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*"FY 2015*

*General Fund*

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## Summary

May General Fund collections were \$649.3 million, which was (0.2)% below May 2014. May collections were \$23.8 million above the enacted budget forecast.

The forecast overage during the month was largely due to the Corporate Income Tax category. After adjusting for a technical DOR accounting issue, Corporate collections continued their surprising upward trend in May. Corporate revenues were up 42.4% compared to May 2014 and are 14.8% higher than a year ago.

The state's core revenues – Sales Tax and Individual Income Tax withholding – did not contribute to the May gains. During May, Sales Tax collections grew by 2.6% and withholding actually declined by (0.3)%. Year-to-date, both of these items have grown in the 3-4% range.

Year-to-date base revenues (excluding Urban Revenue Sharing and one-time transfers) are 6.5% above the prior year. Through May, FY 2015 General Fund revenue collections are \$257.1 million above the enacted budget forecast.

Preliminary June data suggests there are several factors that could lead to the state's forecast overage increasing by the end of FY 2015. June Individual Income and Corporate Income Tax estimated payments continue to be above forecast.

In contrast, Individual Income Tax refunds appear to be higher than expected, which may offset some of the gains in June payments.

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 operating balance as of mid-May 2015 is \$2.20 billion. In addition, the state's Budget Stabilization Fund has a balance of \$457.3 million.

### **Additional April Revenue Analysis**

The JLBC Staff report on [April Income Tax Collections](#) and the [May Monthly Fiscal Highlights](#) both discussed the state's revenue surge in April. The [Rockefeller Institute](#) at the State University of New York has furthered that analysis by adding more nationwide context to this year's individual income tax results. The Census Bureau will eventually publish comparative data, but Rockefeller provides the most extensive short term interstate analysis of tax revenues.

While income tax collections were higher nationally, the Arizona results were particularly strong. As reported last month, Arizona April income tax revenues grew by 37.7% above the prior year. Between January and April, the category increased by 25.5%. Based on the Rockefeller survey, Arizona's January-April growth was the 2nd highest of 39 states. In comparison, the national growth in state-level income tax collections was 11.5%.

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## Summary (Continued)

Much like the earlier JLBC reports, the Rockefeller Institute attributed the nationwide April results to the following 2 factors:

"...the first of which was a strong stock market throughout 2014. The second was the lingering impact of the early-2013 fiscal cliff." The latter factor shifted income into FY 2013 and resulted in a "low" FY 2014 base.

The Rockefeller report also noted the nationwide challenge of forecasting nonwage income like capital gains:

"Many states expected to see significant declines in nonwage taxable income for tax year 2013 and strong growth in tax year 2014. However,

most states were unable to predict the magnitudes of these declines and increases with any accuracy...These models simply are not able to predict nonwage income with the confidence that forecasters and policymakers would like."

### JLBC Staff Reports

JLBC Staff published the following reports in the past month:

- [K-12 Land Trust Proposal Projections](#)
- [Medicaid Provider Rate Update](#)
- [District-Sponsored Charter School Payback](#)
- [Multi-site Charter Small School Weight](#)

## May Revenues

	<u>FY 2015 Collections</u>	<u>Difference From Budget Forecast</u>	<u>Difference From FY 2014</u>
May	\$ 649.3	\$ 23.8	\$ (1.0)
Year-to-Date	\$ 7,865.1	\$ 257.1	\$ 397.2

**Sales Tax** collections of \$345.8 million were 2.6% above May of last year and \$(1.9) million below the forecast for the month. Year to date, collections have increased by 4.0% and are \$23.8 million above forecast. May collections reflect April activity.

Table 2 includes the major categories of the state's sales tax, which together account for approximately 90% of total collections. The retail category, which makes up roughly half of sales tax collections, increased by 9.3% in May compared to the same month in the prior year. Year to date, retail collections are up by 5.3%. Due to technical adjustments, however, this figure understates the underlying growth rate of 7.0%.

Year over year, collections from contracting activity declined by (18.9)% in May. Year to date, contracting collections are down by (3.9)%.

Under a new law that went into effect as of January 1, 2015, service contractors that do work related to maintenance, repair, replacement or alteration of existing property are now exempt from the prime contracting tax and are instead required to pay the retail transaction privilege tax on materials purchased

as a part of the service contract. From February through May (reflecting activity from January through April), the prime contracting tax decreased by (14.7)% whereas the retail tax increased by 9.9%, suggesting that the new law has had the effect of shifting revenues between the 2 categories.

Use tax collections decreased by (2.4)% in May and are up by 19.9%, year to date. After a technical adjustment, however, the underlying year-to-date growth rate would be 1.2%.

	<u>May</u>	<u>YTD</u>
Retail	9.3%	5.3%
Contracting	(18.9)%	(3.9)%
Use	(2.4)%	19.9%
Restaurant & Bar	10.5%	8.7%
Utilities	1.2%	(0.2)%

## May Revenues (Continued)

**Individual Income Tax** net revenues were \$237.2 million in May, which was (11.2)% less than the prior year. Collections were \$(11.2) million below the forecast for the month. Year to date, revenue has grown 8.5% over the prior year and is \$171.2 million above forecast.

As indicated in *Table 3*, withholding decreased (0.3)% in May and was \$(13.7) million below forecast. The May collections bring withholding tax collections for the fiscal year to 3.0% over the prior year. This amount is \$(1.4) million below the budgeted forecast.

	<u>May</u>	<u>YTD</u>
Withholding	(0.3)%	3.0%
Estimated + Final Payments	4.1%	13.8%
Refunds	63.4%	(2.3)%

May estimated and final payments were 4.1% above last year, and were \$4.6 million above the forecast. Year to date, payments have grown 13.8% over the prior year. This amount is \$131.0 million above the forecast.

May refunds totaled \$(77.6) million, which was 63.4% above last year and a \$(2.0) million loss to the forecast. Year to date, a decline in the level of refunds has resulted in a gain of \$41.6 million compared to the enacted forecast.

However, some of the overage may be a function of the timing of processing and taxpayer filing rather than a change in taxpayer liability. According to information provided by DOR, as of May 22, there was approximately \$45 million of Individual Income Tax refunds which have been filed, but are not being issued pending error resolution. During the error resolution process, DOR attempts to address certain issues with a taxpayer filing, which can range from mathematical (addition/subtraction) issues to more substantive problems.

**Corporate Income Tax** net collections were \$63.7 million in May, which was 122.8% greater than May 2014. Collections for the month were \$50.7 million above the enacted forecast. Year to date, net collections are up 14.8% compared to the prior year and are \$69.1 million above forecast.

The significant May forecast overage was the result of 2 factors: a technical adjustment resulting from April tax processing and the delay in the impact of the Corporate Income Tax reductions.

As noted in last month's edition of the *Monthly Fiscal Highlights*, April's net corporate collections were artificially reduced by \$(23) million due to a technical adjustment. This was offset by a corresponding positive adjustment of \$23 million in May. After adjusting for this item, May CIT revenues would have increased by 42.4% compared to the prior year.

Even taking into account this technical correction, the underlying growth rate of CIT collections was well above the enacted budget forecast.

The enacted forecast assumed CIT collections would decline during the second half of FY 2015 due to the estimated impact of the tax reductions being phased in during FY 2015 – FY 2018 (which corresponds to Tax Years 2014 – 2018).

Given the timing of corporation tax filings, however, a majority of the first year impact of the phase-in may not occur until FY 2016. Given this delay, the state has seen a pattern of CIT collections well above forecast. (*Please see the March 2015 Monthly Fiscal Highlights for more information*).

**Insurance Premium Tax** collections were \$48.3 million in May, which was 14.2% above the prior year and \$4.5 million above forecast.

The **Lottery Commission** reports that April ticket sales were \$69.0 million, which is \$7.8 million, or 12.7%, above sales in the prior year. Year-to-date ticket sales are \$690.1 million, which is 3.2% above last year's sales. In terms of General Fund collections, year-to-date lottery revenues have decreased by (1.7)% compared to the prior year and are \$(0.4) million below the forecast.

Due to delays in processing collections, year-to-date tickets sales have grown while year-to-date collections to the General Fund have decreased.

**Highway User Revenue Fund (HURF)** collections of \$108.3 million in May were 6.5% above May 2014 and \$4.6 million above forecast. Year-to-date collections are 3.9% above FY 2014, and are \$21.9 million above forecast.

The recent trend of above forecast HURF collections is likely the result of the decline in gas prices during FY 2015, which tends to increase gas consumption and collections of the state's fixed price-per-gallon gas tax.

Table 4

## General Fund Revenue: Change from Previous Year and Budget Forecast May 2015

	Current Month					FY 2015 YTD (Eleven Months)				
	Actual May 2015	Change From May 2014		Budget Forecast		Actual May 2015	Change from May 2014		Budget Forecast	
		Amount	Percent	Amount	Percent		Amount	Percent	Amount	Percent
<b>Taxes</b>										
Sales and Use	\$345,783,964	\$8,698,016	2.6 %	(\$1,875,144)	(0.5) %	\$3,846,048,284	\$149,349,681	4.0 %	\$23,844,194	0.6 %
Income - Individual	237,238,950	(30,045,838)	(11.2)	(11,150,614)	(4.5)	3,367,310,422	265,138,614	8.5	171,169,558	5.4
- Corporate	63,723,347	35,121,912	122.8	50,730,437	390.4	548,998,558	70,817,904	14.8	69,089,906	14.4
Property	6,169,518	3,829,922	163.7	4,169,518	208.5	30,098,927	11,710,032	63.7	4,618,928	18.1
Luxury - Tobacco	1,967,331	(301,262)	(13.3)	0	0.0	21,589,257	(2,101,224)	(8.9)	177,622	0.8
- Liquor	2,982,675	(881,404)	(22.8)	0	0.0	30,373,182	(100,629)	(0.3)	(148,155)	(0.5)
Insurance Premium	48,248,184	5,982,605	14.2	4,451,418	10.2	365,098,975	33,700,980	10.2	4,905,241	1.4
Other Taxes	516,535	(14,269)	(2.7)	(118,465)	(18.7)	7,027,626	2,103,883	42.7	1,023,970	17.1
<b>Sub-Total Taxes</b>	<b>\$706,630,503</b>	<b>\$22,389,682</b>	<b>3.3 %</b>	<b>\$46,207,150</b>	<b>7.0 %</b>	<b>\$8,216,545,232</b>	<b>\$529,006,067</b>	<b>6.9 %</b>	<b>\$274,681,263</b>	<b>3.5 %</b>
<b>Other Revenue</b>										
Lottery	0	(7,896,525)	(100.0)	(8,000,000)	(100.0)	44,909,200	(790,925)	(1.7)	(417,400)	(0.9)
License, Fees and Permits	1,969,019	244,509	14.2	(30,981)	(1.5)	26,823,379	1,453,979	5.7	(709,126)	(2.6)
Interest	253,077	249,423	--	253,077	--	283,127	277,348	--	265,799	--
Sales and Services	1,628,100	(180,846)	(10.0)	(371,900)	(18.6)	25,921,528	628,420	2.5	(2,044,329)	(7.3)
Other Miscellaneous	(9,391,975)	(9,999,849)	--	(10,391,975)	--	7,689,126	(7,874,878)	(50.6)	(15,051,996)	(66.2)
Disproportionate Share	0	0	--	0	--	0	0	--	0	--
Transfers and Reimbursements	(1,071,975)	(1,783,477)	--	(3,821,975)	--	39,953,121	(11,192,262)	(21.9)	361,720	0.9
<b>Sub-Total Other Revenue</b>	<b>(\$6,613,753)</b>	<b>(\$19,366,764)</b>	<b>-- %</b>	<b>(\$22,363,753)</b>	<b>-- %</b>	<b>\$145,579,481</b>	<b>(\$17,498,318)</b>	<b>(10.7) %</b>	<b>(\$17,595,332)</b>	<b>(10.8) %</b>
<b>TOTAL BASE REVENUE</b>	<b>\$700,016,750</b>	<b>\$3,022,918</b>	<b>0.4 %</b>	<b>\$23,843,397</b>	<b>3.5 %</b>	<b>\$8,362,124,713</b>	<b>\$511,507,749</b>	<b>6.5 %</b>	<b>\$257,085,931</b>	<b>3.2 %</b>
<b>Other Adjustments</b>										
Urban Revenue Sharing	(50,744,642)	(4,035,312)	8.6	0	0.0	(558,191,064)	(43,899,201)	8.5	0	0.0
One-Time Transfers	0	0	--	0	--	61,154,456	(70,391,693)	(53.5)	0	(0.0)
<b>Sub-Total Other Adjustments</b>	<b>(50,744,642)</b>	<b>(4,035,312)</b>	<b>8.6 %</b>	<b>0</b>	<b>0.0 %</b>	<b>(497,036,608)</b>	<b>(114,290,894)</b>	<b>29.9 %</b>	<b>0</b>	<b>0.0 %</b>
<b>TOTAL GENERAL FUND REVENUE</b>	<b>\$649,272,108</b>	<b>(\$1,012,394)</b>	<b>(0.2) %</b>	<b>\$23,843,397</b>	<b>3.8 %</b>	<b>\$7,865,088,104</b>	<b>\$397,216,855</b>	<b>5.3 %</b>	<b>\$257,085,931</b>	<b>3.4 %</b>
<b>Non-General Funds</b>										
Highway User Revenue Fund	\$108,262,523	\$6,631,966	6.5 %	\$4,599,355	4.4 %	\$1,180,201,137	\$44,580,037	3.9 %	\$21,867,615	1.9 %

## 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 (0.7)% in the first quarter of 2015. This estimate is a sharp deceleration from the 2.2% and 5.0% growth in the third and fourth quarters of 2014, respectively. The decrease relative to the prior quarter's growth was primarily due to worsening of the trade deficit and decreases in nonresidential fixed investment and state and local government spending. Economists expect growth to resume in the second quarter and attribute the first quarter drop to unseasonably cold weather, disruptions at West Coast docks and a drop in oil and gas drilling.

The Conference Board's **U.S. Consumer Confidence Index** increased by 1.2% to 95.4 in May. The May increase represented a limited recovery from a (7.1) point drop in the index in April. The decrease in April was widespread across components of the index whereas the May recovery largely reflected improving labor market conditions. The index stands 16.1% above its level in May 2014.

The Conference Board's **U.S. Leading Economic Index** increased by 0.7% in April and 5.6% since April 2014. Of the index's 10 components, 9 made positive contributions during the month. Movement in interest rates and increased building permits were the largest positive contributors to the index while the index for new manufacturing orders was the only negative influence. Nationwide, building permits grew 10.1% in April.

According to the U.S. Department of Commerce Bureau of Economic Analysis, the **U.S. Personal Consumption Expenditure Price Index (PCEPI)** remained flat in April, relative to March. The index's annual growth is 0.1%, which is well below the Federal Reserve Bank's 2% annual inflation target. While a (20.0)% year-over-year decrease in energy prices has drastically reduced the overall index, the year-over-year growth in the core index (all items except food and energy) stands at 1.2% in April.

### 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 increased by 3.0% compared to April 2014. Over the same time period, the U.S. coincident index increased by 3.4%. Currently, Arizona's rate of annual coincident index growth is 28<sup>th</sup> in the nation. Last year at this time, Arizona's rate was 38<sup>th</sup> highest among states. *See Appendix A – Tracking Arizona's Recovery for additional historical information.*

#### Housing

The **total housing inventory** in the Greater Phoenix area is (15.1)% smaller than May of last year. Inventory levels have been steadily decreasing since March 2014.

The **median price of a single family home** was \$220,000 in May, a (1.0)% decrease from April. The price is 7.3% higher than May of last year.

Single family housing construction is increasing slightly, while multi-family construction seems to have peaked. Arizona's 12-month total of **single-family building permits** is 18,624, or 4.5% more than a year ago. The comparable single-family permit growth rate for the entire U.S. is 4.1%. *See Appendix A – Tracking Arizona's Recovery for historical information.*

Based on 12-month totals, multi-family building permits have grown strongly. Arizona's total of 8,826 **multi-family building permits** is 7.9% above 2014. Arizona's rate of increase is now roughly equal to the comparable multi-family permit growth for the U.S. as a whole which is 7.5% above 2014.

#### Employment

According to the latest *Arizona's Workforce Employment Report* released by the Department of Administration, the state lost (10,500) **nonfarm jobs** from April to May. While month-over-month job losses are common for the month of May, this year's loss was significantly higher than the average loss of (1,900) jobs for May in the prior 10 years. The job losses occurred almost exclusively in the state and local education sectors.

Compared to the same month in the prior year, Arizona added 61,100 net new jobs in May. This represents a year-over-year job growth rate of 2.4%. The largest net job gains occurred in the following industries: Professional and Business Services (+16,100), Education and Health Services (+14,300), and Leisure and Hospitality (+9,000).

Although the manufacturing sector as a whole added 900 net new jobs in May over April, none of those job gains came from 2 of its most high-paying industries: Computer and Electronics Manufacturing and

## Monthly Indicators (Continued)

Aerospace Manufacturing. Year over year, employment is down by (6.8)% in the Computer and Electronics Industry and (2.8)% in the Aerospace Industry.

The state's **unemployment rate** declined from 6.0% in April to 5.8% in May, the fourth consecutive decrease of the jobless rate. This was the lowest reading since May 2007, when the unemployment rate was 5.6%. The U.S. unemployment rate was 5.5% in January, which was a 0.1% increase from the prior month.

In April, the **Average Weekly Hours** worked by individuals in Arizona's private sector was 34.7 hours. This workload is (0.6)% below the April 2014 level.

The **Average Hourly Earnings** received by these private sector workers was \$23.04, which is 0.2% above the average in the prior month. The year-over-year growth rate reached 0.3% in April, the first time that year-over-year growth has been positive since May 2014. The average hourly earnings nationwide in May 2015 were 2.3% above 2014.

### Tourism

**Revenue per available room** reached \$79.59 in April, which was 6.3% above the amount in April 2014. Year-to-date, revenue per available room is 16.6% above the 2014 year-to-date amount through April.

### State Agency Data

At the beginning of June 2015, the total **AHCCCS** caseload was 1.67 million members. Since the federal health care expansion in January 2014, the overall AHCCCS population has grown by 408,202 members.

Total monthly enrollment increased 1.8% in during May, continuing the recent rebound from flat or decreasing enrollment during October through February. The slowdown in prior months may have been exacerbated by a change in the length of eligibility redetermination.

The overall May increase was concentrated primarily in the Traditional population of the lowest income parents and children. Enrollment in the Traditional population increased 30,883 during the month to a level of 1.01 million members. The May level represents an increase of 3.2% since last month and a 7.1% increase since last year. This growth was partly offset by the enrolled Other Proposition 204 population (mostly parents), which saw enrollment decrease by (6.4)% or (10,764) enrollees.

In January 2014, the state started accepting new enrollment to the Proposition 204 childless adults program. In May 2015, the childless adult population decreased by (1,900), or (0.7)%. Since January 2014, the childless adult population has increased by 211,300 to reach a level of 279,100. The state share of the Proposition 204 physical health cost is paid through a hospital assessment while the behavioral health costs are paid through the General Fund.

The state also opted to expand adult Medicaid coverage to 133% of FPL. The 100% - 133% enrollment increased by 6,400 in May and now totals 61,544 individuals enrolled since January 2014. The federal government is currently paying 100% of this cost.

There were 24,120 **TANF recipients** in the state in April, representing a (2.2)% decrease in monthly caseloads from March. The year-over-year number of TANF recipients has declined by (16.7)%. 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. In April, there were a total of 993,273 food stamp recipients in the state, a (0.7)% decrease below the prior month. Compared to April caseloads last year, the level of food stamp participation has declined by (4.3)%.

The **total inmate population** on May 31, 2015 was 42,458. This represents a 0.1% increase from the previous month. The inmate population has increased by 2.2% since May 2014.

Table 5

## MONTHLY INDICATORS

<u>Indicator</u>	<u>Time Period</u>	<u>Current Value</u>	<u>Change From Prior Period</u>	<u>Change From Prior Year</u>
<b>Arizona</b>				
<u>Employment</u>				
- Regular Unemployment Rate	May	5.8%	(0.2)%	(1.1)%
- Total Unemployment Rate (discouraged/underemployed)	1 <sup>st</sup> Q 2015	14.3%	(0.4)%	(1.8)%
- Initial Unemployment Insurance Claims	April	24,284	36.1%	10.4%
- Unemployment Insurance Recipients	March	29,414	3.8%	(17.7)%
- Non-Farm Employment - Total	May	2.62 million	(0.4)%	2.4%
Manufacturing	May	156,200	0.6%	(0.4)%
Construction	May	128,400	0.5%	2.1%
- Average Weekly Hours, Private Sector	April	34.70	(0.6)%	0.9%
- Average Hourly Earnings, Private Sector	April	\$23.04	0.2%	0.3%
<u>Sales</u>				
- Retail Taxable Sales				
Motor Vehicles/Misc. Auto	March	\$935.8 million	7.2%	11.1%
Furniture/Home Furnishings	March	\$314.2 million	(7.9)%	5.7%
Building Material/Lawn & Garden	March	\$353.6 million	10.5%	5.6%
<u>Building</u>				
- Residential Building Permits (12-month avg)				
Single-family	April	18,624	3.0%	4.5%
Multi-family	April	8,826	(1.7)%	7.9%
- Maricopa County/Other, Home Sales (ARMLS)				
Single-Family (Pending Sales)	May	6,187	(12.8)%	10.7%
- Maricopa County/Other, Median Home Price (ARMLS)				
Single-Family (Pending Sales)	May	\$220,000	(1.0)%	7.3%
- Phoenix S&P/C Home Price Index (2000 = 100)	March	149.23	0.6%	3.1%
- Maricopa Pending Foreclosures	May	5,378	(3.8)%	(20.9)%
- Greater Phoenix Total Housing Inventory, (ARMLS)	May	24,600	(5.0)%	(15.1)%
<u>Tourism</u>				
- Phoenix Sky Harbor Air Passengers	April	3.78 million	(11.1)%	5.4%
- National Park Visitors	December	605,350	(34.9)%	20.5%
- State Park Visitors	February	266,769	42.5%	11.9%
- Revenue Per Available Hotel Room	April	\$79.59	(29.2)%	6.3%
<u>General Measures</u>				
- Arizona Consumer Confidence Index (1985 = 100)	2nd Q 2015	79.1	0.0%	5.3%
- Arizona Coincident Index (July 1992 = 100)	April	191.85	0.3%	3.0%
- Arizona Leading Index -- 6 month projected growth	April	5.7%	0.1%	3.5%
- Arizona Personal Income	4 <sup>th</sup> Q 2014	\$259.0 billion	1.1%	4.6%
- Arizona Population	July 2014	6.73 million	N/A	1.5%
- State Debt Rating				
Standards & Poor's/Moody's	May 15	AA / Aa2	N/A	N/A
Outlook	May 15	Stable	N/A	N/A
<u>Agency Measures</u>				
- AHCCCS Recipients	June 1 <sup>st</sup>	1,666,344	1.8%	13.4%
Acute Care Traditional		1,006,041	3.2%	7.1%
Prop 204 Childless Adults		279,077	(0.7)%	29.4%
Other Prop 204		157,855	(6.4)%	(0.2)%
Adult Expansion		61,544	11.6%	211.0%
Kids Care I		1,051	(14.9)%	(47.7)%
Long-Term Care – Elderly & DD		57,047	0.1%	3.3%
Emergency Services		103,729	5.3%	31.6%
- Department of Child Safety (DCS)				
Annual Reports of Child Maltreatment (12-month total)	Feb. 2015	49,346	1.3%	11.4%
DCS Out-of-Home Children	February	17,565	1.7%	13.0%
Filled Caseworkers (1406 Budgeted)	April	1,448	52	205
- ADC Inmate Growth	May	42,458	0.1%	2.2%
- Department of Economic Security				
- TANF Recipients	April	24,120	(2.2)%	(16.7)%
- SNAP (Food Stamps) Recipients	April	993,273	(0.7)%	(4.3)%
- Judiciary Probation Caseload				
Non-Maricopa	February	17,889	7	618
Maricopa County	February	26,629	126	1,560
<b>United States</b>				
- Gross Domestic Product	1 <sup>st</sup> Q, 2015	\$16.3 trillion	2.7%	(0.7)%
(Chained 2009 dollars, SAAR)	(2 <sup>nd</sup> Estimate)			
- Consumer Confidence Index (1985 = 100)	May	95.4	1.2%	16.1%
- Leading Indicators Index (2010 = 100)	April	122.3	0.7%	5.6%
- Consumer Price Index, SA (1982-84 = 100)	May	237.0	0.4%	0.0%
- Personal Consumption Price Index (2009 = 100)	April	108.6	0.0%	0.1%

## JLBC Meeting

At its June 18, 2015 meeting, the Joint Legislative Budget Committee considered the following issues:

**Arizona Department of Administration – Consider Approval of Maximum Lodging and Per Diem Reimbursement Rates** – The Committee gave a favorable review of the current federal lodging reimbursement rate and the current federal per diem rate, less \$10. The Committee added the provision that ADOA rescind its waiver authority to agencies.

**Arizona Department of Administration – Review of Automation Projects Fund** – The Committee gave a favorable review of an expenditure plan of \$7.9 million from the Automation Projects Fund for information technology (IT) projects. The Committee added provisions to its favorable review, including that ADOA, JLBC and OSPB agree on the final design of the updated Project Investment Justification (PIJ) reports.

**Arizona Department of Administration – Review of Arizona Financial Information System Transaction Fees** – The Committee gave a favorable review of ADOA's proposed \$1.08 per transaction fee charged to state agencies for operation of the new Arizona Financial Information System (AFIS).

**AHCCCS/Department of Economic Security/Department of Health Services – Review of Proposed Capitation Rate Changes** – The Committee gave a favorable review of AHCCCS' proposed capitation rate changes for the state's Medicaid system. In the aggregate, the proposed rates are expected to cost \$(5.1) million less than the budgeted amounts for rate adjustments.

**Department of Corrections – Review of Per Diem Rate Change for Inmate Health Care Contracted Services** – The Committee gave a favorable review of ADC's expenditure plan to increase the inmate health care per diem from \$11.20 to \$11.60 at a total FY 2016 cost of \$5.2 million. ADC intends to request an FY 2016 supplemental for this cost, as it was not included in the enacted budget.

**Department of Education – Review of K-3 Reading Expenditure Plan** – The Committee gave a favorable review of ADE's proposed K-3 reading expenditure plan.

**Department of Education – Review of AELAS Expenditure Plan** – The Committee gave a favorable review of \$7.0 million expenditure plans from the Automation Projects Fund for the Arizona Education Learning and Accountability System (AELAS). The favorable review included numerous provisions, including 3 reporting requirements.

**Department of Public Safety – Review of the GIITEM Expenditure Plan** – The Committee gave a favorable review to the Department of Public Safety's spending plan for the Gang and Immigration Intelligent Team Enforcement Mission (GIITEM).

**Attorney General – Quarterly Report on Legal Settlements** – The Committee gave a favorable review of the Attorney General's (AG) allocation of legal settlements among the various funds. In the third quarter of FY 2015, the AG deposited \$671,600 to the Consumer Protection – Consumer Fraud (CPCF) Revolving Fund, \$22,100 to the Restitution Subaccount, and \$10,300 to the Remediation Subaccount.

**Attorney General – Review of FY 2011 and FY 2012 Uncollectible Debts** – The Committee gave a favorable review of the Attorney General's (AG) listings of uncollectible debts for FY 2015 and years prior, which were referred to the AG by state agencies for collection. The uncollectible debt listings total \$88.4 million for FY 2015 and years prior.

## JCCR Meeting

At its June 18, 2015 meeting, the Joint Committee on Capital Review considered the following issues:

**Arizona Department of Corrections – Review of FY 2016 Building Renewal Allocation Plan** – The Committee gave a favorable review to the Arizona Department of Corrections proposed Building Renewal plan totaling \$5.4 million. The plan will fund a variety of projects including replacing obsolete locking and control systems, making structural repairs due to damage caused by evaporative coolers, and replacement of a water tank at ASPC - Yuma.

**Arizona Department of Administration – Review of FY 2015 Building Renewal Allocation Plan** – The Committee gave a favorable review to the Arizona Department of Administration (ADOA) proposed Building Renewal Plan totaling \$1.2 million, which would fund fire code and fire suppression upgrades at the Department of Juvenile Corrections Adobe Mountain School.

**Arizona Department of Administration – Review of FY 2016 Building Renewal Allocation Plan** – The Committee gave a favorable review to the Arizona Department of Administration (ADOA) proposed Building Renewal Plan totaling \$14.0 million. The favorable review included standard building renewal provisions, along with the provision that ADOA submit to JLBC Staff by December 31, 2015 an analysis of the status of the state's fire alarm systems, along with the anticipated need, cost, and timeline for the upgrade and/or replacement of systems. The plan will fund a variety of projects including fire alarm repairs, HVAC repairs, new roofing, and parking lot repairs.

**Arizona Department of Administration – Review of Bond Refinancing** – The Committee gave a favorable review of ADOA's refinancing agreement that reduces the agencies' lease-purchase payments during FY 2016 through FY 2028 by a combined total of \$14.9 million. The favorable review stipulated that ADOA submit a final debt service schedule associated with the refinancing agreement to the JLBC Staff.

**School Facilities Board – Review of Lease-Purchase Refinancing** – The Committee gave a favorable review of the School Facilities Board's (SFB) refinancing agreement that reduces the board's lease-purchase payments during FY 2016 through FY 2024 by a combined total of \$10 million to \$12 million. The favorable review stipulated that SFB submit a final debt service schedule associated with the refinancing agreement to the JLBC Staff, along with a revised total debt service schedule.

**Arizona State University – Review of 3 Bond Projects** – The Committee gave a favorable review to Arizona State

University's (ASU) request of \$37.0 million in University System revenue bond issuances to fund the following 3 projects at all ASU campuses: building renewal and campus infrastructure, classroom renovations, and research laboratory renovations. The favorable review included standard university financing provisions.

**Arizona State University/Northern Arizona University – Review of Housing Indirect Financing Projects** – The Committee gave a favorable review to both Arizona State University's (ASU) and Northern Arizona University's (NAU) ground lease agreements with American Campus Communities to provide new student housing facilities. The ASU project would provide for construction of a new residence hall to house freshmen enrolled in the Fulton School of Engineering (FSE) on the Tempe campus. The facility would accommodate 1,600 students and has a total cost of the project of \$115.0 million. The NAU project would construct an additional residence on the Flagstaff campus totaling 620 beds and an adjacent 4-story parking garage consisting of 690 spaces at a total cost of \$55.0 million. These costs are funded by a private vendor who operates the facilities and collects rent.

**Arizona State Parks Board – Review of FY 2016 States Parks Revenue Fund and State Lake Improvement Fund Capital Expenditures** – The Committee gave a favorable review of the \$3.8 million FY 2016 Capital Expenditure Plan. Of that amount, \$2.5 million provides for new construction and \$1.3 million would be used for building renewal. The favorable review included other technical provisions.

**Arizona Exposition and State Fair Board – Review of Cattle Barn Wall Repairs** – The Committee gave a favorable review to Arizona Exposition and State Fair's \$225,000 expenditure plan from the Arizona Exposition and State Fair Fund to make structural repairs to the West Cattle Barn.

**Department of Emergency and Military Affairs – Review of Proposed Expenditures from the Military Installation Fund** – The Committee gave a favorable review of the Department of Emergency and Military Affairs \$2.9 million expenditure plan from the Military Installation Fund for 2 land purchases and 1 easement acquisition near existing military facilities. The purchases are as follows: 1) \$773,300 to purchase a 27.62-acre land parcel that is 0.25 miles northwest of Luke Air Force Base; 2) \$843,750 to purchase a 33.75-acre land parcel that is 1.42 miles southeast of Davis-Monthan Air Force Base; and 3) \$1.3 million to acquire easement rights to a 54-acre parcel which is 0.15 miles southwest of Luke Air Force Base.

## Summary of Recent Agency Reports

### **AHCCCS – Report on Safety Net Care Pool Distribution Notification**

A FY 2015 General Appropriation Act footnote allows the Arizona Health Care Cost Containment System (AHCCCS) Administration to spend above the appropriated level of \$68.5 million for the Safety Net Care Pool (SNCP) program, but requires AHCCCS to report if the distributions exceed \$68.5 million. In May 2015, AHCCCS reported it would distribute \$177.8 million in FY 2015 towards SNCP funding for hospitals.

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, 2015.

The additional \$109.3 million SNCP distribution in FY 2015 consists of \$35.2 million in Political Subdivision Funds from the University of Arizona (the state match) and \$74.1 million in Federal Funds. AHCCCS will submit a final report on all SNCP payments once final distributions are processed. (Jon Stall)

### **Department of Child Safety - Quarterly Report on Foster Care Medicaid**

Pursuant to Laws 2013, Chapter 220, the Department of Child Safety (DCS) is required to report on foster care and Medicaid eligibility.

During the 3<sup>rd</sup> quarter of FY 2015, DCS reports the following trends on foster care and Medicaid eligibility:

1. There were 16,317 children eligible for Medicaid in foster care at the end of the 3<sup>rd</sup> quarter, up 3.6% from 15,745 at the end of the 2<sup>nd</sup> quarter of FY 2015.
2. The percentage of foster care children eligible for Medicaid grew from 95% at the end of the 2<sup>nd</sup> quarter of FY 2015 to 96% at the end of the 3<sup>rd</sup> quarter of FY 2015.
3. The amount of non-Medicaid behavioral health group home expenditures used by DCS to supplement Medicaid behavioral health placement services was \$1.4 million in the 3<sup>rd</sup> quarter of FY 2015 compared to \$2.5 million in the 2<sup>nd</sup> quarter of FY 2015.
4. The amount of non-Medicaid behavioral health evaluation/counseling expenditures used by DCS to supplement Medicaid behavioral health services declined from \$167,200 in the 2<sup>nd</sup> quarter of FY 2015 to \$73,400 in the 3<sup>rd</sup> quarter of FY 2015. (Ben Beutler)

**Department of Child Safety – Report on the Transfer of TANF to SSBG** – Pursuant to a footnote in Laws 2014, 2<sup>nd</sup> Special Session, Chapter 2, the Department of Child Safety (DCS) has submitted a FY 2015 expenditure plan for the transfer of \$20.0 million from the Temporary Assistance for Needy Families (TANF) Block Grant to the Social Services Block Grant (SSBG) in the following line items:

- \$4.8 million - In-Home and Out-of-Home Support Services
- \$10.8 million - Emergency and Residential Placement
- \$4.4 million - Foster Care Placement

The transfer to SSBG provides additional funding flexibility to DCS. The federal government caps the amount of TANF Block Grant monies that can be transferred to SSBG at 10% of the base TANF Block Grant to the state. The \$20.0 million request is 10% of the base. Once deposited in SSBG, the monies are spent on the line items listed above. Should any changes be made to the amounts allocated in the expenditure plan, DCS will notify JLBC. (Ben Beutler)

**Department of Child Safety (DCS) – Progress Reports** - Pursuant to A.R.S. § 8-818, DCS has submitted both its semi-annual financial and program accountability report covering the period of July 2014 through December 2014 and its monthly hiring report.

The semi-annual report was statutorily due on February 1, 2015 but was not received until June 1, 2015. According to the report, out-of-home placements increased by 4.0% from 16,636 in July to 17,304 in December. Caseloads are above the department's goals and turnover for case managers was approximately 25.7%. Employee satisfaction increased to a 3.7 rating on a 5 point scale. The highlights of this report, covering the first 6 months of FY 2015, are summarized below.

- The Training Academy had 224 new caseworkers in training as of December 2014. During the time period from July 2014 to December 2014, 368 caseworkers graduated from the Training Academy, or 193 more graduates than in the previous 6-month period.
- DCS reports that annualized caseworker turnover during July - December 2014 was 25.7%, up from a 22.8% annualized rate in the last report.
- The percent of Office of Administrative Hearings decisions affirming DCS case findings decreased from 80.1% to 79.5%. The percent of complaints validated by the Ombudsman increased from 20.25% to 26.45%.
- The number of congregate care placements increased from 2,247 to 2,319, a 3.2% increase. DCS also reports that from June to December the number of children aged 0-3 in shelter care declined from 44 to 37, the number of children aged 0-6 in group homes increased from 62 to 68, and the number of children in shelter care for more than 21 days increased from 865 to 898.
- As of December 2014, workload per caseworker remains considerably higher than the revised

## Summary of Recent Agency Reports (Continued)

caseload goals established during the May 2014 Special Session, with investigations at 16 (goal: 13), in-home at 42 (goal: 33), and out-of-home at 29 (goal: 20). *Table 6* provides a historical view of workload by caseworker responsibility since 2008; it also displays how much workload exceeds the caseload standard in the “percent above workload standard” line.

Pursuant to Laws 2014, 2<sup>nd</sup> Special Session, Chapter 2, DCS has also reported on its progress in hiring child safety staff through April 2015.

*Direct Line Child Safety Staff* - In the last month, the number of direct line child safety staff (caseworkers, caseworkers in training, caseworkers awaiting training and hotline staff) increased by 52 to 1,448. The 1,448 includes 91 caseworkers awaiting training who have accepted a position, but have not yet started employment. Because the 1,448 direct line staff includes 91 caseworkers who have not yet begun work, DCS has not exceeded its budgeted level of 1,406 positions. Since January 2014, the number of staff directly working cases has increased by 147 FTE Positions to 1,130.

*Non-Direct Line Child Safety Staff* - Since January 2014, non-direct line child safety staff has increased by 269 to 1,330. The budgeted staffing level is 1,417 excluding Attorney General positions. In April 2015, staffing decreased by (19) FTE Positions from March 2015. Over the past 5 months, the number of filled non-direct line staff has declined each month; this trend is most markedly shown by the (51) administrative positions that have been vacated since November 2014.

*Table 7* below summarizes this report. (Ben Beutler)

**Economic Estimates Commission** – Report on the Budget Stabilization Fund – Pursuant to A.R.S. § 35-144F, the Economic Estimates Commission (EEC) is annually required to calculate the amount of monies that may be deposited to or withdrawn from the Budget Stabilization Fund (BSF). The EEC estimate is calculated based on a formula that compares the growth rate of real adjusted Arizona personal income in the most recent calendar year to the average in the last 7 calendar years (hereafter referred to as the “trend” growth rate).

	Dec. <u>2008</u>	Dec. <u>2009</u>	Dec. <u>2010</u>	Dec. <u>2011</u>	Dec. <u>2012</u>	Dec. <u>2013</u>	Dec. <u>2014</u>
Investigations	15	15	15	15	15	16	16
In-Home Cases	28	27	30	32	33	47	42
Out-of-Home Children	24	23	25	27	36	25	29
Percent Above Workload Standard	9%	9%	15%	22%	48%	28%	37%
Total Case-Carrying Caseworkers	818	761	764	781	750	983	1,019
Caseworkers Required by Standard	890	829	879	955	1,107	1,263	1,397

	January <u>2014</u>	April <u>2015</u>	Change thru <u>January 2014</u>
<b>Direct Line Staff</b>			
Caseworkers	983	1,130	147
Hotline Staff <sup>1/</sup>	70	78	8
Staff in Training	137	149	12
Hired Awaiting Training	<u>N/A</u>	<u>91</u>	<u>91</u>
<b>Subtotal - Direct Line</b>	<b>1,190</b>	<b>1,448</b>	<b>258</b>
<b>Non-Direct Line Staff</b>			
Asst. Program Managers	36	34	(2)
Unit Supervisors	168	218	50
Case Aides	211	288	77
OCWI	33	66	33
Other Non-Direct Line Staff <sup>2/</sup>	<u>613</u>	<u>724</u>	<u>111</u>
<b>Subtotal - Non-Direct Line</b>	<b>1,061</b>	<b>1,330</b>	<b>269</b>
<b>Grand Total</b>	<b>2,251</b>	<b>2,778</b>	<b>527</b>

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

## Summary of Recent Agency Reports (Continued)

Since the calendar year 2014 growth rate exceeded the trend growth rate by 2.38%, EEC reported on May 26, 2015 that the formula calls for a BSF deposit of \$198.4 million at the end of FY 2015. EEC calculations under the formula, however, do not result in any automatic deposits or withdrawals, as they must be authorized by legislative action. In practice, the formula has only served as a general guideline and has rarely been used to determine the actual deposit or withdrawal.

The budget enacted in March 2015 does not provide for any deposit into the BSF in FY 2015. Instead, Laws 2015, Chapter 8 requires the State Treasurer to transfer an amount equal to the negative ending balance for FY 2015 plus \$12 million from the BSF to the General Fund. However, since the General Fund ending balance is not currently projected to be negative, no such transfer is expected at this time. (Hans Olofsson)

**Department of Education - Report on Education Learning and Accountability System** - Pursuant to a General Appropriation Act footnote, the Arizona Department of Education (ADE) must contract with an independent third-party vendor to provide additional oversight on the development of ADE's Education Learning and Accountability System (ELAS). The vendor is required to submit quarterly reports that evaluate and assess the project's feasibility, estimated expenditures, technology approach and scope throughout the life of the project. The vendor's most recent quarterly review was issued on April 2, 2015.

From a technical perspective, the review observes that ADE Information Technology (IT) is a group "to which the rest of the nation looks for leadership in technical arenas." The review adds that AELAS IT projects continue to make progress in replacing the Student Accountability Information System (SAIS), which currently receives student data to calculate school payments. The Arizona Education Data Standards (AzEDS) is one AELAS project. AzEDS standardizes how data will be received by AELAS and sorted into 16 different databases, including "Enrollment," "Finance," "Student Attendance," and "Student Academic Record." The student counting rules and payment calculation system access this information.

The review raised a concern that the deployment date of July 1, 2015 for AELAS to begin directly receiving district data may be too soon. The rules governing student counting are incomplete, the AzEDS databases are not fully populated, and not all schools have 1) been fully trained on a student information system that is capable of connecting to AzEDS or 2) a student information system that is capable of connecting to AzEDS.

In addition to completing the student counting rules, the review cites a "pressing need" to test them and understand how they will impact districts. The review recommends ADE establish a contingency plan in case a district needs additional support to refine AzEDS data submissions. These shortcomings are partly attributed to delays by vendors in modifying districts' student information systems to meet ADE's data standards as well as ADE's limitations in assisting districts that do not use the Opt-In SSIS vendor.

To mitigate these risks, AELAS plans to operate both the old SAIS data collection components and the new AzEDS simultaneously before completely transferring all districts to AzEDS by the start of FY 2017. While a subsequent evaluation of this method by the third-party reviewer acknowledges that ADE's two-track process is the "best" approach possible, the review cautions against other critical risks that need to be addressed including: 1) data inputs and outputs need to be synchronized between the old SAIS and new AELAS in order to make an equivalent comparison of data reports from both systems; 2) the prolonged use of obsolete SAIS components during the dual system phase may increase the risk of malfunction; 3) privacy concerns about the security of student data; and 4) ADE lacks the resource capacity to provide training and support to all 650 districts that need to transfer to AzEDS throughout FY 2016.

The review notes progress being made in non-technical areas that are critical to school adoption and usage of the instructional capabilities of AELAS. ADE program areas have matured in the integration and use of AELAS in the classroom by transitioning training from the ADE IT group to the ADE program areas best suited to explain the new system to administrators and teachers, including how to interpret data from AELAS. In the long term, ADE is collaborating with the University of Arizona's Teacher Preparation program to develop materials that incorporate AELAS into teaching practices.

The review raised a recurring theme regarding the AELAS' content management system (CMS). CMS is designed to contain instructional materials aligned with Arizona standards and different types of assessments that teachers can incorporate into their instruction. However, the review states that an insufficient amount of digital material has been uploaded to the CMS, and "there does not appear to be an overarching strategy" on how this content would be incorporated into instruction or curated. The review recommends that each ADE program area agree to a common methodology for organizing CMS materials. (Matt Gress)

## Summary of Recent Agency Reports (Continued)

**Department of Health Services – Quarterly Report on the Comprehensive Medical and Dental Program (CMDP)** - Pursuant to Laws 2013, Chapter 220, the Department of Health Services (DHS) is required to report on the financial and program accountability trends of CMDP, the foster care medical program. This report is required quarterly until December 31, 2015.

DHS administers behavioral health services for CMDP enrollees. According to DHS, in the second quarter of FY 2015, 59% of CMDP members received behavioral health services, a (2)% decrease compared to the first quarter of FY 2015. The percent of members served varied by region from a low of 50% in Maricopa County (GSA 6) to a high of 76% in GSA 3, which includes Cochise, Graham, Greenlee, and Santa Cruz Counties. Maricopa County and GSA 3 were also the lowest and highest service users in the first quarter of FY 2015.

The services most highly utilized by CMDP enrollees in the second quarter of FY 2015 included support services (including case management), treatment services, and rehabilitation services, with 97% receiving support services, 72% receiving treatment services, and 16% receiving rehabilitation services. Together, these 3 service categories represent 76% of CMDP behavioral health spending. Support services represented the largest spending category, accounting for 44% of total CMDP behavioral health spending.

Between the first and second quarter of FY 2015, the total cost of behavioral health services for CMDP decreased by (3.7)% (\$20.1 million to \$19.4 million). The cost decrease reflects a (2.1)% decrease in utilization of services coupled with a (1.6)% decrease in costs per capita since the first quarter. (Patrick Moran)

## May Spending

May 2015 General Fund spending of \$543.7 million was \$6.2 million more than May 2014. Year to date, spending is \$8.70 billion, or \$483.2 million above last year. (See Tables 8 & 9).

- Year to date, the Department of Education has spent \$142.7 million more than the prior year.
- Year to date, Department of Health Services spending has increased by \$55.5 million compared to the prior year. This increase is in part due to the

restoration of childless adult Medicaid coverage, which is entirely paid for with General Fund monies in the Department of Health Services.

- During FY 2015, Department of Public Safety spending has increased by \$38.1 million compared to the prior year. This increase is mostly due to the shift of \$30.0 million of Highway Patrol funding from the Highway User Revenue Fund to the General Fund in the FY 2015 budget.

Agency	General Fund Spending (\$ in Millions)			
	Change From			YTD Change
	<u>May 15</u>	<u>May 14</u>	<u>Year-to-Date</u>	<u>from FY 14</u>
AHCCCS	90.9	7.4	1,115.8	36.4
Corrections	66.3	(8.4)	880.0	7.9
Child Safety	0.0	0.0	241.5	241.5
Economic Security	16.2	8.7	596.9	(95.3)
Education	261.9	2.0	3,587.9	142.7
Health Services	21.1	(10.7)	603.1	55.5
Public Safety	1.7	(0.5)	86.7	38.1
School Facilities Board	0.1	1.4	189.0	(2.6)
Universities	46.5	4.9	725.9	34.6
Leaseback Debt Service	0.0	0.0	84.1	0.0
Other	<u>39.0</u>	<u>1.4</u>	<u>594.0</u>	<u>24.4</u>
<b>Total</b>	<b>543.7</b>	<b>6.2</b>	<b>8,704.9</b>	<b>483.2</b>

<b>General Fund Spending</b>				
<b>(\$ in Thousands)</b>				
<b>Agency</b>	<b>May 15</b>	<b>Change from May 14</b>	<b>Year-to-Date</b>	<b>YTD Change from FY 14</b>
Dept. of Admin./Automation Projects Fund	881.8	(3,631.2)	67,446.3	6,600.7
ADOA – Sale/Leaseback Debt Service	-	-	84,123.7	3.9
Office of Administrative Hearings	58.0	(5.1)	808.4	10.4
Commission of African-American Affairs	6.3	6.3	29.1	29.1
Department of Agriculture	691.4	125.4	7,279.6	(28.5)
AHCCCS	90,881.5	7,353.5	1,115,752.1	36,437.5
Attorney General	1,669.4	(1,964.9)	20,173.7	(129.8)
State Board of Charter Schools	67.5	25.0	834.7	98.4
Department of Child Safety	-	-	241,495.7	241,495.7
AZ Commerce Authority	2,625.0	-	29,100.0	225.0
Community Colleges	-	-	72,058.9	2,545.5
Corporation Commission	46.0	4.0	552.9	84.0
Department of Corrections	66,272.1	(8,374.0)	879,962.0	7,935.4
County Funding	-	-	7,650.5	500.0
AZ State Schools for the Deaf & Blind	2,028.9	1,534.2	19,563.9	(1,590.6)
Dept. of Econ. Security/Dept. of Child Safety	16,226.9	8,736.4	596,890.0	(95,260.5)
State Board of Education	31.4	31.4	31.4	31.4
Department of Education	261,944.1	2,038.4	3,587,854.2	142,729.6
DEMA	484.3	360.1	7,830.6	1,104.8
DEQ – WQARF	-	-	7,000.0	-
Office of Equal Opportunity	9.3	8.2	133.4	(50.3)
State Board of Equalization	33.7	5.3	458.4	(12.4)
Board of Executive Clemency	61.5	(17.4)	832.3	79.6
Department of Financial Institutions	270.7	31.1	2,789.6	72.3
Department of Fire, Bldg and Life Safety	72.0	(37.7)	1,781.7	9.0
State Forester	583.6	(606.7)	6,915.2	(222.3)
Arizona Geological Survey	58.2	4.3	859.7	(11.2)
Governor/OSP	2,035.4	1,416.5	10,633.9	2,464.5
Department of Health Services	21,094.4	(10,735.1)	603,099.3	55,501.4
Arizona Historical Society	214.6	(0.9)	2,973.5	63.2
Prescott Historical Society of AZ	56.7	6.9	752.1	91.2
Independent Redistricting Comm.	38.7	(88.6)	902.6	(330.5)
Commission of Indian Affairs	1.1	(1.1)	47.6	(3.3)
Department of Insurance	385.0	33.5	4,817.4	(42.1)
Judiciary				
Supreme/Superior Court	10,477.6	150.3	92,136.1	1,206.2
Court of Appeals	1,187.3	114.4	13,017.3	111.3
Department of Juvenile Corrections	3,683.3	1,128.1	36,902.2	1,138.6

Table 9 (Continued)

Agency	May 15	Change from May 14	Year-to-Date	YTD Change from FY 14
State Land Department	1,045.1	113.0	10,858.7	(31.9)
Legislature				
Auditor General	1,469.8	22.9	18,701.4	1,274.5
House of Representatives	983.6	37.1	12,399.6	808.3
Joint Legislative Budget Comm.	162.2	10.8	2,095.6	230.4
Legislative Council	365.5	(9.2)	7,461.4	1,522.7
Senate	615.9	(18.1)	8,093.7	368.8
Mine Inspector	97.5	17.9	1,056.3	(25.4)
Nav. Streams & Adjudication	10.3	(7.6)	167.9	10.0
Occupational Safety and Health Review	-	-	0.9	(1.4)
Phoenix Convention Center	-	-	20,449.0	-
Pioneers' Home	168.0	162.4	1,603.1	(1.6)
Comm. for Postsecondary Ed.	-	-	1,396.8	-
Department of Public Safety	1,680.8	(503.5)	86,700.3	38,089.0
Public Safety Personnel Retirement System	-	-	6,000.0	1,000.0
Arizona Department of Racing	1.1	1.1	1,931.6	(52.3)
Radiation Regulatory Agency	68.5	3.4	1,411.8	12.4
Real Estate Department	218.8	42.0	2,301.7	62.7
Department of Revenue	4,226.4	3,130.8	41,834.2	1,041.5
School Facilities Board	103.2	1,444.4	188,969.8	(2,562.1)
Secretary of State	615.7	(175.8)	12,943.5	2,280.6
Tax Appeals Board	18.3	1.2	242.8	0.1
Office of Tourism	-	-	9,103.7	990.8
Universities				
Board of Regents	913.7	1,032.4	24,928.0	3,358.1
Arizona State University	21,559.2	1,918.8	327,726.6	21,106.5
Northern Arizona University	7,315.5	753.0	110,965.7	8,283.2
University of Arizona	16,666.4	1,168.0	262,260.1	1,868.2
Department of Veteran Services	621.7	157.8	4,570.7	(218.5)
Department of Water Resources	1,345.6	442.5	10,713.7	858.8
Water Infrastructure Finance Authority	(996.2)	(996.2)	3.8	3.8
Department of Weights & Measures	91.5	(38.0)	1,209.1	83.0
Other - JP Salaries Distribution	131.2	104.6	925.9	84.0
Other	1.2	(141.7)	233.9	(92.5)
<b>Total</b>	<b>543,674.8</b>	<b>6,171.4</b>	<b>8,704,902.4</b>	<b>483,158.5</b>

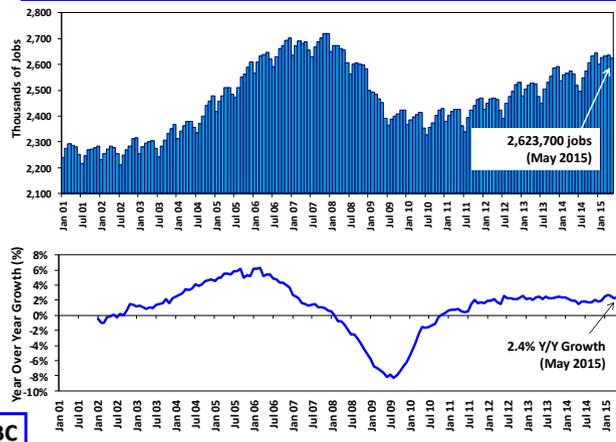
## Tracking Arizona's Recovery

June 2015  
Appendix A

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- 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

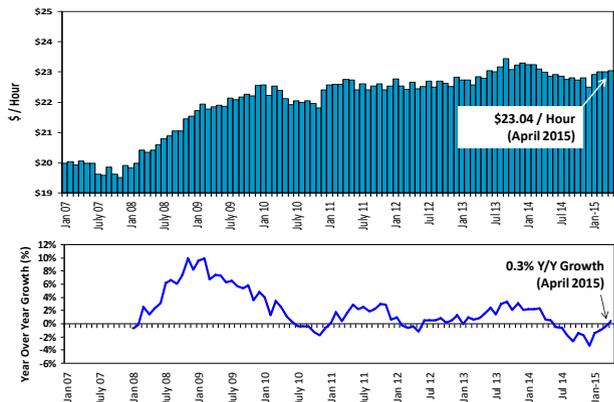
## Total Non-Farm Employment



JLBC

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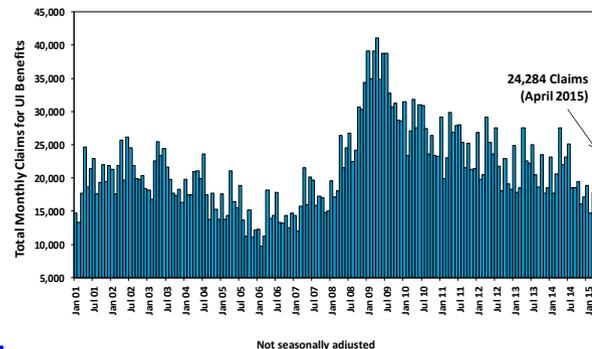
## Average Hourly Earnings – Private Sector



JLBC

3

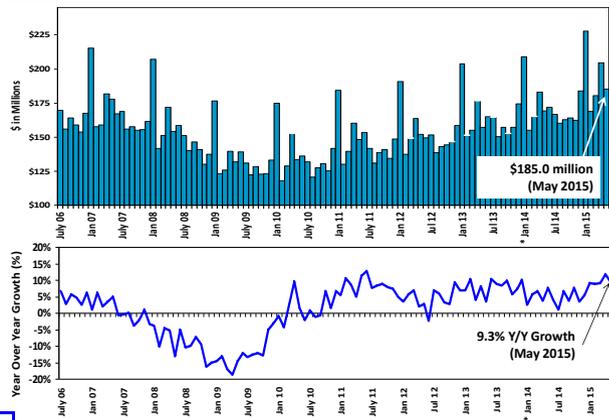
## Initial Claims for Unemployment Insurance



JLBC

4

## State Sales Tax Collections – Retail Category



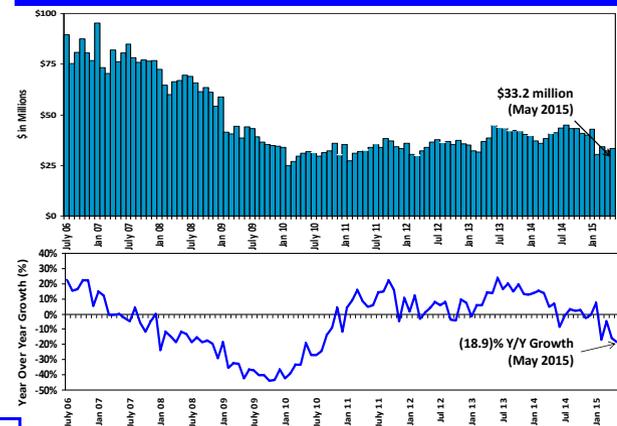
JLBC

Excludes temporary 1 ¢ sales tax

\* January 2014 estimate adjusted downward by \$30 million to reflect one-time category shift.

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## State Sales Tax Collections – Contracting Category

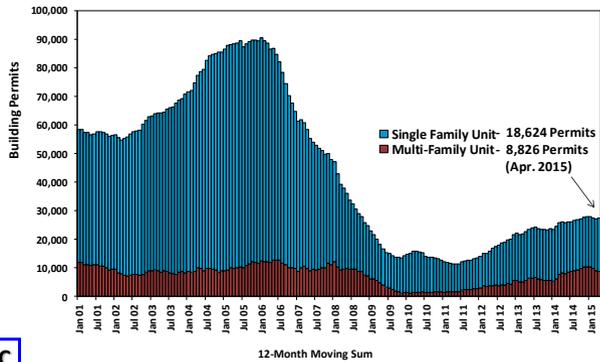


JLBC

Excludes temporary 1 ¢ sales tax

6

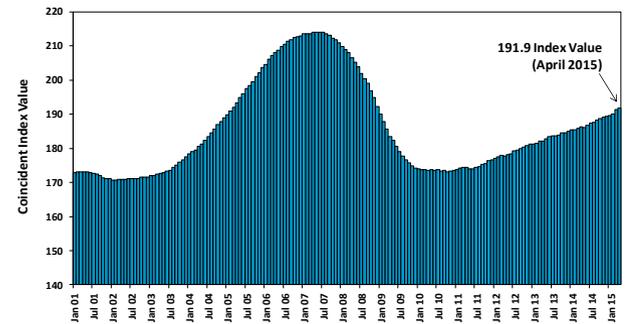
## Residential Building Permits



JLBC

7

## Economic Activity Index



JLBC

Source: Coincident Index – Federal Reserve Bank of Philadelphia. Combines four state-level indicators (employment, average hours worked in manufacturing, the unemployment rate, and wage and salary disbursements) to summarize current economic conditions.

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