

JLBC Staff - October 2019 Revenue and Budget Update

Summary of the General Fund Budget Outlook

- State General Fund revenue growth remained strong in FY 2019. Compared to a budgeted 7.8% growth rate, FY 2019 General Fund revenues grew by 10.2% in FY 2018.
- These unexpected FY 2019 gains will result in newly available funding in the FY 2021 budget process.
- Under the revised forecast, revenue growth is projected to moderate substantially between FY 2020 and FY 2023. At least in FY 2020, the Arizona economy is still performing well and the projected growth may be understated.
- On the other hand, revenue growth estimates do not envision a recession in the 3-year planning period. The majority of national level economists, however, are currently forecasting a recession to occur during this time.
- Due to the elimination of \$(880) million in one-time FY 2020 spending and new funding formula costs of \$594 million, net FY 2021 spending is expected to fall by \$(286) million.
- After accounting for the revenue forecast and formula spending, we expect the General Fund to have up to \$170 million in ongoing monies available in FY 2021.
- In addition, the level of anticipated available one-time FY 2021 funding is \$475 million.
- During the next regular session, the Legislature will need to decide whether to retain over \$100 million in one-time FY 2020 initiatives that appear ongoing in nature. Having been labeled as one-time in the FY 2020 3-year budget plan, these initiatives are backed out of the FY 2021 October Baseline estimates.

Reporting Requirements

The FY 2020 General Appropriation Act requires JLBC Staff to report by October 15, 2019 as to whether FY 2020's General Fund revenues and ending balance are projected to change by more than \$50 million from the budgeted levels. The FY 2020 projected ending balance is now \$535 million, or \$470 million higher than the budgeted \$65 million level.

In addition, A.R.S. § 35-125 requires the Legislature to provide 3-year estimates in each year's budget bill. In fulfilling these requirements, the JLBC Staff has reviewed the preliminary FY 2019 ending balance estimates and updated its 4-sector revenue projections in conjunction with the October 10th FAC meeting. In addition, the JLBC Staff has revised its spending projections through FY 2023 based on current statutory funding formulas.

Updated FY 2019 Estimates

The enacted budget projected the FY 2019 ending balance to be \$764 million. Instead, the FY 2019 ending balance is projected to be significantly greater at \$957 million. This \$193 million net increase in the state's ending balance estimate was due to \$248 million of higher than projected revenues. These increased revenues were offset, however, by \$55 million in higher-

than-budgeted spending. The Arizona Department of Administration is required by law to publish a final FY 2019 ending balance figure by December 1.

In terms of the state's \$248 million FY 2019 revenue gain, net General Fund revenues grew by 10.2% rather than the budgeted forecast of 7.8%, which resulted in an ongoing revenue gain of \$248 million.

The FY 2019 revenue gains were spread across the state's larger revenue categories of Sales Tax, Individual Income and Corporate Income Tax. Corporate Income Tax posted the largest gain in both percentage terms and dollars above the forecast, at 37.8% and \$90 million above forecast during the year. Individual Income Tax collections were up 10.2%, partially a result of "conformity" revenues, but still came in at \$63 million above forecast. The Sales Tax category had another year of healthy growth and was \$17 million above forecast; Insurance Premium Tax also performed strongly and was \$39 million above forecast. *Table 1* displays the performance of the state's largest revenue categories as compared to the enacted forecast; for further details, please see the [July 2019 Monthly Fiscal Highlights](#).

	<u>Budgeted</u>	<u>Actual</u>	<u>Above Forecast</u>
Sales/TPT	6.1%	6.5%	\$17 M
Individual Income	8.9%	10.2%	\$63 M
Corporate Income	13.8%	37.8%	\$90 M
Insurance Premium	0.2%	7.9%	\$39 M
Other	18.6%	26.4%	\$39 M
Total	7.8%	10.2%	\$248 M

FY 2020 - 1st Quarter

The enacted FY 2020 budget assumed revenue growth of 2.1% prior to one-time fund transfers and urban revenue sharing. Based on preliminary September projections, the comparable first quarter FY 2020 growth rate is 8.6% over last year. Collections through September are \$174 million above the enacted FY 2020 budget forecast. As displayed in *Table 2*, preliminary collections are as follows:

FY 2020 – FY 2023 Revenue Projections

The FY 2020 – FY 2023 forecast is based on input from the following 4 sectors (each equally weighted): members of the Finance Advisory Committee (FAC) panel, University of Arizona’s “base” and “low” econometric revenue models, and JLBC Staff.

Table 2	
FY 2020 1st Quarter Revenue Growth Rates	
Excludes Fund Transfers/URS	
	<u>% Change</u>
Sales Tax	6.9%
Individual Income	9.4%
Corporate Income	10.6%
Insurance Premium	5.8%
Other Revenues	<u>32.4%</u>
Total	8.6%

The 4-sector forecast includes the 4 largest General Fund revenue categories, which are Sales Tax, Individual and Corporate Income Tax, and Insurance Premium Tax. The JLBC Staff forecasts the remaining small revenue categories, which make up 5% of General Fund revenue.

The updated October 4-sector forecast was prepared on a net basis, which means that projected General Fund revenue includes the impact of previously enacted tax law changes. The net revenue estimates exclude urban revenue sharing and one-time financing sources (such as fund transfers and the beginning balance).

Under the October 4-sector forecast, net General Fund revenue is projected to grow by 2.4% in FY 2020. This rate is close to the 2.1% net revenue growth rate assumed in the FY 2020 budget.

While the 8.6% YTD growth rate is significantly above the updated FY 2020 October consensus forecast of 2.4%, these 2 percentages are not directly comparable due to individual income tax reductions enacted in 2019, which are expected to primarily affect collections in the second half of FY 2020. In addition, the taxation of out-of-state internet sales (otherwise known as "Wayfair") did not become effective until October 1. Absent these tax law changes, the projected "base" General Fund revenue growth is 4.9%. The precise impact of these major tax law changes is difficult to forecast in advance, but the Legislature used conservative estimates in scoring both initiatives.

Even after adjusting for tax law changes, the YTD growth remains substantially above the October forecast. As a result, there is upside potential in our FY 2020 revenue projections. We will need to continue to monitor actual collections through our January and April revenue updates to determine whether further forecast revisions are warranted.

The FY 2020 revenue forecast under the October 4-sector update is \$280 million above the enacted budget. YTD through September, the forecast gain is \$174 million.

In FY 2021, the projected 4-sector net revenue growth rate is 3.8%. The growth rate is forecast to be 3.4% in FY 2022 and 4.1% in FY 2023. At these moderate rates of growth, the forecast

assumes no recession through FY 2023. Details of the October 2019 4-sector forecast are summarized in *Attachments A and B*.

The October consensus revenue forecast includes the impact of previously enacted tax legislation, which is estimated to result in revenue reductions of \$(1.2) million in FY 2021, followed by additional reductions of \$(40.2) million in FY 2022, and \$(6.0) million in FY 2023. Of the \$(40.2) million in total reductions in FY 2022, \$(23.3) million is attributable to the elimination of the highway safety fee going into effect on July 1, 2021. (*See Attachment C.*)

Excluding the state's beginning cash balance, total net General Fund revenue is expected to increase from \$11.43 billion in FY 2020 to \$11.73 billion in FY 2021. The projected FY 2022 and FY 2023 net revenue estimates are \$12.18 billion and \$12.66 billion, respectively.

The Forecast Risks of a Recession

While the October forecast does not anticipate a recession, current economic thought is divided on the subject.

In July, the U.S. economy set a new record for the longest period of economic expansion. As of October, the U.S. is in its 124th month of uninterrupted economic growth. Expansions do not, however, usually die of "old age." They are typically the product of "shocks" to the economy that cannot be easily absorbed. A number of factors could tip the economy into a recession, such as an escalation of international trade tensions, slower global growth, along with various geopolitical risks, including an unresolved Brexit, or war in the Middle East or elsewhere.

In July, the Federal Reserve (Fed) lowered its interest rate for the first time since the Great Recession. This was followed by an additional rate reduction in September. In its statement, the Fed noted that its change in monetary policy was "in light of the implications of global developments" and "muted inflation pressures." Some analysts have described the Fed's recent rate cuts as "taking out insurance against uncertainty."

Under the Fed's most recent projections released in September, the U.S. economy is forecast to grow at a gradually slower rate from 2020 through 2022. However, relative to its June forecast, the Fed's revisions to Gross Domestic Product (GDP) growth, the unemployment rate and inflation were small. This suggests that while the Fed's recent policy change can be viewed as an acknowledgement that the U.S. economy is facing greater risks, the central bank does not forecast an outright recession. In September, Fed Chairman Powell said: "we're not forecasting or expecting a recession" and further noted that "the most likely outlook is still moderate growth, a strong labor market and inflation continuing to move back up."

In a recent survey by the Wall Street Journal (WSJ), a panel of economists were asked when they expect the next recession to start. According to the WSJ, 42.5% of the survey respondents believe that the next recession will start in 2020, 35.0% in 2021, and the remaining 22.5% sometime between 2022 and 2027. As an alternative to surveys, there are also "recession probability models," which are designed to mathematically estimate the likelihood of the onset

of a recession within the next 12 months. One such model is the New York Federal Reserve's Probability Model, which predicts a 37.9% probability of a recession starting within the next 12 months.

Regardless of whether recession predictions are based on expert opinions or quantitative models, the exact timing of when such an event occurs cannot be determined with any degree of certainty. The lack of consensus in the economic forecasting community further demonstrates that point.

Future Year Spending Estimates

As part of the October FAC process, JLBC Staff has updated its FY 2020 – FY 2023 projection of Baseline spending. (See Attachment F.) The Baseline reflects the projected spending changes associated with statutory and other active funding formulas. In addition, it reflects changes that were assumed in the FY 2020 enacted budget's 3-year spending plan.

Overall state spending is projected to decrease by \$(286) million in FY 2021, or an decrease of (2.4)% from the prior year. Total FY 2021 General Fund spending would be \$11.57 billion.

The decline in FY 2021 Baseline spending is due to the elimination of \$(880) million of one-time spending. (See Table 5.) Regular formula growth is projected to cost \$594 million, which results in the net decline of \$(286) million. (See Table 4.)

Under the Baseline projections, spending is projected to grow by \$435 million in FY 2022 (3.8% growth) and \$333 million in FY 2023 (2.8% growth). (See Table 3.)

	Total General Fund Spending	
	<u>\$ in B</u>	<u>% Growth</u>
FY 2020	11.86	10.6%
FY 2021	11.57	(2.4)%
FY 2022	12.01	3.8%
FY 2023	12.34	2.8%

The current year (FY 2020) spending estimate has remained relatively unchanged and is now projected to be \$2 million above the level of the enacted budget.

FY 2021 Statutory Formula Spending

During FY 2021, statutory formula/ongoing spending (excluding one-time spending) is projected to change as follows:

Table 4

'21 Ongoing Spending Changes

	<u>\$ in M</u>
ADE – K12 Formula	453
AHCCCS – Medicaid Formula	169
DES – Medicaid Formula	61
SFB – Debt Service Savings	(65)
2010B Payoff – Debt Svc Savings	<u>(24)</u>
Total	594

Total Spending Changes	\$(286) M
Total Spending	\$11,570 M
% Change	(2.4)%

Table 5

'21 One-Time Spending Additions/Deletions

	<u>\$ in M</u>
Fund 27th Pay Period In FY 21	80
FY 20 BSF Deposit	(271)
2010B Sale/Leaseback Payoff	(190)
Transportation Funding	(77)
ADE – Shift DAA/CAA To Ongoing	(68)
ADE – Prop 301 Bridge Savings	(50)
DWR – DCP Funding/Other	(53)
SFB – Fewer New Buildings	(33)
Potential Recurring Spending	(172)
Other One-Time Agency Spending	(41)
Capital Projects	<u>(5)</u>
Total	(880)

- Arizona Department of Education (ADE) ongoing spending is projected to increase by \$453 million in FY 2021. This estimate includes the following changes:
 - 1) 0.6% student enrollment growth and 1.89% inflation;
 - 2) Additional property taxes from new construction;
 - 3) \$175 million for the final 5% teacher salary adjustment as part of the 3-year 20% plan;
 - 4) \$68 million to make a one-time early additional assistance payment permanent; and
 - 5) \$25 million for an increase in the State Aid Supplement required by the 2015 Special Session.
- The ongoing ADE spending increase is revised to a net growth of \$338 million after 2 primary adjustments:
 - 1) Shifting \$50 million of teacher pay adjustments to the Classroom Site Fund (CSF) as required by the 20 x 2020 financing proposal and
 - 2) Shifting the one-time \$68 million advance payment on additional assistance to a permanent change.
- AHCCCS FY 2021 funding is projected to increase by \$169 million over FY 2020. This adjustment is based on flat enrollment growth across most populations, expected inflation increases, and a \$23 million increase associated with renewal of the federal health insurer fee. AHCCCS out-year spending is estimated to increase by \$69 million in FY 2022 and \$55 million in FY 2023.
- Department of Economic Security (DES) Medicaid spending for the Developmental Disabilities (DD) program is projected to increase by \$61 million in FY 2021. This increase is based on 4.7% enrollment growth and capitation growth. DES spending is expected to increase by \$49 million in FY 2022 and \$50 million in FY 2023.
- The School Facilities Board's (SFB) ongoing spending is declining by \$(65) million to reflect the payoff of debt service associated with a mid-2000's issuance for the construction of new school buildings. SFB's new school construction costs are part of one-time spending.

- The Arizona Department of Administration's debt service payments are declining by \$(24) million with the FY 2020 \$190 million payoff of the 2010B issuance. With the payoff, the state will no longer make debt service payments. The issuance was part of the state's effort to generate cash during the Great Recession by the sale and lease-back of state office buildings.

The October spending projections assume the continued annual suspension of any inactive formulas. Each year, the Legislature enacts certain provisions that only suspend, not repeal, certain statutory formulas. If those inactive formulas were counted, spending would increase by approximately \$188 million. K-12 accounts for \$135 million of that amount in the form of suspended Additional Assistance. The Legislature has already enacted legislation to phase out the Additional Assistance suspension by FY 2023.

One-Time Spending/Expiring Statutory Provisions

As part of the FY 2020 budget 3-year spending plan, the Legislature designated certain spending items as one-time. This one-time spending totaled \$1.06 billion in FY 2020. Of this amount, \$880 million was specified as not continuing into future budget years, leaving \$182 million in the FY 2021 spending plan, consistent with the enacted budget long-term projections. This one-time FY 2021 spending is mostly related to SFB new school construction costs and an extra state payroll due to calendar timing. *(See Attachment G.)*

The \$(880) million of FY 2020 one-time spending that has been removed from the FY 2021 spending amounts includes:

- 1) \$(271) million that was deposited into the BSF in FY 2020;
- 2) \$(190) million of funding to payoff the 2010B Sale/Leaseback debt; and
- 3) \$(77) million of funding for various transportation projects.

The removal of the \$(880) million also includes \$(172) million of spending that appears ongoing in nature. Of these "ongoing one-time" spending items, several have been funded continuously over the last several budget cycles, while others were newly enacted in the FY 2020.

Funded For Several Years

- \$63 million of SFB Building Renewal Grant funding. The sum of \$17 million remains in the Baseline.
- \$35 million of University funding for general operating or capital expenses.
- \$8 million of funding to offset Maricopa and Pima County contributions to the Department of Juvenile Corrections.
- \$11 million for employer contributions to the State Employee Health Insurance Trust Fund (HITF), which has declining reserves.

New in the FY 2020 Budget

- \$14 million for rural Community College funding.
- \$15 million for Housing project funding.

- \$18 million of local transportation funding
- \$8 million for smaller funding amounts.

Potential Litigation Expenses

Pending litigation may result in significant impacts to future spending estimates. The current spending projections do not adjust for the following current litigation:

- ADC has been involved in multi-year litigation on the appropriate level of its health care spending.
- The state is currently being sued in federal court over inadequate services to foster care children.
- School districts have sued the state to increase its level of K-12 capital funding. This lawsuit was filed in May 2017.

Future Year Balance Projections

As reported by the Department of Administration, the state ended FY 2019 with a \$957 million cash balance. Combining this \$957 million reserve, \$91 million of one-time fund transfers and projected FY 2020 ongoing revenues of \$11.34 billion results in total available resources of \$12.39 billion for FY 2020. Compared to the FY 2020 estimated spending level of \$11.86 billion, the projected FY 2020 cash balance is \$535 million.

For FY 2021, the \$535 million estimated beginning balance, \$17 million of fund transfers and \$11.71 billion of ongoing revenue results in total resources of \$12.26 billion. Given the estimated FY 2021 spending level of \$11.57 billion, the FY 2021 cash balance is estimated to be \$694 million. This balance is assumed to be allocated as part of the FY 2021 budget process. *(See Attachment D.)*

Of the \$694 million, we recommend that at least \$50 million be retained as part of the cash balance. As described below, the state could allocate up to \$170 million of the \$694 million on ongoing initiatives without creating a cash problem in future years. If \$50 million remains in the cash balance and \$170 million is used for ongoing initiatives, the sum of \$475 million would be available for one-time projects. *(See Attachment E.)*

While the state has a \$324 million ongoing balance projected for FY 2021, that does not represent the amount available for ongoing initiatives (such as tax reductions or spending increases). Given the significant amount of spending policy changes being phased in over the next several years, the state's cash balance is projected to be only \$173 million in FY 2022, assuming no monies are carried forward from FY 2021. Only that amount (approximately \$170 million) could be allocated for ongoing initiatives in the upcoming budget based on the current estimates.

Options for Allocating One-Time Monies

The \$475 million in one-time monies can be used for a number of purposes, including:

- Continuing some share of the \$172 million in "ongoing one-time" appropriations from the FY 2020 budget as delineated above.
- Repairs to Department of Corrections prison buildings. ADC estimates its capital repair needs at over \$380 million.

In addition, one-time monies could be used for "standard" options such as paying off debt/rollover obligations or depositing additional funds in the state's Budget Stabilization Fund.

The State's Level of Reserves

Excluding the cash balance, the state's official reserve is the Budget Stabilization Fund (BSF). That account approximately has \$1 billion, which is equivalent to 8.9% of state revenues. Financial analysts suggest that these reserves be at least 5% and potentially higher than 10%. Standard and Poor's (S&P) threshold is 8% while Moody's recommended level is 10%.

October 10, 2019 FAC 4-Sector Consensus

	FY 2020	FY 2021	FY 2022	FY 2023
<u>Sales Tax</u>				
JLBC	5.7%	4.8%	4.2%	3.9%
UA - Low	6.3%	2.3%	1.5%	3.6%
UA - Base	7.4%	6.0%	4.7%	4.2%
FAC	5.7%	4.2%	4.0%	3.8%
Average:	6.3%	4.3%	3.6%	3.9%
<u>Individual Income Tax</u>				
JLBC	-1.5%	5.6%	5.4%	4.8%
UA - Low	-1.9%	2.1%	2.1%	4.9%
UA - Base	0.2%	5.1%	5.1%	5.0%
FAC	3.1%	3.8%	4.1%	4.1%
Average:	0.0%	4.2%	4.2%	4.7%
<u>Corporate Income Tax</u>				
JLBC	4.6%	4.2%	3.1%	4.1%
UA - Low	-3.0%	-2.5%	-2.7%	3.3%
UA - Base	-2.6%	2.4%	3.2%	3.7%
FAC	8.6%	2.5%	3.1%	2.6%
Average:	1.9%	1.7%	1.8%	3.4%
<u>Insurance Premium Tax</u>				
JLBC	-0.1%	0.5%	0.6%	1.4%
UA - Low	0.4%	0.3%	-0.7%	0.1%
UA - Base	0.6%	0.7%	-0.5%	1.1%
FAC	-1.3%	0.5%	1.5%	2.0%
Average:	-0.1%	0.5%	0.2%	1.1%

JLBC Weighted Average:	2.1%	4.9%	4.5%	4.2%
UA Low Weighted Average:	1.9%	1.9%	1.5%	4.0%
UA Base Weighted Average:	3.4%	5.2%	4.6%	4.4%
FAC Consensus Weighted Average:	4.3%	3.8%	3.9%	3.8%

"Big-4" Weighted Average:	2.9%	3.9%	3.6%	4.1%
Consensus Weighted Average: *	2.4%	3.8%	3.4%	4.1%

* Represents ongoing revenue adjusted for small revenue categories

Revenue and Budget Update
4-Sector Consensus Forecast

GENERAL FUND REVENUE - FY 2019 - FY 2021

FORECAST REVENUE GROWTH								
(\$ in Thousands)								
	ACTUAL FY 2019	% CHANGE PRIOR YR	FORECAST FY 2020	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2021	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	5,096,879.9	6.5%	5,416,921.4	6.3%	320,041.6	5,651,005.4	4.3%	234,084.0
Income - Individual	5,009,021.6	10.2%	5,007,978.1	0.0%	(1,043.5)	5,215,956.8	4.2%	207,978.8
- Corporate	514,264.1	37.8%	523,970.8	1.9%	9,706.7	533,045.6	1.7%	9,074.8
Property	29,683.3	-23.3%	30,384.0	2.4%	700.7	31,279.3	2.9%	895.3
Luxury - Tobacco	21,045.8	-4.2%	20,580.4	-2.2%	(465.4)	20,114.6	-2.3%	(465.8)
- Liquor	37,268.3	3.5%	38,618.1	3.6%	1,349.8	39,635.8	2.6%	1,017.7
Insurance Premium	549,760.6	7.9%	549,210.8	-0.1%	(549.8)	551,991.6	0.5%	2,780.8
Other Taxes	13,539.4	77.0%	11,849.1	-12.5%	(1,690.3)	13,268.4	12.0%	1,419.3
Subtotal - Taxes	11,271,462.9	9.2%	11,599,512.7	2.9%	328,049.7	12,056,297.6	3.9%	456,784.9
Other Non-Tax Revenues:								
Lottery	82,886.1	21.1%	103,594.7	25.0%	20,708.6	99,678.6	-3.8%	(3,916.1)
Licenses, Fees and Permits	32,019.5	-15.7%	32,662.6	2.0%	643.0	33,343.3	2.1%	680.8
Interest	53,025.8	140.9%	35,563.2	-32.9%	(17,462.5)	35,817.9	0.7%	254.7
Sales and Services	24,054.0	-29.5%	24,596.8	2.3%	542.8	23,868.5	-3.0%	(728.3)
Other Miscellaneous	111,394.7	2.8%	101,864.2	-8.6%	(9,530.6)	105,734.2	3.8%	3,870.0
Transfers and Reimbursements	58,724.9	44.6%	64,418.2	9.7%	5,693.3	67,336.9	4.5%	2,918.7
Public Safety Transfers	72,364.5	N/A	23,343.2	-67.7%	(49,021.3)	23,343.2	0.0%	0.0
Disproportionate Share Revenue	95,552.6	14.2%	95,431.5	-0.1%	(121.1)	95,417.3	0.0%	(14.2)
Subtotal - Other Non-Tax	530,022.0	34.1%	481,474.4	-9.2%	(48,547.6)	484,540.0	0.6%	3,065.5
Net Ongoing Revenue	11,801,484.9	10.2%	12,080,987.0	2.4%	279,502.1	12,540,837.4	3.8%	459,850.4
Urban Revenue Sharing (URS)	(674,804.4)	N/A	(737,573.6)	N/A	(62,769.2)	(828,492.9)	N/A	(90,919.2)
Net Ongoing Revenue w/ URS	11,126,680.5	10.9%	11,343,413.4	1.9%	216,732.9	11,712,344.5	3.3%	368,931.2
One-Time Financing Sources:								
Pre-2019 Enacted Fund Transfers	100,425.9	35.0%	1,840.7	-98.2%	(98,585.2)	0.0	-100.0%	(1,840.7)
Prescription Drug Rebate Fund Transfer	0.0	N/A	69,000.0	N/A	69,000.0	16,700.0	-75.8%	(52,300.0)
Wells Fargo Settlement Fund Transfer	0.0	N/A	20,000.0	N/A	20,000.0	0.0	-100.0%	(20,000.0)
Water Infrastructure Repayment	0.0	N/A	0.0	N/A	0.0	0.0	N/A	0.0
Subtotal - One-Time Financing Sources	100,425.9	35.0%	90,840.7	-9.5%	(9,585.2)	16,700.0	-81.6%	(74,140.7)
Subtotal - Revenues	11,227,106.3	11.1%	11,434,254.1	1.8%	207,147.8	11,729,044.5	2.6%	294,790.5
Balance Forward	449,632.0	198.0%	957,241.0	112.9%	507,609.0	535,348.9	-44.1%	(421,892.1)
Total - Resources	11,676,738.3	13.8%	12,391,495.1	6.1%	714,756.8	12,264,393.4	-1.0%	(127,101.6)

October 2019
Revenue and Budget Update
4-Sector Consensus Forecast

GENERAL FUND REVENUE - FY 2022 - FY 2023

FORECAST REVENUE GROWTH						
(\$ in Thousands)						
	FORECAST FY 2022	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2023	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	5,854,694.3	3.6%	203,688.9	6,081,881.2	3.9%	227,186.9
Income - Individual	5,434,858.4	4.2%	218,901.6	5,690,238.1	4.7%	255,379.7
- Corporate	542,588.3	1.8%	9,542.6	561,112.6	3.4%	18,524.3
Property	32,204.4	3.0%	925.2	33,160.5	3.0%	956.1
Luxury - Tobacco	19,671.4	-2.2%	(443.3)	19,237.1	-2.2%	(434.2)
- Liquor	40,715.9	2.7%	1,080.1	41,830.8	2.7%	1,114.9
Insurance Premium	553,187.2	0.2%	1,195.6	559,511.8	1.1%	6,324.6
Other Taxes	14,860.7	12.0%	1,592.3	16,647.2	12.0%	1,786.5
Subtotal - Taxes	<u>12,492,780.6</u>	3.6%	436,483.0	<u>13,003,619.3</u>	4.1%	510,838.7
Other Non-Tax Revenues:						
Lottery	107,993.5	8.3%	8,314.9	119,551.5	10.7%	11,557.9
Licenses, Fees and Permits	34,064.1	2.2%	720.8	34,827.4	2.2%	763.2
Interest	38,077.2	6.3%	2,259.2	40,312.3	5.9%	2,235.1
Sales and Services	23,273.7	-2.5%	(594.8)	22,803.1	-2.0%	(470.6)
Other Miscellaneous	109,632.8	3.7%	3,898.6	113,558.7	3.6%	3,925.9
Transfers and Reimbursements	69,787.1	3.6%	2,450.2	72,394.9	3.7%	2,607.8
Public Safety Transfers	0.0	-100.0%	(23,343.2)	0.0	N/A	0.0
Disproportionate Share Revenue	95,602.8	0.2%	185.5	95,630.8	0.0%	28.0
Subtotal - Other Non-Tax	<u>478,431.2</u>	-1.3%	(6,108.7)	<u>499,078.7</u>	4.3%	20,647.4
Net Ongoing Revenue	12,971,211.8	3.4%	430,374.4	13,502,698.0	4.1%	531,486.2
Urban Revenue Sharing (URS)	(829,792.3)	N/A	(1,299.5)	(862,350.4)	N/A	(32,558.0)
Net Ongoing Revenue w/ URS	12,141,419.5	3.7%	429,074.9	12,640,347.6	4.1%	498,928.2
One-Time Financing Sources:						
Pre-2019 Enacted Fund Transfers	0.0	N/A	0.0	0.0	N/A	0.0
Prescription Drug Rebate Fund Transfer	16,700.0	0.0%	0.0	16,700.0	0.0%	0.0
Wells Fargo Settlement Fund Transfer	0.0	N/A	0.0	0.0	N/A	0.0
Water Infrastructure Repayment	20,000.0	N/A	20,000.0	0.0	-100.0%	(20,000.0)
Subtotal - One-Time Financing Sources	<u>36,700.0</u>	119.8%	20,000.0	<u>16,700.0</u>	-54.5%	(20,000.0)
Subtotal - Revenues	12,178,119.5	3.8%	449,074.9	12,657,047.6	3.9%	478,928.2
Balance Forward	-	-100.0%	(535,348.9)	-	N/A	0.0
Total - Resources	12,178,119.5	-0.7%	(86,274.0)	12,657,047.6	3.9%	478,928.2

October 2019 Revenue and Budget Update
Marginal Dollar Impact of Enacted Tax Law Changes ^{1/}
(\$ in millions)

Legislation	FY2020	FY2021	FY2022	FY2023
<u>Laws 2006, Chapters 14 & 325</u>				
Increases STO credit cap for low-income students by 20% per year, beginning in FY 2008	(17.8)	(21.4)	(25.7)	(30.8)
<u>Laws 2019, Chapters 281</u>				
Phases down annual increase of STO credit cap from 20% to 5% over 3 years, beginning in FY 2021	<u>0.0</u>	<u>5.4</u>	<u>13.3</u>	<u>24.0</u>
Net Impact of Laws 2006 Chapter 14 & 235 and Laws 2019, Chapter 281	(17.8)	(16.0)	(12.4)	(6.8)
<u>Laws 2015, Chapter 220 & Laws 2016, Chapter 358</u>				
Phases Down Insurance Premium Tax Rate from 2.0% to 1.7% over 6 Years, beginning in FY 2017	(4.7)	(5.0)	(5.4)	0.0
<u>Laws 2017, Chapter 319</u>				
Authorizes an additional \$10 million in angel investment credits from FY 2018 to FY 2021	(0.8)	0.0	0.8	0.8
<u>Laws 2017, Chapter 340</u>				
Modifies eligibility requirements for the new jobs tax credit and extends credit through FY 2025	(0.9)	(0.8)	0.0	0.0
<u>Laws 2018, Chapter 283</u>				
Increases military pension exemption from \$2,500 to \$3,500, beginning in TY 2019	(2.0)	0.0	0.0	0.0
<u>Laws 2019, Chapter 263</u>				
Reduces Liquor Licenses Fund transfers to General Fund	(0.2)	0.0	0.0	0.0
<u>Laws 2019, Chapter 263</u>				
Reduces State Treasurer transfer to General Fund	(0.4)	0.0	0.0	0.0
<u>Laws 2019, Chapter 268</u>				
Reduces Public Safety transfers to General Fund	(49.0)	0.0	(23.3)	0.0
<u>Laws 2019, Chapter 273</u>				
Conforms state statutes to the TY 2018 and TY 2019 Internal Revenue Code	62.0	0.0	0.0	0.0
<u>Conformity Offsets:</u>				
Eliminates personal and dependent exemptions	353.9	0.0	0.0	0.0

<u>Legislation</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>	<u>FY2023</u>
Eliminates lottery winning subtraction	0.1	0.0	0.0	0.0
Increases standard deduction	(404.0)	0.0	0.0	0.0
Creates a new dependent tax credit	(144.0)	0.0	0.0	0.0
Reduces the number of income tax brackets and decreases marginal tax rates	(108.0)	0.0	0.0	0.0
<u>Allows additional standard deduction on 25% of charitable contributions</u>	<u>(24.0)</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Sub-Total Conformity Offsets	(326.0)	0.0	0.0	0.0
Enacts "Wayfair" legislation for remote sales	<u>57.0</u>	<u>28.0</u>	<u>0.0</u>	<u>0.0</u>
Sub-Total - Chapter 273	(207.0)	28.0	0.0	0.0
<u>Laws 2019, Chapter 288</u>				
Expands TPT exemption on propagative materials to include fertilizers	(7.4)	(7.4)	0.0	0.0
<u>Laws 2019, Chapter 290</u>				
Increases the TPT estimated payment threshold from \$1 M to \$4.1 M over 4 years, beginning in FY 2020	(10.0)	0.0	0.0	0.0
<u>Laws 2019, Chapter 297</u>				
Expands charitable tax credit to include adults with chronic illness	(1.2)	0.0	0.0	0.0
Total General Fund Revenue Impact over Prior Year	<u>(301.4)</u>	<u>(1.2)</u>	<u>(40.3)</u>	<u>(6.0)</u>

1/ Each year represents the dollar value of the provision compared to the prior year.

**STATEMENT OF GENERAL FUND REVENUES AND EXPENDITURES 1/
WITH ONE-TIME FINANCING SOURCES**

Attachment D

	FY 2020 <u>October FAC</u>	FY 2021 <u>October FAC</u>	FY 2022 <u>October FAC</u>	FY 2023 <u>October FAC</u>
REVENUES				
Ongoing Revenues	\$12,080,987,000	\$12,540,837,400	\$12,971,211,800	\$13,502,698,000
Urban Revenue Sharing	(737,573,600)	(828,492,900)	(829,792,300)	(862,350,400)
Net Ongoing Revenues	<u>\$11,343,413,400</u>	<u>\$11,712,344,500</u>	<u>\$12,141,419,500</u>	<u>\$12,640,347,600</u>
One-time Financing Sources				
Balance Forward	\$957,241,000	\$535,348,900		
Wells Fargo Settlement	20,000,000			
Water Infrastructure Repayment			20,000,000	
Fund Transfers	70,840,700	16,700,000	16,700,000	16,700,000
Subtotal One-time Revenues	<u>\$1,048,081,700</u>	<u>\$552,048,900</u>	<u>\$36,700,000</u>	<u>\$16,700,000</u>
Total Revenues	\$12,391,495,100	\$12,264,393,400	\$12,178,119,500	\$12,657,047,600
EXPENDITURES				
Operating Budget Appropriations	\$10,838,398,100	\$11,432,870,400	\$11,971,140,500	\$12,347,121,600
FY 2020 Supplementals/Ex-Approp.	481,100			
Administrative Adjustments	128,000,000	138,000,000	143,000,000	143,000,000
Revertments	(173,000,000)	(183,000,000)	(188,000,000)	(188,000,000)
Subtotal Ongoing Expenditures	<u>\$10,793,879,200</u>	<u>\$11,387,870,400</u>	<u>\$11,926,140,500</u>	<u>\$12,302,121,600</u>
One-time Expenditures				
Capital Outlay	\$4,575,000			
Transportation Funding	95,310,000			
Reduce K-12 Rollover			30,000,000	
Budget Stabilization Fund Deposit	271,107,000			
2010B Debt Payoff	190,000,000			
Operating One-Time Spending	501,275,000	102,237,300	49,344,900	36,079,800
Additional (27th) Pay Period		80,000,000		
Subtotal One-time Expenditures	<u>\$1,062,267,000</u>	<u>\$182,237,300</u>	<u>\$79,344,900</u>	<u>\$36,079,800</u>
Total Expenditures	\$11,856,146,200	\$11,570,107,700	\$12,005,485,400	\$12,338,201,400
Ending Balance <u>2/</u>	<u>\$535,348,900</u>	<u>\$694,285,700 <u>4/</u></u>	<u>\$172,634,100</u>	<u>\$318,846,200</u>
Ongoing Balance <u>3/</u>	<u>\$549,534,200</u>	<u>\$324,474,100</u>	<u>\$215,279,000</u>	<u>\$338,226,000</u>

- 1/ Significant one-time revenues and expenditures are separately detailed so as to permit the calculation of ongoing revenue and expenditures.
- 2/ This calculation reflects the difference between total revenues and total expenditures. Excludes any Budget Stabilization Fund balance.
- 3/ This calculation reflects the difference between ongoing revenues and expenditures and excludes one-time adjustments. The Legislature makes the ongoing and one-time classifications as part of its 3-year spending plan. Excludes any Budget Stabilization Fund balance.
- 4/ The FY 2021 cash balance is presumed to be allocated as part of the FY 2021 budget process.

STATEMENT OF GENERAL FUND REVENUES AND EXPENDITURES ^{1/}
WITH ONE-TIME FINANCING SOURCES
OCTOBER FAC PLANNING TARGETS - SAMPLE SCENARIO

	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
REVENUES				
Ongoing Revenues	\$12,080,987,000	\$12,540,837,400	\$12,971,211,800	\$13,502,698,000
Urban Revenue Sharing	(737,573,600)	(828,492,900)	(829,792,300)	(862,350,400)
Net Ongoing Revenues	\$11,343,413,400	\$11,712,344,500	\$12,141,419,500	\$12,640,347,600
One-time Financing Sources				
Balance Forward	\$957,241,000	\$535,348,900	\$49,285,700	\$51,919,800
Wells Fargo Settlement	20,000,000			
Water Infrastructure Repayment			20,000,000	
Fund Transfers	70,840,700	16,700,000	16,700,000	16,700,000
Subtotal One-time Revenues	\$1,048,081,700	\$552,048,900	\$85,985,700	\$68,619,800
Total Revenues	\$12,391,495,100	\$12,264,393,400	\$12,227,405,200	\$12,708,967,400
EXPENDITURES				
Operating Budget Appropriations	\$10,838,398,100	\$11,432,870,400	\$11,971,140,500	\$12,347,121,600
FY 2020 Supplementals/Ex-Approp.	481,100			
Administrative Adjustments	128,000,000	138,000,000	143,000,000	143,000,000
Revertments	(173,000,000)	(183,000,000)	(188,000,000)	(188,000,000)
Subtotal Ongoing Expenditures	\$10,793,879,200	\$11,387,870,400	\$11,926,140,500	\$12,302,121,600
One-time Expenditures				
Capital Outlay	\$4,575,000			
Transportation Funding	95,310,000			
Reduce K-12 Rollover			30,000,000	
Budget Stabilization Fund Deposit	271,107,000			
2010B Debt Payoff	190,000,000			
Operating One-Time Spending	501,275,000	102,237,300	49,344,900	36,079,800
Additional (27th) Pay Period		80,000,000		
Subtotal One-time Expenditures	\$1,062,267,000	\$182,237,300	\$79,344,900	\$36,079,800
Total Expenditures	\$11,856,146,200	\$11,570,107,700	\$12,005,485,400	\$12,338,201,400
Ongoing Planning Target		\$170,000,000	\$170,000,000	\$170,000,000
One-Time Planning Target		\$475,000,000		
Adjusted Ending Balance	<u>\$535,348,900</u>	<u>\$49,285,700</u>	<u>\$51,919,800</u>	<u>\$200,766,000</u>
<i>Adjusted Ongoing Balance</i>	<i>\$549,534,200</i>	<i>\$154,474,100</i>	<i>\$45,279,000</i>	<i>\$168,226,000</i>

^{1/} The figures displayed above reflect the October FAC estimates adjusted for hypothetical planning targets to display the amount of ongoing and one-time resources estimated to be available during the FY 2021 budget process.

**GENERAL FUND SPENDING BY BUDGET UNITS 1/
ONGOING FUNDING**

	FY 2020 October FAC	FY 2021 \$ Above FY 2020	FY 2021 October FAC	FY 2022 \$ Above FY 2021	FY 2022 October FAC	FY 2023 \$ Above FY 2022	FY 2023 October FAC
EXPENDITURES							
Operating Budget							
-- Department of Administration	\$7,822,400		\$7,822,400		\$7,822,400		\$7,822,400
-- ADOA - Automation Projects Fund	5,000,000	(5,000,000)					
-- Office of Administrative Hearings	884,400		884,400		884,400		884,400
-- African-American Affairs Commission	127,600		127,600		127,600		127,600
-- Arizona Department of Agriculture	10,049,500	69,600	10,119,100		10,119,100		10,119,100
-- AHCCCS	1,759,784,600	168,886,900	1,928,671,500	68,563,700	1,997,235,200	54,771,200	2,052,006,400
-- Attorney General	24,472,200		24,472,200		24,472,200		24,472,200
-- State Board for Charter Schools	1,708,300	392,800	2,101,100		2,101,100		2,101,100
-- Department of Child Safety	384,522,200		384,522,200		384,522,200		384,522,200
-- Commerce Authority	16,275,000	(100,000)	16,175,000		16,175,000		16,175,000
-- Community Colleges	60,400,700	1,945,400	62,346,100	2,564,300	64,910,400	2,679,800	67,590,200
-- Corporation Commission	615,000		615,000		615,000		615,000
-- Department of Corrections	1,161,991,400		1,161,991,400		1,161,991,400		1,161,991,400
-- County Funding	10,650,700		10,650,700		10,650,700		10,650,700
-- Schools for the Deaf and the Blind	23,057,300		23,057,300		23,057,300		23,057,300
-- Office of Economic Opportunity	466,400		466,400		466,400		466,400
-- Department of Economic Security	748,153,200	60,530,900	808,684,100	48,970,900	857,655,000	50,461,500	908,116,500
-- State Board of Education	1,157,100		1,157,100		1,157,100		1,157,100
-- Department of Education	5,065,507,400	453,011,000	5,518,518,400	258,748,100	5,777,266,500	262,724,800	6,039,991,300
-- Dept. of Emergency & Military Affairs	12,179,300		12,179,300		12,179,300		12,179,300
-- State Board of Equalization	657,100		657,100		657,100		657,100
-- Board of Executive Clemency	1,146,600		1,146,600		1,146,600		1,146,600
-- Department of Financial Institutions 2/	1,969,200		1,969,200		1,969,200		1,969,200
-- Dept. of Forestry and Fire Management	13,138,900		13,138,900		13,138,900		13,138,900
-- Department of Gaming	1,779,500		1,779,500		1,779,500		1,779,500
-- Office of the Governor	8,663,900		8,663,900		8,663,900		8,663,900
-- Gov's Ofc of Strategic Planning and Budgeting	2,684,100		2,684,100		2,684,100		2,684,100
-- Department of Health Services	92,454,300		92,454,300		92,454,300		92,454,300
-- Arizona Historical Society	3,090,000		3,090,000		3,090,000		3,090,000
-- Prescott Historical Society	830,100		830,100		830,100		830,100
-- Department of Insurance 2/	5,631,400		5,631,400		5,631,400		5,631,400
-- Judiciary	127,408,700	6,019,400	133,428,100		133,428,100		133,428,100
-- Department of Juvenile Corrections	28,243,900		28,243,900		28,243,900		28,243,900
-- State Land Department	11,594,700	481,100	12,075,800		12,075,800		12,075,800
-- Legislature							
Auditor General	20,129,300		20,129,300		20,129,300		20,129,300
House of Representatives	16,312,100		16,312,100		16,312,100		16,312,100
Joint Legislative Budget Committee	2,823,500		2,823,500		2,823,500		2,823,500
Legislative Council	8,787,800		8,787,800		8,787,800		8,787,800
Senate	12,884,300		12,884,300		12,884,300		12,884,300
SUBTOTAL - Legislature	\$60,937,000	\$0	\$60,937,000	\$0	\$60,937,000	\$0	\$60,937,000
-- State Mine Inspector	1,262,900		1,262,900		1,262,900		1,262,900
-- Navigable Stream Adjudication Commission	128,100		128,100		128,100		128,100
-- Commission for Postsecondary Education	1,680,900		1,680,900		1,680,900		1,680,900
-- Department of Public Safety	86,641,300	(2,658,600)	83,982,700	160,709,300	244,692,000		244,692,000

GENERAL FUND SPENDING BY BUDGET UNITS 1/
ONGOING FUNDING

	FY 2020 October FAC	FY 2021 \$ Above FY 2020	FY 2021 October FAC	FY 2022 \$ Above FY 2021	FY 2022 October FAC	FY 2023 \$ Above FY 2022	FY 2023 October FAC
-- Public Safety Personnel Retirement System	6,000,000		6,000,000		6,000,000		6,000,000
-- State Real Estate Department	2,895,700		2,895,700		2,895,700		2,895,700
-- Department of Revenue	31,106,800		31,106,800		31,106,800		31,106,800
-- School Facilities Board	150,251,000	(64,692,700)	85,558,300	(1,000)	85,557,300	(4,400)	85,552,900
-- Secretary of State	17,311,400	(408,100)	16,903,300	(4,000,000)	12,903,300	4,000,000	16,903,300
-- Tax Appeals, State Board of	280,600		280,600		280,600		280,600
-- Office of Tourism	8,214,000		8,214,000	1,500,000	9,714,000		9,714,000
-- State Treasurer	1,205,100		1,205,100		1,205,100		1,205,100
-- Governor's Office on Tribal Relations	62,600		62,600		62,600		62,600
-- Universities	737,159,200	(495,800)	736,663,400	712,100	737,375,500	848,000	738,223,500
-- Department of Veterans' Services	7,766,200		7,766,200		7,766,200		7,766,200
-- Department of Water Resources	14,168,900		14,168,900		14,168,900		14,168,900
-- Phoenix Convention Center Payment	23,500,000	497,900	23,997,900	500,600	24,498,500	500,900	24,999,400
-- Rio Nuevo District	16,000,000		16,000,000		16,000,000		16,000,000
-- Asset Sale/Lease-Back Debt Service	77,709,300	(24,007,500)	53,701,800	2,100	53,703,900	(700)	53,703,200
Total - Operating Budget	<u>\$10,838,398,100</u>	<u>\$594,472,300</u>	<u>\$11,432,870,400</u>	<u>\$538,270,100</u>	<u>\$11,971,140,500</u>	<u>\$375,981,100</u>	<u>\$12,347,121,600</u>
-- Capital Outlay	4,575,000	(4,575,000)					
-- Reduce K-12 Rollover				30,000,000	30,000,000	(30,000,000)	
-- Budget Stabilization Fund Deposit	271,107,000	(271,107,000)					
-- 2010 B Debt Payoff	190,000,000	(190,000,000)					
-- Transportation Funding	95,310,000	(95,310,000)					
-- Operating One-Time Spending	501,275,000	(399,037,700)	102,237,300	(52,892,400)	49,344,900	(13,265,100)	36,079,800
-- Additional (27th) Pay Period		80,000,000	80,000,000	(80,000,000)			
-- FY 2020 Supplementals/Ex-Appropriation	481,100	(481,100)					
-- Administrative Adjustments	128,000,000	10,000,000	138,000,000	5,000,000	143,000,000		143,000,000
-- Revertments	(173,000,000)	(10,000,000)	(183,000,000)	(5,000,000)	(188,000,000)		(188,000,000)
Total Spending	<u>\$11,856,146,200</u>	<u>(\$286,038,500)</u>	<u>\$11,570,107,700</u>	<u>\$435,377,700</u>	<u>\$12,005,485,400</u>	<u>\$332,716,000</u>	<u>\$12,338,201,400</u>

1/ Individual agency spending amounts listed above exclude "Operating One-Time Spending" amounts. These amounts are accounted for in the "Operating One-Time Spending" line and are summarized on the "Summary Of One-Time Adjustments" table.

2/ Beginning in FY 2021, the Department of Financial Institutions and Department of Insurance will be combined into one budget unit (along with the Automobile Theft Authority). Laws 2019, Chapter 252 merged these 3 agencies into the newly created Department of Insurance and Financial Institutions (DIFI), effective after June 30, 2020.

SUMMARY OF ONE-TIME ADJUSTMENTS

	FY 2020 <u>October FAC</u>	FY 2021 <u>October FAC</u>	FY 2022 <u>October FAC</u>	FY 2023 <u>October FAC</u>
Operating				
ADOA - Sierra Vista Public Safety Communications	\$ 271,000	\$ -	\$ -	\$ -
ADOA/Automation Projects Fund - CHILDS	5,100,000			
ADOA/Automation Projects Fund - Business OneStop	1,000,000			
Agriculture - Industrial Hemp	750,000			
AHCCCS - North Country Graduate Medical Education	750,000			
Arts - One-Time Funding	2,000,000			
Arts - Nonprofit Theater Capital Support	200,000			
Attorney General - Criminal Division	1,500,000			
Commerce Authority - Rural Broadband Grants	3,000,000			
Community Colleges - Maricopa Healthcare Expansion	5,800,000			
Community Colleges - Pima Aviation Center	15,000,000			
Community Colleges - Rural Funding	14,200,000			
Community Colleges - Maricopa/Pima STEM Funding	2,000,000	2,000,000	2,000,000	
Economic Opportunity - Small Water Systems Fund Deposit	500,000			
DES - Caregiver Grants	1,000,000			
ADE - Gifted Education	1,000,000			
ADE - Prop 301 Bridge	64,100,000	14,100,000		
ADE - Civics Pilot Program	500,000			
ADE - High Quality Teacher Scholarships	400,000	400,000	400,000	
ADE - Mingus Unified Consolidation Costs	50,000			
ADE - Yuma Elementary School Construction	800,000			
ADE - CTED Incentive Program		5,000,000	5,000,000	
ADE - One-Time DAA/CAA Funding	67,774,700			
DEQ - Maricopa County Dust Supression Pilot Program	200,000			
Forestry - Fire Training Center	1,000,000			
Forestry - Non-Native Vegetation Eradication	1,000,000			
Forestry - Mount Lemmon Water Line	750,000			
Gaming - County Fair Promotion	730,000	730,000	730,000	
DHS - Rural Hospital Prenatal Equipment	1,000,000	500,000	500,000	
DHS - Restore Emergency Fund To \$500k	106,600			
DHS - Primary Care Clinic - Colorado City	700,000			
DHS - Benson and Northern Cochise Hospitals	1,500,000			
DHS - Loan Repayment Program	750,000			
DHS - Vulnerable Caregiver Workshops	250,000			
Housing - Housing Trust Fund Deposit	15,000,000			
Judiciary - Digitization/Case Management System	250,000			
Judiciary - Superior Court - CORP Increase	2,354,000			
Juvenile Corrections - Maricopa/Pima Cost Sharing Offset	8,450,900			
Legislature - Auditor General - CTED Study	400,000			
DPS - Vehicle Replacement	4,000,000			

SUMMARY OF ONE-TIME ADJUSTMENTS

	<u>FY 2020</u> <u>October FAC</u>	<u>FY 2021</u> <u>October FAC</u>	<u>FY 2022</u> <u>October FAC</u>	<u>FY 2023</u> <u>October FAC</u>
DPS - Interoperability Project	1,500,000			
SFB - Building Renewal Grants	62,790,900			
SFB - New School Construction (FY 19 Authorization)	36,726,700			
SFB - New School Construction (FY 20 Authorization)	75,875,800	45,805,900		
SFB - New School Construction (FY 21 Authorization)		33,701,400	21,466,200	
SFB - New School Construction (FY 22 Authorization)			19,248,700	14,248,700
SFB - New School Construction (FY 23 Authorization)				21,831,100
Universities - ASU	18,900,000			
Universities - NAU	6,650,000			
Universities - UA	9,450,000			
DWR - Water Protection Fund Deposit	500,000			
DWR - Augmentation And Conservation Assistance	2,000,000			
DWR - Water System Conservation Funding	30,000,000			
DWR - Additional Infrastructure Projects	20,000,000			
DWR - Digitization	200,000			
Other - HITF Deposit	10,544,400			
Subtotal - Operating Funding	\$ 501,275,000	\$ 102,237,300	\$ 49,344,900	\$ 36,079,800
Additional (27th) Pay Period - FY 2021		\$ 80,000,000		
Budget Stabilization Fund Deposit	\$ 271,107,000			
2010B Debt Payoff	\$ 190,000,000			
Reduce K-12 Rollover			\$ 30,000,000	
Capital Outlay				
Capital - Agriculture - Mariposa Cold Inspection Facility	700,000			
Capital - DEMA - West Valley Readiness Center	3,875,000			
Subtotal - Capital Outlay	\$ 4,575,000	\$ -	\$ -	\$ -
Transportation Funding				
Additional Projects	77,310,000			
Local Transportation Distribution	18,000,000			
Subtotal - Transportation Funding	\$ 95,310,000	\$ -	\$ -	\$ -
Total - One-time Spending	\$ 1,062,267,000	\$ 182,237,300	\$ 79,344,900	\$ 36,079,800