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*"[FY 2014]*

*General Fund*

*ongoing*

*revenues were*

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*than FY 2013."*

This report has been prepared for the Arizona Legislature by the Joint Legislative Budget Committee Staff on July 21, 2014.

## Summary

On June 30<sup>th</sup>, state Fiscal Year 2014 ended. June results were disappointing, further increasing the year-to-date revenue shortfall.

While the ending date of the fiscal year was June 30<sup>th</sup>, the state continued to process transactions during the next several weeks until mid-July before closing the books (known as the "13<sup>th</sup> month"). The General Accounting Office will issue its first report of an estimated FY 2014 ending balance in mid-September.

Even though the state has just now begun the year-end accounting process, preliminary data allows us to draw some initial conclusions about the overall status of FY 2014:

- Year-to-date (YTD) General Fund ongoing revenues were 2.1% greater than FY 2013. Adjusting for the estimated cost of tax law changes, underlying base FY 2014 revenue growth was approximately 2.8%.
- FY 2014 represented the lowest growth rate seen since FY 2010, when the state posted a revenue decline during the Great Recession.
- Total FY 2014 General Fund revenues were \$9.34 billion, which consisted of \$8.45 billion from current FY 2014 collections and an \$895 million beginning balance.
- In June alone, revenue collections were \$(56) million below forecast, primarily due to low Corporate Income and Sales Tax collections.
- Overall, FY 2014 General Fund revenues were \$(113) million below the enacted forecast.
- Total FY 2014 General Fund spending is projected to be \$8.81 billion, which represents an increase of 2.3% above FY 2013.
- FY 2014 General Fund spending is estimated

to be \$(47) million below the budgeted spending level. This is mostly due to lower than expected spending in the AHCCCS program.

- The FY 2014 ending balance had previously been estimated at \$596 million. Given the \$(113) million revenue shortfall, along with \$47 million of expenditure savings, the FY 2014 ending balance is expected to decline to \$530 million. This would represent a net decline of \$(66) million.

### FY 2015 Potential Impacts

- The FY 2015 budget was built on a \$596 million carry forward from FY 2014. Based solely on the carry forward declining by \$(66) million, the FY 2015 ending balance would decline from its original estimate of \$130 million to an adjusted estimated of \$64 million.
- The lower-than-expected FY 2014 revenue base could also affect the FY 2015 revenue collections and FY 2015 ending balance. Even if the state still reaches its FY 2015 budgeted growth rate of 5.3%, the lower FY 2014 base would generate a revenue shortfall of \$(113) million in FY 2015. As a result, the FY 2015 ending balance would further drop from a \$64 million balance to a \$(49) million shortfall.
- These estimates do not incorporate the impact of the preliminary Maricopa County Superior Court ruling in the K-12 inflation litigation. As described more fully in a [JLBC Staff Report](#), the ruling could require the state to increase its K-12 spending by \$317 million in FY 2015. This funding would "reset" the per pupil amount prospectively to adjust for foregone inflation in prior years. It does not include "back payments" for K-12 inflation payments which did not occur in prior years.

## Table of Contents

### Summary

• FY 2015 Potential Impacts.....	1	• AHCCCS – Graduate Medical Education .....	9
• FY 2016 Potential Impacts.....	2	• AHCCCS – Safety Net Care Pool Program ....	9
• Other Caveats.....	2	• AHCCCS/DHS – Reconciliation Payments .....	9
• FY 2014 Revenue .....	2	• DCS – Program Accountability Report .....	9
• FY 2014 Spending .....	2	• DES – Report on ATP-Coolidge Campus .....	10
• Final FY 2014 Estimates .....	3	• ADE – English Learners Report .....	10
• Child Safety Staff Report.....	3	• Universities – Retention and Graduation.....	10
<b>June Revenues .....</b>	<b>3</b>	• Universities – Performance Funding.....	<b>10</b>
<b>Monthly Indicators .....</b>	<b>6</b>	<b>June Spending .....</b>	<b>11</b>
<b>Summary of Recent Agency Reports</b>		<b>Tracking Arizona's Recovery .....</b>	<b>Appendix A</b>
• ADOA – Health and Dental Plan Report .....	9		

## Summary (Continued)

- The K-12 “reset” would further reduce the projected FY 2015 shortfall from \$(49) million to \$(366) million. (See Table 1).
- To keep the FY 2015 budget balanced, base revenue would have to grow by 9.4% rather than the budgeted rate of 5.3% to offset the potential \$(366) million shortfall.

### FY 2016 Potential Impacts

- The projected FY 2016 balance (after the Special Session) was a \$(237) million shortfall. The elimination of the assumed \$130 million beginning balance and the \$(113) million lower revenue base, would potentially leave FY 2016 with a shortfall of \$(480) million. If the state were to incur additional expenses of \$320 million relating to the K-12 litigation, the FY 2016 shortfall would increase to \$(800) million. These FY 2016 results would occur assuming any FY 2015 shortfall was resolved.
- If a FY 2015 shortfall of \$(366) million was not resolved, the cumulative effect would be a deficit of approximately \$(1.2) billion in FY 2016.

### Other Caveats

- The potential FY 2015 and FY 2016 ending balances retain the budgeted revenue growth rates for those years. The projected growth rates will be updated at the Finance Advisory Committee (FAC) meeting, which is scheduled for October 3<sup>rd</sup>.

	(\$ in Millions)	
After:	FY 2015	FY 2016
Special Session	\$130	\$(237)
FY 2014 Results	(49)	(480)
FY 2014 Results + K-12 Reset Ruling	(366)	(800)

- None of the stated estimates include “back payments” for K-12 inflation payments which did not occur in prior years. The plaintiffs are seeking \$250 million annually for 5 years.
- These potential cash balance estimates do not include the state’s Budget Stabilization Fund, which currently has a balance of \$455.3 million.

The state’s fiscal health can also be measured by the operating fund balance. The state pays its bills out of the operating fund balance, which consists of the General Fund and certain dedicated funds. The ending FY 2014 operating balance was \$2.8 billion, compared to \$3.2 billion a year earlier. Due to large rollover payments at the beginning of FY 2015, the balance has fallen to \$1.7 billion.

### FY 2014 Revenue

Based on preliminary data, the state posted a 2.1% revenue growth rate during FY 2014. This estimate excludes Urban Revenue Sharing and one-time revenues. Including one-time monies, FY 2014 General Fund revenues totaled \$9.34 billion. This amount consisted of:

- \$8.45 billion of total FY 2014 collections, which included one-time transfers.
- \$895 million beginning balance carried forward from FY 2013.

While ongoing revenues grew 2.1%, total collections declined by (7.8)% from the prior year. This reduction was mostly due to the expiration of the 1-cent sales tax enacted by Proposition 100 in May 2010.

The total revenue amount of \$9.34 billion is \$(113) million below the enacted forecast. (See page 5 for detail).

FY 2014 revenue collections were less than the forecast in each of the state’s 3 main revenue categories (Sales, Individual Income and Corporate Income Taxes). Corporate Income Taxes alone contributed almost \$(60) million to the shortfall. Table 2 displays the performance of these revenue categories as compared to the enacted forecast.

	Budgeted	Prelim. Actual
Sales*	5.7%	5.4%
Ind. Income	3.7%	1.9%
Corp. Income	(3.5)%	(13.1)%

\* Without 1-cent increase

### FY 2014 Spending

Including an estimated \$60.0 million of “13<sup>th</sup> month” transactions, FY 2014 spending is projected to total \$8.81 billion. (See pages 12/13 for more detail). This amount is \$(47) million less than assumed in the enacted budget.

The lower-than-expected spending level is largely due to AHCCCS. Other large agencies (such as the Department of Education), appear to be near budgeted spending levels.

At 1.5 million members, overall AHCCCS enrollment is almost 100,000 greater than forecast. The overage, however, has occurred in populations funded by the hospital assessment. The General Fund still supports the state match for the traditional acute care program -- the lowest income group. That population has grown less quickly than anticipated.

The impact of the lower than projected FY 2014 spending on FY 2015 is unclear. Given the relatively brief timeframe since the significant expansion of the AHCCCS program (January 2014), there is limited data to determine whether enrollment will continue to remain below projections.

## Summary (Continued)

### Final FY 2014 Estimates

After the end of the “13 month” period, the state’s books are officially closed. After that period, it will take several months to confirm year-end adjustments and to officially determine the state’s fiscal year ending balance. The General Appropriation Act requires the Executive Branch to provide a preliminary estimate of the FY 2014 ending balance by September 15, 2014. By law, the Department of Administration is required to publish its final FY 2014 accounting by December 1, 2014.

### Monthly Indicators

The JLBC Staff has added some new measures to its Monthly Indicators and deleted others (see page 8). The additions include:

- The total unemployment rate which incorporates discouraged and underemployed workers
- Private sector weekly hours and average hourly wages
- Detailed retail sales data (motor vehicle and other building measures)
- National and state park visits
- State debt ratings
- Department of Child Safety workload measures

National semiconductor billings and natural gas price measures have been deleted due to technical issues.

### Child Safety Staff Report

Pursuant to statute, the Department of Child Safety (DCS) has submitted the June report on its progress in hiring child safety staff.

*Direct Line Child Safety Staff* - The Legislature authorized DCS to hire 126 additional direct line child safety staff as part of the agency’s FY 2014 supplemental appropriation. Since January, the number of direct line

child safety staff (caseworkers, caseworkers in training, and hotline staff) has increased by 93 FTE. The level of just case-carrying caseworkers in June – 982 staff – was the same as in January. The number of staff in training, however, has increased by 88.

In the last month, the number of direct line child safety staff has increased by 35. DCS has also hired 43 more individuals who will begin their employment by July and then enter training. Beginning with this publication, filled caseworkers will be reported monthly as an economic indicator in *Table 8*. Of its 1,320 authorized caseworker positions, DCS filled 1,283 in June, or 97%.

*Non-Direct Line Child Safety Staff* - The Legislature also authorized DCS to hire 66 non-direct line child safety staff. Since January, non-direct line child safety staff has increased by 48 to 1,109. In June, staffing increased by 3 FTE Positions.

	January	May	June	Change since January
<b>Direct Line Staff</b>				
Caseworkers	983	995	982	(1)
Hotline Staff <sup>1/</sup>	70	76	76	6
Staff in Training	<u>137</u>	<u>177</u>	<u>225</u>	<u>88</u>
<b>Subtotal - Direct Line</b>	<b>1,190</b>	<b>1,248</b>	<b>1,283</b>	<b>93</b>
<b>Non-Direct Line Staff</b>				
Asst. Program Managers	36	32	34	(2)
Unit Supervisors	168	182	193	25
Case Aides	211	231	232	21
Other Non-Direct Line Staff	<u>646</u>	<u>661</u>	<u>650</u> <sup>2/</sup>	<u>4</u>
<b>Subtotal - Non-Direct Line</b>	<b>1,061</b>	<b>1,106</b>	<b>1,109</b>	<b>48</b>
<b>Grand Total</b>	<b>2,251</b>	<b>2,354</b>	<b>2,392</b>	<b>141</b>

<sup>1/</sup> Excludes 20 temporary staff  
<sup>2/</sup> There are an estimated 180 unit secretaries included in this figure.

## June Revenues

	FY 2014 Collections	Difference From Budget Forecast	Difference From FY 2013
June	\$ 989.0	\$ (55.8)	\$ (68.2)
Year-to-Date	\$ 8,448.4	\$ (113.2)	\$ (714.1)

**Sales Tax** collections of \$294.6 million were 2.1% above June of last year and \$(16.1) million below the forecast for the month. The year-over-year change amounts exclude the temporary 1-cent sales tax which expired at the end of May 2013.

Total FY 2014 sales tax collections were 5.4% above the prior year, and \$(10.7) million below the forecast.

*Table 5* displays the June growth rates for the largest sales tax categories.

Retail and contracting together account for over 60% of all sales tax revenues. June retail, which reflects May sales, increased by 4.0%. For FY 2014, the retail category grew by 7.8%. The overall FY 2014 retail collections reflect \$40 million of one-time reallocations in January from other sales tax categories. Without that adjustment, retail would have increased by 6.2%.

## June Revenues (Continued)

Contracting has experienced double digit increases every month through the first 3 quarters of the current fiscal year, but has tapered off over the last 3 months, with an April increase of 4.4%, May at 6.4%, and June negative at (8.5%). For FY 2014, contracting has increased by 11.2% over the prior year.

	<u>June</u>	<u>YTD</u>
Retail	4.0%	7.8%
Contracting	(8.5)%	11.2%
Use	(3.0)%	(8.5)%
Restaurant & Bar	10.2%	5.1%

**Individual Income Tax** net revenues were \$360.7 million in June, which was \$30.1 million above the prior year. Collections were \$2.5 million above the forecast for the month.

Total FY 2014 revenues have grown by 1.9% and are \$(38.5) million below the forecast for the year. FY 2014 represented the slowest individual income tax growth rate since FY 2010.

As indicated in *Table 6*, withholding increased by 11.7% for the month. The high growth rate may be a timing issue related to the (0.8)% decline in May. The June increase brings withholding tax collections for the fiscal year to 3.4% over the prior year. This amount is \$(2.6) million below the forecast.

June estimated and final payments of \$104.7 million were 1.1% above last year, and were \$(2.4) million below the forecast. Total FY 2014 payments were \$3.7 million above the forecast and were (3.4)% below FY 2013.

June refunds of \$(24.8) million were 1.1% greater than last year. Total FY 2014 refunds were \$(13.6) million greater than last year, and \$(39.6) million greater than the forecast.

The weak overall growth rate of 1.9% may be attributable to several factors. The very modest growth in employment along with relatively flat wages (*see the Monthly Indicators section*) limited withholding growth to 3.4%.

In addition, the federal fiscal cliff of January 2013 may have been steeper than first thought. Both the anticipated and actual January 2013 federal tax rate increases may have accelerated more income into tax year 2012 (FY 2013) than originally believed. This acceleration would have reduced the corresponding profit-taking in the following tax year of 2013 (FY 2014), which may have led to the (3.4)% decline in estimated and final tax payments during this past tax filing season.

**Table 6**  
Individual Income Tax Growth Rates  
Compared to Prior Year

	<u>June</u>	<u>YTD</u>
Withholding	11.7%	3.4%
Estimated +		
Final Payments	1.1%	(3.4)%
Refunds	1.1%	1.1%

**Corporate Income Tax** net collections were \$96.9 million in June, which was \$(27.7) million less than June of the prior year. Collections for the month were \$(33.6) million below the forecast. This decline continues a year-long trend. Total FY 2014 collections were down (13.1)% compared to the prior year, and are \$(59.9) million below the forecast.

The reasons behind the significant decline in corporate income tax collections are not well understood. At least at a national level, corporate profitability remains positive. The significant corporate tax reductions – including a rate reduction and 100% sales factor – began on January 1, 2014. We do not know whether corporations have begun to reduce their quarterly payments in anticipation of a lower tax burden in their April 2015 filing. Corporations may also be taking greater advantage of tax credits. This information, however, would not be available for several years.

The **Lottery Commission** reports that June ticket sales were \$51.0 million, which is \$4.3 million, or 8.4%, above sales in the prior year. Total FY 2014 ticket sales were \$724.0 million, which is 4.5% above last year's sales.

**Miscellaneous** revenues of \$59.2 million in June were \$(10.5) million below last year, and \$(21.9) million below the forecast. Total FY 2014 collections of \$73.4 million were \$(26.6) million below the forecast. The shortfall was primarily due to a reduced Unclaimed Property deposit compared to FY 2013. The FY 2014 deposit to the General Fund of \$49.2 million was \$(11.7) million less than the \$60.9 million FY 2013 deposit.

The **Disproportionate Share** deposit of \$75.4 million was approved by the federal government on June 30<sup>th</sup>, but not received by the state until July 11, 2014. That deposit has been displayed as FY 2014 revenue. There is currently a discussion among state financial officials with regard to the most appropriate fiscal year display of these monies.

Disproportionate share hospital revenues are funds received from the federal government for hospitals that serve a disproportionate share of low-income and Medicaid patients. Revenues earned above a certain level are retained by the General Fund.

**Highway User Revenue Fund (HURF)** collections of \$105.7 million in June were up \$2.6 million, or 2.5% compared to June of last year.

Total FY 2014 revenues are 2.6% above collections in the prior year, and are \$19.2 million above forecast.

Table 7

## General Fund Revenue: Change from Previous Year and January Forecast June 2014

	Current Month					FY 2014 YTD (Twelve Months)				
	Actual June 2014	Change From June 2013		January Forecast		Actual June 2014	Change from June 2013		January Forecast	
		Amount	Percent	Amount	Percent		Amount	Percent	Amount	Percent
<b>Taxes</b>										
Sales and Use	\$294,593,319	\$6,187,552	2.1 %	(\$16,096,817)	(5.2) %	\$3,983,054,519	\$204,190,774	5.4 %	(\$10,655,681)	(0.3) %
Income - Individual	360,688,121	30,126,476	9.1	2,537,747	0.7	3,462,859,929	65,314,800	1.9	(38,521,671)	(1.1)
- Corporate	96,900,745	(27,692,236)	(22.2)	(33,601,565)	(25.7)	575,081,398	(86,945,000)	(13.1)	(59,898,202)	(9.4)
Property	7,222,292	5,196,249	256.5	4,165,721	136.3	25,611,187	12,408,680	94.0	9,611,187	60.1
Luxury - Tobacco	3,356,479	246,615	7.9	0	0.0	26,078,370	1,547,956	6.3	1,313,167	5.3
- Liquor	3,021,703	257,275	9.3	0	0.0	31,931,431	277,249	0.9	(503,266)	(1.6)
Insurance Premium	79,895,897	9,258,974	13.1	5,922,483	8.0	411,293,892	24,517,788	6.3	11,293,892	2.8
Other Taxes	29,018	(15,579)	(34.9)	(45,982)	(61.3)	531,238	(1,036,096)	(66.1)	(1,068,762)	(66.8)
<b>Sub-Total Taxes</b>	<b>\$845,707,574</b>	<b>\$23,565,326</b>	<b>2.9 %</b>	<b>(\$37,118,413)</b>	<b>(4.2) %</b>	<b>\$8,516,441,965</b>	<b>\$220,276,152</b>	<b>2.7 %</b>	<b>(\$88,429,335)</b>	<b>(1.0) %</b>
<b>Other Revenue</b>										
Lottery	33,190,100	2,314,575	7.5	4,428,968	15.4	80,293,493	1,032,668	1.3	2,745,493	3.5
License, Fees and Permits	3,918,992	787,748	25.2	1,367,334	53.6	29,288,392	(132,813)	(0.5)	(1,281,608)	(4.2)
Interest	13,902,362	8,702,593	167.4	7,914,203	132.2	13,908,142	1,889,117	15.7	3,908,142	39.1
Sales and Services	1,537,239	(9,751,328)	(86.4)	(8,995,205)	(85.4)	26,830,347	(10,063,961)	(27.3)	(11,169,653)	(29.4)
Other Miscellaneous	59,159,588	(10,534,587)	(15.1)	(21,876,596)	(27.0)	73,440,138	(20,947,627)	(22.2)	(26,559,862)	(26.6)
Disproportionate Share	75,366,153	(2,838,444)	(3.6)	(654,547)	(0.9)	75,366,153	(2,838,444)	(3.6)	(654,547)	(0.9)
Transfers and Reimbursements	2,835,127	2,933,633	--	1,983,880	233.1	19,801,912	(11,277,287)	(36.3)	(12,198,088)	(38.1)
<b>Sub-Total Other Revenue</b>	<b>\$189,909,561</b>	<b>(\$8,385,810)</b>	<b>(4.2) %</b>	<b>(\$15,831,963)</b>	<b>(7.7) %</b>	<b>\$318,928,577</b>	<b>(\$42,338,347)</b>	<b>(11.7) %</b>	<b>(\$45,210,123)</b>	<b>(12.4) %</b>
<b>TOTAL BASE REVENUE</b>	<b>\$1,035,617,135</b>	<b>\$15,179,516</b>	<b>1.5 %</b>	<b>(\$52,950,376)</b>	<b>(4.9) %</b>	<b>\$8,835,370,542</b>	<b>\$177,937,805</b>	<b>2.1 %</b>	<b>(\$133,639,458)</b>	<b>(1.5) %</b>
<b>Other Adjustments</b>										
Urban Revenue Sharing	(46,709,330)	(3,910,660)	9.1	0	0.0	(561,001,193)	(47,417,153)	9.2	0	0.0
One-Time Transfers	79,211	79,211	--	(2,820,827)	(97.3)	165,803,956	109,303,956	193.5	12,212,356	8.0
Sales Tax - 1¢ Increase	0	(79,516,569)	(100.0)	0	--	8,237,401	(953,934,574)	(99.1)	8,237,401	--
<b>Sub-Total Other Adjustments</b>	<b>(46,630,119)</b>	<b>(83,348,018)</b>	<b>-- %</b>	<b>(2,820,827)</b>	<b>6.4 %</b>	<b>(386,959,836)</b>	<b>(892,047,771)</b>	<b>-- %</b>	<b>20,449,757</b>	<b>(5.0) %</b>
<b>TOTAL GENERAL FUND REVENUE</b>	<b>\$988,987,016</b>	<b>(\$68,168,502)</b>	<b>(6.4) %</b>	<b>(\$55,771,203)</b>	<b>(5.3) %</b>	<b>\$8,448,410,706</b>	<b>(\$714,109,967)</b>	<b>(7.8) %</b>	<b>(\$113,189,702)</b>	<b>(1.3) %</b>
<b>Non-General Funds</b>										
Highway User Revenue Fund	\$105,711,387	\$2,605,672	2.5 %	\$1,574,615	1.5 %	\$1,241,332,487	\$31,308,408	2.6 %	\$19,208,167	1.6 %

## Monthly Indicators

### NATIONAL

According to the U.S. Department of Commerce Bureau of Economic Analysis, the **U.S. Real Gross Domestic Product (GDP)** decreased at an annual rate of (2.9)% in the first quarter of 2014. This represents the first decrease in GDP since the first quarter of 2011. The latest estimate was a significant deceleration from the 2.6% growth in the fourth quarter of 2013. The slowdown was primarily due to decreases in inventory investment, nonresidential fixed investment, exports, and state and local government spending while consumer spending increased at a small rate. A portion of the slowdown in the first quarter is likely the result of unusually harsh winter weather and a concentration of inventory investment in the fourth quarter of 2014.

The Conference Board's **U.S. Consumer Confidence Index** increased 3.6% in June and 3.8% since June 2013. The latest reading of 85.2 represents the index's highest level since January 2008. Recent gains were primarily driven by improvement in consumers' view of current business conditions. The view of current job prospects and short-term expectations about the economy also improved since last month.

The Conference Board's **U.S. Leading Economic Index** increased by 0.5% in May and 5.9% since May 2013. Of the index's 10 components, 9 improved or remained the same while 1 decreased. Improvements in components for credit, production workers' average hours and initial unemployment insurance claims led the increase, more than making up for a strongly negative contribution from building permits.

Beginning this month, the MFH will track consumer prices as measured by the U.S. **Personal Consumption Expenditure Price Index (PCEPI)**. According to the PCEPI, prices rose 0.2% in May and 1.8% above May 2013 levels. The year-over-year growth rate has risen sharply from its rate of 0.8% in February. The MFH has traditionally reported national prices by tracking the U.S. **Consumer Price Index**. Inflation as tracked by the PCEPI however, is the Federal Reserve Bank's preferred inflation measure for determining the pace at which monetary stimulus to the economy is reduced. The Bank generally aims to maintain annual inflation of 2% over the medium term. Since the start of 2014, the Bank has reduced its monthly purchases of mortgage-backed securities, from \$85 billion to \$35 billion. The Fed continues to issue short-term loans at nearly 0% interest rates.

### ARIZONA

The Federal Reserve Bank of Philadelphia's **coincident index** gauges current economic activity in each state. The index combines 4 indicators: employment, average

hours worked in manufacturing, unemployment rate, and inflation-adjusted wages.

Arizona's coincident index was unchanged compared to the prior month. Since May 2013, the Arizona index has increased by 1.7%, which ranks only 41<sup>st</sup> in the nation. *See Appendix A – Tracking Arizona's Recovery* for additional historical information.

#### Housing

The total housing inventory in the Greater Phoenix area decreased by (4.4)% in June to 27,708. The inventory, however, is 42.0% larger than last year.

In the Metropolitan Phoenix area, the **median price of a single family home** remained stable at \$205,000 in May. The price is 10.8% higher than May of last year. However, this rate of price increase is markedly slower than it has been in previous months. For example, the year-over-year price increase was 25.9% in May 2013.

The housing construction recovery continues to be slow. The 12-month rolling sum of **single-family building permits** of 17,663 is only 2.9% larger than last year. The housing sector continues to restrain Arizona's overall economic growth. *See Appendix A – Tracking Arizona's Recovery* for historical information.

On the other hand, the 12-month rolling sum of multi-family building permits has increased significantly since last year. The 8,085 **multi-family building permits** is 27.6% above 2013. In Arizona and the rest of the country, individuals who might otherwise purchase homes have become renters. This has provided a boost to the multi-family sector.

#### Employment

The Department of Administration's job report for June shows very modest improvement in the **state's nonfarm employment**, following several months of decelerating growth in the state's labor market. Compared to June 2013, total nonfarm employment increased by 1.7%, or 42,800 jobs. This year-over-year job growth restores most of the reduction of jobs in May when growth sunk to 1.2%, or 31,000 jobs.

While employers shed (39,500) jobs between May and June, the state has on average lost (44,000) jobs in June over the last 10 years. The state typically loses jobs in June with the end of the school year. Almost 90% (36,000) of the month's reduction occurred in the government sector, all of which was due to decreases in state and local education employment. Government sector job losses during the month were less than the average (39,400) lost over the 10 prior months of June.

## Monthly Indicators (Continued)

In terms of specific industries, the **professional and business services** sector gained 3,900 jobs while the **financial activities** sector gained 2,200 jobs from May to June. While employment in **education and health** fell (5,500) from May to June, the sector's year-over-year employment increased by 15,200 jobs (4.1%).

Arizona's seasonally adjusted unemployment rate rose by 0.1% in June, going from 6.8% in May to 6.9% in June. The monthly increase was the first in 12 months, when the rate rose from 8.0% in May 2013 to 8.1% in June 2013. For the nation as a whole, the unemployment rate dropped (0.2)% to 6.1% in June.

Starting this month, the MFH includes a broader measure of labor underutilization called the **total unemployment rate**. Besides the "regularly" unemployed, the measure also includes persons who are available to work but stopped looking for a job because they do not expect to find one ("discouraged workers"), and persons who had to settle for part-time employment since they could not find a full-time job ("underemployed workers"). The total unemployment rate in the first quarter of 2014 was 16.1%, which is 0.5% above the rate during the first quarter of 2013.

Beginning this month, the MFH will also track 2 new measures of typical worker experience of the labor market. In May, the **Average Weekly Hours** worked by individuals in Arizona's private sector was 34.3 hours. This workload is (1.2)% below that seen during May 2013. The **Average Hourly Earnings** received by these private sector workers was \$22.79 in May 2014, which is the same average experienced a year prior in May 2013.

The U.S. Department of Commerce Bureau of Economic Analysis quarterly releases estimates of annual **Personal Income** received in each state. This measure includes wages and salaries, proprietors' income, dividends, interest, rent, and various supplements to income while excluding capital gains, contributions for government social insurance, and pension benefit payments. Personal income in Arizona increased at an annual rate of 3.6% in the first quarter of 2014, up from a rate of 2.5% in the fourth quarter of 2013. Estimates are not adjusted for inflation.

### Tourism

Starting this month, the JLBC will begin tracking National Park and State Park visitations in addition to total Sky Harbor air passengers and average revenue per hotel room rates.

**National Park** visitations, as measured by the National Park Service, increased 2.6% in April but decreased (7.8)% from April 2013. In total, 965,980 national park visitors were reported in April 2014, with total visits of 3 million since the start of the calendar year.

**State Park** visitations, as reported by Arizona State Parks, increased 27.8% in March, decreased (2.1)% from March 2013. In total there were 304,575 visitors to state parks in March, with total visits of 705,443 since the start of the calendar year.

### State Agency Data

At the beginning of July, the total **AHCCCS** caseload was 1.5 million members. Since the federal health care expansion in January, the overall AHCCCS population has grown by 255,620 members.

The traditional acute care AHCCCS population of lower income children and their parents, grew by 14,647 in July to a level of 954,290. This level represents an increase of 1.6% since last month and 7.3% since last year.

Since January, childless adults have been again eligible for coverage. In the last month, the number of childless adults increased by 19,736. Since December, the childless adult population has increased by 167,708 to reach a level of 235,478.

The state also opted to expand adult Medicaid coverage to 133% of FPL. Enrollment increased by 4,771 in July and now totals 24,560 individuals.

The Monthly Indicator section is being expanded this month to include Department of Child Safety measures. As of April 2014, the Department of Child Safety received 44,596 **reports of child maltreatment** in the last 12 months, which was an increase of 1.8% over the prior year. There were 16,107 **children in out-of-home care** in April 2014, or 2.3% more children than in March 2014. Year-over-year, the number of out-of-home children grew by 10.8%.

For June 2014, the **Department of Corrections (ADC) inmate population** increased to 41,778 inmates. The inmate population was virtually unchanged May 2014, and the inmate population increased 2.7% since June 2013.

There were 29,406 **TANF recipients** in the state in May, representing a 1.5% increase in monthly caseloads over April. This was the first monthly caseload increase since August 2013. However, the year-over-year number of TANF recipients has declined by (20)%. The statutory lifetime limit on cash assistance is 24 months.

The **Supplemental Nutrition Assistance Program (SNAP)**, formerly known as Food Stamps, provides assistance to low-income households to purchase food. This May, there were 1.0 million food stamp recipients in the state, representing a 0.6% increase over April caseloads. Compared to the same month last year, however, SNAP participation has declined by (5.3)%.

Table 8

## MONTHLY INDICATORS

Indicator	Time Period	Current Value	Change From Prior Period	Change From Prior Year
<b>Arizona</b>				
<u>Employment</u>				
- Regular Unemployment Rate	June	6.9%	0.1%	(1.2)%
- Total Unemployment Rate (discouraged/underemployed)	1 <sup>st</sup> Q 2014	16.1%	0.1%	0.5%
- Initial Unemployment Insurance Claims	May	22,003	(20.1)%	(2.4)%
- Unemployment Insurance Recipients	June	42,214	7.3%	1.8%
- Non-Farm Employment - Total	June	2.51 million	(1.5)%	1.7%
Manufacturing	June	156,500	0.6%	0.4%
Construction	June	121,500	(0.3)%	(3.2)%
- Average Weekly Hours, Private Sector	May	34.3	(0.3)%	(1.2)%
- Average Hourly Earnings, Private Sector	May	\$22.79	(0.8)%	0.0%
<u>Sales</u>				
- Retail Taxable Sales				
Motor Vehicles/Misc. Auto	May	\$859.7 million	(10.1)%	5.5%
Furniture/Home Furnishings	May	\$297.0 million	(9.5)%	5.3%
Building Material/Lawn & Garden	May	\$351.4 million	7.2%	46.3%
<u>Building</u>				
- Residential Building Permits (12-month avg)				
Single-family	May	17,663	(0.8)%	2.9%
Multi-family	May	8,085	(1.2)%	27.6%
- Greater Phoenix Home Sales				
Single-Family	May	7,935	2.7%	(19.4)%
Townhouse/Condominium	May	1,279	(8.1)%	(20.5)%
- Greater Phoenix Median Home Price				
Single-Family	May	\$205,000	0.0%	10.8%
Townhouse/Condominium	May	\$127,000	1.6%	4.1%
- Phoenix S&P/C Home Price Index (2000 = 100)	April	145.42	0.4%	9.8%
- Maricopa Pending Foreclosures	June	6,476	(4.7)%	(40.5)%
- Greater Phoenix Total Housing Inventory, (ARMLS)	June	27,708	(4.4)%	42.0%
<u>Tourism</u>				
- Phoenix Sky Harbor Air Passengers	April	3.59 million	(10.9)%	5.3%
- National Park Visitors	April	965,980	2.6%	(7.8)%
- State Park Visitors	March	304,575	27.8%	(2.1)%
- Revenue Per Available Hotel Room	May	\$62.77	(37.1)%	8.9%
<u>General Measures</u>				
- Arizona Consumer Confidence Index (1985 = 100)	2nd Q 2014	75.1	9.0%	7.9%
- Arizona Coincident Index (July 1992 = 100)	May	187.09	0.0%	1.7%
- Arizona Leading Index -- 6 month projected growth	May	1.1%	(0.2)%	(1.3)%
- Arizona Personal Income	1 <sup>st</sup> Q 2014	\$249.0 billion	3.6%	4.0%
- Arizona Population	July 2013	6.63 million	N/A	1.2%
- State Debt Rating				
Standards & Poor's/Moody's	Dec 09/July 10	AA- / Aa3	N/A	N/A
Outlook	Nov 13	Positive	N/A	N/A
<u>Agency Measures</u>				
- AHCCCS Recipients	July	1,513,762	3.0%	18.0%
Acute Care Traditional		954,290	1.6%	7.3%
Prop 204 Childless Adults		235,478	9.1%	216.0%
Other Prop 204		159,675	1.0%	8.2%
Adult Expansion		24,560	24.1%	-
Kids Care I		2,012	0.2%	(71.5)%
Kids Care II		0	0.0%	(100.0)%
Long-Term Care – Elderly & DD		55,458	0.4%	3.1%
Emergency Services		82,289	4.4%	20.8%
- Department of Child Safety (DCS)				
Annual Reports of Child Maltreatment (12-month total)	April 2014	44,596	0.3%	1.8%
DCS Out-of-Home Children	April	16,107	2.3%	10.8%
Filled Caseworkers (1320 Budgeted)	June	1,283	35	43
- ADC Inmate Growth	June	41,778	.01%	2.7%
- Department of Economic Security				
- TANF Recipients	May	29,406	1.5%	(20.0)%
- SNAP (Food Stamps) Recipients	May	1,043,993	0.6%	(5.3)%
- Judiciary Probation Caseload				
Non-Maricopa	May	17,499	(42)	(249)
Maricopa County	May	25,012	(348)	(316)
<b>United States</b>				
- Gross Domestic Product (Chained 2009 dollars, SAAR)	1 <sup>st</sup> Q, 2014	\$15.8 trillion	(2.9)%	1.5%
- Consumer Confidence Index (1985 = 100)	June	85.2	3.6%	3.8%
- Leading Indicators Index (2004 = 100)	May	101.7	0.5%	5.9%
- Consumer Price Index, SA (1982-84 = 100)	May	237.1	0.4%	2.1%
- Personal Consumption Price Index (2009 = 100)	May	108.7	0.2%	1.8%

## Summary of Recent Agency Reports

**Arizona Department of Administration - Report on Performance Standards for Health and Dental Plans** - Pursuant to A.R.S. § 38-658B, the Arizona Department of Administration (ADOA) submitted its reports on performance standards for health and dental plans during calendar year 2013. For 2013, health plans missed anywhere from 1 to 8 performance measures in at least 1 month and dental plans missed 0 to 2 performance measures. The number of performance measures varied by vendor. In total, vendors paid \$301,000 in penalties during 2013 for missed standards in 2012. In comparison, vendors paid \$315,000 in penalties last year. (Rebecca Perra)

**AHCCCS – Report on Graduate Medical Education Residency Positions** – Pursuant to A.R.S. § 36-2903.01, the Arizona Health Care Cost Containment System (AHCCCS) has submitted its annual report on the number of residency positions funded by local, county, or tribal governments. The agency indicates that these contributions in FY 2013 provided partial funding for 1,503 residency positions at the following 11 hospitals: Maricopa Medical Center, Kingman Regional Medical Center, Tucson Medical Center, Banner Good Samaritan, Phoenix Children's Hospital, St. Joseph's, Scottsdale Healthcare-Osborne, Scottsdale Healthcare-Shea, University Medical Center, University Medical Center-South Campus, and Yuma Regional Medical Center.

The positions were funded by local contributions of \$54.8 million and a federal match of \$106.8 million, resulting in \$161.6 million total funding. (Andrew Smith)

**AHCCCS – Report on Safety Net Care Pool Distribution Notification** – A FY 2014 General Appropriation Act allows the Arizona Health Care Cost Containment System (AHCCCS) Administration to spend above the appropriated level of \$166 million for the Safety Net Care Pool (SNCP) program, but requires AHCCCS to report if the distributions exceed \$166 million. In April 2014, AHCCCS reported it would distribute \$479.7 million in FY 2014 towards SNCP funding for hospitals. AHCCCS is now reporting \$488.0 million in total distributions, an \$8.3 million increase of funds from its last report.

The SNCP program uses voluntary monies from political subdivisions to draw down Federal Funds at a 2:1 match. The funds are then distributed to participating hospitals. The SNCP program expired for all hospitals on January 1, 2014, excluding Phoenix Children's Hospital (PCH) which was granted a special waiver to continue its SNCP program through December 31, 2014.

The additional \$8.3 million SNCP distribution in FY 2014 consists of \$3.0 million in Political Subdivision Funds from the University of Arizona (the state match) and \$5.3 million in Federal Funds. AHCCCS will submit a final report on all

SNCP payments once final distributions are processed. (Andrew Smith)

**AHCCCS/Department of Health Services - Report on Reconciliation Payments** - Pursuant to the FY 2014 General Appropriation Act (Laws 2013, 1<sup>st</sup> Special Session, Chapter 1), the Arizona Health Care Cost Containment System (AHCCCS) and the Department of Health Services (DHS) submitted their reports on reconciliation payments and penalties received during FY 2014. AHCCCS reports that during that 12-month period they deposited \$18.9 million into the General Fund and used \$47.9 million to offset Federal Medicaid Authority expenditures from reconciliation payments and penalties/sanctions. DHS reported that the total amount of Medicaid reconciliation payments and penalties in FY 2014 was \$17.7 million. DHS will provide more detailed payment information later this month. DHS did not report on the breakout of those monies between General Fund deposits and Federal expenditure offsets.

AHCCCS and DHS limit financial risks and profits for health plans and Regional Behavioral Health Authorities (RBHAs) for most Medicaid populations (the maximum percentage of loss and profit varies by Medicaid population). Reconciliation payments are made to health plans/RBHAs or the agency if losses or profits exceed the set level. A penalty, or sanction, may be assessed against health plans/RBHAs for the failure to demonstrate compliance with their contractual responsibilities.

Pursuant to A.R.S. § 35-142.01, AHCCCS and DHS are required to deposit monies received for reconciliation payments and penalties received into the General Fund or the fund from which the appropriation was originally made. (Andrew Smith)

**Department of Child Safety (DCS) - Semi-Annual Report on DCS** - Pursuant to A.R.S. § 8-818, DCS has submitted its semi-annual financial and program accountability report covering the period of July 2013 through December 2013. According to the report, turnover for DCS case managers was approximately 21.9%. Employee satisfaction decreased from 3.6 to a 3.4 rating on a 5 point scale. The highlights of this report, covering the first 6 months of FY 2014, are summarized below.

- DCS reports that annualized case manager turnover during July - December 2013 was 21.9%, down from a 27.9% annualized rate in the last report.
- The percent of dependency cases denied or dismissed in the last 6 months increased to 0.40% from 0.14% in the previous 6 months, while the percent of Office of Administrative Hearing's decisions affirming case findings decreased from

## Summary of Recent Agency Reports (Continued)

78.4% to 72.8%. The percent of complaints validated by the Ombudsman increased from 20.3% to 25.6%.

- The number of children in out-of-home family placements increased from 11,684 in June to 12,005 in December, a 2.7% increase. The number of congregate care placements decreased from 2,081 to 2,027, a (2.6)% decrease. DCS also reports that from June to December the number of children aged 0-3 in shelter care declined from 42 to 38, the number of children aged 0-6 in group homes grew from 50 to 58, and the number of children in shelter care for more than 21 days grew from 772 to 868.

(Ben Beutler)

**Department of Economic Security - Report on Arizona Training Program at Coolidge (ATP-C) Campus and Other Placements** - A footnote in the FY 2014 General Appropriation Act requires the Department of Economic Security (DES) to report on placements of developmentally-disabled (DD) clients into state-owned Intermediate Care Facilities for Persons with Intellectual Disabilities (ICF-ID) or at the ATP-C campus in FY 2014. DES reports that there were no new permanent placements at the ATP-C campus, but that there was 1 new placement into a state-operated ICF-ID in Phoenix in FY 2014. Private facilities did not respond to a request for placement due to significant medical and behavioral needs of the person. (Tom Ritland)

**Department of Education – Report on Federal Monies for English Learners** – Pursuant to A.R.S. § 15-756.10, paragraph 3, the Department of Education (ADE) recently submitted a report that includes an itemized list of all federal monies received by the department for English language learners in FY 2014. ADE received \$15.5 million in federal Title III (Language Instruction for Limited English Proficient and Immigrant Students) funding for FY 2014. Of that amount, approximately \$14.4 million was distributed directly to school districts and charter schools. The remaining \$1.1 million was used for state administration, technical assistance, and to meet federal set-aside requirements for immigrant education. Also during FY 2014, school districts and charter schools received \$5.0 million in reallocated program monies from FY 2013. (Steve Schimpp)

**Arizona Board of Regents – Report on University Retention and Graduation Rates** – Pursuant to A.R.S. § 15-1626, the Arizona Board of Regents (ABOR) is required to submit an annual report on retention and graduation rates at each university campus. Prior to 2013, ABOR reported retention and graduation rates based on the federal government's definition, which tracks the outcomes of first-time, full-time, degree-seeking students after 1 year for retention rates and after 6 years for graduation rates.

ABOR reports that this methodology captures less than half of Arizona students who are making progress toward

a degree. The federal definition excludes outcomes of students who begin at an Arizona university, but transfer to another in-state or out-of-state institution to continue their education.

- Fall 2013 retention rates reflect the percentage of first-time, full-time, degree-seeking students who initially enrolled in fall 2012 and who re-enrolled in the same university in fall 2013.
  - Arizona State University (ASU) 84%; Northern Arizona University (NAU) 72%; and the University of Arizona (UA) 82%.
- Six-year graduation rates reflect the percentage of first-time, full-time, degree-seeking students who received their degree within 6 years of their initial fall enrollment at the same university. The 2014 report shows the percentage of students who enrolled in fall 2007 who graduated from the same university within 6 years.
  - ASU 59%; NAU 49%; UA 61%.

Rather than using the federal definition, ABOR utilizes a metric entitled the Success and Progress Rate, which shows the outcomes of the same cohort of students who graduated at any higher education institution, in addition to those students who are still enrolled in higher education after 6 years. The 2014 report shows the percentage of students who enrolled in an Arizona University in fall 2007 who either graduated from the same university within 6 years, graduated from another university within 6 years, or are still enrolled in higher education, as shown below:

- ASU 81%; NAU 77%; UA 86%.  
(Art Smith)

**Universities – Performance Funding Report** – Pursuant to a footnote in the FY 2015 General Appropriation Act (Laws 2014, Chapter 18, Section 94), the Arizona Board of Regents (ABOR) is to report to the Joint Legislative Budget Committee (JLBC) by July 1, 2014 on the final allocation of performance funding for each university. ABOR received \$5.0 million in FY 2015 for a performance-based funding model. According to ABOR, they allocated \$2.7 million to Arizona State University, \$1.1 million to Northern Arizona University, and \$1.2 million to the University of Arizona. These amounts are the same as the FY 2014 performance funding allocations. (Art Smith)

## June Spending

June 2014 General Fund spending of \$532.4 million was \$(87.8) million lower than June 2013. Year-to-date, spending is \$8.81 billion. The individual agency estimates do not include "13<sup>th</sup> month" expenditures. Once this adjustment is made, Department of Health Services spending will increase significantly.

(See Tables 9 & 10).

- Year-to-date, the Department of Education has spent \$212.2 million more than the prior year due to increased enrollment, increased per-pupil costs, and school district charter conversions. The enacted budget included a \$47.0 million supplemental to the department in FY 2014 due to increased funding requirements.
- Department of Economic Security expenditures are \$68.1 million greater through June. The agency received significant funding increases in FY 2014 for child safety staff and services.

Table 9

	General Fund Spending (\$ in Millions)			YTD Change from FY 13
	<u>June 14</u>	Change From <u>June 13</u>	<u>Year-to-Date</u>	
<b>Agency</b>				
AHCCCS	141.4	(13.9)	1,220.7	(54.1)
Corrections	84.6	(0.1)	956.6	20.3
Economic Security	3.3	(2.1)	695.4	68.1
Education	227.9	(59.6)	3,673.0	212.2
Health Services	(5.6)	(20.4)	542.0	(39.1)
Public Safety	1.9	(0.5)	50.5	7.1
School Facilities Board	0.1	(0.0)	191.6	17.9
Universities	44.2	8.6	735.5	31.9
Leaseback Debt Service	0.0	0.0	84.1	0.0
Other	<u>34.7</u>	<u>(0.0)</u>	<u>604.7</u>	<u>77.0</u>
<b>Total</b>	<b>532.4</b>	<b>(87.8)</b>	<b>8,754.2</b>	<b>341.4</b>
Budget Stabilization Fund Deposit	0.0	0.0	0.0	(200.0)
Estimated "13th Month" Expenditures	60.0	N/A	60.0	N/A
<b>Grand Total</b>	<b>592.4</b>	<b>(87.8)</b>	<b>8,814.2</b>	<b>141.4</b>

<b>General Fund Spending</b>				
<b>(\$ in Thousands)</b>				
<b>Agency</b>	<b>June 14</b>	<b>Change from June 13</b>	<b>Year-to-Date</b>	<b>YTD Change from FY 13</b>
Dept. of Admin./Automation Projects Fund	672.3	(370.4)	36,517.8	8,411.0
ADOA – Sale/Leaseback Debt Service	-	-	84,119.8	-
Office of Administrative Hearings	64.1	(5.5)	862.2	34.4
Department of Agriculture	886.8	66.9	8,194.9	311.7
AHCCCS	141,399.0	(13,887.4)	1,220,713.6	(54,073.7)
Attorney General	1,709.1	(1,227.3)	22,012.6	(1,234.1)
AZ Capital Post Conviction Public Defender	-	(0.1)	-	(4.4)
State Board of Charter Schools	42.9	(18.1)	779.2	15.3
AZ Commerce Authority	2,625.0	-	31,500.0	-
Community Colleges	-	-	69,513.4	580.6
Corporation Commission	42.1	(8.9)	511.0	(89.0)
Department of Corrections	84,563.3	(55.9)	956,589.9	20,333.7
County Funding	-	-	7,150.5	7,150.5
AZ State Schools for the Deaf & Blind	867.4	713.0	22,021.9	992.3
Department of Economic Security	3,283.1	(2,137.2)	695,433.6	68,106.1
Department of Education	227,851.0	(59,555.8)	3,672,975.6	212,181.8
DEMA	1,657.6	1,066.3	8,383.4	707.1
DEQ – WQARF	-	-	7,000.0	-
Office of Equal Opportunity	4.7	(17.1)	188.5	10.9
State Board of Equalization	38.1	(10.9)	508.9	1.9
Board of Executive Clemency	56.4	(16.2)	809.0	(11.6)
Department of Financial Institutions	284.1	1.4	3,001.5	65.8
Department of Fire, Bldg and Life Safety	140.3	82.7	1,912.9	189.9
State Forester	211.7	1.0	7,349.1	243.1
Arizona Geological Survey	70.5	4.5	941.4	69.7
Governor/OSPB	656.3	(660.9)	8,825.7	(499.1)
Department of Health Services	(5,562.7)	(20,358.9)	542,035.2	(39,085.1)
Arizona Historical Society	242.1	47.8	3,152.4	90.5
Prescott Historical Society of AZ	97.3	48.6	758.2	87.7
Independent Redistricting Comm.	66.3	(164.8)	1,299.3	(1,289.4)
Commission of Indian Affairs	2.8	(1.3)	53.7	1.4
Department of Insurance	415.9	(18.0)	5,275.4	312.5
Judiciary				
Supreme/Superior Court	3,610.3	(999.2)	94,540.2	677.3
Court of Appeals	1,154.2	(94.5)	14,060.2	201.6
Department of Juvenile Corrections	3,783.7	(71.2)	39,547.3	(1,380.3)

<b>Table 10 (Continued)</b>				
<b>Agency</b>	<b>June 14</b>	<b>Change from June 13</b>	<b>Year-to-Date</b>	<b>YTD Change from FY 13</b>
State Land Department	1,484.7	1,445.9	12,375.3	11,170.7
Law Enforcement Merit System	-	(5.5)	-	(69.0)
<b>Legislature</b>				
Auditor General	(385.4)	(184.5)	17,041.5	1,328.8
House of Representatives	909.5	(16.5)	12,500.8	650.3
Joint Legislative Budget Comm.	160.5	26.9	2,025.7	146.5
Legislative Council	418.4	(21.4)	6,357.1	(360.4)
Senate	605.4	(14.7)	8,330.3	300.4
Mine Inspector	103.8	(6.7)	1,185.5	38.9
Nav. Streams & Adjudication	48.8	40.9	206.8	88.1
State Board of Nursing	-	-	150.0	150.0
Occupational Safety and Health Review	-	(1.0)	2.3	1.3
Phoenix Convention Center	-	-	20,449.0	14,854.0
Pioneers' Home	0.4	(21.8)	1,605.1	464.6
Comm. for Postsecondary Ed.	-	-	1,396.8	-
Department of Public Safety	1,873.1	(452.1)	50,484.5	7,127.7
Public Safety Personnel Retirement System	-	-	5,000.0	5,000.0
Arizona Department of Racing	1.2	(31.8)	1,985.1	(28.1)
Radiation Regulatory Agency	66.1	5.8	1,465.4	37.0
Real Estate Department	348.1	23.0	2,587.1	20.8
Department of Revenue	4,734.9	(827.5)	45,527.6	2,120.9
School Facilities Board	117.5	(24.4)	191,649.4	17,944.0
Secretary of State	798.3	(393.5)	11,461.3	(4,776.2)
Tax Appeals Board	18.3	1.4	261.0	4.9
Office of Tourism	-	(1,221.2)	8,112.9	2,477.4
Department of Transportation	(2.3)	(2.3)	4.1	(16.9)
Commission on Uniform State Laws	-	-	75.0	75.0
<b>Universities</b>				
Board of Regents	320.8	221.4	21,890.7	(15,298.3)
Arizona State University	19,639.0	4,125.3	326,259.1	28,976.6
Northern Arizona University	6,562.5	638.3	109,245.0	7,659.8
University of Arizona	17,694.4	3,648.9	278,086.3	10,523.8
Department of Veteran Services	351.6	43.8	5,140.8	(232.5)
Department of Water Resources	2,041.8	188.5	11,896.8	1,027.3
Department of Weights & Measures	157.5	86.2	1,283.6	(219.5)
Other - JP Salaries Distribution	158.9	64.0	1,000.8	(53.9)
Other - Dept. of Corrections Capital	3,242.2	2,555.5	28,436.0	27,126.8
Other	2.7	2.7	135.4	64.2
<b>Total</b>	<b>532,408.5</b>	<b>(87,753.5)</b>	<b>8,754,152.3</b>	<b>341,435.1</b>
Budget Stabilization Fund Deposit	-	-	-	(200,000.0)
Estimated "13th Month" Expenditures	60,000.0	N/A	60,000.0	N/A
<b>Grand Total</b>	<b>592,408.5</b>	<b>(87,753.5)</b>	<b>8,814,152.3</b>	<b>141,435.1</b>

# Tracking Arizona's Recovery

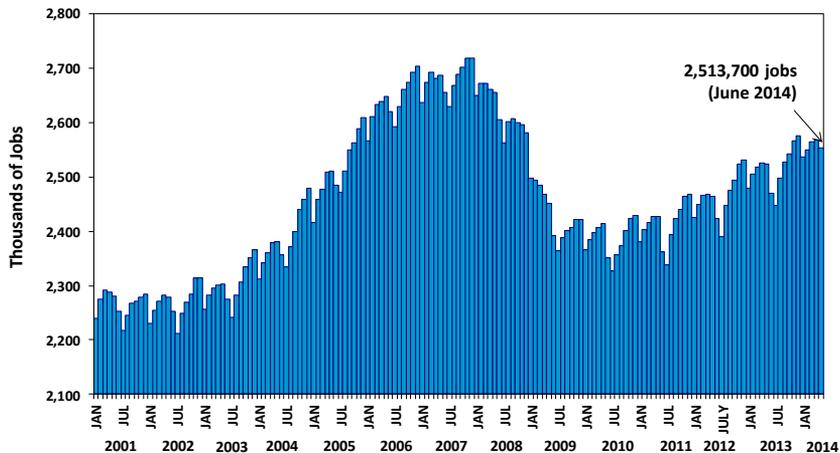
July 2014  
Appendix A

Slide:

- 2.....Total Non-Farm Employment
- 3.....Average Hourly Earnings – Private Sector
- 4.....Initial Claims for Unemployment Insurance
- 5.....State Sales Tax Collections – Retail Category
- 6.....State Sales Tax Collections – Contracting Category
- 7.....Residential Building Permits
- 8.....Economic Activity Index

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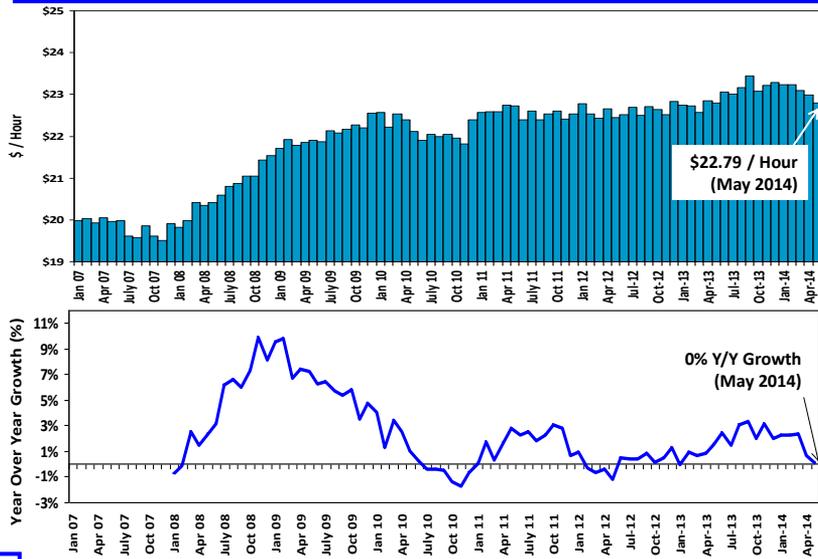
## Total Non-Farm Employment



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Not seasonally adjusted

## Average Hourly Earnings – Private Sector

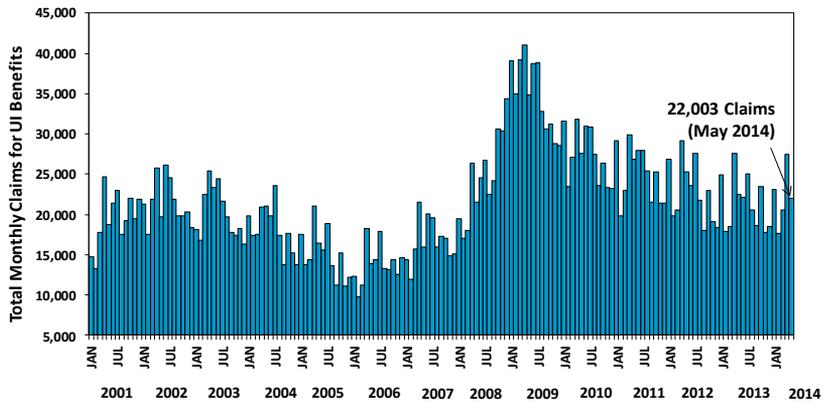


JLBC

Excludes temporary 1 ¢ sales tax

3

## Initial Claims for Unemployment Insurance

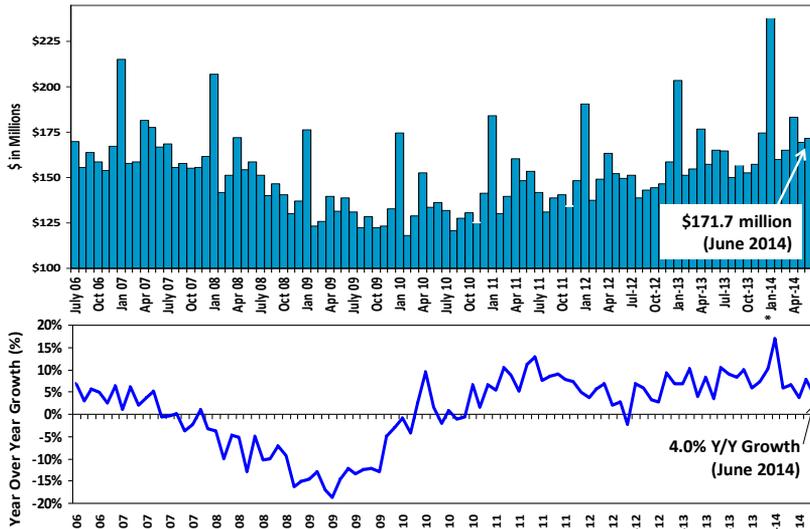


JLBC

Not seasonally adjusted

4

## State Sales Tax Collections – Retail Category



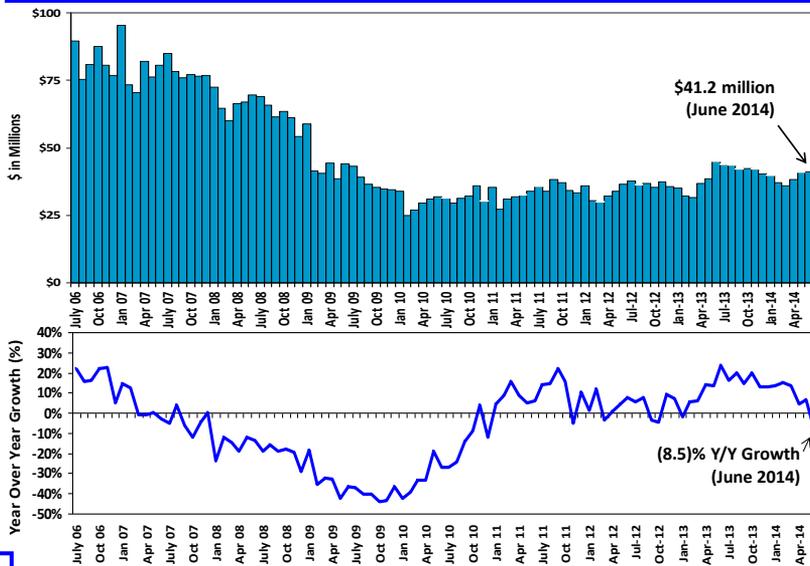
JLBC

Excludes temporary 1 ¢ sales tax

\* January 2014 collections reflect the reclassification of approximately \$40 million of revenue from other tax categories to retail collections

5

## State Sales Tax Collections – Contracting Category



JLBC

Excludes temporary 1 ¢ sales tax

6

