

BUDGET CYCLE (LAWS 2002, CHAPTER 210)

Laws 2002, Chapter 210 (S.B. 1436) converted the state’s budgeting cycle into a “bifurcated” budget starting with the FY 2004 budget. Under the bifurcated system, most state agencies will have a biennial budget in which each odd-numbered year they will receive a separate appropriation for each of the next 2 fiscal years. Larger state agencies will have an annual budget. These “annual budget units,” which will have their request for FY 2004 considered in the 2003 Legislative Session, are:

- Arizona Department of Administration
- Arizona Health Care Cost Containment System
- Arizona Community Colleges
- Department of Corrections
- Department of Economic Security
- Arizona Department of Education
- Department of Health Services
- Judiciary
- Department of Juvenile Corrections
- School Facilities Board
- Arizona Department of Transportation
- Universities, including:
 - Arizona Board of Regents
 - Arizona State University - Main, East, and West
 - University of Arizona
 - Northern Arizona University

All other agencies (“biennial budget units”) will have their budget requests for both FY 2004 and FY 2005 considered in the 2003 Legislative Session.

In addition to these changes, Chapter 210 makes other conforming changes and consolidates two separate Appropriations Limit reports into one report submitted on February 15 yearly.

Chapter 210 also makes changes to the state’s strategic planning process. The most significant change requires each annual budget unit to develop a 5-year strategic plan containing strategic issues, mission statement, description, goals, strategies, and resource assumptions. This plan is to be posted on an agency’s Web site and submitted to OSPB and JLBC Staff by January 1 yearly. House and Senate Appropriations Committees are to review the strategic plans annually. Chapter 210 also renames current “strategic” plans as “operating” plans.

The table below provides additional detail on how the budget cycle has changed for state agencies since FY 1992 and FY 1993.

Biennium	Changes in Biennial Budgeting
FY 1992 - FY 1993	All agencies on annual cycle.
FY 1994 - FY 1995	All agencies on annual cycle except for 26 “90/10” agencies.
FY 1996 - FY 1997	Annual cycle (“Major Budget Units”): ADOA, AHCCCS, Community Colleges, Corrections, ASDB, DES, ADE, DEQ, DHS, Judiciary, Lottery, DJC, DPS, ADOT, and Universities. Remaining agencies on biennial cycle, except for 6 biennial agencies that did not receive FY 1997 budgets in 1995 Legislative Session.
FY 1998 - FY 1999	Same as in FY 1996 - FY 1997, except that ASDB, DEQ, Lottery, and DPS now biennial.
FY 2000 - FY 2001	All agencies receive biennial budgets (except for the Board of Medical Examiners, which only received a FY 2000 budget in the 1999 Legislative Session).
FY 2002 - FY 2003	All agencies receive biennial budgets in Laws 2001, Chapter 236, but most agencies’ FY 2003 General Fund budgets repealed by Laws 2001, Chapter 5, 2 nd Special Session.
FY 2004 - FY 2005	Annual cycle (“Annual Budget Units”): ADOA, AHCCCS, Community Colleges, Corrections, DES, ADE, DHS, Judiciary, DJC, School Facilities Board (SFB), ADOT, and Universities. Remaining agencies on biennial cycle. Matches FY 1998 - FY 1999 cycle with exception of SFB, which was not created until late FY 1998.