



# ***FY 2020***

# ***Executive Budget Briefing***

January 18, 2019

Governor's Office of Strategic Planning and Budgeting

*“On November 6<sup>th</sup>, the people spoke. They want their teachers paid and their budgets balanced.”*

Governor Doug Ducey, 2019 State of the State Address

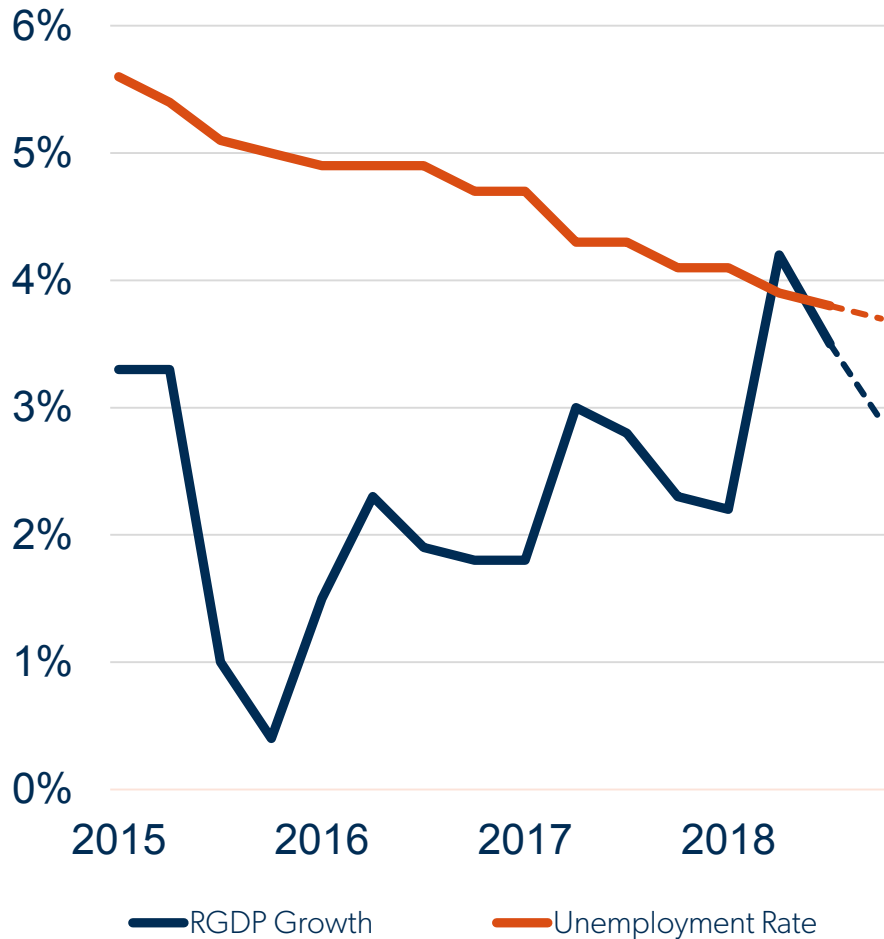
# Overview

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- The Economy and State Revenues
- FY 2019 Supplemental Funding
- FY 2020 Budget Overview
- FY 2020 Budget Priorities
  - Government That Works
  - Education
  - Health & Welfare
  - Natural Resources
  - Public Safety

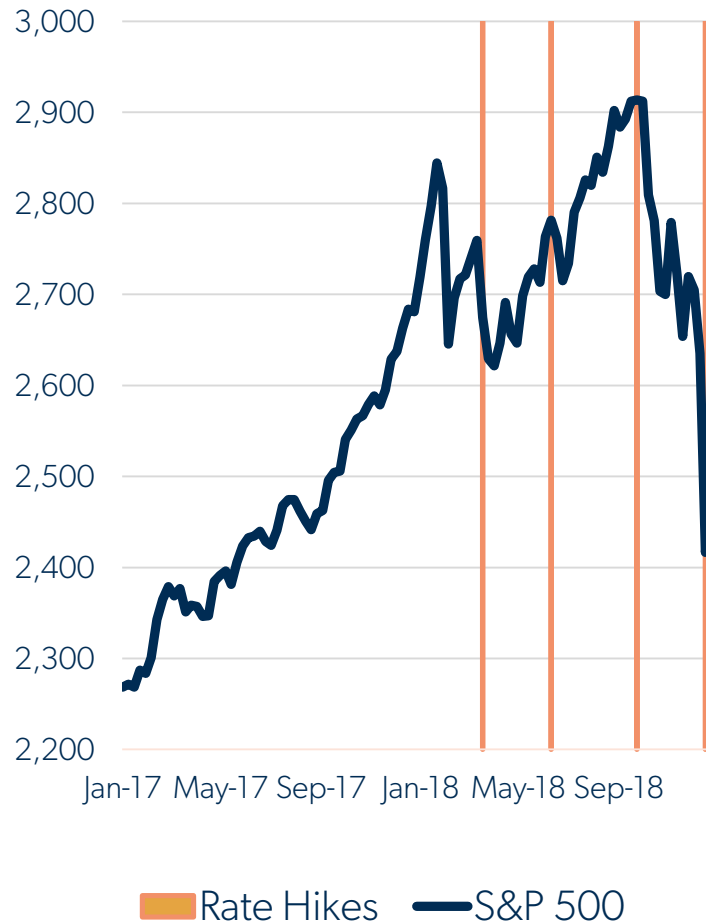
# The Economy and State Revenues

# Robust National Economic Growth Continues



- The U.S. finished 2018 with 3.0% year-over-year real GDP growth – for the first time since before the Great Recession
  - Rapid pace of business fixed investment
  - Consumer attitudes remain at 15 year highs
  - Healthy labor market; unemployment at 50-year lows

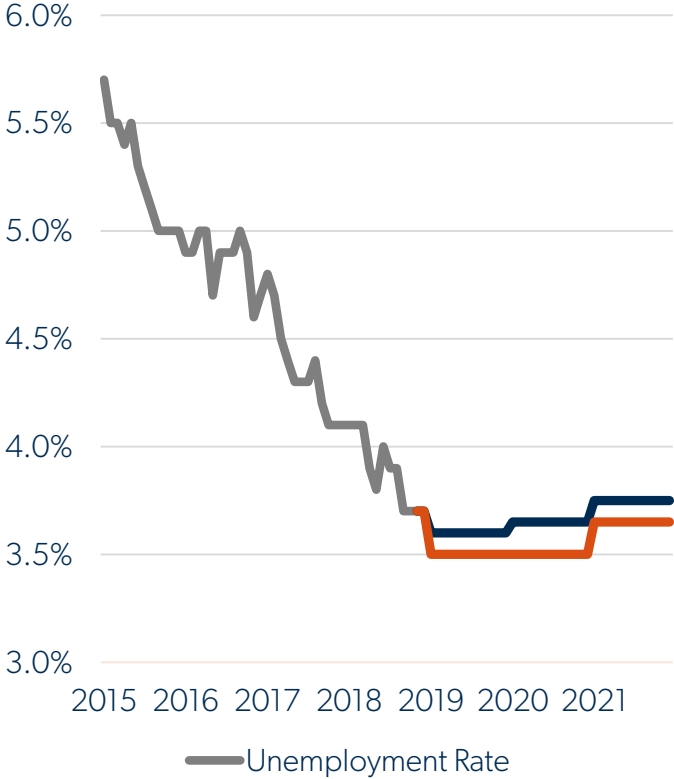
# But It Is Unlikely to Continue at a 2018 Pace



- Late-2018 stock market performance, particularly after actions by the Federal Reserve Board, may be signaling a potential slowdown in the future
- In December, Fed Chairman Jerome Powell signaled a willingness to slow down the pace of tightening – at least partly in response to market signals

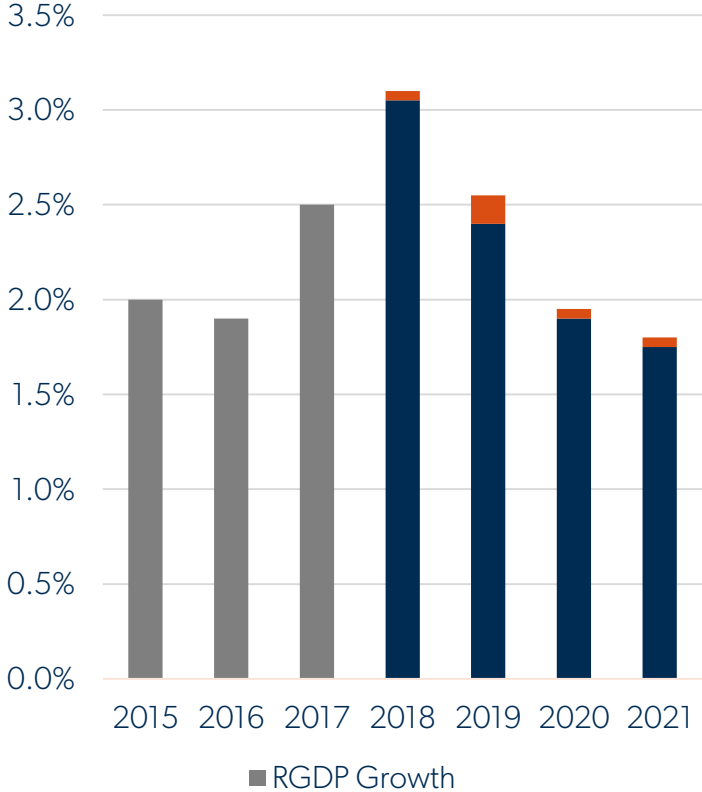
# Federal Reserve Board Slows Growth Projections

**National Unemployment Rate**



**FRB Projections, September**

**U.S. Real Gross Domestic Product**



**FRB Projections, November**

# Arizona Ranks High in Key Economic Indicators

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- Arizona still remains well-positioned to take advantage of continued national growth, even if it slows

## Construction Job Growth

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1<sup>st</sup>

## Manufacturing Job Growth

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2<sup>nd</sup>

## Net In-Migration

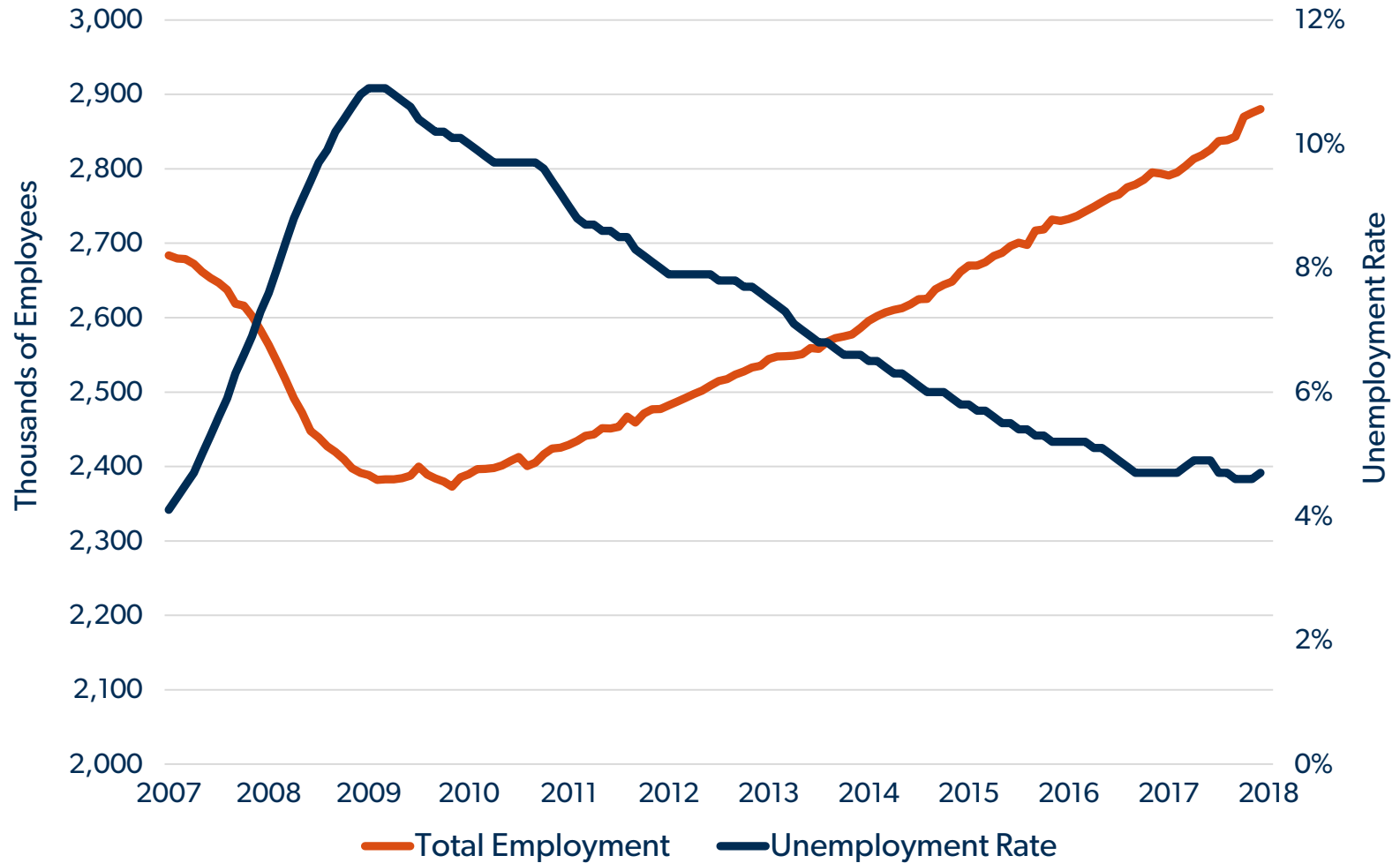
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3<sup>rd</sup>

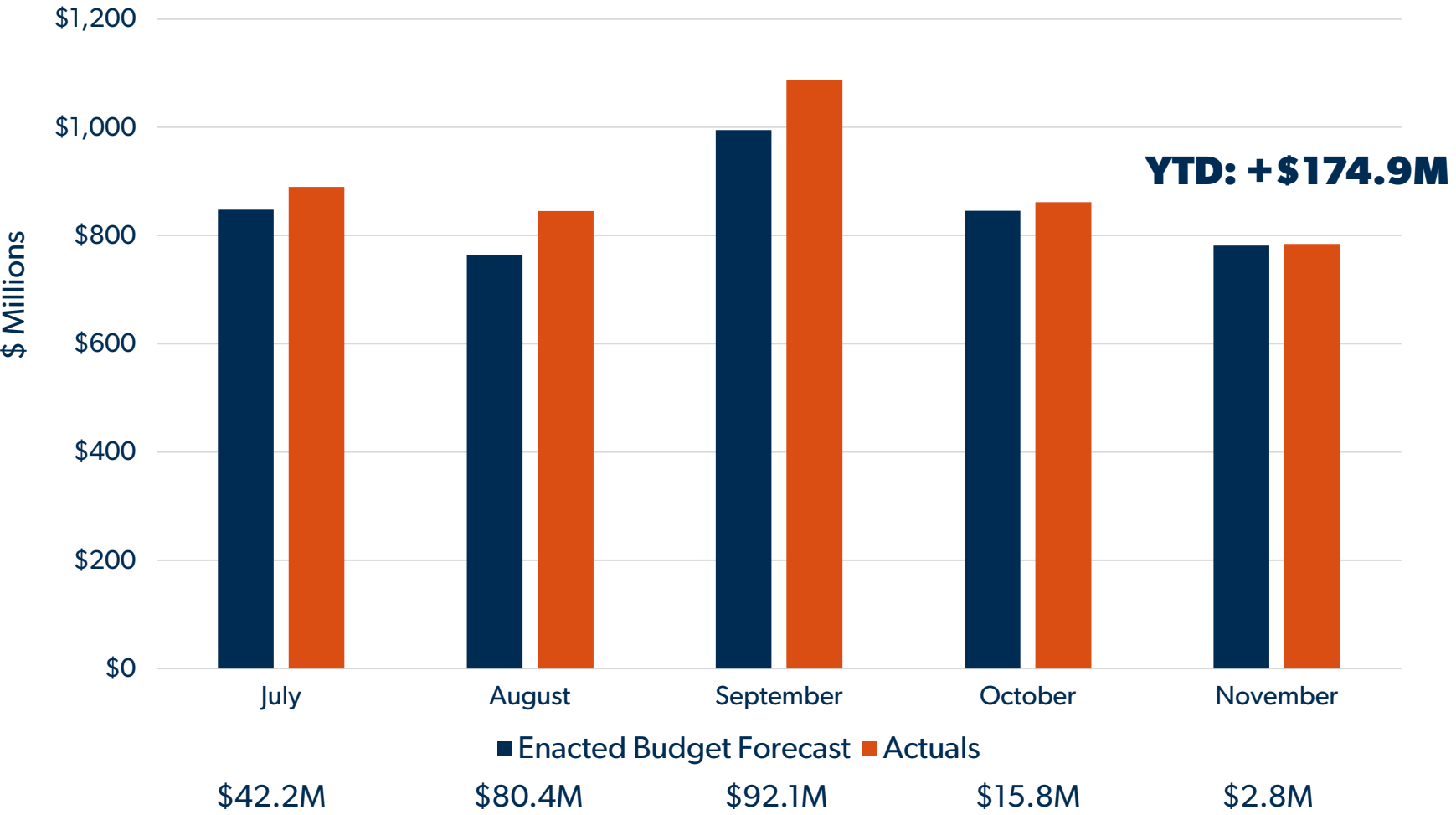
- Last year, Arizona was the 4<sup>th</sup> fastest growing state in the country, with a net population gain of over 122,000 people
- For the 4<sup>th</sup> month in a row, Arizona's year-over-year job growth rate exceeded 3% in November 2018
  - 1<sup>st</sup> time since before the Great Recession this rate has been sustained



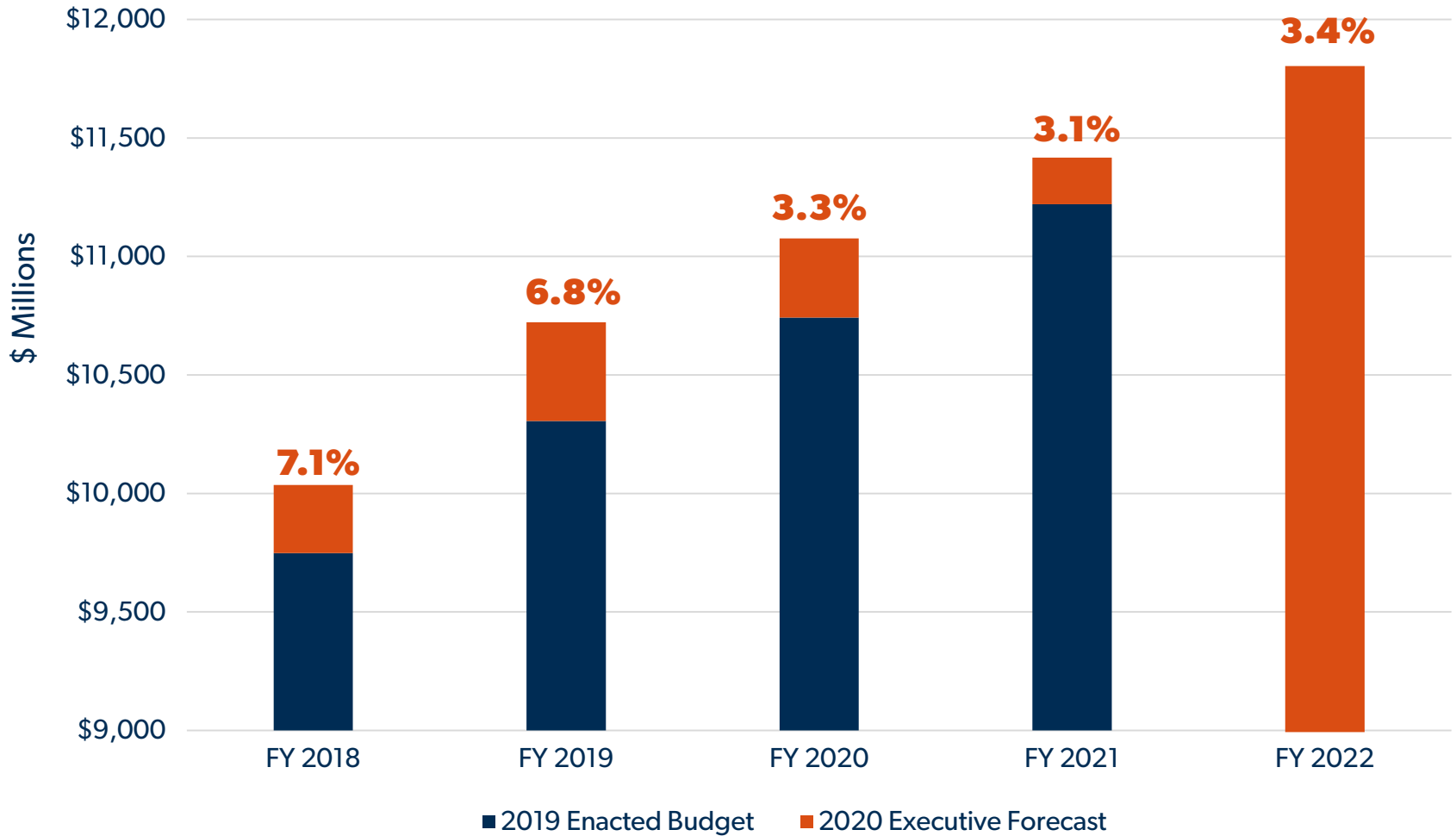
# Arizona Labor Market Continues to Thrive



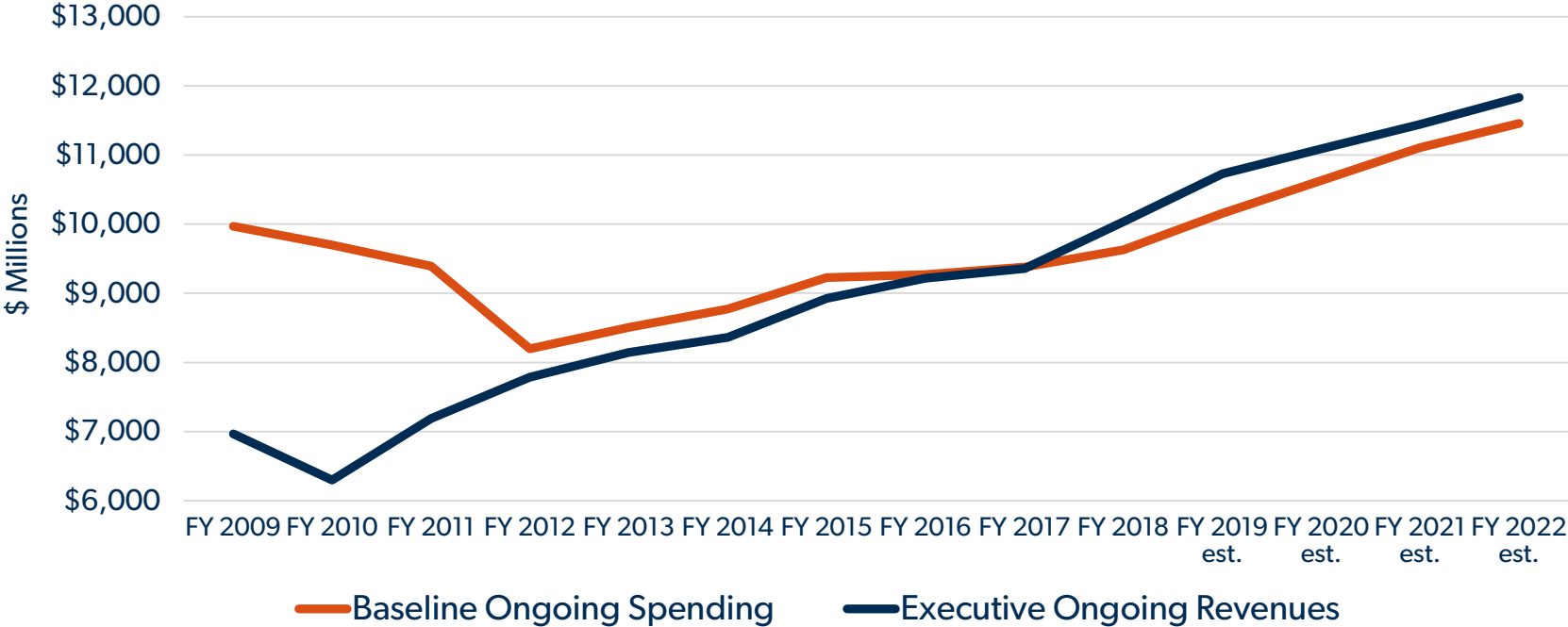
# FY 2019 General Fund Revenues



# Executive Ongoing Revenue Forecast

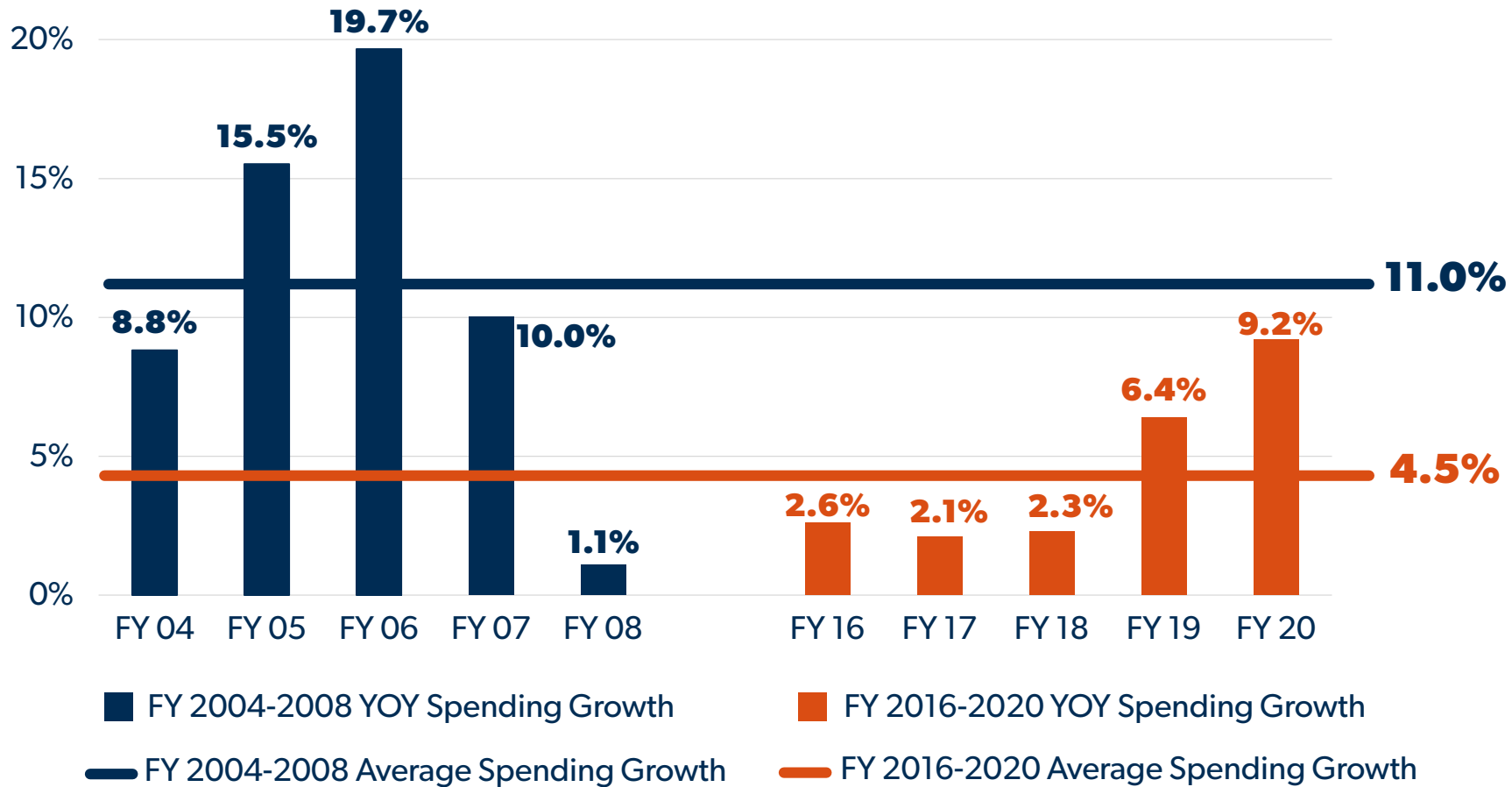


# General Fund Executive Baseline Budget

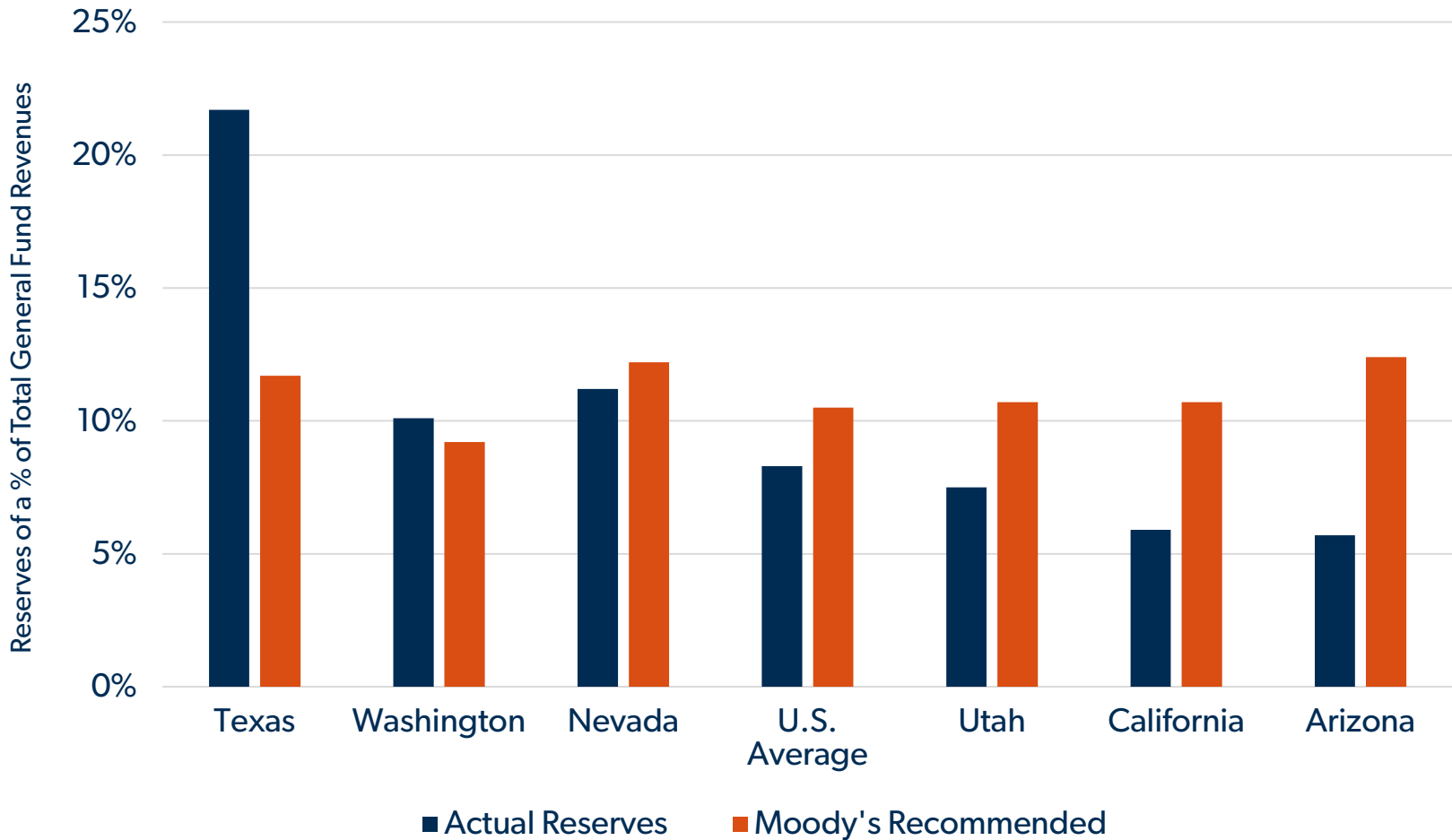


<b>\$ millions</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
Cash	\$450M	\$883M	\$1,130M	\$1,321M	\$1,695M
Structural	\$407	\$572	\$460	\$334	\$374

# Not Repeating the Mistakes of the Past

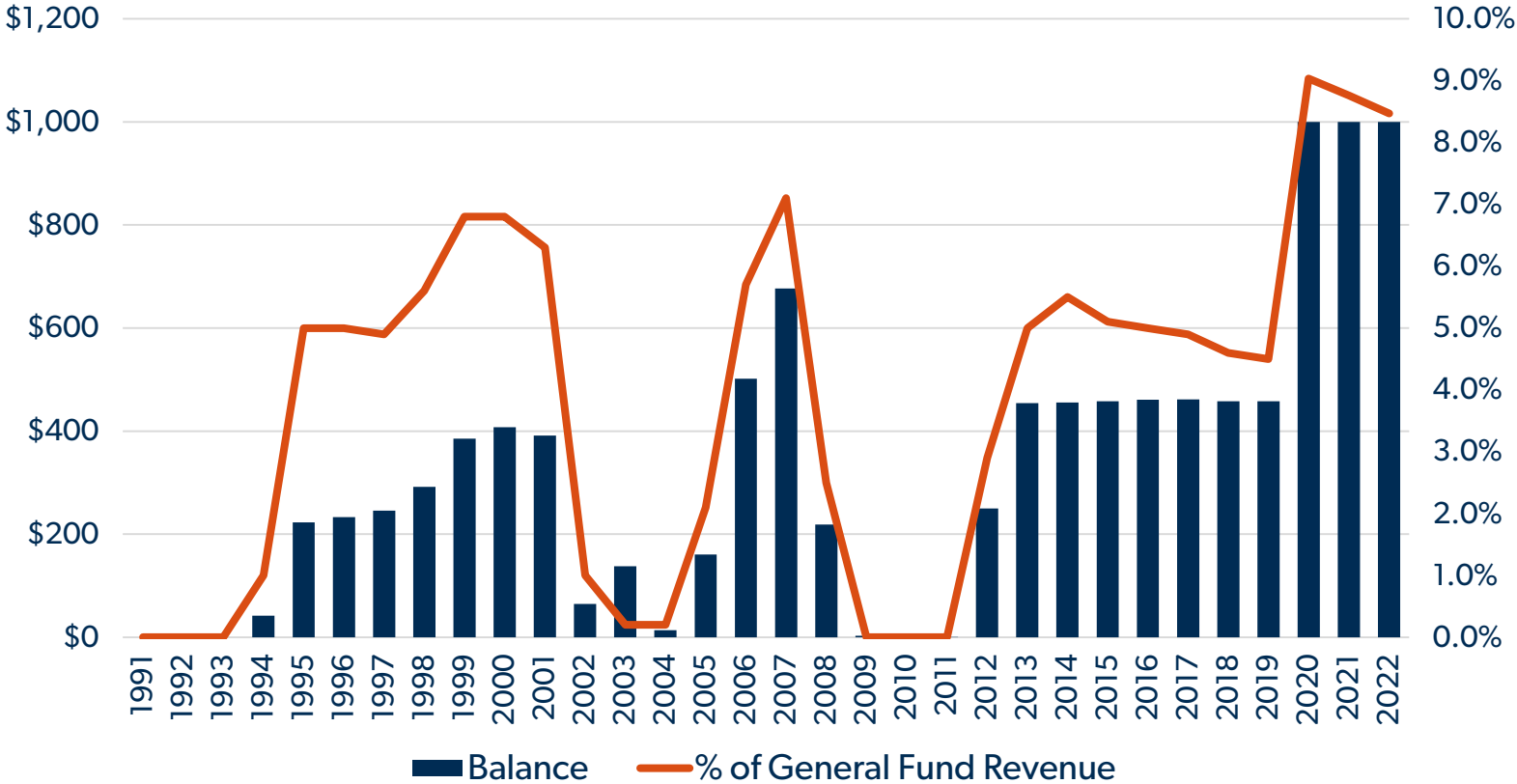


# Financial Experts Say Arizona is Not Saving Enough



# Securing Arizona's Fiscal Future

**\$542M** General Fund deposit into the Rainy Day Fund would bring balance up to \$1.0B or 9% of revenues in FY 2020



# Regaining Ownership of the State Capitol

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## Key Buildings

Executive Tower

State Legislature

School of the Deaf and Blind  
(Tucson Campus)

Fair Grounds

Library & Archives

Supreme Court

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- Several State buildings were sold by the State in 2010 to help generate new revenue during the Great Recession. At the time, the deal netted \$1.4B in new revenue
- Today, **\$950M** remains outstanding, but with a healthy economy, budget surplus and improved credit worthiness, Arizona is refinancing the remaining debt to both lower interest costs and regain ownership of the buildings

10-Year Estimated GF Savings: **\$109M**



# Supplemental Funding

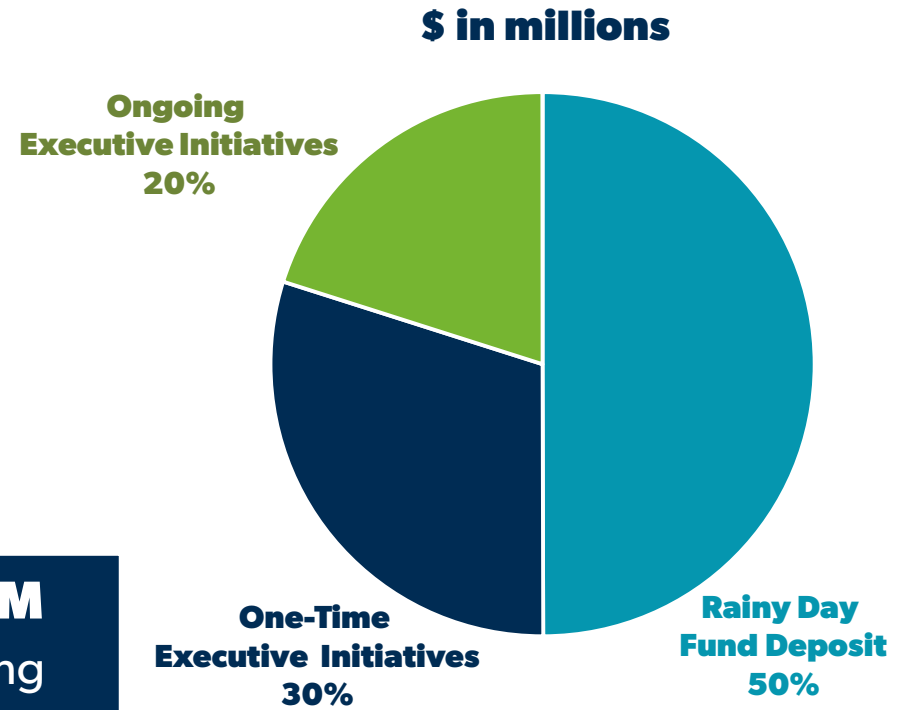
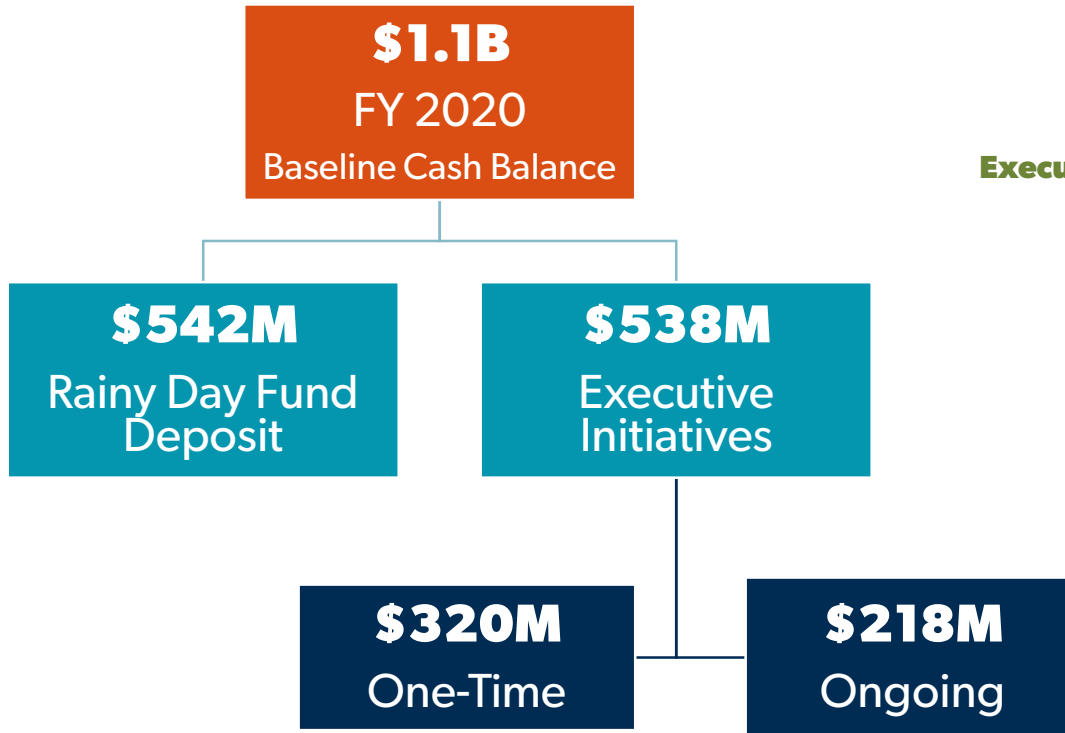
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In order to close out the current fiscal year, the Executive Budget includes the following one-time supplemental funding:

<b>Supplemental Funding</b>	<b>Amount</b>
School Facilities Board Building Renewal Grants	\$25M
Universities HITF Restoration	10
Department of Corrections Healthcare Supplemental	9
Agriculture Infrastructure (Drought Contingency Plan)	5
Department of Economic Security DDD Shortfall	4
Superior Court CORP Increase	2
<b>Total FY 2019 Supplemental</b>	<b>\$55M</b>

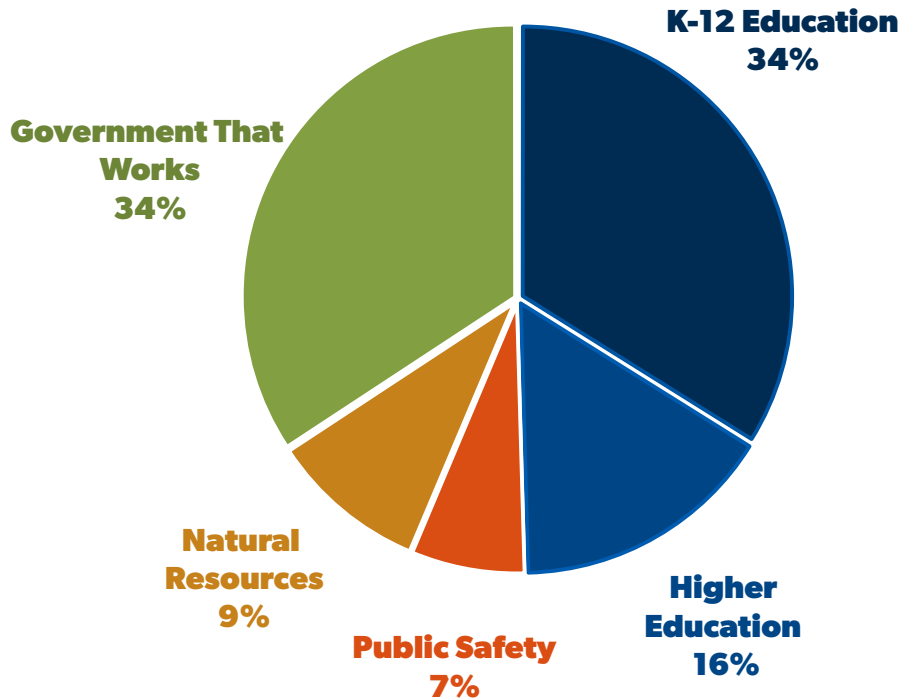
# FY 2020 Budget Priorities

# FY 2020 Executive Initiatives

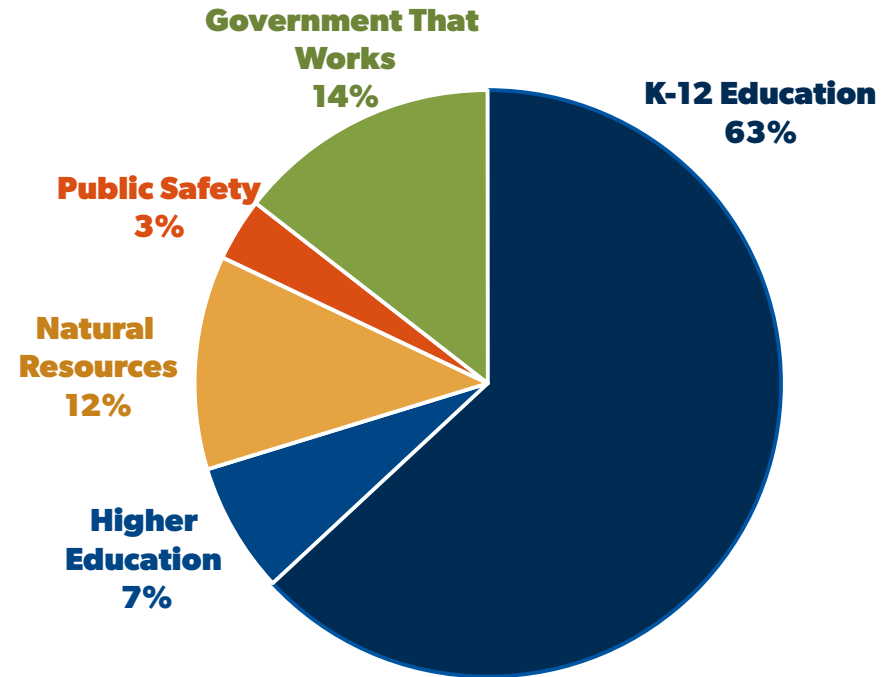


# FY 2020 Spending At-A-Glance

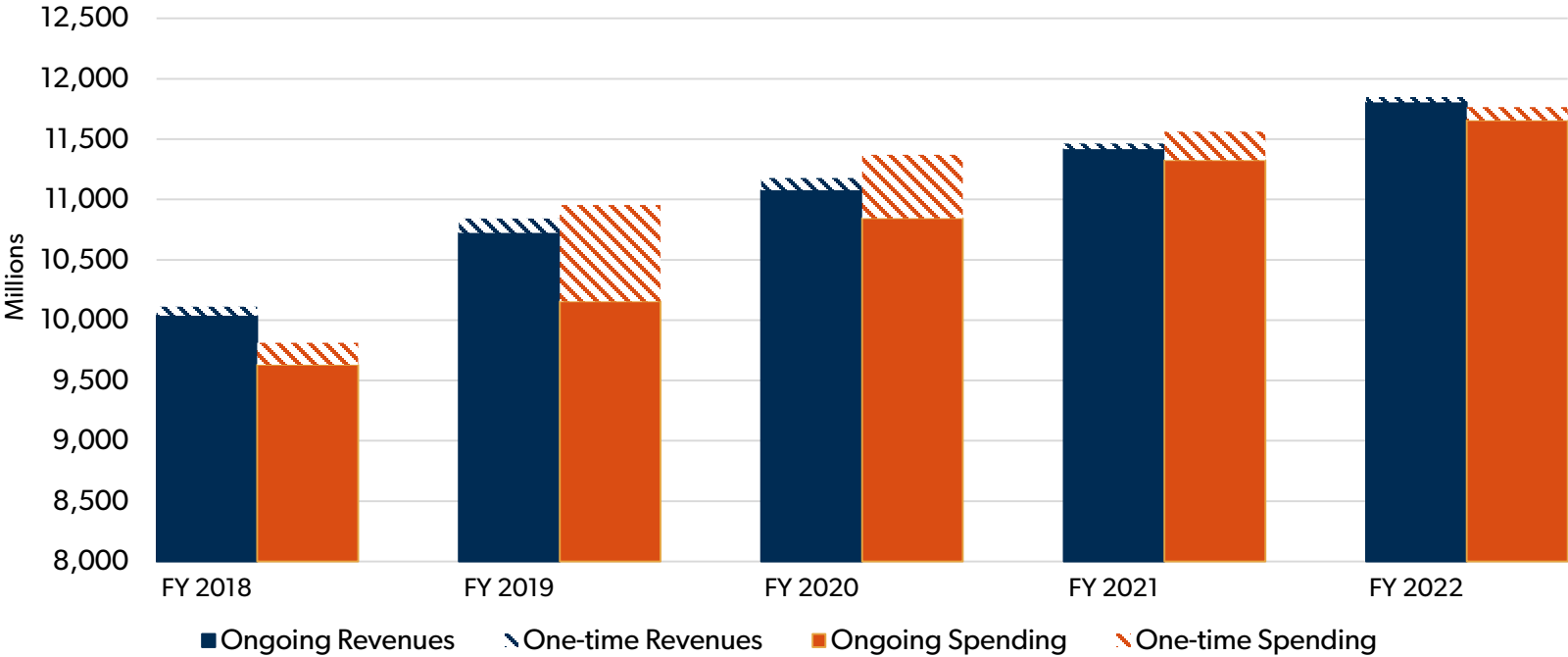
## Executive Initiatives



## Executive Baseline + Initiatives



# Structural and Cash Balances



<b>\$ millions</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
Cash	\$450M	\$849M	\$109M	\$17M	\$91M
Structural	\$407	\$567	\$244	\$102	\$140

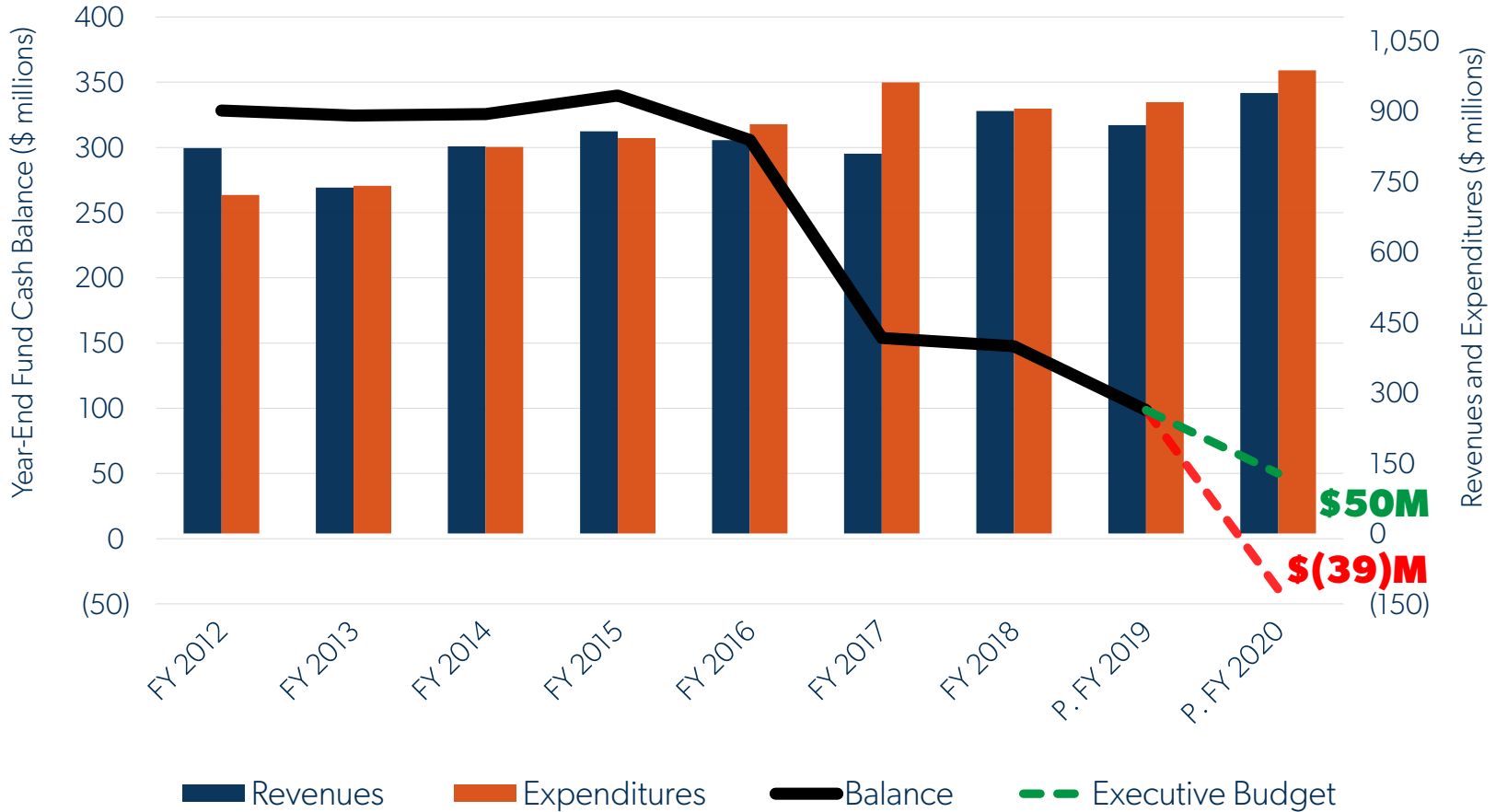
# Government That Works

# Stewardship of Capital Assets

<b>FY 2020 Capital Outlay and Building Renewal</b>	
<b>\$22M</b>	<b>Department of Administration</b> Building Renewal Critical Repairs of Capitol Buildings
<b>20</b>	<b>Department of Transportation</b> Building Renewal Maintenance Facility Replacements and Upgrades
<b>7</b>	<b>Department of Corrections</b> Building Renewal
<b>3</b>	<b>Department of Public Safety</b> Remote Housing Unit Replacements Radio Communications Tower
<b>2</b>	<b>Department of Game and Fish</b> Building Renewal Maintenance of Dams and Hatcheries
<b>2</b>	<b>Other Agencies</b> Building Renewal
<b>\$56M</b>	<b>Total Capital Funding</b>

# Health Insurance Trust Fund

## Health Insurance Trust Fund Cash Balance





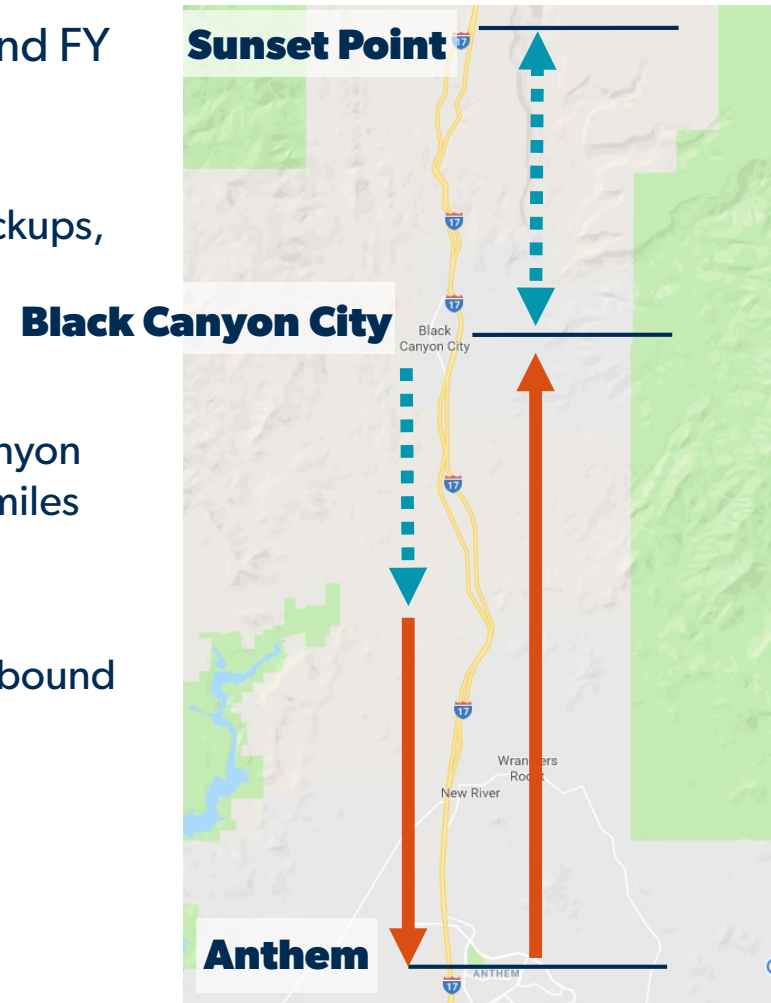
# I-17 Expansion

**\$40M** in FY 2020 and **\$45M** in FY 2021 and FY 2022 to complete funding to expand I-17 between Anthem and Sunset Point

- The plan will reduce congestion and traffic backups, improving safety during peak traffic times

**Existing funding** will increase northbound and southbound lanes from Sunset Point to Black Canyon City and add a third lane for seven southbound miles from Black Canyon City

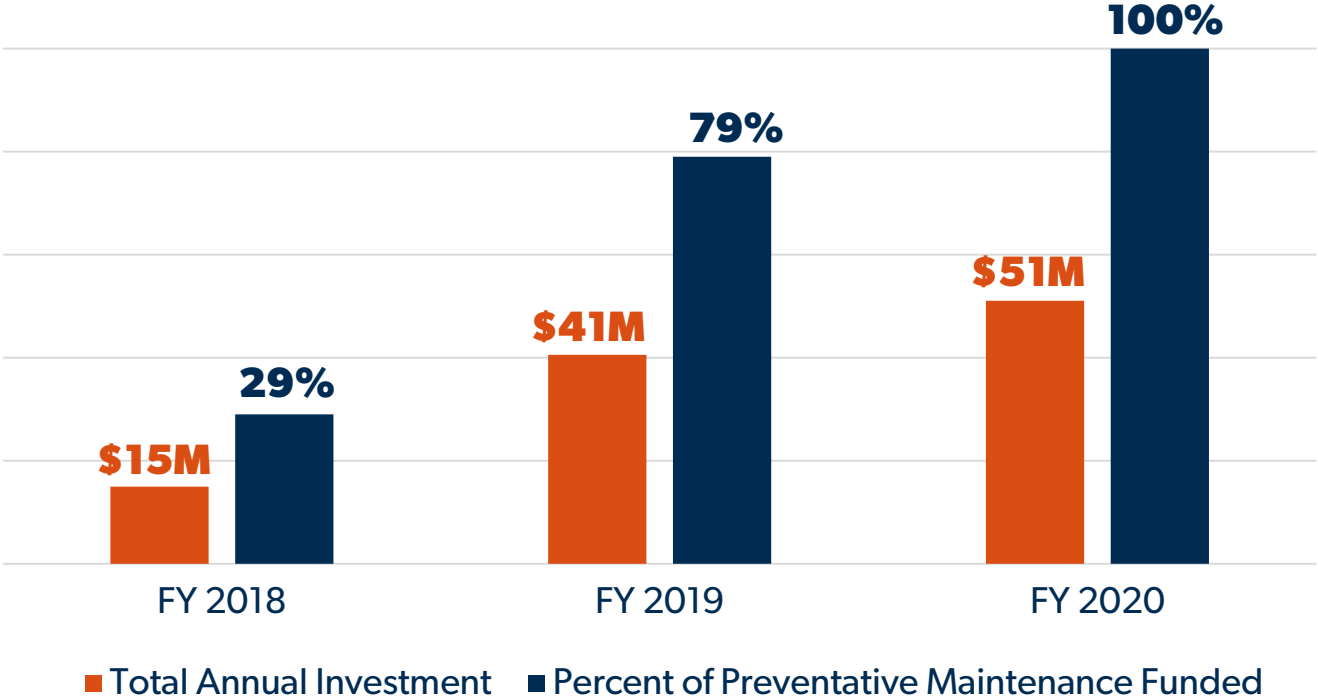
**New funding** will complete the 15 miles of northbound and southbound third lane expansion between Anthem and Black Canyon City



# Fully Funding Preventive Road Surface Maintenance

**\$11M** for a total of \$51M to fully fund road surface treatments that maximize the life of highways in good condition

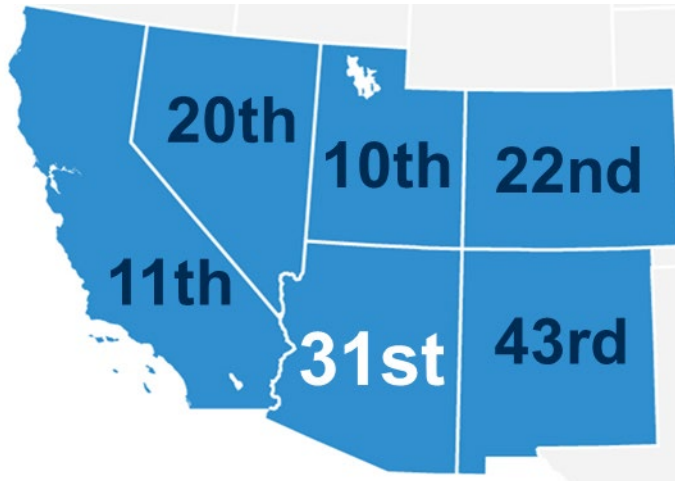
### Preventative Surface Maintenance Investment



# State Broadband Strategy Vital to Education and Business

- **Restoring Arizona Competes Fund Deposit: \$6M** in ongoing funding and **\$1M** in one-time funding for grants that attract, expand, or retain Arizona enterprises
- **Expanding Rural Broadband Infrastructure: \$3M** of Arizona Competes Fund grants will be dedicated to establishing the *Rural Broadband Development Grants Program* to help local rural leaders build high-speed internet infrastructure

State Ranking: Percent of Population with Wired Broadband Access



**825,000**

Arizonans do not have access to a wired high-speed internet connection

**10.6%**

Have access to 1 gigabit broadband critical for the 21<sup>st</sup> century economy

# Financial Relief for Arizona Counties

**\$11M** to permanently eliminate DJC's County Cost Sharing Fee

**\$7M** to cover first-year salary cost share for Maricopa County Superior Court Judges

- State Cost Share in  
FY 2020: 25%;  
FY 2021: 50% (\$13M)

**\$1M** to fund Probation Officer Salary/ERE deficits and increase retirement costs

Ongoing	FY 2019	FY 2020
HURF Increase	\$6M	
Elimination of Arizona State Hospital Payments	3	
Lottery	2	
DUC Pool Relief	3	
DJC Cost Sharing Elimination		\$11M
Adult and Juvenile Probation		1
Maricopa County: Judges: 25% Cost Share		7
<b>Total</b>	<b>\$14M</b>	<b>\$19M</b>
One-Time	FY 2019	FY 2020
DJC Cost Sharing Elimination	\$11M	
One-Time EORP Offsets	2M	

# Increasing Produce Capacity at Mariposa Port

**\$700,000** to construct a cold inspection facility at the Mariposa Port of Entry in Nogales

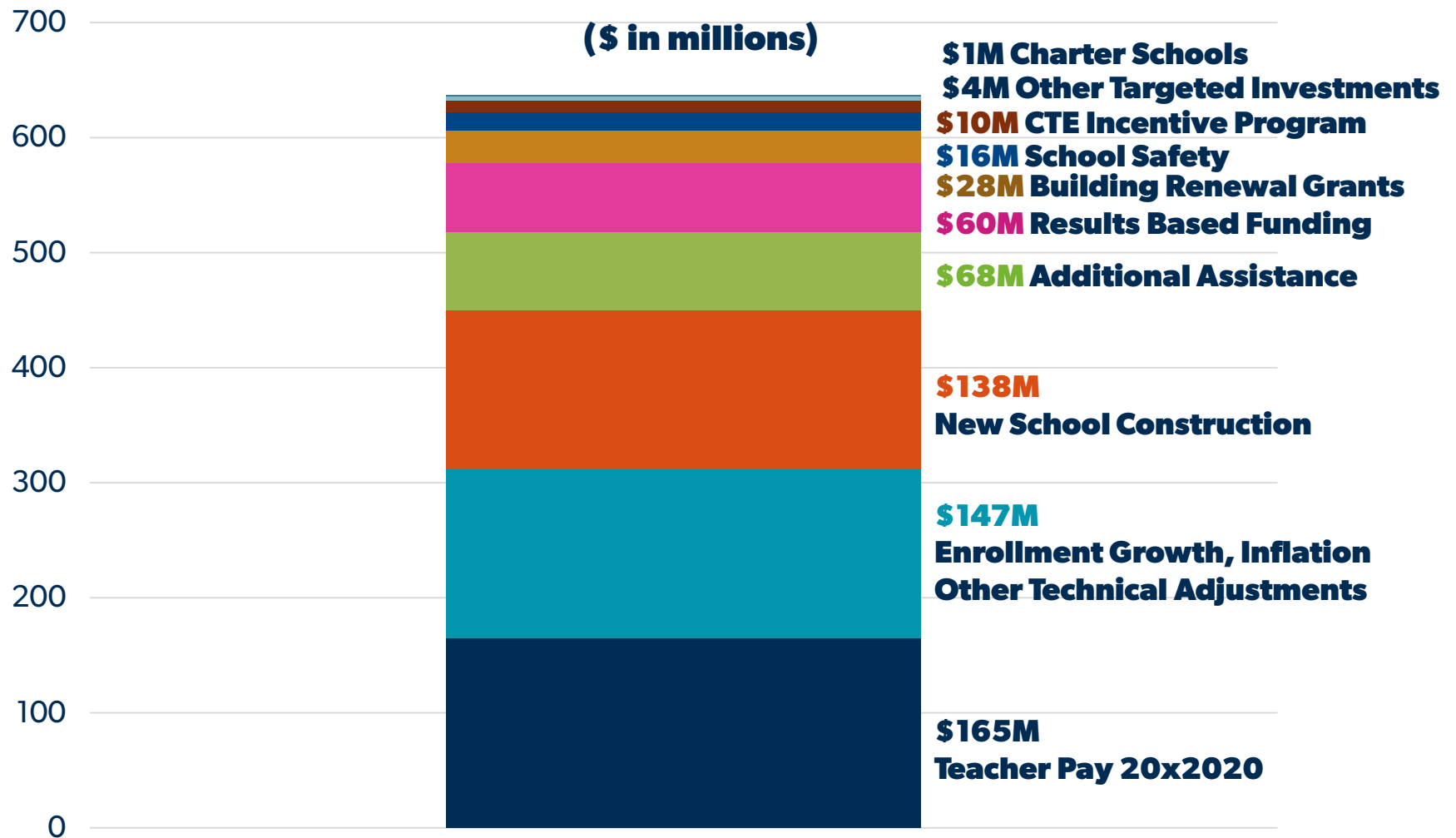
- Local partners expected to contribute an additional \$300,000
- Estimated annual impact from increased imports:
  - An increase of \$27 - \$30M in gross State product
  - An additional \$3.7-\$4.1M in State and local tax revenues

<b>U.S. Ports of Entry with Highest Value of Fruit Imports in 2017</b>	
<i>Ranking</i>	<i>Port Location</i>
1	Hildago, TX
2	Laredo, TX
<b>3</b>	<b>Nogales, AZ</b>
4	Otay Mesa, CA
5	El Paso, TX

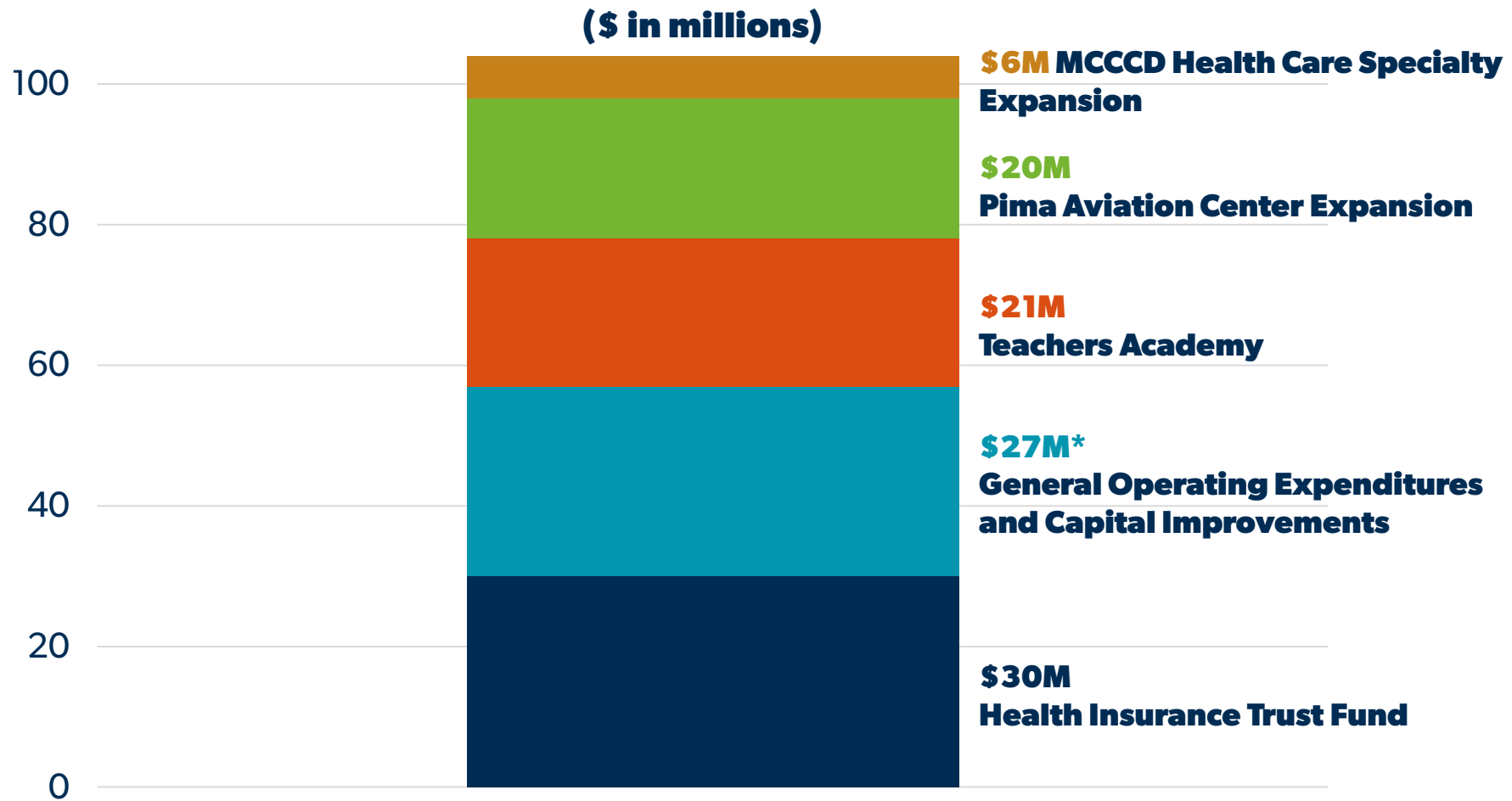
Nogales was surpassed as the top port for fresh fruit imports in the mid-2000s by ports in Texas that have the facilities to process berries and other temperature-sensitive fruits

# Education

# \$637M in New K-12 Investments



# \$104M in New Higher Education Investments



\* This figure represents the net increase over the FY 2019 funding of \$8M for a total investment of \$35M in FY 2020.



# Delivering on the Promise: Raising Teacher Pay, Restoring Funding Cuts

**\$233M** to honor prior commitments to K-12 education, including:

- \$165M for the next phase of the 20x2020 plan
- \$68M to continue restoration of additional assistance

(\$ in millions)

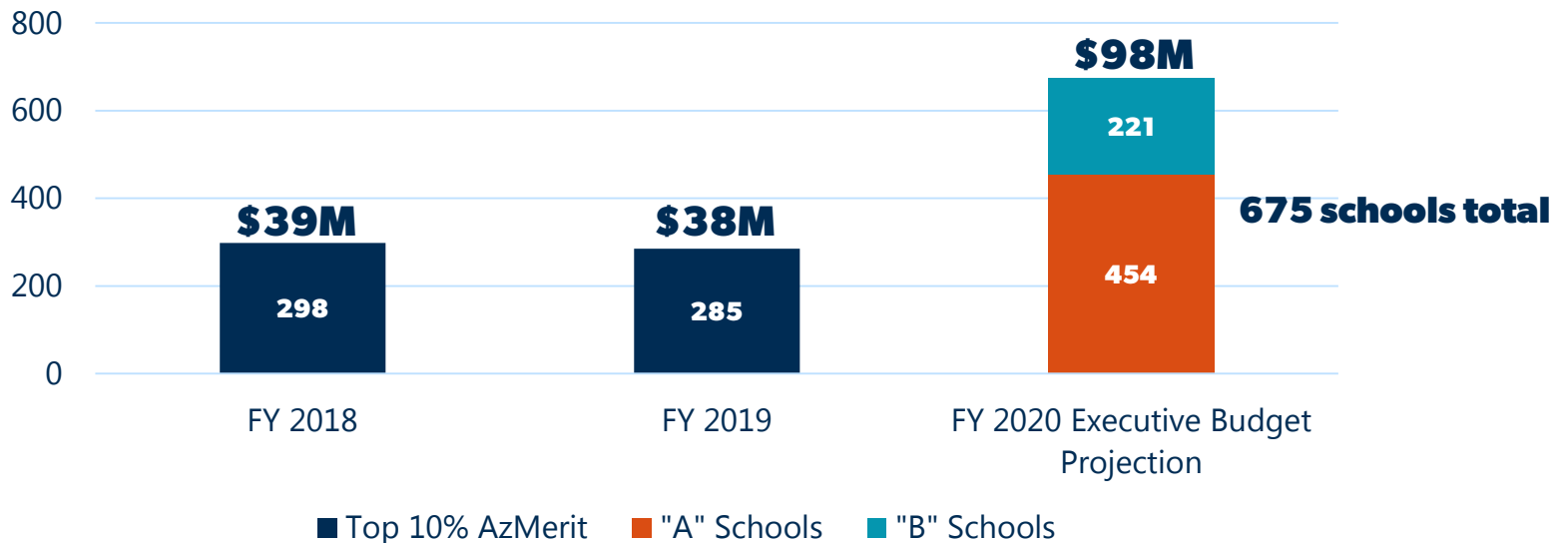
<b>Fiscal Year</b>	<b>20x2020 Plan</b>	<b>Additional Assistance</b>	<b>Annual Impact</b>
2018	\$34M		\$34M
2019	272	\$100M	372
2020	165	68	233
2021	175	68	243
2022		68	68
2023		68	68
<b>Cumulative Impact</b>	<b>\$646M</b>	<b>\$372M</b>	<b>\$1B</b>

# Closing the Achievement Gap: Results Based Funding Expansion

## \$60M for Results Based Funding

- Converts distribution of funding to A-F letter grade system
- Includes 60% FRL "B" schools

Number of Schools Receiving Results Based Funding



**60%+ FRL "A" schools**

**\$400 per pupil**

**<60% FRL "A" schools**

**\$225 per pupil**

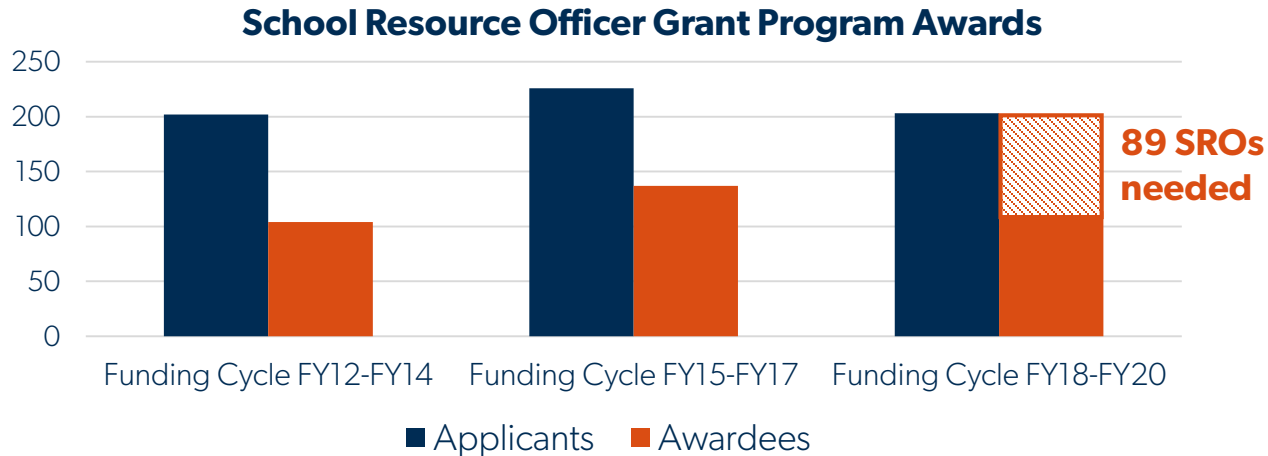
**60%+ FRL "B" schools**

**\$225 per pupil**

# Safe Arizona Schools: Implementation

## School Resource Officers (SROs)

**\$9M** to fully fund the school resource officers grant program



## School Counselors and Social Workers

**\$6M** in FY 2020 to create a new school mental health support professionals grant program with plans to double the size of the program in FY 2021

### Reducing the School Counselor Caseload

**9%↓** FY 2020

**17%↓** FY 2021

# CTE Incentives

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**\$10M** to strengthen career and technical education (CTE) by providing a \$1,000 incentive payment to schools for each high school graduate who earns an approved industry certification

- This CTE initiative is intended to address current and future needs of Arizona's workforce by supporting schools that offer high quality and relevant career and technical education programming
- The Arizona Commerce Authority has preliminarily identified the top areas of critical need:
  - Manufacturing
  - Business and Financial Services
  - Health Care
  - Construction

# Charter Schools: Transparency, Accountability & Oversight

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**\$786,000** to hire 10 additional staff for charter school oversight

- 6 Education Project Managers
- 3 Financial Program Managers
- 1 Audit Program Manager

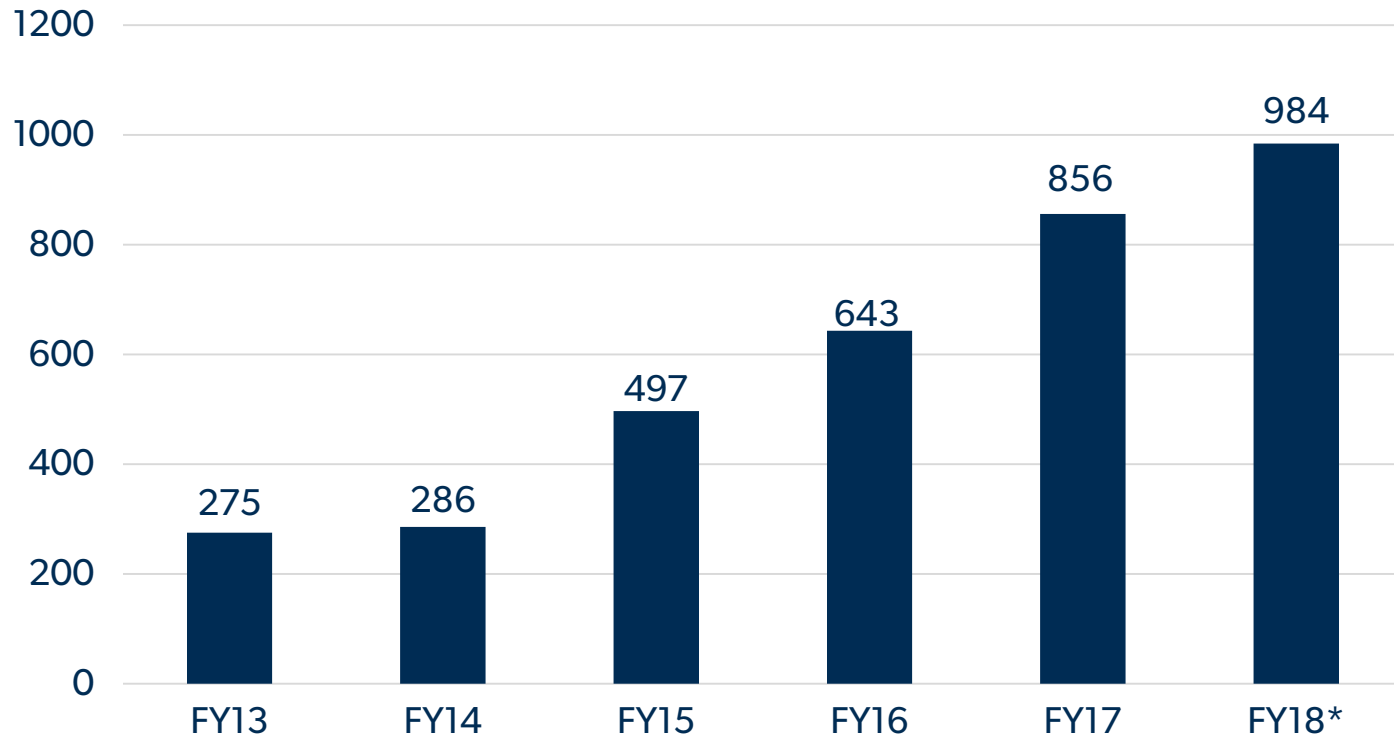
## Charter School Inspection Rate

**FY 2020**

<b>FY 2018</b>	<b>FY 2019</b>	<b>Status Quo</b>	<b>Executive Budget</b>
<b>18%</b>	<b>15%</b>	<b>23%</b>	<b>65%</b>

# Building Renewal Applications More Than Tripled Since 2013

## Number of Building Renewal Applications

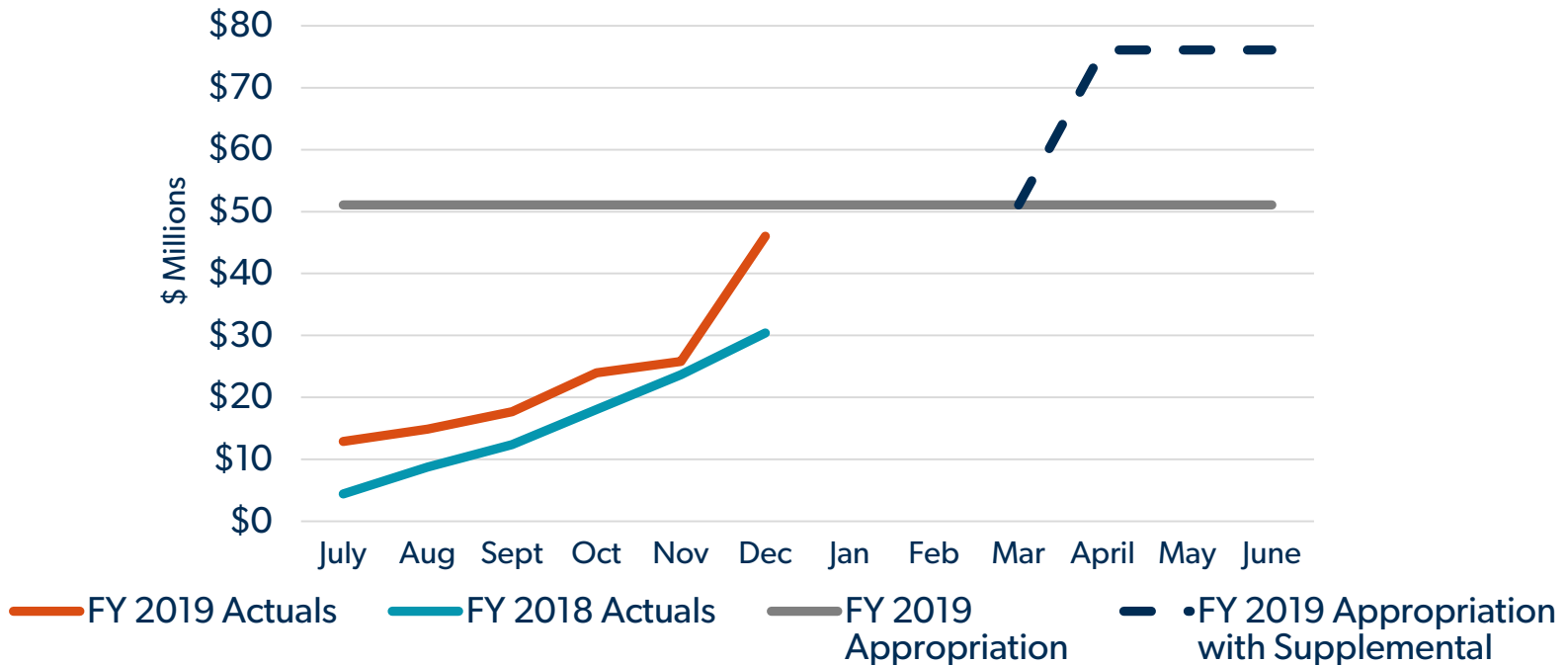


*\*Includes 109 projects approved contingent on FY 2019 Appropriation*

# K-12 School Building Renewal

- FY 2019: **\$25M** in supplemental funding, for a total current-year spend on School Facilities Board (SFB) building renewal projects of \$76M
- FY 2020: increase of **\$63M** in one-time funding over the FY 2019 baseline amount of \$17M, for a total of \$80M for SFB building renewal

**Building Renewal - FY 2019 vs FY 2018 YTD Spend**



# Return to 3-Year Standard for New School Construction

- Prior to Laws 2013, Chapter 3, SFB was required to fund new school construction if the district had a projected student capacity shortage
  - 2 years for an elementary school
  - 3 years for a middle or high school
- Chapter 3 permits SFB to award new schools only if needed in the current year
- The Executive Budget reverses this change, increasing one-time new school costs by **\$99M** over the current-law baseline of \$92M for a total of \$191M

School District	Fiscal Year to be Over Capacity	FY 2020 Funding <sup>1</sup>
Chandler USD	2019	\$30M
Douglas USD	2019	20
Maricopa USD	2019	26
Pima USD	2019	1
Safford USD	2019	6
Somerton ESD <sup>2</sup>	2019	7
Laveen ESD	2020	14
Vail USD <sup>3</sup>	2020	27
Yuma Union HSD	2021	27
Sahuarita USD	2022	31
Site Conditions and Contracting		2
<b>Total</b>		<b>\$191M</b>

<sup>1</sup> These amounts do not reflect the per-square-foot inflation factor approved by JLBC on December 18, 2018. Doing so would increase the total approval to \$200,314,400

<sup>2</sup> The Somerton ESD amount funds two schools of \$3.3M each

<sup>3</sup> The Vail USD amount funds two schools of \$9.8 million and \$17.1M



# Responding to Teacher Shortage: Arizona Teachers Academy

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**\$21M** to expand the Arizona Teachers Academy in 4 ways:

- **Expanded Eligibility** - Academy eligibility is no longer limited to education majors. Students who are in junior or senior year majoring in Science, Technology, Engineering, and Math (STEM) disciplines at the State's public universities are eligible for the Arizona Teachers Academy
- **Four Years of Benefits** - Students who participate in the Arizona Teachers Academy may request tuition benefits for up to four years
- **\$1,000 Stipend** - The Academy will provide students who agree to teach in a critical-need area after graduation with an annual \$1,000 stipend
- **Other Students** - Finally, participation in the Arizona Teachers Academy extends to non-resident and community college post-baccalaureate students

# Targeted Workforce Investments

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**\$20M** to double the capacity of the Aviation Technology Center at Pima Community College to meet the growing workforce demands of aerospace industry in Southern Arizona

- Key Employers who recruit from the program include:
  - Bombardier
  - Ascent Aviation
  - Skywest Airlines
  - Universal Avionics
  - Boeing

**\$6M** to expand student capacity at Maricopa County Community College District's healthcare professional training facility

- The State's investment will help expand student capacity in the following specialty areas: operating room, emergency care, telemetry, oncology, ICU, home care specialists

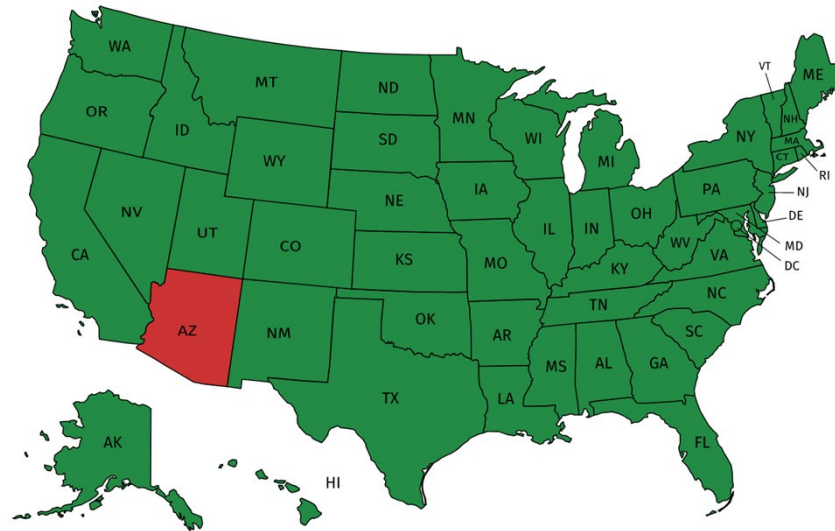
# Investing in Our Public Universities

**\$35M** to support university operating and capital improvements

**\$30M** to hold the universities harmless from Health Insurance Trust Fund increases in FY 2020

**\$1M** for National Guard tuition reimbursement for universities or community colleges

## States with National Guard Education Benefits versus States with No Benefits

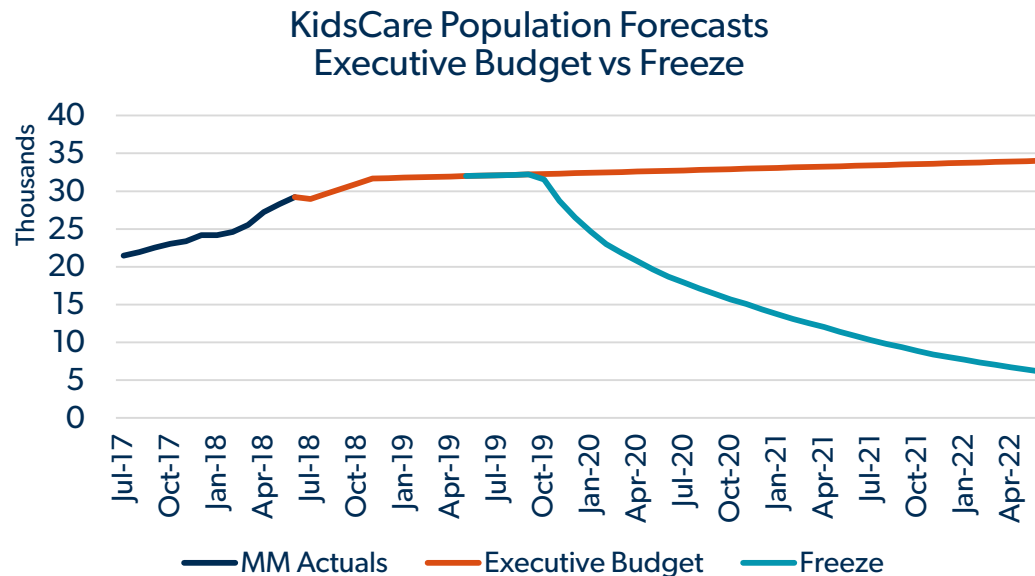


# Health and Welfare

# KidsCare: Protecting Health Care for Low-Income Children

**\$2M** in FY 2020 and **\$9M** in FY 2021 to eliminate the KidsCare “freeze”

- KidsCare provides insurance for over 32,000 Arizona children whose working parents cannot afford commercial coverage
- A 2017 law would freeze enrollment in the KidsCare program if the federal match falls below 100%, which is scheduled to occur at the end of September 2019
- Absent this repeal, over 6,000 children would lose coverage in FY 2020, increasing sharply to 25,700 children in FY 2022

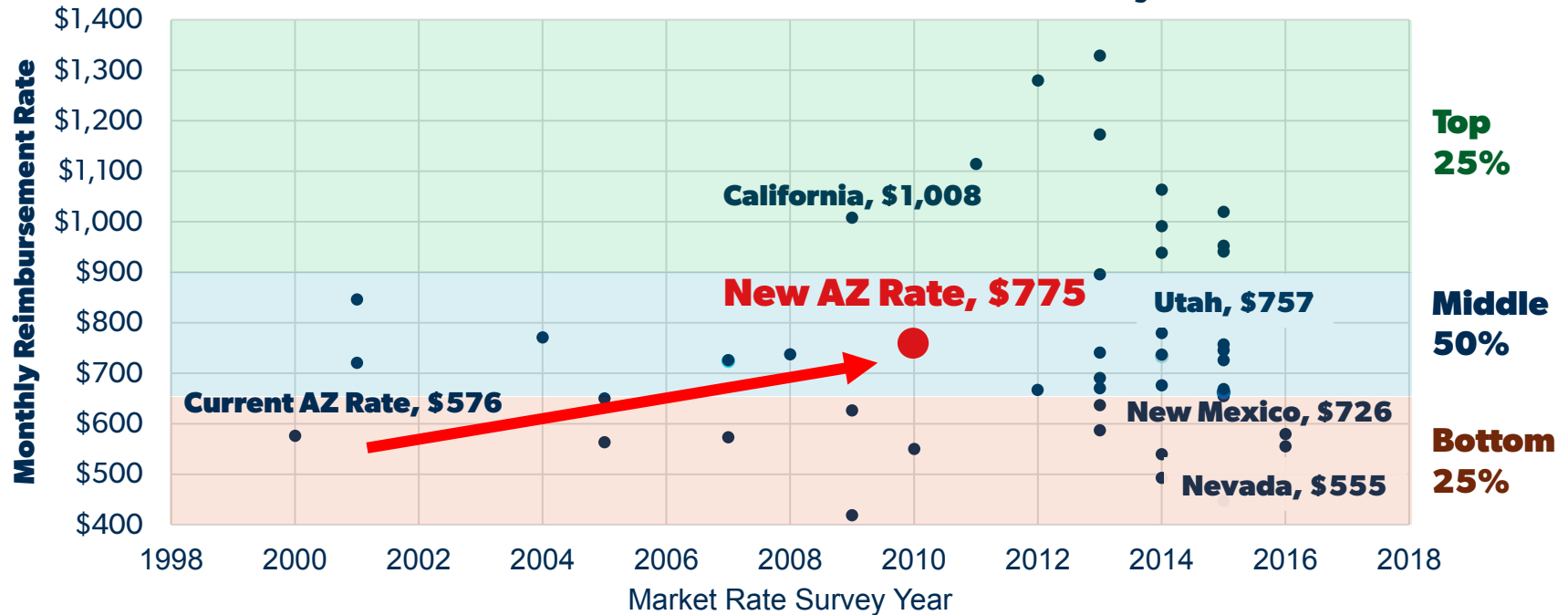


# Raise Child Care Subsidies for Working Families

**\$56M** increase in funding for Arizona’s child care subsidy program that currently serves approximately 34,000 children

- **Increase** the average subsidy rate by 16.5%
- **Expand** services to an estimated 5,000 additional children each year

**Maximum Child Care Reimbursement Rates by State <sup>1</sup>**

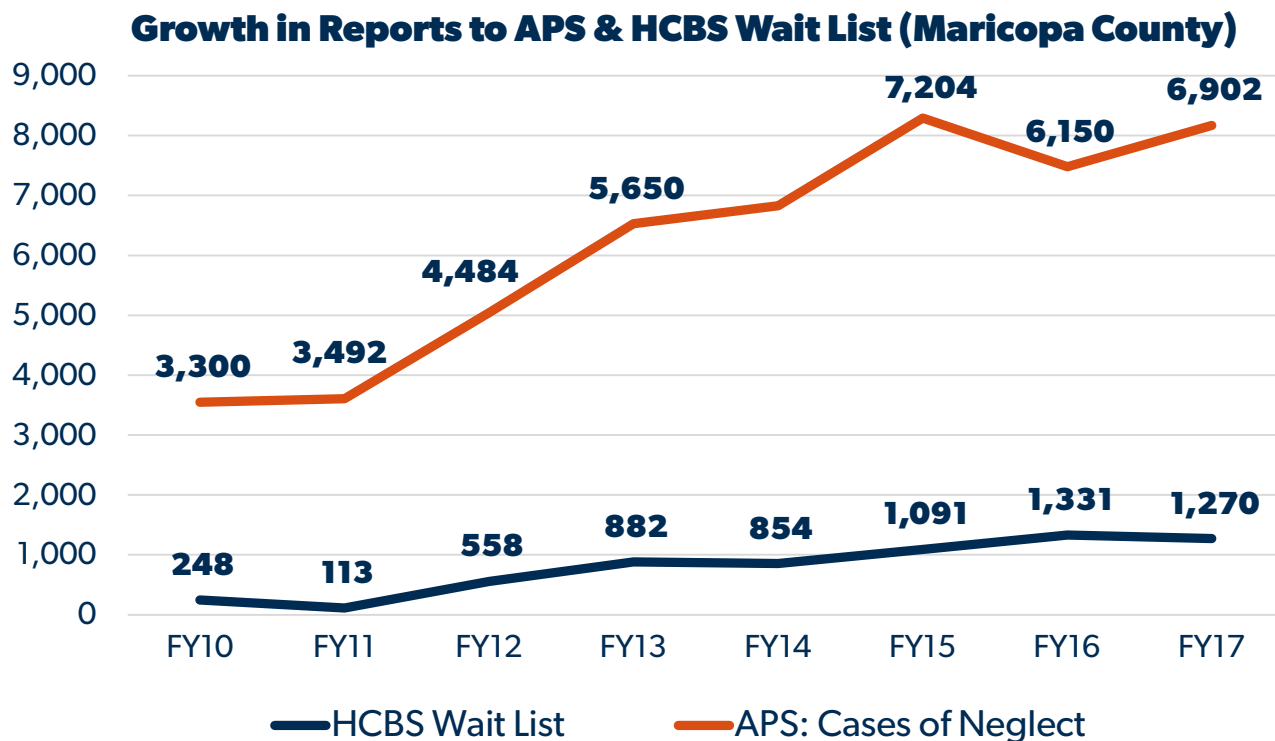


<sup>1</sup> For Arizona, the Maximum Child Care Reimbursement Rate is for an infant in Maricopa County served for a full day.

# Serving Arizona's Seniors

**\$5M** in federal funds to reduce the Home and Community-Based Services (HCBS) waitlist

**\$6M** in federal funds for Adult Protective Services (APS) caseload growth



# Guardian IT Project for Child Safety

**\$5M** increase in funding (\$10M total State funds) for continued development of the Department of Child Safety's new Guardian IT system

(\$ in millions)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Beginning Balance	\$0	\$4.8M	\$4.4M	\$5.4M	\$9.8M	\$1.8M	\$0
Appropriation	5.0	0	4.6	11.1	5.0	10.1	0
Expenditure	0.2	0.4	3.6	6.7	13.0	11.9	7.3
<b>Surplus/Shortfall</b>	<b>\$4.8M</b>	<b>\$4.4M</b>	<b>\$5.4M</b>	<b>\$9.8M</b>	<b>\$1.8M</b>	<b>\$0</b>	<b>\$(7.3)M</b>

**Total Project Expenditures (State portion) \$43M**

## FY 2017

Completed development of the MS Dynamics platform, which is the foundation for the new system

## FY 2018

Deployed the Mobile app and tablet for field staff  
 • 1,276 users today

Awarded RFP for technical integrator vendor in April 2018  
 • an unforeseen procurement delay for 8 months

## FY 2019

Release 1  
 • Hotline/Intake function

Release 2 (50%)  
 • Assessment, case management and permanency functions

## FY 2020

Release 2 (50%)  
 • Remaining functions

Release 3  
 • Eligibility, financial management and data warehouse

## FY 2021

Go-live in Summer 2020

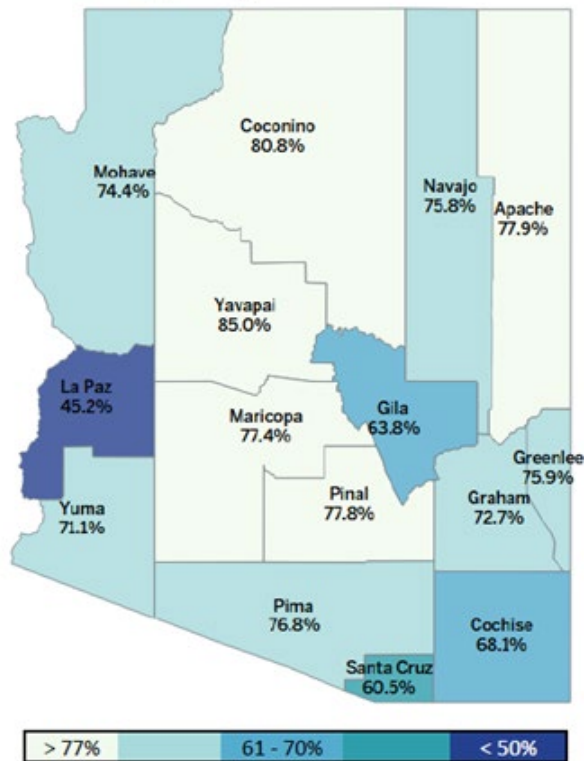
Decommission CHILDS by December 2020



# Expectant Mothers: Improving Pregnancy Outcomes

**\$1M** to establish new prenatal care telemedicine grants

Percent of women with access to adequate prenatal care



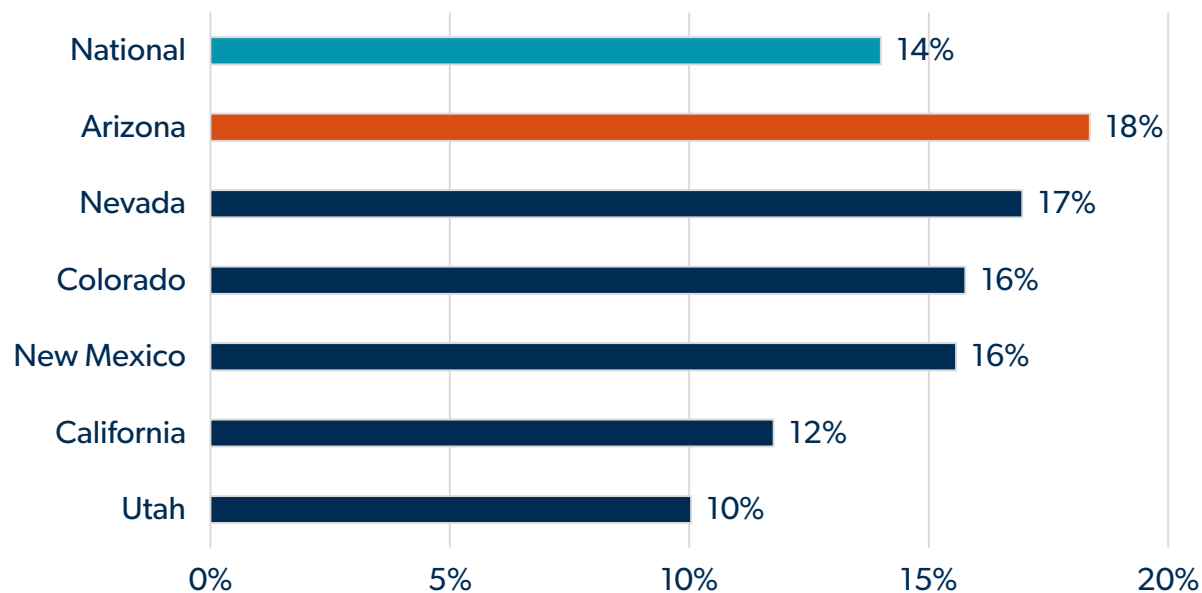
- Without adequate access to prenatal care, expectant mothers and newborns may experience worsened health outcomes, including an increased rate of maternal mortality
- This funding will help providers purchase telemedicine equipment to serve expectant mothers
- The Executive contemplates an additional \$1M over FY 2021 and FY 2022 for loan repayment assistance for health care professional providing prenatal care in these remote areas

# Suicide Prevention for Veterans

**\$1M** to support Veterans Service Be Connected Program for veteran suicide prevention efforts

- Be Connected program provides support and resources to military personnel, veterans, and their families
- 2,000+ individuals were served by the program in 2018

## Veterans Suicides as % of Total Suicides by State (2016)



# Natural Resources

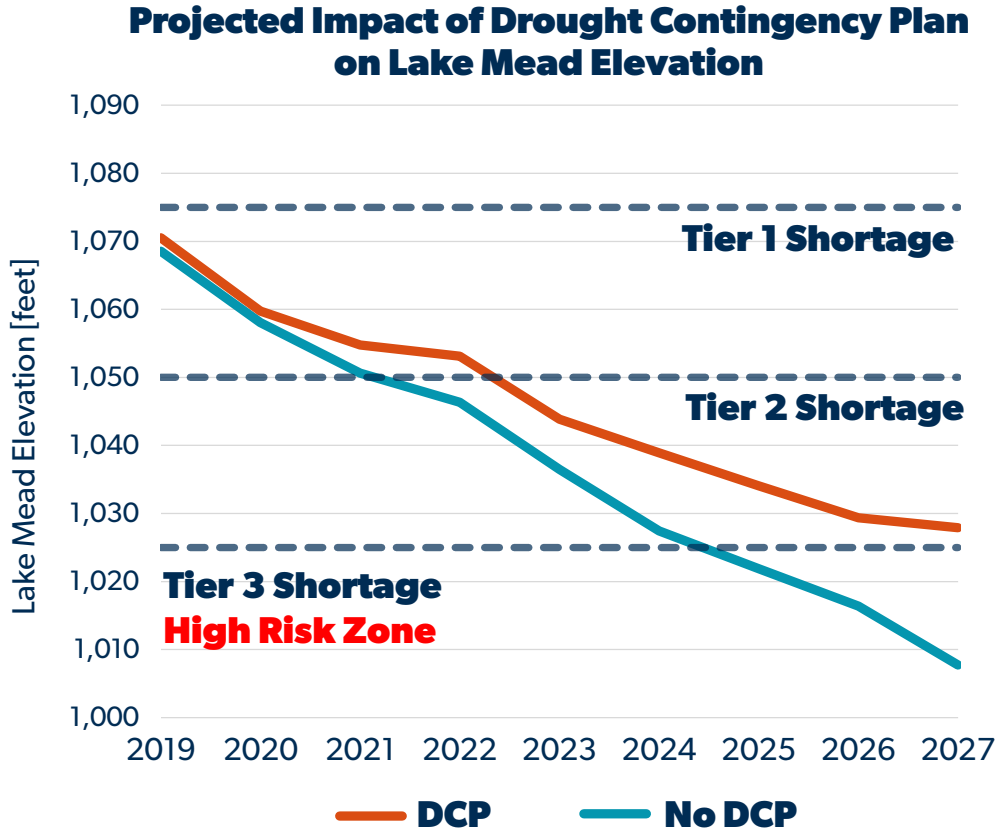
# Securing Arizona's Water Future

**\$30M** to support the Drought Contingency Plan (DCP)

**\$5M** in FY 2019 for agriculture infrastructure projects

DCP's goal is to reduce chance of Lake Mead reaching critical elevation levels that would lead to severe reductions in water deliveries to Arizona water users

These investment are in addition to the \$6M for conservation efforts appropriated between FY 2018 and FY 2020



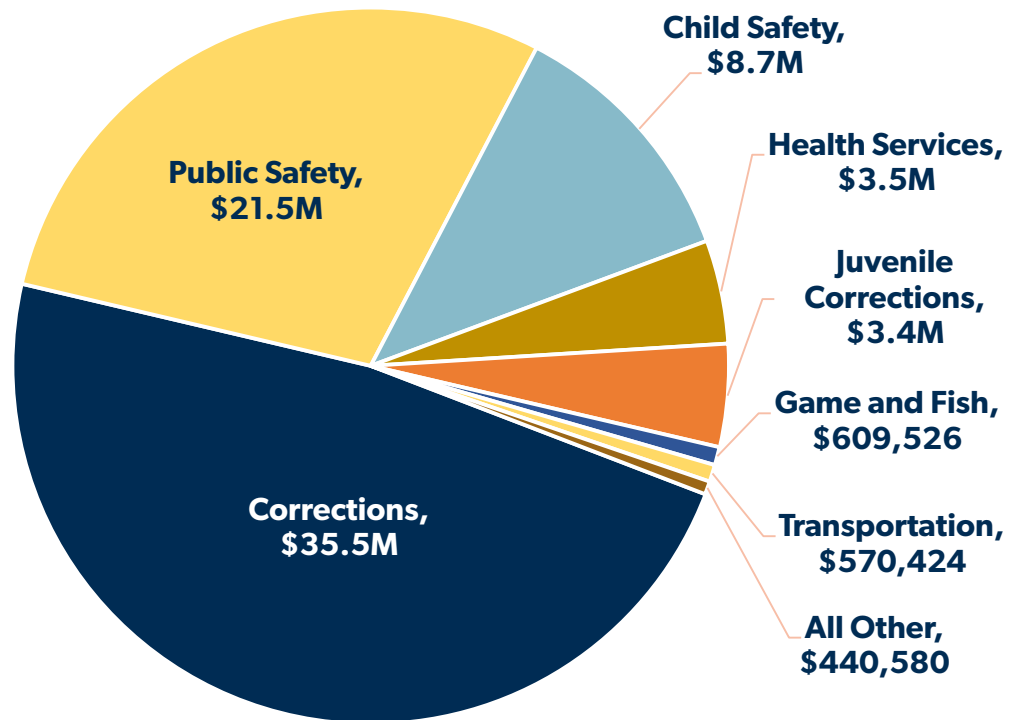
Source: ADWR using Stress Test Hydrology (1988-2015)

# Public Safety

# Public Safety Pay Increase

**\$74M** (\$64M General Fund) for public safety compensation strategy

Agency Name	Weighted Average % Salary Increase
Department of Corrections	10%
Department of Public Safety	9%
Department of Child Safety	9%
Department of Health Services	15%
Department of Juvenile Corrections	15%
Department of Game and Fish	5%
Department of Transportation	5%
<b>All Other</b>	
Attorney General	5%
Department of Liquor	5%
Arizona State Parks and Trails	5%
Department of Agriculture	5%
Department of Insurance	5%
Corporation Commission	5%

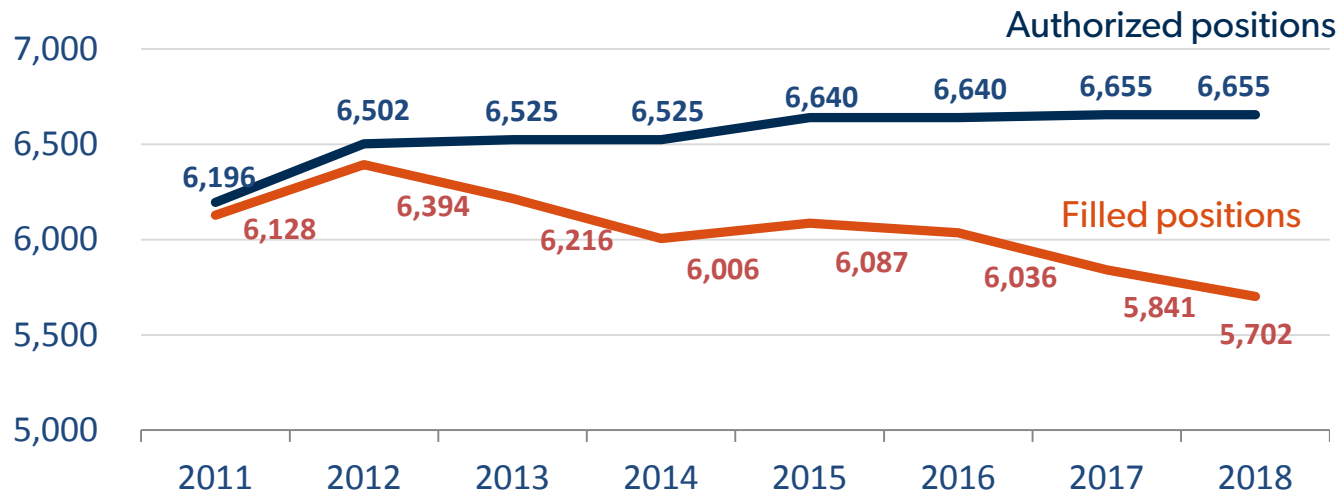


# High Vacancy Rates Puts Correctional Officers at Risk

**\$36M** for ADC pay package that includes a 10% increase in ADC Correctional Officer (CO) pay in Year 1 with plans for another 5% increase in FY 2021

- Vacancy rates for CO positions have increased from 1.1% in July 2011 to 14.3% in July 2018
- Turnover in FY 2018: 18.6% (1,078) of COs with an average ADC tenure of 4 years separated from service
- High vacancies lead to increased overtime causing officers to experience higher levels of stress and increased assaults to inmates

**Correctional Officer Hiring Vacancies**



# Pay is Top Challenge in Addressing DPS Trooper Hiring

**\$22M** for DPS pay package that includes a 10% DPS trooper pay increase to improve trooper hiring and retention

<b>Entry Officer Salary – Largest Arizona Law Enforcement Agencies</b>			
<u>Department</u>	<u>Salary</u>	<u>\$ Difference from DPS</u>	<u>% Difference from DPS (FY 2019)</u>
Mesa PD	\$57,117	\$10,129	21.6%
Glendale PD	55,116	8,128	17.3%
<b>DPS – FY 2020</b>	<b>51,687</b>	<b>4,699</b>	<b>10.0%</b>
Maricopa Sheriff	51,584	4,596	9.8%
Phoenix PD	51,480	4,492	9.6%
Pima Sheriff	48,880	1,892	4.0%
Tucson PD	47,133	145	0.3%
<b>DPS – FY 2019</b>	<b>\$46,988</b>	<b>N/A</b>	<b>N/A</b>



# Reducing Turnover at Juvenile Corrections

**\$3M** for DJC pay package that includes a 15% DJC Youth Correctional Officer (YCO) pay increase

DJC faces many of the same hiring problems as ADC, with even lower average pay for YCOs

<b>Youth Correction Officer I</b>	<b>Youth Corrections Sergeant</b>
FY 2018 turnover rate: 100%	FY 2018 turnover rate: 50%
FY 2019 vacancy rate: 26%	FY 2019 vacancy rate: 6%

Salary package accounts for ADC pay increases

- Better align compensation between ADC and DJC for similar roles, reducing inter-agency competition

Allow DJC to implement an 8 year step-plan for YCOs

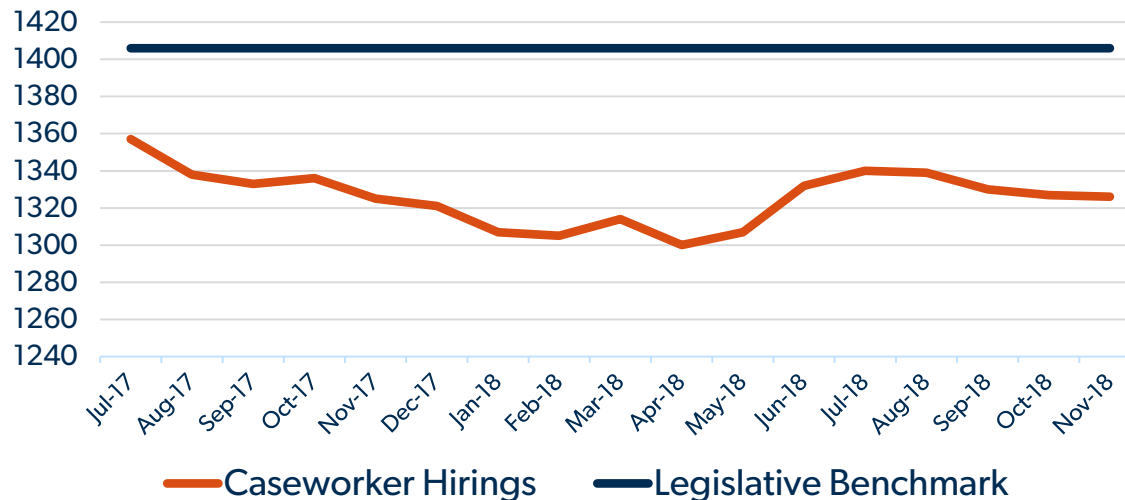
- Provides annual incentive to remain with department
- Encourages an experienced workforce

# Child Safety Caseworker Pay Increase to Reach Hiring Targets

**\$9M** for DCS pay package that includes a 9% increase in caseworker pay

- DCS has consistently been unable to reach the legislative benchmark of hiring and retaining 1,406 caseworkers
- In FY 2018, turnover rate for Caseworker position is 35%
- Pay is the second biggest reason for caseworker turnover, after “not feeling valued or recognized”
- Handicapped by a 13.6% below market salary, caseworkers leave for the private sector, non-profit employers and other government agencies

Caseworker Hirings vs Legislative Benchmark

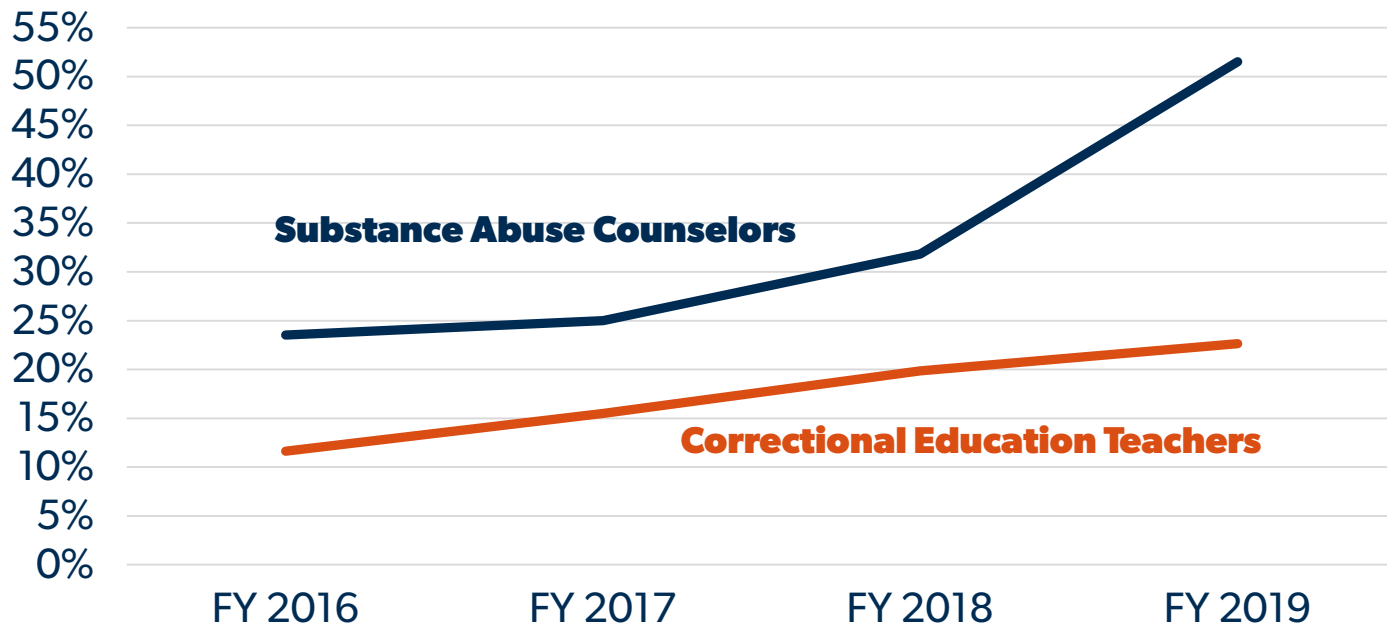


# Filling Key Positions Related to Recidivism Reduction Efforts

**\$2M** to pay for the following positions

- Substance Abuse Counselors (17%)
- Educational Program Teachers (10%)

**Vacancy Rates by Fiscal Year**



# Continued Commitment to a Real Second Chance

- In 2017, Governor Ducey proposed pre-release workforce services for inmates to reduce recidivism, resulting in safer communities

## Second Chance Centers: Results

Prison/SCC Name	# Participants	# Completed	# Employed	# Job Placements
Lewis: Eagle Point Unit	257	1,301	594	713
Perryville: Piestewa Unit	52	323	156	189
Tucson: Manzanita Unit	45	377	236	341
<b>Total</b>	<b>354</b>	<b>2,001</b>	<b>986</b>	<b>1,243</b>

*Data as of: 12/13/2018*

- Prison Coding Program
  - Over 10,991 new technology jobs added from 2015 to 2017
  - The tech community has seen a 1.38% growth in employment, placing the state second in the Southwest and ahead of California

# Public Safety: Targeted Investments

<b>\$ Investments</b>	<b>Description</b>
<b>\$6M</b>	<b>Loop 202 Troopers</b> 21 troopers, 3 sergeants, and 6 dispatchers to provide 24/7 coverage for 176 freeway lane-miles of the new Loop 202 South Mountain Freeway
<b>\$3</b>	<b>Border Strike Force Overnight Highway Patrol Coverage</b> 11 troopers and 1 sergeant dedicated to overnight patrol coverage in border counties
<b>\$2</b>	<b>Intercepting Wrong-Way and Impaired Drivers</b> 6 new troopers dedicated to overnight patrols in Maricopa County
<b>\$1</b>	<b>Funding DPS Vehicle Replacement</b> Currently, the DPS vehicle replacement budget meets 58% of its annual vehicle replacement need. New funding will enable DPS to purchase approximately 17 additional replacement vehicles each year

**\$12M total in key Public Safety investments**

# Enhancing Public Safety: Funding State and Local Roads

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The Public Safety Fee (PSF) funds Arizona's critical highway patrol function, and replaces funding including **\$99M** per year that will be returned for investments in state, county, city and town roads

## FY 2019 Public Safety Fee Calculation

FY 2019 – Required PSF Revenue: (Highway Patrol Budget + 10%)		\$184,749,200
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\$5 PSF Projected Revenue: (98,900 ATVs and Golf Carts x \$5)	–	494,500
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Full-Fee PSF Revenue Target:		\$184,254,700
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Number of eligible transactions:	÷	5,757,600
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<b>PSF per transaction</b>		<b>\$32</b>
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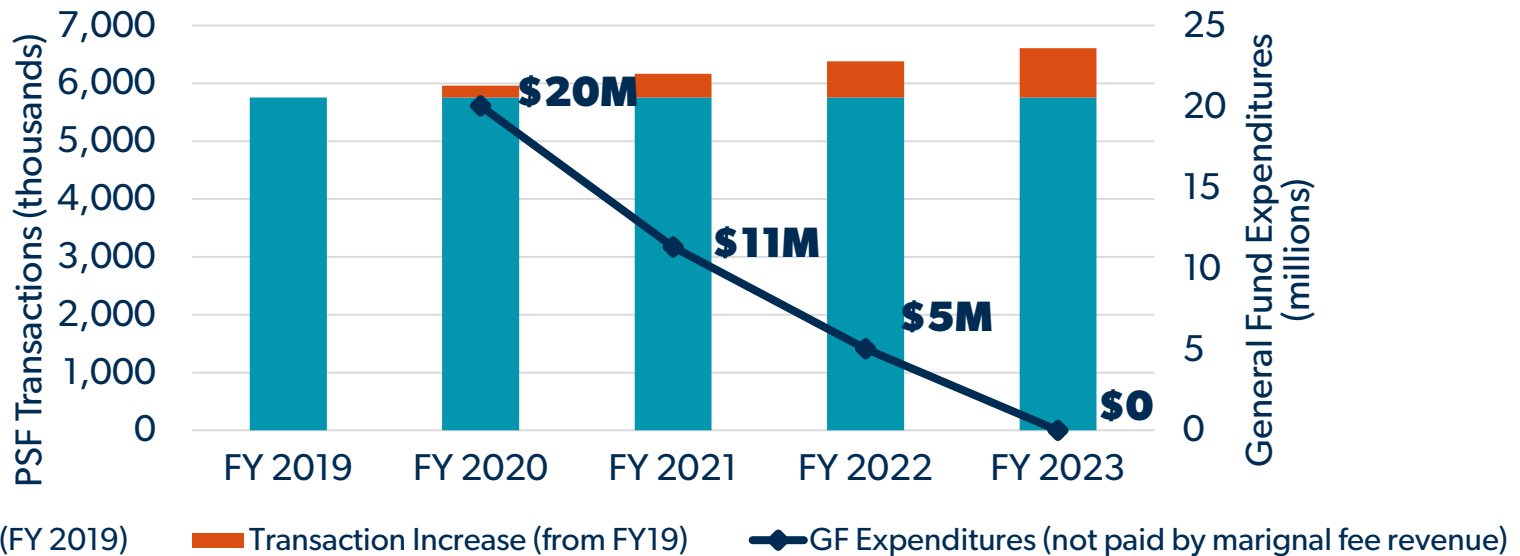
# Executive Initiatives Prioritize Public Safety

## \$26M in new highway patrol funding

- **\$20M** General Fund; **\$6M** Highway Patrol Fund

Baseline Public Safety Fee (PSF) transaction growth will fund new FY 2020 initiatives over three fiscal years

### PSF Transaction Growth and General Fund Expenditures



# Maintaining Fiscal Discipline

(\$ in millions)

	<b>FY 2019</b>	<b>FY 2020</b>
Total Revenues	\$10,842.9	\$11,191.5
Enacted FY 2019 Base Spending	10,389.5	10,389.5
Baseline Changes	14.6	461.4
New Initiatives	39.3	538.2
• <i>One-Time</i>	39.3	320.1
• <i>Ongoing</i>		218.1
Total Spending	10,438.4	11,366.9
Rainy Day Fund Deposit		542.2
Ending Balance	849.1	109.0
Structural Balance	\$572.1	\$243.8



# The FY 2020 Executive Balanced Budget...

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*".... fully funds the priorities we know are important -- public safety, child safety, education -- above and beyond inflation. There are some targeted investments in critical areas. But frankly, for a surplus year, this budget is pretty light reading.*

*Because I'm proposing that we secure Arizona's future and prepare responsibly for the unexpected and the inevitable -- by bringing our Rainy Day Fund, to record-breaking balance of one billion dollars."*

Governor Doug Ducey, 2019 State of the State Address

# Acknowledgements

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