor Fees	7,735.7	7,054.7	8,132.6	8,107.1
SLI Retailer Commissions	38,954.1	39,159.1	40,246.9	40,709.9
SLI Sales Incentive Program	46.3	0.0	0.0	0.0
SLI Charitable Instant Tab Commissions	0.0	2,400.0	480.0	480.0

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Lottery - Prize Fund	354,864.0	360,734.3	369,856.8	374,092.5
Lottery Fund	505,022.5	507,800.0	514,726.4	520,918.7
Agency - Nonapp. Funds	859,886.5	868,534.3	884,583.2	895,011.2
Agency Total - All Funds	937,543.1	955,383.1	971,162.3	982,512.4

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 17.5

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Lottery Fund 17.5

Health Insurance Rate Reduction (62.5)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Lottery Fund (62.5)

Baseline Adjustments

Adjusted Revenue Estimates 449.0

The Lottery's special line items for instant tickets, online vendor fees, retailer commissions, and charitable commissions have appropriations that are percentages of sales. As sales estimates change, the estimated appropriations must change accordingly.

Lottery Fund 449.0

Other Adjustments

AG Pro-Rata Appropriation (31.2)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

Lottery Fund (31.2)

FY 2013

State Employee Pay Adjustment 279.5

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Lottery Fund 279.5

FY 2012 Supplemental Recommendations

FY 2012

Adjusted Revenue Estimates (269.7)

The Lottery's special line items for instant tickets, online vendor fees, retailer commissions and charitable commissions have appropriations that are percentages of sales. As sales estimates change, the estimated appropriations must change accordingly.

Lottery Fund (269.7)

Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	<u>Actual</u>	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>
Percent of retailers expressing overall satisfaction with Lottery services	97	96	95	95
Percent of agency staff turnover	7	8	8	8
Dollar amount of instant ticket sales (in millions)	336.9	374.5	374.2	374.2
➤ <i>FY12-13 includes charitable instant tab sales estimate of \$2.4M.</i>				
Dollar amount of on-line sales (in millions)	214.6	209.1	219.8	219.8
Average dollar amount of sales per ticket vending machine.	156,100	165,200	168,000	170,000
Percent of lottery ticket sales distributed to state beneficiaries	25.7	25.1	25.2	25.2
Percent of active retailer accounts in good standing	99.9	99.8	99.4	99.5

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

Arizona Medical Board

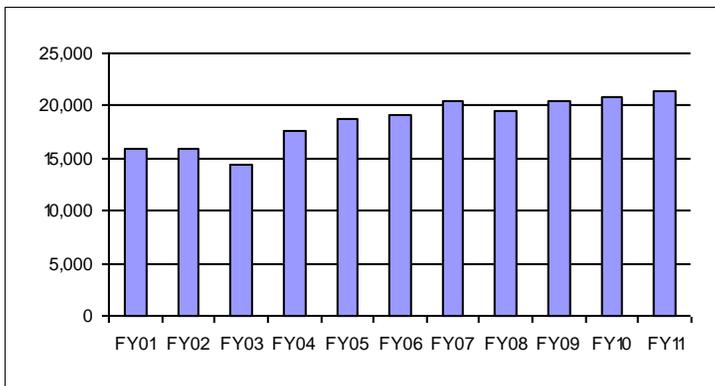
Mission:

To protect public safety through the judicious licensing, regulation, and education of physicians and physician assistants.

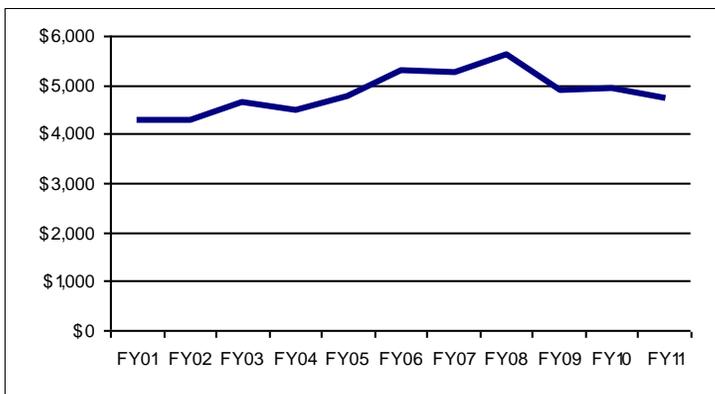
Description:

The Agency staff supports two Boards – the Arizona Medical Board which licenses and regulates allopathic physicians, and the Arizona Regulatory Board of Physician Assistants which licenses and regulates physician assistants. The Agency processes applications for licenses, handles public complaints against licensees, and disseminates information pertaining to licensees and the regulatory process. The two Boards determine and administer disciplinary action in the event of proven violations of their respective practice acts. Together, the two Boards regulate over 22,000 licensees.

Number of Licenses



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing, Regulation, & Rehabilitation	4,786.6	5,799.2	5,799.2	5,947.3
Agency - Approp. Funds	4,786.6	5,799.2	5,799.2	5,947.3

Category

Category	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
FTE	39.0	58.5	58.5	58.5
Personal Services	2,194.2	2,752.6	2,752.6	2,890.2
ERE Amount	810.9	1,000.7	1,000.7	1,014.2
Prof. And Outside Services	621.0	999.4	999.4	999.4
Travel - In State	16.9	23.0	23.0	23.0

Travel - Out of State	13.2	14.0	14.0	14.0
Food	0.6	2.5	2.5	2.5
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	711.7	875.1	875.1	872.1
Equipment	269.6	64.2	64.2	64.2
Transfers Out	148.5	67.7	67.7	67.7

Agency - Approp. Funds	4,786.6	5,799.2	5,799.2	5,947.3
<i>Appropriated Fund</i>				
Medical Examiners Board Fund	4,786.6	5,799.2	5,799.2	5,947.3
Agency - Approp. Funds	4,786.6	5,799.2	5,799.2	5,947.3

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Medical Examiners Board Fund	117.6	0.0	0.0	0.0
Agency - Nonapp. Funds	117.6	0.0	0.0	0.0

Agency Total - All Funds	4,904.2	5,799.2	5,799.2	5,947.3
---------------------------------	----------------	----------------	----------------	----------------

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 10.5

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Medical Examiners Board Fund 10.5

Rent Standard Adjustment (3.0)

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

Medical Examiners Board Fund (3.0)

Health Insurance Rate Reduction (25.7)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Medical Examiners Board Fund (25.7)

Other Adjustments

State Employee Pay Adjustment 166.3

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Medical Examiners Board Fund 166.3

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Average number of days to process an initial medical doctor license upon receipt of completed application	2	2	2	2
Average number of days to process a medical doctor renewal upon receipt	2	2	2	2

Performance Measures

	FY 2010 <u>Actual</u>	FY 2011 <u>Actual</u>	FY 2012 <u>Expected</u>	FY 2013 <u>Expected</u>
of completed application				
Average number of days to complete an medical doctor investigation	114	114	140	140
Average number of days to complete an physician assistant investigation	106	123	130	130
Medical doctor cases referred to formal hearing	14	23	20	20
<p>➤ <i>Efficient regulation requires that the Office of Administrative Hearings be utilized only when statutorily mandated or when all other options have been exhausted. The Board can maintain its level of disciplinary actions through consent agreements without referring cases to formal hearing.</i></p>				
Average number of days to resolve a medical doctor case	148	135	180	180
Average number of days to resolve a physician assistant case	142	153	180	180
Average score of agency-wide customer service satisfaction surveys (scale of 1-8)	7.8	7.8	7.5	7.5

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

Board of Medical Student Loans

Mission:

The Board recruits physicians to provide service to rural and other medically underserved areas, medically underserved populations, and Indian reservations in Arizona, with the goal of increasing the number of physicians practicing in these areas by providing educational loans to students at colleges of medicine in Arizona.

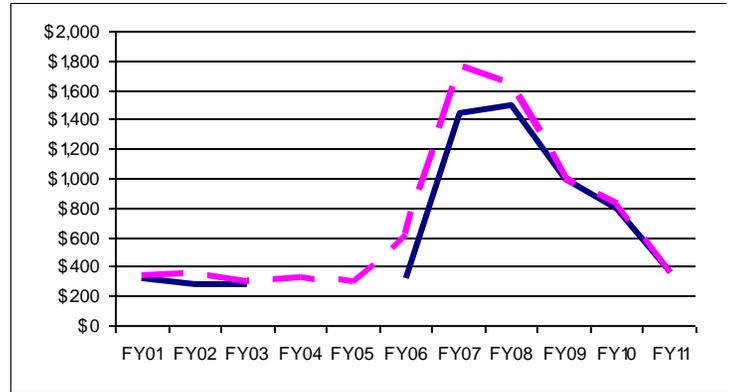
Description:

The Board of Medical Student Loans provides financial assistance to medical students in Arizona, including tuition and a living allowance, through the Arizona Medical Student Loan Program. Participating schools include Midwestern University's AZ College of Osteopathic Medicine (AZCOM), the University of Arizona (UA) College of Medicine, and A. T. Still University's School of Osteopathic Medicine in Arizona (SOMA). The Board consists of eight members who review student applications and make decisions necessary for the operation of the program.

The Medical Student Loan Program gives preference to medical students who have financial need and who demonstrate a commitment to practice medicine in Arizona in an eligible service area. Students must be Arizona residents and sign contracts to provide primary care in eligible service areas. The Board, however, may approve service in other specialties of recognized need in Arizona. Primary care includes Family Practice, general Pediatrics, Obstetrics and Gynecology; general Internal Medicine, and combined Medicine and Pediatrics. For each year of funding received, recipients must provide one year of service in a designated area, with a minimum two-year service commitment and a maximum of 5 years of funding.

For 32 years, UA has provided staff at no charge to the Board to arrange Board meetings, prepare Board reports, collect repayments, coordinate service placement with the Arizona Department of Health Services (ADHS) and the Board, and prepare state budget requests. Since the program was opened to private colleges of medicine in 1999, Midwestern and in 2007, A. T. Still University, participate in the program. The UA College of Medicine and the two private schools provide services at no cost to publicize and coordinate the student application and interview process, coordinate the funding process, and track the participants.

General Fund and Total Funds Expenditure



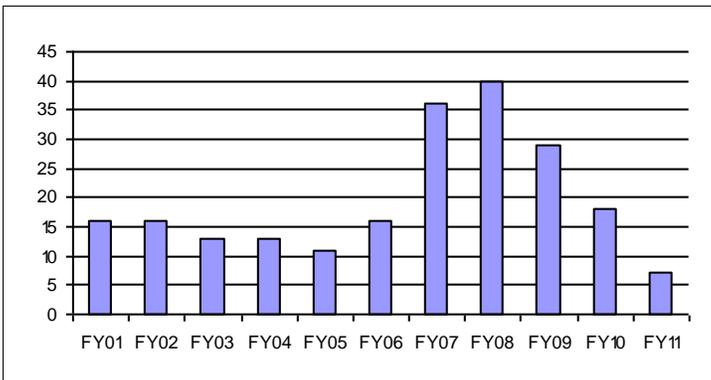
Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Medical Student Loan Program	360.7	87.2	87.2	0.0
Agency - Approp. Funds	360.7	87.2	87.2	0.0
<i>Category</i>				
FTE	0.0	0.0	0.0	0.0
Personal Services	0.0	0.0	0.0	0.0
ERE Amount	0.0	0.0	0.0	0.0
Prof. And Outside Services	0.0	0.0	0.0	0.0
Travel - In State	0.0	0.0	0.0	0.0
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	360.7	87.2	87.2	0.0
Other Operating Expenses	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0
Agency - Approp. Funds	360.7	87.2	87.2	0.0
<i>Appropriated Fund</i>				
General Fund	360.7	67.0	67.0	0.0
Medical Student Loan Fund	0.0	20.2	20.2	0.0
Agency - Approp. Funds	360.7	87.2	87.2	0.0

Executive Appropriation Recommendations

FY 2013

Number of Students Funded



Other Adjustments

Eliminate Board of Medical Student Loans (87.2)
Appropriations

The Executive recommends eliminating the General Fund and Medical Student Loan Fund appropriations for the Board of Medical Student Loans. No current medical students or graduates under the program are expected to be affected by this reduction in appropriation, as the last currently funded student is set to graduate in May 2012. The Board plans to remain intact until its sunset date of July 1, 2017, to ensure that program graduates have completed their medical residency and service in a medically underserved area.

The Executive recommends transferring the remaining balance and any future Medical Student Loan Fund revenues to the State Loan Repayment Program, which is administered by the Department of Health Services and serves a similar purpose by helping to repay student loans of qualifying physicians who serve in medically underserved designated areas.

General Fund (67.0)
 Med Student Loan Fund (20.2)

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Loan provided to each public medical school student (in thousands of dollars)	42.4	45.6	0.0	0.0
➤ <i>Loan amount covers tuition and \$20,000 living allowance which assists in covering fees, books, supplies, medical equipment, licensing exams, transportation costs to hospitals and clinics, rent, utilities, food, health insurance, clothing, and miscellaneous expenses.</i>				
Loan as a percent of average annual cost of public medical education	94	94	0	0
➤ <i>Loan amount compared to the average Federal Financial Aid Cost of Attendance for a single student living off-campus and attending the UA College of Medicine.</i>				
Administration as a per cent of total cost	0.0	0.0	0.0	0.0
➤ <i>All appropriated funds are used to assist medical students; no funds are used for the administration of the program. The UA College of Medicine, Midwestern University, and A.T. Still University provide support services at no cost to the Board. Vital to the success of the program is the cooperation and assistance provided by the Arizona Department of Health Services. Board members serve with no compensation.</i>				
Students funded per year	18	7	1	0
➤ <i>Medical students sign contracts with the State of Arizona to serve as physicians in eligible service areas. The decrease in available funding will lead to fewer students in the program. The number of students funded will depend upon State appropriations and the number of public and private medical school students included. Due to the tuition differential, the loan amounts at private schools will fund fewer students.</i>				
Physicians in service	16	16	20	27
➤ <i>Number of physicians serving their commitments during a given year.</i>				
Physicians practicing in eligible service areas after service requirement is met	36	38	39	41
➤ <i>Number of physicians who have completed their commitments practicing in eligible service areas during a given year.</i>				
Percent of physicians who have provided service in eligible sites	92	93	92	93
➤ <i>Percent of physicians who have signed contracts since October 1992 who have or are expected to provide service in eligible service areas.</i>				

State Mine Inspector

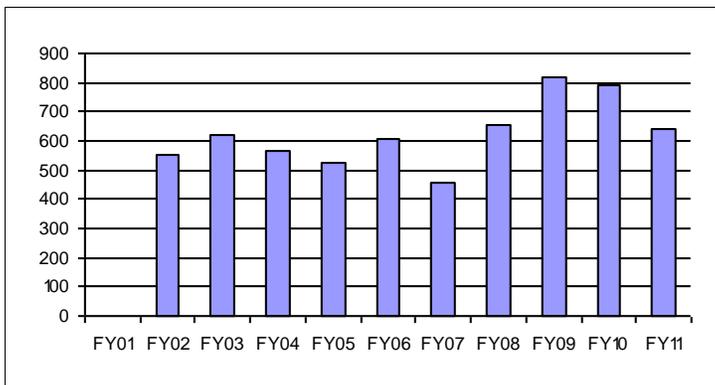
Mission:

To administer and enforce the Mining Code of the State of Arizona for the protection of the life, health and safety of mine employees and the public in Arizona's active, inactive and abandoned mines.

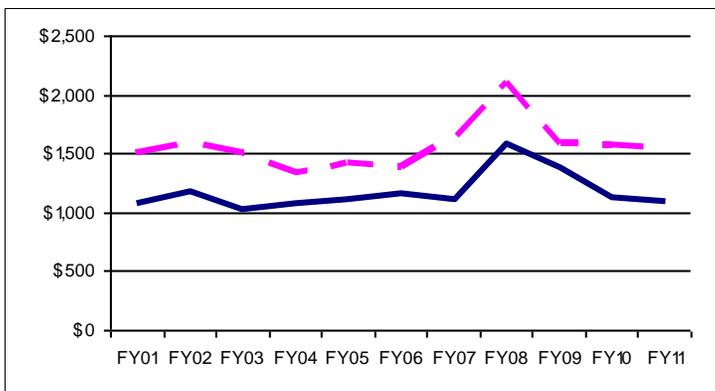
Description:

The State Mine Inspector is a statewide elected constitutional officer and the director of the Office of the State Mine Inspector. This office enforces statutes, rules and regulations applicable to mine safety, health, explosives and land reclamation. The Office inspects the health and safety conditions and practices at active mining operations; investigates mine accidents, employee and public complaints; and conducts federally-certified miner and instructor safety training. In 2007 the Office administered \$14.5 million in reclamation financial assurance and enforces the Mined Land Reclamation laws, rules and regulations for the restoration of disturbed lands to a safe and stable environmental condition. The Office promotes public safety regarding abandoned mines by "Stay Out Stay Alive" promotions, presentations and publications; complaint investigations; mine owner compliance notifications; and identification, hazard assessment, prioritization, posting and securing of safety hazards. The office issues permits, licenses and certificates for elevators and electrical connections, and monitors the manufacturing, storing, selling, transferring and disposal of all explosives or blasting agents.

Number of Safety Inspections Completed



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Mining Safety Enforcement	937.0	997.5	997.5	1,039.5
Abandoned Mines Inventory	167.6	188.3	188.3	192.9
Mined Land Reclamation	24.4	112.5	112.5	112.5
Agency - Approp. Funds	1,129.0	1,298.3	1,298.3	1,344.9
<i>Category</i>				
FTE	14.0	14.0	14.0	14.0
Personal Services	503.8	551.5	551.5	576.5
ERE Amount	210.7	241.9	241.9	240.4
Prof. And Outside Services	89.2	66.8	66.8	66.8
Travel - In State	89.9	120.7	120.7	120.7
Travel - Out of State	5.5	20.0	20.0	20.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	173.4	289.4	289.4	316.2
Equipment	53.8	6.5	6.5	6.5
Transfers Out	2.8	1.5	1.5	(2.2)
Agency - Approp. Funds	1,129.0	1,298.3	1,298.3	1,344.9
<i>Appropriated Fund</i>				
General Fund	1,104.6	1,185.8	1,185.8	1,232.4
Aggregate Mining Reclamation Fund	24.4	112.5	112.5	112.5
Agency - Approp. Funds	1,129.0	1,298.3	1,298.3	1,344.9

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Abandoned Mine Safety	15.3	169.0	169.0	0.0
Federal Education and Training Fund	58.5	53.9	53.9	53.9
Federal Grant	381.2	229.3	229.3	234.8
Agency - Nonapp. Funds	455.0	452.2	452.2	288.7
Agency Total - All Funds	1,584.0	1,750.5	1,750.5	1,633.5

Federal Funds Expenditures - as reported by Agency

	FY 2011 Actual	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	440.1	283.2	283.4

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

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 0.4

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund 0.4

Rent Standard Adjustment 26.8

This issue includes statewide adjustments for COSE, COP, and PLTO rent changes in FY 2013.

General Fund 26.8

FY 2013

Health Insurance Rate Reduction (7.3)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund (7.3)

Other Adjustments

AG Pro-Rata Appropriation (3.7)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

General Fund (3.7)

State Employee Pay Adjustment 30.4

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund 30.4

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Percent mandated inspections completed	89	71	71	71
Number of reportable (lost time) mine accidents	191	185	185	185
➤ <i>The number of reportable (lost time) mine accident reflects "only" what is reported to the Arizona State Mine Inspector.</i>				
Number of safety inspections completed	788	642	642	642
Number of abandoned mine openings secured	73	54	70	70
➤ <i>Secured on State Lands</i>				
Number of Arizona miners and contractors trained	4,565	4900	4400	4400
Number of annual mined land reclamation compliance reviews	250	255	255	255

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

Mines and Mineral Resources

Mission:

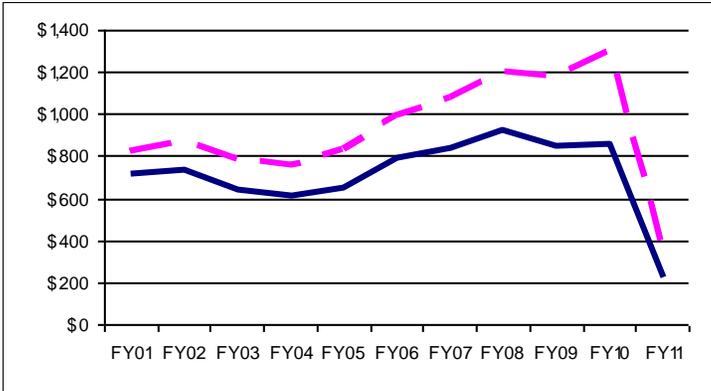
To promote and advocate the responsible development of mineral resources, in accordance with accepted principles of sustainable development, and provide pertinent data and support to those seeking to explore and develop mineral resources in the State of Arizona.

Description:

The Department of Mines and Mineral Resources (DMMR) promotes and advocates for the development of the mineral resources and industry in the state. This is accomplished by participating in conferences, seminars, news media, and other appropriate mechanisms. DMMR conducts studies of properties and claims to assist in the exploration and development of minerals and maintains a repository of mining and mineral information. It monitors current mining and exploration activities and serves as a source of information for mineral information.

	FY 2011 <i>Actual</i>	FY 2012 <i>Expend. Plan</i>	FY 2012 <i>Exec. Rec.</i>	FY 2013 <i>Exec. Rec.</i>
Mines & Mineral Resources	982.2	0.0	0.0	0.0
Agency - Nonapp. Funds	982.2	0.0	0.0	0.0
Agency Total - All Funds	2,607.3	0.0	0.0	0.0

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 <i>Actual</i>	FY 2012 <i>Approp.</i>	FY 2012 <i>Exec. Rec.</i>	FY 2013 <i>Exec. Rec.</i>
Mineral Development and Promotion	1,625.1	0.0	0.0	0.0
Agency - Approp. Funds	1,625.1	0.0	0.0	0.0
<i>Category</i>				
FTE	0.0	0.0	0.0	0.0
Personal Services	123.7	0.0	0.0	0.0
ERE Amount	80.0	0.0	0.0	0.0
Prof. And Outside Services	1.8	0.0	0.0	0.0
Travel - In State	1.3	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	828.5	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0
Transfers Out	589.7	0.0	0.0	0.0
Agency - Approp. Funds	1,625.1	0.0	0.0	0.0
<i>Appropriated Fund</i>				
General Fund	1,625.1	0.0	0.0	0.0
Agency - Approp. Funds	1,625.1	0.0	0.0	0.0

Non-Appropriated Funds

Naturopathic Physicians Board of Medical Examiners

Mission:

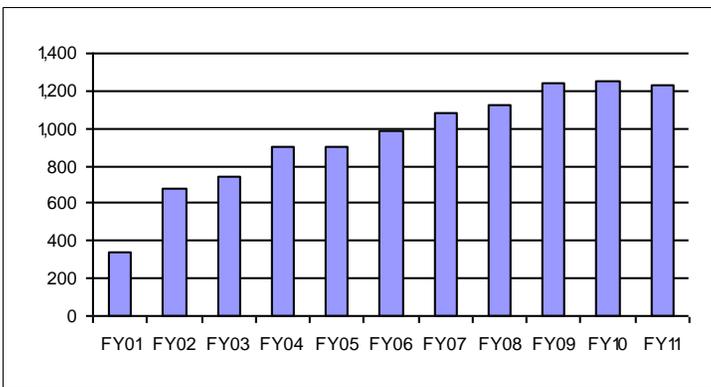
To protect the health, safety and welfare of the public by regulating the practice of naturopathic medicine and massage therapy.

Description:

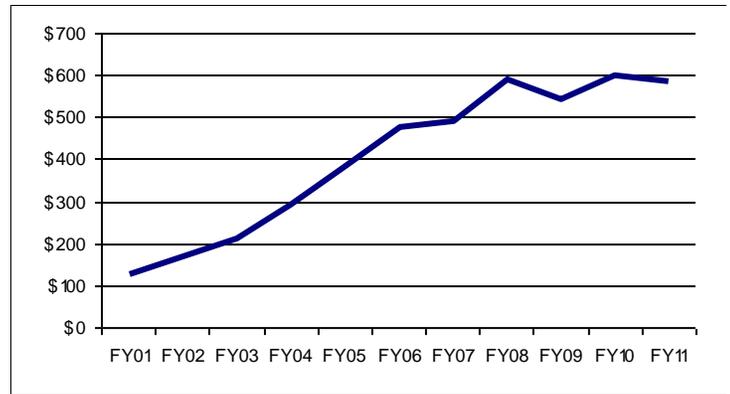
The agency regulates both naturopathic physicians and massage therapists, each overseen by a Governor-appointed board. The Naturopathic Physicians Medical Board regulates the naturopathic field of medicine, which uses various methods to treat patients including nutritional supplements, herbal medicine, homeopathy, pharmaceuticals, and lifestyle counseling. The Board regulates physicians who engage in the practice of naturopathic medicine, including certification of those in specialty practice. Further, the Board certifies graduates and medical students to engage in internship, preceptorship, and postdoctoral training programs and certifies medical assistants and approves clinical training programs for medical students. Finally, the Naturopathic Board certifies naturopathic physicians to dispense natural substances, drugs, and devices from their offices and conducts investigations and hearings into allegations of medical incompetence and unprofessional conduct.

The Board of Massage Therapy regulates and licenses massage therapists by recognizing a national examination, establishing rules, and conducting investigations and hearings into allegations of incompetence and unprofessional conduct.

Number of Naturopathic Medicine Licenses/Certificates Issued



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Naturopathic Licensing and Regulation	589.2	586.0	586.0	611.7
Agency - Approp. Funds	589.2	586.0	586.0	611.7
<i>Category</i>				
FTE	7.0	7.0	7.0	7.0
Personal Services	310.8	347.3	347.3	364.7
ERE Amount	92.5	102.4	102.4	104.4
Prof. And Outside Services	92.6	70.0	70.0	70.0
Travel - In State	1.8	1.8	1.8	1.8
Travel - Out of State	1.8	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	83.6	60.0	60.0	66.3
Equipment	4.3	4.5	4.5	4.5
Transfers Out	1.8	0.0	0.0	0.0
Agency - Approp. Funds	589.2	586.0	586.0	611.7
<i>Appropriated Fund</i>				
Naturopathic Board	589.2	586.0	586.0	611.7
Agency - Approp. Funds	589.2	586.0	586.0	611.7

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 1.3

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Naturopathic Board Fund 1.3

Rent Standard Adjustment 6.3

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

Naturopathic Board Fund 6.3

Health Insurance Rate Reduction (3.0)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning

FY 2013

January 1, 2013.

Naturopathic Board Fund (3.0)

Other Adjustments

State Employee Pay Adjustment 21.1

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Naturopathic Board Fund 21.1

Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	<u>Actual</u>	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>
Massage therapy applications received for initial licensure and biennial renewal.	4,940	4807	4800	4800
➤ <i>Licensing began in FY05</i>				
Average number of days to resolve a massage therapy complaint	128	155	180	180
Active physician licenses	637	672	700	725
Complaints received against licensed or certified persons	20	28	28	28
Complaints resolved in same fiscal year	12	16	16	16

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 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 the appeals processes.

Description:

The State of Arizona did not determine ownership of and title to the beds of any of the 39,039 rivers and streams at the time of statehood and as a result, as many as 100,000 property titles remain clouded. Before ownership can be determined, it must be established if any of Arizona's waterways are navigable. This is because the portion of a streambed that is navigable is owned only by the State. The Commission is charged with gathering evidence, holding hearings, and making final determinations regarding navigability of the 39,039 streams and rivers in Arizona as of February 14, 1912. Barring court mandates for further action, the Commission's work is presently scheduled to be completed by June 30, 2016.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Stream Adjudication	122.6	206.9	206.9	208.8
Agency - Approp. Funds	122.6	206.9	206.9	208.8
<i>Category</i>				
FTE	1.0	1.0	1.0	1.0
Personal Services	49.8	51.3	51.3	53.9
ERE Amount	26.4	26.4	26.4	26.3
Prof. And Outside Services	22.9	110.6	110.6	110.6
Travel - In State	0.0	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	18.8	16.8	16.8	16.6
Equipment	4.7	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	(0.3)

Agency - Approp. Funds	122.6	206.9	206.9	208.8
<i>Appropriated Fund</i>				
General Fund	122.6	126.9	126.9	208.8
Risk Management Fund	0.0	80.0	80.0	0.0
Agency - Approp. Funds	122.6	206.9	206.9	208.8
Non-Appropriated Funds				
	<i>FY 2011 Actual</i>	<i>FY 2012 Expend. Plan</i>	<i>FY 2012 Exec. Rec.</i>	<i>FY 2013 Exec. Rec.</i>
IGA and ISA Between State Agencies	80.0	0.0	0.0	0.0
Agency - Nonapp. Funds	80.0	0.0	0.0	0.0
Agency Total - All Funds	202.6	206.9	206.9	208.8

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 0.2

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund 0.2

Rent Standard Adjustment (0.2)

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

General Fund (0.2)

Health Insurance Rate Reduction (0.9)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund (0.9)

Other Adjustments

Additional Litigation Costs 0.0

The Executive recommends shifting the funding source for unplanned legal expenses from the Risk Management Fund to the General Fund.

General Fund 80.0

Risk Management Fund (80.0)

AG Pro-Rata Appropriation (0.3)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

General Fund (0.3)

State Employee Pay Adjustment 3.2

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Performance Measures

	FY 2010 <u>Actual</u>	FY 2011 <u>Actual</u>	FY 2012 <u>Expected</u>	FY 2013 <u>Expected</u>
Number of Arizona rivers and streams adjudicated, including the necessity to alter and ratify remaining reports that comport with information requested by courts.	0	3	3	3
➤ <i>Number of Arizona rivers and streams adjudicated, includes necessity to alter and ratify remaining reports to comport with information requested by the Courts.</i>				
Number of final reports approved by Commission	0	3	3	2

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

State Board of Nursing

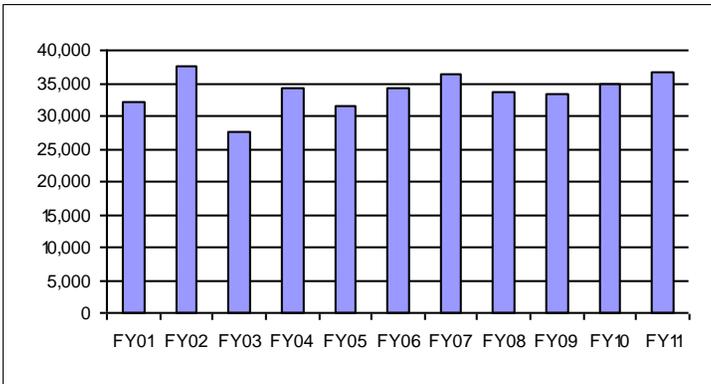
Mission:

To protect the public health, safety, and welfare through the safe and competent practice of nurses and nursing assistants.

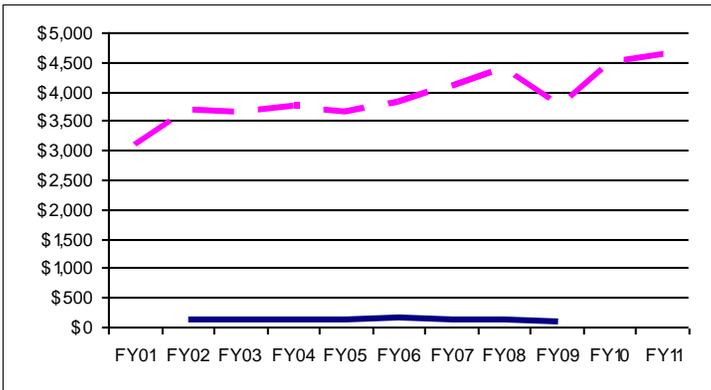
Description:

The State Board of Nursing protects the public by assuring that standards of practice are defined and that persons engaged in the practice of nursing are competent. It approves individuals for licensure, registration, and certification; approves educational programs for nurses and nursing assistants; investigates complaints concerning licensee and certificate holder compliance with the law; and determines and administers disciplinary actions in the event of proven violations of the Nurse Practice Act.

Total Licenses Issued



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation - RN/LPN	4,187.2	4,034.3	4,034.3	4,129.3
Agency - Approp. Funds	4,187.2	4,034.3	4,034.3	4,129.3

Category	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
FTE	40.2	40.2	40.2	40.2
Personal Services	2,042.8	1,925.6	1,925.6	2,021.9
ERE Amount	759.9	798.1	798.1	796.8
Prof. And Outside Services	581.8	574.5	574.5	574.5
Travel - In State	5.4	6.0	6.0	6.0
Travel - Out of State	4.4	5.0	5.0	5.0
Aid to Others	0.0	0.0	0.0	0.0

Other Operating Expenses	513.2	590.1	590.1	590.1
Equipment	111.8	90.0	90.0	90.0
Transfers Out	167.9	45.0	45.0	45.0
Agency - Approp. Funds	4,187.2	4,034.3	4,034.3	4,129.3

Appropriated Fund

Nursing Board	4,187.2	4,034.3	4,034.3	4,129.3
Agency - Approp. Funds	4,187.2	4,034.3	4,034.3	4,129.3

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Federal Grant	481.9	464.6	464.6	414.6
Statewide Donations	122.0	134.1	134.1	134.6
Agency - Nonapp. Funds	603.9	598.7	598.7	549.3

Agency Total - All Funds	4,791.1	4,633.0	4,633.0	4,678.6
---------------------------------	----------------	----------------	----------------	----------------

Federal Funds Expenditures - as reported by Agency

	FY 2011 Actual	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	481.9	464.6	414.6

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

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 7.3

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Nursing Board Fund 7.3

Health Insurance Rate Reduction (28.7)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Nursing Board Fund (28.7)

Other Adjustments

State Employee Pay Adjustment 116.4

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Nursing Board Fund 116.4

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Total licensees Registered Nurses and Licensed Practical Nurses	82,385	83,237	82,000	82,000
Total complaints received	978	931	980	980
Total individuals certified as nursing assistants	24,589	25,707	26,000	26,500
Average calendar days from receipt of complaint to resolution	240	221	220	220

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

Nursing Care Ins. Admin. Examiners

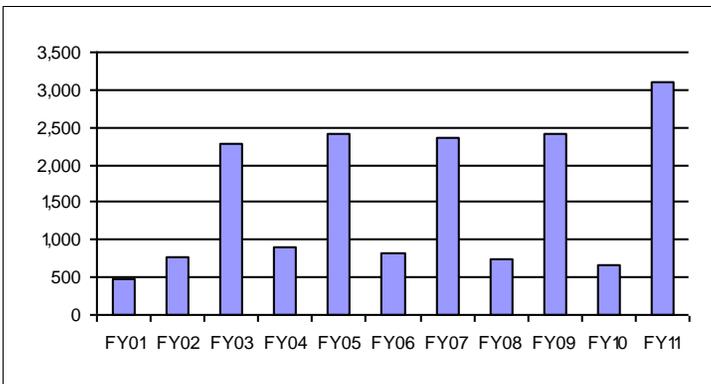
Mission:

To protect the health, welfare, and safety of Arizona citizens who seek and use the services of nursing care institution administrators and assisted living facility managers.

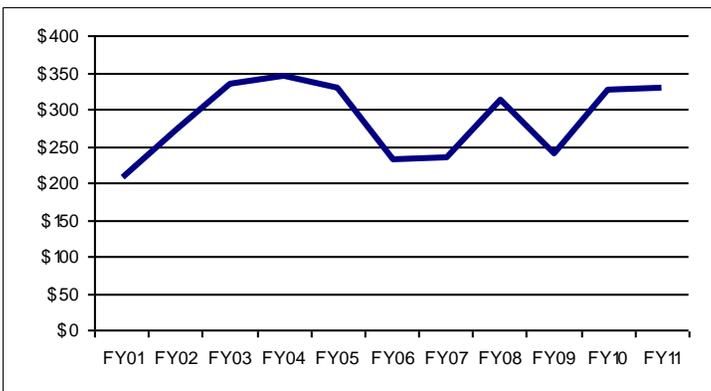
Description:

The Board evaluates applications from individuals seeking nursing home administrator licenses and assisted living facility manager certificates. The Board investigates the credentials and backgrounds of applicants, conducts examinations, and processes the applications. The Board also evaluates and processes applications for renewal of administrator licenses and manager certificates. Both administrators and managers are required by law to meet continuing education requirements. The Board approves continuing education programs and ensures that the requirements are met. The Board investigates complaints against administrators and managers received from citizens or the Department of Health Services. The Board imposes appropriate disciplinary action and enforces compliance with such discipline. The Board provides information to the public concerning applicants, licensees and certificate holders, and regulatory actions taken. All of these Board functions are accomplished through a fee-financed program of examination, licensure, and regulation.

Number of Licenses Issued



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	328.8	361.7	361.7	448.6
Agency - Approp. Funds	328.8	361.7	361.7	448.6
<i>Category</i>				
FTE	5.0	5.0	5.0	6.0
Personal Services	170.9	194.0	194.0	237.1
ERE Amount	71.5	80.0	80.0	101.6
Prof. And Outside Services	30.0	37.0	37.0	40.0
Travel - In State	3.5	6.0	6.0	7.0
Travel - Out of State	1.1	4.0	4.0	4.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	51.4	40.2	40.2	55.4
Equipment	0.5	0.5	0.5	3.5
Agency - Approp. Funds	328.8	361.7	361.7	448.6
<i>Appropriated Fund</i>				
Nursing Care Institution Administrators/ACHMC	328.8	361.7	361.7	448.6
Agency - Approp. Funds	328.8	361.7	361.7	448.6

Licensing and Regulation	328.8	361.7	361.7	448.6
Agency - Approp. Funds	328.8	361.7	361.7	448.6
<i>Category</i>				
FTE	5.0	5.0	5.0	6.0
Personal Services	170.9	194.0	194.0	237.1
ERE Amount	71.5	80.0	80.0	101.6
Prof. And Outside Services	30.0	37.0	37.0	40.0
Travel - In State	3.5	6.0	6.0	7.0
Travel - Out of State	1.1	4.0	4.0	4.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	51.4	40.2	40.2	55.4
Equipment	0.5	0.5	0.5	3.5
Agency - Approp. Funds	328.8	361.7	361.7	448.6
<i>Appropriated Fund</i>				
Nursing Care Institution Administrators/ACHMC	328.8	361.7	361.7	448.6
Agency - Approp. Funds	328.8	361.7	361.7	448.6

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 0.7

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Nursing Care Institution Admin/ACHMC Fund 0.7

Rent Standard Adjustment 12.2

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

Nursing Care Institution Admin/ACHMC Fund 12.2

Health Insurance Rate Reduction (2.0)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Nursing Care Institution Admin/ACHMC Fund (2.0)

Other Adjustments

New Training Programs - Regulatory Oversight 64.3

Laws 2011, Chapter 141 requires the Board to regulate and license assisted living facility training programs, previously approved by the Department of Health Services and licensed by the Private Postsecondary Education Board.

The Executive recommends an increase of 1.0 FTE position responsible for approving and licensing assisted living facility training programs, including reviewing applications and making on-site visits for both approvals and renewals. The increase to the Board's fund will also support costs associated with implementing the new program, including rule-writing and equipment for the new employee.

Nursing Care Institution Admin/ACHMC Fund 64.3

State Employee Pay Adjustment 11.7

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Nursing Care Institution Admin/ACHMC Fund 11.7

Performance Measures

	FY 2010 <u>Actual</u>	FY 2011 <u>Actual</u>	FY 2012 <u>Expected</u>	FY 2013 <u>Expected</u>
Number of complaint and application investigations conducted	112	103	115	115
Number of new and existing licenses	2,996	3,114	3,200	3,250
Average calendar days to renew a license	3	4	3	4
Customer satisfaction (scale of 1-8)	7.8	7.9	7.5	7.5
Administration as percent of total cost	4.3	5.2	5.3	5.4

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

Board of Occupational Therapy Examiners

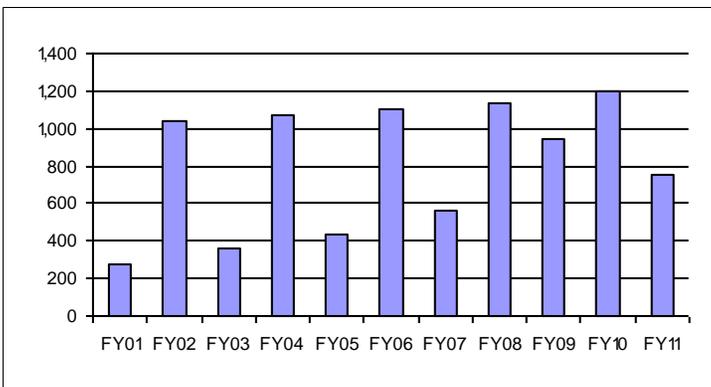
Mission:

To protect the health, safety, and welfare of the public by licensing and regulating individuals who provide occupational therapy services.

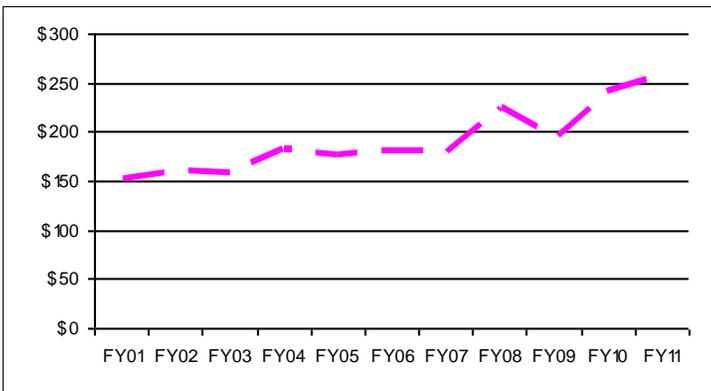
Description:

The Board of Occupational Therapy Examiners is a regulatory board that issues and renews approximately 1,800 licenses for occupational therapy professionals. 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 inquiries from consumers as to the license status of occupational therapy professionals.

Number of Occupational Therapy Renewal Licenses Issued



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	142.6	161.6	161.6	166.1
Athletic Trainers Licensing and Regulation	219.7	0.0	0.0	0.0
Agency - Approp. Funds	362.3	161.6	161.6	166.1

Category

FTE	1.5	1.5	1.5	1.5
Personal Services	84.6	95.2	95.2	100.0
ERE Amount	31.5	26.2	26.2	25.9
Prof. And Outside Services	8.7	0.0	0.0	0.0
Travel - In State	1.5	1.6	1.6	1.6

Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	34.5	38.6	38.6	38.6
Equipment	1.2	0.0	0.0	0.0
Transfers Out	200.3	0.0	0.0	0.0
Agency - Approp. Funds	362.3	161.6	161.6	166.1

Appropriated Fund

Occupational Therapy Fund	362.3	161.6	161.6	166.1
Agency - Approp. Funds	362.3	161.6	161.6	166.1

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 0.4

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Occupational Therapy Fund 0.4

Health Insurance Rate Reduction (1.7)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Occupational Therapy Fund (1.7)

Other Adjustments

State Employee Pay Adjustment 5.8

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Occupational Therapy Fund 5.8

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Number of occupational therapy complaints received	34	8	10	10
Number of individuals licensed as occupational therapists	1,781	1076	1100	1200
Number of athletic training licenses issued	63	589	500	500
Number of athletic training complaints received	14	2	1	1

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

State Board of Dispensing Opticians

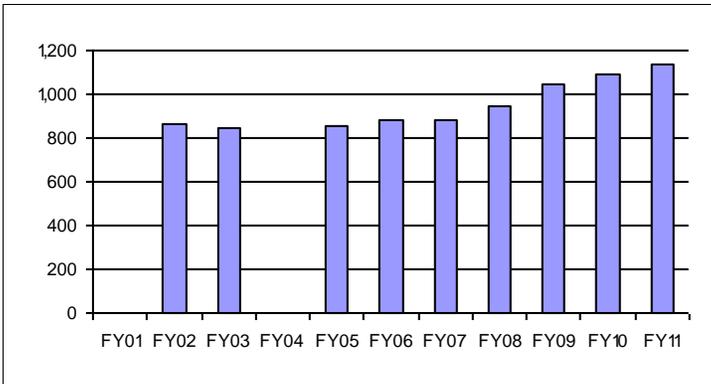
Mission:

To protect the visual health of the citizens of Arizona by regulating and maintaining standards of practice in the field of opticianry.

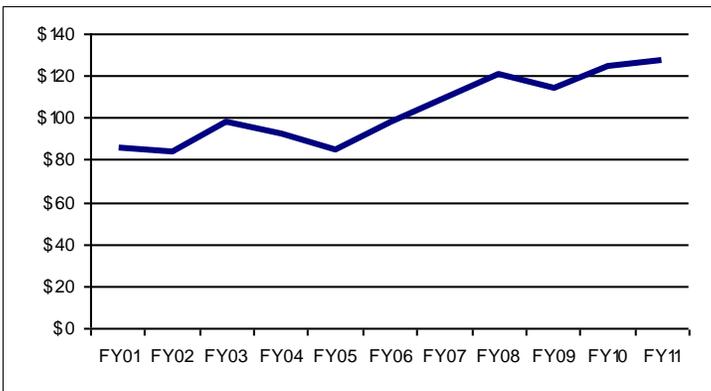
Description:

The Board of Dispensing Opticians examines and licenses professionals to practice in the field of opticianry and licenses optical establishments. This Board is distinguished from the Board of Optometry, which regulates optometrists, whereas dispensing opticians fill orders for and fit persons with corrective eyewear. The Board of Dispensing Opticians accepts complaints against licensees, investigates allegations, and administratively adjudicates complaints.

Number of Licensees



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	127.1	131.1	131.1	135.7
Agency - Approp. Funds	127.1	131.1	131.1	135.7

Category

Category	FY 2011	FY 2012	FY 2012	FY 2013
FTE	1.0	1.0	1.0	1.0
Personal Services	59.8	61.9	61.9	65.0
ERE Amount	25.2	26.9	26.9	27.0
Prof. And Outside Services	24.0	0.5	0.5	0.5
Travel - In State	6.7	4.2	4.2	4.2
Travel - Out of State	0.2	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0

Other Operating Expenses	11.2	33.1	33.1	34.5
Equipment	0.0	4.5	4.5	4.5
Agency - Approp. Funds	127.1	131.1	131.1	135.7

Appropriated Fund

Dispensing Opticians Board Fund	127.1	131.1	131.1	135.7
Agency - Approp. Funds	127.1	131.1	131.1	135.7

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 0.2

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Dispensing Opticians Board Fund 0.2

Rent Standard Adjustment 1.4

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

Dispensing Opticians Board Fund 1.4

Health Insurance Rate Reduction (0.8)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Dispensing Opticians Board Fund (0.8)

Baseline Adjustments

Continue One-Time Equipment Increase in FY 2013 Base 0.0

The Executive recommends continuing the increase of \$4,500 added in FY 2012 to replace four obsolete lensometers that are used in the practical examination for dispensing optician licensees. The Board is in the process of replacing 12 lensometers over a period of three years. The continuation of this equipment increase will fund the second year of the replacement process.

Other Adjustments

State Employee Pay Adjustment 3.8

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Dispensing Opticians Board Fund 3.8

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Optician licenses issued	55	64	60	65
Establishment renewal applications processed	333	311	365	370

➤ Establishments are renewed June 30, so total carries over to next fiscal year

Performance Measures

	FY 2010	FY 2011	FY 2012	FY 2013
	<u>Actual</u>	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>
Complaints about licensees received and investigated	0	12	5	5
Number of days from receipt of complaint until completion	0	58	80	80

➤ *Number of days is an average of all complaints*

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

State Board of Optometry

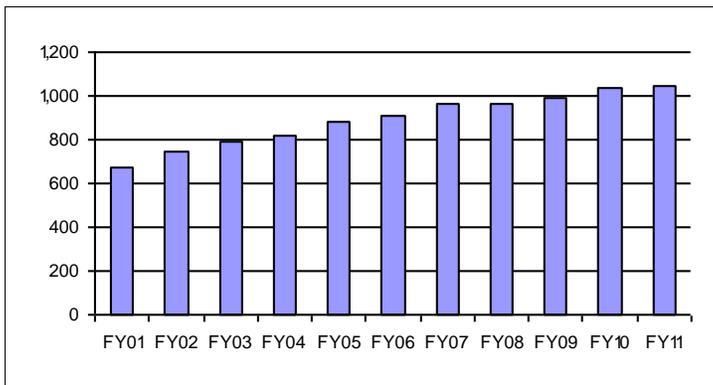
Mission:

To protect the health, safety, and welfare of Arizona citizens by regulating and achieving the highest standards in the optometry profession.

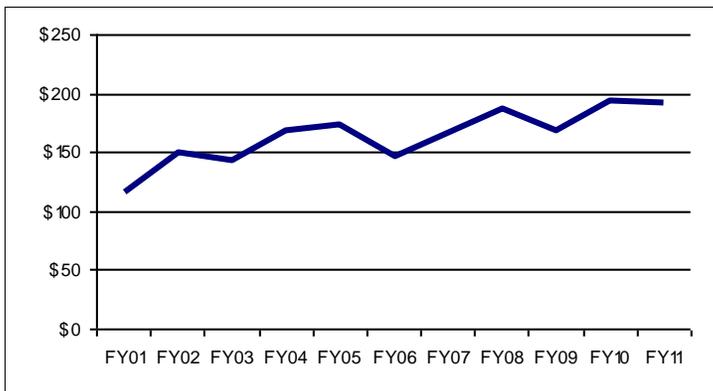
Description:

The Arizona State Board of Optometry examines, licenses, and regulates the profession of Optometric Doctors. 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.

Number of Licensees



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	192.0	197.3	197.3	205.1
Agency - Approp. Funds	192.0	197.3	197.3	205.1

Category	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
FTE	2.0	2.0	2.0	2.0
Personal Services	105.0	108.0	108.0	113.4
ERE Amount	38.9	40.0	40.0	40.3
Prof. And Outside Services	22.6	24.0	24.0	24.0
Travel - In State	0.7	2.0	2.0	2.0
Travel - Out of State	0.3	5.0	5.0	5.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	18.0	16.7	16.7	18.8
Equipment	0.0	0.0	0.0	0.0

Transfers Out	6.5	1.6	1.6	1.6
Agency - Approp. Funds	192.0	197.3	197.3	205.1
<i>Appropriated Fund</i>				
Board of Optometry Fund	192.0	197.3	197.3	205.1
Agency - Approp. Funds	192.0	197.3	197.3	205.1

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 0.4

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Board of Optometry Fund 0.4

Rent Standard Adjustment 2.1

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

Board of Optometry Fund 2.1

Health Insurance Rate Reduction (1.2)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Board of Optometry Fund (1.2)

Other Adjustments

State Employee Pay Adjustment 6.5

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Board of Optometry Fund 6.5

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Active licensees	1,043	1048	1055	1055
Total number of complaints received	20	26	35	35
Total number of disciplinary actions	0	2	3	3

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

OSHA Review Board

FY 2013

Mission:

To be an independent body that adjudicates appeals of administrative law judge decisions regarding citations issued by the Arizona Division of Occupational Safety and Health, a division of the Industrial Commission.

Description:

The review board is an independent body and not directly a part of the Industrial Commission. The board consists of five members appointed by the Governor. One member shall be a representative of management, one member shall be a representative of labor and three members shall be representatives of the general public. The Industrial Commission is responsible for all budgetary actions, including providing administrative support.

Per A.R.S. § 23-423, the review board hears and rules on appeals regarding administrative law judge decisions of contested Occupational Safety and Health inspections. All ADOSH cases start with an informal conference with the Industrial Commission's OSHA division director. If a case is not resolved, the cited employer can request a hearing before an Industrial Commission administrative law judge. If either the director of OSHA or the cited employer disagrees with the outcome of that ruling, that ruling can be appealed before the review board. The decisions of the review board can be appealed to the Court of Appeals.

Other Adjustments

Remove One-Time Funding (15.0)

In FY 2012, the Board received \$15,000 from the General Fund in non-lapsing appropriation authority to pay attorney fees in ADOSH cases. For FY 2013 the Executive recommends a (\$15,000) decrease, since the Board will have sufficient non-lapsing spending authority available from the FY 2012 appropriation to carry operations through FY 2013.

General Fund (15.0)

The Executive recommends no appropriation for this agency.

Agency Summary - Appropriated Funds

Program/Cost Center	FY 2011 <i>Actual</i>	FY 2012 <i>Approp.</i>	FY 2012 <i>Exec. Rec.</i>	FY 2013 <i>Exec. Rec.</i>
Agency - Approp. Funds	0.0	15.0	15.0	0.0
<i>Category</i>				
FTE	0.0	0.0	0.0	0.0
Personal Services	0.0	0.0	0.0	0.0
ERE Amount	0.0	0.0	0.0	0.0
Prof. And Outside Services	0.0	15.0	15.0	0.0
Travel - In State	0.0	0.0	0.0	0.0
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0
Agency - Approp. Funds	0.0	15.0	15.0	0.0
<i>Appropriated Fund</i>				
General Fund	0.0	15.0	15.0	0.0
Agency - Approp. Funds	0.0	15.0	15.0	0.0

Executive Appropriation Recommendations

FY 2013

Arizona Board of Osteopathic Examiners

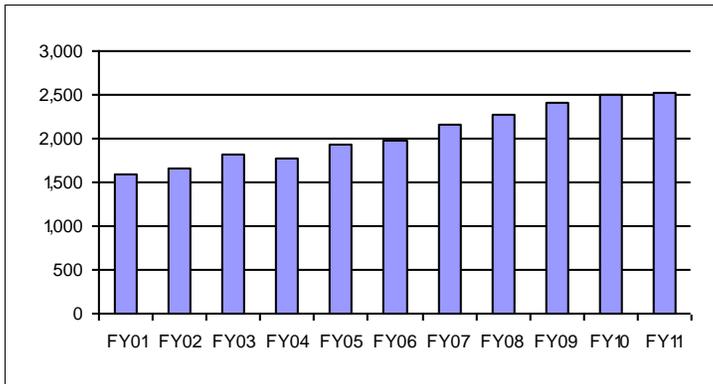
Mission:

To protect the public health and safety of people in the State of Arizona through the regulation of physicians licensed to practice osteopathic medicine and surgery in the State.

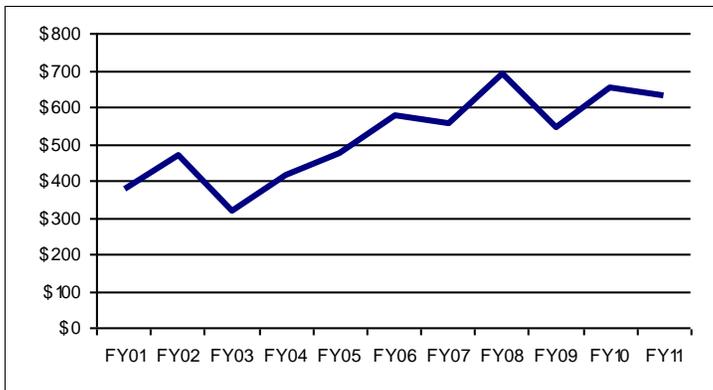
Description:

The Board of Osteopathic Examiners licenses and regulates osteopathic physicians in the State of Arizona. The Board is responsible for the licensure and regulation of osteopathic physicians and residents, the enforcement of standards of practice, and the review and adjudication of complaints.

Number of Licensees



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	640.7	698.3	698.3	718.2
Agency - Approp. Funds	640.7	698.3	698.3	718.2
<i>Category</i>				
FTE	6.7	6.7	6.7	6.7
Personal Services	297.9	335.7	335.7	352.5
ERE Amount	104.2	108.4	108.4	109.4
Prof. And Outside Services	93.7	99.0	99.0	99.0
Travel - In State	0.0	1.0	1.0	1.0
Travel - Out of State	0.8	3.0	3.0	3.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	104.0	104.7	104.7	106.8
Equipment	30.6	36.0	36.0	36.0
Transfers Out	9.5	10.5	10.5	10.5

Agency - Approp. Funds	640.7	698.3	698.3	718.2
<i>Appropriated Fund</i>				
Osteopathic Examiners Board	640.7	698.3	698.3	718.2
Agency - Approp. Funds	640.7	698.3	698.3	718.2

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 1.3

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Osteopathic Examiners Board Fund 1.3

Rent Standard Adjustment 2.1

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

Osteopathic Examiners Board Fund 2.1

Health Insurance Rate Reduction (3.9)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Osteopathic Examiners Board Fund (3.9)

Other Adjustments

State Employee Pay Adjustment 20.4

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Osteopathic Examiners Board Fund 20.4

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Administration as percent of total cost	16	17	20	20
Customer satisfaction rating (1-8)	7.1	7.6	7.0	7.0
Average days to issue new license	68	60	70	70
Number of new and existing licenses	2,426	2534	2,600	2,700
Complaints investigated	158	200	165	165
Average calendar days to resolve a complaint	378	382	360	360

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

Parents Commission on Drug Education & Prevention

Mission:

To fund programs that increase and enhance parental involvement, and increase education about the serious risks and public health problems caused by the abuse of alcohol and controlled substances.

Description:

The Arizona Parents Commission on Drug Education and Prevention was created by voter initiative in 1996.

It allocates funding for programs that will increase and enhance parental involvement and will increase education about the serious risks and public health problems caused by the abuse of alcohol and controlled substances.

Agency Summary - Appropriated Funds

Non-Appropriated Funds

	<i>FY 2011 Actual</i>	<i>FY 2012 Expend. Plan</i>	<i>FY 2012 Exec. Rec.</i>	<i>FY 2013 Exec. Rec.</i>
Drug Treatment and Education Fund	2,824.0	4,770.1	4,770.1	4,780.4
Agency - Nonapp. Funds	2,824.0	4,770.1	4,770.1	4,780.4
Agency Total - All Funds	2,824.0	4,770.1	4,770.1	4,780.4

Performance Measures

	<i>FY 2010 Actual</i>	<i>FY 2011 Actual</i>	<i>FY 2012 Expected</i>	<i>FY 2013 Expected</i>
Number of public education and awareness events sponsored by the Parents Commission.	76	879	900	900

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.

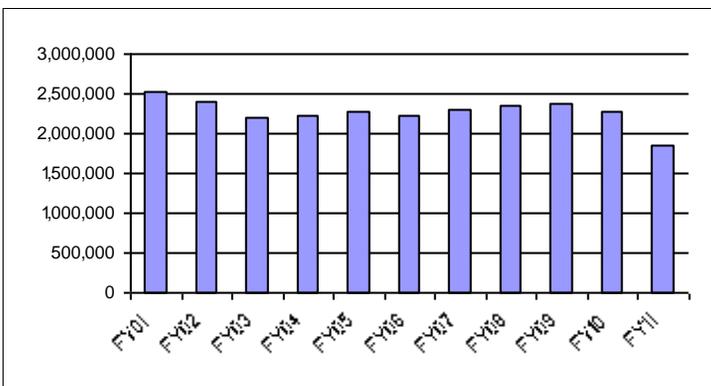
Description:

Arizona State Parks develops and manages 30 State parks and natural areas and provides safe and enjoyable facilities and programs for over 2.2 million visitors annually, 51% from out-of-state. There are 65,000 acres of park property, 1,300 campsites and 8 historic parks.

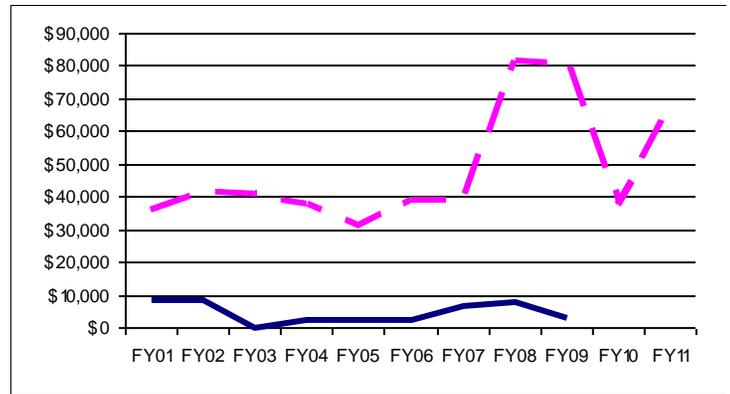
Other agency programs include the State Historic Preservation Office, which is responsible for the identification, evaluation and protection of Arizona's prehistoric and historic heritage resources and compliance with federal and state laws. The agency coordinates two recreational trails programs; motorized and non-motorized trail activities as well as administers the Off-Highway Vehicle (OHV) Program and OHV Recreation Fund. The agency distributes the Law Enforcement Boating Safety Fund grants to eligible county governments and manages the Growing Smarter State Trust Land Acquisition Grant program. The agency coordinates statewide resource planning, public involvement and educational opportunities through partnerships for public purposes. Arizona State Parks is comprised of the Director's Office and three divisions: Parks, Partnerships and Administration.

Arizona State Parks serves as an economic engine to the State of Arizona. Open parks support 3,300 jobs in communities. Total annual economic impact of Arizona State Parks is \$266 million with direct expenditures by visitors calculated at \$163 million. Federal, state and local tax generated by the 2.2 million visitors is \$44 million. Rural economies depend on open state parks.

Total Visitation



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Park Development and Operation	8,703.5	10,442.3	10,442.3	12,116.0
Partnerships and Grants	20,500.0	750.0	750.0	0.0
Administration	3,755.7	81.9	81.9	83.4
Agency - Approp. Funds	32,959.2	11,274.2	11,274.2	12,199.4
<i>Category</i>				
FTE	139.0	139.2	139.2	139.2
Personal Services	4,496.0	5,112.4	5,112.4	6,498.6
ERE Amount	2,179.4	2,442.9	2,442.9	2,775.4
Prof. And Outside Services	18.5	50.0	50.0	59.2
Travel - In State	1.4	17.2	17.2	17.2
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	500.0	750.0	750.0	0.0
Other Operating Expenses	1,746.9	2,789.4	2,789.4	2,790.0
Equipment	316.8	112.3	112.3	93.5
Transfers Out	23,700.2	0.0	0.0	(34.5)
Agency - Approp. Funds	32,959.2	11,274.2	11,274.2	12,199.4
<i>Appropriated Fund</i>				
General Fund	20,000.0	0.0	0.0	0.0
Reservation Surcharge	381.3	203.8	203.8	208.5
Revolving Fund				
Boating Safety Fund	3,611.2	2,183.8	2,183.8	30.9
State Parks Enhancement	8,949.2	8,886.6	8,886.6	11,960.0
Land Conservation Fund	17.5	0.0	0.0	0.0
Agency - Approp. Funds	32,959.2	11,274.2	11,274.2	12,199.4

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 Growing Smarter	20,000.0	0.0	0.0	0.0
---------------------	----------	-----	-----	-----

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
AZ Parks Board Heritage Fund	5,663.7	0.0	0.0	(606.8)
Federal Grant	2,003.0	4,357.1	4,357.1	4,393.6
Land Conservation Fund	44,221.6	40,050.0	40,050.0	40,899.2
Off-Highway Vehicle Recreation Fund	2,364.8	3,076.9	3,076.9	3,109.4
Partnership Fund	595.7	644.8	644.8	664.5

Non-Appropriated Funds

	FY 2011 <i>Actual</i>	FY 2012 <i>Expend. Plan</i>	FY 2012 <i>Exec. Rec.</i>	FY 2013 <i>Exec. Rec.</i>
Publications and Souvenir Revolving	365.5	319.8	319.8	324.3
State Lake Improvement	8,220.3	6,316.5	6,316.5	5,867.8
State Parks Donations	228.1	96.6	96.6	97.4
Agency - Nonapp. Funds	63,662.7	54,861.7	54,861.7	54,749.3
Agency Total - All Funds	96,621.9	66,135.9	66,135.9	66,948.7

Federal Funds Expenditures - as reported by Agency

	FY 2011 <i>Actual</i>	FY 2012 <i>Exp. Plan</i>	FY 2013 <i>Exp. Plan</i>
Agency Total	2,002.9	4,447.8	1,652.3

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

FY 2013

State Park Enhancement Fund, which is the main funding source for the State Parks Board. The Executive recommendation aligns with expected revenues and available balances.

State Parks Enhancement Fund 2,820.4

Elimination of Enhancement Fund FRAT 0.0

A large portion of Arizona parks are on land owned not by the State, but by the federal government (e.g., Bureau of Land Management or U.S. Forest Service). The State's agreement with the BLM and USFS requires all money earned through these parks to be reinvested in those parks and not used for other State purposes. For FY 2013, the Executive recommends that the \$2.0 million fund transfer from the State Park Enhancement Fund not be continued.

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 60.8

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Reservation Surcharge Revolving Fund 1.2
Boating Safety Fund 2.7
State Parks Enhancement Fund 56.9

Health Insurance Rate Reduction (72.6)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Reservation Surcharge Revolving Fund (2.0)
Boating Safety Fund (0.4)
State Parks Enhancement Fund (70.2)

Baseline Adjustments

Consolidation of Kartchner Caverns State Park Line Item 0.0

The Executive recommends consolidating the Kartchner Caverns special line item with the Board's lump sum appropriation.

Other Adjustments

Move Toward Re-Establishing Self Funding Stability 0.0

In recent years, the Board has received funding from multiple outside sources, including local governments and local law enforcement grants. The Executive recommendation for the Board focuses on fund sources that are intended for use by the parks. The FY 2013 recommendation maintains funding for the State parks at roughly the FY 2012 level.

Increase to Enhancement Fund Appropriation 2,820.4

The Executive recommends increasing the appropriation of the

Law Enforcement Boating Safety Fund (2,168.1)

To comply with Laws 2011, Chapter 333, which shifted control of the Law Enforcement Boating Safety Fund from the State Parks Board to the Treasurer's Office, the Executive recommends a (\$2.2 million) decrease in the Park's appropriation in FY 2013.

In FY 2012, part of the Fund was appropriated to the Parks Board for parks operations. Under the new law, the Treasurer will distribute grants from the Fund. The Executive recommendation aligns the use of the Fund with the new law.

Boating Safety Fund (2,168.1)

AG Pro-Rata Appropriation (34.5)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

Reservation Surcharge Revolving Fund (0.7)
Boating Safety Fund (1.5)
State Parks Enhancement Fund (32.3)

State Employee Pay Adjustment 319.2

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Reservation Surcharge Revolving Fund 6.2
Boating Safety Fund 14.4
State Parks Enhancement Fund 298.6

Performance Measures

	FY 2010 <i>Actual</i>	FY 2011 <i>Actual</i>	FY 2012 <i>Expected</i>	FY 2013 <i>Expected</i>
Number of new acres of open space and parkland space purchased by State Parks or facilitated through its grant programs	0.0	0.0	0.0	0.0

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

Personnel Board

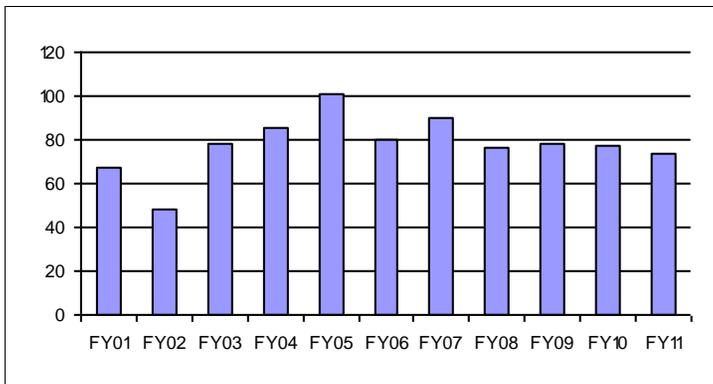
Mission:

To provide an efficient and impartial hearing process while carrying out the Board's statutory mandate to hear and review disciplinary appeals and whistleblower complaints filed by state employees, former state employees, and other individuals referenced in statute.

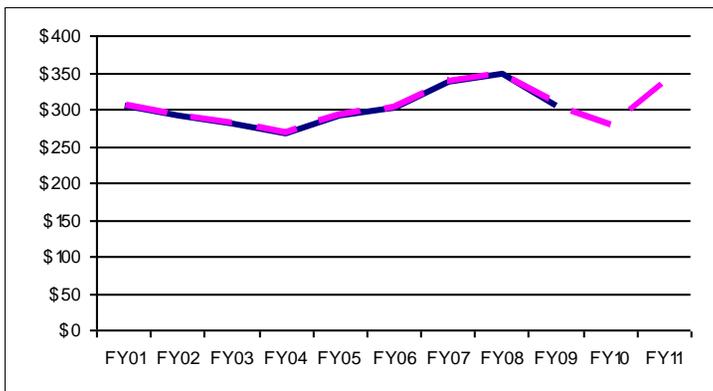
Description:

The Personnel Board is responsible for hearing and reviewing, via an administrative hearing process, appeals filed by state employees who have been dismissed from state service, suspended for more than 40 working hours, or demoted resulting from disciplinary action. The Board also hears and reviews complaints filed under the whistleblower statute. Under the direction of the presiding hearing officer, the proceedings are conducted on an informal basis through the taking of direct testimony, the cross examination of witnesses, and the admission of evidence. A record of the proceedings is taken and made available, upon request, to hearing officers, board members, and parties to the appeal. The hearing officer determines the facts based on the evidence presented and makes a recommendation regarding discipline to the Board. Board members are subsequently provided with case information so they may determine proper discipline.

Number of Appeals/Complaints Filed



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Personnel Board	337.6	365.2	365.2	374.5

Appeals/Complaints	337.6	365.2	365.2	374.5
Agency - Approp. Funds	337.6	365.2	365.2	374.5
<i>Category</i>				
FTE	3.0	3.0	3.0	3.0
Personal Services	96.6	100.5	100.5	105.5
ERE Amount	30.3	43.9	43.9	43.8
Prof. And Outside Services	165.7	186.4	186.4	186.4
Travel - In State	1.6	2.4	2.4	2.4
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	43.3	31.8	31.8	36.9
Equipment	0.1	0.2	0.2	0.2
Transfers Out	0.0	0.0	0.0	(0.7)
Agency - Approp. Funds	337.6	365.2	365.2	374.5
<i>Appropriated Fund</i>				
Personnel Division Fund	337.6	365.2	365.2	374.5
Agency - Approp. Funds	337.6	365.2	365.2	374.5

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 0.4

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Personnel Division Fund 0.4

Rent Standard Adjustment 5.1

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

Personnel Division Fund 5.1

Health Insurance Rate Reduction (1.5)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Personnel Division Fund (1.5)

Other Adjustments

AG Pro-Rata Appropriation (0.7)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

Personnel Division Fund (0.7)

State Employee Pay Adjustment 6.0

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Personnel Division Fund 6.0

Performance Measures

	FY 2010 <u>Actual</u>	FY 2011 <u>Actual</u>	FY 2012 <u>Expected</u>	FY 2013 <u>Expected</u>
Number of appeals/complaints filed	77	74	85	85
Average days from receipt of an appeal/complaint until the Board issues a final order	214	145	115	115
Average cost of an appeal/complaint (dollars)	820	1,000	1,300	1,300
Percent of customers rating overall hearing process as good to excellent	100	100	100	100

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

Office of Pest Management

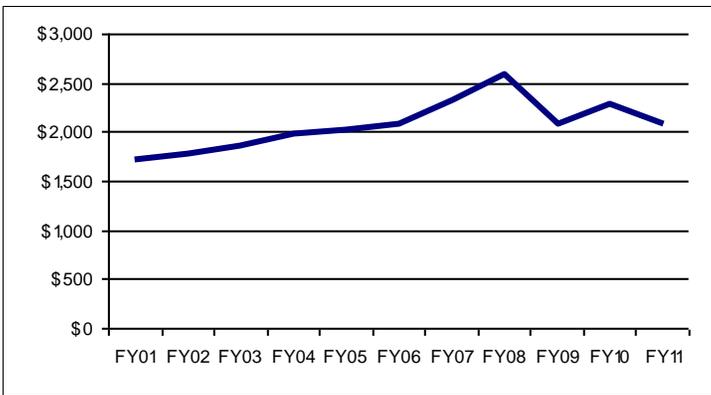
Mission:

To advocate and promote, through education, training and enforcement, the safe application of pest control technologies, which will result in the maximization of the health and safety of the residents of Arizona, and the protection of their property and the environment.

Description:

The Office of Pest Management 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.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	1,656.8	2,700.4	2,000.4	2,063.5
Agency - Approp. Funds	1,656.8	2,700.4	2,000.4	2,063.5
<i>Category</i>				
FTE	40.0	40.0	40.0	30.0
Personal Services	1,051.2	888.4	888.4	792.6
ERE Amount	485.7	432.1	432.1	302.2
Prof. And Outside Services	13.4	79.9	79.9	79.9
Travel - In State	29.8	15.0	15.0	15.0
Travel - Out of State	0.7	0.0	0.0	0.0
Food	7.6	1,110.8	410.8	700.4
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	68.4	146.8	146.8	146.0
Equipment	0.0	27.4	27.4	27.4
Agency - Approp. Funds	1,656.8	2,700.4	2,000.4	2,063.5
<i>Appropriated Fund</i>				
Structural Pest Control	1,656.8	2,700.4	2,000.4	2,063.5
Agency - Approp. Funds	1,656.8	2,700.4	2,000.4	2,063.5

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Federal Grant	81.7	109.5	143.0	110.8
Service Fees Increase Fund	341.8	0.0	0.0	0.0

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Agency - Nonapp. Funds	423.5	109.5	143.0	110.8
Agency Total - All Funds	2,080.3	2,809.9	2,143.4	2,174.2

Federal Funds Expenditures - as reported by Agency

	FY 2011 Actual	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	81.7	109.5	109.5

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

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 3.4

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Structural Pest Control Fund 3.4

Rent Standard Adjustment (0.8)

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

Structural Pest Control Fund (0.8)

Health Insurance Rate Reduction (14.6)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Structural Pest Control Fund (14.6)

Other Adjustments

Pest Management Fund Realignment (678.8)

For FY 2013 the Executive recommends a (\$678,800) reduction from the Structural Pest Control Fund to align its appropriation with expected revenues and expenditures.

Structural Pest Control Fund (678.8)

State Employee Pay Adjustment 53.9

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Structural Pest Control Fund 53.9

FY 2012 Supplemental Recommendations

FY 2012

Pest Management Fund Realignment (700.0)

For FY 2012 the Executive recommends a (\$700,000) reduction from the Structural Pest Control Fund to align its appropriation with current revenues and expenditures.

FY 2012
(700.0)

Structural Pest Control Fund

Performance Measures

	FY 2010	FY 2011	FY 2012	FY 2013
	<u>Actual</u>	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>
Total inspections conducted (use and non-use).	4,008	3,706	2,000	2,000
Total of all licenses issued.	9,745	9,925	9,500	9,500
Total consumer and agency generated complaints.	128	76	80	80
Average calendar days from receipt of complaint to resolution	180	212	200	190

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

Arizona State Board of Pharmacy

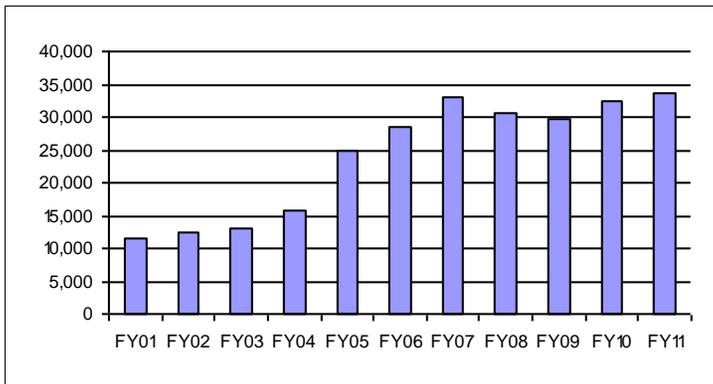
Mission:

To protect the health, safety and welfare of the citizens of Arizona by regulating the practice of pharmacy and the distribution, sale and storage of prescription medications and devices and non-prescription medications.

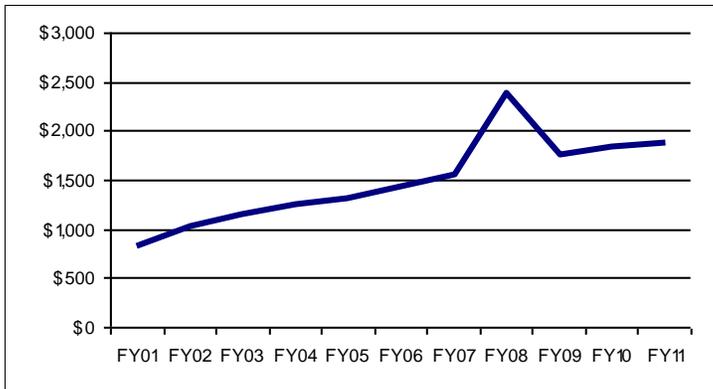
Description:

The Board of Pharmacy has four primary functions. The first is to issue licenses to pharmacists, pharmacy interns and pharmacy technicians. Additionally, it is responsible for issuing permits to pharmacies, manufacturers, wholesalers and distributors. The Board also conducts compliance inspections of permitted facilities, and investigates complaints and adjudicates violations of applicable state and federal laws and rules. Lastly, the Board promulgates and reviews state rules and regulations in regard to the industry.

Number of Licensees



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	1,649.9	1,918.1	1,918.1	2,007.9
Agency - Approp. Funds	1,649.9	1,918.1	1,918.1	2,007.9

Category

Category	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
FTE	18.0	18.0	18.0	18.0
Personal Services	920.1	921.8	921.8	967.9
ERE Amount	309.0	315.2	315.2	319.6
Prof. And Outside Services	61.3	71.0	71.0	71.0
Travel - In State	39.5	22.0	22.0	22.0

Travel - Out of State	1.0	1.0	1.0	1.0
Aid to Others	92.6	92.6	92.6	92.6
Other Operating Expenses	205.7	222.5	222.5	261.8
Equipment	20.7	22.0	22.0	22.0
Transfers Out	0.0	250.0	250.0	250.0
Agency - Approp. Funds	1,649.9	1,918.1	1,918.1	2,007.9

Appropriated Fund

Pharmacy Board	1,649.9	1,918.1	1,918.1	2,007.9
Agency - Approp. Funds	1,649.9	1,918.1	1,918.1	2,007.9

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Controlled Substance Prescription Monitoring Program	232.9	155.6	155.6	155.6
Federal Grant	3.4	0.0	2.7	2.0
Pharmacy Board Fund	350.0	220.0	220.0	220.0
Agency - Nonapp. Funds	586.3	375.6	378.3	377.6

Agency Total - All Funds	2,236.2	2,293.7	2,296.4	2,385.5
---------------------------------	----------------	----------------	----------------	----------------

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 3.5

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Pharmacy Board Fund 3.5

Rent Standard Adjustment 39.3

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

Pharmacy Board Fund 39.3

Health Insurance Rate Reduction (9.0)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Pharmacy Board Fund (9.0)

Other Adjustments

State Employee Pay Adjustment 56.0

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Pharmacy Board Fund 56.0

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Total number of inspections conducted	1871	3,081	3,500	3,500

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

Board of Physical Therapy Examiners

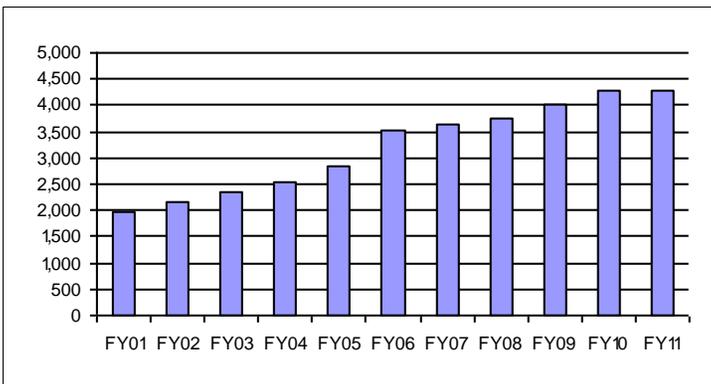
Mission:

To process applications for licensure as a physical therapist and certification as a physical therapist assistant, and to enforce the statutory provisions of the Arizona Physical Therapy Practice Act for purposes of protecting the health, safety and welfare of the public from the incompetent, unethical and/or illegal practice of physical therapy.

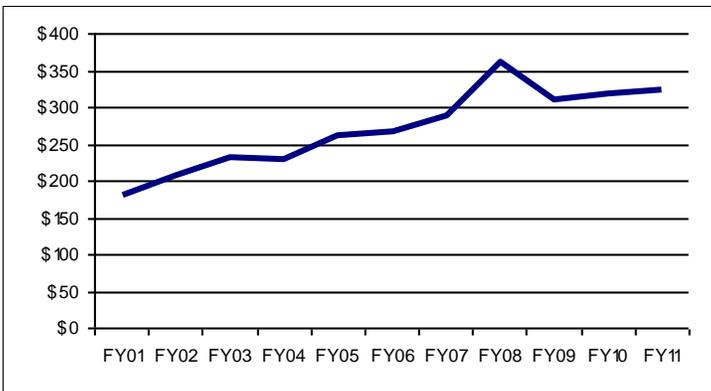
Description:

The State Board of Physical Therapy licenses qualified physical therapists (PTs), certifies qualified physical therapist assistants (PTAs), registers physical therapy business entities, investigates and adjudicates complaints, assesses continuing competence, and enforces the standards of practice for the physical therapy profession. The Board regulates approximately 4,500 professionals licensed and certified to practice in the State. In addition, as of September 2011, the Board will regulate business entities that provide physical therapy services. The Board serves all citizens of and visitors to the state who receive physical therapy care by an Arizona licensed physical therapist or a certified physical therapist assistant.

Number of Renewed Licenses



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	331.6	364.1	364.1	371.7
Agency - Approp. Funds	331.6	364.1	364.1	371.7

Category

FTE	3.5	3.5	3.5	3.5
Personal Services	156.0	161.9	161.9	170.0
ERE Amount	70.5	78.3	78.3	77.8
Prof. And Outside Services	43.5	49.5	49.5	49.5
Travel - In State	3.4	5.5	5.5	5.5
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	44.9	53.4	53.4	53.4
Equipment	5.1	2.4	2.4	2.4
Transfers Out	7.2	13.1	13.1	13.1
Agency - Approp. Funds	331.6	364.1	364.1	371.7
<i>Appropriated Fund</i>				
Physical Therapy Fund	331.6	364.1	364.1	371.7
Agency - Approp. Funds	331.6	364.1	364.1	371.7

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 0.6

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Physical Therapy Fund 0.6

Health Insurance Rate Reduction (2.9)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Physical Therapy Fund (2.9)

Other Adjustments

State Employee Pay Adjustment 9.9

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Physical Therapy Fund 9.9

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Total number of complaints received	45	69	60	70
➤ Total number of complaints received.				
Number of new licenses or certificates issued	402	348	330	330
Number of licenses/certificates renewed	20	4290	0	4400
➤ FY 2012 estimate reflects that renewals will not begin until FY 2013 begins.				

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

Arizona Pioneers' Home

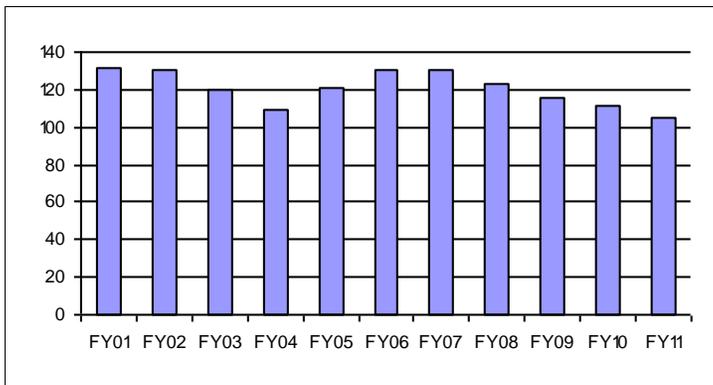
Mission:

To provide a home for Arizona pioneers and disabled miners that delivers the optimal physical, emotional, and spiritual care in a homelike and compassionate environment. Quality of care is provided in a professional manner, protecting dignity and honoring the personal directives of each resident in life as well as death while considering the uniqueness of each individual.

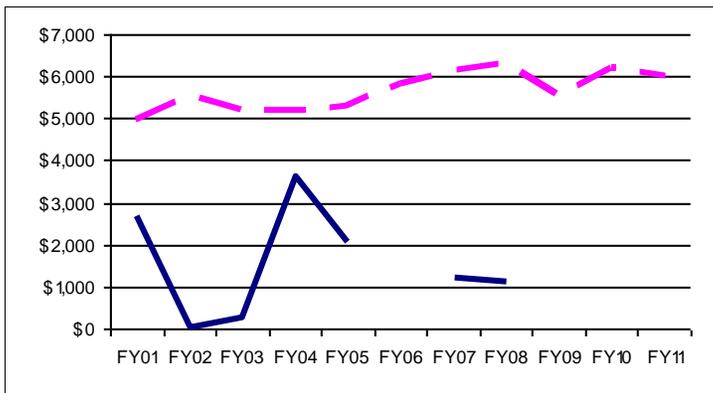
Description:

The Arizona Pioneers' Home was established in 1909 by the Territorial government of Arizona as a home for the aged and infirm to repay the faithful and longtime Arizona residents who helped pioneer and build the state. It opened its doors in 1911. In 1929, the scope of the home was broadened to also be Arizona's hospital for disabled miners. The Arizona Pioneers' Home is a continuing care retirement home presently serving 108 Arizona pioneers and disabled miners. The Pioneers' Home employees provide direct nursing care, food service, activities, social services, housekeeping, laundry, maintenance, business and administrative services and support to the residents, and strive to meet state and federal nursing facility standards through modeling best practices. The Home is surveyed each year by the Arizona Department of Health Service's Office of Long Term Care.

Average number of residents



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Arizona Pioneers' Home	5,984.0	6,172.7	6,172.7	6,335.2

Agency - Approp. Funds	5,984.0	6,172.7	6,172.7	6,335.2
<i>Category</i>				
FTE	115.8	115.8	115.8	115.8
Personal Services	3,166.8	3,316.8	3,316.8	3,482.7
ERE Amount	1,777.4	1,857.4	1,857.4	1,851.3
Prof. And Outside Services	101.5	105.2	105.2	105.2
Travel - In State	26.2	26.2	26.2	26.2
Travel - Out of State	0.0	0.0	0.0	0.0
Food	195.6	187.6	187.6	187.6
Aid to Others	0.1	0.0	0.0	0.0
Other Operating Expenses	661.8	651.6	651.6	651.6
Equipment	54.6	27.9	27.9	53.0
Transfers Out	0.0	0.0	0.0	(22.4)

Agency - Approp. Funds	5,984.0	6,172.7	6,172.7	6,335.2
<i>Appropriated Fund</i>				
General Fund	1,567.3	1,603.6	1,603.6	949.1
Pioneers' Home State Charitable Earnings	1,890.6	2,825.9	2,825.9	3,863.0
Pioneers' Home Miners' Hospital	2,526.1	1,743.2	1,743.2	1,523.1

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	126.9	200.0	200.0	200.0
------------------------	-------	-------	-------	-------

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
AZ Pioneers' Home - Mine Fund	3.7	55.0	1.4	1.4
Employee Recognition Fund	5.7	5.7	5.7	5.7
Agency - Nonapp. Funds	9.4	60.7	7.1	7.1
Agency Total - All Funds	5,993.4	6,233.4	6,179.8	6,342.3

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 12.6

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund	6.1
Pioneers' Home State Charitable Earnings Fund	5.0
Pioneers' Home Miners' Hospital Fund	1.5

Health Insurance Rate Reduction (60.5)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund	(19.3)
Pioneers' Home State Charitable Earnings Fund	(40.2)
Pioneers' Home Miners' Hospital Fund	(1.0)

Other Adjustments

Operating Funds 0.0

The operating budget for the Pioneers' Home depends primarily on two funds: the State Charitable Trust Fund and the Miners' Hospital Fund. Historically, when the two funds have not received enough revenue to cover the Pioneers' Home's operating costs, the General Fund has made up the difference.

Current revenue projections of the State Charitable Trust Fund are high enough that the Executive recommends increasing its appropriation and decreasing the General Fund and Miners' Hospital Fund appropriations.

General Fund	(730.9)
Pioneers' Home State Charitable Earnings Fund	974.1
Pioneers' Home Miners' Hospital Fund	(243.2)

Equipment Needs 25.1

The Executive recommends a one-time increase for the State Charitable Trust Fund to replace obsolete equipment, such as high-low beds and a patient powered lift, to improve patient care and comfort.

Pioneers' Home State Charitable Earnings Fund	25.1
---	------

AG Pro-Rata Appropriation (22.4)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

General Fund	(10.8)
Pioneers' Home State Charitable Earnings Fund	(8.8)
Pioneers' Home Miners' Hospital Fund	(2.7)

State Employee Pay Adjustment 207.7

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund	100.4
Pioneers' Home State Charitable Earnings Fund	82.0
Pioneers' Home Miners' Hospital Fund	25.3

Performance Measures

	FY 2010 <u>Actual</u>	FY 2011 <u>Actual</u>	FY 2012 <u>Expected</u>	FY 2013 <u>Expected</u>
Residents rating of good or excellent (percent)	97	99	98	98
Average census	111	105	110	115
Number of citations from inspections	10	0	6	4
Monthly cost per resident (in dollars)	4,585	4633.3	4,693.3	4,753.3

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

State Board of Podiatry Examiners

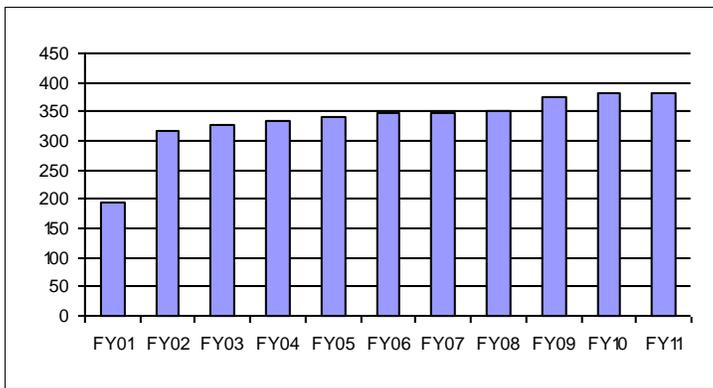
Mission:

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

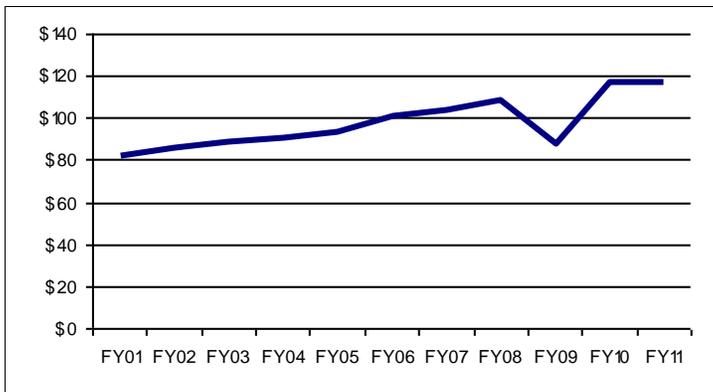
Description:

The Board licenses and regulates doctors of podiatric medicine who specialize in the diagnosis and treatment of the foot, ankle, and lower leg. The Board evaluates the professional competency of podiatrists seeking to be licensed in the State of Arizona. Further, the Board promotes continued competency and fitness by investigating complaints made against practitioners, holding hearings, monitoring the activities of its licensees, and enforcing the standards of practice for the podiatric profession as set forth by law.

Number of Licensees



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	118.2	142.6	142.6	147.3
Agency - Approp. Funds	118.2	142.6	142.6	147.3

Category

FTE	1.0	1.0	1.0	1.0
Personal Services	61.7	64.9	64.9	68.1
ERE Amount	18.8	20.8	20.8	21.3
Prof. And Outside Services	22.3	42.3	42.3	42.3
Travel - In State	1.3	2.9	2.9	2.9
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	9.9	10.6	10.6	11.6
Equipment	3.1	1.1	1.1	1.1
Transfers Out	1.1	0.0	0.0	0.0
Agency - Approp. Funds	118.2	142.6	142.6	147.3

Appropriated Fund

Podiatry Examiners Board	118.2	142.6	142.6	147.3
Agency - Approp. Funds	118.2	142.6	142.6	147.3

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 0.2

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Podiatry Examiners Board Fund 0.2

Rent Standard Adjustment 1.0

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

Podiatry Examiners Board Fund 1.0

Health Insurance Rate Reduction (0.4)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Podiatry Examiners Board Fund (0.4)

Other Adjustments

State Employee Pay Adjustment 3.9

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Podiatry Examiners Board Fund 3.9

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Number of complaints received	40	37	45	45
Number of investigations concluded	23	21	40	40
Number of licensees	382	381	385	385

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

Commission for Postsecondary Education

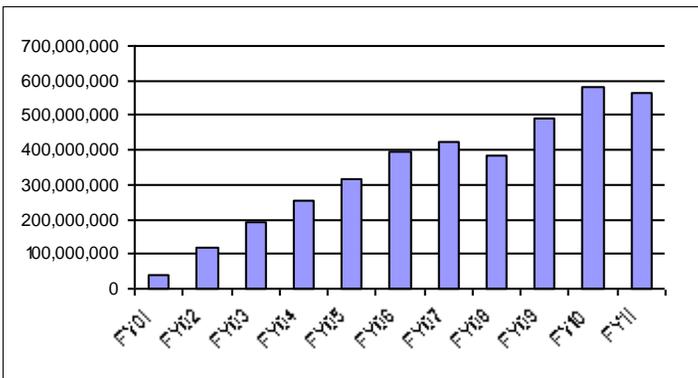
Mission:

To expand access and increase success in postsecondary education for Arizona citizens.

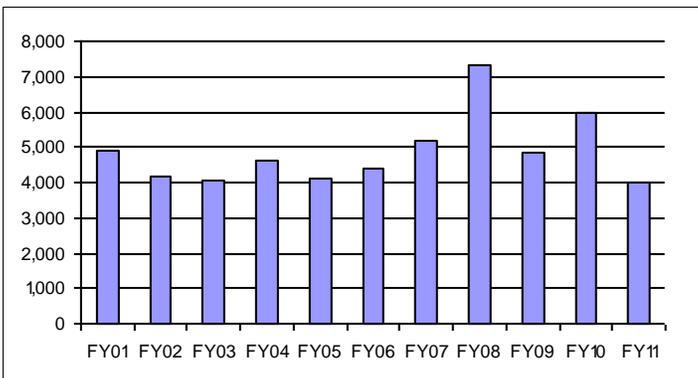
Description:

The Arizona Commission for Postsecondary Education (ACPE), is comprised of 16 Commissioners representing all sectors of postsecondary education including public universities, private universities, proprietary degree-granting institutions, independent colleges, career schools, and public community colleges. The Commission provides a forum for all sectors of higher education to dialogue, partner, and resolve issues of mutual interest. ACPE administers the Arizona Family College Savings Program, and provides information to students and families to plan for, transition into, and succeed in postsecondary education through a variety of educational programs and publications.

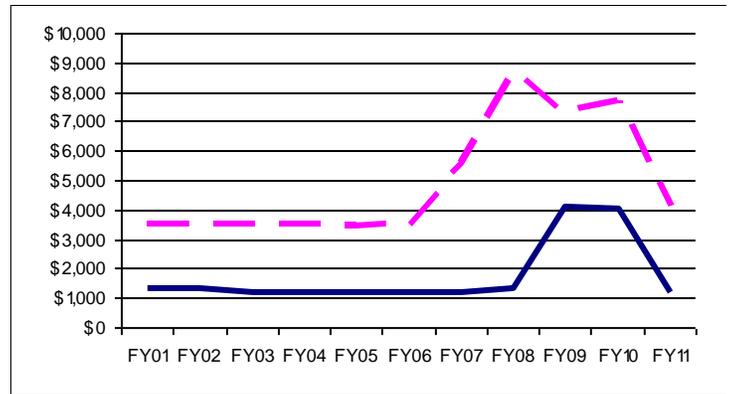
Total 529-Plan Assets Under Management



Total Number of Scholarships, Grants, Loans



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Postsecondary Commission	4,097.2	5,237.9	3,037.6	12,993.7
Agency - Approp. Funds	4,097.2	5,237.9	3,037.6	12,993.7

Category	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
FTE	5.0	5.0	5.0	6.5
Personal Services	126.5	145.5	134.5	241.8
ERE Amount	55.9	66.4	60.7	93.7
Prof. And Outside Services	27.7	182.8	182.8	192.8
Travel - In State	1.0	1.1	1.0	1.0
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	2,300.2	2,335.8	2,335.8	12,185.8
Other Operating Expenses	18.4	113.1	97.2	103.6
Equipment	0.0	0.0	0.0	0.0
Debt Service	0.0	2,151.5	0.0	0.0
Transfers Out	1,567.5	241.7	225.6	175.0
Agency - Approp. Funds	4,097.2	5,237.9	3,037.6	12,993.7

Appropriated Fund	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
General Fund	1,220.8	1,396.8	1,396.8	11,396.8
Postsecondary Education Fund	2,876.4	3,841.1	1,640.8	1,596.9
Agency - Approp. Funds	4,097.2	5,237.9	3,037.6	12,993.7

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 Family College Savings Program	153.0	148.6	49.6	0.0
SLI Minority Education Policy Analysis Center	13.5	99.9	99.9	100.3
SLI College and Career Guide	0.1	21.2	21.2	21.3
SLI College Goal Sunday (Twelve Plus Partnership)	28.7	130.5	130.5	130.8
SLI Leveraging Educational Assistance Partnership (LEAP)	3,613.0	4,264.5	2,319.5	2,319.5

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Early Graduation Scholarship Fund	75.2	77.3	77.3	77.8
Family College Savings Program Trust Fund	149.6	351.5	351.5	361.2

Non-Appropriated Funds

FY 2013

	FY 2011 <i>Actual</i>	FY 2012 <i>Expend. Plan</i>	FY 2012 <i>Exec. Rec.</i>	FY 2013 <i>Exec. Rec.</i>
Federal Grant	125.2	1,200.0	1,200.0	1,202.0
Mathematics, Science and Special Education Teacher Student Loan Fund	0.0	498.4	476.8	177.8
Postsecondary Education Fund	0.0	52.7	52.7	53.5
Postsecondary Education Grant Program	0.0	2.0	2.0	2.0
Postsecondary Education Voucher Fund	7.0	2.0	2.0	2.0
Agency - Nonapp. Funds	356.9	2,183.9	2,162.3	1,876.2
Agency Total - All Funds	4,454.1	7,421.8	5,199.9	14,869.9

Federal Funds Expenditures - as reported by Agency

	FY 2011 <i>Actual</i>	FY 2012 <i>Exp. Plan</i>	FY 2013 <i>Exp. Plan</i>
Agency Total	1,350.5	1,200.0	1,200.0

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

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Health Insurance Rate Reduction (2.6)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Postsecondary Education Fund (2.6)

Retirement Standard Adjustment 0.6

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Postsecondary Education Fund 0.6

Baseline Adjustments

Lost Federal Funds (2,101.3)

The Executive recommends reducing the Commission's appropriation from the Postsecondary Education Fund due to a reduction in revenue estimates. By far, the largest loss in revenues was the loss of federal Leveraging Education Assistance Partnerships (LEAP) funding in FY 2011. While the Commission has since created a new LEAP program with the State's appropriation and matching institutional funds, the loss of federal funding resulted in a loss of 1,100 grants (approximately 30%) to Arizona students.

Postsecondary Education Fund (2,101.3)

Family College Savings Program Trust Fund (148.6)

Since FY 2011, all of the provider fees and administrative costs of the Family College Savings Program have been transitioned from

the Postsecondary Education Fund to the Family College Savings Program Trust Fund. In FY 2012, all remaining applicable FY 2011 revenues were transferred to the Family College Savings Program Trust Fund, and the Executive recommends eliminating the special line item appropriation for this program.

Postsecondary Education Fund (148.6)

Other Adjustments

SMART Scholarships for Community College Students 10,000.0

While the Arizona economy is recovering and creating more jobs, the job skills of thousands of Arizonans are poorly matched with the needs of potential employers. As a result, many Arizona companies are hiring workers from out-of-state while thousands of Arizonans remain unemployed or underemployed.

To help address this issue, the Executive recommends \$10.0 million to the Commission for Postsecondary Education for SMART scholarships for Arizona community college students. SMART (Skills Maximization and Alignment through Retraining and Transitioning) scholarships are designed to allow Arizonans with work experience to retrain and transition into needed fields by completing a program or certification at a community college.

To qualify, students must be enrolled in one of the top 20 community college programs that the Local Workforce Investment Board has determined best meet local workforce needs. In addition, students must show they have at least two years of full-time work experience and qualify for need-based financial aid. (For veterans, the need-based aid requirement is waived.) SMART scholarships will pay the cost of tuition up to \$2,000 per year for up to two years.

The Commission may use up to 1.5% of the appropriation, or \$150,000, to pay for the program's operational costs.

General Fund 10,000.0

AG Pro-Rata Appropriation (1.0)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

Postsecondary Education Fund (1.0)

State Employee Pay Adjustment 8.8

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Postsecondary Education Fund 8.8

FY 2012 Supplemental Recommendations

FY 2012

Lost Federal Funds (2,101.3)

FY 2012

The Executive recommends reducing the Commission's appropriation from the Postsecondary Education Fund due to a reduction in revenue estimates. By far, the largest loss in revenues was the loss of federal Leveraging Education Assistance Partnerships (LEAP) funding in FY 2011. While the Commission has since created a new LEAP program with the State's appropriation and matching institutional funds, the loss of federal funding resulted in a loss of 1,100 grants (approximately 30%) to Arizona students.

Postsecondary Education Fund (2,101.3)

Family College Savings Program Trust Fund (99.0)

Since FY 2011, all of the provider fees and administrative costs of the Family College Savings Program have been transitioned from the Postsecondary Education Fund to the Family College Savings Program Trust Fund. In FY 2012, all remaining applicable FY 2011 revenues were transferred to the Family College Savings Program Trust Fund. The Executive recommends reducing the Family College Savings Program's appropriation from \$148,600 to \$49,600 to reflect the amount of the actual transfer.

Postsecondary Education Fund (99.0)

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Number of LEAP student awardees	3,043	3,339	2,800	2,800
Percent of good or excellent service via evaluation surveys	89	89	90	90
Number of Arizona Education Loan Program student borrowers	219,005	N/A	N/A	N/A
Number of Postsecondary Education Financial Assistance Program student awards	161	0	0	0
Number of Arizona Family College Savings Program accounts	55,000	60,540	63,000	66,000
Number of Arizona College & Career Guides distributed	12,000	0	15,000	15,000
Attendees at College Goal Sunday	3,437	2,038	3,000	3,000

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

Power Authority

Mission:

To responsibly administrate the Hoover Power allocation to the State of Arizona. In fulfilling this responsibility, the Power Authority strives to be an active leader in managing electric resources in a safe and environmentally prudent manner, and to provide active representation on behalf of the State of Arizona at federal, state, and local forums on issues that impact the public power community as a whole and issues that specifically involve Arizona and the Authority's power resources.

Description:

The Arizona Power Authority (APA) manages Arizona's allocation of hydroelectric power from the Hoover Dam for the overall benefit of the State. The APA cooperates with federal, state, and non-governmental agencies to address regulatory, environmental, and other matters that impact electric power and water uses of the Colorado river. In addition, the APA serves as an information resource for its customers on topics that impact their electric resources and the utilization of these resources. The Authority may also pursue generation and/or transmission projects that are within the APA's legislative mandate and are in the best interest of the State of Arizona.

Agency Summary - Appropriated Funds

Non-Appropriated Funds

	<i>FY 2011 Actual</i>	<i>FY 2012 Expend. Plan</i>	<i>FY 2012 Exec. Rec.</i>	<i>FY 2013 Exec. Rec.</i>
APA - General Fund	4,320.4	4,201.3	4,201.3	4,201.3
Fund Deposits	33,182.4	34,942.5	34,942.5	34,931.7
Interest Income	18.8	21.8	21.8	21.8
Agency - Nonapp. Funds	37,521.6	39,165.6	39,165.6	39,154.8
Agency Total - All Funds	37,521.6	39,165.6	39,165.6	39,154.8

State Board for Private Postsecondary Education

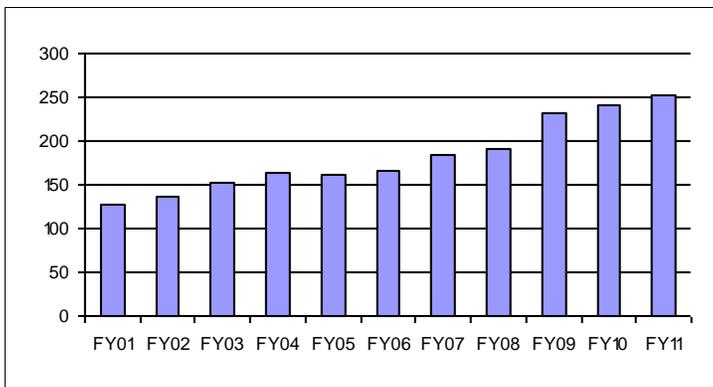
Mission:

To protect the health, safety, and welfare of the public by regulating private postsecondary educational institutions and providing services to their students.

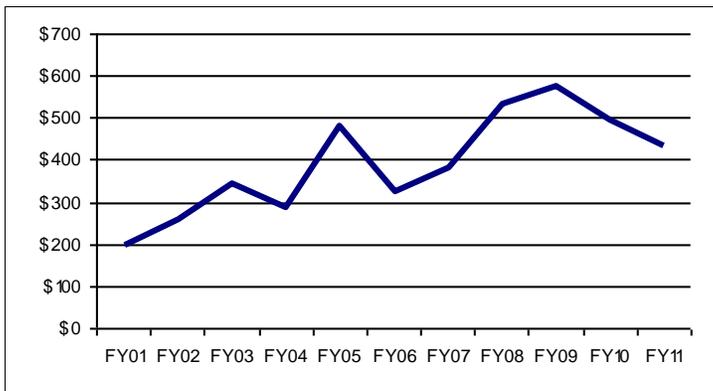
Description:

The Board licenses and regulates 252 private postsecondary educational institutions who serve approximately 780,000 students annually. The Board determines compliance, investigates complaints and violations, and takes disciplinary action. The Board also administers the Student Tuition Recovery Fund, which provides financial restitution to students injured by private postsecondary institutional closures and provides students access to their educational records.

Institutions Licensed



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	318.4	326.6	326.6	338.8
Agency - Approp. Funds	318.4	326.6	326.6	338.8
Category				
FTE	4.0	4.0	4.0	4.0
Personal Services	176.5	184.5	184.5	193.7
ERE Amount	80.8	69.6	69.6	69.2
Prof. And Outside Services	17.4	27.4	27.4	27.4
Travel - In State	0.3	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	42.9	37.3	37.3	40.7
Equipment	0.5	5.8	5.8	5.8
Agency - Approp. Funds	318.4	326.6	326.6	338.8

Appropriated Fund

Private Postsecondary Education	318.4	326.6	326.6	338.8
Agency - Approp. Funds	318.4	326.6	326.6	338.8

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Student Tuition Recovery	89.4	92.5	98.0	100.8
Agency - Nonapp. Funds	89.4	92.5	98.0	100.8
Agency Total - All Funds	407.8	419.1	424.6	439.6

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 0.7

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Private Postsecondary Education Fund 0.7

Rent Standard Adjustment 3.4

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

Private Postsecondary Education Fund 3.4

Health Insurance Rate Reduction (3.1)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Private Postsecondary Education Fund (3.1)

Other Adjustments

State Employee Pay Adjustment 11.2

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Private Postsecondary Education Fund 11.2

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Average number of calendar days to pay claims	60	58	60	60
Customer Satisfaction Survey (scale of 1-8)	8.	7.5	7.9	7.9
Number of non-student complaints investigated	9	11	15	15
Total number of institutions licensed	242	252	236	246
Total number of renewal licenses approved	230	223	226	236

Performance Measures

	FY 2010	FY 2011	FY 2012	FY 2013
	<u>Actual</u>	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>
Number of annual inspections conducted	22	25	25	25
Number of students enrolled	593,926	779,042	880,000	990,000
Number of annual student complaints investigated	12	12	15	15

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

State Board of Psychologist Examiners

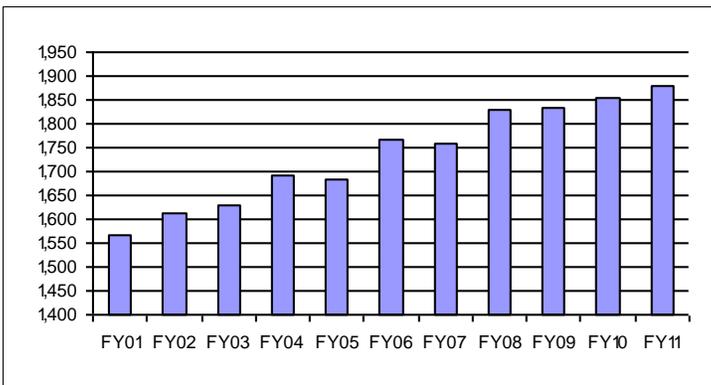
Mission:

To protect the health, safety, and welfare of Arizona citizens by regulating the professions of psychology and behavior analysis.

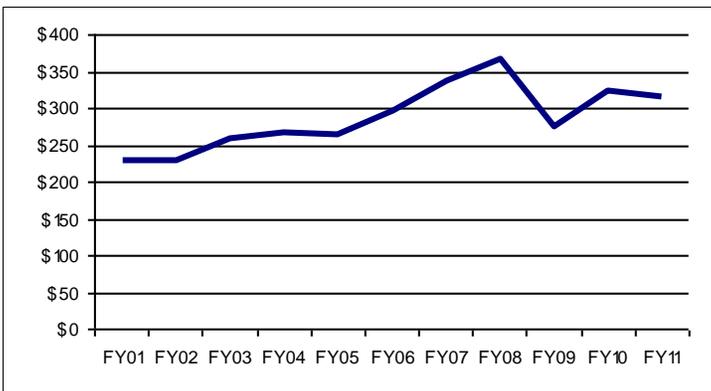
Description:

The State Board of Psychologist Examiners licenses and regulates professionals to practice in the fields of psychology and behavior analysis. The Board accepts complaints against licensees, investigates allegations, and administratively adjudicates complaints. The Board serves psychologists and behavior analysts licensed to practice in the State, as well as all Arizona citizens who receive these professional services.

Number of Licensees



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	290.8	312.2	312.2	324.4
Behavior Analyst	25.0	31.8	31.8	32.8
Agency - Approp. Funds	315.8	344.0	344.0	357.2

Category

FTE	4.0	4.0	4.0	4.0
Personal Services	170.1	180.1	180.1	189.1
ERE Amount	72.1	73.1	73.1	73.4
Prof. And Outside Services	23.8	34.0	34.0	34.0
Travel - In State	3.2	4.5	4.5	4.5
Travel - Out of State	0.3	6.0	6.0	6.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	43.7	40.6	40.6	44.5

Equipment	2.6	5.7	5.7	5.7
Agency - Approp. Funds	315.8	344.0	344.0	357.2
<i>Appropriated Fund</i>				
Psychologist Examiners Board	315.8	344.0	344.0	357.2
Agency - Approp. Funds	315.8	344.0	344.0	357.2

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 0.7

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Psychologist Examiners Board Fund 0.7

Rent Standard Adjustment 3.9

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

Psychologist Examiners Board Fund 3.9

Health Insurance Rate Reduction (2.4)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Psychologist Examiners Board Fund (2.4)

Other Adjustments

State Employee Pay Adjustment 11.0

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Psychologist Examiners Board Fund 11.0

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Number of licensees (active/inactive)	1856	1835	1875	1850
Number of investigations	44	39	39	39
Customer satisfaction rating (scale 1-8)	7.1	7.5	7.5	7.5

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

Department of Public Safety

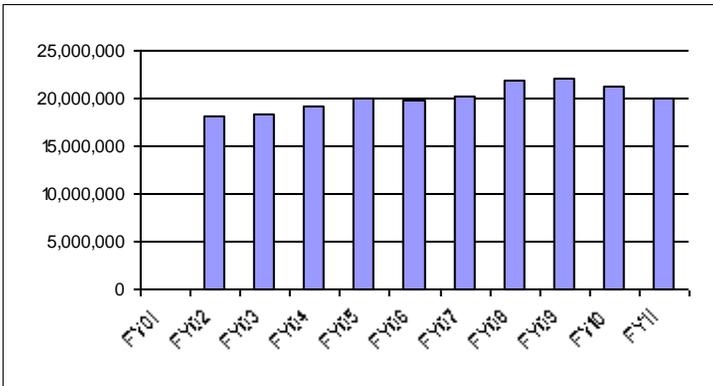
Mission:

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.

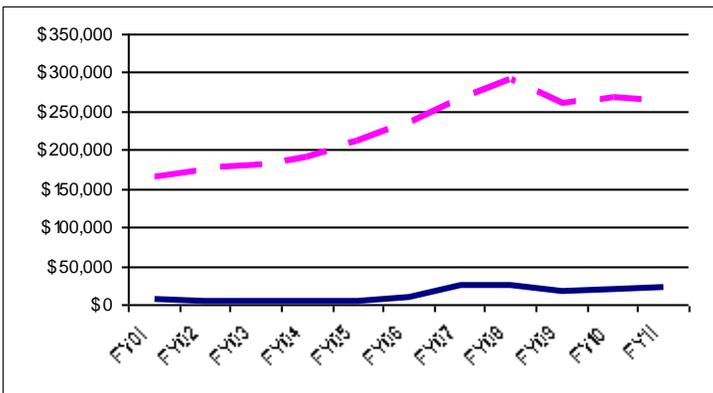
Description:

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.

Highway Miles Patrolled



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Director's Office	14,840.1	15,520.3	15,563.3	16,355.3
Highway Patrol	94,458.6	95,695.4	96,167.8	107,170.1
Criminal Investigations	38,338.0	44,333.9	44,506.9	47,659.4
Technical Services	58,658.4	60,629.5	60,718.9	64,252.8
Agency - Approp. Funds	206,295.1	216,179.1	216,956.9	235,437.6

Category

FTE	2,074.8	2,139.8	2,139.8	2,145.8
Personal Services	101,098.5	104,675.9	104,675.9	110,678.8
ERE Amount	52,906.1	59,070.3	59,848.1	69,616.5
Prof. And Outside Services	2,551.6	1,404.5	1,404.5	1,404.5
Travel - In State	258.7	651.8	651.8	651.8
Travel - Out of State	159.4	210.6	210.6	210.6
Aid to Others	2,767.6	7,113.8	7,113.8	7,113.8
Other Operating Expenses	30,027.8	33,087.1	33,087.1	33,527.5
Equipment	8,058.4	5,577.5	5,577.5	8,553.1
Capital Outlay	349.6	0.0	0.0	0.0
Cost Allocation	0.1	0.0	0.0	0.0
Transfers Out	8,117.3	4,387.6	4,387.6	3,681.0
Agency - Approp. Funds	206,295.1	216,179.1	216,956.9	235,437.6

Appropriated Fund

General Fund	40,365.2	46,526.2	47,304.0	63,575.2
State Highway Fund	41,521.2	0.0	0.0	0.0
Arizona Highway Patrol Fund	17,785.9	18,522.3	18,522.3	19,024.4
Safety Enforcement and Transportation Infrastructure	1,518.8	1,509.1	1,509.1	1,559.1
Crime Laboratory Assessment	664.1	868.0	868.0	880.0
Auto Fingerprint Identification	2,699.3	3,008.6	3,008.6	3,011.0
DNA Identification System Fund	3,981.7	3,944.6	3,944.6	5,550.9
Photo Enforcement Fund	3,761.0	0.0	0.0	0.0
Public Safety Equipment Fund	0.0	2,390.0	2,390.0	2,390.0
Crime Laboratory Operations Fund	10,098.6	11,030.5	11,030.5	11,302.6
Gang and Immigration Intelligence Team Enforcement Mission Fund	0.0	2,090.3	2,090.3	2,090.3
Motorcycle Safety Fund	20.4	205.0	205.0	205.0
Parity Compensation Fund	1,485.3	1,817.9	1,817.9	1,879.8
Highway User Revenue Fund	79,215.7	119,961.0	119,961.0	119,541.7
DPS Criminal Justice Enhancement Fund	2,886.5	2,859.3	2,859.3	2,926.4
Risk Management Fund	291.4	1,446.3	1,446.3	1,501.3
Agency - Approp. Funds	206,295.1	216,179.1	216,956.9	235,437.6

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 Photo Enforcement	3,761.0	0.0	0.0	0.0
SLI Public Safety Equipment	0.0	2,390.0	2,390.0	2,390.0
SLI GITEM	18,359.6	24,391.7	24,447.7	25,643.6
SLI Motor Vehicle Fuel	3,908.9	3,935.5	3,935.5	3,935.5

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Board of Fingerprinting Fund	931.2	859.4	786.4	822.6
Capital Outlay Stabilization	0.0	0.7	0.0	0.0
Capitol Police Towing Fund	0.0	52.0	52.0	52.0
DPS Administration Fund	1,203.4	3,376.8	3,376.8	3,483.4
DPS Anti-Racketeering	3,536.7	4,500.6	4,500.6	4,542.6
DPS Licensing Fund	968.8	1,081.1	1,071.3	1,107.3

Non-Appropriated Funds

FY 2013

	<i>FY 2011 Actual</i>	<i>FY 2012 Expend. Plan</i>	<i>FY 2012 Exec. Rec.</i>	<i>FY 2013 Exec. Rec.</i>
DPS Peace Officers Training	6,101.6	8,290.6	8,290.6	6,518.8
DPS Records Processing Fund	4,916.3	5,176.3	5,176.3	5,200.9
Families of Fallen Police Officers Special Plate Fund	198.0	138.7	138.7	125.0
Federal Economic Recovery Fund	3,289.1	1,900.4	1,900.4	0.0
Federal Grant	32,069.4	37,308.6	37,216.3	27,324.0
Fingerprint Clearance Card Fund	3,229.3	4,532.1	4,532.1	4,629.5
Gang and Immigration Intelligence Team Enforcement Mission Fund	0.0	0.0	1,291.7	3,873.3
IGA and ISA Fund	7,098.8	7,926.9	7,926.9	8,173.9
Indirect Cost Recovery Fund	721.4	1,627.7	1,627.7	1,618.4
Motor Carrier Safety Revolving	0.0	7.8	7.8	7.8
Public Safety Equipment Fund	5,320.8	1,461.9	1,461.9	4,688.3
Agency - Nonapp. Funds	69,584.8	78,241.6	79,357.5	72,167.9
Agency Total - All Funds	275,879.9	294,420.7	296,314.4	307,605.5

Federal Funds Expenditures - as reported by Agency

	<i>FY 2011 Actual</i>	<i>FY 2012 Exp. Plan</i>	<i>FY 2013 Exp. Plan</i>
Agency Total	35,358.5	39,321.0	26,760.1

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

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 136.0

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund	106.2
Arizona Highway Patrol Fund	12.8
Safety Enforcement and Transportation Infrastructure Fund	1.1
Crime Laboratory Assessment Fund	0.4
Auto Fingerprint Identification Fund	0.1
DNA Identification System Fund	3.0
Crime Laboratory Operations	8.1
Parity Compensation Fund	1.4
DPS Criminal Justice Enhancement Fund	2.0
Risk Management Fund	0.9

Rent Standard Adjustment 86.4

This issue includes statewide adjustments for COSF, COP, and

PLTO rent changes in FY 2013.

General Fund	68.6
Risk Management Fund	17.8

Health Insurance Rate Reduction (1,263.2)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund	(986.6)
Arizona Highway Patrol Fund	(119.2)
Safety Enforcement and Transportation Infrastructure Fund	(10.3)
Crime Laboratory Assessment Fund	(3.3)
Auto Fingerprint Identification Fund	(0.7)
DNA Identification System Fund	(27.5)
Crime Laboratory Operations	(75.3)
Parity Compensation Fund	(13.3)
DPS Criminal Justice Enhancement Fund	(18.8)
Risk Management Fund	(8.2)

Other Adjustments

Replacement Highway Patrol Vehicles 2,824.3

The Department does not have a dedicated budget for Highway Patrol vehicle replacement. This has resulted in an aging fleet: At the beginning of FY 2011, the average odometer reading of the Highway Patrol fleet was 63,300 miles; on July 18, 2011, the average odometer reading had increased to 78,700.

The Executive recommends a continuing funding source for annual replacement vehicles. The recommended funding will provide approximately 126 cars per year. The intent is to work toward an average odometer reading of about 70,000 miles. It is estimated that it will take approximately nine years to reduce the average odometer reading to under 70,000 miles.

The total cost of the Executive recommendation is \$6.3 million per year. Of that amount, \$2.8 million is a General Fund appropriation. The other \$3.5 million is from recommended changes to the Public Safety Equipment Fund. Currently, all revenues from DUI/DWI fines and penalties above \$1.2 million that go into the Public Safety Equipment Fund are deposited into the General Fund. This amount was approximately \$3.5 million in FY 2011. The Executive recommends providing all revenues collected by the Department from DUI and DWI fines and penalties to the Department as a continuing appropriation for the purposes listed in statute.

General Fund 2,824.3

DNA Testing 1,507.6

The Department is responsible for processing DNA samples sent to them for (a) entry into the DNA database and (b) evidence in

FY 2013

current legal proceedings. Over the past five years, the DNA casework backlog has grown by 275%. The backlog in DNA samples has been reduced in past years by using temporary federal funding, but is expected to increase beginning in FY 2012, when the federal funds are exhausted. The Executive recommendation will slow the rate of growth of the backlogs.

DNA Identification System Fund	1,507.6
Adjustment for ERE	9,174.6

On July 1, 2011, the Department's contribution rate for the Public Safety Personnel Retirement System (PSPRS) increased from 28.8% of payroll to 33.3%. The resulting increase in cost to the Department will be \$3.1 million during FY 2012. On July 1, 2012, the Department's contribution rate for PSPRS will increase from 33.3% of payroll to 43.7%. The resulting increase in cost to the Department will translate to approximately \$6.1 million during FY 2013. The Executive recommends funding the increase in ERE costs that the Department would otherwise have to absorb. This amount includes annualization of the recommended FY 2012 supplemental appropriation as well as an additional \$6.1 million for increased ERE rates in FY 2013.

General Fund	9,174.6
State Aid to Indigent Defense Fund	0.0

During FY 2012, revenues that previously had been deposited into the State Aid to Indigent Defense Fund were diverted, per Laws 2011, Chapter 308, to the Gang and Immigration Intelligence Team Enforcement Mission (GIITEM) Fund Border Security and Law Enforcement Subaccount. The Executive recommends making the change as permanent law.

Public Safety Equipment Fund Expenditures 0.0

The Public Safety Equipment Fund has two sources of revenue: (1) DUI and DWI fines and penalties, which generates \$1.2 million for vehicles, protective armor, electronic stun devices and other safety equipment; and (2) \$4 of a \$13 surcharge on civil fines and penalties, which may be used for the same purposes as the first source, although "vehicles" are not explicitly mentioned. The Executive recommends amending A.R.S. § 41-1723 to explicitly allow vehicles to be purchased with all monies from the Public Safety Equipment Fund.

Highway Patrol Fund 0.0

To alleviate cash flow issues, for FY 2013 the Executive recommends reducing, from \$2.0 million to \$750,000, the ongoing fund transfer from the Highway Patrol Fund.

Elimination of Anti-Racketeering Fund Sweep 0.0

The Executive recommends eliminating sweeps from the DPS Anti-Racketeering Fund in FY 2012 and FY 2013.

Elimination of Cap for HURF and SHF Expenditures 0.0

ARS 28-6527 and 28-6092 limit the amount of money that the

FY 2013

Department of Public Safety may receive in a fiscal year from the Highway User Revenue Fund and from the State Highway Fund, respectively. The limit is \$10.0 million from each fund and any funding is required to be used on Highway Patrol costs.

This provision has been notwithstanding for most of the last eleven years. The Executive recommends permanently eliminating these caps.

AG Pro-Rata Appropriation (706.6)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

General Fund	(132.5)
Arizona Highway Patrol Fund	(66.7)
Safety Enforcement and Transportation Infrastructure Fund	(5.8)
Crime Laboratory Assessment Fund	(1.9)
Auto Fingerprint Identification Fund	(0.4)
DNA Identification System Fund	(15.4)
Crime Laboratory Operations	(42.1)
Parity Compensation Fund	(7.4)
Highway User Revenue Fund	(419.3)
DPS Criminal Justice Enhancement Fund	(10.5)
Risk Management Fund	(4.6)

State Employee Pay Adjustment 7,499.3

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund	5,994.3
Arizona Highway Patrol Fund	675.1
Safety Enforcement and Transportation Infrastructure Fund	65.0
Crime Laboratory Assessment Fund	16.8
Auto Fingerprint Identification Fund	3.4
DNA Identification System Fund	138.7
Crime Laboratory Operations	381.4
Parity Compensation Fund	81.2
DPS Criminal Justice Enhancement Fund	94.4
Risk Management Fund	49.0

FY 2012 Supplemental Recommendations

	<u>FY 2012</u>
Adjustment for ERE	777.8

FY 2012

On July 1, 2011, the Department's contribution rate for the Public Safety Personnel Retirement System (PSPRS) increased from 28.8% of payroll to 33.3%. The resulting increase in cost to the Department will be \$3.1 million during FY 2012. The Executive recommends a supplemental appropriation to cover the increase for the last quarter of FY 2012. For the first three-quarters of the year, until a supplemental appropriation can be enacted, the Department will need to pay the additional retirement charges by cutting other expenditures.

General Fund 777.8

Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	<u>Actual</u>	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>
Percent of employees terminating employment (excludes non-Department of Public Safety task force members and retirements)	2.6	3.26	5.0	5.0
<i>➤ Note: Petition for change to FY2012 description to include retirements in measure.</i>				
Percent of crime lab cases over 30 days old	5.6	5.65	5.5	5.5
Fatal highway collisions on Department of Public Safety patrolled roads	226	212	205	195

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

Arizona Department of Racing

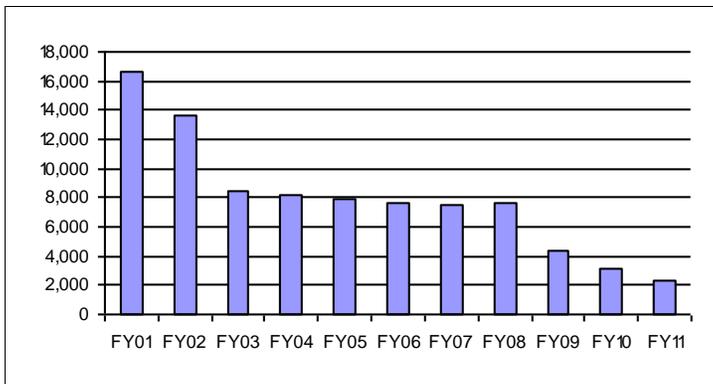
Mission:

To regulate and supervise pari-mutuel racing and wagering conducted in Arizona in order to protect racing participants and the wagering public. To regulate and supervise boxing events conducted in Arizona to protect all participants in these events.

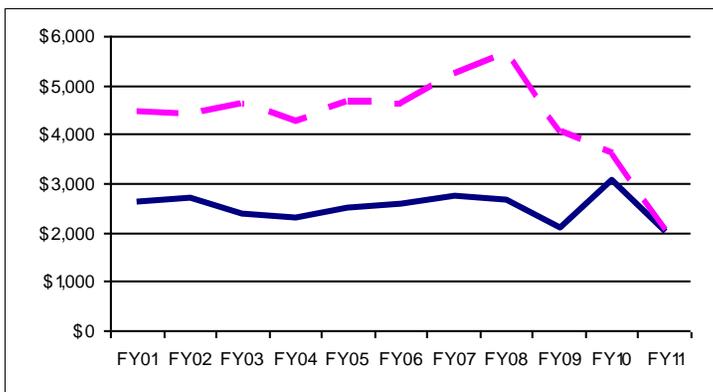
Description:

The Department regulates the Arizona pari-mutuel horse and greyhound racing industries. The Department oversees, supervises and issues permits for all commercial horse, greyhound and county fair racing, including live and simulcast racing; supervises off-track betting sites; conducts background checks and licenses all racing participants; collects state revenues generated by races; promotes and encourages the breeding of horses and greyhounds in the state; promotes and encourages the adoption of retired racehorses and retired greyhounds; and enforces laws and rules related to racing and wagering. The Department also regulates and supervises all professional boxing events and all mixed martial arts contests in Arizona.

Number of Animals Sampled for Drug Testing



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Commercial Racing	3,374.1	4,092.9	4,092.9	4,262.6
County Fair Racing	380.2	0.0	0.0	0.0
Boxing Commission	0.0	123.0	123.0	127.2
Agency - Approp. Funds	3,754.3	4,215.9	4,215.9	4,389.8

Category

FTE	40.5	40.5	40.5	40.5
Personal Services	1,013.6	1,434.4	1,434.4	1,506.2
ERE Amount	481.4	600.0	600.0	608.1
Prof. And Outside Services	105.5	235.3	235.3	260.3
Travel - In State	76.6	21.0	21.0	71.0
Travel - Out of State	5.8	4.9	4.9	4.9
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	254.6	140.8	140.8	169.5
Equipment	37.3	0.0	0.0	0.0
Transfers Out	1,779.5	1,779.5	1,779.5	1,769.8
Agency - Approp. Funds	3,754.3	4,215.9	4,215.9	4,389.8

Appropriated Fund

General Fund	3,754.3	2,781.6	2,781.6	1,717.5
Racing Regulation Fund	0.0	1,434.3	1,434.3	2,672.2
Agency - Approp. Funds	3,754.3	4,215.9	4,215.9	4,389.8

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
AZ Stallion Award Fund	6.6	0.0	0.0	0.0
Breeders Award Fund	2.6	0.0	0.0	0.0
Greyhound Adoption Program Fund	3.7	0.0	0.0	0.0
Racing Investigation Fund	18.2	0.0	0.0	0.0
Unarmed Combat Fund	0.0	16.9	16.9	16.9
Agency - Nonapp. Funds	31.1	16.9	16.9	16.9
Agency Total - All Funds	3,785.4	4,232.8	4,232.8	4,406.7

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 5.5

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund	2.3
Racing Regulation Fund	3.2

Rent Standard Adjustment 3.7

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

General Fund	3.7
--------------	-----

Health Insurance Rate Reduction (12.5)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund	(12.5)
--------------	--------

FY 2013

Baseline Adjustments

Self Funding of Racing Regulation 0.0

The Executive recommends shifting expenditures from the General Fund to the Racing Regulation Fund as part of the Agency's transition to self-funding.

The Executive recommends an additional one-year exemption from the rule making requirement of A.R.S. Title 41, Chapter 6, to allow flexibility for adjustments in fees during the fiscal year to meet the Agency's and industry's funding and regulatory needs.

The Executive also recommends authorizing the Agency to accept donations, gifts or grants for deposit into the Racing Regulation Fund.

General Fund	(1,089.7)
Racing Regulation Fund	1,089.7

Racing Regulation Fund 100.0

Laws 2011, Chapter 35, allows the Department to raise fees to generate up to \$2.0 million for FY 2013. Laws 2011, Chapter 333, allows for an additional \$400,000 in FY 2012 and \$500,000 in FY 2013 in fee revenue. The Department was appropriated the additional \$400,000 for FY 2012. The Executive recommends appropriating \$100,000 to align with the additional revenue in FY 2013.

Racing Regulation Fund	100.0
------------------------	-------

Other Adjustments

AG Pro-Rata Appropriation (9.7)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

General Fund	(4.0)
Racing Regulation Fund	(5.6)

State Employee Pay Adjustment 86.9

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund	36.2
Racing Regulation Fund	50.7

Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	<u>Actual</u>	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>
Number of horse racing investigations conducted regarding compliance with rules	90	174	100	100
Number of boxing & MMA licenses issued	560	685	750	750
Percent of total horse racing licensees with disciplinary action	4.00	5.0	5.00	5.00

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

Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	<u>Actual</u>	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>
Number of greyhound racing investigations conducted regarding compliance with rules	18	14	25	25
Percent of greyhound racing licensees with disciplinary action	.05	.07	.07	.07
Number of county fair racing investigations resulting in disciplinary action	11	20	15	15

Radiation Regulatory Agency

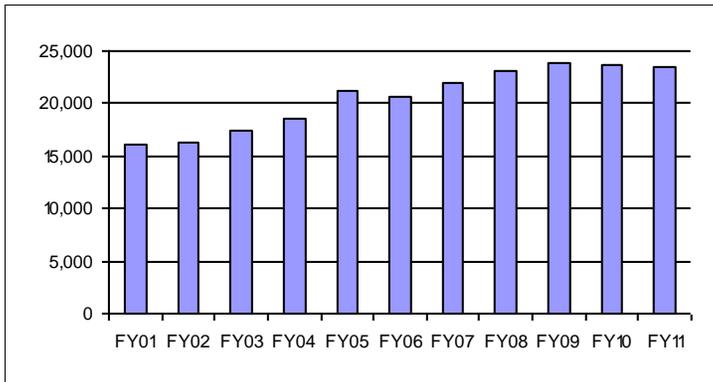
Mission:

To protect the health and safety of Arizonans from unnecessary radiation exposure from all natural and man-made sources.

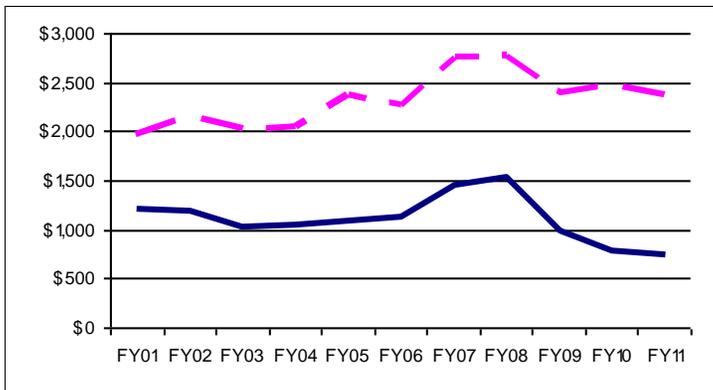
Description:

The Arizona Radiation Regulatory Agency provides protection from unnecessary radiation exposure through inspection of radiation sources and their uses, effective response to radiological incidents, environmental sampling, and the certification of those using nuclear medicine technology, those operating x-ray equipment and cosmetic laser technicians.

Total Licenses, Registrations, Certificates Issued



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Radioactive Materials/Non-Ionizing Radiation	318.6	488.2	488.2	501.4
X-Ray Compliance	320.9	574.2	574.2	643.5
Emergency Response	639.5	716.0	716.0	716.0
Radiation Measurement Laboratory	113.6	177.3	177.3	181.6
Medical Radiation Technology Board	240.7	264.6	264.6	260.6
Agency - Approp. Funds	1,633.3	2,220.3	2,220.3	2,303.0

Category

FTE	32.0	32.5	32.5	32.5
Personal Services	617.4	850.4	850.4	920.3
ERE Amount	261.8	370.4	370.4	388.9
Prof. And Outside Services	6.0	5.9	5.9	5.9

Travel - In State	0.3	15.7	15.7	15.7
Travel - Out of State	0.0	4.3	4.3	4.3
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	107.1	184.0	184.0	184.0
Equipment	1.2	73.6	73.6	73.6
Transfers Out	639.5	716.0	716.0	710.3

Agency - Approp. Funds	1,633.3	2,220.3	2,220.3	2,303.0
------------------------	---------	---------	---------	---------

Appropriated Fund

General Fund	1,392.6	1,459.0	1,459.0	1,481.7
State Radiologic Technologist Certification	240.7	264.6	264.6	260.6
Radiation Regulatory Fee Fund	0.0	496.7	496.7	560.7

Agency - Approp. Funds	1,633.3	2,220.3	2,220.3	2,303.0
------------------------	---------	---------	---------	---------

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expnd. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Federal Grant	249.0	249.0	249.0	255.1
Nuclear Emergency Management	639.5	703.2	696.2	665.4
Service Fees Increase Fund	476.2	0.0	0.0	0.0
Agency - Nonapp. Funds	1,364.7	952.2	945.2	920.4

Agency Total - All Funds	2,998.0	3,172.5	3,165.5	3,223.4
--------------------------	---------	---------	---------	---------

Federal Funds Expenditures - as reported by Agency

	FY 2011 Actual	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	241.2	300.4	300.4

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

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 3.2

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund 1.9

State Radiologic Technologist Certification Fund 0.6

Radiation Regulatory Fee Fund 0.8

Health Insurance Rate Reduction (9.4)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund (6.7)

State Radiologic Technologist Certification Fund (1.0)

Radiation Regulatory Fee Fund (1.7)

FY 2013

Baseline Adjustments

Appropriation Reduction (11.5)

Revenues for the State Radiologic Technologist Certification Fund came in below the appropriation level in FY 2011, causing the Agency to leave nearly \$24,000 of the appropriation unspent. Revenues in FY 2012 and FY 2013 are expected to stay at a lower level, preventing the Agency from spending its full appropriation.

The Executive recommends lowering the appropriation for the State Radiologic Technologist Certification Fund so that expenditures better align with expected revenues.

State Radiologic Technologist Certification Fund (11.5)

Other Adjustments

X-Ray Equipment Inspection 54.3

Each year, the Agency inspects about 17% of all x-ray tubes in Arizona. In FY 2013 approximately 2,400 x-ray tubes will be in need of inspection. Each inspector can conduct approximately 600 inspections per year, and there are 3.25 FTE positions. As current staffing is inadequate to inspect all x-ray tubes, the Executive recommends funding for 1.0 FTE position to prevent an increase in the backlog of uninspected x-ray tubes. The new x-ray inspector will be trained to participate in the Emergency Response Team at the Palo Verde Nuclear Power Plant.

Radiation Regulatory Fee Fund 54.3

AG Pro-Rata Appropriation (5.7)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

General Fund (3.4)

State Radiologic Technologist Certification Fund (1.0)

Radiation Regulatory Fee Fund (1.3)

State Employee Pay Adjustment 51.8

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund 30.9

State Radiologic Technologist Certification Fund 8.9

Radiation Regulatory Fee Fund 12.0

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Number of radioactive materials inspections	126	159	150	150
➤ <i>Estimates assume that budget request for additional staffing is approved.</i>				
Number of environmental sample analyses	5,000	2,000	4,000	4,000
Number of active medical radiologic technologist certificates	8,517	7,815	8,000	8,000

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Percent of x-ray tubes overdue for inspection	19.2	23.4	33	38

➤ *Staffing shortages will force the percentage overdue for inspection to increase.*

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

Arizona Rangers' Pension

Mission:

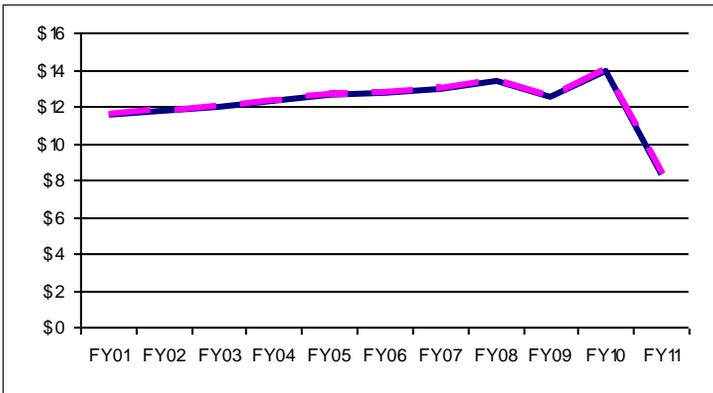
To provide compensation for time spent as an Arizona Ranger.

Description:

The Arizona Rangers' Pension provided monthly benefits for the last surviving spouse of a retired Arizona Ranger. Rita Beaty, the last link to the Arizona Rangers, a legendary group of rugged lawmen organized in 1901, passed away on January 3, 2011.

Her husband Clarence Beaty was one of 107 men who served as Arizona Rangers, whose mission was to tame the wild west so the Arizona territory could become a state. Clarence joined the Rangers in 1902 and survived the dangers of wearing the badge, dying in 1964 at the age of 90, leaving Rita as the last surviving widow of this historic institution.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 <i>Actual</i>	FY 2012 <i>Approp.</i>	FY 2012 <i>Exec. Rec.</i>	FY 2013 <i>Exec. Rec.</i>
Arizona Rangers' Pensions	8.3	0.0	0.0	0.0
Agency - Approp. Funds	8.3	0.0	0.0	0.0
<i>Category</i>				
FTE	0.0	0.0	0.0	0.0
Personal Services	0.0	0.0	0.0	0.0
ERE Amount	0.0	0.0	0.0	0.0
Prof. And Outside Services	8.3	0.0	0.0	0.0
Travel - In State	0.0	0.0	0.0	0.0
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0
Agency - Approp. Funds	8.3	0.0	0.0	0.0
<i>Appropriated Fund</i>				
General Fund	8.3	0.0	0.0	0.0
Agency - Approp. Funds	8.3	0.0	0.0	0.0

Department of Real Estate

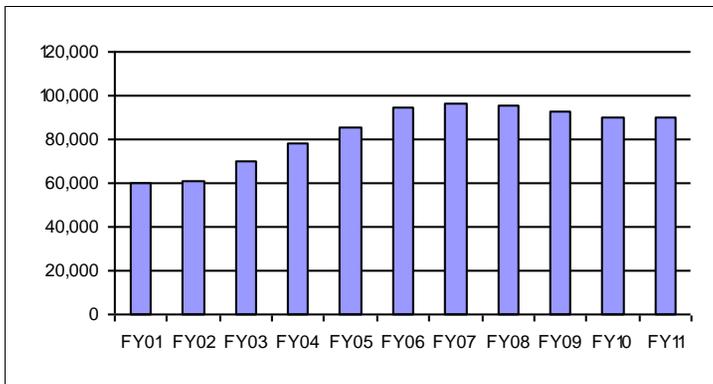
Mission:

To serve and protect the public interest through efficient and timely licensure, balanced regulation, and proactive education of the real estate profession in the State of Arizona.

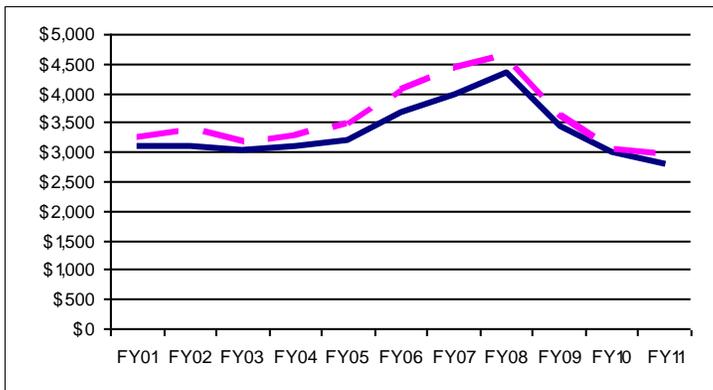
Description:

Pursuant to A.R.S. Title 32, Chapter 20 and the Administrative Code Title 4, Chapter 28, the Department regulates real estate licensees (including residential sales, brokers, companies, property managers, business brokers, and commercial brokers), private cemeteries, and membership camping licensees. The Department also regulates real estate educators and schools, monitoring pre-licensing and continuing education courses to ensure the quality content of courses and the competence of instructors, as well as the quality and timeliness of materials being taught. The Department oversees the administration of licensing examinations as well as the activities of licensees to ensure compliance with the Arizona Revised Statutes and the Commissioner's Rules.

Number of Licenses



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	2,812.0	2,656.7	2,656.7	3,022.6
Agency - Approp. Funds	2,812.0	2,656.7	2,656.7	3,022.6

Category

FTE	55.0	55.0	55.0	59.0
Personal Services	1,253.9	1,529.4	1,529.4	1,743.9

ERE Amount	766.6	656.3	656.3	730.0
Prof. And Outside Services	97.1	15.3	15.3	65.4
Travel - In State	2.0	10.0	10.0	10.0
Travel - Out of State	1.3	2.0	2.0	2.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	576.5	432.7	432.7	475.1
Equipment	114.6	11.0	11.0	11.0
Transfers Out	0.0	0.0	0.0	(14.8)
Agency - Approp. Funds	2,812.0	2,656.7	2,656.7	3,022.6

Appropriated Fund

General Fund	2,812.0	2,656.7	2,656.7	3,022.6
Agency - Approp. Funds	2,812.0	2,656.7	2,656.7	3,022.6

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Real Estate Condominium Recovery Fund	0.0	87.8	32.2	0.0
Real Estate Education Revolving	1.7	0.0	12.0	12.0
Real Estate Recovery	111.8	0.0	120.0	144.0
Agency - Nonapp. Funds	113.5	87.8	164.2	156.0

Agency Total - All Funds	2,925.5	2,744.5	2,820.9	3,178.6
---------------------------------	----------------	----------------	----------------	----------------

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 5.8

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund 5.8

Rent Standard Adjustment 42.4

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

General Fund 42.4

Health Insurance Rate Reduction (20.8)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund (20.8)

Other Adjustments

Auditing and Investigations Staff 210.5

The Development Services Division of the Department of Real Estate currently has only five employees working as auditors or investigators, and both complaints handled and civil fines collected as a result of audits/investigations being down significantly.

The Executive recommends funding for two auditors, one investigator, and an administrative assistant (total of 4.0 FTE positions). The Department estimates that adding these positions will net approximately \$200,000 in civil fine revenue annually to the General Fund and allow the Department to almost double its caseload in these areas. The administrative assistant will provide necessary support to the other three positions, ensuring that they can concentrate on their primary functions.

General Fund 210.5

Attorney General Interagency Service Agreement 50.1

While the Department had a backlog of only 48 Office of Administrative Hearings (OAH) cases in FY 2009, the backlog has grown to over 200 in FY 2011, with some taking as long as a year to progress to a hearing.

To address the backlog and to provide legal advice and hearing representation, the Department seeks to contract with an attorney from the Attorney General's Office work in-house. The Executive recommends funding an Interagency Service Agreement (ISA) between the Attorney General's Office and the Department. With the ISA in place, the Department will be able to better achieve its mission to protect and serve the public.

General Fund 50.1

Payroll Transfer Adjustment (4.5)

The Executive recommends (\$4,500) General Fund in FY 2013 to properly account for payroll reductions enacted by Laws 2010, 7th Special Session, Chapter 3.

Because the Department had personal services expenditures from its Education Revolving Fund for one month in FY 2010, the Legislature enacted a continuing \$4,500 transfer from that fund for FY 2011 and beyond. Under normal circumstances, the Department only makes payroll expenditures using the General Fund, not the Education Revolving Fund. Therefore, the Executive recommends eliminating the ongoing \$4,500 transfer from the Education Revolving Fund in FY 2013, and cutting the Department's General Fund budget by that amount to accurately capture the payroll savings enacted by Laws 2010, 7th Special Session, Chapter 3.

General Fund (4.5)

AG Pro-Rata Appropriation (10.3)

rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

General Fund (10.3)

State Employee Pay Adjustment 92.7

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund 92.7

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Number of real estate licensees	89,443	89,590	65,350	57,300
➤ <i>Number reflects actual count of licensees. This includes individuals, brokers, and entities.</i>				
Number of subdivision filings received	357	193	200	225
➤ <i>Includes amendments</i>				
Percent of department customer service surveys indicating good to excellent service	100	99	99	99
Average days from receipt of application to issuance of real estate license	1	1	1	1
Total real estate applications received	11,300	9,023	27,000	27,600
➤ <i>New Applicants & Renewals</i>				
Average calendar days from receipt of real estate or subdivision complaint to resolution	286	270	250	230
➤ <i>FY2009 actual should have been 236 as stats for real estate complaints only were reported. Budget cuts and reduced staffing levels have negatively impacted processing times for investigations.</i>				
Average number of calendar days to issue deficiency letter on subdivision applications received	22	25	25	25
Total real estate or subdivision complaints investigated	1,055	796	850	1,300

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

Residential Utility Consumer Office

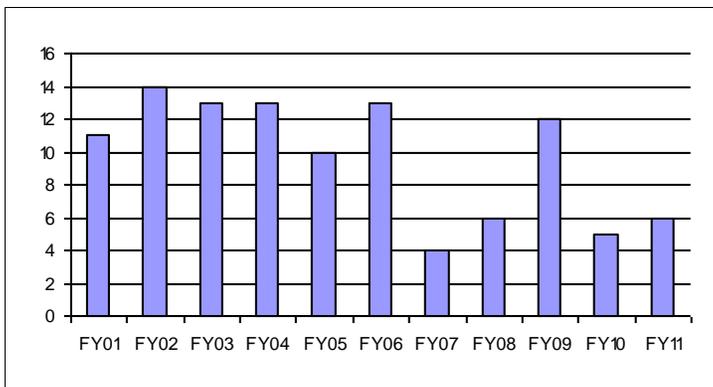
Mission:

To represent the interests of residential ratepayers before the Arizona Corporation Commission and advocate for reasonable utility rates and reliable and safe utility service.

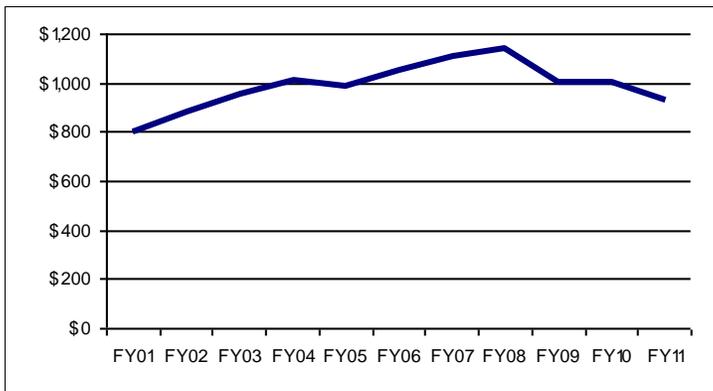
Description:

The Residential Utility Consumer Office (RUCO) is an agency comprised mainly of attorneys and financial analysts. RUCO participates in matters before the Corporation Commission regarding utility rate increases, renewable energy standards, and Commission rulemaking. RUCO reviews utility financial records, conducts discovery, offers testimony and presents witnesses at evidentiary hearings to argue positions in favor of residential utility ratepayers.

Number of Interventions in Rate Making



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Ratepayer Representation	1,049.3	1,289.0	1,289.0	1,331.7
Agency - Approp. Funds	1,049.3	1,289.0	1,289.0	1,331.7

Category

Category	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
FTE	11.0	11.0	11.0	11.0
Personal Services	549.2	730.1	730.1	766.6
ERE Amount	213.1	234.1	234.1	237.5
Prof. And Outside Services	126.3	147.4	147.4	147.4
Travel - In State	3.4	8.6	8.6	8.6
Travel - Out of State	0.0	7.0	7.0	7.0
Aid to Others	0.0	0.0	0.0	0.0

Other Operating Expenses	157.3	161.8	161.8	164.6
Equipment	0.0	0.0	0.0	0.0
Agency - Approp. Funds	1,049.3	1,289.0	1,289.0	1,331.7

Appropriated Fund

Residential Utility Consumer Office Revolving	1,049.3	1,289.0	1,289.0	1,331.7
Agency - Approp. Funds	1,049.3	1,289.0	1,289.0	1,331.7

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 Professional Witnesses Appropriation	124.4	145.0	145.0	145.0
---	-------	-------	-------	-------

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 2.8

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Residential Utility Consumer Office Revolving Fund 2.8

Rent Standard Adjustment 2.8

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

Residential Utility Consumer Office Revolving Fund 2.8

Health Insurance Rate Reduction (7.1)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Residential Utility Consumer Office Revolving Fund (7.1)

Other Adjustments

State Employee Pay Adjustment 44.2

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Residential Utility Consumer Office Revolving Fund 44.2

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Number of cases analyzed	40	27	30	30
RUCO interventions in rate making	5	6	5	3
Customer satisfaction rating for residential utility customers (scale 1-8)	7	7	7	7

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

Board of Respiratory Care Examiners

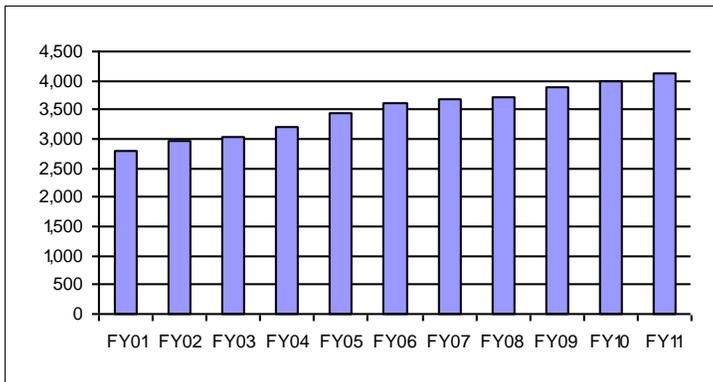
Mission:

To exercise state regulatory authority over respiratory care practitioners by granting licenses; maintaining public records for all practitioners within Arizona; and enforcing rules and statutes to ensure the public health, welfare, and safety.

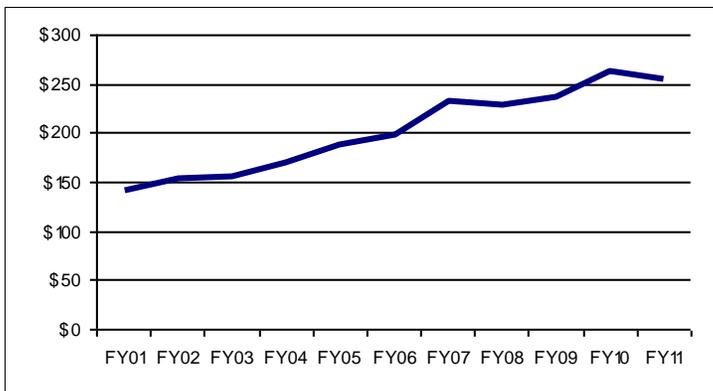
Description:

Respiratory Care Practitioners work in therapeutic, surgical, and/or clinical settings to monitor respiration and lung health, as well as to diagnose and treat disorders. The Board of Respiratory Care Examiners regulates the practice of respiratory care in Arizona. The Board examines and licenses respiratory care practitioners based on minimum competency standards set by the Legislature. Additionally, the Board enforces state laws, rules, and regulations set forth to ensure public safety and investigates complaints filed against a member of the professional community.

Number of Licensees



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	281.3	306.2	306.2	271.3
Agency - Approp. Funds	281.3	306.2	306.2	271.3

Category

FTE	3.5	4.0	4.0	4.0
Personal Services	139.6	162.6	162.6	170.7
ERE Amount	47.3	54.4	54.4	55.5
Prof. And Outside Services	44.6	44.6	44.6	0.6
Travel - In State	1.5	1.5	1.5	1.5

Travel - Out of State	0.0	1.5	1.5	1.5
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	48.3	41.6	41.6	41.5
Equipment	0.0	0.0	0.0	0.0
Agency - Approp. Funds	281.3	306.2	306.2	271.3

Appropriated Fund

Board of Respiratory Care Examiners	281.3	306.2	306.2	271.3
Agency - Approp. Funds	281.3	306.2	306.2	271.3

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 0.6

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Board of Respiratory Care Examiners Fund 0.6

Rent Standard Adjustment 4.9

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

Board of Respiratory Care Examiners Fund 4.9

Health Insurance Rate Reduction (1.1)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Board of Respiratory Care Examiners Fund (1.1)

Baseline Adjustments

Discontinuation of One-Time FY 2012 Funding (49.0)

The Executive recommends eliminating a one-time appropriation in FY 2012 used to purchase a firewall and overhaul the Board's database.

Board of Respiratory Care Examiners Fund (49.0)

Other Adjustments

State Employee Pay Adjustment 9.7

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Board of Respiratory Care Examiners Fund 9.7

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Total number of practitioners investigated	104	133	110	110
Average days from receipt of complaint to resolution	154	160	160	160
Total number of applications for permanent licenses	1,578	1,712	1,700	1,710

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

Arizona State Retirement System

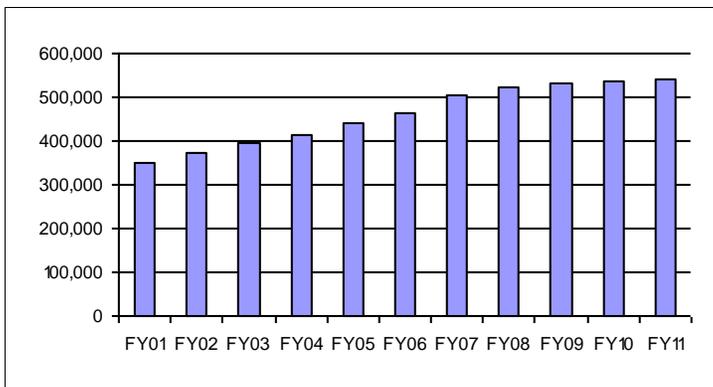
Mission:

To benefit our members, the Arizona State Retirement System (ASRS) will be a leading state benefit plan administrator in the areas of core member services, funded status, investment performance, and operational effectiveness, while keeping program benefits and associated costs relatively aligned and maintaining actuarial and fiscal integrity.

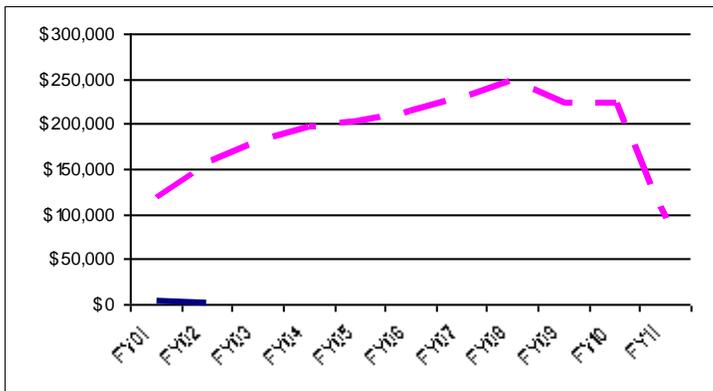
Description:

The Arizona State Retirement System provides pension, survivor, disability, health insurance, and educational services for most public sector employers in Arizona, including state universities and colleges, public school districts, and state and local governments.

Total Membership



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Member Services	14,693.5	15,547.7	15,547.7	15,326.5
Administration and Support	6,515.3	7,190.9	7,190.9	7,052.1
Investment Management	1,389.0	1,834.9	1,834.9	1,896.7
Agency - Approp. Funds	22,597.8	24,573.5	24,573.5	24,275.3
Category				
FTE	236.0	236.0	236.0	236.0
Personal Services	10,973.3	12,117.5	12,117.5	12,723.3
ERE Amount	4,231.2	4,720.6	4,720.6	4,748.4
Prof. And Outside Services	4,408.9	4,731.8	4,731.8	3,881.8
Travel - In State	49.0	53.6	53.6	53.6

Travel - Out of State	43.7	25.0	25.0	25.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	2,166.4	2,525.5	2,525.5	2,525.5
Equipment	725.3	389.5	389.5	389.5
Transfers Out	0.0	10.0	10.0	(71.8)
Agency - Approp. Funds	22,597.8	24,573.5	24,573.5	24,275.3

Appropriated Fund

Retirement System Appropriated	19,925.6	21,773.5	21,773.5	21,475.3
LTD Trust Fund	2,672.2	2,800.0	2,800.0	2,800.0
Agency - Approp. Funds	22,597.8	24,573.5	24,573.5	24,275.3

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 Contribution Rate Administration	100.0	600.0	600.0	0.0
SLI Ch. 357 Retirement Systems	0.0	250.0	250.0	0.0

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Arizona State Retirement System	65,825.6	72,371.0	72,371.0	77,058.0
Agency - Nonapp. Funds	65,825.6	72,371.0	72,371.0	77,058.0
Agency Total - All Funds	88,423.4	96,944.5	96,944.5	101,333.3

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 46.0

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Retirement System Appropriated Fund 46.0

Health Insurance Rate Reduction (141.3)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Retirement System Appropriated Fund (141.3)

Baseline Adjustments

One-time Funding for Contribution Rate Shift (600.0)

Laws 2011, Chapter 26 alters the split of contribution rate between employees and employers to 53%-47% (from 50%-50%). The FY 2012 budget appropriated \$100,000 in supplemental funding for FY 2011 and \$600,000 in funding for FY 2012 to pay for the cost of implementing this change. The Executive recommends a decrease to remove this one-time funding from the ASRS base budget.

Retirement System Appropriated Fund (600.0)

One-time Funding for Plan Design Changes (250.0)

Laws 2011, Chapter 357 made several changes to the State's

FY 2013

retirement systems, including ASRS. To implement these changes, Chapter 357 appropriated \$250,000 from the Arizona State Retirement System Appropriated Fund to ASRS. The Executive recommends a decrease to remove this one-time funding from the ASRS base budget.

Retirement System Appropriated Fund	(250.0)
-------------------------------------	---------

Other Adjustments

AG Pro-Rata Appropriation	(81.8)
---------------------------	--------

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

Retirement System Appropriated Fund	(81.8)
-------------------------------------	--------

State Employee Pay Adjustment	728.8
--------------------------------------	--------------

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Retirement System Appropriated Fund	728.8
-------------------------------------	-------

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Percent of overall member satisfaction with the service purchase process (objective 90%)	89	91	90	90
Percentage of overall member satisfaction with Telephone Service at the Arizona State Retirement System (objective 90%)	96	97	90	90
Percentage of investment returns	14.9	24.6	8.0	8.0
➤ <i>one-year return figure</i>				
Percentage of liability funded	76.43	75.8	n/a	n/a
➤ <i>Actuarial value for the total Plan (401a and 401h) as of 6/30/10.</i>				

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

Department of Revenue

Mission:

Administer tax laws fairly and efficiently for the people of Arizona.

Description:

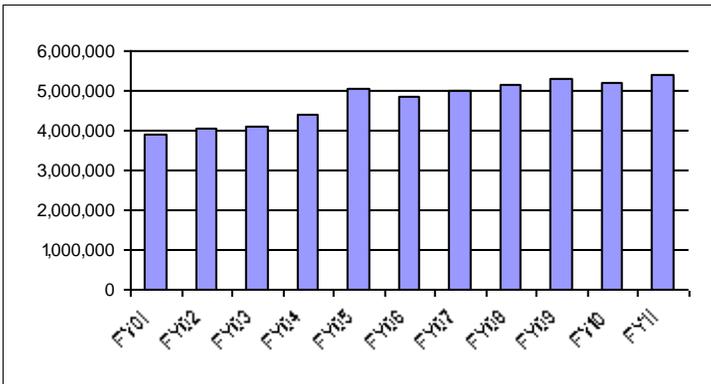
Pursuant to Arizona Revised Statutes Titles 42 and 43, the Department of Revenue administers and enforces the collection of individual and corporate income, transaction privilege, withholding and luxury taxes. The Department oversees the fifteen county assessors in the administration of state property tax laws.

Other Operating Expenses	9,639.3	9,031.0	9,031.0	10,904.9
Equipment	3,985.5	1,228.9	1,228.9	4,776.9
Transfers Out	67.5	0.0	0.0	(242.1)
Agency - Approp. Funds	66,762.7	67,711.4	67,711.4	78,962.6

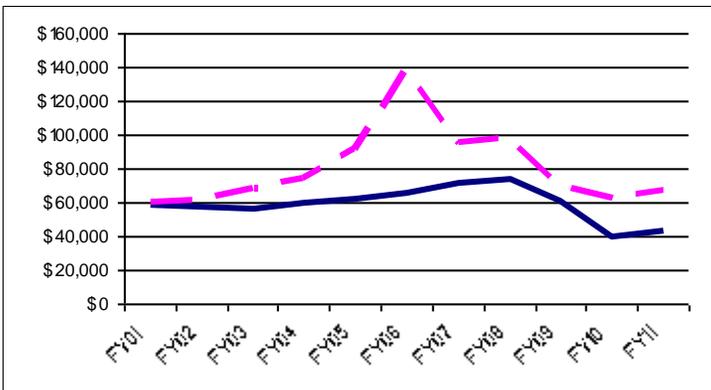
Appropriated Fund

General Fund	43,317.1	44,129.6	44,129.6	53,634.2
Tobacco Tax and Health Care Fund	673.1	665.4	665.4	680.5
Department of Revenue Administrative Fund	22,488.5	22,532.6	22,532.6	23,563.5
DOR Liability Setoff Fund	284.0	383.8	383.8	1,084.5
Agency - Approp. Funds	66,762.7	67,711.4	67,711.4	78,962.6

Total Returns Processed



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Service	9,371.6	10,316.3	10,316.3	10,550.9
Processing	9,750.2	7,564.7	7,564.7	8,410.5
Education and Compliance	26,404.8	22,275.0	22,275.0	22,896.6
Agency Support	21,236.1	27,555.4	27,555.4	37,104.7
Agency - Approp. Funds	66,762.7	67,711.4	67,711.4	78,962.6

Category	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
FTE	933.0	933.0	933.0	950.0
Personal Services	32,945.8	35,866.2	35,866.2	39,433.2
ERE Amount	13,150.3	15,333.7	15,333.7	15,858.7
Prof. And Outside Services	6,339.5	5,635.1	5,635.1	7,614.5
Travel - In State	269.6	273.7	273.7	273.7
Travel - Out of State	365.2	342.8	342.8	342.8
Aid to Others	0.0	0.0	0.0	0.0

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

SLI Attorney General Legal Services	119.8	160.1	160.1	160.1
-------------------------------------	-------	-------	-------	-------

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Client County Equipment Capitalization	106.9	0.0	0.0	0.0
DOR Estate & Unclaimed	120,001.4	77,000.0	77,000.0	77,000.0
Escheated Estates	455.9	0.0	0.0	0.0
Federal Deposit Insurance Corp Trust Fund	7.0	0.0	0.0	0.0
IGA and ISA Fund	5.3	117.0	117.0	120.5
Revenue Income Tax	0.0	188.5	188.5	188.5
Revenue Publication Revolving	59.5	0.0	0.0	0.0
Statewide Employee Recognition Gifts/Donations	0.1	0.0	0.0	0.0
Tobacco Products Tax Fund	1,943.4	0.0	0.0	0.0
Tobacco Tax and Health Care Fund	642.3	0.0	0.0	0.0
Agency - Nonapp. Funds	123,221.8	77,305.5	77,305.5	77,309.0
Agency Total - All Funds	189,984.5	145,016.9	145,016.9	156,271.6

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 136.3

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund	99.2
Tobacco Tax and Health Care Fund	1.1
Department of Revenue Administrative Fund	35.3
DOR Liability Setoff Fund	0.7

Rent Standard Adjustment 1,873.9

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

FY 2013

General Fund	1,237.7
Tobacco Tax and Health Care Fund	2.4
Department of Revenue Administrative Fund	629.3
DOR Liability Setoff Fund	4.5

Health Insurance Rate Reduction (513.0)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund	(372.3)
Tobacco Tax and Health Care Fund	(3.9)
Department of Revenue Administrative Fund	(132.5)
DOR Liability Setoff Fund	(4.3)

Other Adjustments

Refurbish Integrated Tax System 7,139.2

The Executive recommends \$7.1 million General Fund in FY 2013 to refresh the hardware and software in the State's central tax system, commonly known as BRITS (Business Re-engineering/Integrated Tax System). Initially deployed in 2002 and completed in 2007 at a cost of \$152.0 million, the current system is operating on aging hardware that is vulnerable to failure. Similarly, key software components of the system are outdated and no longer supported by the software industry.

This project will replace vulnerable hardware, increase system capacity in preparation for tax season, reduce the risk of failure of critical system components, limit delays in revenue generation, and extend the life of the system to maintain it in operation for at least five years, at 10% of the initial cost of the system. The recommended funding includes \$4.0 million for one-time hardware, software and contractor costs. Ongoing development, operational and maintenance costs are expected to be \$3.1 million in FY 2014 and \$1.7 million in fiscal years 2015 through 2017.

General Fund	7,139.2
--------------	---------

Liability Setoff Application 690.0

The Executive recommends \$690,000 in one-time funding from the Department of Revenue Liability Set-Off Fund for a new debt set-off software application. Liability set-off technology is used to match taxpayer records to records supplied by other government entities to pay from tax refunds various taxpayer debts for court fees, fines, child support payments and other claims. The current system is outdated and does not easily interface with the Department's other tax systems. The Department of Revenue expects increased demands on this system due to new legislation (Laws 2011, Chapter 329) that enables political subdivisions to participate in the program.

The federal government provides a similar service to the State by offsetting federal tax refunds to settle State debts. The State received over \$16.5 million from this service in FY 2011. The

FY 2013

federal government has requested that the State reciprocate by offsetting State income tax refunds to settle federal debts, which will add to the need to upgrade the capabilities and capacity of the current system.

Government participants in the program pay a \$9 fee per refund, which is expected to generate more than \$900,000 in FY 2013, paying for the costs of this application. These monies go into the Liability Set-Off Fund for the purpose of managing and administering this program.

DOR Liability Setoff Fund	690.0
---------------------------	-------

AG Pro-Rata Appropriation (242.1)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

General Fund	(176.2)
Tobacco Tax and Health Care Fund	(1.9)
Department of Revenue Administrative Fund	(62.7)
DOR Liability Setoff Fund	(1.2)

State Employee Pay Adjustment 2,166.9

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund	1,577.0
Tobacco Tax and Health Care Fund	17.4
Department of Revenue Administrative Fund	561.5
DOR Liability Setoff Fund	11.0

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Average calendar days to refund total Individual Income tax checks (paper warrants and electronic deposits)	5.21	9.7	7.0	7.0
Percent of non-audit revenue to total revenue	98.54	98.89	98.50	98.50
➤ <i>The FY2011 result was calculated using a preliminary gross revenue number; FY2011 gross revenue data will not be available until the publication of DOR's 2011 Annual Report.</i>				
Percent of written inquiries answered within 30 calendar days in Taxpayer Information and Assistance section	84	86	80	80
Average annual turnover rate for employees	13.02	17.46	15.00	15.00
Customer satisfaction rating for Taxpayer Information and Assistance section (scale 1-5)	4.35	4.52	4.00	4.20
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 a delinquent account. The Department considers letters as contacts.</i>				
Percentage of delinquent accounts collected	51.90	67.30	55.00	60.00
➤ <i>This measure tracks and reports TPT collections only.</i>				

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

School Facilities Board

Mission:

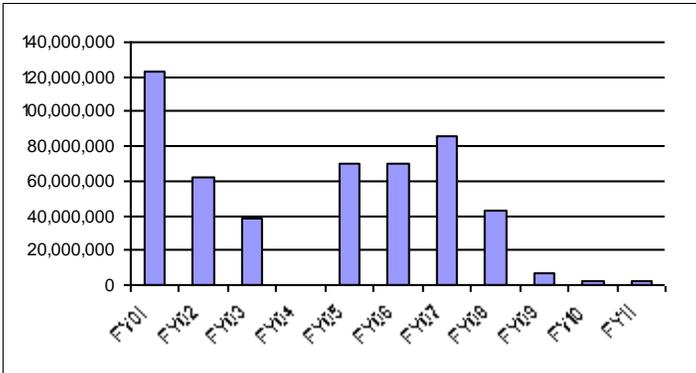
To provide financial and technical assistance to ensure school districts maintain buildings and equipment at minimum adequacy standards so that students can achieve academic success.

Description:

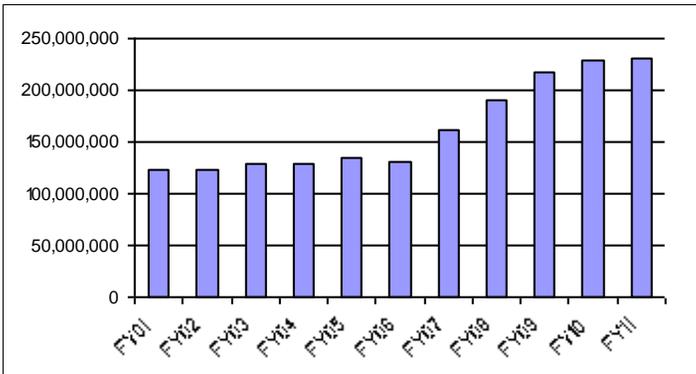
The School Facilities Board (SFB) is charged with the administration of three capital programs: (a) New School Facilities, (b) Building Renewal, and (c) Emergency Deficiencies Corrections.

The SFB ensures that school districts maintain their buildings at minimum adequacy standards through determining if each district has sufficient space for its students and that the space the district provides meets minimum standards. To do this, the SFB conducts a capital review process to determine building renewal funding and new school construction. Through inspections, the SFB ensures compliance with building adequacy standards and routine preventative maintenance guidelines.

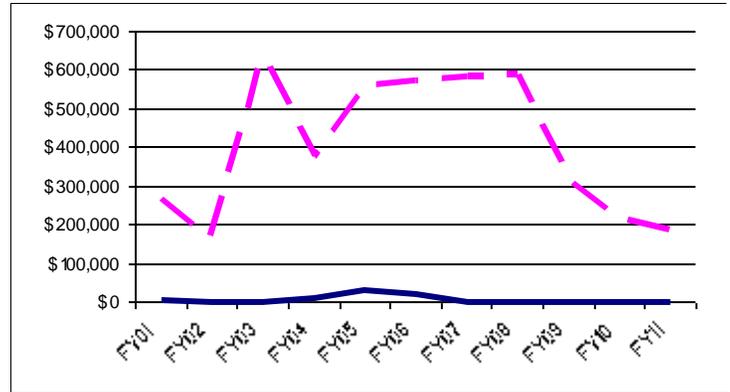
Actual Building Renewal Funding



Formula Building Renewal Funding



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
School Facilities Board	67,497.9	164,087.2	264,087.2	172,592.5
Agency - Approp. Funds	67,497.9	164,087.2	264,087.2	172,592.5

Category	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
FTE	17.0	17.0	17.0	20.0
Personal Services	607.0	772.0	798.9	1,347.7
ERE Amount	263.9	279.1	284.9	509.8
Prof. And Outside Services	144.0	153.7	153.7	153.7
Travel - In State	24.0	11.2	11.2	83.6
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	206.4	97.6	102.7	1,067.8
Equipment	64.6	0.0	0.0	5.5
Transfers Out	66,188.0	162,773.6	262,735.8	169,424.4
Agency - Approp. Funds	67,497.9	164,087.2	264,087.2	172,592.5

Appropriated Fund	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
General Fund	67,497.9	164,087.2	264,087.2	172,592.5
Agency - Approp. Funds	67,497.9	164,087.2	264,087.2	172,592.5

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	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
SLI Building Renewal	2,667.9	2,667.9	102,630.1	0.0
SLI New School Facilities	63,520.1	160,105.7	160,105.7	169,429.6

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Arizona Energy and Water Savings Grant Fund	(25.7)	0.0	0.0	0.0
Building Renewal Grant Fund	3,012.4	5,232.5	10,000.0	25,000.0
Emergency Deficiencies Correction Fund	110.6	4,496.7	4,496.7	23.8
Federal Economic Recovery Fund	8,356.8	16,778.0	16,778.0	0.0
Lease to Own Debt Service	63,480.8	160,128.3	160,128.3	169,452.2
New School Facilities Fund	19,453.0	60,972.8	60,972.8	5,522.8
School Facilities Deficiencies Corrections	445.2	23.9	23.9	0.0
School Facilities Revenue Bond Debt Service	63,613.6	63,312.9	62,462.9	62,454.4
State School Trust Revenue Bond Debt Svc	24,258.2	25,857.5	25,857.5	25,859.0

Non-Appropriated Funds

FY 2013

	FY 2011 <i>Actual</i>	FY 2012 <i>Expend. Plan</i>	FY 2012 <i>Exec. Rec.</i>	FY 2013 <i>Exec. Rec.</i>
Agency - Nonapp. Funds	182,704.9	336,802.6	340,720.1	288,312.2
Agency Total - All Funds	250,202.8	500,889.8	604,807.3	460,904.7
<i>Federal Funds Expenditures - as reported by Agency</i>				
	FY 2011 <i>Actual</i>	FY 2012 <i>Exp. Plan</i>		FY 2013 <i>Exp. Plan</i>
Agency Total	8,356.8	16,778.0		0.0

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

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 2.9

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund 2.9

Rent Standard Adjustment 6.2

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

General Fund 6.2

Health Insurance Rate Reduction (6.4)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund (6.4)

Baseline Adjustments

New Construction Lease-to-Own Debt Service 9,323.9

The Executive recommends \$9.3 million for increased lease-to-own debt service for previously authorized new school construction.

General Fund 9,323.9

Eliminate One-Time Building Renewal Grant Funding (2,667.9)

The Executive recommends a \$100.0 million FY 2012 supplemental appropriation for Building Renewal Grants. These funds would be deposited into the non-appropriated Building Renewal Grant Fund from which grants would be issued through FY 2015. Therefore, the ongoing \$2.7 million appropriation for Building Renewal Grants must be eliminated in FY 2013.

General Fund (2,667.9)

Other Adjustments

Three-Year Building Renewal Grant Program 1,804.9

The Executive recommends that the School Facilities Board (SFB) transition its Building Renewal program from formula-based aid to an inventory-based system. Instead of simply distributing Building Renewal funds to the districts, SFB would maintain a detailed database of all major school systems and replace systems pursuant to a replacement schedule.

This approach better utilizes scarce resources because it ensures that funds are spent on the highest priority projects needed to maintain districts at minimum adequacy standards. Additionally, this approach better communicates school capital needs to State appropriators. A life-cycle replacement schedule system has been used effectively in New Mexico and other states to accommodate school capital needs.

The Executive estimates that it will take three years for school districts and SFB to inventory all systems and move to this new approach. To bridge the gap, the Executive recommends a three-year, \$100.0 million Building Renewal appropriation from the General Fund to be deposited into the non-appropriated Building Renewal Grants Fund to pay for critical projects. On an annual basis, the \$100.0 million represents only 55% of the average Building Renewal spending by districts from FY 2002 to FY 2009. The \$100.0 million will be a supplemental appropriation for FY 2012. No additional Building Renewal grant funds will be appropriated for FY 2013 through FY 2015.

In order to create and maintain the database needed for a replacement-based system, the Executive recommends \$933,500 from the General Fund for SFB to purchase the subscription for an online preventive maintenance system for all school districts. The districts would be required to use the system in order to receive Building Renewal grants. The Executive estimates that the online preventive maintenance system will cost \$0.96 per student in FY 2013 (approximately \$933,500) and \$0.72 per student (approximately \$693,000) in each subsequent year.

Finally, in order to execute this comprehensive effort of (a) creating an inventory of all systems, (b) training districts on effective preventative maintenance, and (c) inspecting all Building Renewal grant requests, the Executive recommends \$871,400 to pay for 6.5 unfilled FTE positions and 3.0 new FTE positions.

General Fund 1,804.9

AG Pro-Rata Appropriation (5.2)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

General Fund (5.2)

State Employee Pay Adjustment 46.9

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund 46.9

FY 2012 Supplemental Recommendations

FY 2012

Three-Year Building Renewal Grant Program 100,000.0

The \$2.7 million appropriation for Building Renewal grants in FY 2012 represents only 1.1% of the amount stipulated by the Building Renewal formula. In addition, because of reduced property valuations, many districts have not been able to bond to maintain their buildings. Increasingly, maintenance of school facilities is being deferred, resulting in greater expenditures in the long run and hazardous conditions in the short run.

SFB must have funds available before the beginning of FY 2013 in order to begin addressing critical needs. Therefore, the Executive recommends a one-time \$100.0 million supplemental appropriation for Building Renewal grants in FY 2012. Of this amount, \$37,800 is to pay for three positions that will set the groundwork for the widespread implementation of the Building Renewal grant program in FY 2013.

General Fund 100,000.0

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Percent of all school districts rating the Boards' services as satisfactory, good, or excellent in annual survey	96	94	96	98
Percent of all school district schools inspected to ensure minimum adequacy guidelines	8	11	20	20
➤ <i>The staff of the School Facilities Board was unable to meet its performance target due to lack of staff. Due to budget reductions, two (2) of the four (4) staff positions that perform inspections have been cut.</i>				
Percent of inspected schools determined to have an adequate preventative maintenance program	79	36	40	40
Number of new school construction projects completed	6	0	2	6

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

Department of State - Secretary of State

Mission:

To help all Arizonans enjoy a better quality of life through participation, understanding, and confidence in state government by providing fair, honest, and accurate elections; keeping complete and accurate records that are accessible to the public; and providing excellent service to enhance business formation, protect business property, and enable business transactions.

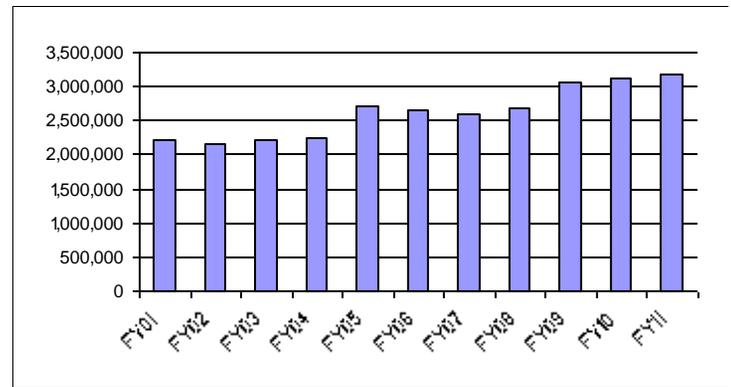
As a division of the Department of State, the mission of the Arizona State Library, Archives and Public Records is to serve Arizona government and Arizonans by providing access to public information, fostering historical/cultural collaborative research and information projects, and ensuring that Arizona's history is documented and preserved.

Description:

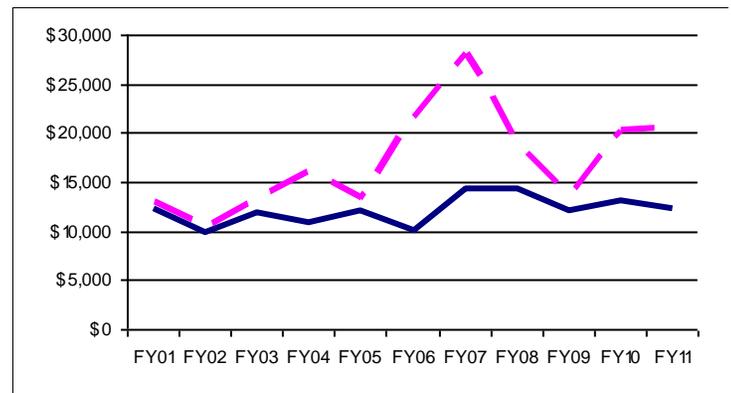
The Department of State is headed by a publicly elected Secretary of State, who serves as Acting Governor in the absence of the Governor and succeeds the Governor should a vacancy occur. The Secretary of State is the keeper of the Great Seal of the State of Arizona and is also the Chief State Election Officer who administers election functions, including canvass and certification of statewide elections, and coordinates statewide voter registration. The Secretary of State's office receives and records various filings, including Uniform Commercial Code transactions, trademark and trade name registrations, and limited partnership and limited liability partnership filings. The Office also registers lobbyists and accepts periodic lobbyist and campaign finance filings; publishes all official acts of the State of Arizona including laws, the Arizona Administrative Code, and the Arizona Administrative Register; files the notices of the Governor's appointments to State boards and commissions; appoints notaries public; and applies apostilles to all international transactions.

The Arizona State Library, Archives and Public Records division provides general information services as well as research and reference services in the subject areas of law, government, public policy, genealogy, and Arizoniana. The division administers state and federal grants for public libraries and offers consultant services to both public libraries and government agencies. The division also offers special library and information services for anyone who is unable to read or use standard printed materials as a result of temporary or permanent visual or physical limitations, manages public record archival retention programs, and creates exhibits to educate the public regarding governmental and Arizona history and the legislative process.

Registered Voters As Of January 1



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Constitution and Administration	1,269.9	1,038.6	1,038.6	1,072.2
Business Services	944.6	988.9	988.9	1,025.6
Public Services	308.5	312.9	312.9	329.6
Election Services	5,271.9	7,480.5	7,480.5	7,429.8
Library, Archives and Public Records	6,570.0	6,991.5	6,991.5	9,260.1
Agency - Approp. Funds	14,364.9	16,812.4	16,812.4	19,117.2
<i>Category</i>				
FTE	139.1	139.1	139.1	141.1
Personal Services	5,254.5	5,604.6	5,604.6	5,955.0
ERE Amount	2,375.1	2,566.9	2,566.9	2,615.9
Prof. And Outside Services	1,115.8	2,423.8	2,423.8	2,418.8
Travel - In State	14.8	16.4	16.4	16.4
Travel - Out of State	19.7	19.7	19.7	19.7
Food	0.3	0.3	0.3	0.3
Aid to Others	646.6	821.9	821.9	821.9
Other Operating Expenses	4,797.9	5,150.4	5,150.4	7,098.7
Equipment	94.4	162.6	162.6	162.6
Capital Outlay	15.8	15.8	15.8	15.8
Transfers Out	30.0	30.0	30.0	(7.8)
Agency - Approp. Funds	14,364.9	16,812.4	16,812.4	19,117.2
<i>Appropriated Fund</i>				
General Fund	12,308.0	13,309.4	13,309.4	15,490.5
Election Systems Improvement Fund	1,610.0	2,934.2	2,934.2	2,935.6

Records Services Fund	446.9	568.8	568.8	691.1
Agency - Approp. Funds	14,364.9	16,812.4	16,812.4	19,117.2

FY 2013

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)	1,610.0	2,934.2	2,934.2	2,935.6
SLI Litigation Costs	0.0	85.0	85.0	0.0
SLI Records Services	446.9	568.8	568.8	691.1
SLI Library Grants-in-aid	476.1	651.4	651.4	651.4
SLI Radio Reading for the Blind	97.0	97.0	97.0	97.0

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Address Confidentiality Program Fund	0.0	0.0	0.0	154.0
Arizona Centennial Account	23.1	25.6	25.6	26.0
Data Processing Acquisition Fund	119.8	120.2	120.2	120.2
Federal Economic Recovery Fund	145.7	762.2	762.3	762.2
Federal Grant Fund	5,437.3	5,332.2	4,672.2	4,702.8
Gift Shop Revolving Fund	89.8	89.7	91.1	75.6
Health Care Directives Registry	0.3	0.0	0.0	0.0
Notary Bond Fund	78.5	147.5	102.3	97.3
Standing Political Committee Administration Fund	45.4	16.9	16.9	17.4
State Library Fund	229.2	324.9	324.9	326.6
Agency - Nonapp. Funds	6,169.1	6,819.2	6,115.5	6,282.1
Agency Total - All Funds	20,534.0	23,631.6	22,927.9	25,399.4

Federal Funds Expenditures - as reported by Agency

	FY 2011 Actual	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	9,064.9	7,573.7	4,051.7

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

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 32.0

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund	29.6
Election Systems Improvement Fund	0.3
Records Services Fund	2.1

Rent Standard Adjustment 1,850.3

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

General Fund	1,850.3
--------------	---------

Health Insurance Rate Reduction (78.6)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund	(72.3)
Election Systems Improvement Fund	(1.2)
Records Services Fund	(5.1)

Other Adjustments

Records Services Employees 107.6

The Executive recommends an increase of 2.0 FTE positions for the Records Services program. These employees would specialize in creating microfilm from hard copy to better meet customer demand for such archiving projects. These employees would also assist in transporting records as this area is short-staffed and law prohibits the Agency's temporary workers from assisting in this duty. Filling both of these needs would help stabilize program revenues and allow the Agency to better meet its statutory obligations.

Records Services Fund	107.6
-----------------------	-------

Persistent Digital Archives and Library Systems 178.0

To help establish a preservation program for electronic records, the Executive recommends funding to continue software development for the Persistent Digital Archives and Library Systems program.

General Fund	178.0
--------------	-------

Chavez Litigation Costs (85.0)

The Executive recommends the elimination of the Litigation Costs special line item. This funding was appropriated for costs associated with the Chavez v. Brewer case, which has been closed.

General Fund	(85.0)
--------------	--------

State Grants-in-Aid 0.0

The Executive recommends designating as a continuing appropriation the FY 2013 State Grants-in-Aid special line item. These funds are used for library construction projects that often take more than one year to complete.

AG Pro-Rata Appropriation (37.8)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

General Fund	(35.4)
Election Systems Improvement Fund	(0.3)
Records Services Fund	(2.2)

State Employee Pay Adjustment 338.4

In conjunction with personnel reform, the Executive recommends

FY 2013

a 5% pay increase for eligible employees.

General Fund	315.9
Election Systems Improvement Fund	2.6
Records Services Fund	19.9

Performance Measures

	FY 2010	FY 2011	FY 2012	FY 2013
	<u>Actual</u>	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>
Percent of votes cast on provisional ballots compared to total voter registration	2	2	2	2
Total voter registration	3,093,647	3,146,418	3,250,000	3,300,000
Percent of delinquent campaign finance filings	9.94	7.66	9.0	9.0
Percent of delinquent elected official financial disclosure statements	1.3	0	2.0	2.0
Percent of delinquent lobbyist reports	8.3	54	25	25
Percent of staff indicating they feel they have the necessary resources to effectively perform their job	100	100	100	100
Average number of business days to process charitable organizations registrations	5	7	7	7
Average number of business days to process trade name applications	6	5	5	5
Average number of business days to process trademark applications	7	5	5	5
Average number of business days to process Uniform Commercial Code filings	3	3	3	3
Average number of business days to process athlete agents registrations	3	1	1	1
Average number of business days to process telephone solicitors registrations	3	7	7	7
Average number of business days to process notary commissions	4	5	5	5
Average number of business days to process limited/limited liability partnerships and foreign limited liability partnerships filings	3	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
Collaboration - Total activities/contacts	294,199	221,774	130,700	130,700
Leg info services - Total activities/contacts	16,957	18,941	16,355	16,355
Public Access - Total contacts (in thousands)	87,303.8	77,750.9	77,992.2	77,992.2
Public Access - Customer satisfaction	7.6	7.8	7.6	7.6
Preservation - Total items/contacts (in thousands)	57,645.3	13,659.7	13,740.0	13,740.0

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

State Boards Office

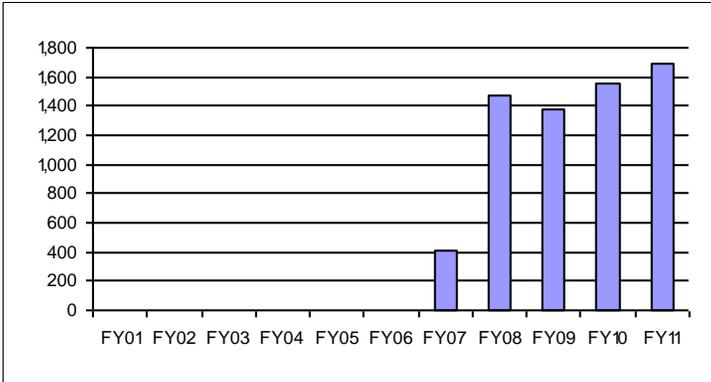
Mission:

To provide effective and efficient support services to small licensing agencies.

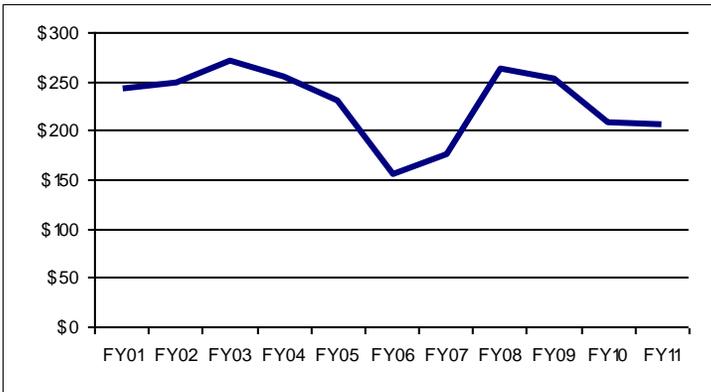
Description:

The State Boards Office operates within the Department of Administration and offers support services to small licensing agencies in the areas of reception services, budgeting, personnel, accounting, and payroll.

Total Claims Processed



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Support Services	205.8	211.6	211.6	231.0
Agency - Approp. Funds	205.8	211.6	211.6	231.0
<i>Category</i>				
FTE	3.0	3.0	3.0	3.0
Personal Services	119.1	127.6	127.6	134.0
ERE Amount	45.5	54.5	54.5	54.3
Prof. And Outside Services	0.4	0.4	0.4	0.4
Travel - In State	0.0	0.0	0.0	0.0
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	31.8	29.1	29.1	43.1
Equipment	9.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	(0.9)
Agency - Approp. Funds	205.8	211.6	211.6	231.0

Appropriated Fund

Admin - Special Services	205.8	211.6	211.6	231.0
Agency - Approp. Funds	205.8	211.6	211.6	231.0

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 0.5

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Special Services Fund 0.5

Rent Standard Adjustment 14.0

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

Special Services Fund 14.0

Health Insurance Rate Reduction (1.9)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Special Services Fund (1.9)

Other Adjustments

AG Pro-Rata Appropriation (0.9)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

Special Services Fund (0.9)

State Employee Pay Adjustment 7.7

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Special Services Fund 7.7

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

State Board of Tax Appeals

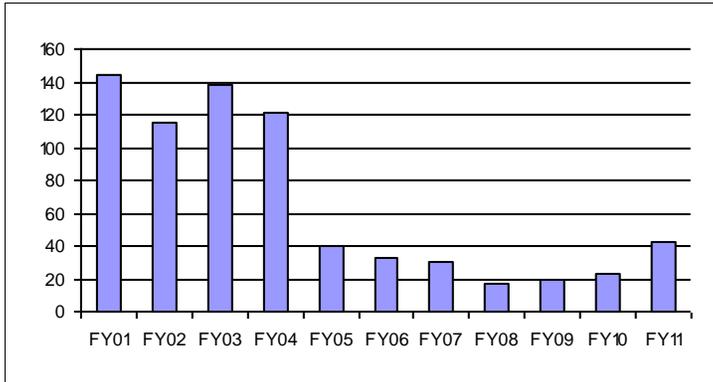
Mission:

To provide an independent appeals process for taxpayers with adverse decisions from the Department of Revenue and Office of Administrative Hearings, and to resolve jurisdictional disputes between municipalities regarding the imposition of transaction privilege and use taxes.

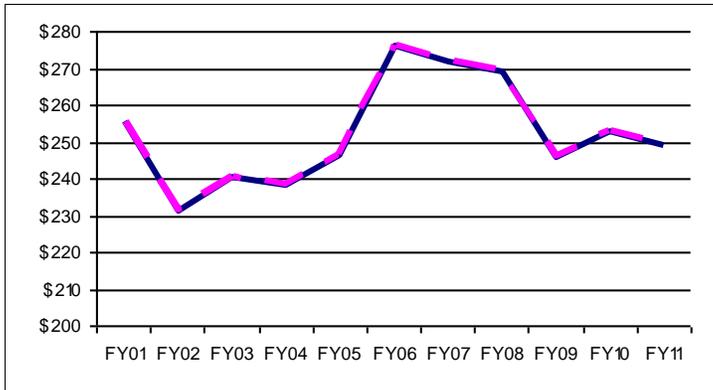
Description:

The State Board of Tax Appeals hears and decides appeals filed by taxpayers and Arizona municipalities concerning income, transaction privilege, use, luxury, and estate taxes.

Number of Tax Appeal Cases



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
State Board of Tax Appeals	249.4	253.4	253.4	263.0
Agency - Approp. Funds	249.4	253.4	253.4	263.0
<i>Category</i>				
FTE	4.0	4.0	4.0	4.0
Personal Services	160.5	170.9	170.9	179.4
ERE Amount	46.1	42.6	42.6	44.0
Prof. And Outside Services	1.1	1.1	1.1	1.1
Travel - In State	0.3	0.4	0.4	0.4
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	41.4	38.4	38.4	39.2
Equipment	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	(1.2)

Agency - Approp. Funds	249.4	253.4	253.4	263.0
<i>Appropriated Fund</i>				
General Fund	249.4	253.4	253.4	263.0
Agency - Approp. Funds	249.4	253.4	253.4	263.0

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 0.6

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund 0.6

Rent Standard Adjustment 0.8

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

General Fund 0.8

Health Insurance Rate Reduction (0.9)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund (0.9)

Other Adjustments

AG Pro-Rata Appropriation (1.2)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

General Fund (1.2)

State Employee Pay Adjustment 10.2

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund 10.2

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Caseload processing (and number of issues)	23(47)	43(95)	65(110)	75(150)
Number of tax appeals resolved	9	14	35	45
Number backlogged requiring written decision	1	4	15	15
Number of months to process appeal	7.5	7	6.5	6.5

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

State Board of Technical Registration

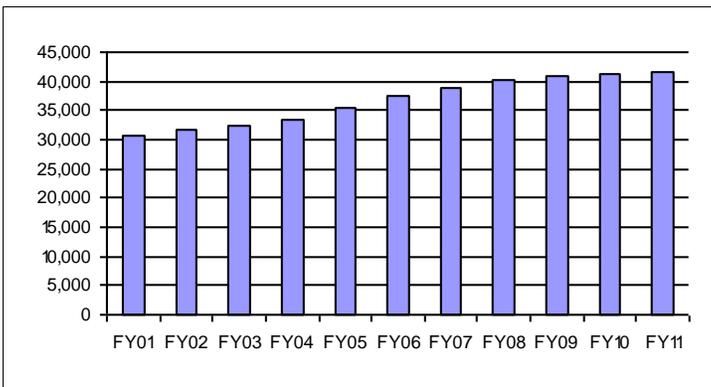
Mission:

To protect the public by setting appropriate registration qualifications and enforcing State Statutes relating to the practice of all Board regulated professions and occupations.

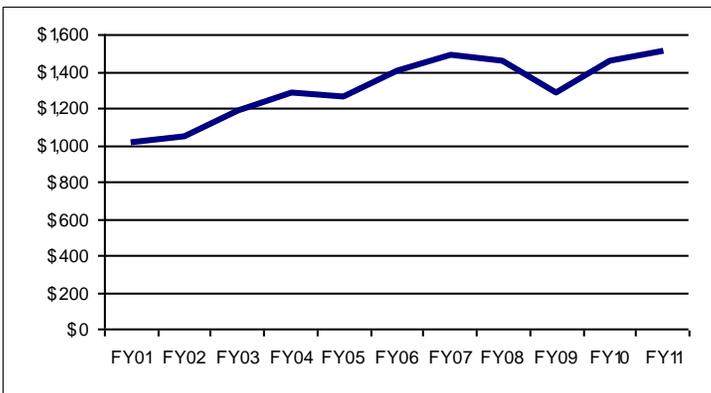
Description:

The Agency's duties are to screen applicants; adopt and administer qualifying examinations as needed to determine whether minimum standards for registration or certification have been satisfied; to enforce professional practice standards for registrants and certificate holders; and to enforce statutes relating to unlicensed practice.

Number of Licensees



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	1,537.2	1,834.9	1,834.9	1,882.4
Agency - Approp. Funds	1,537.2	1,834.9	1,834.9	1,882.4

Category

FTE	23.0	23.0	23.0	23.0
Personal Services	740.4	826.5	826.5	867.8
ERE Amount	293.8	323.0	323.0	324.9
Prof. And Outside Services	56.8	67.1	67.1	67.1
Travel - In State	4.5	12.4	12.4	12.4
Travel - Out of State	6.1	16.0	16.0	16.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	357.2	538.5	538.5	542.8
Equipment	31.9	4.9	4.9	4.9

Transfers Out	46.5	46.5	46.5	46.5
Agency - Approp. Funds	1,537.2	1,834.9	1,834.9	1,882.4
<i>Appropriated Fund</i>				
Technical Registration Board	1,537.2	1,834.9	1,834.9	1,882.4
Agency - Approp. Funds	1,537.2	1,834.9	1,834.9	1,882.4

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 3.1

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Technical Registration Board Fund 3.1

Rent Standard Adjustment 4.3

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

Technical Registration Board Fund 4.3

Health Insurance Rate Reduction (9.9)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Technical Registration Board Fund (9.9)

Other Adjustments

Continuation of One-Time Funding 0.0

The Executive recommends continuing the increase of \$100,000 from the Technical Registration Fund that was added in FY 2012 for a computer system upgrade. The continued funding will contribute to the transition from the Board's current system (AS400) to a SQL server that will be utilized until the new database system is completed. Continuation of funding is recommended because initial estimates for the project have more than doubled.

State Employee Pay Adjustment 50.0

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Technical Registration Board Fund 50.0

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Total number of professional licensees	32,018	32,018	32,018	32,018
Percent of persons grading response to request for information as good or better	100	100	100	100
Percent of complaints resolved by informal methods	100	100	100	100

Performance Measures

	FY 2010	FY 2011	FY 2012	FY 2013
	<u>Actual</u>	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>
Number of complaints received	154	101	154	154

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

Arizona Office of Tourism

Mission:

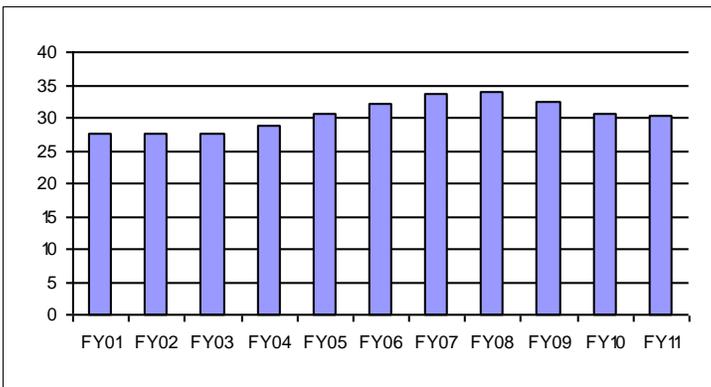
To enhance the State's economy by expanding travel activity through tourism promotion and development.

Description:

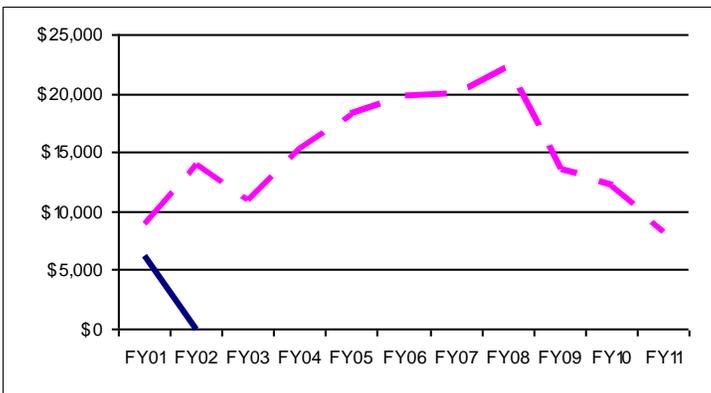
The Arizona Office of Tourism (AOT) develops and executes a national, international, and in-state marketing plan, promotes Arizona's tourism-related businesses, manages research that guides state-wide tourism development, is a central clearinghouse for tourism-related data, and provides information and assistance as needed by citizens, businesses, industry organizations, and governmental agencies on matters related to tourism.

Transfers Out	0.0	0.0	0.0	7,000.0
Agency - Approp. Funds	0.0	0.0	0.0	7,000.0
<i>Appropriated Fund</i>				
General Fund	0.0	0.0	0.0	7,000.0
Agency - Approp. Funds	0.0	0.0	0.0	7,000.0
Non-Appropriated Funds				
	<i>FY 2011 Actual</i>	<i>FY 2012 Expend. Plan</i>	<i>FY 2012 Exec. Rec.</i>	<i>FY 2013 Exec. Rec.</i>
Tourism Fund	10,709.7	14,887.0	14,887.0	14,959.5
Agency - Nonapp. Funds	10,709.7	14,887.0	14,887.0	14,959.5
Agency Total - All Funds	10,709.7	14,887.0	14,887.0	21,959.5

Domestic Overnight Visitation (millions)



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Office of Tourism	0.0	0.0	0.0	7,000.0
Agency - Approp. Funds	0.0	0.0	0.0	7,000.0
<i>Category</i>				
FTE	0.0	0.0	0.0	0.0
Personal Services	0.0	0.0	0.0	0.0
ERE Amount	0.0	0.0	0.0	0.0
Prof. And Outside Services	0.0	0.0	0.0	0.0
Travel - In State	0.0	0.0	0.0	0.0
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0

Executive Appropriation Recommendations

FY 2013

Other Adjustments

Investing in Tourism

7,000.0

In contrast to recent years, domestic and international tourism activity is on the upswing, and many states that compete with Arizona for tourism dollars are increasing their tourism budgets to take advantage of immediate opportunities.

To help Arizona's tourism and hospitality industries – particularly in the rural areas – capitalize on this positive trend, the Executive recommends depositing \$7.0 million from the General Fund into the non-appropriated Tourism Fund to market Arizona as a premier tourist destination. The Executive also recommends that the Tourism Funding formula be eliminated in lieu of appropriations to the Tourism Fund.

This investment will fund such new programs as a privately matched national marketing campaign; an initiative to capture emerging visitor markets such as China, South Korea and Brazil; and a rural Arizona cooperative advertising program designed to encourage visitors to travel throughout rural Arizona.

Legislative action on this issue is vital. The FY 2011 budget (Laws 2010, 7th Special Session, Chapter 12) eliminated the Tourism formula and, in its place, allowed the Office of Tourism (AOT) to use up to 50% of the revenues from Maricopa County hotel taxes and rental car surcharges for AOT operational costs. (Previously, 100% of the aforementioned revenues were distributed to local government convention and visitor agencies in Maricopa County.) However, in Laws 2010, Chapter 128, the Legislature restricted AOT's operational use of the Maricopa County funds to FY 2011 and FY 2012. Therefore, without new funding or a legal change, AOT will not be funded in FY 2013, and the Arizona economy will be denied a critical opportunity.

General Fund 7,000.0

Performance Measures

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

Performance Measures

	FY 2010 <u>Actual</u>	FY 2011 <u>Actual</u>	FY 2012 <u>Expected</u>	FY 2013 <u>Expected</u>
Number of domestic tourists (in millions)	30.5	32.2	32.0	32.0
Number of visitors to the Welcome Center	123,500	119,357	120,000	120,000
Cost per inquiry for advertising-generated requests for Arizona travel planning information (in dollars)	18.6	19.4	19.4	19.4
Number of inquiries for Arizona travel packet (in thousands)	226	156	156	156
➤ <i>Research Studies show that travelers view a hard copy guide as a primary source of information.</i>				
Customer satisfaction rating for travel kits program (scale 1-5, 5=very satisfied)	4.5	4.2	4.3	4.3
➤ <i>A new fulfillment warehouse contract was awarded mid-FY11 which resulted in a decline in satisfaction. There is an expectation that future satisfaction estimates will improve since the warehouse is now in full operation.</i>				

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

Department of Transportation

Mission:

To provide products and services for a safe, efficient, cost-effective transportation system.

Description:

The Arizona Department of Transportation is the state agency responsible for collecting transportation revenues and for planning, constructing, and maintaining Arizona’s highway infrastructure for the safe and efficient movement of people and products throughout the state. The transportation system, with more than 21,000 travel-lane miles, supports the state’s economy and quality of life. In addition, ADOT issues development grants to public airports for improvement projects, and owns and maintains the Grand Canyon National Park Airport.

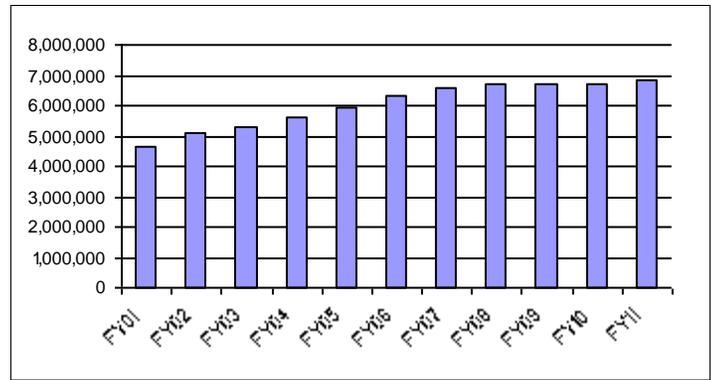
ADOT works with various customers and stakeholders to identify significant transportation issues in Arizona and improve existing systems and practices. The Arizona Long-Range Transportation Plan builds on numerous studies and plans that guide ADOT in identifying future needs, developing solutions, and delivering projects that address the transportation challenges Arizona will face over the next 20 years. The Five-Year Transportation Facilities Construction Program and the collection of the maximum amount of transportation revenue are critical to the delivery of major state transportation projects by assisting decision makers in prioritizing projects and allocating corresponding funds.

The Motor Vehicle Division (MVD) is responsible for providing motor vehicle title and registration services, issuing driver credentials, e-government (ServiceArizona) services and commercial motor carrier services. The division also operates several information call centers.

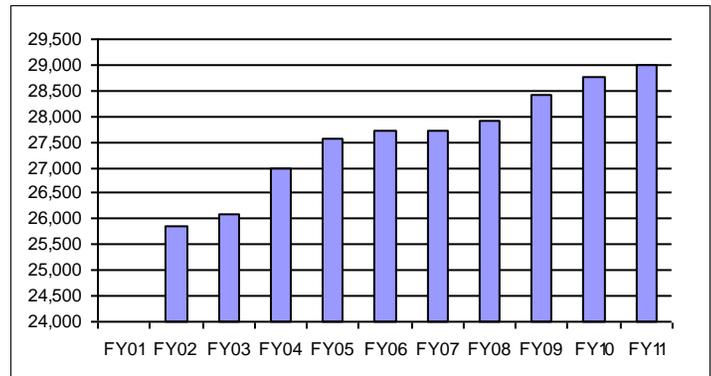
The Enforcement and Compliance Division is responsible for commercial vehicle enforcement, registration compliance, and conducting administrative hearings involving DUI-related offenses and driver license suspension/revocation. It also oversees the agency's Office of the Inspector General.

Revenues collected from fuel taxes, motor carrier fees, motor vehicle registration fees, vehicle license taxes (VLT), and other miscellaneous fees build and operate the state’s transportation systems and fund other related expenditures. The health of these revenues directly impacts ADOT’s ability to successfully deliver a range of transportation projects that will help create jobs and deliver economic and quality-of-life benefits for Arizona residents and businesses.

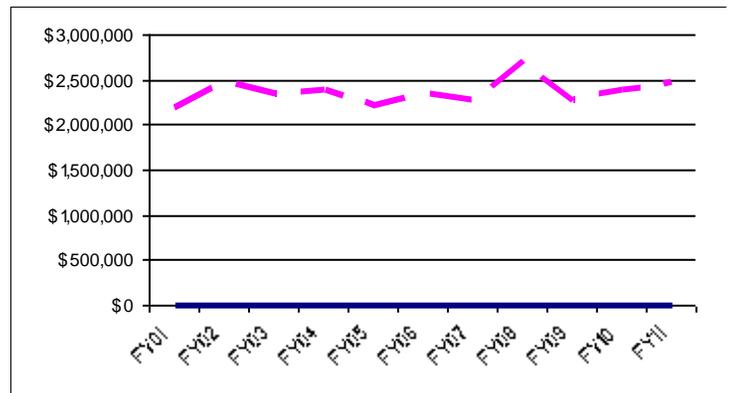
Total Commercial and Non-Commercial Vehicles



Maintenance Lane Miles



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Administration	81,556.6	61,953.4	61,953.4	63,035.0
Intermodal Transportation	191,061.0	207,220.4	207,220.4	209,240.6
Motor Vehicle Division	77,511.8	90,817.8	90,817.8	92,662.8
Agency - Approp. Funds	350,129.4	359,991.6	359,991.6	364,938.4

Category	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
FTE	4,548.0	4,548.0	4,548.0	4,548.0
Personal Services	114,396.4	125,117.6	125,117.6	131,373.5
ERE Amount	55,267.1	63,804.6	63,804.6	63,320.7
Prof. And Outside Services	9,354.6	9,636.9	9,636.9	9,636.9
Travel - In State	990.0	937.6	937.6	937.6
Travel - Out of State	112.5	80.2	80.2	80.2
Aid to Others	0.3	0.3	0.3	0.3

Other Operating Expenses	134,966.4	136,030.4	136,030.4	135,205.2
Equipment	13,133.3	6,434.1	6,434.1	6,434.1
Capital Outlay	15,118.1	13,620.9	13,620.9	13,620.9
Cost Allocation	(10,368.2)	(10,338.7)	(10,338.7)	(10,338.7)
Transfers Out	17,158.9	14,667.7	14,667.7	14,667.7
Agency - Approp. Funds	350,129.4	359,991.6	359,991.6	364,938.4
<i>Appropriated Fund</i>				
General Fund	44.5	50.2	50.2	51.3
State Aviation Fund	1,585.4	1,577.8	1,577.8	1,608.7
State Highway Fund	325,527.1	239,494.2	239,494.2	242,858.3
Transportation Department Equipment Fund	18,933.1	27,416.9	27,416.9	27,119.9
Safety Enforcement and Transportation Infrastructure	1,647.8	1,866.0	1,866.0	1,898.4
Air Quality Fund	28.3	72.2	72.2	74.9
Vehicle Inspection & Title Enforcement	867.4	1,434.4	1,434.4	1,476.0
Motor Vehicle Liability Insurance Enforcement	835.4	1,052.6	1,052.6	1,088.1
Driving Under Influence Abatement Fund	148.1	146.9	146.9	153.4
Highway User Revenue Fund	512.3	86,880.4	86,880.4	88,609.4
Agency - Approp. Funds	350,129.4	359,991.6	359,991.6	364,938.4

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	2,170.0	2,895.6	2,895.6	2,895.6
SLI New Third Party Funding	497.1	937.0	937.0	964.6
SLI Fraud Investigation	398.9	753.9	753.9	771.9

	Non-Appropriated Funds			
	<i>FY 2011 Actual</i>	<i>FY 2012 Expend. Plan</i>	<i>FY 2012 Exec. Rec.</i>	<i>FY 2013 Exec. Rec.</i>
ADOT Federal Programs	22,626.3	22,626.0	22,626.0	22,651.2
ADOT-Maricopa-Regional-Area Bond Revolving	348,829.1	348,389.4	348,389.4	348,463.8
Arizona Highways Magazine Fund	5,379.6	5,018.5	5,018.5	5,080.9
AZ Prof Baseball Club Special Plate Fund	156.0	156.0	156.0	156.0
AZ Prof Basketball Club Special Plate Fund	51.2	51.2	51.2	51.2
Bond Proceeds	332,449.1	332,449.1	332,449.1	333,295.2
Cash Deposits Fund	12.5	12.5	12.5	12.5
Debt Service	333,654.3	333,654.3	333,654.3	333,654.3
Economic Strength Project	312.3	312.3	312.3	312.3
Grant Anticipation Notes Fund	88,826.3	88,826.3	88,826.3	88,826.3
Highway Expansion & Extension Loan Program	83.5	83.5	83.5	85.9
Highway User Revenue Fund	556,792.0	635,913.7	556,698.0	556,698.0
Indirect Cost Recovery Fund	(42.9)	0.0	0.0	0.0
Local Agency Deposits Fund	167,647.1	167,647.1	167,647.1	167,670.7
Motor Vehicle Liability Insurance Enforcement Fund	324.2	317.5	317.5	317.5

Non-Appropriated Funds

	<i>FY 2011 Actual</i>	<i>FY 2012 Expend. Plan</i>	<i>FY 2012 Exec. Rec.</i>	<i>FY 2013 Exec. Rec.</i>
	Motorcycle Safety Fund	70.9	27.9	27.9
Railroad Corridor Acquisition Fund	4.7	154.7	154.7	(16.3)
Safety Enforcement and Transportation Infrastructure	1,518.8	1,509.1	1,509.1	1,559.1
State Aviation Fund	11,749.0	20,757.8	20,757.8	20,757.8
State Highway Fund	641,954.1	638,992.9	638,992.9	640,627.0
Statewide Employee Recognition Gifts/Donations	23.8	20.0	20.0	20.0
Statewide Special Plates Fund	421.1	421.1	421.1	421.1
Agency - Nonapp. Funds	2,512,843.0	2,597,340.9	2,518,125.2	2,520,672.3
Agency Total - All Funds	2,862,972.4	2,957,332.5	2,878,116.8	2,885,610.7

Federal Funds Expenditures - as reported by Agency

	<i>FY 2011 Actual</i>	<i>FY 2012 Exp. Plan</i>	<i>FY 2013 Exp. Plan</i>
Agency Total	843,835.9	727,487.8	725,750.0

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

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 475.4

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund	0.1
State Aviation Fund	2.5
State Highway Fund	273.2
Transportation Department Equipment Fund	38.4
Safety Enforcement and Transportation Infrastructure Fund	2.9
Air Quality Fund	0.2
Vehicle Inspection and Title Enforcement Fund	3.3
Motor Vehicle Liability Insurance Enforcement Fund	2.6
Driving Under Influence Abatement Fund	0.4
Highway User Revenue Fund	151.8

Health Insurance Rate Reduction (2,288.5)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

State Aviation Fund	(12.0)
State Highway Fund	(1,268.1)
Transportation Department Equipment Fund	(122.6)

FY 2013

Safety Enforcement and Transportation Infrastructure Fund	(16.3)
Air Quality Fund	(0.9)
Vehicle Inspection and Title Enforcement Fund	(14.1)
Motor Vehicle Liability Insurance Enforcement Fund	(9.4)
Highway User Revenue Fund	(845.1)

Other Adjustments

Reduction of VLT Transfer 0.0

The Executive recommends reducing the Vehicle License Tax transfers in the amount of (\$8.9 million) to provide funding from the State Highway Fund for the recommended state employee pay increase.

Appropriation Adjustment to Reflect Revenues (825.2)

The Executive recommends adjusting the appropriation for the Transportation Equipment Revolving Fund to mirror projected revenues in FY 2013.

Transportation Department Equipment Fund (825.2)

State Employee Pay Adjustment 7,585.1

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund	1.0
State Aviation Fund	40.4
State Highway Fund	4,359.0
Transportation Department Equipment Fund	612.4
Safety Enforcement and Transportation Infrastructure Fund	45.8
Air Quality Fund	3.4
Vehicle Inspection and Title Enforcement Fund	52.4
Motor Vehicle Liability Insurance Enforcement Fund	42.3
Driving Under Influence Abatement Fund	6.1
Highway User Revenue Fund	2,422.3

Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	<u>Actual</u>	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>
Percent projects completed on schedule	95	98	95	95
Percent of dollars awarded vs. planned	100	100	100	100
Highway User Revenue Fund revenue forecast range (percent)	-4.3	0.0	+2.0/-1.0	+2.0/-1.0
Regional Area Revolving Fund revenue forecast range (percent)	0	2.7	+2.0/-1.0	+2.0/-1.0
Percent of highway construction projects completed on schedule	98	95.4	95	85

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

State Treasurer

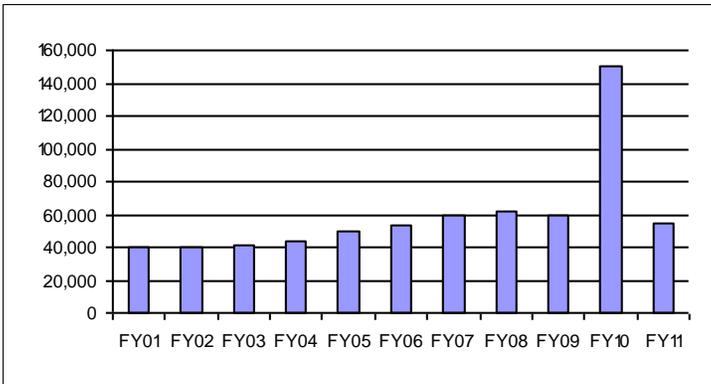
Mission:

To protect taxpayer money by serving as the State's Bank and fiduciary agent, providing investment management, financial information and services.

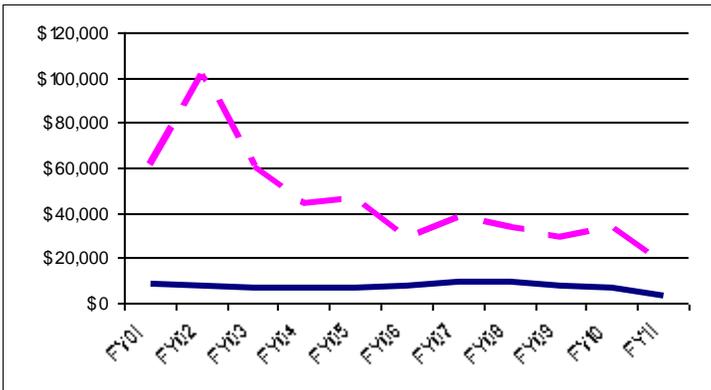
Description:

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 for public entities throughout the State.

Total Assets Under Management, Deposits, Distributions (millions)



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Treasurer's Office	3,564.5	3,795.9	3,795.9	5,726.2
Agency - Approp. Funds	3,564.5	3,795.9	3,795.9	5,726.2
Category				
FTE	29.4	29.4	29.4	30.4
Personal Services	1,477.7	1,537.7	1,537.7	1,679.1
ERE Amount	535.1	580.2	580.2	602.3
Prof. And Outside Services	189.5	290.7	290.7	233.7
Travel - In State	0.7	2.0	2.0	2.0
Travel - Out of State	3.7	0.0	0.0	0.0
Aid to Others	1,083.1	1,115.1	1,115.1	2,915.1
Other Operating Expenses	274.7	270.2	270.2	304.4

Equipment	0.0	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0	(10.4)
Agency - Approp. Funds	3,564.5	3,795.9	3,795.9	5,726.2

Appropriated Fund

General Fund	1,083.1	1,115.1	1,115.1	1,115.1
Arizona State Retirement System	0.0	50.0	50.0	0.0
Boating Safety Fund	0.0	0.0	0.0	1,800.0
State Treasurer's Operating Fund	2,436.7	2,493.5	2,493.5	2,609.0
State Treasurer's Management Fund	44.7	87.3	87.3	202.1
Public Safety Personnel Retirement System	0.0	50.0	50.0	0.0
Agency - Approp. Funds	3,564.5	3,795.9	3,795.9	5,726.2

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 Justice of the Peace Salaries	1,083.1	1,115.1	1,115.1	1,115.1
SLI PSPRS Study Committee	0.0	100.0	100.0	0.0

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Rent Standard Adjustment 34.2

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

State Treasurer's Operating Fund 34.2

Health Insurance Rate Reduction (16.7)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

State Treasurer's Operating Fund (16.7)

Baseline Adjustments

Retirement Study Committee (100.0)

The Executive does not recommend additional appropriations in FY 2013 to augment the one-time, non-lapsing funding provided in FY 2012 to implement and staff the Defined Contribution and Retirement System Study Committee. The Committee is required to report by December 31, 2012. Any unexpended or unencumbered monies left on September 30, 2013 will revert.

Arizona State Retirement System-Non Appropriated Fund (50.0)

Public Safety Personnel Retirement System (50.0)

Transfer of Boating Safety Grants from The Parks Board 750.0

Laws 2011, Chapter 333 moves the administration of the Law Enforcement and Boating Safety Fund from the Parks Board to the Treasurer's Office. It also moves the responsibility for determining

FY 2013

the allocation of grants from the Outdoor Recreation Coordinating Commission to the Game and Fish Commission, with the Treasurer's Office making the grant payments.

The Executive recommends moving the amount appropriated in FY 2012, \$750,000, to the Treasurer's Office for grant payments.

Boating Safety Fund 750.0

Other Adjustments

Investment Analyst 110.1

The Executive recommends an investment analyst position. Currently, the Office has an investment analysis team of three portfolio managers and a financial analyst to invest in the securities of 130 companies. The Treasurer expects to expand the number of companies to 200 and be able to increase the return to the State by over \$3.0 million. In addition, the added analyst will help protect against unexpected downside investment risk.

State Treasurer's Management Fund 110.1

Audit Services 25.0

Internal controls and financial oversight in the Treasurer's Office have historically relied on self-inspection. The Treasurer recommends that, with deposits of more than \$30.0 billion each year, more rigorous audits are needed. The Executive recommends continual outside audits of the internal policies and procedures of the Treasurer's Office.

State Treasurer's Operating Fund 25.0

Law Enforcement Grants 1,050.0

The Executive recommends an additional \$1.1 million for local law enforcement and boating safety grants. The Law Enforcement and Boating Safety Fund receives part of the watercraft license tax for this purpose.

During FY 2011 and FY 2012, the Parks Board, which administered the Fund at that time, was allowed to use \$1.4 million from the Fund for operating the State Parks. This limited local law enforcement grants to only \$750,000 for three counties: La Paz, Mohave, and Yuma. However, during the 2011 legislative session, the Parks Board supported moving the Fund away from the Parks Board and to the Treasurer's Office for law enforcement grants.

For FY 2013, other funding sources are available to support the Parks Board. The Executive recommends using the law enforcement portion of the watercraft license tax for its statutorily intended purpose.

Boating Safety Fund 1,050.0

AG Pro-Rata Appropriation (10.4)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for

FY 2013

Agencies paying the pro-rata.

State Treasurer's Operating Fund (9.8)

State Treasurer's Management Fund (0.6)

State Employee Pay Adjustment 88.1

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

State Treasurer's Operating Fund 82.8

State Treasurer's Management Fund 5.3

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Customer satisfaction rating for State Agency depositors (scale 1-8).	7.53	7.74	7.10	7.10
Customer satisfaction rating for distribution recipients (scale 1-8).	7.29	7.74	7.10	7.10
Number of non-compliant trades.	0	0	3	3
Average days to correct non-compliant trades.	0	0	1	1

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

Arizona Board of Regents

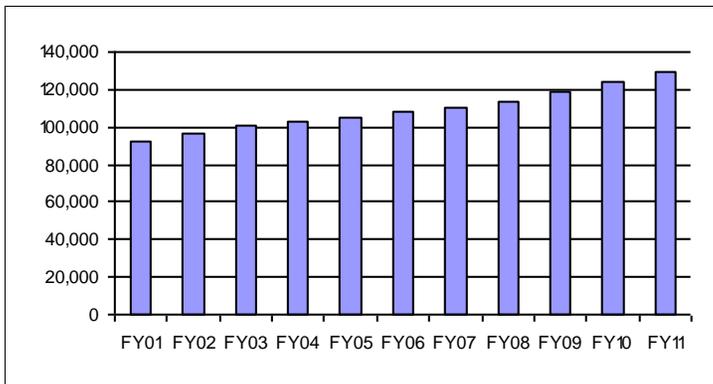
Mission:

To increase the educational attainment of Arizona citizens by producing enough high-quality university degrees for the State to be nationally competitive by the year 2020; to increase the prominence of the system's research enterprise so that it can contribute to the knowledge economy and improve the quality of life in Arizona; and to provide the educated workforce needed to fill shortages and to stimulate demand for higher paying jobs in Arizona.

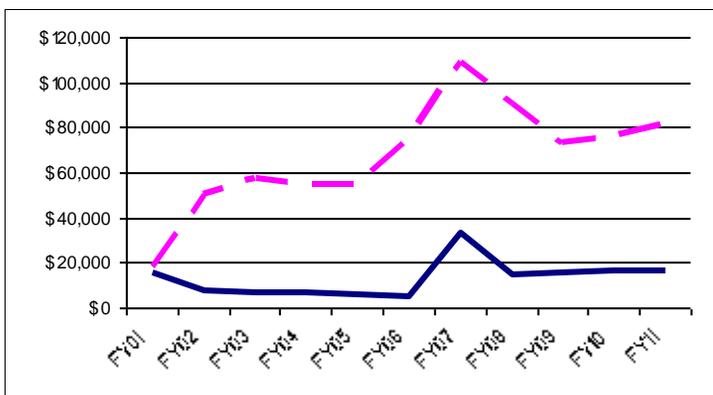
Description:

The Arizona Board of Regents is the governing body for Arizona's three state universities. Consistent with its constitutional authority, the Board makes planning and policy decisions regarding the state universities. The Board hires the university presidents and the president for the Board, to whom the Board assigns the responsibility of management. The Board is the legal entity responsible for the universities and accounts to the legislative and executive branches of government for the resources appropriated to the universities and the Board.

Arizona University System Enrollment (21st Day Fall)



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Governance	2,372.2	2,350.3	2,350.3	47,612.9
Student Assistance	14,751.9	14,575.9	14,575.9	14,575.9
Agency - Approp. Funds	17,124.1	16,926.2	16,926.2	62,188.8

Category

FTE	23.1	25.1	25.1	25.1
Personal Services	0.0	1,436.0	1,436.0	1,436.0
ERE Amount	0.0	521.3	521.3	510.2
Prof. And Outside Services	62.4	62.4	62.4	62.4
Travel - In State	0.0	0.0	0.0	0.0
Travel - Out of State	0.0	0.0	0.0	0.0
Aid to Others	16,585.0	14,450.9	14,450.9	14,450.9
Other Operating Expenses	476.7	455.6	455.6	45,729.3
Equipment	0.0	0.0	0.0	0.0
Agency - Approp. Funds	17,124.1	16,926.2	16,926.2	62,188.8

Appropriated Fund

General Fund	17,124.1	16,926.2	16,926.2	62,188.8
Agency - Approp. Funds	17,124.1	16,926.2	16,926.2	62,188.8

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 WICHE Office	125.0	125.0	125.0	125.0
SLI WICHE Student Subsidies	4,106.0	4,106.0	4,106.0	4,106.0
SLI Arizona Financial Aid Trust - AFAT	10,041.2	10,041.2	10,041.2	10,041.2
SLI Arizona Teachers Incentive Program - ATIP	90.0	90.0	90.0	90.0
SLI Arizona Transfer Articulation Support System - ATASS	213.7	213.7	213.7	213.7
SLI Math and Science Teacher Initiative	176.0	0.0	0.0	0.0

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
A & M College Land Earnings	170.2	195.8	195.8	181.6
ABOR Local Fund	1,954.7	3,791.2	3,509.4	2,479.1
Federal Grant	837.2	1,357.7	1,357.7	1,307.0
Mathematics, Science and Special Education Teacher Student Loan Fund	226.0	0.0	0.0	0.0
Military Institute Land Earnings	66.1	67.6	67.6	66.8
Normal School Land Earnings	150.9	161.7	161.7	156.3
Technology and Research Initiative Fund	53,771.1	54,000.0	54,000.0	54,000.0
Universities Land Earnings	1,884.6	1,558.8	1,558.8	1,555.7
University Capital Improvement Lease-to-Own and Bond Fund	7,433.0	18,063.9	18,063.9	18,700.0
Agency - Nonapp. Funds	66,493.8	79,196.7	78,914.9	78,446.5
Agency Total - All Funds	83,617.9	96,122.9	95,841.1	140,635.3

Federal Funds Expenditures - as reported by Agency

	FY 2011 Actual	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	837.2	1,357.7	1,306.3

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

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 2.7

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund 2.7

Health Insurance Rate Reduction (13.8)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund (13.8)

Other Adjustments

University Performance Funding 30,000.0

The FY 2012 budget (Laws 2011, Chapter 30) requires the Board of Regents to recommend a funding structure that includes performance and outcome based funding. Consistent with this transition, the Executive recommends moving to the Board of Regents \$15.0 million of the Universities' base funding (excluding the University of Arizona Health Sciences Center), allocated using each University's share of total General Fund support.

The State will match the \$15.0 million, for a total of \$30.0 million to be allocated by the Board of Regents to the Universities based on an agreed-upon performance funding formula. The Universities have published a formula recommendation that includes increases in degrees, credit hours and outside research funding. The Executive will work with the Legislature and the Universities in an effort to achieve a mutually agreeable performance funding formula.

General Fund 30,000.0

Course Redesign Technology and Capital 15,273.7

The Executive recommends \$15.3 million for innovative course redesign technologies and capital improvements that will maintain or improve learning outcomes and decrease per-student costs for large enrollment/high failure-rate classes. Of the \$15.3 million, the Board of Regents will allocate \$12.0 million to ASU and \$3.3 million to NAU.

The use of these technologies will allow ASU and NAU to decrease labor costs while maintaining or improving course quality and learning outcomes. ASU and NAU must have Board-approved plans before the funds are distributed, and the Board must review the plans before October 1, 2012.

General Fund 15,273.7

Performance Measures

	<u>FY 2010</u> <u>Actual</u>	<u>FY 2011</u> <u>Actual</u>	<u>FY 2012</u> <u>Expected</u>	<u>FY 2013</u> <u>Expected</u>
Number of first year Western Interstate Commission for Higher Education awards	46	53	57	52
Percent of action plan objectives substantially completed	0	0	0	0
Audits performed on universities	4	36	42	48
Total number of Western Interstate Commission for Higher Education awards	199	190	178	187

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

Performance Measures

<u>FY 2010</u> <u>Actual</u>	<u>FY 2011</u> <u>Actual</u>	<u>FY 2012</u> <u>Expected</u>	<u>FY 2013</u> <u>Expected</u>
---------------------------------	---------------------------------	-----------------------------------	-----------------------------------

ASU - Tempe

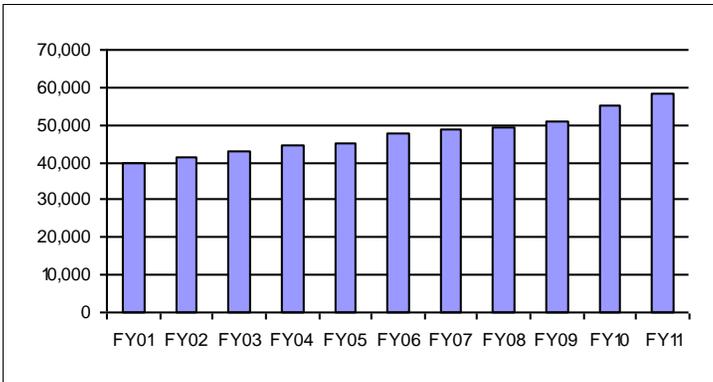
Mission:

To provide outstanding programs of undergraduate and graduate education, cutting-edge research, and public service for the citizens of the State of Arizona with special emphasis on the Phoenix metropolitan area.

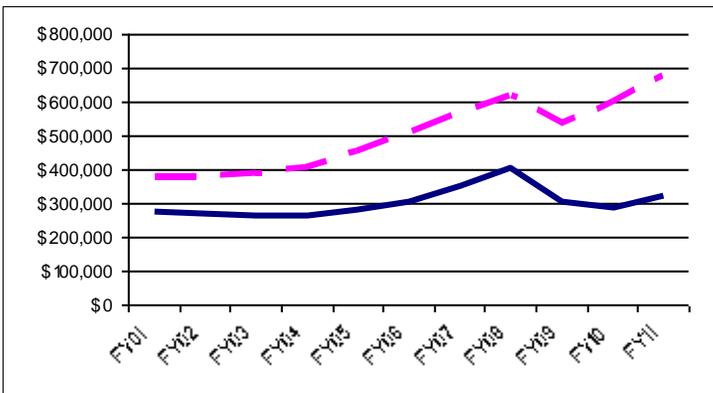
Description:

Arizona State University at the Tempe Campus, which includes the Downtown Phoenix campus, is a major public research university offering programs from the baccalaureate through the doctorate to over 59,000 Tempe campus and over 17,000 Downtown campus full-time and part-time students and applying the strongest features of the traditional major research university to the rapidly evolving needs of the metropolitan Phoenix area and Arizona. The Tempe campus plays an extensive role within Arizona State University by providing high quality graduate training at the doctoral level and serving as the only Carnegie Foundation-designated Doctoral/Research-Extensive campus in the metropolitan Phoenix area.

Full-time Enrollment (21st Day Fall)



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Instruction	406,097.2	425,301.2	425,301.2	417,036.8
Organized Research	19,081.5	15,583.9	15,583.9	15,504.4
Public Service	1,220.8	973.7	973.7	969.3
Academic Support	79,226.0	82,902.5	82,902.5	82,653.7
Student Services	29,339.7	33,751.3	33,751.3	33,615.9

Institutional Support	142,928.9	143,124.6	143,124.6	142,833.1
Agency - Approp. Funds	677,894.1	701,637.2	701,637.2	692,613.2

Category	FY 2011 Actual	FY 2012 Expnd. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
FTE	6,868.8	6,097.9	6,097.9	6,097.9
Personal Services	402,959.1	393,070.9	393,070.9	393,070.9
ERE Amount	121,609.4	126,209.4	126,209.4	123,275.5
Prof. And Outside Services	64,070.8	76,486.8	76,486.8	76,486.8
Travel - In State	233.2	470.9	470.9	470.9
Travel - Out of State	3,711.1	3,187.7	3,187.7	3,187.7
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	60,317.9	80,427.7	80,427.7	74,337.6
Equipment	24,992.6	21,783.8	21,783.8	21,783.8
Agency - Approp. Funds	677,894.1	701,637.2	701,637.2	692,613.2

Appropriated Fund	FY 2011 Actual	FY 2012 Expnd. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
General Fund	326,352.3	247,742.9	247,742.9	238,718.9
ASU Collections - Appropriated	351,541.8	453,894.3	453,894.3	453,894.3
Agency - Approp. Funds	677,894.1	701,637.2	701,637.2	692,613.2

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expnd. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Auxiliary Funds	168,717.9	124,209.0	124,209.0	124,888.6
Designated Funds	363,812.1	459,064.4	459,064.4	462,136.9
Endowment and Life Income	19.9	0.0	0.0	0.0
Federal Economic Recovery Fund	866.9	0.0	0.0	0.0
Federal Grants	259,775.5	283,146.9	283,146.9	292,260.6
Federal Indirect Cost Recovery Fund	48,073.7	52,879.0	52,879.0	53,408.0
Indirect Cost Recovery Fund	(857.8)	5,912.4	5,912.4	5,971.0
Loan Fund	(0.4)	0.0	0.0	0.0
Restricted Funds	102,727.2	120,751.3	120,751.3	121,469.0
Agency - Nonapp. Funds	943,135.0	1,045,963.0	1,045,963.0	1,060,134.2

Agency Total - All Funds	1,621,029.1	1,747,600.2	1,747,600.2	1,752,747.4
---------------------------------	--------------------	--------------------	--------------------	--------------------

Federal Funds Expenditures - as reported by Agency

	FY 2011 Actual	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	308,716.1	336,025.9	346,843.0

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

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 834.8

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund 834.8

Health Insurance Rate Reduction (3,768.7)

The Executive recommendation includes a (13.2%) reduction in

FY 2013

employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund (3,768.7)

Other Adjustments

Performance Funding Set-Aside (6,090.1)

The FY 2012 budget (Laws 2011, Chapter 30) requires the Board of Regents to recommend a funding structure that includes performance and outcome based funding. Consistent with this transition, the Executive recommends moving to the Board of Regents \$15.0 million of the Universities' base funding (excluding the University of Arizona Health Sciences Center), allocated using each University's share of total General Fund support.

The State will match the \$15.0 million, for a total of \$30.0 million to be allocated by the Board of Regents to the Universities based on an agreed-upon performance funding formula. The Universities have published a formula recommendation that includes increases in degrees, credit hours and outside research funding. The Executive will work with the Legislature and the Universities in an effort to achieve a mutually agreeable performance funding formula.

General Fund (6,090.1)

Performance Measures

	FY 2010 <u>Actual</u>	FY 2011 <u>Actual</u>	FY 2012 <u>Expected</u>	FY 2013 <u>Expected</u>
Average years taken by freshman students to complete a baccalaureate degree program	4.7	4.6	4.6	4.5
External dollars received for research and creative activity (in millions of dollars)	318	232.8	260.7	292.3
First professional degrees granted	166	201	208	216
Percent of graduating seniors who rate their overall university experience as good or excellent	93	94	95	95
Percent of full-time undergraduate students enrolled per semester in three or more primary courses with ranked faculty	83	81	81	81
Number of Bachelors degrees granted	9,339	9,863	10,113	10,503
Percent of agency staff turnover (classified staff only)	15.9	20.9	18.0	17.0
Doctorate degrees granted	476	518	514	522
Masters degrees granted	3,074	3,561	3,584	3,698

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

ASU - Polytechnic

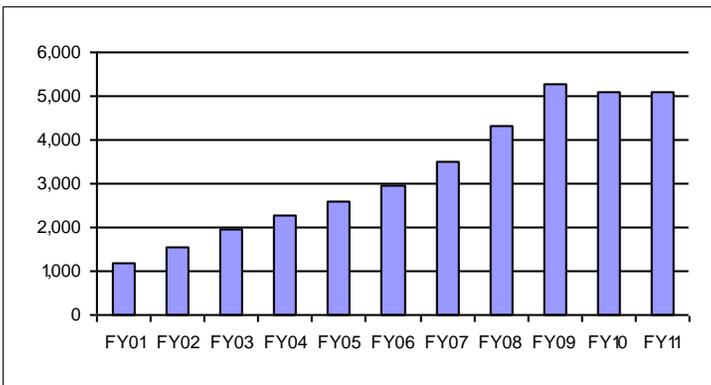
Mission:

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.

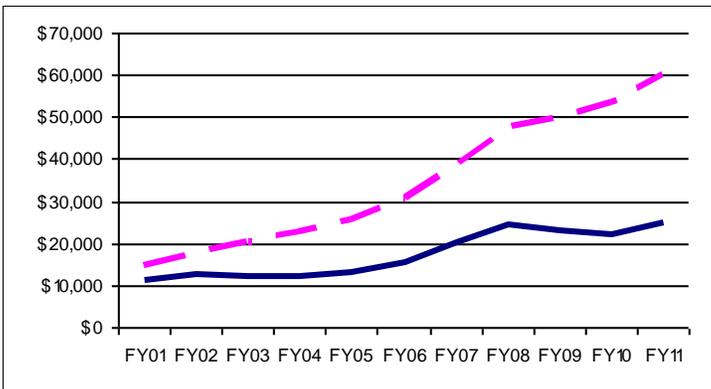
Description:

Arizona State University at the Polytechnic campus serves over 10,000 students and the metropolitan area through baccalaureate and graduate degree programs as well as through applied research and service. All programs at ASU at the Polytechnic campus provide students with the knowledge and extensive technological competence to succeed in their chosen professions and further learning. ASU at the Polytechnic campus offers a campus environment that places students at the center, embraces diversity and interdisciplinary inquiry, and strives to integrate the academic and social lives of students. ASU at the Polytechnic campus offers programs with outcomes directly relevant to the needs of society and the community, emphasizing collaboration and partnership to foster the educational, economic, and cultural development of local communities, the metropolitan area, the state, and the nation.

Full-time Enrollment (21st Day Fall)



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Instruction	31,136.5	27,869.1	27,869.1	27,257.2
Academic Support	8,129.2	8,986.4	8,986.4	8,973.5
Student Services	4,119.1	4,456.9	4,456.9	4,448.1
Institutional Support	17,230.1	17,337.1	17,337.1	17,320.6
Agency - Approp. Funds	60,614.9	58,649.5	58,649.5	57,999.4
<i>Category</i>				
FTE	516.0	424.0	424.0	424.0
Personal Services	28,345.4	24,665.1	24,665.1	24,665.1
ERE Amount	7,972.9	7,994.3	7,994.3	7,813.1
Prof. And Outside Services	14,505.8	16,850.8	16,850.8	16,850.8
Travel - In State	18.7	8.0	8.0	8.0
Travel - Out of State	192.7	140.0	140.0	140.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	8,615.5	8,177.1	8,177.1	7,708.2
Equipment	963.9	814.2	814.2	814.2
Agency - Approp. Funds	60,614.9	58,649.5	58,649.5	57,999.4
<i>Appropriated Fund</i>				
General Fund	25,101.5	19,076.8	19,076.8	18,426.7
ASU Collections - Appropriated	33,513.4	37,572.7	37,572.7	37,572.7
Technology and Research Initiative Fund	2,000.0	2,000.0	2,000.0	2,000.0
Agency - Approp. Funds	60,614.9	58,649.5	58,649.5	57,999.4

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Auxiliary Funds	(172.8)	(46.1)	(46.1)	(62.0)
Designated Funds	17,574.3	20,675.5	20,675.5	20,824.1
Endowment and Life Income	1.5	0.0	0.0	0.0
Federal Grants	5,401.9	5,807.4	5,807.4	6,087.0
Federal Indirect Cost Recovery Fund	960.5	1,056.5	1,056.5	1,067.0
Indirect Cost Recovery Fund	113.4	136.9	136.9	138.0
Restricted Funds	2,849.9	3,452.4	3,452.4	3,478.7
Agency - Nonapp. Funds	26,728.7	31,082.6	31,082.6	31,532.8
Agency Total - All Funds	87,343.6	89,732.1	89,732.1	89,532.2

Federal Funds Expenditures - as reported by Agency

	FY 2011 Actual	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	6,362.4	6,863.9	7,186.5

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

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 55.3

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund 55.3

Health Insurance Rate Reduction (236.5)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund (236.5)

Other Adjustments

Performance Funding Set-Aside (468.9)

The FY 2012 budget (Laws 2011, Chapter 30) requires the Board of Regents to recommend a funding structure that includes performance and outcome based funding. Consistent with this transition, the Executive recommends moving to the Board of Regents \$15.0 million of the Universities' base funding (excluding the University of Arizona Health Sciences Center), allocated using each University's share of total General Fund support.

The State will match the \$15.0 million, for a total of \$30.0 million to be allocated by the Board of Regents to the Universities based on an agreed-upon performance funding formula. The Universities have published a formula recommendation that includes increases in degrees, credit hours and outside research funding. The Executive will work with the Legislature and the Universities in an effort to achieve a mutually agreeable performance funding formula.

General Fund (468.9)

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Average number of years taken to graduate for student who began as freshmen	5.4	4.8	5.0	5.0
Percent of agency staff turnover (classified staff only)	15.8	17.7	15.2	14.8
Percent of graduating students who rate their overall experience at ASU Polytechnic as good or excellent	94	92	93	93
Fall semester enrollment (headcount)	9,146	9,752	10,000	10,500
Percent of full-time undergraduate students enrolled per semester in three or more primary courses with ranked faculty	85	78	78	78
Number of degrees granted	1,193	1,357	1,387	1,438
Number of Bachelors degrees granted	945	1,103	1,131	1,175
Number of Masters degrees granted	248	246	248	255

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

ASU - West

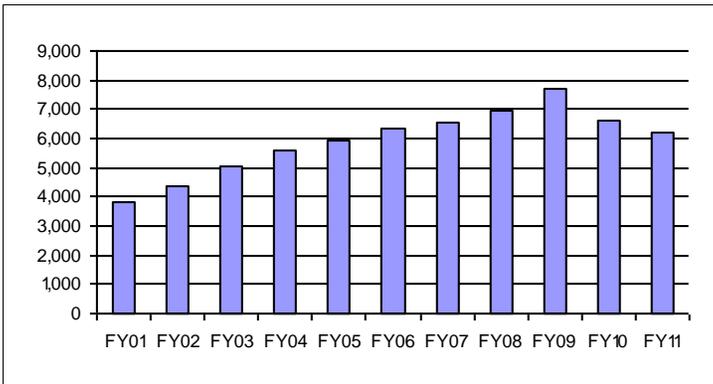
Mission:

To become a comprehensive campus that balances the traditions of liberal arts education with responsiveness to the dynamics of workforce requirements. The West campus colleges and schools are committed to teaching and research that are innovative, interdisciplinary, collaborative and problem-based.

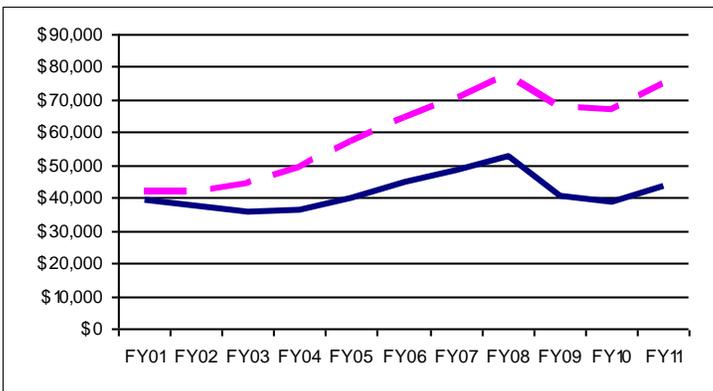
Description:

ASU at the West campus is located in Phoenix and serves over 12,000 residential and commuter students of diverse ages, ethnicity, and experience through baccalaureate programs, master's programs, doctoral programs and certificate programs. The West campus focuses on developing a learning community that addresses the needs of a diverse metropolitan environment. It does this by offering learner-centered academic programs that enhance learning through teaching, service and enrichment opportunities; promoting discovery and innovation; pursuing new knowledge; introducing insights and creative ideas through instruction; encouraging direct involvement in new fields of inquiry; investigating important community-based issues; and integrating with the community through service based on scholarship.

Full-time Enrollment (21st Day Fall)



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Instruction	31,860.1	30,115.6	30,115.6	29,146.7
Public Service	35.8	0.0	0.0	0.0

Academic Support	14,531.2	12,452.6	12,452.6	12,428.5
Student Services	9,910.2	7,889.5	7,889.5	7,866.0
Institutional Support	18,610.1	16,580.6	16,580.6	16,546.6
Organized Research	8.1	0.0	0.0	0.0
Agency - Approp. Funds	74,955.5	67,038.3	67,038.3	65,987.8

Category

FTE	614.7	562.9	562.9	562.9
Personal Services	35,055.2	32,650.5	32,650.5	32,650.5
ERE Amount	12,027.5	10,824.1	10,824.1	10,588.7
Prof. And Outside Services	20,437.6	15,962.7	15,962.7	15,962.7
Travel - In State	56.0	40.3	40.3	40.3
Travel - Out of State	140.8	124.2	124.2	124.2
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	5,254.0	5,637.5	5,637.5	4,822.4
Equipment	1,984.4	1,799.0	1,799.0	1,799.0
Agency - Approp. Funds	74,955.5	67,038.3	67,038.3	65,987.8

Appropriated Fund

General Fund	43,934.4	33,159.6	33,159.6	32,109.1
ASU Collections - Appropriated	29,421.1	32,278.7	32,278.7	32,278.7
Technology and Research Initiative Fund	1,600.0	1,600.0	1,600.0	1,600.0
Agency - Approp. Funds	74,955.5	67,038.3	67,038.3	65,987.8

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expnd. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Auxiliary Funds	451.2	156.1	156.1	153.5
Designated Funds	31,977.0	38,150.5	38,150.5	38,502.6
Endowment and Life Income	1.9	0.0	0.0	0.0
Federal Grants	3,627.9	3,840.0	3,840.0	4,028.7
Federal Indirect Cost Recovery Fund	606.7	667.3	667.3	674.0
Indirect Cost Recovery Fund	71.6	86.5	86.5	88.0
Restricted Funds	9,373.7	5,102.8	5,102.8	5,152.8
Agency - Nonapp. Funds	46,110.0	48,003.2	48,003.2	48,599.7

Agency Total - All Funds	121,065.5	115,041.5	115,041.5	114,587.5
---------------------------------	------------------	------------------	------------------	------------------

Federal Funds Expenditures - as reported by Agency

	FY 2011 Actual	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	4,234.6	4,507.3	4,721.0

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

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment

77.7

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund

77.7

FY 2013

Health Insurance Rate Reduction (313.0)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund (313.0)

Other Adjustments

Performance Funding Set-Aside (815.1)

The FY 2012 budget (Laws 2011, Chapter 30) requires the Board of Regents to recommend a funding structure that includes performance and outcome based funding. Consistent with this transition, the Executive recommends moving to the Board of Regents \$15.0 million of the Universities' base funding (excluding the University of Arizona Health Sciences Center), allocated using each University's share of total General Fund support.

The State will match the \$15.0 million, for a total of \$30.0 million to be allocated by the Board of Regents to the Universities based on an agreed-upon performance funding formula. The Universities have published a formula recommendation that includes increases in degrees, credit hours and outside research funding. The Executive will work with the Legislature and the Universities in an effort to achieve a mutually agreeable performance funding formula.

General Fund (815.1)

Performance Measures

	FY 2010 <u>Actual</u>	FY 2011 <u>Actual</u>	FY 2012 <u>Expected</u>	FY 2013 <u>Expected</u>
Percent of graduating seniors who rate their overall university experience as good or excellent	93	93	94	94
Percent of full-time undergraduate students enrolled per semester in three or more primary courses with ranked faculty	82	72	72	72
Number of degrees granted	2,132	1,590	1,623	1,683
Number of Bachelors degrees granted	1,526	1,228	1,259	1,308
Number of Masters degrees granted	592	343	345	356
Fall semester enrollment (full-time equivalent)	6,604	6,173	7,100	7,500
Percent of agency staff turnover (classified staff only)	15.1	10.0	11.5	13.2

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

Northern Arizona University

Mission:

To provide an outstanding undergraduate residential education strengthened by research, graduate and professional programs, distance delivery, and innovative new campuses and programs throughout the state.

Description:

Founded in 1899, Northern Arizona University is a vibrant community committed to teaching as learning, research as innovation, and service as shared leadership.

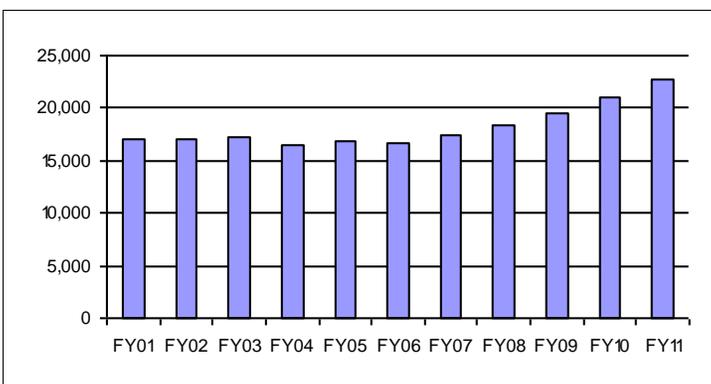
Accredited by the North Central Association of Colleges and Schools, the university embraces diversity and promotes inclusion across the university community as a means to prepare graduates to contribute to the social, economic, and environmental needs of a culturally rich society. It inspires students to become active citizens, leaders, visionaries, and problem solvers with an understanding of global issues.

Northern Arizona University, part of the Arizona University System, embraces the AUS vision of being a "top-performing state university system, nationally recognized for excellence in academic and research pursuits that support and stimulate a growing vibrant economy and a high quality of life for Arizonans."

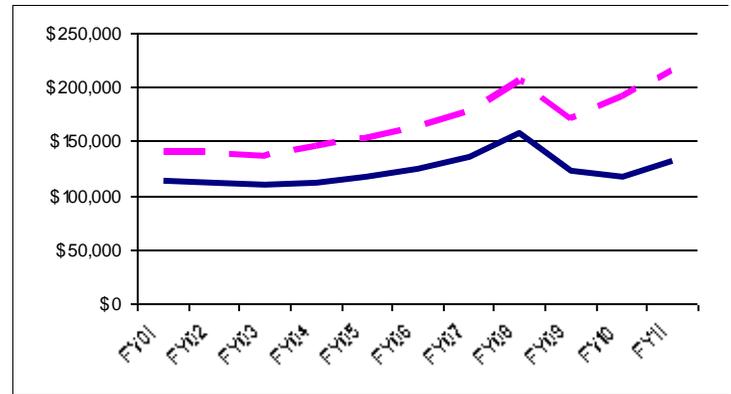
In addition to integrating sustainability themes across curriculum, Northern Arizona University's beautiful 740 acre campus models sustainable operations through multi-modal transportation, environmentally responsible waste disposal, energy-efficient green construction, and sustainability in food procurement. In August 2011, the university was awarded a silver rating from the Sustainability, Tracking, Assessment and Rating System (STARS).

With a growing enrollment of 25,364 students from all 50 states and 78 countries, Northern Arizona University reaches out to students regionally with satellite campuses and opportunities for distance learning. From its inception, NAU has implemented innovative and accountable teaching practices, including the effective use of technology.

Full-time Enrollment (21st Day Fall)



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Instruction	121,476.1	111,199.0	111,199.0	108,897.2
Organized Research	3,100.7	2,189.2	2,189.2	2,193.0
Public Service	4,483.6	4,287.4	4,287.4	4,294.2
Academic Support	19,714.6	17,184.6	17,184.6	17,211.1
Student Services	16,464.4	13,458.9	13,458.9	13,480.3
Institutional Support	51,359.9	51,281.6	51,281.6	51,340.9
Agency - Approp. Funds	216,599.3	199,600.7	199,600.7	197,416.8
<i>Category</i>				
FTE	1,966.3	2,057.2	2,057.2	2,057.2
Personal Services	129,516.2	126,472.4	126,472.4	126,472.4
ERE Amount	41,916.8	42,725.0	42,725.0	43,045.0
Prof. And Outside Services	4,670.2	1,973.5	1,973.5	1,973.5
Travel - In State	450.6	455.5	455.5	455.5
Travel - Out of State	644.0	0.0	0.0	0.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	29,147.3	19,299.9	19,299.9	16,796.0
Equipment	1,605.3	1,069.8	1,069.8	1,069.8
Capital Outlay	2,748.9	1,704.6	1,704.6	1,704.6
Debt Service	5,900.0	5,900.0	5,900.0	5,900.0
Agency - Approp. Funds	216,599.3	199,600.7	199,600.7	197,416.8
<i>Appropriated Fund</i>				
General Fund	135,089.2	101,861.8	101,861.8	99,677.9
NAU Collections - Appropriated	81,510.1	97,738.9	97,738.9	97,738.9
Agency - Approp. Funds	216,599.3	199,600.7	199,600.7	197,416.8

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	3,103.6	2,970.8	2,970.8	2,976.0
--------------	---------	---------	---------	---------

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Auxiliary Funds	63,291.3	63,967.9	63,967.9	66,212.4
Designated Funds	108,356.0	142,290.0	142,290.0	130,425.0
Federal Economic Recovery Fund	291.7	0.0	0.0	0.0
Federal Grants	72,781.7	73,509.5	73,509.5	74,277.4
Federal Indirect Cost Recovery Fund	3,174.5	3,206.4	3,206.4	3,240.0

Non-Appropriated Funds

	FY 2011 <i>Actual</i>	FY 2012 <i>Expend. Plan</i>	FY 2012 <i>Exec. Rec.</i>	FY 2013 <i>Exec. Rec.</i>
Indirect Cost Recovery Fund	1,592.2	1,608.1	1,608.1	1,624.3
Loan Fund	281.6	275.0	275.0	280.0
Restricted Funds	33,054.4	33,384.9	33,384.9	33,739.6
Agency - Nonapp. Funds	282,823.4	318,241.8	318,241.8	309,798.7
Agency Total - All Funds	499,422.7	517,842.5	517,842.5	507,215.4
<i>Federal Funds Expenditures - as reported by Agency</i>				
	FY 2011 <i>Actual</i>	FY 2012 <i>Exp. Plan</i>	FY 2013 <i>Exp. Plan</i>	
Agency Total	76,247.9	76,715.9	77,483.0	

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

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 338.8

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund 338.8

Health Insurance Rate Reduction (18.9)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund (18.9)

Other Adjustments

Performance Funding Set-Aside (2,503.9)

The FY 2012 budget (Laws 2011, Chapter 30) requires the Board of Regents to recommend a funding structure that includes performance and outcome based funding. Consistent with this transition, the Executive recommends moving to the Board of Regents \$15.0 million of the Universities' base funding (excluding the University of Arizona Health Sciences Center), allocated using each University's share of total General Fund support.

The State will match the \$15.0 million, for a total of \$30.0 million to be allocated by the Board of Regents to the Universities based on an agreed-upon performance funding formula. The Universities have published a formula recommendation that includes increases in degrees, credit hours and outside research funding. The Executive will work with the Legislature and the Universities in an effort to achieve a mutually agreeable performance funding formula.

General Fund (2,503.9)

Performance Measures

	FY 2010 <i>Actual</i>	FY 2011 <i>Actual</i>	FY 2012 <i>Expected</i>	FY 2013 <i>Expected</i>
Percent of graduating seniors who rate their overall university experience as good or excellent	96	96	96	96
Doctorate degrees awarded in the DPT category.	46	52	52	52
Average number of years taken to graduate for students who began as first-time, full-time freshmen.	4.6	4.7	4.6	4.6
➤ <i>First-time, full-time freshmen</i>				
Total degrees and certificates granted (includes all campuses).	5,759	5,685	5,700	5,700
➤ <i>Total degrees and certificates granted (includes all campuses).</i>				
Bachelor degrees granted to statewide students, (includes community campuses and online only).	992	1,067	1,075	1,075
➤ <i>Bachelor degrees granted to statewide students, (includes community campuses and online only).</i>				
Graduate degrees granted (Statewide and Online only)	1,237	1,191	1,200	1,200
➤ <i>Graduate degrees granted (Statewide and Online only, includes masters and doctorates.)</i>				
Graduate degrees awarded at the master's level	1,697	1,704	1,725	1,725
Graduate degrees awarded at the doctoral level	45	43	45	45
Percentage of full-time, undergraduate students enrolled per semester in three or more primary courses with ranked faculty	77	72	74	74
Number of Bachelor degrees granted	3,333	3,717	3,500	3,500
Percent of agency staff turnover	14	10	11	11

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

University of Arizona - Main Campus

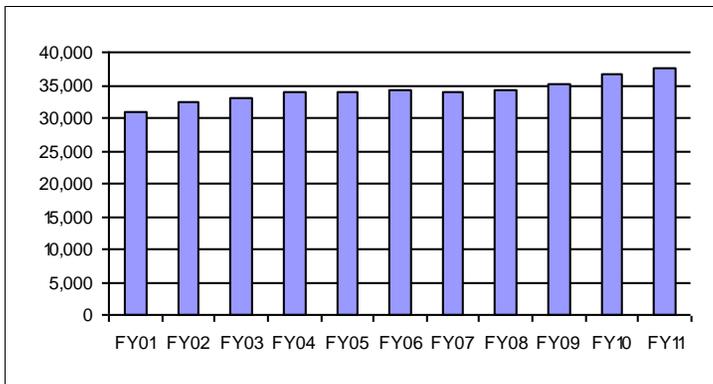
Mission:

To improve life for the people of Arizona and beyond through education, research, creative expression, and community engagement.

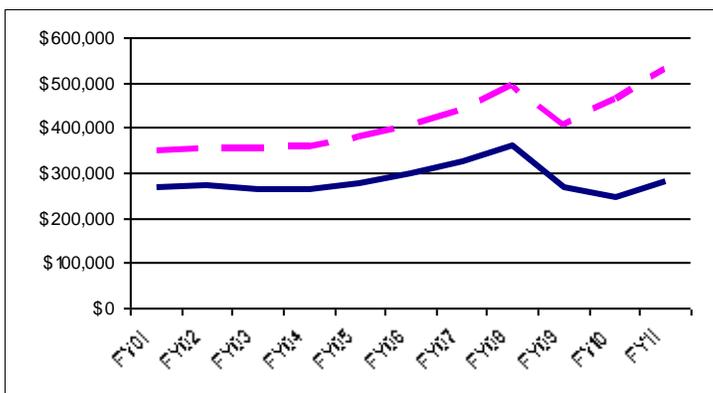
Description:

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 39,236 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.

Full-time Enrollment (21st Day Fall)



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Instruction	206,673.5	208,207.4	208,207.4	201,813.9
Organized Research	29,956.4	25,279.8	25,279.8	25,140.4
Public Service	3,668.2	3,696.1	3,696.1	3,674.6
Academic Support	64,523.0	51,693.2	51,693.2	51,448.6
Student Services	20,109.4	13,256.8	13,256.8	13,182.7
Instruction	14,253.0	14,253.0	14,253.0	14,253.0
Institutional Support	121,639.6	83,929.1	83,929.1	83,802.9
Agriculture	53,382.5	49,415.3	49,415.3	49,125.2
U of A South	7,290.0	6,139.3	6,139.3	6,101.7
Agency - Approp. Funds	521,495.6	455,870.0	455,870.0	448,543.0

Instruction	206,673.5	208,207.4	208,207.4	201,813.9
Organized Research	29,956.4	25,279.8	25,279.8	25,140.4
Public Service	3,668.2	3,696.1	3,696.1	3,674.6
Academic Support	64,523.0	51,693.2	51,693.2	51,448.6
Student Services	20,109.4	13,256.8	13,256.8	13,182.7
Instruction	14,253.0	14,253.0	14,253.0	14,253.0
Institutional Support	121,639.6	83,929.1	83,929.1	83,802.9
Agriculture	53,382.5	49,415.3	49,415.3	49,125.2
U of A South	7,290.0	6,139.3	6,139.3	6,101.7
Agency - Approp. Funds	521,495.6	455,870.0	455,870.0	448,543.0

Category

FTE	5,805.5	5,805.5	5,805.5	5,805.5
Personal Services	312,989.8	266,139.9	266,139.9	266,139.9
ERE Amount	96,947.2	98,693.2	98,693.2	96,488.2
Prof. And Outside Services	16,341.0	15,236.6	15,236.6	15,236.6
Travel - In State	230.1	600.9	600.9	600.9
Travel - Out of State	639.1	107.4	107.4	107.4
Library Acquisitions	12,855.8	8,128.7	8,128.7	8,128.7
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	72,544.8	65,480.7	65,480.7	60,358.7
Equipment	8,947.8	1,482.6	1,482.6	1,482.6
Agency - Approp. Funds	521,495.6	455,870.0	455,870.0	448,543.0

Appropriated Fund

General Fund	270,215.3	208,367.0	208,367.0	201,040.0
U of A Main Campus - Collections - Appropriated	251,280.3	247,503.0	247,503.0	247,503.0
Agency - Approp. Funds	521,495.6	455,870.0	455,870.0	448,543.0

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 Research Infrastructure	14,253.0	14,253.0	14,253.0	14,253.0
Lease-Purchase Payment				

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Auxiliary Funds	296,371.3	303,494.0	303,494.0	306,980.5
Designated Funds	309,932.1	430,227.4	430,227.4	435,173.0
Endowment and Life Income	2,421.0	2,445.2	2,445.2	2,469.7
Federal Economic Recovery Fund	755.2	0.0	0.0	0.0
Federal Grants	209,013.4	212,067.2	212,067.2	214,560.9
Federal Indirect Cost Recovery Fund	47,566.8	48,518.0	48,518.0	49,488.3
Indirect Cost Recovery Fund	10,756.0	10,971.1	10,971.1	11,190.5
Loan Fund	647.1	655.3	655.3	662.7
Restricted Funds	173,622.3	165,639.1	165,639.1	166,970.1
Agency - Nonapp. Funds	1,051,085.2	1,174,017.3	1,174,017.3	1,187,495.7

Agency Total - All Funds 1,572,580.8 1,629,887.3 1,629,887.3 1,636,038.6

Federal Funds Expenditures - as reported by Agency

	FY 2011 Actual	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	257,335.4	260,585.2	264,659.2

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

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 599.3

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund 599.3

Health Insurance Rate Reduction (2,804.3)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund (2,804.3)

Other Adjustments

Performance Funding Set-Aside (5,122.0)

The FY 2012 budget (Laws 2011, Chapter 30) requires the Board of Regents to recommend a funding structure that includes performance and outcome based funding. Consistent with this transition, the Executive recommends moving to the Board of Regents \$15.0 million of the Universities' base funding (excluding the University of Arizona Health Sciences Center), allocated using each University's share of total General Fund support.

The State will match the \$15.0 million, for a total of \$30.0 million to be allocated by the Board of Regents to the Universities based on an agreed-upon performance funding formula. The Universities have published a formula recommendation that includes increases in degrees, credit hours and outside research funding. The Executive will work with the Legislature and the Universities in an effort to achieve a mutually agreeable performance funding formula.

General Fund (5,122.0)

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
➤ <i>Perform. Measure Description change to reflect new IPEDS categories.</i>				
Doctorate degrees granted	430	403	441	448
➤ <i>Perform. Measure Description change to reflect new IPEDS categories.</i>				

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

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Average number of years taken to graduate for students who began as freshmen	4.5	4.5	4.4	4.4
Agency staff turnover (percent)	12.8	12.3	12.5	12.5
Gifts, grants, and contracts (millions)	411	385	405	426
Graduating seniors who rate their overall experience as good or excellent (percent)	95	94	95	95
Full-time undergraduate students enrolled per semester in three or more primary courses with ranked faculty (percentage)	72	73	74	74
Total number of degrees granted	7,596	7,822	7,705	7,912
Bachelors degrees granted	5,785	5,780	5,738	5,878
Masters degrees granted	1,220	1,480	1,349	1,396
First Professional degrees granted	161	159	177	190

University of Arizona - Health Sciences Center

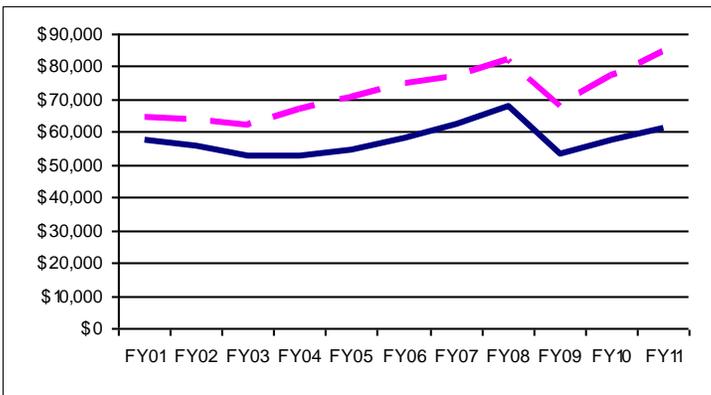
Mission:

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 Bio-Medical Campus, University Medical Center, and university physicians. AHSC serves as the core of a broad network of State-wide health services, health education, health restoration, health promotion, and illness prevention.

General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Instruction	43,772.1	48,252.8	48,252.8	47,927.1
Organized Research	4,770.1	3,665.7	3,665.7	3,641.9
Public Service	2,883.6	2,695.5	2,695.5	2,680.9
Public Service	8,622.2	8,097.0	8,097.0	8,037.7
Academic Support	14,688.6	15,958.3	15,958.3	15,862.8
Student Services	1,441.7	1,513.4	1,513.4	1,504.3
Institutional Support	1,839.2	1,483.7	1,483.7	1,472.3
College of Medicine - Phoenix	21,163.2	14,821.9	14,821.9	14,710.5
Agency - Approp. Funds	99,180.7	96,488.3	96,488.3	95,837.5
<i>Category</i>				
FTE	979.0	979.1	979.1	979.1
Personal Services	58,384.0	74,240.7	74,240.7	74,240.7
ERE Amount	16,524.8	15,461.0	15,461.0	14,810.2
Prof. And Outside Services	16,958.1	1,963.7	1,963.7	1,963.7
Travel - In State	73.3	108.0	108.0	108.0
Travel - Out of State	223.9	7.7	7.7	7.7
Library Acquisitions	190.7	792.5	792.5	792.5
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	5,201.0	3,455.6	3,455.6	3,455.6
Equipment	1,624.9	459.1	459.1	459.1

Agency - Approp. Funds	99,180.7	96,488.3	96,488.3	95,837.5
<i>Appropriated Fund</i>				
General Fund	74,334.2	55,334.3	55,334.3	54,683.5
U of A Main Campus - Collections - Appropriated	24,846.5	41,154.0	41,154.0	41,154.0
Agency - Approp. Funds	99,180.7	96,488.3	96,488.3	95,837.5

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 Liver Research Institute	467.9	458.5	458.5	456.1
SLI Telemedicine Network	1,899.9	1,847.9	1,847.9	1,838.1
SLI Clinical Rural Rotations	418.0	357.6	357.6	355.9
SLI Clinical Teaching Support	8,622.2	8,097.0	8,097.0	8,037.7

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Auxiliary Funds	11,951.1	12,681.2	12,681.2	12,834.4
Designated Funds	18,163.6	18,479.0	18,479.0	18,710.6
Endowment and Life Income	(1,013.0)	(1,023.1)	(1,023.1)	(1,033.3)
Federal Grants	77,812.4	78,861.5	78,861.5	79,586.1
Federal Indirect Cost Recovery Fund	24,629.0	25,121.7	25,121.7	25,624.1
Indirect Cost Recovery Fund	5,146.5	5,249.4	5,249.4	5,354.5
Restricted Funds	102,100.3	114,131.9	114,131.9	115,580.6
Agency - Nonapp. Funds	238,789.9	253,501.6	253,501.6	256,657.1
Agency Total - All Funds	337,970.6	349,989.9	349,989.9	352,494.6

Federal Funds Expenditures - as reported by Agency

	FY 2011 Actual	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	102,430.8	103,983.2	105,561.5

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

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 131.5

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund 131.5

Health Insurance Rate Reduction (782.3)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund (782.3)

Performance Measures

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

Performance Measures

	FY 2010	FY 2011	FY 2012	FY 2013
	<u>Actual</u>	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>
Number of Degrees Granted BA/BS and MA/MS	562	504	493	506
Number of degrees granted-PhD	41	42	46	47

➤ *Perform. Measure Description change to reflect new IPEDS categories.*

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

Department of Veterans' Services

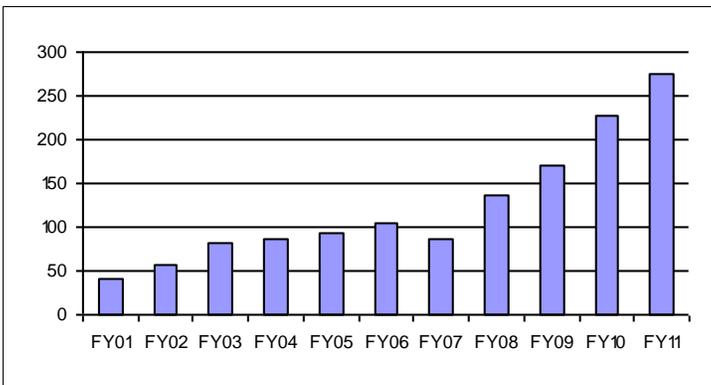
Mission:

To enrich and honor Arizona's veterans and their families through education, advocacy, and service.

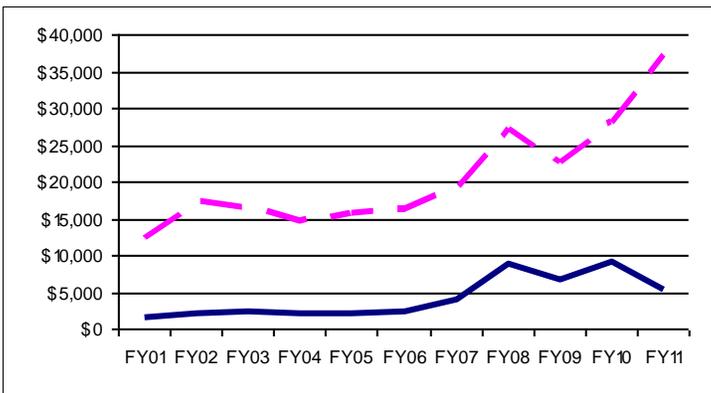
Description:

The core business of the Arizona Department of Veterans' Services (ADVS) is assisting veterans and their eligible dependents obtain federal entitlements, such as VA claims for disability, pension and insurance. All other agency services are derived from this central premise. ADVS's largest Division is the Arizona State Veteran Home in Phoenix, a self-funded skilled nursing facility that provides long-term care services to veterans and their spouses. A second nursing facility in Tucson opened on Veterans' Day 2011. The Department also serves as financial guardian and/or conservator to incapacitated veterans and their eligible dependents, typically when their families are unable to provide that service for themselves. ADVS operates a state veteran cemetery in Sierra Vista. ADVS is designated as the State Approving Agency, working with institutions that provide education and training to veterans with educational benefits. ADVS also administers the "Troops to Teachers" program to help military personnel transition to new careers as public school teachers.

Millions in Aid Received by Veterans



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Administration	1,661.7	1,673.9	1,673.9	1,716.3

Veterans' Conservatorship/ Guardianship	1,089.8	1,304.0	1,304.0	1,342.5
Veterans' Benefits Counseling Services	2,886.0	2,826.7	2,826.7	2,909.7
State Veterans' Home	15,298.9	21,596.4	21,596.4	27,367.2
Arizona Veterans' Cemeteries	280.0	274.8	274.8	277.8
Agency - Approp. Funds	21,216.4	27,675.8	27,675.8	33,613.5

Category

FTE	275.0	500.3	500.3	500.3
Personal Services	10,904.4	14,003.3	14,003.3	17,921.8
ERE Amount	4,859.9	6,168.7	6,168.7	6,974.7
Prof. And Outside Services	1,314.8	1,756.5	1,756.5	2,332.0
Travel - In State	96.8	101.2	101.2	106.2
Travel - Out of State	24.9	39.6	39.6	47.1
Food	508.4	540.6	540.6	809.9
Aid to Others	21.0	25.2	25.2	25.2
Other Operating Expenses	3,157.2	4,340.3	4,340.3	4,941.1
Equipment	329.0	650.4	650.4	500.0
Capital Outlay	0.0	50.0	50.0	50.0
Transfers Out	0.0	0.0	0.0	(94.5)
Agency - Approp. Funds	21,216.4	27,675.8	27,675.8	33,613.5

Appropriated Fund

General Fund	5,309.9	7,050.7	7,050.7	5,339.0
Veterans' Conservatorship Fund	607.6	882.3	882.3	907.4
State Home for Veterans Trust	15,298.9	19,742.8	19,742.8	27,367.2
Agency - Approp. Funds	21,216.4	27,675.8	27,675.8	33,613.5

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 Veterans' Organizations Contracts	21.0	0.0	0.0	0.0
--	------	-----	-----	-----

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Federal Economic Recovery Fund	12,892.4	3,145.2	3,145.2	0.0
Federal Grant	555.1	549.0	549.0	527.7
IGA and ISA Between State Agencies	538.7	0.0	0.0	0.0
Military Family Relief Fund	233.4	449.4	449.4	450.2
Military Installation Fund	979.6	0.0	0.0	0.0
Southern Arizona Veterans Cemetery	95.2	182.5	182.5	188.8
Statewide Employee Recognition Gifts/Donations	1.2	0.0	0.0	0.0
Veterans' Donation Fund	760.5	2,900.8	2,900.8	1,710.9
Agency - Nonapp. Funds	16,056.1	7,226.9	7,226.9	2,877.6
Agency Total - All Funds	37,272.5	34,902.7	34,902.7	36,491.1

Federal Funds Expenditures - as reported by Agency

	FY 2011 Actual	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	13,447.5	3,694.2	513.8

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

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 53.2

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund	11.4
Veterans' Conservatorship Fund	1.8
State Home for Veterans Trust Fund	40.0

Health Insurance Rate Reduction (144.5)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund	(34.2)
Veterans' Conservatorship Fund	(3.2)
State Home for Veterans Trust Fund	(107.1)

Baseline Adjustments

State Veteran Homes Operating Costs 5,259.6

The State Veterans' Home in Tucson opened on Veterans' Day in 2011. In FY 2012, a General Fund appropriation allowed the Department to pay for costs associated with opening the Home in Tucson, as well as cover operating expenses until the Home received enough revenues to be self-funded. With an increasing census in the Tucson Home, the Department estimates that in FY 2013 revenues to the State Home for Veterans Trust Fund will be able to cover the costs of the two State Veteran Homes.

The Executive recommends the elimination of General Fund support as it will no longer be needed in FY 2013. As the veterans fill the Tucson home, additional staff will be needed to care for them in FY 2013. The revenues from these new clients should be adequate to support all costs from the State Home for Veterans Trust Fund.

General Fund	(1,853.6)
State Home for Veterans Trust Fund	7,113.2

Other Adjustments

AG Pro-Rata Appropriation (94.5)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

General Fund	(20.2)
Veterans' Conservatorship Fund	(3.3)
State Home for Veterans Trust Fund	(71.0)

State Employee Pay Adjustment 863.9

In conjunction with personnel reform, the Executive recommends

a 5% pay increase for eligible employees.

General Fund	184.9
Veterans' Conservatorship Fund	29.7
State Home for Veterans Trust Fund	649.3

Performance Measures

	FY 2010 <u>Actual</u>	FY 2011 <u>Actual</u>	FY 2012 <u>Expected</u>	FY 2013 <u>Expected</u>
Human service specialist to client ratio	1:40	1:35	1:35	1:35
➤ <i>The number of new clients were affected by the recent moratorium.</i>				
Monetary awards reported on claims and appeals filed by the state veterans' benefits counselors on behalf of Arizona veterans (expressed in millions of dollars for award the Department expects to receive)	227.5	274.5	310	350
Percentage of customers rating the overall delivery of service as 1 to 3, using a 1-5 scale where 1 represents "Extremely Satisfied" and 5 represents "Extremely Dissatisfied."	96	90	90	90
➤ <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)	2,129	2,128	2,139	2,149
➤ <i>VA expenditures are reported as of 9/30 of the previous year.</i>				
The number of federal dollars per veteran entering the Arizona economy (expressed as dollars per Veteran per year)	5662	6,156	5,975	6,136
➤ <i>Expressed in terms of actual dollars; no "multiplier effect" has been included in the reported figure.</i>				
Percent of agency staff turnover (covered positions) as reported by the Arizona Department of Administration	25.2	29.3	30	30
➤ <i>Long-term care staff turnover has historically increased the agency's rate.</i>				
Average annual occupancy rate (in percent)	86.45	85.8	90	91
➤ <i>Measurement is for the Phoenix Home (not the new Tucson facility)</i>				
Active caseload at end of fiscal year	240	240	250	260
➤ <i>Includes open decedent accounts.</i>				

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

State Veterinary Medical Examining Board

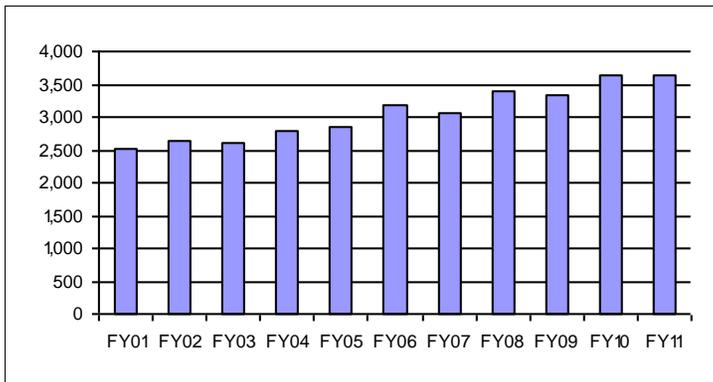
Mission:

To protect the health, safety, and welfare of Arizona citizens as well as the welfare of animals by the regulation of veterinarians, veterinary technicians, veterinary premises, and animal crematories.

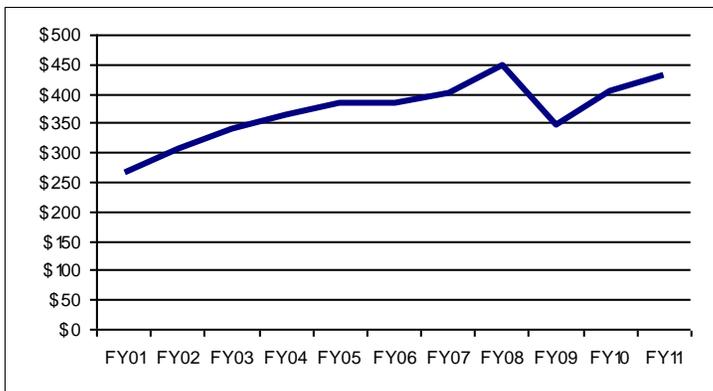
Description:

The Board consists of nine members appointed by the Governor for four-year terms. The Board is responsible for licensing veterinarians, certifying veterinary technicians, licensing veterinary medical premises, and licensing animal crematories. The Board administers examinations for veterinarians and veterinary technicians, inspects all fixed locations for veterinary medical premises and animal crematories, investigates complaints and violations, and takes appropriate regulatory disciplinary action to ensure the public's protection.

Number of Licensees



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/ Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Licensing and Regulation	448.6	455.3	455.3	474.0
Agency - Approp. Funds	448.6	455.3	455.3	474.0
<i>Category</i>				
FTE	5.5	5.5	5.5	5.5
Personal Services	238.6	253.9	253.9	266.6
ERE Amount	86.0	85.7	85.7	87.2
Prof. And Outside Services	35.7	41.9	41.9	41.9
Travel - In State	4.3	6.8	6.8	6.8

Travel - Out of State	0.0	1.5	1.5	1.5
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	57.2	61.5	61.5	66.0
Equipment	14.0	4.0	4.0	4.0
Transfers Out	12.8	0.0	0.0	0.0
Agency - Approp. Funds	448.6	455.3	455.3	474.0
<i>Appropriated Fund</i>				
Veterinary Medical Examiners Board	448.6	455.3	455.3	474.0
Agency - Approp. Funds	448.6	455.3	455.3	474.0

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 1.0

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

Veterinary Medical Examiners Board Fund 1.0

Rent Standard Adjustment 4.5

This issue includes statewide adjustments for COSF, COP, and PLTO rent changes in FY 2013.

Veterinary Medical Examiners Board Fund 4.5

Health Insurance Rate Reduction (2.2)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

Veterinary Medical Examiners Board Fund (2.2)

Other Adjustments

State Employee Pay Adjustment 15.4

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

Veterinary Medical Examiners Board Fund 15.4

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Percent of customers responding excellent or good on customer satisfaction survey	98	93	90	90
Number of annual investigations conducted	168	150	165	150
Total number of veterinarians licensed annually, including renewals	2,058	1,993	2,060	1,750
➤ <i>number of licensed veterinarians at end of FY</i>				
Average number of calendar days from receipt to granting of license	60	90	75	75
➤ <i>licensing of premise applications</i>				
Number of complaints docketed	142	136	140	125
Number of complaints resolved	112	93	115	115

Performance Measures

	FY 2010	FY 2011	FY 2012	FY 2013
	<u>Actual</u>	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>
Average number of calendar days from receipt of complaint to resolution	150	160	150	150

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

Department of Water Resources

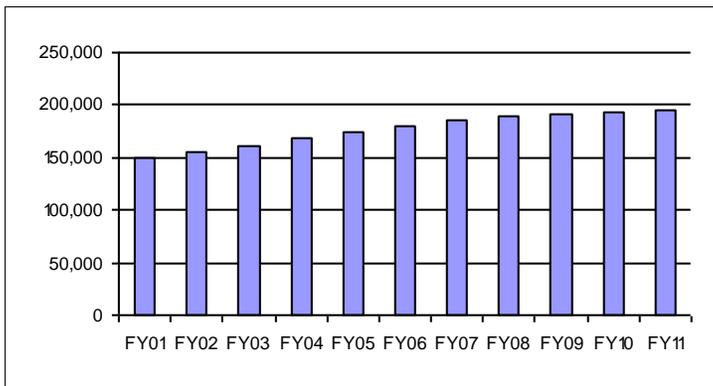
Mission:

To ensure a long-term, safe, sufficient, and secure water supply for the State; to develop public policies which promote the efficient use and equitable distribution of water in an environmentally and economically sound manner; and to promote the management of floodplains and dams to reduce loss of life and damage to property.

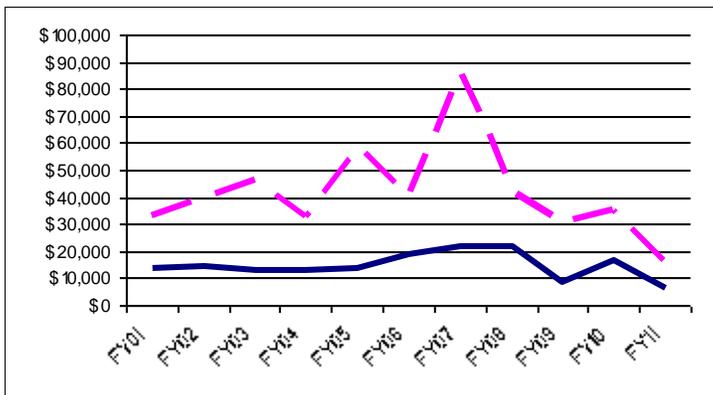
Description:

The Department of Water Resources (DWR) was established in 1980 to administer all state water laws except those laws relating to water quality. Primary responsibilities include implementing the Groundwater Code, supporting the adjudication of water rights, ensuring the safety of dams, managing floods, implementing surface water laws, surveying water resources statewide, and assessing water quality in conjunction with the Department of Environmental Quality.

Number of Wells



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Agency Support	1,341.3	2,732.7	2,732.7	4,789.6
Water Management and Statewide Planning	5,590.2	9,046.2	9,046.2	9,408.4
Dam Safety and Flood Warning	62.0	584.9	584.9	616.0
Agency - Approp. Funds	6,993.5	12,363.8	12,363.8	14,814.0

Category

FTE	67.1	207.2	207.2	207.2
Personal Services	3,952.3	7,543.9	7,543.9	7,921.2
ERE Amount	1,883.5	2,524.6	2,524.6	2,572.0
Prof. And Outside Services	36.0	281.3	281.3	281.3
Travel - In State	120.7	191.0	191.0	191.0
Travel - Out of State	11.4	24.9	24.9	24.9
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	986.8	1,661.1	1,661.1	1,686.6
Equipment	2.8	137.0	137.0	137.0
Transfers Out	0.0	0.0	0.0	2,000.0
Agency - Approp. Funds	6,993.5	12,363.8	12,363.8	14,814.0

Appropriated Fund

General Fund	6,719.1	5,698.3	5,698.3	7,880.4
Water Resources Fund	0.0	6,400.2	6,400.2	6,658.9
Assured and Adequate Water Supply Administration Fund	274.4	265.3	265.3	274.7
Agency - Approp. Funds	6,993.5	12,363.8	12,363.8	14,814.0

Non-Appropriated Funds

	FY 2011 Actual	FY 2012 Expend. Plan	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
Arizona Water Banking Fund	4,216.6	4,131.8	4,131.8	4,144.4
Arizona Water Protection Fund	1,407.9	1,117.8	1,117.8	1,098.7
Arizona Water Quality Fund	157.8	177.2	177.2	181.8
Augmentation Fund	894.5	524.3	524.3	525.3
Colorado River Water Use Fee Clearing Fund	8.5	5.0	5.0	5.0
Dam Repair Fund	935.9	842.2	842.2	579.4
Federal Grant	386.8	198.3	198.3	201.1
Flood Warning System Fund	62.7	63.2	63.2	63.2
General Adjudication Fund	10.6	10.0	10.0	10.0
IGA and ISA Fund	467.6	549.3	407.1	396.8
Indirect Cost Recovery Fund	1,409.1	469.1	469.1	476.2
Statewide Donations	64.9	41.0	13.2	40.0
Water Resources Production and Copying	12.0	0.0	0.0	0.0
Water Resources Publication and Mailing	8.4	0.0	0.0	0.0
Well Administration and Enforcement Fund	177.4	203.5	203.5	208.5
Agency - Nonapp. Funds	10,220.7	8,332.7	8,162.7	7,930.3

Agency Total - All Funds

	17,214.2	20,696.5	20,526.5	22,744.3
--	----------	----------	----------	----------

Federal Funds Expenditures - as reported by Agency

	FY 2011 Actual	FY 2012 Exp. Plan	FY 2013 Exp. Plan
Agency Total	386.9	198.3	198.3

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

Executive Appropriation Recommendations

FY 2013

FY 2013

Standard Adjustments

Retirement Standard Adjustment 28.7

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund	13.8
Water Resources Fund	14.2
Assured and Adequate Water Supply Administration Fund	0.6

Health Insurance Rate Reduction (60.2)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund	(51.9)
Water Resources Fund	(7.5)
Assured and Adequate Water Supply Administration Fund	(0.8)

Baseline Adjustments

Contractual Rent Increase 25.5

The Executive recommends an increase of \$25,500 to the Water Resources Fund for increases in the rental rate per square foot in privately held lease space.

Water Resources Fund	25.5
----------------------	------

Other Adjustments

White Mountain Apache Water Rights Settlement 2,000.0

The Executive recommends a one-time appropriation of \$2.0 million to the Water Resources Fund to fulfill the State's obligation to the White Mountain Apache Tribe's Water Rights Settlement. The State's portion of the settlement contributes to the building of a dam, storage reservoir, pumping plant, and treatment facilities located along the north fork of the White River, called the Miner Flat Dam Project. Before the project can begin, an agreement must be submitted for approval to the Gila River Adjudication Court and the Little Colorado River Adjudication Court. Additionally, the Secretary of the Interior must issue a record of decision approving the commencement of construction of the Miner Flat Dam Project.

General Fund	2,000.0
--------------	---------

State Employee Pay Adjustment 456.3

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund	220.2
Water Resources Fund	226.5
Assured and Adequate Water Supply Administration Fund	9.6

Performance Measures

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
	<u>Actual</u>	<u>Actual</u>	<u>Expected</u>	<u>Expected</u>
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

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

Department of Weights and Measures

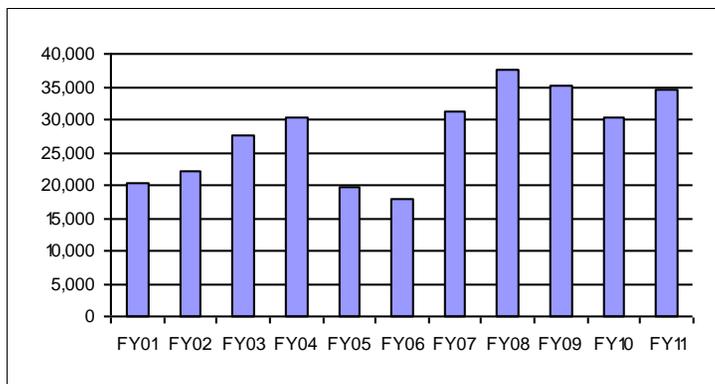
Mission:

To protect the integrity of Arizona's marketplace by ensuring that equity and accuracy are preserved in commerce through fair and evident regulation and the effective communication of weight and measurement standards.

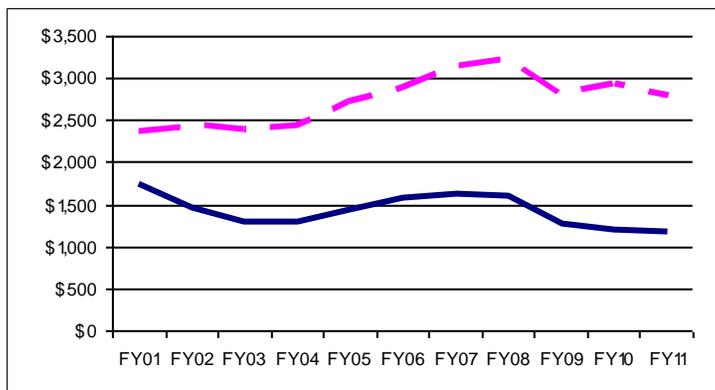
Description:

The Department of Weights and Measures ensures that every commercial device used for the sale of commodities by either weight, measure or count is licensed and accurate for its intended use; ensures, by way of random inspections, that such commodities are properly labeled and priced in conformance with state rules and regulations; maintains custody of the state's primary standards and keeps an accurate record of all standards and equipment; collects samples of motor fuel that is stored, sold, exposed or offered for sale to determine if such motor fuel meets the required standards; inspects all mandated stage 1 and stage 2 vapor recovery systems in the state to determine if such systems are in compliance with the law.

Number of Inspections



General Fund and Total Funds Expenditure



Agency Summary - Appropriated Funds

Program/Cost Center	FY 2011 Actual	FY 2012 Approp.	FY 2012 Exec. Rec.	FY 2013 Exec. Rec.
General Services	1,516.4	1,482.5	1,482.5	1,819.4
Air Quality Oxygenated Fuel	717.6	780.2	780.2	790.7
Vapor Recovery	568.7	633.7	633.7	643.1
Agency - Approp. Funds	2,802.7	2,896.4	2,896.4	3,253.2

Category

FTE	36.5	36.4	36.4	36.4
Personal Services	1,185.7	1,231.8	1,231.8	1,293.4
ERE Amount	563.0	513.6	513.6	512.1
Prof. And Outside Services	289.6	433.4	433.4	433.4
Travel - In State	148.0	213.6	213.6	243.6
Travel - Out of State	13.7	12.0	12.0	12.0
Aid to Others	0.0	0.0	0.0	0.0
Other Operating Expenses	393.7	413.7	413.7	413.7
Equipment	200.6	78.3	78.3	353.3
Transfers Out	8.4	0.0	0.0	(8.3)
Agency - Approp. Funds	2,802.7	2,896.4	2,896.4	3,253.2

Appropriated Fund

General Fund	1,194.1	1,165.0	1,165.0	1,496.1
Air Quality Fund	1,286.3	1,413.9	1,413.9	1,433.8
Motor Vehicle Liability Insurance Enforcement	322.3	317.5	317.5	323.2
Agency - Approp. Funds	2,802.7	2,896.4	2,896.4	3,253.2

Executive Appropriation Recommendations

FY 2013

Standard Adjustments

Retirement Standard Adjustment 4.7

The Retirement Standard Adjustment is intended to provide funding to agencies for increased employer contribution rates in FY 2013.

General Fund	2.3
Air Quality Fund	1.8
Motor Vehicle Liability Insurance Enforcement Fund	0.6

Health Insurance Rate Reduction (19.4)

The Executive recommendation includes a (13.2%) reduction in employer health insurance premiums for the plan year beginning January 1, 2013.

General Fund	(8.6)
Air Quality Fund	(7.4)
Motor Vehicle Liability Insurance Enforcement Fund	(3.4)

FY 2013

Other Adjustments

Large Scale Test Truck with Crane 275.0

The Department of Weights and Measures is charged with ensuring that all commercial devices used for the sale of commodities by weight, count, or measure are properly functioning. The Department currently possesses a 1996 Freightliner truck that is used to inspect large scale testing units that weigh commercial vehicles, cattle, and other heavy items. While repaired several times in FY 2011, the truck is no longer operational, and the Department can no longer test these large scale units.

The Executive recommends funding in FY 2013 for a large scale test truck.

General Fund 275.0

Annual Vehicle Fleet Management Funding 30.0

To perform its daily functions, the Department uses several pickup trucks maintained by ADOA Fleet Services. Six trucks have been eligible for replacement since FY 2009, based on mileage accrued, and some are barely functional. Replacing those six trucks will increase the Department's payments to Fleet Services by \$3,780 per vehicle per year. Additionally, the Department seeks to replace eight fuel storage tanks that are used by these trucks to transport motor fuel.

The Executive Recommendation provides FY 2013 funding for an increase in Fleet Service payments to the Department of Administration and for replacement of eight fuel storage tanks.

General Fund 30.0

AG Pro-Rata Appropriation (8.3)

The Executive is recommending the elimination of the AG pro-rata charge and the corresponding appropriation reduction for Agencies paying the pro-rata.

General Fund (4.1)

Air Quality Fund (3.2)

Motor Vehicle Liability Insurance Enforcement Fund (1.1)

State Employee Pay Adjustment 74.8

In conjunction with personnel reform, the Executive recommends a 5% pay increase for eligible employees.

General Fund 36.5

Air Quality Fund 28.7

Motor Vehicle Liability Insurance Enforcement Fund 9.6

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Percent of facilities inspected annually that are in compliance.	89	93	89	89
Percent of UPC (price scanning) devices in compliance.	87	92	81	81

The Executive recommends a lump-sum appropriation by program.

Performance Measures

	FY 2010 Actual	FY 2011 Actual	FY 2012 Expected	FY 2013 Expected
Percent of Arizona Clean Burning Gasoline (AzCBG's) in compliance.	98	97	98	98

Continuing FY 2013 Fund Transfers

A.R.C.O.R. Enterprises Revolving Fund (4002)	\$157,300
ABOR Local Fund (8900BRA)	\$281,800
ADOA Special Events Fund (2503)	\$500
ADOT - Maricopa - Regional Area Road Fund (2029)	\$36,200
AFIS II Collections Fund (4203)	\$432,900
Agriculture Administrative Support Fund (2436)	\$300
Agriculture Commercial Feed Fund (2012)	\$1,700
Agriculture Dangerous Plants Fund (2054)	\$500
Agriculture Designated/Donations (3011AHA)	\$1,900
Agriculture Fertilizer Materials Fund (2081)	\$2,000
Agriculture Seed Law Fund (2064)	\$100
AHCCCS - 3rd Party Collection Fund (3791)	\$608,200
AHCCCS Intergovernmental Service Fund (2438)	\$662,000
Air Quality Fund (2226)	\$181,900
Alternative Dispute Resolution Fund (3245)	\$75,500
Arizona Arts Trust Fund (3014)	\$115,700
Arizona Benefits Fund (2350)	\$70,100
Arizona Commerce Authority Carryover (1001)	\$613,400
Arizona Commission on Criminal Justice Fund (2134)	\$659,200
Arizona Department of Housing Program Fund (2200)	\$999,200
Arizona Water Banking Fund (2110)	\$304,200
Arizona Water Protection Fund (1302)	\$44,300
Arizona Water Quality Fund (2304)	\$88,900
ASDB Classroom Site Fund (2486)	\$16,600
ASDB Cooperative Services Fund (4221)	\$232,100
ASDB Facilities Use Fund (Enterprise Fund) (4222)	\$600
Assessment Fund for Voluntary Plans (2316)	\$2,100
Assured and Adequate Water Supply Administration Fund (2509)	\$1,500
Athletic Training Fund (2583)	\$700
Attorney General Anti-Racketeering Fund (2131)	\$28,400
Attorney General Antitrust Revolving Fund (2016)	\$1,600
Attorney General CJEF Distributions Fund (2068)	\$334,500
Attorney General Collection Enforcement Fund (2132)	\$22,900
Attorney General Consumer Fraud Fund (2014)	\$0
Attorney General Legal Services Cost Allocation Fund (4240)	\$636,900
Auditor General - Audit Services Fund (2242)	\$1,800
Augmentation Fund (2213)	\$3,100
Auto Fingerprint Identification Fund (2286)	\$2,400
Automobile Theft Prevention Authority Fund (2060)	\$883,400
AZ Game & Fish Heritage Fund (2295)	\$35,300
Board of Fingerprinting Fund (2435)	\$5,600

Continuing FY 2013 Fund Transfers

Capital Outlay Stabilization Fund (1600)	\$14,200
Capital Post-Conviction Public Defender Office Fund (2367)	\$1,400
Capitol Police Administrative Towing Fund (1999)	\$700
Captive Insurance Regulatory and Supervision Fund (2377)	\$67,900
Centralized Monitoring Fund (2308)	\$131,800
Child Abuse Prevention & Treatment Fund (2162)	\$118,300
Child Care Development Block Grant Fund (2008F)	\$5,900
Child Fatality Review Fund (3036)	\$1,600
Child Support Enforcement Admin Fund (2091)	\$91,100
Child/Family Services Training Program Fund (2173)	\$1,600
Citizens Clean Election Fund (2425)	\$10,000,000
Clean Water Revolving Fund (2254)	\$7,200
Coliseum & Exposition Center Fund (4001)	\$82,700
Confidential Intermediary & Private Fiduciary Fund (2276)	\$2,900
Construction Insurance Fund (4219)	\$196,700
CO-OP State Purchasing Fund (4213)	\$4,700
Cooperative Forestry Program Fund (2232)	\$62,700
Corrections Fund (2088)	\$3,700
County Public Defender Training Fund (3013)	\$71,100
Court Appointed Special Advocate Fund (2275)	\$3,200
Court Reporters Fund (2440)	\$1,000
Crime Laboratory Assessment Fund (2282)	\$7,000
Crime Laboratory Operations Fund (2394)	\$3,708,000
Criminal Case Processing Fund (2461)	\$600
Criminal Justice Enhancement Fund (3702)	\$39,500
D.E.Q. Emissions Inspection Fund (2082)	\$10,625,500
Data Processing Acquisition Fund (2265)	\$500
Deaf & Blind School Donations Fund (3148)	\$300
Defensive Driving Fund (2247)	\$71,900
Department of Economic Security Long-Term Care System Fund (2224)	\$800
Department of Juvenile Corrections Fund (3024)	\$800
Department of Public Safety Licensing Fund (2490)	\$177,500
Department of Revenue Administration Fund (1993)	\$1,928,100
Disease Control Research Fund (2090)	\$4,900
DNA Identification System Fund (2337)	\$56,800
DOR Liability Setoff Fund (2179)	\$28,100
DPS Administration Fund (2322)	\$239,700
DPS Anti-Racketeering Fund (3123)	\$7,900
DPS Peace Officers Training Fund (2049)	\$827,300
DPS Records Processing Fund (2278)	\$13,500

Continuing FY 2013 Fund Transfers

Drinking Water Revolving Fund (2307)	\$6,500
Driving Under Influence Abatement Fund (2422)	\$114,000
Drug and Gang Prevention Fund (2280)	\$68,500
Drug Treatment and Education Fund - Judiciary (2277COU)	\$27,400
Drug Treatment and Education Fund - Parents Commission on Drug Education and Prevention (2277PCA)	\$641,700
Early Graduation Scholarship Fund (2364)	\$200
Economic Security Special Administration Fund (2066)	\$439,100
Economic Strength Project Fund (2244)	\$100,000
Education Commodity Fund (4210)	\$1,700
Education Internal Services Fund (4209)	\$796,800
Education Printing Fund (4211)	\$365,100
Emergency Medical Services Operating Fund (2171)	\$43,200
Emergency Response Fund (3031)	\$132,700
Emergency Telecommunications Services Revolving Fund (2176)	\$2,201,800
Environmental Lab Licensure Revolving Fund (3017)	\$49,500
Failing Schools Tutoring Fund (2470)	\$500
Family College Savings Program Trust Fund (3121)	\$2,500
Financial Services Fund (1998)	\$28,100
Financial Surveillance Fund (2473)	\$36,600
Fingerprint Clearance Card Fund (2433)	\$456,400
Fire Suppression Fund (2360)	\$21,000
Fund Deposits Fund (1113)	\$10,800
Game & Fish Watercraft License Fund (2079)	\$7,900
Geological Donations Fund (3030)	\$2,000
Gift Shop Revolving Fund (4008)	\$900
Hazardous Waste Management Fund (2178)	\$13,600
Health Care Appeals Fund (2467)	\$2,100
Health Research Fund (2096)	\$3,300
Health Services Licensing Fund (1995)	\$100,900
Healthcare Group Fund (2506)	\$383,500
Hearing and Speech Professionals Fund (3041)	\$25,000
Highway Expansion & Extension Loan Program Fund (2417)	\$1,200
Highway Patrol Fund (2032PSA)	\$862,000
Housing Trust Fund (2235)	\$8,100
IGA and ISA Fund (2500EDA)	\$5,700
IGA and ISA Fund (2500ADA)	\$75,400
IGA and ISA Fund (2500HCA)	\$12,900
IGA and ISA Fund (2500AGA)	\$69,500
IGA and ISA Fund (2500DCA)	\$3,300
IGA and ISA Fund (2500BDA)	\$900

Continuing FY 2013 Fund Transfers

IGA and ISA Fund (2500HDA)	\$261,300
IGA and ISA Fund (2500PSA)	\$198,800
IGA and ISA Fund (2500WCA)	\$500
Indirect Cost Fund (7000)	\$900
Indirect Cost Recovery Fund (9000GSA)	\$2,400
Indirect Cost Recovery Fund (9000EDA)	\$121,500
Indirect Cost Recovery Fund (9000GVA)	\$4,800
Indirect Cost Recovery Fund (9000PSA)	\$199,200
Indirect Cost Recovery Fund (9000WCA)	\$361,800
Indirect Cost Recovery Fund (9000DCA)	\$400
Indirect Fund (9001)	\$1,352,900
Industrial Commission Administration Fund (2177)	\$112,200
Instructional Improvement Fund (2492)	\$200
Insurance Examiners' Revolving Fund (2034)	\$11,600
Investment Management Regulatory & Enforcement Fund (2404)	\$229,600
Juvenile Corrections - C.J.E.F. Distributions Fund (2281)	\$134,000
Juvenile Delinquent Reduction Fund (2193)	\$500,000
Juvenile Education Fund (2323)	\$20,300
Land - Interagency Agreements Fund (2212)	\$100
Laser Safety Fund (2388)	\$300
Law Enforcement and Boating Safety Fund (2111)	\$26,000
Liquor License Special Collections Fund (3008)	\$13,100
Liquor Licenses Fund (1996)	\$247,000
Lottery Fund (2122)	\$1,600,800
M\RARF Debt Service Fund (5008)	\$36,200
Mathematics, Science and Special Education Teacher Student Loan Fund (2358)	\$400
Medical Examiners Board Fund (2038)	\$32,200
Medical Marijuana Fund (2544)	\$6,300
Military Family Relief Fund (2339)	\$400
Motor Pool Revolving Fund (4204)	\$7,500
Motor Vehicle Liability Insurance Enforcement Fund (2285)	\$2,100
Newborn Screening Program Fund (2184)	\$27,600
Non-Appropriated Private Grants Fund (9449)	\$200
Non-Appropriated Private Operating Fund (9447)	\$300
Non-Appropriated Restricted Funds Fund (9448)	\$400
Notary Bond Fund (2387)	\$1,100
Nursing Board Fund (2044)	\$23,000
Nursing Care Institution Resident Protection Revolving Fund (2329)	\$300
Off-Highway Vehicle Recreation Fund (2253)	\$113,100

Continuing FY 2013 Fund Transfers

Oral Health Fund (3038)	\$2,400
Parity Compensation Fund (2510)	\$20,500
Partnership Fund (2448)	\$4,400
Permanent AZ Historical Society Revolving Fund (2900)	\$2,300
Permanent Tribal-State Compact Fund (2340)	\$19,700
Permit Administration Fund (2328)	\$400
Personnel Division Fund (1107)	\$52,600
Pharmacy Board Fund (2052PMA)	\$41,500
Podiatry Examiners Board Fund (2055POA)	\$2,700
Postsecondary Education Fund (2405)	\$2,300
Private Postsecondary Education Fund (2056)	\$400,000
Public Access Fund (2333)	\$86,300
Public Assistance Collections Fund (2217)	\$96,000
Racing Regulation Fund (2556)	\$19,100
Radiation Regulatory Fee Fund (2554)	\$6,000
Records Services Fund (2431)	\$7,600
Reservation Surcharge Fund (1304)	\$99,800
Risk Assessment Fund (2427)	\$100
Risk Management Fund (4216)	\$1,494,200
Safety Enforcement & Transportation Infrastructure Fund (2108)	\$459,700
School Accountability Fund Prop 301 Fund (1014)	\$15,800
School Safety Prop 301 Funds Fund (1016)	\$1,300
Schools for the Deaf & Blind Fund (2444)	\$200,300
Securities Regulatory and Enforcement Fund (2264)	\$54,400
Service Fees Increase Fund (1050AEA)	\$79,200
Sharlot Hall Historical Society 501(c)3 Fund (9505)	\$3,500
Smoke Free Arizona Fund (2541)	\$6,300
Solid Waste Fee Fund (3110)	\$100
Southern Arizona Veterans' Cemetery Trust Fund (2499)	\$1,900
Special Education Fund (1009)	\$900
Special Employee Health Insurance Trust Fund (3015)	\$27,073,700
Spinal and Head Injuries Trust Fund (2335)	\$449,900
Standing Political Committee Administrative Fund (2426)	\$200
State Aviation Fund (2005)	\$676,600
State Chemist Pesticide Fund (2051)	\$2,400
State Ed Sys for Committed Youth Class Fund (2487)	\$50,900
State Educational Fund for Correctional Education (2107)	\$9,100
State Employee Travel Reduction Fund (2261)	\$38,700
State Grants Fund (2011)	\$100
State Highway Fund (2030)	\$19,139,000
State Lake Improvement Fund (2105)	\$27,200

Continuing FY 2013 Fund Transfers

State Library Fund (2115)	\$700
State Parks Donations Fund (3117)	\$200
State Parks Enhancement Fund (2202)	\$65,300
State Parks Publications Fund (4010)	\$61,700
State Radiologic Technologist Certification (2061)	\$21,200
State Surplus Materials Revolving Fund (4214)	\$4,800
State Treasurer's Management Fund (3799)	\$2,200
State Treasurer's Operating Fund (3795)	\$19,800
Statewide Donations Fund - Arizona Centennial Fund (2025STA)	\$100
Statewide Payroll Fund (9200)	\$1,100
Structural Pest Control Fund (2050)	\$16,200
Student Tuition Recovery Fund (3027)	\$500
Supreme Court CJEF Disbursements Fund (2075)	\$66,500
Teacher Certification Fund - OF (2399)	\$32,700
Telecommunication Fund for the Deaf (2047)	\$1,569,100
Telecommunications Fund (4231)	\$4,700
The Arizona State Hospital Fund (3120)	\$47,100
Tobacco Tax and Health Care Fund (1306)	\$20,100
Tourism Fund (2236)	\$35,400
Underground Storage Tank Revolving Fund (2271)	\$4,676,000
Utility Regulating Revolving Fund (2172)	\$1,181,900
Veterans' Conservatorship Fund (2077)	\$6,600
Veterans' Donation Fund (2441)	\$15,400
Victim Witness Assistance Fund (2228)	\$300
Victims' Compensation Fund (2198)	\$307,500
Victims' Rights Implementation Fund (3215)	\$35,900
Vital Records Electronic Systems Fund (3039)	\$44,600
Voluntary Remediation Fund (2564)	\$100
Voluntary Vehicle Repair Fund (2365)	\$747,200
Water Quality Assurance Revolving Fund (2221)	\$417,800
Water Quality Fee Fund (4100)	\$29,900
Water Resources Fund (2398)	\$43,300
Well Administration and Enforcement Fund (2491)	\$124,200
Work Force Recruitment and Job Training Fund (1237)	\$4,600
	\$109,183,300



Proposed Legislative Changes

The following changes are necessary to implement the Executive Budget Recommendation for Fiscal Years 2012 and 2013

STATEWIDE

FY 2012

Statutory Revertments. Eliminate the session law that includes non-lapsing appropriated monies as part of the General Fund ending balance at the close of the fiscal year.

FY 2013

Five-Year Strategic Plan. In statute, require all executive agencies to submit a five-year strategic plan.

ADMINISTRATION, DEPARTMENT OF

FY 2013

Arizona State Hospital Generator. As session law, allow the Department to use up to \$1.7 million in Building Renewal funds to purchase a generator for the Arizona State Hospital.

Automations Fund. As session law, allow the Department to use all revenues received by the Automations Fund.

COSF Reform. In statute, clarify that Capital Outlay Stabilization Fund (COSF) rent must be paid only for those buildings for which ADOA provides operational and/or maintenance services.

Federal Participation Repayment. As session law, authorize the Department to use Risk Management funds to settle debts to the federal government related to disallowed charges and transfers of federal participation dollars from FY 2011 through FY 2013.

Information Technology Modernization Fund. In statute, establish the Information Technology Modernization Fund to be used for the replacement of AFIS and other information technology projects.

Motor Pool Revolving Fund. As session law, allow the Department to use all revenues received by the Motor Pool Revolving Fund.

Health Insurance Trust Fund. As session law, authorize the Department to use Health Insurance Trust Fund monies to settle debts to the federal government due to transfers from the Fund.

Surplus Property Sales Proceeds. As session law, allow Surplus Property to expend revenues it receives in excess of its appropriation.

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

FY 2013

Ambulance Reimbursement. As session law, set base support for ambulance services at 72.2% of the rates established by DHS. Allow AHCCCS to reduce rates by up to an additional 5%.

Capitation Payments Deferral. As session law, require AHCCCS to defer acute capitation payments for up to two months, and pay interest at a rate of 0.5% per year.

County Acute Care Contributions. As session law, require counties to contribute, through the Disproportionate Uncompensated Care (DUC) Pool and county acute contribution, a total of \$51,859,000 for the AHCCCS Acute Care program.

County Acute Refunds. As session law, require AHCCCS to refund to counties, by December 31 of the following year, their portion of AHCCCS Acute Capitation expenditures paid in excess of 7.26% of the total Acute Capitation state match.

County ALTCS Refunds. As session law, require AHCCCS to refund to counties, by December 31 of the following year, their portion of reverted Arizona Long-term Care System Fund funds.

Disproportionate Share Hospital. As session law, establish disproportionate share payments from the Maricopa Special Health Care District of \$89.8 million, the Arizona State Hospital of \$28,474,900, and the private hospitals of \$9,284,800.

Local and Tribal Spending. As session law, allow AHCCCS to spend federal monies received as a result of local and tribal spending.

Managed Care Organization Risk Contingency and Administrative Funding. As session law, continue the reduction from 2% to 1% in risk contingency and from 8.5% to 8% in administrative allowance in the capitation rates paid to the health plans.

ATTORNEY GENERAL

FY 2013

AG Pro-Rata. Repeal A.R.S. §41-191.09 requiring the Attorney General Pro-Rata contribution and the establishment of the Attorney General Legal Services Cost Allocation fund and transfer the balance of the fund to the General Fund.

COMMUNITY COLLEGES

FY 2013

Capital Outlay Aid Formula Funding. As session law, suspend the Capital Outlay State Aid formula.

Quarterly Funding Requests. In statute, eliminate the requirement for districts to request funding each quarter in lieu of a single request at the beginning of each year with equal quarterly disbursements during the first month of each quarter.

CORRECTIONS, DEPARTMENT OF

FY 2013

DOC Building Renewal and Preventive Maintenance Fund. In statute, move the DOC Building Renewal and Preventive Maintenance Fund and its administration from ADOA to the Department of Corrections.

Contract for 5,000 Private Beds. Repeal the session law requiring the Department to contract for 5,000 private prison beds.

Corrections Fund Transfer. As session law, transfer revenues in excess of \$28,102,100 to the Corrections Fund up to \$4.5 million to the DOC Building Renewal and Preventive Maintenance Fund.

Penitentiary Land Fund. As session law, continue the 100% distribution of revenues to the Department from the Penitentiary Land Fund for the support of State penal institutions.

Private Prison Beds. As session law, authorize the Department to issue a request for proposals to build 2,000 private medium-custody prison beds.

State Charitable, Penal and Reformatory Institutions Land Fund. As session law, continue the 25% distribution of revenues from the State Charitable, Penal and Reformatory Institutions Land Fund to the Department for the support of State penal institutions.

Transition Services Fund. In statute, eliminate the Transition Services Fund and transfer its appropriation and fund balance to the Transition Program Fund.

ECONOMIC SECURITY, DEPARTMENT OF

FY 2013

Child Support Enforcement Fund. As session law, continue to authorize the Department to expend Child Support Enforcement Fund retained earnings in excess of \$16.4 million.

Domestic Violence Prevention Fund. As session law, continue to authorize the Department to expend Domestic Violence Prevention Fund revenues in excess of \$2.2 million.

EDUCATION, DEPARTMENT OF

FY 2013

Deferral of State Aid. As session law, continue the deferral of School District State Aid, in the amount of \$852,627,700.

Soft Capital Allocation Limit, Lump-Sum Reduction. As session law, continue \$88,120,700 in lump-sum reductions to the school district soft capital allocation.

Capital Outlay Revenue Limit, Lump-Sum Reduction. As session law, continue \$29,058,421 in lump-sum reductions to the school district capital outlay revenue limit.

Additional Assistance, Lump-Sum Reduction. As session law, continue \$12,462,379 in lump-sum reductions to charter school Additional Assistance.

District-Sponsored Charter Schools. In statute, prohibit the creation of new district-sponsored charter schools. For each existing district-sponsored charter school, create a clear legal distinction between the charter's budget and the district's budget and exclude the charter's ADM from the calculation of the sponsoring district's revenue control limit.

Career Ladder Phase-Out. As session law, continue the phase-out of the Career Ladder program, with the program's allowable increase above the base reduced from 4% to 3%.

Joint Technological Education District Funding. As session law, continue limiting JTED funding to 91%.

Move on When Reading. As permanent law, adjust the K-8 Group A base level weight from 1.158 to 1.179 to provide funding for reading specialists, comprehensive curriculum, intervention and remediation programs in grades K-3.

EMERGENCY AND MILITARY AFFAIRS, DEPARTMENT OF

FY 2013

Military Installation Fund. As session law, continue to reduce the statutory appropriation to the Military Installation Fund by \$4,825,000.

EXECUTIVE CLEMENCY, BOARD OF

FY 2013

Shift to Hourly Pay Rate. As session law, shift the Board to an hourly pay rate. This will allow the Board to work the hours necessary to complete their work.

HEALTH SERVICES, DEPARTMENT OF

FY 2013

Newborn Screening Fund Footnote. As session law, allow the Department to expend Newborn Screening Fund revenues in excess of the Fund's appropriation.

Community Protection and Treatment Center. As session law, require counties to reimburse the Arizona State Hospital for 25% of the costs of housing individuals in the Arizona Community Protection and Treatment Center (ACPTC) in FY 2011 and 50% of the costs of housing individuals in the ACPTC since the beginning of FY 2012.

Restoration to Competency Funding. As session law, continue to require counties to reimburse the Arizona State Hospital for 100% of the cost of Restoration to Competency (RTC) services.

State Hospital Land Fund. As session law, authorize the Department to expend all ASH Land Fund revenues in excess of its appropriation.

Seriously Emotionally Handicapped Children. In statute, require the Department of Education to pay all the costs of Residential Treatment Facility Placements through the Individualized Education Program for children determined to be ineligible for services through Medicaid.

Alzheimer's Research. As session law, continue the footnote providing Alzheimer's disease research funding.

HOMEOPATHIC MEDICAL EXAMINERS, BOARD OF

FY 2013

Homeopathy License Fees. In statute, increase the cap on the Board's fees to \$1,200 for homeopathic physician initial licenses and renewals and \$500 for the initial and annual renewal of a permit to dispense drugs. Exempt the Board from the rule-making process for the purpose of adjusting its license fees.

JUVENILE CORRECTIONS, DEPARTMENT OF

FY 2013

State Charitable, Penal and Reformatory Institutions Land Fund. As session law, continue the 25% distribution of revenues to the Department from the State Charitable, Penal and Reformatory Institutions Land Fund for the support of State penal institutions.

State Education Fund for Committed Youth. As session law, authorize the expenditure of all revenues deposited into the Education Fund for Committed Youth.

LAND DEPARTMENT, STATE

FY 2013

Natural Resource Conservation Districts. As session law, continue to stipulate that \$30,000 of the amount appropriated for Natural Resource Conservation Districts will be used to provide grants to environmental education centers.

LOTTERY COMMISSION

FY 2013

Instant Ticket Footnote. As session law, stipulate that the actual appropriation for the Instant Ticket line item equals 3.6% of actual Instant Ticket sales.

Online Ticket Sales Footnote. As session law, stipulate that the actual appropriation for the Online Game Sales line item equals 3.7% of actual online ticket sales.

Retail Ticket Sales Footnote. As session law, stipulate that the actual appropriation for ticket retailer commissions equals 6.5% of gross Lottery game sales, with an additional amount not to exceed 0.5% of gross Lottery game sales for ticket retailer sales commissions.

Instant Tab Ticket Footnote. As session law, stipulate that the actual appropriation for the Instant Tab Ticket line item equals 20% of Instant Tab Ticket sales.

MEDICAL STUDENT LOANS, BOARD OF

FY 2013

Revenue Transfer to DHS. As session law, transfer the remaining balance and new revenues from the Medical Student Loan Fund to DHS's Primary Care Provider Loan Repayment program.

PARKS BOARD, STATE

FY 2013

Off-Highway Vehicle Recreation Fund. As session law, allow the State Parks Board to use the Off-Highway Vehicle Fund for operational expenses.

Law Enforcement and Boating Safety Fund. As session law, allow the Board to use the Law Enforcement Boating Safety Fund for operational expenses.

Capital Spending. As session law, suspend the requirement that the Board use half of its Enhancement Fund monies for capital needs.

State Parks Enhancement Fund. As session law, continue the footnote that appropriates \$260,000 from the State Parks Enhancement Fund for Fool Hollow State Park revenue sharing with the City of Show Low and the U.S. Forest Service.

POST-SECONDARY EDUCATION

FY 2013

LEAP Institutional Match. As session law, continue to require that participating LEAP institutions match State LEAP funds and that LEAP's administrative expenses will be paid from the institutional match.

Estimated Appropriations. As session law, continue the footnote stating that the actual appropriations will reflect final receipts for the Arizona College and Career Guide, the Arizona

Minority Educational Policy Analysis Center, and the Twelve Plus Partnership.

Arizona SMART Scholarships. In statute, create the Arizona SMART (Skills Maximization and Alignment through Retraining and Transitioning) Scholarships program. SMART scholarships may be awarded to any student enrolled in one of the top 20 community college programs that the Local Workforce Investment Board has determined best meet local workforce needs. In addition, students must show that they have at least two years of full-time work experience and qualify for need-based financial aid. (For veterans, the need-based aid requirement is waived.) SMART scholarships will pay the cost of tuition up to \$2,000 per year for up to two years.

PUBLIC SAFETY, DEPARTMENT OF

FY 2012

Photo Enforcement Fund Balance. As session law, transfer the balance of the Photo Enforcement Fund to the General Fund.

FY 2013

Highway Expenditure Cap Elimination. In statute, permanently eliminate the \$10.0 million cap on DPS expenditures from the Highway User Revenue Fund and from the State Highway Fund.

Divert State Aid to Indigent Defense. In statute, permanently divert all State Aid to Indigent Defense Fund revenues to the GIITEM Fund Subaccount.

Vehicles and the Public Safety Equipment Fund. In statute, clearly state that revenue to the Public Safety Equipment Fund from the \$4 surcharge may be used to purchase vehicles.

DPS Joint Fund. As session law, stipulate that any funds remaining in the DPS Joint Fund are to revert to the sources from which they were appropriated in direct proportion to the amount appropriated.

PSYCHOLOGIST EXAMINERS, BOARD OF

FY 2013

Behavior Analysts Fund. In statute, create a separate fund for the revenues and expenses associated with the licensure and regulation of behavior analysts.

RACING, DEPARTMENT OF

FY 2013

Self-Funding. In statute, (a) allow the Department to charge fees to be deposited in the Racing Regulation Fund so that the Department can be self-funded and (b) exempt the Department from the rule-making process and allow it to accept donations and gifts.

RADIATION REGULATORY AGENCY

FY 2013

Radiation Regulatory Fee Fund. In statute, allow the Agency to charge increased fees to be deposited into the Radiation Regulatory Fee Fund, up to the fund's annual appropriation.

REGENTS, BOARD OF

FY 2013

Deferral of General Fund Payment. As session law, continue to defer \$200 million in General Fund payments to the Universities.

Performance Funding. In statute, insert a mutually agreeable performance funding formula that incentivizes the increased production of quality graduates (especially those with STEM and other in-demand degrees), research, community college and university partnerships, and increased graduation rates.

Course Redesign Technology and Capital. As session law, specify that, of the \$15.3 million appropriated to the Board for Course Redesign Technology and Capital, the Board must allocate \$12 million to ASU and \$3.3 million to NAU. The funds must be used for innovative course redesign technologies and capital improvements that will maintain or improve learning outcomes and decrease per-student costs for large-enrollment and/or high-failure-rate classes. Before the funds can be distributed, ASU and NAU must have plans approved by the Board, and the Board must review the plans before October 1, 2012.

SCHOOL FACILITIES BOARD

FY 2013

Bonding Capacity. In statute, increase school district bonding capacity for Class B bonds to 10% of secondary assessed value for elementary and high school districts and 20% of secondary assessed value for unified school districts.

Building Renewal. In statute, eliminate the Building Renewal formula. In addition, by July 1, 2014, require all school districts to utilize the provided online preventive maintenance system and have an SFB-approved five-year plan in order to be eligible to receive Building Renewal Grants.

District-Sponsored Charter Schools. In statute, clarify that district-owned space leased to another entity is included in the SFB's calculations for new school construction, including space leased to a district-sponsored charter school. In addition, specify that projects for buildings or any part of a building that is leased to a charter school is ineligible for Building Renewal grants.

Radius Standard for New School Construction. In statute, change the minimum square footage standard for new school construction to include excess space that falls within a 10-mile radius drawn at the center-point of a district's highest growth quadrant.

SECRETARY OF STATE

FY 2012

State Grants-in-Aid. As session law, retroactively designate the FY 2011 and FY 2012 State Grants-in-Aid SLI as non-lapsing.

FY 2013

State Grants-in-Aid. As session law, designate the FY 2013 State Grants-in-Aid SLI as non-lapsing.

TRANSPORTATION, DEPARTMENT OF

FY 2013

Vehicle License Tax Transfers. As session law, reduce the VLT transfers by \$8.9 million.

TOURISM, OFFICE OF

FY 2013

Eliminate the Tourism Formula. In statute, eliminate the Tourism Funding formula and amend the Tourism Fund to allow it to receive direct Legislative appropriations.



Glossary

Part 1: Budget Terms

90/10 Professional and occupational regulatory agencies funded through the collection of fees and the issuance of licenses. These agencies retain 90% of the fees collected annually in separate agency fund accounts and deposit 10% of the fees collected into the *General Fund*.¹

A

accountability Monitoring, measuring, and evaluating the performance and progress of policies, plans and programs to ensure that results are achieved.

actual expenditure An expenditure 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 *below-the-line items* as authorized by the Legislature.

administrative adjustment 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 cost An expense 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.

AFIS The Arizona Financial Information System is the statewide accounting system maintained by the Department of Administration.

AHCCCS The Arizona Health Care Cost Containment System is the State's Medicaid program designed to deliver quality managed health care to qualifying individuals.

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*.

annualization An adjustment, made to the current year funding base, that will allow a partially-funded program to operate for a full year or accounts for a full-year of budget savings due to mid-year reductions.

appropriated fund The Legislatively mandated segregation of funds. It is used and monitored by the *General Accounting Office* as a separate self-balancing set of accounts.

Arizona Administrative Code State agency rules of practice setting forth the nature and requirements of all formal procedures available to the public.

Arizona Revised Statutes (A.R.S.) The laws governing the State of Arizona.

B

base budget An adjusted budget base that reflects the current year appropriation, amended to include changes for *standard operating adjustments*.

below-the-line item A specific expenditure or budgetary account that has been singled out through the appropriation process to provide high visibility of expenditure. Also known as "special line item."

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.

C

capital outlay Expenditures for upkeep, preservation, development, improvement or acquisition of lands, buildings or certain associated equipment.

¹ Italicized terms are defined in this Glossary.

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 who meet the legal criteria for eligibility to the specified program.

categorical program A broad category of joint federal-State public assistance programs that provide financial assistance to individuals or that may subsidize a particular activity (e.g., Medicaid pays for medical services on behalf of certain groups of low-income persons).

certificate of participation (COP) A financing tool used by the State for the acquisition and construction of State facilities.

classification salary adjustment (CSA) The review of positions within a specific class to determine whether a change in class or salary is warranted. A CSA is conducted by the Personnel Division of the Department of Administration.

comptroller object code A four-digit code used within the statewide accounting system to identify the detailed revenue or expenditure account affected by a transaction; the lowest level in the object structure.

continuing appropriation An appropriation that is automatically renewed without further Legislative action, period after period, until altered, 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.

D

decision package A funding request made by State agencies.

detail fund A fund designation used in the statewide accounting system to segregate agency-specific activity. The balance of an *appropriated fund* is comprised of the sum of all of its detail funds.

Disproportionate Share Hospital (DSH) A hospital that serves a disproportionate share of low-income and Medicaid patients, thereby qualifying for federal aid pursuant to Section 1923 of the Social Security Act. The federal basis for payments is either a reflection of a hospital's number of Title XIX in-patient days or a "low-income" utilization rate. States may also establish optional payment categories. Arizona has established optional groups that include county, State and private hospitals.

E

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 program 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 population 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.

F

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 *entitlement programs*.

Federal Insurance Contribution Act (FICA) Requires employees and employers to make matching contributions into the Social Security fund.

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 (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.

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.

G

General Accounting Office (GAO) A division of the Department of Administration that provides diverse statewide financial services and ensures compliance with related *statutes* and rules.

General Fund The primary State account into which monies are collected for the general purposes of government. The primary sources of revenues for the General Fund include sales taxes, income taxes and property taxes. The General Fund is also the major expenditure source from which agencies make payments for specified purposes.

grant anticipation note (GAN) A federal finance tool involving bonding that can be issued by the State Transportation Board. The issuance of a GAN allows the State to fund and accelerate highway construction projects with anticipated federal monies.

I

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.

J

JLBC 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 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 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 Temporary Assistance for Needy Families (TANF) Block Grant recipients whose substance abuse is a significant barrier to obtaining or maintaining employment.

K

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 FPL.

L

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.

M

Master List of State Government Programs *Budget reform legislation* requires OSPB to publish a “Master 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 sub-program 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.

N

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*).

O

object code Refers to the accounting code structure of the Arizona Accounting Manual.

objective A specific and measurable target for accomplishing goals.

one-time adjustment A budget adjustment 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*, *Employee-Related Expenditures*, *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*

OSPB (Office of Strategic Planning and Budgeting) 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.

Other Appropriated Funds All amounts, excluding *General Fund* amounts, appropriated by the Legislature for predetermined uses. These include Special Revenue Funds, revolving funds, etc.

Other Operating Expenditure 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.

P

per diem compensation Compensation paid to board or commission members for their work. Per diem compensation is a daily rate set statutorily.

per diem travel Cost of meals and incidentals reimbursed to employees and board or commission members.

performance accountability A means of judging policies and programs by measuring their progress toward achieving agreed-on *performance targets*. Performance accountability systems are composed of three components: defining performance measures (including outcomes), measuring performance and reporting results.

performance measure Used to measure results and ensure accountability. (SEE ALSO: *input*, *output*, *outcome*, and *quality*).

performance target Quantifiable estimate 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* structure. Program budgeting is linked to planning and *accountability* through alignment of the structures and merging of the planning and budget information.

program enhancement An upward revision in the funding level of a specific program in order to enhance the level of services being provided by that program.

program structure An orderly, logical arrangement of an organization's programs and subprograms. This structure provides the framework for planning, budgeting and strategic program authorization review.

Proposition 204 Medical Program A voter-approved AHCCCS program that expands eligibility to include individuals whose annual incomes are at or below 100% of the FPL. The program is funded through monies received by the State from the tobacco litigation settlement tobacco tax funds and the State General Fund.

Q

quality A *performance measure* that reflects the effectiveness in meeting the expectations of customers and stakeholders.

R

receipt 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.

S

special line item See *below-the-line item*

standard adjustment Change to the current year's appropriation to arrive at the new year's *base budget*. Examples in-

clude *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 adjustment An adjustment to the *base budget* that includes *annualization* of programs partially funded by the Legislative appropriation during the current year; annualization of Legislatively authorized pay packages; restoration of *vacancy savings*; and a one-time increase or decrease to the *operating budget*.

State service All offices and positions of employment in State government except offices and positions specifically exempted by law from the State personnel system.

statute A written law, either new or revised, enacted by the Legislature and signed by the Governor.

strategic management Process of positioning an organization so it can prosper in the future. The overall framework within which policy development, strategic, operational, *quality* planning, budgeting, *capital outlay* planning, information technology planning, program implementation, and evaluation and *accountability* take place.

strategic plan A visionary guide, based on an examination of internal and external environmental and political factors, that directs goal-setting and future resource requirements to achieve meaningful results over time. Strategic projections are long-range and usually cover a five-year period.

Strategic Program Authorization Review (SPAR) A formal review of selected State government programs, *subprograms* or crosscutting functions. The SPARs determine if programs are retained, eliminated or modified.

subprogram An integral component of a program that can be separately analyzed to gain a better understanding of the larger program.

T

tracking system A system that monitors progress, compiles management information and keeps goals on track.

U

uniform allowance An amount budgeted for specific agencies for the cost of uniforms required by the agency.

V

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; or the creation of new positions that exceed the total number of authorized FTE, as approved by the Legislature.



Glossary

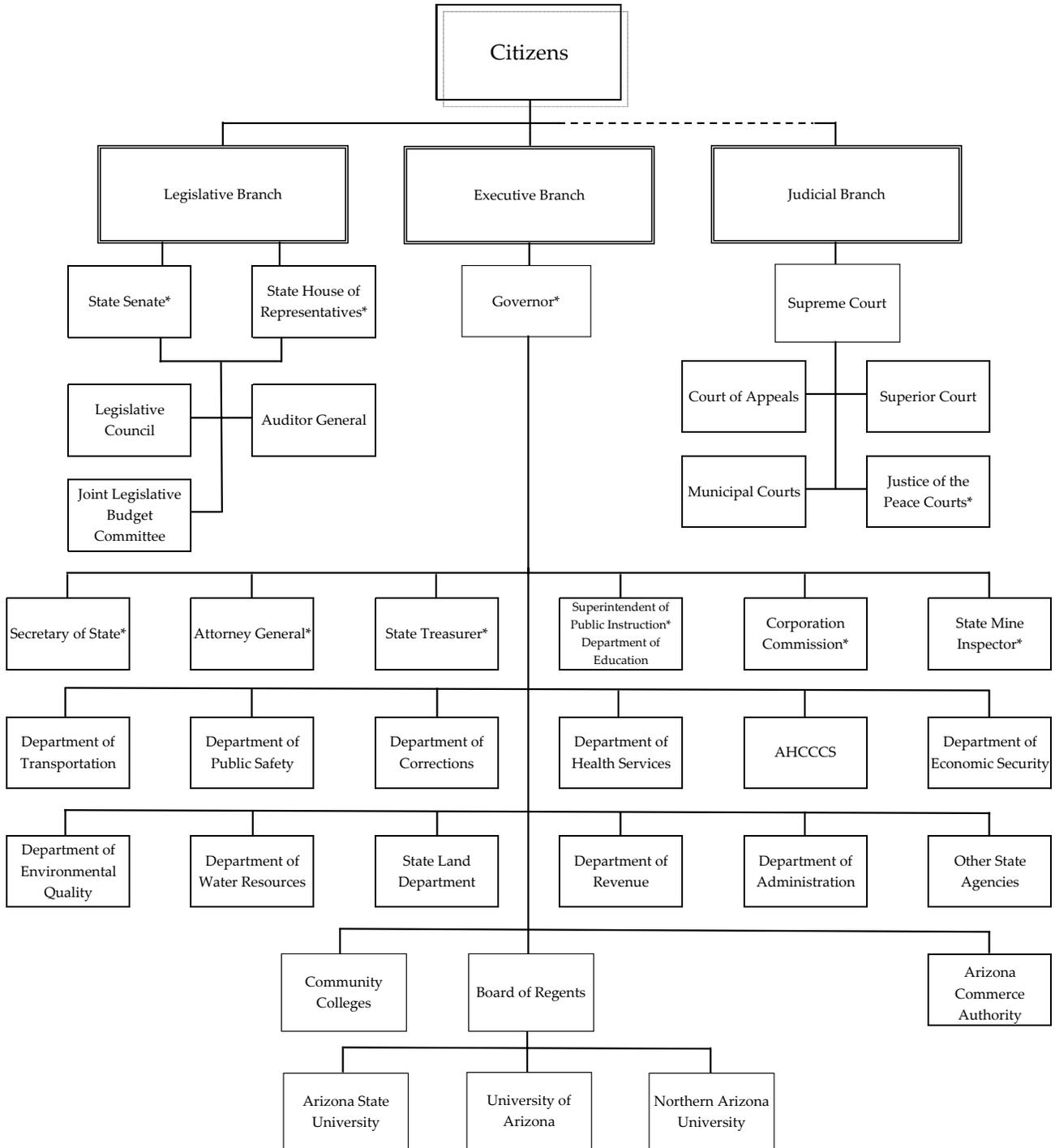
Part 2: Acronyms

A.R.S. Arizona Revised Statutes	AVSC Arizona Veterans' Service Commission
AAC Arizona Administrative Code	AZAFIS Arizona Automated Fingerprint Identification System
ABOR Arizona Board of Regents	AZGS Arizona Geological Survey
ACJC Arizona Criminal Justice Commission	BIFO Border Infrastructure Finance Office
ACJIS Arizona Criminal Justice Information System	CAE Commission on the Arizona Environment
ACW Arizona Center for Women	CAP Child Abuse Prevention
ADA Americans with Disabilities Act	CBHS Children's Behavioral Health Services
ADC Arizona Department of Corrections	CCDF Child Care Development Fund
ADE Arizona Department of Education	CEDC Commerce and Economic Development Commission
ADJC Arizona Department of Juvenile Corrections	CERF Collection Enforcement Revolving Fund
ADM Average Daily Membership	CHC Community Health Center
ADMIN Administration	CHILDS Children's Information Library and Data Source
ADOA Arizona Department of Administration	CIS Client Information System
ADOT Arizona Department of Transportation	CJEF Criminal Justice Enhancement Fund
ADP Average Daily Population	CLIA Clinical Lab Inspections Act
AERB Agriculture Employment Relations Board	CMDP Comprehensive Medical and Dental Plan
AFDC Aid for Families with Dependent Children	CMR Classification Maintenance Review
AFIS Arizona Financial Information System	COP Certificate of Participation
AFUND Appropriated Fund	COSF Capital Outlay Stabilization Fund
AG Attorney General	CPS Child Protective Services
AGFD Arizona Game and Fish Department	CRIPA Civil Rights of Institutionalized Persons Act
AHCCCS Arizona Health Care Cost Containment System	CRS Children's Rehabilitative Services
AHS Arizona Historical Society	CSMS Combined Support Maintenance Shop
AIDA Arizona International Development Authority	CSO Correctional Service Officer
ALTCS Arizona Long-Term Care System	CWA Clean Water Act
AOOE All Other-Operating Expenditures	CWRF Clean Water Revolving Fund
APP Aquifer Protection Permit	DAAS Division of Aging and Adult Services
APS Adult Protective Services	DBME Division of Benefits and Medical Eligibility
ARF Automation Revolving Fund	DCYF Division of Children, Youth and Families
ARRT American Registry of Radiological Technologists	DD Dually Diagnosed or Developmentally Disabled
ASDB Arizona School for the Deaf and the Blind	DDD Division of Developmental Disabilities
ASH Arizona State Hospital	DDSA Disability Determination Services Administration
ASPC Arizona State Prison Complex	DEA Drug Enforcement Account
ASRS Arizona State Retirement System	DEMA Department of Emergency and Military Affairs
ASU Arizona State University	DEQ Department of Environmental Quality
ATA Automobile Theft Authority	DERS Division of Employment and Rehabilitative Services
ATDA Arizona Technology Development Authority	DES Department of Economic Security

DHS Department of Health Services
DJC Department of Juvenile Corrections
DOA Department of Administration
DOI Department of Insurance
DOR Department of Revenue
DPS Department of Public Safety
DSH Disproportionate Share Hospital
DUI Driving Under the Influence
DWR Department of Water Resources
EAC Eligible Assistance Children
EDP Electronic Data Processing
EEO Equal Employment Opportunity
ELIC Eligible Low-Income Children
EMS Emergency Medical Services
EMSCOM Emergency Medical Services Communications
EMSOE Emergency Medical Services Operating Fund
EPA Environmental Protection Agency
EPSDT Early Periodic Screening, Diagnostic, and Testing
ERE Employee-Related Expenditures
FES Federal Emergency Services
FFP Federal Financial Participation
FHAMIS Family Health Administration Management Information System
FICA Federal Insurance Contribution Act
FMAP Federal Matching Assistance Payments
FMCS Financial Management Control System
FPL Federal Poverty Level
FTE Full-Time Equivalent
GAAP Generally Accepted Accounting Principles
GADA Greater Arizona Development Authority
GAO General Accounting Office
GDP Gross Domestic Product
GIITEM Gang and Immigration Intelligence Team Enforcement Mission
GITA Government Information Technology Agency
H.B. House Bill
HAP Hazardous Air Pollutant
HCBS Home and Community Based Services
HI Hearing Impaired
HMO Health Maintenance Organization
HRMS Human Resource Management System
HURF Highway User Revenue Fund
IGA Intergovernmental Agreement
IHS Indian Health Service
IM 240 Inspection and Maintenance 240 Second Emission Test
IOCC Inter-State Oil Compact Commission
IRM Information Resource Management
IRMG Information Resource Management Group
ISA Intergovernmental Service Agreement
ISD Information Services Division
ISP Institutional Support Payments
IT Information Technology
ITAC Information Technology Authorization Committee
JCCR Joint Committee on Capital Review
JCEF Judicial Collection Enhancement Fund
JLBC Joint Legislative Budget Committee
JOBS Job Opportunity and Basic Skills
LAN Local Area Network
LES Licensing and Enforcement Section
LGIP Local Government Investment Pool
LTC Long Term Care
MAG Maricopa Association of Governments
MAO Medical Assistance Only
MARS Management and Reporting System
MD Multiply Disabled
MDSSI Multiply Disabled Severely Sensory Impaired
MEDICS Medical Eligibility Determinations and Information Control System
MIPS Million Instructions per Second *or* Medicaid in the Public Schools
MIS Management Information System
MNMI Medically Needy Medically Indigent
MVD Motor Vehicle Division
NADB North American Development Bank
NAFTA North American Free Trade Agreement
NAIC National Association of Insurance Commissioners
NAU Northern Arizona University
NLCIFT National Law Center for Inter-American Free Trade
NRC Natural Resource Conservation District
OAH Office of Administrative Hearings
OGCC Oil and Gas Conservation Commission
OPM Office of Pest Management
OSHA Occupational Safety and Health Administration
OSPB Office of Strategic Planning and Budgeting
PAS Prior Authorization Screening
PASARR Pre-admission Screening and Annual Resident Review
PDS Phoenix Day School for the Deaf
PERIS Public Employee Retirement Information System
POV Privately Owned Vehicle
PRWORA Personal Responsibility and Work Opportunity Reconciliation Act of 1986

PS Personal Services
PSPRS Public Safety Personnel Retirement System
QMB Qualified Medicare Beneficiary
RARF Regional Area Road Fund
RCF Registrar of Contractors Fund
REDI Rural Economic Development Initiative
REM Retain, Eliminate or Modify
RIF Reduction-in-Force
RMIS Risk Management Information System
RTC Residential Treatment Center or Return to Custody
RUCO Residential Utility Consumer Office
S.B. Senate Bill
SAMHC Southern Arizona Mental Health Center
SAVE Systematic Alien Verification for Entitlements
SBAC Small Business Assistance Center
SBCS State Board for Charter Schools
SBE State Board of Education
SBIR Small Business Innovative Research
SBOE State Board of Equalization
SCHIP State Children's Health Insurance Program
SDWA Safe Drinking Water Act
SDWRF Safe Drinking Water Revolving Fund
SES State Emergency Services
SLI Special Line Item
SLIAG State Legalization Impact Assistance Grant
SMI Serious Mental Illness or Seriously Mentally Ill
SOBRA Sixth Omnibus Budget Reconciliation Act
SPAR Strategic Program Authorization Review
SPO State Purchasing Office
SPU Special Population Unit
SR&E Securities Regulation and Enforcement
SSI Supplemental Security Income
SSIG State Student Incentive Grant
SSRE State Share of Retained Earnings
SWCAP State-wide Cost Allocation Plan
T&R Title and Registration
TANF Temporary Assistance for Needy Families
TB Tuberculosis
TCC Transitional Child Care
TDD Telecommunication Devices for the Deaf
TIFS Tourism Investment Fund Sharing
TPO Telecommunications Policy Office
UA University of Arizona
UAHSC University of Arizona Health Sciences Center
USAS Uniform State-wide Accounting System
USGS United States Geological Survey
UST Underground Storage Tank
VA Veterans Affairs
VEI Vehicle Emission Inspections
VI Visually Impaired
VR Vocational Rehabilitation
VRIRF Victims' Rights Implementation Revolving fund
WAN Wide Area Network
WATS Wide Area Telephone System
WFRJT Work Force Recruitment and Job Training
WICHE Western Inter-State Commission on Higher Education
WIFA Water Infrastructure Finance Authority
WIPP Work Incentive Pay Plan
WPF Water Protection Fund
WQAB Water Quality Appeals Board
WQARF Water Quality Assurance Revolving Fund

Arizona State Government Organization



* Elected Officials



The following resources are available at www.azospb.gov

BUDGET

- FY 2013 Executive Budget - Summary
- FY 2013 Executive Budget – State Agency Budgets
- FY 2013 Executive Budget - Appendix
- Statement of Federal Funds for Fiscal Years 2008 through 2010
- Calculation of the Appropriation Limit for Fiscal Years 2009 through 2011
- State Budget Reduction Impacts FY 2008 through FY 2011.

STRATEGIC PLANNING

- Master List of State Government Programs for Fiscal Years 2009 through 2011
- Five-Year Strategic Plans for Annual Budget Units
- Managing for Results, 1998 Strategic Planning and Performance Measurement Handbook (recognized by the Council of State Governments as an Exemplary State Management Program)

HISTORICAL PERSPECTIVE

- Revenue Data since 1971
- Expenditure Data since 1979
- Historical Enrollment Data for Major Populations such as Students, Medicaid Clients, Prisoners, and Unemployment

MONTHLY UPDATES

- New Caseload Enrollment Data, updated on the 15th of each month
- Year-to-Date Revenue Collections
- Agency Cash Flow Statements and Projections for Every Fund

Acknowledgement

Governor Brewer gratefully acknowledges
the skilled and dedicated efforts of the staff of the
Governor's Office of Strategic Planning and Budgeting

<i>Director</i>	John Arnold
<i>Assistant Directors</i>	Bret Cloninger Bill Greeney
<i>Budget and Project Managers</i>	Brandon Nee Kris Okazaki
<i>Senior Budget Analysts</i>	Dale Frost Scott Selin Jennifer Uharriet
<i>Budget Analysts</i>	Whitney Chapa Timothy Grubbs Leah Koestner Michael Moan Jill Ross
<i>Operations Analyst</i>	Richard Greene
<i>Economist</i>	Duong Nguyen
<i>Systems Analyst</i>	Joy Su
<i>Office Manager</i>	Pamela Ray