

## Comprehensive Budget Solutions FY 2008 - FY 2012

FY 2012 marks the fourth consecutive year that Arizona has faced a budget shortfall. Over that time, the Legislature enacted \$13.9 billion of shortfall solutions. Of this amount, \$3.8 billion, or 27%, were permanent solutions, with \$9.3 billion, or 67%, coming from one-time solutions. The 1-cent sales tax approved by the voters at the May 2010 special election generated the remaining \$0.8 billion, or 6%. The \$13.9 billion in solutions consist of:

- \$3.4 billion of permanent spending reductions
- \$0.4 billion of permanent revenues
- \$0.8 billion from the 1-cent sales tax increase approved at the May special election
- \$2.7 billion of federal stimulus-related savings
- \$2.1 billion of debt and lease purchase financing savings
- \$1.9 billion of fund transfers
- \$0.7 billion of Budget Stabilization Fund transfers
- \$1.5 billion of rollover and payment deferral savings
- \$0.4 billion of other one-time savings

The total General Fund budget fell from \$10.6 billion in FY 2008 prior to any reductions to \$8.4 billion in FY 2012. The net change of \$(2.2) billion consists of the \$(3.4) billion in spending reductions, \$1.5 billion in spending increases due to statutory funding formula requirements and a net \$(0.3) billion in reductions due to funding shifts and rollover payments. All but \$79 million of the FY 2012 spending level of \$8.4 billion is ongoing spending.

### Explanatory Tables and Graphs

Attached to this document are several spreadsheets and graphs providing additional details on reductions, both statewide and by agency.

- Comprehensive Budget Solutions (pages 3-5): List of all budget “solutions” by category (e.g., agency reductions, permanent revenues, federal stimulus) for each year, FY 2008 through FY 2012. These solutions are also summarized on 2 graphs.
- Total General Fund Operating Budget Spending (page 6): Summarizes changes by year from the “General Fund Spending Changes” document below.
- General Fund Spending Changes (FY 2008-FY 2012) (page 7-8): Detail for the “Permanent Spending Reductions” category from the Comprehensive Budget Solutions document, along with other adjustments (Baseline increases, one-time adjustments, and supplementals), for each agency for FY 2011 and FY 2012, with total reductions for FY 2008 through FY 2012.

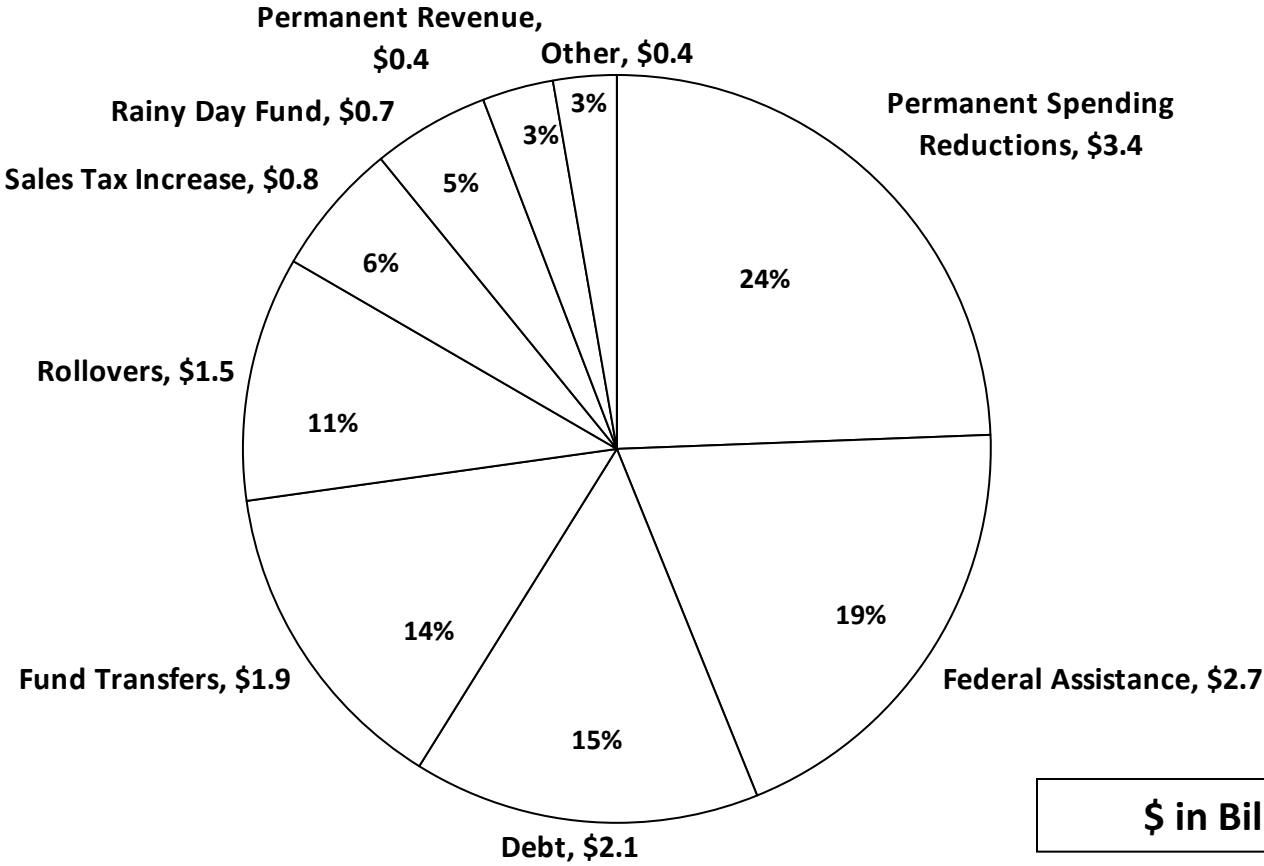
- General Fund Budget Reductions for Selected Agencies (FY 2008-FY 2012) (page 9): Budget reductions by year for the 9 largest General Fund budget units.

#### **Technical Notes**

- The totals for the budget reductions reflect actual adjustments, rather than what was originally approved by the Legislature at the time of the budgets' passage. For example, some fund transfers were overturned through court action -- the "Fund Transfers" line in the comprehensive solutions document adjusts the figures to reflect the loss of these court-enjoined transfers.
- In prior years, the Baseline would have included inflation funding for certain budget components, such as medical inflation. Any foregone inflation increases were not incorporated in the Baseline, nor are they counted in the spending reductions. Foregone caseload increases are treated similarly.

# Since FY 08, the Total Budget Shortfall has been \$13.9B

- Other than Spending Cuts, Most Solutions have been Temporary

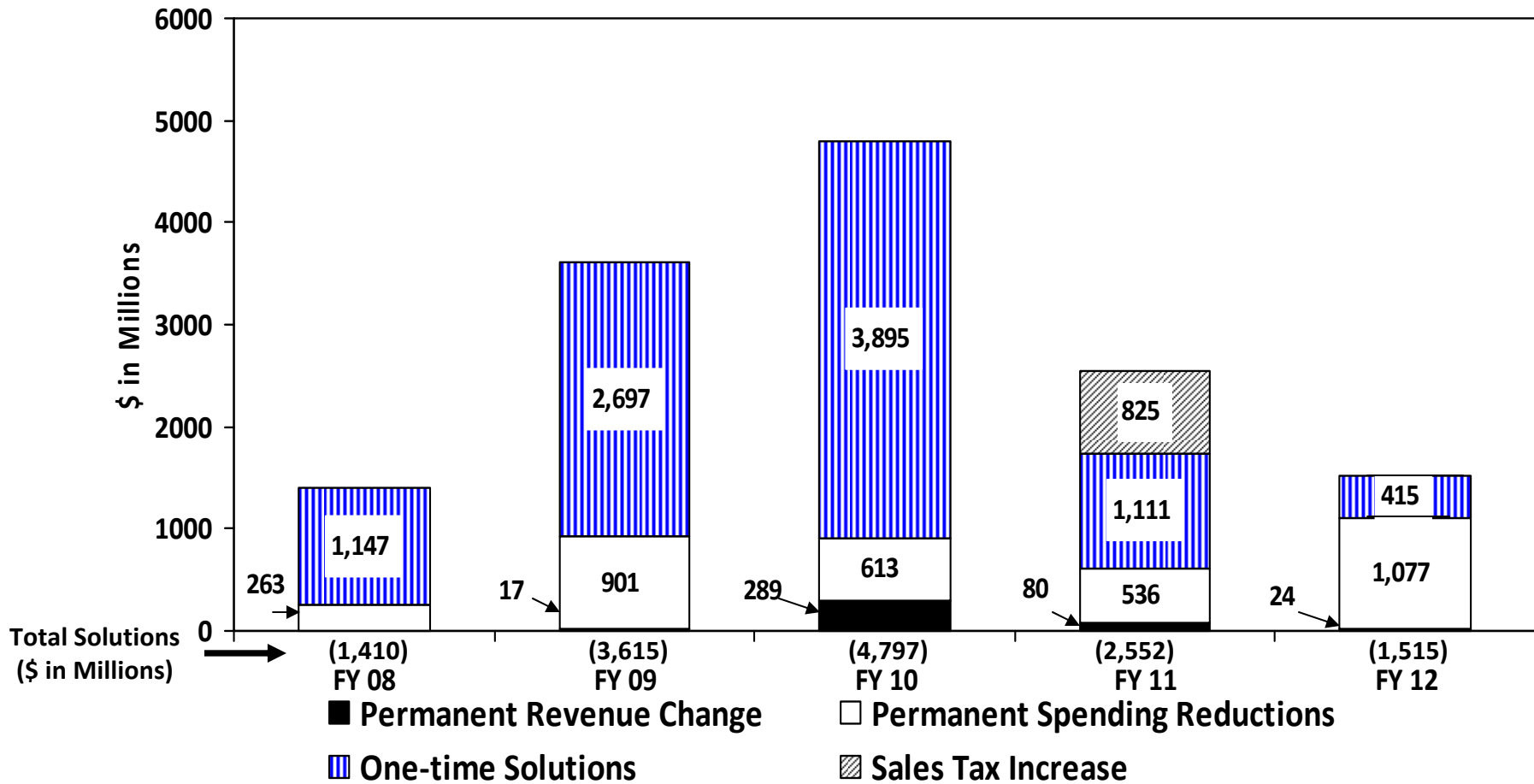


\$ in Billions



Budget solutions as share of shortfall

# Budget Solutions From FY 2008 – FY 2012



**Comprehensive Budget Solutions <sup>1/</sup>**

	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 08 - FY 12</b>
<b>Permanent Spending Reductions</b>						
Agency Reductions	\$263,086,500	\$713,786,800	\$612,961,000	\$535,986,300	\$1,076,551,800	\$3,202,372,400
SFB Moratorium	0	187,000,000	0	0	0	187,000,000
<i>Subtotal</i>	<b>\$263,086,500</b>	<b>\$900,786,800</b>	<b>\$612,961,000</b>	<b>\$535,986,300</b>	<b>\$1,076,551,800</b>	<b>\$3,389,372,400</b>
<b>Permanent Revenues</b>						
Revenues	\$0	\$17,023,600	\$39,207,100	\$80,282,900	\$23,500,000	\$160,013,600
State Equalization Tax	0	0	250,000,000	0	0	250,000,000
<i>Subtotal</i>	<b>\$0</b>	<b>\$17,023,600</b>	<b>\$289,207,100</b>	<b>\$80,282,900</b>	<b>\$23,500,000</b>	<b>\$410,013,600</b>
<b>Sales Tax Referral - May Ballot</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$824,756,300</b>	<b>\$0</b>	<b>\$824,756,300</b>
<b>Federal Stimulus</b>						
ARRA - FMAP	\$0	\$500,000,000	\$833,348,100	\$722,406,300	\$0	\$2,055,754,400
ARRA - Stabilization Fund	0	0	561,000,000	42,643,500	35,000,000	638,643,500
<i>Subtotal</i>	<b>\$0</b>	<b>\$500,000,000</b>	<b>\$1,394,348,100</b>	<b>\$765,049,800</b>	<b>\$35,000,000</b>	<b>\$2,694,397,900</b>
<b>Debt and Lease Purchase Financing</b>						
Asset Sale/Lease-Back	\$0	\$0	\$1,035,000,000	\$0	\$0	\$1,035,000,000
Lottery Bonding	0	0	450,000,000	0	0	450,000,000
SFB Lease-Financing (cash)	0	344,000,000	0	60,000,000	0	404,000,000
SFB Lease-Financing (offset new)	0	183,000,000	0	0	0	183,000,000
<i>Subtotal</i>	<b>\$0</b>	<b>\$527,000,000</b>	<b>\$1,485,000,000</b>	<b>\$60,000,000</b>	<b>\$0</b>	<b>\$2,072,000,000</b>
<b>Fund Transfers</b>	<b>\$292,648,200</b>	<b>\$675,321,800</b>	<b>\$386,871,600</b>	<b>\$257,291,800</b>	<b>\$318,277,700</b>	<b>\$1,930,411,100</b>
<b>Budget Stabilization Fund</b>	<b>\$560,000,000</b>	<b>\$150,000,000</b>	<b>\$2,767,100</b>	<b>\$0</b>	<b>\$0</b>	<b>\$712,767,100</b>
<b>Rollovers</b>						
K-12 Rollover	\$272,000,000	\$330,000,000	\$350,000,000	\$0	\$0	\$952,000,000
K-12 Cash Balances	0	300,000,000	(116,109,300)	0	0	183,890,700
Payment Deferrals	0	125,000,000	234,889,100	0	0	359,889,100
<i>Subtotal</i>	<b>\$272,000,000</b>	<b>\$755,000,000</b>	<b>\$468,779,800</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,495,779,800</b>
<b>One-Time Other</b>						
One-Time Revenues	\$15,420,100	\$24,466,400	\$152,000,100	\$32,644,000	\$61,600,000	\$286,130,600
Capital Reversions	6,500,000	15,650,200	4,745,900	(3,600,000)	0	23,296,100
Count Non-Lapsing Approps	0	50,000,000	0	0	0	50,000,000
<i>Subtotal</i>	<b>\$21,920,100</b>	<b>\$90,116,600</b>	<b>\$156,746,000</b>	<b>\$29,044,000</b>	<b>\$61,600,000</b>	<b>\$359,426,700</b>
<b>TOTAL</b>	<b>\$1,409,654,800</b>	<b>\$3,615,248,800</b>	<b>\$4,796,680,700</b>	<b>\$2,552,411,100</b>	<b>\$1,514,929,500</b>	<b>\$13,888,924,900</b>

<sup>1/</sup> Solution amounts reflect estimate at time of enactment and they have not been adjusted based on actuals.

**Total General Fund Operating Budget Spending**

(\$ in billions) 1/

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Totals</u>
Beginning Spending Level	\$10.6	\$10.1	\$8.8	\$7.9	\$8.3	
Baseline Changes and Supplementals	--	0.6	0.5	0.3	0.1	1.5
Federal Shifts and Rollovers	(0.3)	(1.1)	(0.8)	0.9	1.0	(0.3)
Reductions	<u>(0.3)</u>	<u>(0.9)</u>	<u>(0.6)</u>	<u>(0.5)</u>	<u>(1.1)</u>	<u>(3.4)</u>
Total Changes	(\$0.5)	(\$1.4)	(\$0.9)	\$0.7	\$0.0	(\$2.2)
Ending Spending Level	\$10.1	\$8.8	\$7.9	\$8.4	\$8.4	

1/ Numbers may not add due to rounding

**General Fund Budget Changes 1/  
FY 2008 - FY 2012**

	<u>FY 2011</u>					<u>FY 2012</u>					<u>FY 2008-FY2012</u>	
	Baseline	Supplemental	Shifts	Reductions	Final Enacted	Baseline	Supplemental	Shifts	Reductions	Final Enacted	Total Reductions 2/	Total Changes
Administration, Arizona Department of	\$ (1,509,200)	\$ 68,700		\$ (419,600)	\$ 17,756,900	\$ (494,600)		\$ (1,114,100)	\$ (1,289,600)	\$ 14,858,600	\$ (12,691,700)	\$ (18,453,600)
Administrative Hearings, Office of				(28,200)	905,100				(94,000)	811,100	(493,200)	(472,200)
Agriculture, Arizona Department of	35,000			(200,500)	8,412,300			218,000	(720,900)	7,909,400	(5,118,000)	(4,572,200)
AHCCCS	109,319,300	(43,959,400)	73,816,400	(41,332,300)	1,314,973,600	(109,226,700)		689,062,300	(531,074,200)	1,363,735,000	(695,711,100)	94,599,000
Arts, Arizona Commission on the	4,400			(163,500)	663,400				(663,400)		(2,150,700)	(2,127,600)
Attorney General - Department of Law	43,900			(534,000)	17,478,700				(547,200)	16,931,500	(6,984,900)	(7,720,400)
Biomedical Research Commission											(1,000,000)	(1,000,000)
Capital Postconviction Public Defender Ofc., State	6,000			(18,500)	633,800				55,100	688,900	(73,900)	(49,000)
Charter Schools, State Board for				(23,000)	800,100				(49,500)	750,600	(338,400)	(378,900)
Commerce, Department of	(2,632,000)		(2,100,000)	(24,300)	1,463,800			(1,466,500)	2,700		(11,731,300)	(15,925,100)
Commerce Authority, Arizona						31,500,000						
Community Colleges, State BD of Dir. For	7,484,500			(7,484,500)	135,344,300	8,608,900			(72,864,200)	71,089,000	(126,409,600)	(96,655,800)
Corporation Commission	50,100			(19,100)	620,100				(303,700)	316,400	(5,667,700)	(5,541,000)
Corrections, Arizona Department of	48,196,400		50,000,000	(51,949,700)	936,637,400	(7,283,600)			18,834,800	948,188,600	(117,899,000)	37,911,400
Criminal Justice Commission, AZ											(4,102,000)	(2,202,000)
Deaf & the Blind, AZ State Schools for the	969,700			(208,200)	22,022,500				(1,336,200)	20,686,300	(3,958,600)	(1,324,100)
Economic Security, Department of	23,698,900	(12,482,200)	76,525,800	(69,156,200)	550,548,800	(8,399,600)		85,122,900	(24,668,800)	602,603,300	(292,547,400)	(191,733,100)
Education, Department of	(13,102,700)	1,865,100	613,204,700	(274,019,000)	3,493,050,500	48,497,100		57,800,000	(162,818,900)	3,436,528,700	(767,596,500)	(926,936,400)
Emergency and Military Affairs, Department of	34,400		2,115,000	(103,400)	12,534,200	74,800			(3,793,700)	8,815,300	(8,010,500)	(5,766,300)
Environmental Quality, Department of				(5,772,100)	7,000,000					7,000,000	(25,750,400)	(25,979,000)
Equal Opportunity, Governor's Office of	2,600			(5,200)	193,800				(5,900)	187,900	(77,900)	(72,900)
Equalization, State Board of	2,000			(14,600)	659,400				(33,600)	625,800	(119,100)	(47,100)
Executive Clemency, Board of				(16,000)	863,600				(73,100)	790,500	(371,000)	(363,000)
Financial Institutions, Department of				(75,500)	2,894,800				(168,200)	2,726,600	(1,380,400)	(1,355,200)
Fire, Building, and Life Safety, Department of	54,300			(228,800)	2,008,700				(315,400)	1,693,300	(2,257,600)	(2,228,800)
Forester, State	42,100			2,724,700	5,961,100				90,900	6,052,000	2,812,400	6,052,000
Geological Survey, Arizona	5,400			(13,700)	792,600				72,500	865,100	(306,800)	(286,800)
Government Information Technology Agency				(16,500)	740,200			(742,000)	1,800		(1,273,500)	(2,000,000)
Governor, Office of the	115,800			(214,800)	6,937,300				(335,400)	6,601,900	(1,262,600)	(875,000)
Governor's Office of Strategic Planning & Budgeting	17,600			(80,700)	1,927,500				(53,300)	1,874,200	(472,000)	(439,400)
Health Services, Department of	1,737,400		(2,704,200)	(39,561,100)	436,168,700	11,780,300		106,400,000	(60,054,200)	494,294,800	(198,495,300)	(89,137,400)
Historical Society, Arizona	2,051,500			(65,600)	5,854,200				(1,703,100)	4,151,100	(2,421,700)	(370,200)
Historical Sociey of AZ, Prescott				(19,800)	671,500				(18,900)	652,600	(128,100)	(128,100)
Independent Redistricting Commission	500,000				500,000	2,500,000				3,000,000		3,000,000
Indian Affairs, AZ Commission of				(54,100)	63,000				(8,700)	54,300	(185,900)	(183,400)
Insurance, Department of	9,800			(180,200)	5,449,000				(264,800)	5,184,200	(2,657,500)	(2,616,600)
Judiciary												
Supreme Court	3,107,300			(379,700)	19,976,200				(3,823,200)	16,153,000	(6,540,700)	(2,259,600)
Court of Appeals	778,100			(139,300)	14,697,400				(911,100)	13,786,300	(1,478,900)	(341,500)
Superior Court	175,700			(9,225,400)	79,139,900				(56,700)	79,083,200	(18,228,100)	(16,597,900)
Juvenile Corrections, Department of	(98,900)			(9,930,200)	53,255,000				(6,525,200)	46,729,800	(39,057,200)	(34,720,000)
Land Department, State	(505,700)	96,200		285,500	3,297,000			(2,060,000)	(5,200)	1,231,800	(19,671,600)	(26,097,700)
Law Enforcement Merit System Council	700			(3,400)	69,100				1,100	70,200	(10,600)	(9,100)
Legislature												
Auditor General	255,100			(383,100)	16,405,100				(249,100)	16,156,000	(3,008,200)	(2,635,500)
House of Representatives	186,000			(349,500)	12,824,200				169,500	12,993,700	(1,723,700)	(1,282,800)
Joint Legislative Budget Committee	29,100			(87,200)	2,487,100				(691,000)	2,399,900	(691,000)	(641,000)
Legislative Council	31,700			(161,100)	4,721,100				(67,000)	4,654,100	(1,226,200)	(1,063,000)
Library, Archives & Public Records, Arizona State											(1,350,600)	(7,787,600)
Senate	105,000			(273,200)	8,066,600				(81,400)	7,985,200	(1,801,000)	(1,491,100)
Liquor Licenses & Control, Department of				(702,700)							(3,648,900)	(3,646,200)
Medical Student Loans, Board of				(399,000)	402,900				(335,900)	67,000	(1,433,000)	(1,433,000)
Mine Inspector, State	2,500			(39,500)	1,123,300	(1,700)			64,200	1,185,800	(574,400)	(699,000)
Mines & Mineral Resources, Department of	(589,700)			(43,900)	224,600				(224,600)		(430,500)	(950,800)
Navigable Stream Adjudication Commission, AZ				(3,000)	133,200				(6,300)	126,900	(53,900)	(53,100)
Nursing, State Board of											(167,300)	(167,300)
Parks Board, Arizona State					20,000,000	(20,000,000)					(8,720,900)	(28,212,200)
Personnel Board											(373,100)	(370,800)
Pioneers' Home, AZ	1,610,300			(44,100)	1,566,200				37,400	1,603,600	(1,266,700)	343,600
Postsecondary Education, Commission of				(2,821,200)	1,220,800				176,000	1,396,800	(6,206,500)	(6,030,500)
Public Safety, Department of				(560,500)	43,008,700			1,889,200	1,628,300	46,526,200	(139,252,300)	(131,181,800)
Racing, Arizona Department of	28,700			(1,846,200)	3,858,500				(1,076,900)	2,781,600	(154,300)	(69,500)

	<u>FY 2011</u>					<u>FY 2012</u>					<u>FY 2008-FY2012</u>	
	Baseline	Supplemental	Shifts	Reductions	Final Enacted	Baseline	Supplemental	Shifts	Reductions	Final Enacted	Total Reductions 2/	Total Changes
Radiation Regulatory Agency	11,500			(35,700)	1,392,600	76,500			(10,100)	1,459,000	(948,700)	(790,700)
Rangers' Pensions, Arizona	200				14,200	(14,200)						(13,400)
Real Estate Department, State	39,300			(79,300)	2,978,600				(321,900)	2,656,700	(2,063,900)	(1,957,300)
Revenue, Department of	2,650,700			3,303,500	43,497,600				632,000	44,129,600	(34,301,900)	(32,812,500)
School Facilities Board	22,836,800		(60,000,000)	(38,900)	67,576,200	36,585,600		60,000,000	(74,600)	164,087,200	(279,288,100)	(368,607,900)
Secretary of State, Department of State	(4,835,100)			(287,700)	13,270,200				39,200	13,309,400	(552,000)	6,087,100
Tax Appeals, State Board of	1,300			(8,000)	251,800				1,600	253,400	(67,300)	(64,500)
Tourism, Office of				(10,655,200)							(15,996,400)	(15,649,400)
Transportation, Department of	1,600			(5,500)	54,500				(4,300)	50,200	(38,000)	(36,400)
Treasurer, State	(2,492,400)			700	1,115,100					1,115,100	(1,809,700)	(4,501,600)
Universities												
Regents, Arizona Board of	(1,368,000)			(102,500)	17,124,100			(176,000)	(21,900)	16,926,200	(2,202,100)	(3,671,800)
Arizona State University - East Campus			2,100,100		25,101,300				(6,024,500)	19,076,800	(12,712,400)	(6,839,100)
Arizona State University - Main Campus			38,138,100		326,349,100				(78,606,200)	247,742,900	(164,831,100)	(169,021,900)
Arizona State University - West Campus			5,038,800		43,935,700				(10,776,100)	33,159,600	(23,323,600)	(20,444,800)
Northern Arizona University			15,254,000		133,118,100				(31,256,300)	101,861,800	(64,448,500)	(59,007,000)
University of Arizona - Health Sciences Center			5,364,300		73,234,900				(17,900,600)	55,334,300	(24,832,900)	(25,619,900)
University of Arizona - Main Campus			34,104,700		271,315,400				(62,948,400)	208,367,000	(147,709,600)	(154,022,200)
SUBTOTAL - Universities	(1,368,000)		100,000,000	(102,500)	890,178,600			(176,000)	(207,534,000)	682,468,600	(440,060,200)	(438,626,700)
Veterans' Services, Department of	88,000			(1,709,900)	5,374,700	1,853,400			(177,400)	7,050,700	(3,450,000)	(2,234,100)
Water Resources, Department of	123,100			(9,962,400)	7,034,700				(1,336,400)	5,698,300	(19,375,300)	(18,376,300)
Weights and Measures, Department of				(20,700)	1,195,500				(30,500)	1,165,000	(534,400)	(545,800)
Sale/Lease-Back Payment	54,826,600	(2,759,700)			52,066,900	(3,016,200)				49,050,700		49,050,700
27th Pay Period						79,000,000				79,000,000		79,000,000
Enhanced HSA Savings									(12,000,000)	(12,000,000)	(12,000,000)	(12,000,000)
21st Century Fund											(25,000,000)	(25,000,000)
<b>TOTAL</b>	<b>\$ 254,136,700</b>	<b>\$ (57,171,300)</b>	<b>\$ 850,857,700</b>	<b>\$ (535,986,300)</b>	<b>\$ 8,365,009,000</b>	<b>\$ 72,040,000</b>	<b>\$ 995,109,800</b>	<b>\$ (1,076,551,800)</b>	<b>\$ 8,355,607,000</b>	<b>\$ (3,389,372,400)</b>	<b>\$ (2,288,339,400)</b>	

1/ "Baseline" and "Supplementals" columns represent caseload and similar increase to continue existing service levels. "Rollovers/Debt/ARRA" columns show changes associated with one-time savings that shift funding sources or timing, but do not diminish overall agency resources. "Reductions" columns represent savings that do reduce total agency resources. Changes are shown as marginal changes from the prior year.

2/ Excludes rollovers, debt, ARRA shifts and baseline changes.

**General Fund Reductions for Selected Agencies 1/  
FY 2008 - FY 2012**

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Total</u>
AHCCCS	38,641,500	47,381,000	37,282,100	41,332,300	531,074,200	695,711,100
Community Colleges	39,000	35,192,600	10,829,300	7,484,500	72,864,200	126,409,600
Corrections, Department of	19,617,600	15,931,500	49,235,000	51,949,700	(18,834,800)	117,899,000
Economic Security, Department of	12,764,100	87,311,200	98,647,100	69,156,200	24,668,800	292,547,400
Education, Arizona Department of	24,366,100	101,830,300	204,562,200	274,019,000	162,818,900	767,596,500
Health Services, Department of	14,489,700	35,443,300	48,947,000	39,561,100	60,054,200	198,495,300
School Facilities Board	53,604,000	213,137,100	12,433,500	38,900	74,600	279,288,100
Universities	29,314,900	163,105,100	40,003,700	102,500	207,534,000	440,060,200

1/ Reduction amounts do not reflect baseline changes including caseload or supplemental increases or rollover, debt, or ARRA-related changes.