ARIZONA

MONTHLY FISCAL HIGHLIGHTS

June 2005

Summary

Preliminary June General Fund revenue collections were $947.7 million, which was an increase of 11.4% from June 2004. June collections were $46.7 million above the recently enacted state budget forecast. Year to date, the preliminary estimates indicate General Fund revenue was $313.8 million above the forecast for FY 2005. Year-end book closing is still occurring and these preliminary numbers are subject to change.

For all of FY 2005, preliminary General Fund revenue collections totaled $7.94 billion, which was $1.25 billion, or 18.7%, more than FY 2004. This was the largest percentage increase in thirty years since General fund revenue increased 33.1% in FY 1975. All major taxes demonstrated considerable growth. Corporate income tax collections grew by 42.1%, while individual income tax revenues increased by 28.9%. Even the most stable of the major revenue categories, the sales tax, rose by 11.1%. A brisk real estate market, stock market capital gains, rising dividends and improved corporate and small business profitability are among the forces believed to be driving the robust revenue growth.

While General Fund revenues are running substantially ahead of forecast, this does not mean necessarily that there will be surplus revenues from the perspective of future budgets. The recent budget legislation assumed a FY 2005 ending balance of $329 million. Almost all of these monies were then projected to be spent in the FY 2006 budget. With the recent surge in revenues, the FY 2005 ending balance will likely be in the range of $600 million. The final number will depend on both year-end revenue and spending adjustments that are still being processed.

The extra FY 2005 revenues will carry over into the next fiscal year and could result in a FY 2006 ending balance of $250 million to $300 million. Revenue collections during the course of FY 2006 could also exceed the forecast, but those monies are already statutorily dedicated to the Budget Stabilization Fund.

In developing a FY 2007 General Fund budget, the State will first need to replace $345 million in one-time monies used to balance the FY 2006 budget. As a result, any FY 2006 "surplus" will first go for this purpose. As FY 2006 progresses, we will need to monitor revenue collections and possible supplementals so as to refine our FY 2007 estimates further.

(Continued)

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Summary (Continued)

The June Monthly Fiscal Highlights includes a summary of recent reports submitted to the JLBC, including:

- DOA's quarterly report on the state's newly privatized telecommunications program, known as AZNET. The report indicates that the AZNET Program is on schedule with 26% of the state's total of 39,900 users transitioned to the new network.
- The Arizona Health Care Cost Containment System's report on the number of businesses participating in Health Care Group. According to the report, total enrollment increased 30.4% from June 2004 to more than 14,600 members.
- An update on the Corporation Commission's initiative to reduce the amount of time to process filings in its Corporations Division. The time to process expedited filings fell from an average of 63 days on March 25th to 19 days on May 31st.

The JLBC and JCCR met on July 21st (see page 10). The highlights of the agenda included:

- An unfavorable review by the JLBC of the Department of Health Security's (DHS) behavioral health capitation rate adjustments. The unfavorable review was due to the cost of the proposed capitation rate adjustments, which is $15 million more than budgeted for FY 2006. The increase was due mostly to an adjustment made to the Maricopa County SMI rate in an attempt to satisfy the *Arnold v. Sarn* litigation.
- The JLBC received a background briefing on the Phoenix Medical Campus in advance of the statutorily required operational and capital plan that will be presented to the Committee on September 1. As part of this process, the Committee asked a series of questions to be addressed in the September 1 submittal. A joint subcommittee of the JLBC and JCCR will meet in mid-September to discuss the September 1 university plan and will report its findings to the full JLBC. A formal review of the plan as required by statute will occur at a full JLBC meeting in late September or early October.
- JCCR favorably reviewed a report submitted by the School Facilities Board on new school construction. SFB estimates that a total of 86 projects occurred in FY 2006, at a cost of approximately $386.5 million. An additional 21 projects are expected to start in FY 2007. Page 14 of the Monthly Fiscal Highlights delineates the number of projects by district.

JUNE REVENUES

Sales Tax revenue increased by 16.6% on a year-over-year basis in June and was $18.2 million above the forecast for the month. Year-to-date collections increased 11.1% from FY 2004. The following is based on year-to-date collections through June:

- Retail sales tax receipts have increased by 10.6%.
- Contracting continues to exhibit the large increases begun last year, with a year-to-date increase of 21.0%.
- Restaurants and bars collections are up 10.1%.
- Use tax receipts (all of which are retained by the state) are up 11.8%.

Individual Income Tax collections for June were 18.0% above last June, mostly due to continued extraordinary growth in final payments. The June results followed May's 60.3% growth over the prior year. The results may be attributable to a variety of factors, including a robust real estate market, rising stock prices and dividends, and increased small business profitability.

In other individual categories, withholding was up 8.2% and refunds were 19.0% higher than June 2004. Overall, June collections were $7.4 million over forecast.

In terms of total liability (withholding, payments, refunds), individual income tax collections increased 28.9% for the fiscal year to date.

Corporate Income Tax revenue of $97.4 million was 7.5% above June 2004 collections. Year-to-date corporate collections were 42.1% more than the previous year.

The General Fund portion of **Luxury Tax** collections for June was 30.1% greater than June 2004, raising the year-to-date increase to 5.1% for the fiscal year. The tobacco tax components increased by 4.4% in June from a year ago and year-to-date collections are also up 4.4%.

Among the remaining categories, **Insurance Premium Tax** collections also benefited from rapid economic growth, with an 8.2% year-over-year increase in June and a year-to-date gain of 16.1%. With the **Estate Tax** continuing to phase out, total collections declined (19.5)% for all of FY 2005.

Other Miscellaneous Revenue totaled $54.3 million in June, which was $22.5 million above the forecast for the month. Approximately $21.3 million of the variance was related to the Ladewig litigation settlement. Laws 2005, Chapter 333 provided that unclaimed Ladewig refund monies would revert to the General Fund.

Table 1

General Fund Revenues
Compared to Adopted Forecast and FY 2004 Collections ($ in Millions)

	FY 2005 Collections	Difference From May 2004 Forecast 1/	Difference From May 2005 Forecast 2/	Difference From FY 2004
June	$ 947.7	$ 86.9	$ 46.7	$ 97.0
Year-to Date	$ 7,943.7	$ 828.9	$ 313.8	$ 1,253.6

1/ Originally enacted FY 2005 budget (May 2004).
2/ May 2005 Enacted Budget.

State of Arizona
General Fund Revenue: Change from Previous Year and May Forecast
June 2005

	Current Month					FY 2005 YTD (Twelve Months)				
		Change From					Change from			
	Actual	June 2004		Revised Forecast		Actual	June 2004		Revised Forecast	
	June 2005	Amount	Percent	Amount	Percent	June 2005	Amount	Percent	Amount	Percent
Taxes										
Sales and Use	$333,513,707	$47,485,323	16.6 %	$18,209,910	5.8 %	$3,661,168,686	$366,380,367	11.1 %	$34,129,386	0.9 %
Income - Individual	282,542,199	43,058,184	18.0	7,375,533	2.7	2,973,579,101	667,402,761	28.9	232,381,801	8.5
- Corporate	97,403,525	6,833,217	7.5	(6,970,813)	(6.7)	701,859,285	207,814,416	42.1	10,440,385	1.5
Property	3,216,111	(6,287,319)	(66.2)	957,536	42.4	25,245,622	(14,342,088)	(36.2)	2,245,622	9.8
Luxury	6,551,309	1,517,483	30.1	1,061,426	19.3	64,446,073	3,145,055	5.1	(15,527)	(0.0)
Insurance Premium	65,022,643	4,947,511	8.2	1,891,927	3.0	358,753,827	49,785,906	16.1	1,891,927	0.5
Estate	1,302,368	(829,274)	(38.9)	(164,527)	(11.2)	31,236,066	(7,582,365)	(19.5)	(1,263,934)	(3.9)
Other Taxes	47,701	1,156	2.5	(149,761)	(75.8)	2,579,779	(201,770)	(7.3)	(201,720)	(7.3)
Sub-Total Taxes	$789,599,563	$96,726,281	14.0 %	$22,211,231	2.9 %	$7,818,868,439	$1,272,402,282	19.4 %	$279,607,940	3.7 %
Other Revenue										
Lottery	6,682,700	6,682,700	--	673,100	11.2	34,094,300	3,094,300	10.0	(443,700)	(1.3)
License, Fees and Permits	2,915,452	390,956	15.5	125,006	4.5	29,109,370	3,599,163	14.1	(231,730)	(0.8)
Interest	7,394,130	18,455,426	--	7,373,337	--	29,879,327	17,542,139	142.2	12,702,727	74.0
Sales and Services	3,587,673	(6,207,893)	(63.4)	(4,578,987)	(56.1)	43,168,531	(9,812,205)	(18.5)	(7,983,469)	(15.6)
Other Miscellaneous	34,287,900	24,592,323	253.6	25,809,795	304.4	54,303,596	5,324,635	10.9	22,449,396	70.5
Disproportionate Share	112,005,945	(15,111,693)	(11.9)	945	0.0	112,005,945	(20,736,880)	(15.6)	945	0.0
Transfers and Reimbursements	2,377,372	1,666,924	234.6	1,023,886	75.6	39,567,018	28,653,318	262.5	13,653,318	52.7
Sub-Total Other Revenue	169,251,172	30,468,743	22.0 %	30,427,082	21.9 %	342,128,087	27,664,470	8.8 %	40,147,487	13.3 %
TOTAL BASE REVENUE	**$958,850,735**	**$127,195,024**	**15.3 %**	**$52,638,313**	**5.8 %**	**$8,160,996,526**	**$1,300,066,752**	**18.9 %**	**$319,755,427**	**4.1 %**
One-Time Revenue										
Urban Revenue Sharing	(31,089,382)	(667,285)	2.2	1,620	(0.0)	(373,072,579)	(8,007,415)	2.2	1,620	(0.0)
Budget Balancing Transfers	19,700,000	(29,800,000)	(60.2)	0	0.0	35,234,500	(106,531,400)	(75.1)	0	0.0
VLT Transfer	174,718	174,718	--	0	0.0	118,000,000	118,000,000	--	0	0.0
Tax Amnesty	0	0	--	0	--	0	(47,123,527)	(100.0)	0	--
Judicial Enhancement	83,000	83,000	--	(5,920,400)	(98.6)	2,579,600	(2,809,700)	(52.1)	(5,920,400)	(69.7)
Sub-Total Transfers In	(11,131,664)	(30,209,567)	-- %	(5,918,780)	113.5 %	(217,258,479)	(46,472,042)	27.2 %	(5,918,780)	2.8 %
TOTAL REVENUE	**$947,719,071**	**$96,985,457**	**11.4 %**	**$46,719,533**	**5.2 %**	**$7,943,738,047**	**$1,253,594,710**	**18.7 %**	**$313,836,647**	**4.1 %**

VP% = Percent change from comparable period in prior year

VF% = Variance from forecast

F% = Forecast percent change for the fiscal year.

R% = Average percent change from comparable period in prior year which must be attained over remaining months to realize the forecast for year.

RECENT ECONOMIC INDICATORS

The "final" revised estimate for **U.S. Gross Domestic Product (GDP)** growth in 2005's first quarter was significantly stronger than earlier reports indicated. GDP advanced at a 3.8% annual rate, much stronger than the 3.1% growth rate estimated two months ago.

Another source of encouragement was the **U.S. Index of Leading Economic Indicators,** which jumped 0.9% in June. Seven of the ten components posted increases, led by consumer expectations, vendor performance, stock prices and building permits. However, the Conference Board's **Consumer Confidence Index** dipped (2.8)% in July, although it remained at a relatively high level. Consumers' outlook for the next six months was marginally less bullish and contributed to the decline in the index.

U.S. semiconductor billings (three-month moving average) dropped (0.2)% in May and stood 0.2% above the level from a year ago. According to the Semiconductor Industry Association, sales volume was holding up but a sharp drop in dynamic random access memory (DRAM) prices was a primary source of the decline in sales.

The **U.S. Consumer Price Index (CPI)** was unchanged in June as energy costs declined for the second consecutive month. The index's three-month moving average edged up 0.2% and was 2.9% higher than a year ago. Excluding food and fuel costs, the core CPI increased 2.0% on a year-over-year basis in June.

Arizona's job market continued to move forward. Statewide **non-farm employment** climbed 3.8% during the last 12 months, an increase of 89,400 jobs. Manufacturing added another 600 jobs in June, while construction employment was growing at an 11% annual rate. Meanwhile, the state's seasonally adjusted unemployment rate fell to 4.4%.

The Behavior Research Center's **Arizona Consumer Confidence Index** rose to 102.8 in third quarter 2005, a solid 5.5% improvement from the second quarter. The index posted increases across the board, although lingering pessimism about the job market kept the index from advancing even more.

Business leaders were not quite as confident. The University of Arizona's **Business Leaders Confidence Index (BLCI)** decreased (5.9)% in 2005's third quarter. While the BLCI remained above the 50 mark, which is associated with positive sentiment, expectations were rising for slower growth in the nation's economy in the months ahead.

The **Arizona Business Conditions Index**, derived from a statewide survey of supply-chain managers, increased 5.6% in June. At 66.3, the index stood well above the level (50) associated with a growing economy.

To track the strength of the real estate market more closely, we have added several new measure of the number of home sales and home prices. According to the Real Estate Center at Arizona State University, the **median price of a resale single-family home** in the Greater Phoenix area soared to a record $249,500 in June. Housing prices have risen by 43% in the last year. The number of homes sold increased to 11,545, which was (1.0)% below the record set in June 2004.

The number of TANF recipients decreased to 97,901 in May, a (1.5%) decline from April and a (14.8)% drop from May 2004. The **AHCCCS caseload** decreased in May. Enrollment was 0.2% or 1,763 less than April but stood 12.2% above the level from one year ago.

The **Department of Corrections' inmate population** increased by an average of 26 inmates per month from April through June. The total population increased by 751 inmates from a year ago.

Table 3

RECENT ECONOMIC INDICATORS

Indicator	Time Period	Current Value	Change From Prior Period	Change From Prior Year
Arizona				
- Unemployment Rate	June	4.4%	(0.4)%	(0.6)%
- Jobs	June	2.44 million	(1.2)%	3.8%
- Contracting Tax Receipts (3-month average)	Apr-Jun	$63.9 million	15.2%	26.9%
- Retail Sales Tax Receipts (3-month average)	Apr-Jun	$151.9 million	0.6%	10.7%
- Residential Building Permits - (3-month moving average)				
Single-unit	Mar-May	7,018	6.3%	0.9%
Multi-unit	Mar-May	1,035	(14.2)%	27.2%
- Greater Phoenix Existing Home Sales				
Single-Family	June	11,545	10.7%	(1.0)%
Townhouse/Condominium	June	2,125	4.2%	(14.2)%
- Greater Phoenix Median Home Sales Price				
Single-Family	June	$249,900	6.3%	42.8%
Townhouse/Condominium	June	$145,000	1.1%	14.0%
- Arizona Tourism Barometer	February	100.4	4.7%	2.8%
- Phoenix Sky Harbor Air Passengers	April	3.64 million	(4.1)%	9.0%
- Arizona Average Natural Gas Price ($ per thousand cubic feet)	April	$6.28	3.8%	21.7%
- Leading Indicators Index	April	119.7	(0.8)%	0.7%
- Business Conditions Index (>50 signifies expansion)	June	66.3	5.6%	1.4%
- Consumer Confidence Index	3rd Quarter 2005	102.8	5.5%	1.5%
- Business Leaders Confidence Index	3rd Quarter 2005	59.1	(5.9)%	(13.5)%
- Arizona Personal Income	1st Quarter 2005	$172.5 billion	1.4%	8.5%
- Arizona Population	July 1, 2004	5.74 million	3.0%	3.0%
- AHCCCS Recipients	May	814,378	(0.2)%	12.2%
- TANF Recipients	May	97,901	(1.5)%	(14.8)%
- DOC Inmate Growth (3-month average)	Apr-Jun	32,649	26 inmates	751 inmates
United States				
Gross Domestic Product - (seasonally adjusted annual growth rate)	1st Quarter 2005	$11.1 trillion	3.8%	3.7%
- Consumer Confidence Index	July	103.2	(2.8)%	(2.4)%
- Leading Indicators Index	June	137.7	0.9%	(0.2)%
- U.S. Semiconductor Billings -(3-month moving average)	Mar-May	$3.2 billion	(0.7)%	0.2%
- Consumer Price Index - (3-month moving average)	Apr-Jun	194.5	0.2%	2.9%

SUMMARY OF RECENT AGENCY REPORTS

Arizona Department of Administration/Government Information Technology Agency - Quarterly Report on AZNET Implementation - The Statewide Telecommunications Management Contract, signed by the Arizona Department of Administration (ADOA) in January 2005, created a statewide telecommunications program now known as the Arizona Network (AZNET). In December 2004, the Joint Committee on Capital Review gave the contract a favorable review and requested ADOA and the Government Information Technology Agency (GITA) to report quarterly on AZNET progress. ADOA and GITA have submitted the first of these quarterly updates.

The migration of state telecommunication users to the new contract is proceeding on schedule. As of July 1, the primary contractor had transitioned 10,454 users in 85 agencies, or 26% of the state's total 39,900 users, to the new network. These 10,454 users include all the customers of the former Arizona Telecommunications Service (ATS), which AZNET replaced in March 2005.

The primary contractor has scheduled the Arizona Health Care Cost Containment System, the Arizona Game and Fish Department, and the Departments of Environmental Quality, Health Services, and Revenue for migration to the new network in September. Furthermore, the primary contractor plans to transition the Department of Transportation in October and the Department of Economic Security in November. Upon completion of those changes, around 29,200 state telecommunication users will connect via AZNET.

While ADOA cancelled all contracts associated with ATS, it was able to do so without incurring cancellation charges. Meanwhile, 20 ADOA employees transitioned to the primary contractor, 4 moved to other state positions, and 4 left state service.

In FY 2004, the state spent an average of $2.8 million monthly on ATS services, consisting of $2.3 million for ATS operations and $0.5 million for carrier charges. Not all state agencies used ATS for their telecommunication needs. Based on 2 months of available information, the state is spending an average $1.0 million per month on the Statewide Telecommunications Management Contract, of which $0.7 million pays contractor service fees and $0.3 million pays carrier expenses. These total costs will rise as additional users join the network.

The primary contractor has begun reducing annual telecommunications carrier costs. The contractor continues to consolidate carrier services between large agencies, as well as reviewing new service orders to maximize sharing among departments.

Meanwhile, state agencies have purchased $1.0 million in new telecommunications capital equipment through the contract. These assets are replacing obsolete systems, outfitting new facilities, and upgrading call centers. A Demand Management Team, consisting of large agency Chief Information Officers and telecommunication managers, is evaluating telecommunications investment proposals.

State inventory records show that agencies had approximately 5,000 internet-based telephones prior to the commencement of AZNET. The Statewide Telecommunications Management Contract requires state agencies to install 22,000 new internet-based telephones over the 5-year contract term. ADOA has established a target of 3,000 phone installations by January 2006, with additional targets for each subsequent year. These installations will begin in fall 2005.

As required, the contractor delivered convergence, migration, security, and disaster recovery plans, now under review by ADOA. Furthermore, as of July 1, the contractor met all its guaranteed service levels.

Online billing took effect in June. Laws 2005, Chapter 301 requires ADOA to submit its initial telecommunications rate structure for Committee review. ADOA is working with agencies to develop a transitional pricing model that will hold each department's telecommunication costs relatively stable through FY 2007. This schedule should be ready for Committee review in early fall.

GITA generally concurs with ADOA on the status of AZNET. GITA adds that agencies have some concerns with telecommunication rates, especially regarding the costs of technician visits in rural areas.

AHCCCS - Semi-Annual Report on Healthcare Group - Pursuant to A.R.S. § 36-2912 AHCCCS is submitting its semi-annual report to the Committee on the number and types of businesses participating in Healthcare Group (HCG), including an update on Healthcare Group marketing activities. AHCCCS reports that, as of June 3, 2005, total statewide HCG enrollment was 14,626, an increase of 3,408 members, or 30.4%, from June 2004. The vast majority of the enrolled members come from 5,218 private employers; a small percentage come from 9 political subdivisions and 18 health care tax credit subscribers.

The AHCCCS report discusses the responses to its new benefit plans and deductible options. Of its members, 25% are enrolled in the "Secure" and "Active" plans introduced in April 2004. Thirteen percent of its members have some sort of deductible, which AHCCCS says lowers their premiums by 8% to 24%. AHCCCS also reports that it will offer 2 Preferred Provider Organization (PPO) benefit packages, effective September 1, 2005.

According to AHCCCS data, the average monthly premium across all plans is currently $220. In the report, AHCCCS states that premiums will increase by 4% to 12% in August and September 2005 to compensate for the elimination of the program's $4,000,000 General Fund subsidy for FY 2006. AHCCCS says that employers pay for 100% of the premium for approximately 58% of HCG members; in almost all other cases, the member pays 100% of the premium.

AHCCCS reports that as part of its marketing activities, it held employer focus group meetings in November 2004. It also implemented a media campaign in Tucson and Casa Grande, scheduled to run from May 2005 through October 2005. It developed a DVD marketing tool to assist in its sales efforts. Finally, AHCCCS reports that 30% of new groups joining in May and June 2005 came as a result of agreements with health benefit and insurance brokers, who receive a one-time enrollment fee for facilitating these agreements.

Attorney General - Quarterly Report on Expenditures from Appropriation for Crane Lawsuit - In September 2001, 7 school districts filed the Crane lawsuit, which claimed that the current Arizona school finance system is unconstitutional because it does not provide at-risk students with programs and funding needed in order to meet state academic standards. In FY 2004, the Legislature appropriated $500,000 to the Attorney General for legal fees incurred by outside counsel in defending the state.

Pursuant to Laws 2003, Second Special Session, Chapter 4, the Office of the Attorney General is required to report on a quarterly basis to the JLBC the amount expended from the appropriation for the Crane lawsuit. As of June 30, 2005, a total of $466,578 has been spent. Of this amount, $457,603 was spent on outside legal services, $4,525 was spent on expert witnesses, and $4,450 was spent on external printing. The agency spent a total of $531 since last quarter's report. The remaining unexpended amount is $33,422. The agency spent a total of $430,393 in FY 2004 and $36,185 in FY 2005.

Corporation Commission - Report on Corporations Division Filings - Pursuant to Laws 2005, Chapter 4, the Corporation Commission was appropriated $456,206 as a FY 2005 supplemental and is required to report monthly on the total number of filings received by the Corporations Division, the total number of filings processed by the Corporations Division, and the amount of time to process the filings. The commission submitted its 3rd report on July 7, 2005.

Between March 25, 2005 and June 30, 2005, a total of 29,128 filings were received by the Corporations Division, and 34,392 were processed. In the last month , a total of 10,581 filings were received by the Corporations Division, and 11,539 were processed

For expedited filings, the amount of time required to process the filings fell from an average of 63 days on March 25th to 19 days on May 31st (a 69.8% decrease). During the past month, the amount of time required to process filings fell from an average of 32 days to 19 days (a 40.6% decrease).

For regular filings in the Phoenix office, however, process times actually increased, from 146 days on March 25th to 148 days on May 31st. Last month, the time to process regular filings in the Phoenix office went from 145 days to 148 days. The Corporation Commission attributed the stagnant processing times of regular filings in its Phoenix office to increased attention to its expedited filings, where the Commission is attempting to reduce expedited filing processing times to 3 - 4 days.

Conversely, the Tucson office made significant progress in its regular filings, decreasing process times from 182 days on March 25th to 66 days on May 31st (a 64% decrease). In the last month alone, the Tucson Office reduced process times for regular filings by 52.2%.

Department of Corrections - Report on Transition Release Program - Pursuant to A.R.S. § 31-285B, the Arizona Department of Correction (ADC) is required to submit a quarterly report that details the cost reductions to the department from an inmate early release Transition Program. Statute requires ADC to contract with a private or nonprofit entity to provide eligible drug offenders with transition services. These transition services include employment assistance, job training, mentoring, and assistance in finding housing, food, health insurance coverage, and medical assistance.

Eligible offenders include inmates convicted of a drug offense, except those also convicted of a sexual offense, arson, or an offense involving death, physical injury, or the use of a deadly weapon or dangerous instrument. Statute requires a savings of at least $17 per day per inmate by releasing eligible inmates 90 days early from confinement and placing them in the Transition Program. The cost savings are to be deposited into the Transition Program Drug Treatment Fund and used to fund the program.

ADC awarded a service contract in March 2004. From January 1 through March 31, 2005, the department reports that 53 inmates, or 50% of program participants, successfully completed the Transition Program and their term of community supervision. As a result, there were 7,421 bed days saved and $126,157 in savings, based on savings of $17 per day for each bed during this time period. Since its inception, a total of 86 inmates, or 21% of program participants, successfully completed the Transition Release Program and their term of community supervision with savings of 23,461 bed days and $398,837.

Department of Economic Security - Report on Arizona Training Program at Coolidge (ATP-C) Campus and Other Placements - Pursuant to a General Appropriation Act footnote, the Department of Economic Security (DES) is reporting on placements of developmentally-disabled (DD) clients into state-owned Intermediate Care Facilities for the Mentally Retarded (ICF-MRs) or at the ATP-C campus in FY 2005. DES reports that there were no placements of DD clients at the ATP-C campus, but that they made two new placements into state-owned ICF-MRs in Phoenix.

The department placed one client in a state-owned ICF-MR because the privately-run ICF-MR had no openings and would not accept a client with intense behavioral involvement. The department placed a second client into a state-owned ICF-MR when the client needed more medical oversight and the legal guardian exercised rights set forth in A.R.S. § 36-554, subsection A, paragraph 8, allowing legal guardians to request placement "in an Arizona training program facility."

Governor's Office of Strategic Planning and Budgeting - Report on Federal Revenue Maximization Initiative - Pursuant to a General Appropriation Act footnote, the Governor's Office of Strategic Planning and Budgeting (OSPB) has submitted its quarterly report on the status of a Federal Revenue Maximization Initiative. To date, there are 7 projects completed, all designed to increase federal Title XIX Medicaid reimbursement.

In addition to these projects, the summary lists 12 ongoing projects. There is no change in the estimated savings listed. Among the more notable items OSPB reports that 2 DES projects with budget implications had new developments from the prior report:

- *Increased Title IV-E Administrative Claiming and Targeted Case Management*: The DCYF operating budget was reduced by $0.9 million in FY 2006 in anticipation of the additional IV-E revenue. DES is submitting administrative claims, but will not be generating TCM claims for at least 6 months.
- *Title IV-E Funding for Out-of-Home Placement*: The DCYF Children Services budget was reduced by $0.5 million in FY 2006 in anticipation of the additional IV-E revenue. DES anticipates submitting Title IV-E claims to the federal government by July 31, 2005.

In addition to the projects with new developments, AHCCCS has 2 new Potential Task Order Projects:

- *Department of Corrections Claims:* The report notes that AHCCCS and the Department of Corrections (ADC) are currently working through issues to see if a task order should be issued for claiming federal matching dollars for special tiers and rates for ADC Title XIX eligible persons. If the task order is issued, legislation would be required as well as CMS approval of the State Plan Amendment.
- *Renal Dialysis:* AHCCCS is in the process of reviewing this proposal which identifies Medicaid End Stage Renal Disease (ESRD) recipients who are not yet enrolled in Medicare under a special program for ESRD patients and who have received 3 months of continuous care for ESRD on Medicaid. No legislation would be required for this project.

Department of Health Services - Report on Arizona State Hospital Corrective Action Plan - Pursuant to Laws 2005, Chapter 5, the Department of Health Services (DHS) has submitted a report on the status of the State Hospital's Corrective Action Plan. Statute requires that the agency provide an update to the Committee on the status of its Corrective Action Plan through June 30th, 2005. As such, this will be the last update submitted by the agency. The supplemental appropriation is non-lapsing. Therefore, the $398,000 identified as not yet expended by the agency will be available to be spent in FY 2006.

The State Hospital's Corrective Action Plan was instituted in order to address deficiencies cited by the federal government in the Hospital's operation. Supplemental funding was added in order to assist hiring and retaining nurses and other staff, to pay for increased drug costs as well as to make improvements to the facility.

According to the report, the department has expended $883,300, or 69% of the FY 2005 supplemental funding amount of $1,281,400, as of June 30. This represents an increase of $112,200 from last month's expenditures. Expenditures made in June were used to fill vacant RN and critical positions ($54,400) and to restore the concrete mall surface and restore maintenance contracts ($57,800).

In total, the Hospital has hired 7 Registered Nurses (but lost 1 within a few weeks) and expects to hire 3 additional Registered Nurses that will start by July 5th. Additionally, the Hospital had hired one Social Worker that was to start on May 31. That individual, however, ended up declining the position. Four new Social Workers are expected to begin work in July. Three Recreational Therapists began work in June and the Hospital is still in the process of interviewing for a fourth Recreational Therapist and a Psychologist II position. Maintenance contracts for housekeeping and other facility maintenance are in effect and the Civil Hospital Mall Concrete resurfacing project has been completed. The table below updates the progress of the State Hospital's Corrective Action Plan.

Arizona State Hospital
Status of FY 2005 Corrective Action Plan
As of June 30, 2005

Action Plan Initiative	FY 2005 Plan	Current Expenditures	Funding Yet to be Expended
Fill Vacant RN Positions	$487,400	$231,100	$256,300
Critical Positions to be Funded	55,900	4,300	51,600
Fund 4 Social Workers	37,600	--	37,600
Restore Maintenance Contracts	209,200	156,700	52,500
Repair Mall Concrete Surface	49,800	49,800	--
Increased Drug Costs	441,500	441,500	--
Total	**$1,281,400**	**$883,400**	**$398,000**

State Mine Inspector - Report on Mined Land Reclamation Consultant Services - According to A.R.S. § 27-935 the State Mine Inspector may contract with a private consultant in reviewing mined land reclamation plans. The state Mine Inspector must then report to the JLBC any expenditures of money for this purpose, the name and address of each consultant, and the submitted plans of the consultants. There were no contracts with private consultants during FY 2005.

Arizona State Parks Board - Report on Park Operating Expenditures - Pursuant to Laws 2004, Chapter 275 the Arizona State Parks Board is providing the park operating expenditure report for the first 3 quarters of FY 2005.

Operating expenditures for the 28 state parks and 3 regional offices totaled $8,291,000 in the 1st through 3rd quarters of FY 2005. Of this amount, $6,696,700, or 81%, was spent on Personal Services and Employee Related Expenditures. Kartchner Caverns State Park represented approximately 21% of the total operating expenditures, with no other park representing more than 6.5%. The State Parks Enhancement Fund provided $7,171,000, or 86.5%, of the total operating expenditures.

Department of Revenue - Report on Ladewig Expenditures - DOR reports monthly on the status of the Ladewig litigation. In June, DOR prepared to mail the second taxpayer refund payments by July 20, 2005. DOR's monthly status report shows expenditures of $414,300 for Ladewig in June 2005, including $381,300 for administrative costs and $33,000 for plaintiff attorney's fees. Expenditures totaled $132.9 million for FY 2005, out of DOR's estimated total of $134.7 million for FY 2005. The following table summarizes these items.

DOR's Ladewig Expenditures in FY 2005

	DOR's Estimate [1/]	FY 2005
DOR Administration	$ 3,000,000 [2/]	$ 2,067,900
Plaintiff Attorneys	6,000,000	6,249,500
Taxpayer Payments	125,700,000	124,565,700
Total Expenditures	$134,700,000	$132,883,100

1/ Reported by DOR at the August 17, 2004 JLBC meeting.
2/ JLBC favorably reviewed $3,000,000 to fully fund DOR's estimated administrative costs in FY 2005 at the June 29, 2004 JLBC meeting.

DOR estimates that the FY 2005 refunds included overpayments of $6.3 million to 3,000 of the 306,000 claimants due to clerical and computer matching errors. At a May 26, 2005 hearing, the judge agreed to allow the State to hold off mailing refunds to the 3,000 overpaid claimants, until the overpayment issue is resolved. A September 2005 hearing is scheduled to resolve overpayment issues, such as taxpayer repayment of the FY 2005 overpayments and whether or not overpayments will continue beyond FY 2005.

Department of Revenue - Report on Business Re-Engineering/Integrated Tax System (BRITS) - BRITS is the new computer system being implemented by the Department of Revenue (DOR) to integrate their separate tax systems, improve enforcement, and increase revenues to the state. Given the importance of this issue, in April 2003 the Appropriations Chairmen asked DOR to provide quarterly reports on the additional revenue received from implementing BRITS. The implementation of BRITS began in FY 2003 with the awarding of the contract to Accenture, LLP on August 20, 2002. BRITS is expected to be completed in FY 2007, for a total cost of $133.7 million including an estimated $11 million in interest. Accenture will finance the cost of BRITS, and will be paid from the increased revenues generated by BRITS.

DOR had problems with the transaction privilege tax (TPT) conversion to BRITS in January 2004, which delayed other BRITS conversions as shown in the following table. DOR reports that they have addressed the major TPT conversion issues, but that collection tasks are not fully functional and billings are still being checked before they are sent out. DOR reports that the withholding tax was converted in October 2004 with no significant issues. DOR and Accenture are scheduled to meet on July 19, 2005 to discuss the Corporate Income Tax conversion date, which might be changed to February 2006 based on the current project schedule.

Projected Tax System Conversion Dates for BRITS

Tax System	Projected Date	Revised Date
Corporate Income Tax	September 2004	September 2005
Individual Income Tax	September 2006	Late 2006

The department expects the delays to have no impact on total cost, since BRITS is a fixed price contract. However, DOR states that any enhancements that the department may want that are different than the original contract will be reviewed for both impact and potential cost. DOR reports that BRITS delays and resource reallocations for correcting BRITS problems have adversely impacted the revenue generating program.

Since its inception in FY 2003, BRITS has generated additional revenue, but not as much as projected. Accenture has been paid $35.5 million through June 30, 2005 for increased collections. This amount is $7.8 million below the projected payment at this point in the contract. The state/county/city have received $6.3 million, $1.4 million less than projected. BRITS revenues have improved since March 31, 2005, when payments to Accenture were $12.1 million below the projected amount and the state/county/city had received $2.1 million less than projected. The following tables summarize BRITS costs and additional revenues through June 30, 2005.

Summary of BRITS Costs

	Through 6/30/05	Total Project
Consulting Services	$67,050,000	$101,250,700
Hardware/Software	12,774,000	21,414,000
Interest	5,177,500	11,000,000 1/
Total	$85,001,500	$133,664,700

1/ DOR estimates interest will cost from $9 million to $13 million.

Summary of BRITS Additional Revenues – Through 6/30/05

	FY 2003	FY 2004	FY 2005	Total	Projected Total	Over/(Under) Projection
General Fund	$ 73,600	$ 1,855,000	$ 3,183,400	$ 5,112,000		
County/City	26,200	146,700	721,000	893,900		
Education	9,800	44,200	206,300	260,300		
Subtotal	$ 109,600	$ 2,045,900	$ 4,110,700	$ 6,266,200	$ 7,634,200	$(1,368,000)
Accenture	620,900	11,593,700	23,294,300	35,508,900	43,260,500	(7,751,600)
Total	$ 730,500	$13,639,600	$27,405,000	$41,775,100	$50,894,700	$(9,119,600)

JLBC MEETING

At its July 21st meeting, the Joint Legislative Budget Committee considered the following issues:

Department of Economic Security – Review of Expenditure Plan for Discretionary Workforce Investment Act Monies – The Committee gave a favorable review of the Department of Economic Security's expenditure plan of $2.3 million in discretionary Workforce Investment Act (WIA) monies. The expenditure plan represents core functions typically funded by discretionary WIA dollars.

Department of Health Services – Review of Behavioral Health Capitation Rate Changes – The Committee gave an unfavorable review to the Department of Health Service's (DHS) behavioral health capitation rate adjustment due to its cost. The Committee further specified that 1) The Department of Economic Security (DES) and DHS report to the Committee by October 1, 2005 on the savings that will accrue as a result of shifting services from DES to DHS and 2) that the Administrative Office of the Courts (AOC), in conjunction with the counties, report to the Committee by October 1, 2005 on the savings that will accrue to AOC and the counties as a result of shifting the cost of behavioral health services to DHS.

The approved rates cost $15.1 million General Fund more than the $60 million capitation rate adjustment assumed in the FY 2006 budget. The three capitation rates affected include Children's Behavioral Health (10.7% increase from FY 2005), Seriously Mentally Ill (15.4% increase from FY 2005) and General Mental Health/Substance Abuse (5.7% increase from FY 2005). These capitation rate adjustments are expected to result in a shortfall for the department in FY 2006.

Capitation rates reflect a combination of utilization and inflation adjustments as well as specific program expansions being sought by DHS, including:

- A special $13 million General Fund adjustment to Maricopa SMI rates as part of the Executive's proposed agreement to resolve the Arnold v. Sarn lawsuit;
- Transferring some of the Department of Economic Security's (DES) behavioral health responsibilities for foster care children to DHS, at a cost of $3.3 million General Fund;
- Transferring current county responsibility for behavioral health services in juvenile detention centers to DHS, at a cost of $1.6 million General Fund.

The Maricopa SMI special rate adjustment being sought by the agency (a $16.19 per member per month increase to the capitation rate paid to the Maricopa County RBHA) was added to fulfill the requirements of the settlement agreement and resolve the state's lawsuit. The additional funds will be used to provide residential, emergency, hospital and crisis, treatment, rehabilitation and support services in compliance with the agreement.

Transferring services from DES to DHS will enable the state to draw down federal funds for these activities. The Committee asked both DES and DHS to report to the Committee by October 1, 2005 on the savings that will accrue as a result of the shifting of services between the two agencies.

Joint Legislative Budget Committee Staff – Report on Phoenix Medical Campus – The Committee heard a report from JLBC on the Phoenix Medical Campus (PMC). The FY 2006 Higher Education Budget Reconciliation Bill directed the University of Arizona (UA) to establish a medical campus at the former site of Phoenix Union High School. The bill appropriated $7 million from the General Fund for this purpose. Half of this funding was made available on July 1. The other half will be made available no later than October 5 upon a review by the Joint Legislative Budget Committee (JLBC) of an operational and capital plan for the Phoenix Medical campus.

The Arizona Board of Regents (ABOR) must submit a detailed operational and capital plan for PMC by September 1, 2005. The report is required by statute to contain the following information:

- Detail on expenditures to date by the Arizona Board of Regents, its institutions, and its partners.
- Detailed 5-year operational and capital budgets, including information on the expected sources of all funds.
- A 5-year description of enrollment, capacity growth, and graduation expectations by practice area.
- A 20-year financing plan detailing each funding source, including options to maximize resources and partnerships with the Maricopa Health Care District and other health care entities. Funding sources may include federal grants monies, private donations and contributions from other public entities.
- The programs and areas of practice offered.
- All partners involved in the Phoenix Medical Campus project, their roles, and an organizational chart.
- The contributions and financing arrangements of all partners contributing to the capital plant, as well as the legal and financial relationship of the Arizona Board of Regents and its institutions to these partners.

Given the importance of this issue, and because operational and capital plan information is not yet available, the Chairmen of both the JLBC and JCCR asked JLBC Staff to provide background on this issue.

In mid-September, a joint subcommittee of the JLBC and JCCR will meet to discuss the September 1 plan. The subcommittee will report its findings to the full JLBC. The formal review as required by statute will then occur at a full JLBC meeting in late September or early October.

In advance of the ABOR submittal, JLBC Staff provided highlights on the PMC plan, including:

- Chapter 330 limited PMC to one class of 24 students, at an annual operating expense of $7 million.
- The first class will begin in fall 2006, housed in 90,000 square feet of 3 renovated buildings on a 4.8 acre campus.
- The City of Phoenix has supplied the property for a nominal annual fee, but UA and ABOR are responsible for renovating the 3 existing buildings, as well as possibly constructing 3 additional facilities.
- UA will finance the $19 million of renovations through lease payments of $16.25 per square foot, or $1.5 million per year, of which the Chapter 330 General Fund appropriation will pay $1.0 million.
- The original UA plan for PMC called for 196 students in 4 classes within 5 years, at an annual operating expense of $24 million. Furthermore, UA hoped to expand PMC enrollment to as many as 700 students, with possible annual operational costs upwards of $44 million, at an unidentified future date.
- PMC resides in the larger 15.8 acre Phoenix Bioscience Center, which the city owns and envisions could hold 1 million square feet, including: the existing TGen building; a joint university research facility, scheduled to begin construction later this summer; and two additional ABOR buildings not yet scheduled for construction.
- The Phoenix Bioscience Center plan includes a treatment facility. Options for patient services range from an outpatient clinic to a full teaching and research hospital, but no firm plan exists.

The Committee also provided ABOR with additional questions to be addressed at its September 1 submission. The requests included:

- The level of UA support for the cumulative operating expenses for the hospital.
- The amount of private and federal funding that is anticipated to be received for the project.
- The status of efforts to ensure open access to clinical rotations.
- The current status of efforts to build a hospital near the medical school and if building another hospital would be detrimental to existing hospitals in the area.
- The relationship between ASU's $1 million for a new bioinformation department and TGEN.
- Concerns that the medical school will be too geared toward research and will not add to the number of practicing doctors and how those concerns will be addressed.
- Why the start up date for classes has been delayed from July 2006 to July 2007.
- What will be done with the two years of $7 million in annual funding before any students arrive.
- How space at the current site will be addressed.

Arizona Department of Corrections – Update on Maricopa Health Care Costs – The Committee heard testimony on the current status of the Department of Corrections health care contract with Maricopa Integrated Health Systems (MIHS). The Department of Corrections (ADC) contracts with outside providers for major medical treatment that cannot be provided to inmates on-site at correctional facilities. MIHS is one of these providers and the department's 5-year contract with MIHS was scheduled to expire on June 30th, 2005. The department issued a Request for Proposals (RFP) and MIHS was the only bidder for the Phoenix area; however the Department of Corrections did not accept the bid.

ADC reported that they had rescinded the bid due to the fact that MIHS had not completed the new per diem cost worksheet provided in the RFP. Within the past year, the department began utilizing AHCCCS billing processing for health care contracts and the RFP process therefore has new cost requirements. MIHS plans to complete the new pricing format when the department reissues the RFP at the end of July. In the meantime, the MIHS contract has been extended by 90 days to ensure no break in service.

JCCR MEETING

At its July 21 meeting, the Joint Committee on Capital Review considered the following issues:

DEMA Building Conversion – The Committee approved the use of up to $1,366,000 from the State Armory Property Fund to renovate a Tempe fire station DEMA will acquire from the City of Tempe through an exchange for the current Tempe armory, with the provision that the department return for approval after defining the scope and estimated cost of converting the fire station to an armory.

Game and Fish Department Paving and Lighting – The Committee approved the transfer of $48,500 from the Deer Valley Headquarters paving project to the Pinetop regional office paving project. Work on the Deer Valley Headquarters was halted when the Department began considering a move to a new location. This transfer will complete paving needs at the Pinetop office.

The Committee also gave a favorable review to the re-allocation of $146,000 from the Ben Avery safety berm project to the Ben Avery electrical/lighting project. Materials to construct the safety berm were donated by developers from a nearby project, leaving excess funding.

DJC Vocational Education Remodel – The Committee gave a favorable review to the use of $489,000 for converting a Black Canyon housing unit to a vocational education unit with the provision that future audit-related capital projects include a comprehensive plan of prioritized projects. DJC is authorized to use up to $6.7 million of its FY 2006 operating budget to address federal audit requirements.

ADOT Capital Professional & Outside Services – The Committee gave a favorable review to the $97 million consulting services expenditure plan for FY 2006. This allocation is made from the capital appropriation to ADOT for highway construction and is in line with prior year allocations. ADOT was requested to provide information on whether there are any requirements to use in-state firms for these expenditures. The Committee also adopted the highway congestion performance measures with the stipulation that ADOT report on these performance measures as part of next year's review.

ASDB Capital Projects – The Committee gave a favorable review to the $2 million capital expenditure plan for 7 building renewal projects at the Phoenix and Tucson campuses, with the provision that ASDB submit a plan by January 1, 2006 that includes different options for the use of the Phoenix Campus as well as the use of satellite programs, Co-Op programs, and any alternative strategies. There has been interest in determining whether other sites or facilities, such as closed schools, are available as an alternative to investing in upgrades at the Phoenix Campus. Additional information was requested on how SFB determined the 875 square feet per student space requirement for ASDB.

ADOA Building Renewal Allocation Plan – The Committee gave a favorable review to $975,000 of the department's FY 2006 Building Renewal Allocation Plan. The review included 7 projects and an emergency contingency. JLBC Staff is working with the Department of Administration to get more detail and develop a recommendation for the remaining $2,425,000 building renewal appropriation.

NAU Lease-Purchase Projects – The Committee gave a favorable review to the new Laboratory Facility and Campus Research Infrastructure projects which will be financed with a $44 million Certificates of Participation (COP) issuance to repaid over a 25-year period. Annual debt service of $3.3 million is to be paid from the research infrastructure General Fund appropriation that begins in FY 2008 and local university funds. The review included the standard university provisions noting that a favorable review did not constitute endorsement of General Fund appropriations for debt service or operating costs and requiring reporting on the use of contingency allocations.

The Committee also included a new provision requiring NAU to report on a comparison between compliance costs of meeting the Governor's executive order on energy efficiency and any operating savings generated through those efficiencies. JLBC Staff is working with the Arizona Board of Regents to have these comparisons included in as part of the original submissions for university projects.

ASU New and Revised Capital Projects – The Committee gave a favorable review to Infrastructure and Sewer System projects which will be financed with $20 million in revenue bond issuances. Annual debt service of $1.6 million will be paid from tuition collections and auxiliary fund revenues. The review included the university provisions noting that a favorable review did not constitute endorsement of General Fund appropriations for debt service or operating costs, requiring reporting on the use of contingency allocations, and requiring reporting on a cost comparison between energy efficiency capital costs and operating savings.

The Committee gave an unfavorable review to the $3 million elevator code compliance component of the scope revisions to the Academic Renovations and Deferred Maintenance project. The Committee wanted to receive more information on the Industrial Commission's level of concern with the elevators relative to the projected cost of compliance. A letter has been sent to the Industrial Commission seeking their input.

The Committee gave a favorable review to the scope and cost revisions for the remaining Academic Renovations and Deferred Maintenance project, the Biodesign Institute, and the Instructional/Research Laboratory Renovations Phases I and II, with the standard university financing provisions and one special provision requiring ASU to submit an allocation plan for the remaining $1.8 million associated with Academic Renovations and Deferred Maintenance project.

The Committee also requested that ASU provide its analysis supporting that the Construction Manager at Risk procurement method has generated cost and construction time savings for the university.

U of A New and Revised Capital Projects – The Committee gave a favorable review to the new Poetry Center, new Architecture Building Expansion, second phase of Residence Life Building Renewal, and Deferred Renovations projects which will be financed with a $40.4 million bond issuance and $2.3 million in donations. Annual debt service of $3.2 million will be paid from a combination of tuition collections, auxiliary revenues, and donations. The review included the university provisions noting that a favorable review did not constitute endorsement of General Fund appropriations for debt service or operating costs, requiring reporting on the use of contingency allocations, and requiring reporting on a cost comparison between energy efficiency capital costs and operating savings.

The Committee received a report on the reallocation of $0.2 million of the Chemistry Building Expansion's remaining $1.1 million contingency fund, $2.0 million of the Medical Research Building's remaining $2.2 million contingency fund, and $1.4 million of the Thomas W. Keating Bioresearch Building's remaining $3.6 million contingency fund. The report detailed contingency adjustments to reflect faculty research needs and equipment purchases that could not be included in the original project bids.

SFB School Construction Report and Litigation Account – The Committee gave a favorable review of the board report on New School Construction with the provisions that (1) the board report to the Committee on actual FY 2006 expenditures for emergency deficiencies, and (2) the board report to the Committee after determining how it will allocate $4 million in funding for Full-Day Kindergarten capital grants. SFB will oversee between 84-105 projects in FY 2006 and spend approximately $386.5 million for new school construction related expenses. SFB was requested to provide information related to recent building renewal projects that were not included in the original Deficiencies Correction program and whether there are any requirements to use in-state firms for school construction projects.

The Committee also gave a favorable review of the board report on the Litigation account, which is intended to fund litigation expenses related to recovery of damages for design and construction defects. There are no monies in the account and there has been no account activity since its creation. SFB was requested to provide an estimate of potential future recoveries.

School Facilities Board New Construction Report Highlights

Demographic Projections

- For FY 2006, SFB projects enrollment growth of 6.6%.
- High growth areas include the cities of Chandler and Gilbert, districts outlying the western edge of Phoenix, and northwest Pinal County.

Construction Schedule

- SFB estimates overseeing approximately 84 projects in FY 2006.
- Includes 65 continuing projects and approximately 19 projects that will begin construction in FY 2006.
- SFB has approved another 21 projects that probably won't start until FY 2007.

Cost Estimates

- Total FY 2006 projected spending equals $386.5 million.
- Leaves SFB with $71.6 million in FY 2007.

Expenditures		Financing	
Construction	$331.1 M	Prior Bond Proceeds	$94.2 M
Land	30.0 M	Fund Balances	42.3 M
A&E	15.0 M	Cash	250.0 M
Emergency Deficiencies	6.5 M	TOTAL	$386.5 M
Full-Day Kindergarten	4.0 M		
TOTAL	$386.5 M		

District Projects

District	# of Projects	District	# of Projects	District	# of Projects
Dysart Unified	6	Deer Valley Unified	2	Humboldt Unified	1
Cartwright Elementary	5	Fowler Elementary	2	Littlefield Elementary	1
Chandler Unified	4	Gilbert Unified	2	Nadaburg Elementary	1
Yuma Union High School	4	Isaac Elementary	2	Patagonia Union High School	1
Avondale Elementary	3	Maricopa County Regional	2	Rainbow Accommodation	1
Buckeye Union High School	3	Maricopa Unified	2	Ray Unified	1
Crane Elementary	3	Pendergast Elementary	2	Roosevelt Elementary	1
Florence Unified	3	Peoria Unified	2	Saddle Mountain Unified	1
Higley Unified	3	Riverside Elementary	2	Santa Cruz County Accommodation	1
JO Combs Elementary	3	Vail Unified	2	Santa Cruz Valley Unified	1
Laveen Elementary	3	Buckeye Elementary	1	Somerton Elementary	1
Liberty Elementary	3	Cave Creek Unified	1	Stanfield Elementary	1
Litchfield Elementary	3	Cedar Unified	1	Sunnyside Unified	1
Littleton Elementary	3	Coconino Accommodation	1	Tolleson Elementary	1
Queen Creek Unified	3	Coolidge Unified	1	Tolleson Union High School	1
Sahuarita Unified	3	Cottonwood-Oak Creek Elementary	1	Tombstone Unified	1
Agua Fria Union High	2	Gadsden Elementary	1	Union Elementary	1
Casa Grande Elementary	2	Glendale Elementary	1	Yavapai Accommodation	1
				TOTAL - 54 Districts	105