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# **Budget Background**

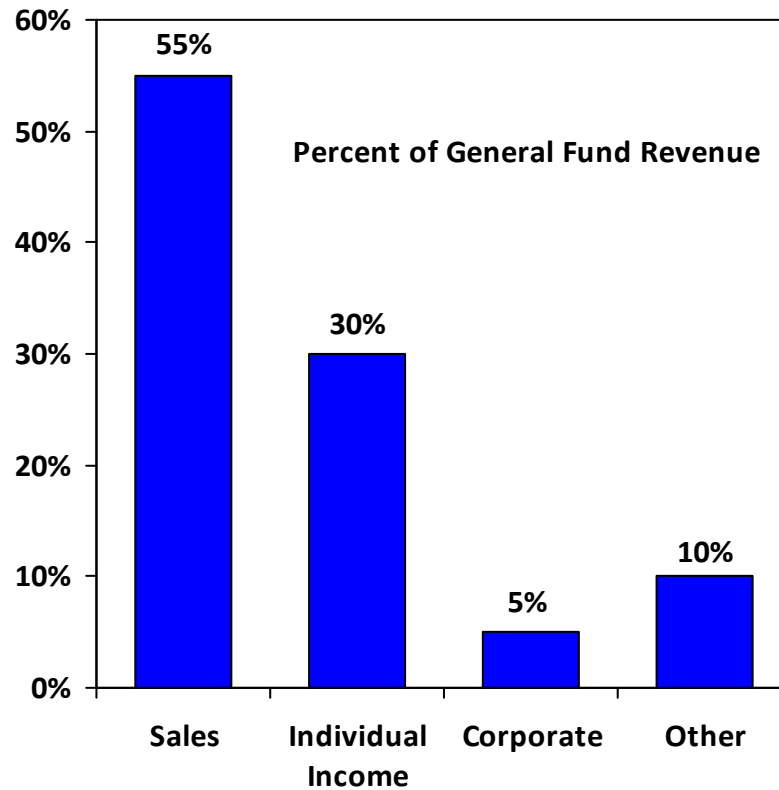
**June 23, 2010**

**JLBC**

# FY 2011 General Fund Revenue

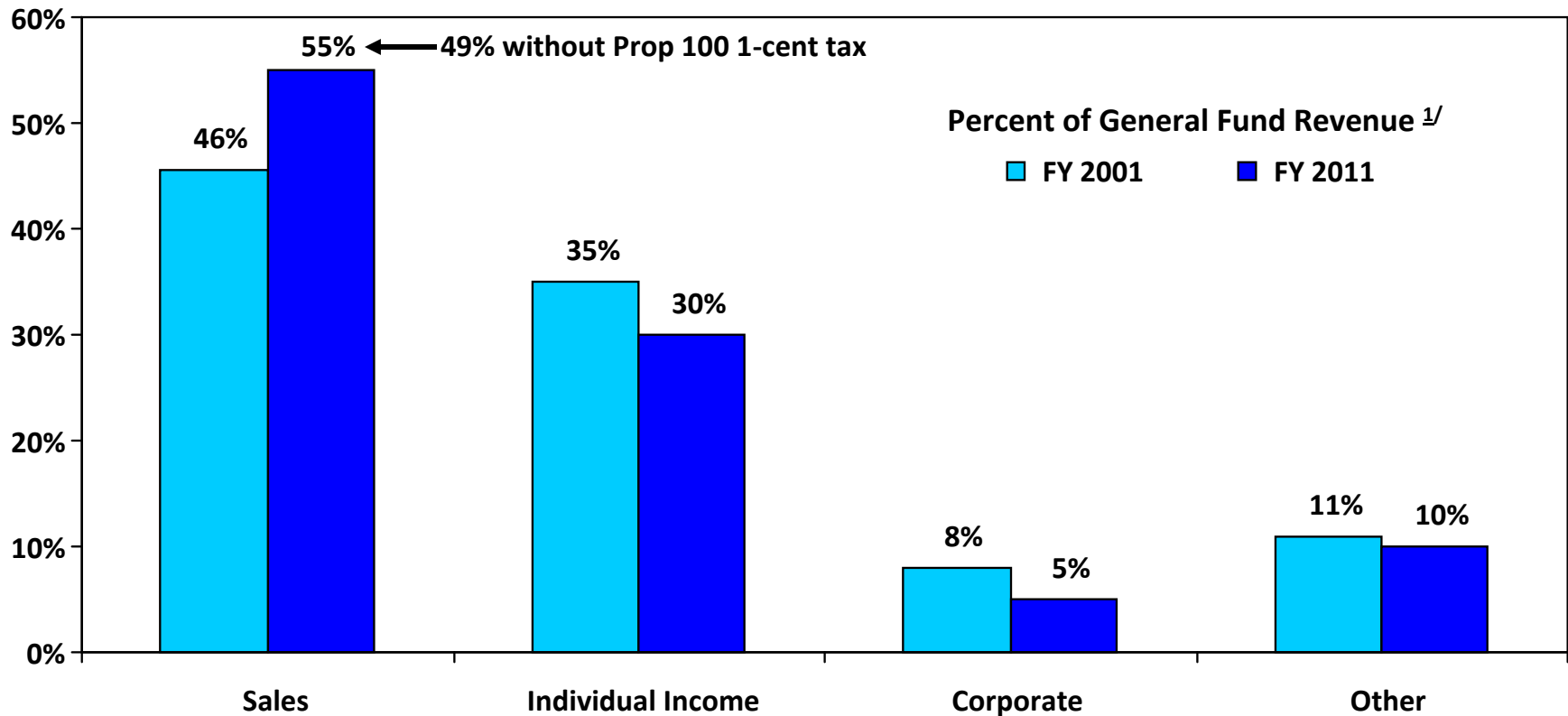
- 90% Generated by 3 Taxes

<u>Source</u>	<u>(Millions)</u>
Sales and Use Tax	\$ 4,519.7
Individual Income Tax	2,470.9
Corporate Income Tax	446.3
Other	<u>871.1</u>
<b>TOTAL REVENUE</b>	<b>\$ 8,308.0 <sup>1/</sup></b>



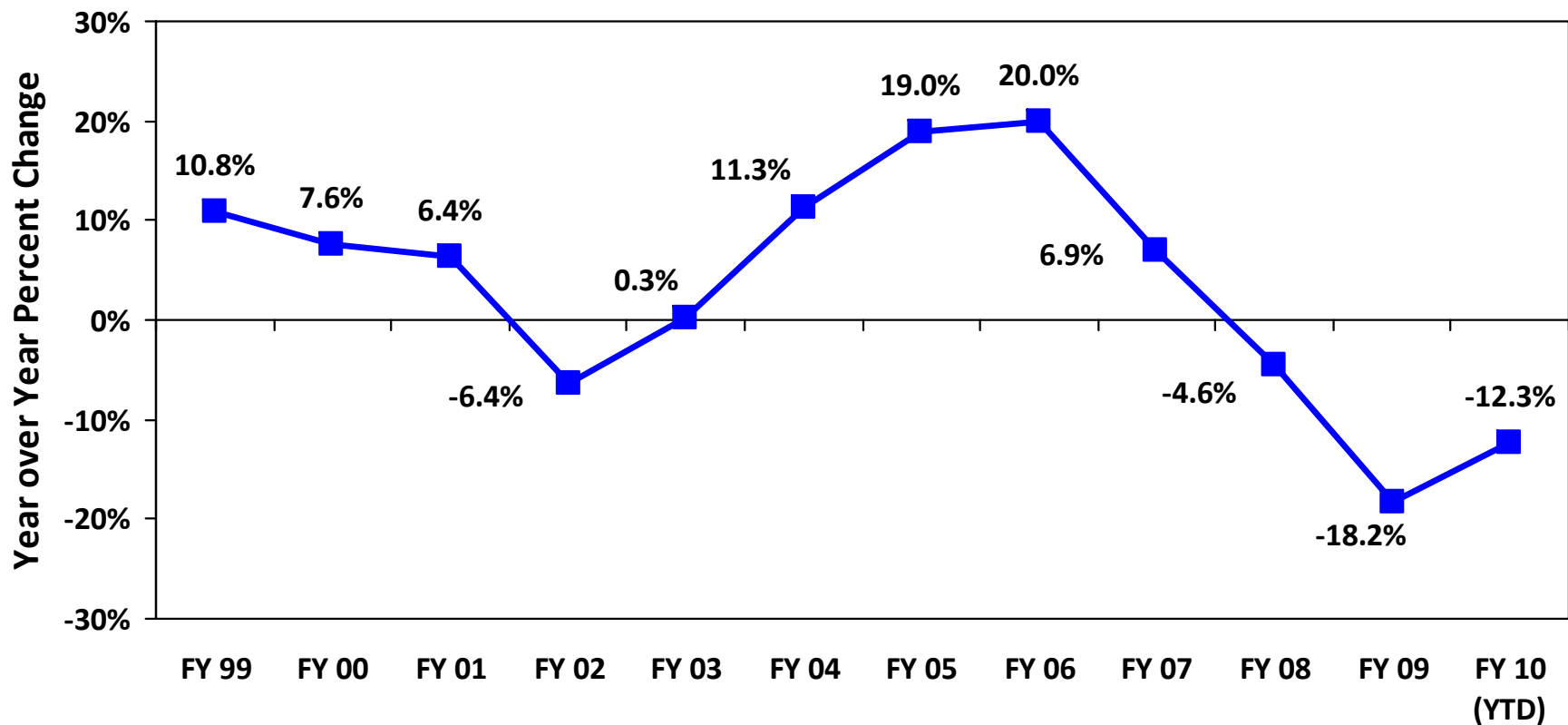
<sup>1/</sup> Excludes beginning balance, urban revenue sharing, and one-time revenue adjustments.

# Since '01, Greater Reliance on Sales Tax Due to 1-Cent Tax Increase



<sup>1/</sup> Excludes beginning balance, urban revenue sharing, and one-time revenue adjustments.

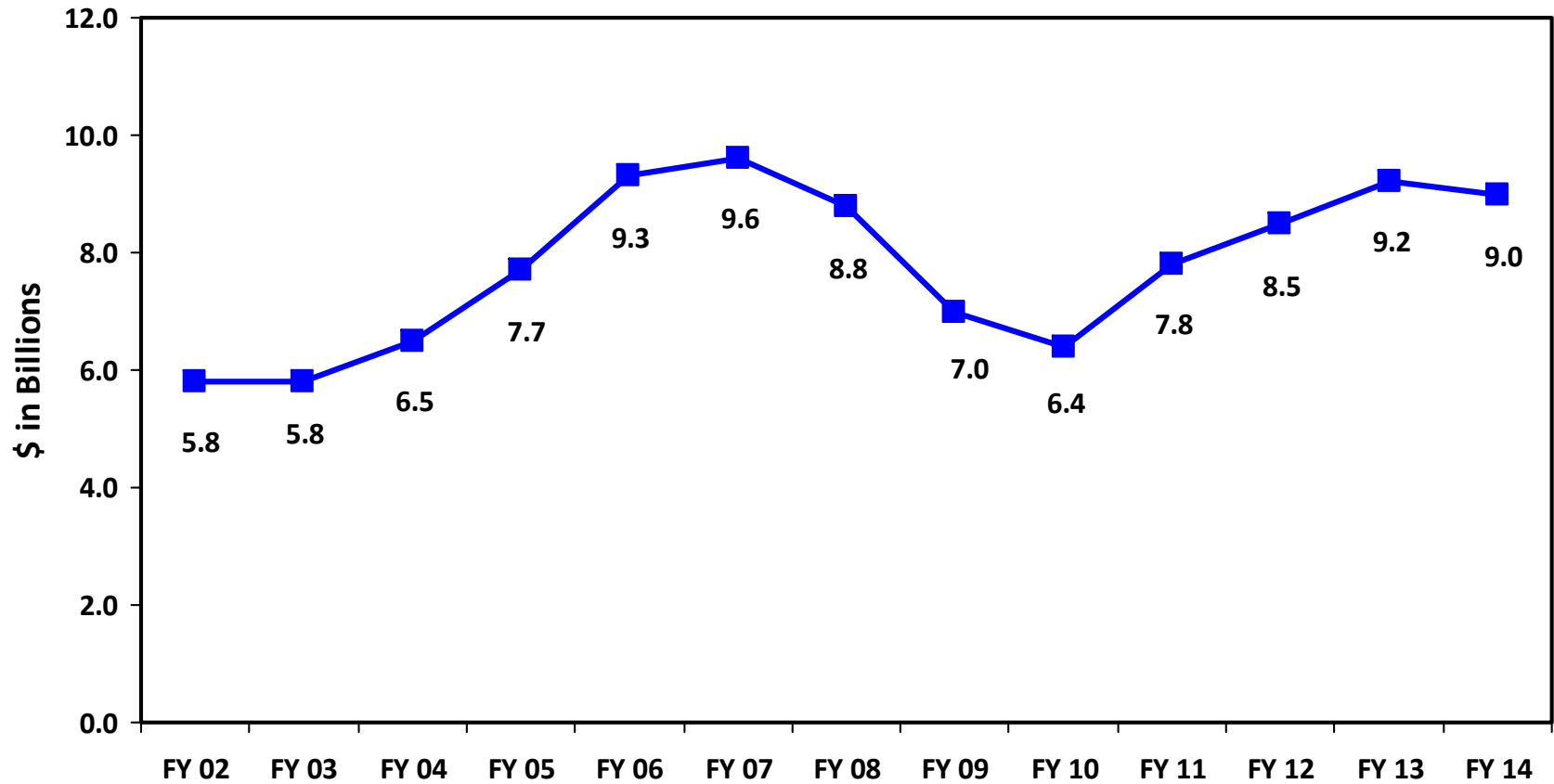
# General Fund Revenue Base Has Declined 35% in Last 3 Years



Excludes statutory and one-time changes.

# General Fund Revenues Do Not Reach FY 07 Peak Until After FY 14

- Includes Prop 100 1-Cent Tax Proceeds



4-Sector Consensus

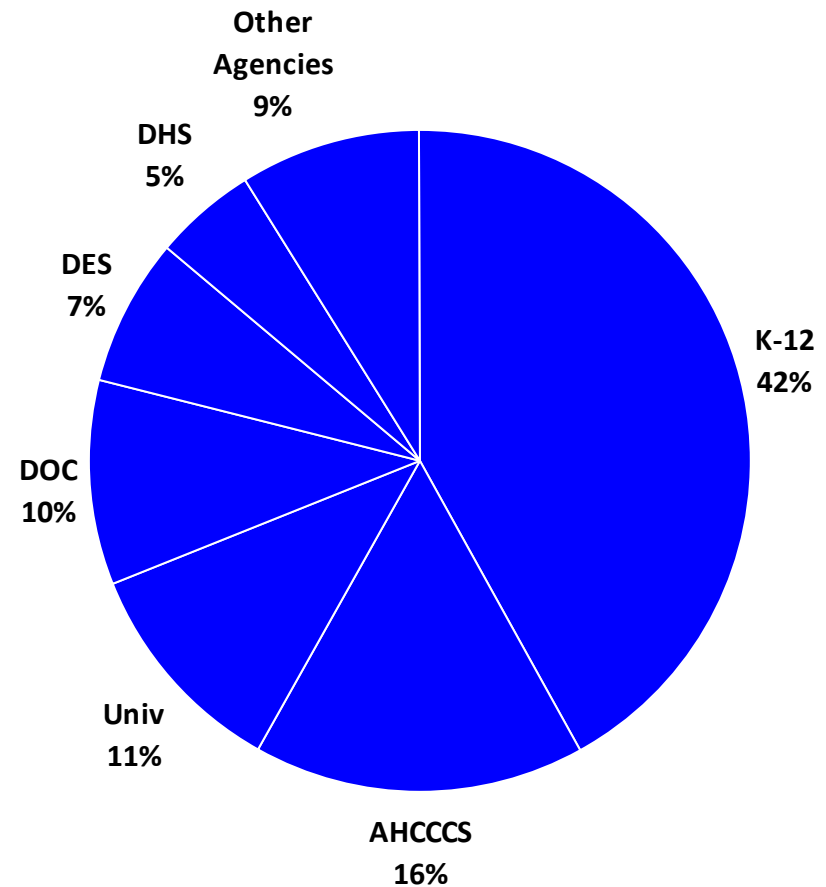


Represents Base On-Going Revenues

# FY 2011 General Fund Appropriations

## - 6 Agencies Account for 90% of Spending

<u>Budget Unit</u>	<u>(Millions)</u>
Education (K-12)	\$ 3,491.2
AHCCCS	1,376.9
Universities	948.7
Corrections	890.2
Economic Security	634.1
Health Services	438.9
Other Agencies	<u>754.9</u>
<b>TOTAL OPERATING BUDGET</b>	<b>\$ 8,534.9 <sup>1/</sup></b>

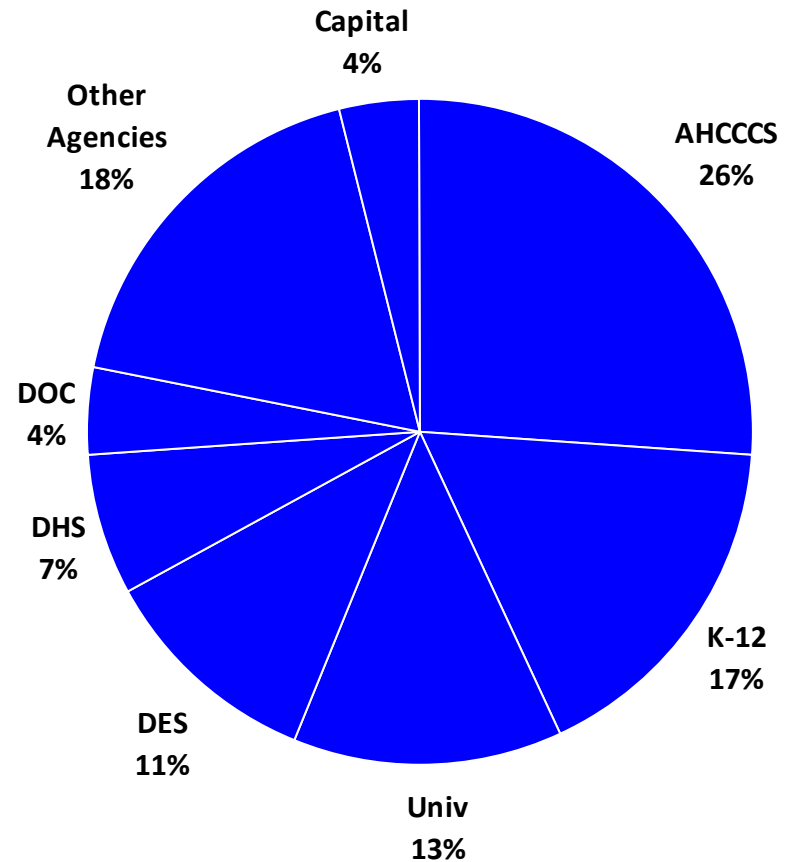


<sup>1/</sup> Excludes administrative adjustments and revertments.

# FY 2011 Total Spending is \$29 Billion

## - General and Non-General Fund

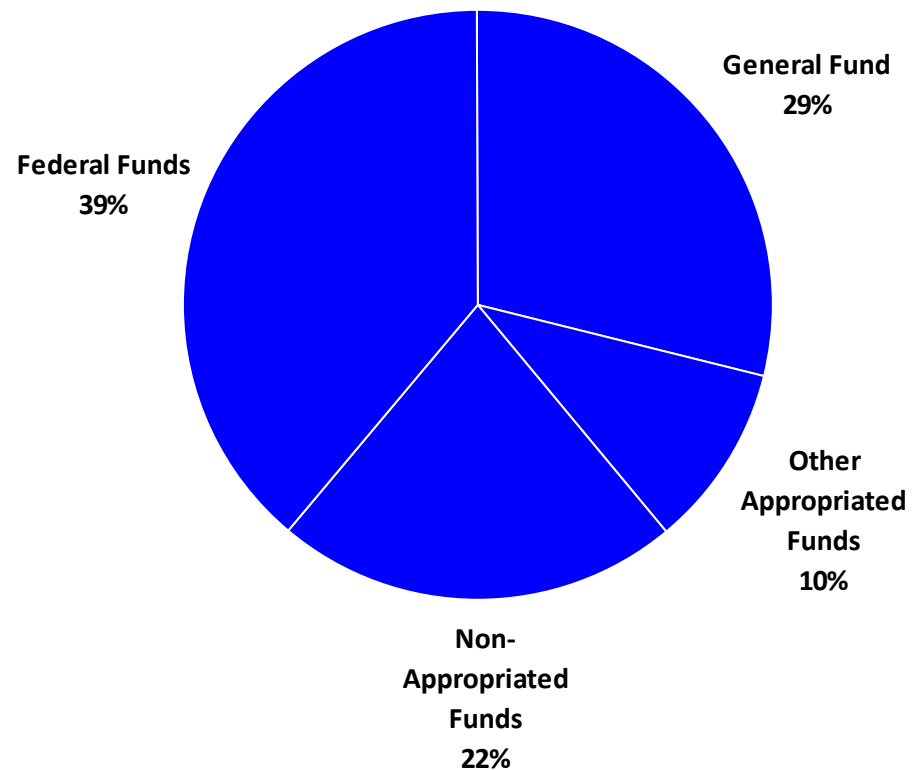
<u>Budget Unit</u>	<u>(Millions)</u>
AHCCCS	\$ 7,855.6
Education (K-12)	5,059.1
Universities	3,916.1
Economic Security	3,237.2
Health Services	1,999.1
Corrections	1,052.4
Other Agencies	5,184.7
Capital	<u>1,082.8</u>
<b>TOTAL</b>	<b>\$ 29,387.0</b>



# The \$8.4 B General Fund Share is 29% of Total Funds

- GF Share Down from 39% in '08

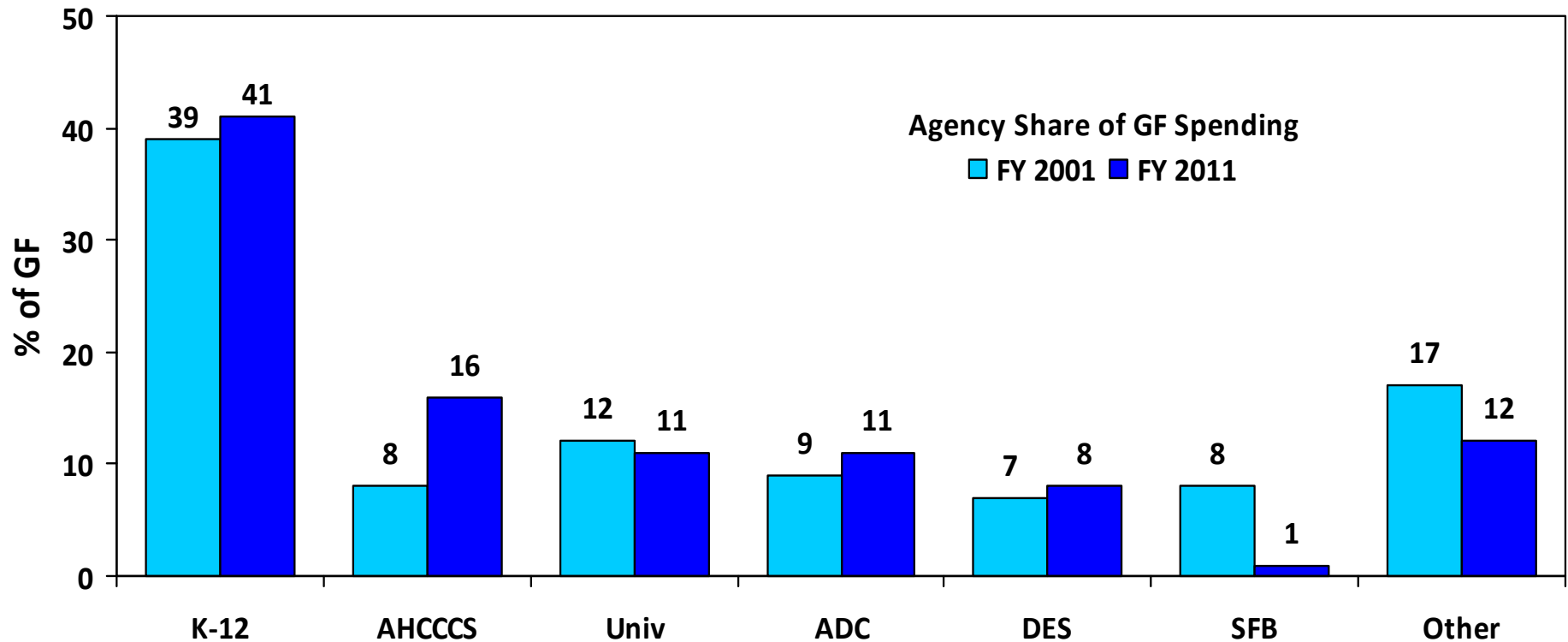
<u>Fund Source</u>	<u>(Millions)</u>
General Fund	\$ 8,534.9
Other Appropriated Funds	2,928.4
Non-Appropriated Funds	6,479.6
Federal Funds	<u>11,444.1</u>
<b>TOTAL</b>	<b>\$ 29,387.0</b>





# FY 01 vs. FY 11 General Fund Spending

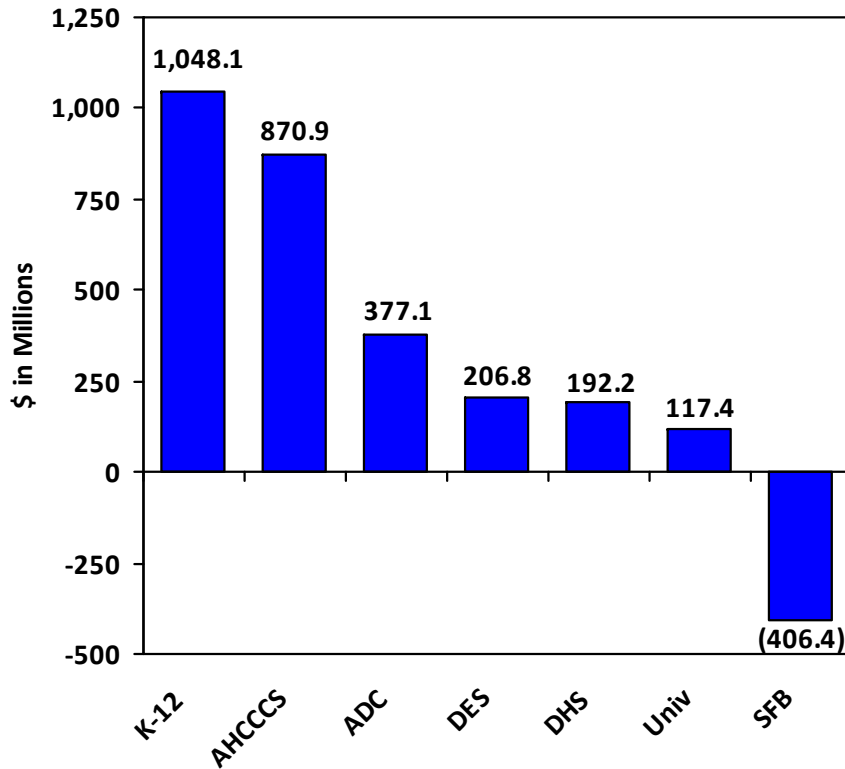
## - AHCCCS' Share Grows, While SFB Drops



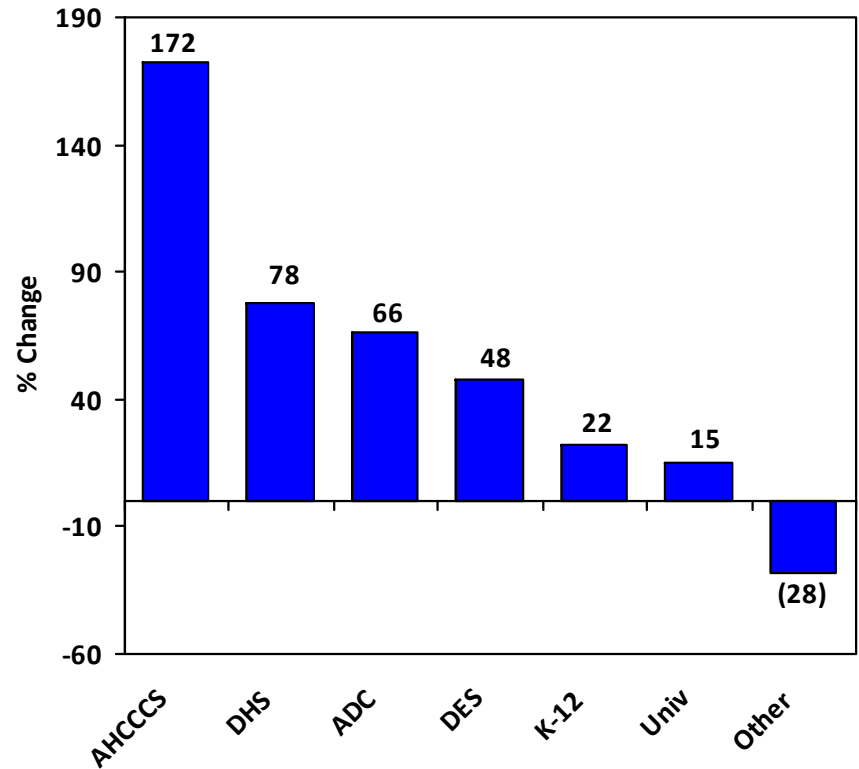
# FY 2001 vs. FY 2011 General Fund Spending

- K12 Added Most Dollars; AHCCCS Had Highest Percent Growth

Dollar Change from FY 2001 to FY 2011 by Agency

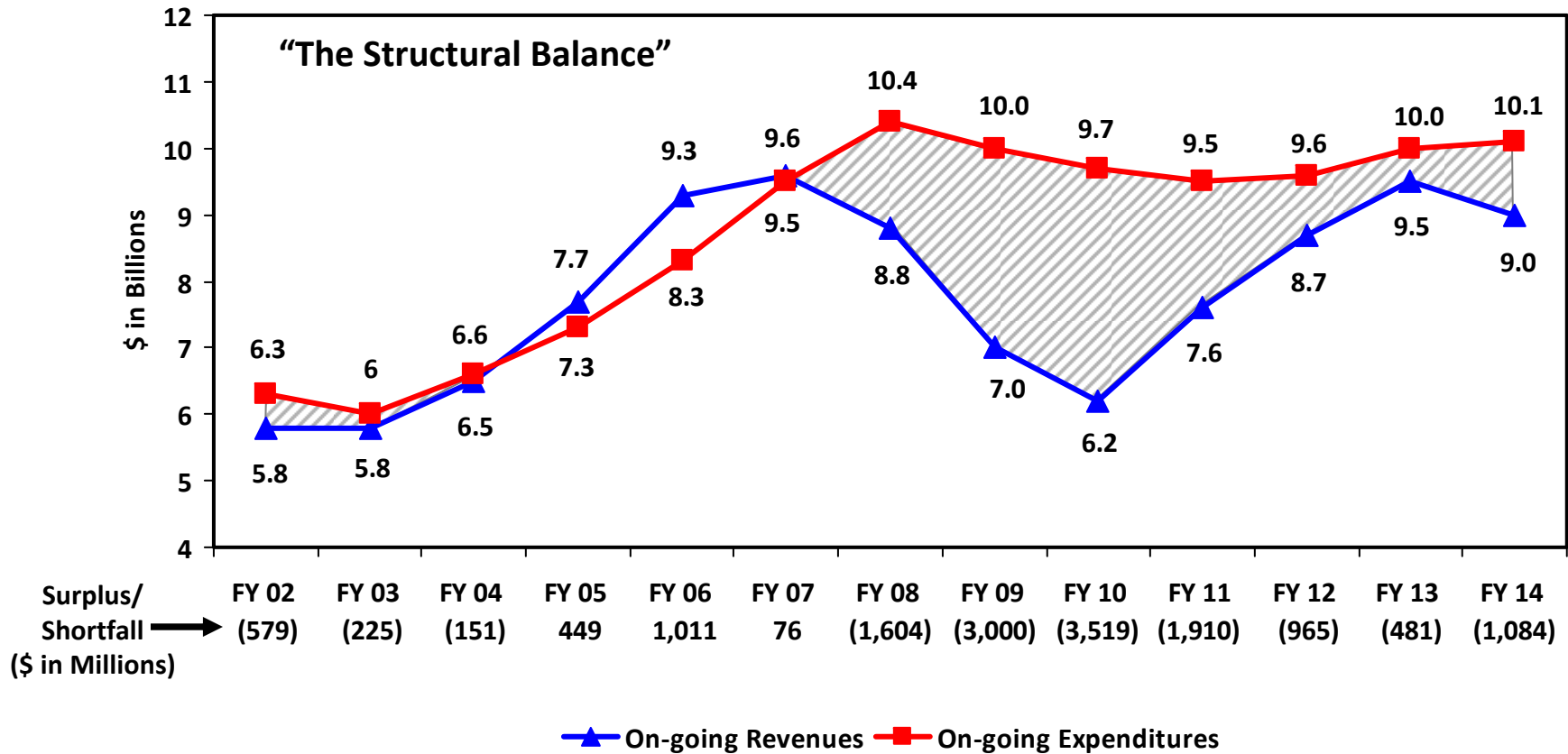


Percent Change from FY 2001 to FY 2011 by Agency



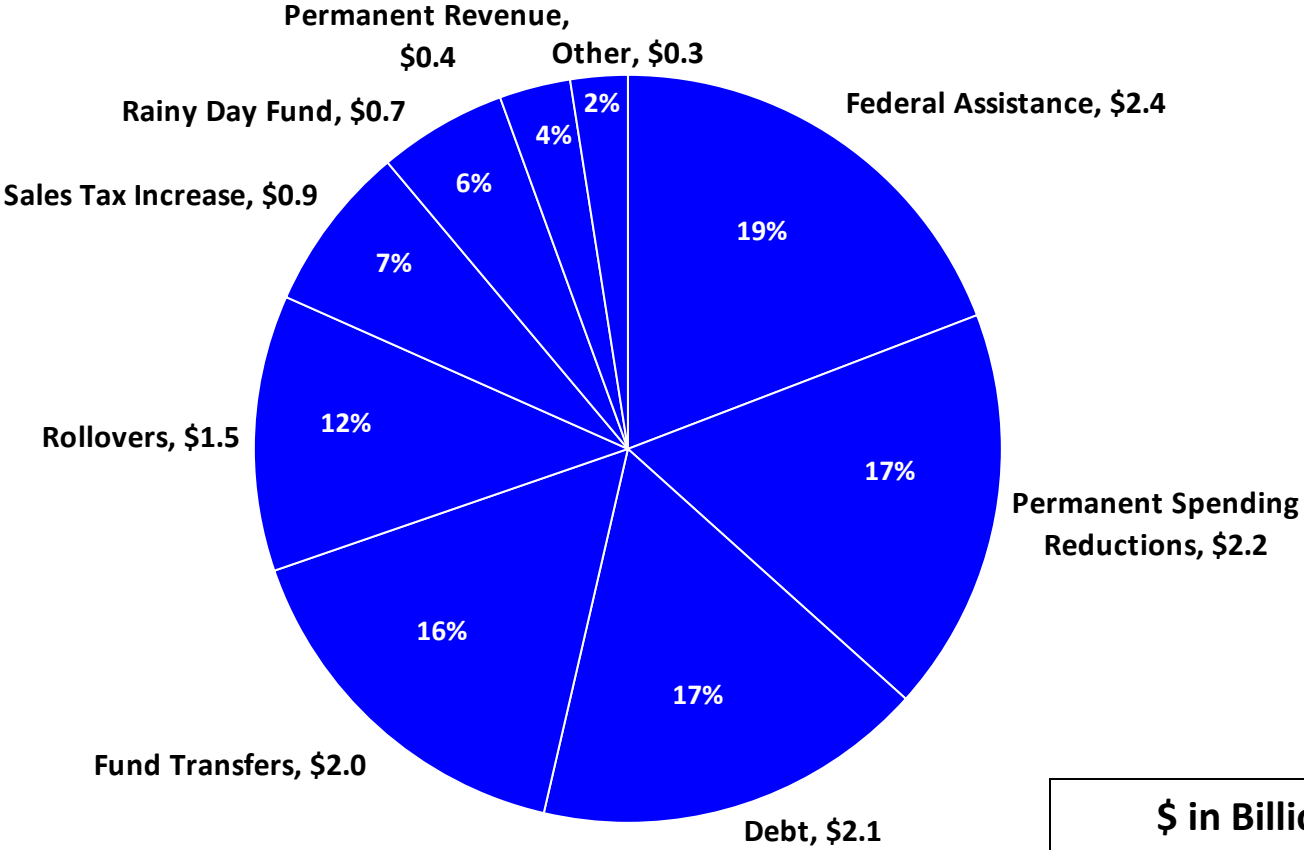
# Structural Gap Narrows Through '13, Grows In '14 With End Of 1-Cent Sales Tax

- Represents Ongoing Revenues Versus Expenditures



# Since FY 08, the Total Budget Shortfall has been \$12.5B

- Other than Spending Cuts, Most Solutions have been Temporary



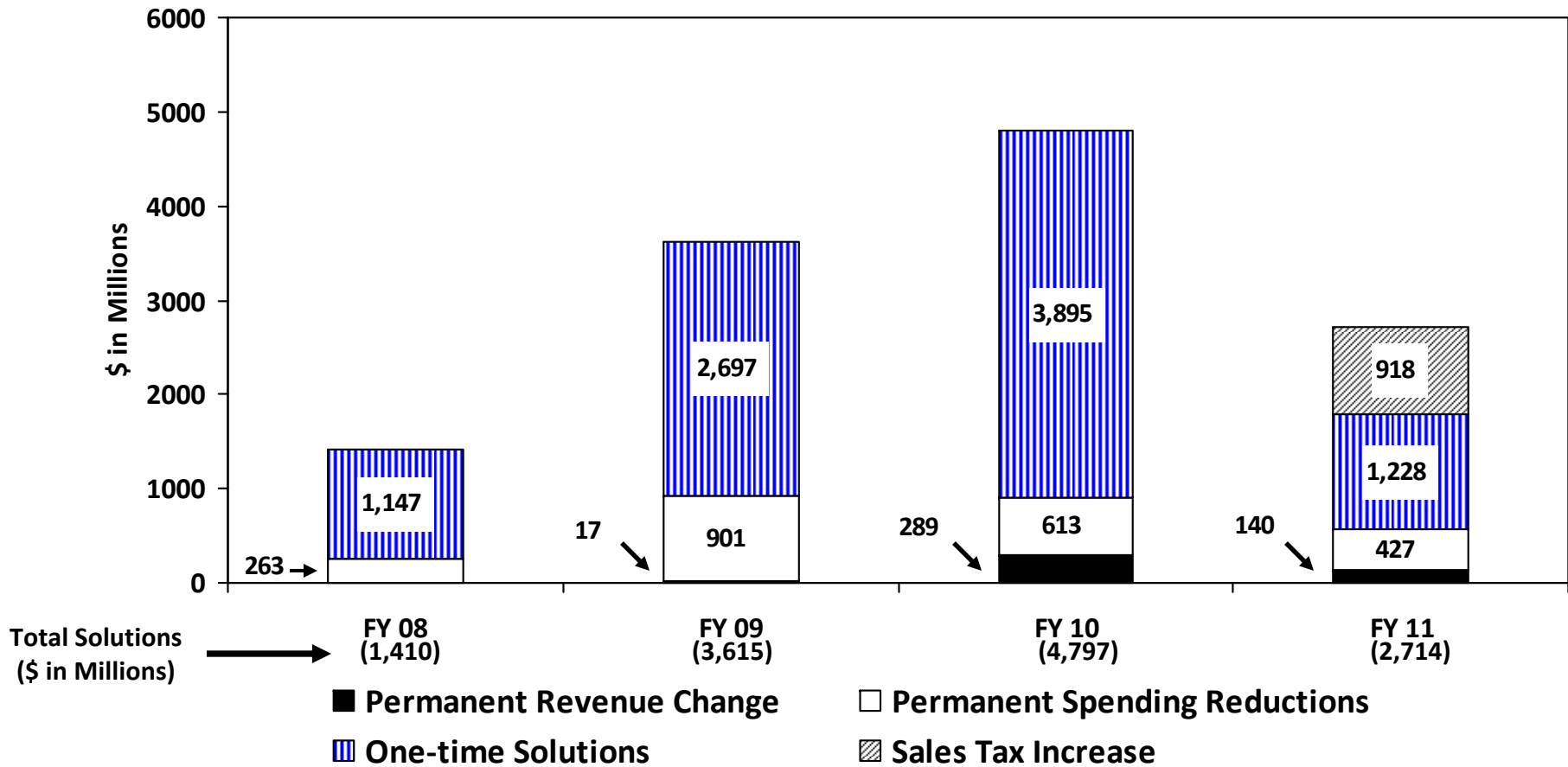
\$ in Billions



Budget solutions as share of shortfall

\*Assumes Congressional approval of extended FY 11 federal assistance

# Budget Solutions From FY 2008 – FY 2011



\*Assume Congressional approval of extended FY 11 federal assistance