

FY08 Budget Cuts – County Impact

Arizona Criminal Justice Commission – The majority of the \$1 million agency reduction in FY08 will not impact counties. The cut includes a reduction of \$100,000, however, which had been dedicated to grants from ACJC to special prosecution programs. The total listed in the grant announcement when it was posted in March was \$994,200; with the FY08 reduction, the total will be \$894,200. This grant cycle is currently open and some counties that have already received money under the program may be asked to revert unused funds to the state general fund.

The DUI Abatement Fund is used to reimburse county sheriffs and other law enforcement agencies for DUI abatement activities, like DUI Task Force Patrols. Counties may apply for reimbursement from the Fund. The \$1,200,000 cut to the Fund will not affect reimbursements that have already been awarded, but the amount available for future reimbursements is decreased.

Arizona Geological Survey – The agency's \$60,000 lump sum reduction was anticipated and does not significantly impact their efforts this fiscal year. They do not plan to make any cuts to their efforts on the ongoing earth fissure mapping program, but have been required to scale down efforts on other hazards (such as the recent landslide on Highway 87 in Gila County).

Arizona Health Care Cost Containment System – Maricopa and Pima counties are required to cover an additional \$7 million of ALTCS growth. Maricopa covers \$5,500,800 of the state's portion of growth, while Pima covers \$1,526,000. The cost shift is effective for FY08 only and does not change the statutory formula.

Attorney General – The Prosecuting Attorney's Fund received a \$1 million cut, effectively emptying the Fund. Monies from the Fund are received from the Criminal Justice Enhancement Fund and go to the Arizona Prosecuting Attorneys Advisory Council (APAAC), which provides a number of services to Arizona counties (mostly on a by-request basis).

Although APAAC serves all the counties, it provides a majority of its services to small and medium counties. APAAC provides continuing legal education training to prosecutors, a requirement for these prosecutors to keep their licenses. Without APAAC, counties must find other sources for this training which could be more expensive. APAAC also provides technical assistance, additional equipment and litigation assistance (including legal research and funds for expert witnesses) to prosecution offices. These services will not need to be back-filled by counties but their absence may have a significant impact on the effectiveness of local prosecutions.

Department of Agriculture – \$600,000 was taken from vacancy savings (hiring freezes, *etc.*) that was held at the request of the Governor. There is no direct county impact, though several unfilled livestock officer positions may slow work between the Department, county sheriffs and attorneys to prosecute livestock abuse cases.

Department of Commerce – The FY08 cut repealed \$1 million of the \$2 million increase previously appropriated to the Greater Arizona Development Authority (GADA). The reduction will not impact ongoing infrastructure projects, but will result in diminished ability to adequately fund new projects in the future. GADA contained almost \$18 million at the end of FY07.

Department of Corrections – The FY08 budget cut \$1 million from the DOC portion of the Criminal Justice Enhancement Fund (CJEF-DOC), which is distributed to counties for use in both detention officer training and jail operations. This funding operates as a revolving fund; it does not carry a balance, and money that comes into the fund is distributed immediately.

CJEF-DOC is distributed according to the following formula:

- 25% distributed equally among the counties, primarily for personnel training (although this fund may also be used for jail facilities/operations)
- 25% distributed equally among the counties for jail facilities and operations
- 50% distributed according to the ratio of each county’s number of detention officers.

A rough projection of each county’s loss due to the \$1 million cut is below:

Apache	\$ 36,547
Cochise	\$ 41,510
Coconino	\$ 50,226
Gila	\$ 39,710
Graham	\$ 36,767
Greenlee	\$ 36,292
La Paz	\$ 38,374
Maricopa	\$ 325,151
Mohave	\$ 44,131
Navajo	\$ 41,473
Pima	\$ 90,665
Pinal	\$ 67,180
Santa Cruz	\$ 38,892
Yavapai	\$ 57,610
Yuma	\$ 55,473
	\$ 1,000,000

Department of Economic Security – The agency agreed with the \$12.5 million lump sum reduction for FY08 and feels that their services will not be dramatically impacted this fiscal year. Funding for county summer youth employment programs was not reduced in FY08, though the item remains on the discussion table in FY09 negotiations.

The Navajo multipurpose center, a court facility appropriated in the FY08 budget last year, was not cut in FY08. The Navajo Nation is scheduled to receive an additional appropriation in FY09, unless budget negotiations eliminate the previously-appropriated funding.

The budget changes removed unused funding from a summer youth employment account, as well as an account for a Hopi Center. These actions are technical; the funding was left over after previously-appropriated projects and/or programs were completed, so removing these funds does not negatively impact the items.

Summer youth employment funding is expected to be an option for FY09 budget cuts.

Department of Environmental Quality – The Recycling Fund was depleted by \$1 million in the FY08 budget, which could decrease efforts against illegal dumping and construction waste recycling in counties across the state.

More than \$28 million was cut from the Underground Storage Tank Fund, but DEQ is not concerned as applications to the Fund have slowed.

Department of Health Services – The agency's lump sum reduction of \$5 million will not impact counties and the DHS-related fund sweeps are, for the most part, not problematic for county interests. \$17 million was cut from an Intergovernmental Agreements Fund that has some connection to Women, Infant and Children (WIC) funding, but DHS does not believe the cut will have any immediate or significant impact to counties.

Health-related funding from the State Lottery Fund was cut, which will cause some reduction in funding for vaccines related to flu, HPV and rotavirus. Remaining vaccination funding will be focused on the shots that are required for school attendance.

In addition, DHS continues to evaluate the impact of a \$2 million cut from the Tobacco Tax and Health Care Fund's Health Education Account.

Department of Public Safety – The agency was prepared for the \$1.1 million reduction in their FY08 budget capacity due to a hiring freeze and cost-saving decisions made earlier in the fiscal year. The Highway Patrol Department received a \$42 million cut, but this was backfilled with an equal amount from the Statewide Transportation Accelerated Needs (STAN) Account (see the Department of Transportation summary for additional information).

Department of Racing – \$125,000 was swept from the County Fair Racing Fund, but the money will be taken from the balance of the Fund that is used for administrative costs so there will be no effect on the regulation of county racing. County Racing Grants were not impacted.

Department of Transportation – The agency's lump sum reduction of \$2,000 does not directly impact county operations; fewer vehicle inspectors will be hired and fewer miles will be paved in order to meet the mandated budget cuts.

The \$18.1 million cut from the State Aviation Fund does not impact FY08 funding, but may result in decreased funding to county-operated airports in future fiscal years.

\$42 million was removed from the Statewide Transportation Accelerated Needs (STAN) Account, which will impact STAN distributions. Maricopa County transportation projects receive 60% of the funding, Pima County projects receive 16%, and the remaining 24% is dedicated to transportation needs in the remainder of the state.

Game and Fish Department – Additional information on potential county impacts from Game and Fish Department fund sweeps has been requested.

Lottery – \$6 million was swept from the State Lottery Fund, but the fund shift occurred after counties received their County Assistance Fund distributions (counties receive a total of \$7,650,000 per year). This fund sweep will impact health-related lottery beneficiaries at the “end” of the lottery distribution chain (see the Department of Health Services summary for additional information).

The FY08 sweep did not impact statewide Local Transportation Assistance Fund (LTAF) projects or resources.

State Parks Department – The State Lake Improvement Fund was cut by \$4.1 million, which will impact the distribution of grants in future years. Additional information on county impacts will be provided by the Department.

State Land Department – The \$1.2 million agency reduction will cause a \$50,000 decrease in funding to Eastern Arizona County Environmental Grants through the State Forester. \$250,000 is set aside annually, and each of the five eastern Arizona counties can apply for funding; no counties have requested funding this year. The Department believes the item is a likely target in FY09, as well; the \$250,000 annual appropriation was reduced to \$125,000 during the last budget downturn.

Superior Court – The \$653,500 cut to the superior courts will be absorbed by the Administrative Office of the Courts and will not affect counties or superior court operations.

Supreme Court and Court of Appeals – The lump sum reductions do not impact counties. A combined \$3 million swept from the Judicial Collections Enhancement Fund (JCEF) and Supreme Court CJEF will impact the rollout of a new case management system planned by the Administrative Office of the Courts. The new system will be sent to the superior courts, but the cut will affect the system’s implementation in justice courts.

The cut may be counteracted if plans by the courts to increase filing fees and extend the time payment fees are implemented by the legislature in the FY09 budget.