

## BUDGET CYCLE

Under A.R.S. § 35-113, the state has a “bifurcated” budget system in which most state agencies submit a biennial budget request each odd-numbered year, requesting a separate appropriation for each of the next 2 fiscal years. Larger state agencies make an annual budget request. These “annual budget units” are:

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

Although biennial agencies submitted a biennial budget request for consideration in the 2003 legislative session, the General Appropriation Act only appropriates a biennial budget to agencies solely funded from Other Appropriated

Funds and General Fund agencies appropriations of less than \$1,000,000.

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

### *Budget Plan*

The Public Finances Omnibus Reconciliation Bill (ORB) (Laws 2003, Chapter 2003) amends A.R.S. § 35-131 to require that agencies submitting a report on spending in excess of appropriation to also include a plan on how the agency will stay within its budget.

### *SPARs*

A.R.S. § 41-1275 establishes the state’s Strategic Program Area Review (SPAR) program. The program requires the JLBC Staff, in consultation with the OSPB, to recommend a list of areas for study to the JLBC by January 1 of every odd-numbered year. On January 1, 2003, JLBC Staff submitted a memo to the Chairman of the JLBC stating that it had no recommendations at this time.

<u>Biennium</u>	<u>Changes in Biennial Budgeting</u>
FY 1992 - FY 1993	All agencies on annual cycle.
FY 1994 - FY 1995	All agencies on annual cycle except for 26 “90/10” agencies.
FY 1996 - FY 1997	Annual cycle (“Major Budget Units”): ADOA, AHCCCS, Community Colleges, Corrections, ASDB, DES, ADE, DEQ, DHS, Judiciary, Lottery, DJC, DPS, ADOT, and Universities. Remaining agencies on biennial cycle, except for 6 biennial agencies that did not receive FY 1997 budgets in 1995 Legislative Session.
FY 1998 - FY 1999	Same as in FY 1996 - FY 1997, except that ASDB, DEQ, Lottery, and DPS now biennial.
FY 2000 - FY 2001	All agencies receive biennial budgets (except for the Board of Medical Examiners, which only received a FY 2000 budget in the 1999 Legislative Session).
FY 2002 - FY 2003	All agencies receive biennial budgets in Laws 2001, Chapter 236, but most agencies’ FY 2003 General Fund budgets repealed by Laws 2001, Chapter 5, 2 <sup>nd</sup> Special Session.
FY 2004 - FY 2005	<p><u>Requests:</u> Annual cycle (“Annual Budget Units”): ADOA, AHCCCS, Community Colleges, Corrections, DES, ADE, DHS, Judiciary, DJC, School Facilities Board (SFB), ADOT, and Universities. Remaining agencies on biennial cycle. Matches FY 1998 - FY 1999 cycle with exception of SFB, which was not created until late FY 1998.</p> <p><u>Appropriations:</u> Biennial budgets for agencies funded solely from Other Appropriated Funds and General Fund agencies with appropriations of less than \$1,000,000. All other budgets annual for FY 2004.</p>