



# MEMORANDUM

Date: May 3, 2018

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

From: C.H. Huckelberry  
County Administrator *CHH*

Re: **State Cost Transfers**

The table below provides a review of State cost transfers that were discussed at the May 1, 2018 Budget Hearing.

## FY 2017/18 Adopted Budget vs. FY 2018/19 Recommended Budget State Required Payments and Transfers from the Pima County General Fund

|   | FY 2018/19<br>Recommended | FY 2017/18<br>Adopted | Variance           |
|---|---------------------------|-----------------------|--------------------|
| AHCCCS (Arizona Health Care Cost Containment System)              | 17,626,151                | 17,469,721            | 156,430            |
| ALTCS (Arizona Long Term Care System)                             | 41,453,756                | 39,616,000            | 1,837,756          |
| Behavioral Health System-State Contribution                       | 3,064,936                 | 3,064,936             | 0                  |
| Restoration to Competency including ASH payments                  | 1,552,901                 | 1,706,935             | (154,034)          |
| Sexually Violent Persons  | 1,215,782                 | 1,215,782             | 0                  |
| Superior /Juvenile Court Salaries and Benefits                    |                           |                       |                    |
| Judges/Commissioners  | 6,641,567                 | 6,566,401             | 75,166             |
| Superior Court Probation  | 5,342,362                 | 4,913,938             | 428,424            |
| Juvenile Court Probation  | 6,751,260                 | 6,212,412             | 538,848            |
| Total Superior /Juvenile Court Salaries and Benefits              | 18,735,189                | 17,692,751            | 1,042,438          |
| Justice Courts - JP Salaries and Benefits (net of reimbursements) | 1,203,649                 | 1,204,545             | (896)              |
| Constables Salaries and Benefits                                  | 905,775                   | 904,437               | 1,338              |
| State Juvenile Detention Shift                                    | 1,726,804                 | 1,726,804             | 0                  |
| Restoration of ALTCS Dental                                       | 141,000                   | 141,000               | 0                  |
| Arizona Department of Revenue Operating Cost Shift                | 1,039,000                 | 1,039,000             | 0                  |
| <b>Total State Payments</b>                                       | <b>\$88,664,943</b>       | <b>\$85,781,911</b>   | <b>\$2,883,032</b> |

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As you can see there are a number of areas where State cost transfers have increased. The Arizona Long Term Care System (ALTCS) is recommended to increase nearly \$2 million. In addition, the County's share of Superior and Juvenile Court Judge and Commissioner salaries and benefits have increased by nearly \$1 million. These two changes make up most of the approximately \$3 million net increase over the previous fiscal year.

This data does not include the County's potential contribution increase for the Elected Official Retirement Plan (EORP), which is likely to approach \$2.6 million.

We are hopeful that offsetting this increase will be reductions in sexually violent persons and the State Juvenile Detention shift. However, these matters are still in a state of flux in the State's budget. Even if the EORP increase is offset in reductions in other previously enacted State cost transfers, it is likely our contribution to State mandated costs will increase by nearly \$3 million over what it was last year. This represents a nearly five percent increase in State mandated cost increases passed along to County taxpayers this year.

The \$88.7 million dollar budget impact of State cost transfers represents nearly 27 percent of the FY 2018/19 recommended General Fund primary property tax rate of \$4.0696 per \$100 of taxable net assessed value.

CHH/anc

c: Jan Leshar, Chief Deputy County Administrator  
Tom Burke, Deputy County Administrator for Administration  
Carmine DeBonis, Jr., Deputy County Administrator for Public Works  
Michael Racy, Racy Associates, Inc.