

## HIGHLIGHTS OF THE FY 2014 BUDGET

The FY 2014 budget is based primarily upon the actions of the 51<sup>st</sup> Legislature's 1<sup>st</sup> Special Session and 1<sup>st</sup> Regular Session. On June 17, 2013, the Governor signed into law the FY 2014 budget for the year beginning July 1, 2013.

The state's FY 2014 General Fund budget is \$8.81 billion. After accounting for non-General Fund monies, the state's "all funds" budget is \$29.2 billion. (*See the Summary of Appropriated Funds and Summary of Total Spending Authority for more details.*)

**Revised FY 2013 Budget** – At the time of publication of the *FY 2013 Appropriations Report* in June 2012 after the 50<sup>th</sup> Legislature's 2<sup>nd</sup> Regular Session, the FY 2012 ending balance was forecasted to have a surplus of \$122 million. Beyond funding normal caseload growth and other policy issues, the FY 2013 budget would increase that surplus to \$249 million. By January 2013, however, the projected FY 2013 balance had grown to an estimated \$651 million. The primary adjustments included:

- Increased balance forward from FY 2012 of \$397 million, or \$275 million above the original forecast.
- Increased FY 2013 revenue of \$67 million, albeit at a lower growth rate.
- Lower spending of \$(60) million, mostly due to lower than expected Medicaid enrollment and K-12 formula costs.

As part of the FY 2014 budget, the Legislature approved additional FY 2013 changes. Revenue changes included a base revenue change of \$(4) million, an Internal Revenue Code conformity bill which increased FY 2013 revenues by \$5 million, and \$11 million in revenues from a Department of Environmental Quality settlement. The Legislature also added \$15 million in supplemental spending, including \$5 million in new Child Protective Services (CPS) staff, \$6 million for lower-than-anticipated savings from a health insurance premium holiday, and \$1 million for Independent Redistricting Commission costs. The adjustments also include an additional \$20 million in savings from higher revertments and \$48 million in one-time tobacco settlement savings, partially offset from \$22 million in one-time costs from eliminating the K-12 payment deferral for small schools.

These adjustments resulted in a budgeted FY 2013 ending balance of \$694 million. (*See FY 2013 General Fund Adjustments at the end of this Appropriations Report for more details.*) The actual ending balance is expected to be at least \$100 million higher than the budget forecast, primarily due to greater than projected revenues.

**Comparison to the JLBC Baseline** – At the beginning of session, the JLBC Staff calculated the growth in the state's anticipated FY 2014 spending based on existing statutory

funding formulas and other technical requirements. The projected spending level was \$8.67 billion.

In comparison, the January Baseline Revenues were based on the 4-sector consensus projections. Excluding enacted statutory changes and one-time adjustments, base revenues were forecast to grow 4.0% in FY 2013 and 4.9% in FY 2014. After adjusting for the loss of \$924 million from the expiration of the 1-cent sales tax, \$(47) million in enacted tax law changes, and \$46 million in additional Urban Revenue Sharing distributions, total General Fund revenues were anticipated to be \$8.98 billion in FY 2014.

The Legislature adopted April revenue growth rates as part of the final budget; these rates were very close to January Baseline rates and were also 4.0% overall for FY 2013. In addition, the budget assumed \$78 million in additional fund transfers, primarily from the Health Insurance Trust Fund, and \$43 million in additional FY 2013 carry-forward revenues, partially offset by \$(39) million in other tax law changes. Total General Fund revenues are now anticipated to be \$9.05 billion in FY 2014.

The Legislature also made subsequent revisions to the Baseline spending level of \$8.67 billion, which resulted in a final FY 2014 budget of \$8.81 billion. These changes to the Baseline included the following:

- \$99 million for K-12 education, including \$90 million for a base support level increase.
- \$57 million for the Department of Economic Security (DES), almost all for CPS issues.
- \$42 million for employee issues, including \$24 million for continuing 5% retention payments designated as one-time in FY 2013 and \$14 million for the employer's share of retirement increases in the Arizona Department of Corrections and Department of Public Safety.
- \$31 million for increased University funding.
- \$14 million for increased Building Renewal funding in the School Facilities Board budget.

Under the JLBC Baseline, the FY 2014 budget was projected to have a \$310 million ending balance. The revenue changes and additional spending reduced the projected ending balance to \$248 million.

(*See FY 2014 State General Fund Budget - A Narrative Summary and the General Provisions section for further details on FY 2014 changes.*)

**Comparison to the FY 2013 Budget** – General Fund revenues, including one-time monies, are projected to decrease from \$9.37 billion in FY 2013 to \$9.05 billion in FY 2014. Base ongoing revenues are projected to increase by \$415 million, from \$8.51 billion in FY 2013 to \$8.92

billion in FY 2014. After technical adjustments, the projected base growth is 4.9%, which will be further modified by the following revenue changes (*see the General Fund Revenue section*):

- \$(924) million loss from the temporary 1-cent sales tax; which expired at the end of FY 2013.
- \$(47) million net loss from previously-enacted budget legislation.
- \$(11) million net loss from budget legislation enacted in the 2013 Legislative Session, including \$9 million in new savings above FY 2013 associated with Internal Revenue Code conformity and \$7 million from increased premium tax collections associated with Medicaid expansion, offset by \$(28) million in reductions from other bills, including \$(18) million from expanding the Working Poor tax credit to non-itemizers.
- \$(47) million loss due to increased contributions to Urban Revenue Sharing based on state income tax collections from 2 years prior.

The FY 2014 budget also has a net \$746 million in one-time revenues. This amount reflects \$77 million in fund transfers, including \$68 million from the state's Health Insurance Trust Fund. In addition, there will be a loss of \$(25) million associated with eliminating the \$25,000 cap on deductions for qualified business equipment purchases, effectively bringing the state back into conformity with the Internal Revenue Code for this provision. The net one-time revenues also include a \$694 million projected carry-forward balance from FY 2013.

General Fund spending is projected to increase from \$8.68 billion in FY 2013 to \$8.81 billion in FY 2014, which is an increase of \$125 million, or 1.4%. Excluding the one-time deposit to the Budget Stabilization Fund in FY 2013, the spending increase is \$325 million, or 3.8% above FY 2013.

The FY 2014 budget includes:

- \$(16) million in net AHCCCS and \$(37) million in Department of Health Services Medicaid caseload changes. This amount excludes \$(56) million of net savings from Medicaid expansion and its associated assessment as those savings were not specifically incorporated into AHCCCS' budget.
- \$102 million for K-12 education, including \$82 million for a base support level increase, \$2 million for a new performance funding program, \$4 million for school safety officers, and \$5 million for adult education programs.
- \$70 million for the Department of Economic Security (DES), including \$13 million for CPS staff, \$13 million for group home costs, \$9 million for CPS-related child care, \$5 million for CPS intensive family services, and \$17 million for Developmental Disabilities caseloads and provider adjustments.

- \$28 million in increased University funding, including \$15 million for parity funding, \$8 million to expand the University of Arizona Phoenix Medical Campus, and \$5 million for performance funding.
- \$19 million for the School Facilities Board, of which \$14 million is dedicated to higher building repair funding.
- \$7 million to give \$550,000 grants to all Arizona counties except Maricopa and Pima Counties.
- \$11 million for the Department of Corrections, including \$5 million to open and monitor 500 private beds on January 1, 2014.
- \$75 million in technical estimates of net administrative adjustment spending and revertsments.
- \$20 million to restore one-time state employee health insurance savings.
- \$15 million for the state's contribution to the Phoenix Convention Center debt service.

(*See FY 2014 State General Fund Budget - A Narrative Summary for a more detailed list of changes.*)

**General Fund Balance** – The FY 2014 General Fund cash balance is projected to be \$248 million. Beyond its cash balance, a budget is also evaluated by the difference between ongoing revenues and expenditures. The state can have a cash balance but a shortfall in ongoing funds through the use of one-time revenue and/or expenditure savings. Ongoing spending is projected to exceed ongoing revenues by \$467 million in FY 2014.

The FY 2014 budget did not appropriate a specific amount for Medicaid expansion and restoration. Instead, the FY 2014 Health and Welfare Budget Reconciliation Bill appropriated “sufficient monies for Expenditure Authority” for FY 2014. These balance figures above exclude an estimated \$(56) in savings in FY 2014 from the Medicaid expansion and associated hospital assessment; the final level of savings will depend on Executive Branch decisions regarding the level of the assessment.

**Long-Term Projections** – Laws 2012, Chapter 244 added A.R.S. § 35-125, which requires that the General Appropriation Act delineate the revenue and expenditure estimates for the following 3 years. The expenditure estimates are to be based on existing statutory funding requirements. Chapter 244 requires the Legislature to discuss the estimates in a public hearing before the adoption of the General Appropriation Act.

Discussions on the FY 2014 budget included analyzing the impact of budget decisions on estimated FY 2015 and FY 2016 spending. The *Statement of General Fund Revenues and Expenditures* on page BH-5 incorporates the FY 2015 and FY 2016 estimates, which are based upon Baseline revenue projections and existing statutory funding requirements. Based on legislative guidance, the FY 2015 and FY 2016 estimates also include the continuation of FY 2014 initiatives which were considered to be ongoing.

The figures reflected in the 4-Year Analysis on page BH-7 differ from the figures listed in the FY 2014 General Appropriation Act due to technical reasons such as the incorporation of bills with a fiscal impact signed into law after the passage of budget bills. The General Appropriation Act gives JLBC Staff the authority to make such technical adjustments.

The General Appropriation Act forecasted FY 2015 revenues to be \$9.05 billion and expenditures to be \$8.95 billion, with a \$100 million balance. After accounting for legislation enacted separately from the budget and technical adjustments, the FY 2015 balance is estimated to be \$12 million. The spending includes statutory formula caseload growth as well as \$(102) million in net savings from the Medicaid expansion and assessment. As noted above, these net savings depend on Executive Branch decisions regarding the level of the assessment. FY 2015 ongoing revenues are primarily based on a 4-sector consensus growth rate of 6.1%, but also incorporate separately enacted tax law changes and new Medicaid expansion-related premium tax revenues.

The General Appropriation Act forecasted FY 2016 revenues to be \$9.24 billion and expenditures to be \$9.13 billion, with a \$109 million balance. After accounting for legislation enacted separately from the budget and technical adjustments, the FY 2016 budget is estimated to have a \$(12) million shortfall. The ongoing spending includes caseload growth plus \$(119) in net savings from the Medicaid expansion and assessment. As noted above, these net savings depend on Executive Branch decisions regarding the level of the assessment. The revenues reflect base growth of 5.7%. Those revenues also incorporate separately enacted tax law changes and additional premium tax revenue.

The Budget Stabilization Fund is expected to have a balance of \$456 million at the end of FY 2014 which could be used to offset any shortfall in FY 2015 or FY 2016.

Given the multiple years involved in these calculations, long-run estimates are especially sensitive to small percent changes in revenue and spending growth. For example, a 1% change in the growth rate of either revenue or spending in FY 2014 through FY 2016 would change the ending balance calculations by \$500 million in the third year. As a result, these projections are subject to considerable change.

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

	<b>FY 2013 Enacted</b>	<b>FY 2014 Enacted</b>	<b>FY 2015 Estimate</b>	<b>FY 2016 Estimate</b>
<b>REVENUES</b>				
Ongoing Revenues	\$8,508,164,800	\$8,923,340,200	\$9,418,656,600	\$9,815,100,400
Previously Enacted Changes		(46,900,000)	(133,500,000)	(108,300,000)
Newly Enacted Changes	4,600,000	(6,896,000)	22,306,500	22,173,500
1¢ Sales Tax	924,237,300			
Urban Revenue Sharing	(513,584,100)	(561,001,200)	(585,777,800)	(612,490,700)
Net On-going Revenues	<u>\$8,923,418,000</u>	<u>\$8,308,543,000</u>	<u>\$8,721,685,300</u>	<u>\$9,116,483,200</u>
One-time Financing Sources				
Balance Forward	396,960,000	693,732,500	247,775,400	11,719,100
Previously Enacted Changes	(52,000,000)			
Newly Enacted Changes		(24,800,000)		
Fund Transfers	106,500,000	76,900,000	(5,400,000)	(5,400,000)
Subtotal One-time Revenues	<u>\$451,460,000</u>	<u>\$745,832,500</u>	<u>\$242,375,400</u>	<u>\$6,319,100</u>
<b>Total Revenues</b>	<b>\$9,374,878,000</b>	<b>\$9,054,375,500</b>	<b>\$8,964,060,700</b>	<b>\$9,122,802,300</b>
<b>EXPENDITURES</b>				
Operating Budget Appropriations	\$8,532,510,300	\$8,732,380,300	\$8,911,338,000	\$9,090,512,900
FY 2013 Supplementals	5,944,900			
Administrative Adjustments	37,600,000	60,000,000	60,000,000	60,000,000
Reversions	(153,800,000)	(100,900,000)	(103,100,000)	(100,000,000)
Asset Sale/Lease-Back Debt Service	84,119,800	84,119,800	84,103,600	84,094,500
Subtotal Ongoing Expenditures	<u>\$8,506,375,000</u>	<u>\$8,775,600,100</u>	<u>\$8,952,341,600</u>	<u>\$9,134,607,400</u>
One-time Expenditures				
Capital Outlay	\$20,252,000	\$31,000,000		
Budget Stabilization Fund Deposit	200,000,000			
Health Insurance Premium Holiday	(19,381,500)			
AHCCCS Tobacco Settlement Offset	(48,000,000)			
Reduce K-12 Payment Deferral (Small Schools)	21,900,000			
Subtotal One-time Expenditures	<u>\$174,770,500</u>	<u>\$31,000,000</u>	<u>\$0</u>	<u>\$0</u>
<b>Total Expenditures</b>	<b>\$8,681,145,500</b>	<b>\$8,806,600,100</b>	<b>\$8,952,341,600</b>	<b>\$9,134,607,400</b>
<b>Ending Balance 2/</b>	<b><u>\$693,732,500</u> 3/</b>	<b><u>\$247,775,400</u></b>	<b><u>\$11,719,100</u></b>	<b><u>(\$11,805,100)</u></b>
<i>Structural Balance 4/</i>	<i>\$417,043,000</i>	<i>(\$467,057,100)</i>	<i>(\$230,656,300)</i>	<i>(\$18,124,200)</i>

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/ The actual FY 2013 ending balance is expected to be at least \$100 million greater than budgeted.

4/ This calculation reflects the difference between ongoing revenues and expenditures and excludes one-time adjustments. Excludes any Budget Stabilization Fund balance.

## ENACTED BUDGET SPENDING BY MAJOR BUDGET UNITS

	<u>FY 2013 Enacted</u>	<u>FY 2014 Enacted</u>	<u>FY 2015 Estimate</u>	<u>FY 2016 Estimate</u>
<b>EXPENDITURES</b>				
Operating Budget				
-- Department of Administration	\$13,664,300	\$11,694,300	\$11,694,300	\$11,694,300
-- ADOA Automation Projects Fund	16,800,000	18,400,000	18,400,000	9,200,000
-- AHCCCS	1,398,817,800	1,334,933,400	1,300,137,100	1,366,120,800
-- Attorney General	23,579,500	22,464,600	22,464,600	22,464,600
-- Commerce Authority	31,500,000	31,500,000	31,500,000	31,500,000
-- Community Colleges	68,932,800	69,513,400	69,024,100	69,267,100
-- Department of Corrections	960,291,600	971,743,900	995,757,800	1,002,826,400
-- County Funding	0	7,150,500	7,150,500	7,150,500
-- Department of Economic Security	615,308,000	690,112,900	706,650,200	734,310,000
-- Department of Education	3,497,226,100	3,620,831,200	3,707,666,700	3,768,382,400
-- Department of Environmental Quality	7,000,000	7,000,000	7,000,000	7,000,000
-- Department of Health Services	588,109,400	550,646,400	620,473,200	635,651,200
-- Judiciary	109,353,700	109,841,000	109,751,000	109,751,000
-- Department of Juvenile Corrections	44,053,900	43,822,700	43,822,700	43,822,700
-- State Land Department	1,266,200	12,345,400	12,345,400	12,345,400
-- Department of Public Safety	45,525,600	51,560,800	50,810,800	50,810,800
-- Public Safety Personnel Retirement System	0	5,000,000	5,000,000	5,000,000
-- Department of Revenue	46,611,400	47,025,300	47,025,300	47,025,300
-- School Facilities Board	173,749,700	193,181,400	193,558,400	192,079,900
-- Office of Tourism	7,065,200	7,102,600	7,102,600	7,102,600
-- Universities	707,333,800	735,517,300	750,791,000	766,064,700
-- Department of Water Resources	12,267,200	12,326,400	12,326,400	12,326,400
-- All Other Budgets	158,257,900	158,164,500	160,436,900	158,167,800
-- Civic Center Payment	5,595,000	20,449,000	20,449,000	20,449,000
-- Unallocated Adjustments	201,200	53,300		
Total - Operating Budget	<u>\$8,532,510,300</u>	<u>\$8,732,380,300</u>	<u>\$8,911,338,000</u>	<u>\$9,090,512,900</u>
-- FY 2013 Supplementals	5,944,900			
-- Capital Outlay	20,252,000	31,000,000		
-- Budget Stabilization Fund Deposit	200,000,000			
-- Health Insurance Premium Holiday	(19,381,500)			
-- Administrative Adjustments	37,600,000	60,000,000	60,000,000	60,000,000
-- Revertments	(153,800,000)	(100,900,000)	(103,100,000)	(100,000,000)
-- Asset Sale/Lease-Back Debt Service	84,119,800	84,119,800	84,103,600	84,094,500
-- AHCCCS Tobacco Settlement Offset	(48,000,000)			
-- Reduce K-12 Payment Deferral	21,900,000			
Total Spending	<u>\$8,681,145,500</u>	<u>\$8,806,600,100</u>	<u>\$8,952,341,600</u>	<u>\$9,134,607,400</u>

## ENACTED BUDGET PROPOSAL

\$ in Millions

	FY 2013 Enacted	FY 2014 Enacted	FY 2015 Enacted	FY 2016 Enacted	
1 Beginning Balance	\$ 397.0	\$ 693.8	\$ 247.5	\$ 11.2	
2 Revenues - January Baseline	\$ 8,966.8	\$ 8,326.7	\$ 8,686.2	\$ 9,118.4	
3 April Revenue Adjustments	(4.0)	(5.2)	13.2	(34.1)	
4 Additional OSPB Revenue		0.0	0.0	10.0	
5 IRS Conformity	4.6	13.7	17.6	15.6	
6 TPT Simplification		0.0	0.0	1.3	
7 Bonus Depreciation		(24.8)	0.0	0.0	
8 Data Centers		(4.2)	(6.0)	(7.9)	
9 Enterprise Zones - Prior Awards		(0.5)	(0.3)	0.0	
10 Foster Care Tax Credit		(0.9)	(0.9)	(0.9)	
11 Expansion Insurance Premium Tax		7.3	34.2	36.4	
12 Prior FBLS Fee Increase		0.3	0.3	0.3	
13 Working Poor Tax Credit		(18.0)	(18.0)	(18.0)	
14 College Savings Deduction		(4.0)	(4.0)	(4.0)	
15 TPT Interlock Devices		(0.6)	(0.6)	(0.6)	
16 Employee Health Transfer		68.0	0.0	0.0	
17 SEI Fund Transfer		10.0	0.0	0.0	
18 DEQ Chevron Settlement	10.5	0.0	0.0	0.0	
19 Transfer To Automation Projects Fund		(7.1)	(5.4)	(5.4)	
<b>20 Total Revenues</b>	<b>\$ 9,374.9</b>	<b>\$ 9,054.5</b>	<b>\$ 8,963.8</b>	<b>\$ 9,122.3</b>	Notes
21 Base FY 13 Spending	\$ 8,512.8	\$ 8,512.8	\$ 8,512.8	\$ 8,512.8	
22 JLBC January Baseline Increase		156.7	458.4	700.7	
<b>23 Total Baseline Spending</b>	<b>\$ 8,512.8</b>	<b>\$ 8,669.5</b>	<b>\$ 8,971.2</b>	<b>\$ 9,213.5</b>	
<b>Changes to JLBC Baseline</b>					
24 ADOA - Automation IT Charge		(1.6)	(1.6)	(13.8)	Notes
25 ADOA - Named Claimants	0.3	0.0	0.0	0.0	
26 Agr/DEMA/RAD - NEMF		2.2	2.3	0.0	
27 AHCCCS/DHS - Formula		(66.0)	(162.2)	(191.0)	
28 AHCCCS/DHS - Optional Population		Notes	154.0	105.0	Notes
29 AHCCCS - Provider Assessment		Notes	(256.0)	(224.0)	Notes
30 AHCCCS - Tobacco Settlement Offset	(48.0)	0.0	0.0	0.0	
31 AHCCCS - Ambulance Rates		0.0	3.4	8.1	
32 Arts Commission - Rainy Day Fund Interest		Notes	0.0	0.0	
33 Comm Colleges - Navajo College TPT		0.9	0.9	0.9	
34 Comm Colleges - Rural Capital Outlay		2.0	2.0	2.0	
35 Comm Colleges - Rural County Reimbursement	3.0	3.3	3.3	3.3	
36 Corrections - Health Care Surplus		(5.0)	(5.0)	(5.0)	
37 Corrections - New State Beds		(4.5)	0.2	0.0	
38 Corrections - Private Bed Monitoring		0.4	0.4	0.4	
39 Corrections - Retirement		8.3	8.3	8.3	
40 DES - DD Caseload		(3.5)	(12.6)	(13.1)	
41 DES - DD Rate Increase (2% to 3%)		3.3	3.3	3.3	
42 DES - Adoption Caseload		2.9	2.9	2.9	
43 DES - Child Care Caseload		9.0	9.0	9.0	
44 DES - CPS Group Homes		13.0	13.0	13.0	
45 DES - CPS Staff	4.4	17.3	17.3	17.3	
46 DES - CPS/AG Attorneys		1.5	1.5	1.5	

## ENACTED BUDGET PROPOSAL

\$ in Millions

		FY 2013 Enacted		FY 2014 Enacted		FY 2015 Enacted		FY 2016 Enacted	
47	DES - Foster Care Placement			4.8		4.8		4.8	
48	DES - Grandparent Stipend			1.0		1.0		1.0	
49	DES - Children Support Services			4.0		4.0		4.0	
50	DES - Intensive Family Services			5.0		5.0		5.0	
51	DES - Long-Term Care Fund Allocation			Notes		0.0		0.0	
52	DES - LTC Realign with DHS			(1.4)		(1.4)		(1.4)	
53	ADE - Student Count Savings			(25.5)		(25.5)		(46.4)	
54	ADE - Base Level Increase			82.0		82.0		82.0	Notes
55	ADE - Performance Funding			2.4		35.0		35.0	
56	ADE - Small School Rollover Repayment	21.9		0.0		0.0		0.0	
57	ADE - School Safety Officers			3.6		3.6		3.6	Notes
58	ADE - Adult Education/GED			4.5		4.5		4.5	
59	ADE - Audit Unit			BSA		BSA		BSA	Fund From Basic State Aid
60	ADE - Fund Small JTEDs at 100%			1.2		1.2		1.2	
61	DEMA - Emergency Fund			1.1		1.1		1.1	
62	DFBLS - Self Funding			0.3		0.3		0.3	
63	Forester - Environment County Grants			0.1		0.1		0.1	
64	Forester - Resource Management Plans			0.1		0.0		0.0	
65	DHS - Electronic Medical Records			0.6		0.6		0.6	
66	DHS - Mental Health First Aid			0.3		0.3		0.3	
67	DHS - 3-Year SVP Phase Out			1.8		1.8		1.8	
68	DHS - LTC Realign with DES			1.4		1.4		1.4	
69	IRC - Continue Funding	1.1		1.1		0.0		0.0	
70	JUD - Mohave Judge / Water Master			0.2		0.2		0.2	
71	JUD - Foster Care Review Board			0.2		0.2		0.2	
72	JUD - Court of Appeals			0.1		0.1		0.1	
73	JUD - Mental Health Courts			0.1		0.0		0.0	
74	Parks Board - Rainy Day Fund Interest			Notes		0.0		0.0	
75	Prescott Historical Society			0.2		0.2		0.2	
76	DPS - Retirement			5.5		5.5		5.5	
77	DPS - ACTIC Operating Costs			0.8		0.0		0.0	Notes
78	DOR - Attorneys			0.2		0.2		0.2	
79	SFB - Building Renewal			14.0		14.0		14.0	Notes
80	SFB - Increase Local Bonding Limits			Yes		Yes		Yes	Permanent Increase
81	SFB - New Construction Funding			0.7		1.3		0.0	Thatcher/Benson
82	Treasurer - Justice of Peace Salaries			0.1		0.1		0.1	
83	Uniform State Laws			0.1		0.1		0.1	
84	Universities - Performance Funding			5.0		5.0		5.0	Notes
85	Universities - Parity			15.3		30.5		45.8	Notes
86	Universities - Med School			8.0		8.0		8.0	
87	Universities - UA Freedom Center			0.5		0.5		0.5	
88	Weights and Measures - Equipment			0.1		0.0		0.0	
89	Employee Pay - Retention Payments			23.5		23.5		23.5	
90	Other - HR Pro-rata Adjustment			(1.6)		(1.6)		(1.6)	
91	Other - Risk Management			0.3		0.3		0.3	
92	Other - EORP Revisions			5.0		5.0		5.0	
93	Other - Direct County Appropriation			7.2		7.2		7.2	13 Counties
94	Capital - ADOA Capitol Mall Security			Non-GF		0.0		0.0	Capital Outlay Stabilization Fund
95	Capital - ASDB Tucson Dorms			1.0		0.0		0.0	
96	Other - Insurance Premium Holiday Adj.	5.6		0.0		0.0		0.0	
97	Other - Admin Adjustments/Revertments	(20.0)		(20.0)		(20.0)		(20.0)	

## ENACTED BUDGET PROPOSAL

\$ in Millions

	FY 2013 Enacted		FY 2014 Enacted		FY 2015 Enacted		FY 2016 Enacted	
98 Other - SFB Refinance Revertments			(0.9)		(3.1)		0.0	
99 <b>Net Spending Issues</b>	\$ (31.7)		\$ 137.5		\$ (18.6)		\$ (78.7)	
100 <b>Total Spending Change</b>	\$ (31.7)		\$ 294.2		\$ 439.8		\$ 622.0	
101 <b>Prior Budget Rainy Day Fund Deposit</b>	\$ 200.0		\$ -		\$ -		\$ -	
102 <b>Total Spending</b>	\$ 8,681.1		\$ 8,807.0		\$ 8,952.6		\$ 9,134.8	Notes
103 <b>Ending Balance</b>	\$ 693.8		\$ 247.5		\$ 11.2		\$ (12.5)	
104 <b>Structural Balance</b>	\$ 417.1		\$ (467.4)		\$ (230.9)		\$ (18.3)	

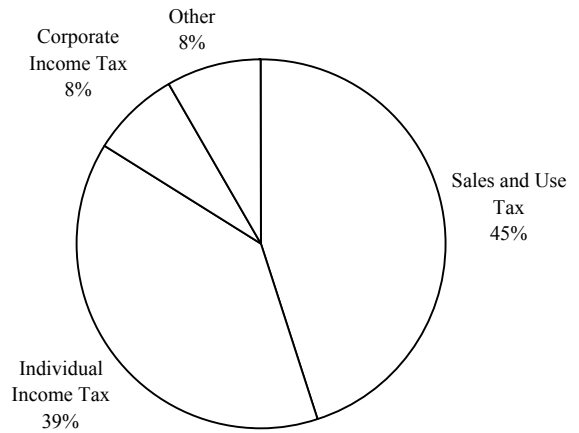
**NOTES**

<p>20 Total Revenues</p>	<p>Section 137 of the General Appropriation Act included forecasted revenue levels of \$9,375.0 million in FY 2013, \$9,112.0 million in FY 2014, \$9,048.0 million in FY 2015 and \$9,237.0 million in FY 2016. The current estimates differ due to legislation enacted separately from the budget and technical adjustments.</p>
<p>24 ADOA - Automation IT Charge</p>	<p>Other Funds are charged \$17.0 million to defray their proportionate share of the AFIS Replacement Project.</p>
<p>28/29 AHCCCS - Optional Population/ Provider Assessment</p>	<p>Enacted budget expands eligibility to 133% FPL and authorizes provider assessment, but did not modify FY 2014 funding level in the General Appropriation Act.</p>
<p>32 Arts Commission - Rainy Day Fund Interest</p>	<p>\$1 million of one-time funding in FY 2014 which is allocated from Budget Stabilization Fund interest income.</p>
<p>51 DES - Long-Term Care Fund Allocation</p>	<p>Enacted budget includes \$10.5 million of one-time funding in FY 2014 for unanticipated CPS and Child Care caseload expenditures from the Long-Term Care System Fund.</p>
<p>54 ADE - Base Level Increase</p>	<p>The Baseline includes \$8.4 million to increase transportation and additional assistance funding by 1.8%. Enacted budget adds \$82 million to increase the Base Level by \$58.82 per pupil, or 1.8%.</p>
<p>57 ADE - School Safety Officers</p>	<p>Includes \$100,000 for School Readiness Pilot. 25% minimum used for security hardware.</p>
<p>74 Parks Board - Rainy Day Fund Interest</p>	<p>\$1 million of one-time funding in FY 2014 which is allocated from Budget Stabilization Fund interest income.</p>
<p>77 DPS - ACTIC Operating Costs</p>	<p>Enacted budget requires report on consolidating function with another entity in FY 2015 and beyond.</p>
<p>79 SFB - Building Renewal</p>	<p>Eliminate unfunded Building Renewal Formula, in lieu of Building Renewal Grants.</p>
<p>84 Universities - Performance Funding</p>	<p>\$5 million from FY 2013 allocated to campuses. Legislative intent that ABOR's performance funding model be used in future university requests and used by Legislature in developing future year appropriations.</p>
<p>85 Universities - Parity</p>	<p>Legislative intent to achieve parity no later than FY 2017</p>
<p>102 Total Spending</p>	<p>Section 137 of the General Appropriation Act included forecasted spending levels of \$8,948.0 million in FY 2015 and \$9,128.0 million in FY 2016. The current estimates differ due to legislation enacted separately from the budget and technical adjustments.</p>



### FY 2014 General Fund Revenue - Where it Comes From

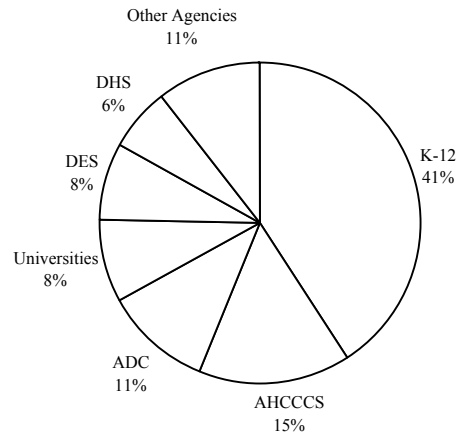
<u>Source</u>	<u>Revenue (Millions)</u>
Sales and Use Tax	\$ 3,998.3
Individual Income Tax	3,446.8
Corporate Income Tax	683.4
Other	741.1
<b>TOTAL REVENUE</b>	<b><u>\$ 8,869.5</u> <sup>1/</sup></b>



<sup>1/</sup> Includes all legislative revenue changes, but does not include beginning balance of \$694 million, urban revenue sharing, or other one-time revenue adjustments.

### FY 2014 General Fund Appropriations - Where it Goes

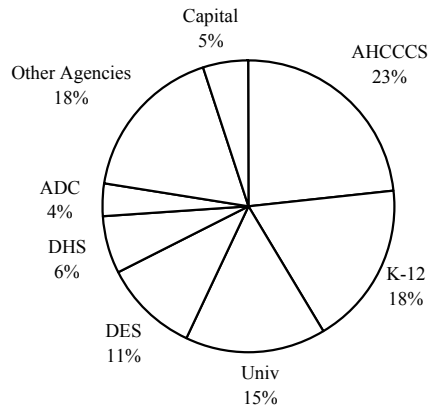
<u>Budget Unit</u>	<u>Appropriation (Millions)</u>
Education (K-12)	\$ 3,620.8
AHCCCS	1,334.9
Corrections	971.7
Universities	735.5
Economic Security	690.1
Health Services	550.6
Other Agencies	943.7
<b>TOTAL BUDGET</b>	<b><u>\$ 8,847.5</u> <sup>1/</sup></b>



<sup>1/</sup> Does not include administrative adjustments and revertments

### FY 2014 Total Spending - All Sources <sup>1/</sup>

Budget Unit	Spending (Millions)
AHCCCS	\$ 6,782.1
Education (K-12)	5,308.1
Universities	4,511.3
Economic Security	3,094.4
Health Services	1,853.9
Corrections	1,080.9
Other Agencies	5,133.4
Capital	1,453.5
<b>TOTAL</b>	<b><u>\$ 29,217.7</u> <sup>2/</sup></b>

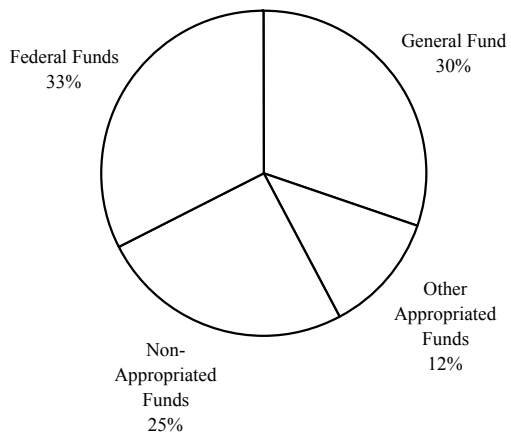


<sup>1/</sup> Does not include administrative adjustments and revertsments.

<sup>2/</sup> Prior to FY 2008, the same chart in Appropriations Reports excluded capital.

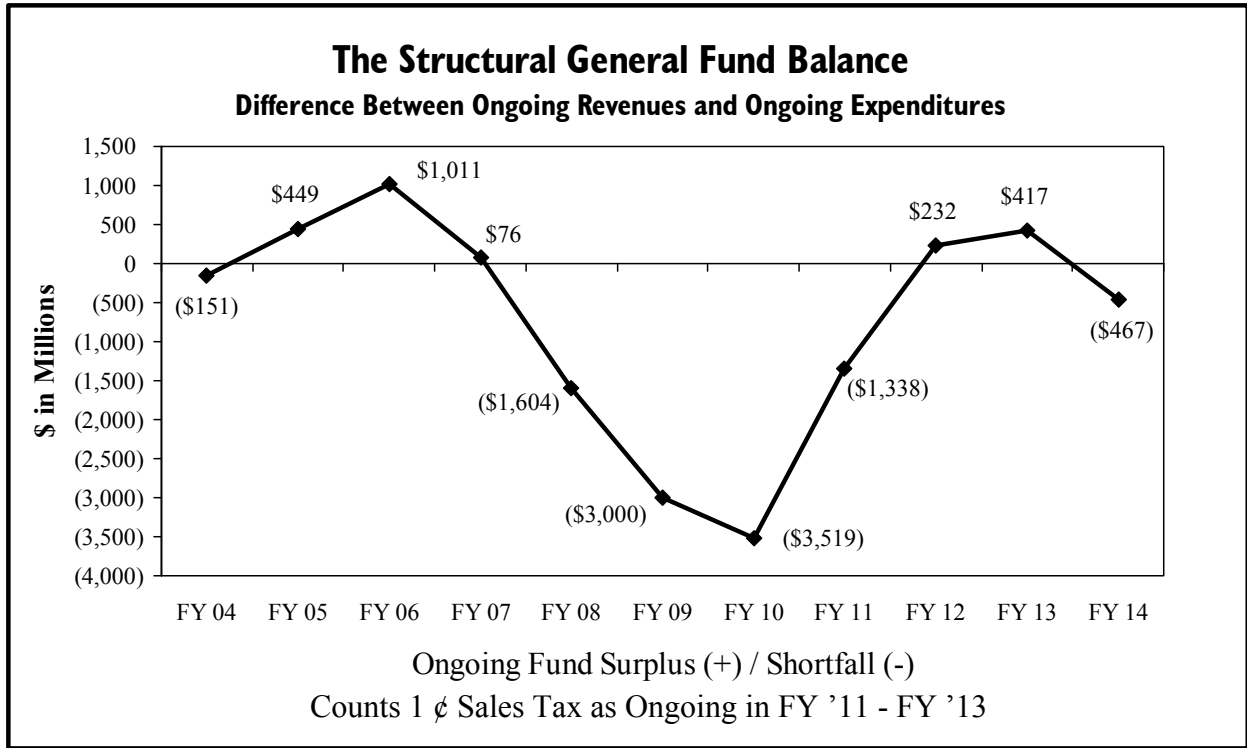
### FY 2014 Total Spending by Fund Source <sup>1/</sup>

Fund Source	Spending (Millions)
General Fund	\$ 8,847.5
Other Appropriated Funds	3,487.8
Non-Appropriated Funds	7,356.4
Federal Funds	9,526.0
<b>TOTAL</b>	<b><u>\$ 29,217.7</u> <sup>2/</sup></b>



<sup>1/</sup> Does not include administrative adjustments and revertsments.

<sup>2/</sup> Prior to FY 2008, the same chart in Appropriations Reports excluded capital.

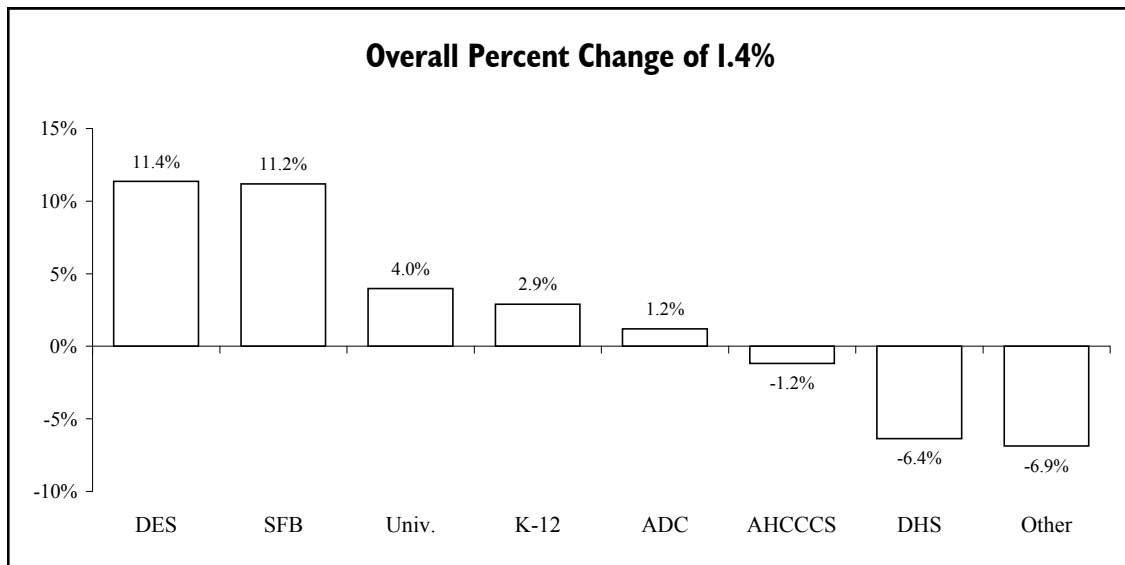
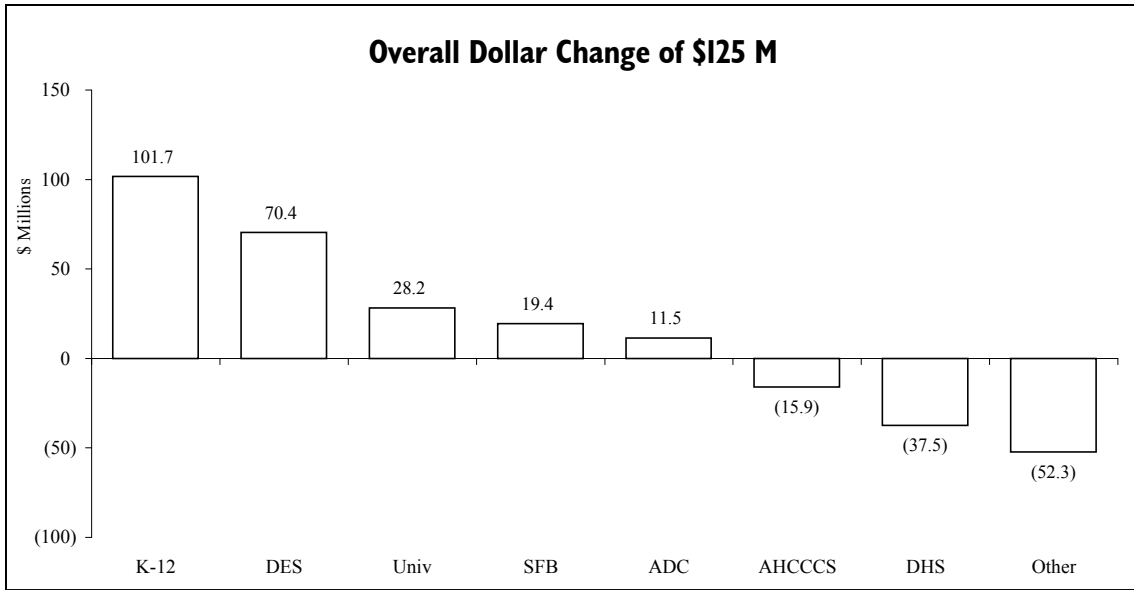


**Recent History of Ongoing General Fund Balance <sup>1/</sup>**  
**(\$ in Millions)**

Fiscal Year	Ongoing Revenues	Ongoing Expenditures	Surplus/ (Shortfall)
2004	6,462	6,613	(151)
2005	7,719	7,270	449
2006	9,266	8,255	1,011
2007	9,624	9,548	76
2008	8,765	10,369	(1,604)
2009	6,967	9,967	(3,000)
2010	6,295	9,814	(3,519)
2011	8,056 <sup>2/</sup>	9,394	(1,338)
2012	8,535 <sup>2/</sup>	8,303	232
2013	8,923 <sup>2/</sup>	8,506	417
2014	8,309	8,776	(467)

<sup>1/</sup> Excludes one-time revenues and expenditures.  
<sup>2/</sup> Includes the 1-cent sales tax increase from Proposition 100 as ongoing revenue.

## Changes to Major Agencies' General Fund Budget <sup>1/</sup> FY 2013 to FY 2014



<sup>1/</sup> Represents change in total General Fund spending from FY 2013 (including supplementals and ex-appropriations) to FY 2014. See page BD-5.

# FY 2014 STATE GENERAL FUND BUDGET – A NARRATIVE SUMMARY

## General Fund Balances

- Given forecasted FY 2014 General Fund revenues of \$9.05 billion and spending of \$8.81 billion, the budget has a projected FY 2014 balance of \$248 million.
- Under the 3-year budget projections, there would be an ending balance of \$12 million in FY 2015 and a shortfall of \$(12) million in FY 2016.
- The ending balance projections exclude the state's Budget Stabilization Fund reserve of \$456 million.

## General Fund Revenues

- Projected FY 2014 revenues are \$9.05 billion. While base revenues are forecast to grow in FY 2014, overall net revenues would decline by \$(321) million compared to FY 2013.
  - ⇒ Based on JLBC's 4-sector consensus, base revenues are projected to grow by \$415 million, or 4.9%.
  - ⇒ A \$297 million increase in the beginning balance, from \$397 million at the beginning of FY 2013 to \$694 million at the start of FY 2014.
  - ⇒ The Proposition 100 1-cent sales tax increase approved by voters expires at the end of FY 2013, reducing FY 2014 revenues by \$(924) million.
  - ⇒ The state set-aside for urban revenue sharing formula distributions would grow from \$514 million to \$561 million, thereby reducing state revenue by \$(47) million.
  - ⇒ Enacted tax and revenue legislative changes would reduce state revenue by \$(58) million, primarily from a reduction in capital gains taxes and increased usage of a \$3,000 new job tax credit.
  - ⇒ Fund transfer revenue would decline by \$(30) million to a level of \$77 million. The primary transfer would be \$68 million from the State Employee Health Insurance Trust Fund.
  - ⇒ A net increase of \$27 million due to one-time changes.

## General Fund Spending

- FY 2014 General Fund spending is projected to be \$8.81 billion, an increase of \$125 million, or 1.4% above FY 2013. Excluding the one-time deposit to the Budget Stabilization Fund in FY 2013, the spending increase is \$325 million, or 3.8% above FY 2013.
- The entire FY 2014 state budget, including both appropriated and non-appropriated funds, is projected to be approximately \$29 billion.

## Education

### **Department of Education**

- ADE General Fund spending increases by \$101.7 million, or 2.9%, including:
  - ⇒ \$66.5 million for 0.7% student growth plus 5.0% special education growth.
  - ⇒ \$(43.9) million adjustment for lower than projected prior year enrollment growth.
  - ⇒ \$90.4 million for a 1.8% inflation adjustment of per pupil base level, transportation and charter additional assistance.
  - ⇒ \$11.8 million for property tax and Homeowner's Rebate changes.
  - ⇒ \$(5.0) million for information technology (IT) funds to the Department of Administration.
  - ⇒ \$4.5 million for Adult Education.
  - ⇒ \$3.6 million for School Safety.
  - ⇒ \$2.4 million for Performance Funding with the intent to fund a \$35 million program in FY 2015.
  - ⇒ \$(7.1) million for third year of 5-year Career Ladder phase out.
  - ⇒ \$(3.0) million to eliminate one-time funding for innovative education grants.
  - ⇒ \$3.4 million for other adjustments.
  - ⇒ \$(21.9) million to eliminate a one-time Rollover payoff.
- ADE statutory changes include:
  - ⇒ As permanent law, increase district bonding authority to 10% for non-unified districts and 20% for unified districts.
  - ⇒ As permanent law, eliminate Capital Outlay Revenue Limit (CORL) and the Soft Capital Allocation (SCA) and consolidate the 2 allocations into one per pupil allocation titled "District Additional Assistance." The per pupil allocation would be equivalent to the combined FY 2013 permanent law funding level (but notwithstanding in FY 2014).
  - ⇒ Reduce the "Rollover" by \$21.9 million in FY 2013. Exempts school districts with less than 600 students from the K-12 Rollover, requires Rollover payments to be made by July 12 rather than August 29, and requires equal amounts to be deferred each month.

### **School Facilities Board**

- SFB spending increases by \$19.4 million, or 11.2%, including:
  - ⇒ \$4.7 million for increased debt service associated with past lease-purchase agreements.
  - ⇒ New construction funding of \$672,000 would be used for the first year cost of constructing 2 projects in the Thatcher and Benson districts.
  - ⇒ \$14.0 million for Building Renewal Grants.
- SFB statutory changes include:
  - ⇒ Elimination of the 3-year window to project new school construction requirements.
  - ⇒ Elimination of the Building Renewal formula in lieu of a grant program. The current Building Renewal formula has a cost of \$260 million but has not been funded for several years.
  - ⇒ Elimination of the new school construction moratorium.
  - ⇒ An increase in the school district bonding limit to 10% and 20% of property values for non-unified and unified districts, respectively.

### **Universities**

- The Universities' General Fund spending increases by \$28.2 million, or 4.0%, including:
  - ⇒ \$15.3 million for parity funding as part of a multi-year plan to align Arizona State University's and Northern Arizona University's General Fund per student funding to that of the higher University of Arizona (UA) amount.
  - ⇒ \$8.0 million for UA's Phoenix Biomedical Campus.
  - ⇒ \$5.0 million for new performance funding.
  - ⇒ \$500,000 for the UA Freedom Center.
- Total university enrollment is expected to be 128,655 full-time equivalent students in FY 2014, or 2.8% above FY 2013.

### **Community Colleges**

- Community College General Fund spending increases by \$580,600, or 0.7%, including:
  - ⇒ \$(2.6) million for statutory operating aid and equalization aid formula decreases.
  - ⇒ \$2.0 million for Capital Outlay State Aid.
  - ⇒ \$875,000 of Transaction Privilege Tax revenues collected from the Navajo Indian Reservation for Navajo Technical College.
- Enrollment decreased by (3,996) full-time equivalent students, or (2.7) %, for a total enrollment of 141,474.

## **Health and Welfare**

### **Medicaid Agencies**

- All 3 Medicaid agencies are adjusted for the following funding formula factors: enrollment changes, an increase in the federal match rate from 66.09% to 66.84%, and a 2% - 3% capitation rate increase.

### **AHCCCS**

- AHCCCS' General Fund spending decreases by \$(15.9) million, or (1.2)%. The Health and Welfare Budget Reconciliation Bill expands adult eligibility and authorizes a provider assessment, but does not modify the agency funding level in the General Appropriation Act. As a result, those savings are not incorporated into this estimate. The \$(15.9) million includes:
  - ⇒ \$(74.1) million for formula adjustments.
  - ⇒ \$58.2 million for new mandatory costs associated with the expansion of federal health care requirements. When combined with the Department of Health Services (DHS) costs (*see below*), the overall mandatory cost is \$74 million.
- AHCCCS enrollment is projected to grow to 1.39 million by June 2014. This level represents a caseload increase of 163,300, or 13.3%, above June 2013. The higher caseload includes the following 190,000 new recipients related to federal health care changes:
  - ⇒ 87,000 enrollees due to mandatory coverage provisions. This population consists of currently eligible, but not enrolled individuals and children in families with income from 100-133% of the federal poverty level (FPL).
  - ⇒ 103,000 enrollees due to optional expansion of adult eligibility. Of this population, 79,000 of these individuals are childless adults from 0-100% FPL and 24,000 are adults from 100-133% FPL.

### **Medicaid Expansion/Assessment**

- If adjusted for optional expansion and the assessment, AHCCCS General Fund spending would further decrease by \$(56) million. This amount includes:
  - ⇒ \$(2.2) million for costs of expanding adult eligibility that are more than offset by savings from a reduced state match of current childless adult costs.

- ⇒ \$(53.8) million for a provider assessment that would replace the General Fund portion of costs for Proposition 204 and adult expansion populations.

#### **Department of Health Services**

- DHS General Fund spending decreases by \$(37.5) million, or (6.4)%, including:
  - ⇒ \$(57.6) million for formula adjustments.
  - ⇒ \$15.8 million for new mandatory costs associated with the expansion of federal health care requirements. This estimate does not include savings associated with Medicaid expansion and assessment.
  - ⇒ \$1.8 million to allow DHS to reduce the percentage of the cost of care reimbursement by counties for the treatment of sexually violent persons.
  - ⇒ \$1.4 million to shift Long Term Care Fund monies to the Department of Economic Security (DES).
  - ⇒ \$600,000 for ongoing Electronic Medical Records costs.
  - ⇒ \$250,000 for Mental Health First Aid.

#### **Department of Economic Security**

- DES General Fund spending increases by \$70.4 million, or 11.4%, including:
  - ⇒ \$7.1 million for new FY 2014 Developmentally Disabled (DD) Medicaid formula changes. This funds \$5.4 million for the annualization of the April 1, 2013 provider rate adjustment.
  - ⇒ \$10.0 million for a 3% DD capitation rate increase in FY 2014.
  - ⇒ \$13.0 million for Emergency and Residential Placement, providing for the backfill of one-time funds.
  - ⇒ \$12.9 million for 150 Child Protective Services staff. With the 50 FTE Positions authorized in a FY 2013 supplemental, total staffing would grow by 200 FTE Positions.
  - ⇒ \$4.8 million for Foster Care caseload growth and receiving homes.
  - ⇒ \$1.5 million plus matching Federal Funds to add 22 attorneys for Child Protective Services legal support.
  - ⇒ \$2.9 million for Adoption Services caseload growth.
  - ⇒ \$9.0 for Intensive Family Services and other Children Support Services.
  - ⇒ \$1.0 million to provide Grandparent Stipends for children in unlicensed kinship foster care.
  - ⇒ \$9.0 million to maintain the FY 2013 Child Care caseload level, as well as providing for Child Care caseload growth in Child Protective Services.
  - ⇒ \$(1.4) million to consolidate expenditures from the Long Term Care System Fund in DES.

#### **Criminal Justice/Public Safety**

#### **Department of Corrections**

- Arizona Department of Corrections (ADC) General Fund spending increases by \$11.5 million, or 1.2%, including:
  - ⇒ \$5.1 million and 6 FTE Positions for opening and monitoring 500 private medium-security beds in January 2014.
  - ⇒ \$(5.0) million for an inmate health care surplus based on capitation rates paid to private provider.
  - ⇒ \$8.3 million for the employer share of a retirement contribution increase.
  - ⇒ No funding for 500 state-operated maximum-security beds as construction delays will defer staffing until FY 2015.
- The total public and private population is projected to be 40,700. ADC would have a rated bed shortfall of (3,505) in June 2014. This shortfall would be offset by the availability of 5,000 temporary beds.

#### **Department of Emergency and Military Affairs**

- DEMA General Fund spending increases by \$1.4 million, including \$1.1 million for restoration of the Governor's Emergency Fund expenditure authority to its full \$4.0 million.

#### **Judiciary**

- Judiciary General Fund spending increases by \$487,300, or 0.5%, including:
  - ⇒ \$200,000 for additional resources for the Foster Care Review Board.
  - ⇒ \$98,000 for a new Superior Court judgeship in Mohave County.
  - ⇒ \$74,000 to fund an operating shortfall for the Gila River Water Master.
  - ⇒ \$50,000 for a new Deputy Clerk position in Division II of the Court of Appeals.
  - ⇒ \$90,000 to fund a report on Arizona's Mental Health Courts.

## **Department of Public Safety**

- DPS General Fund spending increases by \$6.0 million, or 13.9%, including:
  - ⇒ \$750,000 to backfill reduced Federal Funds for Arizona Counter Terrorism Information Center (ACTIC) operating costs.
  - ⇒ \$5.5 million for the employer share of a retirement contribution increase.

## **State Employee Issues**

### **FTE Positions**

- The budget decreases the Full-Time Equivalent (FTE) ceiling by (513.8) Positions in FY 2014, primarily due to the privatization of Department of Corrections Inmate Health Care Services.
- These adjustments would bring the total appropriated FTE Position ceiling to 48,909.6.

### **Employee Pay and Salary Issues**

- The budget includes an increase of \$6.9 million from the General Fund to annualize and make permanent the October 2012 retention pay bonus for uncovered employees. The total General Fund cost is \$23.5 million.
- Employer and employee retirement rates will increase in FY 2014 in all retirement systems. The budget includes funding for the employer share of these rate increases in the ADC and DPS budgets. All other agencies would absorb higher employer retirement cost (estimated at \$2.1 million).
- The budget eliminates \$(19.4) million in savings for a one-time payment holiday of state employee health insurance. The budget includes no change in funding for the employee or employer share of health insurance, as surplus health insurance funds are expected to cover any cost increase. The budget also eliminates the 90-day waiting period for new state employees to receive health insurance, but does not restore funding to agencies for this cost.

## **Local Issues**

- The budget includes the following \$7.5 million General Fund adjustments for local governments, including:
  - ⇒ \$550,000 for all counties except Maricopa and Pima for a total of \$7.2 million.
  - ⇒ \$100,000 for State Forester Environmental County grant (for a total of \$175,000).
  - ⇒ \$100,000 for State Forester Resource Management plans.
- The budget includes an increase of \$47.4 million, or 9.2%, for higher urban revenue sharing payments to city governments. Total funding would be \$561.0 million.

## **General Government**

### **Automation**

- The budget includes a decrease from the General Fund of \$(1.6) million in FY 2014 and FY 2015, and \$(13.8) million in FY 2016 from the original multi-year appropriation to replace the state's financial accounting system. These reductions will be offset by \$17.0 million in charges to Other Appropriated and Non-Appropriated Funds that will utilize the new system.
- The budget includes \$18.4 million from the General Fund and \$66.7 million from Other Funds for information technology and automation projects, including:
  - ⇒ \$28.6 million for the second year of a 4-year project to replace the state's financial and accounting system.
  - ⇒ \$11.5 million for ADOA technology including:
    - \$3.1 million for enhancing statewide data security.
    - \$2.7 million to improve and maintain the state's Data Center.
    - \$2.5 million for project management.
    - \$2.0 million for one-time costs associated with a change to the state web portal contract.
    - \$1.0 million for enhancing enterprise architecture.
    - \$325,000 for projects related to E-government.
  - ⇒ \$8.0 million for the replacement of ADC's Adult Inmate Management System (AIMS).
  - ⇒ \$7.0 million for ADE's IT project, the Education Learning and Accountability System (ELAS).
  - ⇒ \$5.0 million for DEQ's E-Licensing Project.
  - ⇒ \$4.9 million to enhance data security and encryption at DOR.
  - ⇒ \$1.7 million for the second year of a 2-year project to update DOR's Business Reengineering and Integrated Tax System (BRITS).

### **Payment Deferral**

- The budget includes a \$21.9 million decline in budgeted payment deferrals or "rollovers." The budget defers \$1.2 billion in General Fund spending from FY 2014 to FY 2015, including:
  - ⇒ \$931 million of school district payments (a decline of \$22 million).



- ⇒ \$200 million of payments to the University system.
- ⇒ \$35 million of DES payments.

### **Revertments**

- The budget includes an increase of \$75.3 million from the General Fund for the loss of one-time net revertments in FY 2013. Revertments are unspent appropriations offset by any administrative adjustments.
- In FY 2013, AHCCCS and DHS are expected to revert funding due to lower than expected caseloads, while ADE will revert funding due to an early disbursement of FY 2013 obligations in FY 2012.

### **Capital**

- The budget includes \$30 million in FY 2014 as appropriated in the FY 2013 budget to complete 500 maximum-security prison beds operated by the Department of Corrections. This amount is an increase of \$10 million above the \$20 million appropriated in FY 2013 for this purpose.
- The budget adjusts rental rates to reflect the change from usable square feet to rentable square feet. This change generates an increase of \$697,800 to the Capital Outlay Stabilization Fund, but reflects no net General Fund impact. The budget also includes \$67,800 of General Fund monies for lease-purchase and privatized lease-to-own payments changes.
- The budget includes an increase of \$19.7 million from the General Fund for debt and lease-purchase payments in FY 2013. This increase includes:
  - ⇒ \$14.9 million related to financing payments for the expansion of the Phoenix Convention Center.
  - ⇒ \$4.7 million due to increased debt service associated with past SFB new construction lease-purchase agreements.
  - ⇒ The budget authorizes, but does not require, SFB to enter into a refinancing agreement, provided the agreement meets certain criteria. A preliminary proposal would achieve savings of \$(0.9) million in FY 2014 and \$(3.1) million in FY 2015.

## FY 2014 FUNDING FORMULA SUSPENSIONS 1/2/

	<b>FY 2014 Formula Requirement</b>
<b><u>Statutory</u></b>	
Community Colleges - Capital State Aid Reduction	\$20,991,600
Department of Education - District Additional Assistance	238,985,500
Department of Education - Charter Additional Assistance	15,656,000
Department of Education - Fund Non-Rural JTEDs at 91%	4,162,000
Department of Environmental Quality - WQARF	8,000,000
Department of Health Services - Restoration to Competency	1,740,600
Department of Health Services - Sexually Violent Persons	3,600,000 <u>3/</u>
Universities - Financial Aid Trust	11,321,800
 Total - FY 2014 Statutory Funding Formula Suspensions	 \$304,457,500
<b><u>Non-Statutory</u></b>	
Department of Administration - Building Renewal	\$19,006,600
Universities - Building Renewal	100,401,400
 Total - FY 2014 Non-Statutory Funding Formula Suspensions	 \$119,408,000

1/ Represents the cost of funding formulas that are currently suspended on an annual basis.

2/ Excludes AHCCCS suspension of Proposition 204 Childless Adults through December 2013.

3/ Reflects counties' estimate of remaining cost.