

**FY 2000 AND FY 2001
COMPARISON OF MAJOR POLICY ISSUES**

MAJOR ISSUES	LEGISLATIVE BUDGET	EXECUTIVE BUDGET
General Fund Spending	<ul style="list-style-type: none"> • \$(89.2) M, or (1.5%) Decrease in FY 00 • \$225.4 M, or 3.9% Increase in FY 01 	<ul style="list-style-type: none"> • \$(154.9) M, or (2.6%) Decrease in FY 00 • \$287.6 M, or 5.0% Increase in FY 01
Students FIRST	<ul style="list-style-type: none"> • \$200 M in FY 00 and FY 01 for New Construction - All General Fund Cash 	<ul style="list-style-type: none"> • \$90 M in FY 00 and \$200 M in FY 01 for New Construction - All Revenue Bonding
Legislative Priorities (The Box)	<ul style="list-style-type: none"> • \$45 M for FY 00 and \$65 M for FY 01 • Could Fund K-12 Enhancements and State Employee Pay/ Personnel Reform • No Specific Set Asides 	<ul style="list-style-type: none"> • No Unallocated Initiatives Funding • \$38.3 M in FY 00 and \$36.7 M in FY 01 for K-12 Enhancements (in ADE Budget) • \$21.3 M in FY 00 and \$41.2 M in FY 01 for 2.5% Pay Raise, plus \$4 M CMR Package
Tax Reductions	<ul style="list-style-type: none"> • \$20 M in New Tax Cuts in both FY 00 and FY 01 (\$60 M total in Biennium) • Form of Tax Cut to be Specified 	<ul style="list-style-type: none"> • \$13.4 M in New Tax Cuts in FY 00 and \$27.9 M in FY 01 (\$54.8 M total in Biennium) • 5% VLT Cut, 0.25% Corporate Rate Cut, \$6 M R & D Tax Credit
Base Revenues	<ul style="list-style-type: none"> • Uses Executive Forecast 	<ul style="list-style-type: none"> • 6.9% Baseline Growth in FY 00 and 5.7% in FY 01
Excess Balances	<ul style="list-style-type: none"> • Transfer \$31.6 M in Excess Fund Balances to GF in FY 00 and \$2.0 M in FY 01 	<ul style="list-style-type: none"> • No Excess Balance Transfers
Urban Revenue Sharing	<ul style="list-style-type: none"> • Maintains Current Urban Revenue Sharing Plan at 15.0%. Increases Funding to localities by \$39.2 M, or 11.5%, in the biennium 	<ul style="list-style-type: none"> • Increases Urban Revenue Sharing to 15.8%. Increases Funding by \$54.7 M, or 16.1%, in the biennium
Rainy Day Fund	<ul style="list-style-type: none"> • No Deposit or Withdrawal • \$385.1 M Balance in Fund 	<ul style="list-style-type: none"> • No Deposit or Withdrawal
Capital Outlay	<ul style="list-style-type: none"> • \$12.4 M GF for FY 00 • \$9.5 M for 23% Funding of Building Renewal • No Lease-Purchase Construction • No Specific Recommendation on ASH and State Health Lab, Pending Legislative Resolution of Tobacco Settlement Monies • \$41.5 M Non-GF to Start New 4,200 Bed Prison Complex (plus \$30.5 M Non-GF in FY 01) • \$11.2 M GF for FY 01 • \$10.5 M for 23% Funding of Building Renewal 	<ul style="list-style-type: none"> • \$26.3 M GF for FY 00 • \$21.3 M for 50% Funding of Building Renewal • Lease-Purchase New Capitol Mall Building • Fund \$75.8 M ASH Renovation and \$30 M State Health Lab Over 5 Years Using Tobacco Settlement Monies. • \$43.6 M Non-GF to Start New Prison Complex (plus \$14.0 M GF and \$34.6 M Non-GF in 01) • \$39.9 M GF for FY 01 • \$23.2 M for 50% Funding of Building Renewal
EDUCATION		
K-12	<ul style="list-style-type: none"> • \$43.6 M GF FY 00 Change Above FY 99: • \$100.1 M for 3% Enrollment Growth • \$15.4 M for Homeowner's Rebate • \$13.9 M for "Truth in Taxation" • \$5.3 M for lost Endowment Earnings Under Proposition 102 • No Endowment Earning Loss Associated with Students FIRST Debt Service • \$(27.0) M for District Administrative Costs • \$(68.8) M Due to 6.3% Assessed Value Growth • M&O Enhancements Addressed as part of Legislative Priorities (the Box) • \$37.6 M GF FY 01 Change Above FY 00: • \$72.1 M for 2.6% Enrollment Growth • \$12.6 M for Homeowner's Rebate • \$9.2 M for "Truth in Taxation" • \$(2.5) M for Endowment Earnings Gain 	<ul style="list-style-type: none"> • \$107.5 M GF FY 00 Change Above FY 99: • \$104.3 M for 2.8% Enrollment Growth • \$14.1 M for Homeowner's Rebate • No "Truth in Taxation" Adjustment • No Proposition 102 Endowment Earnings Adjustment • \$11.4 M GF for Endowment Earnings Lost to Students FIRST Debt Service • No Administrative Cost Proposal • \$(59.1) M Due to 5.5% Assessed Value Growth • \$38.3 M for M&O Enhancements • \$111.0 M GF FY 01 Change Above FY 00: • \$94.5 M for 2.8% Enrollment Growth • \$13.7 M for Homeowner's Rebate • \$0 M for "Truth in Taxation" • \$2.1 M for Lost Endowment under Prop 102

K-12 (Cont'd)	<ul style="list-style-type: none"> No Endowment Earnings Loss Associated with Debt Service $\\$(55.5) M$ Net Savings Due to 5.0% Assessed Value Growth M&O Enhancements Addressed in Legislative Initiatives 	<ul style="list-style-type: none"> $\\$4.6 M$ GF for Endowment Earnings Lost to Students FIRST Debt Service $\\$(47.8) M$ Net Savings Due to 5.0% Assessed Value Growth $\\$36.7 M$ for M&O Enhancements
School Facilities Board	<ul style="list-style-type: none"> $\\$5.5 M$ GF FY 00 Change Above FY 99: $\\$7.5 M$ increase in Building Renewal $\\$(2) M$ for 1-time School Inventory Survey Maintains New Construction at $\\$200 M$ Pay-As-You-Go $\\$20.0 M$ GF FY 01 Change Above FY 00: $\\$5.0 M$ Increase in Building Renewal $\\$15.0 M$ Increase in Deficiencies Correction Maintains New Construction at $\\$200 M$ Pay-As-You-Go 	<ul style="list-style-type: none"> $\\$(194.0) M$ GF FY 00 Change Below FY 99: Same increase in Building Renewal Same Reduction in School Inventory Funds New Construction at $\\$90 M$ through Revenue Bonding - Results in $\\$(200) M$ GF Reduction $\\$22.8 M$ GF FY 01 Change Above FY 00: $\\$8.2 M$ Increase in Building Renewal $\\$15.0 M$ Increase in Deficiencies Correction Funds New Construction at $\\$200 M$ through Revenue Bonding
Universities	<ul style="list-style-type: none"> $\\$(4.1) M$ GF FY 00 Change Below FY 99: $\\$11 M$ for Pay Annualization $\\$5.1 M$ for ERE Rate Adjustment $\\$(2.6) M$ for Risk Management Decrease $\\$4.3 M$ for Enrollment and New Facilities $\\$(1.0) M$ for Out-of-State Travel Reduction $\\$(3.4) M$ for Law Colleges GF Phase-Out $\\$(15.4) M$ for Faculty Productivity Increases $\\$(2.1) M$ GF Decrease for Collections Increase $\\$1.8 M$ GF FY 01 Change Above FY 00: $\\$3.3 M$ for ERE Rate Adjustment $\\$6.8 M$ for Enrollment and New Facilities $\\$(3.4) M$ for Law Colleges GF Phase-Out $\\$(5.3) M$ GF Decrease for Collections Increase 	<ul style="list-style-type: none"> $\\$15.5 M$ GF FY 00 Change Above FY 99: $\\$10.9 M$ for Pay Annualization $\\$4.7 M$ for ERE Rate Adjustment $\\$(2.6) M$ for Risk Management Decrease $\\$(0.1) M$ Net Enrollment Adjustment No Out-of-State Travel Reduction No Law Colleges General Fund Phase-Out No Faculty Productivity Proposal $\\$1.0 M$ for NAU Teacher Training and $\\$1.1 M$ for UA Controlled Environment Agriculture $\\$4.1 M$ GF FY 01 Change Above FY 00: $\\$2.3 M$ for ERE Rate Adjustment $\\$2.6 M$ for Enrollment No Law Colleges General Fund Phase-Out $\\$(0.9) M$ GF Decrease for Collections Increase
Community Colleges	<ul style="list-style-type: none"> $\\$3.7 M$ GF FY 00 Change Above FY 99: $\\$3.7 M$ Enrollment Growth and Equalization No Added Adult Basic Education Funding $\\$4.2 M$ GF FY 01 Change Above FY 00: $\\$4.2 M$ Enrollment Growth and Equalization 	<ul style="list-style-type: none"> $\\$5.8 M$ GF FY 00 Change Above FY 99: $\\$3.7 M$ Enrollment Growth and Equalization $\\$2.0 M$ Adult Basic Education Funding $\\$6.1 M$ GF FY 01 Change Above FY 00: $\\$6.1 M$ Enrollment Growth and Equalization
CRIMINAL JUSTICE		
Corrections	<ul style="list-style-type: none"> $\\$33.1 M$ GF FY 00 Change Above FY 99: $\\$23.2 M$ to Open 1,750 New Beds $\\$7.3 M$ for Inmate Population Growth $\\$3.7 M$ to Continue Existing CO Pay Plan No New Private Beds $\\$21.3 M$ GF FY 01 Change Above FY 00: $\\$9.5 M$ to Open 1,000 New Private Beds in September 2000 and February 2001 $\\$3.7 M$ for Inmate Population Growth $\\$4.0 M$ to Continue Existing CO Pay Plan 	<ul style="list-style-type: none"> $\\$53.5 M$ GF FY 00 Change Above FY 99: $\\$30.3 M$ to Open 1,750 New Beds $\\$7.3 M$ for Inmate Population Growth $\\$14.2 M$ to Implement New CO Pay Plan $\\$0.6 M$ to Open 400 Private DWI Beds $\\$14.0 M$ GF FY 01 Change Above FY 00: $\\$1.5 M$ to Open 1,000 New Private Illegal Alien Beds in June 2001 $\\$4.3 M$ for Inmate Population Growth $\\$5.6 M$ to Annualize New CO Pay Plan
Juvenile Corrections	<ul style="list-style-type: none"> $\\$(2.5) M$ GF FY 00 Change Below FY 99: $\\$3.8 M$ to Open 3rd 100 Beds at Buckeye $\\$(5.9) M$ to Close Boot Camp, Move Encanto Beds to Black Canyon & Close Rincon Beds Incorporates Secure Care Staffing Changes in Opening of New Beds $\\$2.1 M$ GF FY 01 Change Above FY 00: $\\$2.5 M$ to Open 4th 100 Beds at Buckeye 	<ul style="list-style-type: none"> $\\$(3.6) M$ GF FY 00 Change Below FY 99: $\\$5.2 M$ to Open 3rd 100 Beds at Buckeye $\\$(5.7) M$ to Close Same Facilities $\\$(2.4) M$ Secure Care Staffing Reduction $\\$3.5 M$ GF FY 01 Change Above FY 00: $\\$4.4 M$ to Open 4th 100 Beds at Buckeye

Judiciary	<ul style="list-style-type: none"> • \$3.0 M GF FY 00 Change Above FY 99: • \$1.2 M for Pay Adjustments • \$1.5 M for Probation Growth • \$0.2 M for New Judgeships • \$4.4 M GF FY 01 Change Above FY 00: • \$3.9 M for Probation Growth 	<ul style="list-style-type: none"> • No \$ Change Above FY 99 • Does Not Recommend on Judiciary Budget
Department of Public Safety	<ul style="list-style-type: none"> • \$(1.9) M GF FY 00 Change Below FY 99: • \$(1.0) M to Defer Replacing Helicopter • \$(1.0) M to Revise Patrol Vehicle Replacement Schedule from 100K Miles to 110K Miles • Suspends HURF/Highway Fund Shift for 2 Years, Avoids \$5 M GF Increase • \$(1.6) M GF FY 01 Change Below FY 00: • \$(0.6) M for 110K Car Replacement Policy 	<ul style="list-style-type: none"> • \$2.1 M GF FY 00 Change Above FY 99: • \$(0.4) M to Lease-Purchase 1 Helicopter • \$1.0 M to Replace 174 Vehicles with More than 100K Miles • Same Recommendation to Defer HURF/Highway Shift • \$(3.2) M GF FY 01 Change Below FY 00: • \$(1.4) M from Replacing Fewer Vehicles
HEALTH AND WELFARE		
AHCCCS	<ul style="list-style-type: none"> • \$(9.4) M GF FY 00 Change Below FY 99: • \$(12.0) M for Acute Care Caseload, Inflation, and Other Changes • \$(5.3) M Decrease Due to Shift of 50% of Inflation to Tobacco Tax • \$7.6 M for ALTCS Caseload and Inflation. County Contribution Decreases \$(0.2) M. • \$36.1 M GF FY 01 Change Above FY 00: • \$22.6 M for Acute Care • \$14.6 M for ALTCS Caseload and Inflation. County Contribution Increases \$2.8 M. 	<ul style="list-style-type: none"> • \$5.9 M GF FY 00 Change Above FY 99: • \$(7.5) M for Similar Acute Care Issues • No Additional Tobacco Tax Shift • \$8.3 M for ALTCS Caseload and Inflation • \$41.5 M GF FY 01 Change Above FY 00: • \$25.1 M for Acute Care • \$14.5 M for ALTCS Caseload and Inflation
DES	<ul style="list-style-type: none"> • \$2.3 M GF FY 00 Change Above FY 99: • \$15.3 M for Children Services Issues • \$1.4 M for Speedier Model Court CPS Hearings • \$11.5 M for Developmental Disabilities Caseloads • \$(5.6) M for a 20% Cut in Welfare Eligibility Workers and 5% Administration Cut • \$(5.5) M for Reductions in TANF Caseloads • \$11.8 M to Offset Federal Welfare Admin. Cut • \$(28.2) M GF Shift to TANF/Social Services Block Grant • \$11.7 M GF FY 01 Change Above FY 00: • \$1.9 M for Data Center Expansion • \$8.0 M for Long Term Care Caseload Growth • \$2.1 M for Children Services and CPS Growth • \$1.0 M for Adoption Services Growth 	<ul style="list-style-type: none"> • \$12.5 M GF FY 00 Change Above FY 99: • \$12.2 M for Children Services Issues • Does Not Fund Speedier CPS Hearings • \$12.7 M for DD Caseloads • \$(2.1) M for 16% Eligibility Worker Cut • \$(4.1) M for TANF Caseloads • Same Funding for Federal Admin. Cut • \$(19.9) M Shift to TANF/SSBG • \$16.5 M GF FY 01 Change Above FY 00: • Data Center Expansion Funded in FY 2000 • \$10.2 M for Long Term Care Caseload Growth • \$2.9 M for Children Services and CPS Growth • \$1.4 M for Adoption Services Growth
DHS	<ul style="list-style-type: none"> • \$7.0 M GF FY 00 Change Above FY 99: • \$3.1 M for Title 19 Capitation Rate Increases • \$(4.3) M for Transfers from Non-Title 19 to CHIP • \$2.3 M for Growth in the Sexually Violent Persons (SVP) Program at ASH • \$7.1 M to Increase Staffing and Salaries at ASH • \$1.0 M for Non-19 Psychotropic Medications • \$10.7 M GF FY 01 Change Above FY 00: • \$6.6 M for Title 19 Growth • \$2.8 M for SVP Growth • \$1.0 M to Open a New Self-Care Unit at ASH 	<ul style="list-style-type: none"> • \$14.7 M GF FY 00 Change Above FY 99: • \$2.7 M for Title 19 Capitation Rate Increases • \$(5.4) M for CHIP Transfers • \$2.2 M for SVP Growth • \$8.2 M to Increase ASH Staffing and Salaries • \$3.0 M for Psychotropic Medications • \$3.2 M GF FY 01 Change Above FY 00: • \$1.8 M for Title 19 Growth • \$2.7 M for SVP Growth • Funded in FY 99 Supplemental

GENERAL GOVERNMENT		
Department of Commerce	<ul style="list-style-type: none"> • \$(6.5) M GF FY 00 Change Below FY 99 • \$(5.0) M GF Reduction for Deferral of Greater Arizona Development Authority (GADA) • \$(1.2) M GF Savings due to Shifting the International Offices to CEDC Fund • No Added Workforce Training Monies • \$.02 M GF FY 01 Change Above FY 00 	<ul style="list-style-type: none"> • \$1.7 M GF FY 00 Change Above FY 99 • \$1 M GF Increase for Greater Arizona Development Authority (GADA) Funding • No CEDC Shift • \$0.5 M GF Increase for Workforce Training • \$(9.0) M GF FY 01 Change Below FY 00 • \$(9.0) M GF Reduction for GADA

Comparison of Major General Fund Budgets

FY 1999 - FY 2000 COMPARISON					
AGENCY	FY 1999 Estimate	FY 2000 Executive Recommendation	FY 2000 JLBC Recommendation	\$ Difference JLBC - Executive	\$ Difference JLBC - FY 1999
K-12	2,212,024,000	2,319,548,800	2,255,621,100	(63,927,700)	43,597,100
UNIVERSITIES	728,915,400	744,429,300	724,785,100	(19,644,200)	(4,130,300)
DEPT OF CORRECTIONS	520,489,700	573,946,900	553,589,600	(20,357,300)	33,099,900
AHCCCS	502,147,400	508,076,500	492,731,600	(15,344,900)	(9,415,800)
DEPT OF ECONOMIC SECURITY	425,243,200	437,700,400	427,582,400	(10,118,000)	2,339,200
SCHOOL FACILITIES BOARD	313,200,000	119,200,000	318,708,500	199,508,500	5,508,500
DEPT OF HEALTH SERVICES	233,990,300	248,645,900	240,952,500	(7,693,400)	6,962,200
JUDICIARY	140,326,900	140,326,900	143,301,800	2,974,900	2,974,900
COMMUNITY COLLEGES	121,490,000	127,299,300	125,189,000	(2,110,300)	3,699,000
ALL OTHER	530,600,000	514,743,300	494,826,400	(19,916,900)	(35,773,600)
TOTAL	<u>5,728,426,900</u>	<u>5,733,917,300</u>	<u>5,777,288,000</u>	<u>43,370,700</u>	<u>48,861,100</u>

FY 2000 - FY 2001 COMPARISON					
AGENCY	FY 2000 JLBC Recommendation	FY 2001 Executive Recommendation	FY 2001 JLBC Recommendation	\$ Difference JLBC - Executive	\$ Difference JLBC - FY 2000
K-12	2,255,621,100	2,430,595,300	2,293,207,700	(137,387,600)	37,586,600
UNIVERSITIES	724,785,100	748,503,700	726,633,500	(21,870,200)	1,848,400
DEPT OF CORRECTIONS	553,589,600	587,899,600	574,889,900	(13,009,700)	21,300,300
AHCCCS	492,731,600	549,623,600	528,841,200	(20,782,400)	36,109,600
DEPT OF ECONOMIC SECURITY	427,582,400	454,162,400	439,249,500	(14,912,900)	11,667,100
SCHOOL FACILITIES BOARD	318,708,500	141,953,400	338,714,700	196,761,300	20,006,200
DEPT OF HEALTH SERVICES	240,952,500	251,833,100	251,664,900	(168,200)	10,712,400
JUDICIARY	143,301,800	140,326,900	147,653,500	7,326,600	4,351,700
COMMUNITY COLLEGES	125,189,000	133,419,400	129,373,900	(4,045,500)	4,184,900
ALL OTHER	494,826,400	524,283,200	561,762,300	(7,520,900)	21,935,900
TOTAL	<u>5,777,288,000</u>	<u>5,962,600,600</u>	<u>5,991,991,100</u>	<u>(15,609,500)</u>	<u>169,703,100</u>