

JLBC Baseline
Compared to
Executive Budget Proposal

January 29, 2008

JLBC

Budget Shortfall

FY '08

Executive \$ 870 M

JLBC Baseline \$ 970 M

FY '08 Executive Shortfall is \$100 M Lower

\$190 M higher revenue than JLBC Baseline

Offset by

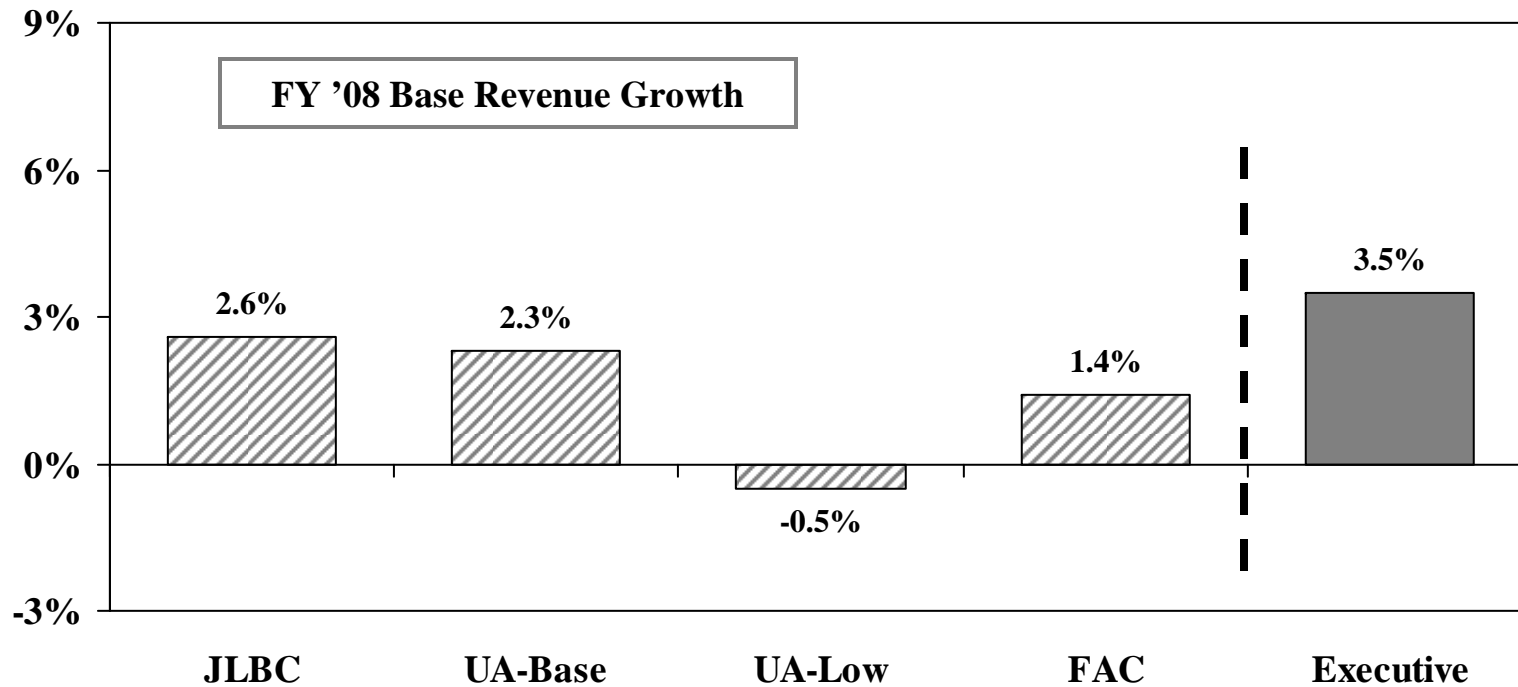
\$78 M higher spending than JLBC Baseline

and

\$10 M ending balance

FY '08

Executive Growth Rate is 3.5% Compared to Consensus Rate of 1.5%

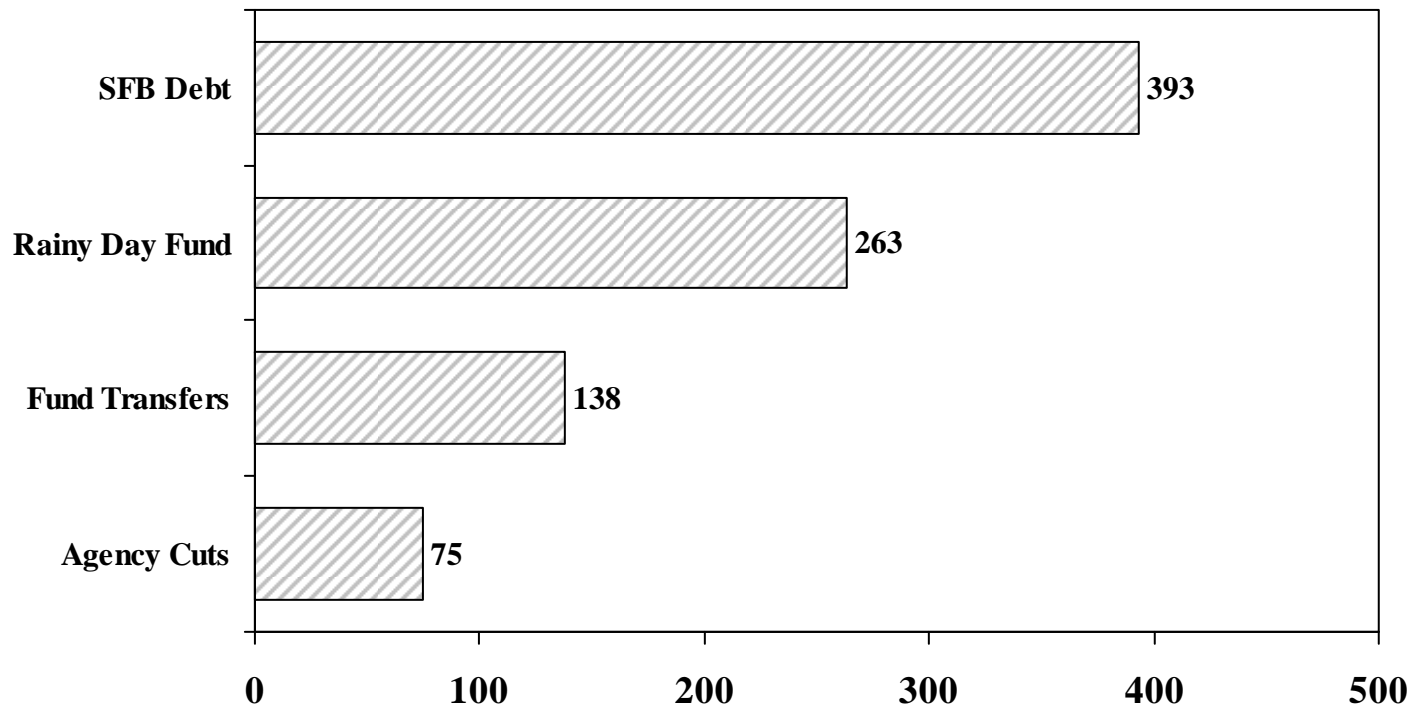


Weighted Average
Prior to Tax Law Changes



FY '08

Executive's \$870 M of Shortfall Solutions



Budget Shortfall

	<u>FY '08</u>	<u>FY '09</u>
Executive	\$ 870 M	\$ 1.29 B
JLBC Baseline	\$ 970 M	\$ 1.73 B

General Fund Cash Shortfall

Executive and JLBC Baseline Estimates

\$ in Billions

	FY '08		FY '09	
	<u>Exec</u>	<u>JLBC</u>	<u>Exec</u>	<u>JLBC</u>
Beginning Balance	\$ 0.4	\$ 0.4	\$ 0.0	\$ 0.0
Revenues	<u>9.5</u>	<u>9.3</u>	<u>10.1</u>	<u>9.4</u>
Total Revenues	9.9	9.7	10.1	9.4
Spending	<u>10.8</u>	<u>10.7</u>	<u>11.4</u>	<u>11.1</u>
Shortfall	\$ (0.9)	\$ (1.0)	\$ (1.3)	\$ (1.7)

FY '09 Executive Shortfall is \$439 M Lower

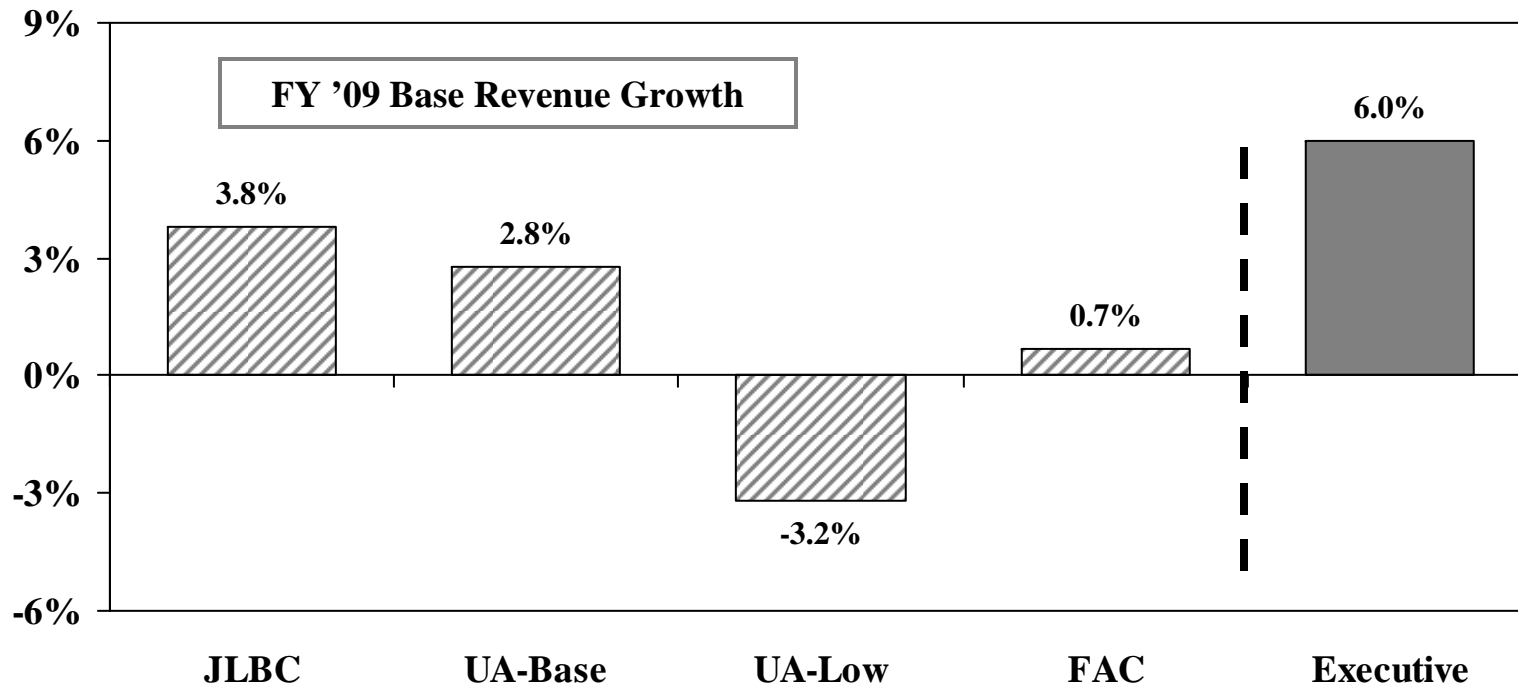
\$702 M higher revenue than JLBC Baseline

Offset by

\$263 M higher spending than JLBC Baseline

FY '09

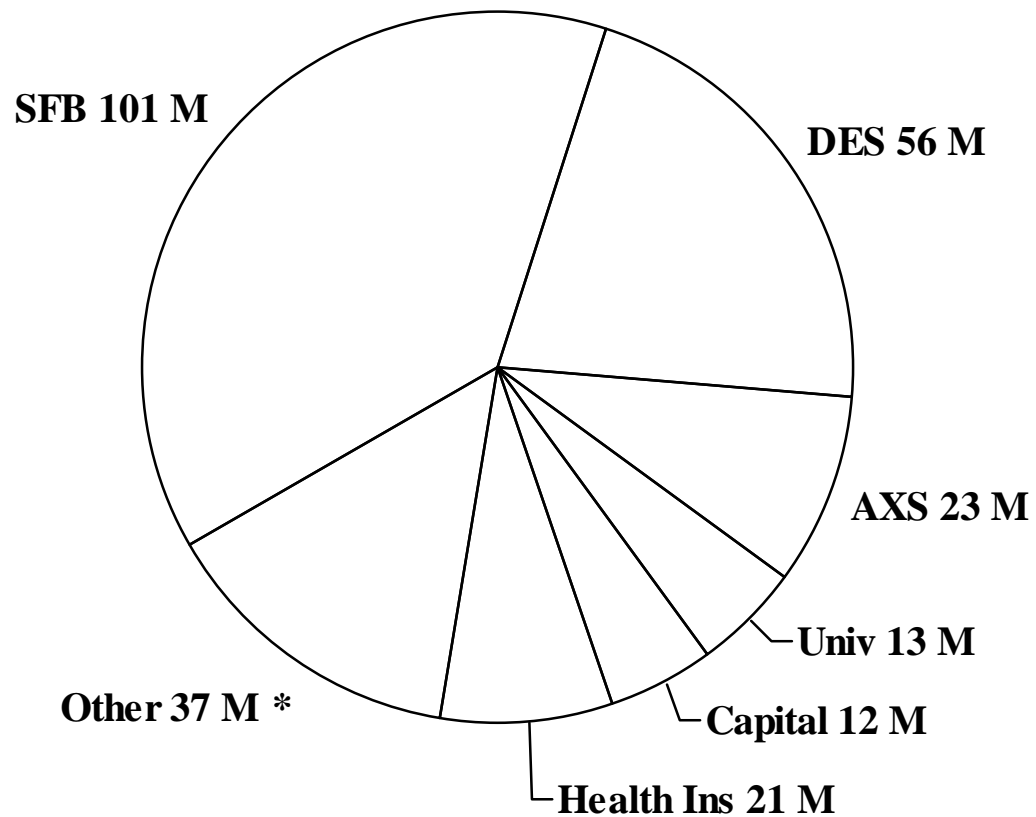
Executive Growth Rate is 6.0% Compared to Consensus Rate of 1.0%



Weighted Average
Prior to Tax Law Changes



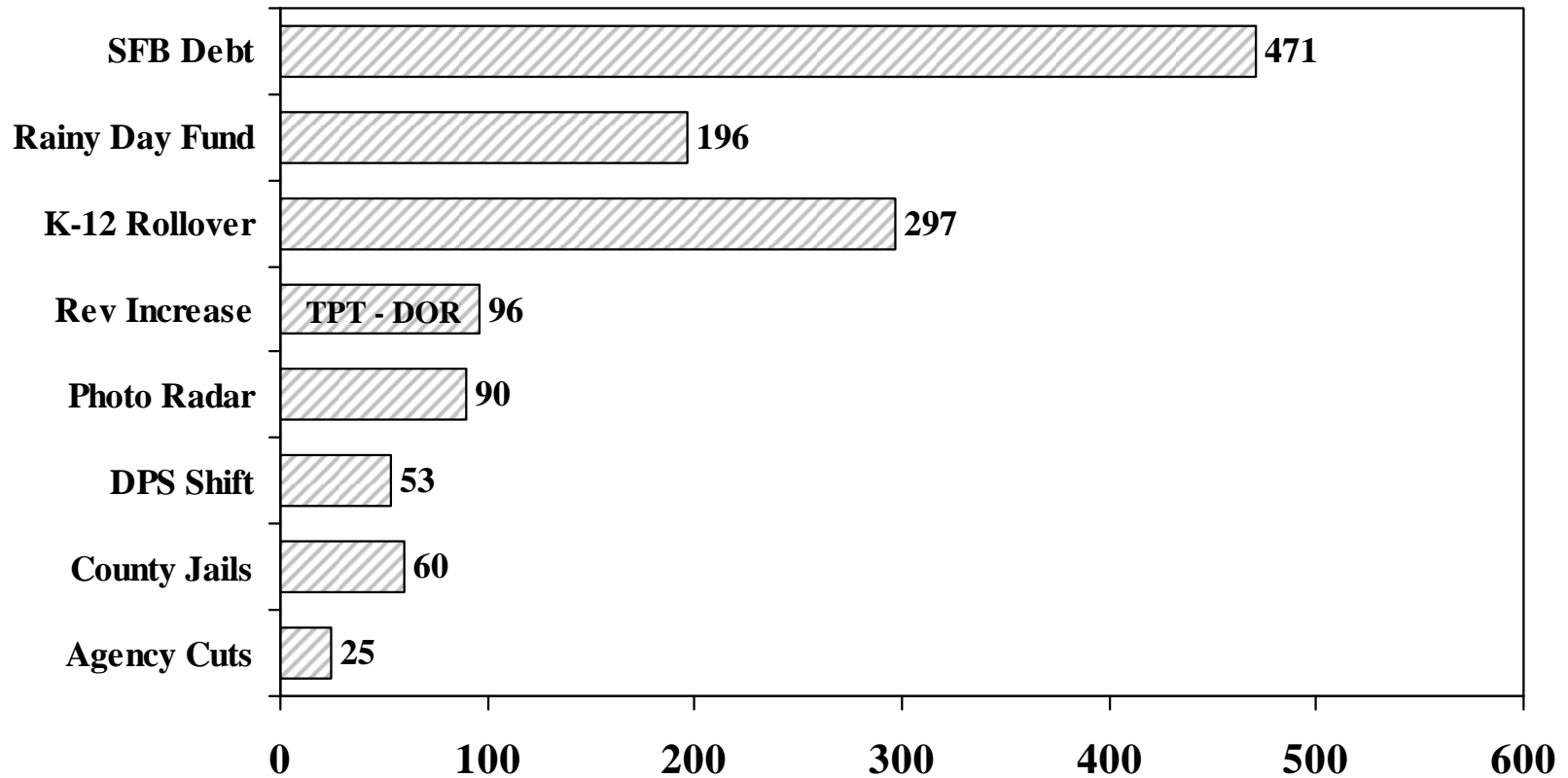
Executive's Spending is \$263 M Higher



* Includes formula differences.

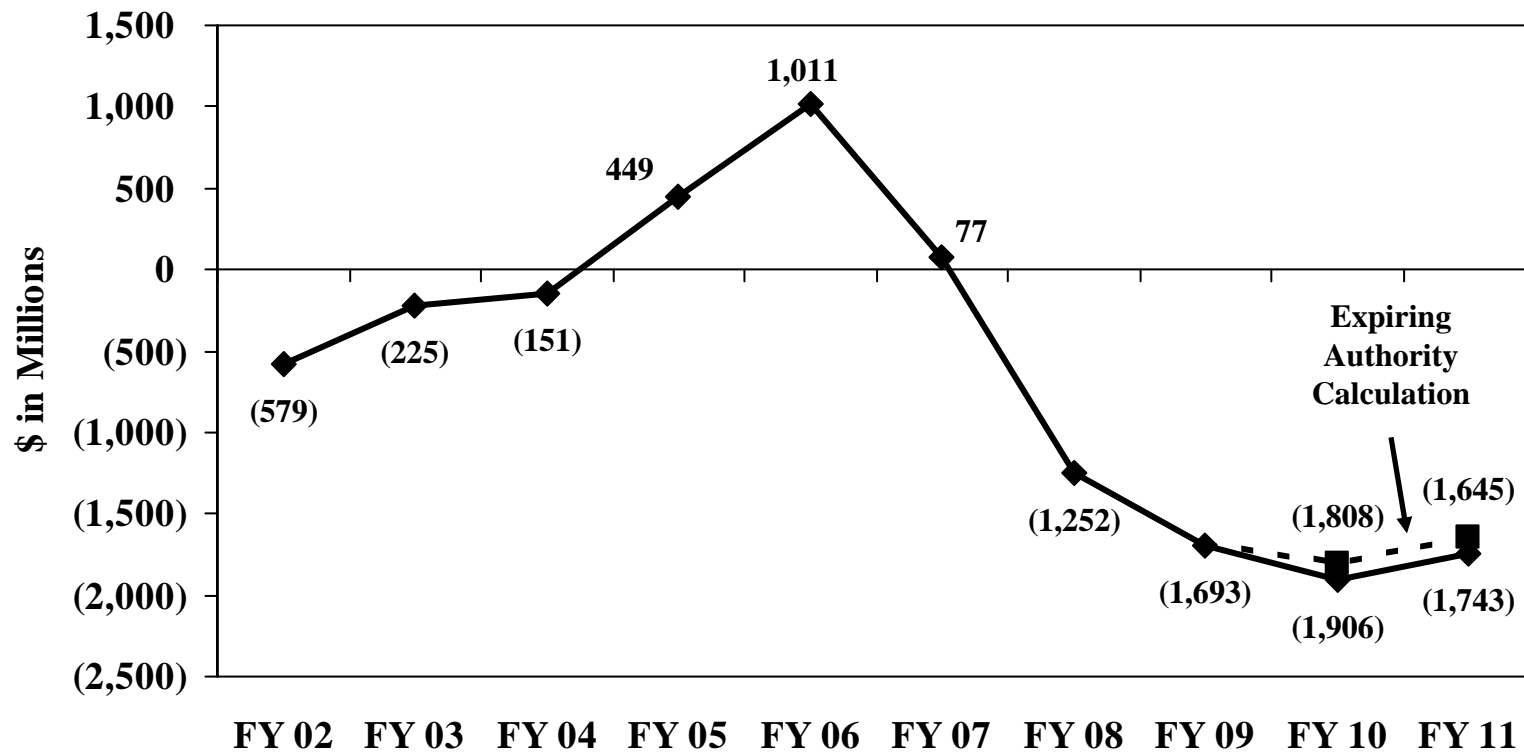
FY '09

Executive's \$1.29 B of Shortfall Solutions



JLBC Baseline Structural Shortfall Remains Near \$1.7 B Through FY 2011

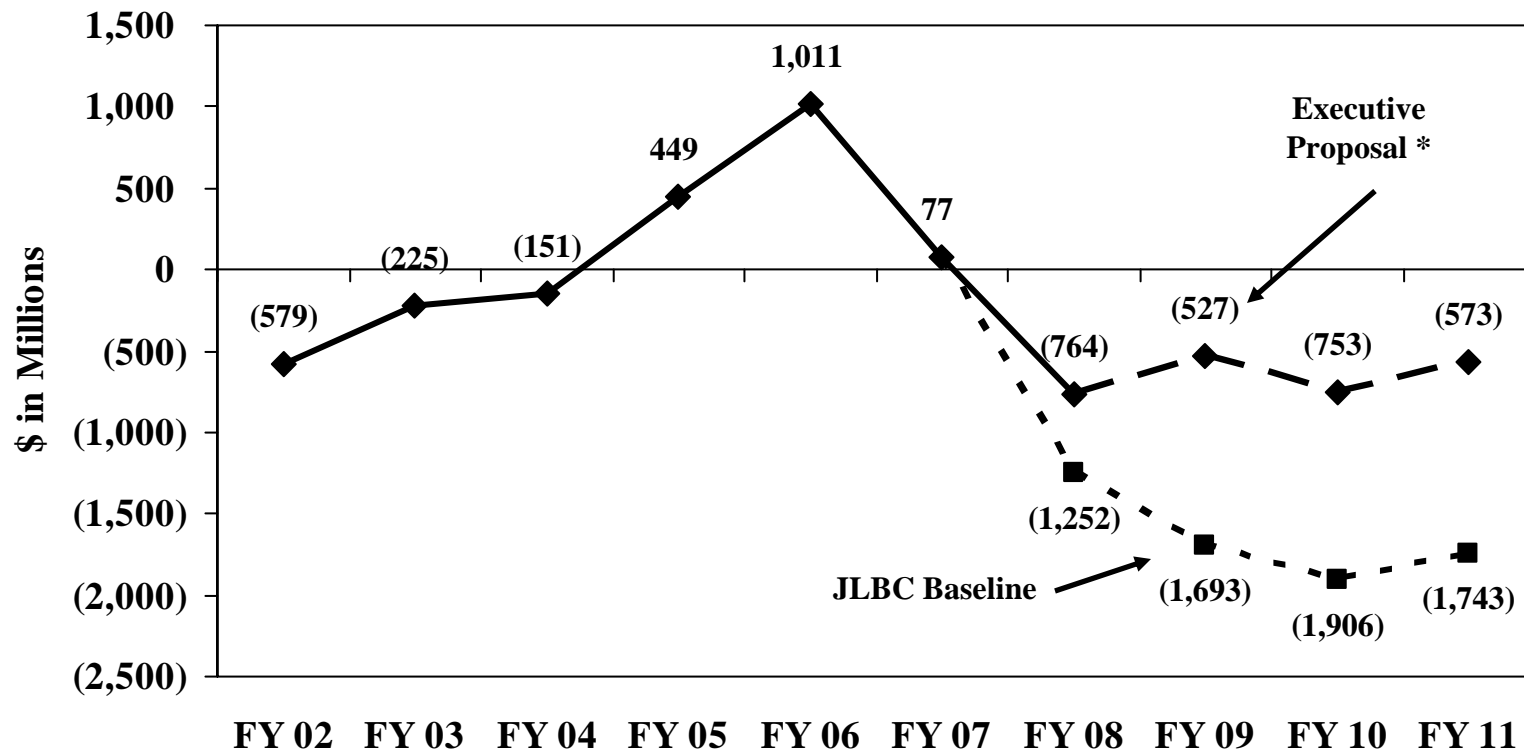
- Expiring Legislation Would Reduce Shortfall by \$98 M
- FY '10 and FY '11 Estimates Also Reflect Projected Cash Shortfall



On-Going Revenues Compared to On-Going Expenditures
Surplus (+) / Shortfall (-)

FY '09 Structural Balance Executive Shortfall is \$527 M

- Assumes SFB Debt Financing Permanent

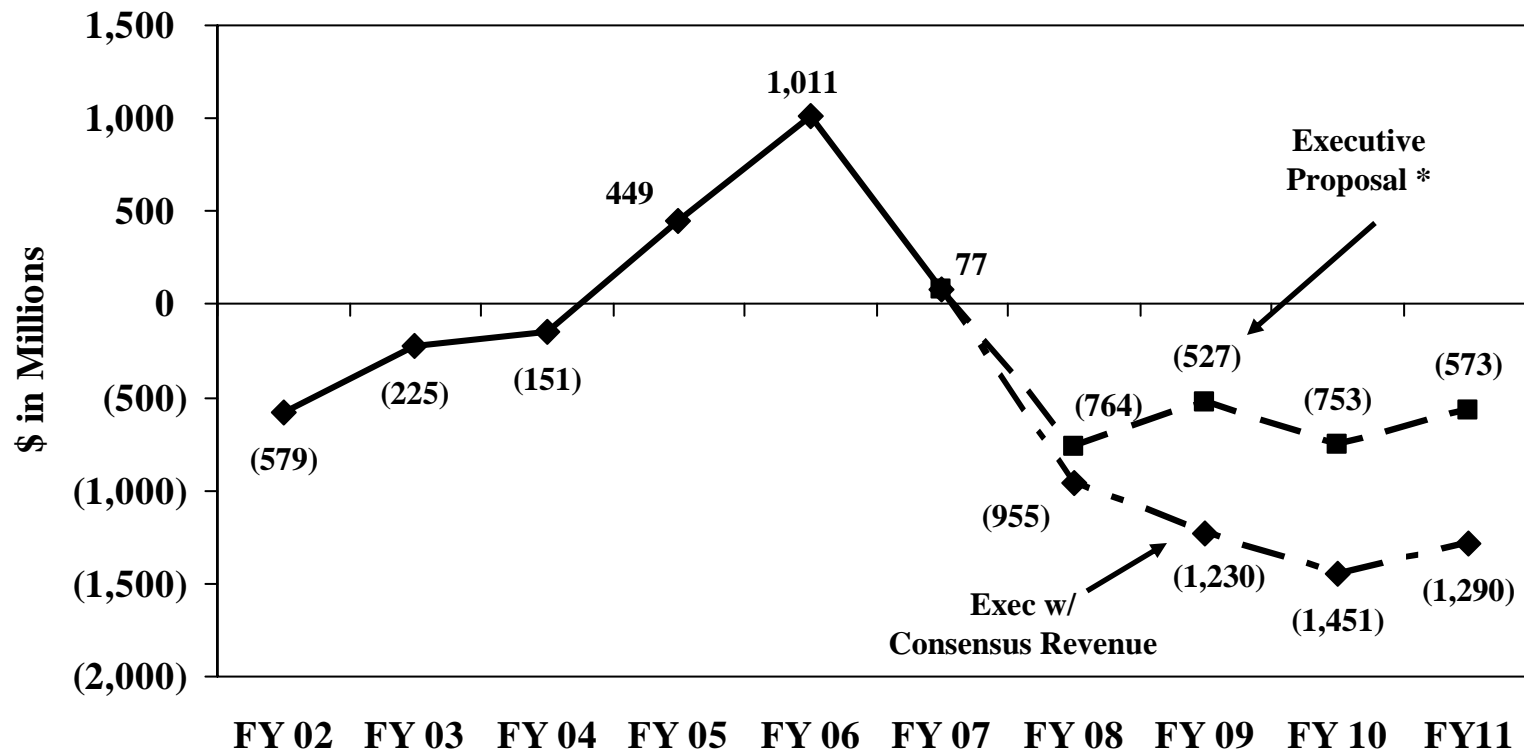


On-Going Revenues Compared to On-Going Expenditures
Surplus (+) / Shortfall (-)



* FY '10 and FY '11 Executive revenue estimates not available – uses JLBC Baseline growth factors.

Chairmen's Question: When Use 4-Sector Revenues, Executive Structural Shortfall is \$1.2 B



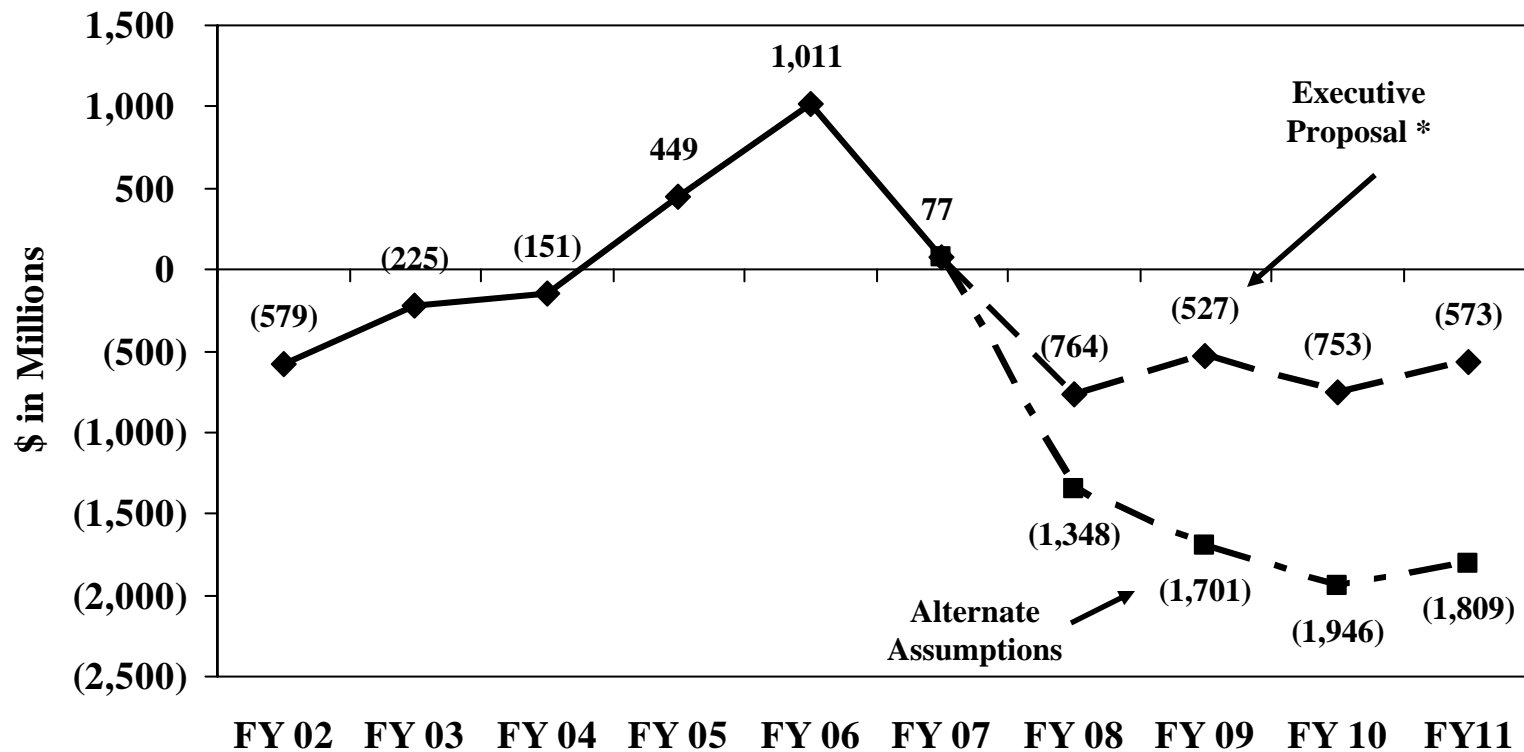
On-Going Revenues Compared to On-Going Expenditures
Surplus (+) / Shortfall (-)



* FY '10 and FY '11 Executive revenue estimates not available – uses JLBC Baseline growth factors.

Chairmen's Question: Executive Structural Shortfall is \$1.7 B When:

- Use 4-Sector Revenues and
- SFB Financing Not Considered Permanent



On-Going Revenues Compared to On-Going Expenditures
Surplus (+) / Shortfall (-)

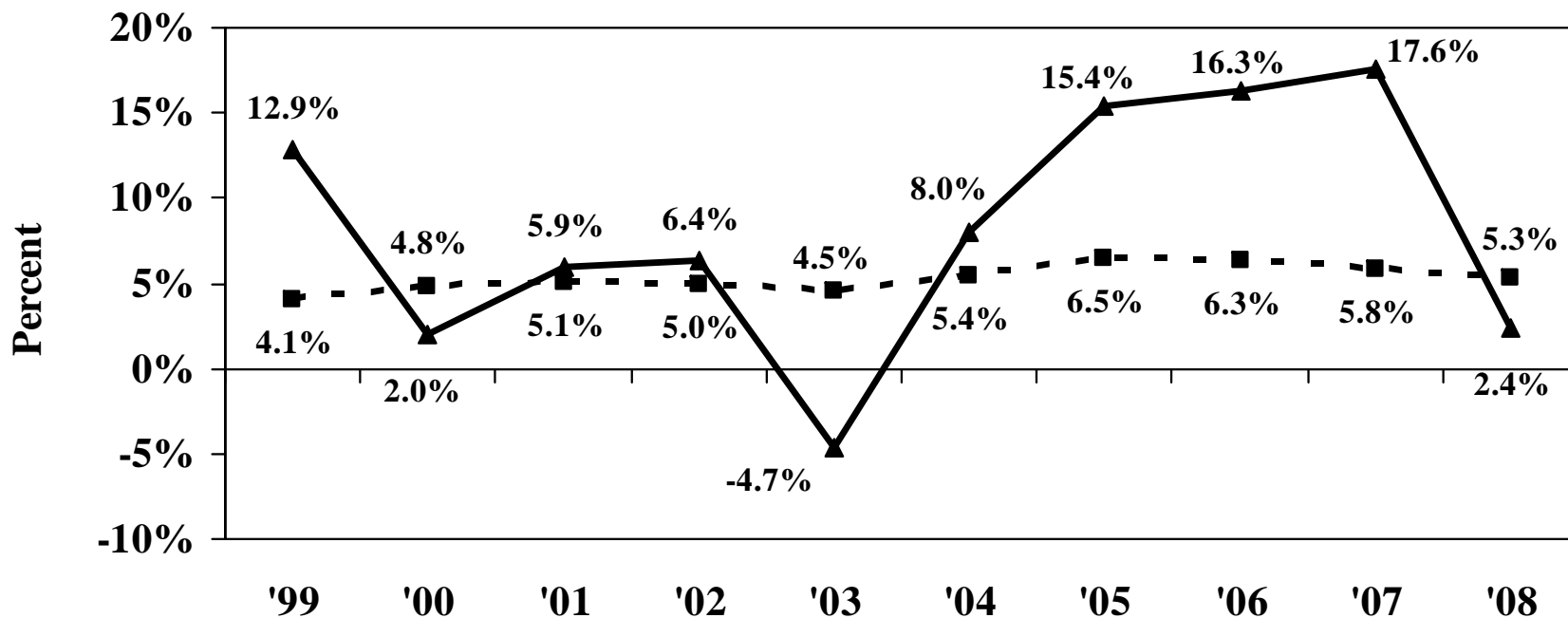


* FY '10 and FY '11 Executive revenue estimates not available – uses JLBC Baseline growth factors.

Executive Debt Financing Proposal = \$2.4 B

	<u>\$ in M</u>
FY '08 SFB	\$ 393
FY '09 SFB	471
University Buildings and Maintenance	967
Phoenix Medical School	470
Public Safety Communications	50
Emergency Operations Center	7
Total	<hr/> \$ 2,358

Chairmen's Question: Total Spending* vs. Inflation/Population Growth



General Fund Expenditures FY 1999 - FY 2008

—▲— Total Expenditures - ■ - Inflation/Population