

**FY 2010 BUDGET REDUCTIONS - SUMMARY OF ISSUES  
ARIZONA AUTOMOBILE THEFT AUTHORITY**

**ALL NON-GENERAL FUNDS**

FY 2010 All Non-General Funds Budget (less Federal Funds)      5,481,300

AGENCY REDUCTION TARGET - ALL NON-GENERAL FUNDS (w/o Federal Funds)      \$822,200

Fund	Reductions Amount	Percent Reductions
Automobile Theft Authority Fund	<u>\$822,200</u>	100.0%
<b>Issue Total</b>	<b><u>\$822,200</u></b>	
All Non-General Funds Total as a Percentage of Agency Non-GF Reduction Target		100%

**DRAFT**

**FY 2010 BUDGET REDUCTIONS - SUMMARY OF ISSUES  
ARIZONA AUTOMOBILE THEFT AUTHORITY**

**AUTOMOBILE AUTO THEFT AUTHORITY FUND**

<b>FY 2010 All Non-General Funds Budget (less Federal Funds)</b>	<b>5,481,300</b>
<b>AGENCY REDUCTION TARGET - ALL NON-GENERAL FUNDS (w/o Federal Funds)</b>	<b>\$822,200</b>

<b>Priority</b>	<b>Issue Title<sup>1</sup></b>	<b>Reductions Amount</b>
1	Impact of Enacted Fund Sweep and Additional Proposed Reductions for FY '10; Sustainability	\$822,200
	<b>Issue Total</b>	<b>\$822,200</b>
	<b>Fund Total as a Percentage of Non-General Fund Reduction Target</b>	<b>100%</b>

<sup>1</sup> Please complete the attached Description and Impact Statement for each issue.

**STATE OF ARIZONA  
FY 2010 BUDGET REDUCTIONS - ISSUE DESCRIPTIONS**

**Arizona Automobile Theft Authority**

**Issue Title:** Impact of Enacted Fund Sweep and Additional Proposed Reductions  
for FY '10; Sustainability

**Issue Priority: 1**

**Reduction Amounts:**

Automobile Theft Authority Fund: \$822,200

**Total: \$822,200**

**Amount: \$822,200**

**Issue Description and Statement of Effects**

**Agency Mission and Funding Source**

The Arizona Automobile Theft Authority (AATA) was created by the Arizona Legislature with the express purpose of deterring vehicle theft through a cooperative effort by supporting law enforcement, prosecution, and public education programs. Specifically, A.R.S.§41-3451 (G) states that the AATA shall allocate monies in the Automobile Theft Authority Fund to “public agencies for the purpose of establishing, maintaining and supporting programs that are designed to prevent motor vehicle theft including: (1) Financial support of law enforcement and prosecution agencies for programs that are designed to increase the effectiveness of motor vehicle theft prosecution. (2) Financial support for programs that are designed to educate and assist the public in the prevention of motor vehicle theft.”

The Automobile Theft Authority Fund consists of fees paid by insurance companies that issue motor vehicle liability insurance policies in Arizona. The fees are paid semi-annually in the amount of fifty cents per vehicle insured by a motor vehicle liability policy pursuant to A.R.S.§41-3451(J).

Significantly, the Arizona Legislature dictated that the “monies expended from the automobile theft authority fund shall be used to supplement, not to supplant, other monies that are available for motor vehicle theft prevention. A.R.S.§41-3451(I). The AATA’s funding of the various vehicle theft enforcement, prosecution, and prevention efforts is critical to the continuation of said programs.

## **Agency/Program Effectiveness**

According to the most recent statistics in the FBI's Uniform Crime Report for 2008, the vehicle theft rate in Arizona decreased by 25%. Between 2006 and 2008 the Phoenix metropolitan area fell from 2nd to 19<sup>th</sup> in vehicle theft rate. This occurred at a time when the AATA's dedicated funding was not being swept into the general fund.

In FY '08, when the AATA was able to fully carry out its statutory function utilizing the dedicated funds from the insurance industry:

(a) The Arizona Vehicle Theft Task Force (Task Force), primarily funded by the AATA, consisted of 6 statewide squads, staffed with 32 officers and 6 civilian support personnel.

(b) Prosecutors and/or prosecution units were funded in 6 high vehicle theft counties. These prosecutors received specialized professional training through the AATA grants.

(c) The AATA funded 15 Law Enforcement Grants to 11 different agencies; supporting local law enforcement with proactive tools such as Bait Cars, funding undercover vehicle theft investigations, specialized equipment, operational funding, and vehicle theft investigative training. As per statute, this funding supplemented, not supplanted, local law enforcement with funding to combat vehicle theft in Arizona. Many of the programs, investigations, prosecutions, and convictions, would not have occurred, but for funding by the AATA. The AATA has played a vital role in the suppression of vehicle theft in Arizona in conjunction with our law enforcement partners.

(d) The AATA funded 24 Public Awareness Grants to 20 different law enforcement agencies designed to educate and assist the public. The funding supported local law enforcement in preventing vehicle theft through various means including "Watch Your Car" presentations, Vehicle Identification Number (VIN) Etching events, and community safety programs that raise vehicle theft prevention awareness.

## **FY '09 Fund Sweep**

The AATA suffered a fund sweep in the second half of FY '09 of \$300,800 and a lump sum reduction of \$17,000 that had a negative impact on the agency's ability to carry out its statutory mission. The Task Force was reduced by more than a squad of detectives. Vertical Prosecution was reduced from 6 counties down to 3 counties with fewer auto theft prosecutors in those counties. The staff of the AATA was reduced by one FTE position. Law Enforcement and Public Awareness Grants also were significantly reduced. Professional Training Grants

for law enforcement officers and prosecutors were curtailed and entirely eliminated from the FY '10 Budget.

### **FY '10 Revenue**

The AATA's appropriated budget for FY '10 is \$5,976,100. The appropriation exceeds projected revenue by approximately \$1,000,000. The AATA is optimistically projecting revenue in the amount of \$5,000,000 from the insurance industry. The next semi-annual fifty cent payment per vehicle insured is not statutorily due until January 31, 2010. As Arizona households reduce their number of vehicles and liability insurance policies are not renewed, the state of the economy is likely to have a continuing impact on the fees collected by the AATA.

### **FY '10 Fund Sweep, HB 2006 Section 18**

At the beginning of the fiscal year, the AATA suffered a \$40,600 lump sum reduction of dedicated auto theft funding. On September 4, 2009, the Governor signed a budget that included the taking of an additional \$500,000 of dedicated funds from the insurance company fees, not levied taxes. See HB2006, Section 18.

The AATA developed a revised budget to deal with the latest sweep, by maintaining the reduced grant funding to the Task Force, marinating grant funding to the Vertical Prosecution Program through the third quarter (then eliminating all but one prosecutor in the fourth quarter), and not funding previous Law Enforcement and Public Awareness Grants in the third and fourth quarters. It has become impossible to maintain our grant commitments with our law enforcement partners in light of the latest fund sweep. Cities and counties made commitments to their employees and their citizens based upon the FY '10 grants issued by the AATA. Under the present budget (prior to a possible 15% target reduction), the AATA cannot maintain its obligation to its grantees.

The AATA's present **FY '10 budget already reflects a 10.8% reduction** based upon projected revenue.

### **Reduction Target of 15%**

To achieve an additional reduction of 15% of the AATA's *revised total appropriation* \* of \$822,195 (or a projected budget of \$3,637,205), the AATA will be required to make the following budget cuts:

1. To achieve the prescribed goal, the AATA would have to restructure the agency by a combination of position eliminations and

reclassifications. Through this process, the AATA would experience an annual budget reduction of approximately 17%.

2. Task Force: The Task Force is presently grant funded in the amount of \$3,463,440. To achieve the prescribed goal, funding of the Task Force would need to be reduced by approximately \$600,000 in the third and fourth quarters of FY '10, equating to a 17.3% reduction in funding this fiscal year.
3. Vertical Prosecution: Vertical prosecution programs would have to be eliminated in two of the three existing counties in FY '10. The outstanding grants would have to be cut from \$506,508 to \$290,612 in FY '10 to achieve the prescribed goal, equating to a 42.6 % reduction. To sustain the prescribed goal, funding of this program would be limited to one prosecutor assigned to and working with the Task Force in FY '11.
4. Law Enforcement Grants: In FY '10 the AATA approved \$106,858 in Law Enforcement Grants. To achieve the prescribed goal, outstanding grant awards in the amount of \$42,693 would have to be withdrawn by the AATA, equating to a 40% program reduction this fiscal year.
5. Public Awareness Grants: In FY '10 the AATA approved \$166,728 in Public Awareness Grants. To achieve the projected goal, outstanding grant awards in the amount of \$96,526 would have to be withdrawn by the AATA, equating to a 57.9% reduction for this fiscal year.

### **Effects and Alternatives**

The prescribed goal of an *additional* 15% cut in FY '10 will have a devastating and immediate impact. Since actual revenue is far below the appropriated spending. The projected impact is a 27.3% reduction of agency funds based on revenue.

There are no foreseeable sources of revenue available to the AATA or its law enforcement partners to fill the void created by the fund sweep. The make up of the Task Force and their statewide presence will be significantly reduced. The grant programs and the impact of the AATA covered the State, from Bullhead City to Douglas. The AATA operated as a true statewide agency, touching all the Counties in the State. Unfortunately, the AATA will have to significantly reduce grant programs to sustain the budget shortfalls for FY '10. The AATA can only sustain a 15% reduction by restructuring the agency and retooling existing grant programs. The greatest impact will occur outside of the Phoenix and Tucson metropolitan areas.

The continuation of the Arizona Vehicle Theft Task Force is essential to achieving the AATA's statutory mission. The Task Force will have to emerge from the

funding reduction with changes in size, structure and mission. Vertical prosecution, which has been an overwhelming success, will also need to be cut back and restructured. Law Enforcement Grants will potentially be more reactive than proactive. Public Awareness Grants will need to be drastically reduced. Sustaining the Watch Your Car Program and other proactive programs will be limited.

The national trend has become statistically clear; states with fully funded Automobile Theft Prevention Authorities have consistently shown the greatest decline in vehicle theft. The economic impact of vehicle theft has been significantly reduced by the law enforcement achievements that have occurred with the backing of the AATA.

\* Revised projected appropriation is based on the total appropriation being reduced by the \$500,000 already swept from the Automobile Theft Authority Fund in FY '10.