

 **APRIL 30, 2018**

BUDGET UPDATE

OVERVIEW

| | FY19 | FY20 | FY21 |
|--------------------|----------|----------|----------|
| TOTAL GF BUDGET | \$10.4 B | \$10.8 B | \$11.3 B |
| Spending Increase | 5.7% | 3.9% | 4.8% |
| Structural Balance | \$150m | \$45m | \$2m |
| Cash Balance | \$240m | \$192m | \$106m |

Rainy Day Fund= \$467m

Average spending growth '01-'08: 7.9% ('07: 23%)

Average spending growth '15-'19: 2.9%

TEACHER PAY

- ▶ #20x2020
- ▶ In the base level
- ▶ Inflated
- ▶ Ongoing
- ▶ Permanent
- ▶ 20% increase over FY17

| Fiscal Year | Increase | Amount | School Year |
|---------------------------|----------|-----------------|-------------|
| FY 18 | 1% | \$32.3m | 2017-2018 |
| FY 19 | 9% | \$272.6m | 2018-2019 |
| FY 20 | 5% | \$164.7m | 2019-2020 |
| FY 21 | 5% | \$174.5m | 2020-2021 |
| Total, Ongoing 20% | | \$644.1m | |

**Plan includes two-year bridge to Prop 301*

**Advance-appropriated*

OTHER K-12 SPENDING

- ▶ Additional Assistance
 - ▶ Fully Funded; advanced appropriated
 - ▶ \$371m (phased in over 5 years)
 - ▶ \$100m this year
 - ▶ Fully funds small and rural schools
- ▶ Arizona School for the Deaf and Blind
 - ▶ \$2m (early childhood intervention)
 - ▶ Teachers are included in pay package
- ▶ Career and Technical Education (JTED)
 - ▶ \$1.8m Fully funds all JTEDs
- ▶ School Safety
 - ▶ Behavioral Health Specialists
 - ▶ \$3m State
 - ▶ \$7m Federal Drawdown
 - ▶ \$600k over 3 years to improve background check system
- ▶ Schools Paid for w/Cash
 - ▶ \$88m
- ▶ Building Renewal
 - ▶ \$53m (highest level since 2007)

HIGHER EDUCATION

- ▶ Funding Arizona's Universities
- ▶ ASU, NAU, UofA
 - ▶ \$27m (capital funding)
 - ▶ \$8m (resident student funding)
 - ▶ \$2m (ASU School of Civic and Economic Thought and Leadership; Center for the Philosophy of Freedom at the UofA)

HEALTHCARE

- ▶ Increased Funding for Critical Access (rural) Hospitals
 - ▶ \$1.8m
- ▶ Provider Rate Increase for Hospitals
 - ▶ 2.5% (in-patient and out-patient AHCCCS rates)
 - ▶ 1st increase since 2007
 - ▶ \$55m
 - ▶ \$10m General Fund
 - ▶ \$3m Hospital Assessment
 - ▶ \$42m Federal Funds
- ▶ Skilled Nursing Provider Rate Increase
 - ▶ \$2.7m (AHCCCS)
 - ▶ \$200k (DES/DD)
- ▶ Tobacco Tax Alignment
 - ▶ \$35m savings
- ▶ Developmental Disabilities
 - ▶ \$13m
- ▶ Alzheimer's Funding
 - ▶ \$2m

COUNTY MONEY

- ▶ Eliminate County Contribution for Medicaid State Match (DUC Pool Payments)
 - ▶ \$2.6m (ongoing)
- ▶ Pinal, Yavapai, Mohave ongoing \$550k distribution
 - ▶ \$1.7m
- ▶ Juvenile Corrections Offset
 - ▶ \$11.3m (one-time)
- ▶ Eliminate Arizona State Hospital SVP Shift
 - ▶ \$3m

PUBLIC SAFETY

- ▶ Wrong-Way Driver Night Watch
 - ▶ \$1.4m
 - ▶ 6 Troopers
 - ▶ Fully Funded
- ▶ Border Strike Force
 - ▶ \$2.9m
 - ▶ 12 Troopers
 - ▶ Fully Funded

VETERANS

- ▶ Veterans Homes
 - ▶ \$8m additional dollars
 - ▶ Increased construction costs and capacity to serve veterans
 - ▶ Yuma and Flagstaff homes scheduled for 2019
- ▶ Increase Veterans Pension Exemption
 - ▶ \$2m
 - ▶ Increase from \$2,500 to \$3,500

OTHER INVESTMENTS

- ▶ Adoption Subsidies
 - ▶ Fully Funded
 - ▶ Multiple fund sources
- ▶ Arts
 - ▶ \$2m
 - ▶ Increase of \$500,000
- ▶ Arizona Food Banks
 - ▶ \$1m
 - ▶ Increasing food bank capacity, including rural food banks

HOW DO WE PAY FOR IT?

| Fiscal Year | Base Revenue Growth |
|-------------|---------------------|
| FY 19 | 4.3% |
| FY 20 | 4.4% |
| FY 21 | 4.5% |

Average revenue growth '01-'08: 8% ('07: 23.7%)

Average revenue growth '15-'19: 4%

- ▶ AHCCCS Caseload Decrease
- ▶ Tax Fraud Prevention
 - ▶ \$30m
- ▶ Department of Revenue Auditors
 - ▶ \$25m
- ▶ Highway Safety Fund Savings
 - ▶ \$100m+ in FY20
- ▶ Private Prison Per Diem Cap
 - ▶ \$2.8m
- ▶ Agency Reductions
 - ▶ \$8m Starting in FY20
- ▶ Property Tax Reform
 - ▶ \$18m savings