

## STATUTORY FUNDING FORMULA COSTS

A majority of General Fund expenditures are determined by statutory funding formulas. These “mandatory” items are those that would require a change in permanent statute in order to spend at a level other than determined by current law.

*Attachment A* displays all of the major programs that have their funding determined by some type of statutory funding formula. The majority of this spending consists of Title XIX State Match in the AHCCCS, Department of Health Services and Department of Economic Security budgets, K-12 Education formula funding, and School Facilities Board funding. In total, funding formula spending makes up approximately \$8.7 billion of the state budget in FY 2010. This represents about 68.5% of total General Fund spending and leaves \$2.7 billion in non-formula spending in FY 2010. In comparison, statutory formulas constituted 66% of spending in FY 2009.

Laws 1995, Chapter 196 added language to many programs traditionally defined as “mandatory” to clarify that the Legislature is under no obligation to fund the programs beyond the original appropriation. Specifically, Chapter 196 added a general provision (A.R.S. § 1-254) that no statute construes a requirement for the expenditure of state monies in excess of a specific legislative appropriation. It then added this same language to a number of specific programs, such as AHCCCS, Community Colleges operating state aid, Foster Care and a number of other programs within the Department of Economic Security, K-12 funding formulas, and Behavioral Health and Children’s Rehabilitative Services within the Department of Health Services. The Chapter 196 language has yet to be used in an attempt to cap any spending program at its appropriated level.

**Statutory Funding Formula  
General Fund Expenditures**

<u>Agency</u>	<u>FY 2010</u>	<u>Comments</u>
AHCCCS		
- Title 19 State Match	713,371,500	Excludes Administration, Dispro Share, Critical Access, Hospital Loan, Rural Hospital Reimbursement, Graduate Medical Education and Board of Nursing funding. Includes county hold harmless.
- Proposition 204 State Match	339,105,500	
- Title 21 (KidsCare) State Match	31,071,700	
Community Colleges	134,344,300	District Operating, Equalization Aid, and Tribal Assistance. Capital Aid was suspended for FY 2010.
Economic Security, Dept. of		
- Title XIX Long-Term Care State Match	226,423,000	Excludes pass-through to Administration Division
- TANF Cash Benefits	41,242,700	
- Tuberculosis Control	32,200	
- Child Care - Day Care Subsidy	81,295,100	
Education, Dept. of		
- Basic State Aid	<b>3,367,998,200</b>	Includes equalization tax savings. Assumes entire \$222.1 M ARRA reduction comes from Basic State Aid.
- Additional State Aid	<b>404,880,500</b>	
- Special Education Vouchers	<b>35,242,100</b>	
- English Language Learner	<b>56,214,900</b>	ELL Admin. + Compensatory Instruction + SEI Fund
Environmental Quality, Dept. of	7,000,000	WQARF Deposit in FY 2010. Deposit was reduced from statutory \$15 M to \$7 M for FY 2010.
Emergency & Military Affairs, Dept. of		
- Governor's Emergency Fund	2,900,000	
Health Services, Dept. of		
- Title XIX State Match	207,228,600	Behavioral Health and CRS. Excludes Administration. Includes premium tax.
- Proposition 204 State Match	85,304,700	
Judiciary		
- Judges' Salaries	16,695,000	State pays Supreme Court, Court of Appeals and 50% of Superior Court salaries. Excludes benefits (ERE).
- Juvenile Probation	14,004,200	Probation officers ratio in statute.
- Adult Probation	24,438,300	Probation officers ratio in statute.
Land Department	-	Wildfire Emergency. Statute requires \$3 million, but was suspended in FY 2010.
Rangers Pensions	14,000	Statutory Formula
State Parks Board	20,000,000	Growing Smarter
School Facilities Board		
- Building Renewal	-	Formula generated \$228 M for FY 10, but was suspended and replaced with discretionary \$3 M grant program.
- New Schools Facilities Fund	108,683,300	Debt service payment
Secretary of State		
- Elections Funding	1,039,900	Excludes special election funding
Tourism	10,655,200	Formula generated \$15 M for FY 10, but was suspended and replaced with \$11 M.
State Treasurer	1,115,100	Justice of the Peace salaries - Permanent law requires the state to pay 40% of JP's salaries. FY 2010 session law sets formula at 19.25%.
Universities - Board of Regents	10,041,200	Financial Assistance
Water Resources, Dept. of	-	Water Protection Fund. Statute requires \$5 million, but was suspended in FY 2010.
Constitutional Officer Salaries	3,017,500	Excludes benefits (ERE).
<b>TOTAL GF FUNDING FORMULA EXPENDITURES</b>	<b>\$ 5,943,358,700</b>	
Total General Fund Expenditures	8,671,582,000	Represents Total Expenditures
Less: GF Funding Formula Expenditures	(5,943,358,700)	
<b>Net Non-Formula Spending</b>	<b>\$ 2,728,223,300</b>	
<b>Percent Non-Formula Spending</b>	<b>31.5%</b>	