



State of Arizona
Janice K. Brewer, Governor

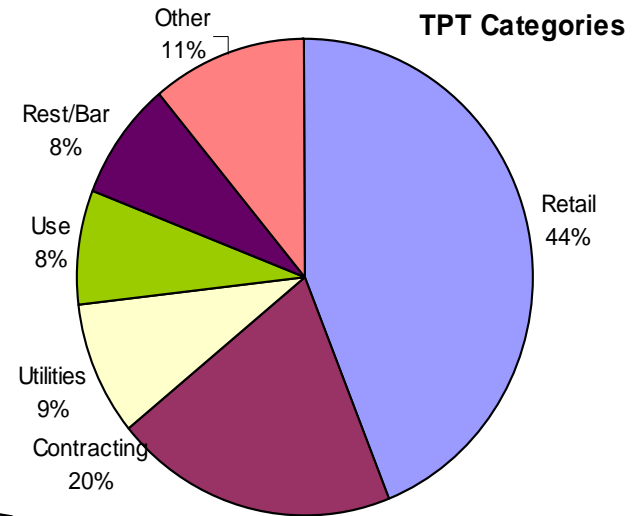
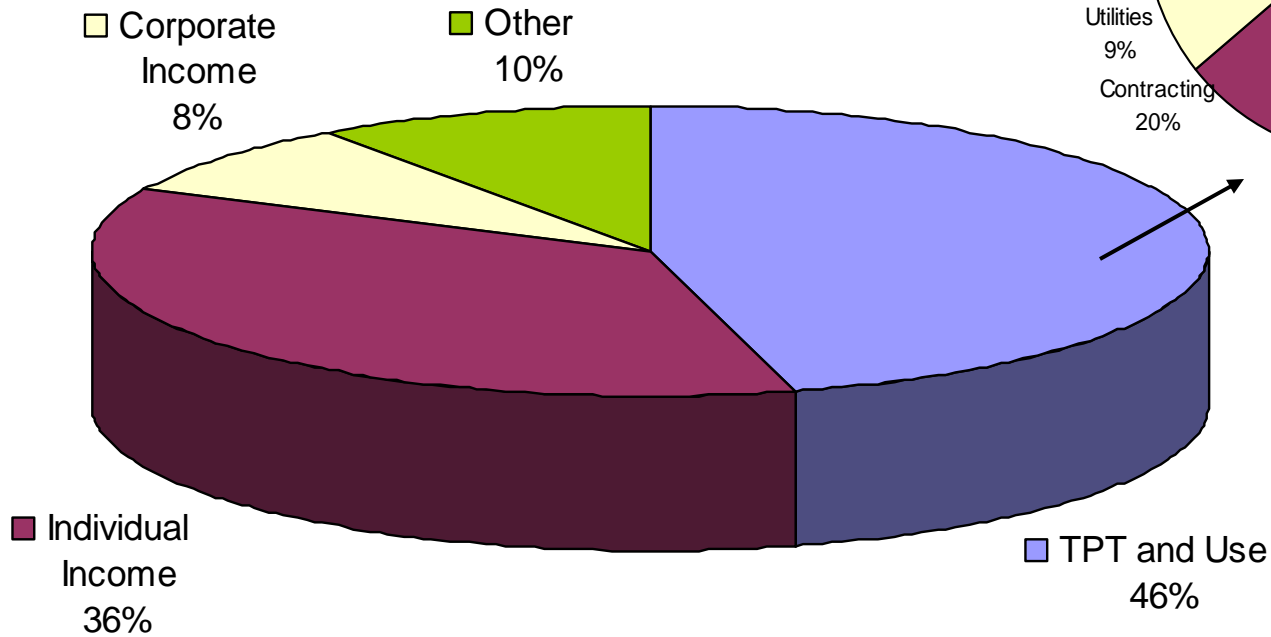
FEBRUARY 2009

Budget Briefing

Arizona's Revenue Streams

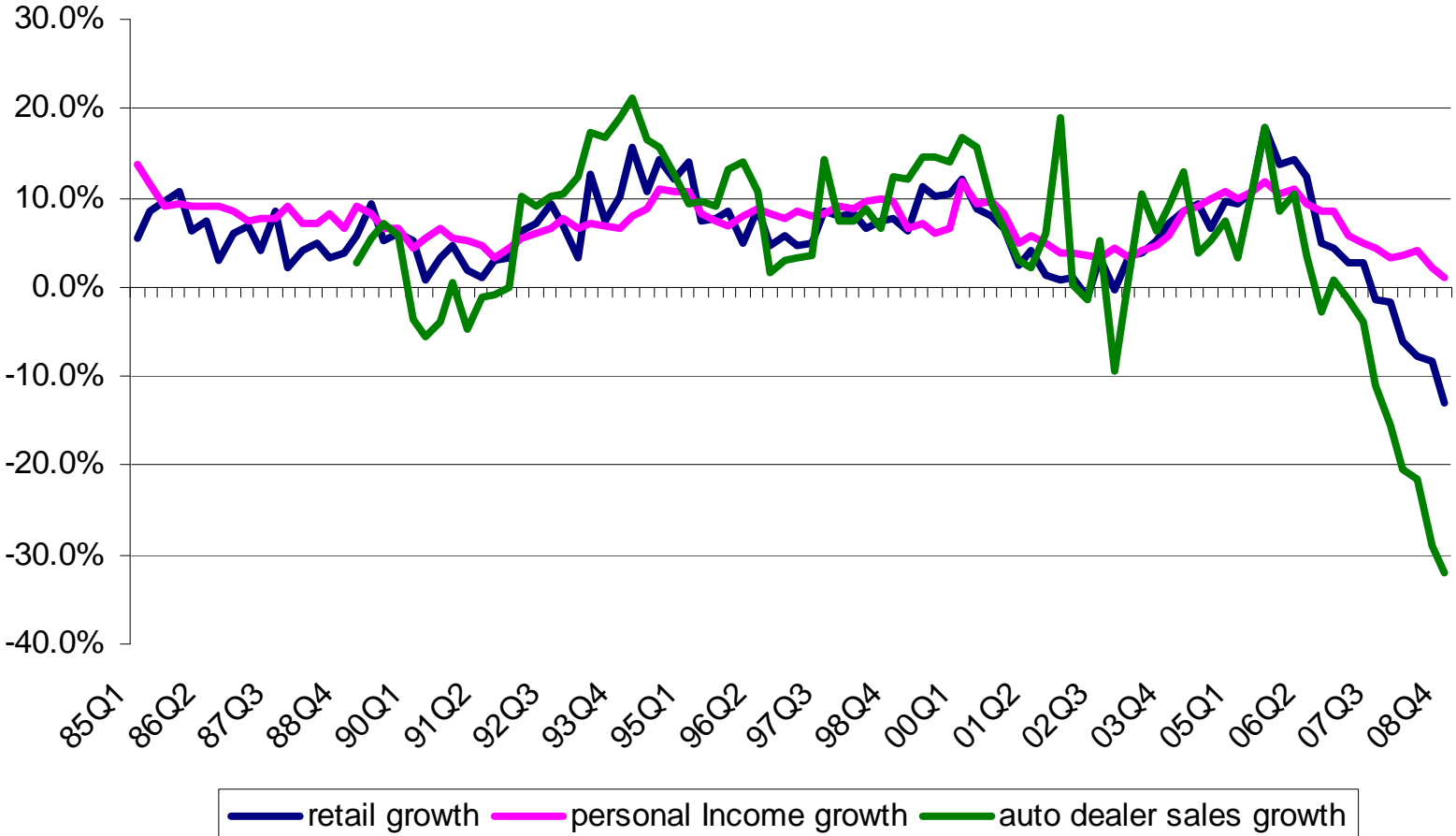
General Fund Revenue Components

FY08 Actual General Fund Collections
(before Urban Revenue Sharing distribution)



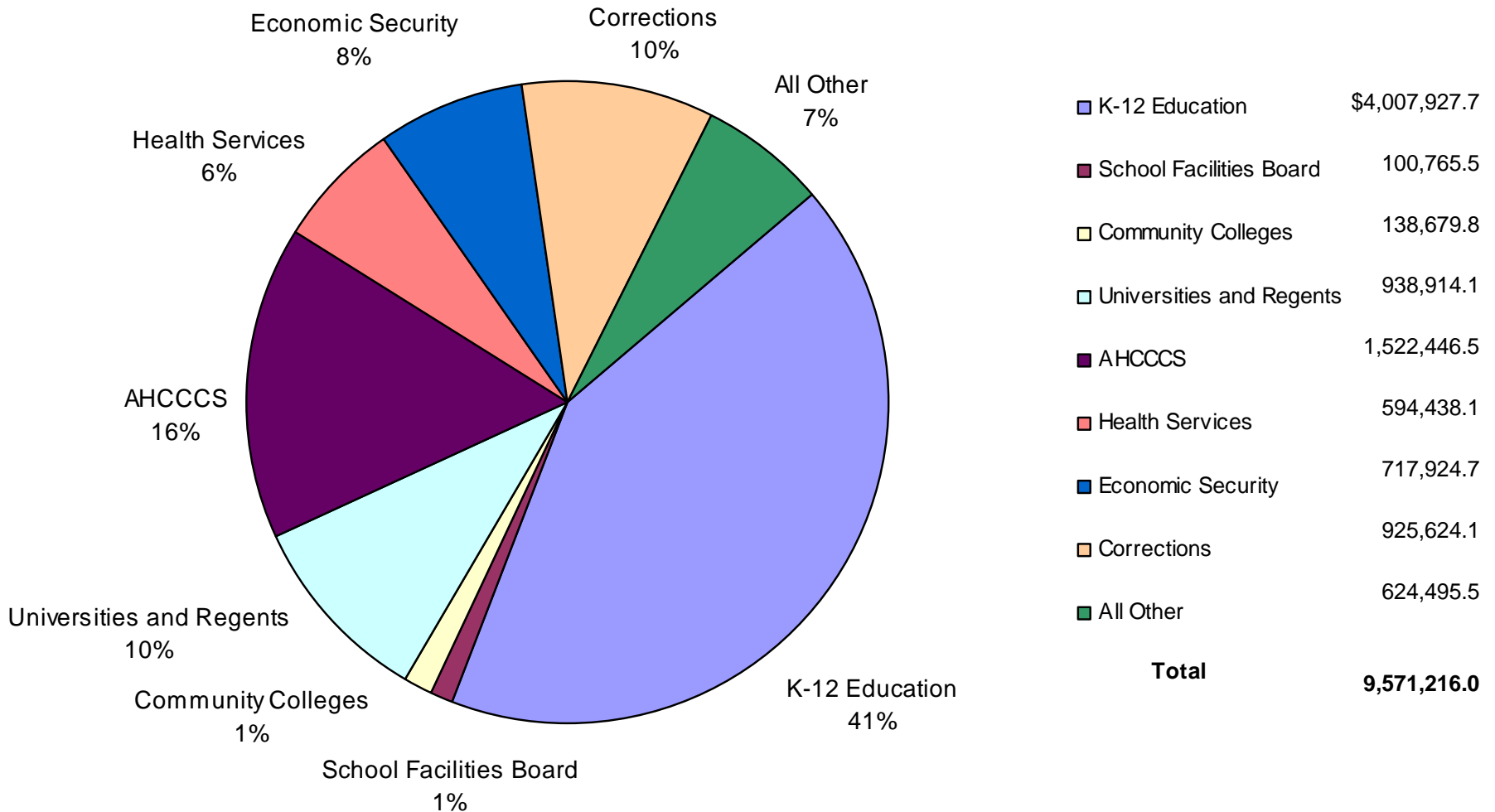
Arizona's Revenue Trends

Annual Percent Growth in Selected Economic Variables



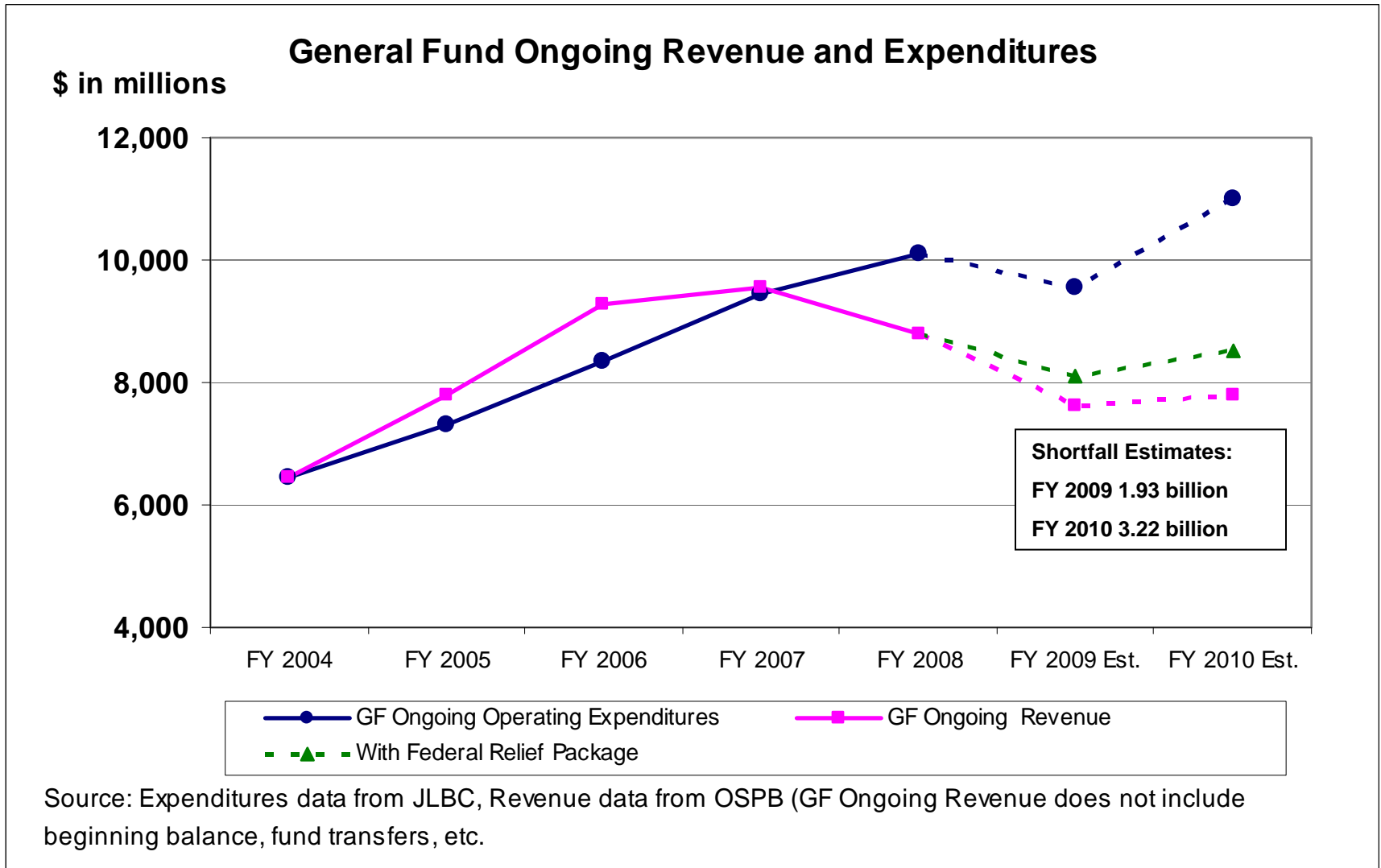
Where We Spend Your Money

FY 2009 General Fund Adjusted Appropriations* (\$ in thousands)



*Reflects Agency Adjusted General Fund Appropriations per the 2009 1st Special Session, does not include fund transfers.

Arizona's Budget Crisis



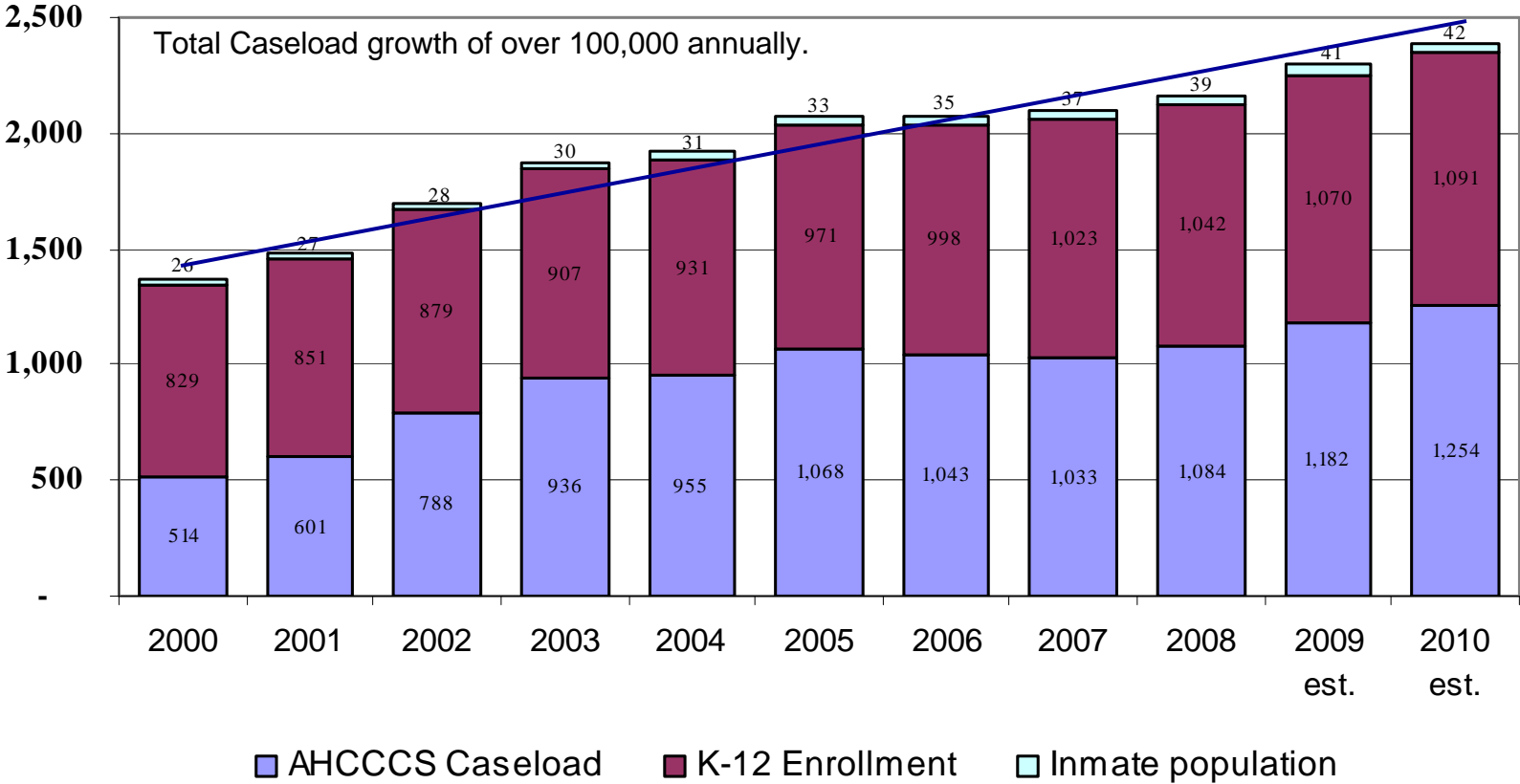
How The Gap Has Been Filled

	<u>FY 2008</u>	<u>FY 2009</u>
• Agency Reductions (Permanent)	248	584
• Rainy Day Fund (Temporary)	560	130
• K-12 Rollover (Temporary)	336	0
• Other Fund Transfers (Temporary)	290	467
• Federal Assistance (Temporary)	0	500

in millions

Caseloads Up...and Growing

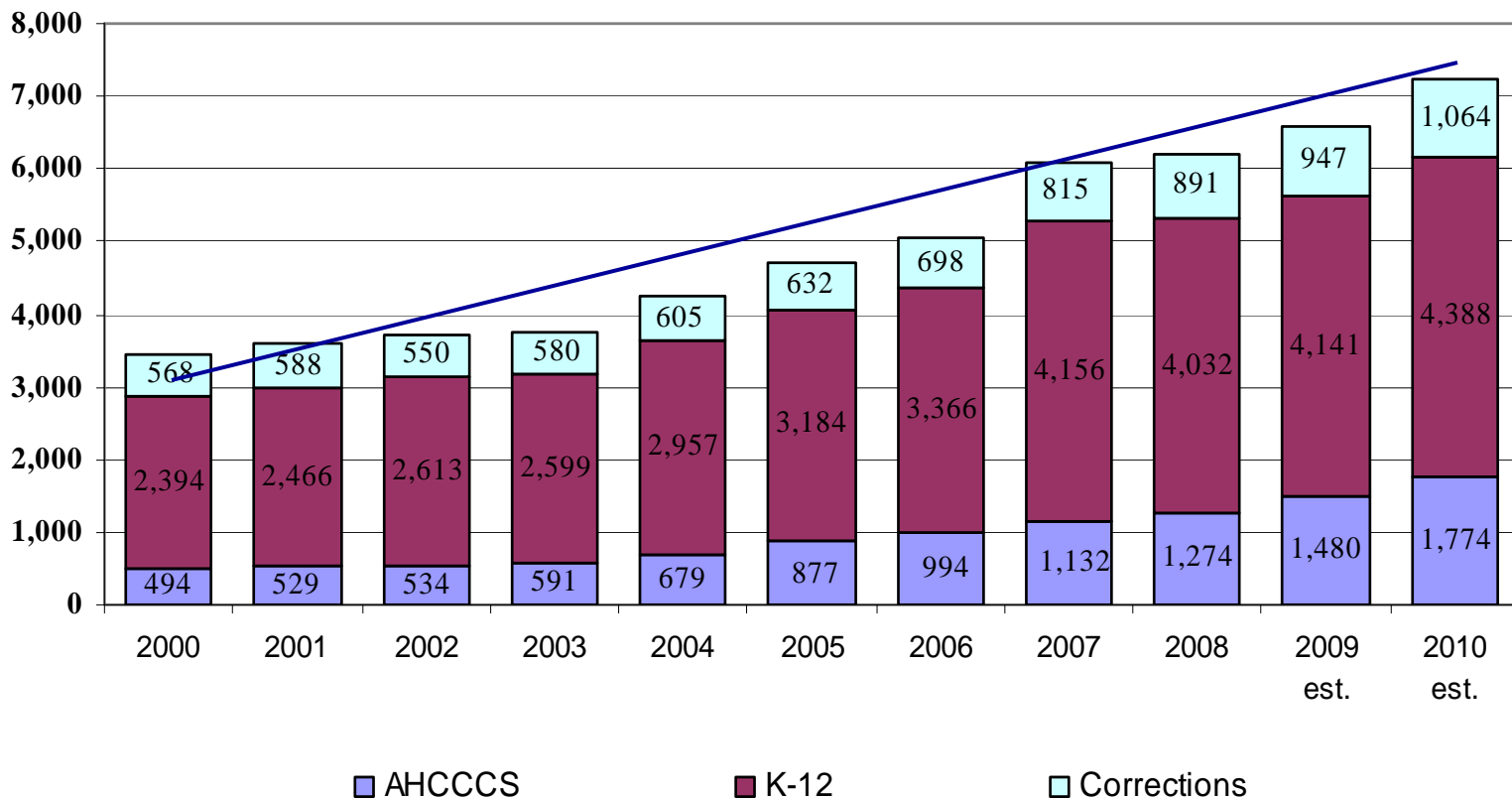
Population (in thousands)



In FY 2010, caseload and enrollment for AHCCCS, K-12, and Corrections are expected to grow by 94,800 from FY 2009.

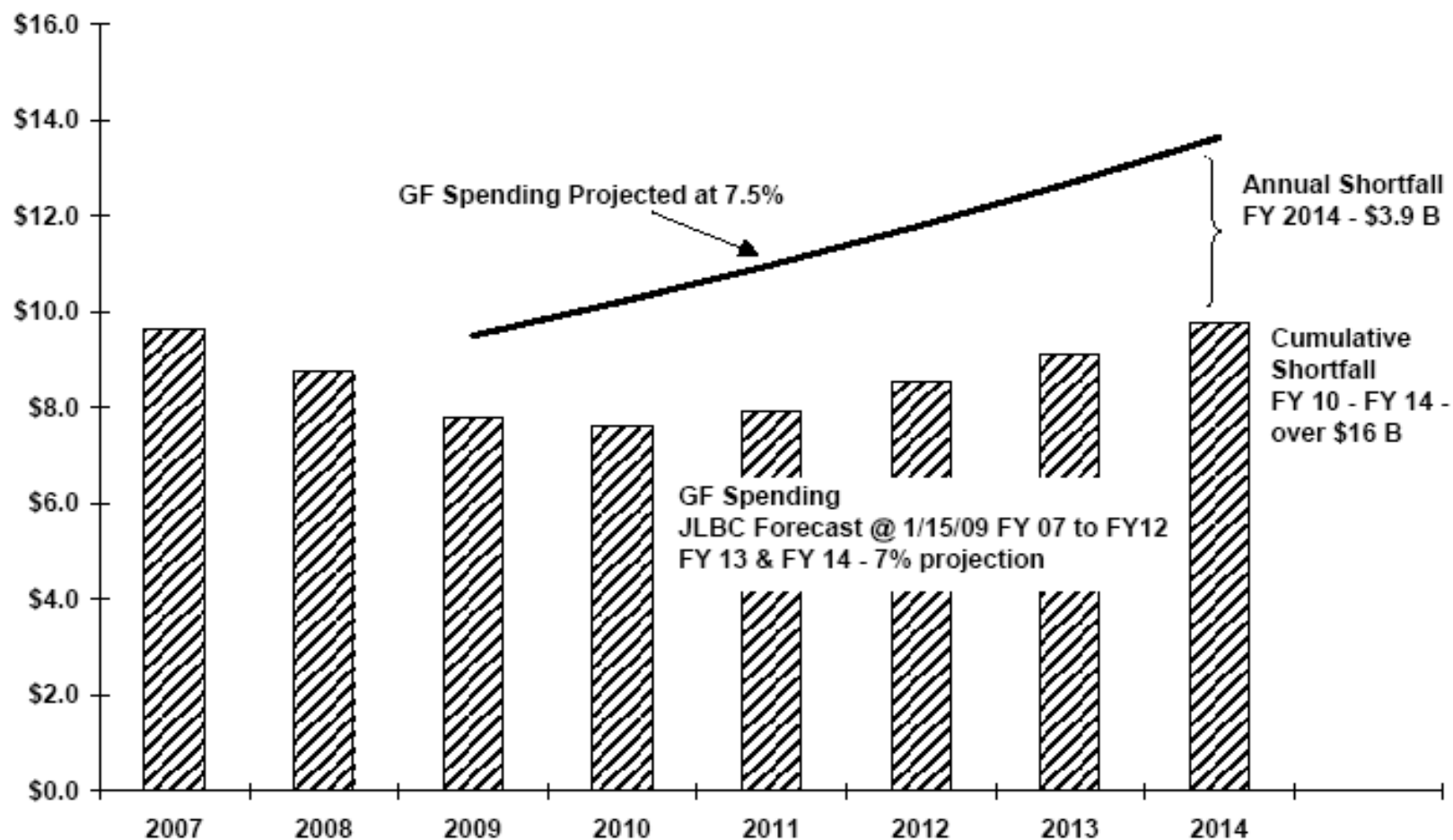
Caseload Increases = Funding Requirements Increase

Dollars (In Millions)



The caseload growth translates to an increased funding requirement, from FY 2009 to FY 2010, amounting to \$657 million.

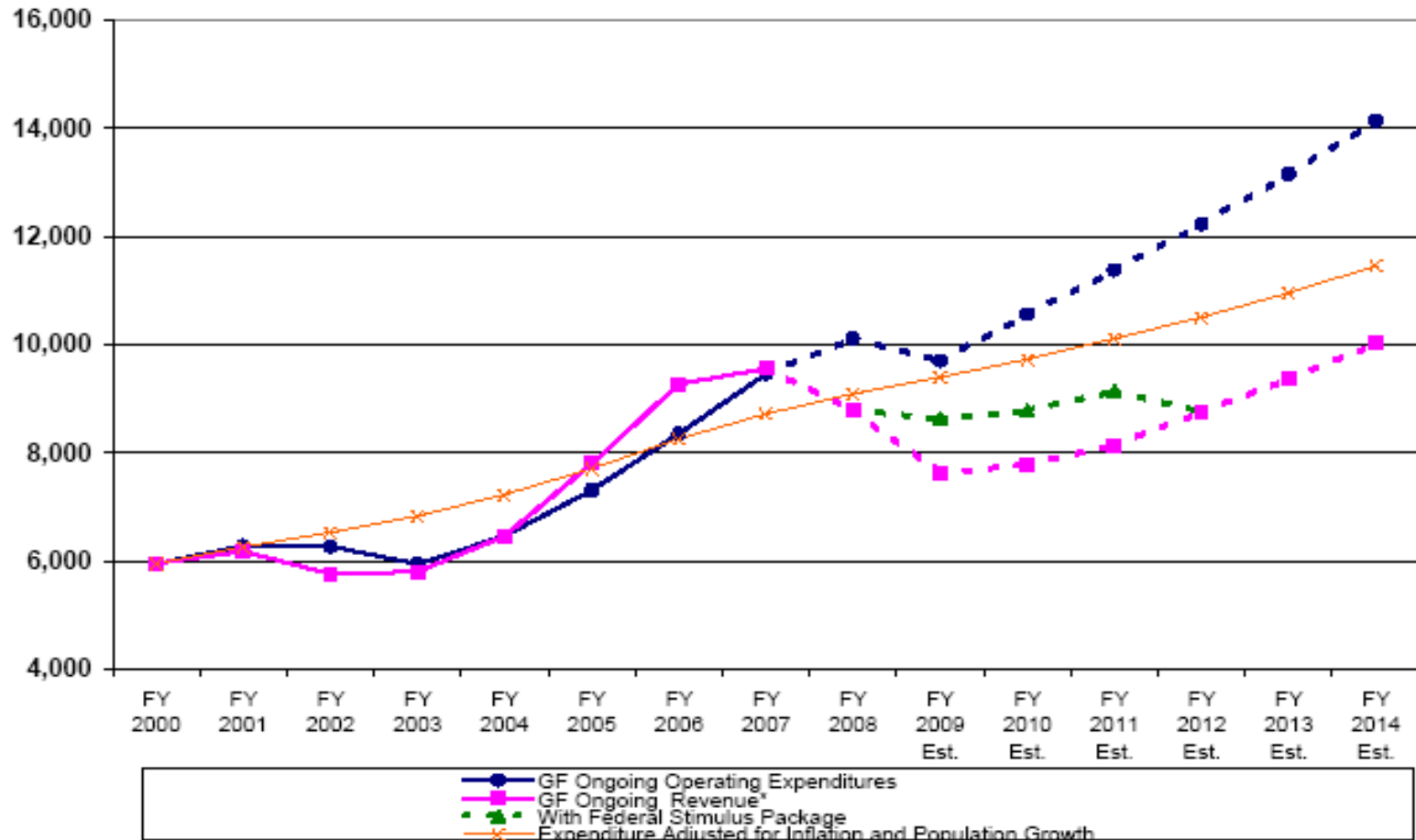
Simple Projection of General Fund Revenues and Expenditures



Arizona's Fiscal Crisis

General Fund Ongoing Revenue and Expenditures

\$ in millions



* Ongoing revenue does not include one-time revenue such as enacted fund transfers, one-time revenue increase measures, one-time federal fund injections, etc.

Possible Budget Solutions and Reforms

- Additional cuts and additional revenues to bridge immediate deficit
- Greater flexibility on spending increases
- Longer term budget planning
- Meaningful expenditure limitations
- Capital Funding plan
- Tax reform that incentivizes economic growth