

FY 2003 REVISIONS

The current FY 2003 General Fund budget has a shortfall of \$343 million. The original FY 2003 budget had projected spending and revenues of \$6.0 billion. General Fund revenues have declined for the first 6 months of the fiscal year and are projected to be no greater than \$5.7 billion.

The Proposed Budget includes \$403 million of revisions to the FY 2003 budget. These changes will result in a General Fund ending balance of \$60 million at the end of FY 2003.

To solve the existing shortfall, the Proposal Budget generates \$322 million in new revenues. The primary components are \$262 million in fund transfers and a \$45 million reduction in revenue set aside for the Ladewig lawsuit.

Under the Proposed Budget, FY 2003 spending would be reduced by \$81 million. There would be a 3% lump sum reduction to agency budgets, although some agencies would be exempted entirely and others would have a 5% reduction. These new lump sum reductions would also carry through to the FY 2004 budget to resolve the shortfall in that year as well.

Proposal to Eliminate FY 2003 General Fund Shortfall

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\$ 342,819,500	Size of FY 2003 Shortfall
200,000	Revenue Shortfall
	Treasurer Supplemental
343,019,500	Total Shortfall Estimate (Revenues + Supplementals)
	Solutions
	<i>Expenditure Reductions</i>
6,721,500	Revert Continuing Appropriations (<i>See Page 41 for more details</i>)
15,000,000	Use of Proposition 303 Proceeds as AHCCCS Offset
59,297,100	2-5% Lump Sum Reductions (<i>See Page 39 for more details</i>)
81,018,600	Subtotal - Expenditures
	<i>Additional Revenues</i>
162,165,000	Fund Transfers (<i>See Page 36 for more details</i>)
100,000,000	SFB Deficiency Correction Fund Transfers - Defer Expenses to FY 2005
45,000,000	Reduce Ladewig Set-aside to \$30m
15,000,000	Early Implementation of County Cost Sharing
322,165,000	Subtotal - Revenues
403,183,600	Total Solutions (Expenditures + Revenues)
60,164,100	Solutions Exceed Shortfall - Size of Carryforward

The Proposed Budget includes an ADOT supplemental of \$1.5 million from the Aviation Fund for a lawsuit settlement.