

FY 2010
JLBC Baseline Summary

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JLBC

FY 2010

JLBC Baseline Summary

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SUMMARY

FY 2010 JLBC BASELINE

Overview

The JLBC is providing General Fund Baseline revenue and spending estimates. The revenue projections reflect a consensus economic forecast while the spending estimates represent funding formula requirements and other obligations. The JLBC Baseline does not represent a budget proposal.

By providing an estimate of available resources after statutory requirements, the JLBC Baseline will provide guidance on the size of a projected budget shortfall. As such, the JLBC Baseline is only a starting point for discussion on the FY 2010 budget.

The JLBC Baseline calculations result in a budget shortfall of \$(1.58) billion in FY 2009 and \$(3.01) billion in FY 2010. The Appropriations Chairmen Options to resolve these shortfalls are detailed in a separate document apart from the JLBC Baseline. Any on-going FY 2009 solutions would reduce the size of the FY 2010 shortfall.

FY 2009

As a first step in developing a FY 2010 budget, the enacted FY 2009 budget has been re-estimated. The General Fund balance being carried forward from FY 2008 to FY 2009 had originally been anticipated to be \$152 million. Due to weak revenue growth at the end of FY 2008 and technical re-estimates, the FY 2008 ending balance was \$(72) million. A provision in Laws 2008, Chapter 53, however, required the transfer of monies out of the Budget Stabilization Fund (BSF) to the General Fund to generate a \$1 million balance. This provision was triggered and the BSF balance declined by \$73 million from the originally-estimated level.

The enacted FY 2009 budget was originally based on 1.9% base revenue growth, prior to tax law adjustments. Due to the weaker than budgeted FY 2008 results, FY 2009 revenues would now have to grow by 6.1% to reach the budgeted levels. During the first 6 months of FY 2009, however, General Fund revenues declined by (10)% compared to the same time period in FY 2008. Based on the four-sector consensus (described below), the FY 2009 revenue decline is now estimated to be (9.2)%. At this rate, the state would collect \$(1.49) billion less in General Fund revenues than in the enacted FY 2009 budget. Total FY 2009 General Fund revenues are projected to be \$8.49 billion.

The JLBC Baseline includes \$98 million in General Fund FY 2009 supplemental estimates for indigent health care — \$87 million for the Arizona Health Care Cost

Containment System and \$11 million for the Department of Health Services. These supplementals are the result of higher than projected caseloads. (See the FY 2009 Supplementals section for more information.)

The original FY 2009 budget had a projected FY 2009 year-end General Fund balance of \$74 million. After adjusting for lower FY 2009 revenues and FY 2009 supplemental estimates, the state General Fund is now forecast to have a shortfall of \$(1.58) billion.

FY 2010 Baseline Revenues

A FY 2010 General Fund Baseline revenue estimate was developed using a consensus forecasting process. This consensus averages the results of the following 4 forecasts:

- The projections of the Finance Advisory Committee (FAC), an independent 15-member group of public and private sector economists,
- The econometric forecasting baseline model of the University of Arizona's Economic and Business Research (EBR) Center,
- EBR's conservative forecast model, and
- The JLBC Staff forecast.

This four-sector consensus forecast yields a further FY 2010 revenue decline of (2.8)%. This rate represents the underlying growth in state revenues, excluding urban revenue sharing, previously-enacted tax law changes and \$685 million in one-time monies. The latter is primarily \$344 million of prior-year School Facilities Board (SFB) bond proceeds, and \$264 million of fund transfers. After adjusting for these factors, the projected decrease in FY 2010 General Fund revenues is \$(822) million, or (9.7)%, which would result in General Fund revenue of \$7.67 billion. (See the General Fund Revenue section for more information.)

FY 2010 Baseline Spending

Statutory funding formulas and other obligations are expected to generate \$442 million in new FY 2010 General Fund costs, including:

- Health and Welfare programs: \$271 million;
- K-12 Operating, \$27 million, and School Facilities Board Capital, \$29 million;
- Prisons: \$42 million
- Higher Education formulas: \$7 million

The Baseline also includes \$330 million for the deferred FY 2009 Basic State Aid payment to schools. This

deferred payment grew from \$272 million in FY 2008 to \$602 million in FY 2010.

The additional deferred K-12 payment of \$330 million plus the \$442 million in funding formula growth would result in overall Baseline spending increasing by \$772 million, or 7.8%, in FY 2010. Overall state General Fund spending would equal \$10.68 billion.

Due to the magnitude of the budget shortfall, the JLBC Baseline includes 4 modifications to the traditional Baseline calculation. Without these changes, spending would have grown another \$318 million. The modifications and the savings are as follows:

- No Title 19 Medicaid Inflation: \$118 million.
- No K-12 Base Support Inflation: \$102 million.
- Repeal new FY 2010 K-12 Excess Utilities Statute: \$60 million.
- No University Enrollment Growth: \$38 million.

The Baseline also assumes the permanent repeal of the County Equalization Property Tax. Laws 2006, Chapter 254 suspended the tax for FY 2007 through FY 2009. This repeal resulted in higher K-12 General Fund spending as property tax collections declined. If the tax is not repealed, the Baseline shortfall would be reduced by \$250 million.

The Baseline also continues \$384 million of enacted FY 2009 one-time budget reductions. The primary savings is from continuation of the current School Facilities Board new construction moratorium, including Full-Day Kindergarten.

The JLBC Baseline includes no FY 2010 expenditures for the Capital Outlay budget or a state employee pay adjustment.

General Fund Shortfall

Given forecasted revenues of \$7.67 billion and a formula spending level of \$10.68 billion, the FY 2010 JLBC Baseline has a \$(3.01) billion shortfall.

Beyond its cash balance, a budget is also evaluated by the difference between on-going revenues and expenditures. This concept is known as the “structural” balance. The state can have a cash balance but a deficit in on-going funds through the use of one-time revenue and/or expenditure savings. Under the FY 2010 JLBC Baseline, on-going spending exceeds on-going revenues by \$(3.37) billion.

The long-term forecast through FY 2012 is comparable to FY 2010. The structural shortfall is projected to be near \$(3.0) billion. These 3-year estimates, however, are very sensitive to small percent changes in revenue and spending

growth. See *Long-Term General Fund Estimates* section for more information.

Annual and Biennial Budgets

The state has both an annual and biennial budget process. Under state law, the annual budget process is limited to 17 large agencies, while the remainder of the state’s 116 budget units has a 2-year appropriation cycle. In the first regular session of each legislative biennium, the Legislature adopts both the annual and the biennial budgets. Given the magnitude of the budget shortfall, the JLBC Baseline only includes FY 2010 funding for all budget units, regardless of whether they are annual or biennial budget units. The JLBC also includes supplemental FY 2009 funding and budget reductions for selected budget units. (See *FY 2009 Supplemental* section for more information.)

Other Funds

Besides the General Fund, the state has dedicated special revenue funds. Only a portion of these monies is subject to legislative appropriation. The JLBC includes a FY 2010 Other Fund appropriated spending level of \$3.1 billion, or (3.5)% below FY 2009. The JLBC also includes \$177,700 of FY 2009 supplemental funding.

The level of FY 2010 non-appropriated state funds is expected to be \$7.04 billion, while non-appropriated federal funds are forecasted to be \$9.39 billion. When all appropriated and non-appropriated fund sources are combined, total state spending would be \$30.3 billion in FY 2010 before any action taken to reduce the General Fund shortfall.

Statutory Revertments

The enacted FY 2009 budget required that any non-lapsing monies appropriated from the General Fund that remained unexpended at the close of FY 2009 be counted as part of the FY 2009 ending balance. These amounts, however, remain available for expenditure in FY 2010. The enacted FY 2009 budget included savings for this accounting procedure.

Continuing this procedure, however, does not generate any on-going savings. The \$50 million becomes available again on July 1, 2009 and is counted as a new expenditure.

Other Information

This Summary volume also includes sections with information on the following topics:

- A narrative Summary of JLBC Baseline Assumptions
- FY 2009 Supplementals
- Number of State Employees
- Budget Reconciliation Bill provisions, which are statutory revisions associated with enacting a FY 2010 budget
- Major Footnote Changes
- Performance Budgeting, and
- Long-Term General Fund projections.

In addition, the JLBC Baseline Book provides line item detail on individual agencies.

STATEMENT OF GENERAL FUND REVENUES AND EXPENDITURES 1/
WITH ONE-TIME FINANCING SOURCES

	FY 2009 Estimated <u>2/</u>	FY 2010 Baseline
REVENUES		
Ongoing Revenues	\$8,535,699,500	\$8,295,326,900
Enacted Tax Law Changes <u>3/</u>	0	(34,000,000)
Urban Revenue Sharing	(727,677,400)	(628,649,100)
Net On-going Revenues	7,808,022,100	7,632,677,800
One-time Revenues		
Balance Forward	1,000,000	1,000,000
Other Revenue <u>4/</u>	55,969,500	38,139,000
Prior Year SFB Bond Proceeds	344,000,000	0
Budget Stabilization Fund Transfer	20,000,000	0
Fund Transfers	264,463,100	0
Subtotal One-time Revenues	685,432,600	39,139,000
Total Revenues	\$8,493,454,700	\$7,671,816,800
EXPENDITURES		
Operating Budget Appropriations	10,654,608,800	11,022,605,500
FY 2009 Supplementals <u>5/</u>	98,147,900	0
Administrative Adjustments	136,000,000	72,731,600
Revertments	(103,902,300)	(96,090,400)
Subtotal Ongoing Expenditures	10,784,854,400	10,999,246,700
One-time Expenditures		
Capital Outlay	13,500,000	0
Statutory Revertments <u>6/</u>	(50,000,000)	0
21st Century Fund Transfer	22,500,000	25,000,000
Other Major One-time Expenditures <u>7/</u>	(693,220,900)	(345,890,400)
Subtotal One-time Expenditures	(707,220,900)	(320,890,400)
Total Expenditures	\$10,077,633,500	\$10,678,356,300
Ending Balance <u>8/</u>	(1,584,178,800)	(3,006,539,500)
Ongoing Fund (Structural) Balance <u>9/</u>	(\$2,976,832,300)	(\$3,366,568,900)

1/ Significant one-time revenues and expenditures are separately detailed so as to permit the calculation of ongoing revenue and expenditures.

2/ Reflects current status of FY 2009, including updated revenues.

3/ See page 56 for details.

4/ See page 56 for details.

5/ See page 17 for details.

6/ See page 2 for details.

7/ See page 8 for details.

8/ This calculation reflects the difference between total revenues and total expenditures.

9/ This calculation reflects the difference between ongoing revenues and expenditures.

SUMMARY OF FY 2010 JLBC BASELINE ASSUMPTIONS

- The JLBC is providing General Fund Baseline revenue and spending estimates. The revenue projections reflect a consensus economic forecast while the spending estimates represent funding formula requirements and other obligations.
- The estimates include an update of the enacted FY 2009 budget as well as FY 2010 adjustments.

General Fund Baseline Revenues

- Based on a consensus forecast, FY 2009 base revenues are projected to decline by (9.2)% prior to tax law changes. In comparison, revenues would have to grow 6.1% to meet the enacted budget level. Including one-time revenues, projected FY 2009 revenues are \$8.49 billion, which is \$(1.49) billion below the enacted budget.
- The FY 2010 General Fund revenue forecast is \$7.67 billion. FY 2010 on-going base revenues are projected to decrease (2.8)% below the current FY 2009 forecast. (*Page 55 – JLBC Summary*)
- Previously enacted tax law changes will reduce ongoing revenue by an estimated \$(34) million in FY 2010 relative to FY 2009. The major change is the on-going phase-in of the revisions in the corporate income tax sales factor.

General Fund Baseline Spending

- FY 2009 General Fund Baseline spending is projected to be \$10.08 billion, which is \$171 million higher than the enacted budget. The adjustments include \$98 million in supplementals due to higher Medicaid caseloads and \$81 million for unpaid FY 2008 bills.
- The FY 2010 General Fund JLBC Baseline spending would total \$10.68 billion.
- FY 2010 Baseline General Fund spending would grow by \$772 million above the original FY 2009 enacted budget, an increase of 7.8%. Of this increase, \$330 million is due to the state's obligation for deferred FY 2009 K-12 Basic State Aid payments.
- The entire state budget, including both appropriated and non-appropriated funds, is projected to be \$30 billion.

General Fund Balances

- Given FY 2009 revenues of \$8.49 billion and spending of \$10.08 billion, the state has a projected current year shortfall of \$(1.58) billion.
- In terms of FY 2010, the JLBC Baseline consensus revenue estimate is \$7.67 billion compared to Baseline spending of \$10.68 billion. The JLBC Baseline cash balance is \$(3.01) billion. (*Page 55 – JLBC Summary*)
- Given the state's constitutional requirements, the state's budget must ultimately have a positive cash balance. During the session, the Legislature will make adjustments to resolve the shortfall.
- The state's fiscal condition is also evaluated by the comparison between the state's permanent ongoing revenues and permanent ongoing spending. The state can have a balanced cash budget, but a structural deficit, if it uses one-time revenues and/or one-time spending reductions in its budget. The FY 2010 structural shortfall is estimated to be \$(3.37) billion.
- The state is projected to continue having a structural shortfall near \$(3.0) billion through FY 2012. (*Page 61 – JLBC Summary*)

Budget Stabilization Fund

- The Budget Stabilization Fund has a remaining balance of \$130 million.

Urban Revenue Sharing

- Urban Revenue Sharing (URS) distributions for FY 2010 will total \$629 million. By statute, URS is based on 15% of income tax collections 2 years prior. This amount is a reduction of \$(99) million compared to FY 2009, due to the substantial decline in income tax revenues.

Education

Department of Education (*Page 174 – JLBC Baseline Book*)

- Direct state assistance to the operations and maintenance of K-12 schools would grow by \$26.6 million, or 0.6%, including:
 - ⇒ An increase of 17,000 students, or 1.6%, for a total of 1,075,200, at a cost of \$94.4 million.
 - ⇒ A 2.0% inflation adjustment for transportation and charter additional assistance, at a cost of \$8.2 million. The state has traditionally inflated the Base support level as well. That adjustment would have cost another \$102 million.
 - ⇒ A \$(33.2) million decrease for prior year formula savings.
 - ⇒ A \$(42.5) million net decrease for 11.0% property value growth, Truth in Taxation, and Homeowner's Rebate.

- ⇒ The Baseline would also propose repealing the new excess utilities subsidy, which would have cost another \$60 million to implement in FY 2010.

School Facilities Board (*Page 427 – JLBC Baseline Book*)

- SFB spending would increase by \$29.4 million to pay the debt service for the FY 2009 authorized lease-purchase agreement of \$580 million.
- The JLBC Baseline would continue the new construction moratorium begun in FY 2009, but it would be expanded to include full-day kindergarten capital costs.

Universities (*Page 461 – JLBC Baseline Book*)

- The Universities' General Fund spending would not change from FY 2009. The FY 2010 estimate foregoes the traditional funding of enrollment growth, which is projected to grow 4.4% and would have cost \$38 million. The University enrollment growth funding is not part of a statutorily-required formula.
- University enrollment is projected to be 118,091 full-time equivalent students in FY 2010.

Community Colleges (*Page 94 – JLBC Baseline Book*)

- Community College General Fund would increase by \$7.3 million, or 4.9%, to fund the statutory funding formula.
- Enrollment is projected to increase by 126 full-time equivalent students for a total enrollment of 118,434.

Health and Welfare

AHCCCS (*Page 34 – JLBC Baseline Book*)

- AHCCCS' General Fund spending would increase by \$201.0 million, or 14.1%, to fund statutory caseload growth.
- Total caseloads are projected to increase 8.3% and reach 1.3 million by June 2010.
- Healthcare provider payments would not increase for inflation and utilization. A 6% adjustment would have otherwise cost \$85 million.
- The \$201.0 million includes \$16.5 million to replace declining tobacco tax revenues and \$17.8 million in one-time county monies.

Department of Health Services (*Page 250 – JLBC Baseline Book*)

- DHS' General Fund spending would increase by \$49 million, or 8.1%. This amount includes:
 - ⇒ \$47.9 million to fund statutory caseload growth for the Title 19 Behavioral Health Services program. Caseloads are projected to grow by 7.0%.
 - ⇒ Healthcare provider payments would not increase for inflation and utilization. A 6% adjustment would have otherwise cost \$24.3 million.
 - ⇒ \$3.1 million for the first annual debt service payment for the new forensic unit of the Arizona State Hospital, which was authorized by the Legislature in 2007.

Department of Economic Security (*Page 136 – JLBC Baseline Book*)

- DES funding would increase by \$20.6 million, or 2.5%. This amount includes:
 - ⇒ \$17.5 million for 1,159 new clients, or 5.5%, in the Title 19 Developmental Disabilities Long Term Care program. Total caseload would equal 22,232.
 - ⇒ Payments would not increase for inflation. A 3% adjustment for provider rate inflation and 6% adjustment for medical inflation would have otherwise cost \$9.2 million.
 - ⇒ \$3.1 million due to caseload growth in the Temporary Assistance to Needy Families (TANF) cash assistance program. The TANF Program is projected to grow by 2.5% to serve 84,400 individuals.

Criminal Justice

Department of Corrections (*Page 107 – JLBC Baseline Book*)

- ADC General Fund spending would increase by \$42.1 million, or 4.4%. This amount includes:
 - ⇒ \$65.2 million to begin operating 4,000 state and 2,000 private beds, authorized by the 2007 Legislature.
 - ⇒ \$(46.5) million from phasing out all 4,892 provisional beds starting January 2010.
 - ⇒ \$23.4 million for population growth, healthcare, and the elimination of one-time savings.
- The JLBC Baseline funds 151 net new inmates per month and a FY 2010 year-end inmate population of 42,193.
- ADC is expected to have a 3,900 bed shortfall by June 2009 and 5,200 by June 2010.

Judiciary (*Page 300 – JLBC Baseline Book*)

- Judiciary funding would increase by \$95,500, or 0.1%, for the state share of 1 new Superior Court judgeship.

Capital Outlay

- The JLBC Baseline includes no General Fund monies for capital projects.

State Employee Issues

FTE Positions (*Page 30 – JLBC Summary*)

- The JLBC Baseline would fund an increase of 993.0 Full-Time Equivalent (FTE) Positions, essentially to open 4,000 new state prison beds. This 1.8% increase would bring total appropriated FTE Positions to 57,375.4.

Employee Pay and Salary Issues (*Page iv – JLBC Baseline Book*)

- The JLBC Baseline excludes funding for new state employee pay increases.
- The JLBC Baseline includes \$10.0 million as a placeholder for the employer share of health insurance and retirement costs.

Other

Performance Measures (*Page 53 – JLBC Summary*)

- A total of 10 agencies did not measure some aspect of their performance as required in the General Appropriation Act.

SUMMARY OF MAJOR ONE-TIME BUDGET SAVINGS ^{1/}

	<u>FY 2009</u>	<u>FY 2010</u>
AHCCCS		
Freeze Reimbursement Rates	\$ (12,462,500)	\$ (12,462,500)
Suspend Temporary Medical Coverage Program	(8,350,000)	(8,350,000)
Require Extra Maricopa/Pima Contribution	(27,962,800)	(27,962,800)
ALTCS County Reversions - Local Share	(17,830,500)	0
Department of Commerce		
Suspend Military Airport Funding	(4,800,000)	(4,800,000)
Arizona Community Colleges		
Community College Reductions	(5,497,600)	(5,497,600)
NCCD Public Safety Training Facility	500,000	0
Suspend Capital Outlay	(20,034,000)	(20,034,000)
Department of Economic Security		
DD Provider Rate Freeze	(7,000,000)	(7,000,000)
Arizona Department of Education		
Rollover	(330,000,000)	0
Suspend Remaining 50% of Rapid Decline	(1,500,000)	(1,500,000)
Department of Emergency & Military Affairs		
Reduce Emergency Fund	(500,000)	(500,000)
Department of Environmental Quality		
WQARF	(2,000,000)	(2,000,000)
Department of Health Services		
Health Crisis Fund Deposit	(500,000)	(500,000)
School Facilities Board		
Building Renewal Savings	(66,283,500)	(66,283,500)
New Construction Moratorium	(187,000,000)	(187,000,000)
Department of Water Resources		
Suspend New Water Protection Fund	(2,000,000)	(2,000,000)
TOTAL - ONE-TIME SPENDING CHANGES	\$ (693,220,900)	\$ (345,890,400)
One-Time Revenue		
Redirect ALTCS Reversion	(17,830,500)	0
Require Local Contributions	(29,748,400)	(29,748,400)
Redirect Vehicle License Tax	(8,390,600)	(8,390,600)
TOTAL - ONE-TIME REVENUE CHANGES	\$ (55,969,500)	\$ (38,139,000)
TOTAL - ALL BUDGET SAVINGS	\$ (749,190,400)	\$ (384,029,400)

^{1/} Includes increases in spending that were not continued. One-time spending decreases represent new reductions in FY 2009 that would require further legislative authorization to continue.

BUDGET NUMBERS BY AGENCY

FY 2010 GENERAL FUND SUMMARY BY AGENCY

	FY 2009 Estimate	FY 2010 JLBC	FY 2010 JLBC - FY 2009
<u>BUDGET UNITS</u>			
Administration, AZ Department of	\$27,109,600	\$27,109,600	0
Administrative Hearings, Office of	1,284,700	1,284,700	0
Agriculture, AZ Department of	11,640,400	11,640,400	0
AHCCCS	1,425,272,300	1,626,304,900	201,032,600
Arts, Arizona Commission on the	1,930,800	1,930,800	0
Attorney General - Department of Law	23,107,400	23,107,400	0
Biomedical Research Commission, Arizona	0	0	0
Capital Postconviction Public Defender Ofc, State	870,900	870,900	0
Charter Schools, State Board for	828,700	823,900	(4,800)
Commerce, Department of	7,385,200	7,385,200	0
Community Colleges, Arizona	147,679,800	154,979,600	7,299,800
Corporation Commission	4,791,700	4,791,700	0
Corrections, State Department of	947,476,000	989,569,800	42,093,800
Criminal Justice Commission, Arizona	1,172,000	1,172,000	0
Deaf and the Blind, Schools for the	22,011,700	22,011,700	0
Economic Security, Department of	808,328,100	828,883,300	20,555,200
Education, Department of	4,141,201,000	4,497,796,200	356,595,200
Emergency & Military Affairs, Dept of	13,920,300	13,092,300	(828,000)
Environmental Quality, Department of	24,080,200	24,080,200	0
Equal Opportunity, Governor's Office of	249,300	249,300	0
Equalization, State Board of	656,200	656,200	0
Executive Clemency, Board of	1,097,600	1,097,600	0
Financial Institutions, State Department of	3,809,300	3,809,300	0
Fire, Building and Life Safety, Department of	3,586,800	3,586,800	0
Geological Survey, Arizona	1,102,500	1,102,500	0
Government Information Tech. Agency	3,455,700	3,455,700	0
Governor, Office of the	7,136,000	7,136,000	0
Gov's Ofc of Strategic Planning & Budgeting	2,198,500	2,198,500	0
Health Services, Department of	611,507,200	660,969,100	49,461,900
Historical Society, Arizona	4,430,900	4,430,900	0
Historical Society, Prescott	762,800	762,800	0
Indian Affairs, AZ Commission of	234,400	234,400	0
Insurance, Department of	7,369,700	7,369,700	0
Judiciary			
Supreme Court	17,358,400	17,358,400	0
Court of Appeals	13,925,200	13,925,200	0
Superior Court	95,040,800	95,136,300	95,500
SUBTOTAL - Judiciary	126,324,400	126,419,900	95,500
Juvenile Corrections, Department of	74,700,400	77,249,400	2,549,000
Land Department, State	23,360,400	23,360,400	0
Law Enforcement Merit System Council	76,900	76,900	0
Legislature			
Auditor General	17,502,600	17,502,600	0
House of Representatives	13,653,400	13,653,400	0
Joint Legislative Budget Committee	2,877,000	2,877,000	0
Legislative Council	5,414,700	5,414,700	0
Library, Archives & Public Records, AZ State	7,378,900	7,378,900	0
Senate	9,036,200	9,036,200	0
SUBTOTAL - Legislature	55,862,800	55,862,800	0
Liquor Licenses & Control, Department of	3,474,800	3,474,800	0
Medical Student Loans, Board of	1,121,000	1,121,000	0
Mine Inspector, State	1,568,400	1,568,400	0
Mines & Mineral Resources, Department of	947,800	947,800	0
Navigable Stream Adjudication Commission	180,800	180,800	0
Nursing, State Board of	167,300	167,300	0
Occupational Safety & Health Review Board	0	0	0
Parks Board, Arizona State	28,463,200	28,463,200	0
Personnel Board	372,400	372,400	0
Pioneers' Home, AZ	24,000	0	(24,000)
Postsecondary Education, Commission for	4,377,400	4,377,400	0
Public Safety, Department of	63,459,700	63,459,700	0
Racing, Arizona Department of	2,623,300	2,623,300	0
Radiation Regulatory Agency	1,775,300	1,162,700	(612,600)
Rangers' Pensions, Arizona	13,700	14,000	300
Real Estate Department, State	4,236,500	4,205,200	(31,300)
Revenue, Department of	73,918,600	75,318,600	1,400,000
School Facilities Board	101,217,200	130,632,100	29,414,900
Secretary of State	6,980,700	3,630,700	(3,350,000)
Tax Appeals, State Board of	310,600	310,600	0

	FY 2009 Estimate	FY 2010 JLBC	FY 2010 JLBC - FY 2009
Tourism, Office of	14,397,100 <u>1/</u>	14,397,100	0
Transportation, Department of	84,600	84,600	0
Treasurer, State	5,075,300	5,075,300	0
Universities			
Arizona State University - Main Campus	396,428,700	396,428,700	0
Arizona State University - East Campus	30,489,200	30,489,200	0
Arizona State University - West Campus	53,279,700	53,279,700	0
Northern Arizona University	161,560,900	161,560,900	0
Board of Regents	20,342,400	20,342,400	0
University of Arizona - Main Campus	340,316,600	340,316,600	0
University of Arizona - Health Sciences Center	77,996,600	77,996,600	0
SUBTOTAL - Universities	1,080,414,100	1,080,414,100	0
Veterans' Services, Department of	8,399,500	8,399,500	0
Water Resources, Department of	17,858,100	17,858,100	0
Weights and Measures, Department of	1,593,600	1,593,600	0
Statewide Adjustments - FY 09 Unallocated	320,300	0	(320,300)
State Employee Health Insurance - FY 10	0	10,000,000	10,000,000
OPERATING BUDGET TOTAL	9,961,387,900	10,676,715,100	715,327,200
FY 2009 Supplementals	98,147,900	0	(98,147,900)
GF Transfer - Arizona 21st Century Fund	22,500,000	25,000,000	2,500,000
Capital	13,500,000	0	(13,500,000)
Administrative Adjustments	136,000,000	72,731,600	(63,268,400)
Statutory Revertments	(50,000,000)	0	50,000,000
Revertments	(103,902,300)	(96,090,400)	7,811,900
GRAND TOTAL	\$10,077,633,500	\$10,678,356,300	\$600,722,800

1/ Reflects revised Tourism funding formula forecast.

FY 2010 OTHER APPROPRIATED FUNDS SUMMARY BY AGENCY

	FY 2009 Estimate	FY 2010 JLBC	FY 2010 JLBC - FY 2009
<u>BUDGET UNITS</u>			
Accountancy, State Board of			
Board of Accountancy Fund	\$2,350,100	\$2,350,100	\$0
Acupuncture Board of Examiners			
Acupuncture Board of Examiners Fund	129,200	129,200	0
Administration, AZ Department of			
Air Quality Fund	850,100	850,100	0
Automation Operations Fund	24,087,500	24,087,500	0
Capital Outlay Stabilization Fund	13,000,600	13,000,600	0
Corrections Fund	732,300	732,300	0
Highway User Revenue Fund	0	0	0
Motor Vehicle Pool Revolving Fund	12,726,800	12,726,800	0
Personnel Division Fund	18,418,000	18,418,000	0
Risk Management Revolving Fund	93,491,600	92,959,600	(532,000)
Special Employee Health Insurance Trust Fund	5,487,300	5,487,300	0
State Surplus Materials Revolving Fund and Federal Surplus Materials Revolving Fund	4,707,300	4,707,300	0
Telecommunications Fund	3,178,100	3,178,100	0
Telecommunications Fund - Infrastructure Improvements Account	4,713,700	4,713,700	0
Total - AZ Department of Administration	181,393,300	180,861,300	(532,000)
Administrative Hearings, Office of			
Healthcare Group Fund	14,500	14,500	0
Agriculture, AZ Department of			
Aquaculture Fund	9,200	9,200	0
Egg Inspection Fund	897,800	897,800	0
Citrus, Fruit and Vegetable Revolving Fund	1,087,000	1,087,000	0
Commercial Feed Fund	300,300	300,300	0
Fertilizer Materials Fund	306,100	306,100	0
Livestock Custody Fund	79,400	79,400	0
Pesticide Fund	386,200	386,200	0
Agricultural Consulting and Training Fund	106,700	106,700	0
Dangerous Plants, Pests and Diseases Fund	40,000	40,000	0
Arizona Protected Native Plant Fund	194,700	194,700	0
Seed Law Fund	54,300	54,300	0
Total - AZ Department of Agriculture	3,461,700	3,461,700	0
AHCCCS			
Budget Neutrality Compliance Fund	48,634,300	30,956,300	(17,678,000)
Children's Health Insurance Program Fund	145,970,900	138,093,900	(7,877,000)
Healthcare Group Fund	6,526,800	6,526,800	0
Temporary Medical Coverage Fund	3,247,200	0	(3,247,200)
Tobacco Products Tax Fund Emergency Health Services Account	25,716,500	23,331,800	(2,384,700)
Tobacco Tax and Health Care Fund Medically Needy Account	62,886,200	53,738,100	(9,148,100)
Total - AHCCCS	292,981,900	252,646,900	(40,335,000)
Appraisal, State Board of			
Board of Appraisal Fund	621,800	621,800	0
Attorney General - Department of Law			
Antitrust Enforcement Revolving Fund	239,900	239,900	0
Attorney Gen'l Legal Svcs Cost Allocation Fund	6,682,900	6,682,900	0
Collection Enforcement Revolving Fund	4,916,300	4,916,300	0
Consumer Protection-Consumer Fraud Rev. Fund	3,948,700	3,948,700	0
Interagency Service Agreements Fund	13,378,800	13,378,800	0
Risk Management Revolving Fund	9,771,500	9,771,500	0
Victims' Rights Fund	3,277,400	3,277,400	0
Total - Attorney General - Department of Law	42,215,500	42,215,500	0
Automobile Theft Authority			
Auto Theft Authority Fund	6,016,700	6,016,700	0
Barbers, Board of			
Board of Barbers Fund	328,200	328,200	0
Biomedical Research Commission, Arizona			
Tobacco Tax and Health Care Fund Health Research Account	500,000	500,000	0
Behavioral Health Examiners, Board of			
Board of Behavioral Health Examiners Fund	1,367,200	1,367,200	0
Chiropractic Examiners, State Board of			
Board of Chiropractic Examiners Fund	520,400	474,800	(45,600)
Commerce, Department of			
Bond Fund	144,700	144,700	0

	FY 2009 Estimate	FY 2010 JLBC	FY 2010 JLBC - FY 2009
CEDC Fund	3,068,700	3,068,700	0
Oil Overcharge Fund	184,900	184,900	0
State Lottery Fund	286,200	286,200	0
Total - Department of Commerce	3,684,500	3,684,500	0
Contractors, Registrar of	0		
Registrar of Contractors Fund	12,147,000	12,147,000	0
Corporation Commission			
Arizona Arts Trust Fund	51,100	51,100	0
Investment Management Regulatory and Enforcement Fund	928,600	928,600	0
Pipeline Safety Revolving Fund	0	0	0
Public Access Fund	4,832,000	4,378,000	(454,000)
Securities Regulatory and Enforcement Fund	3,946,000	3,946,000	0
Utility Regulation Revolving Fund	14,467,900	14,467,900	0
Total - Corporation Commission	24,225,600	23,771,600	(454,000)
Corrections, State Department of			
Alcohol Abuse Treatment Fund	599,300	599,300	0
Corrections Fund	29,054,800	29,054,800	0
Penitentiary Land Fund	2,254,900	2,254,900	0
Prison Construction and Operations Fund	15,050,000	15,050,000	0
State Charitable, Penal and Reformatory Institutions Land Fund	4,062,500	1,240,500	(2,822,000)
State Education Fund for Correctional Education	424,000	580,200	156,200
Transition Office Fund	180,000	180,000	0
Transition Program Drug Treatment Fund	600,000	600,000	0
Total - State Department of Corrections	52,225,500	49,559,700	(2,665,800)
Cosmetology, Board of			
Board of Cosmetology Fund	1,747,800	1,747,800	0
Criminal Justice Commission, Arizona			
Criminal Justice Enhancement Fund	785,200	785,200	0
Victim Compensation and Assistance Fund	4,100,000 <u>1/</u>	4,100,000	0
State Aid to County Attorneys Fund	1,052,500	1,052,500	0
State Aid to Indigent Defense Fund	999,200	999,200	0
Total - Arizona Criminal Justice Commission	6,936,900	6,936,900	0
Deaf and the Blind, AZ Schools for the			
Schools for the Deaf and the Blind Fund	14,695,400	14,695,400	0
Total - AZ Schools for the Deaf and the Blind	14,695,400	14,695,400	0
Deaf and the Hard of Hearing, Comm. for the			
Telecommunication Fund for the Deaf	5,441,100	5,441,100	0
Dental Examiners, State Board of			
Dental Board Fund	1,102,800	1,102,800	0
Drug & Gang Prevention Resource Center			
Drug and Gang Prevention Resource Center Fund	302,400	302,400	0
Intergovernmental Agreements and Grants	336,600	336,600	0
Total - Drug & Gang Prevention Resource Center	639,000	639,000	0
Economic Security, Department of			
Child Abuse Prevention Fund	1,576,900	1,576,900	0
Child Support Enforcement Administration Fund	16,030,600 <u>2/</u>	16,030,600	0
Children and Family Services Training Program Fund	209,600	209,600	0
Domestic Violence Shelter Fund	2,400,000 <u>2/</u>	2,400,000	0
Federal Child Care and Development Fund			
Block Grant	112,159,000	112,159,000	0
Federal Reed Act Grant	3,495,700	3,495,700	0
Federal Temporary Assistance for Needy Families Block Grant	279,743,100 <u>3/</u>	279,743,100	0
Long Term Care System Fund	26,468,500	26,468,500	0
Public Assistance Collections Fund	516,600	516,600	0
Risk Management Fund	271,500	271,500	0
Special Administration Fund	1,574,400	1,574,400	0
Spinal and Head Injuries Trust Fund	2,565,700	2,565,700	0
Statewide Cost Allocation Plan Fund	1,000,000	1,000,000	0
Tobacco Tax and Health Care Fund			
Health Research Account	200,000	200,000	0
Workforce Investment Act Grant	55,938,300	55,938,300	0
Total - Department of Economic Security	504,149,900	504,149,900	0
Education, Department of			
Permanent State School Fund	45,220,700	46,475,500	1,254,800
Proposition 301 Fund	7,000,000	7,000,000	0
Teacher Certification Fund	2,572,800	2,572,800	0
Total - Department of Education	54,793,500	56,048,300	1,254,800

	FY 2009 Estimate	FY 2010 JLBC	FY 2010 JLBC - FY 2009
Emergency & Military Affairs, Dept of			
Emergency Response Fund	132,700	132,700	0
Environmental Quality, Department of			
Air Permits Administration Fund	5,992,300	5,992,300	0
Air Quality Fund	5,227,500	5,227,500	0
Clean Water Revolving Fund	5,000,000	5,000,000	
Emissions Inspection Fund	37,470,700	31,870,700	(5,600,000)
Hazardous Waste Management Fund	795,000	795,000	0
Indirect Cost Recovery Fund	12,748,200	12,748,200	0
Recycling Fund	2,325,800	2,325,800	0
Solid Waste Fee Fund	1,503,100	1,503,100	0
Underground Storage Tank Fund	22,000	22,000	0
Used Oil Fund	137,800	137,800	0
Water Quality Fee Fund	5,887,000	5,887,000	0
Total - Department of Environmental Quality	77,109,400	71,509,400	(5,600,000)
Exposition and State Fair Board, AZ			
Arizona Exposition and State Fair Fund	16,299,600	16,299,600	0
Funeral Directors and Embalmers, Board of			
Board of Funeral Directors & Embalmers Fund	350,000	350,000	0
Game and Fish Department, AZ			
Game and Fish Fund	31,178,500	32,670,200	1,491,700
Waterfowl Conservation Fund	43,400	43,400	0
Wildlife Endowment Fund	16,000	16,000	0
Watercraft Licensing Fund	3,974,400	3,491,700	(482,700)
Game, Nongame, Fish and Endangered			
Species Fund	329,900	329,900	0
Total - AZ Game and Fish Department	35,542,200	36,551,200	1,009,000
Gaming, Department of			
Tribal State Compact Fund	2,247,200	1,972,700	(274,500)
State Lottery Fund	300,000	300,000	0
Arizona Benefits Fund	14,013,800	10,864,200	(3,149,600)
Total - Department of Gaming	16,561,000	13,136,900	(3,424,100)
Government Information Tech. Agency			
Information Technology Fund	3,685,400	3,685,400	0
State Web Portal Fund	5,000,000	5,000,000	0
Total - Government Information Technology Agency	8,685,400	8,685,400	0
Health Services, Department of			
Arizona State Hospital Fund	6,032,600	6,032,600	0
ASH Land Earnings Fund	1,150,000	1,150,000	0
Capital Outlay Stabilization Fund	1,578,000	1,578,000	0
Child Fatality Review Fund	99,100	99,100	0
Emergency Medical Services Operating Fund	5,983,100	5,983,100	0
Environmental Laboratory Licensure			
Revolving Fund	970,600	970,600	0
Federal Child Care and Development Fund			
Block Grant	829,200	829,200	0
Hearing and Speech Professionals Fund	340,200	340,200	0
Indirect Cost Fund	9,075,700	9,075,700	0
Newborn Screening Program Fund	6,805,300	6,805,300	0
Nursing Care Institution Resident Protection			
Fund	38,000	38,000	0
Substance Abuse Services Fund	2,500,000	2,500,000	0
Tobacco Tax and Health Care Fund			
Health Research Account	1,000,000	1,000,000	0
Tobacco Tax and Health Care Fund			
Medically Needy Account	35,824,800	35,824,800	0
Vital Records Electronic System Fund	499,700	499,700	0
Total - Department of Health Services	72,726,300	72,726,300	0
Historical Society, Arizona			
Capital Outlay Stabilization Fund	194,200	194,200	0
Homeopathic & Integrated Medicine Examiners, Bd of			
Bd of Homeopathic & Integrated Medicine Exmnr's Fund	117,300	104,000	(13,300)
Housing, Department of			
Housing Trust Fund	944,800	944,800	0
Total - Department of Housing	944,800	944,800	0
Industrial Commission of AZ			
Industrial Commission Administrative Fund	19,859,700	19,859,700	0
Judiciary - Supreme Court			
Confidential Intermediary and Fiduciary Fund	484,600	484,600	0
Court Appointed Special Advocate Fund	3,449,200	3,449,200	0
Criminal Justice Enhancement Fund	3,053,500	3,053,500	0
Defensive Driving School Fund	5,393,600	5,393,600	0
Photo Enforcement Fund	4,056,600	4,056,600	0
Judicial Collection Enhancement Fund	12,003,800	12,003,800	0
State Aid to the Courts Fund	2,945,300	2,945,300	0

	FY 2009 Estimate	FY 2010 JLBC	FY 2010 JLBC - FY 2009
Total - Supreme Court	31,386,600	31,386,600	0
Judiciary - Superior Court			
Criminal Justice Enhancement Fund	7,018,200	7,018,200	0
Judicial Collection Enhancement Fund	3,421,500	3,421,500	0
Drug Treatment and Education Fund	500,000	500,000	0
Total - Superior Court	10,939,700	10,939,700	0
SUBTOTAL - Judiciary	42,326,300	42,326,300	0
Juvenile Corrections, Department of			
Criminal Justice Enhancement Fund	686,600	686,600	0
State Charitable, Penal and Reformatory Institutions Land Fund	4,298,600	1,749,600	(2,549,000)
State Education Fund for Committed Youth	2,684,800	2,684,800	0
Total - Department of Juvenile Corrections	7,670,000	5,121,000	(2,549,000)
Land Department, State			
Due Diligence Fund	500,000	500,000	0
Environmental Special Plate Fund	260,000	260,000	0
Total - State Land Department	760,000	760,000	0
Legislature			
Library, Archives & Public Records, AZ State Records Services Fund	675,900	675,900	0
Total - Legislature	675,900	675,900	0
Lottery Commission, AZ State			
State Lottery Fund	79,323,300 <u>4/</u>	70,325,200	(8,998,100)
Medical Board, Arizona			
Arizona Medical Board Fund	5,822,600	5,822,600	0
Medical Student Loans, Board of			
Medical Student Loan Fund	309,800	47,000	(262,800)
Mine Inspector, State			
Aggregate Mining Reclamation Fund	0	155,800	155,800
Total - State Mine Inspector	0	155,800	155,800
Naturopathic Physicians Medical Board			
Naturopathic Physicians Medical Board Fund	604,300	604,300	0
Nursing, State Board of			
Board of Nursing Fund	4,134,900	4,134,900	0
Nursing Care Institution Administrators Board			
Nursing Care Institution Administrators' Licensing & Assisted Living Facility Managers' Certification Fund	377,700	377,700	0
Occupational Therapy Examiners, Board of			
Occupational Therapy Fund	244,900	244,900	0
Opticians, State Board of Dispensing			
Board of Dispensing Opticians Fund	124,300	124,300	0
Optometry, State Board of			
Board of Optometry Fund	202,200	202,200	0
Osteopathic Examiners, AZ Board of			
Board of Osteopathic Examiners Fund	698,700	698,700	0
Parks Board, Arizona State			
State Parks Enhancement Fund	7,259,000	7,259,000	0
Law Enforcement and Boating Safety Fund	1,092,700	1,092,700	0
Reservation Surcharge Fund	548,000	548,000	0
Total - Arizona State Parks Board	8,899,700	8,899,700	0
Pest Management, Office of			
Pest Management Fund	2,774,300	2,644,000	(130,300)
Pharmacy, AZ State Board of			
Board of Pharmacy Fund	1,920,900	1,920,900	0
Physical Therapy Examiners, Board of			
Board of Physical Therapy Fund	360,200	360,200	0
Pioneers' Home, AZ			
Miners' Hospital Fund	2,987,600	3,011,600	24,000
State Charitable Fund	3,663,500	3,663,500	0
Total - AZ Pioneers' Home	6,651,100	6,675,100	24,000
Podiatry Examiners, State Board of			
Podiatry Fund	143,600	143,600	0
Postsecondary Education, Commission for			
Postsecondary Education Fund	3,852,700	3,852,700	0
Private Postsecondary Education, Board for			
Board for Private Postsecondary Education Fund	334,700	334,700	0
Psychologist Examiners, State Board of			
Board of Psychologist Examiners Fund	407,900	400,300	(7,600)
Public Safety, Department of			
Arizona Deoxyribonucleic Acid Identification Fund	4,604,600	4,604,600	0
Arizona Highway Patrol Fund	22,223,300	21,446,300	(777,000)

	FY 2009 Estimate	FY 2010 JLBC	FY 2010 JLBC - FY 2009
Automated Fingerprint Identification Fund	3,293,400	3,293,400	0
Crime Laboratory Assessment Fund	5,847,900	5,847,900	0
Criminal Justice Enhancement Fund	3,292,100	3,292,100	0
Highway User Revenue Fund	84,949,500	84,949,500	0
Motorcycle Safety Fund	205,000	205,000	0
Parity Compensation Fund	3,539,500	3,539,500	0
Photo Enforcement Fund	22,534,300	22,534,300	0
Risk Management Fund	296,200	296,200	0
Safety Enforcement and Transportation Infrastructure Fund	1,615,600	1,615,600	0
State Highway Fund	41,050,500	41,050,500	0
Total - Department of Public Safety	193,451,900	192,674,900	(777,000)
Racing, Arizona Department of County Fair Racing Fund	446,800	446,800	0
Racing Administration Fund	66,800	66,800	0
Total - Arizona Department of Racing	513,600	513,600	0
Radiation Regulatory Agency State Radiologic Technologist Certification Fund	288,800	288,800	0
Residential Utility Consumer Office Residential Utility Consumer Office Revolving Fund	1,302,000	1,302,000	0
Respiratory Care Examiners, Board of Board of Respiratory Care Examiners' Fund	261,600	261,600	0
Retirement System, Arizona State Long-Term Disability Administration Account	2,800,000	2,800,000	0
State Retirement System Administration Account	21,247,000	20,321,700	(925,300)
Total - Arizona State Retirement System	24,047,000	23,121,700	(925,300)
Revenue, Department of Tobacco Tax and Health Care Fund	662,800	662,800	0
Estate and Unclaimed Property Fund	3,404,000	3,404,000	0
Liability Setoff Fund	422,000	422,000	0
Total - Department of Revenue	4,488,800	4,488,800	0
Secretary of State Election Systems Improvement Fund	4,002,000	4,002,000	0
Professional Employer Organization Fund	98,200	98,200	0
Total - Secretary of State	4,100,200	4,100,200	0
State Boards' Office Special Services Revolving Fund	284,700	284,200	(500)
Technical Registration, State Board of Technical Registration Fund	1,745,200	1,745,200	0
Transportation, Department of Air Quality Fund	71,700	71,700	0
Driving Under the Influence Abatement Fund	143,300	143,300	0
Highway User Revenue Fund	617,000	102,558,100	101,941,100
Motor Vehicle Liability Insurance Enforcement Fund	2,419,500	2,419,500	0
Safety Enforcement and Transportation Infrastructure Fund	2,158,000	2,158,000	0
State Aviation Fund	2,337,000	2,247,000	(90,000)
State Highway Fund	420,035,800	321,638,900	(98,396,900)
Transportation Department Equipment Fund	38,960,400	32,154,700	(6,805,700)
Vehicle Inspection & Title Enforcement Fund	1,682,500	1,682,500	0
Total - Department of Transportation	468,425,200	465,073,700	(3,351,500)
Treasurer, State State Treasurer's Management Fund	1,300	1,300	0
Total - State Treasurer	1,300	1,300	0
Universities Arizona State University - Main Campus University Collections Fund	260,679,000	289,864,800	29,185,800
Total - Arizona State University - Main Campus	260,679,000	289,864,800	29,185,800
Arizona State University - East Campus University Collections Fund	27,120,200	34,209,100	7,088,900
Technology and Research Initiative Fund	2,000,000	2,000,000	0
Total - Arizona State University - East Campus	29,120,200	36,209,100	7,088,900
Arizona State University - West Campus University Collections Fund	27,573,200	33,551,800	5,978,600
Technology and Research Initiative Fund	1,600,000	1,600,000	0
Total - Arizona State University - West Campus	29,173,200	35,151,800	5,978,600
Northern Arizona University University Collections Fund	52,620,500	62,327,800	9,707,300
University of Arizona - Main Campus University Collections Fund	153,532,100	187,458,300	33,926,200
University of Arizona - Health Sciences Center			

	FY 2009 Estimate	FY 2010 JLBC	FY 2010 JLBC - FY 2009
University Collections Fund	16,543,500 ^{5/}	20,471,200	3,927,700
SUBTOTAL - Universities	541,668,500	631,483,000	89,814,500
Veterans' Services, Department of			
State Veterans' Conservatorship Fund	747,500	747,500	0
State Home for Veterans' Trust Fund	13,743,800	13,743,800	0
Total - Department of Veterans' Services	14,491,300	14,491,300	0
Veterinary Medical Examining Board			
Veterinary Medical Examining Board Fund	468,300	468,300	0
Water Resources, Department of			
Assured and Adequate Water Supply Admin Fund	1,119,100	1,119,100	0
Water Banking Fund	6,900,000	6,900,000	0
Total - Department of Water Resources	8,019,100	8,019,100	0
Weights and Measures, Department of			
Air Quality Fund	1,542,900	1,523,800	(19,100)
Motor Vehicle Liability Insurance Enf. Fund	324,000	322,900	(1,100)
Total - Department of Weights and Measures	1,866,900	1,846,700	(20,200)
OPERATING BUDGET TOTAL	\$2,896,256,500	\$2,918,422,500	\$22,166,000
FY 2009 Supplementals	177,700	0	(177,700)
Capital	361,071,200	223,608,600	(137,462,600)
GRAND TOTAL	3,257,505,400	3,142,031,100	(115,474,300)

^{1/} Expenditure authority adjusted upward by \$300,000 as permitted by the General Appropriation Act.

^{2/} In FY 2009, the Department of Economic Security exercised a footnote appropriating any funds in excess of the originally appropriated amount.

^{3/} Adjusted from the originally appropriated FY 2009 amounts to reflect the portion now granted to the San Carlos Apache Tribe for operating its own cash assistance program.

^{4/} Revised Lottery forecast.

^{5/} Reflects tuition collections receipts above the amount appropriated by the Legislature in FY 2009. A footnote in the FY 2009 General Appropriation Act appropriated any tuition collections receipts above the appropriated amount to the university.

FY 2009 SUPPLEMENTALS

	Change to Original '09 Budget
<u>General Fund</u>	
AHCCCS	\$87,097,600
Department of Health Services	11,050,300
General Fund - Total	\$98,147,900
<u>Other Funds</u>	
State Mine Inspector	\$177,700

SUMMARY OF FEDERAL AND OTHER NON-APPROPRIATED FUND EXPENDITURES
For Fiscal Years 2008, 2009 and 2010 1/

	FY 2008 Actual	FY 2009 Estimate	FY 2010 Estimate
<u>BUDGET UNITS</u>			
Department of Administration (ADA)			
Administration - AFIS II Collections (4203)	1,388,100	2,881,600	1,738,600
Americans with Disabilities Act, Arizona Office for (2001)	0	0	0
Certificate of Participation (5005)	42,212,900	123,782,600	186,702,500
Construction Insurance (4219)	2,749,100	1,825,100	2,563,000
Consumer Loss Recovery (2469)	1,400	50,000	50,000
Co-Op State Purchasing Agreement (4213)	533,100	1,089,600	439,600
Electronic Commerce (2482)	0	0	0
Emergency Telecommunication Services Revolving (2176)	16,949,700	28,815,800	28,815,800
Employee Related Expenditures/Benefits Admin (ITA3035)	38,497,500	35,744,000	37,894,700
Employee Travel Reduction (2261)	599,100	571,100	571,100
Federal Grants (2000)	203,300	215,200	215,200
IGA & ISA Fund (2500)	24,378,800	16,911,400	8,851,400
Management Services Division Plan Deposits (3196)	0	0	0
Privatized Lease to Own (5010)	11,833,200	11,331,800	11,331,800
Racing Investigation (2369)	0	0	0
Retiree Accumulated Sick Leave (YYA3200)	10,798,000	11,270,500	11,716,200
Special Employee Health Insurance Trust (ITA3015)	671,307,800	673,057,300	805,022,700
Special Events (2503)	5,200	34,300	34,300
Special Services Revolving (4208)	1,942,500	2,164,800	2,164,800
State Employee Suggestion Program Award (3190)	0	0	0
Statewide Donations (2025)	247,700	233,400	233,400
Traffic and Parking Control (2453)	19,100	16,200	16,200
Department of Administration - Subtotal	<u>\$823,666,500</u>	<u>\$909,994,700</u>	<u>\$1,098,361,300</u>
Office of Administrative Hearings (HGA)			
IGA and ISA (2500)	\$1,538,400	\$1,584,200	\$1,584,200
Arizona Department of Agriculture (AHA)			
Administrative Support (2436)	38,500	39,700	39,700
Agricultural Products Marketing (2368)	1,427,100	0	0
Agricultural Protection (2381)	0	0	0
Beef Council (2083)	613,600	620,000	620,000
Citrus Research Council (2299)	58,500	33,500	33,500
Commodity Promotion (2458)	2,000	8,300	8,300
Cotton Research and Protection Council (2013)	2,300,100	1,688,000	1,688,000
Designated (3011)	819,500	671,900	671,900
Equine Inspection (2489)	3,000	3,400	3,400
Federal (2000)	4,114,200	4,135,400	4,149,500
Federal-State Inspection (2113)	3,210,600	3,428,200	3,428,200
Grain Research (2201)	206,400	199,000	199,000
Iceberg Lettuce Research Council (2259)	128,900	0	0
Indirect Cost Recovery (9000)	195,800	303,200	303,200
Livestock and Crop Conservation (2378)	2,720,400	2,300,000	2,300,000
Arizona Department of Agriculture - Subtotal	<u>\$15,838,600</u>	<u>\$13,430,600</u>	<u>\$13,444,700</u>
AHCCCS (HCA)			
County Funds (2120/2223)	294,470,900	308,871,600	314,601,300
Employee Recognition (2025)	28,000	35,000	35,000
Federal - Medicaid Direct Services (2120)	27,761,300	28,428,500	28,428,500
Federal Funds (2000)	12,404,700	9,869,300	3,447,000
Federal Title XIX Funds (2120/2223)	3,504,259,000	4,050,836,000	4,347,764,600
Healthcare Group (3197)	74,615,200	60,880,800	60,880,800
Hospital Loan Residency (2532) 1/	0	0	0
Intergovernmental Service (2438)	9,198,100	10,031,900	10,031,900
Proposition 202 - Trauma & Emergency Services (2494)	24,229,200	22,888,600	24,637,600
Third Party Collections (3791/3019)	72,800	194,700	194,700
Tobacco Litigation Settlement, Arizona (TRA2561)	115,627,300	114,004,100	118,280,200
Tobacco Tax & Health Care - Medically Needy Account (1306)	0	0	0
Tobacco Products Tax Fund - Proposition 204 Protection Account	57,774,000	54,004,600	48,996,700

	FY 2008 Actual	FY 2009 Estimate	FY 2010 Estimate
AHCCCS - Subtotal	\$4,120,440,500	\$4,660,045,100	\$4,957,298,300
AZ Commission on the Arts (HUA)			
Arts Endowment (3106)	911,900	1,208,500	1,208,500
Arts Special Revenues (2116)	831,900	848,800	848,800
Arts Trust, Arizona (3014)	1,434,100	1,656,400	1,656,400
AZ Commission on the Arts - Subtotal	\$3,177,900	\$3,713,700	\$3,713,700
Attorney General - Department of Law (AGA)			
Anti-Racketeering Revolving (2131)	19,371,900	13,513,100	13,575,300
Attorney General Expendable Trust (3102)	0	0	0
CJEF Distribution to County Attorneys (2068)	4,467,700	4,466,400	4,466,400
Colorado River Land Claims Revolving (2430)	600	600	600
Court-Ordered Trust (3180)	459,900	483,700	483,700
Criminal Case Processing (2461)	30,100	75,300	77,400
Federal Grant (2117)	5,120,000	5,716,200	5,871,700
Intergovernmental Agreements (2500)	772,800	10,000	17,300
Motor Carrier Safety Revolving (2380)	0	0	0
Prosecuting Attorneys' Advisory Council Training (2057)	1,349,500	1,349,500	1,349,500
Street Gang Enforcement Revolving (1022)	109,800	111,200	114,000
Victim Witness (2228)	56,300	56,900	60,200
Attorney General - Department of Law - Subtotal	\$31,738,600	\$25,782,900	\$26,016,100
Automobile Theft Authority (ATA)			
Federal Grants (2000)	\$0	\$0	\$0
Arizona Biomedical Research Commission			
Disease Control Research (DIA2090)	1,534,800	\$3,902,900	\$3,902,900
Tobacco Tax & Health Care - Health Research Account (DSA2096)	10,343,000	11,316,100	11,316,100
Arizona Biomedical Research Commission - Subtotal	\$11,877,800	\$15,219,000	\$15,219,000
Citizens Clean Elections Commission			
Citizens Clean Elections Fund (2425)	\$4,264,300	\$12,942,500	\$12,942,500
Department of Commerce (EPA)			
Arizona Twenty-First Century Competitive Initiative (2524) <u>1/</u>	0	0	0
Biofuels Conversion Program, Arizona (NA)	0	0	0
Commerce and Economic Development Commission (2245)	758,400	874,700	874,700
CEDC Local Communities (2498)	125,000	25,000	25,000
Commerce Workshops (2149)	469,900	515,800	515,800
Donations (3189)	647,400	675,500	675,500
Federal Funds (2000)	5,084,400	5,222,800	5,222,800
Greater AZ Development Authority Revolving (2311)	542,000	555,500	555,500
IGA/ISA (9500)	1,723,500	2,424,200	2,424,200
Indirect Cost Recovery (9000)	164,900	246,900	246,900
International Development Authority (NA)	0	0	0
Job Training (1237)	7,553,300	22,211,800	22,211,800
Military Installation (1010) <u>1/</u>	0	0	0
Nursing Education Demonstration Project (2514) <u>1/</u>	0	0	0
Oil Overcharge (3171)	685,400	1,170,200	1,170,200
Recycling (2289)	99,200	99,400	99,400
Department of Commerce - Subtotal	\$17,853,400	\$34,021,800	\$34,021,800
Arizona Community Colleges (CMA)			
Tribal Assistance (NA)	555,800	542,500	542,500
Workforce Development Accounts (varies by account)	17,272,000	16,637,000	16,488,100
Arizona Community Colleges - Subtotal	\$17,827,800	\$17,179,500	\$17,030,600
State Compensation Fund (TRA)			
State Compensation Fund (9002)	\$739,614,000	\$584,100,000	\$598,900,000
Registrar of Contractors (RGA)			
Residential Contractors' Recovery (3155)	6,983,800	6,753,400	6,753,400
Corporation Commission (CCA)			
Federal (2000)	292,500	350,000	350,000
IGA and ISA (2500)	2,100	2,000	2,000
Public Access - Money on Deposit Subaccount (2334)	0	0	0
Statewide Donations (ADA2025)	58,100	0	0
Utility Siting (2076)	60,600	0	0
Corporation Commission - Subtotal	\$413,300	\$352,000	\$352,000
State Department of Corrections (DCA)			
Correctional Industries Revolving, Arizona (4002)	28,829,900	30,929,900	30,929,900
Corrections Donations (3147)	18,300	21,800	21,800
Criminal Justice Enhancement (2035)	5,022,900	5,617,000	5,617,000

	FY 2008 Actual	FY 2009 Estimate	FY 2010 Estimate
Federal (2000)	30,477,700	17,896,300	17,896,300
Indirect Cost Recovery (9000)	2,130,400	1,224,100	1,224,100
Inmate Store Proceeds (2505)	485,700	485,000	485,000
Interagency Service Agreement (2500)	374,100	71,900	71,900
Penitentiary Land (3140)	0	0	0
Risk Management Insurance Reimbursement (3748)	364,300	350,000	350,000
Special Services (3187)	4,896,500	2,270,000	2,270,000
State Charitable, Penal, and Reformatory Institutions Land (3141)	598,200	310,200	310,200
State DOC Revolving (2515)	4,140,700	3,410,000	3,410,000
Statewide Employee Recognition Gifts/Donations (2449)	0	0	0
State Department of Corrections - Subtotal	\$77,338,700	\$62,586,200	\$62,586,200
Arizona Criminal Justice Commission (JCA)			
Driving Under the Influence Abatement (2422)	2,034,400	1,138,500	2,460,100
Drug & Gang Enforcement Account (2134)	7,431,000	10,293,400	8,214,400
Federal Grants (2000)	15,934,600	17,497,300	11,113,200
Public Safety Equipment Fund (NA)	0	500,000	0
Arizona Criminal Justice Commission - Subtotal	\$25,400,000	\$29,429,200	\$21,787,700
Arizona State Schools for the Deaf and the Blind (SDA)			
ASDB Classroom Site (2486)	3,457,100	2,738,900	2,738,900
Enterprise (4222)	152,700	158,100	158,100
Federal Grants (2000)	3,468,000	3,918,100	3,918,100
IGA and ISA (2500)	0	0	0
Instructional Improvement (2492)	186,400	186,400	186,400
Non-Federal Grants (2011)	71,400	74,300	74,300
Regional Cooperatives (4221)	15,915,700	18,106,200	18,106,200
Trust (3148)	97,300	82,300	82,300
Arizona State Schools for the Deaf and the Blind - Subtotal	\$23,348,600	\$25,264,300	\$25,264,300
Commission for the Deaf and the Hard of Hearing (DFA)			
Private Grants (2423)	7,700	7,700	0
Commission for the Deaf & the Hard of Hearing - Subtotal	\$7,700	\$7,700	\$0
Arizona Drug and Gang Prevention Resource Center (DPA)			
Federal Grants & Intergovernmental Agreements (9445)	719,200	1,336,000	1,336,000
Private and Non-Profit Grants (9446)	37,300	57,400	57,400
AZ Drug and Gang Prevention Resource Center - Subtotal	\$756,500	\$1,393,400	\$1,393,400
Arizona Early Childhood Development & Health Board			
Early Childhood Development & Health (NA)	\$8,376,500	\$26,698,500	\$150,933,900
Department of Economic Security (DEA)			
Capital Investment (2093)	8,500	8,900	8,900
Child Passenger Restraint (2192)	180,700	206,500	206,500
Child Protective Services Expedited Substance Abuse Treatment (2421) <u>1/</u>	0	0	0
Child Support Enforcement Administration (2091)	4,157,800	2,031,800	2,031,800
Client Trust (3152)	928,200	1,830,000	1,830,000
Community-Based Marriage and Communication Skills Program (2434) <u>1/</u>	0	0	0
Developmentally Disabled Client Services Trust (2019)	138,500	145,400	145,400
Donations (3145)	67,000	65,200	65,200
Federal Grants (2000)	654,011,000	650,131,300	669,521,600
Industries for the Blind, Arizona (4003)	17,416,900	17,390,100	17,390,100
Joint Substance Abuse Treatment (2429) <u>1/</u>	0	0	0
Long Term Care System - Federal Matched (2225)	518,156,000	567,276,100	595,836,500
Mesa Land (3151)	0	0	0
Neighbors Helping Neighbors (2348)	38,600	38,700	38,700
Special Olympics Tax Refund (3207)	58,100	60,000	60,000
Unemployment Insurance Benefits (TRA9005)	357,220,400	428,664,500	428,664,500
Utility Assistance (3092)	690,000	519,600	519,600
Dept. of Economic Security - Subtotal	\$1,553,071,700	\$1,668,368,100	\$1,716,318,800
Department of Education (EDA)			
Academic Contest (1006) <u>1/</u>	0	0	0
American Competitiveness Project (2361)	0	12,100	12,100
Assistance for Education (2420)	0	300,600	300,600
Character Education Special Plate (2522)	0	0	0
Charter Schools Stimulus (1007)	0	0	0
Classroom Site (2471)	494,059,300	462,722,500	438,839,000
Displaced Pupils Choice Grant (2533) <u>1/</u>	0	0	0
Early Graduation Scholarship (2364)	0	0	0

	FY 2008 Actual	FY 2009 Estimate	FY 2010 Estimate
E-Learning (2527) <u>1/</u>	0	0	0
Education Commodity (4210)	135,600	101,600	101,600
Education Donations (2025)	1,097,700	52,800	52,800
English Learner Classroom Personnel Bonus (2485)	0	0	0
Extraordinary Special Education Needs (2483)	0	0	0
Failing Schools Tutoring (2470)	3,329,400	1,892,000	1,892,000
Federal (2000)	899,634,700	1,171,850,500	1,171,850,500
Full-Day Kindergarten (2507) <u>1/</u>	0	0	0
Golden Rule Special Plate (2513)	28,100	0	0
Government Education, Arizona (2362) <u>1/</u>	0	0	0
IGA and ISA (2500)	2,592,100	2,139,600	2,167,200
Indirect Cost Recovery (9000)	4,666,100	4,991,600	4,991,600
Instructional Improvement (2492)	48,851,600	48,478,800	48,478,800
Internal Services (4209)	3,661,300	6,224,700	6,085,700
Mathematics or Science Achievement Program (2363) <u>1/</u>	0	0	0
Production Revolving (4211)	1,094,300	2,184,100	2,169,600
Proposition 301 (1014)	87,414,500	94,269,300	94,269,300
Research Based Reading Instruction & Reading Instruction Training (2413) <u>1/</u>	0	0	0
Scholarships for Pupils with Disabilities Program, AZ (2534) <u>1/</u>	0	0	0
Special Education (1009) <u>1/</u>	0	0	0
Statewide Compensatory Instruction (2528) <u>1/</u>	0	0	0
Structured English Immersion, Arizona (2535) <u>1/</u>	0	0	0
Youth Farm Loan, Arizona (2136)	0	0	0
Department of Education - Subtotal	<u>\$1,546,564,700</u>	<u>\$1,795,220,200</u>	<u>\$1,771,210,800</u>
Department of Emergency & Military Affairs (MAA)			
Camp Navajo (2106)	9,957,900	8,411,000	8,411,000
Emergency Management Registration Fees (2087)	4,400	0	0
Federal Funds - Emergency (2000)	22,100,000	20,623,500	20,623,500
Federal Funds - Military (2000)	50,959,500	35,961,300	35,961,300
Freedom Academy (2104)	0	0	0
Morale, Welfare and Recreation (2124)	23,700	64,900	64,900
National Guard (2140)	109,400	187,000	187,000
National Guard Relief (NA)	0	0	0
Nuclear Emergency Management (2138)	0	0	0
State Armory Property (2146)	25,000	0	0
Department of Emergency & Military Affairs - Subtotal	<u>\$83,179,900</u>	<u>\$65,247,700</u>	<u>\$65,247,700</u>
Department of Environmental Quality (EVA)			
Air Quality - Clean Air Subaccount (2240)	0	0	0
Brownfields Cleanup Revolving Loan (2456)	0	0	0
Clean Air, Arizona (1238)	0	0	0
Clean Air Fund Balance, Arizona (2250)	0	0	0
Clean Water Revolving (2254)	103,161,800	97,919,000	97,919,000
Donations (2449)	9,300	10,000	10,000
Drinking Water Revolving (2307)	107,054,300	45,918,900	45,918,900
Federal (2000)	16,561,000	20,189,000	20,189,000
Greenfields Program (2309)	0	0	0
Hardship Grant (2437)	0	0	0
IGA & ISA (2500)	2,183,700	2,915,500	2,915,500
Institutional and Engineering Control (2563)	8,100	17,300	17,300
Intergovernmental Agreements (2180)	0	0	0
Monitoring Assistance (2308)	769,100	740,900	740,900
Small Water Systems (2225)	0	0	0
Specific Site Judgment (3006)	0	0	0
Technical Appeals Program (3411)	0	0	0
UST - Area A Assurance Account (2271)	9,533,700	14,117,100	14,117,100
UST - Cleanup Municipalities (2271)	0	0	0
UST - Grant Account (2271)	0	0	0
UST - Municipal Tank Closure & Corrective Action Program Account (2271)	572,700	595,000	595,000
UST - Non-Maricopa County Assurance Account (2271)	16,801,500	22,696,100	22,696,100
UST - Policy Commission (2271)	0	0	0
UST - Regulatory Account (2271)	672,900	781,200	781,200
UST - Technical Appeals (2271)	0	0	0
Voluntary Lawn & Garden Equipment Emissions Reduction (2306)	0	0	0

	FY 2008 Actual	FY 2009 Estimate	FY 2010 Estimate
Voluntary Remediation (2564)	261,400	445,900	445,900
Voluntary Vehicle Repair & Retrofit (2365)	1,026,500	1,045,900	1,045,900
Water Quality Assurance Revolving (2221)	20,112,100	22,355,200	22,355,200
Department of Environmental Quality - Subtotal	\$278,728,100	\$229,747,000	\$229,747,000
Equal Opportunity, Governor's Office of (AFA)			
Equal Employment & Economic Development (2000)	66,600	68,000	68,000
State Department of Financial Institutions (BDA)			
Escrow Recovery, Arizona (2341)	115,200	80,000	80,000
IGA and ISA Fund (2500)	262,800	191,300	191,300
Receivership Revolving (3023)	45,000	43,300	43,300
Revolving (2126)	1,158,400	1,208,700	1,208,700
State Department of Financial Institutions - Subtotal	\$1,581,400	\$1,523,300	\$1,523,300
Department of Fire, Building and Life Safety (MMA)			
Arson Detection Reward (2169)	600	600	600
Building and Fire Safety (2211)	249,000	249,000	249,000
Condominium and Planned Community Hearing Office (2537)	22,200	22,200	22,200
Consumer Recovery (3090)	426,200	426,200	426,200
Manufactured Housing Cash Bond (3722)	0	0	0
Mobile Home Relocation (2237)	1,160,400	1,153,300	1,153,300
Department of Fire, Building and Life Safety - Subtotal	\$1,858,400	\$1,851,300	\$1,851,300
Arizona Game & Fish Department (GFA)			
Big Game Permit (3712)	0	0	0
Conservation Development (2062)	405,000	3,005,100	3,005,100
Federal (2000)	0	0	0
Federal Revolving (2028)	29,024,700	30,295,800	31,737,300
Firearms Safety and Ranges (2442)	211,400	325,700	100
Game and Fish Trust (3111)	2,797,000	2,799,400	2,799,400
Heritage (2295)	19,018,600	11,748,800	10,787,900
Indirect Cost Recovery (9000)	3,144,100	2,699,400	2,699,400
Kaibab Co-op (3714)	57,700	70,000	70,000
Off Highway Vehicle Recreation (2253)	868,200	741,900	741,900
Publications Revolving (4007)	237,300	127,500	127,500
Wildlife Conservation (2497)	9,038,400	10,531,500	10,130,300
Wildlife Theft Prevention (2080)	202,800	193,400	193,400
Arizona Game & Fish Department - Subtotal	\$65,005,200	\$62,538,500	\$62,292,300
Arizona Geological Survey (GSA)			
Federal Grants (2000)	196,500	697,000	697,000
Geological Survey (3030)	820,600	615,300	615,300
Arizona Geological Survey - Subtotal	\$1,017,100	\$1,312,300	\$1,312,300
Government Information Technology Agency (GTA)			
Federal Grants (2000)	\$324,900	\$590,900	\$1,222,000
IGA and ISA (2500)	171,600	590,600	0
Government Information Technology Agency - Subtotal	\$496,500	\$1,181,500	\$1,222,000
Office of the Governor (GVA)			
County Fairs Livestock & Agricultural Promotion (2037)	1,804,800	1,800,000	1,800,000
Endowment Partnership (3206)	0	0	0
Energy Conservation (3209)	0	0	0
Federal Grant (2000)	14,551,500	20,234,800	10,797,800
Governor's Arizona Promotional & Public Service (3207)	14,100	16,700	16,700
IGA and ISA (2500)	2,176,700	2,447,500	2,447,500
Indirect Cost Recovery (9000)	324,500	410,000	400,000
Prevention of Child Abuse (2439)	586,200	681,400	630,000
Office of the Governor - Subtotal	\$19,457,800	\$25,590,400	\$16,092,000
Department of Health Services (HSA)			
Addiction Reduction and Recovery (2523) 1/	0	0	0
Breast and Cervical Cancer Screening and Diagnostic Special Plate Fund (2513)	29,900	0	0
Donations - DHS (3010/2025)	361,500	290,000	290,000
Donations - Statewide (2025)	10,600	6,100	6,100
Federal Grants (2000)	292,079,900	290,424,700	290,424,700
IGA/County Contributions (2144/2500)	81,092,600	71,592,200	71,592,200
Internal Services (4202)	3,400	3,400	3,400
Oral Health (2329)	199,300	569,000	569,000
Prescription Drug Advisory Council (3040)	0	0	0
Risk Assessment (2427)	29,600	5,900	5,900
Serious Mental Illness Services (2464)	0	0	0

	FY 2008 Actual	FY 2009 Estimate	FY 2010 Estimate
Smoke-Free Arizona (2541)	3,564,500	3,564,400	3,564,400
Title XIX Services (2500)	669,941,700	744,872,500	827,266,900
Tobacco Tax & Health Care - Health Crisis Fund (2312)	584,900	500,000	500,000
Tobacco Tax & Health Care - Health Education Account (1308)	25,813,200	25,813,200	25,813,200
Tobacco Tax & Health Care - Health Research Account (DSA2096)	0	0	0
Tobacco Tax & Health Care - Medically Needy Account (1306)	200	0	0
Vital Records Electronic Systems (3039)	0	0	0
Department of Health Services - Subtotal	\$1,073,711,300	\$1,137,641,400	\$1,220,035,800
Arizona Historical Society (HIA)			
Federal Grants (2000)	0	0	0
Permanent Arizona Historical Society Revolving (2900)	203,500	332,900	360,700
Preservation and Restoration (2125)	56,100	55,500	55,500
Private (9447)	467,800	431,100	433,700
Private Grants (9449)	65,300	92,600	191,400
Restricted (9448)	267,600	5,780,300	25,205,300
Trust (9450)	7,100	14,000	9,900
Arizona Historical Society - Subtotal	\$1,067,400	\$6,706,400	\$26,256,500
Prescott Historical Society of Arizona (PHA)			
Sharlot Hall Historical Society (9505)	\$884,900	\$854,500	\$854,500
Department of Homeland Security (HLA)			
Federal Funds (2000)	\$20,134,300	\$46,685,400	\$46,685,400
Arizona Department of Housing (HDA)			
Federal Funds (2000)	65,556,700	69,663,300	70,241,100
Housing Development (2313)	0	8,800	0
Housing Program (9600)	4,268,500	4,550,600	4,590,500
Housing Trust (2235)	28,794,900	35,760,000	41,720,800
IGA & ISA Fund (2500)	3,983,000	4,871,500	5,129,700
Arizona Department of Housing - Subtotal	\$102,603,100	\$114,854,200	\$121,682,100
Arizona Commission of Indian Affairs (IAA)			
IGA and ISA (2500)	0	0	0
Indian Town Hall, Arizona (4014)	0	0	0
Publications (4013)	0	0	0
Statewide Donations (2025)	18,500	0	0
AZ Commission of Indian Affairs - Subtotal	\$18,500	\$0	\$0
Industrial Commission of Arizona (ICA)			
Federal Grants (2000)	4,355,700	4,764,700	4,764,700
Revolving (2002)	140,300	199,400	199,400
Special (9003)	71,015,900	53,922,600	45,437,500
Industrial Commission of Arizona- Subtotal	\$75,511,900	\$58,886,700	\$50,401,600
Department of Insurance (IDA)			
Assessment Fund for Voluntary Plans (2316)	196,500	208,200	208,200
Captive Insurance Regulatory/Supervision (2377)	339,400	261,500	261,500
Financial Surveillance (2473)	312,600	398,600	398,600
Health Care Appeals (2467)	136,300	140,000	140,000
Insurance Examiners' Revolving (2034)	4,542,600	4,823,800	4,823,800
Life and Disability Insurance Guaranty (2154)	1,168,300	4,843,200	4,843,200
Property and Casualty Insurance Guaranty, AZ (2114)	943,500	3,016,000	3,016,000
Receivership Liquidation (3104)	64,600	63,500	63,500
Department of Insurance - Subtotal	\$7,703,800	\$13,754,800	\$13,754,800
Judiciary - Supreme Court (SPA)			
Alternative Dispute Resolution (3245)	160,600	746,700	746,700
Certified Reporters (2440)	123,000	161,300	161,300
Grants and Special Revenue (2084)	10,158,500	12,884,100	12,884,100
Lengthy Trial, Arizona (2382)	518,500	581,600	581,600
Public Defender Training (3013)	709,500	710,000	710,000
Judiciary - Supreme Court - Subtotal	\$11,670,100	\$15,083,700	\$15,083,700
Judiciary - Superior Court (SPA)			
Community Punishment Program Fines (2119)	95,800	69,800	69,800
Drug Enforcement Account (2075)	1,908,500	1,782,400	1,782,400
Drug Treatment and Education (2277)	4,085,300	3,947,600	3,947,600
Grants and Special Revenue (2084)	1,303,600	3,556,900	3,556,900
Juvenile Delinquent Reduction (2193)	1,543,800	500,600	0
State Aid to Detention (2141)	44,700	40,000	40,000

	FY 2008 Actual	FY 2009 Estimate	FY 2010 Estimate
Judiciary - Superior Court - Subtotal	\$8,981,700	\$9,897,300	\$9,396,700
Department of Juvenile Corrections (DJA)			
Career Technical Education, DJC (2326)	0	0	0
DJC Restitution (2476)	0	0	0
Federal (2000)	2,474,800	2,609,600	2,609,600
IGA and ISA Fund (2500)	230,100	314,500	314,500
Indirect Cost Recovery (9000)	91,400	101,500	101,500
Instructional Improvement (2492)	95,000	15,000	15,000
Juvenile Corrections (3024)	104,000	102,600	102,600
State Education System for Committed Youth Classroom Site (2487)	554,200	210,000	210,000
Statewide Employee Recognition Gifts/Donations (2025/2449)	500	2,500	2,500
Training Institute (2001)	0	0	0
Department of Juvenile Corrections - Subtotal	\$3,550,000	\$3,355,700	\$3,355,700
State Land Department (LDA)			
CAP Municipal & Industrial Repayment (2129)	77,500	164,900	0
Community Protection Initiative (FOA2343) 1/	0	0	0
Cooperative Forestry (FOA2232)	5,843,100	5,975,300	4,931,500
Federal (2000)	900	0	0
Federal Reclamation Trust (2024)	6,900	0	0
Fire Suppression (FOA2360)	16,771,300	18,745,500	18,745,500
Interagency Agreements (2212)	7,600	0	0
Military Airport Land Exchange (NA)	0	0	0
Resource Analysis Division Revolving (4009)	611,900	438,500	438,500
Riparian Acquisition Trust (3201)	0	0	0
State Land Department (2451)	739,200	550,000	550,000
Universities Timber Land Account (3134)	0	0	0
State Land Department - Subtotal	\$24,058,400	\$25,874,200	\$24,665,500
Legislature - Auditor General (AUA)			
Audit Services Revolving (2242)	\$1,821,000	\$1,699,900	\$1,699,900
Legislature - Dept. of Library, Archives & Public Records (LAA)			
Federal Grants (2000)	3,218,700	3,201,700	3,201,700
Gift Shop Revolving (4008)	83,600	83,600	83,600
State Library (2115)	364,100	364,100	364,100
Legislature - Dept. of Library, Archives & Pub. Rcds - Subtotal	\$3,666,400	\$3,649,400	\$3,649,400
Department of Liquor Licenses and Control (LLA)			
Anti-Racketeering Revolving (2131)	25,800	0	0
Audit Surcharge (3010)	160,500	180,600	180,600
Enforcement Surcharge - Enforcement Unit (3012)	314,700	223,000	337,400
Enforcement Surcharge - Multiple Complaints (3011)	328,900	281,500	395,900
Federal Grants (2000)	182,200	165,000	165,000
Liquor License Lottery (3015)	79,200	79,200	79,200
Department of Liquor Licenses & Control - Subtotal	\$1,091,300	\$929,300	\$1,158,100
Arizona State Lottery Commission (LAO)			
State Lottery (2122)	264,741,500	252,073,800	267,460,600
Local Transportation Assistance (NA)	23,000,000	23,000,000	23,000,000
County Assistance (NA)	7,650,000	7,650,000	7,650,000
University Capital Improvement (NA)	0	0	3,003,000
Mass Transit (LTAF II) (NA)	11,511,700	9,499,300	9,900,000
Arizona State Lottery Commission - Subtotal	\$306,903,200	\$292,223,100	\$311,013,600
State Mine Inspector (MIA)			
Abandoned Mines Safety (2408)	0	115,000	115,000
Federal Grants (2000)	290,000	312,600	287,500
IGA and ISA (2500)	0	0	0
State Mine Inspector - Subtotal	\$290,000	\$427,600	\$402,500
Department of Mines & Mineral Resources (MNA)			
Mines and Mineral Resources (3156)	\$295,600	\$380,300	\$380,300
State Board of Nursing (BNA)			
Nurse Aide Training & Registration (2000)	\$430,900	\$414,700	\$414,700
AZ Parents Commission on Drug Education & Prevention (PCA)			
Drug Treatment and Education (2277)	\$3,464,800	\$4,971,700	\$4,276,300
Arizona State Parks Board (PRA)			
Arizona Trail Fund (2525)	170,300	125,000	125,000
Development Rights Retirement (NA)	0	0	0
Federal (2000)	4,224,600	3,197,200	2,735,300
Heritage (2296)	10,353,700	41,769,000	12,095,000

	FY 2008 Actual	FY 2009 Estimate	FY 2010 Estimate
Land Conservation - Administration Account (2432)	471,800	500,000	500,000
Land Conservation - Donation Account (2432)	0	0	0
Land Conservation - Public Conservation Account (2432)	40,501,500	44,000,000	44,000,000
Off Highway Vehicle Recreation (2253)	1,650,600	2,367,300	1,052,100
Partnership (2448)	457,800	227,400	227,400
Publications and Souvenir Revolving (4010)	595,200	650,000	650,000
State Lake Improvement (2105)	6,775,500	19,154,000	4,150,000
State Parks Enhancement (2202)	425,000	2,457,700	1,457,700
State Parks Fund (3117)	240,200	315,000	75,000
Arizona State Parks Board - Subtotal	\$65,866,200	\$114,762,600	\$67,067,500
Office of Pest Management			
Federal Fund (2000)	\$84,500	\$111,900	\$107,100
Arizona State Board of Pharmacy (PMA)			
Controlled Substances Prescription Monitoring Program (2359)	0	0	0
Federal Grant (2000)	1,500	1,500	1,500
Arizona State Board of Pharmacy - Subtotal	\$1,500	\$1,500	\$1,500
Arizona Pioneers' Home (PIA)			
IGA & ISA Fund (2500)	0	0	0
Pioneers' Home Fund (Cemetery Proceeds) (3144)	300	8,100	0
Pioneer's Home Fund (Donations) (3143)	16,800	0	0
Statewide Employee Recognition Gifts (2449)	9,900	0	0
Arizona Pioneers' Home - Subtotal	\$27,000	\$8,100	\$0
Commission for Postsecondary Education (PEA)			
Early Graduation Scholarship (2364)	0	0	0
Postsecondary Education Grant (2530) 1/	0	0	0
Private Postsecondary Education Student Financial Assistance (2128) 1/	0	0	0
Teachers Incentive Program, Arizona (2249)	0	0	0
Commission for Postsecondary Education - Subtotal	\$0	\$0	\$0
Arizona Power Authority (PAA)			
Hoover Uprating (NA)	29,459,300	30,971,600	30,971,600
Power Authority, Arizona (9506)	4,994,900	310,500	310,500
Arizona Power Authority - Subtotal	\$34,454,200	\$31,282,100	\$31,282,100
State Board for Private Postsecondary Education (PVA)			
Student Tuition Recovery (3027)	\$232,400	\$345,400	\$345,400
Department of Public Safety (PSA)			
Anti-Racketeering Revolving (3123)	12,261,500	17,000,400	4,572,800
Conferences, Workshops, and Other Education (2700)	47,800	40,500	40,500
Criminal Justice Enhancement (3702)	0	0	0
DPS Administration (2322)	1,306,600	2,110,300	1,950,800
DPS Licensing Fund (2490)	1,044,700	1,190,700	1,190,700
Driving Under the Influence Abatement (2422)	0	0	0
Families of Fallen Police Officers Special Plate Fund (2386)	32,000	50,000	50,000
Federal Grants and Reimbursements (2000)	36,061,800	35,748,100	32,145,600
Fingerprint Clearance Card (2433)	3,129,700	3,018,400	3,018,400
Fingerprinting Fund, Board of (2435)	555,500	585,900	585,900
IGA and ISA Fund (2500)	11,330,600	21,570,000	20,529,400
Indirect Cost Recovery (9000)	1,098,900	1,346,000	1,346,000
Motor Carrier Safety Revolving (2380)	0	3,200	0
Peace Officers' Training (2049)	9,268,900	8,254,600	8,341,400
Public Safety Equipment Fund (2391)	0	2,500,000	3,000,000
Records Processing (2278)	5,375,600	5,678,100	5,678,100
State Highway Work Zone Safety (2480)	300,700	0	0
Statewide Donations (2025)	17,100	23,200	23,200
Department of Public Safety - Subtotal	\$81,831,400	\$99,119,400	\$82,472,800
Public Safety Personnel Retirement System (NA)			
Fire Fighter and Peace Officer Cancer Insurance Policy Program Administrative Expenses (NA)	14,000	14,700	15,500
Investment and Administrative Expenses (NA)	13,054,400	13,707,300	14,392,600
Public Safety Personnel Retirement System - Subtotal	\$13,068,400	\$13,722,000	\$14,408,100
Arizona Department of Racing (RCA)			
Breeders Award, Arizona (2206)	1,062,600	1,087,600	1,087,600
County Fairs Racing Betterment (2207)	1,200,000	1,000,000	1,000,000
Greyhound Adoption (2015)	0	2,400	2,400
Stallion Award, Arizona (2315)	96,400	60,000	60,000

	FY 2008 Actual	FY 2009 Estimate	FY 2010 Estimate
Arizona Department of Racing - Subtotal	\$2,359,000	\$2,150,000	\$2,150,000
Radiation Regulatory Agency (AEA)			
Federal Grants (2000)	364,000	353,400	353,400
Laser Safety (NA)	0	0	0
Nuclear Emergency Management (2138) <u>1/</u>	0	0	0
Radiation Regulatory Agency - Subtotal	\$364,000	\$353,400	\$353,400
State Real Estate Department (REA)			
Condominium Recovery (3121)	0	0	0
Education Revolving (4011)	9,900	55,000	55,000
Recovery (3119)	262,800	226,300	226,300
State Real Estate Department - Subtotal	\$272,700	\$281,300	\$281,300
Arizona State Retirement System (RSA)			
Administration Account - Investment Expenses (1407)	\$55,936,900	\$51,311,000	\$49,350,800
Department of Revenue (RVA)			
Client County Equipment Capitalization (2457)	284,600	216,700	216,700
Escheated Estates (3745)	0	0	0
Estate and Unclaimed Property (1520)	27,859,500	33,000,000	30,000,000
Revenue Publications Revolving (2166)	181,100	185,500	185,500
Special Collections (2168)	0	0	0
Statewide Employee Recognition Gifts/Donations (2449)	1,700	1,000	1,000
Waste Tire (2356)	0	0	0
Department of Revenue - Subtotal	\$28,326,900	\$33,403,200	\$30,403,200
School Facilities Board (SFA)			
Building Renewal (2465) <u>1/</u>	0	0	0
Building Renewal Grant (7777) <u>1/</u>	0	0	0
Deficiencies Correction (2455)	223,200	200,500	797,500
Emergency Deficiencies Correction (2484)	554,800	1,900,000	1,500,000
Energy and Water Savings Grant, AZ (2351) <u>1/</u>	0	0	0
Land Trust Bond Debt Service (5030)	19,935,400	24,248,200	24,249,000
Land Trust Bond Proceeds (3339)	300	0	0
Lease to Own Debt Service (2373) <u>1/</u>	0	0	0
New School Facilities (2460) <u>1/</u>	6,918,300	245,343,200	5,000
School Facilities Revenue Bond Debt Service (5010)	0	0	0
School Facilities Revenue Bond Proceeds (3325)	0	0	0
School Improvement Revenue Bond Debt Service (5020)	64,308,200	64,304,700	64,304,300
School Improvement Revenue Bond Proceeds (3335)	0	0	0
School Facilities Board - Subtotal	\$91,940,200	\$335,996,600	\$90,855,800
Secretary of State - Department of State (STA)			
Blue Book Revolving, Arizona (2006)	30,000	0	0
Data Processing Acquisition (2265)	271,200	170,000	170,000
Election Training (2521)	0	0	0
Health Care Directives Registry (2508)	60,000	33,000	33,000
Notary Bond (3000)	0	72,600	72,600
Standing Political Committee Administrative (2426)	0	35,000	35,000
Secretary of State - Department of State - Subtotal	\$361,200	\$310,600	\$310,600
Office of Tourism (TOA)			
Tourism (2236)	\$13,827,700	\$12,651,900	\$12,651,900
Department of Transportation (DTA)			
Highways Magazine, Arizona (2031)	7,416,800	6,477,800	6,477,800
Aviation Federal Funds (2267)	1,910,200	0	0
Cash Deposits (2266)	38,200	50,000	50,000
Contract Counsel (4212)	0	0	0
ADOT Donations (3080)	0	0	0
Federal Grants (2097)	4,013,500	5,282,900	5,282,900
Highway Expansion & Extension Loan Program (2417)	149,800	149,600	149,600
Local Agency Deposits (3701)	440,100	0	0
Maricopa Regional Area Road (2029)	65,159,000	61,100,000	61,100,000
Motor Carrier Safety Revolving (2380)	0	0	0
Professional Baseball Club Special Plate, AZ (2540)	61,200	65,000	65,000
Professional Basketball Club Special Plate Fund, AZ (NA)	0	0	0
Railroad Review Fund (NA)	0	0	0
Rental Tax and Bond Deposit (3737)	0	0	0
Shared Location and Advertising Agreements Expense (2414)	0	0	0
Transplantation Awareness Fund (NA)	0	0	0
Underground Storage Tank Revolving (3728)	0	0	0

	FY 2008 Actual	FY 2009 Estimate	FY 2010 Estimate
Department of Transportation - Subtotal	\$79,188,800	\$73,125,300	\$73,125,300
Arizona Board of Regents (BRA)			
Federal (2000)	1,444,400	1,290,500	1,273,200
Health Education Center Program, AZ (NA) <u>1/</u>	0	0	0
Mathematics, Science, & Special Education			
Teacher Loan (2358) <u>1/</u>	0	0	0
Nursing Education Demonstration Project (NA)	0	0	0
Regents Local (NA)	1,195,000	1,527,200	1,527,200
Technology and Research Initiative (2472)	7,471,800	2,632,200	1,753,800
Trust Land (3131/3132/3134/3136)	5,094,600	4,456,700	4,404,700
University Capital Improvement Lease-to-Own & Bond (3042)	0	0	0
Arizona Board of Regents - Subtotal	\$15,205,800	\$9,906,600	\$8,958,900
Arizona State University - Main Campus			
Auxiliary (NA)	126,558,800	177,391,500	184,487,300
Designated (NA)	332,375,800	378,745,800	393,895,400
Endowment and Life Income (NA)	1,431,400	1,488,700	1,548,200
Federal Grant (NA)	149,205,300	162,980,100	174,746,500
Federal Indirect Cost Recovery (NA)	238,900	250,900	260,900
Indirect Cost Recovery (Non-Federal) (NA)	72,600	76,200	79,300
Loan (NA)	496,100	515,900	536,600
Restricted (Excluding Federal Funds) (NA)	97,304,700	126,117,100	131,161,800
Arizona State University - Main Campus - Subtotal	\$707,683,600	\$847,566,200	\$886,716,000
Arizona State University - East Campus			
Auxiliary (NA)	678,700	2,131,100	2,216,500
Designated (NA)	12,038,400	10,056,900	10,459,200
Endowment and Life Income (NA)	700	700	800
Federal Grant (NA)	2,984,100	3,235,400	3,507,200
Federal Indirect Cost Recovery (NA)	0	0	0
Indirect Cost Recovery (Non-Federal) (NA)	0	0	0
Loan (NA)	0	0	0
Restricted (Excluding Federal Funds) (NA)	3,466,700	8,356,400	8,690,700
Arizona State University - East Campus - Subtotal	\$19,168,600	\$23,780,500	\$24,874,400
Arizona State University - West Campus			
Auxiliary (NA)	617,700	1,749,500	1,819,400
Designated (NA)	9,550,500	4,758,000	4,948,400
Endowment and Life Income (NA)	2,800	2,900	3,100
Federal Grant (NA)	4,251,700	4,557,000	4,939,800
Federal Indirect Cost Recovery (NA)	0	0	0
Indirect Cost Recovery (Non-Federal) (NA)	0	0	0
Loan (NA)	0	0	0
Restricted (Excluding Federal Funds) (NA)	1,537,200	2,694,300	2,802,200
Arizona State University - West Campus - Subtotal	\$15,959,900	\$13,761,700	\$14,512,900
Northern Arizona University			
Auxiliary (NA)	44,031,200	47,450,400	48,685,500
Designated (NA)	45,958,500	53,626,700	54,919,600
Endowment and Life Income (NA)	0	0	0
Federal Grant (NA)	44,835,900	45,732,600	46,647,100
Federal Indirect Cost Recovery (NA)	1,968,200	2,007,600	2,047,600
Indirect Cost Recovery (Non-Federal) (NA)	1,206,400	1,230,500	1,255,100
Loan (NA)	796,800	500,000	250,000
Restricted (Excluding Federal Funds) (NA)	33,732,300	34,406,900	35,095,000
Northern Arizona University - Subtotal	\$172,529,300	\$184,954,700	\$188,899,900
University of Arizona - Main Campus			
Auxiliary (NA)	226,247,600	232,878,000	236,249,400
Designated (NA)	215,040,200	239,814,200	243,261,500
Endowment and Life Income (NA)	0	0	0
Federal Grant (NA)	176,167,200	180,143,000	183,270,900
Federal Indirect Cost Recovery (NA)	40,251,900	40,018,700	41,019,200
Indirect Cost Recovery (Non-Federal) (NA)	11,449,300	11,678,300	11,911,900
Loan (NA)	2,006,900	2,030,900	2,055,200
Restricted (Excluding Federal Funds) (NA)	138,163,700	147,464,500	148,769,100
University of Arizona - Main Campus - Subtotal	\$809,326,800	\$854,027,600	\$866,537,200
University of Arizona - Health Sciences Center			
Auxiliary (NA)	12,040,100	12,607,300	12,839,600
Designated (NA)	18,420,500	18,729,400	19,044,400
Endowment and Life Income (NA)	0	0	0

	FY 2008 Actual	FY 2009 Estimate	FY 2010 Estimate
Federal Grant (NA)	70,235,100	72,404,900	73,926,000
Federal Indirect Cost Recovery (NA)	23,022,400	22,889,000	23,461,300
Indirect Cost Recovery (Non-Federal) (NA)	4,327,400	4,414,000	4,502,200
Restricted (Excluding Federal Funds) (NA)	70,729,800	73,504,200	74,309,400
University of Arizona - Health Sciences Ctr - Subtotal	<u>\$198,775,300</u>	<u>\$204,548,800</u>	<u>\$208,082,900</u>
Veterans' Services, Department of (VSA)			
Federal (2000)	523,900	673,500	673,500
Military Family Relief (2339)	9,700	262,500	262,500
Military Installation (1010)	0	0	0
Southern Arizona Veterans' Cemetery Trust (2499)	45,300	81,500	81,500
Statewide Employee Recognition Gifts (2449)	0	2,000	2,000
Veterans' Cemetery (2481)	0	0	0
Veterans' Donation (2441)	1,040,800	292,000	292,000
Department of Veterans' Services - Subtotal	<u>\$1,619,700</u>	<u>\$1,311,500</u>	<u>\$1,311,500</u>
Department of Water Resources (WCA)			
Administrative (3025)	2,400	0	0
Augmentation and Conservation Assistance (2213)	905,000	1,104,900	1,104,900
Colorado River Water Use Fee Clearing (2538)	6,900	5,900	5,900
Dam Repair (2218)	9,200	0	0
Federal Grants (2000)	500,900	312,800	312,800
Flood Warning System (1021)	16,100	0	0
General Adjudications (2191)	11,700	9,700	9,700
Indirect Cost Recovery (9000)	757,600	1,633,100	1,633,100
Interagency Service Agreement (2500)	155,500	173,900	173,900
Production and Copying (2411)	27,900	20,000	20,000
Publications and Mailings (2410)	12,200	12,000	12,000
Purchase and Retirement Fund (2474)	0	0	0
Statewide Donations (2025)	113,900	78,300	78,300
Water Banking, Arizona (2110)	14,826,300	23,845,400	23,845,400
Water Protection, Arizona (1302)	1,565,600	3,512,900	3,512,900
Water Storage, State (2287)	0	0	0
Water Quality, Arizona (2304)	495,000	562,500	562,500
Well Administration and Enforcement (2491)	890,200	788,000	788,000
Department of Water Resources - Subtotal	<u>\$20,296,400</u>	<u>\$32,059,400</u>	<u>\$32,059,400</u>
OPERATING TOTAL - FEDERAL AND OTHER NON APPROPRIATED FUND EXPENDITURES	<u>\$13,558,057,300</u>	<u>\$14,962,290,600</u>	<u>\$15,456,775,600</u>
Subtotal - Other Funds	6,110,766,000	6,545,179,900	6,616,323,900
Subtotal - Federal Funds	7,447,291,300	8,417,110,700	8,840,451,700
OPERATING TOTAL - FEDERAL AND OTHER NON-APPROPRIATED EXPENDITURES	<u>\$13,558,057,300</u>	<u>\$14,962,290,600</u>	<u>\$15,456,775,600</u>
CAPITAL - NON-APPROPRIATED			
Aviation Federal Funds (2267)	2,959,000	2,250,000	5,907,000
Federal Grants (2097)	510,430,000	532,906,000	546,785,000
Economic Strength Project (2244)	896,000	1,000,000	1,000,000
Highway Expansion & Extension Loan Program (2417)	42,223,000	38,721,000	38,721,000
Local Agency Deposits (3701)	49,086,000	36,000,000	36,000,000
Maricopa Regional Area Road (2029)	314,544,000	345,132,000	345,132,000
Department of Public Safety Federal Funds	3,086,800	1,858,000	0
CAPITAL TOTAL - FEDERAL AND OTHER NON- APPROPRIATED FUND EXPENDITURES	<u>\$923,224,800</u>	<u>\$957,867,000</u>	<u>\$973,545,000</u>
Subtotal - Other Funds	406,749,000	420,853,000	420,853,000
Subtotal - Federal Funds	516,475,800	537,014,000	552,692,000
CAPITAL TOTAL - FEDERAL AND OTHER NON-APPROPRIATED FUND EXPENDITURES	<u>\$923,224,800</u>	<u>\$957,867,000</u>	<u>\$973,545,000</u>

	FY 2008 Actual	FY 2009 Estimate	FY 2010 Estimate
GRAND TOTAL - FEDERAL AND OTHER NON- APPROPRIATED FUND EXPENDITURES	\$14,481,282,100	\$15,920,157,600	\$16,430,320,600
Subtotal - Other Funds	6,517,515,000	6,966,032,900	7,037,176,900
Subtotal - Federal Funds	7,963,767,100	8,954,124,700	9,393,143,700
GRAND TOTAL - FEDERAL AND OTHER NON-APPROPRIATED FUND EXPENDITURES	<u>\$14,481,282,100</u>	<u>\$15,920,157,600</u>	<u>\$16,430,320,600</u>

1/ If General Fund monies are deposited into a non-appropriated fund, the expenditures of these monies are not displayed in this chart to avoid double counting.

NA = No Fund Number

STATE PERSONNEL SUMMARY

By Full-Time Equivalent Positions for Fiscal Years 2009 and FY 2010 ^{1/}

BUDGET UNITS	Fiscal Year FY 2009			Fiscal Year FY 2010		
	General	Other	Total	General	Other	Total
	Fund	Fund		Fund	Fund	
Accountancy, State Board of	0.0	13.0	13.0	0.0	13.0	13.0
Acupuncture Board of Examiners	0.0	1.0	1.0	0.0	1.0	1.0
Administration, Arizona Department of	301.3	562.4	863.7	301.3	562.4	863.7
Capital Outlay	0.0	5.0	5.0	0.0	5.0	5.0
Administrative Hearings, Office of	15.0	0.0	15.0	15.0	0.0	15.0
Agriculture, Arizona Department of	195.7	53.5	249.2	195.7	53.5	249.2
AHCCCS ^{2/}	1,463.5	172.0	1,635.5	1,463.5	172.0	1,635.5
Appraisal, State Board of	0.0	4.5	4.5	0.0	4.5	4.5
Arts, Arizona Commission on the	11.5	0.0	11.5	11.5	0.0	11.5
Attorney General - Department of Law	211.2	433.7	644.9	211.2	433.7	644.9
Automobile Theft Authority	0.0	6.0	6.0	0.0	6.0	6.0
Barbers, Board of	0.0	4.0	4.0	0.0	4.0	4.0
Behavioral Health Examiners, Board of	0.0	17.0	17.0	0.0	17.0	17.0
Biomedical Research Commission, AZ	0.0	0.0	0.0	0.0	0.0	0.0
Capital Postconviction Public Defender Office, State	7.0	0.0	7.0	7.0	0.0	7.0
Charter Schools, State Board for	10.0	0.0	10.0	8.0	0.0	8.0
Chiropractic Examiners, State Board of	0.0	5.0	5.0	0.0	5.0	5.0
Commerce, Department of	55.9	18.0	73.9	55.9	18.0	73.9
Community Colleges, Arizona	0.0	0.0	0.0	0.0	0.0	0.0
Contractors, Registrar of	0.0	144.8	144.8	0.0	144.8	144.8
Corporation Commission	98.3	232.0	330.3	98.3	232.0	330.3
Corrections, State Department of	9,749.9	182.6	9,932.5	10,532.2	6.0	10,538.2
Cosmetology, Board of	0.0	24.5	24.5	0.0	24.5	24.5
Criminal Justice Commission, AZ	0.0	8.0	8.0	0.0	8.0	8.0
Deaf & the Blind, AZ State Schools for the	294.3	292.9	587.2	294.3	292.9	587.2
Deaf and the Hard of Hearing, Commission for the	0.0	16.0	16.0	0.0	16.0	16.0
Dental Examiners, State Board of	0.0	11.0	11.0	0.0	11.0	11.0
Drug & Gang Prevention Resource Center, AZ	0.0	6.3	6.3	0.0	6.3	6.3
Economic Security, Department of ^{3/}	2,827.6	1,373.4	4,201.0	2,827.6	1,373.4	4,201.0
Education, Department of	195.9	65.0	260.9	195.9	65.0	260.9
Emergency and Military Affairs, Department of ^{4/}	92.1	0.0	92.1	92.1	0.0	92.1
Environmental Quality, Department of	118.0	355.4	473.4	118.0	355.4	473.4
Equal Opportunity, Governor's Office of	4.0	0.0	4.0	4.0	0.0	4.0
Equalization, State Board of	7.0	0.0	7.0	7.0	0.0	7.0
Executive Clemency, Board of	17.0	0.0	17.0	17.0	0.0	17.0
Exposition & State Fair Board, AZ	0.0	186.0	186.0	0.0	186.0	186.0
Financial Institutions, State Department of	57.1	0.0	57.1	57.1	0.0	57.1
Fire, Building and Life Safety, Department of	55.0	0.0	55.0	55.0	0.0	55.0
Funeral Directors & Embalmers, State Board of	0.0	4.0	4.0	0.0	4.0	4.0
Game and Fish Department, Arizona	0.0	274.5	274.5	0.0	274.5	274.5
Gaming, Department of	0.0	123.0	123.0	0.0	123.0	123.0
Geological Survey, Arizona	12.3	0.0	12.3	9.5	0.0	9.5
Government Information Technology Agency	0.0	24.0	24.0	0.0	24.0	24.0
Governor's Office of Strategic Planning & Budgeting	26.0	0.0	26.0	26.0	0.0	26.0
Health Services, Department of ^{5/}	1,522.4	177.2	1,699.6	1,522.4	177.2	1,699.6
Historical Society, Arizona	59.9	0.0	59.9	59.9	0.0	59.9
Historical Society of AZ, Prescott	16.0	0.0	16.0	16.0	0.0	16.0
Homeopathic Medical Examiners, Bd. of	0.0	1.0	1.0	0.0	1.0	1.0
Housing, Department of	0.0	12.0	12.0	0.0	12.0	12.0
Indian Affairs, AZ Commission of	3.0	0.0	3.0	3.0	0.0	3.0
Industrial Commission of Arizona	0.0	294.0	294.0	0.0	294.0	294.0
Insurance, Department of	106.5	0.0	106.5	106.5	0.0	106.5
Judiciary						
Supreme Court	155.5	38.5	194.0	155.5	38.5	194.0
Court of Appeals	147.5	0.0	147.5	147.5	0.0	147.5
Superior Court	222.1	8.4	230.5	223.1	8.4	231.5
SUBTOTAL - Judiciary	525.1	46.9	572.0	526.1	46.9	573.0
Juvenile Corrections, Department of	1,095.7	68.0	1,163.7	1,095.7	68.0	1,163.7
Land Department, State	232.9	0.0	232.9	232.9	0.0	232.9
Law Enforcement Merit System Council	1.0	0.0	1.0	1.0	0.0	1.0
Legislature						
Auditor General	209.4	0.0	209.4	209.4	0.0	209.4
Joint Legislative Budget Committee	35.0	0.0	35.0	35.0	0.0	35.0
Legislative Council	49.8	0.0	49.8	49.8	0.0	49.8
Library, Archives & Public Records, Arizona State	107.8	8.0	115.8	107.8	8.0	115.8

BUDGET UNITS	Fiscal Year FY 2009			Fiscal Year FY 2010		
	General	Other	Total	General	Other	Total
	Fund	Fund		Fund	Fund	
SUBTOTAL - Legislature	402.0	8.0	410.0	402.0	8.0	410.0
Liquor Licenses & Control, Department of	47.2	0.0	47.2	47.2	0.0	47.2
Lottery Commission, Arizona State	0.0	110.0	110.0	0.0	110.0	110.0
Medical Board, AZ	0.0	58.5	58.5	0.0	58.5	58.5
Medical Student Loans, Board of	0.0	0.0	0.0	0.0	0.0	0.0
Mine Inspector, State	17.0	0.0	17.0	17.0	0.0	17.0
Mines & Mineral Resources, Department of	7.0	0.0	7.0	7.0	0.0	7.0
Naturopathic Physicians Bd. of Medical Examiners	0.0	7.0	7.0	0.0	7.0	7.0
Navigable Stream Adjudication Commission, AZ	2.0	0.0	2.0	2.0	0.0	2.0
Nursing, State Board of	1.0	40.2	41.2	1.0	40.2	41.2
Nursing Care Institution of Administrators, Bd	0.0	5.0	5.0	0.0	5.0	5.0
Occupational Safety & Health Review Board	0.0	0.0	0.0	0.0	0.0	0.0
Occupational Therapy Examiners, Board of	0.0	3.0	3.0	0.0	3.0	3.0
Opticians, State Board of Dispensing	0.0	1.0	1.0	0.0	1.0	1.0
Optometry, State Board of	0.0	2.0	2.0	0.0	2.0	2.0
Osteopathic Examiners, AZ Board of	0.0	6.7	6.7	0.0	6.7	6.7
Parks Board, Arizona State	103.0	146.3	249.3	103.0	146.3	249.3
Personnel Board	3.0	0.0	3.0	3.0	0.0	3.0
Pest Management, Office of	0.0	41.0	41.0	0.0	40.0	40.0
Pharmacy, AZ State Board of	0.0	18.0	18.0	0.0	18.0	18.0
Physical Therapy Examiners, Board of	0.0	3.8	3.8	0.0	3.8	3.8
Pioneers' Home, AZ	0.0	115.8	115.8	0.0	115.8	115.8
Podiatry Examiners, State Board of	0.0	1.0	1.0	0.0	1.0	1.0
Postsecondary Education, Commission of	5.0	5.0	10.0	5.0	5.0	10.0
Private Postsecondary Education, State Board for	0.0	4.0	4.0	0.0	4.0	4.0
Psychologist Examiners, State Board of	0.0	4.0	4.0	0.0	4.0	4.0
Public Safety, Department of	591.5	1,523.3	2,114.8	591.5	1,523.3	2,114.8
Racing, Arizona Department of	41.0	5.5	46.5	41.0	5.5	46.5
Radiation Regulatory Agency <u>4/</u>	27.0	5.0	32.0	27.0	5.0	32.0
Rangers' Pensions, Arizona	0.0	0.0	0.0	0.0	0.0	0.0
Real Estate Department, State	74.4	0.0	74.4	74.4	0.0	74.4
Residential Utility Consumer Office	0.0	12.0	12.0	0.0	12.0	12.0
Respiratory Care Examiners, Board of	0.0	4.0	4.0	0.0	4.0	4.0
Retirement System, Arizona State	0.0	236.0	236.0	0.0	236.0	236.0
Revenue, Department of	1,134.0	30.0	1,164.0	1,134.0	30.0	1,164.0
School Facilities Board	20.0	0.0	20.0	20.0	0.0	20.0
Secretary of State, Department of State	46.3	2.0	48.3	46.3	2.0	48.3
State Boards' Office	0.0	3.0	3.0	0.0	3.0	3.0
Tax Appeals, State Board of	4.0	0.0	4.0	4.0	0.0	4.0
Technical Registration, State Board of	0.0	23.0	23.0	0.0	23.0	23.0
Tourism, Office of <u>6/</u>	39.0	0.0	39.0	39.0	0.0	39.0
Transportation, Department of	2.0	4,746.0	4,748.0	2.0	4,746.0	4,748.0
Treasurer, State	34.4	0.0	34.4	34.4	0.0	34.4
Universities <u>7/</u>						
Regents, Arizona Board of	27.9	0.0	27.9	27.9	0.0	27.9
Arizona State University - Main Campus	7,073.0	0.0	7,073.0	7,073.0	0.0	7,073.0
Arizona State University - East Campus	580.0	0.0	580.0	580.0	0.0	580.0
Arizona State University - West Campus	868.0	0.0	868.0	868.0	0.0	868.0
Northern Arizona University	2,238.9	0.0	2,238.9	2,238.9	0.0	2,238.9
University of Arizona - Main Campus	5,679.5	0.0	5,679.5	5,679.5	0.0	5,679.5
University of Arizona - Health Sciences Center	966.1	0.0	966.1	966.1	0.0	966.1
SUBTOTAL - Universities	17,433.4	0.0	17,433.4	17,433.4	0.0	17,433.4
Veterans' Services, Department of	142.0	234.3	376.3	142.0	234.3	376.3
Veterinary Medical Examining Board, AZ. State	0.0	5.5	5.5	0.0	5.5	5.5
Water Resources, Department of	170.9	60.8	231.7	170.9	60.8	231.7
Weights and Measures, Department of	20.9	19.5	40.4	20.9	19.5	40.4
TOTAL FTE Positions	39,756.1	12,707.8	52,463.9	40,534.6	12,530.2	53,064.8

1/ FTE Positions shown for individual agencies include only those positions funded by appropriated funds. The detail for changes in FTE Positions that occurred between FY 2008, FY 2009 and FY 2010 can be found in the individual agency pages.

2/ Excludes 1,565.9 FTE Positions in FY 2009 and 1,565.9 FTE Positions in FY 2010 that are Federally funded (Title XIX funds).

3/ Excludes 1,747.4 FTE Positions in FY 2009 and 1,747.4 in FY 2010 funded by the Long Term Care System Fund and Federal Funds for Child Support Enforcement.

4/ Excludes 4.5 General Fund (GF) FTE Positions in the Department of Emergency and Military Affairs and 4 GF FTE Positions in the Radiation Regulatory Agency for FY 2009 appropriated by Laws 2007, Chapter 25.

5/ Excludes 118.8 FTE Positions in FY 2009 and 118.8 FTE Positions in FY 2010 that are Federally funded (Title XIX funds).

6/ The agency does not appear in the General Appropriation Act, therefore, the FTE Positions displayed are for informational purposes only.

BUDGET UNITS	Fiscal Year FY 2009			Fiscal Year FY 2010		
	General	Other	Total	General	Other	Total
	Fund	Fund		Fund	Fund	

7/ All university FTE Positions are attributed to the General Fund, although the universities fund these positions from Other Appropriated Funds, as well. A footnote in the FY 2009 General Appropriation Act appropriates any tuition receipts above the original appropriations to the universities. FY 2009 tuition receipts were above the original appropriation; as a result, the universities adjusted positions upward by 27.9 FTE Positions in FY 2009.

SPECIFIC SPENDING CHANGES BY AGENCY

General Fund
Detailed List of FY 2010 Changes Above/(Below) FY 2009 by Agency

	Enacted GF FY 2009	10 JLBC GF Baseline 1/	FY 2010 GF
OPERATING SPENDING CHANGES			
DOA - Arizona Department of Administration	\$27,109,600		
DOA - No Baseline Change			27,109,600
OAH - Office of Administrative Hearings	1,284,700		
OAH - No Baseline Change			1,284,700
AGR - Department of Agriculture	11,640,400		
AGR - No Baseline Change			11,640,400
AXS - AHCCCS	1,425,272,300		
AXS - Caseload Growth		201,032,600	1,626,304,900
ART - Arizona Commission on the Arts	1,930,800		
ART - No Baseline Change			1,930,800
ATT - Attorney General	23,107,400		
ATT - No Baseline Change			23,107,400
CPD - State Capital Postconviction Public Defender Office	870,900		
CPD - No Baseline Change			870,900
CHA - State Board for Charter Schools	828,700		
CHA - Eliminate One-time Funding		(4,800)	823,900
COM - Department of Commerce	7,385,200		
COM - No Baseline Change			7,385,200
CCO - Arizona Community Colleges	147,679,800		
CCO - Formula Growth		8,019,800	
CCO - Tribal Formula Adjustments		(220,000)	
CCO - Reduce One-time Spending		(500,000)	154,979,600
COR - Corporation Commission	4,791,700		
COR - No Baseline Change			4,791,700
DOC - Department of Corrections	947,476,000		
DOC - Population Growth/Health Care Costs		9,727,100	
DOC - Water Projects Debt Service		658,200	
DOC - Provisional Beds		(46,469,800)	
DOC - 2,000 New Private Beds		7,959,200	
DOC - 4,000 New State Beds		56,589,200	
DOC - Add 194 Private Beds		1,934,500	
DOC - Baseline Adjustment		11,695,400	989,569,800
JUS - Arizona Criminal Justice Commission	1,172,000		
JUS - No Baseline Change			1,172,000
SDB - AZ State Schools for the Deaf and the Blind	22,011,700		
SDB - No Baseline Change			22,011,700
DES - Department of Economic Security	808,328,100		

	Enacted GF FY 2009	10 JLBC GF Baseline 1/	FY 2010 GF
DES - DD Caseloads Growth		17,464,500	
DES - TANF Caseload Growth		3,090,700	
			828,883,300
ADE - Arizona Department of Education	4,141,201,000		
ADE - Formula Changes		25,709,000	
ADE - Rollover		330,886,200	
			4,497,796,200
EMA - Department of Emergency & Military Affairs	13,920,300		
EMA - Nuclear Emergency Management Fund		(828,000)	
			13,092,300
DEQ - Department of Environmental Quality	24,080,200		
DEQ - No Baseline Change			
			24,080,200
OEO - Governor's Office of Equal Opportunity	249,300		
OEO - No Baseline Change			
			249,300
EQU - State Board of Equalization	656,200		
EQU - No Baseline Change			
			656,200
EXE - Board of Executive Clemency	1,097,600		
EXE - No Baseline Change			
			1,097,600
DFI - Dept of Financial Institutions	3,809,300		
DFI - No Baseline Change			
			3,809,300
BFS - Department of Fire, Building & Life Safety	3,586,800		
BSF - No Baseline Change			
			3,586,800
GEO - Arizona Geological Survey	1,102,500		
GEO - No Baseline Change			
			1,102,500
GTA - Government Information Technology Agy	3,455,700		
GTA - No Baseline Change			
			3,455,700
GOV - Office of the Governor	7,136,000		
GOV - No Baseline Change			
			7,136,000
OSP - Gov's Ofc of Strategic Planning & Budgeting	2,198,500		
OSP - No Baseline Change			
			2,198,500
DHS - Department of Health Services	611,507,200		
DHS - Caseload Growth		46,350,200	
DHS - ASH Lease-Purchase		3,111,700	
			660,969,100
AZH - Arizona Historical Society	4,430,900		
AZH - No Baseline Change			
			4,430,900
PAZ - Prescott Historical Society	762,800		
PAZ - No Baseline Change			
			762,800
CIA - Arizona Commission of Indian Affairs	234,400		
CIA - No Baseline Change			
			234,400
INS - Department of Insurance	7,369,700		
INS - No Baseline Change			
			7,369,700
SPA - Judiciary - Supreme Court	17,358,400		

	Enacted GF FY 2009	10 JLBC GF Baseline 1/	FY 2010 GF
SPA - No Baseline Change			17,358,400
COA - Judiciary - Court of Appeals	13,925,200		
COA - No Baseline Change			13,925,200
SUP - Judiciary - Superior Court	95,040,800		
SUP - New Judgeship		95,500	
			95,136,300
DJC - Department of Juvenile Corrections	74,700,400		
DJC - Land Fund Shift		2,549,000	
			77,249,400
LAN - State Land Department	23,360,400		
LAN - No Baseline Change			23,360,400
LEM - Law Enforcement Merit System Council	76,900		
LEM - No Baseline Change			76,900
Legislature			
AUD - Auditor General	17,502,600		
AUD - No Baseline Change			17,502,600
HOU - House of Representatives	13,653,400		
HOU - No Baseline Change			13,653,400
JLBC - Joint Legislative Budget Committee	2,877,000		
JLBC - No Baseline Change			2,877,000
LEG - Legislative Council	5,414,700		
LEG - No Baseline Change			5,414,700
LIBR - AZ State Library, Archives & Public Records	7,378,900		
LIBR - No Baseline Change			7,378,900
SEN - Senate	9,036,200		
SEN - No Baseline Change			9,036,200
LIQ - Department of Liquor Licenses & Control	3,474,800		
LIQ - No Baseline Change			3,474,800
MSL - Board of Medical Student Loans	1,121,000		
MSL - No Baseline Change			1,121,000
MIN - State Mine Inspector	1,568,400		
MIN - No Baseline Change			1,568,400
MMR - Department of Mines & Mineral Resources	947,800		
MMR - No Baseline Change			947,800
NAV - AZ Navigable Steam Adjudication Comm.	180,800		
NAV - No Baseline Change			180,800
NUR - State Board of Nursing	167,300		
NUR - No Baseline Change			167,300
SPB - Arizona State Parks Board	28,463,200		
SPB - No Baseline Change			28,463,200
PER - Personnel Board	372,400		

	Enacted GF FY 2009	10 JLBC GF Baseline 1/	FY 2010 GF
PER - No Baseline Change			372,400
PIO - Arizona Pioneers' Home	24,000		
PIO - Fund Shift to State Charitable Fund		(24,000)	
			0
POS - Commission for Postsecondary Education	4,377,400		
POS - No Baseline Change			4,377,400
DPS - Department of Public Safety	63,459,700		
DPS - No Baseline Change			63,459,700
RAC - Arizona Department of Racing	2,623,300		
RAC - No Baseline Change			2,623,300
RAD - Radiation Regulatory Agency	1,775,300		
RAD - Nuclear Emergency Management Fund		(612,600)	
			1,162,700
ARP - Arizona Rangers' Pensions	13,700		
ARP - Inflation Adjustment		300	
			14,000
REA - State Real Estate Department	4,236,500		
REA - Eliminate One-time Equipment		(31,300)	
			4,205,200
REV - Department of Revenue	73,918,600		
REV - Data Center Charges		1,400,000	
			75,318,600
SFB - School Facilities Board	101,217,200		
SFB - Lease-Purchase Increase		29,414,900	
			130,632,100
SOS - Secretary of State	6,980,700		
SOS - Non-Election Year Funding		(3,350,000)	
			3,630,700
TAX - State Board of Tax Appeals	310,600		
TAX - No Baseline Change			310,600
TOU - Office of Tourism	14,397,100		
TOU - No Baseline Change			14,397,100
DOT - Department of Transportation	84,600		
DOT - No Baseline Change			84,600
TRE - State Treasurer	5,075,300		
TRE - No Baseline Change			5,075,300
UNI - Universities			
UNI - Arizona Board of Regents	20,342,400		
UNI - No Baseline Change			20,342,400
UNI - ASU - Main Campus	396,428,700		
UNI - ASU Main - No Baseline Change			396,428,700
UNI - ASU - East Campus	30,489,200		
UNI - ASU East - No Baseline Change			30,489,200
UNI - ASU - West Campus	53,279,700		
UNI - ASU West - No Baseline Change			53,279,700
UNI - Northern Arizona University	161,560,900		

	Enacted GF FY 2009	10 JLBC GF Baseline <u>1/</u>	FY 2010 GF
UNI - NAU - No Baseline Change			161,560,900
UNI - UA - Main Campus	340,316,600		
UNI - UA Main - No Baseline Change			340,316,600
UNI - UA - Health Sciences Center	77,996,600		
UNI - UA - HSC - No Baseline Change			77,996,600
VSC - Department of Veterans' Services	8,399,500		
VSC - No Baseline Change			8,399,500
WAT - Department of Water Resources	17,858,100		
WAT - No Baseline Change			17,858,100
WEI - Department of Weights & Measures	1,593,600		
WEI - No Baseline Change			1,593,600
OTH - Other			
OTH - Unallocated '09 Adjustments	320,300	(320,300)	0
OTH - Arizona 21st Century Fund	22,500,000	2,500,000	25,000,000
OTH - FY 2009 Supplementals - Title 19	98,147,900	(98,147,900)	0
OTH - Health Insurance		10,000,000	10,000,000
OTH - Administrative Adjustments	136,000,000	(63,268,400)	72,731,600
OTH - Revertments	(103,902,300)	7,811,900	(96,090,400)
TOTAL - OPERATING SPENDING CHANGES	\$10,114,133,500	\$564,222,800	\$10,678,356,300
STATUTORY REVERTMENTS			
OTH - Count Non-Lapsing Appropriations	(50,000,000)	50,000,000	0
TOTAL - STATUTORY REVERTMENTS	(\$50,000,000)	\$50,000,000	\$0
CAPITAL SPENDING			
Reduce Yuma Welcome Center Funding - ('09 Enacted: \$1M)	1,000,000	(1,000,000)	0
Reduce DPS Microwave Communication System Funding - ('09 Enacted: \$1.5M)	1,500,000	(1,500,000)	0
Shift FY 09 Southern Arizona Veterans' Home Funding to FY 10	10,000,000	(10,000,000)	0
DES - Navajo Multipurpose Building - ('09 Enacted: \$1.0M)	1,000,000	(1,000,000)	0
TOTAL - CAPITAL SPENDING	\$13,500,000	(\$13,500,000)	\$0
TOTAL - SPENDING CHANGES	\$10,077,633,500	\$600,722,800	\$10,678,356,300
REVENUE CHANGES			
REV - Ongoing Revenue	7,808,022,100	(175,344,300)	7,632,677,800
REV - One-time Revenue	685,432,600	(646,293,600)	39,139,000
TOTAL - REVENUE CHANGES	\$8,493,454,700	(\$821,637,900)	\$7,671,816,800
ENDING BALANCE	(\$1,584,178,800)	(\$3,006,539,500)	(\$3,006,539,500)

1/ Represents FY 2010 Baseline cost above FY 2009 enacted budget.

Other Funds
Detailed List of FY 2010 Changes Above/(Below) FY 2009 by Agency

	Enacted OF FY 2009	10 JLBC OF Baseline 1/	FY 2010 OF
OPERATING SPENDING CHANGES			
SBA - State Board of Accountancy	2,350,100		
No Baseline Change			
			2,350,100
ACU - Acupuncture Board of Examiners	129,200		
No Baseline Change			
			129,200
DOA - Arizona Department of Administration	181,393,300		
DOA - Eliminate One-time Funding		(532,000)	
			180,861,300
OAH - Office of Administrative Hearings	14,500		
No Baseline Change			
			14,500
AGR - Department of Agriculture	3,461,700		
No Baseline Change			
			3,461,700
AXS - AHCCCS	292,981,900		
AXS - One-time County Contributions		(17,830,500)	
AXS - Temporary Medical Coverage Program		(3,247,200)	
AXS - Prop 204 DES Eligibility Statutory Adjustment		152,500	
AXS - Tobacco Tax Shortfall		(11,532,800)	
AXS - KidsCare Caseload Decline/Other		(7,877,000)	
			252,646,900
APP - State Board of Appraisal	621,800		
No Baseline Change			
			621,800
ATT - Attorney General	42,215,500		
No Baseline Change			
			42,215,500
ATA - Automobile Theft Authority	6,016,700		
No Baseline Change			
			6,016,700
BAR - Board of Barbers	328,200		
No Baseline Change			
			328,200
BHE - Board of Behavioral Health Examiners	1,367,200		
No Baseline Change			
			1,367,200
BIO - Biomedical Research Commission	500,000		
			500,000
BCE - State Board of Chiropractic Examiners	520,400		
BCE - Agency Requested Reduction		(45,600)	
			474,800
COM - Department of Commerce	3,684,500		
No Baseline Change			
			3,684,500
ROC - Registrar of Contractors	12,147,000		
No Baseline Change			
			12,147,000
COR - Corporation Commission	24,225,600		
COR - Automation Funding		(454,000)	
			23,771,600
DOC - Department of Corrections	52,225,500		

	Enacted OF FY 2009	10 JLBC OF Baseline 1/	FY 2010 OF
DOC - One-time Funding		(2,822,000)	
DOC - ADE Adjustment		156,200	
			49,559,700
COS - Board of Cosmetology	1,747,800		
No Baseline Change			
			1,747,800
JUS - Arizona Criminal Justice Commission	6,936,900		
No Baseline Change			
			6,936,900
SDB - AZ State Schools for the Deaf and the Blind	14,695,400		
No Baseline Change			
			14,695,400
HEA - Comm for the Deaf & the Hard of Hearing	5,441,100		
No Baseline Change			
			5,441,100
DEN - Board of Dental Examiners	1,102,800		
No Baseline Change			
			1,102,800
PRC - Drug & Gang Prevention Resource Center	639,000		
No Baseline Change			
			639,000
DES - Department of Economic Security	504,149,900		
No Baseline Change			
			504,149,900
ADE - Arizona Department of Education	54,793,500		
ADE - Endowment Earnings		1,254,800	
			56,048,300
EMA - Department of Emergency & Military Affairs	132,700		
No Baseline Change			
			132,700
DEQ - Department of Environmental Quality	77,109,400		
DEQ - Reduced Emissions Contractor Payments		(5,600,000)	
			71,509,400
COL - Arizona Exposition and State Fair Board	16,299,600		
No Baseline Change			
			16,299,600
EMB - Board of Funeral Directors and Embalmers	350,000		
No Baseline Change			
			350,000
FIS - Arizona Game and Fish Department	35,542,200		
FIS - One-time Reductions		(673,300)	
FIS - Motor Pool		(234,300)	
FIS - Grasslands Restoration		350,700	
FIS - Angler Recruitment & Retention		40,000	
FIS - Video Editing Equipment		100,000	
FIS - Cooperative Research		10,000	
FIS - Headquarters Lease-Purchase		80,000	
FIS - Urban Fishing Program		135,900	
FIS - Point of Sale System		200,000	
FIS - State Match Increase		1,000,000	
			36,551,200
GAM - Department of Gaming	16,561,000		
GAM - One-time Equipment Funding		(3,424,100)	
			13,136,900
GTA - Government Information Technology Agy	8,685,400		
No Baseline Change			
			8,685,400

	Enacted OF FY 2009	10 JLBC OF Baseline 1/	FY 2010 OF
DHS - Department of Health Services	72,726,300		
No Baseline Change			72,726,300
AZH - Arizona Historical Society	194,200		
No Baseline Change			194,200
HOM - Board of Homeopathic & Integrated Medicine Examiners	117,300		
HOM - Eliminate One-time Equipment		(13,300)	104,000
HOU - Department of Housing	944,800		
No Baseline Change			944,800
IND - Industrial Commission	19,859,700		
No Baseline Change			19,859,700
SPA - Judiciary - Supreme Court	31,386,600		
No Baseline Change			31,386,600
SUP - Judiciary - Superior Court	10,939,700		
No Baseline Change			10,939,700
DJC - Department of Juvenile Corrections	7,670,000		
DJC - Land Fund Shift		(2,549,000)	5,121,000
LAN - State Land Department	760,000		
No Baseline Change			760,000
LIBR - AZ State Library, Archives & Public Records	675,900		
No Baseline Change			675,900
LOT - Arizona State Lottery Commission	79,323,300		
LOT - Sales-Related Costs		983,700	
LOT - Advertising Adjustment		(9,162,700)	
LOT - Remove Performance Pay		(750,000)	
LOT - Agency Requested Reduction		(69,100)	
			70,325,200
MED - Arizona Medical Board	5,822,600		
No Baseline Change			5,822,600
MSL - Board of Medical Student Loans	309,800		
MSL - Agency Requested Reduction		(262,800)	47,000
MIN - State Mine Inspector	0		
MIN - Aggregate Mining Reclamation Fund		155,800	155,800
NAT - Naturopathic Physicians Medical Board	604,300		
No Baseline Change			604,300
NUR - State Board of Nursing	4,134,900		
No Baseline Change			4,134,900
NCI - Nursing Care Inst. Administrators Board	377,700		
No Baseline Change			377,700
OCC - Board of Occupational Therapy Examiners	244,900		
No Baseline Change			244,900

	Enacted OF FY 2009	10 JLBC OF Baseline 1/	FY 2010 OF
DIS - State Board of Dispensing Opticians	124,300		
No Baseline Change			124,300
OPT - State Board of Optometry	202,200		
No Baseline Change			202,200
OST - Arizona Board of Osteopathic Examiners	698,700		
No Baseline Change			698,700
SPB - Arizona State Parks Board	8,899,700		
No Baseline Change			8,899,700
PES - Office of Pest Management	2,774,300		
PES - Agency Requested Reduction		(130,300)	2,644,000
PHA - Arizona State Board of Pharmacy	1,920,900		
No Baseline Change			1,920,900
PHY - Board of Physical Therapy Examiners	360,200		
No Baseline Change			360,200
PIO - Arizona Pioneers' Home	6,651,100		
PIO - Fund Shift to State Charitable Fund		24,000	6,675,100
POD - State Board of Podiatry Examiners	143,600		
No Baseline Change			143,600
POS - Commission for Postsecondary Education	3,852,700		
No Baseline Change			3,852,700
PRI - Board for Private Postsecondary Education	334,700		
No Baseline Change			334,700
PSY - State Board of Psychologist Examiners	407,900		
PSY - Eliminate One-time Equipment		(7,600)	400,300
DPS - Department of Public Safety	193,451,900		
DPS - End Helicopter Lease-Purchase Payment		(777,000)	192,674,900
RAC - Arizona Department of Racing	513,600		
No Baseline Change			513,600
RAD - Radiation Regulatory Agency	288,800		
RAD - Standard/Technical			288,800
RUC - Residential Utility Consumer Office	1,302,000		
No Baseline Change			1,302,000
RES - Board of Respiratory Care Examiners	261,600		
No Baseline Change			261,600
RET - Arizona State Retirement System	24,047,000		
RET - Technology Upgrades		(787,700)	
RET - Eliminate One-time Funding		(137,600)	
			23,121,700
REV - Department of Revenue	4,488,800		

	Enacted OF FY 2009	10 JLBC OF Baseline 1/	FY 2010 OF
No Baseline Change			4,488,800
SOS - Secretary of State	4,100,200		
No Baseline Change			4,100,200
SBO - State Boards' Office	284,700		
SBO - Rent Decrease		(500)	
			284,200
TEC - State Board of Technical Registration	1,745,200		
No Baseline Change			1,745,200
DOT - Department of Transportation	468,425,200		
DOT - Highway Maintenance Workload		3,571,000	
DOT - Eliminate One-time Equipment		(116,800)	
DOT - Revenue Accounting Changes		(6,805,700)	
			465,073,700
TRE - State Treasurer	1,300		
No Baseline Change			1,300
UNI - Universities			
UNI - ASU - Main Campus	260,679,000		
UNI - ASU Main - Enrollment Growth		7,198,900	
UNI - ASU Main - Tuition Increase		21,986,900	
			289,864,800
UNI - ASU - East Campus	29,120,200		
UNI - ASU East - Enrollment Growth		4,801,500	
UNI - ASU East - Tuition Increase		2,287,400	
			36,209,100
UNI - ASU - West Campus	29,173,200		
UNI - ASU West - Enrollment Growth		3,652,900	
UNI - ASU West - Tuition Increase		2,325,700	
			35,151,800
UNI - Northern Arizona University	52,620,500		
UNI - NAU - Enrollment Growth		6,107,300	
UNI - NAU - Tuition Increase		3,600,000	
			62,327,800
UNI - UA - Main Campus	153,532,100		
UNI - UA Main - Enrollment Growth		4,045,900	
UNI - UA Main - Tuition Increase		29,880,300	
			187,458,300
UNI - UA - Health Sciences Center	16,543,500		
UNI - UA - HSC - Enrollment Growth		708,000	
UNI - UA - HSC - Tuition Increase		3,219,700	
			20,471,200
VSC - Department of Veterans' Services	14,491,300		
No Baseline Change			14,491,300
VME - Veterinary Medical Examining Board	468,300		
No Baseline Change			468,300
WAT - Department of Water Resources	8,019,100		
No Baseline Change			8,019,100
WEI - Department of Weights & Measures	1,866,900		
WEI - Eliminate One-time Equipment		(20,200)	
			1,846,700
OTH - Other			

	Enacted OF FY 2009	10 JLBC OF Baseline 1/	FY 2010 OF
OTH - FY 09 Supplementals (Mine Inspector)	177,700	(177,700)	0
TOTAL - OPERATING SPENDING CHANGES	\$2,896,434,200	\$21,988,300	\$2,918,422,500
CAPITAL SPENDING CHANGES			
<u>Building Renewal</u>			
One-time '09 Building Renewal:			
Arizona Department of Administration	6,100,000	(5,100,000)	1,000,000
Arizona Exposition and State Fair Board	1,794,300	38,600	1,832,900
Game & Fish Department	531,000	(57,800)	473,200
Arizona Lottery Commission	68,000	(68,000)	0
Arizona Department of Transportation	4,208,900	(3,158,900)	1,050,000
<u>New Projects</u>			
ADOT '09 Statewide Highway Construction	92,420,000	(91,881,000)	539,000
ADOT '09 Controlled Access Highways	114,467,000	(28,969,000)	85,498,000
ADOT '09 Debt Service	98,695,000	3,118,000	101,813,000
ADOT '09 Airport Planning & Development - '09	31,200,000	(4,072,000)	27,128,000
ADOT '09 DPS Microwave Communications System - Enacted	826,000	(826,000)	0
ADOT '09 De-Icer Buildings	1,825,000	(1,825,000)	0
ADOT '09 Far Southeast Valley Maintenance Yard	2,350,000	(2,350,000)	0
ADOT '09 Vehicle Wash Systems	2,075,000	(2,075,000)	0
ADOT '09 Oil/Asphalt Storage Tanks	1,389,000	(1,389,000)	0
ADOT '09 Arizona Mexico Border Agreements	600,000	(600,000)	0
DOA '09 Capitol Mall Fire Systems	491,000	(491,000)	0
Game & Fish '09 Boat Shade Canopies	120,000	(120,000)	0
Game & Fish '09 Boat Registration Kiosks	240,000	(240,000)	0
Game & Fish '09 Shooting Range Access	150,000	0	150,000
Game & Fish '09 Preventative Maintenance	30,000	0	30,000
Game & Fish '09 Microwave Communications System	207,000	(207,000)	0
Game & Fish '09 Headquarters Construction	80,000	(80,000)	0
Game & Fish '09 Yuma Regional Office Remodel/Expansion	954,000	(954,000)	0
Game & Fish '09 Mesa Regional Office Paving Project	250,000	(250,000)	0
Game & Fish '10 Ben Avery Improvements		950,000	950,000
Game & Fish '10 Silver Creek Hatchery Remodel/Expansion		1,900,000	1,900,000
Game & Fish '10 Radio Tower		250,000	250,000
Game & Fish '10 Kingman Regional Office Remodel/Expansion		889,500	889,500
Game & Fish '10 Pinetop Regional Office Paving Project		75,000	75,000
Game & Fish '10 Pinetop Regional Office Canopies		30,000	30,000
TOTAL - CAPITAL SPENDING CHANGES	\$361,071,200	(\$137,462,600)	\$223,608,600
TOTAL - ALL OTHER FUND CHANGES	\$3,257,505,400	(\$115,474,300)	\$3,142,031,100

1/ Represents FY 2010 Baseline cost above FY 2009 enacted budget.

BUDGET RECONCILIATION BILL PROVISIONS

FY 2010 BUDGET RECONCILIATION BILL PROVISIONS

The JLBC Baseline would include the enactment of statutory changes associated with its funding amount. The following provisions would be grouped by subject into Budget Reconciliation Bills (BRBs).

Arizona Department of Administration

Domestic Partner Benefits

- As permanent law, define eligible dependents for the state employee health insurance program as a spouse, a child under the age of 19, or a child under the age of 23 if a full-time student, beginning October 1, 2009.

Employee Health Insurance

- As session law, continue to prohibit the Arizona Department of Administration (ADOA) from implementing a differentiated health insurance premium in FY 2010 based on the integrated or non-integrated status of the provider, beginning October 1, 2009.

Lease-Purchase Authority

- As permanent law, repeal ADOA's authority to enter into a 15-year \$7.5 million lease-purchase agreement for design and construction of a state emergency operations center.

AHCCCS

County ALTCS Contributions

- As session law, set county ALTCS contributions at \$262,889,400.
- As session law, require Maricopa County to transfer \$24,168,400 and Pima County to transfer \$3,794,400 into the Budget Neutrality Compliance Fund. Exempt these contributions from county expenditure limitations.

County Acute Care Contributions

- As session law, set the County Acute Care contribution at \$51,711,900. This amount includes an inflation indexing of the Maricopa County contribution as required by Laws 2005, Chapter 328.

County Expenditure Limitation

- As session law, exclude Proposition 204 administration costs from county expenditure limitations, retroactive to June 30, 2004.

Disproportionate Share Hospitals Withholding

- As session law, establish FY 2009 disproportionate share distributions to the Maricopa County Hospital District, the Arizona State Hospital, and private qualifying disproportionate share hospitals.

Disproportionate Share Uncompensated Care (DUC) Pool

- As session law, require the collection of \$2,646,200 in DUC pool contributions from counties other than Maricopa. Exclude these contributions from county expenditure limitations, retroactive to June 30, 2004.

Reimbursement Rates

- As session law, prohibit increases in reimbursement rates in contract year beginning October 1, 2009.

Temporary Medical Coverage Program

- As permanent law, eliminate Temporary Medical Coverage Program, which provides coverage to previously-enrolled AHCCCS members who are receiving federal disability insurance benefits and are not yet eligible for Medicare benefits.

Attorney General

Consumer Fraud Revolving Fund

- As session law, continue to permit the Attorney General's office to use monies available in the Consumer Fraud Revolving Fund for any operating costs incurred by the Attorney General, including costs associated with the Tobacco Master Settlement Agreement arbitration.

County Attorneys

- As permanent law, require county attorney resources to be distributed equitably based on county attorney and prosecutor caseloads and revise the Arizona Prosecuting Attorneys' Advisory Council membership.

Biomedical Research Commission

Public Regenerative Tissue Repository

- As session law, repeal the previously enacted FY 2010 \$1.0 million appropriation for the Public Regenerative Tissue Repository.

State Board for Charter Schools

Extend Duration of Charter Renewal Period

- As permanent law, amend A.R.S. § 15-183 to extend the effective duration of approved charter school plans, including already-approved plans, from 15 years to 20 years.

Department of Commerce

Military Installation Fund

- As session law, amend Laws 2004, Chapter 235, Section 14 to reduce the Military Installation Fund deposit by \$(4,800,000) in FY 2010.

Community Colleges

Capital Outlay Funding

- As session law, suspend capital outlay funding for FY 2010.

Equalization Aid

- As session law, notwithstanding the equalization aid formula in FY 2010, and specify that the appropriation for equalization aid shall be as provided in the General Appropriation Act.

Operating State Aid

- As session law, notwithstanding the operating state aid formula in FY 2010, and specify that the appropriation for operating state aid shall be as provided in the General Appropriation Act.

Department of Corrections

Budget Structure

- As session law, require the Department of Corrections (ADC) to report actual FY 2009, estimated FY 2010, and requested FY 2011 expenditures as delineated in the FY 2010 General Appropriations Act when the department submits its FY 2011 budget request pursuant to A.R.S. § 35-133.

Contracts

- As permanent law, amend A.R.S. § 41-1609.01 to allow a contract to provide correctional services, including any subsequent renewals, to be for any time period. Currently, statute limits a contract to an initial period of 10 years, and allows for the option of 2 subsequent renewals of periods not more than 5 years each.

Transition Office Fund

- As session law, permit ADC to use monies appropriated to the Transition Office Fund for operating expenses related to the Transition Program.

Department of Economic Security

Agency Focus

- As permanent law, require the focus of the Department of Economic Security to be on services to enhance employment rather than on providing benefits.

Arizona Department of Education

Average Daily Membership (ADM) Audits

- As permanent law, continue to authorize the Arizona Department of Education (ADE) or Auditor General to conduct ADM audits of school districts and charter schools.

Desegregation Cap

- As session law, continue “soft cap” on desegregation expenditures for FY 2010 (permits increases only for enrollment growth and inflation).

Excess Utilities

- As permanent law, repeal the new Excess Utilities funding formula in A.R.S. § 15-910.04.

Formula Adjustments

- As permanent law, increase by 2% the “Additional Assistance” amounts per pupil in A.R.S. § 15-185B4 and the transportation funding amounts per route mile in A.R.S. § 15-945.
- As session law for FY 2010, fund state aid for Joint Technological Education Districts (JTEDs) at a percentage that would freeze funding at the FY 2009 level and limit the funding only to JTEDs in operation during FY 2009.
- As session law for FY 2010, continue to “hold harmless” a JTED if the adjustment factor otherwise would cause it to receive less state aid in FY 2010 than in FY 2009, apart from reductions due to changes in student counts, property values and other technical factors.
- As permanent law, repeal the Rapid Decline funding formula.

JTED Age Restriction

- As permanent law, prohibit 8th and 9th grade students from taking JTED courses.

Rollover

- As session law, defer \$602.6 million in Basic State Aid payments for FY 2010 until FY 2011. Appropriate \$602.6 million in FY 2011 for these deferred Basic State Aid payments and \$886,200 for related interest costs in FY 2011.
- As session law, require school districts to include in the FY 2010 revenue estimates that they use for computing their FY 2010 tax rates the rollover monies that they will receive for FY 2010 in July 2010.

Special Education Cost Study

- As session law, suspend the biennial Special Education Cost Study prescribed in A.R.S. § 15-236 for FY 2010 and FY 2011.

State Equalization Tax Rate

- As permanent law, repeal the State Equalization Tax Rate authorized in A.R.S. § 15-994.

Tax Rates

- As permanent law, specify the official K-12 Qualifying Tax Rate for FY 2010, as adjusted for compliance with the Truth in Taxation law (A.R.S. § 41-1276) and the business property tax changes instituted by Laws 2005, Chapter 302.

Teacher Performance Pay

- As permanent law, repeal the new Teacher Performance Pay formula in A.R.S. § 15-977G3.

Department of Emergency and Military Affairs

Governor's Emergency Authority

- As session law, reduce the aggregate amount of liabilities that may be incurred under any emergency declared by the Governor pursuant to A.R.S. § 35-192 from \$4.0 million to \$3.5 million.

Department of Environmental Quality

Fee/Rule Requirement

- As session law, require all Department of Environmental Quality proposals for increased fees and rule changes first to be reviewed by JLBC.

Underground Storage Tank (UST) Revolving Fund

- As session law, continue to suspend the UST Revolving Fund Assurance Account administrative cap for FY 2010, as was done in FY 2008 and FY 2009, to allow the department to utilize up to \$6,531,000 for program operating costs.

Government Information Technology Agency

Web Portal Fees

- As permanent law, require that all revenues from the State Web Portal be deposited in the State Web Portal Fund.

Department of Health Services

Arnold v. Sarn

- As permanent law, amend A.R.S. § 36-550.01 by removing the requirement that the Department of Health Services plan and provide statewide community residential treatment programs.

Health Crisis Fund

- As session law, continue to reduce fund balance for Health Crisis Fund from \$1,000,000 to \$500,000.

Restoration to Competency Cost Sharing

- As session law, continue to require Maricopa and Pima Counties and all cities to pay 86% of cost of Restoration to Competency treatment in FY 2010.

Department of Insurance

Discontinue Revenue Restrictions

- As session law, notwithstanding A.R.S. § 20-167F and 20-466J, the Director of Insurance shall not revise fees or assessments in FY 2010 for the purposes of meeting the requirement to recover at least 95% but not more than 110% of the department's appropriated budget.

Judiciary

Defensive Driving Program

- As permanent law, shift all Defensive Driving Program responsibilities to the Motor Vehicle Division.

Board of Medical Student Loans

Medically Underserved Area

- As permanent law, narrow the definition of medically underserved area or population to rural Arizona.

State Parks Board

State Parks Enhancement Fund

- As session law, continue to allow State Parks Enhancement Fund monies to be used for the operation of state parks as appropriated by the Legislature or for capital needs as approved by the Joint Committee on Capital Review.

Off-Highway Vehicle Recreation Fund

- As session law, continue to allow the use of \$692,100 from the Off-Highway Vehicle Recreation Fund for agency operating costs.

Department of Public Safety

DNA Fund Advanced Appropriation

- As session law, reduce the \$3,484,000 appropriated in FY 2010 by Laws 2007, Chapter 261 from the DNA Identification System Fund to \$980,000. These monies were originally appropriated to fund the operating costs of the expanded testing provisions, as well as the design and construction of an expanded crime lab in Phoenix.

Fees for Services

- As session law, continue to allow the Director of the Department of Public Safety (DPS) to increase fees in FY 2010 for crime lab services and exempt the agency from the rule making process for another year for the purpose of raising fees. DPS would not provide services if fees were not paid.

Highway User Revenue Fund (HURF)/State Highway Fund (SHF) Shift

- As permanent law, eliminate the statutory caps limiting the level of HURF and SHF monies available to fund DPS highway patrol costs.

Redirect CJEF Revenues

- As session law, continue to redirect 9% of CJEF revenues, formerly deposited into the General Fund, to DPS to fund the department's crime lab operations in FY 2010.

Department of Revenue

Business Reengineering/Integrated Tax System (BRITS)

- As session law, continue to require JLBC review of any BRITS contract extensions or modifications that increase the contractor's share of gain-sharing proceeds from state revenues during FY 2010.

Unclaimed Property

- As permanent law, require all unclaimed property proceeds to be distributed to the General Fund. Currently, unclaimed property proceeds are distributed to the Housing Trust Fund and a variety of racing programs.

School Facilities Board

Building Renewal

- As session law, continue to suspend the Building Renewal formula for FY 2010.

Full-Day Kindergarten (FDK) Capital

- As permanent law, consider kindergarteners to be counted as half-time Average Daily Membership (ADM) pupils for purposes of determining minimum school facility adequacy requirements, thereby not requiring the School Facilities Board (SFB) to fund new classroom costs for FDK.

New Construction

- As session law, continue to prohibit the SFB from authorizing or awarding funding for the design or construction of any new school facility, including FDK, or for school site acquisitions.
- As session law, continue to require school districts to submit capital plans during FY 2010, and permit the SFB to review and award new school facilities, subject to future appropriations.
- As permanent law, require SFB to approve new construction projects based on current actual district-wide ADM instead of SFB projected district-wide ADM once the FY 2010 moratorium is lifted.
- As permanent law, restrict SFB from providing new construction projects inflationary funding above the formula amount.

Office of Tourism

Statutory Funding Formula

- As session law, suspend the Tourism funding formula in A.R.S. § 42-5029.

State Treasurer

Justice of the Peace (JP) Salaries

- As session law, continue to fund the state share of JP salaries at 38.5% in FY 2010.

Universities

Accounting and Reporting

- As permanent law, require the Arizona Board of Regents (ABOR) and the Auditor General to develop a uniform accounting and reporting system.
- As permanent law, require an annual report on invited speakers and associated costs.
- As permanent law, require both Arizona State University East and West campuses to be separated as individual budget units.

Arizona Financial Aid Trust (AFAT)

- As permanent law, eliminate the statutory requirement that the state provide a 2:1 ratio of state funding to student fees deposited into AFAT.

Enrollment Growth Funding

- As permanent law, require funding for enrollment growth be limited to Arizona residents.

Tuition Collections

- As permanent law, require all university tuition collections be appropriated.

University Debt Financing

- As permanent law, repeal the State Land Department's Community Protection Initiative Fund and the Department of Environmental Quality's Water Supply Development Fund Special Line Item from the list of recipients of State Lottery Fund monies.
- As permanent law, repeal the use of Lottery revenues for the debt service payments pursuant to ABOR's \$1.0 billion bonding authority.
- As permanent law, repeal \$935.4 million of ABOR's \$1.0 billion lease-to-own and bond transactions authority.
- As permanent law, require that the General Fund receive at least \$57 million from Lottery proceeds.

Department of Water Resources

Water Protection Fund

- As session law, continue to suspend the requirement for a \$5 million General Fund appropriation to the Water Protection Fund in FY 2010.

Other

Accounting Procedure

- As session law, specify that any non-lapsing monies appropriated from the General Fund that remain unexpended or unencumbered at the close of FY 2010 shall be counted as part of the closing balance.

Federal Funds

- As permanent law, continue to require unrestricted federal funds to be deposited in the General Fund for the payment of essential government services.

Fees for Services

- As permanent law, repeal the fee raising authority, appropriations, and rule making exemptions pursuant to Laws 2008, Chapter 291, Section 12 for all entities except for DPS.

Public Housing/Benefits Requirement

- As permanent law, require proof of U.S. legal residence for public housing and taxpayer subsidized public benefits. Proof of U.S. residence shall not be determined by self declaration.

MAJOR FOOTNOTE CHANGES

MAJOR FOOTNOTE CHANGES

The JLBC would include the major modification of footnotes as detailed below. This list does not include footnotes pertaining to one-time reports or appropriations.

AHCCCS

- Deletes the footnote allowing AHCCCS to expend funds for federally-matched hospice services to non-ALTCS members.

Attorney General

- Adds a footnote requiring the Attorney General to report estimated FY 2009 revenues and expenditures for the Legal Services Cost Allocation Fund to the Governor's Office of Strategic Planning and Budgeting and JLBC Staff by April 1, 2009. These 2 offices shall jointly determine whether any shortfall exists in fund revenues in comparison to 90% of its appropriation. If the 2 offices report a shortfall to the Governor, the Speaker of the House and the President of the Senate by May 1, 2009, then any lump sum reduction enacted for the Attorney General's budget after January 1, 2009 shall be adjusted downward by the amount of the shortfall. A similar footnote would be added in FY 2010.

Automobile Theft Authority

- Adds a footnote requiring Automobile Theft Authority Fund monies: 1) to be granted with consideration given to areas with greater automobile theft problems; and 2) to be used to combat economic auto theft operations.

State Board for Charter Schools

- Deletes the footnote requiring a survey of parents of charter school pupils in FY 2009 and FY 2010, as long-term survey results are already available.

Arizona Community Colleges

- Adds a footnote prohibiting appropriated community college monies from being used to implement the Centennial Scholars Program.

Department of Economic Security

- Deletes the footnote requiring the department to report on the activities of food distribution efforts funded through the Coordinated Hunger Special Line Item.

Arizona State Lottery Commission

- Adds a footnote requiring the agency to cap advertising expenses at \$11,000,000.

Department of Public Safety

- Modifies the footnote that specifies \$10,000,000 is to be used for the Gang and Immigration Intelligence Team Enforcement Mission (GIITEM). This footnote will now allow the Department of Public Safety (DPS) to provide up to 80% of Personal Services and Employee Related Expenditures and all capital related equipment costs rather than 85% of all costs. In addition, the footnote changes enforcement requirements with regards to any officer's lawful contact with suspected illegal aliens and identifies enforcement tasks for any funded officers. The footnote also adds a requirement to allocate \$2,000,000 of the \$10,000,000 to local sheriffs' offices for human smuggling and immigration enforcement and \$1,600,000 of the \$10,000,000 to the Violent Felony and Fugitive Task Force. The footnote no longer includes language regarding immigration verification relative to an ongoing investigation or an informant relationship.
- Modifies the GIITEM footnote regarding the \$10,358,900 used for 100 DPS GIITEM personnel. The footnote no longer includes language regarding immigration verification relative to an ongoing investigation or an informant relationship and makes other technical changes.
- Adds a footnote requiring a quarterly report with photo radar enforcement information that would include the number of citations and notices of violations received, paid or referred to the courts as well as the number of cameras in operation. The report would also include the total amount of revenue generated and how that revenue was distributed.

Department of Racing

- Deletes the footnote requiring reporting on boxing related activities.

Universities

- Deletes the footnote requiring the Arizona Board of Regents to submit an expenditure plan of tuition revenues for review by JLBC as estimated tuition collections for FY 2010 are known.

- Adds a footnote prohibiting appropriated university monies from being used to implement the Centennial Scholars Program.
- Deletes the reporting requirement of the University of Arizona – Health Sciences Center for the Phoenix Medical Campus. The Phoenix Medical Campus has been operational since 2006 and the JLBC granted future operational and capital plans for the campus a favorable review in September 2005. Also deletes the related footnote that requires transfers to or from the Phoenix Medical Campus line item to receive prior review by the JLBC.

Water Resources

- Deletes the footnote requiring the department to report the amount of fees collected by the Assured and Adequate Water Supply Program. The fund began collecting revenue in FY 2006.

Other

- Deletes footnotes that permit agencies to spend above the level of their Other Fund appropriations. The Legislature will need to review whether those additional funds may be needed to address the state’s budget shortfall. These footnotes had applied to the following agencies and funds:

Department of Administration

- State Surplus Property Sales
- Telecommunications Fund Infrastructure Improvement Account

Attorney General

- Antitrust Enforcement Revolving Fund

Automobile Theft Authority

- Automobile Theft Authority Fund

Arizona Drug and Gang Prevention Resource Center

- Intergovernmental Agreements and Grants Fund

Department of Economic Security

- Child Support Enforcement Administration Fund
- Domestic Violence Shelter Fund
- Spinal and Head Injuries Trust Fund
- Workforce Investment Act Grant

Department of Environmental Quality

- Air Permits Administration Fund
- Indirect Cost Recovery Fund
- Water Quality Fee Fund

Judiciary – Supreme Court

- Case Processing Assistance Fund
- Defensive Driving School Fund
- Judicial Collection Enhancement Fund

Judiciary – Superior Court

- Community Punishment Program
- Crime Reduction Fund
- Judicial Collection Enhancement Fund

Department of Juvenile Corrections

- State Education Fund

Legislature – Arizona State Library, Archives and Public Records

- Record Services Fund

PERFORMANCE BUDGETING

PERFORMANCE BUDGETING

Strategic Program Area Reviews (SPARs)

A.R.S. § 41-1275 establishes the Strategic Program Area Review (SPAR) process. The SPARs provide an opportunity for the Governor and the Legislature to evaluate the effectiveness and efficiency of programs crossing state agency lines. These reviews by JLBC Staff and the Governor’s Office of Strategic Planning and Budgeting (OSPB) are a permanent part of the biennial budget process and result in decisions to retain, eliminate, or modify particular programs.

A.R.S. § 41-1275 requires JLBC Staff, in consultation with OSPB, to recommend to the Joint Legislative Budget Committee program areas for SPAR by January 1 of every odd-numbered year. As a result of the budget shortfall, it is likely that issues of effectiveness and efficiency of programs that cross state agency lines will be discussed in the upcoming session. Because the SPAR process would duplicate the efforts taking during session, no program areas will be subject to SPAR in the upcoming cycle.

Performance Measures

The General Appropriation Act has included performance measure targets for most agencies since FY 2002. Agencies have been expected to report results for these targets as part of their budget and strategic plan submittals.

A provision in the FY 2009 General Appropriation Act required agencies to submit FY 2008 results for performance measures in the General Appropriation Act as part of their FY 2010 budget request. If an agency failed to submit this information, they were required to submit a report in their FY 2010 request explaining why the agency failed to submit the results.

Table 1 lists the agencies and the 21 specific performance measures for which the agency did not provide a result as part of the budget request. Of the 21 measures, 14 involve some measure of customer or client satisfaction. Further details on these measures, as well as on other measures, can be found in each agency’s narrative. In FY 2009, there were 7 specific performance measures for which the agencies did not provide a FY 2007 result as part of the budget request. Of the 7 measures, 2 involved some measure of customer or client satisfaction.

Table 1

Unreported FY 2008 Performance Measure Results

<u>Agency</u>	<u>Performance Measure</u>
Accountancy, State Board of	Average calendar days to resolve a complaint
Administration, Arizona Dept. of	Average calendar days to renew a license
	% of ADOA services receiving a good (6) or better rating from customers, based on annual survey (Scale 1-8)
	Customer satisfaction rating for the operation of Arizona Financial Information System (AFIS) (Scale 1-8)
	Customer satisfaction with employee training (Scale 1-8)
	Customer satisfaction with benefit plans (Scale 1-8)
	Customer satisfaction rating for the Wide Area Network (MAGNET) (Scale 1-8)
	Customer satisfaction rating for Statewide Telecommunications Management Contract services (Scale 1-8)
	Customer satisfaction rating for mainframe services based on annual survey (Scale 1-8)
	Customer satisfaction with self-insurance (Scale 1-8)
	Customer satisfaction with all Travel Reduction services (Scale 1-8)
Automobile Theft Authority	% of stolen vehicles recovered (calendar year)
	Number of vehicles stolen statewide (calendar year)
Commerce, Department of	Customer satisfaction rating for business development program (percentage rating services as good or excellent)
Deaf and the Hard of Hearing, Commission for the	Average number of days to issue a voucher
Executive Clemency, Board of	Customer satisfaction rating with the voucher program (Scale 1-8)
Pest Management, Office of	Customer satisfaction rating for victims (Scale 1-8)
Racing, Arizona Department of	Customer satisfaction rating (Scale 1-8)
Transportation, Arizona Dept. of	% of horse racing customers reporting “very good” or “excellent” service
	Average office wait time from arriving at Motor Vehicle Division office to receiving numbered ticket (minutes)
Water Resources, Dept. of	Number of rural water studies completed in current year

REVENUE FORECAST

GENERAL FUND REVENUE

FY 2009

FY 2009 General Fund total revenues are projected to be \$8.49 billion. As indicated in *Table 1* below, the revised FY 2009 revenue estimate is \$(1.49) billion lower than the estimate from the FY 2009 budget enacted in the spring of 2008.

Table 1

FY 2009 Revenue Forecast (\$ in Millions)

Adopted FY 2009 Revenue Estimate	\$9,980.3
Revised Revenue Forecast	\$(1,486.8)
Revised FY 2009 Revenue Estimate	\$8,493.5

As described in the FY 2010 section below, the JLBC Staff has used a consensus forecasting process to develop both its FY 2009 and FY 2010 General Fund revenue estimates. *Table 2* below provides the growth rates from each sector of the forecast for FY 2009. These estimates reflect ongoing revenue estimates prior to tax law changes. The weighted average of the components of the 4-sector process provides an estimated base revenue growth rate (prior to tax law changes) for FY 2009 of (9.1)%. After adjusting for small revenue categories, the revenue loss would be (9.4)%.

Table 2

FY 2009 Quartile Forecast Percentages

	<u>FAC</u>	UA <u>Low</u>	UA <u>Base</u>	<u>JLBC</u>	<u>Avg.</u>
Sales	(7.6)%	(10.1)%	(8.8)%	(6.3)%	(8.2)%
Individual Income	(9.2)%	(8.7)%	(3.1)%	(7.7)%	(7.2)%
Corporate Income	(33.0)%	(20.2)%	(18.2)%	(20.4)%	(23.0)%
Weighted Average	(10.6)%	(10.5)%	(7.4)%	(8.2)%	(9.1)% ^{1/}

^{1/} Once adjusted for minor revenue categories, the FY 2009 decline is (9.4)%.

The individual revenue detail for FY 2009 is found in *Table 4* at the end of this section. The FY 2009 forecast in *Table 4* reflects the 4-sector consensus forecast, adjusted for tax law changes.

Once adjusted for tax law changes and minor revenue category, the revised FY 2009 estimate assumes a decrease of (9.7)% in ongoing revenues (excluding Urban Revenue Sharing) compared to the prior year. Tax law changes impacting FY 2009 revenue collections are summarized in the Economic and Revenue Forecast Section of the *FY 2009 Appropriations Report*. Adjusting for Urban

Revenue Sharing, the revised FY 2009 estimate is (10.9)% below FY 2008.

Based on preliminary December data, year-to-date ongoing revenues are (10.1)% below the same period in FY 2008. After adjusting for Urban Revenue Sharing, total revenue collections are (11.4)% below last fiscal year. Through December, year-to-date revenues are \$(721) million below the original budget forecast.

The FY 2009 General Fund total resource estimate of \$8.49 billion includes permanent revenues of \$7.81 billion and one-time revenues of \$685.4 million. FY 2009 one-time revenues include a balance forward from FY 2008 of \$1.0 million, \$56.0 million in other revenues related to Arizona Long Term Care System (ALTCs) reversion, local contributions by counties and cities, and the vehicle license tax, \$344.0 million in prior year School Facilities Board (SFB) bond proceeds, \$4.7 million in hiring freeze transfers, \$259.8 million in agency fund transfers, and \$20.0 million in Budget Stabilization Fund transfer. (See *One-Time Revenues discussion below for more information.*)

FY 2010

Projected FY 2010 General Fund total resources are \$7.67 billion. This amount includes the impact of \$(34.0) million in tax law changes enacted in prior years, \$1.0 million in estimated beginning balance and \$38.2 million in one-time local contributions from counties and cities. Prior to tax law changes, ongoing revenues are expected to decrease by (2.8)% over FY 2009 collections (excluding Urban Revenue Sharing). After adjusting for the tax law changes, Urban Revenue Sharing, and one-time revenues, total projected resources are (9.7)% less than FY 2009. The decrease in total resources is primarily due to the absence of large one-time fund transfers in FY 2010.

The JLBC FY 2010 estimated growth rates for the “Big 3” ongoing revenue categories (sales tax, individual income tax and corporate income tax) were developed through a consensus process. The JLBC revenue estimate is based on averaging the results of the following 4 forecasts:

- Finance Advisory Committee panel forecast of January 2009. This independent panel consists of 16 public and private sector economists that meets 3 times a year to provide the Legislature with guidance on the status of the Arizona economy.
- The University of Arizona Economic and Business Research (EBR) General Fund baseline model. The model is a simultaneous-equation model consisting of more than 100 equations which are updated on a regular basis to reflect changes in the economy. The

model uses more than 200 variables related to Arizona's economy and is updated quarterly.

- EBR's conservative forecast model, and
- JLBC Staff projections.

The growth rates from each sector of the forecast are detailed in *Table 3* below.

	<u>FAC</u>	UA <u>Low</u>	UA <u>Base</u>	<u>JLBC</u>	<u>Avg</u>
Sales	0.1%	(8.7)%	(4.2)%	0.1%	(3.2)%
Individual Income	(0.1)%	(8.7)%	(2.2)%	(0.1)%	(2.8)%
Corporate Income	1.3%	(12.6)%	(4.9)%	0.0%	(4.1)%
Weighted Average ^{1/}	0.1%	(9.0)%	(3.4)%	0.0%	(3.1)%

^{1/} Once adjusted for minor revenue categories, the FY 2010 decline is (2.8)%.

In FY 2010, sales tax revenue is projected to decline by (3.2)%. Individual and corporate income tax collections are forecast to decrease by (2.8)% and (4.1)%, respectively.

The FY 2010 forecast for the remaining categories was based on JLBC Staff estimates. Following is a discussion of some of these categories as well as the impact of enacted tax law changes.

Tax Law Changes – Several tax law changes enacted in prior years will either take effect or be further phased-in during FY 2010. The combined incremental impact of these changes is estimated to be \$(34.0) million compared to FY 2009.

- **Corporate Sales Factor** – Laws 2005, Chapter 289 allows a multi-state corporation to elect an enhanced sales factor formula to compute its Arizona income tax liability. This new tax calculation took effect in tax year 2007, and the third year of its phase-in is estimated to incrementally reduce revenue by \$(29.0) million in FY 2010. By its full phase-in in FY 2011, the revenue impact is projected to be \$(120) million.
- **Phoenix Convention Center** – Laws 2003, Chapter 266 requires the state to contribute to the expansion and renovation of the Phoenix Convention Center. The state's obligation for this project is to pay the debt service on \$300 million of construction bonds, beginning with \$5 million the first year after construction is completed. This obligation increases over a period of years to a maximum of \$30 million per year. It is currently anticipated that this first \$(5.0) million payment will occur in FY 2010.

None of these estimates account for any offsetting tax collections generated by new economic activity associated with the tax reductions. These “dynamic” impacts usually occur over several years.

One-Time Revenues

One-time financing sources are often used to help balance the budget. The following is a discussion of actual and expected one-time financing sources included in the FY 2009 and FY 2010 budgets.

FY 2009

Other Revenues – One-time revenues totaling \$56.0 million include:

- ALTCS Reversion – Laws 2008, Chapter 288 provides that, instead of returning excess ALTCS funding to the counties for FY 2008 and FY 2009, AHCCCS will deposit the excess funding into the General Fund. In prior years, excess funding has been split 50/50 between state and counties. Without this provision, the counties would have received \$11.9 million for FY 2007 (returned in FY 2008) and an estimated \$5.9 million for FY 2008, for a total of \$17.8 million.
- Local Contributions – Laws 2008, Chapter 285 provides that counties and incorporated cities and towns in the state are to deposit a total of \$29.7 million into the state's General Fund in FY 2009. The amount to be transferred from each jurisdiction is to be calculated by the JLBC by August 31, 2008, and is to be based on the Highway User Revenue Fund distributions provided in A.R.S. § 28-6538. This payment is currently the subject of litigation.
- Vehicle License Tax – Laws 2008, Chapter 285 provides that the first \$8.4 million of vehicle license tax (VLT) for distribution to the State Highway Fund be transferred to the General Fund in FY 2009.

Prior Year School Facilities Board Bond Proceeds – Laws 2008, Chapter 287 authorizes SFB to enter into a maximum of \$593 million of lease-to-own transactions in FY 2009. A portion of the lease-to-own proceeds will be used to fund prior year design fees and expenditures, allowing the SFB to recoup a total of \$344.0 million of prior year expenses in FY 2009.

Hiring Freeze Transfers – Laws 2008, Chapter 285 provides that \$4.7 million in other appropriated funds and nonfederal nonappropriated state funds, resulting from savings derived from the state hiring freeze, be transferred to the General Fund in FY 2009.

Agency Fund Balance Transfers – Laws 2008, Chapter 285 provides that \$259.8 million of fund balances from various state agencies be transferred to the General Fund in

FY 2009. The total fund balance transfer was originally expected to be \$276.2 million. However, this amount was later reduced by \$(16.4) million primarily due to federal restrictions on the transfer of Department of Environmental Quality Water Funds.

Budget Stabilization Fund Transfer – Laws 2008, Chapter 285 provides that \$20.0 million be transferred from the Budget Stabilization Fund to the General Fund in FY 2009.

FY 2010

Other Revenues – One-time revenues for a total of \$38.1 million that include:

- Local Contributions – As noted above, Laws 2008, Chapter 285 requires counties and incorporated cities and towns to deposit a total of \$29.7 million into the state's General Fund in FY 2009. The same amount of local contributions will be provided in FY 2010.
- Vehicle License Tax – Laws 2008, Chapter 285 provides that the first \$8.4 million of VLT for distribution to the State Highway Fund be transferred to the General Fund in FY 2009. The same amount of VLT revenues will be redistributed to the General Fund in FY 2010.

The individual revenue detail for FY 2009 and FY 2010 is found in *Table 4* at the end of this section.

Table 4

GENERAL FUND REVENUE - FY 2009 - FY 2010

FORECAST REVENUE GROWTH								
(\$ in Thousands)								
	ACTUAL FY 2008	% CHANGE PRIOR YR	FORECAST FY 2009	% CHANGE PRIOR YR	\$ CHANGE ACTUAL	FORECAST FY 2010	% CHANGE PRIOR YR	\$ CHANGE FORECAST
Taxes:								
Sales and Use	4,353,564.8	-3.5%	3,996,572.5	-8.2%	(356,992.3)	3,868,682.2	-3.2%	(127,890.3)
Income								
-Individual	3,406,483.3	-9.1%	3,156,746.5	-7.3%	(249,736.8)	3,068,357.6	-2.8%	(88,388.9)
-Corporate	808,961.3	-18.0%	573,993.3	-29.0%	(234,968.0)	550,459.6	-4.1%	(23,533.7)
Property								
Luxury								
-Tobacco	20,041.3	-18.2%	18,000.0	-10.2%	(2,041.3)	17,000.0	-5.6%	(1,000.0)
-Liquor	32,474.4	-13.6%	30,538.8	-6.0%	(1,935.6)	30,538.8	0.0%	0.0
Insurance Premium	28,562.8	1.1%	29,253.4	2.4%	690.6	29,838.5	2.0%	585.1
Estate	407,043.0	1.8%	417,000.0	2.4%	9,957.0	425,000.0	1.9%	8,000.0
Other Taxes	320.2	-158.1%	0.0	-100.0%	(320.2)	0.0	N/A	0.0
Sub-Total - Taxes	1,484.8	11.8%	630.0	-57.6%	(854.8)	630.0	0.0%	0.0
Sub-Total - Taxes	9,058,935.9	-7.0%	8,222,734.5	-9.2%	(836,201.4)	7,990,506.6	-2.8%	(232,227.9)
Other Non-Tax Revenues:								
Lottery	48,449.6	-8.5%	50,376.0	4.0%	1,926.4	46,500.0	-7.7%	(3,876.0)
Licenses, Fees and Permits	37,771.1	-6.1%	45,058.0	19.3%	7,286.9	45,000.0	-0.1%	(58.0)
Interest	95,067.0	-9.0%	20,000.0	-79.0%	(75,067.0)	15,750.0	-21.3%	(4,250.0)
Sales and Services	57,251.6	-10.2%	54,380.9	-5.0%	(2,870.7)	55,000.0	1.1%	619.1
Other Miscellaneous	45,719.2	2.9%	47,000.0	2.8%	1,280.8	46,000.0	-2.1%	(1,000.0)
Transfers and Reimbursements	34,035.1	74.7%	22,579.8	-33.7%	(11,455.3)	23,000.0	1.9%	420.2
Disproportionate Share Revenue	72,189.6	-36.2%	73,570.3	1.9%	1,380.7	73,570.3	0.0%	0.0
Sub-Total - Other Non-Tax	390,483.2	-10.9%	312,965.0	-19.9%	(77,518.2)	304,820.3	-2.6%	(8,144.7)
Subtotal On-Going Revenue	9,449,419.1	-7.1% ^{1/}	8,535,699.5	-9.7% ^{2/}	(913,719.6)	8,295,326.9	-2.8%	(240,372.6)
Corporate Sales Factor Phase-In	0.0	N/A	0.0	N/A	0.0	(29,000.0)	N/A	(29,000.0)
Convention Center	0.0	N/A	0.0	N/A	0.0	(5,000.0)	N/A	(5,000.0)
Subtotal w/Tax Law Changes	9,449,419.1	-7.1%	8,535,699.5	-9.7%	(913,719.6)	8,261,326.9	-3.2%	(274,372.6)
Urban Revenue Sharing (URS)	(684,538.9)	24.2%	(727,677.4) ^{3/}	6.3%	(43,138.5)	(628,649.1)	-13.6%	99,028.3
Subtotal w/Tax Law Changes/URS	8,764,880.2	-8.9%	7,808,022.1	-10.9%	(956,858.1)	7,632,677.8	-2.2%	(175,344.3)
One-Time Financing Sources:								
Balance Forward	377,947.0	-63.9%	1,000.0	-99.7%	(376,947.0)	1,000.0	0.0%	0.0
Liquor License Fees	2,000.0	344.4%	0.0	-100.0%	(2,000.0)	0.0	N/A	0.0
Revised TPT Threshold	0.0	-100.0%	0.0	N/A	0.0	0.0	N/A	0.0
Corporate Consolidated Credit	(24,450.5)	511.3%	0.0	-100.0%	24,450.5	0.0	N/A	0.0
FY 2007 Fund Transfer - SFB	0.0	-100.0%	0.0	N/A	0.0	0.0	N/A	0.0
Unclaimed Property	47,132.5	N/A	0.0	-100.0%	(47,132.5)	0.0	N/A	0.0
Other Revenue	0.0	N/A	55,969.5	N/A	55,969.5	38,139.0	-31.9%	(17,830.5)
Prior Year SFB Bond Proceeds	0.0	N/A	344,000.0	N/A	344,000.0	0.0	-100.0%	(344,000.0)
Transfers - Hiring Freeze	0.0	N/A	4,690.7	N/A	4,690.7	0.0	-100.0%	(4,690.7)
Fund Transfers	290,186.0	N/A	259,772.4	-10.5%	(30,413.6)	0.0	-100.0%	(259,772.4)
BSF Transfer	487,000.0	N/A	20,000.0	-95.9%	(467,000.0)	0.0	-100.0%	(20,000.0)
Sub-Total - One-Time Financing Sources	1,179,815.0	12.6%	685,432.6	-41.9%	(494,382.4)	39,139.0	-94.3%	(646,293.6)
Total Revenue	9,944,695.2	-6.8%	8,493,454.7	-14.6%	(1,451,240.5)	7,671,816.8	-9.7%	(821,637.9)

1/ The (7.1)% FY '08 growth rate includes \$(255.5) million in tax law and other revenue changes. Adjusting for these changes, the base FY '08 growth rate is (4.6)%.

2/ The (9.7)% FY '09 growth rate includes \$(26.6) million in tax law and other revenue changes. Adjusting for these changes, the base FY '09 growth rate is (9.4)%.

3/ While this amount is usually a deduction to revenue, the FY '09 amount was appropriated in Laws 2006, Chapter 351. FY '09 is shown as a revenue deduction for comparability.

'09 REVISED FORECAST / PRELIMINARY '10 - Based on '09 (9.1)% and '10 (3.1)% 4-sector growth rates.

BUDGET STABILIZATION FUND

Background

The Budget Stabilization Fund (BSF) for Arizona was enacted in 1990 (A.R.S. § 35-144). The fund is administered by the State Treasurer, who is responsible for transferring General Fund money into and out of the BSF as required by law. The BSF is designed to set revenue aside during times of above-trend economic growth and to utilize this revenue during times of below-trend growth.

The Formula

There is a statutory formula to calculate the amount to be appropriated to (deposit) or transferred out (withdrawal) of the BSF. The formula is based on total annual Arizona personal income (excluding transfer payments) adjusted for inflation.

The January Budget documents of the JLBC and the Governor are to include estimates of the amounts to be appropriated to or transferred from the BSF for the upcoming budget year. The final determination of the amount to be appropriated or transferred is based on calculations from the Arizona Economic Estimates Commission (EEC). This final calculation is not made until June 1 of the budget year. The EEC determines the annual growth rate of inflation-adjusted total state personal income, the trend growth rate over the past 7 years, and the calculated appropriation to or transfer from the BSF. The EEC calculations however, do not result in any automatic deposits or withdrawals, as they must be authorized by legislative action. In practice, the formula has only served as a general guideline and has infrequently been used to determine the actual deposit or withdrawal.

Key features of the BSF can be summarized as follows:

- The deposit into or withdrawal from the BSF for a given fiscal year is determined by comparing the annual growth rate of inflation adjusted Arizona Personal Income (AZPI) for the calendar year ending in the fiscal year to the trend growth rate of inflation adjusted AZPI for the most recent 7 years.
- Adjusted personal income in the BSF formula is defined as total Arizona personal income less transfer payments, adjusted by the gross domestic product price deflator index.
- If the annual growth rate exceeds the trend growth rate, the “excess” percent multiplied by General Fund revenue of the prior fiscal year would equal the amount to be deposited into the BSF.
- If the annual growth rate of Arizona personal income is both less than 2% and less than the trend growth rate, the deficiency when multiplied by the General

Fund revenue of the prior year would equal the amount to be withdrawn from the BSF. This 2% floor avoids withdrawing monies from the BSF when economic conditions are slowing but there is not a recession.

- By a two-thirds majority, the Legislature, with the concurrence of the Governor, can decrease a deposit or increase a withdrawal.
- The BSF's total balance cannot be larger than 7.0% of the current year's General Fund revenues, excluding the beginning balance.
- In addition to the fixed income investments, the Treasurer is allowed to invest up to 25% of the BSF in equity securities.

Deposits/Withdrawals

FY 2008

Laws 2008, Chapter 53 authorized a BSF transfer of \$487.0 million to the General Fund in FY 2008 to help balance the state budget. Moreover, Chapter 53 stipulated that if the FY 2008 General Fund ending balance were less than \$0, the Treasurer would be required to transfer an amount equal to the negative ending balance plus \$1.0 million from the BSF to the General Fund. The FY 2008 shortfall of \$(72.0) million combined with the \$1.0 million ending balance requirement resulted in a transfer from the BSF to the General Fund of \$73.0 million. The actual transfer occurred in FY 2009.

In comparison, the actual formula calculation would not have resulted in a FY 2008 BSF deposit. Arizona real adjusted personal income grew by 2.88% in CY 2007 compared to the 7-year average annual growth rate of 3.63%. Although the annual growth rate was (0.75)% below trend, it still remained 0.88% above the 2% floor. Since only one of the two requirements for withdrawals was met, the BSF formula recommended no change for FY 2008.

FY 2009

Laws 2008, Chapter 285 provided a transfer of \$20.0 million to the General Fund as a means to help balance the FY 2009 budget.

In terms of the FY 2009 formula calculation, Arizona real adjusted personal income is forecast to decline by (0.89)% in CY 2008 compared to the trend growth rate of 3.27%. Since the annual growth rate is expected to be both less than the trend growth rate and 2.0%, the BSF formula is projected to recommend a BSF withdrawal of \$(364.6) million in FY 2009. This amount is greater than the expected FY 2009 balance of \$132.1 million and is greater than the \$20.0 million already approved by the Legislature.

FY 2010

Arizona real adjusted personal income is forecast to decline by (3.21)% in CY 2009. Since this is both less than 2.0% and the trend growth rate of 2.69%, the BSF formula is expected to recommend a BSF withdrawal of \$(460.7) million in FY 2010. If most of the remaining BSF balance is used to balance the FY 2009 budget shortfall, there would be no funds left to withdraw.

Table 1

Budget Stabilization Fund ^{1/}
(\$ in Thousands)

	<u>Actual</u> <u>FY 2007</u>	<u>Actual</u> <u>FY 2008</u>	<u>Estimate</u> <u>FY 2009</u>	<u>Estimate</u> <u>FY 2010</u>
General Fund Revenues				
Adjusted Revenues	\$9,621,871.0	\$8,764,880.2	\$7,808,022.1	\$7,632,677.8
Statutory Limit of Revenues	7.0%	7.0%	7.0%	7.0%
Maximum Balance	673,531.0	613,541.6	546,561.5	534,287.4
Arizona Personal Income in Prior CY				
Real Adjusted Annual Income Growth	5.96%	2.88%	(0.89)%	(3.21)%
7-Year Average Income Growth	<u>3.98%</u>	<u>3.63%</u>	<u>3.27%</u>	<u>2.69%</u>
Annual Difference	1.98%	(0.75)%	(4.16)%	(5.90)%
BSF Transactions				
Beginning BSF Balance	501,612.8	676,979.8	218,640.4	132,113.8
BSF Formula Recommendation	173,913.0	0.0	(364,619.0)	(460,673.3)
Actual Transfer In				
Conditional Appropriation - L'05, Ch. 286, ^{2/}	148,000.3	0.0	0.0	0.0
Actual Appropriation - L'06, Ch. 344	0.0	9,808.6	0.0	0.0
Return of ASH Construction Fund Payments ^{3/}	<u>0.0</u>	<u>2,216.4</u>	<u>0.0</u>	<u>0.0</u>
SUBTOTAL	148,000.3	12,025.0	0.0	0.0
Actual Transfer Out				
Payment of Alternative Fuel Credits ^{4/}	(6.9)	0.0	0.0	0.0
Monies above 7% Cap Transferred to General Fund ^{5/}	0.0	(18,576.0)	0.0	0.0
Fund Transfer to General Fund - L'08, Ch. 53 ^{6/}	0.0	(487,000.0)	0.0	0.0
Conditional Transfer - L'08, Ch. 53 ^{7/}	0.0	0.0	(73,000.0)	0.0
Fund Transfer to General Fund - L'08, Ch. 285 ^{8/}	<u>0.0</u>	<u>0.0</u>	<u>(20,000.0)</u>	<u>0.0</u>
SUBTOTAL	(6.9)	(505,576.0)	(93,000.0)	0.0
Balance	649,606.2	183,428.8	125,640.4	132,113.8
Interest Earnings & Equity Gains/Losses ^{9/}	27,373.6	35,211.6	6,473.4	1,981.7
Ending BSF Balance	\$676,979.8	\$218,640.4	\$132,113.8	\$134,095.5
Percent of Revenues	7.0%	2.5%	1.7%	1.8%

^{1/} BSF history prior to FY 2007 can be found on the JLBC Web site.

^{2/} Actual revenues exceeded the budget forecast for the last 6 months of FY 2006, which triggered an appropriation of \$148.0 million to the BSF. Actual BSF deposit was made in the beginning of FY 2007.

^{3/} According to the Treasurer's Office, an amount of \$2.2 million was returned to the BSF in August 2007 for previous payments related to the construction of the Arizona State Hospital (ASH).

^{4/} A total of \$(119.1) million was transferred from the BSF between FY 2001 and FY 2007 to pay for the alternative fuel tax credits. No new payouts are expected.

^{5/} According to the Treasurer's Office, the General Accounting Office (GAO) determined that the BSF exceeded the maximum allowable fund balance by \$18.6 million in FY 2007. For this reason, the Treasurer's Office transferred \$18.6 million from the BSF to the General Fund in FY 2008.

^{6/} Laws 2008, Chapter 53 authorized a transfer of \$(487.0) million to General Fund to help balance the FY 2008 budget.

^{7/} Laws 2008, Chapter 53 provides that if the FY 2008 General Fund ending balance is less than \$0, the Treasurer is required to transfer an amount equal to the negative ending balance plus \$1.0 million. The amount of transfer was determined to be \$(73.0) million. Actual BSF withdrawal was made in FY 2009.

^{8/} Laws 2008, Chapter 285 authorized a transfer of \$(20.0) million to the General Fund to help balance the FY 2009 budget.

^{9/} Assumes a rate of return of 1.5% in FY 2010.

FY 2010 - FY 2012 PROJECTIONS

LONG-TERM GENERAL FUND ESTIMATES

The JLBC Staff has developed General Fund Baseline estimates through FY 2012 to assist the Legislature in evaluating the state's long-run fiscal condition. Given the multiple years involved in these calculations, long-run estimates are especially sensitive to small percent changes in revenue and spending growth. For example, a 1% change in the growth rate of either revenue or spending in FY 2010 through FY 2012 would change the ending balance calculations by \$500 million. As a result, the following projections are subject to considerable change.

Baseline Revenues

The JLBC Baseline revenue estimates are based on a consensus forecasting process. As with FY 2010 revenues, the long-run estimates are based on the average of 4 different forecasts. This process is described in more detail in the *General Fund Revenue* section.

The projected overall ongoing General Fund growth is 3.6% in FY 2011 and 7.0% in FY 2012. *Table 1* includes the individual forecast components. These estimates continue to be cautious in FY 2011, with 1 estimate at essentially flat growth. However, the estimates reflect economic expansion during FY 2012, returning to historical growth rates. These growth rates reflect revenue growth prior to tax law changes and Urban Revenue Sharing.

In FY 2011, enacted tax law changes will reduce revenue growth by \$39 million relative to FY 2010. In FY 2012, there is an additional \$15 million in reductions relative to FY 2011. The primary reason for these adjustments is the continued phase-in of the change in the Corporate Sales Factor as required in A.R.S. § 43-1139, which reduces revenue by \$29 million in FY 2011. The enacted tax law changes also include the impact of Laws 2003, Chapter 266 which requires the state to contribute to the expansion and renovation of the Phoenix Convention Center. The state's obligation for this project is to pay the debt service on \$300 million of construction bonds, beginning with \$5 million the first year after construction is completed. This obligation increases over a period of years to a maximum of \$30 million per year. This first \$5 million payment will occur in FY 2010, and increase by an additional \$5 million (for a total of \$10 million) in FY 2011 and another \$5 million (for a total of \$15 million) in FY 2012.

The projected level of General Fund revenue is \$7.94 billion in FY 2011 and \$8.53 billion in FY 2012. These estimates assume that any prior year shortfall is eliminated before the beginning of the following fiscal year.

Table 1					
Consensus Forecast Percentages					
	<u>FAC</u>	<u>UA</u> <u>Low</u>	<u>UA</u> <u>Base</u>	<u>JLBC</u>	<u>Avg</u>
<u>FY 2011</u>					
Sales Tax	3.7%	(0.2)%	2.5%	4.3%	2.6%
Individual					
Income Tax	4.7%	(1.3)%	2.5%	6.5%	4.7%
Corporate					
Income Tax	9.6%	13.3%	18.9%	12.3%	13.5%
Wgt Avg					3.6%
<u>FY 2012</u>					
Sales Tax	6.9%	6.6%	7.9%	6.0%	6.9%
Individual					
Income Tax	8.5%	5.2%	6.2%	7.5%	6.9%
Corporate					
Income Tax	14.5%	11.4%	5.9%	4.1%	9.0%
Wgt Avg					7.0%

Baseline Spending

The long-term General Fund expenditures reflect the requirements of existing statutory funding formulas and other obligations. Excluding one-time items, permanent ongoing baseline spending is projected to increase 2.5% in FY 2011 and 3.6% in FY 2012. In addition to normal rates of statutory formula growth, the long-term projections assume that the one-time reductions of \$345.9 million continued from FY 2009 to the FY 2010 baseline also continue in FY 2011 and FY 2012. (See page 8 for major one-time reductions.)

Overall spending, including one-time adjustments, would be \$10.95 billion in FY 2011 and \$11.35 billion in FY 2012. (See page 5 for the projected spending levels of major agencies.)

These estimates may be conservative as they do not include any potential discretionary funding increases.

Ending Balance and Ongoing Revenue and Spending

The projected FY 2011 and FY 2012 ending balances are a product of both baseline revenue and spending projections for those 2 years as well as legislative decisions. The balance can be discussed in terms of the cash ending balance by comparing total spending to total revenues. Alternatively, the year-end position can be evaluated by excluding one-time revenues and expenditures and instead comparing ongoing or permanent spending to ongoing revenues. This is also called the structural balance.

A second factor that influences this analysis is basing estimates on existing statutory authority or current policy. The latter assumes the continuation of several provisions in the FY 2010 JLBC Baseline which do not have permanent authorization beyond FY 2010.

In terms of expiring statutory authority, the single largest provision concerns the State Equalization Assistance Property Tax, which is suspended from FY 2007 through FY 2009. Without further legislative action, the tax will be re-instated in FY 2010. The tax would reduce the state General Fund contribution to the K-12 statutory funding formula by \$250 million in FY 2010. The FY 2010 JLBC Baseline assumes that this tax continues to be suspended.

In addition, the FY 2010 Baseline continues \$345.9 million in one-time reductions from FY 2009. If these reductions were restored in FY 2011, it would add \$345.9 million to the estimated expenditures. Also, the annual \$25 million 21st Century Fund deposit is only appropriated through FY 2011.

The following analysis also assumes that any solutions to the FY 2009 and FY 2010 shortfalls are not permanent. Any permanent solutions in prior years would correspondingly reduce the shortfall in future years.

Current Policy

If current policies are continued, the Equalization Assistance Property Tax would remain suspended beyond FY 2010. In addition, all one-time reductions and the 21st Century Fund deposit would be extended through FY 2012. Assuming the continuation of current policies and the projected revenue and spending assumptions, the projected ending cash balance in FY 2011 is a \$(3.02) billion shortfall. This difference would decline slightly to \$(2.82) billion in FY 2012. In comparison, the projected ending cash shortfall is \$(3.01) billion in FY 2010. (*See page 4 for a Statement of General Fund Revenues and Expenditures.*)

The structural shortfall is \$(3.33) billion in FY 2011 and \$(3.14) billion in FY 2012. The difference from the projected cash shortfall is due to one-time spending of \$27.5 million in FY 2011 and \$25 million in FY 2012 for the 21st Century Fund deposit, and the continued \$345.9 million in one-time reductions in FY 2011 and FY 2012.

Current Statutory Authority

If the long-term estimates were evaluated instead from the perspective of current statutory authority, the Equalization Assistance Property Tax would be reinstated and the one-time reductions would be restored. The total net effect would be a General Fund cost of \$(96) million in FY 2011 and \$(71) million FY 2012. These adjustments would increase both the cash and structural shortfall by corresponding amounts in each year compared to the current policy estimates.

Truth in Taxation

The state Truth in Taxation (TNT) law requires an adjustment to the K-12 Qualifying Tax Rate to reflect changes in property values. While property values increased over the past several years, increasing the Net Assessed Value (NAV), the TNT required a decrease in property tax rates, offset by increased state expenditures for K-12 schools.

In FY 2011, however, the NAV is expected to decline as a result of the recent real estate turmoil. As a result, the TNT would increase property tax rates in response to the falling property values. This is expected to save the state \$149.6 million in FY 2011 K-12 spending. If TNT were not allowed to raise property tax rates, this would instead increase state expenditures, and therefore both the cash and structural shortfalls, by \$149.6 million.

**STATEMENT OF GENERAL FUND REVENUES AND EXPENDITURES
WITH ONE-TIME FINANCING SOURCES ^{1/}**

	FY 2009 Estimated ^{2/}	FY 2010 Baseline	FY 2011 JLBC Forecast	FY 2012 JLBC Forecast
REVENUES				
Ongoing Revenues	\$8,535,699,500	\$8,295,326,900	\$8,558,734,700	\$9,116,116,100
Enacted Tax Law Changes ^{3/}	0	(34,000,000)	(39,000,000)	(15,000,000)
Urban Revenue Sharing	(727,677,400)	(628,649,100)	(584,118,600)	(574,217,900)
Net On-going Revenues	7,808,022,100	7,632,677,800	7,935,616,100	8,526,898,200
One-time Revenues				
Balance Forward	1,000,000	1,000,000	0	0
Other Revenue ^{4/}	55,969,500	38,139,000	0	0
Prior Year SFB Bond Proceeds	344,000,000	0	0	0
Budget Stabilization Fund Transfer	20,000,000	0	0	0
Fund Transfers	264,463,100	0	0	0
Subtotal One-time Revenues	685,432,600	39,139,000	0	0
Total Revenues	\$8,493,454,700	\$7,671,816,800	\$7,935,616,100	\$8,526,898,200
EXPENDITURES				
Operating Budget Appropriations	10,654,608,800	11,022,605,500	11,345,554,400	11,749,084,400
FY 2009 Supplementals ^{5/}	98,147,900	0	0	0
Administrative Adjustments	136,000,000	72,731,600	60,426,900	62,458,800
Reversions	(103,902,300)	(96,090,400)	(136,146,700)	(140,989,000)
Subtotal Ongoing Expenditures	10,784,854,400	10,999,246,700	11,269,834,600	11,670,554,200
One-time Expenditures				
Capital Outlay	13,500,000	0	0	0
Statutory Reversions ^{6/}	(50,000,000)	0	0	0
21st Century Fund Transfer	22,500,000	25,000,000	27,500,000	25,000,000
Other Major One-time Expenditures ^{7/}	(693,220,900)	(345,890,400)	(345,890,400)	(345,890,400)
Subtotal One-time Expenditures	(707,220,900)	(320,890,400)	(318,390,400)	(320,890,400)
Total Expenditures	\$10,077,633,500	\$10,678,356,300	\$10,951,444,200	\$11,349,663,800
Ending Balance ^{8/}	(1,584,178,800)	(3,006,539,500)	(3,015,828,100)	(2,822,765,600)
Ongoing Fund (Structural) Balance ^{9/}	(\$2,976,832,300)	(\$3,366,568,900)	(\$3,334,218,500)	(\$3,143,656,000)

^{1/} Significant one-time revenues and expenditures are separately detailed so as to permit the calculation of ongoing revenue and expenditures.

^{2/} Reflects current status of FY 2009, including updated revenues.

^{3/} See page 56 for details.

^{4/} See page 56 for details.

^{5/} See page 17 for details.

^{6/} See page 2 for details.

^{7/} See page 8 for details.

^{8/} This calculation reflects the difference between total revenues and total expenditures.

^{9/} This calculation reflects the difference between ongoing revenues and expenditures.

Major Budget Units

EXPENDITURES	FY 2009 Estimated	FY 2010 Baseline	FY 2011 \$ Above FY 10	FY 2011 JLBC Forecast	FY 2012 \$ Above FY 11	FY 2012 JLBC Forecast
Operating Budget						
-- Department of Administration	27,109,600	27,109,600	0	27,109,600	0	27,109,600
-- AHCCCS	1,425,272,300	1,626,304,900	97,578,300	1,723,883,200	103,433,000	1,827,316,200
-- Attorney General	23,107,400	23,107,400	0	23,107,400	0	23,107,400
-- Department of Commerce	7,385,200	7,385,200	0	7,385,200	0	7,385,200
-- Community Colleges	147,679,800	154,979,600	8,185,300	163,164,900	8,617,700	171,782,600
-- Department of Corrections	947,476,000	989,569,800	3,270,600	992,840,400	12,840,300	1,005,680,700
-- Department of Economic Security	808,328,100	828,883,300	27,468,200	856,351,500	29,734,900	886,086,400
-- Department of Education	4,141,201,000	4,497,796,200	107,115,300	4,604,911,500	155,057,800	4,759,969,300
-- Department of Environmental Quality	24,080,200	24,080,200	0	24,080,200	0	24,080,200
-- Department of Health Services	611,507,200	660,969,100	25,758,300	686,727,400	27,303,800	714,031,200
-- Judiciary	126,324,400	126,419,900	0	126,419,900	0	126,419,900
-- Department of Juvenile Corrections	74,700,400	77,249,400	0	77,249,400	0	77,249,400
-- State Land Department	23,360,400	23,360,400	0	23,360,400	0	23,360,400
-- State Parks Board	28,463,200	28,463,200	0	28,463,200	0	28,463,200
-- Department of Public Safety	63,459,700	63,459,700	0	63,459,700	0	63,459,700
-- Department of Revenue	73,918,600	75,318,600	0	75,318,600	0	75,318,600
-- School Facilities Board	101,217,200	130,632,100	14,836,900	145,469,000	26,464,200	171,933,200
-- Office of Tourism	14,397,100	14,397,100	0	14,397,100	0	14,397,100
-- Universities	1,080,414,100	1,080,414,100	38,736,000	1,119,150,100	40,078,300	1,159,228,400
-- Department of Water Resources	17,858,100	17,858,100	0	17,858,100	0	17,858,100
-- All Other Budgets	193,807,600	188,957,200	0	188,957,200	0	188,957,200
-- FY 09 Unallocated Adjustments	320,300	0	0	0	0	0
-- FY 10 State Employee Health Insurance	0	10,000,000	0	10,000,000	0	10,000,000
-- One-time Spending	693,220,900	345,890,400	0	345,890,400	0	345,890,400
Total - Operating Budget	10,654,608,800	11,022,605,500	322,948,900	11,345,554,400	403,530,000	11,749,084,400
-- FY 09 Supplementals	98,147,900	0	0	0	0	0
-- Capital Outlay	13,500,000	0	0	0	0	0
-- Administrative Adjustments	136,000,000	72,731,600	(12,304,700)	60,426,900	(10,272,800)	62,458,800
-- Revertments	(103,902,300)	(96,090,400)	(43,182,200)	(136,146,700)	(44,898,600)	(140,989,000)
-- Accounting Options	(50,000,000)	0	0	0	0	0
-- 21st Century Fund	22,500,000	25,000,000	2,500,000	27,500,000	(2,500,000)	25,000,000
-- New One-time Expenditures	(693,220,900)	(345,890,400)	0	(345,890,400)	0	(345,890,400)
Total Spending	10,077,633,500	10,678,356,300	269,962,000	10,951,444,200	345,858,600	11,349,663,800

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