

HIGHLIGHTS OF THE FY 2022 BUDGET

The FY 2022 budget is based primarily upon the actions of the 55th Legislature's 1st Regular Session. On June 30, 2021, the Governor signed into law the FY 2022 General Appropriation Act for the year beginning July 1, 2021.

The state's FY 2022 General Fund budget is \$12.83 billion. After accounting for non-General Fund monies, the state's "all funds" budget is \$53.34 billion. *(See the Summary of Appropriated Funds by Agency and Summary of Total Spending Authority for more details.)*

Revised FY 2021 Budget – At the time of publication of the *FY 2021 Appropriations Report* in July 2020, the FY 2021 budget was anticipated to have a \$729 million ending balance.

The negative economic impact of the coronavirus pandemic, however, was substantially less than expected. By January 2021, we estimated the projected FY 2021 ending balance to be \$1.8 billion. By June 2021, the ending balance was adjusted upward by another \$1.1 billion due to accelerating revenue collections. At least in part, this revenue growth was related to over \$77 billion in federal COVID-19 assistance. This aid resulted in Arizona personal income growing by over 10%. *(See the Economic and Revenue Forecast and FY 2021 General Fund Adjustments sections for more information.)*

Due to the large available balance, the budget funded \$2.7 billion for several major one-time FY 2021 supplementals, including:

- \$1.0 billion to pay down pension debt for Department of Public Safety (DPS) and Arizona Department of Corrections retirement systems,
- \$977 million to pay off state debt from the 2009-2010 Great Recession as well from the lease-purchase financing of state buildings,
- \$321 million for transportation infrastructure and pavement preservation,
- \$200 million for drought mitigation efforts, and
- \$100 million for wildfire mitigation efforts.

At the time of passage, this revised FY 2021 budget was estimated to have an ending balance of \$442 million.

Actual FY 2021 General Fund revenues, however, were substantially higher than forecast even in the enacted budget. Based on preliminary results, FY 2021 revenues grew by 29%. As a result, the JLBC Staff expects the final FY 2021 ending balance to significantly exceed \$442 million.

The FY 2022 Budget – Based on \$13.03 billion in revenue and \$12.83 billion in spending, the FY 2022 General Fund cash balance is projected to be \$202 million.

The ending cash balance estimate does not reflect the Budget Stabilization Fund (BSF) reserve. The BSF is expected to have a balance of \$982 million at the end of FY 2022.

Total FY 2022 General Fund revenues are projected to decline by (7.3)% compared to FY 2021. But after adjusting for the beginning balance, urban revenue sharing, the tax deferral and newly-enacted reductions, the base growth rate is 2.1% above FY 2021. The low base growth rate is primarily due to the expectation that the federal COVID 19 relief will be one-time in nature, which in turn will negatively affect Arizona personal income growth.

The state enacted \$(886) million in new tax law changes. The primary reduction was \$(836) million to cap the state's maximum individual income tax rate at 4.5%. Tax filers with incomes above \$250,000 (single) and \$500,000 (married) would have otherwise paid an 8.0% marginal tax rate due to the state's new Proposition 208 3.5% surcharge. *(See the Future Tax Reductions section below for changes in FY 2023 and beyond.)*

FY 2022 General Fund spending of \$12.8 billion consists of a \$840 million increase in ongoing initiatives and a \$(1.7) billion decrease to eliminate the one-time FY 2021 expenditures.

FY 2022 General Fund spending would change as follows:

- \$311 million for Arizona Department of Education (ADE) spending, including \$82 million for 0.4% student growth, \$87 million for 1.21% inflation adjustment, \$68 million for a previously-approved Additional Assistance funding increase, and \$50 million for additional Special Education funding.
- \$17 million for the School Facilities Board, including \$113 million for an increase in new school construction including higher new cost-per-square-foot rates, offset by \$(57) million in savings from retirement of debt service payments.
- \$137 million for the Universities, primarily for operating budget increases.
- \$43 million for Community Colleges, including \$28 million for rural community college districts and \$13 million for urban districts.

- \$(36) million in AHCCCS savings reflecting caseload growth more than offset by savings from the enhanced federal match rate continued through December 31, 2021 and \$13 million for Long Term Care provider rate increases.
- \$18 million for the Department of Child Safety, including \$25 million for congregate care expenses partially offset by \$(10) million in federal match rate savings.
- \$38 million for the Department of Economic Security, including \$13 million for Developmental Disabilities (DD) formula increases and \$15 million in additional DD provider rate increases.
- \$79 million for the Arizona Department of Corrections, including \$31 million for a correctional officer salary increase, \$28 million for private vendor contract increases, \$19 million for new private beds associated with the closure of the Florence state prison, \$17 million for radio replacements, and \$15 million for medical staffing augmentation.
- \$201 million to the Department of Public Safety, including \$161 million to backfill lost revenues from the previously-approved repeal of the Highway Safety Fee as of June 2021, \$24 million for salary adjustments, \$7 million for a new body camera program, and \$7 million for more overtime expenses.

(See FY 2022 State General Fund Budget - A Narrative Summary for a more detailed list of changes.)

Future Tax Reductions – Beyond the tax law changes described above, the budget also makes the following adjustments:

- \$(1.3) billion in Tax Year 2022/FY 2023 General Fund tax reductions based on lowering the 4 current individual income tax rates to 2.55% and 2.98% along with the 4.5% maximum tax rate policy begun in Tax Year 2022.
- Contingent upon General Fund revenue collections of \$12.8 billion in FY 2022, the 2 rates would further decline to 2.53% and 2.75% in FY 2024 at a cost of \$1.5 billion in TY 2023/FY 2024.
- Contingent upon General Fund revenue collections of \$13.0 billion in FY 2023 or any year thereafter, the 2 rates would be collapsed into a single 2.5% rate (plus the 4.5% maximum tax rate) at a cost of \$1.8 billion in TY 2024/FY 2025.
- The income tax reduction estimates include the impact of SB 1783, which will allow taxpayers to shift certain types of income to a lower tax rate than their regular tax rate.

In addition, the Class 1 commercial property tax assessment ratio will decline from 18% to 16% over 4 years starting in TY 2022/FY 2023. The homeowner's

rebate on Class 3 residential property will increase from 47.2% to 50.0% beginning in TY 2022.

Long-Term Projections – A.R.S. § 35-125 requires that the General Appropriation Act delineate the revenue and expenditure estimates for the budget year and the following 2 years. The expenditure estimates are based on statutory revenue and funding requirements as well as eliminating any initiatives labeled as one time in the FY 2022 budget.

FY 2023 revenues are projected to be \$12.89 billion compared to FY 2023 spending of \$12.84 billion with an ending cash balance of \$40 million. FY 2024 revenues are projected to be \$13.51 billion compared to FY 2024 spending of \$13.09 billion with an ending cash balance of \$417 million. These estimates exclude the contingent tax reductions described above.

Federal and State COVID relief programs – In response to the coronavirus pandemic, the federal government provided the state with substantial resources to address the disease itself as well as the associated economic downturn. *(Please see the COVID-Related Spending Summary section for more information.)*

**Enacted Budget - Statement of General Fund Revenues and Expenditures
With One-Time Financing Sources**

	FY 2021 Enacted	FY 2022 Enacted	FY 2023 Estimate	FY 2024 Estimate
REVENUES				
Ongoing Revenues	\$14,467,390,400	\$14,143,074,500	\$14,723,605,600	\$15,371,218,800
Newly Enacted Tax Reductions		(50,495,800)	(1,058,695,800)	(1,064,595,800)
Newly Enacted Changes/Other Revenue		67,099,300	281,096,300	381,095,100
Urban Revenue Sharing <u>1/</u>	<u>(828,492,900)</u>	<u>(756,391,100)</u>	<u>(948,581,500)</u>	<u>(907,536,900)</u>
Net Ongoing Revenues	\$13,638,897,500	\$13,403,286,900	\$12,997,424,600	\$13,780,181,200
One-time Financing Sources				
Balance Forward	372,457,000	441,739,700	202,292,900	40,400,700
4.5% Maximum Tax Rate (Ongoing in FY 25)		(836,000,000)	(487,800,000)	(487,800,000)
SB 1783 Impact (Ongoing in FY 25)			173,400,000	173,400,000
Water Infrastructure Repayment		20,000,000		
Other Fund Transfers	<u>40,905,700</u>			
Subtotal One-time Revenues	\$413,362,700	(\$374,260,300)	(\$112,107,100)	(\$273,999,300)
Total Revenues	\$14,052,260,200	\$13,029,026,600	\$12,885,317,500	\$13,506,181,900
EXPENDITURES				
Ongoing Operating Appropriations	\$11,469,755,900	\$12,321,812,800	\$12,742,778,200	\$13,075,404,600
Administrative Adjustments	55,000,000	120,000,000	158,000,000	158,000,000
Reversions	<u>(150,000,000)</u>	<u>(192,000,000)</u>	<u>(203,000,000)</u>	<u>(203,000,000)</u>
Subtotal Ongoing Expenditures	\$11,374,755,900	\$12,249,812,800	\$12,697,778,200	\$13,030,404,600
One-time Expenditures				
Capital Outlay	11,000,000	92,632,900		
Transportation Funding	321,001,500			
Reduce K-12 Rollover		65,000,000		
Debt Payoff	977,100,000			
Pension Payoff	1,000,000,000			
Operating One-Time Spending	275,373,600	666,235,900	147,138,600	58,427,700
New FY 2021 Supplementals	276,266,500			
Drought Mitigation/Water Supply Funding	200,000,000			
New Medicaid Federal Match Reversion <u>2/</u>	<u>(431,940,800)</u>	<u>(267,000,000)</u>		
New ADE Enrollment Reversion <u>2/</u>	<u>(436,114,800)</u>			
27th Pay Period (Enacted)	<u>43,078,600</u>	<u>20,052,100</u>		
Subtotal One-time Expenditures	\$2,235,764,600	\$576,920,900	\$147,138,600	\$58,427,700
Total Expenditures	\$13,610,520,500	\$12,826,733,700	\$12,844,916,800	\$13,088,832,300
Ending Balance <u>3/</u>	<u>\$441,739,700</u>	<u>\$202,292,900</u>	<u>\$40,400,700</u>	<u>\$417,349,600</u>
Ongoing Balance <u>4/</u>	<u>\$2,264,141,600</u>	<u>\$1,153,474,100</u>	<u>\$299,646,400</u>	<u>\$749,776,600</u>

1/ Reflects the revised April revenue forecast, but not the impact of any new tax reductions. The FY 2024 URS increase to 18% has no net cost to the forecast.

2/ Reflects reversion of savings for a higher federal Medicaid match rate and lower K12 enrollment. FY 2021 savings were not ex-appropriated.

3/ Reflects the difference between total revenues and total expenditures. Excludes any Budget Stabilization Fund balance.

4/ Reflects the difference between ongoing revenues and ongoing expenditures. The 3-year spending plan makes the ongoing/one-time classifications.

**GENERAL FUND SPENDING BY BUDGET UNITS 1/
ONGOING FUNDING**

EXPENDITURES	FY 2021 Enacted	FY 2022 Enacted	FY 2023 Estimate	FY 2024 Estimate
Operating Budget				
-- Department of Administration	\$7,828,900	\$8,155,000	\$8,155,000	\$8,155,000
-- Office of Administrative Hearings	885,000	891,800	891,800	891,800
-- African-American Affairs Commission	127,700	128,800	128,800	128,800
-- Arizona Department of Agriculture	10,124,500	12,415,700	12,415,700	12,415,700
-- AHCCCS	1,942,797,800	2,095,630,200	2,235,021,600	2,291,239,600
-- Attorney General	24,472,000	25,239,800	25,239,800	25,239,800
-- State Board for Charter Schools	2,102,000	2,103,000	2,103,000	2,103,000
-- Department of Child Safety	384,596,300	390,590,600	390,590,600	390,590,600
-- Commerce Authority	16,175,000	16,175,000	16,175,000	16,175,000
-- Community Colleges	62,895,400	79,404,700	81,612,600	83,919,600
-- Corporation Commission	615,500	623,100	623,100	623,100
-- Department of Corrections	1,173,247,600	1,243,120,300	1,244,915,000	1,252,141,800
-- County Funding	10,650,700	10,650,700	10,650,700	10,650,700
-- Schools for the Deaf and the Blind	23,069,700	23,255,700	23,255,700	23,255,700
-- Office of Economic Opportunity	466,700	470,300	470,300	470,300
-- Department of Economic Security	807,967,500	917,578,500	979,902,200	1,048,301,900
-- State Board of Education	1,307,600	2,340,000	2,340,000	2,340,000
-- Department of Education	5,511,824,600	5,761,522,700	6,045,365,600	6,245,724,000
-- Dept. of Emergency & Military Affairs	12,182,800	12,846,600	12,846,600	12,846,600
-- Department of Environmental Quality	10,000,000	15,000,000	15,000,000	15,000,000
-- State Board of Equalization	657,300	663,900	663,900	663,900
-- Board of Executive Clemency	1,147,300	1,153,300	1,153,300	1,153,300
-- Dept. of Forestry and Fire Management	13,143,000	14,227,600	49,248,800	46,257,400
-- Department of Gaming	1,779,500	13,029,500	14,029,500	14,029,500
-- Office of the Governor	8,667,600	8,807,100	8,807,100	8,807,100
-- Gov's Ofc of Strategic Planning and Budgeting	2,684,900	2,695,200	2,695,200	2,695,200
-- Department of Health Services	92,503,800	98,259,200	98,259,200	98,259,200
-- Arizona Historical Society	3,091,500	2,906,000	2,906,000	2,906,000
-- Prescott Historical Society	830,700	900,600	900,600	900,600
-- Independent Redistricting Commission	500,000			
-- Industrial Commission		95,000	80,000	80,000
-- Dept. of Insurance and Financial Institutions	7,604,700	7,663,400	7,663,400	7,663,400
-- Judiciary	135,371,200	145,093,000	145,152,100	145,152,100
-- Department of Juvenile Corrections	28,996,500	30,696,600	30,696,600	30,696,600
-- State Land Department	12,084,400	11,815,100	11,815,100	11,815,100
-- Legislature				
Auditor General	20,144,500	20,808,500	20,808,500	20,808,500
House of Representatives	16,319,600	16,429,300	16,429,300	16,429,300
Joint Legislative Budget Committee	2,825,400	2,841,900	2,841,900	2,841,900
Legislative Council	8,791,600	9,090,400	9,090,400	9,090,400
Senate	12,889,900	12,969,100	12,969,100	12,969,100
SUBTOTAL - Legislature	\$60,971,000	\$62,139,200	\$62,139,200	\$62,139,200
-- State Mine Inspector	1,263,500	1,558,200	1,558,200	1,558,200

**GENERAL FUND SPENDING BY BUDGET UNITS 1/
ONGOING FUNDING**

	<u>FY 2021 Enacted</u>	<u>FY 2022 Enacted</u>	<u>FY 2023 Estimate</u>	<u>FY 2024 Estimate</u>
-- Navigable Stream Adjudication Commission	128,200	129,300	129,300	129,300
-- Commission for Postsecondary Education	1,680,900	1,680,900	1,680,900	1,680,900
-- Department of Public Safety	88,304,700	287,300,400	287,300,400	287,300,400
-- Public Safety Personnel Retirement System	6,000,000	6,000,000	6,000,000	6,000,000
-- State Real Estate Department	2,897,500	2,922,100	2,922,100	2,922,100
-- Department of Revenue	31,118,400	53,076,100	53,076,100	53,076,100
-- School Facilities Board	85,559,600	28,323,400	28,323,400	28,323,400
-- Secretary of State	16,909,200	12,907,700	16,907,700	16,977,700
-- Tax Appeals, State Board of	280,800	283,300	283,300	283,300
-- Office of Tourism	8,216,100	8,231,500	8,231,500	8,231,500
-- State Treasurer	1,509,500	3,010,200	3,010,200	3,010,200
-- Governor's Office on Tribal Relations	62,600	63,500	63,500	63,500
-- Universities	736,805,700	831,829,500	832,710,100	833,248,800
-- Department of Veterans' Services	7,770,100	8,625,500	8,583,500	8,583,500
-- Department of Water Resources	14,178,600	17,074,400	17,074,400	17,074,400
-- Phoenix Convention Center Payment	23,997,900	24,498,500	24,999,400	25,498,600
-- Rio Nuevo District	16,000,000	16,000,000	16,000,000	16,000,000
-- Asset Sale/Lease-Back Debt Service	53,701,800			
-- Pension Payoff Savings			(110,000,000)	(110,000,000)
-- Unallocated Risk Management Adjustments		6,400	6,400	6,400
-- Unallocated AFIS Transaction Fee Adjustments		4,700	4,700	4,700
-- Unallocated FY 2021 Retirement Adjustments	100			
Total - Operating Budget	\$11,469,755,900	\$12,321,812,800	\$12,742,778,200	\$13,075,404,600
-- FY 2021 One-Time Supplementals	276,266,500			
-- Drought Mitigation/Water Supply Funding	200,000,000			
-- New Medicaid Federal Match Reversion	(431,940,800)	(267,000,000)		
-- New ADE Enrollment Reversion	(436,114,800)			
-- Capital Outlay	11,000,000	92,632,900		
-- Reduce K-12 Rollover		65,000,000		
-- Debt Payoff	977,100,000			
-- Pension Payoff	1,000,000,000			
-- Transportation Funding	321,001,500			
-- Operating One-Time Spending	275,373,600	666,235,900	147,138,600	58,427,700
-- Additional (27th) Pay Period	43,078,600	20,052,100		
-- Administrative Adjustments	55,000,000	120,000,000	158,000,000	158,000,000
-- Revertments	(150,000,000)	(192,000,000)	(203,000,000)	(203,000,000)
Total Spending	\$13,610,520,500	\$12,826,733,700	\$12,844,916,800	\$13,088,832,300

1/ Individual agency spending amounts listed above exclude "Operating One-Time Spending" amounts. These amounts are accounted for in the "Operating One-Time Spending" line and are summarized on the "Summary Of One-Time Adjustments" table (see page BH-7).

SUMMARY OF ONE-TIME ADJUSTMENTS 1/

	FY 2021 Enacted	FY 2022 Enacted	FY 2023 Estimate	FY 2024 Estimate
Operating				
ADOA - Permitting Dashboard		\$ 100,000		
ADOA - Accounting System Upgrade			\$ 490,000	\$ 560,000
ADOA - K-12 Transportation Grants		10,000,000	20,000,000	
ADOA/Automation Projects Fund - K-12 Financial Transparency		614,100		
ADOA/Automation Projects Fund - Charter Board Upgrade		3,000,000	1,500,000	1,500,000
Agriculture - Cloud Migration		2,000,000		
Agriculture - State Agriculture Lab Equipment		2,500,000		
AHCCCS - Children's Behavioral Health Services Fund Deposit	\$ 8,000,000			
DCS - Higher Congregate Care Provider Rates		19,238,200	19,238,200	
DCS - Backfill Potential Loss of Federal Funds		5,900,000	5,900,000	
Commerce - Blockchain/Wearables (\$2.5 M Each)		5,000,000		
Commerce - Major Events Fund Deposit (4-Year Pilot)		7,500,000	7,500,000	7,500,000
Commerce - Competes Fund Deposit		50,000,000		
Commerce - Frankfurt Germany Trade Office		250,000		
Community Colleges - Rural Funding		14,000,000		
Community Colleges - Maricopa/Pima Funding		13,000,000		
Community Colleges - Maricopa/Pima STEM Funding	2,000,000	2,000,000		
Community Colleges - Out-of-County Reimbursement Aid		500,000		
Corrections - Radio Replacement		17,329,500		
Corrections - Ballistic and Stab Vest Replacement		3,851,900		
Corrections - Substance Abuse Treatment Expansion		5,000,600		
Corrections - Medical Staff Augmentation Funding		15,000,000		
Counties/ADOA - Re-Entry Planning Services		10,000,000	7,000,000	7,000,000
ACJC - Re-Entry Planning Services		1,000,000		
DES - Return to Work Grants		7,500,000		
DES - Adult and Aging Services Funding		1,474,000		
DES - After School/Summer Youth Program		500,000		
ADE - Proposition 301 Bridge	14,100,000			
ADE - High Quality Teacher Scholarships	400,000	400,000		
ADE - CTED Incentive Program	5,000,000	5,000,000		
ADE - Fully Restore Additional Assistance Funding	67,774,700	67,774,600		
ADE - Extraordinary Special Needs Fund Deposit		5,000,000		
ADE - Statewide Assessment Funding		5,000,000		
ADE - Procure Statewide Gifted Assessment		850,000		
DEMA - Aircraft Communication Equipment		220,500		
DEMA - National Guard Cyber Response Funding		300,000		
DEQ - WQARF Funding	5,000,000			
Forestry - Rural Fire District Reimbursement		2,500,000		
Forestry - One-Time Vehicle Purchases			3,190,000	
Gaming - County Fair Promotion	730,000	730,000		
Gaming - County Fair Racing Promotion		2,000,000		
Governor - Arizona Civics Corp		1,000,000		
DHS - Rural Hospital Prenatal Equipment	500,000	500,000		
DHS - Board of Medical Student Loans		2,000,000		
DHS - Cognitive Decline/Caregiver Modules		160,000		
DHS - Adoption/Birth Certificate Records Release		1,000,000		
DHS - Family Health Pilot Program		1,500,000	1,500,000	
IRC - Commission Funding		7,900,000		
DIFI - Mental Health Parity Implementation Costs	250,000			
Judiciary - Supreme Court - Digital Evidence Storage		400,000	490,000	
Judiciary - Superior Court - One-Time Vehicle Purchase		187,500		
Land - Appraisal Development		1,500,000	1,500,000	
Legislature - Auditor General - K-12 Federal Funds Oversight		250,000	200,000	
Legislature - Auditor General - Audit Non Gov't Election Funding		165,000		
Legislature - Legislative Council - IT Improvements		1,000,000		
Legislature - House of Representatives		5,000,000		
Legislature - Senate		5,000,000		
Parks - Heritage Fund Deposit		5,000,000		
Parks - State Lake Improvement Fund Deposit		4,000,000	4,000,000	
DPS - Training of K-9 Dogs		250,000		
DPS - Civil Asset Forfeiture Offset		3,500,000		
DPS - Rapid DNA Testing Equipment		600,000		
DOR - Pass Through Business Tax Change IT Upgrade		466,300		
SFB - Building Renewal Grants	90,832,100	90,832,100		
SFB - New School Construction (FY 20 Authorization)	45,805,900			
SFB - New School Construction (FY 21 Authorization)	12,980,900	11,730,900		

SUMMARY OF ONE-TIME ADJUSTMENTS 1/

	FY 2021 Enacted	FY 2022 Enacted	FY 2023 Estimate	FY 2024 Estimate
SFB - New School Construction (FY 22 Authorization)		76,881,700	47,950,000	
SFB - New School Construction (FY 22 Budget - Retroactive Increase)		63,526,200		
SFB - New School Construction (FY 22 Budget - Yuma HS Project)		16,515,200	16,515,200	
SFB - New School Construction (FY 22 Budget - Kirkland Elementary)		3,000,000		
SFB - New School Construction (FY 23 Authorization)			11,065,200	11,065,200
SFB - New School Construction (FY 23 To Be Determined)			(1,400,000)	
SFB - New School Construction (FY 24 Authorization)				30,802,500
Tourism - Southern Arizona Study Committee		250,000		
Transportation - Rental Vehicle Surcharge/VLT Hold Harmless		3,300,000		
Treasurer - Election Integrity Fund Deposit		12,000,000		
Universities - ASU - Operating/Capital Funding		18,831,300		
Universities - NAU - Operating/Capital Funding		9,006,300		
Universities - UA - Operating/Capital Funding		9,600,000		
Universities - ASU - Eastern Europe Cultural Collaborative		250,000		
Universities - ASU - School of Civic and Economic Thought and Leadership		2,750,000		
Universities - ASU - Political History and Leadership School		250,000		
Universities - NAU - Economic Policy Institute		250,000		
Universities - UA - Center for the Philosophy of Freedom		1,250,000		
Universities - UA - Wind Tunnel		3,500,000		
Universities - UA - Agriculture Workforce Program		500,000	500,000	
Universities - UA - Kazakhstan Exchange Program		250,000		
DWR - Water Protection Fund Deposit		1,000,000		
DWR - Agua Fria Insurance Study		350,000		
WIFA - Water Supply Development Revolving Fund Deposit		6,000,000		
WIFA - Water Project Assistance Grants		5,000,000		
WIFA - Small Water Systems Fund Deposit		1,000,000		
Other - HITF Deposit		22,000,000		
Subtotal - Operating Funding	\$ 275,373,600	\$ 666,235,900	\$ 147,138,600	\$ 58,427,700
27th Pay Period (Enacted)	\$ 43,078,600	\$ 20,052,100		
Debt Payoff	\$ 977,100,000			
Pension Payoff	\$ 1,000,000,000			
New Medicaid Federal Match Reversion	\$ (431,940,800)	\$ (267,000,000)		
New ADE Enrollment Reversion	\$ (436,114,800)			
Reduce K-12 Rollover (\$30 M Enacted + \$35 M New Funding)		\$ 65,000,000		
Drought Mitigation/Water Supply Funding	\$ 200,000,000			
Capital Outlay				
Capital - ADC - Lewis/Yuma Locks, Fire, HVAC	11,000,000			
Capital - ADOA - ADC Building Demolition		2,800,000		
Capital - ADOA - Air Handler Replacement - Phase 2		3,500,000		
Capital - ADOA - Building Renewal Funding		6,200,000		
Capital - ADOA - Taylor Rodeo Arena		1,000,000		
Capital - ADOA - Fountain Hills Discovery Center/Observatory		2,500,000		
Capital - ADC - Eyman Fire/Life Safety Projects (Plus \$15.6 M OF)		10,000,000		
Capital - ADC - Building Renewal Funding		22,205,800		
Capital - DEMA - Fire Suppression System Upgrades		927,100		
Capital - State Fair - Building Renewal		1,000,000		
Capital - State Fair - Coliseum Fire Alarm Replacement		1,000,000		
Capital - Leg Council - Historic State Capitol Renovation		11,500,000		
Capital - Veterans - Northwest Veterans Home		25,000,000		
Capital - Yuma Fairgrounds Relocation		5,000,000		
Subtotal - Capital Outlay	\$ 11,000,000	\$ 92,632,900	\$ -	\$ -
FY 2021 Supplementals				
Community Colleges - Diné College One-Time FY 20 Payment	1,750,000			
ADC - Named Claimants	2,300			
DEMA - Border Security Fund Deposit	55,000,000			
Forestry and Fire Mgmt - Fire Mitigation Personnel	16,999,300			
Forestry and Fire Mgmt - Fire Mitigation Personnel - Vehicle Oper. Costs	1,382,500			
Forestry and Fire Mgmt - Contracted Hazardous Vegetation Removal	2,250,000			

SUMMARY OF ONE-TIME ADJUSTMENTS 1/

	FY 2021 Enacted	FY 2022 Enacted	FY 2023 Estimate	FY 2024 Estimate
Forestry and Fire Mgmt - Vehicle Purchases	3,910,000			
Forestry and Fire Mgmt - Wildfire Emergency Response Funding	75,000,000			
Forestry and Fire Mgmt - Fire Suppression Funding	2,170,100			
SFB - Building Renewal Grants	38,759,000			
Other - Transwestern Settlement	17,043,300			
Other - Unemployment Trust Fund Deposit	62,000,000			
Subtotal - FY 2021 Supplementals	\$ 276,266,500	\$ -	\$ -	\$ -
Transportation Funding				
Additional Projects	231,001,500			
Pavement Preservation Funding	90,000,000			
Subtotal - Transportation Funding	\$ 321,001,500	\$ -	\$ -	\$ -
Total - One-time Spending	\$ 2,235,764,600	\$ 576,920,900	\$ 147,138,600	\$ 58,427,700

1/ The displayed amounts reflect one-time General Fund adjustments included in the FY 2022 enacted budget's multi-year spending plan. The Legislature makes the one-time classification as part of its 3-year spending plan. These items are not included in the ongoing agency spending amounts listed on pages BH-5 and BH-6.

Enacted General Fund Budget 4-Year Analysis

\$ in Millions

	A	B	C	D
	FY 2021 Enacted	FY 2022 Enacted	FY 2023 Estimate	FY 2024 Estimate
1 Beginning Balance	\$ 372.5	\$ 441.7	\$ 202.3	\$ 40.4
2 Ongoing Revenues				
3 Ongoing Revenues - January Baseline	12,492.9	12,508.4	12,899.8	13,541.4
4 Base Revenue Adjustment	1,146.0	878.3	875.2	922.3
5 Reduce Existing Rates to 2.55%/2.98% (Plus Future Triggers)		Start in TY 22/FY 23	(1,016.6)	(1,016.6)
6 Maximum Marginal Tax Rate of 4.5% - Ongoing in FY 25		One-Time Revenue	One-Time Revenue	One-Time Revenue
7 SB 1783 Impact (Applied Against Max Tax Rate Cost) - Ongoing in FY 25		One-Time Revenue	One-Time Revenue	One-Time Revenue
8 Increase Urban Revenue Sharing From 15% to 18% - Start in FY 24		Start in FY 24	Start in FY 24	No Cost to Baseline
9 Increase Percentage of Charitable Contributions for Non-Itemizers		Start in TY 22/FY 23	(2.0)	(3.9)
10 Other Sources (Gaming Revenue)		Score Starting in '23	200.0	300.0
11 Score Additional Prop 207 Revenues - GF Sales Tax Collections		32.0	46.0	46.0
12 Lottery Revenue Bond Payoff Savings - Increased Lottery GF Allocation		34.5	34.5	34.5
13 Veterans Pension Exemption (Full Exemption)		(48.3)	(37.9)	(37.9)
14 Affordable Housing Tax Credit - 4 Award Groups of \$4 M (Cost Begins in FY 24)		Cost Begins in '24	Cost Begins in '24	(4.0)
15 DHS - Radiation Regulatory - Eliminate GF Deposit and Reduce Fees By \$300k		(0.3)	(0.3)	(0.3)
16 School Tuition Organizations - Switcher/Low-Income/Out-of-State		(0.4)	(0.4)	(0.4)
17 School Tuition Organizations - Increase Displaced/Disabled Cap From \$5 M To \$6 M		(1.0)	(1.0)	(1.0)
18 Contributions in Aid of Construction		(0.4)	(0.4)	(0.4)
19 Forest Product Processing Tax Credit		(0.4)	(0.4)	(0.4)
20 Flagstaff Minimum Wage Charge		1.1	1.1	1.1
21 Treasurer Accountant Reclassification		(0.1)	(0.1)	(0.1)
22 Treasurer Payment Card Industry Compliance Officer (1 FTE)		(0.1)	(0.1)	(0.1)
23 Subtotal - Ongoing Revenues	\$ 13,638.9	\$ 13,403.3	\$ 12,997.4	\$ 13,780.2
24 One-Time Revenues				
25 Maximum Marginal Tax Rate of 4.5% - Score As One-Time Thru FY 24		(836.0)	(487.8)	(487.8)
26 SB 1783 Impact (Applied Against Max Tax Rate Cost) - Score One-Time Thru FY 24		No Cost to Baseline	173.4	173.4
27 <u>Previously Enacted Fund Transfers</u>				
28 Water Infrastructure Repayment		20.0		
29 Prescription Drug Rebate Fund Transfer - Enacted/Baseline	16.7	Ongoing Fund Shift	Ongoing Fund Shift	Ongoing Fund Shift
30 <u>New Proposed Fund Transfers</u>				
31 DPS Highway Patrol Fund Transfer	24.2			
32 Extend Veterans Income Tax Settlement Fund Program Deadline	Yes			
33 \$100k of Vet. Income Tax Settlement Fund to DVS for Veteran Suicide Prevention	Yes			
34 Subtotal - Newly Enacted Fund Transfers	\$ 24.2	\$ -	\$ -	\$ -
35 Subtotal - One-Time Revenues (Including Beginning Balance)	\$ 413.4	\$ (374.3)	\$ (112.1)	\$ (274.0)

Enacted General Fund Budget 4-Year Analysis \$ in Millions

	A	B	C	D
	FY 2021 Enacted	FY 2022 Enacted	FY 2023 Estimate	FY 2024 Estimate
36 Total Revenues	\$ 14,052.3	\$ 13,029.0	\$ 12,885.3	\$ 13,506.2
37 JLBC Baseline - Ongoing Spending	\$ 11,374.8	\$ 12,104.3	\$ 12,546.6	\$ 12,903.8
38 Ongoing Changes to JLBC Baseline				
39 ADOA - Permitting Dashboard		0.3	0.3	0.3
40 Agriculture - State Agriculture Laboratory Scientist (1 FTE)		0.1	0.1	0.1
41 Agriculture - Cloud Migration		1.0	1.0	1.0
42 Agriculture - Plant Services Division Salary Increase (\$170k)		0.2	0.2	0.2
43 Agriculture - Meat Inspection Staff (2 FTE) [\$220k]		0.2	0.2	0.2
44 Agriculture - Salary Increase (12 Ag Lab Positions)		0.3	0.3	0.3
45 AHCCCS - Formula		(76.1)		
46 AHCCCS - IT Operating Funding		3.0	3.0	3.0
47 AHCCCS - Enacted GME Increase (Fund \$6 M FY 22, \$9 M Baseline After)		(3.0)		
48 AHCCCS - Elderly/Physically Disabled (EPD) Provider Rate Increase (\$7 M to SNF)		13.3	13.3	13.3
49 AHCCCS - Prescription Drug Rebate Fund Shift		(16.7)	(16.7)	(16.7)
50 AHCCCS - Newborn Screening General Fund Costs		0.5	0.6	0.8
51 Attorney General - Unreported In-Kind Contributions Task Force		0.5	0.5	0.5
52 DCS - Caseworker Salary Increase (Step 1 - 11% / All Other Steps - 5%)		5.4	5.4	5.4
53 Comm Colleges - Formula		0.7	0.7	0.7
54 Comm Colleges - Rural Community College Aid (By Student Count)		14.0	14.0	14.0
55 ADC - Braille Program Expansion ('22- \$250k/23' and '24 - \$200k)		0.3	0.2	0.2
56 ADC - Florence Bed Closure/Shift		18.7	21.1	28.3
57 ADC - Correctional Officer Salary Increase (5% + \$2k Sergeant Increase)		30.7	30.7	30.7
58 ADC - New Corporal Classification		1.6	1.6	1.6
59 ADC - Transition Program		1.3	1.3	1.3
60 ADC - Contracted Increases		28.0	28.0	28.0
61 ADC - Rent Savings From Building Demolition		Savings in '23	(0.6)	(0.6)
62 ADC - Debt Payoff Savings (Kingman 2016 Issuance)		(17.5)	(17.5)	(17.5)
63 DES - State Long-Term Care Ombudsman		1.0	1.0	1.0
64 DES - Area Agencies on Aging (AAA) Funding (Provider Rate Increases)		1.0	1.0	1.0
65 DES - DD Provider Rate Increase (Also Reallocate \$15 M Base Funding)		15.4	15.4	15.4
66 DES - Homeless Youth (\$1 M Ongoing GF Starting in FY 24)				1.0
67 DES - 5% Salary Increase (4,900 Positions)		2.3	2.3	2.3
68 SBE - Investigations Unit Expansion/Move Investigations Unit From ADE to SBE		0.5	0.5	0.5
69 ADE - Formula		(32.7)	(62.7)	(106.8)
70 ADE - Phase In 16% Class 1 Assessment Ratio Over 4 Years (Property Tax/Formula Cost)		Start in TY 22/FY 23	4.4	9.0
71 ADE - Increase Homeowner's Rebate From 47.2% to 50.0% (Property Tax/Formula Cost)		Start in TY 22/FY 23	30.0	30.8
72 ADE - CTED Certification Exam Fee Reimbursement (\$1 M Ongoing GF in FY 24)				1.0

Enacted General Fund Budget 4-Year Analysis \$ in Millions

		A	B	C	D
		FY 2021 Enacted	FY 2022 Enacted	FY 2023 Estimate	FY 2024 Estimate
73	ADE - College Placement Exam Fee Waiver		1.3	1.3	1.3
74	ADE - College Credit By Examination Incentive Program		2.5	2.5	2.5
75	ADE - Literacy Coaches (25 FTE)				3.1
76	ADE - Kindergarten Entry Assessment				1.5
77	ADE - Dyslexia Screening/Training				1.3
78	ADE - Teacher Reading Instruction Exam				1.0
79	ADE - Jobs for Arizona Graduates				0.4
80	ADE - Alternative Teacher Development Program				0.5
81	ADE - Adult Education State Match		0.4	0.4	0.4
82	ADE - Special Ed Funding (Group B Weights)		50.0	50.0	50.0
83	ADE - Gifted Funding		1.0	1.0	1.0
84	ADE - 4th Year CTED Funding		5.0	5.0	5.0
85	DEMA - Cyber Task Force		0.5	0.5	0.5
86	DEQ - Continue \$5 M WQARF Funding As Ongoing (One-Time in '21 Budget)		5.0	5.0	5.0
87	Forestry - Fire Mitigation Personnel - 122 FTE		See FY 21 One-Time	28.0	25.0
88	Forestry - Fire Mitigation Personnel - Vehicle Operating Costs		See FY 21 One-Time	2.6	2.6
89	Forestry - Contracted Hazardous Vegetation Removal		See FY 21 One-Time	4.5	4.5
90	Forestry - Fire Suppression Funding		See FY 21 One-Time	See FY 21 One-Time	See FY 21 One-Time
91	Forestry - Fire Marshal Personnel		0.3	0.3	0.3
92	Forestry - Additional Fire School Funding		0.1	0.1	0.1
93	Gaming - Racing Division - County Fair Promotion (\$1.25 M FY 22/\$2.25 M FY 23)		1.3	2.3	2.3
94	Gaming - Racing Division - Racing Purse Enhancement		5.0	5.0	5.0
95	Gaming - Racing Division - Racetrack Purse/Maintenance/Operations Funding		5.0	5.0	5.0
96	DHS - Long-Term Care Surveyor Team (16 FTE)		1.6	1.6	1.6
97	DHS - High Risk Perinatal - Additional Visits		0.3	0.3	0.3
98	DHS - Alzheimer's Research		1.0	1.0	1.0
99	DHS - Move Biomedical Research Support to General Fund		2.0	2.0	2.0
100	DHS - Guilty Except Insane Monitoring (\$40k)		0.1	0.1	0.1
101	IRC Commission Funding (Remove Baseline Ongoing \$/See One-Time \$)		(3.0)		
102	Industrial Comm. - Municipal Firefighter Reimbursement Admin. (\$80k Ongoing/\$15k One-Time)		0.1	0.1	0.1
103	Judiciary - Supreme Court - Case Management IT System Operating Costs		0.2	0.3	0.3
104	Judiciary - Supreme Court - Order of Protection IT Staff		0.3	0.3	0.3
105	Judiciary - Supreme Court - Dependency Alternative Program		0.2	0.2	0.2
106	Judiciary - Supreme/Superior Court - Water Adjudication Personnel and Support		2.4	2.4	2.4
107	Judiciary - Superior Court - Probation Incentive Payments		1.0	1.0	1.0
108	Judiciary - Superior Court - State Fleet Initiative Ongoing Costs		0.1	0.1	0.1
109	Judiciary - Superior Court - Adult Intensive Probation Growth		0.2	0.2	0.2
110	Judiciary - Superior Court - Probation Salary Increases (Prior Deficits/FY 22)		4.3	4.3	4.3
111	DJC - Land Trust Lease Adjustment		0.1	0.1	0.1
112	DJC - Youth Correctional Officer Salary Increase - 5% Increase		1.6	1.6	1.6

Enacted General Fund Budget 4-Year Analysis \$ in Millions

	A	B	C	D
	FY 2021 Enacted	FY 2022 Enacted	FY 2023 Estimate	FY 2024 Estimate
113 Legislature - Auditor General - Voter Registration Database Auditing		0.5	0.5	0.5
114 Legislature - Ombudsman - Additional FTE and Operating Costs		0.2	0.2	0.2
115 Mine Inspector - Inspection and Reclamation Land Programs		0.2	0.2	0.2
116 Postsecondary Education - Consolidate Into ABOR		Yes		
117 Prescott Historical Society - Sharlot Hall Funding (\$50k)		0.1	0.1	0.1
118 DPS - Body Camera Funding [29 FTE] (Also See One-Time Funding)		6.9	6.9	6.9
119 DPS - Overtime Funding (21 Add'l Hours/Trooper + Civilian)		6.6	6.6	6.6
120 DPS - Increased Recruitment Funding		0.4	0.4	0.4
121 DPS - Salary Increase (Troopers and Civilians) - 10% Increase		23.5	23.5	23.5
122 DOR - Repeal Local Cost Sharing Charge/Backfill DOR Budget		20.8	20.8	20.8
123 DOR - E-Commerce Compliance and Outreach		0.9	0.9	0.9
124 SFB - Debt Payoff Savings (2015 Issuance)		(57.2)	(57.2)	(57.2)
125 Universities - ASU - Ongoing Operating Funding		33.4	33.4	33.4
126 Universities - NAU - Ongoing Operating Funding		16.0	16.0	16.0
127 Universities - UA - Ongoing Operating Funding		19.2	19.2	19.2
128 Universities - UA - School of Mining Funding		4.0	4.0	4.0
129 Universities - UA - Natural Resource Users Law and Policy Center		0.5	0.5	0.5
130 Universities - UA - AZ Geological Survey Funding (2 FTE)		0.2	0.2	0.2
131 Universities - Backfill HITF Tuition Costs (Footnote)		11.8	11.8	11.8
132 Universities - Promise Scholarship		7.5	7.5	7.5
133 Universities - Higher CIF Inflation - Technical Adjustment		Adjustment in '23	0.1	0.1
134 Vet. Services - Additional Benefits Counselors (12 FTE) - [\$732k Ongoing/\$42k One-Time]		0.8	0.7	0.7
135 DWR - Salary Increase (Selected Positions)		2.8	2.8	2.8
136 Other - Debt Payoff Savings (2019A Sale/Leaseback Issuance)		(53.7)	(53.7)	(53.7)
137 Other - Pension Payoff Savings (DPS \$500 M/ADC \$500 M = \$1.0 B)		Savings in '23	(110.0)	(110.0)
138 Other - State Employee Health Insurance Funding - Ongoing (Also See Univ. HITF Row)		11.2	11.2	11.2
139 Other - Retirement Rate Adjustment		3.6	3.6	3.6
140 Other - State Building Rental Rate Adjustment		(0.2)	(0.2)	(0.2)
141 Other - AFIS Transaction Fee Increase (State Accounting System)		0.4	0.4	0.4
142 Other - Risk Management Funding Adjustment		(1.1)	(1.1)	(1.1)
143 Other - ADOT Vehicle Fleet Fee Increase		2.5	2.5	2.5
144 Other - Revise Admin Adjustment/Revertment Estimates		Adjustment in '23	(9.0)	(9.0)
145 Other Adjustments		(0.5)	(0.3)	(0.4)
146 Subtotal - Ongoing Changes to JLBC Baseline	\$ -	\$ 145.5	\$ 151.2	\$ 126.6
147 Total Ongoing Spending	\$ 11,374.8	\$ 12,249.8	\$ 12,697.8	\$ 13,030.4
148 JLBC Baseline - One-Time Spending	\$ (269.2)	\$ 202.1	\$ 46.4	\$ 37.4

Enacted General Fund Budget 4-Year Analysis \$ in Millions

	A	B	C	D
	FY 2021 Enacted	FY 2022 Enacted	FY 2023 Estimate	FY 2024 Estimate
149 One-Time Changes to JLBC Baseline				
150 ADOA - AFIS (Accounting System) Upgrade		See FY 23/FY 24	0.5	0.6
151 ADOA - Permitting Dashboard		0.1		
152 ADOA - K-12 Transportation Grants (2-Year Pilot)		10.0	20.0	
153 ADOA/APF - ADOA - K-12 Financial Transparency Reporting System		3.0	1.5	1.5
154 ADOA/APF - Charter Board - IT Platform Upgrade		0.6		
155 ADOA/APF - ADE - School Finance Payment System Replacement		OF (ESA Fund) - \$7.2 M		
156 Agriculture - State Agricultural Laboratory Equipment		2.5		
157 Agriculture - Cloud Migration		2.0		
158 AHCCCS/DES/DCS - Additional Federal Match Rate Reversion	(134.0)	(267.0)		
159 AHCCCS - PMMS Roadmap (\$78k)		OF (PDRF) - \$0.1 M		
160 AHCCCS - Health Care Investment Fund Supplement (Maintain Provider Rates)		OF (PDRF) - \$4.0 M		
161 Attorney General - Child and Family Advocacy Centers		OF (CPCF) - \$0.5 M		
162 Attorney General - Antitrust		OF - \$1.0 M		
163 DCS - Higher Congregate Care Provider Rates/New Settings (Fund in '22/'23)		19.2	19.2	
164 DCS - Backfill Potential Loss of Federal Funds/14 Day Reimbursement (Fund in '22/'23)		5.9	5.9	
165 Commerce - Blockchain/Wearables (\$2.5 M Each)		5.0		
166 Commerce - Special Event Promotion (4-Year Pilot Program)		7.5	7.5	7.5
167 Commerce - Competes Fund Deposit		50.0		
168 Commerce - Frankfurt Germany Trade Office (\$250k)		0.3		
169 Comm Colleges - Urban Community College Aid (Maricopa/Pima STEM Formula)		13.0		
170 Comm Colleges - Rural Community College Aid (By Student Count)		14.0		
171 Comm Colleges - Out of County Reimbursement Aid		0.5		
172 Comm Colleges - Diné College One-Time FY 20 Payment (Allocated in FY 21)	1.8			
173 Counties/ADOA/ACJC - Re-Entry Planning Services		11.0	7.0	7.0
174 ADC - Radio Replacement (8,182 Radios)		17.3		
175 ADC - Ballistic and Stab Vest Replacement (294/7,351 Vests)		3.9		
176 ADC - Substance Abuse Treatment Expansion		5.0		
177 ADC - Medical Staffing Augmentation (Non-Lapsing)		15.0		
178 DES - Area Agencies on Aging (AAA) Funding [Draw Down Additional Federal Funds]		1.5		
179 DES - After School/Summer Youth Program Funding		0.5		
180 DES - Return to Work Grants		7.5		
181 ADE - Additional One-Time Enrollment Reversion (+\$300 M Savings in Baseline)	(135.4)			
182 ADE - Statewide Assessment Funding		5.0		
183 ADE - Procure Statewide Gifted Assessment (\$850k)		0.9		
184 ADE - Extraordinary Special Needs Fund Deposit		5.0		
185 ADE - Reduce K-12 Rollover (Eliminate For Districts Up to 2,000 ADM)		35.0		
186 DEMA - National Guard Cyber Response Funding		0.3		
187 DEMA - Aircraft Communication Equipment		0.2		

Enacted General Fund Budget 4-Year Analysis \$ in Millions

		A	B	C	D
		FY 2021 Enacted	FY 2022 Enacted	FY 2023 Estimate	FY 2024 Estimate
188	DEMA - Border Security Fund (\$8.9 M Yuma/Cochise/Zero Trafficking Pilot, \$1.1 M Border Cameras, \$20 M Jail/Prosecution Costs, \$25 M National Guard Deployment)	55.0			
189	Forestry - Fire Suppression Funding (FY 21 Supplemental)	2.2	See FY 21 Funding		
190	Forestry - Rural Fire District Reimbursement		2.5		
191	Forestry - Fire Mitigation Personnel - 122 FTE	17.0			
192	Forestry - Fire Mitigation Personnel - Vehicle Operating Costs	1.4			
193	Forestry - Contracted Hazardous Vegetation Removal	2.3			
194	Forestry - One-Time Vehicle Purchases	3.9	See FY 21 Funding	3.2	
195	Forestry - Wildfire Emergency Response Funding	75.0			
196	Gaming - Racing Division - County Fair Racing Promotion		2.0		
197	Governor's Office - Arizona Civics Corps		1.0		
198	DHS - Alzheimer's Research (Also \$1 M GF Ongoing/Remove \$1 M TT)		OF (PDRF) - \$2.5 M	OF (PDRF) - \$2.5 M	
199	DHS - Board of Medical Student Loans		2.0		
200	DHS - Cognitive Decline/Caregiver Modules for Risk Factor Survey		0.2		
201	DHS - Mobile Heart Screening Rural AZ	Crisis Fund - \$0.3 M	See FY 21		
202	DHS - Adoption/Birth Certificate Records Release - IT Upgrades		1.0		
203	DHS - Family Health Pilot Program		1.5	1.5	
204	DHS - Homeless Pregnant Women Services		OF (HSLF) - \$100k	OF (HSLF) - \$100k	
205	IRC - Commission Funding (\$7.9 M One-Time Non-Lapsing In FY 22)		7.9		
206	Judiciary - Supreme Court - Digital Evidence Storage		0.4	0.5	
207	Judiciary - Superior Court - One-Time Vehicle Purchases (\$188k)		0.2		
208	Land - Appraisal Development (Due Diligence Fund/Increase Balance Limit)		1.5	1.5	
209	Legislature - Aud. General - K-12 Fed Funds Oversight ('22 - \$250k/'23 - \$200k)		0.3	0.2	
210	Legislature - Aud. General - Financial Audit (Non-Gov't Election Funding) [\$165k]		0.2		
211	Legislature - Legislative Council - IT Improvements		1.0		
212	Legislature - House - One-Time Funding		5.0		
213	Legislature - Senate - One-Time Funding		5.0		
214	Parks - Heritage Fund Deposit		5.0		
215	Parks - State Lake Improvement Fund Deposit		4.0	4.0	
216	Parks - Arizona Trail		OF (SPRF) - \$250k		
217	DPS - One-Time Body Camera Equipment Funding		OF (HPF) - \$6.9 M		
218	DPS - Microwave Backbone Replacement Funding		OF (HPF) - \$48.2 M		
219	DPS - Active Shooter Equipment		OF (HPF) - \$3.0 M		
220	DPS - New DPS Training Academy		OF (HPF) - \$3.0 M		
221	DPS - Training of New K-9 Dogs (\$250k)		0.3		
222	DPS - Civil Asset Forfeiture Offset		3.5		
223	DPS - Rapid DNA Testing Equipment		0.6		
224	DOR - Pass Through Tax Changes - IT Upgrades (Tax Change - Separate Bill)		0.4		
225	SFB - Building Renewal Funding (Includes FY 21 Supplemental)	38.8	90.8		
226	SFB - New Construction - Lower Exec Land Estimate (Sahuarita 9-12/Tanque Verde K-6)		(6.7)		

Enacted General Fund Budget 4-Year Analysis \$ in Millions

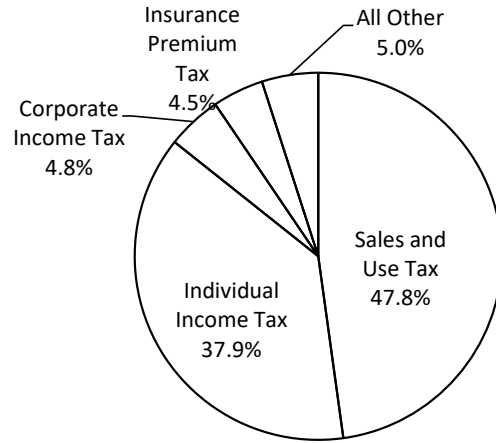
		A	B	C	D
		FY 2021 Enacted	FY 2022 Enacted	FY 2023 Estimate	FY 2024 Estimate
227	SFB - New Construction - Other FY 23/FY 24 Differences			(1.4)	
228	SFB - New Construction - Increase Formula Cost Per Square Foot to Market Rate		89.4	29.1	14.7
229	SFB - New Construction - Accelerate Yuma Union HS Project From '23 to '22 Start		10.3		(10.3)
230	SFB - New Construction - Kirkland Elementary School		3.0		
231	Tourism - Southern AZ Study Committee		0.3		
232	ADOT - Rental Vehicle Surcharge/VLT Reimbursement - Hold VLT Harmless		3.3		
233	Treasurer - Election Integrity Fund Deposit		12.0		
234	Treasurer - School Safety Interoperability Funding		OF (HPF) - \$2.5 M		
235	Treasurer - Allocate Interoperability Fund Balance to Graham/Greenlee/Gila/Pinal Sheriffs		OF - \$1.5 M		
236	Universities - ASU - One-Time Operating Funding		18.8		
237	Universities - NAU - One-Time Operating Funding		9.0		
238	Universities - UA - One-Time Operating Funding		9.6		
239	Universities - ASU - Eastern Europe Cultural Collaborative (\$250k)		0.3		
240	Universities - ASU - School of Civic and Economic Thought and Leadership (\$2.75 M)		2.8		
241	Universities - ASU - Political History and Leadership School (\$250k)		0.3		
242	Universities - NAU - Economic Policy Institute (\$250k)		0.3		
243	Universities - UA - Center for the Philosophy of Freedom (\$1.25 M)		1.3		
244	Universities - UA - Wind Tunnel		3.5		
245	Universities - UA - Agriculture Workforce Program		0.5	0.5	
246	Universities - UA - Kazakhstan Studies Program (\$250k)		0.3		
247	Other Water Issues - Drought Mitigation Fund (\$160 M)/Water Supply Fund (\$40 M)	200.0			
248	DWR - Water Protection Fund Deposit		1.0		
249	DWR - Agua Fria Insurance Study (\$350k)		0.4		
250	WIFA - Office Of Economic Opportunity - Water Supply Development Fund Deposit		6.0		
251	WIFA - Office Of Economic Opportunity - Water Project Assistance Grants		5.0		
252	WIFA - Office Of Economic Opportunity - Small Water Systems Fund Deposit		1.0		
253	Capital - ADOA - ADC Building Demolition/Physical Plant Conversion		2.8		
254	Capital - ADOA - Air Handler Replacement - Phase 2		3.5		
255	Capital - ADOA - Building Renewal Funding		6.2		
256	Capital - ADOA - Taylor Rodeo Arena		1.0		
257	Capital - ADOA - Fountain Hills Discovery Center/Observatory		2.5		
258	Capital - ADC - Eyman Fire/Life Safety Projects (Plus \$15.6 M OF)		10.0		
259	Capital - ADC - Building Renewal Funding		22.2		
260	Capital - DEMA - Fire Suppression System Upgrades		0.9		
261	Capital - State Fair - Building Renewal		1.0		
262	Capital - State Fair - Coliseum Fire Alarm Replacement		1.0		
263	Capital - Leg Council - Historic State Capitol Renovation/ADA Compliance		11.5		
264	Capital - Veterans - Northwest Veterans Home		25.0		
265	Capital - Transportation - Repave SR 69 (Prescott Valley)	4.7			
266	Capital - Transportation - US 95 Improvement (Near Yuma Proving Ground)	10.0			

Enacted General Fund Budget 4-Year Analysis \$ in Millions

	A	B	C	D
	FY 2021 Enacted	FY 2022 Enacted	FY 2023 Estimate	FY 2024 Estimate
267 Capital - Transportation - Repave SR 95 (Bullhead City/Mohave Valley/Lake Havasu City)	46.7			
268 Capital - Transportation - SR 303 study (On/Off ramps at Grand intersection)	0.2			
269 Capital - Transportation - Riggs Road/SR 347 Design Study and Construction	25.0			
270 Capital - Transportation - Riggs Road/SR 347 Environmental Study	2.5			
271 Capital - Transportation - Riggs Road/SR 347 Final Design and Easements	7.5			
272 Capital - Transportation - Pinal North/South Corridor Study	4.0			
273 Capital - Transportation - SR 87 Improvements State Match (Near Eloy) [\$750k]	0.8			
274 Capital - Transportation - SR 377 Study (Guardrail/Shoulder) [\$140k]	0.1			
275 Capital - Transportation - I-10 Widening (Revert If Right of Way Not Addressed)	50.0			
276 Capital - Transportation - 67th Avenue Drainage Improvement	8.5			
277 Capital - Transportation - Camelback Widening (Between SR 303 & Litchfield Rd.)	8.0			
278 Capital - Transportation - State Aviation Fund Deposit	18.0			
279 Capital - Transportation - SR 88 Study (\$300k Vegetation Study/\$400k Design Report)	0.7			
280 Capital - Transportation - Safford 20th Avenue	1.0			
281 Capital - Transportation - I-10 Improvements (Marana)	5.0			
282 Capital - Transportation - Ocotillo Road Bridge (Design and Land Acquisition)	7.9			
283 Capital - Transportation - SR 186 Willcox (Repairs on SR 186/SR 10 in Wilcox)	3.5			
284 Capital - Transportation - SR 77 Repavement (Oro Valley)	13.6			
285 Capital - Transportation - SR 90 Repavement (Fort Huachuca)	10.6			
286 Capital - Transportation - Butte Ave. Bridge Near Eyman Prison (Florence)	1.0			
287 Capital - Transportation - Jerome Improvements	0.6			
288 Capital - Transportation - Hill Street Corridor Project (Globe)	1.2			
289 Capital - Transportation - Statewide Pavement Preservation Projects	90.0			
290 Capital - Yuma Fairgrounds Relocation		5.0		
291 Other - Debt Payoff (SFB 2015/ADC Kingman 2016/Lottery Bond Issuances) - FY 21 Supp.	507.1			
292 Other - Debt Payoff (2019A Sale/Leaseback Issuance) - FY 21 Supplemental	470.0			
293 Other - State Pension Payoff (DPS \$500 M/ADC \$500 M) - FY 21 Supplemental	1,000.0			
294 Other - Transwestern Settlement	17.0			
295 Other - Unemployment Trust Fund Deposit	62.0			
296 Other Adjustments	(0.2)	(0.5)		0.1
297 Subtotal - One-Time Changes to JLBC Baseline	\$ 2,505.0	\$ 374.8	\$ 100.7	\$ 21.1
298 Total One-Time Spending	\$ 2,235.8	\$ 576.9	\$ 147.1	\$ 58.5
299 Total Spending	\$ 13,610.6	\$ 12,826.7	\$ 12,844.9	\$ 13,088.9
300 Cash Balance	\$ 441.7	\$ 202.3	\$ 40.4	\$ 417.3
301 Ongoing Balance	\$ 2,264.1	\$ 1,153.5	\$ 299.6	\$ 749.8

FY 2022 General Fund Revenue - Where It Comes From

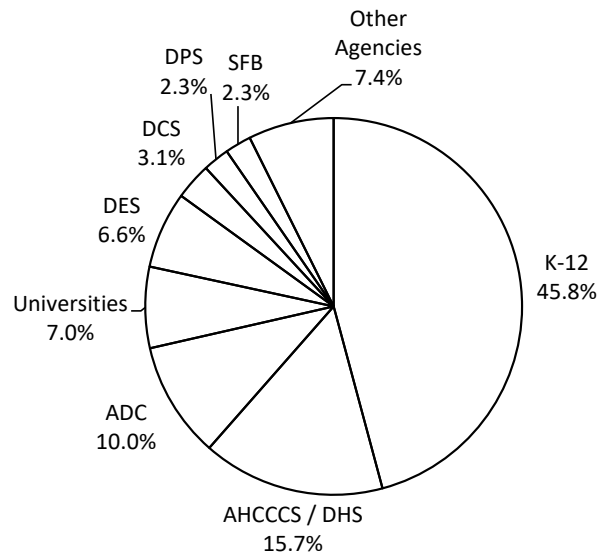
<u>Source</u>	<u>Revenue (Millions)</u>
Sales and Use Tax	\$ 6,380.4
Individual Income Tax	5,054.2
Corporate Income Tax	644.5
Insurance Premium Tax	602.0
All Other	662.6
TOTAL REVENUE	<u>\$ 13,343.7</u> ^{1/}



^{1/} Excludes FY 2021 balance forward. \$756 million of this amount is distributed as urban revenue sharing.

FY 2022 General Fund Appropriations - Where It Goes

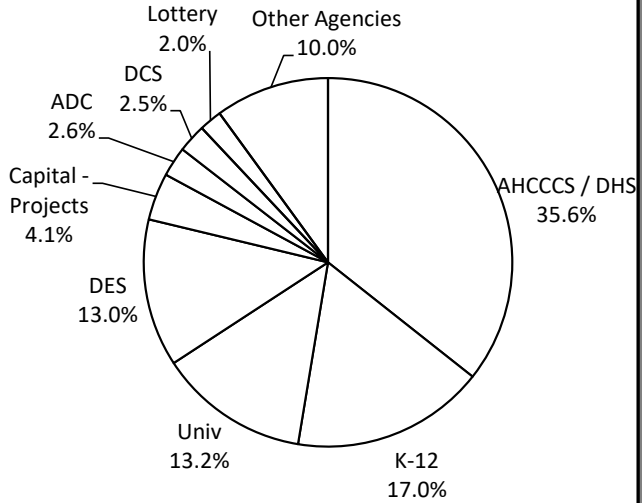
<u>Budget Unit</u>	<u>Appropriation (Millions)</u>
K-12 Education (ADE)	\$ 5,910.5
AHCCCS / DHS	2,019.0
Corrections	1,284.3
Universities	898.3
Economic Security	850.1
Child Safety	405.7
DPS	291.7
SFB	290.8
Other Agencies	948.2
TOTAL BUDGET	<u>\$ 12,898.7</u> ^{1/}



^{1/} Does not include administrative adjustments and revertsments.

FY 2022 Total Spending - All Sources ^{1/}

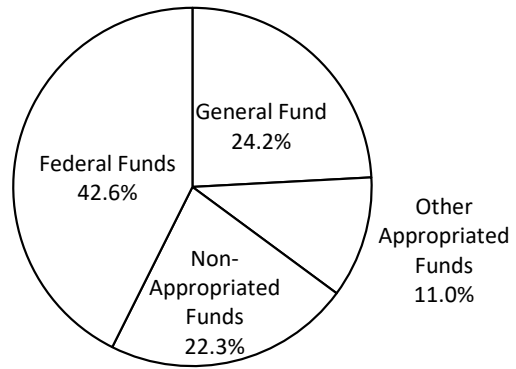
Budget Unit	Spending (Millions)
AHCCCS / DHS	\$ 19,039.0
K-12 Education (ADE)	9,056.7
Universities	7,045.8
Economic Security	6,919.2
Capital - Projects	2,210.8
Corrections	1,398.1
Child Safety	1,327.5
Lottery	1,062.5
Other Agencies / Distributions	5,349.8
TOTAL	<u>\$ 53,409.4</u>



^{1/} Does not include administrative adjustments and revertments.

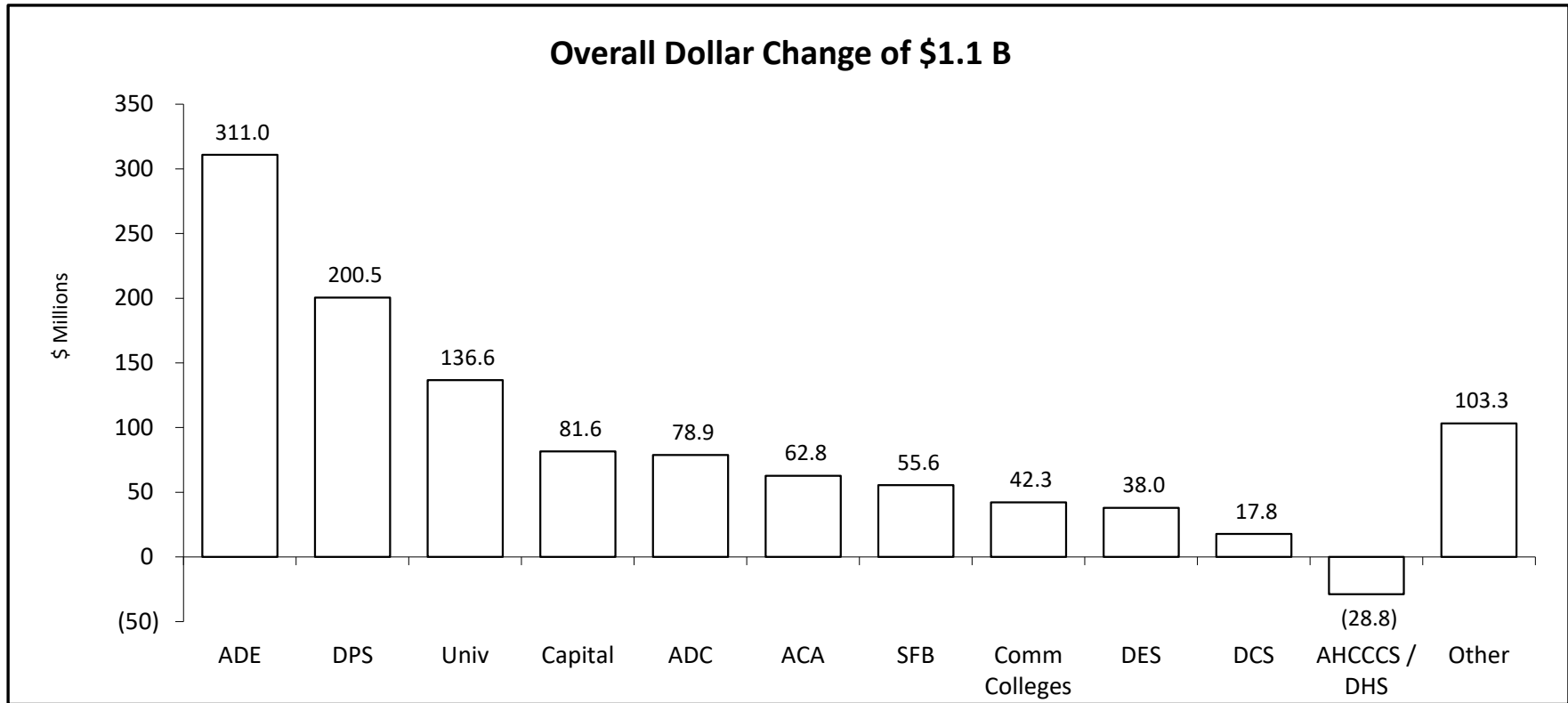
FY 2022 Total Spending by Fund Source ^{1/}

Fund Source	Spending (Millions)
General Fund	\$ 12,898.7
Other Appropriated Funds	5,856.0
Non-Appropriated Funds	11,895.9
Federal Funds	22,758.8
TOTAL	<u>\$ 53,409.4</u>



^{1/} Does not include administrative adjustments and revertments.

Changes to Major Agencies' General Fund Budget 1/ FY 2021 to FY 2022



1/ Represents change in General Fund spending from FY 2021 (excluding supplementals, ex-appropriations, or FY 2021 FMAP and ADE enrollment reversions) to FY 2022. Excludes changes in administrative adjustments and revertments.

FY 2022 STATE GENERAL FUND BUDGET – A NARRATIVE SUMMARY

General Fund and Budget Stabilization Fund Balances

- Under the 3-year budget plan, the projected cash balance is \$202.3 million in FY 2022, \$40.4 million in FY 2023 and \$417.3 million in FY 2024.
- In addition, the Budget Stabilization Fund will have an estimated balance of \$974.8 million in FY 2022. These monies are separate from any General Fund balance.

General Fund Revenues

- FY 2022 General Fund revenues are projected to be \$13.0 billion, or a decrease of (7.3)% from FY 2021. This estimate is based on the following assumptions:
 - ⇒ Base revenues are projected to increase by 2.1% after adjusting for the beginning balance, urban revenue sharing, the tax deferral and new tax reductions.
 - ⇒ There is \$(886.5) million in new tax reductions, including \$(836.0) million to cap Tax Year 2021/FY 2022 individual income tax rates at no higher than 4.5% and \$(48.3) million to fully exempt military pensions from state income tax.

Tax Reductions

Beyond the tax law change described above, the budget also makes the following adjustments:

- \$(1.3) billion in TY 2022/FY 2023 tax reductions based on lowering the 4 current individual income tax rates to 2.55% and 2.98% along with the 4.5% maximum tax rate for single tax filers with income above \$250,000 and married tax filers with incomes above \$500,000.
- Contingent upon General Fund revenue collections of \$12.8 billion in FY 2022, the two rates would further decline to 2.53% and 2.75% in FY 2024 at a cost of \$1.5 billion in TY 2023/FY 2024.
- Contingent upon General Fund revenue collections of \$13.0 billion in FY 2023 or any year thereafter, the 2 rates would be collapsed into a single 2.5% rate (plus the 4.5% maximum tax rate) at a cost of \$1.8 billion in TY 2024/FY 2025
- The income tax reduction estimates include the impact of SB 1783, which will allow taxpayers to shift certain types of income to a lower tax rate than their regular tax rate.
- The Class 1 commercial property tax assessment ratio will decline from 18% to 16% over 4 years starting in TY 2022/FY 2023. In addition, the homeowner's rebate on Class 3 residential property will increase from 47.2% to 50.0% beginning in TY 2022.

General Fund Spending

- FY 2022 General Fund spending is projected to be \$12.8 billion based on the following assumptions:
 - ⇒ A \$840 million increase in ongoing spending.
 - ⇒ A \$(1.7) billion decrease in one-time spending.
- The budget funded \$2.7 billion in one-time FY 2021 supplemental adjustments for a) reductions in pension and state building debt, b) transportation infrastructure, c) drought mitigation and d) wildfire suppression.
- Compared to the original FY 2021 budget, the revised FY 2021 spending level would decline by \$(432) million for federal Medicaid match rate savings and a \$(436) million reduction due to lower K-12 enrollment.
- The entire FY 2022 state budget, including both appropriated and non-appropriated funds, is projected to be approximately \$53.4 billion.

Education

Department of Education

- ADE General Fund spending increases by \$311.0 million, or 5.6%, including:
 - ⇒ \$81.7 million for 0.4% unweighted student growth (0.8% weighted) for a total unweighted student count of 1.12 million (1.56 million weighted). These estimates do not account for changes in student enrollment associated with the COVID-19 pandemic.
 - ⇒ \$86.5 million for a 1.21% inflation adjustment of funding levels for the per pupil base level, transportation and charter additional assistance.
 - ⇒ \$67.8 million for an increase in Additional Assistance funding as required by last year's budget. This adjustment would result in full funding of Additional Assistance for the first time since FY 2008.
 - ⇒ \$(53.2) million for growth in property taxes from new construction.
 - ⇒ \$65.0 million to eliminate the rollover for districts with between 600 and 2,000 ADM. The total rollover from FY 2022 to FY 2023 would now be \$865.7 million.

- ⇒ \$50.0 million to increase Basic State Aid formula funding for Special Education.
- ⇒ \$5.0 million for a one-time deposit in the Extraordinary Special Education Needs Fund.
- ⇒ \$5.0 million to authorize Basic State Aid funding for 4-year funding of CTED pupils.
- ⇒ \$3.2 million for other adjustments.
- The budget assumes ADE will revert \$(436.1) million in FY 2021 for Basic State Aid savings associated with lower-than-budgeted enrollment and reduced funding for distance learning.

School Facilities Board

- SFB General Fund spending increases by \$16.8 million, or 6.1%, including:
 - ⇒ \$112.8 million for an increase in new school construction costs. The budget funds a total of \$171.6 million for new construction, including the completion of 2 FY 2021 schools and the initial funding for 7 FY 2022 schools. The budget also includes funding to increase new school cost-per square foot rates by 60%.
 - ⇒ \$(57.3) million for a decrease in debt service payments.
 - ⇒ \$(38.8) million for a decrease in one-time building renewal grant monies.
- SFB will be consolidated into the Arizona Department of Administration beginning January 1, 2022.

Universities

- University General Fund spending increases by \$136.7 million, or 18.4%, including:
 - ⇒ \$68.5 million for ongoing operating funding.
 - ⇒ \$37.4 million for one-time operating funding.
 - ⇒ \$11.8 million to backfill tuition costs associated with the FY 2022 employer health insurance premium increases.
 - ⇒ \$7.5 million for the Arizona Promise Program.
 - ⇒ \$4.3 million for one-time freedom school funding.
 - ⇒ \$495,600 for adjustments to capital appropriations.
 - ⇒ \$9.5 million for other various funding increases.
 - ⇒ \$(2.8) million for statewide adjustments.
- The budget also includes \$20,052,100 from the General Fund for an additional 27th pay period that will occur in FY 2022.
- Fall 2020 enrollment increased by 6,371 full-time equivalent students, or 3.5% above 2019, for a total enrollment of 190,931.

Community Colleges

- Community College General Fund spending increases by \$43.3 million, or 66.8%, including:
 - ⇒ \$1.8 million for formula growth.
 - ⇒ \$28.0 million in aid to rural community college districts.
 - ⇒ \$13.0 million in aid to urban community college districts.
 - ⇒ \$500,000 to increase the out of county reimbursement subsidy.
- The Community College funding formula is based on student counts from 2 years prior. FY 2020 rural district enrollment decreased by (782) full-time equivalent students, or (2.8)%, for a total enrollment of 26,826. Including the Maricopa and Pima districts, total enrollment decreased by (992), or (0.9)%, for total enrollment of 108,172.

Health and Welfare

AHCCCS

- AHCCCS General Fund spending decreases by \$(36.4) million, or (1.9)%, including:
 - ⇒ \$(27.8) million for formula adjustments, including aggregate caseload growth of 4.6% and a 3.0% capitation rate increase. Those costs will be more than offset by savings from the 6.2% enhanced federal match which is currently scheduled to be in effect through December 31, 2021.
 - ⇒ \$(16.7) million for a cost shift from the Prescription Drug Rebate Fund.
 - ⇒ \$13.3 million for Arizona Long Term Care System provider rate increases.
 - ⇒ \$(8.0) million for removal of one-time funding of Behavioral Health Services in School for low-income, non-Medicaid students.
 - ⇒ \$3.0 million for ongoing IT projects.
 - ⇒ \$(148,900) for other adjustments.
- AHCCCS enrollment is projected to grow to 2.2 million recipients by June 2022.

Department of Child Safety

- DCS General Fund spending increased by \$17.8 million, or 4.6%, including:
 - ⇒ \$25.1 million for Congregate Care expenses.
 - ⇒ \$5.4 million for caseworker salary increases.
 - ⇒ \$(10.0) million for savings from the 6.2% enhanced federal Medicaid match rate.
 - ⇒ \$(2.7) million for statewide adjustments.

Department of Economic Security

- DES General Fund spending increases by \$37.9 million, or 4.3%, including:
 - ⇒ \$15.4 million for ongoing DD provider rate increases plus \$15 million redirected from the FY 2021 base budget.
 - ⇒ \$13.0 million for Developmental Disabilities (DD) formula adjustments, including 5.0% enrollment growth and a 2.0% capitation rate increase.
 - ⇒ \$2.3 million for 5% salary increases to 6,000 program service evaluators and human services workers in DD.
 - ⇒ \$7.5 million for Return to Work grants for child care scholarships to part-time community college students.
 - ⇒ \$1.5 million for one-time Area Agencies on Aging funding to allow the state to draw down additional one-time federal monies for adult services authorized by federal COVID legislation.
 - ⇒ \$1.0 million for ongoing Area Agencies on Aging provider rate increases.
 - ⇒ \$1.0 million for costs associated with increased site visits for the Long-Term Care Ombudsman program.
 - ⇒ \$(3.3) million for statewide adjustments.
- Medicaid Developmental Disability caseloads are projected to grow to 39,339 by June 2022. This level represents a caseload increase of 1,873, or 5.0%, above June 2021. These estimates do not account for adjustments related to a higher federal match rate associated with the COVID-19 pandemic.
- The budget includes a one-time \$62.0 million FY 2021 General Fund supplemental deposit to the Unemployment Insurance Trust Fund. In addition, the Executive has deposited \$759 million of federal American Rescue Act fund to the trust fund to restore the fund balance after the higher use of UI benefits during the pandemic.

Criminal Justice/Public Safety

Department of Corrections

- ADC General Fund spending increases by \$78.9 million, or 6.5%, including:
 - ⇒ \$30.7 million for a 5% correctional officer salary increase.
 - ⇒ \$28.0 million for contract increases.
 - ⇒ \$18.7 million for new private prison beds associated with the closure of the Florence state prison.
 - ⇒ \$17.3 million for radio replacements.
 - ⇒ \$15.0 million for medical staffing augmentation.
 - ⇒ \$5.0 million for substance abuse treatment.
 - ⇒ \$3.9 million for ballistic and stab-proof vests.
 - ⇒ \$1.6 million to convert 286 correctional officer II positions to correctional corporals.
 - ⇒ \$1.3 million for the mental health transition program.
 - ⇒ \$(17.5) million for the elimination of a prison lease-purchase payment.
 - ⇒ \$(25.4) million for statewide adjustments.
- The systemwide prison population at the end of FY 2021 was 35,993, a decrease of (4,158) or (10.4)% below the population at the end of FY 2020.

Department of Emergency and Military Affairs

- The budget includes a one-time \$55.0 million FY 2021 General Fund supplemental for deposit into the newly-created Border Security Fund. These funds may be used for costs near the border, including National Guard deployment, jail/prosecution costs and border cameras

Judiciary

- Judiciary General Fund spending increases by \$8.9 million, or 6.5%, including:
 - ⇒ \$4.3 million for prior-year probation officer salary and benefit deficits.
 - ⇒ \$1.0 million for probation incentive payments.
 - ⇒ \$2.0 million for the first-year deposit to the General Adjudication Personnel and Support Fund
 - ⇒ \$1.6 million for other small adjustments.

Department of Juvenile Corrections

- DJC General Fund spending increases by \$80,400, or 0.2%, including:
 - ⇒ \$1.6 million for Youth Correctional Officer salary increase.
 - ⇒ \$(1.6) million for statewide adjustments.

Department of Public Safety

- DPS General Fund spending increases by \$200.5 million, or 220.0%, including:
 - ⇒ \$160.7 million to backfill the lost revenues from the Highway Safety Fee in the Highway Patrol Budget. Under current law, the \$32 Highway Safety Fee was repealed as of June 2021.
 - ⇒ \$23.5 million for salary adjustments.
 - ⇒ \$6.9 million for the department's new body camera program.
 - ⇒ \$6.6 million for an increase in the department's overtime budget.
 - ⇒ \$3.5 million for a one-time increase to offset lost anti-racketeering revenues.
 - ⇒ \$(2.0) million for statewide adjustments.

Natural Resources

Department of Forestry and Fire Management

- The budget includes a one-time \$24.9 million FY 2021 General Fund supplemental for 122 fire mitigation FTE Positions, equipment and contracted hazardous vegetation removal.
- The budget also includes a one-time \$75.0 million FY 2021 General Fund supplemental for several wildfire emergency response purposes including fire suppression, mitigation efforts, emergency shelter, landowner infrastructure assistance and state/local reimbursement of disaster declaration expenses.

Department of Emergency and Military Affairs

- The budget includes a one-time \$55.0 million FY 2021 General Fund supplemental for deposit into the newly-created Border Security Fund. These funds may be used for costs near the border, including National Guard deployment, jail/prosecution costs and border cameras.

Department of Water Resources

- DWR General Fund spending increases by \$3.7 million, or an increase of \$25.1%, including:
 - ⇒ \$2.7 million for targeted DWR staff salary increases.
 - ⇒ \$1.0 million for a one-time deposit to the Water Protection Fund.
 - ⇒ \$(439,900) for statewide adjustments.

Drought Mitigation Board

- The budget includes a one-time \$160.0 million FY 2021 General Fund supplemental to the newly-created Drought Mitigation Board. The appropriation can provide financial assistance for drought mitigation efforts and water supply development, State Land Department grants and low-cost long-term loans to create the capacity to import water supplies from outside Arizona.

Water Infrastructure Finance Authority

- WIFA spending increases by \$12.0 million including:
 - ⇒ \$6.0 million for a one-time appropriation to the Water Supply Development Revolving Fund
 - ⇒ \$5.0 million for water assistance grants, including \$3.0 million for cities and towns in Navajo and Apache Counties and \$2.0 million for irrigation districts in Cochise and Graham Counties, with \$1.0 million allocated for each county.
 - ⇒ \$1.0 million for a one-time deposit to the Small Drinking Water Systems Fund.
- The budget includes a one-time \$40.0 million FY 2021 General Fund supplemental for a deposit to the Water Supply Development Revolving Fund.

Local Issues

- The budget appropriates \$10.0 million in one-time monies for counties to establish a coordinated reentry planning services program. The budget allocates \$5,000,000 of this funding to Mohave County, \$4,000,000 to Pinal County, and \$1,000,000 to Yavapai County. The 3-year budget plan includes \$7,000,000 in both FY 2023 and FY 2024 for this purpose.

- The budget continues to appropriate \$7.7 million to be allocated equally among counties with a population of less than 900,000 according to the 2010 Decennial Census. With one exception, each county receives \$550,050. Graham County receives \$1,050,050.
- The budget continues to appropriate \$3.0 million for distribution to counties to offset increased Elected Officials' Retirement Plan (EORP) liabilities.
- Beginning in FY 2024, cities will receive 18% of income tax collections rather than 15% under the urban revenue sharing program.

State Employee Issues

FTE Positions

- The budget increases the Total Appropriated Funds Full-Time Equivalent (FTE) ceiling by 267 FTE Positions in FY 2022. These adjustments would bring the total FTE Position ceiling to 53,886.9 in FY 2022.

Statewide Adjustments

- The budget includes a decrease of \$(22.0) million from the General Fund and \$(43.5) million in Total Funds for the removal of a one-time FY 2021 health insurance adjustment. In its place, the budget includes an increase of \$11.2 million from the General Fund and \$36.2 million in Total Funds for an ongoing health insurance premium increase in FY 2022.
- The budget includes a one-time decrease of \$(43.1) million for costs of the 27th pay period in FY 2021. Approximately every 10 years, the state has 27 pay periods in a fiscal year rather than 26. Universities will receive a separate appropriation of \$20.1 million for their 27th pay period in FY 2022, for a net spending change of \$(23.0) million in FY 2022.
- The budget increases state agency budgets by \$5.2 million from the General Fund the following statewide adjustments:
 - ⇒ Risk Management Premium adjustments.
 - ⇒ Arizona Financial Information System Fees.
 - ⇒ Revised rent payments.
 - ⇒ Employer retirement contributions.
 - ⇒ State Fleet Rate Adjustments

Capital

- The budget includes \$608.5 million for building renewal and capital projects. Of this amount, \$92.6 million is financed from the General Fund and \$515.9 million is financed from Other Funds. These amounts include the following:
 - ⇒ \$28.4 million from the General Fund and \$40.9 million Other Appropriated Funds for building renewal at ADC, ADOT, ADOA, Game and Fish, and the State Lottery.
 - ⇒ \$100.1 million including \$64.2 million from the General Fund and \$35.9 million from Other Appropriated Funds for new projects for the Attorney General, ADC, ASDB, DEMA, Game and Fish, DHS, DJC, Legislative Council, Parks, and DPS.
 - ⇒ \$439.0 million from Other Appropriated Funds for new ADOT capital projects.
- The budget includes a \$321.0 million FY 2021 General Fund supplemental for transportation initiatives, including \$213.0 million for 23 specific road projects, \$90 million for pavement preservation and \$18.0 million for local aviation improvements.

Debt Payoff

- The budget includes a one-time \$470.0 million FY 2021 General Fund supplemental for full debt payoff of the 2010 state building sale-leaseback, which eliminates \$53.7 million in annual debt service payments starting in FY 2022.
- The budget includes a one-time \$507.1 million FY 2021 General Fund supplemental for full debt payoff of certain School Facilities Board, ADC and Lottery Bond debt financing instruments. This payoff will eliminate \$109.2 million in annual debt service payments in FY 2022.
- The budget includes a one-time \$1.0 billion FY 2021 General Fund supplemental to reduce the unfunded actuarial liability of the ADC CORP and DPS PSPRS systems. This reduction will reduce annual employer pension payments by \$110.0 million starting in FY 2023.

FY 2022 FUNDING FORMULA SUSPENSIONS 1/

	FY 2022 Formula Requirement
<u>Statutory</u>	
Community Colleges - STEM and Workforce Programs State Aid Suspension	\$ 11,112,800 <u>2/</u>
Community Colleges - Operating State Aid	N/A <u>3/</u>
Department of Environmental Quality - Water Quality Assurance Revolving Fund (WQARF)	0 <u>4/</u>
Universities - Arizona Financial Aid Trust	32,931,000 <u>5/ 6/</u>
 Total - FY 2022 Statutory Funding Formula Suspensions	 \$ 44,043,800
 <u>Non-Statutory</u>	
Department of Administration - Building Renewal	\$ 25,231,500 <u>6/</u>
Department of Corrections - Building Renewal	0 <u>6/</u>
Universities - Building Renewal	186,100,000 <u>6/</u>
 Total - FY 2022 Non-Statutory Funding Formula Suspensions	 \$ 211,331,500

- 1/ Represents the General Fund cost of funding formulas that are currently suspended on an annual basis.
- 2/ Represents unfunded STEM and Workforce Programs formula amounts of \$618,100 (86.5%) for Pinal, \$1,771,700 (81.6%) for Pima, and \$8,723,000 (84.5%) for Maricopa.
- 3/ The dollar value of the suspensions of Operating State Aid for Maricopa and Pima Community Colleges is unknown because formula growth is based on multiplying the change in student count by the current year average state aid per student. Both Maricopa and Pima do not receive funding in FY 2021.
- 4/ A.R.S. § 49-282 requires that \$18,000,000 be deposited annually into the Water Quality Assurance Revolving Fund, including at least \$15,000,000 from the corporate income tax. The FY 2022 Environment Budget Reconciliation Bill transfers the \$15,000,000 for WQARF, but does not permit any additional corporate income tax adjustment above that level.
- 5/ Based on the required 2:1 match of state funds for student fees levied by the universities, the total FY 2022 General Fund contribution would be \$42,972,200. Of this amount, the budget assumes the continuation of \$10,041,200 in General Fund support.
- 6/ Based on agency estimates. Reflects amount above the appropriation in the FY 2022 budget.