



MEMORANDUM

Date: April 8, 2011

To: The Honorable Chairman and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to read "CHH", is written over the typed name "C.H. Huckelberry".

Re: **State Budget Update**

The State Budget for Fiscal Year 2011/12 has now been adopted by the Legislature and signed into law by the Governor.

This State Budget for next year includes ongoing fiscal impacts to Pima County caused by the elimination this fiscal year of revenues totaling \$4,067,572 consisting of:

- \$3,817,800 – Elimination of Proposition 204 Hold Harmless
- \$249,772 – Elimination of shared lottery revenues

The State Budget for next fiscal year also causes the following additional negative fiscal impacts to Pima County totaling \$15,069,850:

- \$6,775,700 – Pima, together with the four other most populous counties, are required to transfer dollars to the State General Fund. No reasons are provided in the law to explain the amounts, uses or rationale for the assessments of these transfers.
- \$3,799,058 – These are Highway User Revenue Fund (HURF) dollars, that otherwise would have been used by the County for roads, that will be diverted to fund the State Department of Public Safety.
- \$2,980,620 – Again, these are HURF dollars dedicated to roads that will be diverted from only the five most populous counties to fund the State Motor Vehicle Department.
- \$1,217,566 – Pima County is required to pay for 50 percent, up from 25 percent this year, of the cost of housing prisoners committed to the Sexually Violent Persons Program at the Arizona Community Protection and Treatment Center.

The Honorable Chairman and Members, Pima County Board of Supervisors

Re: **State Budget Update**

April 8, 2011

Page 2

- \$243,897 – Counties are permanently required to fund an increased percentage of the salaries of Justices of the Peace.
- \$53,009 – Pima must pay 100 percent of the cost of prisoners committed to the Restoration to Competency Program that are housed at the Arizona State Hospital.

The total negative impact to Pima County in Fiscal Year 2011/12 of the ongoing revenue reductions begun this fiscal year and those additionally enacted for next year is \$19,137,422.

In addition, the recently enacted State Budget puts into place a substantial new shift of costs to counties that will go into effect July 1, 2012. Prisoners sentenced to one year or less, who are currently the responsibility of the State of Arizona and the Department of Corrections (ADOC), must be housed in the County jail. In the alternative, a county may contract with ADOC to continue to house these prisoners and pay a daily, per prisoner rate to the State in an amount to be determined by ADOC.

The cost shifts and revenue reductions from the State described above will be addressed in my Recommended Budget transmitted at the end of this month to the Board for consideration.

CHH/dr

c: The Honorable Jan Kearney, Presiding Judge, Superior Court
Martin Willett, Chief Deputy County Administrator
Appointing Authorities
Tom Burke, Director, Finance and Risk Management
Robert Johnson, Interim Budget Manager, Finance and Risk Management