

FY 2009 – FY 2013 Balance Sheet

The following balance sheet shows the estimated impact of the 7/31 budget plan on the ending balance in fiscal years FY 2010 through FY 2013. Assuming the sales tax referral is passed by the voters, the estimated ending balances going forward are as follows: \$367 M in FY 2010, \$(892) M in FY 2011, \$(2.2) B in FY 2012, and \$(2.7) B in FY 2013. If the sales tax increase is not approved, the estimated ending balances going forward are as follows: \$624,900 in FY 2010, \$(1.9) B in FY 2011, \$(3.0) B in FY 2012, and \$(3.1) B in FY 2013.

These balance estimates do not reflect a possible FY 2009 shortfall of \$(200) M to \$(300) M. Once that amount is finally determined, it will carry forward into FY 2010 and reduce the FY 2010 ending balance by a corresponding amount.

On the revenue side, the calculations assume the following:

- The estimated revenues from the TPT increase are based on the JLBC 4-sector consensus forecast and assume 5 months of collections in FY 2010. If approved by voters, the TPT increase would be 1 cent for the first 24 months and a half-cent for the final 12 months.
- Individual and corporate income tax reductions totaling \$(400) M in both FY 2012 and FY 2013.
- The State equalization tax is repealed and the QTR is set at \$2.75
- A 0.9% increase in FY 2010 baseline revenues. This estimate was originally a (1.0)% decrease, but the lower than expected FY 2009 base has increased the growth rate necessary to achieve the FY 2010 revenue estimate.
- FY 2011-2013 revenue growth estimates reflect the JLBC 4-sector consensus forecast.

In terms of expenditures, the calculations assume the following:

- FY 2010 spending and transfers are at the levels found in the original 6/30 plan, except that the 7/31 plan excludes the Early Childhood Fund transfer and includes a \$500,000 transfer from Auto Theft Authority funds.
- Estimated FY 2010 General Fund revertsments have been adjusted upward by \$7 M.
- The enacted FY 2009 and FY 2010 reductions are on-going
- The elimination of all the FY 2010 triggers tied to General Fund revenues, with the exception of the \$22 M K-12 shift to local VLT revenues. If revenue collections exceed a minimum threshold, the \$22 M shift will not occur.
- JLBC caseload growth estimates for entitlement programs. These figures are estimates from the January FY 2010 JLBC Baseline. AHCCCS and ADC estimates have been updated to reflect increasing caseload trends and the delayed opening of prison beds. The spending estimates have also been adjusted for the potential FY 2011 debt service payment associated with the sale lease-back provisions.
- A 4 year spending cap at \$10.2 B, which would last through FY 2013. This spending cap excludes growth in entitlement programs, which makes its associated savings difficult to quantify.

The following estimates do not include the impact of the partial suspension of Proposition 105.

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

	FY 2009 Budgeted	FY 2010 Baseline	FY 2010 7/31 Plan	FY 2011 JLBC Forecast	FY 2012 JLBC Forecast	FY 2013 JLBC Forecast
REVENUES						
Ongoing Revenues	\$7,835,311,000	\$7,759,988,200	7,759,988,200	\$8,214,117,200	\$8,672,475,400	\$9,188,598,700
Enacted Tax Law Changes	0	(34,000,000)	(12,000,000)	(109,000,000)	(85,000,000)	(90,000,000)
Other Revenue Changes	0	0	37,904,900	0	0	0
INCOME TAX REDUCTIONS	0	0	0	0	(400,000,000)	(400,000,000)
SALES TAX INCREASE	0	0	388,000,000	968,000,000	822,000,000	325,000,000
Urban Revenue Sharing	(727,677,400)	(628,649,100)	(628,649,100)	(513,690,000)	(504,105,200)	(516,000,000)
Net On-going Revenues	7,107,633,600	7,097,339,100	7,545,244,000	8,559,427,200	8,505,370,200	8,507,598,700
One-time Financing Sources						
Balance Forward	1,000,000	\$0	\$0	366,624,900	0	0
Baseline Revenue Changes	0	38,360,900	32,398,100	32,398,100	32,398,100	0
Other Revenue Changes	79,021,900	0	95,636,700	0	0	0
Prior Year SFB Bond Proceeds	344,000,000	0	0	0	0	0
Prison Concession/Lease-Purchase	0	0	835,419,300	0	0	0
Budget Stabilization Fund Transfer	150,000,000	0	0	0	0	0
Fund Transfers	723,217,700	0	255,774,400	0	0	0
Subtotal One-time Revenues	1,297,239,600	38,360,900	1,219,228,500	399,023,000	32,398,100	0
Total Revenues	\$8,404,873,200	\$7,135,700,000	\$8,764,472,500	\$8,958,450,200	\$8,537,768,300	\$8,507,598,700
EXPENDITURES						
Operating Budget Appropriations	9,760,984,500	\$10,308,218,500	9,753,047,500	10,292,808,500	10,761,356,200	11,261,356,200
FY 2009 Supplementals	143,941,200	0	11,941,100	0	0	0
Administrative Adjustments	136,000,000	72,731,600	72,731,600	73,607,000	80,283,900	83,938,600
Reversions	(103,902,300)	(98,375,300)	(113,241,600)	(123,513,700)	(129,136,300)	(135,136,300)
Add'l AHCCCS Fraud Reversion	0	0	(50,000,000)	(50,000,000)	(50,000,000)	(50,000,000)
New Debt Service	0	0	0	75,000,000	75,000,000	75,000,000
Subtotal Ongoing Expenditures	9,937,023,400	10,282,574,800	9,674,478,600	10,267,901,800	10,737,503,800	11,235,158,500
One-time Expenditures						
Capital Outlay	2,650,000	\$10,000,000	10,400,000	0	0	0
Capital Outlay Prior Year Reversions	(4,800,200)	0	(450,000)	0	0	0
Statutory Reversions	(50,000,000)	0	0	0	0	0
21st Century Fund Transfer	0	0	0	0	0	0
Temporary Federal Assistance ^{1/}	(750,000,000)	0	(1,126,691,900)	(417,000,000)	0	0
K-12 Shift to Local VLT	0	0	(22,000,000)	0	0	0
Payment Deferrals	(100,000,000)	0	(159,889,100)	0	0	0
K-12 Rollover	(630,000,000)	0	0	0	0	0
Subtotal One-time Expenditures	(1,532,150,200)	10,000,000	(1,298,631,000)	(417,000,000)	0	0
Total Expenditures	\$8,404,873,200	\$10,292,574,800	\$8,375,847,600	\$9,850,901,800	\$10,737,503,800	\$11,235,158,500
FY 2010 TRIGGER	\$0	\$0	\$22,000,000	\$0	\$0	\$0
\$10.2 B SPENDING CAP (THROUGH FY 2013)	\$0	\$0	\$0	\$0	— ^{2/}	— ^{2/}
Revised Total Expenditures	\$8,404,873,200	\$10,292,574,800	\$8,397,847,600	\$9,850,901,800	\$10,737,503,800	\$11,235,158,500
Ending Balance ^{3/}	\$0	(\$3,156,874,800)	\$366,624,900	(\$892,451,600)	(\$2,199,735,500)	(\$2,727,559,800)
Ending Balance Without Sales Tax Increase ^{3/}	\$0	(\$3,156,874,800)	\$624,900	(\$1,860,451,600)	(\$3,021,735,500)	(\$3,052,559,800)

^{1/} Of the \$750 M in budgeted FY 2009 Federal assistance savings, \$250 M will actually occur in FY 2010.

^{2/} While spending in both FY 2012 and FY 2013 is expected to be above the spending cap of \$10.2 B, the exemption of entitlement program growth from the cap makes estimating the savings realized difficult to predict in advance.

^{3/} Represents budgeted FY 2009 ending balance. Actual balance may be \$(200) million - \$(300) million.

* Represents JLBC estimates of income and sales tax changes