JLBC - EXECUTIVE BUDGETS
COMPARISON OF GENERAL FUND (GF) ISSUES

MAJOR ISSUES	JLBC BUDGET	EXECUTIVE BUDGET
General Fund Budget	• *$6.1 Billion* • *$53M*, a 0.9% Increase in Spending • *0.2%* Baseline Revenue Growth	• *$6.7 Billion* • *$632 M,* a 10.5% Increase in Spending • *3.5%* Baseline Revenue Growth
Ending Balance	• *$60 M* in FY '03 • *$56 M* in FY '04	• *$61 M* in FY '03 • *$2 M* in FY '04
Revenue		
Asset Sales	• *$350 M* for Assets to be Determined	• *$5 M* for Coliseum
Fund Transfers	• *$178 M*, Including: - $100 M Compensation Fund - $12 M Clean Air In-Lieu Fund - $10 M Heritage Fund - $10 M SLIF - $5 M WQARF - Does not include - All Specified	• *$52 M,* Including: - Does not include - Same proposal - Does not include - Does not include - $10 M WQARF - $9 M Water Banking - $21 M Not Specified
Use VLT for GF Revenue	• Does not include	• *$128 M* Diverted from Highway Fund
Tax/Fee Proposals	• Does not include • Does not include • Does not include • Does not include • Does not include • *$17 M* for Higher Fees	• *$25 M* for Tax Amnesty • *$52 M* for Greater Tax Enforcement • *$50 M* for AHCCCS Premium Tax • *$20 M* to Suspend Truth in Taxation • *$13 M* for "30/70" QTR (Scottsdale) • *$59 M* for Higher Fees
Debt for Revenue	• Does not use Debt Financing to Generate Revenue	• *$100 M* in FY '03 (via Deficiency Corrections) • *$341 M* in FY '04 - $261 M Lease Back/"2nd Mortgage" - $75 M Lottery Notes
Capital		
Bonding/Debt for Construction	• *$250 M* for New School Construction in FY '04 through Lease-Purchase • *$280 M* for Deficiency Corrections through Revenue Bonding • Does not include • Does not include	• Same proposal • *$280 M* for Deficiency Corrections through Revenue Bonding • *$20 M* for New Prison Construction • Unspecified Increase in Highway Bonding
Capital Outlay	• No New GF Capital Funding • 17% Building Renewal from Other Funds	• Same proposal • 12.6% Building Renewal from Other Funds
Education		
Department of Education (K-12)	*$195.1 M Above FY 03:* • *$191.3 M* for Deferred FY 03 Payment (Rollover) • Rollover is not "paid off" as June '04 Payment will be Deferred to FY '05, but Rollover does not Grow • *$137.2 M* for 3.2% Enrollment Growth of 29,220 • *$(52.9) M* due to 5% Assessed Value growth • *$18.2 M* for Truth in Taxation • *$10.5 M* to Offset Lower Trust Land income	*$277.0 M Above FY 03:* • Same proposal • *$(95.5) M* Savings from Increasing Rollover from 1 Month to 1.5 Months • *$141.5 M* for 3.1% Enrollment Growth of 28,083 • *$(67.7) M* due to 6.8% Assessed Value Growth • No funding for Truth in Taxation • *$12.0 M* to Offset Lower Trust Land income

Education (continued)		
Department of Education (K-12)	• *$4.8 M* for 2% Inflation Increase in Non-Base Support Funding • Does not address • *$(41.8) M* for Administrative Costs • *$(19.4) M* for Early Childhood Block Grant • *$(19.1) M* for no Homeowner's Rebate for Desegregation & Excess Utilities • *$(17.4) M* to reduce Teacher Experience Index • *$(4.9) M* for Eliminating Rapid Decline • Does not address • Does not address	• *$73.3 M* for 2% Inflation Increase in Base Support Level and Other Funding • *$38.9 M* to Replace Trust Land Income used for Deficiency Corrections Revenue Bonding • Does not address • Does not address • Does not address • Does not address • Does not address • *$(13.0) M* for "30/70" QTR Split (Scottsdale) • *$1.5 M* increase for AIMS testing
Universities	*$(1.1) M Below FY 03:* • *$14.3 M* for 4% Student Enrollment Growth of 3,812 FTE (Fund at 91% of Formula) • *$(1.1) M* for Lower Financial Aid • *$(4.6) M* to Fund Optional University Retirement Plan at ASRS Rate • *$(1.1) M* Offset from Law Tuition Increase • *$(6.2) M* for Eliminating State Aid for Undergraduates with over 140 Hours • *$(1.0) M* for Shifts to Nursing and Medical Board Funds • *$(1.4) M* for Technical Changes	*$6.0 M Above FY 03:* • *$7.0 M* for 3.1% Student Enrollment Growth of 2,789 FTE • Does not address • Does not address • Does not address • Does not address • Does not address • *$(1.0) M* for Technical Changes
School Facilities Board	*$(17.0) M Below FY 03:* • *$21.3 M* for Debt Service on FY 2003 New School Construction Lease-Purchase • Authorizes Up to $250 M Lease-Purchase for FY '04 New Schools. No Debt Service until FY '05 • *$(38.3) M* for Previously Enacted Suspension of Building Renewal Formula • Deficiencies Correction Bond Issuance of $280 M. Debt Service begins in FY 05	*$61.9 M Above FY 03:* • *$22.0 M* for Debt Service on FY 2003 New School Construction Lease-Purchase • Same proposal • *$39.9 M* to Fund a Revised Building Renewal Formula at $78.1 M • *$38.9 M* of Land Trust Monies for Debt Service on $280 M Deficiencies Correction Revenue Bond Issuance
Community Colleges	*$(4.4) M Below FY 03:* • Freeze Formula Funding • *$(4.1) M* to Eliminate Dual Enrollment Funding • *$(0.2) M* to Zero-Base the State Board	*$6.3 M Above FY 03:* • *$10.6 M* for Enrollment Growth and Equalization • Same proposal • *$(0.2) M* to Eliminate the State Board
Health and Welfare		
AHCCCS	*$72.6 M Above FY 03:* • *$58.4 M* for 5.8% Acute Care Caseload Growth of 33,662 and 5.0% Inflation • *$85.9 M* for 16.9% Proposition 204 Caseload Growth of 29,006 and 5.0% Inflation • *$41.9 M* Offset for Decreased Tobacco Settlement and One-Time Monies • *$(63.9) M* for Increased Offset from Tobacco Tax, Including New Proposition 303 Proceeds • *$(8.5) M* for the Elimination of Optional Programs and Services	*$166.0 M Above FY 03:* • *$63.0 M* for 7.8% Acute Care Caseload Growth of 42,166 and 3.5% Inflation • *$103.3 M* for 28.2% Proposition 204 Caseload Growth of 42,250 and 3.5% Inflation • *$48.9 M* Offset for Decreased Tobacco Settlement and One-Time Monies • *$(34.9) M* for Increased Offset from Tobacco Tax • Does not address

Health and Welfare (continued)		
AHCCCS	• *$(10.5) M* for Increased Cost-Sharing • *$(7.8) M* for Shortening the Redetermination Period • *$(21.1) M* for Decreased Disproportionate Share Payments • Assumes ALTCS Growth Funded by Counties • Zero-Bases the Children's Health Insurance Program (CHIP) • Eliminates CHIP Parents, Premium Sharing, and Health Care Group Funding due to Tobacco Tax Shortfall	• Does not address • Does not address • *$(19.1) M* for Decreased Disproportionate Share Payments • *$4.3 M* for ALTCS Growth in Rural Counties • Provides Tobacco Tax for Caseload Growth • Eliminates Premium Sharing Program. Retains Other Programs by using Proposition 303 Proceeds to Offset Shortfall
Department of Economic Security	*$(45.7) M Below FY 03:* • *$16.0 M* for 9.5% Title XIX Developmental Disabilities Growth of 1,398 Clients • *$(22.4) M* for Counting Parent Income for DD Title XIX and Increased Cost Sharing • *$(2.1) M* for Eliminating General Assistance • *$(3.4) M* for Reduced Aging Services • *$(3.0) M* for Zero-Basing Community Services • *$(7.4) M* for Reducing Child Care, Eliminating 2nd Year Transitional Care (mostly Fed. Funds) • *$(6.3) M* for Fund Shifts • *$(10.6) M* for 15% Administrative Cuts, Excluding CPS, Child Support, DD Caseworkers • Does not address • Does not address	*$83.2 M Above FY 03:* • *$17.3 M* for 10% Title XIX Growth of 1,475 Clients • Does not address • *$2.1 M* for General Assistance Caseloads • Does not address • Does not address • *$13.2 M* for Child Care Growth • *$42.3 M* Offset to maintain TANF/Other Spending due to Decreased Federal Funds • Does not address • *$9.3 M* for Children Services and Adoption Growth • *$1.2 M* for Substance Abuse Services
Federal Temporary Assistance for Needy Families (TANF) Block Grant	*$(39.8) M Other Funds Below FY 03:* • *$10.8 M* for 3.4% TANF Cash Benefits Caseloads Growth of 7,183 Recipients • *$(11.1) M* for Reducing TANF Transfer to SSBG to Federal Limit • *$(6.0) M* for Job Training and Transportation • *$(21.1) M* for Child Care Subsidies • Does not address • Addresses Federal Fund Decline by Reducing TANF Program Spending	*$(46.8) M Other Funds Below FY 03:* • Does not address • Concurs at $(13.8) M • *$(7.3) M* for Job Training only • Does not address • *$15.4 M* for Child Welfare Programs • Addresses Federal Fund Decline by Shifting $(39.5) M of TANF Spending to General/Other Funds
Department of Health Services	*$(29.8) M Below FY 03:* • *$25.7 M* for 5% Title XIX Growth of 51,502 • *$(29.3) M* Savings for a Fund Shift to Tobacco Tax with a Corresponding Reduction in current Medically Needy Programs. • *$(12.1) M* to Zero-Base Non-Title XIX Substance Abuse Services • *$(9.2) M* for Fund Shifts to Counties and Other Funds • *$(4.5) M* for Reductions in Non-Title XIX Behavioral Health • Does not address • Does not address	*$56.4 M Above FY 03:* • *$51.7 M* for 15% Title XIX Growth • Does not address • Does not address • Does not address • Does not address • *$2.2 M* to Offset Loss of Health Start Tobacco Settlement • *$1.6 M* for Additional Funding for Vaccines

Criminal Justice		
Department of Corrections	*$23.6 M Above FY 03:* • *$17.9 M* for State Employee Health Insurance and Retirement Contribution Increases • *$7.4 M* for Annualization of Private Beds • Funds 1,750 New Private Beds (400 in March 2003, 350 in July 2003 and 1,000 in November 2003) • No Population Growth by Shifting Sentences of 1 Year or Less to County Jail • Does not address • Does not address • Fiscal Year-end Bed Deficit of 3,089	*$12.2 M Above FY 03:* • Sets Aside Monies for Increases but Does Not Allocate to Individual Agency Budgets • Uses $1.8 M of Corrections Fund for Annualization • Defers Funding for 1,400 Private Beds to FY 2005 • *$4.6 M* for Contract with County Jails for 2,000 Low-Risk Offenders at $25 Per Inmate Per Day • *$5.0 M* for Correctional Officer Hiring Incentive • *$3.2 M* for Inmate Population Growth Contingency • Fiscal Year-end Bed Deficit 3,034
Judiciary	*$(6.7) M Below FY 03:* • *$1 M* for Probation Growth • *$(6.4) M* for Probation Caseload Ratio Change • *$(3.8) M* for Fund Shifts • Permit Courts to bill Counties for $22 M of Probation Costs.	*No $ Change Above FY 03:* • Does not Recommend on Judiciary Budget
Department of Juvenile Corrections	FY 04*: $0.8 M Above FY 03:* • *$0.2 M* Technical Changes • Funds 818 Beds	*FY 04: $0.3M Above FY 03:* • Does not address • Funds 818 Beds
Department of Public Safety	*$(1.5) M Below FY 03:* • *$2.1 M* for Capitol Police Transfer to DPS • *$(3.0) M* for Fund Shifts and Transfer of Functions	*$(3.9) M Below FY 03:* • Does not address • *$(3.6) M* for Fund Shifts
All Other		
Zero-Base/ Efficiencies	• *$108 M* in Zero-Based General and Other Fund Budgets. Appropriation Subcommittees will Review Cost-Effectiveness	• *$30 M* in Unspecified Efficiencies
Commission on the Arts	*$ (2.1)M Below FY 03:* • *$(2.1) M* for Zero-Basing Budget (and Trust)	*$0.0 M Above FY 03:* • Does not address
Department of Commerce	*$(3.9) M Below FY 03:* • *$(3.9) M* to Zero-Base Agency	*$(0.3) M Below FY 03:* • Does not address
Department of Emergency and Military Affairs	*$(2.6)M Below FY 03:* • *$(1.6) M* for Elimination of Project Challenge • *$(0.6) M* for Elimination of National Guard Tuition Assistance	*$0.1 M Above FY 03:* • Does not address • Does not address
Department of Environmental Quality	*$(0.8) M Below FY 03:* • WQARF: Net $5 M Deposit • *$(0.6)M* for Aquifer Protection Permit Fee Increase • *$(0.3) M* for Pollution Discharge Elimination System Fee	*$0.1 M Above FY 03:* • WQARF: Net $5 M Deposit • Does not address • Does not address
State Parks	*$(3.9) M Below FY 03:* • *$(3.2) M* by using Park Fees for Park Operations • *$(0.7) M* for Using Land Conservation Fund Interest for Park Operations	*$(6.2) M Below FY 03:* • *$(6.2) M* by using Park Fees for Park Operations • Does not address
Department of Revenue	*$(0.3) M Below FY 03:* • Does not address	*$8.3 M Above FY 03:* • Add 146 FTE's in Collections, Compliance, Audit and Support Areas in FY 2003 and FY 2004 to Generate Additional Revenues
Secretary of State	*$(2.8) M Below FY 03:* • *$(2.8) M* to Eliminate Funding for the 2002 State Primary and General Elections • Eliminate the Presidential Preference Primary	*$0.2 M Above FY 03:* • Same proposal • *$3.0 M* for the Presidential Preference Primary

All Other (continued)		
Department of Transportation	*$48.1 M Other Funds Above FY 03:* • *$(12) M OF* for Budget Reduction Plan • *$50.7 M OF* to Appropriate Highway Construction Operating Budget • *$5.2 M OF* to Transfer Defensive Driving School Fund from Supreme Court • Shift of Motor Vehicle Division funding of $79.8 M from State Highway Fund to HURF	*$(12.4) M Other Funds Below FY 03:* • *$(17.6) M OF* for Budget Reduction Plan • Retains Construction Operating Costs in Capital Budget • Does not address • Does not address
State Treasurer	*$(2.6) M Below FY 03:* • *$(2.8) M* for Elimination of State Subsidy of Justice of the Peace Salaries	*$(2.7) M Below FY 03:* • Same proposal
Urban Revenue Sharing	• *$365 M,* based on Current 14.8% Formula • *$(65) M* Decline from FY '03 due to lower Income Tax Collections	• Same proposal
Department of Water Resources	FY 04: *$(0.4) M Below FY 03:* • *$(0.3) M* for One-time Equipment Elimination • No Water Protection Fund Deposit	FY 04: *$(0.1) M Below FY 03:* • *$(0.1) M* for Rent Increase Offset • Same proposal
Higher State Employee Health Costs	*FY 04: $11 M Above FY 03:* • New Funding for Department of Corrections; Remaining GF Agencies Absorb $26 M Increase	*FY 04: $46.5 M Above FY 03:* • New Funds for All GF Agencies
Higher Retirement Costs	*FY 04: $7 M Above FY 03:* • New Funding for Department of Corrections; Remaining Agencies Absorb $30 M Increase	*FY 04: $30 M Above FY 03:* • New Funds for all GF Agencies
FY 2003		
FY 03 Shortfall	• *$343 M* - $343 M Revenue Shortfall - $0.2 M Supplementals	• *$310 M* - $259 M Revenue Shortfall - $51 M Supplementals
FY 03 Shortfall Solutions	• *$403 M* - $100 M from Deficiency Correction Deferral to '05 - Does not include - $162 M in Fund Transfers, Includes: - $50 M Compensation Fund - $20 M HELP Fund - $20 M Heritage Fund - $12 M HURF/DPS - $5 M Aviation Fund - All Specified - $15 M in Fund Shifts - $45 M Reduction in Ladewig Set-aside - $7 M from Unused Appropriations - $15 M in Other Revenues - $59 M in New Lump Sum Reductions	• *$371 M* - $100 M from Deficiency Correction Bonding - $90 M to Count Dedicated Monies as part of General Fund Balance - $73 M in Fund Transfers, Includes: - Does not include - Same proposal - Does not include - $10 M HURF/DPS - $3 M Aviation Fund - $40 M Not Specified - $30 M in Fund Shifts - $60 M Reduction in Ladewig Set-aside - $10 M from Unused Appropriations - $8 M in Other Revenues - Does not include New Lump Sum