JLBC Baseline
Compared to
Executive Budget Proposal

January 29, 2008
Budget Shortfall

<table>
<thead>
<tr>
<th></th>
<th>FY ‘08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive</td>
<td>$ 870 M</td>
</tr>
<tr>
<td>JLBC Baseline</td>
<td>$ 970 M</td>
</tr>
</tbody>
</table>
FY ’08 Executive Shortfall is $100 M Lower

$190 M higher revenue than JLBC Baseline

Offset by

$78 M higher spending than JLBC Baseline

and

$10 M ending balance
FY ’08
Executive Growth Rate is 3.5% Compared to Consensus Rate of 1.5%

FY ’08 Base Revenue Growth

Weighted Average
Prior to Tax Law Changes
FY ’08 Executive’s $870 M of Shortfall Solutions

- SFB Debt: 393
- Rainy Day Fund: 263
- Fund Transfers: 138
- Agency Cuts: 75
## Budget Shortfall

<table>
<thead>
<tr>
<th></th>
<th>FY ‘08</th>
<th>FY ‘09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive</td>
<td>$ 870 M</td>
<td>$ 1.29 B</td>
</tr>
<tr>
<td>JLBC Baseline</td>
<td>$ 970 M</td>
<td>$ 1.73 B</td>
</tr>
</tbody>
</table>
### General Fund Cash Shortfall

Executive and JLBC Baseline Estimates

<table>
<thead>
<tr>
<th></th>
<th>FY ‘08</th>
<th>FY ‘09</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Exec</td>
<td>JLBC</td>
</tr>
<tr>
<td>Beginning Balance</td>
<td>$ 0.4</td>
<td>$ 0.4</td>
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<tr>
<td>Revenues</td>
<td>9.5</td>
<td>9.3</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>9.9</td>
<td>9.7</td>
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<tr>
<td>Spending</td>
<td>10.8</td>
<td>10.7</td>
</tr>
<tr>
<td>Shortfall</td>
<td>$ (0.9)</td>
<td>$ (1.0)</td>
</tr>
</tbody>
</table>
FY ’09 Executive Shortfall is $439 M Lower

$702 M higher revenue than JLBC Baseline

Offset by

$263 M higher spending than JLBC Baseline
**FY ’09**

Executive Growth Rate is 6.0% Compared to Consensus Rate of 1.0%

Weighted Average Prior to Tax Law Changes
Executive’s Spending is $263 M Higher

- SFB 101 M
- DES 56 M
- AXS 23 M
- Univ 13 M
- Capital 12 M
- Health Ins 21 M
- Other 37 M *

* Includes formula differences.
FY ’09
Executive’s $1.29 B of Shortfall Solutions

- SFB Debt: $471
- Rainy Day Fund: $196
- K-12 Rollover: $297
- Rev Increase TPT - DOR: $96
- Photo Radar: $90
- DPS Shift: $53
- County Jails: $60
- Agency Cuts: $25
JLBC Baseline Structural Shortfall Remains Near $1.7 B Through FY 2011
- Expiring Legislation Would Reduce Shortfall by $98 M
- FY ’10 and FY ’11 Estimates Also Reflect Projected Cash Shortfall

On-Going Revenues Compared to On-Going Expenditures
Surplus (+) / Shortfall (-)
FY ’09 Structural Balance
Executive Shortfall is $527 M
- Assumes SFB Debt Financing Permanent

On-Going Revenues Compared to On-Going Expenditures
Surplus (+) / Shortfall (-)

* FY ’10 and FY ’11 Executive revenue estimates not available – uses JLBC Baseline growth factors.
Chairmen’s Question:
When Use 4-Sector Revenues, Executive Structural Shortfall is $1.2 B

On-Going Revenues Compared to On-Going Expenditures
Surplus (+) / Shortfall (-)

* FY ’10 and FY ’11 Executive revenue estimates not available – uses JLBC Baseline growth factors.
Chairmen’s Question: 
Executive Structural Shortfall is $1.7 B When:
- Use 4-Sector Revenues and
- SFB Financing Not Considered Permanent

On-Going Revenues Compared to On-Going Expenditures
Surplus (+) / Shortfall (-)

* FY ’10 and FY ’11 Executive revenue estimates not available – uses JLBC Baseline growth factors.
Executive Debt Financing Proposal = $2.4 B

<table>
<thead>
<tr>
<th>Category</th>
<th>$ in M</th>
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<tbody>
<tr>
<td>FY ’08 SFB</td>
<td>$ 393</td>
</tr>
<tr>
<td>FY ’09 SFB</td>
<td>471</td>
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<tr>
<td>University Buildings and Maintenance</td>
<td>967</td>
</tr>
<tr>
<td>Phoenix Medical School</td>
<td>470</td>
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<tr>
<td>Public Safety Communications</td>
<td>50</td>
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<tr>
<td>Emergency Operations Center</td>
<td>7</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$ 2,358</strong></td>
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Chairmen’s Question:
Total Spending* vs. Inflation/Population Growth

General Fund Expenditures  FY 1999 - FY 2008

* Includes Proposition 301 education sales tax expenditures.