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**" Year-to-date...  
General Fund  
revenues are  
2.7% above  
the prior year  
and are \$(6.6)  
million below  
forecast."**

## Summary

March 2017 General Fund collections of \$562.6 million were (19.1)% below the prior year and \$(12.2) million below the Baseline forecast.

The large overall revenue decline was mostly due to one-time fund transfers that occurred in March 2016 (as a part of the FY 2016 enacted budget), which were not repeated in March this year. Excluding those transfers, the state's ongoing revenues in March were (3.8)% below the prior year.

Within ongoing revenues, only one of the state's large revenue categories, Individual Income Tax, increased over its March 2016 level. This revenue category was 59.3%, or \$39.5 million, above the prior year. Almost all of this increase was attributable to withholding. The large gain in withholding in March was probably due to a combination of processing and technical issues (see separate *Individual Income Tax* section for details.)

On a year-over-year basis, the Sales Tax category declined by (0.1)% in March. All of the large sales tax categories, except for the Use Tax category, performed poorly in March. Most notably, the retail category, which makes up half of sales tax revenue, decreased by (1.3)%, the first such decline since January 2015.

The Corporate Income Tax declined by (72.6)% over March 2016. Net collections through March were \$193.9 million, which is the lowest cumulative amount for the March year-to-date period since 1994.

The continuous decline in this revenue category is likely the result of the multi-year statutory decline in the Corporate Income Tax rate and a decline in corporate profits during the last year.

The Insurance Premium Tax declined by (6.3)% in March. At least some of this decline was probably due to processing issues, as the state's accounting system allowed certain transactions to be processed in March 2016 that normally would have been processed in the following month.

Year-to-date, excluding Urban Revenue Sharing and one-time fund transfers, General Fund revenues are 2.7% above the prior year and are \$(6.6) million below forecast.

In comparison to March revenue collections of \$562.6 million, March 2017 spending was \$658.5 million, which is an increase of \$71.5 million from the prior year.

Fiscal year-to-date, General Fund revenues of \$6.45 billion have been offset by \$7.58 billion of expenditures.

The operating fund balance consists of the General Fund and certain dedicated funds. The operating balance as of mid-April 2017 is \$1.78 billion, while the state's Budget Stabilization Fund has a current balance of \$458.4 million.

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## Summary (Continued)

### April FAC Summary

The [Finance Advisory Committee](#) (FAC) met on April 12, 2017 to update its 4-sector revenue forecast. The FAC is a 14-member panel of private and public sector economists and their views serve as one of the 4 equal inputs into JLBC's Baseline revenue forecast. The remaining 3 inputs are the JLBC Staff forecast and 2 University of Arizona (UA) econometric models.

The FAC heard presentations on General Fund Revenue collections, the U.S. and Arizona economy, and state cash flows. The JLBC Staff provided members with revised [FY 2017 – FY 2020](#) revenue estimates based on the updated April 4-sector revenue forecast.

In comparison to the January base revenue forecast, the April FAC projections are lower for FY 2017 but higher for FY 2018. The projected revenue growth rates for FY 2019 and FY 2020 were lower under the updated April forecast (See *Table 1*).

Table 1

### Comparison of January and April FAC Forecasts

	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>
January	3.5%	3.9%	4.2%	4.8%
April	3.4%	4.3%	3.5%	4.4%

### Classroom Site Fund Report

The JLBC Staff is required to annually determine by March 30 of each year the estimated K-12 Classroom Site Fund (CSF) per pupil amount for the upcoming budget year. The CSF is funded from the Proposition 301 0.6¢ sales tax and from K-12 trust land endowment earnings.

Under these parameters, public schools will receive \$386 per weighted pupil from the CSF for FY 2018. The \$386 per pupil amount would be higher than the \$332 per pupil amount anticipated for FY 2017 because of projected growth in Proposition 301 sales tax revenues and land trust earnings for FY 2018.

## March Revenues

Table 2

### General Fund Revenues (\$ in Millions)

	<u>FY 2017 Collections</u>	<u>Difference From Baseline Forecast</u>	<u>Difference From FY 2016</u>
March	\$ 562.6	\$ (12.2)	\$ (133.1)
Year-to-Date	\$ 6,447.5	\$ (6.6)	\$ (39.6)

**Sales Tax** collections of \$352.9 million were (0.1)% below March of last year and \$(13.2) million below the forecast for the month. March tax collections reflect sales activities that occurred in February. Year-to-date, collections are up by 3.2% and are \$(3.4) million below forecast.

Sales tax collections by category for March are shown in *Table 3*. The 5 major categories of the state's sales tax shown in the table account for approximately 90% of total collections.

Table 3

### Sales Tax Growth Rates Compared to Prior Year

	<u>February</u>	<u>YTD</u>
Retail	(1.3)%	3.3%
Contracting	3.0%	6.3%
Use	6.9%	5.0%
Restaurant & Bar	1.9%	6.2%
Utilities	(6.1)%	(1.6)%

## March Revenues (Continued)

**Individual Income Tax** net revenues of \$106.1 million in March were \$39.5 million more than the prior year and were \$40.4 million above forecast. Year-to-date, revenue has grown 7.9% over the prior year and is \$70.6 million above forecast.

As indicated in *Table 4* March withholding increased by 11.2% from last year and was \$16.3 million above the forecast. While the reason for the large monthly increase has yet to be determined, it may be related to timing differences with respect to processing.

Year-to-date withholding collections are 7.1% above FY 2016. Due to technical reasons, DOR underreported withholding receipts during July – April in FY 2016. If revenues had not been underreported in the beginning of FY 2016, growth in withholding would instead equal 5.8% year-to-date in FY 2017.

March estimated and final payments of \$68.9 million were 1.9% above last year. Year to date, payments have decreased (0.3)% compared to FY 2016 and are \$1.7 million above the forecast.

March Individual Income Tax refunds totaled \$(341.9) million – this matches the \$(341.9) million in March 2016 and a forecasted amount of \$(366.0) million. Year-to-date refunds have led to a \$39.7 million increase compared to the enacted forecast.

Table 4

### Individual Income Tax Growth Rates Compared to Prior Year

	<u>March</u>	<u>YTD</u>
Withholding	11.2%	7.1%
Estimated/Final Payments	1.9%	(0.3)%
Refunds	0.0%	(1.3)%

**Corporate Income Tax** net collections were \$19.7 million in March, which was \$(52.2) million less than in the prior year. Year to date, collections are \$(168.8) million below prior year collections and \$(69.3) million below forecast. Decreases are probably the result of the multi-year statutory decline in the Corporate Income Tax rate and a decline in corporate profits during the last year.

**Insurance Premium Tax** collections of \$118.6 million in March were \$(7.9) million below the prior year. Year-to-date, collections are 5.5% above last year and \$(5.4) million below the forecast.

The **Lottery Commission** reports that March ticket sales were \$83.6 million, which is \$10.0 million, or 13.6%, above sales in March 2016. Year-to-date ticket sales are \$620.2 million, which is (6.4)% below last year's sales. The year-to-date decrease reflects the one-time nature of

January 2016 ticket sales associated with a record-breaking \$1.4 billion Powerball jackpot. In terms of General Fund collections, year-to-date lottery revenues through March are \$3.2 million above the forecast.

**Highway User Revenue Fund (HURF)** collections of \$116.5 million in March were down (2.1)% compared to March of last year and were \$(7.2) million below forecast. Year-to-date collections are 3.1% above last year.

Due to delays in reporting final February revenues for various revenues sources, DOR has made **technical adjustments** to prior month collection figures. For March, DOR has decreased the amount of prior General Fund revenue collections by \$(0.1) million, and the adjustment has been included in the reported year-to-date results.

Table 5

## General Fund Revenue: Change from Previous Year and Budget Forecast March 2017

	Current Month					FY 2017 YTD (Nine Months)				
	Actual March 2017	Change From March 2016		Baseline Forecast		Actual March 2017	Change from March 2016		Baseline Forecast	
		Amount	Percent	Amount	Percent		Amount	Percent	Amount	Percent
<b>Taxes</b>										
Sales and Use	\$352,925,348	(\$276,319)	(0.1) %	(\$13,242,323)	(3.6) %	\$3,310,907,934	\$101,115,940	3.2 %	(\$3,352,416)	(0.1) %
Income - Individual	106,126,805	39,522,017	59.3	40,386,705	61.4	2,889,821,104	210,603,835	7.9	70,622,016	2.5
- Corporate	19,724,510	(52,187,661)	(72.6)	(35,983,552)	(64.6)	193,885,487	(168,766,122)	(46.5)	(69,329,217)	(26.3)
Property	615,068	(624,093)	(50.4)	(1,233,353)	(66.7)	21,440,838	(3,384,821)	(13.6)	(1,459,344)	(6.4)
Luxury - Tobacco	2,126,190	92,111	4.5	0	0.0	17,177,232	(807,072)	(4.5)	(387,712)	(2.2)
- Liquor	2,816,377	(80,446)	(2.8)	0	0.0	25,431,906	674,492	2.7	230,988	0.9
Insurance Premium	118,587,704	(7,913,886)	(6.3)	(7,174,043)	(5.7)	337,278,726	17,690,350	5.5	(5,415,119)	(1.6)
Other Taxes	1,206,294	1,173,361	--	22,144	1.9	2,590,136	(1,557,076)	(37.5)	(2,023,425)	(43.9)
<b>Sub-Total Taxes</b>	<b>\$604,128,298</b>	<b>(\$20,294,916)</b>	<b>(3.3) %</b>	<b>(\$17,224,422)</b>	<b>(2.8) %</b>	<b>\$6,798,533,361</b>	<b>\$155,569,524</b>	<b>2.3 %</b>	<b>(\$11,114,229)</b>	<b>(0.2) %</b>
<b>Other Revenue</b>										
Lottery	0	0	--	0	--	44,736,343	17,191,893	62.4	3,236,977	7.8
License, Fees and Permits	3,831,325	1,208,442	46.1	1,786,690	87.4	28,812,037	6,454,074	28.9	3,995,275	16.1
Interest	(7,239)	(12,059)	--	(10,345)	--	89,400	71,187	390.9	(91,781)	(50.7)
Sales and Services	2,052,749	(10,261,024)	(83.3)	(1,176,785)	(36.4)	23,927,775	1,096,096	4.8	(1,607,896)	(6.3)
Other Miscellaneous	6,972,414	5,560,775	393.9	5,523,330	381.2	26,840,417	5,189,719	24.0	2,492,208	10.2
Disproportionate Share	0	0	--	0	--	0	0	--	0	--
Transfers and Reimbursements	915,382	(795,138)	(46.5)	(1,107,476)	(54.7)	21,038,728	(3,270,627)	(13.5)	(3,542,058)	(14.4)
<b>Sub-Total Other Revenue</b>	<b>\$13,764,630</b>	<b>(\$4,299,005)</b>	<b>(23.8) %</b>	<b>\$5,015,414</b>	<b>57.3 %</b>	<b>\$145,444,701</b>	<b>\$26,732,343</b>	<b>22.5 %</b>	<b>\$4,482,725</b>	<b>3.2 %</b>
<b>TOTAL BASE REVENUE</b>	<b>\$617,892,928</b>	<b>(\$24,593,921)</b>	<b>(3.8) %</b>	<b>(\$12,209,008)</b>	<b>(1.9) %</b>	<b>\$6,943,978,063</b>	<b>\$182,301,867</b>	<b>2.7 %</b>	<b>(\$6,631,504)</b>	<b>(0.1) %</b>
<b>Other Adjustments</b>										
Urban Revenue Sharing	(55,298,514)	(4,828,986)	9.6	0	(0.0)	(497,686,626)	(43,460,876)	9.6	0	(0.0)
One-Time Transfers	0	(103,653,355)	(100.0)	0	--	1,191,548	(178,405,707)	(99.3)	0	0.0
<b>Sub-Total Other Adjustments</b>	<b>(55,298,514)</b>	<b>(108,482,341)</b>	<b>-- %</b>	<b>0</b>	<b>(0.0) %</b>	<b>(496,495,078)</b>	<b>(221,866,583)</b>	<b>80.8 %</b>	<b>0</b>	<b>(0.0) %</b>
<b>TOTAL GENERAL FUND REVENUE</b>	<b>\$562,594,414</b>	<b>(\$133,076,263)</b>	<b>(19.1) %</b>	<b>(\$12,209,008)</b>	<b>(2.1) %</b>	<b>\$6,447,482,985</b>	<b>(\$39,564,716)</b>	<b>(0.6) %</b>	<b>(\$6,631,504)</b>	<b>(0.1) %</b>
<b>Non-General Funds</b>										
Highway User Revenue Fund	\$116,522,419	(\$2,498,014)	(2.1) %	(\$7,191,660)	(5.8) %	\$1,040,061,063	\$31,114,804	3.1 %	(\$11,334,315)	(1.1) %

## Monthly Indicators

### NATIONAL

According to the U.S. Department of Commerce Bureau of Economic Analysis, the **U.S. Real Gross Domestic Product (GDP)** increased at an annual rate of 2.1% in the fourth quarter of 2016. This estimate reflects a slowdown from the strong growth of 3.5% experienced in the prior quarter. The slowdown relative to the prior quarter was primarily due to declines in exports and federal spending and a deceleration in business investment. Declining performance in these categories was partly offset by growth in residential investment, inventory investment and consumption expenditures.

The Conference Board's **U.S. Consumer Confidence Index** increased by 8.2% in March, the strongest monthly gain since August 2015. The index rose to 125.6 during the month, which was 30.7% above the reading in March 2016 and was the highest level since December 2000. The monthly increase reflected improvement to consumers' assessment of current economic conditions and expectations of future economic and job circumstances. The difference in the percentage of people who think that jobs are plentiful minus the percent who think that jobs are hard to get grew from 7.0% to 12.2% during the month.

According to the U.S. Department of Commerce Bureau of Economic Analysis, the **U.S. Personal Consumption Expenditure Price Index (PCEPI)** increased 0.1% in February. The overall monthly increase was driven by a 0.2% increase in core inflation (all items less food and energy). The index's year-over-year growth increased to 2.1%, which is the highest annual rate since April 2012. Moreover, year-over-year growth now exceeds the Federal Reserve Bank's (Fed) 2.0% annual inflation target. The year-over-year growth rate has quickly accelerated from 1.3% in November to 2.1% in February. If inflation continues to rise above the 2.0% target in coming months, the Fed may face challenges in choosing how quickly to raise interest rates.

Consumer prices, as measured by the **U.S. Consumer Price Index (CPI)**, increased 0.1% in February and 2.7% above February 2016 prices. Indexes for food, shelter, and recreation were primary contributors to the monthly increase, which was the smallest since July 2016. Ending a 5-month trend of increases, the gasoline index declined by (3.0)% for the month. Energy prices decreased (1.0)% while core inflation (all items less food and energy) increased 0.2% for the month.

The Conference Board's **U.S. Leading Economic Index** increased 0.6% in February to 126.2 and stands 3.1% above its February 2016 reading. Of the index's 10 components, 9 made positive contributions for the

month. Particularly strong contributors include the Institute of Supply Management (ISM) index for new orders, interest-rate spread and average weekly initial claims, the last of which reached a 44-year low in February. Stock prices and consumer expectations also made positive contributions. Building permits was the sole negative contributor to the index.

### ARIZONA

#### Housing

Single-family housing construction is increasing. Multi-family construction had previously peaked, but has recently started to increase again. Arizona's 12-month total of **single-family building permits** is 24,498, or 4.7% more than a year ago. The comparable single-family permit growth rate for the entire U.S. is 9.0%.

The 12-month total of multi-family building permits has started to increase again. Arizona's total of 10,750 **multi-family building permits** is 11.6% more than 2016. Nationwide multi-family permits are (12.1)% lower than 2016.

#### Employment

According to the latest employment report released by the Office of Economic Opportunity (OEO), the state added 27,100 net new **nonfarm jobs** in February compared to the prior month. This was more than the 10-year average net job gain for February of 22,300 jobs. Most of the month-over-month job gains came from the public state and local education sector (+15,300), as teachers and other employees returned from the winter recess.

Compared to the same month in the prior year, Arizona added 54,600 net new jobs in February. This represents a year-over-year job growth rate of 2.0%. The largest year-over-year job gains in February occurred in the following industries: Leisure and Hospitality (+14,000), Education and Health Services (+11,900), and Professional and Business Services (+11,000).

The state's regular **unemployment rate** increased from 5.0% in January to 5.1% in February. Compared to February last year, the jobless rate has declined by (0.4)%. The U.S. unemployment rate decreased from 4.8% to 4.7% in February.

In January, the **Average Weekly Hours** worked by individuals in Arizona's private sector was 34.4 hours. This workload was (0.9)% below the level during the prior month. The monthly decrease lowered the year-over-year growth rate from 1.5% in January to 0.3% in February.

## Monthly Indicators (Continued)

The **Average Hourly Earnings** received by private sector workers was \$24.72, which is nearly the same as the average in the prior month. February earnings were 4.3% above the average in February 2016. Year-over-year growth has now been at or above 3.0% in each month since February 2016.

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. In the fourth quarter of 2016, Arizona personal income increased year-over-year by 4.6%, to \$284.3 billion. The year-over-year increase reflected strong wage growth of 5.2% and growth of 4.1% from all other sources of income.

The Office of Economic Opportunity (OEO) reported that 15,031 **initial claims for unemployment insurance** were filed in February, a decrease of (3.3)% compared to the same month last year.

According to OEO, the state had a total of 23,382 **claimants receiving unemployment insurance benefits** in February, a decrease of (6.3)% from January. This figure was (9.2)% below the February 2016 level, and represented the largest monthly year-over-year decrease in number of claimants receiving jobless benefits since April 2016.

**Revenue per available room** was \$104.32 in February, which was 5.8% above the amount in February 2016.

Compared to February 2016, the Phoenix Sky Harbor Airport **passenger count** decreased (1.4)% while **state park visitation** decreased (5.6)% in February. The year-over-year declines in these indicators may partly reflect one fewer day in February in 2017 compared to 2016.

### State Agency Data

At the beginning of April 2017, the total **AHCCCS** caseload was 1.87 million members. Since the federal health care expansion in January 2014, the overall AHCCCS population has grown by 611,500 members.

Total monthly enrollment was nearly flat in March, having increased by 100 members. The Traditional population of low income parents and children decreased (3,200), or (0.3)%, in March to a level of 1.10 million members. This drop was accompanied by an enrollment decrease of (500), or (0.3)%, in the Proposition 204 parent population. The recent decreases in these populations were likely driven by

seasonal variations in eligibility determinations. Enrollment growth in other populations offset the monthly decrease in Traditional and Proposition 204 low income parents and children.

Laws 2016, Chapter 112 reopened enrollment in the KidsCare program for children with family incomes above those in the Traditional population, beginning September 1, 2016. Following the enrollment freeze in January 2010, the KidsCare caseload had dropped to 500 members by August 2016. Through April 1, enrollment in the program reached 17,300, or 2,000 more than the prior month's enrollment.

In January 2014, the state started accepting new enrollment to the Proposition 204 childless adults program. In March 2016, the childless adult population increased by 800, or 0.3%. At 317,200, this population is 2.6% higher than a year ago.

The state also opted to expand adult Medicaid coverage to 133% of FPL. Their enrollment increased by 600 in March and now totals 82,000 individuals. Enrollment is (4.8)% lower than a year ago. The share of this population's cost that is funded by the federal government decreased from 100% to 95% in January.

There were 17,800 **TANF recipients** in the state in March, representing a (2.9)% monthly caseload decrease from February. The year-over-year number of TANF recipients has declined by (13.1)%. The statutory lifetime limit on cash assistance is 12 months.

The **Supplemental Nutrition Assistance Program (SNAP)**, formerly known as Food Stamps, provides assistance to low-income households to purchase food. In March, 924,673 people received food stamp assistance in the state, representing a (0.2)% decrease over February caseloads. Compared to March caseloads last year, the level of food stamp participation has declined by (3.5)%.

The **inmate population** was 42,349 as of March 31, 2017. This is a (1.0)% decrease since last March. The population increased by 0.3% since February 2017.

Based on information the Department of Child Safety provided for February 2017, **reports of child maltreatment** totaled 47,633 over the last 12 months, a decrease of (6.0)% over the prior year. There were 17,174 **children in out-of-home care** as of January 2017, or (8.9)% less than in January 2016. Compared to the prior month, the number of out-of-home children increased by 0.1%.

Table 6

## 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>				
<i>Employment</i>				
- Regular Unemployment Rate	February	5.1%	0.1%	(0.4)%
- Total Unemployment Rate (discouraged/underemployed)	4 <sup>th</sup> Q 2016	10.8%	(0.1)%	(2.0)%
- Initial Unemployment Insurance Claims	February	15,031	(22.8)%	(3.3)%
- Unemployment Insurance Recipients	February	23,382	(6.3)%	(9.2)%
- Non-Farm Employment - Total	February	2,747,000	1.0%	2.0%
Manufacturing	February	162,700	0.8%	1.6%
Construction	February	133,200	0.2%	1.8%
- Average Weekly Hours, Private Sector	February	34.4	(0.9)%	0.3%
- Average Hourly Earnings, Private Sector	February	\$24.72	0.0%	4.3%
<i>Sales</i>				
- Retail Taxable Sales				
Motor Vehicles/Misc. Auto	February	\$952.9 million	(12.6)%	5.8%
Furniture/Home Furnishings	February	\$331.7 million	(27.7)%	3.1%
Building Material/Lawn & Garden	February	\$379.8 million	(1.9)%	11.4%
<i>Building</i>				
- Residential Building Permits (12-month avg)				
Single-family	February	24,498	0.5%	4.7%
Multi-family	February	10,750	(2.0)%	11.6%
- Maricopa County/Other, Home Sales (ARMLS)				
Single-Family (Pending Sales)	February	6,629	24.7%	3.8%
- Maricopa County/Other, Median Home Price (ARMLS)				
Single-Family (Pending Sales)	February	\$245,900	2.5%	7.0%
- Phoenix S&P/C Home Price Index (2000 = 100)	January	164.72	0.0%	5.1%
- Maricopa Pending Foreclosures	February	3,187	(0.6)%	(23.3)%
- Greater Phoenix Total Housing Inventory, (ARMLS)	February	24,762	1.7%	(9.6)%
<i>Tourism</i>				
- Phoenix Sky Harbor Air Passengers	February	3,353,388	(4.0)%	(1.4)%
- National Park Visitors	December	646,020	(17.0)%	7.5%
- State Park Visitors	February	256,236	32.2%	(5.6)%
- Revenue Per Available Hotel Room	February	\$104.32	35.2%	5.8%
<i>General Measures</i>				
- Arizona Consumer Confidence Index (1985 = 100)	4 <sup>th</sup> Q 2016	91.7	3.7%	12.9%
- Arizona Coincident Index (July 1992 = 100)	January	265.48	0.1%	4.7%
- Arizona Leading Index -- 6 month projected growth	December	3.6%	(0.1)%	0.0%
- Arizona Personal Income	4 <sup>th</sup> Q 2016	\$284.3 billion	0.9%	4.6%
- Arizona Population	July 2016	6,931,071	N/A	1.7%
- State Debt Rating				
Standards & Poor's/Moody's	May	AA / Aa2	N/A	N/A
Outlook	May	Stable	N/A	N/A
<i>Agency Measures</i>				
- AHCCCS Recipients	April 1 <sup>st</sup>	1,869,611	0.0%	4.0%
Acute Care Traditional		1,100,599	(0.3)%	5.7%
Prop 204 Childless Adults		317,249	0.3%	2.6%
Other Prop 204		172,263	(0.3)%	(7.4)%
Adult Expansion		82,017	0.7%	(4.8)%
Kids Care I		17,271	13.4%	NA%
Long-Term Care – Elderly & DD		59,329	0.6%	2.7%
Emergency Services		120,883	0.0%	4.3%
- Department of Child Safety (DCS)				
Annual Reports of Child Maltreatment (12-month total)	February	47,633	(0.7)%	(6.0)%
DCS Out-of-Home Children	January	17,174	0.1%	(8.9)%
Filled Caseworkers (1406 Budgeted)	March	1,354	10	74
- ADC Inmate Growth	March	42,349	0.3%	(1.0)%
- Department of Economic Security				
- TANF Recipients	March	17,800	(2.9)%	(13.1)%
- SNAP (Food Stamps) Recipients	March	924,673	(0.2)%	(3.5)%
- Judiciary Probation Caseload				
Non-Maricopa	February	19,078	98	469
Maricopa County	February	28,049	97	532
<b>United States</b>				
- Gross Domestic Product	4 <sup>th</sup> Q, 2016	\$16.8 trillion	2.0%	2.1%
(Chained 2009 dollars, SAAR)	(3 <sup>rd</sup> Estimate)			
- Consumer Confidence Index (1985 = 100)	March	125.6	8.2%	30.7%
- Leading Indicators Index (2010 = 100)	February	126.2	0.6%	3.1%
- Consumer Price Index, SA (1982-84 = 100)	February	244.5	0.6%	2.7%
- Personal Consumption Price Index (2009 = 100)	February	112.2	0.1%	2.1%

## JLBC Meeting

At its March 29, 2017 meeting, the Joint Legislative Budget Committee considered the following issues:

**Arizona Health Care Cost Containment System – Review of Behavioral Health Capitation Rate Changes** – The Committee gave a favorable review of the proposed changes to behavioral health capitation rates for plan year (CYE) 2017.

**Department of Child Safety – Review of FY 2017 Second Quarter Benchmarks** – The Committee gave a favorable review of the report assessing DCS's progress towards meeting benchmarks for the number of caseworkers, the number of backlog and open reports, and the number of children in out-of-home care.

**Department of Child Safety – Review of FY 2017 Fourth Quarter Funding for New Case Aides and Overtime** – The Committee gave a favorable review of \$765,200 for new case aides and \$2,092,500 for overtime in FY 2017 for fourth quarter funding.

**Department of Child Safety – Review of Alternative Use of Backlog Privatization Resources/Line Item Transfers** – The Committee gave a favorable review of the transfer of \$2,700,000 from the FY 2017 Backlog Privatization line item to the Out-of-Home Support Services line item, and \$1,700,000 from the Foster Care Placement line item to the Adoption Services line item.

**Department of Economic Security – Review of Development Disabilities Line Item Transfers** – The Committee gave a favorable review of the transfer of \$10,600,000 of General Fund and Federal Fund money from the Medicaid Home and Community Based Services line item to the DDD Operating Budget line item and \$6,500,000 to the Medicaid Case Management line item for a total transfer of \$17,100,000. The Committee added a provision requiring DES to seek a favorable review from the Committee prior to any further transfers.

**Northern Arizona University – Review of Expenditure and Performance Report of Nonprofit Biotechnology Research Appropriation** – The Committee gave a favorable review of the annual report from the Translational Genomics Research Institute on the use of \$3,000,000 in state funding appropriated to NAU for biomedical research.

**Arizona Department of Transportation – Review of Motor Vehicle Modernization (MvM) Project Annual Progress Report** – The Committee gave a favorable review of the annual progress report for the 5-year, \$56 million project approved in FY 2014 and designed to enhance the Motor Vehicle Division's vehicle registration, driver licensing, finance, partner licensing and contracting, and other customer and business services.

## JCCR Meeting

At its April 5, 2017 meeting, the Joint Committee on Capital Review considered the following issues:

**Northern Arizona University – Review of Student Housing Indirect Financing Project** – The Committee gave a favorable review of a \$58,790,000 project for Honors College student housing and academic and administrative spaces and utilities infrastructure at the Flagstaff campus. The project will be funded using indirect financing, including system revenue bonds. The Committee added standard university financing provisions.

**Arizona Game and Fish Department – Review of FY 2017 Building Renewal Allocation Plan** – The Committee gave a favorable review of \$104,100 from AGFD's FY 2017 Building Renewal Allocation Plan for a roofing replacement project at the Tucson Regional Office.

**Department of Juvenile Corrections – Review of 2017 Building Renewal Allocation Plan** – The Committee held this item for future consideration.

**Arizona Department of Administration – Consider Recommending FY 2017 Partial Rent Exemption** – The Committee recommended a partial rent exemption of \$(28,275) for the Department of Revenue and a corresponding rent payment of \$28,275 for the Attorney General, who will take over DOR space at 416 West Congress in Tucson.

## Summary of Recent Agency Reports

**Arizona Health Care Cost Containment System – Report on 340B Drug Program** – Pursuant to a provision in the FY 2017 Health Budget Reconciliation Bill (Laws 2016, Chapter 122), the Arizona Health Care Cost Containment System (AHCCCS) submitted a report on the feasibility of extending the state's 340B drug program reimbursement requirements to hospitals. The federal 340B program allows safety net hospitals and other providers to obtain certain outpatient drugs from manufacturers at a discount.

AHCCCS currently recoups 340B savings from non-hospital providers that participate in the 340B program by reimbursing them at the lesser of the discounted price or the actual price paid to the manufacturer. AHCCCS reports that recouping those 340B savings from participating hospitals would reduce General Fund costs of Medicaid by an estimated \$(2.7) million and \$(17.0) million in total funds annually. The report indicates that several hospitals independently estimated greater impacts, but that those findings could not be reconciled with the agency's findings.

Prior rate studies conducted for the agency have found that reducing hospital reimbursement below current levels may negatively impact access to care. While recouping 340B savings from participating hospitals would lower drug costs to the state, AHCCCS concluded that any savings would be offset with provider rate increases to ensure network adequacy for no net impact. (Jon Stall)

**Arizona Health Care Cost Containment System – Report on Third Party Liability Recoveries** – Pursuant to Laws 2015, Chapter 14 as amended by Laws 2016, Chapter 122, the Arizona Health Care Cost Containment System (AHCCCS) reported on its efforts to increase Third Party Liability (TPL) recoveries for behavioral health services.

AHCCCS is not financially liable for health care expenses incurred by AHCCCS enrollees if the enrollee has third party coverage, such as Medicare, commercial insurance, or an estate. The TPL program ensures that AHCCCS only reimburses expenses for which there is no other third party already liable. AHCCCS was expected to achieve savings associated with the TPL program after the transfer of behavioral health services from the Department of Health Services (DHS) to AHCCCS in FY 2017 due to AHCCCS' experience with overseeing the TPL program for Acute Care services.

AHCCCS reports that the following steps have been taken to increase TPL recoveries since the behavioral health transfer:

1. A full operational review of each Regional Behavioral Health Authority's (RBHA) TPL program in the summer of 2017. Each of the RBHAs has already contracted with TPL vendors used in the Acute Care program.
2. Reporting requirements on "post-payment" recoveries made by the RBHAs. Post-payment recoveries are claims for which AHCCCS has already made a payment, but later discovers a third party should have been responsible for paying the claim. AHCCCS reports that post-payment recoveries for behavioral health services increased from \$0 in FY 2014 to \$220,000 from May 2016 to December 2016.
3. Allowing RBHAs to use AHCCCS' Credit Balance Audit Recovery program. This program audits claims submitted by high-volume providers to ensure no overpayments were made.
4. Increasing "cost avoidance." Cost avoidance involves prospectively identifying whether AHCCCS members have Medicare or commercial insurance coverage. AHCCCS is now directly reporting Medicare and commercial insurance coverage data to the RBHAs for each enrollee. As a result, cost avoidance for the RBHAs increased from \$(16.7) million in FY 2014 to \$(88.3) million in FY 2016. These savings are included in capitation rates. (Patrick Moran)

**AHCCCS, DES, & DCS – Report on Preliminary Actuarial Estimates for FY 2018 Capitation Rate Changes** – Pursuant to FY 2017 General Appropriation Act footnotes, the Arizona Health Care Cost Containment System (AHCCCS) has submitted a report on preliminary Medicaid capitation rate increases for contract year (CYE) 2018. Their submission includes information for AHCCCS, the Department of Economic Security (DES), and the Department of Child Safety (DCS).

In their report, AHCCCS provided information on components of potential CYE 2018 capitation rate changes. The report listed few specific preliminary capitation rate adjustment amounts and no overall growth projection. Potential changes include:

- Increases based on medical expense and utilization trends. AHCCCS' actuaries have observed growth in brand-name drugs exceeding 10% in recent years. The agency's actuaries will continue to analyze trends through the summer of 2017.
- Modifications to rate differentials for hospitals and nursing facilities that meet requirements under a value-based performance program. In the long run, AHCCCS expects that the rate differential

## Summary of Recent Agency Reports (Continued)

program will incentivize provider behavior that reduces capitation rate growth.

- Annualization of mid-year rate increases for the long term care program to reimburse providers for added costs of increasing the state minimum wage to \$10.00 on January 1, 2017 under Proposition 206. AHCCCS has not yet submitted CYE 2017 capitation rates for these adjustments for the long term care program.
- Annualization of a mid-year rate increase for inpatient care provided to children with a severe illness. The mid-year increase previously received a favorable review at the JLBC meeting held on September 21, 2016.
- Potential capitation adjustments for implementation of stakeholder recommendations on care for individuals in foster care, with autism spectrum disorder, or with substance addiction.

(Jon Stall)

**Attorney General – Quarterly Report on Internet Crimes Against Children Enforcement Fund Expenditures** – A.R.S. § 41-199 requires the Attorney General (AG) to report quarterly on expenditures from the Internet Crimes Against Children (ICAC) Enforcement Fund and progress made towards ICAC goals. The ICAC Enforcement Fund was created in FY 2015 with an annual deposit of \$900,000 in revenues from lottery games that are sold from a vending machine in age-restricted areas. Monies in the fund are utilized to support the ICAC Task Force housed within the Phoenix Police Department which works with federal, state, and local law enforcement to investigate technology-facilitated sexual exploitation of children.

Through the third quarter of FY 2017, a total of \$121,800 in lottery revenues were deposited into the ICAC Enforcement Fund. Additionally, a total of \$422,900 was expended in the third quarter of FY 2017 to help pay for 4 new positions and other operating costs of the ICAC Task Force. These expenditures are in addition to \$21,800 expended in the second quarter, bringing total FY 2017 expenditures to \$444,700.

As reported by the AG, the FY 2017 expenditure plan for the ICAC Enforcement Fund allocates monies to the hiring of 4 new positions within the Phoenix Police Department; one-time equipment costs of the task force including computers, unmarked vehicles, educational materials, monitors, cameras, software, hardware, a forensic van, and a crime scene van; annual equipment costs including computers, software, and hardware; and law enforcement training.

As of December 31, 2016, the ICAC Enforcement Fund had a balance of \$1.8 million. (Eric Billings)

**Attorney General – Quarterly Reports on Legal Settlements** – Statute requires the Attorney General (AG) to report quarterly to the JLBC on the receipts to and disbursements from the Antitrust Enforcement Revolving Fund, the Consumer Protection - Consumer Fraud (CPCF) Revolving Fund and the Consumer Restitution and Remediation Revolving Fund (including its 2 subaccounts), as well as deposits made to the General Fund.

In the third quarter of FY 2017, the AG deposited a total of \$7.6 million into various consumer accounts. Of that amount, \$415,700 was deposited into the Antitrust Enforcement Revolving Fund, \$3.5 million into the CPCF Revolving Fund, \$3.2 million into the Consumer Restitution Subaccount, and \$520,900 into the Consumer Remediation Subaccount. No monies were deposited into the General Fund this quarter. Only the \$520,900 deposit to the Consumer Remediation Subaccount requires JLBC review prior to expenditure.

**Deposits to the Antitrust Enforcement Revolving Fund**  
The AG deposited \$415,700 in the third quarter of FY 2017 to the appropriated Antitrust Enforcement Revolving Fund to pay for antitrust enforcement expenses undertaken by the AG. The amount was derived from a settlement with Infineon Technologies regarding allegations that the computer chip maker engaged in anti-competitive conduct and price fixing.

**Deposits to the CPCF Revolving Fund**  
The AG deposited \$3.5 million in the third quarter of FY 2017 to the appropriated CPCF Revolving Fund, which may be used for any purpose permitted by statute. Of that amount, \$2.0 million was a settlement with Moody's Corporation, \$568,200 was from a settlement with Bristol-Myers Squibb Company, \$555,800 was from a settlement with Hyundai Motor Company and Kia Motors, and \$350,900 was derived from settlements under \$250,000 in value and interest income.

**Moody's**  
Arizona along with 20 other states and the District of Columbia sued Moody's alleging the company misrepresented the credit-worthiness of mortgage-backed securities and collateralized debt obligations during the great recession. In January, Moody's reached a settlement with the plaintiffs in which Arizona received a total of \$12.7 million of which \$2.0 million was deposited into CPCF Revolving Fund for attorneys' fees, \$2.5 million was deposited into the Consumer Restitution Subaccount for restitution to victims, and the remaining

## Summary of Recent Agency Reports (Continued)

\$8.2 million was allocated to a separate holding account. (See *Deposits to the Consumer Restitution Subaccount below for more information.*)

### *Bristol-Myers Squibb*

The AG along with 41 other states and the District of Columbia filed suit against Bristol-Myers Squibb alleging that the company had promoted their antipsychotic drug Abilify for off-label uses not approved by the Food and Drug Administration. As part of the settlement, Bristol-Myers Squibb agreed to restrictions on their marketing of Abilify and to limitations on the financial incentives they can offer to sales representatives and health care providers. Of the \$19.5 million settlement, the Attorney General received \$568,200 which was deposited into the CPCF Revolving Fund.

### *Hyundai Motor and Kia Motors*

Arizona, the District of Columbia, and 32 other states sued Hyundai Motor and Kia Motors companies for alleged misrepresentation of the mileage and fuel economy ratings for some of their model year 2011, 2012, and 2013 vehicles. The plaintiffs alleged that the companies misrepresented mileage estimates to consumers in a variety of deceptive or false advertisements, promotional campaigns, and on window stickers of cars. As a result of the settlement, Arizona received a total of \$1,055,800, of which \$555,800 was deposited into the CPCF Revolving Fund and the remaining \$500,000 was deposited into the Consumer Remediation Subaccount. (See *Deposits to the Consumer Remediation Subaccount below for more information.*)

### Deposits to the Consumer Restitution Subaccount

The AG deposited \$3.2 million in the third quarter of FY 2017 to the non-appropriated Consumer Restitution Subaccount to compensate specific entities for economic loss resulting from consumer fraud. Of that amount, \$2.5 million was from the Moody's settlement, \$650,000 was from the Diamond Resorts Corporation

settlement (see *below*), and \$77,100 came from small legal settlements under \$250,000 in value and interest income.

### *Diamond Resorts Corporation*

The AG filed suit against Diamond Resorts Corporation alleging that the company had made false statements and misrepresentations of its timeshares to potential customers. In December 2016, the AG reached a settlement with the company in which the state received a total of \$800,000 of which, \$650,000 was deposited into the Consumer Restitution Subaccount and \$150,000 was deposited into the CPCF Revolving Fund.

### Deposits to the Consumer Remediation Subaccount

The AG deposited \$520,900 in the third quarter of FY 2017 to the partially-appropriated Consumer Remediation Subaccount to rectify violations of consumer protection laws. Of that amount \$500,000 was a settlement with the Hyundai Motor Company and Kia Motors and the remaining \$20,900 was interest income on the fund balance. An expenditure plan must be reviewed by the JLBC before any funds are spent from this account. Those reviews have not yet occurred. (Eric Billings)

### **Department of Child Safety – Monthly Report on Hiring –**

Pursuant to a FY 2017 General Appropriation Act footnote, the Department of Child Safety (DCS) reported on its progress in hiring and retaining child safety staff through March 2017. (See *Table 7 below.*)

The number of direct line child safety staff (caseworkers, caseworkers in training, caseworkers awaiting training and hotline staff) was 1,354 in March, or (52) fewer staff than the number of funded positions. Most of the difference between funded positions and filled positions was driven by lower-than-budgeted staffing of caseworkers, which was partly offset by higher-than-budgeted staff in training. Total direct line staff increased by 10 since February.

**Table 7**

**DCS Filled FTE Positions as of March 2017**

	<u>Funded</u>	<u>March</u>	<u>Difference</u>
Caseworkers	1,190	1,069	(121)
Hotline Staff	76	69	(7)
Staff in Training	<u>140</u>	<u>216</u>	<u>76</u>
<i>Subtotal - Direct Line</i>	1,406	1,354	(52)
<i>Subtotal - Non-Direct Line Staff</i>	<u>1,511</u>	<u>1,404</u>	<u>(107)</u>
<b>Grand Total <sup>1/</sup></b>	<b>2,917</b>	<b>2,758</b>	<b>(159)</b>

<sup>1/</sup> Excludes 276.2 Attorney General Staff.

## Summary of Recent Agency Reports (Continued)

There were also 1,404 non-direct line child safety staff in March 2017, or (107) fewer staff than the funded staffing level. The budgeted staffing level is 1,511 excluding Attorney General positions. Total non-direct line positions increased by 12 since February. (Patrick Moran)

**Arizona Community Colleges – Report on STEM and Workforce Programs** – Pursuant to A.R.S. § 15-1464H, the Arizona Community College Coordinating Council (ACCCC) recently reported on each Community College District’s science, technology, engineering and mathematics (STEM) and workforce programs plan activities for FY 2015 and FY 2016.

In FY 2015 and FY 2016, Arizona Community Colleges received a total of \$13,205,500 from the state for STEM and workforce programs. The monies were distributed based on each district’s share of the total statewide Full-Time Student Equivalent (FTSE) enrollment. However, the FY 2016 Higher Education BRB eliminated STEM and Workforce aid for Maricopa and Pima counties, and limited funding for Pinal County to \$96,500.

The ACCCC report describes the activities supported by the appropriation in each district and provides a breakout of expenditures. The STEM and Workforce Program aid is required to be used for the following purposes:

- Partnerships with business and educational institutions.
- Additional faculty for improved and expanded classroom instruction and course offerings.
- Technology, equipment and technology infrastructure for the advanced teaching and learning in classrooms or laboratories.
- Student services such as assessment, advisement and counseling for new and expanded job opportunities.
- The purchase, lease or lease-purchase of real property, for construction, remodeling or repair of buildings or facilities on real property. (Geoffrey Paulsen)

**County Treasurers’ Report – Report on the Government Property Lease Excise Tax** – Laws 2015, Chapter 10, Section 8 requires each county treasurer to report to the Joint Legislative Budget Committee (JLBC) by February 15 of each year the amount of Government Property Lease Excise Tax (GPLET) collected in the preceding calendar year.

GPLET was enacted in 1996 (Laws 1996, Chapter 349) to allow cities, towns, counties and county stadium districts (“government lessors”) to lease property that they own to private parties (“prime lessees”) for commercial, residential rental, or industrial purposes for at least 30 days.

Because the Arizona Constitution exempts federal, state, county, and municipal property from taxation, government lessors do not have to pay any property taxes. Instead, the prime lessees are required to pay a GPLET on the building (“government property improvement”) that they lease from the government lessor. Unlike the property tax, GPLET is based on factors other than a property’s assessed value, such as a building’s square footage and usage.

Table 8 below shows the reported GPLET collections by county in Calendar Year (CY) 2016.

<u>County</u>	<u>Total GPLET Collections</u>
Apache	\$ 38,765
Cochise	0
Coconino	935,877
Gila	0
Graham	0
Greenlee	0
La Paz	0
Maricopa	8,284,278
Mohave	0
Navajo	8,528
Pima	203,088
Pinal	21,623
Santa Cruz	0
Yavapai	0
Yuma	0
Statewide Total	\$9,492,158

As shown in the table, statewide GPLET collections totaled \$9.5 million in CY 2016, which represented an increase of 8.1% over the prior year. Eighty-seven percent of statewide GPLET revenue was collected in Maricopa County. Several counties, including Cochise, Gila, Graham, Greenlee, La Paz, Mohave, Santa Cruz, Yavapai and Yuma, reported that no GPLET revenue was collected in CY 2016. (Hans Olofsson)

## March Spending

March 2017 General Fund spending was \$658.5 million, which represents an increase of \$71.5 million above March 2016. (See *Tables 9 & 10*). Year-to-date, General Fund spending is \$7.58 billion, or \$86.7 million above the prior year.

The spending information originally provided to the JLBC Staff by the General Accounting Office (GAO) included \$80 million of General Fund expenditures related to the Public School Credit Enhancement Program established by Laws 2016, Chapter 129 (FY 2017 Credit Enhancement Budget Reconciliation Bill).

Under the legislation, it was intended that the Treasurer invest \$80 million of the state's operating fund in "Program Funding Obligations" issued by the Credit Enhancement Eligibility Board which operates the program. This \$80 million, when combined with other prior funding amounts, are deposited into the Arizona Public School Credit Enhancement Fund to serve as collateral for school debt issuances.

Because the \$80 million amount was not a General Fund appropriation, it has been excluded from the figures displayed in *Table 9* and *Table 10*.

	<b>General Fund Spending (\$ in Millions)</b>			
	<u>March 17</u>	<u>Change From March 16</u>	<u>Year-to-Date</u>	<u>YTD Change from FY 16</u>
<b>Agency</b>				
AHCCCS	191.0	68.9	1,358.1	379.4
Corrections	89.3	(1.0)	780.3	(0.8)
Child Safety	11.7	(30.3)	280.2	(32.8)
Economic Security	3.7	(2.2)	490.4	60.7
Education	248.7	13.3	3,279.5	126.6
Health Services	6.8	(10.0)	64.9	(496.4)
Public Safety	14.8	12.4	79.7	20.5
School Facilities Board	0.5	0.4	213.4	27.4
Universities	54.7	17.9	504.6	(43.5)
Leaseback Debt Service	0.0	0.0	84.1	0.0
Other	<u>37.3</u>	<u>2.1</u>	<u>448.3</u>	<u>45.6</u>
<b>Total</b>	<b>658.5</b>	<b>71.5</b>	<b>7,583.5</b>	<b>86.7</b>

<b>General Fund Spending</b>				
<b>(\$ in Thousands)</b>				
<b>Agency</b>	<b>March 17</b>	<b>Change from March 16</b>	<b>Year-to-Date</b>	<b>YTD Change from FY 16</b>
Dept. of Admin./Automation Projects Fund	828.9	(430.3)	28,174.2	9,236.0
ADOA – Sale/Leaseback Debt Service	-	-	84,117.4	2.8
Office of Administrative Hearings	35.7	(0.6)	624.3	11.7
Commission of African-American Affairs	5.9	(6.2)	91.8	(1.4)
Department of Agriculture	514.0	(368.8)	6,598.6	462.5
AHCCCS	190,978.7	68,864.4	1,358,059.1	379,394.7
Attorney General	2,341.2	(55.1)	17,355.9	301.2
State Board of Charter Schools	102.1	(10.9)	759.0	(70.9)
Department of Child Safety	11,680.2	(30,300.4)	280,156.6	(32,828.4)
AZ Commerce Authority	1,791.7	(416.6)	16,231.2	(3,868.5)
Community Colleges	239.3	(18.3)	40,642.9	1,707.3
Corporation Commission	60.6	(90.2)	671.9	232.9
Department of Corrections	89,345.7	(1,045.9)	780,339.3	(765.3)
County Funding	-	-	14,000.5	8,000.0
AZ State Schools for the Deaf & Blind	1,425.1	479.1	17,775.5	(1,348.7)
Office of Economic Opportunity	11.7	11.7	11.7	11.7
Department of Economic Security	3,713.3	(2,150.6)	490,442.3	60,743.7
State Board of Education	80.7	(83.0)	691.0	(215.7)
Department of Education	248,703.9	13,295.6	3,279,530.9	126,576.6
DEMA	475.7	68.0	6,082.8	(46.1)
DEQ – WQARF	-	-	2,823.6	(4,176.4)
Office of Equal Opportunity	-	(7.9)	133.9	0.2
State Board of Equalization	32.9	(3.0)	441.3	24.9
Board of Executive Clemency	75.9	(11.4)	579.1	(133.5)
Department of Financial Institutions	281.3	41.1	2,140.9	(89.7)
Department of Fire, Bldg and Life Safety	-	(157.7)	(2.4)	(1,625.5)
Department of Forestry and Fire Management	525.4	117.9	4,910.5	963.1
Department of Gaming	-	-	1,854.5	60.1
Arizona Geological Survey	-	(53.5)	-	(738.7)
Governor/OSPB	960.6	(395.4)	7,143.5	(538.5)
Department of Health Services	6,774.5	(9,992.8)	64,870.0	(496,419.2)
Arizona Historical Society	147.1	(21.6)	2,344.1	(90.0)
Prescott Historical Society of AZ	91.5	(20.9)	617.8	(82.5)
Department of Housing	68.8	68.8	649.7	649.7
Independent Redistricting Comm.	95.5	(131.1)	854.0	(527.5)
Department of Insurance	548.9	108.7	3,781.0	22.0
Judiciary				
Supreme/Superior Court	11,548.9	1,503.6	70,643.7	4,046.0
Court of Appeals	1,597.9	219.0	10,586.5	9.9
Department of Juvenile Corrections	2,318.1	(576.4)	16,806.9	(3,048.2)

**Table 10 (Continued)**

<b>Agency</b>	<b>March 17</b>	<b>Change from March 16</b>	<b>Year-to-Date</b>	<b>YTD Change from FY 16</b>
State Land Department	909.9	(56.1)	7,675.4	(363.9)
Legislature				
Auditor General	990.5	(540.2)	13,812.4	(794.5)
House of Representatives	1,608.5	20.6	10,202.7	(515.6)
Joint Legislative Budget Comm.	247.9	5.0	1,756.7	(2.8)
Legislative Council	625.6	47.1	5,210.7	382.8
Senate	1,089.8	81.6	6,807.6	822.1
Mine Inspector	129.9	10.3	864.7	2.1
Nav. Streams & Adjudication	8.8	(0.5)	95.4	6.3
Occupational Safety and Health Review	-	-	-	(2.5)
Arizona State Parks Board	-	-	-	(277.8)
Phoenix Convention Center	-	-	20,449.0	-
Comm. for Postsecondary Ed.	-	-	1,392.0	(4.8)
Department of Public Safety	14,799.9	12,403.6	79,749.3	20,547.6
Public Safety Personnel Retirement System	-	-	6,000.0	-
Radiation Regulatory Agency	-	-	1,228.0	37.7
Real Estate Department	219.4	(19.3)	1,920.0	17.8
Department of Revenue	2,415.4	3,652.6	22,137.7	(4,109.2)
School Facilities Board	521.6	401.8	213,449.8	27,437.7
Secretary of State	1,000.5	(569.4)	20,719.5	10,113.6
Tax Appeals Board	9.2	(8.6)	195.9	(2.2)
Office of Tourism	-	-	6,187.2	(212.1)
Department of Transportation	0.2	(6.9)	38.0	30.9
Governor's Office on Tribal Relations	0.5	(8.9)	34.6	3.2
Universities				
Board of Regents	292.1	195.2	14,777.7	(4,397.7)
Arizona State University	24,676.2	7,995.6	222,085.8	(18,117.7)
Northern Arizona University	8,466.5	2,514.6	75,907.9	(7,154.0)
University of Arizona	21,311.5	7,231.3	191,803.9	(13,848.3)
Department of Veteran Services	686.9	(76.9)	4,375.8	208.1
Department of Water Resources	1,101.2	(146.8)	7,885.4	(295.8)
Water Infrastructure Finance Authority	-	-	500.0	500.0
Department of Weights & Measures	-	(10.9)	0.8	(830.9)
Other - State Treasurer/JP Salaries	4.4	(92.4)	762.0	(152.5)
Other - ADOT Capital (Navajo Nation Projects)	-	-	1,500.0	1,500.0
Other - ADOT Capital (Local HURF Distribution)	-	-	30,000.0	30,000.0
Other	-	-	457.9	321.1
<b>Total</b>	<b>658,518.3</b>	<b>71,452.0</b>	<b>7,583,519.6</b>	<b>86,691.0</b>

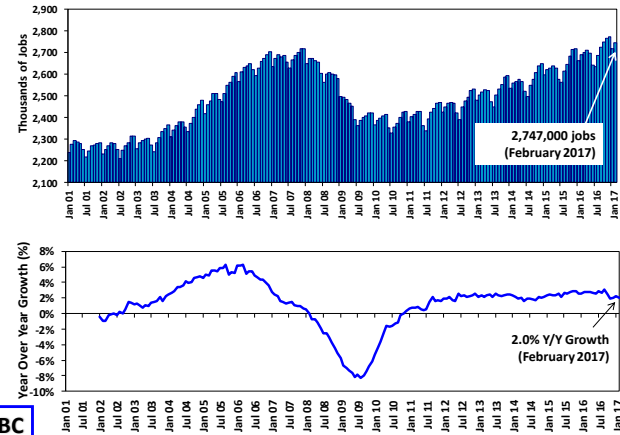
# Arizona Economic Trends

April 2017  
Appendix A

Page:

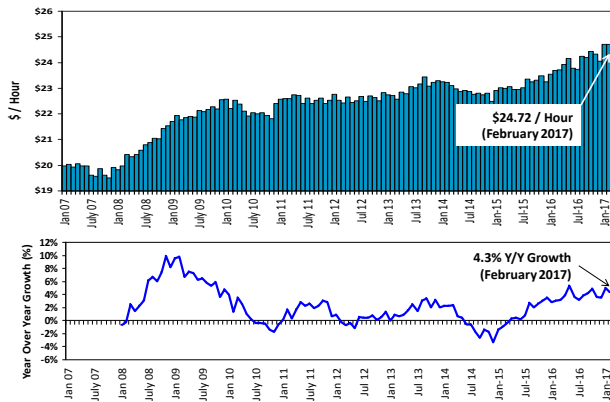
- 2.....Total Non-Farm Employment
- 3.....Average Hourly Earnings – Private Sector
- 4.....Initial Claims for Unemployment Insurance
- 5.....State Sales Tax Collections – Retail Category
- 6.....State Sales Tax Collections – Contracting Category
- 7.....Residential Building Permits

## Total Non-Farm Employment



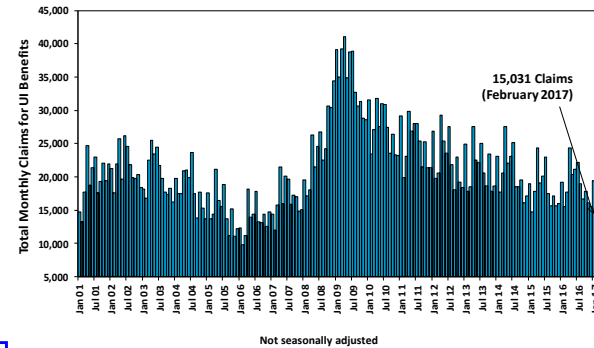
JLBC

## Average Hourly Earnings – Private Sector



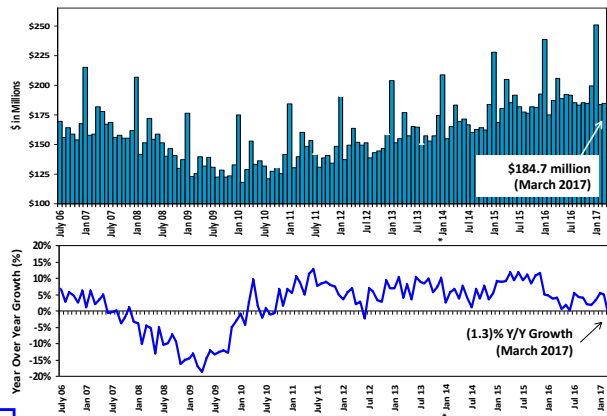
JLBC

## Initial Claims for Unemployment Insurance



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## State Sales Tax Collections – Retail Category



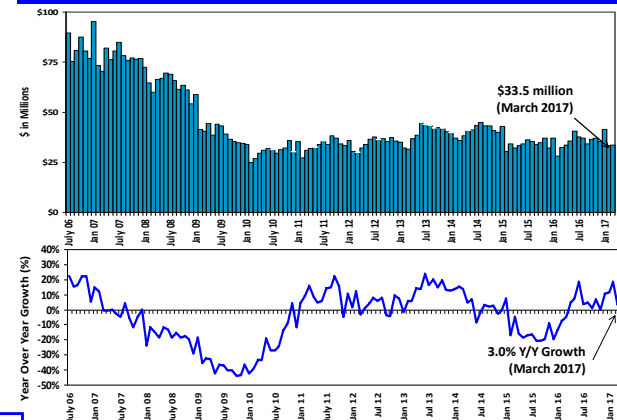
JLBC

Excludes temporary 1 c 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

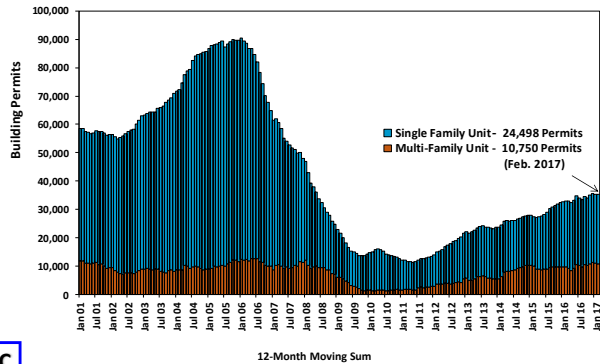


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Excludes temporary 1 c sales tax

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## Residential Building Permits



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12-Month Moving Sum

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