

Arizona's Budget Process

Appropriation: Authorization by the Legislature for a state agency to spend a certain amount of money from a specified fund in a fiscal year for a specific purpose.

The Governor and the State Legislature allocate state resources based on estimated revenue collection levels through the budgeting process.

Budgets are set for a fiscal year. The fiscal year is the 12-month period beginning on July 1 and ending June 30 of the following year. The fiscal year is called by the year it ends; for example, Fiscal Year 2012-2013 (or "FY 2013"), begins on July 1, 2012 and ends on June 30, 2013. Although statutorily most state agencies receive 2 separate annual budgets every 2 years, that cycle has been suspended for the biennium as a result of budget deficits. For more details see the "Budget Cycle" discussion in the [Budget Reform Overview](#) section of this website.

State agencies prepare budget requests within the guidelines set by the Governor and submit their requests to the Governor's Office of Strategic Planning and Budgeting (OSP) by September 1 for the following fiscal year. For example, agency requests for FY 2013 are due by September 1, 2011.

OSP provides copies of the budget requests to the Joint Legislative Budget Committee (JLBC) Staff. The Governor's Office and the JLBC Staff review budget requests in the fall of each year.

Along with reviewing budget requests, JLBC Staff and OSP also independently produce revenue estimates. The Governor and Legislature are not bound by these forecasts and may use their own estimates for budget development.

The JLBC Staff consults with the Finance Advisory Committee (FAC), a 15-member committee of public and private sector economists which meets publicly 3 times yearly, including each fall. Revenue estimates from the FAC, JLBC Staff, and 2 University of Arizona econometric models are equally weighted to produce a 4-sector "consensus" revenue estimate for the current and upcoming fiscal years. For more information, see the JLBC Staff [Revenue Forecast Development](#) section of this website.

The Governor is required to produce a budget for the upcoming year (along with any adjustments to the current fiscal year) for consideration by the Legislature within 5 days after the start of each regular session of the Legislature. At the same time, the JLBC Staff produces a Baseline document which reflects the 4-sector consensus economic forecast and spending estimates based on funding formula requirements and other obligations. Unlike the Governor's budget, which includes discretionary spending and revenue changes necessary to enact a balanced budget, the Baseline is not a budget proposal but provides guidance on the size of a projected budget balance.

The Legislature may conduct public budget hearings in January and February. The primary budget bill is the General Appropriation Act (also known as the "feed bill"), which includes appropriations of General Fund and other dedicated funds to state agencies for the upcoming fiscal year and as well as supplemental appropriations and ex-appropriations for the current

fiscal year. The budget package also typically includes a Capital Outlay bill, which appropriates money for capital projects in various state agencies and several Budget Reconciliation Bills (BRBs), which group statutory changes required to enact the budget by subject area (e.g., health or criminal justice).

Once approved by both chambers, budget bills are sent to the Governor. The Governor may either sign the bills, let them go into effect without a signature, or veto the bills. The Governor may also line-item veto appropriations. If the Governor chooses to veto or line-item veto a bill, the Legislature may override the veto before adjournment with a two-thirds vote of each chamber.

The General Appropriation Act takes effect immediately, though most appropriations are for the fiscal year that begins the upcoming July 1. The Budget Reconciliation Bills generally take effect 90 days after the end of the session in which they are passed.

A summary of the budget for the upcoming fiscal year is published each year by JLBC Staff. Copies of the [Appropriations Report](#) are available here.